



STCI PRIMARY DEALER LIMITED

14th Annual Report
2019-2020

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BOARD OF DIRECTORS*

Mr. G. Narayanan	<i>Independent Director</i>
Ms. Sonali Sinha	<i>Independent Director</i>
Mr. T. V. Rao	<i>Independent Director</i>
Mr. R. Venkataramani	<i>Non-executive Director</i>
Mr. Vivek Wahi	<i>Non-executive Director</i>
Mr. Pradeep Madhav	<i>Non-executive Director</i>
Mr. Prasanna Patankar	<i>Managing Director</i>

AUDIT COMMITTEE*

Mr. G. Narayanan
Ms. Sonali Sinha
Mr. R. Venkataramani
Mr. T. V. Rao

MANAGEMENT TEAM*

Mr. Siddharth Shah	<i>Senior Vice President</i>
Mr. Manish Jadhvani	<i>Senior Vice President</i>
Mr. M. N. Suresh	<i>CFO & Senior Vice President</i>

REGISTERED OFFICE

A/B1- 801, A Wing, 8th floor, Marathon Innova, Marathon Nextgen Compound,

Off G K Marg, Lower Parel (W), Mumbai 400013.

CIN: U67110MH2006PLC165306

* As on March 31, 2020

BOARD OF DIRECTORS



Mr. G. Narayanan
Independent Director



Ms. Sonali Sinha
Independent Director



Mr. T. V. Rao
Independent Director



Mr. R. Venkataramani
Non-executive Director



Mr. Vivek Wahi
Non-executive Director



Mr. P. Madhav
Non-executive Director



Mr. Prasanna Patankar
Managing Director

NOTICE

NOTICE IS HEREBY GIVEN THAT THE FOURTEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF STCI PRIMARY DEALER LIMITED WILL BE HELD ON FRIDAY, SEPTEMBER 18, 2020 AT 10:00 AM THROUGH VIDEO CONFERENCING/OTHER AUDIO VISUAL MEANS (VC/OAVM) TO TRANSACT THE FOLLOWING BUSINESS:

THE PROCEEDINGS OF THE ANNUAL GENERAL MEETING ("AGM") SHALL BE DEEMED TO BE CONDUCTED AT THE REGISTERED OFFICE OF THE COMPANY AT A/B1-801 MARATHON INNOVA, MARATHON NEXTGEN COMPOUND, LOWER PAREL (W), MUMBAI- 400 013 WHICH SHALL BE THE DEEMED VENUE OF THE AGM.

ORDINARY BUSINESS

1. To receive, consider and adopt Audited Financial Statements of the Company for the financial year ended March 31, 2020 together with the Board of Directors' Report and the Auditor's Report thereon
2. To appoint a Director in the place of Mr. Vivek Wahi (DIN - 07490023), who retires from office by rotation and being eligible, offers himself for re-appointment
3. To appoint Statutory Auditor's of the Company and authorize Board to determine the remuneration payable;

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of section 139(5), 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, the Board of Directors of the Company be and are hereby authorized to decide and fix the remuneration of the Statutory Auditor(s) of the Company to be appointed by Comptroller and Auditor General of India (C&AG) for the financial year 2020-21, as it may deem fit."

SPECIAL BUSINESS

4. To approve the increase in overall borrowing limit of the Company

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Special Resolution**:

"RESOLVED THAT in supersession to the previous resolution(s), the consent of the members, under section 180(1)(c) of the Companies Act, 2013 and other applicable provisions, if any, be and is hereby accorded to the Board of Directors for borrowing of money from time to time any sum or sums of money, where the money to be borrowed, together with the money already borrowed by the Company (apart from temporary loans obtained or to be obtained from the bankers of the Company in the ordinary course of the business) may exceed the aggregate, for the time being, of the paid-up share capital of the Company and its free reserves, that is to say reserves not set apart for any specific purpose, provided that the total amount to be borrowed shall not at any time exceed the limit of ` 15,000 Crore."

5. Revision in terms of Remuneration payable to Mr. Prasanna Patankar, Managing Director

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT in partial modification of all the resolution(s) passed by the Members of the Company at the General Meeting of the Company, pursuant to the provisions of Sections 197, 198, and other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with the applicable Rules framed thereunder and Schedule V to the Act and subject to the approval of Central Government, if required, the Company does hereby approve of the revision in the terms of remuneration payable to Mr. Prasanna Patankar, Managing Director of the Company, with effect from April 01, 2020 on the terms and conditions as set out in the Explanatory Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors and/or a Committee thereof to alter and vary the terms and conditions of remuneration;

NOTICE

RESOLVED FURTHER THAT all other terms and conditions, if any, mentioned in the resolution passed at the General Meeting dated January 06, 2017, at the time of appointment of Mr. Prasanna Patankar as Managing Director of the Company, shall continue and shall remain unchanged;

RESOLVED FURTHER THAT any of the Director of the Company and/or the Company Secretary either severally and/or jointly be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary and/or incidental for giving effect to this resolution."

Mumbai
September 07, 2020
CIN:- U67110MH2006PLC165306

Regd. Office:-

A/B1- 801, A Wing, 8th floor, Marathon Innova
Marathon Nextgen Compound, Off G. K. Marg,
Lower Parel (W), Mumbai 400013.

On behalf of the Board of Directors
for STCI Primary Dealer Limited

Pradeep Madhav

Director

DIN:- 00267422

NOTES

1. In view of the outbreak of COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its General Circular No. 20/2020 dated 5th May, 2020 read together with General Circular Nos. 14/2020 & 17/2020 dated 8th April, 2020 and 13th April, 2020 respectively and other circulars, if any, (collectively referred to as "MCA Circulars"), permitted the holding of the Annual General Meeting ('AGM') through VC/OAVM, without the physical presence of the Members at a common venue. In compliance to the provisions of the Companies Act, 2013 and the MCA Circulars, the AGM of the Company is being held through VC/OAVM.
2. In compliance with applicable provisions of the Act read with the MCA Circulars, the AGM of the Company is being conducted through VC/ OAVM, the proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company which shall be the deemed venue of the AGM. Since the AGM will be held through VC/OAVM, the Route Map is not annexed to this Notice.
3. Pursuant to the applicable provisions, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
4. A body corporate (including any company which is a Member of the Company) may authorize any person as it thinks fit by a resolution of its Board of Directors or other governing body to act as its representative on its behalf at any meeting including this meeting, and such representative shall be entitled to exercise the same rights and powers, including the right to vote by proxy on behalf of the body corporate which he represents as that body corporate would exercise if it were an individual. The Body Corporate is requested to send a scanned copy of the Board Resolution/ Authority Letter, etc., authorizing their representative to attend the AGM through VC/OAVM on their behalf. Members of the Company, being a body corporate, are requested to email a certified true copy of the Resolution of the meeting of their Board of Directors or Governing Body appointing the representative of the body corporate not later than 48 hours before the commencement of the meeting, at the email id provided in the email sent to the members for convening the AGM.

NOTICE

5. Certified true copies of the Resolutions appointing the representative by bodies corporate and to attend the meeting on their behalf received will be available electronically for inspection by the Members during the AGM. All documents referred to in the Notice will also be available for electronic inspection without any fee by the Members from the date of circulation of this notice up to the date of AGM.
6. Members are requested to notify any change in their address immediately to the Company at its Registered Office.
7. Members desiring any additional information or having any question or query pertaining to the business to be transacted at the AGM are requested to write to the Company, mentioning their name, DP ID and Client ID number/folio number and mobile number at least 48 hours before the time fixed for the AGM, so as to enable the Management to keep the information ready. The queries may be raised precisely and in brief to enable the Company to answer the same suitably.
8. Members are encouraged to join the Meeting through laptops/IPads for better experience. Further, Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting. Please note that participants connecting from mobile devices or tablets or through laptop connecting via mobile hotspot may experience audio/video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
9. Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the meeting. The link for joining the meeting shall be sent via email to the members.
10. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under the applicable provisions of the Companies Act, 2013 and the MCA Circulars thereof.
11. The Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013, with regard to the above resolutions, as and where required, is enclosed as an Annexure to the Notice.

Mumbai
September 07, 2020
CIN:- U67110MH2006PLC165306

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Lower Parel (W), Mumbai 400013.

On behalf of the Board of Directors
for STCI Primary Dealer Limited

Pradeep Madhav
Director
DIN:- 00267422

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT (Pursuant to section 102 of the Companies Act, 2013)

Item No. 4

To approve the increase in overall borrowing limit of the Company

The Company is a Primary Dealer (PD) in Government Securities (G-Sec) and its main objective is to support the Government Borrowing programme. In fulfillment of its commitment as PD, it participates in T-Bills and G- Sec auctions conducted by RBI. The Company is a regular borrower under call money market, repo market, CBLO and all other money markets etc.

In view of the increase in the government borrowing and the Company's commitment thereto, the Board of Directors of the Company is of the view that the borrowing limits be enhanced, from the existing limit of ` 10,000 Crore to ` 15,000 Crore. Keeping in view the increased Net Owned Fund (NOF) of the Company and the market opportunities that could be available to the Company, in the business interest of the Company it would be prudent to increase the borrowing limits of the Company.

None of the Directors, KMPs and/or their relatives are interested in the Resolution(s), except to the extent of their shareholding, if any. The Board of Directors recommends the resolution for the approval of the members.

Item No. 5

Revision in terms of Remuneration payable to Mr. Prasanna Patankar, Managing Director

At the Meeting of the Board of Directors of the Company held on December 30, 2016, Mr. Prasanna Patankar was appointed as the Managing Director of the Company for a period of 5 years with effect from January 24, 2017 till January 23, 2022. The appointment and remuneration of Mr. Prasanna Patankar was approved by the Members of the Company, at the General Meeting of the Company held on January 06, 2017. The remuneration was subsequently revised by the Board of Directors at their meeting held on August 02, 2018 and August 26, 2019 which was subsequently approved by the members at the Annual General Meeting held on August 06, 2018 and September 04, 2019 respectively.

The current salary paid to Mr. Prasanna Patankar is ` 6,50,000/- (Rupees Six Lakh Fifty Thousand Only) per month which includes Basic Pay of ` 2,85,000/-, HRA of ` 80,000/- and Special Allowance of ` 2,85,000/- The aforesaid salary does not include other benefits payable, if any.

Based on the recommendations made by Nomination and Remuneration Committee at their Meeting held on August 12, 2020, the Board of Directors at their meeting held on September 07, 2020, approved of an increase in the salary payable to Mr. Prasanna Patankar to ` 7,20,000/- (Rupees Seven Lakhs Twenty Thousand Only) per month which includes Basic Pay of ` 3,20,000/-per month, HRA of ` 80,000/- per month & Special Allowance of ` 3,20,000/- per month, subject to the approval of the Members of the Company.

In compliance with the provisions of Sections 197, 198 and other applicable provisions, if any, of the Act, read with Schedule V to the Act and corresponding Rules framed thereunder, the revision in the terms of remuneration payable to Mr. Prasanna Patankar, as specified above, are now being placed before the Members for their approval. The other terms and conditions of remuneration are as under:-

- Provident Fund/Superannuation/Annuity Fund: During the period of his employment, he will be entitled to the Company's contribution to Provident Fund/Superannuation/Annuity Fund and the amount of Company's contribution and other benefits will be as per Company's rules.
- Gratuity: During the period of his employment, he shall be entitled to gratuity and the amount payable as gratuity will be computed as per the Payment of Gratuity Act.
- Leave, Leave Encashment: As Per Company's rules.
- Leave Travel Concession: ` 1,50,000/- (Rupees One Lakh Fifty Thousand Only) per annum.
- Medical Benefit : ` 1,50,000/- (Rupees One Lakh Fifty Thousand Only) per annum

Perquisites:

- (i) A company car (with personal driver) will be provided and usage/reimbursement of which will be as per Company rules.
- (ii) Free furnished residential accommodation will be provided in lieu of HRA.

ANNEXURE TO THE NOTICE

- (iii) Insurance by the Company against hospitalisation expenses, arising out of an accident or sickness or any other cause, under the Group Mediclaim insurance and/or Term insurance policy as per Company's rules.
- (iv) Other facilities like telephone charges reimbursement, meal vouchers, etc. would be provided as per Company's rules.
- (v) He would be eligible for Performance Linked Variable Pay (PLVP) based on the performance of the Company and as per the PLVP Scheme of the Company. The percentage and the quantum of PLVP could vary from year to year as decided by the Board.
 - In other service matters, not expressly covered by the terms of appointment, the rules as applicable to the Senior Officers of the Company will be followed.
 - In the event of inadequacy or absence of profits in any financial year, the remuneration referred to as aforesaid will be paid as minimum remuneration.
 - Tax payable on salary shall be borne by Mr. Prasanna Patankar as per Income Tax Act, 1961 or any Rules framed thereunder.

The existing terms and conditions of appointment and remuneration, including any revisions, of Mr. Prasanna Patankar, Managing Director of the Company, as set out in the resolution(s) passed by the members in the aforementioned General Meeting(s) would be available for inspection, by electronic means.

None of the Directors, Key Managerial Personnel and/or their relative, except Mr. Prasanna Patankar, is concerned or interested in the Resolution(s) of the accompanying Notice relating to variation in the terms of remuneration payable to him as Managing Director. The Board of Directors recommends the resolution for the approval of the members.

Mumbai
September 07, 2020
CIN:- U67110MH2006PLC165306

Regd. Office:-
A/B1- 801, A Wing, 8th floor, Marathon Innova
Marathon Nextgen Compound, Off G. K. Marg,
Lower Parel (W), Mumbai 400013.

On behalf of the Board of Directors
for STCI Primary Dealer Limited

Pradeep Madhav
Director
DIN:- 00267422

DIRECTORS' REPORT

TO

THE SHAREHOLDERS OF STCI PRIMARY DEALER LIMITED (CIN:- U67110MH2006PLC165306)

Your Directors are pleased to present the Fourteenth Annual Report together with the Audited Accounts of the Company for the year ended March 31, 2020.

1. FINANCIAL RESULTS

The Financial performance of the Company for the year ended March 31, 2020 is as under:-

Particulars	(₹ in Lakh)	
	FY 2019-20	FY 2018-19
Income		
Revenue	78,027.74	67,000.95
Other income	2.17	71.39
A. Total income	78,029.91	67,072.34
Expenses		
Operating expenditure	3,427.69	2,587.76
Depreciation and amortization expense	108.68	72.87
Finance costs	45,352.72	50,575.67
B. Total Expenses	48,889.09	53,236.31
C. Profit before tax and exceptional items (A-B)	29,140.82	13,836.03
D. Exceptional items	-	(9,413.35)
E. Profit before Tax (C-D)	29,140.82	4,422.68
F. Tax expense	(6,544.97)	(1,957.80)
G. Profit for the year attributable to owners of the company (E-F)	22,595.85	2,464.88
H. Opening balance of retained earnings	16,007.64	15,514.04
I. Total comprehensive income		
a. Profit for the year	22,595.56	2,464.89
b. Other comprehensive income / (losses)	1,636.15	412.54
Total (a+b)	24,232.01	2,877.42
J. Dividend (including tax on dividend)	(10,126.68)	(1,808.33)
K. Transfer to statutory reserve	(4,846.40)	(575.48)
L. Closing balance of retained earnings [(H+I)-(J+K)]	25,266.58	16,007.64

Your Company has made a net profit (Profit After Tax) of ₹ 225.96 Crore for the FY2019-20 as against a net profit (Profit After Tax) of ₹ 24.65 Crore for the FY2018-19.

The Ministry of Corporate Affairs (MCA) vide its notification dated 30.03.2016 had notified the Companies (Indian Accounting Standards) Rules, 2016 laying roadmap for application of IFRS converged standard (IndAS) for prescribed categories of companies. In line with the said requirements, the Company had adopted IndAS for the first time in FY2018-19. Further Reserve Bank of India (RBI) vide circular dated March 13, 2020 had prescribed guidelines on reporting of financial statement in IndAS from 2019-20 onwards and accordingly the same is adhered to.

DIRECTORS' REPORT

2. MANAGEMENT DISCUSSION AND ANALYSIS

a. THE ECONOMY

The economic landscape during FY20 witnessed several crises throughout the year, which clouded the macroeconomic outlook considerably. Crises appeared in succession on both the domestic as well as the international fronts. The beginning of the financial year saw imminent slowdowns in global economies including the US and the Eurozone, while Japan continued to reel under recessionary trends. The UK remained under a shadow of uncertainty following the Brexit deal and the economy remained on a shaky footing. Expectations around the world were for a strong rebound from emerging markets, mostly driven by a growth push in China, which however did not materialise till the end of 2019. The prospect of economic growth continued to hinge to a great extent on the US and China agreeing to a deal and ending their on-going trade war.

Even as the US China trade negotiations progressed, geopolitical tensions between the US & Iran arose at the end of 2019 leading to sharp volatility in crude oil prices which breached USD 70/barrel mark during January 2020. The major Eurozone economies continued to struggle with an economic downturn, especially countries with heavy dependency on the auto sector like Germany, Italy and France. Recessionary trends continued to trouble Japanese policy makers throughout 2019 and hopes of an economic revival were increasingly pinned on the upcoming Tokyo Olympics in the middle of 2020.

The domestic economy suffered in tandem with global economies and was even more badly affected than its global peers. Economic growth in India decelerated sharply with Q2FY20 growth at a 7 year low of 4.5% and thereafter continued to stagnate with Q3FY20 growth again clocking 4.7%. In order to make the Indian economy globally competitive and to kick start private sector investment together with attracting foreign capital the Finance Ministry sharply reduced the corporate tax rate in September 2019. In an unprecedented move the effective corporate tax rate was brought down to 25.17% from 34.94%. However, this led to a revenue shortfall and the Government was forced to utilise the 'escape clause' under the Fiscal Responsibility and Budget Management (FRBM) Act to gain a leeway of 0.5% and increase in the fiscal deficit to 3.8% instead of the originally estimated 3.3%.

Even as the banking sector continued to struggle under mounting NPAs and a liquidity crisis, the banking crisis in the private sector space following the debacle of a large co-operative bank shook policymakers and stakeholders' alike, creating doubts about the robustness of the banking sector in the Indian economy.

The economy was already reeling from these crises when the Covid-19 pandemic struck and a nation-wide lockdown had to be imposed thereby bringing economic activity to a standstill. As the outbreak spread globally in February 2020, central banks around the world raced to stem the economic damage by pushing interest rates lower to near the "zero bound" and announced massive expansion of balance sheets in order to support their economies and stave off recession.

The Reserve Bank of India adopted an extremely pro-active stance to tackle the economic fallout by cutting the Repo rate by 75 basis points and a slew of credit and liquidity measures to avoid meltdown of financial markets and credit freeze in the economy. Financial markets around the world witnessed unprecedented volatility even with central banks announcing monetary measures which were of the largest magnitude of quantitative easing seen till date. The US Dollar remained strong against most peers throughout on the back of heightened risk aversion and flight to safety.

The year ahead remains fraught with challenges both on the fiscal and monetary fronts. Although the Government has as yet stuck to the path of fiscal rectitude and a relief package to the tune of 20 Lac Cr have been announced so far to mitigate the immediate impact for the poor, the economic aftermath could demand a larger fiscal intervention from both the Central as well as State governments. Thus even as economic prospects remain uncertain and rise in NPA & very poor credit off take remain major roadblocks on the road to recovery, a large fiscal overshoot in the absence of central bank monetisation could severely pressure interest rates.

b. DEVELOPMENTS IN MONEY AND SECURITIES MARKET

The financial year commenced on a downbeat market sentiment as the Central Government proposed to borrow 62.3% of the full year gross market borrowing program in H1FY20 itself thereby frontloading it in the first half. In addition, RBI announced an additional FX buy/sell swap auction to inject liquidity into the system, thereby weakening the case for incremental OMO purchases.

