

STCI Finance Limited



18th ANNUAL
REPORT

2011-2012

STCI FINANCE LIMITED



**18th Annual Report
For The Year Ended
31st March, 2012**



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BOARD OF DIRECTORS

D.BASU	<i>Chairman (till 31.07.2012)</i>
ALOK K. MISRA	<i>Chairman (w.e.f 01.08.2012)</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>
PAWAN BAJAJ	<i>Director</i>
P.SANYAL	<i>Managing Director</i>

- : STATUTORY AUDITORS :-

Chandabhoy & Jassoobhoy
Mumbai

- : BANKERS :-

HDFC BANK LTD.
BANK OF INDIA
STATE BANK OF INDIA

- : REGISTERED OFFICE ADDRESS: -

A/B1, 802, A-Wing, 8th Floor, Marathon Innova,
Marathon Nextgen Compound,
Off. Ganpatrao Kadam Marg,
Lower Parel (West), Mumbai 400 013.



Board of Directors



Shri D. Basu
Chairman
upto 31.07.2012



Shri Alok K. Misra
Chairman
w.e.f 01.08.2012



Shri S. K. Barua
Director



Dr. N. Balasubramanian
Director



Shri T. C. Venkat Subramanian
Director



Shri V. Sridar
Director



Shri V. Limaye
Director



Shri Pawan Bajaj
Director



Shri P. Sanyal
Managing Director



DIRECTORS' REPORT

TO THE SHAREHOLDERS OF STCI FINANCE LIMITED

Your Directors have pleasure in presenting the Eighteenth Annual Report and the audited accounts of the Company for the Year ended March 31, 2012.

1. FINANCIAL RESULTS

₹ in Crore

	March 31, 2012	March 31, 2011
Total Income	153.14	97.94
Total Expenditure	85.98	51.85
Profit before dividend, tax, prior period and exceptional items	67.16	46.09
Dividend earned	1.18	1.11
Profit before tax, prior period and exceptional items	68.34	47.20
Exceptional Items	(0.06)	8.42
Profit before tax	68.28	55.62
Less: Provision for tax	21.82	14.83
Profit after tax	46.46	40.79
Add: Balance brought forward from last year	39.85	42.57
Net tax adjustment	0.12	0.00
Amount available for appropriation	86.43	83.36
Transfer to statutory reserves*	9.30	8.06
Proposed Dividend	30.40	30.40
Provision for Dividend Distribution Tax	4.93	5.05
Balance carried to balance sheet	41.80	39.85
Total	86.43	83.36
Basic and diluted earning per share (₹)	12.23	10.73

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



DIRECTORS' REPORT

2. FINANCIAL PERFORMANCE

During the year under review, your Company has reported profit before tax of ₹ 68.28 crore as against ₹ 55.62 crore in the previous year. The previous year's figure included an exceptional gain of ₹ 8.42 crore on sale of the residual equity holding in Standard Chartered Capital Markets Limited. The increase in profits is primarily due to increase in the net interest income due to larger book in the lending segment. Performance in Equity and Fixed Income Trading was less than satisfactory as a result of difficult market conditions throughout the year.

3. DIVIDEND

The Board recommends payment of 8% dividend for the year 2011-12. If approved by shareholders, this will absorb ₹ 35.33 crore inclusive of Dividend Distribution Tax.

4. CHANGE IN OBJECT CLAUSE OF MEMORANDUM OF ASSOCIATION

During the period under review, the object clause of the Memorandum of Association was altered to explicitly allow the Company to widen its operational footprint to include activities related to lending, financing etc and take advantage of emerging opportunities in the lending segment.

5. CHANGE IN NAME OF THE COMPANY

The name of the Company was changed from Securities Trading Corporation of India to STCI Finance Limited with effect from October 24, 2011 to reflect appropriately the Company's present business activities. The Company was also re-classified as a Loan NBFC from an Investment NBFC.

6. BUSINESS OPERATIONS

Lending

During the year under review, lending operations, in its third year, generated gross interest income of ₹ 112.66 crore at an average yield of 13.05% as against ₹ 53.47 crore at average yield of 12.04% in the previous year. The loan book size as on March 31 2012 was ₹1254.75 crore as against ₹ 689.95 crore as at the end of the previous year, reflecting a growth of 81.86%. As on March 31, 2012 there were no non-performing loans.

Fixed Income

During the year under review, the Fixed Income segment generated a profit of ₹ 0.44 crore from sale of securities.

Equity

During the year under review, the Equity segment generated a profit of ₹1.38 crore from trading in the Cash and F & O Segment and sale of investments.



DIRECTORS' REPORT

The segment wise results are given below:

Segment Information	Treasury		Lending	
	Current Year (in crore)	Previous Year (in crore)	Current Year (in crore)	Previous Year (in crore)
Total Revenue	33.96	36.41	118.83	59.32
Contribution	25.81	29.08	52.01	26.12

CRAR

The Company maintained Capital to Risk Assets Ratio (CRAR) well above the regulatory norms throughout the year. As on March 31, 2012 the CRAR was 42.11% and going forward, with growth in loan book, the CRAR is likely to come down but still remain at a comfortable level.

7. SUBSIDIARY COMPANIES & THEIR PERFORMANCE

In terms of the provisions of Section 212 of the Companies Act, 1956, the audited statements of account for the year ended 31st March 2012 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. However, brief comments on their performance during the year are being given in order that a total picture of the operations of STCI Group is available to the shareholders.

(i) STCI Primary Dealer Limited

STCI Primary Dealer Limited reported a loss of ₹ 6.46 crore for the year ended March 2012 as against a profit after tax of ₹ 5.71 crore in the previous financial year. The adverse working result was primarily on account of trading losses due to difficult market conditions. With a view to reducing its risk exposure and ensure effective utilisation of funds, a decision has since been taken to restrict the Company's operations to the core activities of stand-alone PD's permitted under the Regulations for which the minimum net owned fund requirement is ₹ 150 crore as against ₹ 250 crore for stand-alone diversified PD's. The subsidiary has now discontinued its non-core activities of equity trading, portfolio management services, Merchant Banking and Mutual Fund Distribution and has completed buy-back of 3.40 crore shares at a price ₹ 13.13 per share resulting in an outgo of about ₹ 44.64 crore. With this buy-back your Company's investment in PD now stands at ₹ 166 crore reduced from ₹ 200 crore.

(ii) STCI Commodities Limited

STCI Commodities Limited has reported a loss of ₹ 0.08 crore for the year ended March 2012 as against a Profit before Tax of ₹ 0.15 crore during the previous financial year. The loss is on account of discontinuance of operations of the Company with effect from September 20, 2011, due to its limited client base and lack of presence on a national scale. The Company is in the process of liquidating its assets and liabilities.



DIRECTORS' REPORT

8. BOARD OF DIRECTORS

Composition

The Board comprises professionals from Banking and Financial Sector and Academics. As on March 31, 2012, the Board had eight members, comprising seven Non-Executive Directors including a Non-Executive Chairman and one Managing Director. Out of the Non- Executive Directors, two have been nominated by Bank of India as provided for in the Company's Articles of Association.

Meetings held

During the financial year ending March 31, 2012, seven Meetings of the Board were held on April 21, 2011, July 12, 2011, September 22, 2011, October 22,2011, December 19, 2011, January 19, 2012 and March 27, 2012.

Re-appointment of Directors

Dr N. Balasubramanian and Prof. S.K Barua retire by rotation and being eligible offer themselves for re-appointment. The attachment to the Notice for the ensuing Annual General Meeting provides brief particulars of the two Directors.

9. COMMITTEES OF THE BOARD

(i) AUDIT COMMITTEE

Composition

Audit Committee has been constituted by the Board under the provisions of section 292 A of the Companies Act,1956. As on 31st March, 2012, the Committee comprised of five members, namely, Shri D. Basu (Chairman), Dr. N. Balasubramanian, Professor S.K. Barua, Shri V. Sridar (nominee) 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 Committee have requisite financial and management expertise and have held or hold positions in reputed organizations.

Meetings held

During the financial year ending March 31, 2012, four Audit Committee meetings were held on April 21, 2011, September 22, 2011, October 22,2011 and January 19, 2012.

Scope and Functions

The scope and functions of the Audit 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



DIRECTORS' REPORT

- Reviewing the annual financial statements with the Management and Statutory Auditors and recommending consideration thereof to the Board of Directors
- Discussing and reviewing periodically the Internal and Concurrent Audit Reports and the scope and adequacy of the Internal Audit function.
- Reviewing the Audit/Inspection reports of the Comptroller & Auditor General of India, Reserve Bank of India etc.

Further the Board has entrusted the review of risk issues to the Audit 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 and investment viz. setting up of trading and investment limits for the Company's officials, counterparty exposure limits, instrument wise exposure limits etc.
- Review of ALM and reports that are submitted to the Committee from time to time under RBI NBFC Directions.
- Approval and review of cut loss policies
- Monitoring of compliance with the approved risk policies, procedures, parameters etc and
- Any other risk/ALCO related matter that the Committee may consider relevant and appropriate

(ii) OTHER COMMITTEES OF THE BOARD

(a) NOMINATION COMMITTEE

The Nomination Committee of the Board is constituted to select and recommend the appointment of new Directors to the Board. The Nomination Committee meets as and when a new Director is inducted.

Composition

The Nomination Committee comprises of three members, namely, Shri D.Basu (Chairman), Prof. S.K.Barua and Shri P.Sanyal (Managing Director). Two members of the Committee including the Chairman are Non-Executive.

Meetings

During the year 2011-12, one Nomination Committee Meeting was held on July 12, 2011.

(b) 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.



DIRECTORS' REPORT

Composition

The HRD Committee comprises of four members, namely, Professor S. K. Barua (Chairman), Shri T.C. Venkat Subramanian, Shri V. Sridar (nominee) and Shri P Sanyal (Managing Director). Three members of the Committee including the Chairman of the Committee are Non-Executive.

Meetings

During the financial year 2011-12, two HRD Committee meetings were held on July 12, 2011 and December 19, 2011.

(c) CREDIT AND INVESTMENT COMMITTEE

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

Composition

The Credit and Investment Committee of the Board comprises of five members of whom four including the Chairman are Non-Executive. The members of the Committee are Shri D. Basu (Chairman), Shri T. C. Venkat Subramanian, Shri V. Sridar (nominee), Shri Pawan Bajaj (nominee) and Shri P.Sanyal (Managing Director).

Meetings

During the financial year 2011-12, five meetings of Credit and Investment Committee were held on April 07, 2011, May 18, 2011, August 16, 2011, November 25, 2011 and February 04, 2012.

10. MANAGEMENT AND EXECUTIVE COMMITTEES

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

(i) ALCO & Risk Management Committee

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



DIRECTORS' REPORT

(ii) Credit Committee of Executives

The Credit Committee considers and sanctions loan within the powers delegated to it by the Board. The Credit Committee comprises of the Managing Director, CEO (Lending) and a Senior officer of the level of Chief Manager or above or as may be appointed by the Managing Director under his delegated powers.

(iii) Grievances Redressal Committee

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

(iv) Investment Committee

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

(v) **CSR Committee** supervises the CSR Policy and reviews the CSR activities of the Company. It comprises of Managing Director and two senior officials of the Company as may be nominated by the Managing Director.

11. 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.

12. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company has put in place a CSR Policy with the approval of the Board with a view to working towards a long term commitment of the well being of the community. A detailed policy in this regard is available in the Company's website. During the year under review, the social initiatives undertaken by the Company include supporting (i) Society's Care for Indigent (SO CARE IND), an NGO that provides comprehensive care to indigent kids (ii) Shramik Sahayog, an NGO which runs residential educational School for children from disadvantaged communities and (iii) Navnirmitti, an NGO which provides quality education to underprivileged children at BMC Schools in Mumbai.

13. FAIR PRACTICES CODE

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



DIRECTORS' REPORT

14. CREDIT RATING

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

15. 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, 2012. Auditors for the financial year ending March 31, 2013 will be appointed by Comptroller and Auditor General of India, under the provisions of Section 619(2) of the Companies Act, 1956. M/s Borkar & Muzumdar, Chartered Accountants, Mumbai were appointed as the Company's Internal Auditors for the financial year 2011-12.

(ii) 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 2011-12, 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 forming part of financial statements.

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

There has been no instance of non-compliance by the Company and no penalties or restrictions were imposed by any regulatory authority during the period.

(c) Disclosures on Risk Management

Your company has laid down policies and procedures for addressing the various risks associated with the Company's business.

(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.



DIRECTORS' REPORT

Employees aware of any alleged wrongful conduct are encouraged to bring such matters to the notice of the Audit 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 (Nil) 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.

(iii) Public Deposits

During the year ended March 31, 2012, 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.

(iv) Future Outlook

Your company's lending business, at present, mainly secured by pledge of listed shares, is growing satisfactorily and further growth is expected during the current year. This business has brought about stability in the Company's income stream. In the current year, the liquidity conditions are expected to be tight which may impact the net interest income. In view of the uncertain market conditions, caution will be exercised in selection of loan proposals.



DIRECTORS' REPORT

The market for fixed income securities continue to remain depressed. While RBI has indicated a softening bias towards interest rate, it continues to focus on inflation arising from supply bottlenecks in the face of significant slowdown in economic growth. The Fixed Income desk will take advantage of occasional rallies in the bond market.

The equity market is unlikely to improve significantly due to slowing growth and uncertain environment which is affecting foreign investment inflows in India. Your Company's operation in the equity market is therefore likely to remain subdued in the current year.

Overall, the Company, on a stand alone basis, expects to close the current year with a profit higher than that of the previous year.

On a consolidated basis, the position is also expected to improve over that of the last year as necessary steps have been taken by the subsidiary company engaged in primary dealership business to improve its performance.

(v) Cautionary Statement

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

(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.

(D. Basu)
Chairman

July 06, 2012

Mumbai



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

Report on the financial statements

We have audited the accompanying financial statements of **STCI Finance Limited** ('the Company') which comprise the balance sheet as at March 31, 2012, and the statement of profit and loss and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free of material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view



STCI FINANCE LIMITED

(Formerly known as Securities Trading Corporation of India Limited)

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

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, 2012;
- b. in the case of the Statement 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.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a Statement on the matters specified in the paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 kept by the Company so far as appears from our examination of those books;
 - c. The financial statements dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the financial statements dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e. On the basis of written representations received from the directors as on March 31, 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For and on behalf of
Chandabhoy & Jassoobhoy
Chartered Accountants
Firm Registration No. 101647W

Manish D. Shah
Partner
Membership No. 38955

Mumbai: April 23, 2012

**ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE.**

- i. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. The Company has decided to carry out physical verification of fixed assets once in every three years. Therefore, fixed assets have not been physically verified by the Management during the year. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- c. During the year the Company has not disposed off 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 to a company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was Rs.50 lakhs. The loan has been fully repaid during the year.
- b. According to the information and explanations 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 explanations given to us, in respect of the loan given, there were no overdue amounts as the loan is repayable on demand.
- 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 the nature of its business for the purchase of fixed assets and purchase and sale of securities. During the course of our audit, we have not come across any continuing failure to correct major weakness in the aforesaid internal control system.
- 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.

ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE.

- b. The contracts / arrangements entered into with 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 deposits during the year from the public within the meaning of the provisions of Section 58A, 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 an 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 for stamp duty on transaction of Non Government securities, (Refer Note 18)* the Company is 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 ₹ 62.65 lakhs.*
- b. According to the information and explanations given to us and based on the records examined by us, there are no dues of sales tax, wealth tax, excise duty and cess which have not been deposited on account of any dispute. The demands in respect of tax deducted at source for the following years have not been deposited on account of disputes.

Statute	Nature of Dues	Amount (₹. in lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Tax deducted at source	3.54	Financial Year 2008 – 09	Assistant Commissioner of Income tax – TDS – 3(2)
Income Tax Act, 1961	Tax deducted at source	2.94	Financial Year 2009 – 10	Assistant Commissioner of Income tax – TDS – 3(2)
Income Tax Act, 1961	Tax deducted at source	10.72	Financial Year 2010 – 11	Assistant Commissioner of Income tax – TDS – 3(2)
Income Tax Act, 1961	Income tax	13.38	Financial Year 2008 – 09	Commissioner of Income Tax (Appeals)

- x. There are no accumulated losses at the end of the financial year. The Company has not incurred any cash losses during the current year 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 banks during the year. The Company has not raised any funds from financial institutions or issued any debentures.

**ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE.**

- xii. According to the information and explanations given to us and based on the records examined by us, 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. Accordingly, the provisions of 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 have been 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 information and explanation 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.
- 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
Firm Registration No. 101647W

Manish D. Shah
Partner
Membership No. 38955

Mumbai: April 23, 2012



AUDITOR'S REPORT

To The Board of Director of

STCI FINANCE LIMITED

(formerly known as Securities Trading Corporation of India Limited)

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

- A. i) The Company has applied for registration under section 45IA of Reserve Bank of India Act, 1934 (2 of 1934), and Reserve Bank of India has granted certificate of registration (CoR) bearing no. 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 31.03.2012.
- iii) During the year, the Company has been classified as Loan Company as defined in Non Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- B. i) The Board of Directors has passed resolution on April 21, 2011 for non-acceptance of the public deposits.
- ii) The Company has not accepted public deposits 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 Accounts

Firm Registrartion No.: 101647W

Manish D. Shah

Partner

Membership No.: 38955

Mumbai, April 23, 2012



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF STCI FINANCE LIMITED FOR THE YEAR ENDED 31 MARCH 2012

The preparation of financial statement of STCI Finance Limited for the year ended 31 March 2012 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 Accounts of India. This is stated to have been done by them vide their Audit Report dated 23 April 2012.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of Statutory Auditor on the accounts of STCI Finance Limited for the year ended 31 March 2012 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

For and behalf of the
Comptroller and Auditor General of India

(Parama Sen)
Principal Director of Comptroller Audit &
Ex-officio Member, Audit Board-I, Mumbai

Place: Mumbai

Date: 31 May 2012

BALANCE SHEET AS AT MARCH 31, 2012

(₹ in Lakh)

Particulars	NoteNo.	As at March 31, 2012	As at March 31, 2011
I EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share capital	1.1	38,000.00	38,000.00
(b) Reserves and surplus	1.2	42,093.57	40,969.03
Sub-Total - (A)		80,093.57	78,969.03
2 Non Current Liabilities			
(a) Long-term borrowings		0.00	0.00
(b) Deferred tax liabilities (net)	2.1	19.74	0.00
(c) Other long term liabilities	2.2	0.00	1.28
(d) Long term provisions	2.3	4,190.32	2,215.10
Sub-Total - (B)		4,210.06	2,216.38
3 Current Liabilities			
(a) Short-term borrowings	3.1	123,600.01	49,499.42
(b) Trade payables	3.2	28.74	146.09
(c) Other current liabilities	3.3	40.48	21.27
(d) Short-term provisions	3.4	3,665.52	3,720.51
Sub-Total - (C)		127,334.75	53,387.29
TOTAL (A+B+C)		211,638.38	134,572.70
II ASSETS			
1 Non-current Assets			
(a) Fixed assets (Net)	4.1		
i) Tangible assets		2,930.79	3,088.03
ii) Intangible assets		4.47	0.16
iii) Capital work in progress		0.00	0.00
(b) Non Current investments	4.2	65,793.39	30,747.88
(c) Deferred tax assets (net)	2.1	0.00	99.57

**BALANCE SHEET AS AT MARCH 31, 2012**

(₹ in Lakh)

Particulars	NoteNo.	As at March 31, 2012	As at March 31, 2011
(d) Long term loans and advances	4.3	10,979.57	23,647.19
(e) Other non current assets	4.4	5,949.89	4,658.41
Sub-Total - (A)		85,658.11	62,241.24
2 Current Assets			
(a) Current investments	5.1	1,000.00	0.00
(b) Inventories	5.2	4,494.26	21,487.61
(c) Trade receivables	5.3	46.40	0.00
(d) Cash and cash equivalents	5.4	842.05	851.62
(e) Short term loans and advances	5.5	114,626.85	45,974.27
(f) Other current assets	5.6	4,970.71	4,017.96
Sub-Total - (B)		125,980.27	72,331.46
TOTAL (A+B)		211,638.38	134,572.70

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

As per our report of even date

For and on behalf of

Chandabhoy & Jassoobhoy

Chartered Accountants

Firm Registration No. 101647W

(Manish D. Shah)

Partner

Membership No. 38955

Mumbai

April 23, 2012

On behalf of the Board of Directors

(D. Basu)

Chairman

(V. Sridar)

Director

(P. Sanyal)

Managing Director

(Kamlesh Rathi)

Asst. General Manager

(Suparna Sharma)

Company Secretary

Mumbai

April 23, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lakhs)

Particulars	NoteNo.	For the year ended March 31, 2012	For the year ended March 31, 2011
I Revenue from Operations			
a) Interest income	7.1	14,409.04	9,086.92
b) Other financials services	7.2	334.33	237.42
c) Profit/(Loss) on sale of securities	7.3	44.22	(271.45)
		14,787.59	9,052.89
II Other income	8	645.10	852.33
III Total Revenue (I+II)		15,432.69	9,905.22
IV Expenses			
Employee benefit expenses	9	482.92	479.73
Finance costs	10	7,309.49	3,822.17
Depreciation and amortisation expenses	4.1	177.05	163.40
Other expenses	11	487.47	546.81
Contingent provision against standard assets		141.08	172.61
Total Expenses		8,598.01	5,184.72
V Profit before exceptional and extraordinary items and tax (III - IV)		6,834.68	4,720.50
VI Exceptional items (Refer Note No. 4.2)		(6.41)	842.42
VII Profit before tax (V+VI)		6,828.27	5,562.92
VIII Tax expenses			
i) Current tax		2,063.00	1,122.51
Less: MAT credit entitlement		0.00	(1,122.51)
ii) Deferred tax		119.31	1,535.74
iii) Short / (Excess) provision for tax of earlier year(s)		0.00	(52.03)
IX Profit for the year (VII-VIII)		4,645.96	4,079.21

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012**

(₹ in lakhs)

Particulars	NoteNo.	For the year ended March 31, 2012	For the year ended March 31, 2011
X Earning per equity share of par value of ₹ 100/- each			
i) Basic earnings per share (EPS) in ₹		12.23	10.73
ii) Diluted earnings per share (EPS) in ₹		12.23	10.73

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

As per our report of even date

For and on behalf of

Chandabhoy & Jassoobhoy
Chartered Accountants
Firm Registration No. 101647W

(Manish D. Shah)
Partner

Membership No. 38955

Mumbai
April 23, 2012

On behalf of the Board of Directors

(D. Basu) Chairman
(V. Sridar) Director
(P. Sanyal) Managing Director
(Kamlesh Rathi) Asst. General Manager
(Suparna Sharma) Company Secretary

Mumbai
April 23, 2012

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**

(₹ in lakhs)

NOTE NO. 1.1: SHARE CAPITAL

Particulars	As at March 31, 2012	As at March 31, 2011
Authorised		
50,000,000 (PY - 50,000,000) Equity shares of ₹ 100/-each	50,000.00	50,000.00
	50,000.00	50,000.00
Issued, subscribed, and fully paid up		
Equity Share Capital		
38,000,000 (PY - 38,000,000) Equity shares of ₹100/- each fully paid up	38,000.00	38,000.00
TOTAL	38,000.00	38,000.00

a) Details of Shareholding as at March 31, 2012

- i) 1,13,83,781 number of equity shares of ₹100/- each held by Bank of India, the largest shareholder of the company.
- ii) Shareholders holding more than 5% of equity shares of the company

Name of Shareholder	As at March 31, 2012		As at March 31, 2011	
	No of Shares	% of holding	No of Shares	% of holding
Bank of India	11,383,781	29.96%	11,383,781	29.96%
Infrastructure Development Finance Company Limited	3,530,136	9.29%	3,530,136	9.29%
State Bank of India	2,812,415	7.40%	2,812,415	7.40%
IDBI Bank Limited	2,507,610	6.60%	2,507,610	6.60%

b) Details of shares bought back during past five years

Year in which shares bought back	Class of Shares	No of shares
Financial Year 2009-10	Equity Shares	3,000,000
Financial Year 2007-08	Equity Shares	9,000,000
Total equity shares bought back in last five years of ₹100/- each		12,000,000


NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lakhs)

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

Particulars	As at March 31, 2012	As at March 31, 2011
Number of shares at the beginning of year	38,000,000	38,000,000
Add: Shares Issued	0	0
Less: Share bought back / forfeited	0	0
Number of shares at the end of year	38,000,000	38,000,000

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

NOTE NO. 1.2: RESERVES AND SURPLUS

Particulars	As at March 31, 2012	As at March 31, 2011
Reserve created pursuant to Section 45 I C of RBI Act, 1934*		
Balance at the beginning of the year	24,984.00	24,178.00
Add :- Amount transferred from surplus in statement of profit and loss	930.00	806.00
Balance at the end of the year (A)	25,914.00	24,984.00
* Forms part of free reserves, Net owned funds and Tier I capital		
Capital Redemption Reserve		
Balance at the beginning of the year	12,000.00	12,000.00
Add :- Amount transferred from surplus in statement of profit and loss	0.00	0.00
Balance at the end of the year (B)	12,000.00	12,000.00
Surplus in Statement of Profit and Loss		
Balance at the beginning of the year	3,985.03	4,256.73
Add :- Profit for the year (after tax)	4,645.96	4,079.21
Excess provision for dividend distribution tax reversed	11.74	0.00
Profit available for appropriation	8,642.73	8,335.94
Less : Appropriations		
Statutory Reserve (as per Section 45IC of the RBI Act, 1934)	930.00	806.00
Proposed dividend on equity shares, DPS ₹ 8/- (March 31, 2011, DPS ₹ 8/-)	3,040.00	3,040.00

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
Tax on proposed dividend	493.16	504.91
Net surplus in statement of profit and loss (C)	4,179.57	3,985.03
*DPS = Dividend Per Share		
Total Reserves and Surplus (A+B+C)	42,093.57	40,969.03

NOTE NO. 2.1: DEFERRED TAX (ASSETS) / LIABILITIES (NET)

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

Particulars	As at March 31, 2012	Charge during the year	As at March 31, 2011
Deferred Tax Liability			
Depreciation on fixed assets	103.47	32.80	70.67
Deferred Tax Asset			
Provision for leave encashment & gratuity	32.21	2.87	29.34
Provision for payment of stamp duty	20.32	(0.49)	20.81
Other provisions – PLVP/Amortisation	31.20	(8.63)	39.83
Accumulated business losses	0.00	(80.26)	80.26
Total Deferred Tax Assets	83.73	(86.51)	170.24
Net Deferred Tax (Asset)/Liability	19.74	119.31	(99.57)

NOTE NO. 2.2: OTHER LONG TERM LIABILITIES

Particulars	As at March 31, 2012	As at March 31, 2011
a) Trade Payable		
- Due to micro and small enterprises (Refer Note No. 15)	0.00	0.00
- Other than micro and small enterprises		
i. to Subsidiaries	0.00	0.00
ii. to Others	0.00	0.00


NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
b) Others		
- Due to to micro and small enterprises (Refer Note No. 15)	0.00	0.00
- Other than micro and small enterprises		
i. to Subsidiaries	0.00	0.00
ii. to Others	0.00	1.28
Total	0.00	1.28

NOTE NO. 2.3: LONG TERM PROVISIONS

Particulars	As at March 31, 2012	As at March 31, 2011
For employee benefits (as per actuarial certification)	41.31	32.96
For taxation	3,718.44	1,911.99
Contingent provision against standard assets	313.69	172.61
For amortisation of premium on debt investments	27.87	8.52
Others	89.01	89.02
Total	4,190.32	2,215.10

NOTE NO. 3.1: SHORT TERM BORROWINGS

Particulars	As at March 31, 2012	As at March 31, 2011
I. Secured Borrowings		
a. Loan repayable on demand		
- from banks	0.00	0.00
- from other parties	0.00	0.00
b. Loans and advances from related parties	0.00	0.00
c. Deposits	0.00	0.00
d. Other loans and advances (CBLO borrowings)	10,400.00	0.00
Total of Secured Borrowings - (I)	10,400.00	0.00

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
II. Unsecured Borrowings		
a. Loan repayable on demand		
- from banks*	19,700.01	9,999.42
- from other parties	0.00	0.00
b. Loans and advances from related parties	0.00	0.00
c. Deposits	0.00	0.00
d. Other loans and advances (Commercial papers)	93,500.00	39,500.00
Total of Unsecured Borrowings - (II)	113,200.01	49,499.42
Total Short Term Borrowings (I + II)	123,600.01	49,499.42

* Includes loan of ₹ 11,250.00 lakhs (PY ₹ 9,999.42 lakhs) from related party "Bank of India"

Additional information to secured/unsecured borrowings:

i) Secured short term borrowings

Company has borrowed ₹10,400.00 lakhs (PY - Nil) under CBLO on March 30, 2012 for 4 days (maturing on April 03, 2012) at an average cost of 14.05% against the collateral of government securities. Government Securities having face value of ₹21,500.00 lakhs and cash margin deposit of ₹86.00 lakhs has been kept as collateral with Clearing Corporation of India Limited for CBLO borrowings.

ii) Unsecured short term bank borrowings

Bank credit lines and overdraft facilities have been utilised from various banks for working capital requirement and ALM. These credit facilities are repayable on demand and subject to annual review.

The break up of the unsecured bank borrowing as on March 31, 2012 are as under.

Name of the lending Bank	Rate of Interest	Sanctioned Limit	Outstanding as at March 31, 2012	Maturity Date
Bank Of India				
Overdraft	Base Rate+25 bps - 11.00%	10,000.00	1,250.00	On Demand
	N.A.	(0.00)	(0.00)	


NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lakhs)

Name of the lending Bank	Rate of Interest	Sanctioned Limit	Outstanding as at March 31, 2012	Maturity Date
Cash Credit / Short term loan	Base Rate+25 bps - 11.00%	10,000.00	10,000.00	April 23, 2012
	(Base Rate +50 bps)	(10,000.00)	(9999.42)	
Corporation Bank Overdraft	Base Rate +40 bps - 11.05%	10,000.00	8,450.01	On Demand
	(Base Rate +40 bps)	(5,000.00)	(0.00)	

Figures in the brackets indicate previous year data.

iii) Commercial paper borrowing

Company raises unsecured short term funds by issuing Commercial Papers. During the year, funds have been raised through commercial papers at different rate of interest ranging from 8.25% to 11.95%. Details of outstanding unsecured commercial papers borrowings as on March 31, 2012 is as under:

Name of party to whom issued	Outstanding as at March 31 ,2012		Outstanding as at March 31 ,2011	
	Date of Maturity	Maturity Amount	Date of Maturity	Maturity Amount
Principal Mutual Fund	29-Mar-13	1,500.00	-	0.00
Emerging India Focus Fund	25-Mar-13	1,500.00	-	0.00
Kotak Mahindra Mutual Fund	27-Nov-12	5,000.00	-	0.00
NABARD	07-Sep-12	5,000.00	-	0.00
NABARD	10-Aug-12	5,000.00	-	0.00
Union Bank of India	31-Jul-12	2,500.00	-	0.00
Union Bank of India	17-Jul-12	2,500.00	-	0.00
Religare Mutual Fund	27-Jun-12	7,500.00	-	0.00
Sundaram Mutual Fund	25-Jun-12	2,500.00	-	0.00
SBI Mutual Fund	25-Jun-12	10,000.00	08-Jun-11	10,000.00

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lakhs)

Name of party to whom issued	Outstanding as at March 31 ,2012		Outstanding as at March 31 ,2011	
	Date of Maturity	Maturity Amount	Date of Maturity	Maturity Amount
Religare Mutual Fund	22-Jun-12	5,000.00	-	0.00
Union Bank of India	12-Jun-12	5,000.00	-	0.00
Principal Mutual Fund	12-Jun-12	5,000.00	-	0.00
Tata Mutual Fund	07-Jun-12	5,000.00	-	0.00
Birla Sun Life Mutual Fund	14-May-12	10,000.00	-	0.00
UTI Mutual Fund	09-May-12	5,000.00	25-May-11	2,500.00
ING Mutual Fund	24-Apr-12	2,500.00	13-Jun-11	2,500.00
Canara Bank	20-Apr-12	2,500.00	-	0.00
Kotak Mahindra Mutual Fund	17-Apr-12	5,000.00	23-May-11	2,500.00
Sundaram Mutual Fund	17-Apr-12	3,000.00	-	0.00
Army Group Insurance Fund	04-Apr-12	2,500.00	19-Sep-11	7,000.00
Peerless Mutual Fund	-	0.00	07-Jun-11	2,500.00
Canara Robeco Mutual Fund	-	0.00	25-May-11	2,500.00
ICICI Mutual Fund	-	0.00	30-May-11	2,500.00
ICICI Mutual Fund	-	0.00	15-Jun-11	7,500.00
Total Maturity Amount		93,500.00		39,500.00

iv) The Company during the year has not defaulted either on principal or interest payment for any kind of borrowings.

NOTE NO. 3.2: TRADE PAYABLE

Particulars	As at March 31, 2012	As at March 31, 2011
Trade Payable		
- Due to micro and small enterprises (Refer Note No. 15)	0.00	0.00
- Other than micro and small enterprises		
i. to subsidiaries	0.00	0.00
ii. to others	22.98	132.37


NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
Others		
- Due to micro and small enterprises (Refer Note No. 15)	0.00	0.00
- Other than micro and small enterprises		
i. to subsidiaries	0.00	0.00
ii. to others	5.76	13.72
Total	28.74	146.09

NOTE NO. 3.3: OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2012	As at March 31, 2011
- Interest accrued but not due on borrowings (including related party amount of ₹8.60 lakhs)	39.16	10.96
- Statutory dues	1.32	9.82
- Others (unamortised discount on CBLO lending)	0.00	0.49
Total	40.48	21.27

NOTE NO. 3.4: SHORT TERM PROVISIONS

Particulars	As at March 31, 2012	As at March 31, 2011
Provision for employee benefits (as per actuarial certification)	57.98	55.35
Provision for performance linked variable pay	68.28	111.41
Provision for loss on equity futures and options	0.00	0.34
Provision for taxation	6.10	8.50
Provision for proposed dividend	3,040.00	3,040.00
Provision for dividend distribution tax	493.16	504.91
Total	3,665.52	3,720.51



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lakhs)

NOTE NO. : 4.1 FIXED ASSETS

PARTICULARS	Gross Block			Depreciation/ Amortisation			Net Block		
	As at April 01, 2011	Additions for the year	Deductions for the year	As at March 31, 2012	Upto March 31, 2011	For the year	Deduction/ Adjustments	As at March 31, 2012	As at March 31, 2011
I Tangible Assets									
a) Air- Conditioners	24.47	0.01	0.00	24.48	4.45	2.45	0.00	17.58	20.02
b) Buildings *	3,237.27	0.00	0.00	3,237.27	343.52	144.69	0.00	2,749.06	2,893.75
c) Computers	57.68	4.51	0.00	62.19	45.20	5.89	0.00	11.10	12.48
d) Electrical Installations	34.82	3.19	0.00	38.01	3.09	3.60	0.00	31.32	31.73
e) Furniture & Fixtures	118.27	1.17	0.00	119.44	31.90	11.53	0.00	76.01	86.37
f) Office Equipments	29.37	5.67	0.00	35.04	6.89	3.76	0.00	24.39	22.48
g) Vehicles	33.33	5.43	5.65	33.11	12.13	4.21	4.56	21.33	21.20
Sub-total (I)	3,535.21	19.98	5.65	3,549.54	447.18	176.13	4.56	2,930.79	3,088.03
March 31, 2011	1,269.53	2,579.34	313.67	3,535.21	557.36	161.87	272.05	3,088.03	712.17
II Intangible Assets									
a) Software and Licenses	24.55	5.23	0.00	29.78	24.39	0.92	0.00	4.47	0.16
Sub-total (II)	24.55	5.23	0.00	29.78	24.39	0.92	0.00	4.47	0.16
March 31, 2011	69.41	0.00	44.86	24.55	67.72	1.53	44.86	0.16	1.69
III Grand Total- (I+II)	3,559.76	25.21	5.65	3,579.32	471.57	177.05	4.56	2,935.26	3,088.19
March 31, 2011	1,338.94	2,579.34	358.52	3,559.76	625.08	163.40	316.91	3,088.19	713.86

* Cost of building includes ₹0.05 lakhs being the application money for shares of co-operative society towards ownership of residential premises.


NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lakhs)

NOTE NO. 4.2: NON CURRENT INVESTMENTS

Particulars	Face Value	No of Units	As at March 31, 2012	As at March 31, 2011
I. Trade Investments				
a) Investment in Equity Shares (Unquoted and fully paid)				
Clearing Corporation of India Limited (PY 5,000,000)	₹10/-	5,000,000	500.00	500.00
			500.00	500.00
b) Investment in Equity Shares of Subsidiaries (Unquoted and fully paid)				
STCI Primary Dealer Limited (Wholly owned subsidiary company) (PY: 200,000,000)	₹10/-	200,000,000	20,000.00	20,000.00
STCI Commodities Limited ¹ (Wholly owned subsidiary company) (PY: 4,500,000)	₹10/-	4,500,000	126.15	132.56
			20,126.15	20,132.56
¹ Net of provision for permanent diminution in value				
Total Trade Investments (A)			20,626.15	20,632.56
II. Other Investments (Non Trade)				
a) Investment in Equity Shares (Quoted and fully paid)				
Aurobindo Pharma Limited (PY - Nil)	₹ 1/-	75,000	110.17	0.00
Bharti Airtel Limited (PY - Nil)	₹ 5/-	110,000	380.39	0.00
Bank of Baroda (PY - Nil)	₹ 10/-	10,000	80.05	0.00
Bharat Electronics Limited (PY - 2,000)	₹ 10/-	0	0.00	33.75
Bharat Heavy Electricals Limited (PY - 11,000)	₹ 2/- (PY ₹ 10/-)	88,180	317.90	229.33
Crompton Greaves Limited (PY - 15,000)	₹ 2/-	40,000	77.93	40.51
Grasim Industries Limited (PY - 2,500)	₹ 10	0	0.00	61.46
HDFC Bank Limited (PY - 1,500)	₹ 2/- (PY ₹ 10/-)	0	0.00	34.66

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**

(₹ in lakhs)

Particulars	Face Value	No of Units	As at March 31, 2012	As at March 31, 2011
Hindustan Unilever Limited (PY - 2,000)	₹ 1/-	0	0.00	5.59
Exide Industries Limited (PY - Nil)	₹ 1/-	60,000	82.02	0.00
ICICI Bank Limited (PY - 10,000)	₹ 10/-	0	0.00	112.33
Idea Cellular (PY - Nil)	₹ 10/-	150,000	125.46	0.00
Indian Bank (PY - 25,000)	₹ 10/-	23,481	51.57	57.58
NTPC Limited (PY - 50,000)	₹ 10/-	0	0.00	93.05
Infosys Limited (PY - Nil)	₹ 5/-	7,500	195.78	0.00
Indiabulls Financials Services Limited (PY - Nil)	₹ 2/-	50,000	110.06	0.00
Karur Vysya Bank Ltd (PY - Nil)	₹ 10/-	30,000	125.43	0.00
MCX India Limited (PY - Nil)	₹10/-	10,000	128.81	0.00
Mahindra and Mahindra Ltd (PY - Nil)	₹ 5/-	25,000	179.90	0.00
Oil and Natural Gas Corp Ltd (PY - 2,000)	₹5/-	80,000	232.39	5.71
Power Finance Corp. Ltd (PY - 25,000)	₹10/-	0	0.00	64.37
Power Grid Corp of India Ltd (PY - 50,000)	₹10/-	275,000	292.85	50.71
Pantaloon Retail (India) Ltd (PY - Nil)	₹ 2/-	55,000	190.50	0.00
Sabbhav Engineering Ltd (PY - Nil)	₹ 1/-	94,894	142.15	0.00
State Bank of India (PY - Nil)	₹ 10/-	10,000	166.79	0.00
Steel Authority of India Ltd (PY - Nil)	₹ 10/-	100,000	112.82	0.00
Stride Acrolab Limited (PY - 42,000)	₹ 10/-	0	0.00	176.90
Tata Consultancy Services Ltd (PY - 2,000)	₹ 1/-	0	0.00	22.47
Tata Motors Limited (PY - 1,000)	₹ 2/-	0	0.00	12.53
The Federal Bank Ltd (PY - Nil)	₹ 10/-	30,000	123.56	0.00
Voltas Limited (PY - 25,000)	₹ 1/-	0	0.00	40.81
Zee Entertainment Enterprises Ltd (PY - Nil)	₹ 1/-	70,000	90.22	0.00
			3,316.75	1,041.76
b) Investment in Government Securities (Quoted)				
8.19% GOI 2020 *	₹ 3,000 lakhs		2,988.07	0.00
8.79% GOI 2021 *	₹ 5,000 lakhs		5,175.45	0.00
8.20% GOI 2022 *	₹ 6,000 lakhs		6,131.58	4,621.23
9.15% GOI 2024	₹ 500 lakhs		518.25	0.00
8.97% GOI 2030 *	₹ 10,000 lakhs		10,357.60	0.00
* Kept as collateral to the extent of ₹ 21,500.00 lakhs with CCIL for CBLO borrowing			25,170.95	4,621.23


NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lakhs)

Particulars	Face Value	No of Units	As at March 31, 2012	As at March 31, 2011
c) Investment in Corporate Bonds (Quoted)				
9.62% L & T Finance Ltd. (Maturing on 29.09.2014)	₹ 10 lakhs	100	995.40	0.00
9% STFL OPT-1 PC 02.06.2013 (Maturing on 01.06.2015)	₹ 0.01 lakhs	16914	165.91	0.00
10% STFL (Maturing on 30.06.2015)	₹ 1 lakhs	3920	3,878.06	0.00
9.85% SBI (Maturing on 27.06.2016)	₹ 10 lakhs	50	514.20	0.00
8.65% IDFC (Maturing on 24.05.2020) (PY - 250)	₹ 10 lakhs	400	3,954.40	2,500.00
8.60% LIC Housing Finance Ltd (Maturing on 31.05.2020)	₹ 10 lakhs	250	2,345.75	0.00
8.70% PFC STRRP 65 III (Maturing on 14.05.2025)	₹ 10 lakhs	50	480.50	0.00
8.75% PFC BONDS (Maturing on 15.06.2025)	₹ 10 lakhs	250	2,411.25	0.00
8.79% IRFC BONDS (Maturing on 04.05.2030)	₹ 10 lakhs	100	972.20	0.00
8.20% LIC Housing Finance Ltd (Maturing on 31.08.2012) (PY - 100)	₹ 10 lakhs	0	0.00	1,000.00
			15,717.67	3,500.00
d) Investment in Venture Capital Funds (Unquoted and partly paid)				
Tata Venture Capital Funds -class A units (PY: ₹ 250,000,000)	₹ 1	250,000,000	961.87	952.33
Amount paid per unit - ₹ 0.3847 (PY ₹ 0.3809)				
Uncalled capital contribution as on March 31, 2012 is ₹1,538.13 lakhs (PY ₹ 1,547.67 lakhs)			961.87	952.33
Total Non Trade Investments (B)			45,167.24	10,115.32
Total Non Current Investments (A + B)			65,793.39	30,747.88
Aggregate book value of quoted investments			44,205.37	9,162.99
Aggregate market value of quoted investments			43,066.85	8,959.29
Aggregate amount of unquoted investments			21,588.02	21,584.89
Aggregate provision for dimunition in value of unquoted investments			260.79	254.38

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lakhs)

All the above investments are carried at cost except the investment in 100% subsidiary STCI Commodities Limited where the provision of ₹6.41 lakhs has been made during the year for permanent diminution in value. A similar provision of ₹254.38 lakhs was also made during the financial year 2008-09. Keeping in view the business dynamics of standalone commodity broking business and the mounting losses, broking operations (principal and only business segment) of STCI Commodities Limited was discontinued w.e.f. Sept 2011 and the company is in the process of paying off all its liabilities, liquidating its assets and settling the client accounts and legal cases. Accordingly, the balance investment amount of STCI Commodities Limited reflects the net realisable amount based on its audited financials as at March 31, 2012.

Decline in value of quoted investments is considered to be of temporary nature and accordingly not provided for.

NOTE NO. 4.3: LONG TERM LOANS AND ADVANCES

Particulars	As at March 31, 2012	As at March 31, 2011
I. Secured, Considered Good		
a. Capital advances	0.00	0.00
b. Security deposits	0.00	0.00
c. Loan against shares	6,666.67	11,250.00
d. Corporate and other loans	4,187.00	12,353.64
	10,853.67	23,603.64
II. Unsecured, Considered Good		
a. Capital advances	6.05	5.70
b. Security deposits	119.85	36.65
c. Loans and advances to subsidiaries	0.00	0.00
d. Loans and advances to related parties	0.00	0.00
e. Other loans and advances	0.00	1.20
f. Trade receivables	0.00	0.00
	125.90	43.55
Total	10,979.57	23,647.19


NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lakhs)

NOTE NO. 4.4: OTHER NON CURRENT ASSETS

Particulars	As at March 31, 2012	As at March 31, 2011
MAT credit entitlement	1,848.67	2,521.83
Advance income and wealth tax payments	4,101.22	2,136.58
Total	5,949.89	4,658.41

NOTE NO. 5.1 : CURRENT INVESTMENTS

Particulars	Face Value	No of Units	As at March 31, 2012	As at March 31, 2011
Investment in Corporate Bonds (Quoted)				
8.20% LIC Housing Finance Ltd (PY - 100) (Maturing on 31.08.2012)	₹ 10 lakhs	100	1,000.00	0.00
Total			1 000.00	0.00
Aggregate book value of quoted investments			1,000.00	0.00
Aggregate market value of quoted investments			987.00	0.00
Aggregate amount of unquoted investments			0.00	0.00
Aggregate provision for diminution in value of investments			0.00	0.00

The investment in 8.20% LIC Housing Finance Bonds has been disclosed as current investment in view of it maturing within 12 months from the date of balance sheet date. However, the valuation of same has been done as per its original classification of long term investments at book cost less permanent diminution in value, if any.

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

Particulars	As at March 31, 2012	As at March 31, 2011
Government Securities	3,618.87	1,992.83
Corporate Bonds	0.00	15,708.92
Mutual Fund Units	460.56	1,238.23
Certificates of Deposits	0.00	2,412.09

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**

(₹ in lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
Equity Shares	414.83	127.82
Pass Through Certificates	0.00	7.73
Total	4,494.26	21,487.61

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

The net depreciation in value of securities held as inventory (stock-in-trade) as on March 31, 2012 under each category has been provided for as under.

Particulars	As at March 31, 2012	As at March 31, 2011
Type of Security		
a) Government Securities (including SDL)	87.46	24.17
b) Corporate Bonds	0.00	417.95
c) Mutual Fund Units	39.44	26.89
d) Pass Through Certificates	0.00	0.05
Total	126.90	469.06

- ii) Quantitative details of stock, purchases and sales of securities during the year ended March 31, 2012 is as under.

For the year ended March 31, 2012**(No. in units)**

Security -Category	Op. Balance	Purchase	Sales/Transfer	Cl. Balance
Government Securities	1,984,700	67,500,000	65,944,200	3,540,500
Corporate Bonds	22,034	0	22,034	0
Mutual Fund Units	2,823,854	3,123,114,935	3,124,961,790	976,999
Certificates of Deposit	2,500	0	2,500	0
Equity Shares	99,699	1,373,957	1,373,190	100,466
Total	4,932,787	3,191,988,892	3,192,303,714	4,617,965


NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lakhs)

For the year ended March 31, 2011

(No. in units)

Security -Category	Op. Balance	Purchase	Sales/Transfer	Cl. Balance
Government Securities	100	108,684,600	106,700,000	1,984,700
Corporate Bonds	53,786	18,414	50,166	22,034
Mutual Fund Units	83,773,835	3,741,903,869	3,822,853,850	2,823,854
Certificates of Deposit	10,000	2,500	10,000	2,500
Commercial paper	1,000	4,000	5,000	0
Equity Shares	634,557	5,906,883	6,441,741	99,699
Total	84,473,278	3,856,520,266	3,936,060,757	4,932,787

- iii) During the year, company has transferred securities held under trading portfolio to long term portfolio at cost or market value whichever is lower and the transferred securities have been shown as non current investments as on March 31, 2012. The details of securities transferred during the year are as under.

Security -Category	Face Value	Trasfer Value
Government Securities	1,944.20	1,951.66
Corporate Bonds	13,589.14	13,217.67

- iv) Stock-in-trade

Nomenclature	Unit Face Value ₹ in lakhs	As at March 31, 2012		As at March 31, 2011	
		Quantity	Book Value	Quantity	Book Value
Government Securities					
9.15% GS 2024	1500.00		1,601.44		0.00
8.97% GS 2030	2000.00		2,064.40		0.00
8.49% ANDHRA SDL 2020	40.40		40.40		40.40
7.46% GOI 2017	0.05		0.05		0.05
6.13% GOI 2028	0.05		0.04		0.04
8.20% GOI 2022	1500.00		0.00		1,532.31
8.30% GOI 2040	444.20		0.00		444.20
			3,706.33		2,017.00
Less:- Net Fall in value of securities			87.46		24.17
Sub Total (a)			3,618.87		1,992.83

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**

(₹ in lakhs)

Nomenclature	Unit Face Value	As at March 31, 2012		As at March 31, 2011	
		Quantity	Book Value	Quantity	Book Value
	₹ in lakhs				
Corporate Bonds					
8.40% Deccan Chronicle Holdings NCD (07-06-11)	10	0	0.00	250	2,500.00
9.62% L&T Finance Limited (29-09-2014)	10	0	0.00	100	1,000.00
9.00% STFL (01-06-2015)	0.01	0	0.00	16,914	169.14
10.00% STFL NCD (30-06-2015)	1	0	0.00	3,920	3,920.00
9.85% State Bank of India (27-06-2016)	10	0	0.00	50	531.41
8.65% IDFC Limited (24-05-2020)	10	0	0.00	150	1,500.00
8.60% LIC Housing Finance Ltd (31-05-2020)	10	0	0.00	250	2,500.00
8.70% PFC STRIP 65 III (14-05-2025)	10	0	0.00	50	500.00
8.75% PFC Bonds (15-06-2025)	10	0	0.00	250	2,500.00
8.79% IRFC 2030 (04-05-2030)	10	0	0.00	100	1,006.31
			0.00		16,126.86
Less:- Net Fall in value of securities			0.00		417.95
Sub Total (b)			0.00		15,708.92
Mutual Fund Units	in ₹				
SBI Magnum Balanced Fund - Growth	10/-	976,999.07	500.00	976,999.07	500.00
UTI Balanced Fund-Growth Plan	10/-			235,254.21	200.04
HDFC Prudence Fund - Growth	10/-			45,488.66	100.00
Tata Balanced Fund - Growth	10/-			233,315.08	200.08
Kotak Liquid (Inst. Premium) - Growth	10/-			1,332,797.00	265.00
			500.00		1,265.12
Less:- Net Fall in value of securities			39.44		26.89
Sub Total (c)			460.56		1,238.23
Certificate of Deposits	₹ in lakhs				
8.05% ANDHRA BANK CD (20/09/2011)	5	0	0.00	2,500	2,412.09
Sub Total (d)			0.00		2,412.09



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lakhs)

Nomenclature	Unit Face Value	As at March 31, 2012		As at March 31, 2011	
		Quantity	Book Value	Quantity	Book Value
	in ₹				
Equity Shares					
Bharti Airtel Limited	5/-	25,000	84.75	0	0.00
HDFC Limited	2/-	8,000	54.16	0	0.00
Infosys Limited	5/-	3,000	84.14	0	0.00
Mahindra & Mahindra Limited	5/-	8,000	54.97	0	0.00
NTPC Limited	10/-	40,000	66.72	0	0.00
The Federal Bank Limited	10/-	16,466	70.09	0	0.00
ITD Cementation India Limited	10/-	0	0.00	200	0.15
Sadbhav Engineering Limited	1/-	0	0.00	98,790	111.89
Shree Cements Limited	10/-	0	0.00	709	15.78
			414.83		127.82
Less:- Net Fall in value of securities			0.00		0.00
Sub Total (e)			414.83		127.82
PASS THROUGH CERTIFICATES					
NHB - MBS Pool CP3 Canfin Home PTC		0	0.00	50	7.78
			0.00		7.78
Less:- Net Fall in value of securities			0.00		0.05
Sub Total (f)			0.00		7.73
Total Stock-in-Trade (a+b+c+d+e+f)			4,494.26		21,487.62

NOTE NO. 5.3 : TRADE RECEIVABLES

Particulars	As at March 31, 2012	As at March 31, 2011
Unsecured, Considered good		
- Others	46.40	0.00
Total	46.40	0.00

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lakhs)

NOTE NO. 5.4: CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2012	As at March 31, 2011
I. Cash and Cash Equivalents		
- Balance with banks	91.97	101.55
- Cash on hand	0.08	0.07
II. Other Bank Balances (held as Margin Money for Derivatives)		
- Fixed deposits with maturity of more than 3 months but less than 12 months	750.00	750.00
Total	842.05	851.62

- i) Margin Money for equity derivatives is given in the form of fixed deposits. Fixed deposit includes (a) ₹ 250.00 lakhs (PY- ₹250.00 lakhs) in the name of National Securities Clearing Corporation Limited towards margin requirements for Equity Futures & Options segment, and (b) ₹500.00 lakhs with custodian -HDFC Bank for meeting margin requirements for equity segment (PY- ₹ 500 lakhs).

NOTE NO. 5.5: SHORT TERM LOANS AND ADVANCES

Particulars	As at March 31, 2012	As at March 31, 2011
I. Secured, Considered Good		
a. Loan against shares	100,531.51	36,460.00
b. Corporate and other loans	14,090.24	8,931.25
c. Lending under CBLO	0.00	525.00
	114,621.75	45,916.25
II. Unsecured, Considered Good		
a. Capital advances	0.00	0.00
b. Security deposits	0.00	6.72
c. Loans and advances to subsidiaries	0.00	50.00
d. Other loans and advances for revenue / capital expenses	5.10	1.30
	5.10	58.02
Total	114,626.85	45,974.27



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lakhs)

NOTE NO. 5.6: OTHER CURRENT ASSETS

Particulars	As at March 31, 2012	As at March 31, 2011
Accrued interest	2,546.00	1,646.70
Other current assets	2,424.71	2,371.26
Total	4,970.71	4,017.96

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

Claims against the company not acknowledged as debt:

- a) The Company had received a notice from the Central Excise authorities in respect of the interior work amounting to ₹20.80 lakh carried out by a contractor at the erstwhile office premises at Krishna Chambers, 59, Sir Vithaldas Thackersey Marg, New Marine Lines, Mumbai in the year 1997-98. The Company has been legally advised that there is no liability under the Central Excise Act and accordingly no provision has been made against this claim.
- b) No provision has been made in respect of income tax dues disputed by the company. The tax liability under dispute is ₹532.79 lakhs (PY ₹462.78 lakhs). The details of disputed dues as on March 31, 2012 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
Income Tax Act, 1961	₹ 39.35 lakhs	F.Y. 2003-04	Mumbai High Court
Income Tax Act, 1961	₹ 0.08 lakhs	F.Y. 2007-08	Assessing Officer
Income Tax Act, 1961	₹ 3.54 lakhs	F.Y. 2008-09	ACIT - TDS - 3 (2)
Income Tax Act, 1961	₹ 2.94 lakhs	F.Y. 2009-10	ACIT - TDS - 3 (2)
Income Tax Act, 1961	₹ 10.72 lakhs	F.Y. 2010-11	ACIT - TDS - 3 (2)
Income Tax Act, 1961	₹ 13.38 lakhs	F.Y. 2008-09	CIT (A)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lakhs)

NOTE NO. 6.2: CAPITAL AND OTHER COMMITMENTS:

- a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 0.35 lakhs (PY - ₹0.70 lakhs).
- b) Uncalled capital contribution to Tata Venture Capital Fund as on March 31, 2012 is ₹1538.13 lakhs (PY- ₹ 1547.67 lakhs).

NOTE NO. 7.1: INTEREST INCOME

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Interest on Loans		
- Loan against shares	8,604.97	3,802.73
- Corporate and other loans	2,661.08	1,544.48
Interest / Discount on Investments		
- Government securities ¹	1,337.13	1,702.30
- Corporate bonds ²	1,586.04	1,716.73
- Other money market instruments and CBLO	98.22	183.26
Others	121.60	137.42
Total	14,409.04	9,086.92

¹ Interest income from government securities includes ₹1137.73 lakhs (PY ₹837.40 lakhs) on long term investments in government securities.

² Interest income from corporate bonds includes ₹ 1547.49 lakhs (PY ₹232.70 lakhs) on long term investments in corporate bonds.

NOTE NO. 7.2: OTHER FINANCIAL SERVICES

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Upfront / Processing fees	328.66	228.51
Other fee based income	5.67	8.91
Total	334.33	237.42


NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lakhs)

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

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Government securities	(149.18)	(314.13)
Corporated bonds	8.75	(319.44)
Equity shares	(13.86)	298.63
Mutual fund units	257.86	352.28
Derivatives	(59.35)	(288.79)
Total	44.22	(271.45)
a) Government Securities		
Sales (including transfer to long term investments and net of brokerage)	66,377.74	1,06,769.03
Add : Stock on hand at the end of the year	3,618.87	1,992.83
Less : (i) Purchases	68,152.96	1,09,075.90
(ii) Stock on hand at the beginning of the year	1,992.83	0.09
Profit/(Loss) on sale of Government Securities	(149.18)	(314.13)
b) Corporate Bonds		
Sales (including transfer to long term investments and net of brokerage)	15,717.67	12,120.08
Add : Stock on hand at the end of the year	0.00	15,708.92
Less : (i) Purchases	0.00	15,207.28
(ii) Stock on hand at the beginning of the year	15,708.92	12,941.16
Profit/(Loss) on sale of Corporate Bonds	8.75	(319.44)
c) Equity Shares		
Sales (net of brokerage and STT)	4,919.31	24,215.93
Add : Stock on hand at the end of the year	414.83	127.82
Less : (i) Purchases	5,220.18	23,494.06

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lakhs)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
(ii) Stock on hand at the beginning of the year	127.82	551.06
Profit/(Loss) on sale of Equity Shares	(13.86)	(298.63)
d) Mutual Fund Units		
Sales (net of exit load and STT)	5,54,840.53	6,38,092.86
Add : Stock on hand at the end of the year	460.56	1,238.23
Less : (i) Purchases	5,53,805.00	6,27,438.81
(ii) Stock on hand at the beginning of the year	1,238.23	11,540.00
Profit/(Loss) on sale of Mutual Fund Units	257.86	352.28
e) Income From Derivatives		
Equity futures and options	(59.35)	(6.71)
Commodity futures	0.00	(282.08)
Profit/(Loss) from Derivatives	(59.35)	(288.79)

NOTE NO. 8: OTHER INCOME

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Interest income on tax refunds	0.00	187.92
Dividend income ¹	118.26	111.03
Net gain/(loss) on sale of investments	447.93	484.93
Provisions written back	55.35	38.53
Miscellaneous income	23.56	29.92
Total	645.10	852.33

¹ Dividend income includes ₹113.23 lakhs (PY ₹ 88.50 lakhs) being dividend received on investments (other than subsidiary). Dividend received from subsidiary ₹-Nil (PY ₹-Nil)

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**

(₹ in lakhs)

NOTE NO. 9: EMPLOYEE BENEFIT EXPENSES

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Salaries, wages, allowances, etc.	439.00	423.42
Contribution to provident and other funds	18.96	38.97
Staff welfare expenses	24.96	17.34
Total	482.92	479.73

NOTE NO. 10: FINANCE COSTS

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
a) Interest Expenses		
On bank credit line / overdraft	566.37	200.33
On CP issuance	5,934.31	2,908.44
On CBLO borrowing	768.47	675.13
	7,269.15	3,783.90
b) Other borrowing cost	40.34	38.27
Total (a+b)	7,309.49	3,822.17

NOTE NO. 11: OTHER EXPENSES

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Advertising expenses	4.79	0.15
Transaction and settlement charges	27.18	49.44
Donation	3.00	0.00
Electricity charges	16.69	14.59

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lakhs)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Information services	56.66	51.78
Insurance charges	15.82	22.46
Miscellaneous expenses	0.89	7.61
Office expenses	30.10	24.64
Payment to Auditors :		
- As audit fees (including audit fees for consolidated accounts)	4.00	4.00
- For taxation matters (Tax Audit fees)	1.00	1.00
- For other services	1.00	1.00
- For reimbursement of expenses	0.00	0.00
Postage, telephone and telegrams	15.19	13.44
Printing and stationery expenses	7.91	6.35
Professional fees	166.28	119.34
Rates and taxes	11.12	7.75
Rent	28.32	122.50
Repairs and maintenance - building	24.94	20.71
Repairs and maintenance - others	20.82	14.01
Sitting fees to directors	14.30	8.40
Travelling, conveyance and car expenses	17.94	24.78
Amortisation of premium on debt investments	19.35	8.52
Loss on sale of asset	0.17	24.34
Total	487.47	546.81



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE NO. 12 : 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.

12.1 Method of Accounting

The financial statements are prepared on the basis of accrual system of accounting.

12.2 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, Corporate Bonds

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

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

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

Transactions for borrowing and lending under CBLO are recorded at maturity value. The difference paid or received on redemption is treated as discount paid on CBLO in case of borrowing and discount earned on CBLO in case of lending. The difference between the discounted value on borrowing date or lending date as the case may be, and the redemption value of the instrument, outstanding on the Balance Sheet date is apportioned on the time basis and recognized as expense or income respectively. The unamortised discount on CBLO borrowing and lending is disclosed under other current assets and other current liabilities respectively.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012****(iv) Pass Through Certificates (PTCs)**

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

(v) Equity Futures and Options

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

(vi) Commodity Futures

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

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**

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

12.3 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 till maturity and charged to the Profit and Loss account.

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

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012****12.4 Classification and Valuation of Stock-in-Trade/Current Investments**

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

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

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

Equity Shares

Preference Shares

Debenture and Bonds

Govt. Securities (including T Bills)

Mutual Fund Units

Others

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

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

However, in line with the RBI & FIMMDA guidelines, Certificates of Deposit (CDs) and Commercial Papers (CPs) of less than one year tenor are valued at cost. Similarly, Treasury Bills held as stock-in-trade are valued at carrying cost (as explained at Note. No. 12.2 (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.

12.5 Fixed Assets and Depreciation

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

Depreciation on fixed assets other than buildings and improvement to leasehold property is provided on the straight line method at the rates prescribed in schedule XIV to the Companies Act, 1956 or at

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**

the rates decided by the management on basis of the effective estimated useful life of the assets, whichever is higher.

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

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

Fixed assets costing less than ₹0.05 lakhs are provided with 100% depreciation in the year of purchase.

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

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

12.6 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 Statement of Profit and Loss in the period of enactment of the change.

12.7 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.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012****12.8 Operating Lease**

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

12.9 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.

12.10 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.

12.11 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.

12.12 Earnings Per Share (E.P.S.)

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



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

12.13 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.

Notes Forming Part of Financial Statements

13. Related Party Disclosures

List of related parties

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

- ii) Other related parties:

Bank of India (BOI) by virtue of its shareholding in the Company being in excess of 20 per cent.

Key Management Personnel:- Managing Director – Shri P.Sanyal

There was no transaction with any of the relatives of Managing Director during the year.

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

(₹ in Lakhs)

Nature of transaction	For the year ended March 31, 2012		For the year ended March 31, 2011	
	BOI	Subsidiaries	BOI	Subsidiaries
Transactions during the year				
Purchase of Govt. Securities	9,972.23	59,809.79	9,126.71	56,310.95
Sale of Government Securities	10,123.58	56,306.35	32,038.99	82,264.50
Purchase of Bonds	-	-	-	-
Sale of Bonds	-	-	-	2,018.42
Loan given	-	-	-	-
Repayment of Loan Given	-	50.00	-	20.00

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**

Nature of transaction	For the year ended March 31, 2012		For the year ended March 31, 2011	
	BOI	Subsidiaries	BOI	Subsidiaries
Maximum Loan (Given) Outstanding During the Year	-	50.00	-	70.00
Loans availed	22,325.00	-	10,000.00	-
Repayment of Loan availed	21,074.42	-	-	-
Maximum Loan (availed) Outstanding During the Year	15,000.00	-	10,000.00	-
Sale / Transfer of Fixed Assets	-	-	-	4.90
Purchase of Fixed Assets	-	5.98	-	1.90
Interest paid	368.45	-	200.33	-
Dividend Paid	910.72	-	-	-
Other financial payments	6.62	-	6.00	24.64
Non-financial expenses paid	16.60	0.18	15.00	-
Interest / Discount received	-	-	-	-
Dividend received	-	-	-	-
Non-financial receipts	-	19.49	-	28.52
Outstanding at the end of the year				
Loan (Given)	-	-	-	50.00
Loan Outstanding (Availed)	11,250.00	-	9,999.42	-
Interest accrued but not due	8.60	-	10.96	-
Non-financial expenses payable	1.25	-	1.25	-

Managerial Remuneration : Managing Director – Shri P. Sanyal

(₹ in lakhs)

Sr. No.	PARTICULARS	For the year ended March 31, 2012	For the year ended March 31, 2011
(i)	Salaries and allowances	43.52	22.55
(ii)	Company's contribution to Provident Fund and Provision for Gratuity and Leave Salary	9.00	6.44
(iii)	Other perquisites	15.32	16.17

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**

The Managing Director has 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.