DIRECTORS' REPORT

In its April 2019 meeting, the Monetary Policy Committee of the RBI cut the policy Repo Rate by 25 bps and revised inflation projections downwards to 2.9-3.0% in H1 FY20 (3.2-3.4% previous) and 3.5-3.8% in H2 FY20 (3.9% in Q3 previous), and maintained "neutral stance" with emphasis on the upside risks to inflation trajectory.

Markets remained jittery due to volatility in crude oil prices and uncertainty ahead of the general election results. However, a decisive mandate in favor of the ruling party, bolstered market sentiment and risk appetite. INR appreciated more than 1% against USD post-election results, amidst expectations of renewed FPI flows in the debt market. OMO purchases by RBI recommenced in the month of May after a brief gap as the RBI chose to infuse rupee liquidity by conducting FX Buy-sell swaps in the months of March & April.

Weaker than expected GDP print for Q4FY19 let the MPC to cut the Policy Repo rate by 25 bps in its June 2019 meeting, along with the change in stance to "accommodative" from "neutral". The RBI also re-iterated its commitment to provide adequate liquidity to the banking system for all productive sectors as and when required.

The presentation of Union Budget for FY20 on July 5, 2019 saw the fiscal deficit target for FY20 pegged at 3.30% of GDP and lower than the target of 3.40% of GDP projected in the interim Union Budget in February 2019 and retained the gross market borrowing target of ` 7.10 Lac Cr. This imparted a bullish momentum in the bond market with the benchmark yield falling to a level unseen in the past 20 months. A further policy Repo rate cut by the MPC in the August 2019 meeting surprised the market as the Committee voted for an unconventional rate cut of 35 bps. Government finances were bolstered by the transfer of a larger than anticipated surplus of ` 1.76 Lac Cr from RBI based on the recommendations of the Bimal Jalan Committee Report.

In a move to boost the sagging economy and to kick start growth, the Finance Minister, Smt Nirmala Sitharaman announced an unprecedented sharp cut in the corporate tax rate from 34.94% to 25.17% in September 2019. The MPC in its October meeting cut policy Repo rate by 25 bps for the fifth consecutive time as it anticipated FY20 GDP print to moderate to 6.1% from its earlier projection of 6.9%.

As CPI inched above the RBI's medium-term target of 4% in October 2019 amid soaring food and vegetable prices with farm produce being damaged by excessive rainfall, the MPC was guided to hold the policy Repo rate unchanged at 5.15% in the December Policy Review while retaining the "accommodative stance". The RBI also commenced using unconventional policy tools including the first ever Operation Twist (OT) - buying longer tenor bonds and simultaneously selling shorter tenor bonds thereby intending to compress term spreads in order to facilitate faster monetary policy transmission. This achieved the desired result with a sharp softening of the longer tenor bond yields by 15-20 bps. Crude oil prices saw a sharp spike above USD 70/barrel in January 2020 as tensions between US and Iran intensified after a leading Iranian General was killed in a US drone strike and retaliatory strikes by Iran on US military bases.

As the Covid-19 pandemic surfaced and spread to major parts of the world including US, investor risk aversion and concerns over the economic impact of the virus, led to a sharp plunge in US Treasury yields and crude oil prices, leading to easing in domestic bond yields. The markets were pleasantly surprised as, despite Central Government's extremely strained fiscal position, no additional borrowings for FY20 were announced during the presentation of Union Budget for FY21. The Central Government stuck to its gross market borrowing number of ` 7.80 Lac Cr which was in line with market expectations. As the Covid-19 pandemic hit Indian shores in March 2020, the Government had to impose a nationwide lockdown from March 25, 2020. Truncated market hours and muted investor participation together with fiscal worries lead to a sharp sell-off in the market. With heightened risk aversion amid the ongoing crisis, the Indian debt market witnessed a massive FPI led sell off of close to ` 70,000 Cr during the period January-March 2020. However, liquidity support by RBI in the form of OMO purchase worth ` 92,500 Cr during the year supported the demand-supply dynamics.

The borrowing by State governments under SDLs in FY20 stood substantially higher at ` 6.34 Lac Cr compared to a borrowing of ` 4.78 Lac Cr in FY19 as state revenues fell amidst slowing growth. Liquidity conditions considerably eased as systemic liquidity moved from a deficit of ` 77,000 Cr at the start of FY20 to a surplus of ` 2.53 Lac Cr at the end of the fiscal year.

DIRECTORS' REPORT

c. OPERATIONS REVIEW

(i) Financial Performance

Your Company has made a Net Profit (Profit After Tax) of ₹ 225.95 Crore for FY2019-20. This profit is the highest ever in the history of the Company. Your Company was able to deliver such financial performance in a challenging business environment amidst the ongoing credit crisis in the financial market and the Covid-19 pandemic outbreak.

For the FY 2019-2020, your Company has declared and paid three interim dividends. The first interim dividend was declared in July 2019 at the rate of 20% amounting to ₹ 2 per share (Face Value - ₹ 10/- per share), entailing a payout of ₹ 36.17 Crore (including ₹ 6.17 Crore of Dividend Distribution Tax). Further, the second interim dividend was declared in January 2020 at the rate of 30% amounting to ₹ 3 per share (Face Value - ₹ 10/- per share), entailing a payout of ₹ 54.25 Crore (including of ₹ 9.25 Crore of Dividend Distribution Tax).

Your Board declared the third interim dividend for FY2019-20 in May 2020 at a rate of 22% amounting to ₹ 2.2 per share (Face Value - ₹ 10/- per share), entailing a payout of ₹ 33.00 Crore (including ₹ 2.47 Crore of Tax Deduction at Source). The total payout arising out of interim dividend distribution and taxes thereon for FY 2019-2020 amounts to ₹ 123.42 Crore. Your Directors do not recommend any final dividend for the current year.

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

The Company's total turnover ratio was 774 times in Government dated securities and 139 times in Treasury Bills as against the stipulated minimum turnover ratio of 5 times and 10 times respectively under the RBI's guidelines for Primary Dealers in Government securities market. On an outright basis, the turnover ratio was 298 times in Government dated securities and 13 times in Treasury Bills as against the prescribed minimum of 3 times and 6 times respectively. As against the stipulated minimum success ratio of 40%, the Company achieved success ratio of 47.98% in respect of bids tendered for primary issues of Treasury Bills.

(iii) Risk Management

The Company has in place a comprehensive Business Investment and Risk Policy to monitor market, credit, liquidity, forex, settlement and operational risks associated with the business operations of the Company. The Company's Risk Management Department is an independent unit under the Chief Risk Officer, who is responsible for measurement and monitoring of risk limits within the risk management framework across all asset classes. The Company uses Value-at-Risk (VaR) methodology for measuring and monitoring market risks associated with its portfolio and uses stress-testing tools to assess the impact of interest rate movements on the portfolio. The Company has an internal Credit Evaluation Committee for evaluating & monitoring the credit quality of entities in whose corporate debt securities the Company invests. The risk management function of the Company is periodically reviewed by the Risk Management Committee of the Board.

The Company also has an Asset-Liability Committee (ALCO) of executives of the Company comprising of the Managing Director and Senior Management of the Company. ALCO Committee functions under the guidance and directions of the Board of Directors of the Company as well as the Risk Management Committee.

(iv) Internal Audit and Control Systems

For the period under review, the Company appointed M/s. Chandabhoy & Jassoobhoy, Chartered Accountants, as the Company's Internal and Concurrent Auditors. The scope of their audit included review of adequacy and efficacy of the internal control systems and procedures and deviations, if any, from generally accepted best practices, review of the Company's compliance with applicable laws and regulations including the guidelines issued by RBI and other statutory bodies. M/s. Chandabhoy & Jassoobhoy, Chartered Accountants were also entrusted with the work of Concurrent audit of all money and securities market transactions. The Audit Committee as well as the Board of Directors interacts with the Internal and Concurrent Auditors on a regular basis for ensuring adequate internal controls and checks.

(v) Regulatory Compliance

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

(vi) Credit Rating

The Company has obtained the highest credit ratings of A1+ from credit rating agency CRISIL for ₹ 200 Crore for its short-term debt (STD) programme.

DIRECTORS' REPORT

(vii) Debt & Macro Economic - Research

The Company has a dedicated macroeconomic and debt research desk which releases reports at regular intervals covering careful study and in-depth analysis of economic developments, events and making forecasts of various upcoming economic releases both for the Company's valued clients/market participants as well as for the dealing team for taking informed trading decisions. Other regular research contributions include series of reports in the form of daily and weekly debt market updates and fortnightly economic updates. It also releases periodic reports such as Monetary Policy Meeting expectations, review of MPC decisions and outcomes, analysis and fiscal impact of the Union Budget, Government Borrowing calendar and occasional write-ups on issues of topical interest.

(viii) IT Strategy Committee

The Company has an IT Strategy Committee with an Independent Director as Chairperson in line with the RBI IT Master Directions Framework for NBFCs. This Committee has the responsibility of monitoring the adequacy and compatibility of the IT Systems of the Company as well as advising on the timely upgrade of the IT infrastructure in line with the Company's emerging business requirements. The IT Strategy Committee also reviews the audit of IT systems of the Company which are conducted periodically and gives suggestions/recommendations on areas of improvement.

(ix) Human Resources

The Company's HR function for FY2019-20 was outsourced to M/s. HR Anexi Private Limited, HR Consultants who provided HR support by way of review of Company's HR policies, compensation structure, key hiring plan, new employee on-boarding, skill and capability building for employees and other regular HR engagement activities. The Company's staff strength as on March 31, 2020 was 42 employees.

(x) Internal Financial Controls and their adequacy

The Company has in place adequate Internal Financial Control framework commensurate with the nature, size and scale of operation of the Company. The controls and processes are driven through various policies, procedures and certifications. The processes and controls are reviewed periodically.

d. OUTLOOK FOR THE CURRENT YEAR

The current year poses several economic challenges as the country tries to recover from the economic damage wrought by the Covid-19 pandemic. The domestic stakeholders including the Central and State governments and the RBI have taken several relief measures to restore the economy to an even keel and mitigate as much damage as possible. Economic growth which was already struggling at a 7 year low of 4.5% in Q2FY20 has been severely impacted by the economic shock following the pandemic and shows clear recessionary trends for the current financial year. Many professional forecasters now expect the Indian economy to clock real GDP growth rate of minus 2%-3% for FY21 and only a marginal recovery into positive territory for FY22 driven by sheer base effect. The RBI has reacted proactively by cutting rates by 75 basis points, together with other measures including a targeted CRR cut, Long Term Repo Operations (LTROs) and Targeted Long Term Repo Operations (TLTROs) to ensure supply of credit to all productive sectors of the economy. As the economy slowly gets back on its feet and risks to growth appear to be far more severe than in earlier assessments, the RBI will continue to take accelerated efforts to resuscitate domestic consumption demand to avoid any negative fallout on income levels and employment in the short run and the medium term growth potential. The Reserve Bank of India is expected to further reduce policy rates and also maintain an "accommodative stance" through easy liquidity conditions till the severe growth disruptions caused by the pandemic are addressed and economic growth is restored. Bond yields may face headwinds from adverse demand-supply dynamics as both Central & State governments have to resort to increased borrowing to compensate for loss of tax revenue and funding economic stimulus to revive growth. The option of monetization of debt in such an extraordinary situation as is currently faced remains in the realm of possibility.

On the global front, the Covid-19 pandemic crisis has affected both developed as well as developing economies significantly. The US has preemptively cut rates by a massive 150 basis point in two unscheduled meetings and brought the Fed Funds Rate to near zero levels. The Eurozone, already struggling with low growth due to a slowdown in manufacturing will face a rising unemployment scenario. The ECB is already in the negative interest rate zone, and cannot move much further on the rates front, while doing all it can on the liquidity aspect to boost credit growth and keep the economy moving. Crude oil prices have stabilized after reaching new lows with Brent having traded as low as USD 16/barrel, and are expected to remain benign as demand for crude oil has significantly declined post the lockdown. Trade tensions will continue to haunt the

DIRECTORS' REPORT

global economic landscape throughout FY21. Safe haven assets are expected to remain strong as capital takes flight to assets like gold and the USD. Most central banks around the world are now expected to carry on the "accommodative" monetary policy stance and keep rates low in addition to giving huge liquidity injections to boost credit off-take.

Cautionary Statement

Statements in this Management Discussion and Analysis may be 'forward looking' within the meaning of applicable laws and regulations. Actual results may differ, from those expressed or implied, due to various factors. The views expressed above are not to be treated as advisory or recommendatory in nature.

3. COMPOSITION OF BOARD

As on March 31, 2020, the Board comprised of seven Directors. The Board includes Independent Directors, Non-Executive Directors and a Managing Director as under :-

- Mr. G. Narayanan, Independent Director
- Ms. Sonali Sinha, Independent Director
- Mr. T. V. Rao, Independent Director
- Mr. R. Venkataramani, Non-Executive Director
- Mr. Vivek Wahi, Non-Executive Director
- Mr. Pradeep Madhav, Non-Executive Director
- Mr. Prasanna Patankar, Managing Director

The Company has received declarations from Director(s), as applicable to them. The Board met five times during the year under review.

Date of Board Meeting	April 24, 2019	July 29, 2019	Aug 26, 2019	Nov 01, 2019	Jan 17, 2020
Details of Directors					
1 Mr. G. Narayanan	✓	✓	✓	✓	✓
2 Ms. Sonali Sinha	✓	✓	✓	✓	✓
3 Mr. T. V. Rao	✓	✓	✓	✓	✓
4 Mr. R. Venkataramani	✓	✓	✓	✓	✓
5 Mr. Vivek Wahi	✓	✓	✓	x	✓
6 Mr. Pradeep Madhav	✓	✓	✓	✓	✓
7 Mr. Prasanna Patankar	✓	✓	✓	✓	✓

4. COMMITTEES OF THE BOARD

The Committees of the Board play a crucial role and have been constituted to deal with specific areas/activities which concern the Company and need a closer review. The Board Committees are set up under the formal approval of the Board of Directors to carry out clearly defined roles.

The Company has following Committees of the Board:-

(i) Audit Committee

As on March 31, 2020, the Audit Committee of the Board comprised of Mr. G Narayanan, Mr. R Venkataramani, Ms. Sonali Sinha and Mr. T. V. Rao. The scope and functions of the Audit Committee includes the following;

- review of the Statutory and Internal Auditors' reports
- monitor the adequacy of the internal control system and internal audit function
- review the Company's financial management policies
- discussions with the Internal, Concurrent and Statutory Auditors as and when necessary/required
- recommending appointment, remuneration and terms of appointment of auditors of the Company;
- reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- examining the financial statement and the auditors' report thereon;
- approving or ratifying transactions of the Company with related parties, if any;
- scrutinizing inter-corporate loans and investments, if any;

DIRECTORS' REPORT

- valuation of undertakings or assets of the Company, wherever it is necessary;
- evaluation of internal financial controls and risk management systems;
- any other applicable matters as specified under section 177 of the Companies Act, 2013 and the rules framed thereto or as may be delegated by the Board in this regard

In addition to quarterly meetings for consideration of financial results, meetings of the Audit Committee may also be convened, as and when required, for review of various businesses/functional aspects of the Company, business risk assessment, internal audit, etc.

The Committee met four times during the year.

Date of Meeting		April 24, 2019	July 29, 2019	Nov 01, 2019	Jan 17, 2020
Details of Directors					
1	Mr. G. Narayanan	✓	✓	✓	✓
2	Ms. Sonali Sinha	✓	✓	✓	✓
3	Mr. R. Venkataramani	✓	✓	✓	✓
4	Mr. T. V. Rao*	Refer Note	✓	✓	✓

*inducted in the Committee w.e.f. July 29, 2019

(ii) Risk Management Committee

As on March 31, 2020, the Risk Management Committee of the Board comprised of Mr. G. Narayanan, Mr. Pradeep Madhav, Ms. Sonali Sinha and Mr. Vivek Wahi. The Company has in place a detailed and comprehensive Business Investment and Risk Policy, which is reviewed at regular intervals and modified, if required, in order to align with the changing business dynamics of the Company. The Risk Management Committee meets at regular intervals. The scope of the Risk Management Committee includes the following;

- review compliance with the approved/statutory risk policies and parameters
- review risk policies, procedures and reporting mechanisms
- review risk management reports on a periodic basis and suggest modifications to the Business Investment and Risk Policy of the Company for submitting to the Board for final approval
- all such acts and functions as may be delegated by the Board of Directors

The Committee met four times during the year.

Date of Meeting		April 23, 2019	July 29, 2019	Nov 01, 2019	Jan 17, 2020
Details of Directors					
1.	Mr. G. Narayanan	✓	✓	✓	✓
2.	Ms. Sonali Sinha	✓	✓	✓	✓
3.	Mr. Pradeep Madhav	✓	✓	✓	✓
4	Mr. Vivek Wahi*	Refer Note	✓	x	✓

*inducted in the Committee w.e.f. July 29, 2019

(iii) Nomination and Remuneration Committee

As on March 31, 2020, the Nomination and Remuneration Committee of the Board comprised of Mr. G Narayanan, Ms. Sonali Sinha and Mr. R Venkataramani. The Nomination and Remuneration Committee plays an active role in HR development, performance management and talent retention and reviews HR policies on a regular basis. The scope of the Nomination and Remuneration Committee shall include the following;

- identify persons qualified to become Directors and recommend to the Board their appointment and removal, if considered appropriate
- identify persons who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal
- carry out evaluation of every Director's performance

DIRECTORS' REPORT

- formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees
- any other matters as specified under section 178 of the Companies Act, 2013 and the rules framed thereto or as may be delegated by the Board in this regard

The Committee met three times during the year.

Date of Meeting		April 23, 2019	July 29, 2019	Nov 01, 2019
Details of Directors				
1	Mr. G. Narayanan	✓	✓	✓
2	Ms. Sonali Sinha	✓	✓	✓
3	Mr. R. Venkataramani	✓	✓	✓

(iv) Corporate Social Responsibility (CSR) Committee

As on March 31, 2020, the Corporate Social Responsibility (CSR) Committee comprised of Ms. Sonali Sinha, Mr. G Narayanan, Mr. R. Venkataramani and Mr. Prasanna Patankar. The Company aims to contribute to the social and economic development of the community and direct and assist efforts to build a better, sustainable way of life for the betterment of the society. The scope of the Committee is as prescribed in the Companies Act, 2013 and as delegated by the Board. The projects/beneficiaries of the CSR funding of the Company are clearly laid down in the CSR policy of the Company and approved by the Board of Directors.

The Committee met two times during the year.

Date of Meeting		April 23, 2019	Jan 17, 2020
Details of Directors			
1.	Mr. G. Narayanan	✓	✓
2.	Ms. Sonali Sinha	✓	✓
3.	Mr. Prasanna Patankar	✓	✓
4	Mr. R. Venkataramani*	Refer Note	✓

*inducted in the Committee w.e.f. January 17, 2020

5. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place a Policy for prevention of Sexual Harassment at the Workplace in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. The policy aims at prevention of harassment of employees and lays down the guidelines for identification, reporting and prevention of undesired behaviour.

The Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. The ICC is responsible for redressal of complaints related to sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The following is a summary of sexual harassment complaints received and disposed of during the year:

- (a) Number of complaints pending at the beginning of the year - NIL;
- (b) Number of complaints received during the year - NIL;
- (c) Number of complaints disposed off during the year - NIL;
- (d) Number of cases pending at the end of the year - NIL.

6. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134 (3) (c) of the Companies Act, 2013 and the rules framed thereto and any other provisions, if any, the Directors confirm :-

DIRECTORS' REPORT

- (a) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (b) that appropriate accounting policies have been adopted and have been applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the company for that period;
- (c) that proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) that the annual accounts have been prepared on a going concern basis; and
- (e) that proper systems to ensure compliance with the provisions of all applicable laws and that such systems have been adequate and operating effectively.

7. AUDITORS

M/s. Dassani and Associates, Chartered Accountants, Mumbai, ICAI firm registration number 009096C, were appointed as the statutory auditors of the Company, by the Comptroller and Auditor General of India (C&AG) for the FY 2019-20.

M/s. Dilip Bharadiya & Associates, firm of Practicing Company Secretaries, were appointed as Secretarial Auditor of the Company for the FY 2019-20.

8. DISCLOSURE OF PARTICULARS

The Company is a Standalone Primary Dealer as defined and regulated by the Reserve Bank of India and is not a manufacturing Company, hence the particulars required to be disclosed with respect to the conservation of energy and technology absorption in terms of Section 134(3)(m) of the Companies Act, 2013 and the rules framed thereto are not applicable to the Company.

The information required pursuant to Section 134 read with rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 shall be provided upon request. In terms of Section 136 of the Act, the report and accounts are being sent to members excluding the information on employee's particulars which is available for inspection by the members at the registered office of the Company during business hours on working days of the Company up to the date of the ensuing General Meeting. Interested members may write to the Company.

The details of foreign exchange earnings, if any, as well as foreign exchange outgo, if any, are mentioned in the Notes to Accounts of the Audited Financial Statements for FY2019-20.

9. RELATED PARTY TRANSACTION

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business operations. All related party transactions are placed before the Audit Committee and the Board of Directors. There are no materially significant transactions made by the Company with Promoters, Directors, Key Managerial Persons or any other related parties that may have a potential conflict with the interest of the Company at large. The details of contracts or arrangements with related parties along with justification for entering into transactions referred to in sub-section (1) of section 188 are annexed to the Report as "Annexure I". The Policy on Related Party Transaction is available on the Company's website www.stcipd.com and is also annexed to the Report as "Annexure IV".

10. VIGIL MECHANISM POLICY

The Company has established a vigil mechanism through the Audit Committee, to address any complaint related to questionable practices, internal controls, auditing matters, or the reporting of all information to the shareholders, the regulators and/or the government and the financial markets. The vigil mechanism allows for disclosure by whistle blower internally of such matters without fear of reprisal, discrimination or adverse employment consequences and addresses the disciplining of those responsible. The vigil mechanism provides adequate safeguards against victimisation of whistle blower and makes provision for direct access to the Chairman of the Audit Committee on reporting issues concerning the interests of the Company and its employees. The Company has formulated a Vigil Mechanism Policy in accordance with the requirements of Section 177 of the Companies Act, 2013 and the rules framed thereto. The Policy is available on the Company's website www.stcipd.com.

11. FAIR PRACTICES CODE

The Company has adopted the Fair Practices Code prepared in accordance with the guidelines as prescribed by RBI as well as the publications/code/general market practice guidelines released by FIMMDA/PDAI. The Code is available on the Company's website www.stcipd.com

DIRECTORS' REPORT

12. POLICY ON NOMINATION & REMUNERATION OF DIRECTORS

The Company has formulated a policy in accordance with the requirements of Section 178 of the Companies Act, 2013 and the rules framed thereto. The Policy is available on the Company's website www.stcprd.com

13. CORPORATE SOCIAL RESPONSIBILITY POLICY AND DISCLOSURE

The Company has formulated a policy in accordance with the requirements of Section 135 of the Companies Act, 2013 and the rules framed thereto. The Company's CSR policy is intended to make a material, visible and lasting difference and impact to the lives of the disadvantaged/underprivileged sections of society. The disclosures under Corporate Social Responsibility in accordance with the Companies Act, 2013 & Companies (Corporate Social Responsibility Policy) Rules, 2014 are annexed to the report as "**Annexure II**". The Policy is available on the Company's website www.stcprd.com.

14. EXTRACT OF ANNUAL RETURN IN FORM MGT-9

The extract of Annual Return in Form MGT-9 in accordance with the Companies Act, 2013 is annexed to the Report as "**Annexure III**".

15. FORMAL ANNUAL EVALUATION

The Company has adopted a policy of performance evaluation of the Board of Directors and that of its Committees and individual Directors. During the FY2019-20, the Company had undertaken the evaluation exercise as stipulated in accordance with the policy as well as in the matter as prescribed under the Act.

16. SUBSEQUENT EVENTS

There are no material changes and commitments affecting the financial position of the company which have occurred between March 31, 2020 and the date of the report.

17. KEY MANAGERIAL PERSONNEL

During the FY2019-20 the Company had the following Key Managerial Personnel (KMP) in line with the requirements and as defined by the Companies Act, 2013 and the rules framed thereto

- (i) Mr. Prasanna Patankar, Managing Director
- (ii) Mr. M. N. Suresh, Chief Financial Officer* (*up to March 31, 2020*)
- (iii) Mr. Kalpesh Mody, Company Secretary & Chief Financial Officer* (*w.e.f. from April 1, 2020*)

**On attaining the age of superannuation Mr. M. N. Suresh was scheduled to retire on December 31, 2019. However, the Board had approved his extension for a period of six (06) months and accordingly Mr. M. N. Suresh superannuated from his services on June 30, 2020. Further, Mr. M. N. Suresh ceased to be the Chief Financial Officer (CFO) and KMP of the Company with effect from 1st April, 2020 and Mr. Kalpesh Mody was designated as the Chief Financial Officer from 1st April, 2020 in addition to his existing designation as Company Secretary of the Company.*

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

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

19. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

There were no significant and/or material orders passed against the Company by the regulators or courts or tribunals impacting the going concern status of the Company and/or impacting the Company's operations in future.

20. EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS

There are no adverse comments, qualifications or reservations made by the Secretarial Auditors, Statutory Auditors as well as Comptroller & Auditor General of India (C&AG).

21. SHARES

There has been no change in shareholding pattern for the FY 2019-20. The details of the transfer(s) of share(s), if any, has been mentioned in Form MGT-9, which is annexed to the report as "**Annexure III**".

DIRECTORS' REPORT

22. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Pursuant to Section 186 (11) of the Companies Act, 2013, the provisions of Section 186(4) of the Companies Act, 2013 requiring disclosure in the financial statements of the particulars of the loans given, investment made or guarantee given or security provided and the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient of the loan or guarantee or security is not applicable to Non-Banking Financial Company registered under Chapter III of the Reserve Bank of India Act, 1934 and whose principal business is acquisition of securities.

23. REGISTRAR & SHARE TRANSFER AGENT

M/s. Link Intime India Private Limited acts as the Registrar & Share Transfer Agent for FY2019-20.

24. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company does not have any Subsidiary, Joint venture or Associate Company.

25. PUBLIC DEPOSITS

During the year ended March 31, 2020 your Company has not accepted any deposits from the public within the meaning of the provisions of the Non-Banking Financial Companies (Reserve Bank) Directions, 1998 as well as within the meaning of Chapter V of the Companies Act 2013 and the rules framed thereto.

26. BRANCH OFFICES

During the year under review, the Company opened a new sales office at Bengaluru as 'Branch Office' of the Company. The Company has a total of three (3) branch offices viz. New Delhi, Kolkata and Bengaluru which have been driving the business development efforts on a pan-India basis and procuring business from PSUs, Commercial Banks, Co-operative Banks, Small Finance Banks, Corporates, MNCs, Provident Funds, Pension and Gratuity Funds, Insurance Companies, Mutual Funds etc. The activities of these offices are being regularly assessed and monitored.

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

The Company had subscribed to the Commercial Papers (CPs) issued by Infrastructure Leasing & Financial Services Limited (IL&FS) of face value of ` 100,00,00,000/- (Rupees One Hundred Crore Only) of which CP of face value of ` 50,00,00,000/- (Rupees Fifty Crore Only) were due to be repaid on September 17, 2018 and balance CP of face value of ` 50,00,00,000/- (Rupees Fifty Crore Only) was due to be repaid on March 05, 2019. IL&FS did not honour its repayment obligations towards the Company under both these CPs on the due dates.

The Company's claim as one of the "Financial Creditor" of IL&FS under the Insolvency & Bankruptcy Code, 2016 and the Insolvency & Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 has been admitted. Further, the Company is part of the 'Committee of Creditors (CoC)' for the insolvency resolution plan of IL&FS.

Presently the matter is subjudice and pending before the Hon'ble National Company Law Tribunal (NCLT), Mumbai and the Hon'ble National Company Law Appellate Tribunal (NCLAT), New Delhi.

28. ACKNOWLEDGEMENT

Your Directors thank STCI Finance Limited (Holding Company), Reserve Bank of India, SEBI, CCIL, its Bankers, NSDL, Stock Exchange(s), other commercial and cooperative banks, financial institutions, mutual funds, insurance companies, corporates and other customers for their business support and continued patronage. The Directors would also like to place on record their appreciation of the dedicated performance by the officers and staff of the Company.

On behalf of the Board of Directors of STCI Primary Dealer Limited

Pradeep Madhav
Director

Prasanna Patankar
Managing Director

DIN : 00267422
July 22, 2020
Mumbai

DIN : 07658714
July 22, 2020
Mumbai

DIRECTORS' REPORT

ANNEXURE I

FORM NO. AOC-2

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

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

Sr. No	Particulars	Amount
1	<p>Details of contracts or arrangements or transactions not at arm's length basis</p> <p>(a) Name(s) of the related party and nature of relationship</p> <p>(b) Nature of contracts / arrangements / transactions</p> <p>(c) Duration of the contracts / arrangements / transactions</p> <p>(d) Salient terms of the contracts or arrangements or transactions including the value, if any</p> <p>(e) Justification for entering into such contracts or arrangements or transactions</p> <p>(f) Date(s) of approval by the Board</p> <p>(g) Amount paid as advances, if any:</p> <p>(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188</p>	<p>Not Applicable</p>
2	<p>Details of material contracts or arrangement or transactions at arm's length basis</p> <p>(a) Name(s) of the related party and nature of relationship</p> <p>(b) Nature of contracts / arrangements / transactions</p> <p>(c) Duration of the contracts / arrangements / transactions</p> <p>(d) Salient terms of the contracts or arrangements or transactions including the value, if any:</p> <p>(e) Date(s) of approval by the Board, if any:</p> <p>(f) Amount paid as advances, if any:</p>	<p>Refer Annexure A</p>

On behalf of the Board of Directors

Pradeep Madhav
Director

Prasanna Patankar
Managing Director

DIN : 00267422
July 22, 2020
Mumbai

DIN : 07658714
July 22, 2020
Mumbai

DIRECTORS' REPORT

ANNEXURE II

ANNUAL REPORT ON CSR ACTIVITIES

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

The Corporate Social Responsibility (CSR) Policy is available on the website of the Company www.stcipc.com

2. The Composition of the CSR Committee

As on March 31, 2020 the CSR Committee comprised of;

- (i) Ms. Sonali Sinha, Independent Director
- (ii) Mr. G. Narayanan, Independent Director
- (iii) Mr. R. Venkataramani, Director
- (iv) Mr. Prasanna Patankar, Managing Director

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

The Average Net Profit for the past 3 (three) Financial Years was ₹ 12,597 (In Lakh).

4. Prescribed CSR Expenditure (Two percent of the amount as in item 3 above)

The Company is required to spend ₹ 251.95 (In Lakh) towards CSR.

5. Details of CSR spent during the financial year

(a) **Total amount to be spent for the financial year** - ₹ 252.44 (In Lakh) towards CSR.

(b) **Amount unspent, if any** - Nil

(c) **Manner in which the amount spent during the financial year is detailed below**

(₹ in Lakh)

Sr No	CSR Project or activity identified	Sector in which the project is covered	Projects or programs 1) Local area or other 2) Specify the State and District projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs sub-heads (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent:- Direct or through implementing agency
1.	Contribution to the Prime Minister's National Relief Fund for socio-economic development and relief	Socio economic development and relief	Contribution to the Prime Minister's National Relief Fund - PAN India	118.20	(1) 118.20 (2) Nil	118.20	Prime Minister's National Relief Fund
2.	Project for patient care towards medical treatment of deserving poor patients	Promoting health care including preventive health care	Local Area	20.00	(1) 19.00 (2) 1.00	20.00	Cancer Patient Aid Association (CPAA)
3.	Project for patient care towards medical treatment of deserving poor patients	Promoting health care including preventive health care	Local Area	20.00	(1) 20.00 (2) Nil	20.00	ImPaCCT Foundation (Paediatric Foundation of Tata Memorial hospital)
4.	Project for promoting education amongst visually impaired children	Promotion of education	Local Area	10.00	(1) 9.90 (2) 0.10	10.00	National Association for the Blind

DIRECTORS' REPORT

(` in Lakh)

Sr No	CSR Project or activity identified	Sector in which the project is covered	Projects or programs 1) Local area or other 2) Specify the State and District projects or programs was undertaken	Amount outlay (budget) project or programs wise)	Amount spent on the projects or programs sub-heads (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent Direct or through implementing agency
5.	Project for upliftment of under-privileged children	Promoting health care including preventive health care	Area of operations of business - State of West Bengal	20.19	(1) 20.19 (2) Nil	20.19	Ramakrishna Mission, Kolkata, West Bengal
6.	Project for promoting education amongst tribal children	Promotion of education	Local Area	10.00	(1) 9.90 (2) 0.10	10.00	Friends of Tribal Society
7.	Project for patient care by providing financial assistance for procurement of Perimetry machine used in the Ophthalmic department for medical treatment of deserving poor patients	Promoting health care including preventive health care	Local Area	25.00	(1) 25.00 (2) Nil	25.00	Swami Sarvanand Hospital owned and managed by Sunder Shewak Sabha
8.	Project for patient care towards medical treatment of deserving poor patients	Promoting health care including preventive health care	Local Area	29.05	(1) 29.05 (2) Nil	29.05*	Indian Cancer Society via HDFC Charity Fund for Cancer Cure*

* The Company has made investment in HDFC Cancer Cure Fund. As per the scheme, any dividend declared in the said scheme will be contributed directly to Indian Cancer Society and eligible towards Company's contribution for CSR commitment. The said scheme is a close ended scheme.

Date of Declaration of dividend (` in Lakh)

i. September 20, 2019	15.25
ii. March 26, 2020	13.80
Total	29.05

6. In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report - Not Applicable as the Company has spent the entire amount towards CSR that was required to be spent.
7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy, is in compliance with the CSR objectives and Policy of the Company - Forms part of the CSR Policy.

On behalf of Corporate Social Responsibility Committee & Board of Directors

Pradeep Madhav
Director
DIN : 00267422
July 22, 2020
Mumbai

On behalf of STCI Primary Dealer Limited

Prasanna Patankar
Managing Director
DIN : 07658714
July 22, 2020
Mumbai

DIRECTORS' REPORT

ANNEXURE III

**FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN**

AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2020

[PURSUANT TO SECTION 92(3) OF THE COMPANIES ACT, 2013 AND RULE 12(1) OF THE COMPANIES (MANAGEMENT AND ADMINISTRATION) RULES, 2014]

I. REGISTRATION AND OTHER DETAILS:

- i) **CIN** : U67110MH2006PLC165306
- ii) **Registration Date** :
Date of Incorporation - October 31, 2006
- iii) **Name of the Company** : STCI Primary Dealer Limited
- iv) **Category / Sub-Category of the Company** : Company having Share Capital
- v) **Address of the Registered office and contact details** :
A/B1-801 (A-Wing), 8th Floor, Marathon Innova
Marathon NextGen Compound, Lower Parel
Mumbai - 400 013
Tel:- 022 - 6620 2200
- vi) **Whether listed company Yes / No** : No
- vii) **Name, Address and Contact details of Registrar and Transfer Agent, if any**
Link Intime India Pvt Ltd.
C 101, 247 Park,
L.B.S Marg, Vikhroli (West)
Mumbai, Maharashtra 400083

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	Securities Trading & Underwriting	6599	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	STCI Finance Limited (erstwhile Securities Trading Corporation of India Limited)	U51900MH199 4PLC078303	Holding	100%*	2(46)

*includes shares held by nominees

DIRECTORS' REPORT

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				%
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Central Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) State Govt(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Bodies Corp.	150000000 ^s	Nil	150000000 ^s	100	150000000 ^s	Nil	150000000 ^s	100	Nil
e) Banks/ FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Any Other.....	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (A) (1):-	150000000^s	Nil	150000000^s	100	150000000^s	Nil	150000000^s	100	Nil
(2) Foreign									
a) NRIs- Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Other- Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Banks/ FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Any Other....	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (A) (2):-	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	150000000^s	Nil	150000000^s	100	150000000^s	Nil	150000000^s	100	Nil
B. Public Share holding									
(1) Institutions									
a) Mutual Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Banks/ FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Central Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) State Govt(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
g) FIIs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
h) Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (B) (1):-	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

DIRECTORS' REPORT

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Non-Institutions									
a) Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Indian	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ii) Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Individuals									
i) Individual share holders holding nominal share capital upto ₹ 1 lakh	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ii) Individual share holders holding nominal share capital in excess of ₹ 1 lakh	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (B) (2):-	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total Public Shareholding (B)=(B)(1)+(B)(2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
C. Shares held by Custodian for GDRs & ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total (A+B+C)	15000000[§]	Nil	15000000[§]	100	15000000[§]	Nil	15000000[§]	100	Nil

[§] includes shares held by nominees

B. Shareholding of Promoters

Sr. No.	Share holder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	STCI Finance Limited (erstwhile Securities Trading Corporation of India Limited)	14,99,99,994	100	Nil	14,99,99,994	100	Nil	Nil
2	Mr. Kamlesh Rathi*	01	0	Nil	01	0	Nil	Nil
3	Mr. Alope M. Prasad*	01	0	Nil	00	0	Nil	Nil
4	Mr. Pradeep Madhav*	01	0	Nil	01	0	Nil	Nil
5	Mr. Prasanna Patankar*	01	0	Nil	01	0	Nil	Nil
6	Ms. Sabita Braganza*	01	0	Nil	01	0	Nil	Nil
7	Ms. Suparna Sharma*	01	0	Nil	01	0	Nil	Nil
8	Mr. Rajiv Ranjan*	00	0	Nil	01	0	Nil	Nil
	Total	15,00,00,000	100	Nil	15,00,00,000	100	Nil	Nil

*shares held by the nominees

DIRECTORS' REPORT

B. Change in Promoters' Shareholding (please specify, if there is no Change)

AS PER ANNEXURE "C"

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	15,00,00,000 ^{* +}	100%	15,00,00,000 ^{* +}	100%
Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus / sweat equity etc):	No Change			
At the End of the year	15,00,00,000 ^{* +}	100%	15,00,00,000 ^{* +}	100%

^{*} includes shares held by nominees

⁺ The Company is a wholly owned subsidiary of STCI Finance Limited

C. Shareholding Pattern of top ten Share holders⁺ (other than Directors, Promoters and Holders of GDRs and ADRs):

AS PER ANNEXURE "D"

For Each of the Top 10 Shareholders ⁺	Shareholding at the beginning of the year ⁺		Cumulative Shareholding during the year ⁺	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year ⁺	Not applicable			
Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus / sweat equity etc):	Not applicable			
At the End of the year ⁺ (or on the date of Separation, if separated during the year)	Not applicable			

⁺ The Company is a wholly owned subsidiary of STCI Finance Limited

DIRECTORS' REPORT

D. Shareholding of Directors and Key Managerial Personnel (KMP):

AS PER ANNEXURE "E"

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mr. Pradeep Madhav, Non-Executive Director (holds one share as a nominee)				
	At the beginning of the year	1	0	1	0
	Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus / sweat equity etc):	No Change			
	At the End of the year	1	0	1	0
2.	Mr. Prasanna Patankar, Managing Director (holds one share as a nominee)				
	At the beginning of the year	1	0	1	0
	Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus / sweat equity etc):	No Change			
	At the End of the year	1	0	1	0

E. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment (` in Lakh)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount [#]	7,51,161.22	1,17,931.22	18,278.11	8,87,370.55
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due [*]	Nil	Nil	Nil	Nil
Total (i+ii+iii)	7,51,161.22	1,17,931.22	18,278.11	8,87,370.55
Change in Indebtedness during the financial year				
(+) Addition	16,54,34,837.13	4,30,17,253.00	2,63,630.00	20,87,15,719.59
(-) Reduction	16,55,39,953.29	4,30,28,164.00	2,78,977.00	20,88,47,093.64
NET CHANGE	6,46,045.06	1,07,020.22	2,931.21	7,55,996.49
Indebtedness at the end of the financial year				
i) Principal Amount [#]	6,46,045.06	1,07,020.22	2,931.21	7,55,996.49
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due [*]	Nil	Nil	Nil	Nil
Total (i+ii+iii)	6,46,045.06	1,07,020.22	2,931.21	7,55,996.49

[#] Includes Interest accrued but not due

^{*} Interest accrued but not due is reclassified with principal Amount as per requirement of Ind AS

DIRECTORS' REPORT

ANNEXURE IV

RELATED PARTY TRANSACTION POLICY

This policy has been framed as required under Master Direction - Standalone Primary Dealers (Reserve Bank) Directions, 2016 issued by Reserve Bank of India, as updated from time to time. The Company is required to disclose the policy on dealing with Related Party Transactions on its website and in the Annual Report.