14. Assets taken on Lease

The premise at Delhi, has been acquired under operating lease on payment of monthly rentals. Future minimum lease rental relating to non-cancellable operating lease period are as under.

(₹ in lakhs)

Particulars	As At March 31, 2012	As At March 31, 2011
Not later than 1 year	15.48	2.77
Later than 1 year but not later than 5 years	16.77	Nil
Later than 5 years	Nil	Nil

(₹ in lakhs)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Payment made during the year (excluding taxes)	13.32	107.50

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

15. 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.

16. Expenditure in Foreign Currency

(₹ in lakhs)

Sr. No.	PARTICULARS	For the year ended March 31, 2012	For the year ended March 31, 2011
1	On Travel	Nil	1.11
2	On Interest	Nil	Nil
3	On Others	Nil	Nil

Earnings in Foreign Currency : Nil (PY – Nil)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

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

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

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Profit after Tax (₹ in lakhs)	4,645.96	4,079.21
Weighted average number of shares (Face Value ₹ 100)	38,000,000	38,000,000
Earning Per Share for the year - Basic & Diluted (in ₹)	12.23	10.73

18. No stampy duty has been paid on non-government securities transactions in view of the ongoing deliberations between Government of Maharashtra and various representative bodies of the participants viz. IBA, FIMMDA, PDAI and AMFI, on the applicability of stamp duty on non-government securities' transactions. The Company has so far not received any claim for stamp duty from the Stamp Office in respect of non-government securities transactions.

For the current year no provision (PY ₹2.36 lakhs calculated on the basis of 0.01% of the value of transaction as stipulated in the amendment to the Bombay Stamp Act, 1958 announced in May 2005) has been made for stamp duty in the absence of direct deals of non government securities. The provision as on March 31, 2012 for stamp duty on non-government securities transactions stands at ₹62.65 lakhs. In the light of an assurance given by the Government of Maharashtra to the Indian Banks' Association, the liability on non-government securities transactions for the period up to 31st March 2006 has not been provided. The amount of provision is included under the head 'others' in "Note no. 2.3 Long term provisions" in the balance sheet and under 'transaction and settlement charges' in "Note no. 11 Other expenses" in the statement of profit and loss.

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

	(₹ in lakhs)	
	Stamp Duty	PLVP *
Opening Balance as at April 01, 2011	62.65	111.41
Additions	0.00	68.28
Utilisation	0.00	56.25
Reversal	0.00	55.16
Closing Balance as at March 31, 2012	62.65	68.28

* Performance Linked Variable Pay

Provision for stamp duty has been made in respect of stamp duty payable under Bombay Stamp


NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Act,1958 in respect of direct deals for Non SLR transactions. Provision of ₹68.28 lakhs (PY ₹111.41 lakhs) is made during the year for payment of performance linked variable pay.

20. 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	2011-12	2010-11
Mortality rate	LIC (1994-96) Ult.	LIC (1994-96) Ult.
Interest / Discount Rate	8.25%	8%
Rate of return of Plan Assets	8.25%	8%
Salary Escalation	10%	10%

(₹ in lakhs)

Particulars	2011-12		2010-11	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Changes in present value of obligation				
Opening Defined Benefit Obligation	34.77	56.65	23.63	36.75
Interest Cost	2.61	3.85	1.49	2.61
Current Service Cost	9.22	26.71	8.14	23.11
Transfer in of liability	4.66	0.00	0.00	0.00
Past Service Cost (non vested benefits)	0.00	0.00	0.42	0.00
Past Service Cost (vested benefits)	0.00	0.00	10.63	0.00
Actuarial (Gains) / Losses	(12.24)	0.08	0.47	2.27
Benefits Paid	(4.42)	(17.18)	(10.00)	(8.09)
Closing Defined Benefit Obligation	34.60	70.11	34.77	56.65
Changes in the fair value of plan assets				
Fair value of plan assets at beginning of year	25.81	0.00	22.72	0.00
Transfer in of Funds	4.66	0.00	0.00	0.00
Expected return on plan assets	2.61	0.00	1.87	0.00
Contributions	6.63	17.18	11.36	8.09
Benefits paid	(4.42)	(17.18)	(10.00)	(8.09)
Actuarial Gains/ (Losses)	(0.48)	0.00	(0.14)	0.00

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**

(₹ in lakhs)

Particulars	2011-12		2010-11	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Fair value of plan assets at the end of the year	34.81	0.00	25.81	0.00
Fair value of plan assets at beginning of year	25.81	0.00	22.72	0.00
Transfer in of Funds	4.66	0.00	0.00	0.00
Actual return on plan assets	2.13	0.00	1.73	0.00
Contributions	6.63	17.18	11.36	8.09
Benefits paid	(4.42)	(17.18)	(10.00)	(8.09)
Fair value of plan assets at the end of the year	34.81	0.00	25.81	0.00
Funded status	0.21	(70.11)	(8.96)	(56.65)
Excess of Actual over estimate return on assets	(0.48)	0.00	(0.14)	0.00
Experience History				
(Gain) /Loss on obligation due to change in assumption	(0.65)	(1.28)	(0.74)	0.00
Experience (Gain)/ Loss on obligation	(11.59)	1.36	1.21	2.27
Actuarial Gain / (Loss) on plan assets	(0.48)	0.00	(0.14)	0.00
Actuarial Gain/ (loss) recognised				
Actuarial Gain/ (Loss) for the year - obligation	12.24	(0.08)	(0.47)	(2.27)
Actuarial Gain/ (Loss) for the year - plan assets	(0.48)	0.00	(0.14)	0.00
Net Actuarial Gain/ (Loss) recognised for the year	11.76	(0.08)	(0.61)	(2.27)
Past Service Cost Recognised				
Past Service Cost (non vested benefits)	0.00	0.00	0.42	0.00


NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lakhs)

Particulars	2011-12		2010-11	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Past Service Cost (vested benefits)	0.00	0.00	10.63	0.00
Average remaining future service till vesting of benefit	0.00	0.00	2.00	0.00
Recognised Past service cost – non vested benefits	0.00	0.00	0.21	0.00
Recognised Past service cost – vested benefits	0.21	0.00	10.63	0.00
Unrecognised Past service cost – non vested benefits	0.00	0.00	0.21	0.00
Amount to be recognised in Balance Sheet				
Present value of obligation as at the end of the year	34.60	70.11	34.77	56.65
Fair value of plan assets as at the end of the year	34.81	0.00	25.81	0.00
Funded status	0.21	(70.11)	(8.96)	(56.65)
Unrecognised Past Service Cost (non vested benefits)	0.00	0.00	0.21	0.00
Net Asset recognised - Prepaid / (provisions)	0.21	(70.11)	8.75	(56.65)
Expenses Recognised in Profit and Loss account				
Current Service Cost	9.22	26.71	8.14	23.11
Interest Cost	2.61	3.85	1.49	2.61
Past Service Cost (non vested benefits)	0.00	0.00	0.21	0.00
Past Service Cost (vested benefits)	0.21	0.00	10.63	0.00
Net Actuarial loss recognised in the year	(11.76)	0.08	0.61	2.27
Expected return on plan assets	(2.61)	0.00	(1.87)	0.00
Expenses recognised in Profit & Loss Account	(2.33)	30.64	19.21	27.99

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**

(₹ in lakhs)

Particulars	2011-12		2010-11	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Movement in Liability recognised in Balance Sheet				
Opening Net Liability	8.75	56.65	0.90	36.75
Expenses as above	(2.33)	30.64	19.21	27.99
Contribution paid	(6.63)	(17.18)	(11.36)	(8.09)
Closing Net Liability	(0.21)	70.11	8.75	56.65

Provision of ₹6.26 lakhs (PY reversal of provision of ₹17.16 lakhs) has been made for undiscounted liability on account of short term compensated absences. Total provision as on March 31, 2012 for short term compensated absences is of ₹29.17 lakhs (PY ₹22.92 lakhs).

21. Segment Reporting**(a) Business Segment :**

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

The detailed segmental information is as under :-

(₹ in lakhs)

Segment Information	Treasury		Lending		Unallocated		Consolidated Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
REVENUES								
From External Client	3,395.79	3,640.84	11,882.99	5,931.61	153.91	332.77	15,432.69	9,905.22
Inter-segment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Revenue	3,395.79	3,640.84	11,882.99	5,931.61	153.91	332.77	15,432.69	9,905.22
Segment Result Profit/(Loss)	2,580.89	2,907.87	5,200.89	2,611.96			7,781.78	5,519.83
Unallocated income net of Expenses							(770.05)	(635.93)
Operating Profit/(Loss)							7,011.73	4,883.90
Depreciation							177.05	163.40
Profit before Tax , prior period & exceptional item							6,834.68	4,720.50


NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lakhs)

Segment Information	Treasury		Lending		Unallocated		Consolidated Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Prior Period Item							0.00	0.00
Exceptional items							(6.41)	842.42
Profit after exceptional items before tax							6,828.27	5,562.92
Provision/(Write-back) for Direct Taxes including Deferred Tax							2,182.31	1,483.71
Profit/(Loss) after Tax							4,645.96	4,079.21
OTHER INFORMATION								
Segment Assets	52,345.05	32,022.63	128,711.38	71,619.44	30,581.95	30,930.63	211,638.38	134,572.70
Segment Liabilities	10,427.87	189.96	113,552.86	49,682.99	7,564.08	5,730.72	131,544.81	55,603.67

(b) Segment Revenues and Expenses :

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

(c) Segment Assets and Liabilities :

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

(d) Geographical Segment :

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

22. 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 provides for mark-to-market losses on open positions in derivative contracts as on the date of the balance sheet. Income from same is disclosed separately under the head 'Income from Derivatives' in "Note no. 7.3 Profit/(loss) on sale of securities" after providing for the aggregate unrealised loss of ₹ Nil (PY - ₹0.34 lakhs). The provision for unrealised loss on derivatives is disclosed separately under the head 'provision for loss on derivatives in "Schedule -3.4 Short term provisions". The mark-to-market profit on open positions in derivative contracts as on the date of the balance sheet of ₹5.55 lakhs (PY – ₹ Nil) has not been considered for the income computation of the current year.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**

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

Derivative contract details	Long/Short	Series	Book Price	No.of units	Settlement Price in (₹) as on 31.03.12
Equity Derivative					
Axis Bank (Futures)	Long	26-04-2012	1150.28	10,000	1,152.85
Bank Nifty (Futures)	Long	26-04-2012	10,167.34	650	10,269.85
Bharti Airtel (Futures)	Long	26-04-2012	338.94	15,000	340.60
BHEL (Futures)	Long	26-04-2012	254.59	20,000	258.65
IDFC (Futures)	Long	26-04-2012	134.39	20,000	136.15
L & T (Futures)	Long	26-04-2012	1,308.42	2,500	1,319.50
NIFTY (Futures)	Long	26-04-2012	5,275.65	5,100	5333.25
(Grasim Futures)	(Long)	(28-04-2011)	(2,487.08)	(2,250)	(2,478.70)
(Nifty Option 5700 PUT)	(Long)	(28-04-2011)	(80.94)	(3,000)	(75.75)

Note: Figures in brackets denote previous year figures

23. Capital to Risk Weighted Asset Ratio

Sr. No.	Item	As At March 31, 2012	As At March 31, 2011
1	CRAR (%)	42.11%	62.90%
2	CRAR – Tier I Capital (%)	41.92%	62.74%
3	CRAR – Tier II Capital (%)	0.19%	0.16%

24. Exposure to Real Estate Sector

(₹ in lakhs)

Category		2011-12	2010-11
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;	2,187.50	2,500.00
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	7,586.74	9,934.89


NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lakhs)

Category		2011-12	2010-11
	commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction etc.) including non-fund based (NFB) limits		
3	Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
a	Residential	Nil	7.73
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	3,345.75

* 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.

25. Maturity Pattern of certain items of assets & Liabilities

(₹ in lakhs)

	Upto 1 Month	1 month to 2 month	2month to 3month	3 month to 6 month	6month to 1 year	1 year to 3 year	3 year to 5 year	Over 5 Years	Total
As At March 31, 2012									
Liabilities									
Borrowing from Bank	10,000.00	0.00	0.00	0.00	9,700.01	0.00	0.00	0.00	19,700.01
Market Borrowing	25,900.00	15,000.00	40,000.00	15,000.00	8,000.00	0.00	0.00	0.00	103,900.00
Assets									
Advances	4,198.18	8,512.50	8,704.00	30,554.07	62,653.00	9,853.67	1,000.00	0.00	125,475.42
Investments	4,494.26	0.00	0.00	1,000.00	0.00	4,312.15	45,58.17	56,923.07	71,287.65
As At March 31, 2011									
Liabilities									
Borrowing from Bank	0.00	0.00	0.00	0.00	9,999.42	0.00	0.00	0.00	9,999.42
Market Borrowing	0.00	10,000.00	22,500.00	7,000.00	0.00	0.00	0.00	0.00	39,500.00
Assets									
Advances	0.00	5,312.50	625.00	10,837.50	28,636.25	23,633.64	0.00	0.00	69,044.89
Investments	19,067.79	0.00	0.00	2,419.82	0.00	2,041.76	0.00	28,706.12	52,235.49

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**

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

(₹ in lakhs)

Sr	Particulars	Amount Outstanding		Amount Overdue	
		As At 31.3.2012	As At 31.3.2011	As At 31.3.2012	As At 31.3.2011
	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	93,500.00	39,500.00	Nil	Nil
	(f) Others Loans (Working Capital Demand Loan/CBLO)	30,139.17	10,010.38	Nil	Nil
	Assets Side				
		Amount Outstanding 2011-12 (₹ in lakhs)	Amount Outstanding 2010-11(₹ in lakhs)		
2	Break-up of Loans and Advances including bills				
	receivables (other than those included in (4) below):				
	(a) Secured		125,475.42		68,994.89
	(b) Unsecured		0.00		50.00


NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	Assets Side	Amount Outstanding 2011-12 (₹ in lakhs)	Amount Outstanding 2010-11(₹ in lakhs)
3	Break up Leased Assets and stock on hire and other assets counting towards AFC activities		
	(i) Lease assets including lease rentals under sundry debtors		
	(a) Finance Lease	Nil	Nil
	(b) Operating Lease	Nil	Nil
	(ii) Stock on hire including hire charges under sundry debtor		
	(a) Assets on hire	Nil	Nil
	(b) Repossessed Assets	Nil	Nil
	(iii) Other loans counting towards AFC activities		
	(a) loans where assets have been repossessed	Nil	Nil
	(b) loans other than (a) above	Nil	Nil
4	Break-up of Investments		
	Current Investment		
	1. Quoted		
	(i) Shares : (a) Equity	414.83	127.82
	(b) Preference	Nil	Nil
	(ii) Debentures and Bonds	1,000.00	13,217.67
	(iii) Units of mutual funds	460.56	NIL
	(iv) Government Securities	3,618.87	1,992.82
	(v) others (Please specify)	NIL	Nil

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**

Assets Side	Amount Outstanding 2011-12 (₹ in lakhs)	Amount Outstanding 2010-11(₹ in lakhs)
2. Unquoted		
(i) Shares : (a) Equity	Nil	Nil
(b) Preference	Nil	Nil
(ii) Debentures and Bonds	Nil	2491.25
(iii) Units of mutual funds	Nil	1238.23
(iv) Government Securities	Nil	Nil
(v) Others (Please specify)		
- Pass Through Certificate	NIL	7.73
- Certificate of Deposit	NIL	2,412.09
- Commercial Papers	Nil	Nil
Long Term Investments		
1. Quoted		
(i) Shares : (a) Equity	3,316.75	1041.76
(b) Preference	Nil	Nil
(ii) Debentures and Bonds	15,717.67	3,500.00
(iii) Units of mutual funds	Nil	Nil
(iv) Government Securities	25,170.95	4,612.70
(v) others (Please specify)	Nil	Nil
2. Unquoted		
(i) Shares : (a) Equity	20,626.15	20,632.56
(b) Preference	Nil	Nil
(ii) Debentures and Bonds	Nil	Nil
(iii) Units of mutual funds	Nil	Nil
(iv) Government Securities	Nil	Nil
(v) Others (Venture Capital Fund)	961.87	952.3
	71,287.65	52,226.97


NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Borrower group-wise classification of assets financed as in (2) and (3) above					
	Category	Amount Net of Provisions			
		Secured	Unsecured	Total	
1.	Related Parties **				
	(a) Subsidiaries	NIL	NIL	NIL	
	(b) Companies in the same group	NIL	NIL	NIL	
	(c) other related parties	NIL	NIL	NIL	
2.	Other than related parties	125,475.42	NIL	125,475.42	
	Total	125,475.42	NIL	125,475.42	
6 Investor group-wise classification of all Investments (current & long-term) in shares and securities (quoted & unquoted)					
	Category	Market Value		Book Value	
		2011-12	2010-11	2011-12	2010-11
1.	Related Parties **				
	(a) Subsidiaries	20,126.15	20,132.56	20,126.15	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	49,825.65	31,908.73	51,161.50	32,094.41
	Total	69,951.80	52,041.29	71,287.65	52,226.97
Particulars		2011-12 (₹ in lakhs)		2010-11 (₹ 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				

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**

Particulars	2011-12 (₹ in lakhs)	2010-11 (₹ in lakhs)
(a) Related parties	Nil	Nil
(b) Other than related parties	Nil	Nil
(iii) Assets Acquired in satisfaction of Debts	Nil	Nil

27. Till the year ended March 31, 2011 the company was using pre-revised schedule VI to the Companies Act, 1956 for the preparation and presentation of its financial statements. During the year ended March 31, 2012 the revised schedule VI notified under the Companies Act, 1956 has become applicable to the company. The company has reclassified/regrouped previous years figure to conform to this year's classification. Except accounting for dividend on investments in subsidiaries, the adoption of revised schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of balance sheet.

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.

For and on behalf of**Chandabhoy & Jassoobhoy****Chartered Accountants**

Firm Registration No. 101647W

(Manish D. Shah)**Partner**

Membership No. 38955

Mumbai

April 23, 2012

On behalf of the Board of Directors**(D. Basu)**

Chairman

(V. Sridar)

Director

(P. Sanyal)

Managing Director

(Kamlesh Rathi)

Asst. General Manager

(Suparna Sharma)

Company Secretary

Mumbai

April 23, 2012


CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lakhs)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net (Loss) / Profit before tax and extraordinary items	6,834.68	5,562.92
Adjustments for:		
Depreciation 177.05	163.40	
(Profit) / Loss on sale of fixed assets	0.17	24.34
(Profit) / Loss on sale of Investments	(447.93)	(1,327.35)
Interest and other income on investments	(2,685.22)	(1,070.46)
Provsion for Wealth Tax	7.62	7.62
Dividend on investments	(113.23)	(88.50)
Amortisation of premium on investments	19.35	8.52
Contigent provision against standard assets	141.08	172.61
	(2,901.11)	(2,109.82)
Operating Profit / (loss)before working capital changes	3,933.57	3,453.10
Changes in Working Capital:		
Increase / (Decrease) in trade payable	(117.35)	56.65
Increase / (Decrease) in provisions	(32.51)	71.43
Increase / (Decrease) in other current liabilities	19.22	(572.05)
Increase / (Decrease) in other long term liabilities	(1.28)	1.28
(Increase) / Decrease in long term loan and advances	12,667.62	(18,538.96)
(Increase) / Decrease in short term loan and advances	(68,652.59)	(19,673.87)
(Increase) / Decrease in trade receivables	(46.40)	42.17
(Increase) / Decrease in inventories	16,993.35	18,552.75
(Increase) / Decrease in other current assets	(954.96)	(233.07)
	(40,124.90)	(20,293.67)
CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES	(36,191.33)	(16,840.57)
Less: Taxes Paid	(1,555.85)	(58.42)
NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES	(37,747.18)	(16,898.99)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lakhs)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of tangible / intangible assets	(25.21)	(201.70)
Sale of tangible / intangible assets	0.92	17.27
Purchase of investments	(60,150.18)	(89,250.94)
Sale of investments	24,546.20	88,958.18
Dividend received	113.23	88.50
Interest received	2,685.22	1,070.46
NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES	(32,829.82)	681.77
C. CASH FLOW FROM FINANCING ACTIVITIES		
Payment of Dividend (including DDT)	(3,533.16)	0.00
Funds borrowed	74,100.59	15,999.42
NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES	70,567.43	15,999.42
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	(9.57)	(217.80)
Cash and Cash equivalents at beginning period	851.62	1,069.42
Cash and Cash equivalents at end of period	842.05	851.62

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

As per our report of even date

For and on behalf of

Chandabhoy & Jassoobhoy

Chartered Accountants

Firm Registration No. 101647W

(Manish D. Shah)

Partner

Membership No. 38955

Mumbai

April 23, 2012

On behalf of the Board of Directors

(D. Basu)

Chairman

(V. Sridar)

Director

(P. Sanyal)

Managing Director

(Kamlesh Rathi)

Asst. General Manager

(Suparna Sharma)

Company Secretary

Mumbai

April 23, 2012

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

Names of the subsidiary Companies	STCI Primary Dealer Limited	STCI Commodities Limited
The financial year of subsidiary companies ended on	31-Mar-12	31-Mar-12
Number of shares of the subsidiary companies held by STCI Finance Limited at the above date	20,00,00,000	45,00,000
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 Finance Limited		
(i) Dealt with the accounts of STCI Finance Limited Amounted to:		
(a) for subsidiaries financial year ended on March 31 ,2012	NIL	NIL
(b) for previous financial year of the subsidiaries since they became subsidiaries	NIL	NIL
(ii) not dealt with the accounts of STCI Finance Limited Amounted to:		
(a) for subsidiaries financial year ended on March 31 ,2012 (₹ in lakhs)	(869.87)	(8.46)
(b) for previous financial year of the subsidiaries since they became subsidiaries (₹ in lakhs)	809.40	14.71

On behalf of the Board of Directors

(D. Basu) Chairman
(V. Sridar) Director
(P. Sanyal) Managing Director
(Kamlesh Rathi) Asst. General Manager
(Suparna Sharma) Company Secretary

Mumbai
April 23, 2012

**LIST OF SHAREHOLDERS AND SHAREHOLDING PARTTERN AS ON 31.03.2012**

SR. NO.	NAME OF THE SHAREHOLDER	NO. OF SHARES HELD	% HELD
1	ALLAHABAD BANK	622134	1.64
2	ANDHRA BANK	313196	0.82
3	BANK OF BARODA	1253544	3.30
4	BANK OF INDIA	11383781	29.96
5	BANK OF MAHARASHTRA	265032	0.70
6	CANARA BANK	1426298	3.75
7	CENTRAL BANK OF INDIA	1150100	3.03
8	CORPORATION BANK	209461	0.55
9	DENA BANK	646947	1.70
10	GENERAL INSURANCE CORPORATION OF INDIA	432875	1.14
11	INDIAN BANK	1102378	2.90
12	ICICI BANK LTD	1400528	3.69
13	IDBI LTD	2507610	6.60
14	IFCI LTD	337400	0.89
15	INDIAN OVERSEAS BANK	254078	0.67
16	INDUSTRIAL INVESTMENT BANK OF INDIA	82045	0.22
17	INFRASTRUCTURE DEVELOPMENT FINANCE CO. LTD.	3530136	9.29
18	LIFE INSURANCE CORPORATION OF INDIA	1505400	3.96
19	NATIONAL INSURANCE COMPANY LTD	72510	0.19
20	THE NEW INDIA ASSURANCE COMPANY LIMITED	368175	0.97
21	ORIENTAL BANK OF COMMERCE	474277	1.25
22	THE ORIENTAL INSURANCE COMPANY LIMITED	137290	0.36
23	PUNJAB AND SIND BANK	225500	0.59
24	PUNJAB NATIONAL BANK	1877564	4.94
25	STATE BANK OF BIKANER & JAIPUR	223896	0.59
26	STATE BANK OF HYDERBAD	268052	0.71
27	STATE BANK OF INDIA	2812415	7.40
28	STATE BANK OF MYSORE	167644	0.44
29	STATE BANK OF PATIALA	200616	0.53
30	STATE BANK OF TRAVANCORE	248519	0.65
31	SYNDICATE BANK	582160	1.53
32	UNITED BANK OF INDIA	378256	1.00
33	UCO BANK	464892	1.22
34	UNION BANK OF INDIA	581248	1.53
35	ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA-DRF	494043	1.30
	TOTAL	38000000	100.00

STCI FINANCE LIMITED



STCI PRIMARY DEALER LIMITED

**ANNUAL REPORT
FOR THE YEAR ENDED
31ST MARCH, 2012**

Annual Report 2011 - 12

B STCI PRIMARY DEALER LIMITED		
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DIRECTOR'S REPORT

TO THE SHAREHOLDERS OF STCI PRIMARY DEALER LIMITED

Your Directors are pleased to present the Sixth Annual Report together with the audited accounts of the Company for the Year ended March 31, 2012.

1. FINANCIAL RESULTS

The Financial performance of the Company for the year ended March 31, 2012 is as under:-

Particulars	(₹ in lakhs)	
	March 31, 2012	March 31, 2011
Total Revenue	16,066.93	12,859.80
Total Expenses	16,936.60	12,050.40
Profit(+)/loss(-) before Tax	(869.67)	809.40
Provision for current year and deferred tax	(264.08)	273.87
Prior period expenses	3.92	-
Short/(Excess) Provision for Tax for earlier years	36.14	(35.33)
Profit(+)/loss(-) after Tax	(645.65)	570.86
Add: Balance in Profit & Loss Account brought forward	4,126.58	3,662.82
Amount available for Appropriation	3480.93	4233.68
Appropriation/Withdrawals	-	-
Transfer to General Reserve	-	-
Transfer to Statutory Reserve"	-	107.10
Interim Dividend	-	-
Tax on Interim Dividend	-	-
Balance Carried to the Balance Sheet	3480.93	4126.58

"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 Net Loss of ₹6.46 Crores for the financial year 2011-2012 as against a Net Profit of ₹5.71 Crores in the previous year i.e. 2010-2012.

2. THE ECONOMY

The global economy was characterized by continuing sovereign debt crisis in Euro area, high crude oil prices, weak recovery in Japan post-tsunami and slowdown in China.

DIRECTORS' REPORT

The Indian economy in particular witnessed sub-par growth, high inflation, tight liquidity, and large fiscal deficits during the year 2011-2012. At the beginning of the year, growth forecast for Indian economy was pegged at around 9%. However, as the year progressed, the growth rates turned much lower and the economy is expected to have grown below 7% in 2011-2012. The growth rates slipped on account of high interest rates, tight liquidity conditions, domestic policy concerns and subdued external environment.

Inflation remained a worry and cause for concern for most part of the year with average Wholesale Price Index (WPI) remaining at 8.81% as against an average of 9.6% in 2010-2011. In 2011-2012 Inflation averaged around 9.7% till Nov 2011 and declined from Dec 2011 onwards. The decline was mainly on account of sharp correction in food prices because of favorable seasonal factors. However, the core inflation remained sticky and elevated indicating that the demand side inflation still remained strong.

The year 2011-12 proved to be challenging on the fiscal front with government revising its fiscal deficit target from the budgeted 4.6% of GDP to 5.9% of GDP. There was additional borrowing announced to the tune of ₹92,800 Crores in two tranches impacting the bond markets significantly. This was on account of higher subsidies, lower small savings and tax collections. The net borrowings via T-bills also rose sharply from the budgeted ₹15,000 Crores to ₹1,16,084 Crores.

3. DEVELOPMENTS IN MONEY AND SECURITIES MARKET

Reserve Bank of India's (RBI) monetary stance for most of the year was to manage inflationary pressures and expectations. Towards November 2011, the focus shifted to managing liquidity as liquidity deficit increased much beyond RBI's comfort zone of around 1% of Net Demand and Time Liabilities (NDTL) (around ₹60,000 Crores). This was on account slowing forex flows and intervention by RBI in the forex market to support the rupee.

In its Annual Monetary Policy 2011-12, RBI also changed its operating framework for monetary policy under which Repo remains the single policy rate. The reverse repo rate would continue to be operative but would be pegged at a fixed 100 basis points (1%) below the repo rate. A new Marginal Standing Facility (MSF) was instituted from which Banks can borrow overnight up to one per cent of their respective NDTL. The rate of interest on amount accessed from this facility will be 100 bps above the repo rate.

In order to curb inflationary pressures in the economy, RBI hiked Repo rate from 6.75% to 8.50% (implying a total increase of 175 bps) during the fiscal year. Reverse Repo and MSF rates also rose by 175 bps to 7.5% and 9.5% respectively. As liquidity tightened towards November 2011, RBI cut CRR by 125 bps to 4.75% from 6% and also conducted Open Market Operations (OMO) to the tune of ₹1,13,948 Crores.

The bond yields remained volatile for most part of 2011-12 tracking high inflation, policy rate increases and higher than budgeted government borrowing program. The year started with 10-year benchmark at around 7.9% levels and then rose gradually to touch 8.33% by end of September 2011. It rose sharply to touch 8.97% level in November tracking government's September-end announcement of

DIRECTORS' REPORT

additional market borrowing worth ₹52,800 Crores. However, the yields started to trend lower from December on the back of aggressive OMO purchases by RBI, which eased liquidity conditions and also helped boost market sentiments. RBI closely matched the auction supplies with OMO purchases taking the pressure off markets in the remaining part of the year. Lower headline inflation numbers along with slowing economy numbers also helped improve the market sentiment. The 10-Year paper traded at around 8.2% to 8.3% levels before the Union Budget 2012-2013 and hardened post Budget to end the year at around 8.57% levels.

4. OPERATIONS REVIEW

(i) Financial Performance

The performance of the Company suffered during the year due to the extremely tight liquidity conditions and very high inflation leading to frequent rate hikes by the Central Bank. The Company's performance was particularly impacted on account of the sharp and volatile movements in the Interest rate swap market resulting in the OIS curve trading at a substantial discount to the overnight NSE MIBOR fixings. This resulted in the company having to cut its positions.

The losses in the IRS market required the company to turn defensive to avoid any further trading losses. The Company ended the financial year with a net loss of ₹6.46 Crores.

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

The performance of the Company as a Primary Dealer during the year under review is set out in 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 40.52%. The Company's total turnover ratio was 570 times in Government dated securities and 150 times in Treasury Bills as against the stipulated minimum ratio of 5 times and 10 times respectively under the RBI's guidelines for Primary Dealers in Government securities. On outright basis, the turnover ratio was 393 times in Government dated securities and 29 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 and Investment Policy to monitor market, credit, liquidity and operational risks associated with the business operations of the Company. The Company uses Value-at-Risk (VaR) methodology for measuring and monitoring market risks associated with its portfolio and uses stress-testing tools to assess the impact of interest rate movements on the portfolio. The risk management function of the Company is periodically reviewed by the Audit Committee of the Board.

The Company also has an 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 of Directors of the Company as well as the Audit Committee.

DIRECTORS' REPORT

(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 and Concurrent Auditors. The scope of their audit included review of adequacy and efficacy of the internal control systems and procedures and deviations, if any, from generally accepted best practices, review of the Company's compliance with applicable laws and regulations including the guidelines issued by RBI, SEBI and other 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) Regulations 1993.

(vi) Credit Rating

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

(vii) Economic – Research

The Company has a dedicated Macroeconomic and Debt research desk which releases reports at regular intervals covering careful study and in-depth analysis of economic developments, events and expectations of various economic events for the Company's valued clients and market participants. Other regular research contributions include series of reports in the form of Daily Market Update, Weekly Debt Market Overview and Fortnightly Economic Update. It also releases periodic reports such as the Monetary Policy expectations, Monetary Policy review, Union Budget expectations, Union Budget review and occasional write-ups on issues of topical interest.

(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 services stands at ₹5,162 Crores on March 31, 2012. In Debt Capital Market services, the Company has been acting as Arrangers of private placement of debt of PSU and Corporate bond issuances and is in the top twenty in the League table as published by PRIME database.

5. OUTLOOK FOR THE CURRENT YEAR

The year 2012-2013 will continue to be an equally challenging year. The domestic macro-economic landscape continues to face major headwinds in the nature of slowing growth, sticky inflation, weak currency and burgeoning fiscal and current account deficits. This would make the task of monetary, exchange rate, inflation and liquidity management even more difficult for the Reserve Bank of India.

DIRECTORS' REPORT

On the external front, slowing US economy, fears of recession in EU countries and the ongoing sovereign debt crises could result in further quantitative easing by central banks. This could potentially result in higher commodity prices including crude oil which in turn will further aggravate the higher fiscal deficit arising out of incomplete pass through of oil products in India. Also, weakness in economies abroad could dampen India's exports.

Given this outlook, RBI is expected to ease policy rates by around 50-75 bps in the fiscal year. The bond yields would track rate cuts in the first quarter but are likely to remain under pressure on the back of huge bond supplies, tight liquidity and sticky inflation. It is expected that yields will be supported by bond buying by RBI and opening up of FII debt limits in government securities later in the year.

Your company will need to overcome this challenging environment by effectively positioning itself between auctions and OMO's and mitigate devolvement risks through its strong sales and distribution capabilities. Your company has a robust risk management framework to identify, measure, monitor and control various risks associated with the fixed income business enabling it to undertake optimal positions within the defined risk parameters.

The Company expects to end the current year with a profit.

6. COMPOSITION OF BOARD

As on March 31, 2012, the Board comprised of six Directors out of which five are non-executive Directors. The Board met eight times during the year under review. The Board includes a Non-Executive Chairman and a Managing Director as under:-

- Shri D. Basu, Chairman
- Shri A. V. Rajwade, Non-executive Director
- Shri R V Joshi, Non-executive Director
- Shri V Sridar, Non-executive Director
- Shri P Sanyal, Non-executive Director
- Shri Pradeep Madhav, Managing Director

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

7. 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

DIRECTORS' REPORT

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.

8. DIRECTORS RESPONSIBILITY STATEMENT

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

- a. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b. appropriate accounting policies have been selected and applied them consistently and 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 at the end of the financial year March 31, 2012 and of the profit and loss of the company for the year ended March 31, 2012;
- c. proper and sufficient care has been taken for the 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.

9. AUDITORS

M/s Chandabhoy & Jassoobhoy, Chartered Accountants, Mumbai, ICAI firm registration number 101647W, were appointed as the statutory auditors of the Company and they hold office till the conclusion of the forthcoming Annual General Meeting. Your Directors have proposed them for reappointment.

10. HUMAN RESOURCES

The Company's HR function has been outsourced to M/s Cerebrus Consultants who provide HR support

DIRECTOR'S REPORT

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.

11. DISCLOSURE OF PARTICULARS

The Company has nothing to report under section 217 (2A) as 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 thereunder.

Further, the Company is not a manufacturing Company, hence the particulars required to be disclosed with respect to the conservation of energy and technology absorption in terms of Section 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. 4 of Note 20 in the Notes forming part of accounts.

12. PUBLIC DEPOSITS

During the year ended March 31, 2012, 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.

13. REPRESENTATIVE OFFICES

The Company has representative offices in Delhi and Bengaluru (Bangalore) which have been making ongoing efforts for business development in terms of maintaining contact with clients in their vicinity ranging from PSU's, Commercial Banks, Co-operative 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.

14. 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

(D. Basu)
Chairman

Mumbai
April 20, 2012

BIDDING IN THE PRIMARY MARKET AND TURNOVER IN THE SECONDARY MARKET

(Stock in Face Value) (₹ In Crore)

		2011-2012		2010-2011	
		Treasury Bills	Govt. Dated Securities	Treasury Bills	Govt. Dated Securities
1	Annual Bidding Commitment	30242.07	29652.00	15800.00	53919.00
2	Bids Tendered	48072.81	34964.88	28111.29	58771.67
3	Bids Accepted	13357.11	8278.84	8014.34	10968.69
4	Success Ratio %	40.52	NA	50.72	NA
5	Success Ratio required % (as per guidelines)	40	NA	40	NA
A	Primary Market				
1	Subscription	13357.11	8278.84	8014.34	10968.69
2	Devolvement	0	573.69	0	345.59
3	Total (1+2)	13357.11	8852.54	8014.34	11314.28
B	Secondary Market				
1	Outright	26294.55	168899.74	11694.73	209872.30
2	Repo	107686.59	76006.84	15614.38	195839.98
	Total (1+2)	133981.14	244906.58	27309.11	405709.28
C	Average Month End Stock				
1	Total (Including Repo Stock)	889.59	429.66	109.13	1276.60
2	Own Stock (Excluding Repo Stock)	554.07	234.17	74.62	957.93
D	Turnover Ratio				
1	Total Turnover to Total Stock (Required Ratio)	150.61 (10 times)	570.00 (5 Times)	250.24 (10 times)	317.81 (5 Times)
2	Outright Turnover to Own Stock (Required Ratio)	29.55 (6 times)	393.10 (3 times)	107.16 (6 times)	164.40 (3 times)

INDEPENDENT AUDITOR'S REPORT

**To the Members of
STCI Primary Dealer Limited**

Report on the Financial Statements

We have audited the accompanying financial statements of STCI Primary Dealer Limited, which comprise the Balance Sheet as at March 31, 2012, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
- (b) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and

INDEPENDENT AUDITOR'S REPORT

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 kept by the Company so far as appears from our examination of those books.
 - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) on the basis of written representations received from the directors as on March 31, 2012, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2012, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For and on behalf of
Chandabhoy & Jassoobhoy
Chartered Accountants
Firm Registration No. – 101647W

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

Mumbai: April 20, 2012

ANNEXURE TO THE AUDITOR'S REPORT

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF STCI PRIMARY DEALER LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012.

- i. a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b. We are informed that 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. 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. and consequently provision of clause 4(iii)(b), 4(iii)(c), 4(iii)(d), 4(iii)(e), 4(iii)(f) and 4(iii)(g) of the order are 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 a register maintained in pursuance of 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 the records of the Company examined by us *except stamp duty on transaction of Non Government securities, (Refer Note 20B- Clause 19)* the Company is regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, income tax, service tax and other statutory dues applicable to it.

ANNEXURE TO THE AUDITOR'S REPORT

- 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, 2012 for a period of more than six months from the date they became payable. *However, stamp duty on Non- Government securities aggregating to ` 19,333,572/- is outstanding for more than six months as on 31st March 2012. (Refer Note 20B- Clause 19)*
- 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 2012.
- x. The company does not have any accumulated losses as at 31st March, 2012. It has incurred cash losses during the financial year but not in the preceeding year
- 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 are maintained for 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 explanation 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 investments.
- xviii. The Company has not made any preferential allotment of shares during the year to parties or 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
Firm Registration No. - 101647W

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

Mumbai: April 20, 2012

AUDITOR'S REPORT

To

The Board of Directors.

STCL Primary Dealer Limited

Marathon Innove,

Maraton Nextgen Compound,

Off. Ganpatrao Kadam Marg,

Lower Parel (W), Mumbai 400 013

We have audited the Balance Sheet of STCI Primary Dealer Limited as at March 31, 2012 and 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 paragraphs 3(A) and (C) of the said Directions:

1. a) The Company has applied for registration under section 451A of Reserve Bank of India Act, 1934 and RBI has granted certificate of registration bearing no. 13 .01865 dated 23.05.2007.
- b) The Company continued to carry on business as a Non-Banking Financial Institution during the financial year 2011-12 and is entitled to continue to hold such Certificate of Registration in terms of the asset/income as on March 31,2012.
2. a) The Board of Directors of the Company has passed a resolution on 20.04.2011 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 explanation 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 22.06.2011 in Form NBS-7 for the financial year 2010-11, 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 stipulated period.

For and on behalf of
Chandabhoy & Jassoobhoy
Chartered Accountants
Firm Registration No. - 101647W

Samir M. Chinoy
Partner

Mumbai: June 7, 2012

Membership No.: F-40853

BALANCE SHEET AS AT MARCH 31, 2012

		(₹ in lakhs)	
Particulars	Note No.	As at March 31, 2012	As at March 31, 2011
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	1	20,000.00	20,000.00
(b) Reserves and surplus	2	6,543.47	7,189.11
2 Non-current liabilities			
(a) Long-term provisions	3	53.65	43.02
3 Current liabilities			
(a) Short-term borrowings	4	192,174.15	179,492.80
(b) Trade payables		2.90	38.88
(c) Other current liabilities	5	489.35	358.92
(d) Short-term provisions	6	2,963.31	6,895.44
TOTAL		222,226.83	214,018.17
II. ASSETS			
Non-current assets			
1 (a) Fixed assets			
(i) Tangible assets	7	2,081.23	2,227.79
(ii) Intangible assets		8.07	43.30
(b) Non-current investments	8	26,165.95	-
(c) Deferred tax assets (net)		287.29	23.21
(d) Long-term loans and advances	9	20.04	11.92
2 Current assets			
(a) Stock in Trade	10	137,511.71	180,615.34
(b) Trade receivables	11	0.61	4.55
(c) Cash and cash equivalents	12	35,437.19	21,023.84
(d) Short-term loans and advances	13	18,612.96	7,207.02
(e) Other current assets	14	2,101.77	2,861.21
TOTAL		222,226.83	214,018.17
Significant Accounting Policies & Netes to Account	20		

In terms of our report of even date

For **Chandabhoy & Jassoobhoy**
Chartered Accountants

Samir M Chinoy
Partner
Mumbai, 20th April, 2012

For and on behalf of the Board of Directors

(Pradeep Madhav) Managing Director
(D Basu) Chairman
(A V Rajwade) Director
(V Sridar) Director
(Kalpesh Mody) Company Secretary

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lakhs)

Particulars	Note No.	As at March 31, 2012	As at March 31, 2011
I. Revenue from operations	15	16,031.78	12,837.16
II. Other income	16	35.15	22.64
III. Total Revenue (I + II)		16,066.93	12,859.80
IV. Expenses:			
Employee benefits expense	17	372.94	415.28
Finance costs	18	16,005.22	10,978.29
Depreciation and amortization expense		181.83	149.48
Other expenses	19	376.67	496.36
Total expenses		16,936.65	12,039.42
V. Profit before exceptional items and tax (III-IV)		(869.72)	820.38
VI. Profit/(Loss) on Sale of Assets		0.05	(10.99)
Profit before tax (V+ VI)		(869.67)	809.40
VI Tax expense:			
(1) Current tax			203.24
(2) Deferred tax		(264.08)	70.63
(3) Short/(Excess) provision for tax for earlier years		36.14	(35.33)
VII Prior period expenses		3.92	
VII Profit (Loss) after tax (V-VI)		(645.64)	570.85
VIII Earnings per equity share:			
Basic & Diluted		(0.32)	0.29

In terms of our report of even date

 For **Chandabhoy & Jassoobhoy**
Chartered Accountants

Samir M Chinoy
Partner

Mumbai, 20th April, 2012

For and on behalf of the Board of Directors
(Pradeep Madhav) Managing Director
(D Basu) Chairman
(A V Rajwade) Director
(V Sridar) Director
(Kalpesh Mody) Company Secretary

SCHEDULES FORMING PART OF THE ACCOUNTS

NOTE 1 : SHARE CAPITAL

	As at March 31, 2012		As at March 31, 2011	
	Number	(₹ in lakhs)	Number	(₹ in lakhs)
Authorised				
Equity Shares of ₹ 10/- each	300,000,000.00	30,000.00	300,000,000.00	30,000.00
Issued, Subscribed & Paid up				
Equity Shares of ₹ 10/- each fully paid	200,000,000.00	20,000.00	200,000,000.00	20,000.00
Total	200,000,000.00	20,000.00	200,000,000.00	20,000.00

NOTE 1.1 : RECONCILIATION OF THE NUMBER OF SHARES OUTSTANDING

Particulars	Equity Shares	
	Number	(₹ in lacs)
Shares outstanding at the beginning of the year	200,000,000	20,000
Shares Issued during the year	0	0
Shares bought back during the year	0	0
Shares outstanding at the end of the year	200,000,000	20,000

NOTE 1.2 : DETAILS OF THE SHAREHOLDING

Name of Shareholder	As at March 31, 2012		As at March 31, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
STCI Finance Limited (Holding Company)*	200,000,000	100%	200,000,000	100%

* Includes 6 shares held by the nominee

NOTE 2 : RESERVE & SURPLUS

Particulars	As at March 31, 2012 (₹ in lakhs)	As at March 31, 2011 (₹ in lakhs)
a. Statutory Reserves (Reserve created pursuant to Section 45 I-C of Reserve Bank of India Act, 1934)		
Opening Balance	2,062.54	1,955.43
(+) Current Year Transfer	-	107.10

SCHEDULES FORMING PART OF THE ACCOUNTS

Particulars	As at March 31, 2012 (₹ in lakhs)	As at March 31, 2011 (₹ in lakhs)
(-) Written Back in Current Year		
Closing Balance	2,062.54	2,062.54
b. General Reserve		
Opening Balance	1,000.00	1,000.00
(+) Current Year Transfer		
(-) Written Back in Current Year		
Closing Balance	1,000.00	1,000.00
c. Surplus		
Opening balance	4,126.57	3,662.83
(+) Net Profit/(Net Loss) For the current year	(645.64)	570.85
(-) Transfer to Reserves		107.10
Closing Balance	3,480.93	4,126.57
Total	6,543.47	7,189.11

NOTE 3 : LONG TERM PROVISIONS

Particulars	As at March 31, 2012 (₹ in lakhs)	As at March 31, 2011 (₹ in lakhs)
(a) Provision for employee benefits:		
Leave Encashment	53.65	43.02
Total	53.65	43.02

NOTE 4 : SHORT TERM BORROWINGS

Particulars	As at March 31, 2012 (₹ in lakhs)	As at March 31, 2011 (₹ in lakhs)
Secured		
a. Other loans and advances		
a.1 Collateral Borrowing and Lending Obligation (CBLO) Segment	42,339.83	43,357.44

SCHEDULES FORMING PART OF THE ACCOUNTS

Particulars	As at March 31, 2012 (₹ in lakhs)	As at March 31, 2011 (₹ in lakhs)
(Secured By Collateral of Govt. Securities & Treasury Bills) (of the above, ₹ Nil is guaranteed by Directors and / or others)		
a.2 Borrowing Under Repo (Secured By Collateral of Govt. Securities & Treasury Bills) (of the above, ₹ Nil is guaranteed by Directors and / or others)	815.82	11,853.01
a.3 Borrowing Under LAF/Refinance from RBI (Secured By Collateral of Govt. Securities & Treasury Bills) (of the above, ₹ Nil is guaranteed by Directors and / or others)	63,400.00	61,750.00
a.4 Loan against Fixed Deposit from Bank (Secured By pledge of fixed deposit) (of the above, ₹ Nil is guaranteed by Directors and / or others)	32,749.98	19,649.90
Total (A)	139,305.63	136,610.35
Unsecured		
(a) Loans repayable on demand		
from banks (repayable at call/short notice/term)	33,350.00	29,625.00
from other parties (Inter-corporate Deposit) (of the above, ' Nil is guaranteed by Directors and / or others)	19,518.52	13,257.45
Total (B)	52,868.52	42,882.45
Total (A+B)	192,174.15	179,492.80
Continuing default as on the balance sheet date in repayment of loans and interest		
1. Period of default	Nil	Nil
2. Amount	Nil	Nil

NOTE 5 : OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2012 (₹ in lakhs)	As at March 31, 2011 (₹ in lakhs)
(a) Interest accrued but not due on borrowings	445.47	281.79
(b) Sundry Deposits & Other Liabilities	43.89	77.13
Total	489.35	358.92

SCHEDULES FORMING PART OF THE ACCOUNTS
NOTE 6 : SHORT TERM PROVISIONS

Particulars	As at March 31, 2012 (₹ in lakhs)	As at March 31, 2011 (₹ in lakhs)
(a) Others		
Taxation	903.24	5,595.65
Fringe Benefit Tax	6.82	6.82
Stamp Duty (Refer Note no. 20B-16)	230.98	171.01
Interest Rate Swap	1,822.27	1,101.51
Hedge Gain/Loss	-	7.83
Performance Linked Incentive Scheme	-	10.00
Bonus	-	0.18
Loss on Equity Stock/Index Futures	-	2.44
Total	2,963.31	6,895.44

SCHEDULES FORMING PART OF THE ACCOUNTS

Note 7 : Schedule of Fixed Assets

(₹ in lakhs)

FIXED ASSETS	GROSS BLOCK			ACCUMULATED DEPRECIATION				NET BLOCK	
	Balance as at 1 April 2011	Additions	Disposals	Balance as at 31 March 2012	Balance as at 1 April 2011	Depre- ciation charge for the year	On disposals	Balance as at 31 March 2012	Balance as at 1 April 2011
A									
Tangible Assets									
(a) Buildings	2,030.74			2,030.74	59.13	101.54		160.67	1,971.62
(b) Plant & Equipment									
(i) Computers	112.40	5.38	1.34	116.44	45.79	22.69	1.03	67.46	66.61
(ii) Air-Conditioner	30.91		0.11	30.80	5.43	3.31	0.10	8.64	25.48
(c) Furniture and Fixtures									
(i) Electrical Installation	33.84			33.84	2.73	3.50		6.23	31.11
(ii) Furniture and Fixtures	104.71		0.05	104.66	10.67	10.28	0.05	20.91	94.04
(d) Vehicles - Motor Car	21.52		6.07	15.46	0.13	2.57	0.64	2.07	21.39
(e) Office equipment	20.61	0.15	0.35	20.41	3.07	2.15	0.07	5.14	17.55
Total	2,354.74	5.52	7.91	2,352.35	126.95	146.04	1.88	271.11	2,227.79
B									
Intangible Assets									
Computer software	135.00	0.56		135.56	91.70	35.78		127.48	43.30
	135.00	0.56	-	135.56	91.70	35.78	-	127.48	43.30
Total (A+B)	2,489.74	6.09	7.92	2,487.90	218.65	181.83	1.89	398.59	2,271.08

SCHEDULES FORMING PART OF THE ACCOUNTS

Note 8 : Non-current Investments

Particulars	As at March 31, 2012 (₹ in lakhs)	As at March 31, 2011 (₹ in lakhs)
A. Investments in HTM Portfolio		
(a) Aggregate amount of quoted Investments in Government securities - (Amortized cost)	26,165.95	-
Total	26,165.95	-
Additional information : -		
Aggregate amount of quoted investments (Face Value)	25,000.00	Nil
Aggregate amount of quoted investments (Market Value)	25,556.25	Nil
Aggregate provision for diminution in value of investment	620.00	Nil
Basis for Valuation	At Cost	At Cost
Details of quoted Investment in HTM Portfolio (At Cost)		
Investments in Government securities		
8.83% Government Securities 2041 (12,500,000 Units of ₹ 100/- each)	12,875	Nil
9.15% Government Securities 2024 (12,500,000 Units of ₹ 100/- each)	13,301	Nil
Total	26,176.25	Nil

Note : No provision for fall in value of ₹ 620.00 lacs has been made as the same is classified under HTM.

Note 9 : Long Term Loans & Advances

Particulars	As at March 31, 2012 (₹ in lakhs)	As at March 31, 2011 (₹ in lakhs)
Security Deposits	20.04	11.92
Unsecured, considered good		
Total	20.04	11.92

SCHEDULES FORMING PART OF THE ACCOUNTS**Note 10 : Stock in Trade**

Particulars	As at March 31, 2012 (₹ in lakhs)	As at March 31, 2011 (₹ in lakhs)
(a) Investments in Government securities (Including Treasury Bills) (Refer A below)	99,484.44	145,299.88
(b) Investments in Debentures or Bonds (Refer B below)	9,772.60	18,515.39
(c) Investments in Equity Instruments (Refer C below)	-	1,045.52
(d) Investments in Other Instruments (Refer D below)	28,254.67	15,754.55
Total	137,511.71	180,615.34
Aggregate amount of quoted investments (Face Value)	135,435.06	166,550.67
Aggregate amount of quoted investments (Market value)	109,257.04	164,881.57
Aggregate amount of unquoted investments (Face Value)	29,500.00	16,500.00
Aggregate provision for diminution in value of quoted investment (Refer Note 20B-2)	132.21	2,004.37
Basis of Valuation (Refer Note 20A-4) : -		
Investment in Government Securities (Including Treasury Bills)	Aggregate Cost or Market Value whichever is less	Aggregate Cost or Market Value whichever is less
Investment in Debentures or Bonds		
Investment in Equity Instruments		
Investment in Other Instruments	At Cost	At Cost



SCHEDULES FORMING PART OF THE ACCOUNTS

A	Investments in Government securities (Including Treasury Bills)	No. of Shares/Units		Quoted / Unquoted	2012		2011		Credit Rating / Rating Agency (If any) @
		2012	2011		Cost (₹ in lakhs)	Market Value (₹ in lakhs)	Cost (₹ in lakhs)	Market Value (₹ in lakhs)	
(1)	Treasury Bills (FV ₹ 100/- each)								
(1.1)	91 days Treasury Bills maturing on								
	17-Jun-11		6,502,250	Quoted				6,403.71	6,403.97
	24-Jun-11		10,000,000	Quoted				9,833.58	9,834.90
	30-Jun-11		6,015,500	Quoted				5,909.02	5,907.83
	6-Apr-12	23,472,500		Quoted	23,445.66	23,443.76			
	20-Apr-12	1,353,500		Quoted	1,347.26	1,347.24			
	27-Apr-12	6,676,000		Quoted	6,633.17	6,633.62			
	4-May-12	2,568,750		Quoted	2,547.99	2,548.04			
	11-May-12	23,905,250		Quoted	23,675.24	23,671.92			
	8-Jun-12	29,000		Quoted	28.52	28.52			
(1.2)	182 days Treasury Bills maturing on								
	24-Jun-11		7,000	Quoted				6.88	6.88
	8-Jul-11	10,000,000	Quoted			9,805.63		9,807.11	
	22-Jul-11		310,750	Quoted				303.89	303.81
	2-Sep-11		7,000,000	Quoted				6,786.29	6,784.90
	16-Sep-11		34,025	Quoted				328.96	328.89
	29-Sep-11		7,344,750	Quoted				7,080.52	7,080.34
	11-May-12	2,500,000		Quoted	2,476.13	2,475.60			
(1.3)	364 days Treasury Bills maturing on								
	9-Mar-12		16,715,500	Quoted				15,602.68	15,602.41
	23-Mar-12		8,726,750	Quoted				8,123.12	8,119.08
	18-May-12	5,000		Quoted	4.95	4.94			

SCHEDULES FORMING PART OF THE ACCOUNTS

Investments in Government securities (Including Treasury Bills)	No. of Shares/Units		Quoted / Unquoted	2012		2011		Credit Rating / Agency (If any) @
	2012	2011		Cost (₹ in lakhs)	Market Value (₹ in lakhs)	Cost (₹ in lakhs)	Market Value (₹ in lakhs)	
	(2) Government Dated Securities (FV ₹ 100/- each)							
(2.1) Government of India securities								
7.40% GOI 2012	7,631,000	47,500,000	Quoted	7,615.04	7,620.70	48,647.25	47,476.25	
7.27% GOI 2013**		20,500,000	Quoted			20,865.41	20,665.71	
8.13% GOI 2022		1,000,000	Quoted			1,004.03	1,003.20	
8.26% GOI 2027		182,000	Quoted			181.17	180.82	
8.28% GOI 2027	1,000		Quoted	0.96	0.97			
GOI FRB 2020	14,000,000		Quoted	13,202.49	13,161.05			
8.97% GOI 2030	668,300		Quoted	678.86	676.99			
8.97% GOI 2021	7,500,000		Quoted	(7,591.52)	(7,604.25)			
8.19% GS 2020	5,000,000		Quoted	(4,880.90)	(4,875.00)			
(2.2) State Development loans								
9.40% Andhra Pradesh 2018	60,000	98,000	Quoted	63.90	61.65	105.83	104.36	
8.49% Karnataka 2019		328,000	Quoted			337.80	333.54	
8.28% West Bengal 2020		38,000	Quoted			38.44	38.08	
8.09% Maharashtra SDL 2020	9,000	9,000	Quoted	8.92	8.60	9.01	8.92	
8.52% Rajasthan 2021	600	600	Quoted	6.29	6.23	0.61	0.60	
8.38% West Bengal 2020	6,400		Quoted	0.61	0.59			
8.61% Uttar Pradesh 2021	5,800		Quoted	5.80	5.73			
8.73% Himachal Pradesh 2022	40,000		Quoted	40.07	39.69			
8.88% Haryana 2022	344,000		Quoted	346.60	344.51			
8.75% Kerala 2022	191,300		Quoted	191.30	189.97			
8.79% Punjab 2022	3,070,000		Quoted	3,077.06	3,056.59			
8.75% Tamil Nadu 2022	2,184,600		Quoted	2,185.15	2,169.38			



SCHEDULES FORMING PART OF THE ACCOUNTS

A	Investments in Government securities (Including Treasury Bills)	No. of Shares/Units		Quoted / Unquoted	2012		2011		Credit Rating / Rating Agency (if any) @
		2012	2011		Cost (₹ in lakhs)	Market Value (₹ in lakhs)	Cost (₹ in lakhs)	Market Value (₹ in lakhs)	
	8.76% Uttar Pradesh 2022	82,100		Quoted	82.16	81.58			
	8.80% West Bengal 2022	973,000		Quoted	975.24	969.38			
	8.74% Karnataka 2022	825,000		Quoted	825.00	818.72			
	9.23% Gujarat 2022	50,000		Quoted	50.16	50.25			
	9.39% Haryana 2022	2,500,000		Quoted	2,500.00	2,540.00			
	9.49% Jammu & Kashmir 2022	4,361,600		Quoted	4,376.93	4,428.91			
	9.32% Jharkhand 2022	2,500,000		Quoted	2,500.00	2,508.69			
	9.42% Tripura 2022	4,500,000		Quoted	4,507.65	4,566.15			
	9.36% West Bengal 2022	3,500,000		Quoted	3,508.28	3,541.87			
	(2.3) GOI Special securities								
	7.00% Oil 2012**	5,000,000	5,000,000	Quoted	5,069.27	4,961.85	5,069.27	5,069.27	
	8.20% OIL 2023		243,000	Quoted			244.94	239.01	
	Total (A)				99,504.25	99,484.44	146,688.03	145,299.88	
B	Investments in Debentures or Bonds	No. of Shares/Units		Quoted / Unquoted	2012		2011		Credit Rating / Rating Agency (if any) @
		2012	2011		Cost (₹ in lakhs)	Market Value (₹ in lakhs)	Cost (₹ in lakhs)	Market Value (₹ in lakhs)	
	Debentures or Bonds (FV ₹ 10 Lac each)								
	9.50% NABARD 2012		100	Quoted			1,053.29	999.26	AAA by CRISIL
	9.20% L & T 2012		50	Quoted			517.68	496.84	AAA by CRISIL
	12.50% Deccan Chronicle 2011 (FV ₹ 1 Crore each)		10	Quoted			1,060.10	1,015.43	AA by CRISIL
	7.40% Tata Chem 2011		50	Quoted			500.00	492.05	AA+ by CRISIL

SCHEDULES FORMING PART OF THE ACCOUNTS

B Investments in Debentures or Bonds	No. of Shares/Units		Quoted / Unquoted	2012		2011		Credit Rating / Rating Agency (if any) @
				Cost (₹ in lakhs)	Market Value (₹ in lakhs)	Cost (₹ in lakhs)	Market Value (₹ in lakhs)	
	2012	2011						
7.00% IOCL 2012		300	Quoted		3,013.98	2,907.08	AAA by CRISIL	
7.00% REC 2012		250	Quoted		2,504.60	2,430.74	AAA by CRISIL	
9.30% KRCL 2012		100	Quoted		1,048.30	999.89	AAA by CRISIL	
6.95% NHB 2013 P/C 24/08/2012		250	Quoted		2,500.00	2,420.79	AAA by CRISIL	
7.50% LIC Housing Finance Ltd 2013		350	Quoted		3,500.75	3,349.31	AAA by CRISIL	
8.65% REC 2020		10	Quoted		100.40	97.07	AAA by CRISIL	
9.50% Shriram Transport 2017 Put/Call 2015 (FV ₹ 1,000/- each)		25,001	Quoted		250.01	248.34	AA+ by CARE	
8.65% IDFC 2020		10	Quoted		95.72	96.07	AAA by CRISIL	
8.50% IRFC 2020		1	Quoted		9.94	9.72	AAA by CRISIL	
7.60% PFC 2015		50	Quoted		470.70	469.09	AAA by CRISIL	
8.64% PGC 2014 (FV ₹ 12.5 lac each)		40	Quoted		504.85	489.98	AAA by CRISIL	
8.10% Exim 2015		200	Quoted		1,926.00	1,920.29	AAA by CRISIL	
8.84% Power Grid Corporation 2020 (FV ₹ 12.5 lac each)		6	Quoted		75.28	73.44	AAA by CRISIL	
9.95% SBI 2026 (FV ₹ 10,000/- each)	2,700		Quoted	283.80		287.12	AAA by CRISIL	
11.60% Shriram Transport 2016 (FV ₹ 1,000/- each)	22,754		Quoted	230.16		236.98	AA+ by CARE	
8.00% IRFC 2022 (FV ₹ 1,000/- each)	24,600		Quoted	246.67		251.17	AAA by CRISIL	
8.20% HUDCO 2027 (Tax Free) (FV ₹ 1,000/- each)	250,000		Quoted	2,500.00		2,405.00	AA+ by CARE	
8.20% NHAI 2022 (Tax Free) (FV ₹ 1,000/- each)	4,919		Quoted	50.49		49.86	AAA by CRISIL	
9.33% PFC 2017	60		Quoted	600.12		595.52	AAA by CRISIL	
8.10% IRFC 2027 (Tax Free) (FV ₹ 1,000/- each)	102,863		Quoted	1,039.04		1,002.91	AAA by CRISIL	
7.45% LIC Housing 2012	500		Quoted	4,934.72		4,944.04	AAA by CRISIL	
Total				9,885.00	9,772.60	19,131.61	18,515.39	

@ Some issue have been rated by more than one rating agency, even though only one rating is indicated


SCHEDULES FORMING PART OF THE ACCOUNTS

C	Investments in Equity Instruments	No. of Shares/Units		Quoted / Unquoted	2012		2011		Credit Rating / Rating Agency (If any) @
		2012	2011		Cost (₹ in lakhs)	Market Value (₹ in lakhs)	Cost (₹ in lakhs)	Market Value (₹ in lakhs)	
	Equity Shares (FV ₹ 10/- each)		10,000	Quoted			83.98	86.38	
	Financial Technologies (I) Ltd (FV ₹ 2/- each)		50,000	Quoted			60.55	61.35	
	Syndicate Bank		20,000	Quoted			204.96	204.96	
	United Spirits Limited								
	Cox and Kings	7,925	Quoted		30.85		32.78		
	Colgate Pamolive Ltd (FV ₹ 1/- each)		20,000	Quoted			162.82	162.82	
	National Fertilizers Ltd		100,000	Quoted			104.05	104.05	
	Rashtriya Chemical and fertilizers Ltd		181,000	Quoted			141.05	143.71	
	MOIL Limited	20,000	Quoted		78.95		78.95		
	Agre Developers Limited		4,925	Quoted			0.00	2.30	
	Chambal Fertilizers & Chemicals Ltd		150,000	Quoted			109.52	118.88	
	Nagarjuna Fertilizer & Chemicals Ltd		250,000	Quoted			68.79	70.13	
	Total				Nil	Nil	1,045.52	1,066.30	

SCHEDULES FORMING PART OF THE ACCOUNTS

D	Investments in Other Instruments	No. of Shares/Units		Quoted / Unquoted	2012		2011		Credit Rating / Rating Agency (If any) @
		2012	2011		Cost (₹ in lakhs)	Market Value (₹ in lakhs)	Cost (₹ in lakhs)	Market Value (₹ in lakhs)	
(1)	Certificate of Deposit (FV ₹ 1 lac each)								
	CD State Bank of Patiala 16.12.2011		1,500	unquoted				1,402.49	NA
	CD Vijaya 19.03.2012		2,500	unquoted				2,280.44	P1+ by CRISIL
	CD Allahabad Bank 22.06.2011		2,500	unquoted				2,445.56	P1+ by CRISIL
	CD SYNDICATE BANK 200611		2,500	unquoted				2,446.60	P1+ by CRISIL
	CD State Bank of Mysore 08022012		2,500	unquoted				2,301.03	P1+ by CRISIL
	CD Central Bank of India 28.06.2011		2,500	unquoted				2,440.55	P1+ by CRISIL
	CD UCO 04.07.2011		2,500	unquoted				2,437.88	P1+ by CRISIL
	CD Andhra Bank 28.12.2012	2,500		unquoted			2,335.44		A1+ by CARE
	CD Vijaya Bank 21.01.2013	2,500		unquoted			2,316.91		A1+ by CARE
	CD Axis Bank 22.01.2013	2,500		unquoted			2,315.16		A1+ by CRISIL
	CD Allahabad Bank 30.05.2012	2,000		unquoted			1,966.33		A1+ by ICRA
	CD Vijaya Bank 05.03.2013	2,500		unquoted			2,275.37		A1+ by CARE
	CD UCO Bank 19.06.2012	5,000		unquoted			4,879.29		A1+ by CRISIL
	CD Allahabad Bank 29.05.2012	2,500		unquoted			2,456.73		A1+ by ICRA
	CD State Bank of Hyderabad 20.11.2012	2,500		unquoted			2,340.00		A1+ by ICRA
	CD IDBI Bank 29.06.2012	2,500		unquoted			2,436.72		A1+ by ICRA
	CD Union Bank 25.06.2012	2,500		unquoted			2,438.70		A1+ by CRISIL
(2)	Commercial Papers (FV ₹ 5 lac each)								
	CP IL&FS Ltd. 10.01.2012	500		unquoted			2,494.02		A1+ by CRISIL
	Total						28,254.67	15,754.55	Nil