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

Definitions

- (i) "Audit Committee" or "Committee" means Committee of Board of Directors of the Company constituted as per Section 177 of the Act.
- (ii) "Board" means Board of Directors of the Company.
- (iii) "Related Party Transaction" or "RPT" means the following transactions /contracts /arrangements with related parties as laid down under clause (a) to (g) sub-section (1) of section 188 of the Act:
 - (a) sale, purchase or supply of any goods or materials;
 - (b) selling or otherwise disposing of, or buying, property of any kind;
 - (c) leasing of property of any kind;
 - (d) availing or rendering of any services;
 - (e) appointment of any agent for purchase or sale of goods, materials, services or property etc.
 - (f) such related party's appointment to any office or place of profit in the Company, its subsidiary company or associate company; and
 - (g) underwriting the subscription of any securities or derivatives thereof, of the Company.
- (iv) "Material Related party Transactions" mean related party transaction / transactions to be entered into individually or which taken together with previous transactions during a financial year, exceed the prescribed monetary limit given under Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014
- (v) "Related Party" means related party as defined under Section 2(76) of the Act as under;

Sec 2 (76) "Related Party" with reference to a Company, means-

 - (i) A director or his relative
 - (ii) Key Managerial Personnel or his/ her relative
 - (iii) A firm, in which a director, manager or his relative is a partner
 - (iv) A private company in which a director or manager or his relatives is a member or director
 - (v) A public company in which a director or manager is a director and holds along with his relatives, more than 2% of its paid-up share capital
 - (vi) A body corporate whose board, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager, except such advice is given in a professional capacity.
 - (vii) Any other person on whose advice, directions or instructions a director or manager is accustomed to act
Provided that nothing in sub-clause (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
 - (viii) Any company which is:
 - A Holding, Subsidiary or an Associate company of such company or
 - A Subsidiary of a Holding company to which it is also a Subsidiary
 - (ix) such other person as may be prescribed, i.e. as under:-
 - A Director, other than an Independent Director, or Key Managerial Personnel of the holding company or his relative with reference to a company, shall be deemed to be a Related Party.

DIRECTORS' REPORT

- (vi) "Relative" means relative as defined under Section 2(77) of the Act as under;
Section 2(77) "relative", with reference to any person, means anyone who is related to another, if -
- (i) they are members of a Hindu Undivided Family;
 - (ii) they are husband and wife; or
 - (iii) one person is related to the other in such manner as may be prescribed; i.e. as under
 - (a) Father (including step-father)
 - (b) Mother (including step-mother)
 - (c) Son (including step-son)
 - (d) Son's wife
 - (e) Daughter
 - (f) Daughter's husband
 - (g) Brother (including step-brother)
 - (h) Sister (including step-sister)
- (vii) "Key Managerial Personnel" or "KMP" means key managerial personnel as defined under Section 2(51) of the Act as under:-
Section 2(51) "key managerial personnel", in relation to a Company, means-
- (i) the Chief Executive Officer or the Managing Director or the Manager;
 - (ii) the Company Secretary;
 - (iii) the Whole-Time Director;
 - (iv) the Chief Financial Officer; and
 - (v) such other officer as may be prescribed
- In addition to the above mentioned KMP, all such person, if any, as identified and designated by the Company may also be treated as KMP for the purpose of this policy.
- (viii) "Associate Company" means as defined under Section 2(6) of the Act as under:-
Section 2(6) "Associate Company", in relation to another Company means a Company in which that other Company has a significant influence, but which is not a Subsidiary Company of the Company having such influence and includes a Joint Venture Company.
For the purposes of this clause, "significant influence" means control of at least twenty per cent of the total share capital, or of business decisions under an agreement.
"Total Share Capital", for the purposes of clause, means the aggregate of the -
- (a) paid-up equity share capital; and
 - (b) convertible preference share capital;
- (ix) "Arms length transactions" means transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- (x) "Ordinary Course of business" means all transactions or activities that are necessary, normal and incidental to the business of the Company as permitted by the Object Clause in the Memorandum of Association of the Company or transactions that are considered while computing the business income / revenue / turnover of the Company and shall be deemed to be in the ordinary course of business. These may also be common practices and customs of commercial/agreed upon transactions.
- (xi) Office or place of profit means any office or place of profit:
- (i) where such office or place is held by a Director, if the Director holding it receives from the Company anything by way of remuneration, over and above the remuneration to which he is entitled as Director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
 - (ii) where such office or place is held by an individual other than a Director or by any firm, Private Company or other Body Corporate, if the individual, firm, Private Company or Body Corporate holding it receives from the Company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.

DIRECTORS' REPORT

(xii) "Policy" means this Related Transaction Policy, as amended from time to time.

Words or expressions used but not defined herein and defined under the Companies Act, 1956 or Companies Act, 2013 or in the RBI Act shall have the same meaning as assigned to them in the respective act as the case may be.

Policy

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

Identification of Related Parties

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

Identification of Related Party Transactions

In case of any proposed transaction or arrangement with a Related Party, the concerned team/department in the Company shall furnish to the CS, relevant details of the proposed transaction which shall include the name of the related party, nature of relationship, nature of contract, duration and particulars of the contract/arrangement/transaction; reason for entering into the transaction, manner of determining price and other commercial terms, the draft contract/agreement and other supporting documents. The Company shall, based on the details of transaction determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

Approvals/process for related party transactions

The Company generally undertakes transactions with related parties, in its ordinary course of business and at arms' length basis and such transaction do not require prior approval under the Act. However such transactions would be placed for noting to the Audit Committee as well as the Board of Directors.

(i) Audit Committee review / approval

All related party transactions / arrangements or any modifications thereof, which are not in ordinary course of business and/or not on arms length basis, will be referred to the Audit Committee for review and approval with the details of related party, nature of transaction, reason for undertaking the transaction, particulars of the contract/arrangement, pricing terms, whether on arms length and in the ordinary course of business and other relevant information. Any member of the Committee who has a potential interest in any reported Related Party Transaction shall abstain from discussion and voting on the approval of the Related Party Transaction. The Audit Committee, on the recommendation of the Management, may approve the transactions with related parties in accordance with provisions of the Companies Act read with the Rules made there under, as amended from time to time.

(ii) Board Approval

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

In addition to the above, contracts/ arrangements/ transactions which are in the ordinary course of business and at arms length and do not require approval of the Board under Section 188 of the Act may also be reviewed and noted by the Audit Committee and the Board of Directors.

DIRECTORS' REPORT

(iii) Approval of the Shareholders

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

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

Explanation:

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

Summary of Approval process

Sr. No.	Particulars / Criteria	Audit Committee Approval	Board Approval	Shareholders' Approval
(i)	Transaction in the Ordinary Course of Business AND at arm's length basis	Quarterly Noting at Meeting*	Quarterly Noting at Meeting*	X
(ii)	Transaction within the threshold limit and either not in the Ordinary course of business OR not at arm's length basis	✓ (prior approval)	✓ (prior approval)	X
(iii)	Transaction exceeding the threshold limit and either not in the Ordinary course of business OR not at arm's length basis	✓ (prior approval)	✓ (prior approval)	✓ (prior approval)

** usually identified transaction for which omnibus approval for related party transactions is taken as well as other transactions which are in the ordinary course of business and at arm's length basis.*

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

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

Related party Transactions not approved under this Policy

Where any contract or arrangement not in ordinary course of business and/or not on arms length basis is entered into by a Director or any other employee without obtaining the approval of Board or approval of Shareholders by a resolution in the general meeting under Section 188(1) of the Act, it shall be put up for ratification by the Board or by the shareholders at a meeting within three (3) months from the date on which such contract or arrangement was entered into. In the event the Company becomes aware of a transaction with a Related Party that has not been approved within three (3) months as stated

DIRECTORS' REPORT

above, the matter shall be reviewed by the Board. The Board shall consider all of the relevant facts and circumstances of such Transaction/ arrangement and evaluate all options available to the Company, including ratification by the Board or shareholders, revision or termination of such transaction/arrangement and take any such action as it may deem appropriate.

Disclosures

The particulars of contracts or arrangement with Related Parties referred to in section 188 shall be disclosed in the Board's report for each financial year in the prescribed format. The Company shall disclose this Policy on its website and also in its annual report.

Register of Contracts/Arrangements in which Directors are interested

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

Applicability

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

Amendments to the Policy

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

SECRETARIAL AUDITORS' REPORT

Dilip Bharadiya
B.Com., A.C.A., F.C.S.
Proprietor

DILIP BHARADIYA & ASSOCIATES
COMPANY SECRETARIES

Phone : 91-22-28883756
Mobile : 91-9820290360
Email : dilip@csdilip.com
dilipbcs@gmail.com

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

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

To,
The Members
STCI PRIMARY DEALER LIMITED
A/B1 - 801 (A-WING), 8TH FLOOR,
MARATHON INNOVA,
MARATHON NEXTGEN COMPOUND,
LOWER PAREL, MUMBAI - 400 013

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

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

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

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company as given in **Annexure I**, for the financial year ended on March 31, 2020, according to the provisions of:

- i. The Companies Act, 2013 ("the Act") and the Companies Amendment Act, 2017 as amended from time to time and the Companies Act, 1956 (to the extent applicable) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder; **[Not Applicable to the Company during the audit period]**
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; **[Not Applicable to the Company during the audit period]**

SECRETARIAL AUDITORS' REPORT

- iv. The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, **[Not Applicable to the Company during the audit period]**
- v. The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act") were not applicable to the Company during the audit period.

The Laws specifically applicable to the Company:

- i. Non-Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
- ii. RBI Regulations, Guidelines, Operational Guidelines, Notifications & Circulars as may be applicable to the extent of Capital Adequacy and Risk Management Guidelines for Standalone Primary Dealers.

We have relied on the representations made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other Acts, Laws and Regulations applicable to the Company which are stated above very specifically.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

During the financial year under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all the Directors to schedule the Board and Committee Meetings. Agenda and detailed notes on agenda were sent atleast seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decisions at the Board and Committee Meetings are carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that based on review of compliance mechanism established by the Company and on basis of the representations made by the Company and its Officers, presentation of the Internal and Concurrent Auditors and Compliance Certificate(s) issued by the Company Secretary & other Senior Management Personnel and taken on record by the Board at their meeting(s), we are of the opinion that there are adequate systems and processes in place in the Company which is commensurate with the size and operations of the Company, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines to the Company.

We further report that

- i. The Company is a Non-Banking Financial Institution and Non Deposit Accepting Company vide its Registration Number: N13.01865 dated 23rd May 2007.
- ii. The Primary Dealer Business Authorization issued by Reserve Bank of India has been renewed during the year and is valid upto June 30, 2022.
- iii. An inspection was carried out by the Internal Debt Management Department of the Reserve Bank of India (RBI) during the year and an Observation letter dated October 30, 2019 was issued to which the Company has submitted the reply vide the letter dated November 14, 2019.
- iv. The Company had invested in Commercial Paper (CP) issued by Infrastructure Leasing & Financial Services Ltd. (IL&FS) aggregating to a total of FV of ` 100 Crores. The maturity of the said Commercial paper was on September 17, 2018 and March 5, 2019 of FV ` 50 crore respectively. IL&FS has defaulted on commercial papers invested by the Company. Owing to the default, the Board of Directors and Management had written-off the investment last year. The company had submitted a claim for the said amount. During the current year, out of the total claim of ` 100 Crores, ` 98.47 Crores has been admitted before the Hon'ble NCLT/NCLAT.
- v. The Board of Directors Company in their meeting held on 29th July 2019 passed the resolution to declare and pay an Interim Dividend @ 20% i.e. ` 2/- per share.
- vi. The Board of Directors Company in their meeting held on 17th January 2020 passed the resolution to declare and pay an Interim Dividend for the second time in the previous year @ 30% i.e. ` 3/- per share.

SECRETARIAL AUDITORS' REPORT

- vii. Pursuant to the RBI Notification no. DNBR (PD)CC. No. 099/03.10.001/2018-19 dated May 16, 2019, Mr. Manish Jadhvani is appointed as the Chief Risk Officer (CRO) of the Company with effect from August 01, 2019 for a period of 2 years. Further, he has been designated to be Compliance as well as Principal Officer w.e.f. April 1, 2020.

This report is to be read with our letter of even date, which is annexed as **Annexure - II** to this report.

Place : Mumbai

Date : 27th May, 2020

For **DILIP BHARADIYA & ASSOCIATES**

DILIP BHARADIYA

Proprietor

FCS No. 7956

C P No. : 6740

UDIN: F007956B000284969

ANNEXURE - I

Documents verified during the course of audit includes:

1. Memorandum & Articles of Association of the Company;
2. Annual Report for the Financial Year ended March 31, 2019.
3. Minutes of the meetings of the Independent Directors Meeting, Board of Directors, Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, IT Committee and Corporate Social Responsibility Committee held during the financial year under review, alongwith the Attendance Registers;
4. Internal Compliance Checklist of the Company.
5. Quarterly Internal and Concurrent Audit Reports.
6. RBI Inspection Report.
7. Minutes of General Body Meeting held during the financial year under review;
8. Statutory Registers viz.
 - Register of Directors & KMP & Directors Shareholding
 - Register of loans, guarantees and security and acquisition made by the Company- Not applicable during the period under review
 - Register of Charge - Not applicable
 - Register of Related Party Transaction - Transactions are in the Ordinary Course of Business at Arm's Length Basis.
 - Register of Members;
9. Agenda papers submitted to all the Directors/ Members for the Board and Committee Meetings;
10. Declarations received from the Directors of the Company pursuant to the provisions of Section 184(1), Section 164(2), Section 149(3) and Section 149(7) of the Companies Act, 2013;
11. E-Forms filed by the Company, from time-to-time, under applicable provisions of the Companies Act, 1956, if any and Companies Act, 2013, as amended from time to time alongwith the attachments thereof, during the financial year under review.

SECRETARIAL AUDITORS' REPORT

ANNEXURE - II

To,
The Members
STCI PRIMARY DEALER LIMITED
MUMBAI

Our report of even date is to be read along with this letter,

- 1) Maintenance of secretarial record is the responsibility of the Management of the Company. My responsibility is to express an opinion on these secretarial records based on our audit.
- 2) I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for our opinion.
- 3) I have not verified the correctness and appropriateness of financial records and Books of accounts of the Company.
- 4) Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- 5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
- 6) The Secretarial Audit report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place : Mumbai
Date : 27th May, 2020

For **DILIP BHARADIYA & ASSOCIATES**

DILIP BHARADIYA
Proprietor
FCS No. 7956
C P No. : 6740
UDIN: F007956B000284969

AUDITORS' REPORT

DASSANI & ASSOCIATES

Chartered Accountants

1-B, SAGAR MATHA APART.
18/7, M.G. Road, Indore - 452 001
Ph. 0731-4078559, 4020801

INDEPENDENT AUDITORS' REPORT

To,
The Members of
STCI Primary Dealer Limited

REPORT ON THE STANDALONE FINANCIAL STATEMENTS

OPINION

We have audited the standalone financial statements of **STCI PRIMARY DEALER LIMITED** (hereinafter referred to as "the Company"), which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

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

BASIS FOR OPINION

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

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

INFORMATION OTHER THAN THE STANDALONE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

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

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

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

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

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

AUDITORS' REPORT

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

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

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by sub-section (3) of Section 143 of the Act, based on our audit, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.

AUDITORS' REPORT

- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) In pursuance to the Notification No. G.S.R. 463(E) dated 05-06-2015 issued by the Ministry of Corporate Affairs, sub-section 2 of section 164 of the Act pertaining to disqualification of directors not applicable to the Government Company. As informed to us by the Company the Board of Directors has taken on record written representations received from the directors as on March 31, 2020. As per written representation received, none of the directors is disqualified as on March 31, 2020, from being appointed as a director in terms of sub-section 2 of Section 164 of the Act
- (f) With respect to the adequacy of the internal financial controls over financial reporting with reference to these standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (g) With respect to the other matters to be included in the Auditor's report in accordance with the requirements of the sub-section 16 of Section 197 of the Act, as amended:
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the company to its directors during the year is in accordance with the provisions of Section 197 of the Act.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
- The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note 43 to the standalone financial statements;
 - The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 28 to the standalone financial statements; and
 - As at March 31, 2020 there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
3. As required by sub-section (5) of Section 143 of the Act and in terms of directions issued by the Comptroller and Auditor General of India during the course of audit of annual accounts of STCI Primary Dealer Limited, we report that:
- After the applicability of Ind AS the company has developed the software in such manner that the major accounting transactions are done through IT system. The transactions outside the IT system and its implications are hereby stated below:
 - Various calculations in accordance with the requirements of Ind AS such as Amortized cost using effective interest rate, calculation of lease liability etc. needs to be processed through IT System, any manual intervention can lead to passing of wrong entries in the system and would directly affect the financial statements.Presently, said working have been maintained manually and verified by us.
 - There is no restructuring of an existing loan or waiver/write off of debts / loans/ interest etc. made by a lender to the Company during the year due to its inability to repay the loan.
 - The Company has not received funds from specific schemes from central / state agencies during the year.