@ Some issue have been rated by more than one rating agency, even though only one rating is indicated

SCHEDULES FORMING PART OF THE ACCOUNTS
NOTE 11 : TRADE RECEIVABLES

Particulars	As at March 31, 2012 (₹ in lakhs)	As at March 31, 2011 (₹ in lakhs)
Trade receivables outstanding for a period less than six months from the date they are due for payment	0.61	4.55
Unsecured, considered good		
Total	0.61	4.55

NOTE 12 : CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2012		As at March 31, 2011	
	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)
(a) Balances with banks		437.18		23.82
This includes:				
In Current Account with RBI	23.40		18.65	
In Current Account with Others	413.78		5.17	
(b) Cash on hand		0.01		0.02
(c) Bank Deposit with maturity less than 12 months		35,000.00		21,000.00
Total		35,437.19		21,023.84

NOTE 13 : SHORT TERM LOANS AND ADVANCES

Particulars	As at March 31, 2012 (₹ in lakhs)	As at March 31, 2011 (₹ in lakhs)
<u>Secured, considered good</u>		
Lending under Repo		
(Secured By Collateral of Govt. Securities & Treasury Bills)	12,809.31	0.00
<u>Unsecured, considered good</u>		
loans and advances (Others)		
Margin Money with CCIL (Securities & CBLO segment)	4,463.55	338.00
Margin Money with NSE (Equity cash, F&O)	3.00	1,000.00

SCHEDULES FORMING PART OF THE ACCOUNTS

Particulars	As at	
	March 31, 2012 (₹ in lakhs)	March 31, 2011 (₹ in lakhs)
Advance Payment of Direct Taxes (Adv Tax + TDS on Interest)	1,329.86	5,790.69
Advance Payment of FBT	6.94	6.94
Securities Transaction Tax	0.00	70.74
Advance paid to suppliers	0.30	0.65
Total	18,612.96	7,207.02

NOTE 14 : OTHER CURRENT ASSETS

Other current assets	As at March 31, 2012		As at March 31, 2011	
	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)
(a) Accrued Income which includes:-	2,072.80		2,643.85	
On Government Securities (Trading)	244.96		1,565.69	
On State Development Loan (SDL's)	79.72		4.78	
On GOI Special Securities	21.39		29.19	
On Corporate Bond	347.38		940.02	
On Government Securities (Investment)	769.45		0.00	
On Fixed Deposit	603.83		83.86	
On Call lending	0.28		0.00	
On Repo lending	5.80		0.00	
On Others	0.00		20.30	
(b) Prepaid expenses		28.87		26.88
(c) Other Receivables		0.09		190.48
Total	2,101.77		2,861.21	

Note 15 : Revenue from Operations

Particulars	As at March 31, 2012		As at March 31, 2011	
	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)
(a) Trading Profit/(Loss) on securities (Refer A below)	(1,467.45)		(1,333.02)	
Government Securities	(1,365.46)		(1,484.01)	
State Development Loans	356.60		61.34	

SCHEDULES FORMING PART OF THE ACCOUNTS

Particulars	As at March 31, 2012		As at March 31, 2011	
	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)
GOI Special Securities	(55.31)		(80.73)	
Corporate Bonds	(144.73)		(703.11)	
Equity Shares	(3.93)		453.02	
Future & Options	15.47		249.64	
Liquid Mutual Fund	747.28		232.86	
Hedge Loss	7.83		(2.88)	
Interest Rate Swaps	(1,025.20)		(59.15)	
(b) Interest Income on Discounted Instrument (Refer B below)		9,437.78		857.74
Treasury Bills	7,088.77		393.85	
Commercial Papers	850.28		8.72	
Certificate of Deposits	1,492.04		453.24	
CBLO Lending	6.69		1.93	
(c) Interest Income		7,708.62		12,892.77
Interest on -				
Call Money	17.49		0.10	
Government Securities (Trading)	2,384.87		8,738.53	
Government Securities (Investment)	769.45		328.53	
State Development Loan	451.32		313.60	
GOI Special Securities	604.75		961.61	
Corporate Bond	596.60		1,956.34	
Fixed Deposit	2,870.33		325.27	
Income from Repo	361.53		231.11	
Other Interest	176.02		18.78	
Interest Rate Swaps	(523.75)		18.89	
(d) Underwriting & Other Income		352.83		419.67
Underwriting Fees	165.92		305.05	
Other Fee Income	156.98		67.49	
Incentive Income	18.81		32.22	
PMS Fees	11.12		14.90	
Total		16,031.78		12,837.16

SCHEDULES FORMING PART OF THE ACCOUNTS

Particulars	As at March 31, 2012		As at March 31, 2011	
	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)
A Trading Profit/(Loss) on securities				
(a) Government securities		(1,365.46)		(1,484.01)
Sales (net of brokerage)	8,852,304.22		11,056,480.79	
Add : Stock on hand as at the end of the year	8,980.46		69,325.98	
Less : (i) Purchases	(8,793,324.17)		(11,067,803.84)	
(ii) Stock on hand as at the beginning of the year	(69,325.98)		(59,486.94)	
(b) State Development Loans		356.60		61.34
Sales (net of brokerage)	292,301.78		276,207.21	
Add : Stock on hand as at the end of the year	25,388.50		485.50	
Less : (i) Purchases	(316,848.17)		(270,055.11)	
(ii) Stock on hand as at the beginning of the year	(485.50)		(6,576.26)	
(c) GOI Special Securities		(55.31)		(80.73)
Sales (net of brokerage)	30,116.64		58,089.68	
Add : Stock on hand as at the end of the year	4,961.85		5,308.28	
Less : (i) Purchases	(29,825.52)		(58,370.22)	
(ii) Stock on hand as at the beginning of the year	(5,308.28)		(5,108.47)	
(d) Corporate Bond		(144.73)		(703.11)
Sales (net of brokerage)	171,693.60		211,869.49	
Add : Stock on hand as at the end of the year	9,772.60		18,515.39	
Less : (i) Purchases	(163,095.54)		(219,401.99)	
(ii) Stock on hand as at the beginning of the year	(18,515.39)		(11,686.00)	
(e) Equity Shares		(3.93)		453.02
Sales (net of brokerage)	5,800.64		33,434.89	
Add : Stock on hand as at the end of the year	0.00		1,045.52	
Less : (i) Purchases	(4,759.05)		(29,885.16)	
(ii) Stock on hand as at the beginning of the year	(1,045.52)		(4,142.23)	
(f) Liquid Mutual Fund		747.28		232.86
Sales (net of brokerage)	2,045,500.99		1,028,732.86	
Add : Stock on hand as at				

SCHEDULES FORMING PART OF THE ACCOUNTS

Particulars	As at March 31, 2012		As at March 31, 2011	
	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)
the end of the year	0.00		0.00	
Less : (i) Purchases	(2,044,753.72)		(1,028,500.00)	
(ii) Stock on hand as at the beginning of the year	0.00		0.00	
(g) Future & Options		15.47		249.64
Net open interest paid	(0.34)		32.84	
Income on Futures	15.82		216.80	
(h) Hedge Profit/(Loss)		7.83		(2.88)
Mark to Market on Hedge Securities	7.83		(2.88)	
(h) Interest Rate Swap		(1,025.20)		(59.15)
Mark to Market on Interest Rate Swap	(1,025.20)		(59.15)	
Total (A)		(1,467.45)		(1,333.02)
B Discount Income				
(a) Treasury Bills		7,088.77		393.85
Sales (net of brokerage)	2,004,075.35		947,177.09	
Add : Stock on hand as at the end of the year	60,153.63		70,180.12	
Less : (i) Purchases	(1,986,960.10)		(991,072.49)	
(ii) Stock on hand as at the beginning of the year	(70,180.12)		(25,890.88)	
(b) Commercial Papers		850.28		8.72
Sales (net of brokerage)	51,130.03		4,998.32	
Add : Stock on hand as at the end of the year	2,494.02		0.00	
Less : (i) Purchases	(52,773.77)		(2,494.17)	
(ii) Stock on hand as at the beginning of the year	0.00		(2,495.44)	
(c) Certificate of Deposit		1,492.04		453.24
Sales (net of brokerage)	154,223.34		52,988.11	
Add : Stock on hand as at the end of the year	25,760.65		15,754.55	
Less : (i) Purchases	(162,737.40)		(68,289.42)	
(ii) Stock on hand as at the beginning of the year	(15,754.55)		0.00	
(d) CBLO Lending		6.69		1.93
Total (B)		9,437.78		857.74

SCHEDULES FORMING PART OF THE ACCOUNTS**NOTE 16 : OTHER INCOME**

Particulars	As at March 31, 2012 (₹ in lakhs)	As at March 31, 2011 (₹ in lakhs)
(a) Dividend Income	25.10	22.24
(b) Misc. Receipt	10.05	0.40
Total	35.15	22.64

NOTE 17 : EMPLOYEE BENEFIT EXPENSES

Particulars	As at March 31, 2012 (₹ in lakhs)	As at March 31, 2011 (₹ in lakhs)
Salary & Reimbursements	317.96	364.43
Contribution to PF	16.99	18.15
Gratuity	4.91	4.91
Leave Encashment	17.78	10.15
Staff welfare expenses	15.30	17.64
Total	372.94	415.28

NOTE 18 : FINANCE COST

Particulars	As at March 31, 2012		As at March 31, 2011	
	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)
(a) Interest expense				
Interest on -		10,617.10		6,111.43
Call Money	1,179.49		943.74	
Borrowing from RBI	506.40		531.71	
Inter-Corporate Deposit	1,268.93		840.27	
Term Money		3,922.49		1,396.24
Loan against Fixed Deposit	126.89		25.26	
Refiance from RBI	723.10		-	
Interest Rate Swap	-		245.50	
Repo Borrowing	2,889.66		2,122.07	
Others	0.14		6.64	

SCHEDULES FORMING PART OF THE ACCOUNTS

Particulars	As at March 31, 2012		As at March 31, 2011	
	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)
(b) Interest expense on discounted instrument		4,932.06		4,382.04
Commercial Paper	1,039.15		1,123.73	
CBLO Borrowing	3,892.91		3,258.31	
(c) Financial Charges		445.77		483.38
Bank Charges	0.19		0.06	
Commercial Paper issued	10.05		14.81	
DP/CCIL Charges	368.86		415.08	
Overdraft Facility charges	25.00		25.00	
Stamp Duty payment	41.67		28.43	
(d) Amortization of Premium on Investment	10.30	10.30		1.43
Total		16,005.22		10,978.29

NOTE 19 : OTHER EXPENSES

Particulars	As at March 31, 2012		As at March 31, 2011	
	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)
(a) Administrative Expenses		162.18		244.30
Electricity Charges	12.44		12.33	
Insurance Charges	16.56		21.59	
Postage, Telephone & Telegrams	26.48		31.61	
Printing & stationery Expenses	6.39		10.44	
Rent	31.25		87.19	
Repairs & Maintenance	45.71		61.37	
Rates & Taxes	1.75		1.79	
Software maintenance	6.32		3.47	
Other office Expenses	15.29		14.51	
(b) Professional Fees		102.37		94.43
Rating Charges	26.47		22.59	
Internal Audit	9.49		6.23	

SCHEDULES FORMING PART OF THE ACCOUNTS

Particulars	As at March 31, 2012		As at March 31, 2011	
	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)
Software Consultancy	15.67		20.04	
Humar Resource Consultancy	13.24		13.24	
Other professional fees	37.50		32.33	
(c) Payment to Auditors		6.59		5.49
for audit services	3.00		2.76	
for taxation matters	1.00		0.83	
for company law matters				
for management services				
for other services	2.46		1.76	
for reimbursement of expenses	0.13		0.15	
(d) Others	105.53		152.14	
Advertising Expenses	2.57		1.19	
Donation	0.11		0.11	
Information Services	56.25		55.67	
Newspaper & periodicals	11.54		12.76	
Business Development Expenses	9.18		14.78	
Travelling, Conveyance & Motor Car Expenses	9.22		13.74	
Board Meeting Expenses	1.43		1.61	
Sitting Fees to Directors	14.55		8.40	
Miscellaneous Expenses	0.67		2.97	
Sundry Write off (Service tax credit)	-		40.91	
Total		376.67		496.36

SCHEDULES FORMING PART OF THE ACCOUNTS

NOTE 20

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012

A] 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 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 floatations in the primary market is deducted from the purchase consideration paid and the net amount after such reduction is reckoned as cost of these securities.
- c) Interest on fixed coupon debt 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.

SCHEDULES FORMING PART OF THE ACCOUNTS

- 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.

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.

SCHEDULES FORMING PART OF THE ACCOUNTS

- 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.
- 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.

SCHEDULES FORMING PART OF THE ACCOUNTS

(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.

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 is aggregated for all investments. Net depreciation, if any, is provided for/charged to Profit & Loss a/c and net appreciation, if any, is ignored. Market value is determined by the prices 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 is aggregated for all investments. Net depreciation, if any, is provided for/charged to Profit & Loss a/c and net appreciation, if any, is ignored. Market value is determined by the prices declared by Fixed Income Money Market and Derivatives Association of India (FIMMDA). As regards the tax free bonds, for the purpose of determining market value price quoted on the stock exchanges on the relevant day is also considered. It is valued at lower of weighted average cost, FIMMDA value or market value as per stock exchange.
- c) The Equity shares are considered scripwise and the weighted average cost and market value is aggregated for all investments. Net depreciation, if any, is provided for/charged to Profit & Loss a/c and net appreciation, if any, is ignored. Market value is determined by the prices obtained from the stock exchange.
- d) The Mutual Funds are considered schemewise and the weighted average cost and Net Asset Value (NAV) is aggregated for all investments. Net depreciation, if any, is provided for/charged to Profit & Loss a/c and net appreciation, if any, is ignored.

SCHEDULES FORMING PART OF THE ACCOUNTS

- e) The stock of Commercial Papers and Certificates of Deposit held as stock-in-trade are considered scripwise and carrying cost (as explained at Sl. No. 2 (iv) above) and market value is aggregated for all investments. Net depreciation, if any, is provided for/charged to Profit & Loss a/c and net appreciation, if any, is ignored (Market value is determined by the prices declared by Fixed Income Money Market and Derivatives Association of India (FIMMDA)). In line with the FIMMDA guidelines, Certificate of Deposit (CDs) and Commercial Papers (CPs) of less than one year tenor are valued at cost.
 - f) The stock of Pass Through Certificates (PTCs) held as stock-in-trade are valued at carrying cost (as explained at Sl. No. 2 (vi) above) or market value whichever is lower. Market value is determined in accordance with the guidelines laid down by Fixed Income Money Market and Derivatives Association of India (FIMMDA).
 - g) Investments other than stock in trade are valued at cost, as reduced by a decline in value of other than temporary nature, if any. In the case of debt instruments where the cost of acquisition is more than the redemption value, the difference is amortized over the period remaining to maturity and charged to the Profit and Loss account.
 - 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 amortised cost. The premium/discount if any, on the security is amortised over the period till maturity. In respect of Government Securities acquired on HTM basis, market value at y.e. is determined and disclosed. However, no accounting adjustments are made for diminution/appreciation in value of such investments.
7. The stock is transferred from HTM to trading portfolio at cost, book value or market value, whichever is lower.
8. **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.

SCHEDULES FORMING PART OF THE ACCOUNTS

Fixed Assets	Depreciation rate as per useful life	Depreciation rate as per schedule XIV
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%

9. Income Tax

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

10. 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' 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.

11. 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.

SCHEDULES FORMING PART OF THE ACCOUNTS

12. 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 extra-ordinary items. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period.

B] OTHER NOTES

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.

(Amount - ₹ in lakhs)

Sr. No.	Type of Security	2011-12	2010- 11
1.	Government dated securities (including T-bills)	19.81	1389.88
2.	Corporate Bonds including PSU/PFI	112.40	616.21
	TOTAL	132.21	2006.09

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 30th March 2012, the transaction shall be accounted on April 03, 2012 i.e Settlement date. The details of the transactions is given below in the table.

(Amount - ₹ in lakhs)

Sr. No.	Particulars	31 st March 2012	31 st March 2011
1	Purchase of securities	21,352.77	27,883.97
2	Sale of securities	23,929.75	36,145.81

- ii. Disclosure on Interest Rate Swaps :

(Amount - ₹ in lakhs)

Sr. No.	Particulars	31 st March 2012	31 st March 2011
1.	Notional principal of InterestRate Swaps for Trading	6,06,920.33	4,30,000.00
2.	Notional Principal of InterestRate Swaps for Hedging	—	12,500.00
3.	Marked to market positionson trading swaps	1,619.80	908.47

SCHEDULES FORMING PART OF THE ACCOUNTS

In accordance with the market practice and considering the credit quality 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. Expenditure in Foreign Currency :

(Amount - ₹ in lakhs)

Sr. No.	Particulars	31 st March 2012	31 st March 2011
1	On Travel	0.41	0.23
2	On Interest	0.00	NIL
3	On Others	0.00	NIL

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

5. Managerial Remuneration paid to Managing Director

(Amount - ₹ in lakhs)

Sr. No.	Particulars	31 st March 2012	31 st March 2011
1	Salaries, allowances, perquisites and incentives	45.05	67.52
2	Company's contribution to Provident Fund	2.02	2.02

6. The Company is a member of Primary Dealers' Association of India and Fixed Income Money Market and Derivatives Association of India; which are Companies limited by guarantee and incorporated under the Companies Act, 1956. The amount guaranteed by the Company on this score amounts to ₹ One Hundred only, for each Association.
7. The Company is a member of the Securities and CBLO segment of The Clearing Corporation of India Limited.
8. The stock-in-trade as on March 31, 2012, includes Government Securities, Treasury Bills and SDL of Face Value ₹ 48,068 Lacs held as collaterals with The Clearing Corporation of India Limited (₹ 54,450 Lacs as on March 31, 2011)
9. The Interest Income, PMS income and other income for year 2011-12 includes Income-tax deducted at source amounting to ₹ 200.01 lacs (Previous year ₹ 44.77 lacs).
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 :-

(Amount - ₹ in lakhs)

Sr. No.	Particulars	31 st March 2012	31 st March 2011
	Deferred Tax Asset :		
	Opening Balance	23.21	93.85
1	Provision for Stamp Duty	13.52	7.28

SCHEDULES FORMING PART OF THE ACCOUNTS

(Amount - ₹ in lakhs)

Sr. No.	Particulars	31 st March 2012	31 st March 2011
2	Provision for Performance Linked Incentive Scheme	(3.24)	(19.12)
3	Provision for bonus	(0.06)	0.06
4	Provision for Retirement Leave encashment	3.45	0.79
5	Preliminary expenditure	(14.44)	(15.82)
6	Deferred Tax Assets on Business losses	282.16	0.00
	Total Deferred Tax Asset	304.60	67.04
	Deferred Tax Liability:		
7	Depreciation	(17.31)	(43.83)
	Total Deferred Tax Liability	(17.31)	(43.83)
	Net Deferred Tax Asset/(Liability)	287.29	23.21

11. 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, 2012, the face value of the securities held by the Company on behalf of the constituents is ₹ 5,62,205.00 lacs (*previous year- ₹ 4,24,995.20 Lacs*).

12. Related Party disclosures

- a. List of related parties:
- Enterprises that directly or indirectly through one or more intermediaries control or controlled by or are under common control with the reporting enterprise:
 Holding Company : STCI Finance Limited (erstwhile Securities Trading Corporation of India Limited)
 Fellow Subsidiary : STCI Commodities Limited
 - Key management personnel and relatives of such personnel: Shri Pradeep Madhav, Managing Director
- b. Details of Related party transactions during the year:

(Amount - ₹ in lakhs)

Nature of Transaction	Related Party	2011-12	2010-11
Purchase of Government Securities	Holding Company	56,306.35	82,264.50
Purchase of Bonds	Holding Company	—	20,18.42
Sale of Government Securities	Holding Company	59,809.79	56,310.95
Sale of Bonds	Holding Company	—	Nil

SCHEDULES FORMING PART OF THE ACCOUNTS

(Amount - ₹ in lakhs)

Nature of Transaction	Related Party	2011-12	2010-11
Capital Expenditure	Holding Company	—	4.90
Capital Receipt	Holding Company	5.98	1.90
Reimbursement of Expenses (Payment)	Holding Company	9.64	13.56
Reimbursement of Expenses (Received)	Holding Company	0.18	0.25
Arranger fees received	Holding Company	—	4.56
Sitting fees Paid	Holding Company	3.20	1.95
Remuneration to Key Managerial Personnel		45.05	67.52

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

13. 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 :-

(Amount - ₹ in lakhs)

	Segmental Reporting			
	Gilts Segment	Non-Gilts Segment	Unallocated	Total
REVENUES :-				
From External Clients	9245.51 (9708.88)	6635.35 (3112.85)	186.07 (38.07)	16066.93 (12859.79)
Internal segment	-	-	-	-
Total Revenue	9245.51 (9708.88)	6635.35 (3112.85)	186.07 (38.07)	16066.93 (12859.79)
Total Expenditure	9553.52 (7485.79)	6451.38 (3485.80)	931.72 (1078.81)	16936.60 (12050.40)
Segment Result- Profit/ (-)Loss	-308.01 (2223.09)	183.97 (-372.95)	-745.63 (-1040.74)	-869.67 (809.40)
Less: Tax expense	(Nil)	(Nil)	-227.94 (273.87)	-227.94 (273.87)
Less : Prior Period expense	(Nil)	(Nil)	3.92 (Nil)	3.92 (Nil)

SCHEDULES FORMING PART OF THE ACCOUNTS

(Amount - ₹ in lakhs)

	Segmental Reporting			
	Gilts Segment	Non-Gilts Segment	Unallocated	Total
Total Result				-645.64 (535.52)
OTHER INFORMATION				
Segment Assets	144068.25 (147257.60)	74395.87 (58539.50)	3762.70 (8221.06)	222226.83 (214018.16)
Segment Liabilities	108433.62 (118151.57)	86260.43 (62944.68)	989.30 (5732.81)	195683.35 (186829.81)

Note : Figures in brackets denote previous years figures

a. Segment Revenues and Expenses :

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

b. Segment Assets and Liabilities :

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

c. Geographical Segment :

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

14. 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 :

(Amount - ₹ in lakhs)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	31 st March 2012
Securities sold under repos	815.82 (NIL)	88,375.54 (1,01,490.01)	36,283.43 (38,806.36)	815.82 (11853.01)
Securities purchased under reverse repos	Nil (NIL)	43,850.25 (5,40,27.79)	4,888.48 (4,789.61)	12,809.31 (NIL)

Note: Figures in brackets denote previous years figures

SCHEDULES FORMING PART OF THE ACCOUNTS

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

(Amount - ₹ in lakhs)

PARTICULARS		Amount Outstanding		Amount Overdue	
		2011-12	2010-11	2011-12	2010-11
<u>Liabilities side:</u>					
1	Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid:				
	a) Debentures	Nil	Nil		Nil
	b) Deferred Credits	Nil	Nil		Nil
	c) Term Loans	26,000.00	26,925.00		Nil
	d) Inter-corporate loans and borrowings	19,518.52	13,257.45		Nil
	e) Commercial Paper	Nil	Nil		Nil
	f) Other Loans -				
	(i) Call / Notice	7,350.00	2,700.00		Nil
	(ii) CBLO	42,339.83	43,357.44		Nil
	(iii) RBI LAF	35,000.00	22,500.00		Nil
	(iv) RBI Refinance	28,400.00	39,250.00		Nil
	(v) Loan Against Fixed Deposit	32,749.98	19,649.90		Nil
	(vi) REPO Borrowing	815.82	11853.01		Nil
<u>Assets side :</u>					
2	Break-up of Loans and Advances including bills receivables (other than those included in (4) below):				
	a) Secured	Nil	Nil		Nil
	b) Unsecured	Nil	Nil		Nil
3	Break up Leased Assets and stock on hire and other assets counting towards AFC activities	N.A	N.A		N.A
4	<u>Break-up of Investments</u>				
	<u>Current Investments (Stock-in-trade)</u>				
	1. <u>Quoted</u>				
	(i) (a) Equity shares	Nil	1,045.52		Nil
	(b) Preference shares	Nil	Nil		Nil

SCHEDULES FORMING PART OF THE ACCOUNTS

(Amount - ₹ in lakhs)

PARTICULARS		Amount Outstanding		Amount Overdue	
		2011-12	2010-11	2011-12	2010-11
	(ii) Debentures and Bonds	9,772.60	18,515.39		Nil
	(iii) Units of mutual funds	Nil	Nil		Nil
	(iv) Government Securities & Treasury Bills	99,484.44	1,45,299.88		Nil
	(v) Others	Nil	Nil		Nil
	2. Unquoted				
	(i) Shares (a) Equity	Nil	Nil		Nil
	(b) Preference	Nil	Nil		Nil
	(ii) Debentures and Bonds	Nil	Nil		Nil
	(iii) Units of mutual funds	Nil	Nil		Nil
	(iv) Government Securities	Nil	Nil		Nil
	(v) Others				
	(a) Certificates of Deposit	25,760.65	15,754.55		Nil
	(b) Commercial Paper	2,494.02	Nil		Nil
	<u>Long-Term Investment</u>				
	1. Quoted				
	(i) Shares (a) Equity	Nil	Nil		Nil
	(b) Preference	Nil	Nil		Nil
	(ii) Debentures and Bonds	Nil	Nil		Nil
	(iii) Units of mutual funds	Nil	Nil		Nil
	(iv) Government Securities	26,165.95	Nil		Nil
	(v) Others	Nil	Nil		Nil
	2. Unquoted				
	(i) Shares (a) Equity	Nil	Nil		Nil
	(b) Preference	Nil	Nil		Nil
	(ii) Debentures and Bonds	Nil	Nil		Nil
	(iii) Units of mutual funds	Nil	Nil		Nil
	(iv) Government Securities	Nil	Nil		Nil
	(v) Others	Nil	Nil		Nil
5	Borrower group-wise classification of all leased assets financed as in (2) and (3) above:				
	a. Related parties	Nil	Nil		Nil
	b. Other than related parties	Nil	Nil		Nil

SCHEDULES FORMING PART OF THE ACCOUNTS

(Amount - ₹ in lakhs)

PARTICULARS		Amount Outstanding		Amount Overdue	
		2011-12	2010-11	2011-12	2010-11
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
	b. Other than related parties	Nil	Nil		Nil

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

(Amount - ₹ in lakhs)

No.	Issuer	Amount	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities	Extent of 'unlisted' securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	PSUs	4,304.46 (7,477.01)	4,304.46 (7,477.01)	Nil	Nil	Nil
2.	FIs	2,494.02 (5,340.33)	2,494.02 (5,340.33)	Nil	Nil	Nil
3.	Banks	26,047.77 (15,754.55)	26,047.77 (15,754.55)	Nil	Nil	Nil
4.	Other PDs	Nil Nil	Nil Nil	Nil	Nil	Nil
5.	Private Corporate	5,181.02 (5,697.70)	5,181.02 (5,697.70)	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	(112.40) (616.21)	(112.40) (616.21)	Nil	Nil	Nil
	Total	37,914.87 (33,653.38)	37,914.87 (33,653.38)	Nil	Nil	Nil

SCHEDULES FORMING PART OF THE ACCOUNTS

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

S No.	Items	Current Year	Previous Year
i.	CRAR (%)	24.91	25.83
ii.	CRAR - Tier I capital (%)	24.91	25.83
iii.	CRAR - Tier II Capital (%)	Nil	Nil

a. **Exposures to Real Estate Sector**

(₹ in lakhs)

	Category	Current year	Previous Year
a.	Direct exposure		
	i. Residential Mortgages -	NIL	NIL
	Lending fully secured by mortgages on residential property that is or will be occupied the borrower or that is rented; (Individual by housing loans up to ₹15 lacs may be shown separately)		
	ii. Commercial Real Estate -	NIL	NIL
	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;		
	iii. Investments in Mortgage Backed Securities (MBS) and other securitized exposures -		
	a. Residential,	NIL	NIL
	b. Commercial Real Estate.	NIL	NIL
b.	Indirect Exposure		
	Fund based and non-fund based exposures on Housing Finance Companies (HFCs).	7434.72	6000.00

SCHEDULES FORMING PART OF THE ACCOUNTS**b. Asset Liability Management Maturity Pattern of certain items of Assets and Liabilities.**

(₹ in Crores)

	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	661.00								661.00
Market Borrowings	1142.30	76.45	41.99						1260.74
									1921.74
Assets									
Advances	128.09								128.09
Investments	1682.92	52.88		50.00	250.00			20.89	2056.69
									2184.78

18. Margin money Deposit for Equity and F&O represents ₹3 Lakhs for meeting margin requirements for Equity and F&O segment (previous year ₹1,000 Lacs)
19. 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 ₹ 41,66,805 /- towards stamp duty on non-SLR transactions (direct deals only) for the financial year

SCHEDULES FORMING PART OF THE ACCOUNTS

2011-12 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. The amount of provision is included under the head 'Short Term Provisions' in the balance sheet and 'Finance Costs' in the statement of profit and loss.

20. 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 ₹ 572.35 crores and peak net call borrowing during the year was ₹ 1,036.80 crores.

Leverage ratio: Average during the year was 7.08 and peak during the year was 9.00

Quarterly CRAR (Capital To Risk Weighted Asset Ratio) : Quarter ended June 30, 2011 – 23.00%, quarter ended September 30, 2011 – 22.82%, quarter ended December 31, 2011 – 26.33% and quarter ended March 31, 2012 – 24.91%.

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

	Particulars	31 st March 2012	31 st March 2011
I.	Assumption as at		
	Mortality	LIC (1994-96) Ult	LIC (1994-96) Ult
	Interest / Discount rate	8.65%	8.20%
	Rate of increase in compensation	5.00%	5.00%
	Rate of return (expected) on plan assets	8.00%	9.00%
	Employee Attrition Rate	10%	3.00%
	Expected average remaining service	15.19	21.14
II.	Changes in present value of obligations		
	PVO at beginning of period	17,90,883	12,15,257
	Interest cost	1,27,728	99,561
	Current Service Cost	4,37,337	4,71,076
	Benefits Paid	(4,66,442)	Nil
	Actuarial (gain)/loss on obligation	(81,452)	(2,62,191)
	PVO at end of period	18,08,054	17,90,883

SCHEDULES FORMING PART OF THE ACCOUNTS

	Particulars	31 st March 2012	31 st March 2011
III.	Changes in fair value of plan assets		
	Fair Value of Plan Assets at beginning of period	19,19,019	13,67,639
	Adjustment to opening balance	206	(119)
	Expected Return of Plan Assets	1,48,638	1,41,942
	Contributions	3,43,936	4,19,222
	Benefit Paid	(4,66,442)	Nil
	Actuarial (gain)/loss on Plan Assets	21,785	(9,665)
	Fair Value of Plan Assets at end of period	19,67,142	19,19,019
IV.	Actuarial Gain/(Loss) recognized		
	Actuarial (gain)/loss for the period (obligation)	81,452	2,62,191
	Actuarial (gain)/loss for the period (Plan assets)	21,785	(9,665)
	Total Gain/(Loss) for the period	1,03,237	2,52,526
	Actuarial gain/(loss) recognised for the period	1,03,237	2,52,526
	Unrecognized Actuarial gain/(loss) for the period	Nil	Nil
V.	Amounts to be recognized in the balance sheet and statement of profit & loss account		
	PVO at end of period	18,08,054	17,90,883
	Fair Value of Plan Assets at end of period	19,67,142	19,19,019
	Funded Status	1,59,088	1,28,136
	Unrecognised Actuarial Gain/(Loss)	Nil	Nil
	Net Asset/(Liability) recognized in the balance sheet	1,59,088	1,28,136
VI.	Expenses recognized in the statement of P & L A/c		
	Current Service Cost	4,37,337	4,71,076

SCHEDULES FORMING PART OF THE ACCOUNTS

	Particulars	31st March 2012	31st March 2011
	Interest Cost	1,27,728	99,651
	Past Service Cost –(non vested benefits)	Nil	26,338
	Past Service Cost –(vested benefits)	Nil	2,40,752
	Expected Return on Plan Assets	(1,48,638)	(1,41,942)
	Net Actuarial (Gain)/Loss recognized for the period	(1,03,237)	(2,52,526)
	Expenses recognized in the statement of P & L A/c	3,13,190	4,43,349

- a. **Leave Encashment:** The Company has made a provision of ₹ 10.63 lacs during the year for leave encashment on actuarial valuation basis.

22. Earning Per Share:

Calculation of EPS

Particulars	2012	2011
Opening number of shares	20,00,00,000	20,00,00,000
Closing number of shares	20,00,00,000	20,00,00,000
Weighted average number of shares for basic EPS	20,00,00,000	20,00,00,000
Profit / (Loss) after taxes	(6,45,64,268.92)	5,70,85,188
EPS	(0.32)	0.29

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011**SCHEDULE 17**

	(₹ in lakhs) Year ended 31.03.2012	(₹ in lakhs) Year ended 31.03.2011	
<u>Net Profit before Taxation</u>	(869.67)	809.40	
Adjusted for:			
Add: Depreciation on Fixed Assets	181.83	149.48	
Add: (Profit)/Loss on sale of Asset	(0.05)	10.99	
Less: Prior Period Item	3.92	-	
Operating Profit before working capital changes	(691.81)	969.87	
Increase/Decrease in Current Assets/Current Liabilities			
Decrease in Stock in Trade	43,103.63	(65,229.11)	
Decrease in Trade receivables	3.94	4.69	
Increase in Short-term loans and advances	(11,405.94)	5,047.99	
Decrease in Other current assets	759.44	(654.79)	
Increase in Long-term loans and advances	(8.12)	(8.70)	
Increase in Long Term Provisions	10.63	4.05	
Increase in Short Term Borrowings	12,681.35	82,072.57	
Decrease in Trade payables	(35.97)	11.98	
Increase in Other current liabilities	130.43	(239.27)	
Decrease in Short-term provisions	(3,968.27)	(243.08)	20,766.34
Cash generated from operation	40,579.30	21,736.21	
Tax Paid	200.01	513.30	
Net Cash flow from Operating Activities (A)	40,579.30	21,222.91	

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

	(₹ in lakhs) Year ended 31.03.2012	(₹ in lakhs) Year ended 31.03.2011
<u>Cash flow from Investing Activities</u>		
Add: Purchase of Securities	(26,165.95)	-
Add: Purchase of Fixed Assets	(6.08)	(249.96)
Sale of Assets	6.09	6.20
<u>Net Cash Flow from Investing Activities(B)</u>	<u>(26,165.95)</u>	<u>(243.76)</u>
Net increase in cash & cash equivalent(A+B+C)	14,413.35	20,979.15
Cash & cash equivalent at the beginning of the year	21,023.84	44.69
Cash & cash equivalent at the end of the year	35,437.19	21,023.84

**In terms of our report of even date
Directors**

For **Chandabhoy & Jassoobhoy**
Chartered Accountants

Samir M Chinoy

Partner

Mumbai, 20th April, 2012

For and on behalf of the Board of

(Pradeep Madhav) Managing Director

(D Basu) Chairman

(A V Rajwade) Director

(V Sridar) Director

(Kalpesh Mody) Company Secretary

STCI FINANCE LIMITED



STCI COMMODITIES LIMITED

**Annual Report
For The Year Ended
31st March, 2012**

Annual Report 2011-12

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DIRECTORS' REPORT

TO THE SHAREHOLDERS OF

STCI Commodities Limited

The Directors take pleasure in presenting the Eighth Annual Report of the Company with the audited accounts for the year ended March 31, 2012.

FINANCIAL RESULTS

(₹ In Lakhs)

	March 31, 2012	March 31, 2011
Total Income	23.15	53.94
Profit/(Loss) before provision, depreciation, taxes	(2.09)	27.91
Depreciation	(6.37)	(13.20)
Profit/(Loss) before provision, taxes	(8.46)	14.71
Tax expenses	(15.26)	3.78
Net Profit/(Loss) after tax	(23.72)	18.49

FINANCIAL PERFORMANCE

Your Company has discontinued the commodity broking business with effect from September 20, 2011. In view of this, the company's operational figures were severely affected. The Company reports a loss before tax of ₹ 8.46 lakhs for the year ending March 31, 2012 as compared to profit before tax of ₹ 14.71 Lakhs in the previous year. The loss after providing tax expenses of ₹ 15.26 lakhs stands increased to ₹ 23.72 lakhs as against a profit after tax of ₹ 18.49 lakhs in the previous 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 ₹ 26,658.70 lakhs as compared to ₹ 2,33,903.99 lakhs in the previous year. The brokerage income earned during the year was ₹ 10.59 lakhs as compared to ₹ 45.98 lakhs in the previous year. Besides, company has earned interest income on FDR of ₹ 12,03,408/- as against the FDR interest income of ₹ 1,043,309/- in the previous year.

KEY FORWARD

Your Company has discontinued the commodity broking business with effect from September 20, 2011 and is in the process of liquidating its assets and liabilities. The option to sell the company or alternatively to

DIRECTORS' REPORT

exit through the Fast Track Exit Scheme 2011 of Ministry of Corporate affairs or wind up as per the law in force are being explored.

BOARD OF DIRECTORS

As per the provisions contained in the Companies Act, 1956 and the Articles of Association of the Company Shri P. Sanyal retire by rotation and being eligible, offers himself for re-appointment. The brief resume/details relating to Shri P. Sanyal, 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 confirms that:

- a. In the preparation of Annual Accounts, the applicable accounting standards have been followed and that there are no material departures.
- b. Appropriate accounting policies have been selected and applied them consistently and made judgments and estimates made are reasonable and prudent so as to give true and fair view of the state of affairs of the company at the end of the financial year and the profit of the company for that period.
- c. Proper and sufficient care has been taken to the best of their knowledge and the ability for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 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. Contractor, Nayak & Krishnadwala, 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 of the Company upto the period ending September 30, 2011.

REGULATORY COMPLIANCE

The Company has complied with all applicable rules, regulations & guidelines of MCX & NCDEX and NSPOT.

The Company has obtained 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, 2012 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
Date: 18th April, 2012

D S R Murthy
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 2012 and also the Statement of 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 standards on auditing 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 the Statement of 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 the Statement of 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;
 - (e) On the basis of written representations received from the directors of the company as on March 31, 2012 and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2012 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

AUDITOR'S REPORT

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, 2012;
 - (ii) in the case of the Statement of Profit and Loss Account, of the loss 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.
5. Without qualifying our opinion, we draw attention to Note No. 9 to the financial statements, during the year; the company has taken decision to discontinue the commodity broking business. Accordingly, the accounts have not been prepared on the assumption of going concern basis.

For Contractor, Nayak & Kishnadwala
Chartered Accountants
Firm Registration No: 101961W

Hiren Shah
(Partner)
Membership No: 100052

Place: Mumbai

Date: 18th April, 2012

ANNEXURE TO THE AUDITORS' REPORT

With reference to the Annexure referred to in **paragraph 6.1** of the report of the Auditors' to the Members of STCI Commodities Limited on the accounts for the year ended 31st March 2012, 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 were verified during the year. Fixed Assets are physically verified by the management at an interval of once in a three year, which in our opinion is reasonable, having regards to the size of the company and nature of its assets.
- (c) During the year, the company has taken the decision to write off the fixed assets to the extent of ₹ 930,964/-
- (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.
- (b) Since the company has not granted any loans, clause (b) of Para iii of Companies (Auditor's Report) Order, 2003 does not apply.
- (c) Since the company has not granted any loans, clause (c) of Para iii of Companies (Auditor's Report) Order, 2003 does not apply.
- (d) The Company had taken an unsecured loan from STCI Finance Limited in the earlier year, which is now fully repaid and hence there was no outstanding as at 31st March, 2012.
- (e) 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.
- (f) The loan has now been fully repaid hence clause (f) of para iii of Companies (Auditor's Report) Order, 2003 does not apply.
- (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 Finance Limited 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 deposits from public during the year, within the directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA and other relevant provisions of the Act and the rules framed thereunder. 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)	13,48,770	Out of the total demand raised for ₹ 15,87,192, the refund to the extent of ₹ 1,10,068 & ₹1,28,354 for FY 2008-09 & FY 2009-10 respectively has been adjusted against outstanding demand for AY 2007 08.(Dispute pending with Assessing officer for rectification of mistake under sec 154 of the Income tax Act, 1961).
	F.Y 2007-08 (A.Y 2008-09)	24,821	TDS Demand pending before Assessing Officer

- (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.

ANNEXURE TO THE AUDITORS' REPORT

- (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 fund during the year.
- (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, provisions of clause (xi) to (xiii) and (xv) to (xx) of para 4 of the Order are not applicable to the Company.

For Contractor, Nayak & Kishnadwala
Chartered Accountants
Firm Registration No: 101961W

Hiren Shah
(Partner)

Membership No: 100052

Place: Mumbai

Date: 18th April, 2012

BALANCE SHEET AS AT MARCH 31, 2012

(Amount in ₹)

Particulars	NoteNo.	As at March 31, 2012	As at March 31, 2011
I EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	1.1	45,000,000	45,000,000
(b) Reserves and surplus	1.2	(32,385,445)	(30,013,600)
Sub-Total- (A)		12,614,555	14,986,400
2 Share Application Money Pending Allotment			
Sub-Total- (B)		0	0
3 Non-current liabilities			
(a) Deferred tax liabilities (Net)	2.1	0	180,964
(b) Other long term liabilities	2.2	0	1,442,532
Sub-Total-(C)		0	1,623,496
4 Current liabilities			
(a) Short-term borrowings	3.1	0	5,000,000
(b) Trade payables	3.2	1,596,610	24,301,306
(c) Other current liabilities	3.3	8,742	52,386
Sub-Total-(D)		1,605,352	29,353,692
TOTAL (A+B+C+D)		14,219,907	45,963,588
II ASSETS			
5 Non-current assets			
(a) Fixed assets	4.1		
(i) Tangible assets		0	736,832
(ii) Intangible assets		0	908,633
Sub-Total-(E)		0	1,645,465

BALANCE SHEET AS AT MARCH 31, 2012

(Amount in ₹)

Particulars	NoteNo.	As at March 31, 2012	As at March 31, 2011
6 Current assets			
(a) Current investments	5.1	1,017,266	2,028,000
(b) Cash and cash equivalents	5.2	9,424,377	17,733,612
(c) Other current assets	5.3	3,778,263	24,556,511
Sub-Total-(F)		14,219,907	44,318,123
TOTAL (E+F)		14,219,907	45,963,588

Note No. 1 to 15 form an integral part of this Accounts

As per our attached report of even date

For and on behalf of the Board

For Contractor, Nayak and Kishnadwala
Chartered Accountants
 Firm Regn No.: 101961W

D S R Murthy Chairman
P. Sanyal Director
P. Madhav Director

Hiren C. Shah
 Partner
 Membership No.: 100052

Place: Mumbai
 Date: 18th APRIL 2012

Place: Mumbai
 Date: 18th APRIL 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

(Amount in ₹)

Particulars	NoteNo.	For the year ended March 31, 2012	For the year ended March 31, 2011
I Revenue from operations	6	719,972	3,741,982
II Other income	7	1,594,670	1,651,936
III Total revenue (I + II)		2,314,641	5,393,918
IV Expenses:			
Other expenses	8	2,523,294	2,602,493
Depreciation and amortization expense	4.1	637,434	1,319,940
V Total Expenses		3,160,728	3,922,433
VI Earnings before tax (III-V)		(846,087)	1,471,485
VII Tax expense:			
Current tax		0	0
Short / (Excess) provision for tax of earlier year	9.4	1,706,722	0
Deferred tax liability/ (asset)		(180,964)	(377,633)
VIII Profit /(Loss) for the period		(2,371,844)	1,849,118
IX Earnings per equity share of face value of ₹10			
(1) Basic		(0.53)	0.41
(2) Diluted		0	0

Note No. 1 to 15 form an integral part of this Accounts

As per our attached report of even date

For and on behalf of the Board

For Contractor, Nayak and Kishnadwala
Chartered Accountants
 Firm Regn No.: 101961W

D S R Murthy Chairman
P. Sanyal Director
P. Madhav Director

Hiren C. Shah
 Partner
 Membership No.: 100052

Place: Mumbai
 Date: 18th APRIL 2012

Place: Mumbai
 Date: 18th APRIL 2012

NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012

(Amount in ₹)

NOTE NO. 1.1: SHARE CAPITAL

Particulars	As at March 31, 2012	As at March 31, 2011
Authorised		
5,000,000 (PY:5,000,000) Equity shares of ₹10/- each	50,000,000	50,000,000
Issued, Subscribed & Fully paid up		
Equity Share Capital		
4,500,000 (PY: 4,500,000) Equity shares of ₹ 10/- each fully paid-up	45,000,000	45,000,000
TOTAL	45,000,000	45,000,000

Details of Shareholding as at March 31, 2012

- i) STCI Commodities Limited is a 100% wholly owned subsidiary company of STCI Finance Limited
- ii) Shareholders holding more than 5% of Equity Shares

Name of Shareholder	No of Shares	% of holding
1. STCI Finance Limited	4,470,000	99.34%
2. STCI Finance Limited jointly with Shri KV Ramakrishnan	5,000	0.11%
3. STCI Finance Limited jointly with Shri Sudama Ram	5,000	0.11%
4. STCI Finance Limited jointly with Shri Kamlesh Rathi	5,000	0.11%
5. STCI Finance Limited jointly with Ms Suparna Sharma	5,000	0.11%
6. STCI Finance Limited jointly with Ms Sabita Bragenza	5,000	0.11%
7. STCI Finance Limited jointly with Shri Alope Prasad	5,000	0.11%
STCI FINANCE LIMITED (PY: 4,500,000 No of shares, 100% holding)	4,500,000	100.00%

- iii) Reconciliation of number of equity shares (F.V. of ₹10 each)

Particulars	As at March 31, 2012		As at March 31, 2011	
	No of shares	Amount in ₹	No of shares	Amount in ₹
Number of shares at the beginning of year	4,500,000	45,000,000	4,500,000	45,000,000

NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012

(Amount in ₹)

Particulars	As at March 31, 2012		As at March 31, 2011	
	No of shares	Amount in ₹	No of shares	Amount in ₹
Add: Shares Issued	0	0	0	0
Less: Share bought back / forfeited	0	0	0	0
Number of shares at the end of year	4,500,000	45,000,000	4,500,000	45,000,000

Each equity share is entitled to one voting right only

- iv) There has not been any change in share capital structure of the company either by way of issue of shares or buy back of shares during the last five years.

NOTE NO. 1.2: RESERVES & SURPLUS

(Amount in ₹)

Particulars	Opening as at 01/04/2011	Additions	Deductions	Balance as at 31/03/2012
Surplus / (Deficit) as per Profit and Loss Account	(30,013,600)	(2,371,844)	0	(32,385,445)
Total	(30,013,600)	(2,371,844)	0	(32,385,445)

Details of Profit and Loss Surplus / (Deficit) is as given below:

(Amount in ₹)

Particulars	March 31,2012	March 31,2011
Surplus / (Deficit) at beginning of the year	(30,013,600)	(31,862,719)
Add: Net Profit / (Loss) for the current year	(2,371,844)	1,849,118
Surplus / (Deficit) at end of the year	(32,385,445)	(30,013,600)

NOTE NO. 2.1: DEFERRED TAX LIABILITY (NET)

(Amount in ₹)

Particulars	March 31,2012	March 31,2011
Deferred tax liability		
Deferred tax liability / assets on account of timing difference of depreciations	0	180,964
	0	180,964

NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012

Outstanding balance in deferred tax liabilities of ₹180,964/- on account of timing difference arising due to depreciation have been fully reversed and no further provision for deferred tax have been made in the financial statements in view of discountinuanace of operations of the company and uncertainty of profit in the future years.

NOTE NO. 2.2: OTHER LONG TERM LIABILITIES

(Amount in ₹)

Particulars	March 31,2012	March 31,2011
Deposit of Trading members and Authorised Persons	0	586,289
Other payables (Client credit balance and others)	0	856,243
Total	0	1,442,532

NOTE NO. 3.1: SHORT TERM BORROWINGS

(Amount in ₹)

Particulars	March 31,2012	March 31,2011
Unsecured		
Loans and advances from related parties		
- STCI Finance Limited (Holding Company)	0	5,000,000
Total	0	5,000,000

Unsecured interest free loan was taken in earlier year from related party STCI Finance Limited (Parent holding company) and was repaid during the current financial year. The Loan was taken to facilitate working capital requirement of company after the 100% stake was bought by STCI Finance Limited from UTI Securities Limited.

NOTE NO. 3.2: TRADE PAYABLES

(Amount in ₹)

Particulars	March 31,2012	March 31,2011
Trade payables		
- Due to Small and Micro Enterprises #	0	0
- Other than Micro and Small Entepriases		
i. to Subsidiaries	0	0

NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012

(Amount in ₹)

Particulars	March 31,2012	March 31,2011
ii. to Others		
a) Exchange Obligation	0	11,880,008
b) Other trade payables	1,596,610	12,421,298
Total	1,596,610	24,301,306

There are no dues payable to Micro, Small and Medium Enterprises in view of the nature of the business of the Company. The Company has not received any intimation from the suppliers regarding status under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act). In view of this, information required under revised schedule VI of the Companies Act, 1956 to that extent is not given.

NOTE NO. 3.3: OTHER CURRENT LIABILITIES

(Amount in ₹)

Particulars	March 31,2012	March 31,2011
Other Payables		
Statutory dues	8,742	52,386
Total	8,742	52,386

NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE NO. 4.1: FIXED ASSETS

(Amount in ₹)

PARTICULARS	GROSS BLOCK			DEPRECIATION/AMORTIZATION			NET BLOCK	
	Opening as at April 01, 2011	Addition for the year	Closing as at March 31, 2012	Opening as at April 01, 2011	For the year	Deduction/ Adjustments	Closing as at March 31, 2012	Closing as at March 31, 2011
I Tangible Assets:								
a) Data Processing Equipment (Computer System)*	2,501,595	16,695	0	1,817,816	391,885	2,209,701	0	683,779
b) Furniture & Fixtures	0	0	0	0	0	0	0	0
c) Office Equipments	88,720	0	0	35,667	7,488	43,155	(0)	53,053
Sub-Total- (I)	2,590,315	16,695	0	1,853,483	399,374	2,252,856	(0)	736,832
<i>Previous Year</i>	<i>3,780,829</i>	<i>11,200</i>	<i>2,590,315</i>	<i>2,146,930</i>	<i>541,061</i>	<i>834,507</i>	<i>1,853,484</i>	<i>736,831</i>
II In-Tangible Assets:								
a) Software & Licenses	3,932,471	0	0	3,849,717	82,754	0	3,932,471	82,754
b) Commodity exchange Membership	1,510,000	0	0	684,120	155,307	839,427	0	825,880
Sub-Total- (II)	5,442,471	0	3,932,471	4,533,838	238,061	839,427	3,932,471	908,633
<i>Previous Year</i>	<i>5,442,471</i>	<i>0</i>	<i>5,442,471</i>	<i>3,754,958</i>	<i>778,879</i>	<i>0</i>	<i>4,533,838</i>	<i>908,634</i>
Total- (I+II)	8,032,786	16,695	3,932,471	6,387,320	637,434	3,092,283	3,932,471	1,645,465
<i>Previous Year</i>	<i>9,223,300</i>	<i>11,200</i>	<i>8,032,786</i>	<i>5,901,888</i>	<i>1,319,940</i>	<i>834,507</i>	<i>6,387,321</i>	<i>1,645,465</i>

n.b. After Writing off Data Processing Equipments of ₹214,557/-, Balance data processing equipment having WDV of ₹94,031/- have been transferred to other current assets and are shown as held for disposal.

NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE NO. 5.1: CURRENT INVESTMENTS

Particulars	Face Value	Quantity (units)	(Amount in ₹)	
			March 31,2012	March 31,2011
Other Investments (Non Trade)				
Quoted				
Investment in Mutual fund units				
LIC Mutual Fund Saving Fund (PY units: 130475.903)	₹10	62241.840	1,017,266	2,028,000
Total			1,017,266	2,028,000
Additional information				
Aggregate amount of quoted investments			1,017,266	2,028,000
Market value of quoted investment			1,046,727	2,028,000

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

NOTE NO. 5.2: CASH AND CASH EQUIVALENTS

Particulars	(Amount in ₹)	
	March 31,2012	March 31,2011
Cash and Cash Equivalents		
Balances with Bank	626,972	3,588,719
Cash on hand	5,123	2,387
Other		
- Fixed Deposit with original maturity of 3 months or less ¹	3,292,282	4,595,000
Other Bank Balances		
- Fixed Deposit with maturity of more than 3 months but less than 12 months ²	5,500,000	9,547,506
Total	9,424,377	17,733,612

¹ Fixed deposits of ₹32,92,282/- has been lien marked in favour of National Commodity and Derivative Exchange Limited (NCDEX) for additional base capital.

² Out of the fixed deposits of ₹55,00,000/-, ₹15,00,000/- FD has been lien marked in favour of National Commodity and Derivative Exchange Ltd. (NCDEX) as Base Capital and remaining fixed deposit of ₹40,00,000/- are clean fixed deposit maturing within 12 months from the reporting period

NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE NO. 5.3: OTHER CURRENT ASSETS

(Amount in ₹)

Particulars	March 31,2012	March 31,2011
Others		
- Prepaid Expenses	0	27,478
- Tax Deducted at Source / Refund Due (Refer Note No 9.4)	706,571	935,630
- Interest Accrued but not due (on Fixed Deposits with Banks)	469,322	738,427
- Cash deposit with Commodities Exchanges ³	2,505,581	22,809,344
- Others	2,758	45,632
- Fixed Assets (Held for Disposal) (Refer Note No. 4.1 & 9.1)	94,031	0
Total	3,778,263	24,556,511

³ Cash Deposit with Commodities Exchanges

The Company has placed Base Capital and additional Capitals with Commodities Exchanges amounting to ₹72,97,862/- The details of the same are as under:

(Amount in ₹)

Deposits with Exchanges	Nature of Deposit	March 31,2012	March 31,2011
National Commodity and Derivative Exchange Ltd.	Base Capital- Cash	1,500,000	1,500,000
National Commodity and Derivative Exchange Ltd.	Additional Base Capital- Cash	0	8,101,873
Multi Commodity Exchange	Base & Additional Capital - Cash	1,005,581	13,207,471
Total Base Capital in Cash		2,505,581	22,809,344
Multi Commodity Exchange	Additional Base Capital - FD	0	6,200,000
National Commodity and Derivative Exchange Ltd.	Additional Base Capital - FD	3,292,282	6,442,506
National Commodity and Derivative Exchange Ltd.	Base Capital - FD	1,500,000	1,500,000
Base/Additional Capital in FDR (Non-Cash)		4,792,282	14,142,506
Total of Base and Additional Base Capital		7,297,862	36,951,850

NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE NO. 6: REVENUE FROM OPERATIONS

(Amount in ₹)

Particulars	March 31,2012	March 31,2011
Sale of Services		
Broking Income (Net of Service Tax)	1,059,485	4,598,103
Less: Sharing of brokerage	(339,513)	(856,120)
Total	719,972	3,741,982

NOTE NO. 7: OTHER INCOME

(Amount in ₹)

Particulars	March 31,2012	March 31,2011
Interest income		
- from banks [Tax deducted at source ₹120,341/- (PY: ₹104,331/-)]	1,203,408	1,043,309
Interest on Income tax refund	14,130	0
Net gain on sale of current investments	71,164	188,197
Sundry Balance written back etc	305,967	420,430
Total	1,594,670	1,651,936

NOTE NO. 8: OTHER EXPENSES

(Amount in ₹)

Particulars	March 31,2012	March 31,2011
Rates & Taxes	12,835	3,310
Travelling expenses	39,152	15,995
Vsat Charges	24,028	33,647
Legal & Professional charges	361,754	238,064
Repairs & Maintenance (other than building)	28,585	83,200
Printing & Stationery	362	21,738

NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012

(Amount in ₹)

Particulars	March 31,2012	March 31,2011
Telephone and Connectivity	0	68,233
Postage and Courier	16,658	34,521
Membership & Subscription	170,984	186,016
Advertisement	0	77,760
Conveyance	7,364	9,123
Insurance	7,343	10,015
Auditor's remuneration :		
for Audit	60,000	50,000
for Taxation Matters	0	20,000
Miscellaneous Expenses	154,204	33,377
Fixed Assets Written off	930,694	366,707
Service Charges	630,000	1,260,000
Bank and DP Charges	24,330	30,787
Director's Sitting fees	55,000	60,000
Total	2,523,294	2,602,493

Expenses in excess of 1% of revenue from operations or ₹100,000/- whichever is higher are Sundry balance written off of ₹135,117.84 included in the miscellaneous expenses of ₹ 154,204/- above.

NOTE NO. 9: THE COMPANY AND THE NATURE OF ITS BUSINESS

STCI Commodities Limited was incorporated on September 20, 2004 with the object of carrying on the business of trading and broking in commodities on the various Commodity Exchanges ie Multi Commodity Exchange (MCX) and National Commodity and Derivative Exchange (NCDEX), Mumbai.

Keeping in view the business dynamics of standalone commodity broking business and its mounting losses, broking operations were scaled down substantially in the last 2-3 years. During the year, the decision was taken to discontinue the commodity broking operations in the board meetings held in April 2011 and September 2011. Accordingly the broking operations were discontinued with effect from 20th September 2011. Presently, the company is in the process of paying off all its liabilities, liquidating its assets and settling the client accounts & legal cases. Accordingly, on the grounds of prudence and considering the requirements of Accounting Standard -1 (AS) on "Disclosure of Accounting Policies" the accounts have not been prepared on the assumption of going concern basis. Consequently, the accounts for the current year

NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012

have been drawn as per net realizable value and following adjustments have been made while preparing the financial statements:

NOTE NO. 9.1 : FIXED ASSETS:

(Amount in ₹)

Descriptions	WDV as on March 31, 2012	Net realizable value March 31, 2012	Fixed Asset Written off
1. Office Equipments	45,565	0	45,565
2. Data Processing Equipments (Computer System)	214,557	0	214,557
3. Commodity Exchange Membership Card	670,572	0	670,572
Total	930,694	0	930,694

The above fixed assets to the tune of ₹930,964/- have been written off while preparing financial statements for the year ended March 31, 2012. The balance written down value of ₹94,031/- represents the realisable value of assets and has been shown as assets held for disposal under other current assets.

NOTE NO. 9.2: DEFERRED TAX LIABILITIES:

Outstanding balance in deferred tax liabilities of ₹180,964/- on account of timing difference arising due to depreciation have been fully reversed and no further provision for deferred tax have been made in the financial statements in view of discountinuanace of operations of the company and uncertainty of profit in the future years

NOTE NO. 9.3: OTHER ASSETS AND LIABILITIES:

As per management's view, all other assets and liabilities, wherever appropriate, have been shown at net realizable value and/or have been written off / written back while preparing the financial statements for the year ended March 31, 2012.

NOTE NO. 9.4: SHORT PROVISION FOR TAXES INCLUDES AMOUNTS AS UNDER:

- a) During the current year a provision of ₹16,39,137/- has been made for earlier year i.e. FY 07-08. The provision was made on the basis of CIT(A) order upholding the disallowance made by AO for non deduction of TDS. Based on the order, the demand of ₹ 13,45,781/- (after taking into account the TDS) was received and paid during the year. The appeal filed by Company against the CIT(A) order is pending before ITAT.

NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012

- b) A provision of ₹ 67,585/- also has been made as short provision of tax for earlier year i.e. FY 06-07. The provision was made after considering i) the order passed by AO raising a demand of ₹ 15,87,192/- and ii) the rectification application filed for adjusting of b/f loss. The balance TDS amount of ₹ 103,661/- has been shown as Refund due along with the wrongly adjusted refunds of ₹ 110,068/- and ₹ 128,354/- for FY 08-09 & FY 09-10 respectively against the demand outstanding for AY 07-08 as per IT Department.

Details of short provisions Short / (Excess) provision for tax of earlier year

Descriptions	Assessment year in respect of which provision is made	Amount in ₹
Demand paid of ₹1,345,781/- after adjusting TDS of ₹293,356/-	A.Y. 2008-09	1,639,137
Short provision after adjusting B/F losses and considering TDS of ₹103,661/-	A.Y. 2007-08	67,585
Total		1,706,722

NOTE NO. 10 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**NOTE NO. 10.1: REVISED SCHEDULE VI**

By virtue of the revision to the schedule VI of the companies Act 1956, the accompanying financial statements have been prepared as per new requirement as prescribed in the revision to the Schedule VI. Previous year Amount have been regrouped/ reclassified and recast wherever necessary to confirm to current year's classification.

NOTE NO. 10.2: ACCOUNTING CONVENTIONS

The financial statements have been prepared and presented under 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.

NOTE NO. 10.3:**a) Fixed Assets**

Fixed assets are stated at net realizable value.

b) Depreciations**i) Tangible Assets**

Depreciation on fixed assets is provided on straight-line method over the estimated economic

NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012

useful life of the assets as assessed by the management as provided in the table below

ii) Intangible Assets

Intangible Assets are amortized over the estimated economic useful life as assessed by the management, but not exceeding the period as provided in the table below

Descriptions	Type of Assets	Life of Assets
Furniture and Fixtures	Tangible	10 Years
Data Processing Equipments / Computers	Tangible	5 years
Office equipment	Tangible	10 years
Software	Intangible	3 years
Membership Card- Commodity Exchange	Intangible	10 years

NOTE NO. 10.4: REVENUE RECOGNITIONS

- i) Brokerage income is recognized on trade date.
- ii) Dividend is accounted on an accrual basis when the right to receive the dividend is established.
- iii) Interest Income is recognized on accrual.

NOTE NO. 10.5: INVESTMENTS

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

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

NOTE NO. 10.6: 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.

NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012**NOTE NO. 10.7: PROVISION AND CONTIGENCIES**

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

NOTE NO. 11 : RELATED PARTY DISCLOSURE

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

Name of Related Party	Nature of Relationship
1. STCI Finance Limited	Holding Company
2. STCI Primary Dealer Ltd	Fellow Subsidiary

B) Transaction with Holding / Group Company

(Amount in ₹)

Name of Related Party	Nature of Transaction	March 31,2012	March 31,2011
1. Loan Outstanding	STCI Finance Limited	NIL	5,000,000
2. Loan Repaid	STCI Finance Limited	5,000,000	2,000,000
3. Support Service for Business*	STCI Finance Limited	630,000	1,260,000
4. Sitting Fees Paid	STCI Finance Limited	35,000	40,000
5. Brokerage Received	STCI Finance Limited	NIL	2,008,325

* Company has been managed by the STCI Finance Limited's staff along with the infrastructure/ support services from STCI for which a monthly service charges of ₹105,000/- plus taxes has been paid. The service charges of ₹ 105,000/- per month have been paid only till the month of September 2011.

NOTE NO. 12**EARNING PER SHARE**

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

NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012

EARNING PER SHARE - BASIC AND DILUTED

(Amount in ₹)

Particulars	March 31,2012	March 31,2011
Profit/(Loss) after tax for the year	(2,371,844)	1,849,118
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	(0.53)	0.41

NOTE NO. 13

SEGMENT REPORTING

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

NOTE NO. 14

CONTINGENT LIABILITIES

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 ₹24,821/-. The details of disputed dues are as follows:

Assessment Year	Amount in ₹
1. 2008-2009	24,821
Total	24,821

NOTE NO. 15

There are no dues payable to Micro, Small and Medium Enterprises in view of the nature of the business of the Company. The Company has not received any intimation from the suppliers regarding status under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act). In view of this, information required under revised schedule VI of the Companies Act, 1956 to that extent is not given.