For **DASSANI & ASSOCIATES,**
Chartered Accountants
Firm Reg. No. - 009096C

CA. Udesh Dassani
(Partner)
Membership No.: 078588

Place : Indore

Date : 27th May, 2020

UDIN: **20078588AAAAAP4849**

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

APPENDIX A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of STCI Primary Dealer Limited of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets were physically verified during the year by the Management in accordance with a regular schedule of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the title deeds of immovable properties, as disclosed in Note 11 to the standalone financial statements, are held in the name of the Company.
- (ii) The Company's inventory comprising of Treasury bills and Dated Government Securities are held in the form of Subsidiary General Ledger (SGL) account maintained with the Reserve Bank of India and the said stock is verified with the confirmation certificate received from the Reserve Bank of India. The stock of other securities is held by the Company in de-materialized form with Axis Bank, and the same are verified with the confirmation certificates received from them at the year end. In our opinion, the frequency of such verification is reasonable and as explained to us, the Company is maintaining proper records of securities held as stock-in-trade and no material discrepancies were noticed on physical verification of inventories as compared to the book records.
- (iii) According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, reporting under paragraph 3 (iii) (a), (b) and (c) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and securities granted in respect of which provisions of Section 185 and 186 of the Act are applicable to the Company. Accordingly, reporting under paragraph 3(iv) of the Order is not applicable to the Company.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public and hence, reporting under paragraph 3(v) of the Order is not applicable to the Company.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under sub-section 1 of section 148 of the Act.
- (vii) (a) According to the information and explanations given to us, and the records of the company examined by us, except stamp duty on transactions of Non-Government securities (Refer Note 28), the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and service tax, cess and other material statutory dues applicable to it. According to the information and explanations given to us, there are no undisputed amounts payable in respect of income tax, goods and service tax, cess and other material statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable, except stamp duty on Non-Government securities aggregating to ₹ 357.30 lakhs is outstanding for more than six months as on March 31, 2020. (Refer Note 28 of the standalone financial statements).
- (b) According to the information and explanations given to us, there are no disputed amounts payable in respect of income tax, goods and service tax, cess and other material statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to the banks and the financial institutions. The Company has not taken any loans from government or by way of issue of debentures.
- (ix) Based on our audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given to us by the Management, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year under review. Accordingly, reporting under paragraph 3(ix) of the Order is not applicable to the Company.
- (x) Based on the audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given by the Management, we report that no material fraud by the Company and on the Company by its officer or employees has been noticed or reported during the year.

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

- (xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, reporting under paragraph 3 (xii) of the Order is not applicable to the Company.
- (xiii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given by the management, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable and the details have been disclosed in the notes to the standalone financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the Balance Sheet, the Company has not made any preferential allotment/private placement of shares or fully or partly convertible debentures during the year.
- (xv) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements, in our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) In our opinion and according to the information and explanations given to us, the Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and the registration certificate has been obtained.

For **DASSANI & ASSOCIATES,**
Chartered Accountants
Firm Reg. No. - 009096C

CA. Udesh Dassani
(Partner)
Membership No.: 078588

Place : Indore

Date : 27th May, 2020

UDIN: **20078588AAAAAP4849**

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of STCI Primary Dealer Limited of even date)

We have audited the internal financial controls over financial reporting of **STCI Primary Dealer Limited** (hereinafter referred to as "the Company") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITOR'S RESPONSIBILITY

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

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

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

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

OPINION

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DASSANI & ASSOCIATES,**
Chartered Accountants
Firm Reg. No. - 009096C

CA. Udesb Dassani
(Partner)
Membership No.: 078588

Place : Indore

Date : 27th May, 2020

UDIN: **20078588AAAAAP4849**

AUDITORS' CERTIFICATE FOR NBFC

DASSANI & ASSOCIATES
Chartered Accountants

1-B, SAGAR MATHA APART.
18/7, M.G. Road, Indore - 452 001
Ph. 0731-4078559, 4020801

INDEPENDENT AUDITORS' REPORT

To,
The Board of Directors of
STCI Primary Dealer Limited

Pursuant to the paragraphs 3 (A) and (C) of the Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016 ("the Directions") issued by the Reserve Bank of India (RBI), we have examined the matters specified in the directions in respect of STCI Primary Dealer Limited (hereinafter referred to as "the Company"), for the year ended March 31, 2020.

MANAGEMENT'S RESPONSIBILITY

The Management is responsible for the design and implementation of internal procedures, systems, processes and controls to ensure compliance with the Directions on an ongoing basis. The Management is also responsible for ensuring that the Company complies with the requirements of the Directions and for providing all relevant information to RBI.

AUDITOR'S RESPONSIBILITY

Pursuant to the requirements of the directions it is our responsibility to examine the books and other records of the Company and report on the matters as prescribed by the RBI.

We conducted our examination in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

CONCLUSION

Based on our examination of the books and records of the Company as produced for our examination, and the information and explanations given to us, we further report that:

- 1 (a) The Company is engaged in the business of non-banking financial institution and has obtained a Certificate of Registration No. 13.01865 dated 23.05.2007, as provided in Section 45-IA of the Reserve Bank of India Act, 1934.
- (b) The Company is entitled to continue to hold Certificate of Registration in terms of its asset/income pattern as on March 31, 2020.
- (c) The Company is meeting the required net owned fund requirement as laid down in Master Direction - Non-Banking Financial Company - Systemically Important Non- Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.
- 2 (a) The Board of Directors has passed a resolution for the non-acceptance of any public deposits.
- (b) The Company has not accepted any public deposits during the relevant year.
- (c) The Company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it.
- (d) The capital adequacy ratio as disclosed in the return submitted to the Reserve Bank of India in Form NBS-7, has been correctly arrived at and such ratio is in compliance with the minimum capital to risk weighted asset ratio as prescribed by the Reserve Bank of India.

AUDITORS' CERTIFICATE FOR NBFC

- (e) The Annual Statement of Capital Funds, risk assets / exposures and risk asset ratio in form NBS-7 has been submitted within the stipulated period.
- (f) The Company is not NBFC Micro Finance Institutions (MFI) as defined in the Non- Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

For **DASSANI & ASSOCIATES,**
Chartered Accountants
Firm Reg. No. - 009096C

CA. Udesh Dassani
(Partner)
Membership No.: 078588

Place : Indore

Date : 10th June, 2020

UDIN: **20078588AAAAAU2462**

REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF STCI PRIMARY DEALER LIMITED FOR THE YEAR ENDED 31 MARCH 2020

The preparation of Financial Statements of STCI Primary Dealer Limited for the year ended 31 March 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the Financial Statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 27 May 2020.

I, on behalf of the Comptroller and Auditor General of India, have conducted a Supplementary Audit of the Financial Statements of STCI Primary Dealer Limited for the year ended 31 March 2020 under section 143(6)(a) of the Act. This Supplementary Audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records.

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

For and on the behalf of the
Comptroller and Auditor General of India
sd/-
(P. V. Hari Krishna)
Principal Director of Audit (Shipping)
Mumbai

Place : Mumbai
Date : 20th August 2020

BALANCE SHEET AS AT 31ST MARCH, 2020

		(` in Lakh)	
	NOTE NO.	AS AT MARCH 31, 2020	AS AT MARCH 31, 2019
ASSETS			
1. Financial Assets			
(a) Cash & cash equivalents	4	62.78	134.13
(b) Bank balances other than (a) above	5	322.06	822.21
(c) Derivative financial instruments	6	71,759.19	87,573.51
(d) Receivables			
(i) Trade Receivables		-	-
(ii) Other Receivables	7	-	17.56
(e) Loans	8	-	1,500.00
(f) Investments	9	8,16,344.09	9,31,575.28
(g) Other financial assets	10	2,017.50	1,473.26
2. Non-financial Assets			
(a) Property, plant and equipment	11	1,676.31	1,615.14
(b) Other intangible assets	11	0.23	2.28
(c) Other non-financial assets	12	143.21	73.45
TOTAL ASSETS		8,92,325.37	10,24,786.82

LIABILITIES AND EQUITY

Liabilities

1. Financial Liabilities

(a) Derivative financial instruments	6	70,905.86	86,937.18
(b) Payables			
(i) Trade Payables	13		
total outstanding dues of micro enterprises and small enterprises		-	-
total outstanding dues of creditors other than micro enterprises and small enterprises		120.78	87.90
(ii) Other Payables	9		
total outstanding dues of micro enterprises and small enterprises		-	-
total outstanding dues of creditors other than micro enterprises and small enterprises		53.00	83.11
(c) Borrowings (other than debt securities)	14	7,53,065.28	8,69,092.44
(d) Deposits	15	2,931.21	18,278.11
(e) Other financial liabilities	16	113.40	67.21

BALANCE SHEET AS AT 31ST MARCH, 2020

		(` in Lakh)	
	NOTE NO.	AS AT MARCH 31, 2020	AS AT MARCH 31, 2019
2. Non-Financial Liabilities			
(a) Current tax liabilities (net)		477.14	92.30
(b) Provisions	17	1,194.52	667.25
(c) Deferred tax liabilities(net)		385.88	511.32
(d) Other non-financial liabilities	18	44.74	41.77
3. Equity			
(a) Equity share capital	19	15,000.00	15,000.00
(b) Other equity	20	48,033.56	33,928.23
TOTAL LIABILITIES AND EQUITY		8,92,325.37	10,24,786.82
Basis of Preparation and measurement	2		
Significant accounting policies	3		

The accompanying notes are an integral part of financial statements

In terms of our report of even date

FOR DASSANI & ASSOCIATES

Chartered Accountants

Firm Registration No.- 009096C

UDESHP DASSANI

Partner

Membership No. 078588

Place : Indore

Dated: 27th May, 2020

For and on behalf of the Board of Directors

G. NARAYANAN

Director

DIN : 00210831

R. VENKATARAMANI

Director

DIN : 00829107

T.V. RAO

Director

DIN : 05273533

Place : Bengaluru

PRADEEP MADHAV

Director

DIN : 00267422

PRASANNA PATANKAR

Managing Director

DIN : 07658714

KALPESH MODY

Company Secretary & Chief Financial Officer

Place : Mumbai

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

	NOTE NO.	For the year ended March 31, 2020	(` in Lakh) For the year ended March 31, 2019
REVENUE FROM OPERATIONS			
(i) Interest income	21	58,338.62	58,092.02
(ii) Dividend income		29.05	30.34
(iii) Fees and commission income		183.48	688.53
(iv) Trading Profit/(Loss) on investments	22	17,805.58	5,818.24
(v) Net gain on fair value changes	23	1,626.24	2,371.82
(vi) Reclassification adjustment (Net gain on derecognition of financial instruments under FVOCI)		44.77	-
(I) Total revenue from operations		78,027.74	67,000.95
(II) Other income	24	2.17	71.39
(III) Total income (I+II)		78,029.91	67,072.34
EXPENSES			
(i) Finance costs	25	45,352.72	50,575.67
(ii) Transaction and settlement charges		1,080.95	906.58
(iii) Employee benefits expenses	26	1,498.14	929.55
(iv) Depreciation, amortization and impairment	11	108.68	72.87
(v) Other expenses	27	848.60	751.64
(IV) Total expenses (IV)		48,889.09	53,236.31
(V) Profit/(loss) before exceptional items and tax (III-IV)		29,140.82	13,836.03
(VI) Exceptional items		-	9,413.35
(VII) Profit/(loss) before tax (V-VI)		29,140.82	4,422.68
(VIII) Total tax expense:			
Current Tax		7,725.55	655.11
Deferred Tax		(1,180.58)	1,502.69
MAT Credit		-	(200.00)
Total expenses (VIII)		6,544.97	1,957.80
(IX) Profit / (loss) for the year from continuing operations(VII-VIII)		22,595.85	2,464.88
(X) Profit/(loss) from discontinued operations		-	-
(XI) Tax Expense of discontinued operations		-	-
(XII) Profit/(loss) from discontinued operations(After tax) (X-XI)		-	-
(XIII) Profit/(loss) for the year		22,595.85	2,464.88

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

	NOTE NO.	For the year ended March 31, 2020	(` in Lakh) For the year ended March 31, 2019
(XIV) Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss		(6.57)	(11.33)
(ii) Income Tax relating to items that will not be reclassified to profit or loss		1.65	3.96
Subtotal (A)		(4.92)	(7.37)
(i) Items that will be reclassified to profit or loss		2,542.63	645.46
(ii) Income Tax relating to items that will be reclassified to profit or loss		(856.79)	(225.55)
(iii) Reclassification adjustment		(44.77)	-
Subtotal (B)		1,641.07	419.91
Other Comprehensive Income (A + B)		1,636.15	412.54
(XV) Total Comprehensive Income for the year		24,232.00	2,877.42
(XVI) Earnings per equity share (for continuing operations)			
Basic (`)		15.06	1.64
Diluted (`)		15.06	1.64
Basis of Preparation and measurement	2		
Significant accounting policies	3		

The accompanying notes are an integral part of financial statements

In terms of our report of even date

FOR DASSANI & ASSOCIATES

Chartered Accountants

Firm Registration No.- 009096C

UDESH DASSANI

Partner

Membership No. 078588

Place : Indore

Dated: 27th May, 2020

For and on behalf of the Board of Directors

G. NARAYANAN

Director

DIN : 00210831

R. VENKATARAMANI

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DIN : 00829107

T.V. RAO

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Director

DIN : 00267422

PRASANNA PATANKAR

Managing Director

DIN : 07658714

KALPESH MODY

Company Secretary & Chief Financial Officer

Place : Mumbai

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

(₹ in Lakh)

Particulars	For the year ended 31-03-2020	For the year ended 31-03-2019
A Cash flow from operating activities		
Net Profit before Taxation	29,140.82	4,422.69
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation & amortisation	108.68	72.87
Interest on Borrowings	45,352.72	50,522.42
Net gain/(loss) on FVOCI debt securities	2,497.86	645.46
Other adjustment in FVOCI	(6.57)	(11.33)
Unrealised gain on investment held for trading	(1,626.24)	(2,371.82)
Interest income in respect of investing activity	(2,517.48)	(2,887.21)
Financial Instrument/ MAT credit written off	-	9,413.35
Dividend received	(29.05)	(28.10)
Interest expense on Income Tax	-	49.10
Derivatives	-	655.78
Operating Profit before working capital changes	72,920.74	60,483.21
Changes in Working Capital:		
(Increase)/ Decrease in Receivable	17.56	(16.88)
Loans	1,500.00	(745.26)
Investments at fair value through profit and loss (Trading portfolio)	1,08,232.63	(1,62,488.16)
Financial Instrument written off	-	(9,413.35)
Derivatives	(217.00)	(1,311.56)
Other financial assets	(544.25)	492.55
Other non-financial assets	(105.26)	53.51
Payable	2.77	39.46
Other financial liabilities	46.19	(379.68)
Provisions	527.27	18.54
Other non-financial liabilities	2.96	22.00
Cash flow from/(used in) operating activities	1,09,462.87	(1,73,728.83)
Less: Taxes Paid	(7,140.68)	(917.48)
Net Cash flow from/(used in) Operating Activities	1,75,242.93	(1,14,163.11)
B Investing Activities		
Sales of FVOCI debt instrument	8,624.82	1,854.89
Purchase of fixed assets	(9.90)	(16.00)
Right to use asset	(122.00)	-
Dividend received	29.05	28.10
Fixed deposit with banks having original maturity over three months	500.15	0.02
Interest received on FVOCI debt securities	2,517.48	2,887.21
Net Cash flow from/(used in) Investing Activities	11,539.18	4,754.22

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

(₹ in Lakh)

Particulars	For the year ended 31-03-2020	For the year ended 31-03-2019
C Financing Activities		
Interest on borrowings	(45,352.72)	(50,522.42)
Payment of dividend (including DDT)	(10,126.68)	(1,808.33)
Increase/ (Decrease) in borrowings	(116,027.16)	160,684.28
Increase/ (Decrease) in deposits	(15,346.90)	1,092.91
Net Cash Flow from Financing Activities	(186,853.46)	109,446.44
Net increase/(decrease) in cash & cash equivalent (A+B+C)	(71.35)	37.55
Cash & cash equivalent as at April 01, 2019	134.13	96.58
Cash & cash equivalent as at March 31, 2020	62.78	134.13
Net change in cash and cash equivalents	(71.35)	37.55
Operational cash flows from interest and dividends		
Interest paid	45,184.00	50,401.33
Interest received	58,338.62	58,092.02
Dividend received	29.05	30.34

The accompanying notes are an integral part of financial statements

In terms of our report of even date

FOR DASSANI & ASSOCIATES

Chartered Accountants

Firm Registration No.- 009096C

UDESHP DASSANI

Partner

Membership No. 078588

Place : Indore

Dated: 27th May, 2020

For and on behalf of the Board of Directors

G. NARAYANAN

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Director

DIN : 00267422

PRASANNA PATANKAR

Managing Director

DIN : 07658714

KALPESH MODY

Company Secretary & Chief Financial Officer

Place : Mumbai

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

A. Equity Share Capital (` in Lakh)

As at 1 st April 2018	Movement during the year	As at 31 st March, 2019	Movement during the year	As at 31 st March, 2020
15000.00	-	15000.00	-	15,000.00

B. Other Equity

For the year ended 31st March, 2020

(` in Lakh)

Particulars	Reserves & Surplus					Debt instruments through Other Comprehensive Income	Other items of Other Comprehensive Income (Employee Benefit)	Total
	Capital Redemption Reserve	Statutory Reserve	Reserve & Surplus HTM - CGS A/c	General Reserve	Retained Earnings			
Opening balance as at 1st April, 2019	5,000.00	10,688.02	2,126.63	105.94	17,546.79	(1,532.72)	(6.43)	33,928.23
Total Comprehensive Income for the period	-	-	-	-	22,595.86	1,641.07	(4.92)	24,232.01
Dividend	-	-	-	-	(8,400.00)	-	-	(8,400.00)
Dividend Distribution Tax	-	-	-	-	(1,726.68)	-	-	(1,726.68)
Transfer to/from retained earnings	-	4,846.40	-	-	(4,846.40)	-	-	-
Closing balance as at 31st March, 2020	5,000.00	15,534.42	2,126.63	105.94	25,169.57	108.35	(11.35)	48,033.56

For the year ended 31st March, 2019

(` in Lakh)

Particulars	Reserves & Surplus					Debt instruments through Other Comprehensive Income	Other items of Other Comprehensive Income (Employee Benefit)	Total
	Capital Redemption Reserve	Statutory Reserve	Reserve & Surplus HTM - CGS A/c	General Reserve	Retained Earnings			
Opening balance as at 1st April, 2018	5,000.00	10,112.54	2,126.63	105.94	17,465.73	(1,952.63)	0.94	32,859.13
Total Comprehensive Income for the period	-	-	-	-	2,464.89	419.91	(7.37)	2,877.43
Dividend	-	-	-	-	(1,500.00)	-	-	(1,500.00)
Dividend Distribution Tax	-	-	-	-	(308.33)	-	-	(308.33)
Transfer to/from retained earnings	-	575.48	-	-	(575.48)	-	-	-
Closing balance as at 31st March, 2019	5,000.00	10,688.02	2,126.63	105.94	17,546.79	(1,532.72)	(6.43)	33,928.23

The accompanying notes are an integral part of financial statements

In terms of our report of even date

FOR DASSANI & ASSOCIATES

Chartered Accountants

Firm Registration No.- 009096C

UDESH DASSANI

Partner

Membership No. 078588

Place : Indore

Dated: 27th May, 2020

For and on behalf of the Board of Directors

G. NARAYANAN

Director

DIN : 00210831

R. VENKATARAMANI

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DIN : 00829107

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Director

DIN : 00267422

PRASANNA PATANKAR

Managing Director

DIN : 07658714

KALPESH MODY

Company Secretary & Chief Financial Officer

Place : Mumbai

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

1. Corporate Information

STCI Primary Dealer Ltd. ('the Company') is a Public limited company domiciled in India with its registered office at A/B1, 801, A Wing, 8th Floor, Marathon Innova, Marathon Nextgen Compound, Off G K Marg, Lower Parel (w) Mumbai - 400013. The company was incorporated under the provisions of the Companies Act, 1956(as amended by the Companies Act, 2013) on October 31, 2006; vide CIN U67110MH2006PLC165306 issued by the Registrar of Companies Maharashtra, Mumbai. The Legal Entity identifier no is 335800QJFFJDBRUV9222. The Company is registered as a Non-Banking Financial Company and a Standalone Primary Dealer (PD).