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

(Amount in ₹)

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net (Loss) / Profit before tax and extraordinary items	(846,087)	1,471,485
Adjustments for:		
Depreciation	637,434	1,319,940
Fixed assets written off	930,694	366,707
Interest Income	(1,217,538)	(1,043,309)
Loss / (Profit) on sale of Investments	(71,164)	(188,197)
	279,426	455,141
Operating Profit / (loss) before working capital changes	(566,660)	1,926,626
Changes in Working Capital:		
Increase / (Decrease) in Trade Payable	(22,704,697)	10,673,197
(Decrease) / Increase in Other Current Liabilities	(43,644)	(1,507)
(Decrease) / Increase in Other Long Current Liabilities	(1,442,532)	(4,231,651)
(Decrease) / Increase in trade receivables	0	19,772
(Decrease) / Increase in other current assets	20,643,220	(12,228,384)
	(3,547,652)	(5,768,573)
CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES	(4,114,313)	(3,841,947)
Less: Taxes Paid	(1,477,663)	(104,331)
NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES	(5,591,976)	(3,946,278)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of tangible / intangible assets	(16,695)	(11,200)
Sale of tangible / intangible assets	0	500
(Purchase) / Sale of Current Investments	1,010,734	1,272,000

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

(Amount in ₹)

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Profit on sale of investment	71,164	188,197
Interest Received	1,217,538	1,043,309
NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES	2,282,741	2,492,806
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of borrowings	(5,000,000)	(2,000,000)
NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES	(5,000,000)	(2,000,000)
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	(8,309,235)	(3,453,472)
Cash and Cash equivalents at beginning period	17,733,612	21,187,084
Cash and Cash equivalents at end of period	9,424,377	17,733,612

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

As per our attached report of even date

For and on behalf of the Board

For Contractor, Nayak and Kishnadwala
Chartered Accountants
 Firm Regn No.: 101961W

D S R Murthy Chairman
P. Sanyal Director
P. Madhav Director

Hiren C. Shah
 Partner
 Membership No.: 100052

Place: Mumbai
 Date: 18th APRIL 2012

Place: Mumbai
 Date: 18th APRIL 2012

STCI FINANCE LIMITED



CONSOLIDATED ACCOUNTS

**Annual Report
For The Year Ended
31st March, 2012**



Annual Report 2011 - 12

D. CONSOLIDATED ACCOUNTS

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INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF STCI FINANCE LIMITED (FORMERLY SECURITIES TRADING CORPORATION OF INDIA LIMITED)

Report on the financial statements

We have audited the accompanying consolidated financial statements of **STCI Finance Limited** ('the Company') which comprise the consolidated balance sheet as at March 31, 2012, the consolidated statement of profit and loss and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free of material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatements.

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

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



INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF STCI FINANCE LIMITED (FORMERLY SECURITIES TRADING CORPORATION OF INDIA LIMITED)

Opinion

In our opinion and to the best of our information and according to the explanations given to us the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) In the case of consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
- ii) In the case of consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- iii) In the case of consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of
Chandabhoy & Jassoobhoy
Chartered Accountants
Firm Registration No. – 101647W

Manish D. Shah
Partner
Membership No.: 38955

Mumbai; April 23, 2012

**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2012**

(₹ in lakhs)

Particulars	Note No.	As at March 31, 2012	As at March 31, 2011
I EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share capital	1.1	38,000.00	38,000.00
(b) Reserves and surplus	1.2	48,637.03	48,175.45
Sub-Total - (A)		86,637.03	86,175.45
2 Non Current Liabilities			
(a) Long term borrowings		0.00	0.00
(b) Deferred tax liabilities (net)		0.00	0.00
(c) Other long term liabilities	2.1	0.00	15.70
(d) Long term provisions	2.2	4,254.27	2,258.12
Sub-Total - (B)		4,254.27	2,273.82
3 Current Liabilities			
(a) Short term borrowings	3.1	315,794.33	228,992.22
(b) Trade payables	3.2	65.90	383.24
(c) Other current liabilities	3.3	529.92	380.71
(d) Short term provisions	3.4	6,610.53	10,615.96
Sub-Total - (C)		323,000.69	240,372.13
TOTAL (A+B+C)		413,891.99	328,821.40
II ASSETS			
1 Non Current Assets			
(a) Fixed assets (Net)	4.1		
i) Tangible assets		5,012.03	5,323.19
ii) Intangible assets		12.54	52.54



CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2012

(₹ in lakhs)

Particulars	Note No.	As at March 31, 2012	As at March 31, 2011
iii) Capital work in progress			
(b) Non current investments	4.2	71,843.49	10,615.32
(c) Deferred tax assets (net)	4.3	267.55	120.98
(d) Long term loans and advances	4.4	10,999.61	23,659.11
(e) Other non current assets	4.5	5,949.89	4,658.41
Sub-Total - (A)		94,085.11	44,429.55
2 Current Assets			
(a) Current investments	5.1	1,010.17	20.28
(b) Inventories	5.2	142,005.97	202,102.95
(c) Trade receivables	5.3	47.01	4.55
(d) Cash and cash equivalents	5.4	36,373.49	22,052.79
(e) Short term loans and advances	5.5	131,928.07	47,491.00
(f) Other current assets	5.6	8,442.17	12,720.28
Sub-Total - (B)		319,806.88	284,391.85
TOTAL (A+B)		413,891.99	328,821.40

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

As per our report of even date

For and on behalf of

Chandabhoy & Jassoobhoy

Chartered Accountants

Firm Registration No. 101647W

(Manish D. Shah)

Partner

Membership No. 38955

Mumbai,

April 23, 2012

On behalf of the Board of Directors

(D. Basu)

Chairman

(V. Sridar)

Director

(P. Sanyal)

Managing Director

(Suparna Sharma)

Company Secretary

(Kamlesh Rathi)

Asst. General Manager

Mumbai,

April 23, 2012

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012**

(₹ in lakhs)

Particulars	Note No.	For the year ended March 31, 2012	For the year ended March 31, 2011
I Revenue from Operations			
a) Interest income	7.1	31,555.44	22,837.42
b) Other financials services	7.2	687.16	652.53
c) Profit/(Loss) on sale of securities	7.3	(1,423.23)	(1,604.47)
		30,819.37	21,885.48
II Other income	8	677.05	872.62
III Total Revenue (I+II)		31,496.42	22,758.10
IV Expenses			
Employee benefit expenses	9	855.86	895.01
Finance costs	10	22,893.70	14,350.89
Depreciation and amortisation expenses	4.1	358.87	312.88
Other expenses	11	1,281.90	1,496.81
Contingent provision against standard assets		141.08	172.61
Total Expenses		25,531.41	17,228.20
V Profit before exceptional and extraordinary items and tax (III - IV)		5,965.01	5,529.90
VI Exceptional items		0.00	842.42
VII Profit before tax (V+VI)		5,965.01	6,372.32



CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lakhs)

Particulars	Note No.	For the year ended March 31, 2012	For the year ended March 31, 2011
VIII Tax expenses			
i) Current tax		2,063.00	1,325.75
Less: MAT Credit Entitlement		0.00	(1,122.51)
ii) Deferred tax		(144.78)	1,606.38
iii) Short / (Excess) provision for tax of earlier year(s)		36.14	(87.36)
Prior Period Expenses		3.92	0.00
IX Profit and loss from continuing operations (VII+VIII)		4,006.73	4,650.06
X Profit/(loss) from discontinuing operations		(8.46)	14.71
XI Tax expenses on discontinuing operations		(15.26)	3.78
XII Profit/(loss) from discontinuing operations (X+XI)		(23.72)	18.49
XIII Profit and loss from operations (after tax) (IX +XII)		3,983.01	4,668.55
XIV Earning per equity share of par value of ₹100/- each			
i) Basic Earning Per Share (EPS)		10.48	12.29
ii) Diluted Earning Per Share (EPS)		10.48	12.29

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

As per our report of even date

For and on behalf of

Chandabhoy & Jassoobhoy

Chartered Accountants

Firm Registration No. 101647W

(Manish D. Shah)

Partner

Membership No. 38955

Mumbai,

April 23, 2012

On behalf of the Board of Directors

(D. Basu)

Chairman

(V. Sridar)

Director

(P. Sanyal)

Managing Director

(Suparna Sharma)

Company Secretary

(Kamlesh Rathi)

Asst. General Manager

Mumbai,

April 23, 2012

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**

(₹ in lakhs)

NOTE NO. 1.1: SHARE CAPITAL

Particulars	As at March 31, 2012	As at March 31, 2011
Authorised		
50,000,000 (Previous Year - 50,000,000) Equity shares of ₹100/-each	50,000.00	50,000.00
	50,000.00	50,000.00
Issued, subscribed, and fully paid up		
Equity Share Capital	38,000.00	38,000.00
38,000,000 (Previous Year - 38,000,000) Equity shares of ₹100/- each fully paid up		
Total	38,000.00	38,000.00

a) Details of Shareholding as at March 31, 2012

- i) 1,13,83,781 number of equity shares of ₹100/- each held by Bank of India, the largest shareholder of the company.
- ii) Shareholders holding more than 5% of Equity Shares of the Company

Name of Shareholder	As at March 31, 2012		As at March 31, 2011	
	No of Shares	% of holding	No of Shares	% of holding
Bank of India	11,383,781	29.96%	11,383,781	29.96%
Infrastructure Development Finance Company Limited	3,530,136	9.29%	3,530,136	9.29%
State Bank of India	2,812,415	7.40%	2,812,415	7.40%
IDBI Bank Limited	2,507,610	6.60%	2,507,610	6.60%

b) Details of shares bought back during past five years

Year in which shares bought back	Class of Shares	No of shares
Financial Year 2009-10	Equity Shares	3,000,000
Financial Year 2007-08	Equity Shares	9,000,000
Total share bought back in last five years of ₹100/- each		12,000,000



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lakhs)

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

Particulars	As at March 31, 2012	As at March 31, 2011
Number of shares at the beginning of year	38,000,000	38,000,000
Add: Shares Issued	0	0
Less: Share bought back / forfeited	0	0
Number of shares at the end of year	38,000,000	38,000,000

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

NOTE NO. 1.2: RESERVES AND SURPLUS

Particulars	As at March 31, 2012	As at March 31, 2011
Reserve created pursuant to Section 45 I C of RBI Act, 1934		
Balance as at the beginning of the year	27,046.54	26,133.44
Add :- Amount transferred from surplus in statement of profit and loss	930.00	913.10
Balance as at the end of the year (A)	27,976.54	27,046.54
Capital Redemption Reserve		
Balance as at the beginning of the year	12,000.00	12,000.00
Add :- Amount transferred from surplus in statement of profit and loss	0.00	0.00
Balance as at the end of the year (B)	12,000.00	12,000.00
Capital Reserve		
Balance as at the beginning of the year	27.53	27.53
Add :- Amount transferred from surplus in statement of profit and loss	0.00	0.00
Balance as at the end of the year (C)	27.53	27.53
General Reserves		
Balance as at the beginning of the year	1,000.00	1,000.00
Add :- Amount transferred from surplus in statement of profit and loss	0.00	0.00
Balance as at the end of the year (D)	1,000.00	1,000.00

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**

(₹ in lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	8,101.38	6,811.38
Add :- Profit for the year	3,983.01	4,668.55
Excess provision for dividend distribution tax reversed	11.74	0.00
Transfer to profit and loss account subsequent to sale of investments	0.00	1,079.46
Profit available for appropriation	12,096.13	12,559.39
Less : Appropriations		
Statutory Reserve (as per Section 45IC of the RBI Act, 1934)	930.00	913.10
Proposed dividend on equity shares, DPS* ₹ 8/- (March 31, 2011, DPS ₹ 8/-)	3,040.00	3,040.00
Tax on proposed dividend	493.16	504.91
Net surplus in statement of profit and loss (E)	7,632.97	8,101.38
*DPS = Dividend Per Share		
Total Reserves and Surplus (A+B+C+D+E)	48,637.03	48,175.45

NOTE NO. 2.1: OTHER LONG TERM LIABILITIES

Particulars	As at March 31, 2012	As at March 31, 2011
a) Trade Payable		
- Due to micro and small enterprises (Refer Note No 20)	0.00	0.00
- Other than micro and small enterprises		
i. to Subsidiaries	0.00	0.00
ii. to Others	0.00	14.42
b) Others		
- Due to to micro and small enterprises (Refer Note No 20)	0.00	0.00
- Other than micro and small enterprises		
i. to Subsidiaries	0.00	0.00
ii. to Others	0.00	1.28
Total	0.00	15.70



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lakhs)

NOTE NO. 2.2: LONG TERM PROVISIONS

Particulars	As at March 31, 2012	As at March 31, 2011
For employee benefits	94.96	75.98
For taxation	3,718.44	1,911.99
Contingent provision against standard assets	313.69	172.61
For amortisation of premium on debt investments	38.17	8.52
Others	89.01	89.02
Total	4,254.27	2,258.12

NOTE NO. 3.1: SHORT TERM BORROWINGS

Particulars	As at March 31, 2012	As at March 31, 2011
I. Secured Borrowings		
a. Loan repayable on demand		
- from banks	0.00	0.00
- from other parties	0.00	0.00
b. Loans and advances from related parties		
c. Deposits	0.00	0.00
d. Other loans and advances		
CBLO borrowings (refer point no. i(a) below)	52,760.00	43,357.43
Borrowing under Repo (refer point no. i(b) below)	815.82	11,853.01
Borrowing Under LAF/Refinance from RBI (refer point no. i(c) below)	63,400.00	61,750.00
Loan against Fixed Deposit from Bank (refer point no. i(d) below)	32,749.98	19,649.90
Total of Secured Borrowings - (I)	149,725.80	136,610.34

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**

(₹ in lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
II. Unsecured Borrowings		
a. Loan repayable on demand		
- from banks		
i) Bank line of Credit / OD*	19,700.01	9,999.42
ii) repayable at call/short notice/term	33,350.00	29,625.00
- from other parties (Intercompany deposit)	19,518.52	13,257.46
b. Loans and advances from related parties	0.00	0.00
c. Deposits	0.00	0.00
d. Other loans and advances Commercial papers (refer point no. (v) below)	93,500.00	39,500.00
Total of Unsecured Borrowings - (II)	166,068.53	92,381.88
Total Short Term Borrowings (I + II)	315,794.33	228,992.22

* Includes loan of ₹11,250.00 lakhs (PY ₹9,999.42 lakhs) from related party "Bank of India"

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

- The outstanding borrowing as on March 31, 2012 under CBLO is ₹52,760.00 lakhs (PY - ₹43,357.44 lakhs) and will mature on April 03, 2012. The average cost for the outstanding borrowing is 9.88%. Government securities and treasury bills having face value of ₹69,568.00 lakhs (PY - ₹54,450.00 lakhs) have been as collateral with Clearing Corporation of India Limited for CBLO borrowings.
- Secured borrowing under Repo outstanding amounted to ₹815.82 lakhs (PY - ₹11,853.01 lakhs) as on March 31, 2012, which matures on April 03, 2012. The borrowing under repo is secured by collateral of govt. securities & treasury bills. The average cost of outstanding repo borrowings is 11.05%.
- Secured borrowing under LAF / Refinance from RBI outstanding amounted to ₹63,400.00 lakhs (PY - ₹61,750.00 lakhs) as on March 31, 2012, of which ₹60,900.00 lakhs matures on April 03, 2012 and remaining ₹2,500.00 lakhs matures on April 26, 2012. The borrowing is secured by collateral of government securities & treasury bills. The average cost of outstanding borrowings under LAF / Refinance from RBI is 8.50%.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lakhs)

d) Loan against fixed deposit outstanding as on March 31, 2012 is ₹32,749.98 lakhs (PY - ₹19,649.90 lakhs). Loan against Fixed deposits have been taken from various banks for different durations and will mature within 9 to 13 days from the date of balance sheet . These loans are secured by the pledge of fixed deposits. The loan against fixed deposits have been raised at different rate of interest ranging from 10.80% to 12.00%.

ii) Unsecured short term bank borrowings

Bank credit lines and overdraft facilities have been utilised from various banks for working capital requirement and ALM management. Besides, bank borrowing also includes borrowings from bank repayable on demand (repayable at call/short notice/term). Outstanding bank borrowings are of ₹53,050.01 lakhs (PY - ₹39,624.42 lakhs). The break up of the unsecured bank borrowing as on March 31, 2012 are as under.

Name of the lending Bank	Rate of Interest	Sanctioned Limit	Outstanding as at March 31, 2012	Maturity Date
Bank Of India				
Overdraft	Base Rate+25 bps - 11.00%	10,000.00	1,250.00	On Demand
	N.A.	(0.00)	(0.00)	
Cash Credit / Short term loan	Base Rate+25 bps - 11.00%	10,000.00	10,000.00	April 23, 2012
	(Base Rate +50 bps)	(10,000.00)	(9999.42)	
Corporation Bank				
Overdraft	Base Rate +40 bps - 11.05%	10,000.00	8,450.01	On Demand
	(Base Rate +40 bps)	(5,000.00)	(0.00)	

Figures in the brackets indicate previous year data.

Unsecured bank loan also includes ₹33,350.00 lakhs (PY - ₹29,625.00 lakhs) from various banks repayable at call /short notice / term. The borrowing from banks is repayable on demand having different maturities ranging from 3 days to 12 days. The funds have been raised under call and term money market at various rates ranging from 8.50% to 13.25%.

iii) Inter-corporate Deposit

Outstanding inter corporate deposit as on march 31, 2012 is ₹19,518.52 lakhs (PY - ₹13,257.45 lakhs). The inter corporate deposit has been raised from Gujarat State Financial Services Ltd for different maturities ranging from 9 days to 86 days. The funds have been raised at MIBOR.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**

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

v) Commercial paper borrowing

Company raises unsecured short term funds by issuing Commercial papers. During the year, funds have been raised through commercial papers for different maturities. Details of outstanding unsecured commercial papers borrowings as on March 31, 2012 are as under:

(₹ in lakhs)

Name of party to whom issued	Outstanding as on March 31 ,2012		Outstanding as on March 31 ,2011	
	Date of Maturity	Maturity Amount	Date of Maturity	Maturity Amount
Principal Mutual Fund	29-Mar-13	1,500.00	-	0.00
Emerging India Focus Funds	25-Mar-13	1,500.00	-	0.00
Kotak Mahindra Mutual Fund	27-Nov-12	5,000.00	-	0.00
NABARD	07-Sep-12	5,000.00	-	0.00
NABARD	10-Aug-12	5,000.00	-	0.00
Union Bank of India	31-Jul-12	2,500.00	-	0.00
Union Bank of India	17-Jul-12	2,500.00	-	0.00
Religare Mutual Fund	27-Jun-12	7,500.00	-	0.00
Sundaram Mutual Fund	25-Jun-12	2,500.00	-	0.00
SBI Mutual Fund	25-Jun-12	10,000.00	08-Jun-11	10,000.00
Religare Mutual Fund	22-Jun-12	5,000.00	-	0.00
Union Bank of India	12-Jun-12	5,000.00	-	0.00
Principal Mutual Fund	12-Jun-12	5,000.00	-	0.00
Tata Mutual Fund	07-Jun-12	5,000.00	-	0.00
Birla Sun Life Mutual Fund	14-May-12	10,000.00	-	0.00
UTI Mutual Fund	09-May-12	5,000.00	25-May-11	2,500.00
ING Mutual Fund	24-Apr-12	2,500.00	13-Jun-11	2,500.00
Canara Bank	20-Apr-12	2,500.00	-	0.00
Kotak Mahindra Mutual Fund	17-Apr-12	5,000.00	23-May-11	2,500.00
Sundaram Mutual Fund	17-Apr-12	3,000.00	-	0.00
Army Group Insurance Fund	04-Apr-12	2,500.00	19-Sep-11	7,000.00
Peerless Mutual Fund	-	0.00	07-Jun-11	2,500.00
Canara Robeco Mutual Fund	-	0.00	25-May-11	2,500.00
ICICI Mutual Fund	-	0.00	30-May-11	2,500.00
ICICI Mutual Fund	-	0.00	15-Jun-11	7,500.00
Total Maturity Amount		93,500.00		39,500.00



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lakhs)

NOTE NO. 3.2: TRADE PAYABLE

Particulars	As at March 31, 2012	As at March 31, 2011
Trade Payable		
- Due to micro and small enterprises (Refer Note No. 20)	0.00	0.00
- Other than micro and small enterprises		
i. to subsidiaries	0.00	0.00
ii. to others	60.14	369.52
Others		
- Due to micro and small enterprises (Refer Note No. 20)	0.00	0.00
- Other than micro and small enterprises		
i. to subsidiaries	0.00	0.00
ii. to others	5.76	13.72
Total	65.90	383.24

NOTE NO. 3.3: OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2012	As at March 31, 2011
- Interest accrued but not due on borrowings	484.63	292.75
- Statutory dues	2.98	11.39
- Others	42.31	76.57
Total	529.92	380.71

NOTE NO. 3.4: SHORT TERM PROVISIONS

Particulars	As at March 31, 2012	As at March 31, 2011
For employee benefits	57.98	55.35
For taxation	909.34	5,604.16
For fringe benefit tax	6.82	6.82

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
MARCH 31, 2012**

(₹ in lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
For performance linked variable pay	68.28	121.41
Provision for loss on equity futures and options	0.00	2.78
Provision for proposed dividend	3,040.00	3,040.00
Provision for dividend distribution tax	493.16	504.91
For stamp duty	212.68	171.01
For interest rate swap	1,822.27	1,101.51
For hedge gain/loss	0.00	7.83
Others	0.00	0.18
Total	6,610.53	10,615.96

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE NO. 4.1: FIXED ASSETS AND DEPRECIATION

(₹ in lakhs)

Sl No.	Particulars	Gross Block			Depreciation/Amortisation			Net Block			
		Opening as at April 01, 2011	Addition for the year	Disposals/ adjustment	Closing as at March 31, 2012	Opening as at April 01, 2011	For the year	Deduction/ Adjustments	Closing as at March 31, 2012	Closing as at March 31, 2011	
I	Tangible Assets										
a)	Air- Conditioner	55.37	0.01	0.11	55.27	9.88	5.76	0.10	15.54	39.73	45.49
b)	Buildings *	5,268.01	0.00	0.00	5,268.01	402.63	246.23	0.00	648.86	4,619.15	4,865.38
c)	Computers	195.10	10.06	26.52	178.64	109.18	32.50	23.12	118.56	60.08	85.92
d)	Electrical Installation	68.65	3.19	0.00	71.84	5.81	7.10	0.00	12.91	58.93	62.84
e)	Furniture and Fixtures	222.98	1.17	0.05	224.10	42.57	21.81	0.05	64.33	159.77	180.41
f)	Office Equipments	50.87	5.81	1.24	55.44	10.32	5.98	0.50	15.80	39.64	40.55
g)	Vehicles	54.86	5.43	11.72	48.57	12.26	6.78	5.20	13.84	34.73	42.60
	Sub-total- (I)	5,915.84	25.67	39.64	5,901.87	592.65	326.16	28.97	889.84	5,012.03	5,323.19
	March 31, 2011	1,506.71	4,821.79	412.66	5,915.84	668.98	273.87	350.19	592.65	5,323.19	837.73
II	In-Tangible Assets										
a)	Software and Licenses	198.88	5.78	0.00	204.66	154.60	37.52	0.00	192.12	12.54	44.28
b)	Stcok Exchange Trading Rights	15.10	0.00	15.10	0.00	6.84	1.55	8.39	0.00	(0.00)	8.26
	Sub-total- (II)	213.98	5.78	15.10	204.66	161.44	39.07	8.39	192.12	12.54	52.54
	March 31, 2011	247.33	11.51	44.86	213.98	154.09	52.21	44.86	161.44	52.54	93.24
	Total - (I+II)	6,129.82	31.45	54.74	6,106.53	754.09	365.23	37.36	1,081.96	5,024.57	5,375.73
	March 31, 2011	1,754.04	4,833.30	457.52	6,129.82	823.07	326.08	395.05	754.09	5,375.73	930.97

* Cost of building includes ₹0.05 lakhs being the application money for shares of Co-operative society towards ownership of residential premises.



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**

(₹ in lakhs)

NOTE NO. 4.2: NON CURRENT INVESTMENTS

Particulars	Face Value	No. of Units	As at March 31, 2012	As at March 31, 2011
I. Trade Investments				
a) Investment in Equity Shares (Unquoted and fully paid)				
Clearing Corporation of India Limited (PY 5,000,000)	₹10	5,000,000	500.00	500.00
Total Trade Investments	(A)		500.00	500.00
II. Other Investments (Non Trade)				
a) Investment in Equity Shares (Quoted and fully paid)				
Aurobindo Pharma Limited (PY - Nil)	₹1	75,000	110.17	0.00
Bharti Airtel Limited (PY - Nil)	₹5	110,000	380.39	0.00
Bank of Baroda (PY - Nil)	₹10	10,000	80.05	0.00
Bharat Electronics Limited (PY - 2,000)	₹10	0	0.00	33.75
Bharat Heavy Electricals Ltd (PY - 11,000)	₹2 (PY ₹10)	88,180	317.90	229.33
Crompton Greaves Limited (PY - 15,000)	₹2	40,000	77.93	40.51
Grasim Industries Limited (PY - 2,500)	₹10	0	0.00	61.46
HDFC Bank Limited (PY - 1,500)	₹2 (PY ₹10)	0	0.00	34.66
Hindustan Unilever Limited (PY - 2,000)	₹1	0	0.00	5.59
Exide Industries Limited (PY - Nil)	₹1	60,000	82.02	0.00
ICICI Bank Limited (PY- 10,000)	₹10	0	0.00	112.33
Idea Cellular (PY - Nil)	₹10	150,000	125.46	0.00
Indian Bank (PY - 25,000)	₹10	23,481	51.57	57.58
NTPC Limited (PY - 50,000)	₹10	0	0.00	93.05
Infosys Limited (PY - Nil)	₹5	7,500	195.78	0.00
Indiabulls Financials Services Limited (PY - Nil)	₹2	50,000	110.06	0.00
Karur Vysya Bank Ltd (PY - Nil)	₹10	30,000	125.43	0.00


NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lakhs)

Particulars	Face Value	No. of Units	As at March 31, 2012	As at March 31, 2011
MCX India Limited (PY - Nil)	₹10	10,000	128.81	0.00
Mahindra and Mahindra Limited (PY - Nil)	₹5	25,000	179.90	0.00
Oil and Natural Gas Corp Ltd (PY - 2,000)	₹5	80,000	232.39	5.71
Power Finance Corp. Limited (PY - 25,000)	₹10	0	0.00	64.37
Power Grid Corp of India Limited (PY - 50,000)	₹10	275,000	292.85	50.71
Pantaloon Retail (India) Limited (PY - Nil)	₹2	55,000	190.50	0.00
Sabbhav Engineering Limited (PY - Nil)	₹1	94,894	142.15	0.00
State Bank of India (PY - Nil)	₹10	10,000	166.79	0.00
Steel Authority of India Limited (PY - Nil)	₹10	100,000	112.82	0.00
Stride Acrolab Limited (PY - 42,000)	₹10	0	0.00	176.90
Tata Consultancy Services Limited (PY - 2,000)	₹1	0	0.00	22.47
Tata Motors Limited (PY - 1,000)	₹2	0	0.00	12.53
The Federal Bank Ltd (PY - Nil)	₹10	30,000	123.56	0.00
Voltas Limited (PY - 25,000)	₹1	0	0.00	40.81
Zee Entertainment Enterprises Limited (PY - Nil)	₹1	70,000	90.22	0.00
			3,316.75	1,041.76
b) Investment in Government Securities* (Quoted)				
8.19% GOI 2020	₹3,000 lakhs		2,988.08	0.00
8.79% GOI 2021	₹5,000 lakhs		5,175.45	0.00
8.20% GOI 2022	₹6,000 lakhs		6,131.57	4,621.23
9.15% GOI 2024	₹13,000 lakhs		13,819.50	0.00
8.97% GOI 2030	₹10,000 lakhs		10,357.60	0.00
8.83% GOI 2041	₹12,500 lakhs		12,875.00	0.00
			51,347.20	4,621.23
*Kept as collateral to the extent of ₹69,568.00 lakhs with CCIL for CBLO borrowing				

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**

(₹ in lakhs)

Particulars	Face Value	No. of Units	As at March 31, 2012	As at March 31, 2011
c) Investment in Corporate Bonds (Quoted)				
9.62% L & T Finance Ltd. (Maturing on 29.09.2014)	₹10 lakhs	100	995.40	0.00
9% STFL OPT-1 PC 02.06.2013 (Maturing on 01.06.2015)	₹0.01 lakhs	16,914	165.91	0.00
10% STFL (Maturing on 30.06.2015)	₹1 lakhs	3,920	3,878.06	0.00
9.85% SBI (Maturing on 27.06.2016)	₹10 lakhs	50	514.20	0.00
8.65% IDFC (Maturing on 24.05.2020) (PY - 250)	₹10 lakhs	400	3,954.40	2,500.00
8.60% LIC Housing Finance Ltd (Maturing on 31.05.2020)	₹10 lakhs	250	2,345.75	0.00
8.70% PFC STRRP 65 III (Maturing on 14.05.2025)	₹10 lakhs	50	480.50	0.00
8.75% PFC BONDS (Maturing on 15.06.2025)	₹10 lakhs	250	2,411.25	0.00
8.79% IRFC BONDS (Maturing on 04.05.2030)	₹10 lakhs	100	972.20	0.00
8.20% LIC Housing Finance Ltd (Maturing on 31.08.2012) (PY - 100)	₹10 lakhs	100	0.00	1,000.00
			15,717.67	3,500.00
d) Investment in Venture Capital Funds (Unquoted and partly paid)				
Tata venture capital funds -class A units (PY: 250,000,000)	₹1	250,000,000	961.87	952.33
Amount paid per unit - ₹ 0.3847 (PY - ₹0.3809)				
Uncalled capital contribution as on March 31, 2012 is ₹1,538.13 lakhs			961.87	952.33
Total Non Trade Investments (B)			71,343.49	10,115.32
Total Non Current Investments (A + B)			71,843.49	10,615.32



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

		(₹ in lakhs)
Aggregate book value of quoted investments	70,381.62	9,162.99
Aggregate market value of quoted investments	68,623.10	8,959.29
Aggregate amount of unquoted investments	1,461.87	1,452.33

All the above investments are carried at cost. The fall in value of investments is of temporary nature and hence has not been provided for.

NOTE NO. 4.3: DEFERRED TAX ASSETS (NET)

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

Particulars	As at March 31, 2012	Charge during the year	As at March 31, 2011
Deferred Tax Liability			
Depreciation on fixed assets	179.64	48.30	131.34
Deferred Tax Asset :			
Provision for leave encashment & gratuity	49.84	6.32	43.52
Provision for payment of stamp duty	83.93	13.03	70.90
Other provisions – PLVP/Amortisation	31.26	(26.37)	57.63
Accumulated business losses	282.16	201.90	80.26
Total deferred tax assets	447.19	194.88	252.31
Net Deferred Tax (Asset)/Liability	(267.55)	(146.58)	(120.97)

NOTE NO. 4.4: LONG TERM LOANS AND ADVANCES

Particulars	As at March 31, 2012	As at March 31, 2011
I. Secured, Considered Good		
a. Capital advances	0.00	0.00
b. Security deposits	0.00	0.00
c. Loan against shares	6,666.67	11,250.00
d. Corporate and other loans	4,187.00	12,353.64
	10,853.67	23,603.64

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**

(₹ in lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
II. Unsecured, Considered Good		
a. Capital advances	6.05	5.70
b. Security deposits	139.89	48.57
c. Loans and advances to subsidiaries	0.00	0.00
d. Loans and advances to related parties	0.00	0.00
e. Other loans and advances	0.00	1.20
f. Trade receivables	0.00	0.00
	145.94	55.47
Total	10,999.61	23,659.11

Note No. 4.5: Other Non Current Assets

Particulars	As at March 31, 2012	As at March 31, 2011
MAT credit entitlement	1,848.67	2,521.83
Advance income and wealth tax payments	4,101.22	2,136.58
Total	5,949.89	4,658.41

NOTE NO. 5.1 : CURRENT INVESTMENTS

Particulars	Face Value	No. of Units	As at March 31, 2012	As at March 31, 2011
Non Trade Investments				
i) Investment in Corporate Bonds (Quoted)				
8.20% LIC Housing Finance Ltd (PY - 100) (Maturing on 31.08.2012)	₹10 lakhs	100	1,000.00	0.00
ii) Investment in Mutual Fund Units				
LIC Mutual Fund Saving Fund (PY units: 130,475.903)	₹10	62,241.840	10.17	20.28
Total			1,010.17	20.28



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

		(₹ in lakhs)
Aggregate book value of quoted investments	1,010.17	20.28
Aggregate market value of quoted investments	997.47	20.28
Aggregate amount of unquoted investments	0.00	0.00
Aggregate provision for diminution in value of investments	0.00	0.00

The investment in 8.20% LIC Housing Finance Bonds has been disclosed as current investment in view of it maturing within 12 months from the balance sheet date. However, the valuation of same has been done as per its original classification of long term investments at book cost less permanent diminution in value, if any. Similarly, Investment in mutual funds have been valued and disclosed as current investments.