The Company is a wholly owned subsidiary of STCI Finance Limited and core activities of the Company comprises of underwriting, bidding, market making and trading in Government Securities, Treasury Bills and other fixed income securities. Apart from the above, the Company is an active participant in the money market instruments. The Company plays an active role in all segments of the debt market i.e. in both the SLR and non-SLR segments. The Company runs a proprietary portfolio comprising of Government of India (GOI) dated securities (including Floating Rate Bonds, Inflation Indexed Bonds, etc.), GOI Special Bonds, State Development Loans, Treasury Bills, Corporate Bonds, Commercial Papers, Certificates of Deposits, etc.

2. Basis of Preparation and measurement

2.1 Basis of Preparation

These financial statements have been prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time. Reserve Bank of India directions to Non-Banking Finance Companies (NBFCs) and as applicable to Primary Dealers; and Division III to Schedule III of the Act as per the Ministry of Corporate Affairs notification dated 11th October, 2018. The accounting policies are applied consistently to all the periods presented in the financial statements.

2.2. Functional and presentation currency

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

2.3. Basis of measurement

The Financial Statements have been prepared under historical cost convention on an accrual basis except for the following material items which have been measured at fair value as required by relevant Ind AS:

Items	Measurement Basis
Investments classified as fair value through profit or loss	Fair value
Investments classified as fair value through OCI	Fair value
Net defined benefit (asset) / liability	Fair value of plan assets less present value of defined benefit obligations

2.4. Use of judgment and Estimates

The preparation of the Financial Statements requires the management to make judgments, estimates and assumptions in the application of accounting policies that affects the reported amount of assets, liabilities and the accompanying disclosures along with contingent liabilities as at the date of financial statements and revenue & expenses for the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes different from the estimates. Difference between actual results and estimates are recognised in the period in which the results are known or materialise i.e. prospectively. Estimates and underlying assumptions are reviewed on an on-going basis based on the most recently available information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year, are included in the following notes.

- Fair value Measurement of Financial Instruments
- Measurement of Defined Benefit Obligations and actuarial assumptions;
- Recognition of deferred tax assets/liabilities;

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

- Revisions to accounting estimates are recognized prospectively in the Statement of Profit and Loss in the period in which the estimates are revised and in any future periods affected.

2.5. Fair value measurement

The Company measures financial instruments, such as investments and derivatives at fair values at each reporting date. 'Fair value' is the price that would be received on sell of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date.

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

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

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

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities The Company measures the fair value of an instrument using the quoted price in an active market for that instrument, if the same is available. A market is regarded as active, if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates most of the factors that market participants would take into account in pricing a transaction.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. The Company regularly reviews significant unobservable inputs and valuation adjustments. If the third party information, such as broker quotes or pricing services, is used to measure fair values, then the Company assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified

The fair value of financial assets which are measured at FVOCI or FVTPL is determined as under:

CATEGORY	Quoted / Unquoted	Valuation Method
Central Government Securities	Quoted	FIMMDA valuation
State Government Securities	Quoted	FIMMDA valuation
Corporate bonds/debentures	Quoted	FIMMDA valuation
Equity shares	Quoted	Stock Exchange
Units of Mutual Fund	Quoted	Stock Exchange
Units of Mutual Fund	Unquoted	At latest repurchase price/NAV declared by the Fund
Derivative equity Instruments	Quoted	Stock Exchange
Derivative Debt Instruments	Quoted	FIMMDA Valuation

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

3. Significant Accounting Policies**3.1. Presentation and disclosure of financial statements**

All Assets and liabilities are presented in order of liquidity of line items on the face of financial statements.

3.2. Property, Plant and Equipment**i. Recognition and measurement**

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

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

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

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

ii. Subsequent Measurement

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

iii. Depreciation and amortisation

Depreciation on property, plant and equipment and amortization of intangible assets is recognised based on the remaining useful life at the end of the year as estimated by the management which are in line with the useful lives indicated in Schedule II to the Companies Act, 2013.

Land is not depreciated. However, where the cost of land and building cannot be separately ascertained, depreciation is provided on the composite cost, based on the estimated useful life of the buildings.

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

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

3.3. Intangible Assets**i. Recognition and measurement**

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

3.4. Impairment of Non-financial assets**Tangible and intangible assets**

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

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

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

3.5. Financial Instruments

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

A. Financial Assets

i. Initial Recognition and measurement

Initial recognition

Financial assets are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition of financial assets for am items which are not at Fair Value through Profit or Loss are adjusted to the fair value on initial recognition. Purchase and sale of Financial Assets are recognised using Settlement date accounting.

If entity recognizes financial assets using settlement date accounting, any change in the fair value of the asset to be received during the period between the trade date and the settlement date is not recognized for assets measured at amortized cost. However, for assets measured at fair value, the change in fair value shall be recognized in profit or loss or in other comprehensive income, as appropriate on reporting date.

Subsequent measurement

- Financial assets are subsequently classified as measured at Amortised cost
- Fair value through profit and loss (FVTPL)
- Fair value through other comprehensive income (FVOCI).

Financial assets are not reclassified subsequent to their recognition, except if and in the period the Company changes its business model for managing financial assets.

ii. Classification of financial assets

A Financial Asset is measured at amortised cost if both of the following conditions are met:

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

After initial recognition, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the Statement of Profit and Loss. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in statement of profit or loss, when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

Debt Instruments at fair value through OCI

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

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

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

Debt Instruments at fair value through profit or loss

A Financial Asset shall be classified and measured at fair value through profit or loss (FVTPL) unless it is measured at amortised cost or at fair value through OCI.

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

A gain or loss on a debt investment that is subsequently measured at Fair value through Profit or Loss and is not part of a hedging relationship is recognised in statement of profit or loss within Other Income in the period in which it arises. Interest income from these financial assets is included in interest income.

Equity instruments

Equity instruments which are held for trading are classified as at FVPL with all changes recognised in statement of profit and loss. For all other equity instruments, the Company decides to classify the same as whether at FVOCI or FVPL. The company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

In case, where the equity instruments are classified as at FVOCI then fair value changes on the instrument, excluding dividends, are recognised in OCI. There is no recycling of the amounts from OCI to profit and loss, even on sale of investments. However, the Company may transfer the cumulative gain or loss within equity.

iii. De-recognition of financial assets

The Company de-recognises a financial asset only when rights to receive cash flows from the asset have expired or has transferred its rights to receive cash flows or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity or the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On de-recognition, any gains or losses on all debt instruments (other than debt instruments measured at FVOCI) and equity instruments (measured at FVTPL) are recognised in the Statement of Profit and Loss. Gains and losses in respect of debt instruments measured at FVOCI and that are accumulated in OCI are reclassified to profit or loss on de-recognition. Gains or losses on equity instruments measured at FVOCI that are recognised and accumulated in OCI are not reclassified to profit or loss on derecognition.

B. Financial liabilities and equity instruments issued by the Company**i. Classification as Debt or Equity:**

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

Equity instruments

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

ii. Financial liabilities**Initial recognition and measurement**

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

Subsequent measurement**a) Financial Liabilities at Fair Value through Profit or Loss (FVTPL):**

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

b) Financial liabilities at amortised cost:

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

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

De-recognition of financial liabilities

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

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

C. Derivative financial instruments

The Company presently deals in interest rate swaps & futures, currency swaps, Equity and Index Futures and Options to earn trading profit of changes in interest rates and exchange rates.

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

Currency futures, Interest rate futures (i.e. exchange traded derivatives) are marked to market using closing price of the relevant futures contract as published by the NSE.

Interest rate swaps are marked to market using suitable interest rate curves.

Equity and Index Futures and Options are marked to market using the NSE published rates.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to Statement of Profit and Loss.

D. Impairment of financial instruments

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

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

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

Stage 3 (Non-performing or Credit-impaired assets) includes financial assets that have objective evidence of impairment at the reporting date.

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

Criteria used for classification of assets are detailed below:

Stage 1 (12 month ECL)	Investments	No downgrade in external rating
Stage 2 (lifetime ECL)	Investments	Significant downgrade in the external rating
Stage 3 (lifetime ECL)	Investments	Bonds with Default Rating

Measurement of Expected Credit Loss

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

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

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

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

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

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

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

Computation of ECL is summarized as under.

Classification	ECL	ECL computation
Stage 1	12 Month ECL	1 year PD*LGD*Outstanding on computation Date
Stage 2	Lifetime ECL	Sum of discounted value of each year's ECL (ECL for each year would be product of forecasted PD, LGD and forecasted EAD at the end of each year)
Stage 3	Lifetime ECL	LGD*Outstanding on Computation Date

Presentation of allowance for ECL in the balance sheet

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

E. Write off

Debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written-off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

F. Offsetting

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

G. Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and charges paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognized in profit or loss and is included in the 'interest income' line item.

H. Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

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

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in Statement of Profit and Loss.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to statement of Profit and Loss at the reclassification date.

3.6. Income Tax

Income tax expense comprises of current tax and deferred tax.

A. Current tax

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

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

B. Deferred tax

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

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

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

Deferred tax items are recognised in correlation to the underlying transaction either in the Statement of Profit and Loss, other comprehensive income or directly in equity.

Any changes in the deferred taxes due to a change in tax rates are recognized in the statement of Profit and Loss in the period of enactment of the change.

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

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

C. Minimum Alternate Tax ('MAT') credit:

The Company has opted for lower Income Tax Rate as applicable u/s. 115 BAA of Income Tax Act. As per the provision of this section the company has to foregone the earlier MAT credit available in the books and thus the Company has reversed the total MAT credit of ₹ 2,24,42,658/- available in the books.

3.7. Cash and Bank Balances

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

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

Statement of Cash Flow

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

3.8. Provisions and Contingencies

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

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

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

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

3.9. Revenue Recognition

A. Interest

For all financial instruments measured at amortised cost and interest-bearing financial assets classified at FVTOCI, interest income or expense is recognised using the effective interest rate method.

Interest income on tax refunds is recognised on receipt basis.

B. Dividend Income

Dividend income from investments is recognised when the shareholder's rights to receive income have been established.

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

C. **Income from Derivative instruments:**

Derivative instruments such as Equity and Index Futures and Options, Interest Rate Swaps (IRS), Currency and Interest Rate Futures are considered as trading derivatives and hence the Open positions are marked to market on daily basis and net gains/losses, are recognised to Profit & Loss account.

Income from Derivative instruments represents the net profit or loss on settled/expired positions in equity index and stock futures and options after adjusting for brokerage and other transaction costs.

D. **Treasury Bills, Commercial Papers, Certificate of Deposits and Zero Coupon Bonds**

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

In case of discounted instruments, discount income represents the income accrued from the date of acquisition to the date of sale/maturity. Profit/Loss on sale of discounted instruments is the difference between the sale price and its carrying cost and is part of the trading income.

E. **Expenses/Income under Repo Transactions:**

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

F. **Triparty Repo(TREPS)/Collateralized Borrowing and Lending Obligation (CBLO) transactions**

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

G. **Underwriting Commission/Fees**

Underwriting commission/fee earned in respect of successful bids/devolvement towards fulfilment of underwriting commitments, to the extent apportionable to the cost, are reduced from the cost of securities devolved and the remaining amount is reckoned as income.

H. Cost of acquisition of securities includes Brokerage and Securities Transaction Tax (STT), wherever applicable paid towards the transaction. At the time of sale of securities, brokerage and STT are reduced from consideration received.

I. Profit/Loss from trading in Equities and equity exchange traded derivatives is recognised on the basis of fair value on trade dates. Profit/Loss from trading in Government Securities, Corporate Bonds is recognised on the basis of fair value on settlement dates.

3.10. **Borrowing Cost**

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

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

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

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

3.11. Employee Benefits**A. Short-term employee benefits**

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

B. Long-Term employee Benefits

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

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

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

Post-Employment and termination benefits**Defined Contribution Plan (Provident Fund):**

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

Defined Benefit Obligation (Gratuity)

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

Defined benefit costs are categorised as follows:

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

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

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

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

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

3.12. Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset to lessee for a period of time in exchange for consideration.

Company shall reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

As a Lessee

At the commencement date, Company recognises a right-of-use asset at cost and a lease liability at present value of the lease payments that are not paid at commencement date. The Lease Payments shall be discounted using appropriate interest rate on periodic basis.

Subsequently, right of use asset is depreciated over lease term and lease liability is reduced as payments are made and an imputed finance cost on lease liability is recognised in statement of profit and loss.

If a lease, at the commencement date, has a lease term of 12 months or less, it is treated as Short term lease.

Lease payments associated with short term leases are treated as an expense on systematic basis.

3.13. Earnings Per Share

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

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

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

	AS AT MARCH 31, 2020 (` in Lakh)	AS AT MARCH 31, 2019 (` in Lakh)
OTHER COMPREHENSIVE INCOME		
(i) Items that will not be reclassified to profit or loss		
Opening balance	(6.43)	0.94
(a) Actuarial gain/loss on gratuity	(6.57)	(11.33)
Total	(13.00)	(10.39)
(b) Income Tax relating to items that will not be reclassified to profit or loss	1.65	3.96
Subtotal (A)	(11.35)	(6.43)
(ii) Items that will be reclassified to profit or loss		
Opening balance	(1,532.72)	(1,952.63)
(a) Fair Value Changes - Debt Instruments held through Other Comprehensive Income	2,542.63	645.46
(b) Reclassification adjustments	(44.77)	-
	965.14	(1,307.17)
(c) Income Tax relating to items that will be reclassified to profit or loss	(856.79)	(225.55)
Subtotal (B)	108.35	(1,532.72)
Other Comprehensive Income (A + B)	97.00	(1,539.15)

NOTE NO. 4

CASH AND CASH EQUIVALENTS

a) Cash on hand	0.12	0.03
b) Balances with Bank	62.66	134.10
Total (a+b)	62.78	134.13

NOTE NO. 5

BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Fixed deposit with bank (includes interest accrued not due)	22.06	22.21
Balances with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments	300.00	800.00
Total	322.06	822.21

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

NOTE NO. 6

DERIVATIVE FINANCIAL INSTRUMENTS

PARTICULARS	AS AT MARCH 31, 2020			AS AT MARCH 31, 2019		
	Notional Amounts*	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities
(i) Currency derivatives	-	-	-	-	-	-
(ii) Interest rate derivatives						
Interest rate swaps	16,30,608.95	71,759.19	70,905.86	34,77,584.81	87,573.51	86,931.53
Options purchased	-	-	-	-	-	-
Options sold (written)	-	-	-	-	-	-
Futures	-	-	-	-	-	5.65
Others	-	-	-	-	-	-
Total	16,30,608.95	71,759.19	70,905.86	34,77,584.81	87,573.51	86,937.18
(iii) Credit derivatives	-	-	-	-	-	-
(iv) Equity linked derivatives	-	-	-	-	-	-
(v) Other derivatives (<i>Please specify</i>)	-	-	-	-	-	-
Total derivatives	16,30,608.95	71,759.19	70,905.86	34,77,584.81	87,573.51	86,937.18

* Notional amount for IRS represents both asset and liability

	AS AT MARCH 31, 2020 (` in Lakh)	AS AT MARCH 31, 2019 (` in Lakh)
NOTE NO. 7		
OTHER RECEIVABLES		
a) Others	-	17.55
Total	-	17.55

NOTE NO. 8

LOANS (AT AMORTISED COST)

Lending under REPO (Secured By Collateral of Govt. Securities & Treasury Bills)	-	1,500.00
Lending under CBLO (Secured By Collateral of Govt. Securities & Treasury Bills)	-	-
Lending under TREPS (Secured By Collateral of Govt. Securities & Treasury Bills)	-	-
Total Gross	-	1,500.00
Less : Impairment loss allowance	-	-
Total Net	-	1,500.00

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

NOTE NO. 9

INVESTMENTS

(₹ in Lakh)

Particulars	As at March 31, 2020						As at March 31, 2019							
	Amor- tised cost	At Fair Value				Others	Total	Amor- tised cost	At Fair Value				Others	Total
		Through other compre- hensive income	Through profit and loss account *	Desig- nated at fair value through profit and loss account	Sub total				Through other compre- hensive income	Through profit and loss account *	Desig- nated at fair value through profit and loss account	Sub total		
1	2	3	4	(5=2+3+4)	6	(7=1+5+6)	1	2	3	4	(5=2+3+4)	6	(7=1+5+6)	
Investments														
Government securities	-	35,784.79	6,82,963.45	-	7,18,748.24	-	7,18,748.24	-	42,783.35	7,79,974.69	-	8,22,758.04	-	8,22,758.04
Other approved securities	-	-	-	-	-	-	-	-	-	4,586.98	-	4,586.98	-	4,586.98
Debt securities	-	-	97,093.50	-	97,093.50	-	97,093.50	-	-	1,03,354.11	-	1,03,354.11	-	1,03,354.11
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Quoted Equity Shares	-	-	-	-	-	-	-	-	-	375.75	-	375.75	-	375.75
Mutual funds	-	-	502.35	-	502.35	-	502.35	-	-	500.40	-	500.40	-	500.40
Total - Gross (A)	-	35,784.79	780,559.30	-	816,344.09	-	816,344.09	-	42,783.35	888,791.93	-	931,575.29	-	931,575.29
(i) Overseas Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(ii) Investments in India	-	35,784.79	7,80,559.30	-	8,16,344.09	-	8,16,344.09	-	42,783.35	8,88,791.93	-	9,31,575.29	-	9,31,575.29
Total - Gross (B)	-	35,784.79	7,80,559.30	-	8,16,344.09	-	8,16,344.09	-	42,783.35	8,88,791.93	-	9,31,575.29	-	9,31,575.29
Total Investment (A) = (B)	-	35,784.79	7,80,559.30	-	8,16,344.09	-	8,16,344.09	-	42,783.35	8,88,791.93	-	9,31,575.29	-	9,31,575.29
Less: Impairment loss allowance (C)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total - Net D = (A) - (C)	-	35,784.79	7,80,559.30	-	8,16,344.09	-	8,16,344.09	-	42,783.35	8,88,791.93	-	9,31,575.29	-	9,31,575.29

* As per Business model of the company these investments are measured at FVTPL

AS AT
MARCH 31, 2020
(₹ in Lakh)

AS AT
MARCH 31, 2019
(₹ in Lakh)

NOTE NO. 10

OTHER FINANCIAL ASSETS

Security and other deposits (Measured at amortised cost)	35.18	27.97
Others		
a) Profit/ (Loss) on account of trade on reporting date accounting	577.07	-
b) Margin money with CCIL	1,402.00	1,439.63
c) Margin money with others	3.25	5.66
Total	2,017.50	1,473.26

NOTE NO. 11

PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS

Current Year

(₹ in Lakh)

Fixed Assets	TANGIBLE ASSETS (I)								INTANGIBLE ASSETS (II)		(III)
	Buildings	Computers	Office Equipment		Furniture and Fixtures	Vehicles	Right-of-Use Assets*	Sub-total (I)	Software and Licences	Sub-total (II)	Grand Total (I+II)
			Air-Conditioner	Others							
Cost											
As at April 01, 2019	1,578.29	101.39	10.25	3.47	44.06	16.38	-	1,753.85	26.62	26.62	1,780.47
Additions/adjustments during the period	-	9.65	-	0.25	-	-	157.90	167.79	-	-	167.79
Deletions/retirements during the period	-	5.38	-	-	-	-	-	5.38	-	-	5.38
As at March 31, 2020	1,578.29	105.66	10.25	3.72	44.06	16.38	157.90	1,916.26	26.62	26.62	1,942.88
Depreciation and amortization											
As at April 01, 2019	59.10	41.32	4.94	2.54	25.82	4.99	-	138.71	24.34	24.34	163.05
Depreciation charge for the period	29.63	23.61	2.47	0.56	12.94	1.91	35.50	106.62	2.05	2.05	108.67
On disposals	-	5.37	-	-	-	-	-	5.37	-	-	5.37
Upto March 31, 2020	88.73	59.56	7.40	3.10	38.76	6.90	35.50	239.95	26.39	26.39	266.34
Net Book Value											
As at March 31, 2020	1,489.56	46.10	2.85	0.62	5.30	9.48	122.40	1,676.31	0.23	0.23	1,676.54

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

* Right-of-Use Assets is derived as per the requirement of Ind AS 116.

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

Previous Year

(` in Lakh)

Fixed Assets	TANGIBLE ASSETS (I)							INTANGIBLE ASSETS (II)		(III)	
	Buildings	Computers	Office Equipment		Furniture and Fixtures	Vehicles	Right-of-Use Assets	Sub-total (I)	Software and Licences	Sub-total (II)	Grand Total (I+II)
			Air-Conditioner	Others							
Cost											
As at April 01, 2018	1,578.29	85.50	10.25	3.37	44.06	16.38	-	1,737.85	26.62	26.62	1,764.47
Additions/adjustments during the year	-	15.89	-	0.11	-	-	-	16.00	-	-	16.00
Deletions/retirements during the year	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2019	1,578.29	101.39	10.25	3.47	44.06	16.38	-	1,753.85	26.62	26.62	1,780.47
Depreciation and amortization											
As at April 01, 2018	29.55	19.23	2.48	1.48	12.92	3.09	-	68.75	21.43	21.43	90.18
Depreciation charge for the year	29.55	22.09	2.46	1.05	12.90	1.91	-	69.97	2.91	2.91	72.88
On disposals	-	-	-	-	-	-	-	-	-	-	-
Upto March 31, 2019	59.10	41.32	4.94	2.54	25.82	4.99	-	138.71	24.34	24.34	163.05
Net Book Value											
As at March 31, 2019	1,519.19	60.07	5.31	0.93	18.24	11.39	-	1,615.13	2.28	2.28	1,617.41

Note - Cost of building includes ` 0.05 Lakh being the cost of shares held for membership of the Co-operative society.

AS AT
MARCH 31, 2020
(` in Lakh)

AS AT
MARCH 31, 2019
(` in Lakh)

NOTE NO. 12

OTHER NON-FINANCIAL ASSETS

Prepaid expenses	80.64	40.54
Advance payment to supplier	12.61	0.62
Receivable from Government - GST Input tax credit	49.96	32.29
Total	143.21	73.45

NOTE NO. 13

TRADE PAYABLES

a) Trade payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	120.78	87.90
Subtotal (i+ii)	120.78	87.90
b) Other payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	53.00	83.11
Subtotal (i+ii)	53.00	83.11
Total (a+b)	173.78	171.01

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

	AS AT MARCH 31, 2020 (` in Lakh)	AS AT MARCH 31, 2019 (` in Lakh)
NOTE NO. 14		
BORROWINGS AT AMORTISED COST (OTHER THAN DEBT SECURITIES)		
Other loans	7,53,065.28	8,69,092.44
Secured		
i) Tri-Party Repo (TREPS) Segment	2,92,343.71	3,00,806.18
(31 st Mar 2020 : Carries interest rate between 0.30% to 0.75% and is repayable within 3 days)		
(31 st Mar 2019 : Carries interest rate between 5.7% to 7.29% and is repayable within 2days)		
(Secured by Collateral of Govt. Securities & Treasury Bills)		
(of the above, ` Nil is guaranteed by directors and/or others)		
ii) Borrowing under REPO	3,06,735.36	2,96,785.96
(31 st Mar 2020 : Carries interest rate between 1% to 4.95% and is repayable within 3 days)		
(31 st March 2019 : Carries interest rate between 6.05% to 7.5% and is repayable within 2 days)		
(Secured by Collateral of Govt. Securities & Treasury Bills)		
(of the above, ` Nil is guaranteed by directors and/or others)		
iii) Borrowing Under LAF/Refinance from RBI	46,965.99	1,53,569.08
(31 st Mar 2020: LAF carries interest rate of 4.40% and is repayable in 22-27 days)		
(31 st March 2019 LAF carries interest rate of 6.25% and is repayable in 2 days, Refinance carries interest rate of 6.25% and is repayable within 8-71days, Term Repo carries interest rate of 6.42% and is repayable within 9 days)		
(Secured by Collateral of Govt. Securities & Treasury Bills)		
(of the above, ` Nil is guaranteed by directors and/or others)		
Unsecured		
i) Loans repayable on demand	1,07,020.22	1,17,931.22
from banks (repayable at call/short notice/term)		
(31 st Mar 20: Call money carries interest rate between 4.40% to 4.90% and is repayable within 3 days, Notice money carries interest rate between 4.40% to 5.65% and is repayable between 4-11 days, Term money carries interest rate between 5.15% to 5.60% and is repayable between 15-70 days)		
(31st March 19: Notice money carries interest rate between 6.18% to 8.00% and is repayable within 2 days, Term money carries interest rate between 6.30% to 7.40% and is repayable between 2-12 days)		
Total (A)	7,53,065.28	8,69,092.44
Borrowings in India	7,53,065.28	8,69,092.44
Borrowings outside India	-	-
Total (A) = (B)	7,53,065.28	8,69,092.44

Note : The debt coverage has been complied with.

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

	AS AT MARCH 31, 2020 (` in Lakh)	AS AT MARCH 31, 2019 (` in Lakh)
NOTE NO. 15		
DEPOSITS AT AMORTISED COST		
Deposits - Unsecured		
From others (Inter Corporate Deposits)	2,931.21	18,278.11
Total	2,931.21	18,278.11

(31st Mar 2020 : carries interest rate between 5.39% to 5.44% and is repayable within 88-91 days)

(31st March 2019 : carries interest rate between 6.5% to 9.05% and is repayable within 8-89 days)

(of the above, ` Nil is guaranteed by directors and/or others)

- The Company has not defaulted in repayment of deposit and interest during the year.

NOTE NO. 16

OTHER FINANCIAL LIABILITIES

Net Fair value changes for settlement date	-	67.21
Salary Payable	-	-
Lease Liability	113.40	-
Sundry Creditors for Expense (Others)	-	-
Total	113.40	67.21

NOTE NO. 17

PROVISIONS

(a) Provision for employee benefits		
Provision for Performace linked variable pay (<i>refer note no 28</i>)	695.80	178.70
Gratuity & leave encashment	141.42	136.48
Others	-	4.25
(b) Others		
- Provision for stamp duty (<i>refer note no 28</i>)	357.30	347.82
Total (a+b)	1,194.52	667.25

NOTE NO. 18

OTHER NON-FINANCIAL LIABILITIES

Statutory dues	44.74	41.77
Total	44.74	41.77

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

	AS AT MARCH 31, 2020 (` in Lakh)	AS AT MARCH 31, 2019 (` in Lakh)
NOTE NO. 19		
EQUITY SHARE CAPITAL		
Authorised		
30,00,00,000 Equity Shares of ` 10/- each	30,000.00	30,000.00
TOTAL	30,000.00	30,000.00
Issued, Subscribed and Fully Paid-up		
15,00,00,000 Equity Shares of ` 10/- each fully paid	15,000.00	15,000.00
TOTAL	15,000.00	15,000.00

NOTE NO. 19.1**RECONCILIATION OF THE NUMBER OF SHARES**

Particulars	(` in Lakh)			
	As at March 31, 2020		As at March 31, 2019	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	1,50,000,000	15,000.00	1,50,000,000	15,000.00
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	1,50,000,000	15,000.00	1,50,000,000	15,000.00

NOTE NO. 19.2**DETAILS OF AGGREGATE SHAREHOLDING BY HOLDING COMPANY, SUBSIDIARY OF HOLDING COMPANY OR ASSOCIATE OF HOLDING COMPANY**

NAME OF SHAREHOLDER	As at March 31, 2020		As at March 31, 2019	
	No. of Shares		No. of Shares	
STCI Finance Limited (Holding Company)*	1,50,000,000		1,50,000,000	

* Includes 6 shares held by the nominee

NOTE NO. 19.3**TERMS AND RIGHTS ATTACHED TO EQUITY SHARES**

Each equity share is entitled to one vote per share. The Company has only one class of equity shares having par value of ` 10/- each. In the event of liquidation by the company, the shareholder of equity share will be entitled to receive remaining assets of the Company after distribution of all the preferential amount. Distribution will be in proportion number of equity shares held by each shareholder.

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

NOTE NO. 19.4

SHAREHOLDERS HOLDING MORE THAN 5% OF THE EQUITY SHARES OF THE COMPANY

Name of Shareholder	As at March 31, 2020		As at March 31, 2019	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
STCI Finance Limited (Holding Company)*	150,000,000	100%	150,000,000	100%

* Includes 6 shares held by the nominee

NOTE NO. 20

OTHER EQUITY

Particulars	AS AT	AS AT
	MARCH 31, 2020 (` in Lakh)	MARCH 31, 2019 (` in Lakh)
General Reserve	105.94	105.94
Retained Earnings	25,169.57	17,546.79
Other comprehensive income :		
Debt instruments through Other Comprehensive Income	108.35	(1,532.72)
Remeasurements of the net defined benefit plans	(11.35)	(6.43)
Other reserves:		
Statutory Reserve	15,534.42	10,688.02
Capital Redemption Reserve	5,000.00	5,000.00
Reserve & Surplus HTM - CGS	2,126.63	2,126.63
Total	48,033.56	33,928.23

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

- i) Statutory Reserve is created as per Section 45-IC of the RBI Act, 1934 by transferring therein a sum not less than 20% of its net profit every year and forms part of free reserves, Net owned funds and Tier I capital.
- ii) Capital redemption Reserve is created to the extent of sum equal to the nominal value of the share capital extinguished on buyback of Company's own shares in accordance with Section 69 of the Companies Act, 2013.
- iii) Debt Instrument through OCI represents the cumulative gains/(losses) arising on the fair valuation of debt instruments measured at fair value through OCI.
- iv) Reserve & Surplus HTM - CGS represents profit transferred to such reserve as per RBI guidelines on disposal of instruments classified under HTM category.

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

NOTE NO. 21

INTEREST INCOME

(` in Lakh)

Particulars	For the year ended March 31, 2020				For the year ended March 31, 2019			
	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	Interest income on Securities classified at fair value through profit or loss	Total	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	Interest income on Securities classified at fair value through profit or loss	Total
Interest on Loans	-	16.68	-	16.68	-	17.96	-	17.96
Interest income from investments	2,517.48	-	55,781.56	58,299.03	2,887.21	-	55,122.35	58,009.56
Interest on deposits with banks	-	13.33	-	13.33	-	9.90	-	9.90
Other interest income	-	9.58	-	9.58	-	54.60	-	54.60
Total	2,517.48	39.59	55,781.56	58,338.62	2,887.21	82.46	55,122.35	58,092.02

**FOR THE YEAR ENDED
MARCH 31, 2020
(` in Lakh)**

**FOR THE YEAR ENDED
MARCH 31, 2019
(` in Lakh)**

NOTE NO. 22

TRADING PROFIT/(LOSS) ON INVESTMENTS

Government Securities	1,702.67	281.73
State Development Loans	13,398.86	3,667.07
GOI Special Securities	252.66	25.91
Corporate bonds	1,001.46	88.23
Zero Coupon Bonds	-	129.64
Liquid Mutual Fund	-	390.75
Equity Shares	(38.08)	20.38
Equity Futures & Options	(188.00)	(3.68)
Interest Rate Swaps	69.48	493.45
Interest Rate Futures	(32.18)	(10.04)
Currency Futures	(6.98)	(3.77)
Interest Rate Option	0.02	-
Treasury Bills	995.69	640.90
Commercial Papers	-	84.48
Certificate of Deposits	649.98	13.18
STRIPS	-	-
TRADING PROFIT/(LOSS) ON SECURITIES (REFER A BELOW)	17,805.58	5,818.23

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

Revenue from Operations	FOR THE YEAR ENDED MARCH 31, 2020		FOR THE YEAR ENDED MARCH 31, 2019	
	(` in Lakh)	(` in Lakh)	(` in Lakh)	(` in Lakh)
A TRADING PROFIT/(LOSS) ON SECURITIES				
(a) Government securities		1,702.67		281.72
Sales (net of brokerage)	3,22,12,470.26		2,76,48,053.15	
Add : Stock on hand as at the end of the year	79,150.40		1,07,278.98	
Less : (i) Purchases	(3,21,82,570.38)		(2,77,01,269.39)	
(ii) Stock on hand as at the beginning of the year	(1,07,278.98)		(53,784.56)	
Add/Less :Net Fair Value Gain or Loss booked in Previous year now reversed and booked as Profit/Loss	(64.20)		3.54	
Profit/ (Loss) on account of trade on reporting date accounting	(4.43)		-	
(b) State Development Loans		13,398.86		3,667.08
Sales (net of brokerage)	36,35,984.65		26,67,317.66	
Add : Stock on hand as at the end of the year	1,45,507.35		1,79,526.79	
Less : (i) Purchases	(35,88,158.92)		(27,57,623.81)	
(ii) Stock on hand as at the beginning of the year	(1,79,526.79)		(85,247.15)	
Add/Less :Net Fair Value Gain or Loss booked in Previous year now reversed and booked as Profit/Loss	(933.48)		(306.41)	
Profit/ (Loss) on account of trade on reporting date accounting	526.05		-	
(c) GOI Special Securities		252.65		25.89
Sales (net of brokerage)	37,763.80		50,191.04	
Add : Stock on hand as at the end of the year	-		4,484.46	
Less : (i) Purchases	(33,020.03)		(33,899.81)	
(ii) Stock on hand as at the beginning of the year	(4,484.46)		(20,795.91)	
Add/Less :Net Fair Value Gain or Loss booked in Previous year now reversed and booked as Profit/Loss	(6.66)		46.11	
(d) Corporate Bond		1,001.47		88.23
Sales (net of brokerage)	2,90,448.95		4,52,174.45	
Add : Stock on hand as at the end of the year	31,520.58		56,013.09	
Less : (i) Purchases	(2,64,680.30)		(3,04,749.32)	
(ii) Stock on hand as at the beginning of the year	(56,013.09)		(2,03,349.99)	
Add/Less :Net Fair Value Gain or Loss booked in Previous year now reversed and booked as Profit/Loss	(274.67)		-	
(e) Zero Coupon Bonds		-		129.64
Sales (net of brokerage)	-		7,238.73	
Add : Stock on hand as at the end of the year	-		-	
Less : (i) Purchases	-		(7,109.09)	
(ii) Stock on hand as at the beginning of the year	-		-	
(f) Liquid Mutual Fund		-		390.75
Sales (net of brokerage)	-		14,04,390.75	
Add : Stock on hand as at the end of the year	-		-	
Less : (i) Purchases	-		(14,04,000.00)	
(ii) Stock on hand as at the beginning of the year	-		-	
(g) Equity Shares		(38.09)		20.37
Sales (net of brokerage)	1,173.27		313.76	
Add : Stock on hand as at the end of the year	-		369.96	
Less : (i) Purchases	(835.61)		(663.35)	
(ii) Stock on hand as at the beginning of the year	(369.96)		-	
(iii) Equity Cash MTM	-		-	
Add/Less :Net Fair Value Gain or Loss booked in Previous year now reversed and booked as Profit/Loss	(5.79)		-	

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

Revenue from Operations Continued...	FOR THE YEAR ENDED MARCH 31, 2020		FOR THE YEAR ENDED MARCH 31, 2019	
	(` in Lakh)	(` in Lakh)	(` in Lakh)	(` in Lakh)
(h) Equity Futures & Options		(188.00)		(3.68)
Profit & Loss on Equity F&O	(188.00)		(3.68)	
(i) Interest Rate Swap		69.48		493.45
Profit & Loss including MTM on IRS	69.48		493.45	
(j) Interest Rate Futures		(32.18)		(10.04)
Profit & Loss on Interest Rate Futures	(32.18)		(10.04)	
(k) Currency Futures		(6.98)		(3.77)
Profit & Loss on Currency Futures	(6.98)		(3.77)	
(l) Interest Rate Option		0.02		-
Profit & Loss on Interest Rate Option	0.02		-	
(m) Treasury Bills		995.68		640.90
Sales (net of brokerage)	46,52,010.27		40,62,301.53	
Add : Stock on hand as at the end of the year	451,565.45		485,951.60	
Less : (i) Purchases	(4,589,709.78)		(4,218,213.29)	
(ii) Stock on hand as at the beginning of the year	(485,951.60)		(303,968.32)	
(iii) Discount Income on Treasury bills	(25,706.24)		(25,092.09)	
Add/Less : Net Fair Value Gain or Loss booked in Previous year now reversed and booked as Profit/Loss	(1,267.87)		(338.53)	
Profit/ (Loss) on account of trade on reporting date accounting	55.45		-	
(n) Commercial Papers		-		84.49
Sales (net of brokerage)	-		84,026.90	
CP Written off (<i>refer note 43</i>)	-		9,413.35	
Add : Stock on hand as at the end of the year	-		-	
Less : (i) Purchases	-		(43,407.39)	
(ii) Stock on hand as at the beginning of the year	-		(48,225.26)	
(iii) Discount Income on Commercial Papers	-		(1,833.25)	
Add/Less : Net Fair Value Gain or Loss booked in Previous year now reversed and booked as Profit/Loss	-		110.14	
(o) Certificate of Deposit		649.99		13.18
Sales (net of brokerage)	93,257.17		47,902.37	
Add : Stock on hand as at the end of the year	64,942.17		46,707.16	
Less : (i) Purchases	(106,643.34)		(93,385.96)	
(ii) Stock on hand as at the beginning of the year	(46,707.16)		-	
(iii) Discount Income on Certificate of Deposit	(4,198.85)		(1,210.39)	
(p) STRIPS		-		-
Sales (net of brokerage)	33.24		-	
Add : Stock on hand as at the end of the year	2,816.64		-	
Less : (i) Purchases	(2,792.15)		-	
(ii) Stock on hand as at the beginning of the year	-		-	
(iii) Discount Income on STRIPS	(57.73)		-	
Total (A)		17,805.55		5,818.21

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

	FOR THE YEAR ENDED MARCH 31, 2020 (` in Lakh)	FOR THE YEAR ENDED MARCH 31, 2019 (` in Lakh)
NOTE NO. 23		
NET GAIN/ (LOSS) ON FAIR VALUE CHANGES		
Net gain/ (loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
Investments	1,626.24	2,371.82
Derivatives	-	-
Total Net gain/(loss) on fair value changes	1,626.24	2,371.82
Fair Value changes:		
Realised	-	-
Unrealised	1,626.24	2,371.82
Total Net gain/(loss) on fair value changes	1,626.24	2,371.82
NOTE NO. 24		
OTHER INCOME		
Profit on sale of fixed assets	0.01	-
Expenses write back	-	53.90
Miscellaneous income	2.16	17.48
Total other income	2.17	71.38
NOTE NO. 25		
FINANCE COSTS AT AMORTISED COST (Refer Note 21)		
Interest on deposits	1,062.85	1,198.01
Interest on borrowings	44,116.97	49,150.07
Interest on debt securities	-	-
Intraday liquidity charges	168.73	174.34
Other interest expense	4.17	53.25
TOTAL	45,352.72	50,575.67

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

	FOR THE YEAR ENDED MARCH 31, 2020 (` in Lakh)	FOR THE YEAR ENDED MARCH 31, 2019 (` in Lakh)
NOTE NO. 26		
EMPLOYEE BENEFIT EXPENSES		
Salaries and wages	1,412.03	864.80
Gratuity	14.05	6.47
Contribution to provident and other funds	37.41	34.62
Staff welfare expenses	34.65	23.66
Total	1,498.14	929.55

NOTE NO. 27**OTHER EXPENSES**

Rent, taxes and energy costs	34.99	68.93
Repairs and maintenance	71.92	73.09
Communication costs	28.52	29.23
Printing and stationery	10.84	9.20
CSR expenditure	252.44	231.35
Director's fees, allowances and expenses	40.74	35.56
Auditor's remuneration (<i>refer note below*</i>)	13.63	16.45
Legal and professional charges	94.46	99.98
Insurance	40.09	27.25
Information services	108.08	103.77
Business development expenses	19.03	9.65
GST ITC (written off)#	75.29	-
Office expenses	39.21	26.16
Other expenditure	19.36	21.02
Total	848.60	751.64

As per company's policy the GST ITC in excess of ` 50 Lakh is written off, any refund to be received from the department post balancesheet date shall be routed through profit and Loss in the year of receipt, till date no refund has been issued.