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

Particulars	As at March 31, 2012	As at March 31, 2011
Government Securities	3,618.87	1,992.83
T Bills	99,484.44	145,299.87
Corporate Bonds	9,772.60	34,224.31
Mutual Fund Units	460.56	1,238.23
Certificates of Deposits	25,760.65	18,166.64
Commercial Papers	2,494.02	0.00
Equity Shares	414.83	1,173.34
Pass Through Certificates	0.00	7.73
Total	142,005.97	202,102.95

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

The stock-in-trade includes the following hedged securities (at face value) on the balance sheet date.

Name of the Securities	As at March 31, 2012	As at March 31, 2011
1. 7% Oil 2012	0.00	5,000.00
2. 7.27% GS 2013	0.00	11,900.00

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**

(₹ in lakhs)

NOTE NO. 5.3 : TRADE RECEIVABLES

Particulars	As at March 31, 2012	As at March 31, 2011
Unsecured, Considered good		
- Others	47.01	4.55
Total	47.01	4.55

NOTE NO. 5.4: CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2012	As at March 31, 2011
I. Cash and Cash Equivalents		
- Balance with banks	512.02	142.61
- Current account balance with RBI	23.40	18.65
- Cash on hand	0.15	0.11
- Others	0.00	0.00
i. Fixed deposits with maturity of 3 months or less ¹	32.92	45.95
II. Other Bank Balance		
- Fixed deposits with maturity of more than 3 months but less than 12 months ²	35,805.00	21,845.47
Total	36,373.49	22,052.79

¹ Fixed deposits of ₹32.92 lakhs has been lien marked in favour of National Commodity and Derivative Exchange Limited (NCDEX) for additional base capital.

² Out of above, ₹15.00 lakhs worth of fixed deposit has been lien marked in favour of National Commodity and Derivative Exchange Ltd. (NCDEX) as base capital. It also includes fixed deposits for margin money (a) ₹250.00 lakhs (Previous year ₹250.00 lakhs) in the name of National Securities Clearing Corporation Limited towards margin requirements for F & O segment with HDFC Bank and (b) ₹3.00 lakh (Previous Year ₹1000.00 lakhs) with custodian ILFS and ₹500.00 lakhs (Previous Year ₹500.00 lakhs) with Custodian (HDFC) for meeting margin requirements for equity segment. Loan of ₹32,749.98 has been taken against FDR of ₹35,000.00 lakhs



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lakhs)

NOTE NO. 5.5: SHORT TERM LOANS AND ADVANCES

Particulars	As at March 31, 2012	As at March 31, 2011
I. Secured, Considered Good		
a. Loan against shares	100,531.51	36,460.00
b. Corporate loans	14,090.24	8,931.25
c. Lending under CBLO	0.00	525.00
d. Lending under Repo	12,809.31	0.00
	127,431.06	45,916.25
II. Unsecured, Considered Good		
a. Capital advances	0.00	0.00
b. Security deposits ¹	4,491.61	1,572.81
c. Loans and advances to subsidiaries	0.00	0.00
d. Other loans and advances for revenue / capital expenses	5.40	1.94
	4,497.01	1,574.75
Total	131,928.07	47,491.00

¹ This includes cash deposit with commodities exchanges

Security Deposits include deposits placed with commodity exchanges as base capital and additional Capitals amounting to ₹72.98 lakhs (PY - ₹ 369.52 lakhs). The details of the same are as under:

Deposits with Exchanges	Nature of Deposit	As at March 31, 2012	As at March 31, 2011
National Commodity and Derivative Exchange Ltd.	Base Capital- Cash	15.00	15.00
National Commodity and Derivative Exchange Ltd.	Additional Base Capital- Cash	0.00	81.02
Multi Commodity Exchange	Base & Additional Capital - Cash	10.06	132.07
Total Base Capital in Cash		25.06	228.09

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**

(₹ in lakhs)

Deposits with Exchanges	Nature of Deposit	As at March 31, 2012	As at March 31, 2011
Multi Commodity Exchange	Additional Base Capital - FD	0.00	62.00
National Commodity and Derivative Exchange Ltd.	Additional Base Capital - FD	32.92	64.43
National Commodity and Derivative Exchange Ltd.	Base Capital - FD	15.00	15.00
Base/Additional Capital in FDR (Non-Cash)		47.92	141.43
Total of Base and Additional Base Capital		72.98	369.52

NOTE NO. 5.6: OTHER CURRENT ASSETS

Particulars	As at March 31, 2012	As at March 31, 2011
Accrued interest	4,623.49	4,297.93
Other current assets	3,810.67	8,412.99
TDS / refund due	7.07	9.36
Fixed assets (Held for disposal) (Refer Note No. 13)	0.94	0.00
Total	8,442.17	12,720.28

NOTE NO. 6.1 : CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR)**Claims against the company not acknowledged as debt:**

- The Company had received a notice from the Central Excise authorities in respect of the interior work amounting to ₹20.80 lakh carried out by a contractor at the erstwhile office premises at Krishna Chambers, 59, Sir Vithaldas Thackersey Marg, New Marine Lines, Mumbai in the year 1997-98. The Company has been legally advised that there is no liability under the Central Excise Act and accordingly no provision has been made against this claim.
- No provision has been made in respect of income tax matters disputed by the company since they are subject to appeals/representations. The tax liability under dispute is ₹532.79 lakhs (PY ₹462.78 lakhs).



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lakhs)

The details of disputed dues as on March 31, 2012 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
Income Tax Act, 1961	₹39.35 lakhs	F.Y. 2003-04	Mumbai High Court
Income Tax Act, 1961	₹0.08 lakhs	F.Y. 2007-08	Assessing Officer
Income Tax Act, 1961	₹3.54 lakhs	F.Y. 2008-09	ACIT - TDS - 3 (2)
Income Tax Act, 1961	₹2.94 lakhs	F.Y. 2009-10	ACIT - TDS - 3 (2)
Income Tax Act, 1961	₹10.72 lakhs	F.Y. 2010-11	ACIT - TDS - 3 (2)
Income Tax Act, 1961	₹13.38 lakhs	F.Y. 2008-09	CIT (A)

NOTE NO. 6.2 : CAPITAL AND OTHER COMMITMENTS

- a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹0.35 lakhs (Previous year - ₹0.70 lakhs).
- b) Uncalled capital contribution to Tata Venture Capital Fund as on March 31, 2012 is ₹1,538.13 lakhs (Previous year - ₹1,547.67 lakhs).
- c) The purchases and sales of the securities effected on 30th March 2012, the transaction shall be accounted on April 03, 2012 i.e settlement date. The details of the transactions are as under.

Transaction details	As at March 31, 2012	As at March 31, 2011
Purchase of securities	21,352.77	27,883.97
Sale of securities	23,929.75	36,145.81

- d) Disclosure on interest rate swaps

Transaction details	As at March 31, 2012	As at March 31, 2011
Notional principal of interest rate swaps for trading	606,920.33	430,000.00
Notional principal of interest rate swaps for hedging	0.00	12,500.00
Marked to market positions on trading swaps	1,619.80	908.47

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**

(₹ in lakhs)

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.

NOTE NO. 7.1: INTEREST INCOME

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Interest on Loans		
- Loan against shares	8,604.97	3,802.73
- Corporate and other loans	2,661.08	1,544.48
Interest / Discount on Investments		
- Government securities ¹	5,547.53	12,044.57
- T-Bills	7,088.77	393.85
- Call money	17.49	0.10
- Corporate bonds ²	2,182.63	3,673.07
- Other money market instruments and CBLO	2,447.23	647.16
Interest income on interest rate swaps	(523.75)	18.89
Interest income from repo	361.53	231.10
Others	3,167.96	481.47
Total	31,555.44	22,837.42

¹ Interest income from government securities includes ₹1907.18 lakhs (PY ₹837.40 lakhs) on long term investments in government securities.

² Interest income from corporate bonds includes ₹1547.49 lakhs (PY ₹232.70 lakhs) on long term investments in corporate bonds.

NOTE NO. 7.2: OTHER FINANCIAL SERVICES

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Upfront / Processing fees	328.66	228.51
Other fee based income	162.65	71.85

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**

(₹ in lakhs)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Broking income	0.00	0.00
Underwriting fees	165.92	305.05
Incentive income	18.81	32.22
PMS fees	11.12	14.90
Total	687.16	652.53

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

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Government securities	(1,213.35)	(1,817.52)
Corporated bonds	(135.98)	(1,022.55)
Equity shares	(17.79)	751.65
Mutual fund units	1,005.14	585.13
Derivatives	(43.88)	(39.15)
Interest rate swaps	(1,025.20)	(59.15)
Hedge Loss	7.83	(2.88)
Total	(1,423.23)	(1,604.47)

NOTE NO. 8: OTHER INCOME

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Interest income on tax refunds	0.00	187.92
Dividend income	143.36	133.28
Net gain/(loss) on sale of investments	447.93	484.93
Provisions written back	55.36	38.53

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**

(₹ in lakhs)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Miscellaneous income	30.40	27.96
Total	677.05	872.62

Dividend income includes ₹113.25 lakhs (PY ₹88.50 lakhs) being dividend received on investments (other than subsidiary).

NOTE NO. 9: EMPLOYEE BENEFIT EXPENSES

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Salaries, wages, allowances, etc.	774.75	798.00
Contribution to provident and other funds	40.86	62.03
Staff welfare expenses	40.25	34.98
Total	855.86	895.01

NOTE NO. 10: FINANCE COSTS

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
a) Interest Expenses		
On bank credit line / overdraft	566.37	200.33
On CP issuance	6,973.46	4,032.17
On CBLO borrowing	4,661.37	3,933.44
Call money	1,179.49	943.74
Borrowing from RBI	506.40	531.71
Internate corporate deposit	1,268.93	840.27
Term money	3,922.49	1,396.24
Loan against fixed deposit	126.89	25.26
Refinance from RBI	723.10	0.00



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lakhs)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Repo borrowing	2,889.66	2,122.07
Interest rate swaps	0.00	245.50
Others	0.14	6.64
	22,818.30	14,277.37
b) Other borrowing cost	75.40	73.52
Total (a+b)	22,893.70	14,350.89

NOTE NO. 11: OTHER EXPENSES

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Advertising expenses	7.37	1.34
Transaction and settlement charges	437.90	493.01
Donation	3.11	0.11
Electricity charges	29.13	26.93
Information services	112.91	107.45
Insurance charges	32.39	44.05
Miscellaneous expenses	1.57	51.49
Office expenses	67.52	68.30
Payment to Auditors :	0.00	0.00
- As audit fees (including audit fees for consolidated accounts)	7.00	6.76
- For taxation matters (Tax Audit fees)	2.00	1.83
- For other services	3.46	2.76
- Out of pocket expenses	0.13	0.15
Postage, telephone and telegrams	41.65	45.04
Printing and stationery expenses	14.30	16.79
Professional fees	268.66	213.77

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
MARCH 31, 2012**

(₹ in lakhs)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Rates and taxes	12.87	9.54
Rent	59.56	209.69
Repairs and maintenance - building	24.94	20.71
Repairs and maintenance - others	66.53	75.38
Software maintenance	3.12	3.47
Sitting fees to directors	28.85	14.45
Travelling, conveyance and car expenses	27.16	38.52
Amortisation of premium on debt investments	29.65	9.95
Loss on sale of asset	0.12	35.32
Total	1,281.90	1,496.81



NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

NOTE NO. 12 : SIGNIFICANT ACCOUNTING POLICIES

The consolidated 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.

12.1 Basis of Preparation and Principles of Consolidation

- (i) The consolidated financial statements are prepared on going concern concept and using the historical cost convention. Refer Note no. 13 for STCI Commodities Limited whose financials have been prepared on the basis on net realizable value. 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 STCI Finance Limited ('the Company'), formerly known as Securities Trading Corporation of India Limited 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.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2012****(ii) Government Securities, Fixed Income & Other Bonds**

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

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

Transactions for borrowing and lending under CBLO are recorded at maturity value. The difference paid or received on redemption is treated as discount paid on CBLO in case of borrowing and discount earned on CBLO in case of lending. The difference between the discounted value on borrowing date or lending date as the case may be, and the redemption value of the instrument, outstanding on the Balance Sheet date is apportioned on the time basis and recognized as expense or income respectively. The unamortised discount on CBLO borrowing and lending is disclosed under other current assets and other current liabilities respectively.

(iv) Pass Through Certificates (PTCs)

The difference between the acquisition cost (as reduced by the proportionate amount of inflows) and the redemption value is apportioned on time basis (using the IRR at the time of acquisition) and recognised as accrued income. This accrued income is added to the acquisition cost (as reduced by the proportionate amount of inflows) of the respective 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 in form of fixed deposits paid for entering



NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

into contracts for equity futures and options are disclosed under the head cash and cash equivalents/loans and advances as the case may be in the Balance Sheet.

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

(vi) Commodity Futures

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

(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



NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

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.

(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. Portfolio management and other fees are accounted for on accrual 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 of such securities.

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

(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, corporate bonds, mutual fund units 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.



NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

- (xvii) In case of securities transferred from Stock-in-Trade to Investment Account, the same is reckoned as sale at market price. Resultant gains or losses are recognised in the profit and loss account on the date of transfer.
- (xviii) Other interest income (excluding interest on tax refunds) is recognised on accrual basis.
- (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.

12.3 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 till maturity and charged to the Profit and Loss account.

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

12.4 Classification and Valuation of Stock-in-trade / Current Investments

Company provides net depreciation category-wise for securities held as stock-in-trade/ current investments. All the securities acquired with the intention of trading are considered as stock-in-trade and shown under current assets.

- (i) All quoted securities (stock-in-trade) are grouped into the following categories.
- Equity Shares
 - Preference Shares
 - Debenture and Bonds
 - Govt. Securities (including T Bills)
 - Mutual Fund Units
 - Others



NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

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

The cost is calculated on weighted average basis. Market value for fixed income securities is determined by the prices declared by Fixed Income Money Market and Derivatives Association of India (FIMMDA). As regards the tax free bonds, for the purpose of determining market value price quoted on the stock exchanges on the relevant day is also considered. It is valued at lower of weighted average cost, FIMMDA value or market value as per stock exchange. Market value for equity shares is determined by the prices obtained from the stock exchanges.

However, in line with the RBI and FIMMDA guidelines, Certificates of Deposit (CDs) and Commercial Papers (CPs) of less than one year tenor are valued at cost. Similarly, Treasury Bills held as stock-in-trade are valued at carrying cost (as explained at Sl. No. 12.2 (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 and loss account. Net appreciation, in the category, if any, is ignored.
- (v) Depreciation in one category is not set off against appreciation in another category.
- (vi) The outstanding swaps held for trading purpose are marked to market on the balance sheet date on the basis of yield rates declared by FIMMDA.
- (vii) Government securities held as HTM (Held to Maturity) are valued at amortised cost. The premium paid if any, on security is amortised over the period till maturity. The stock is transferred from HTM to trading portfolio at cost or market value, whichever is lower. In respect of Government Securities acquired on HTM basis, market value at year end is determined and disclosed. However no accounting adjustment are made for diminution/ appreciation in value of such investments.

12.5 Securities Accepted as Pledge

Securities or non-cash collateral accepted from a borrower are not recognized 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 recognized as an asset at its fair value

12.6 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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2012**

of timing differences of earlier years. Deferred tax assets are recognized only to the extent there is a reasonable certainty of sufficient future taxable income being available for its realization. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the Statement of Profit and Loss in the period of enactment of the change.

12.7 Fixed Assets and Depreciation

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

Depreciation on fixed assets other than buildings and improvement to leasehold property is provided on the straight line method at the rates prescribed in 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 prescribed 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 primary lease period.

Fixed Assets costing less than ₹0.05 lakhs are provided with 100% depreciation in the year of purchase.

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

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

12.8 Operating Lease

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

12.9 Employee Benefits

(i) **Provident Fund**

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

(ii) **Gratuity**

The liability of future gratuity benefits 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).

(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 gains or loss is immediately recognized in the Profit and Loss Account.

12.10 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. 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.

12.11 Earning Per Share

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

12.12 Impairment Of Assets

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

12.13 Foreign Exchange Transactions

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



NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

12.14 Provisions and Contingencies

The Company creates a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the obligation. A disclosure of contingent liability is made when there is: (a) a possible obligation (obligation is a possible obligation if, based on the evidence available, its existence at the balance sheet date is considered not probable) that arises from past events and the existence of which will be confirmed only by the occurrence 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.

Notes forming part of consolidated financial statements

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

Name of Subsidiary Company	Country of Incorporation	Proportion of ownership interest
STCI Primary Dealer Limited (STCI PD) ¹	India	100%
STCI Commodities Limited ²	India	100%

¹ 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

² STCI Commodities Limited was incorporated on September 20, 2004 with the object of carrying on the business of trading and broking in commodities on the various Commodity Exchanges ie Multi Commodity Exchange (MCX) and National Commodity and Derivative Exchange (NCDEX), Mumbai.

Keeping in view the business dynamics of standalone commodity broking business and its mounting losses, broking operations were scaled down substantially in the last 2-3 years. During the year, the decision was taken to discontinue the commodity broking operations in the board meetings held in April 2011 and September 2011 and the broking operations were discontinued with effect from 20th September 2011.

Presently, the company is in the process of paying off all its liabilities, liquidating its assets and settling the client accounts and legal cases. Accordingly, on the grounds of prudence and considering the requirements of Accounting Standard -1 (AS) on "Disclosure of Accounting Policies" the accounts have been prepared on the basis of net realizable value. ₹9.31 lakhs were written off from fixed

**NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2012**

assets and balance fixed assets of ₹0.94 lakhs have been disclosed as assets held for disposal under head the 'Other Current Assets'.

Accordingly, the operational results of the broking business of STCI Commodities Limited have been considered as discontinued operations under AS – 24 'Discontinuing Operations'. The summarised details of discontinuing operations are as under.

The carrying amount of the total assets and liabilities of STCI Commodities Limited (discontinuing operations) as on March 31, 2012 are as under.

(₹in lakhs)

PARTICULARS	As at March 31, 2012	As at March 31, 2011
Total assets	142.19	459.64
Total liabilities	16.05	309.78
Net assets	126.15	149.86

The revenue and expenses in respect of discontinued operations are as under.

(₹in lakhs)

PARTICULARS	As at March 31, 2012	As at March 31, 2011
Total revenue	23.15	53.94
Total cost and expenses	31.61	39.22
Operating income / (loss) before taxes	(8.46)	14.71
Tax expenses	15.26	(3.78)
Net income / (loss) from discontinued operations (after tax)	(23.72)	18.49

14. Expenditure in Foreign Currency

(₹in lakhs)

Sl. No.	PARTICULARS	2011-12	2010-11
1	On Travel	0.41	1.34
2	On Interest	Nil	Nil
3	On Others	Nil	Nil

Earnings in Foreign Currency: ₹Nil. (PY - Nil) .



NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

15. 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, 2012, the face value of the securities held by the Company on behalf of the constituents is ₹562,205.00 lakhs (PY - ₹424,995.20 lakhs).

16. Earning Per Share (EPS)

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

PARTICULARS	2011-12	2010-11
Profit after Tax (₹ in lakhs)	3,983.01	4,668.55
Weighted average no. of shares (F.V. ₹ 100/-)	38,000,000	38,000,000
EPS for the year – Basic & Diluted (₹)	10.48	12.29

17. Related Party Transactions

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

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

(₹ in lakhs)

Nature of transaction	2011-12	2010-11
	Bank of India	Bank of India
Transactions during the year		
Purchase of Govt. Securities/Treasury Bills	24,515.61	18,377.00
Sale of Government Securities/Treasury Bills	34,329.88	58,505.00
Sale of corporate bonds and other money market instruments	21,843.17	0.00
Loans availed	22,325.00	10,000.00
Repayment of loan availed	21,074.42	0.00
Maximum loan (availed) outstanding during the year	15,000.00	10,000.00
Interest paid	368.45	200.33
Dividend Paid	910.72	0.00
Financial expenses paid	6.62	6.00
Non-financial expenses paid	16.60	15.00

NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lakhs)

Nature of transaction	2011-12	2010-11
	Bank of India	Bank of India
Outstanding as at the end of the year		
Loan Outstanding (availed)	11,250.00	9,999.42
Interest accrued but not due	8.60	10.96
Non-financial expenses payable	1.25	1.25

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

Key Management Personnel

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

Details of transactions relating to key management personnel referred above are as under:

(₹ in lakhs)

Sl. No.	PARTICULARS	2011-12	2010-11
(i)	Salaries, allowances, perquisites and incentives	103.89	106.24
(ii)	Company's contribution to Provident Fund and Provision for Gratuity and Leave Salary	11.02	8.46

Outstanding at the year end is Nil; (PY - Nil)

18. Assets taken on Lease

The premise at Delhi, has been acquired under operating lease on payment of monthly rentals. Future minimum lease rental relating to non-cancellable operating lease period are as under.

(₹ in lakhs)

PARTICULARS	As at March 31, 2012	As at March 31, 2011
Not later than 1 year	15.48	2.77
Later than 1 year but not later than 5 years	16.77	Nil
Later than 5 years	Nil	Nil



NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lakhs)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Payment made during the year (excluding taxes)	13.32	107.50

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

19. No stampy duty has been paid on non-government securities transactions in view of the ongoing deliberations between Government of Maharashtra and various representative bodies of the participants viz. IBA, FIMMDA, PDAI and AMFI, on the applicability of stamp duty on non-government securities' transactions. The Company has so far not received any claim for stamp duty from the Stamp Office in respect of non-government securities transactions.

For the current year, provision of ₹41.67 lakhs (PY ₹30.80 lakhs) calculated on the basis of 0.01% of the value of transaction as stipulated in the amendment to the Bombay Stamp Act, 1958 announced in May 2005, has been made for stamp duty for direct deals of non government securities. The provision as on March 31, 2012 for stamp duty on non-government securities transactions stands at ₹275.33 lakhs. (PY ₹233.66 lakhs) In the light of an assurance given by the Government of Maharashtra to the Indian Banks' Association, the liability on non-government securities transactions for the period up to 31st March 2006 has not been provided. The amount of provision is included under the head 'others' in "Note no. 2.3 Long term provisions" in the balance sheet and under 'transaction and settlement charges' in "Note no. 11 Other expenses" in the statement of profit and loss.

20. 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 revised schedule VI of the Companies Act, 1956 to that extent is not given.

21. 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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2012****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.

The detailed segmental information is as under :-

For the year ended March 31, 2012

(₹ in lakhs)

	Gilts	Non-Gilts	Lending	Unallocated	Total	Discontinued broking op.
REVENUES						
From External Client	10,628.71	8,647.94	11,882.99	339.98	31,499.62	7.20
Inter-Segment	0.00	0.00	0.00	3.20	3.20	0.00
Total Revenue	10,628.71	8,647.94	11,882.99	336.78	31,496.42	7.20
Segment Result	286.23	2,170.62	5,200.89		7,657.74	(24.41)
Unallocated exp (net)					(1,692.73)	15.95
Operating Profit					5,965.01	(8.46)
Prior Period Items					(3.92)	0.00
Profit Before Tax					5,961.09	(8.46)
Tax Expenses					(1,954.37)	(15.26)
Profit After Tax					4006.72	(23.72)
Other information						
Segment Assets	173,689.48	97,150.15	128,711.38	14,198.79	413,749.79	142.20
Segment Liabilities	118,889.24	86,263.15	113,552.86	8,533.66	327,238.91	16.05



NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

For the year ended March 31, 2011

(₹ in lakhs)

	Gilts	Non-Gilts	Lending	Unallocated	Total	Discontinued broking op.
REVENUES						
From External Client	11,238.92	5,223.65	5,931.61	363.92	22,758.10	37.42
Inter-Segment	0.00	0.00	0.00	0.00	0.00	0.00
Total Revenue	11,238.92	5,223.65	5,931.61	363.92	22,758.10	37.42
Segment Result	3,736.56	1,021.46	2,611.96		7,369.98	(1.80)
Unallocated exp (net)					(1,840.08)	16.52
Operating Profit					5,529.90	14.72
Exceptional items					842.42	0.00
Profit Before Tax					6,372.32	14.72
Tax Expenses					(1,722.26)	3.78
Profit After Tax					4,650.06	18.50
Other information						
Segment Assets	154,481.09	83,338.63	71,619.44	18,922.60	328,361.76	459.64
Segment Liabilities	118,160.58	63,125.62	49,682.99	11,366.99	242,336.18	309.77

22. 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 positions in derivative contracts as on the date of balance sheet, Profit / loss from the same is disclosed separately under the head "Derivative" in "Note No. 7.3" 'Profit / (Loss) on sale of securities' after providing for aggregate unrealised loss of ₹Nil (PY – ₹3.86 lakhs).

The provision for unrealised loss on derivatives is disclosed separately under the head 'provision for loss on derivatives in "Note No. - 3.4 Short term provisions". The mark-to-market profit on open positions in derivative contracts as on the date of balance sheet is of ₹5.55 lakhs (PY – ₹Nil) has not been considered for the income computation of the current year.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2012**

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

Name of future	Long/Short	Series	Book Price in ₹	No.of units	Settlement Price in (₹) as on 31.03.12
Equity Derivative					
Axis Bank (Futures)	Long	26/04/2012	1,150.28	10,000	1,152.85
Bank Nifty (Futures)	Long	26/04/2012	10,167.34	650	10,269.85
Bharti Airtel (Futures)	Long	26/04/2012	338.94	15,000	340.60
BHEL (Futures)	Long	26/04/2012	254.59	20,000	258.65
IDFC (Futures)	Long	26/04/2012	134.39	20,000	136.15
L & T (Futures)	Long	26/04/2012	1,308.42	2,500	1,319.50
NIFTY (Futures)	Long	26/04/2012	5,275.65	5,100	5,333.25

The open interest in respect of Equity /Commodity futures contracts March 31, 2011 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 Ltd. 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

23. 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	2011-12	2010-11
Mortality rate	LIC (1994-96) Ult.	LIC (1994-96) Ult.
Interest / Discount Rate	8.25-8.65%	8-8.2%
Rate of return of Plan Assets	8-8.25%	8-9%
Salary Escalation	5-10%	5-10%


NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lakhs)

	Gratuity (2011-12)	Gratuity (2010-11)
Changes in present value of obligation		
Opening Defined Benefit Obligation	52.69	35.78
Interest Cost	3.89	2.49
Current Service Cost	13.59	12.85
Transfer in of liability	4.66	0.00
Past Service Cost (non vested benefits)	0.00	0.68
Past Service Cost (vested benefits)	0.00	13.04
Actuarial (Gains) / Losses	(13.04)	(2.15)
Benefits Paid	(9.08)	(10.00)
Closing Defined Benefit Obligation	52.71	52.69
Changes in the fair value of plan assets		
Fair value of plan assets at beginning of year	45.00	36.41
Transfer in of funds	4.66	0.00
Expected return on plan assets	4.09	3.29
Contributions	10.07	15.55
Benefits paid	(9.08)	(10.00)
Actuarial Gains/ (Losses)	(0.26)	(0.24)
Fair value of plan assets at the end of the year	54.48	45.00
Actuarial Gain/ (loss) recognised		
Actuarial Gain/ (Loss) for the year - obligation	13.04	2.15
Actuarial Gain/ (Loss) for the year - plan assets	(0.26)	(0.24)
Net Actuarial Gain/ (Loss) recognised for the year	12.78	1.91

NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lakhs)

	Gratuity (2011-12)	Gratuity (2010-11)
Amount to be recognised in Balance Sheet		
Present value of obligation as at the end of the year	52.68	52.68
Fair value of plan assets as at the end of the year	54.48	45.00
Funded status	1.80	(7.68)
Net Asset recognised - Prepaid / (provisions)	1.80	(7.68)
Expenses Recognised in Profit and Loss account		
Current Service Cost	13.59	12.85
Interest Cost	3.89	2.49
Past Service Cost (non vested benefits)	0.00	0.47
Past Service Cost (vested benefits)	0.21	13.04
Net Actuarial loss recognised in the year	(13.25)	(0.81)
Expected return on plan assets	(3.64)	(4.40)
Expenses recognised in Profit & Loss Account	0.80	23.64

Leave Encashment : Additional Provision of ₹24.09 lakhs (PY ₹30.05 lakhs) has been made during the year for long term leave encashment on actuarial valuation basis. Provision of ₹6.26 lakhs (PY ₹17.16 lakhs reversal) has been made for undiscounted liability on account of short term compensated absences.

24. Till the year ended March 31, 2011, the company was using pre-revised schedule VI to the Companies Act, 1956 for the preparation and presentation of its financial statements. During the year ended March 31, 2012, the revised schedule VI notified under the Companies Act, 1956 has become applicable to the company. The company has reclassified/regrouped previous year's figures to conform to this year's classification. Except accounting for dividend on investments in subsidiaries, the adoption of revised schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of balance sheet.



NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

Figures are rounded off to the nearest lakh rupees. As a result, adjustments have been made in the last decimals in the individual heads of certain accounts to avoid differences caused by rounding off of these figures as compared to totals and sub-totals.

Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with the parent Company's financial statements.

For and on behalf of**Chandabhoy & Jassoobhoy****Chartered Accountants**

Firm Registration No. 101647W

(Manish D. Shah)**Partner**

Membership No. 38955

Mumbai

April 23, 2012

On behalf of the Board of Directors**(D. Basu)**

Chairman

(V. Sridar)

Director

(P. Sanyal)

Managing Director

(Kamlesh Rathi)

Asst. General Manager

(Suparna Sharma)

Company Secretary

Mumbai

April 23, 2012

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012**

(₹ in lakhs)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net (Loss) / Profit before tax and extraordinary items	5,956.56	6,387.03
Adjustments for:		
Depreciation	365.25	326.08
(Profit) / Loss on sale of fixed assets	0.12	35.32
(Profit) / Loss on sale of Investments	(448.64)	(1,329.23)
Fixed asset written off	9.31	3.67
Interest and other income on investments	(2,697.39)	(1,080.89)
Prior period item	(3.92)	0.00
Provsion for Wealth Tax	7.62	7.62
Dividend on investments	(113.23)	(88.50)
Amortisation of premium on investments	19.35	8.52
Contigent provision against standard assets	141.08	172.61
	(2,720.45)	(1,944.80)
Operating Profit / (loss)before working capital changes	3,236.11	4,442.23
Changes in Working Capital:		
Increase / (Decrease) in trade payable	(380.37)	175.36
Increase / (Decrease) in short term borrowings	12,681.35	82,072.58
Increase / (Decrease) in provisions	(3,990.15)	(167.60)
Increase / (Decrease) in other current liabilities	149.21	(811.34)
Increase / (Decrease) in other long term Liabilities	(15.70)	(41.04)
Decrease / (Increase) in long term loan and advances	12,659.50	(18,547.65)
Decrease / (Increase) in short term loan and advances	(80,108.53)	(14,645.87)
Decrease / (Increase) in trade receivables	(42.46)	47.06
Decrease / (Increase) in inventories	60,096.98	(46,676.37)
Decrease / (Increase) in other current assets	10.92	(1,010.15)
	1,060.75	394.98
CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES	4,296.86	4,837.21
Less: Taxes Paid	(1,570.63)	(572.76)
NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES	2,726.23	4,264.45


CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lakhs)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of tangible / intangible assets	(31.45)	(451.77)
Sale of tangible / intangible assets	0.92	17.28
Purchase of Investments	(86,316.14)	(89,250.94)
Sale of Investments	24,562.39	88,977.10
Profit on sale of investment	0.71	1.88
Dividend received	113.23	88.50
Interest received	2,697.39	1,080.89
NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES	(58,972.95)	462.94
C. CASH FLOW FROM FINANCING ACTIVITIES		
Payment of dividend (including DDT)	(3,533.16)	0.00
Funds borrowed	74,100.58	15,999.42
NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES	70,567.42	15,999.42
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	14,320.70	20,726.81
Cash and Cash equivalents at beginning period	22,052.79	1,325.98
Cash and Cash equivalents at end of period	36,373.49	22,052.79

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

As per our attached report of even date

For and on behalf of

Chandabhoy & Jassoobhoy
Chartered Accountants

Firm Registration No. 101647W

(Manish D. Shah)
Partner

Membership No. 38955

Mumbai

April 23, 2012

On behalf of the Board of Directors

(D. Basu)

Chairman

(V. Sridar)

Director

(P. Sanyal)

Managing Director

(Kamlesh Rathi)

Asst. General Manager

(Suparna Sharma)

Company Secretary

Mumbai

April 23, 2012