Note**AUDITORS REMUNERATION***

Statutory audit fee	7.38	5.50
Limited review fee	1.00	-
Tax audit fee	1.50	1.75
Certification and other services	3.50	8.95
Out of pocket expenses	0.25	0.25
Total	13.63	16.45

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

NOTE NO. 28

PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions

(` in Lakh)

Particulars	Stamp Duty*		PLVP*	
	2019-20	2018-19	2019-20	2018-19
Carrying amount at the beginning	347.82	337.58	178.70	212.99
Additional provisions made in the period	9.48	10.24	659.30	111.45
Amounts used during the period;	-	-	(142.20)	(145.60)
Unused amounts reversed during the period	-	-	(0.70)	(0.14)
Carrying amount at the end of the period	357.30	347.82	695.10	178.70

* **Performance Linked Variable Pay** - The same is provided by the company to its employees on the basis of their performance. The amount provided by the company is approved by the Board of Directors. In case if the amount is unapproved or the employee leaves the Company before the payment of the same, then such amounts are reversed.

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

For the current year, provision of ` 9.48 lakhs (March 31, 2019 - ` 10.24 lakhs) calculated on the basis of 0.01% of the value of transaction as stipulated in the Maharashtra Stamp Act, (erstwhile The Bombay Stamp Act, 1958), as amended, has been made for stamp duty for direct deals of non-government securities. The provision as on March 31, 2020 for stamp duty on non-government securities transactions stands at ` 357.30 lakhs (March 31, 2019 - ` 347.82 lakhs). The amount of provision is included under Note no. 17 "Provisions" in the balance sheet and under the head Transaction and Settlement Charges in the statement of profit and loss.

NOTE NO. 29

MATURITY ANALYSIS OF ASSETS AND LIABILITIES

(` in Lakh)

Particulars	31-Mar-20		
	Within 12 months	After 12 months	Total
ASSETS			
Cash and cash equivalents	62.78	-	62.78
Bank Balance other than (a) above	322.06	-	322.06
Derivative financial instruments	71,759.19	-	71,759.19
Receivables	-	-	-
Loans	-	-	-
Investments	7,80,559.30	35,784.79	8,16,344.09
Other financial assets	1,982.32	35.18	2,017.50
Non-financial Assets			
Deferred tax Assets (Net)	-	-	-
Property, Plant and Equipment	-	1,676.31	1,676.31
Other Intangible assets	-	0.23	0.23
Other non-financial assets	143.21	-	143.21
Total Assets (A)	8,54,828.86	37,496.51	8,92,325.37

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

(C in Lakh)

Particulars	31-Mar-20		
	Within 12 months	After 12 months	Total
LIABILITIES			
Financial Liabilities			
Derivative financial instruments	70,905.86	-	70,905.86
Payables			
(i) Trade Payables			
total outstanding dues of micro enterprises and small enterprises	-	-	-
total outstanding dues of creditors other than micro enterprises and small enterprises	120.78	-	120.78
(ii) Other Payables			
total outstanding dues of micro enterprises and small enterprises	-	-	-
total outstanding dues of creditors other than micro enterprises and small enterprises	53.00	-	53.00
Borrowings (other than debt securities)	7,53,065.28	-	7,53,065.28
Deposits	2,931.21	-	2,931.21
Other financial liabilities	27.19	86.21	113.40
Non-Financial Liabilities			
Current tax liabilities (Net)	477.14	-	477.14
Provisions	1,194.52	-	1,194.52
Deferred tax liabilities (Net)	-	385.88	385.88
Other non-financial liabilities	44.74	-	44.74
Total liabilities (B)	8,28,819.72	472.09	8,29,291.81
Net (A-B)	26,009.14	37,024.42	63,033.56

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

(₹ in Lakh)

Particulars	31-Mar-19		
	Within 12 months	After 12 months	Total
ASSETS			
Cash and cash equivalents	134.14	-	134.14
Bank Balance other than (a) above	822.21	-	822.21
Derivative financial instruments	87,573.51	-	87,573.51
Receivables	17.55	-	17.55
Loans	1,500.00	-	1,500.00
Investments	8,88,291.53	43,283.75	9,31,575.28
Other financial assets	1,445.29	27.97	1,473.26
Non-financial Assets			
Deferred tax Assets (Net)	-	-	-
Property, Plant and Equipment	-	1,615.14	1,615.14
Other Intangible assets	-	2.28	2.28
Other non-financial assets	73.45	-	73.45
Total Assets (A)	9,79,857.68	44,929.14	10,24,786.82
LIABILITIES			
Financial Liabilities			
Derivative financial instruments	86,937.18	-	86,937.18
Payables			
(i) Trade Payables			
total outstanding dues of micro enterprises and small enterprises	-	-	-
total outstanding dues of creditors other than micro enterprises and small enterprises	87.90	-	87.90
(ii) Other Payables			
total outstanding dues of micro enterprises and small enterprises	-	-	-
total outstanding dues of creditors other than micro enterprises and small enterprises	83.11	-	83.11
Borrowings (other than debt securities)	8,69,092.44	-	8,69,092.44
Deposits	18,278.11	-	18,278.11
Other financial liabilities (Net Fair value changes for settlement date)	67.21	-	67.21
Non-Financial Liabilities			
Current tax liabilities (Net)	92.30	-	92.30
Provisions	667.25	-	667.25
Deferred tax liabilities (Net)	-	511.32	511.32
Other non-financial liabilities	41.77	-	41.77
Total liabilities (B)	9,75,347.27	511.32	9,75,858.59
Net (A-B)	4,510.41	44,417.82	48,928.23

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

NOTE NO. 30

CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

(₹ in Lakh)

Particulars	1-Apr-19	Cash flows	Changes in fair values	Exchange differences	Other	31-Mar-20
Debt securities	-	-	-	-	-	-
Borrowings other than debt securities	8,69,092.44	(1,16,027.16)	-	-	-	7,53,065.28
Deposits	18,278.11	15,346.90	-	-	-	2,931.21
Total liabilities from financing activities*	8,87,370.55	(1,31,374.07)	-	-	-	7,55,996.48

(₹ in Lakh)

Particulars	1-Apr-18	Cash flows	Changes in fair values	Exchange differences	Other	31-Mar-19
Debt securities	-	-	-	-	-	-
Borrowings other than debt securities	7,08,408.17	1,60,684.27	-	-	-	8,69,092.44
Deposits	17,185.20	1,092.91	-	-	-	18,278.11
Total liabilities from financing activities*	7,25,593.37	1,61,777.18	-	-	-	8,87,370.55

* Cash flows also includes interest accrued but not due on borrowings.

NOTE NO. 31

RELATED PARTY DISCLOSURES

a. List of related parties:

i. Enterprises that directly or indirectly through one or more intermediaries control or controlled by or are under common control with the reporting enterprise:

Holding Company : STCI Finance Limited
(erstwhile Securities Trading Corporation of India Limited)

Ultimate Holding Company : Bank of India

Fellow Subsidiary : STCI Commodities Limited

ii. Key management personnel and relatives of such personnel

1. Shri Prasanna Patankar, Managing Director
2. Shri M.N.Suresh, Chief Financial Officer
3. Shri Kalpesh Mody, Company Secretary

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

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

b. Details of Related party transactions during the year :

(₹ in Lakh)

Nature of Transaction	Related Party	2019-20	2018-19
Purchase of Government Securities	Holding Company	5,063.57	585.96
Sale of Government Securities	Holding Company	Nil	Nil
CSGL charges and CCIL charges (Received)	Holding Company	0.55	3.33
Reimbursement of Expenses (Payment)	Holding Company	9.92	11.12
Reimbursement of Expenses (Received)	Holding Company	2.51	1.69
Rent paid	Holding Company	3.01	Nil
Sitting fees Paid	Holding Company	4.30	3.70
Dividend Paid	Holding Company	8,400.00	1,500.00
Security Deposit	Holding Company	3.25	Nil
Purchase of Government Securities	Bank of India	28,714.95	34,516.06
Sale of Government Securities/ Commercial Papers	Bank of India	25,060.53	1,12,380.37
Sitting fees Paid	Bank of India	2.60	1.50
IDL Charges Paid	Bank of India	40.00	47.20
IDL Borrowings (C.Y. 200 crores for 242 days P.Y. 200 crores for 241 days)	Bank of India	48,40,000	48,20,000

There are no transactions with other group companies during the year.

Key management personnel compensation

(₹ in Lakh)

Particulars	Year ended March 31, 2020*	Year ended March 31, 2019*
Short-term employee benefits	205.37	192.73
Post-employment benefits	-	-
Other long-term benefits	-	-
Other	-	-
Total	205.37	192.73

* Includes Performance Linked Variable Pay (PLVP) paid during the year.

Performance Linked Variable Pay (PLVP), if any, to be paid for the financial year shall be paid based on the Individual performance and Company's performance and as approved by the Board as per the Board approved PLVP policy.

Disclosure that related party transactions were made on terms equivalent to those that prevail in an arm's length transactions provided that such terms can be substantiated.

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

NOTE NO. 32

EARNING PER SHARE:

(₹ in Lakh)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit attributable to equity holders of the Company for basic and diluted earnings per equity share (₹ in Lakh)	22,595.85	2,464.89
Issued ordinary shares (No's)	15,00,00,000	15,00,00,000
Weighted average number of shares at period end for basic and diluted EPS	15,00,00,000	15,00,00,000
Basic and diluted earnings per share (₹)	15.06	1.64

There has been no transaction involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements which would require the restatement of EPS.

NOTE NO. 33

DISCLOSURE AS PER IND AS 116 - LEASES

Leases as a Lessee

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

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

There is no impact of Ind AS 116 adoption to the retained earnings as at 1st April, 2019. On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of ₹ 61.10 lakhs and a corresponding lease liability of ₹ 61.10 lakhs. In the results for the current period, the nature of expenses in respect of operating leases has changed from rent in previous period to depreciation for the right to use asset and finance cost for interest accrued on lease liability. Adoption of this standard led to overall increase of ₹ 4.17 lakhs in expense and did not have a material effect on financial results for the year.

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

- Applied a single discount rate on the date of transition
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.
 - The following is the detailed breakup of Right-of-use assets (by class of underlying assets) included in Property, Plant and Equipment.

(₹ in Lakh)

Particulars	GROSS BLOCK					DEPRECIATION				NET CARRYING AMOUNT	
	As at 01-04-19	Ind AS 116 Transition Impact	Additions	Reclassifications/ Deductions on account of Conclusion	As at 31-03-20	Upto 31-03-19	For the Year	Reclassifications/ Deductions on account of Conclusion	Upto 31-03-20	As at 31-03-20	As at 31-03-19
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Buildings	-	61.10	96.80	-	157.90	-	35.50	-	35.50	122.40	-
Total	-	61.10	96.80	-	157.90	-	35.50	-	35.50	122.40	-
Previous year											

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

ii) The following expenses have been charged to Statement of Profit and Loss during FY 19-20

Particulars	(` in Lakh)
Interest on Lease Liabilities	4.41
Expenses relating to short term leases	-
Expenses relating to leases of low value items	-
Expenses relating to variable lease payments (not included in measurement of lease liabilities)	-

iii) Total Cash outflow for leases during FY 19-20 is ` 35.73 Lakhs

iv) Income from Sub leasing of Right-of-use assets recognised in statement of profit and loss during FY 19-20 is ` Nil

v) Maturity Analysis of Lease Liabilities as per Ind AS 116 Leases

(` in Lakh)

As at 31 st March, 2020	Contractual Cash Flows				
	Upto 1 year	1-3 years	3-5 years	More than 5 years	Total
Cash outflows	27.19	62.40	23.81	-	113.40

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

(` in Lakh)

Particulars	As at March 31, 2020
Balance at the beginning	61.10
Additions	83.62
Finance cost accrued during the period	4.41
Payment of lease liabilities	(35.73)
Balance at the end	113.40

NOTE NO. 34

INCOME TAXES

i) Amounts recognized in the Statement of Profit and Loss and other comprehensive income

(` in Lakh)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Income tax expense:		
Current tax	7,557.37	1,000.00
Short/(excess) provision for tax for earlier years	168.18	(344.89)
Deferred tax - origination and reversal of temporary differences	(1,180.58)	1,502.69
MAT credit entitlement	-	(200.00)
Total	6,544.97	1,957.80

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

ii) **Reconciliation of effective tax rate:**

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

(₹ in Lakh)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit before income tax(II)	29,140.82	4,422.69
Enacted income tax rate in India*	25.17%	34.94%
Computed expected tax expense	7,334.16	1,545.47
Effect of:		
Difference indepreciation as per books and as per Income tax	(8.47)	(17.78)
Non-deductible expenses	11.30	(186.82)
Provisions recorded during previous years (net)	239.04	137.19
Tax exempt income	(7.31)	(9.82)
Deduction	(86.88)	(40.42)
Adjustment of Fair value as per Ind AS	75.53	(672.95)
(A) Income tax expense-Current Tax as per normal provision	7,557.37	754.86
(B) Income tax expense-Current tax as per MAT	-	978.82
Tax Payable (Higher of A & B)	7,557.37	978.82
Round off for current year tax provision	-	21.18
Short/(Excess) provision for tax for earlier years	168.18	(344.89)
Deferred tax - origination and reversal of temporary differences	(1,180.58)	1,502.69
MAT credit entitlement	-	(200.00)
Income Tax Expense(I)	6,544.97	1,957.80
Final Effective Income Tax Rate {(I/II)*100}	22.46%	44.27%

*From current Financial Year the Company has opted the tax rate as applicable under section 115BAA of the Income Tax Act, 1961. (effective tax rate 25.168%)

iii) **Recognized deferred tax assets and liabilities**

(₹ in Lakh)

Sr. No.	Particulars	As at March 31, 2020	As at March 31, 2019
	Deferred Tax Asset :		
1	Investments	-	-
2	Provisions	300.64	231.68
3	Other Liabilities	-	23.49
4	MAT Credit	-	200.00
	Total Deferred Tax Asset	300.64	455.17
	Deferred Tax Liability:		
1	Investments	472.54	723.93
2	Property, Plant and Equipment & Intangible assets	213.98	242.56
3	Other Assets	-	-
	Total Deferred Tax Liability	686.52	966.49
	Net Deferred Tax Asset/(Liability)	(385.88)	(511.32)

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

iv) Movement in temporary differences

(` in Lakh)

Particulars	Balance as at April 1, 2019	Balance as at April 1, 2018
Net deferred tax asset/(Liability) at the beginning (a)	(511.32)	1,012.95
	Year ended March 31, 2020	Year ended March 31, 2019
Credit/(Charge) in the Statement of Profit and Loss during the period (b)		
Investments	1,108.18	(351.07)
Property, Plant and Equipment & Intangible assets	28.58	(12.99)
Provisions	67.31	3.58
Other Liabilities	(23.49)	(132.67)
Total	1,180.58	(493.13)
Credit/(Charge) in the other comprehensive income during the period (c)		
Provisions - employee benefits	1.65	39.02
Investment measured at fair value through other comprehensive income	(856.79)	(1,270.16)
Total	(855.14)	(1,231.14)
MAT CREDIT (d)	(200.00)	200.00
Net deferred tax asset/(Liabilities) at the end of the period d) = (a) + (b) + (c) + (d)	(385.88)	(511.32)

v) Movement in MAT credit entitlement

(` in Lakh)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning of year	200.00	-
Add: MAT credit entitlement availed during the year	-	-
(Less)/add:(Restoration)/reversal of MAT credit entitlement	200.00	200.00
Less: MAT Credit pertaining to earlier years	-	-
Balance at the end of year	-	-

vi) Other tax assets and current tax liabilities

(` in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Current tax liabilities	477.14	92.30

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

NOTE NO. 35

EMPLOYEE BENEFITS

Defined Contribution Plan

The Company makes contributions towards provident fund, in respect of qualifying employees

(₹ in Lakh)

Particulars	March 31, 2020	March 31, 2019
Employer's Contribution to Provident Fund*	35.57	32.81

(above figure does not include administrative charges of ₹ 1.84 Lakh (PY - ₹ 1.81 Lakh)

Defined Benefit Plan

i) Gratuity :

The Company operates a post employment benefit plan that provides for gratuity benefit to the employees of the Company. The gratuity plan entitles an employee, who has rendered at least five years of continuous service, to receive one-half month's salary for each year of completed service at the time of retirement / exit. The gratuity contribution is paid to Life Insurance Corporation of India (LIC) under Group gratuity Scheme of LIC. The estimates of the future salary increases, considered in actuarial valuation, include inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

The following table summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans :

(₹ in Lakh)

Sr. No.	Particulars	March 31, 2020	March 31, 2019
I.	Assumption		
	Mortality	IALM (2012-14) Ult	IALM (2006-08) Ult
	Interest / Discount rate	6.51%	7.32%
	Rate of increase in compensation	5.00%	5.00%
	Rate of return (expected) on plan assets	7.00%	7.00%
	Employee Attrition Rate	20%	20%
	Expected average remaining service	6.97	7.15
II.	Changes in present value of obligations		
	PVO at beginning of period	71.80	49.89
	Interest cost	5.03	3.69
	Current Service Cost	9.67	7.85
	Past service cost -(vested benefits)	-	-
	Benefits Paid	(4.45)	(1.92)
	Actuarial (gain)/loss on obligation	6.13	12.28
	PVO at end of period	88.18	71.80
III.	Changes in fair value of plan assets		
	Fair Value of Plan Assets at beginning of period	80.87	49.39
	Adjustment to opening balance	(4.96)	0.36
	Return on plan assets excluding interest income	(0.44)	0.95
	Interest income	5.62	4.71
	Contributions by employer	13.31	27.38
	Benefit Paid	(4.45)	(1.91)
	Fair Value of Plan Assets at end of period	89.95	80.88

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

(` in Lakh)

Sr. No.	Particulars	March 31, 2020	March 31, 2019
IV.	Actuarial (Gain)/Loss on obligation		
	Due to demographic assumption	-	-
	Due to financial assumption	4.84	1.13
	Due to experience	1.29	11.15
	Total Actuarial (Gain)/Loss	6.13	12.28
V.	Amounts to be recognized in the balance sheet and statement of profit & loss account		
	PVO at end of period	88.18	71.80
	Fair Value of Plan Assets at end of period	89.95	80.88
	Funded Status	1.77	9.08
	Net Asset/(Liability) recognized in the balance sheet	1.77	9.08
VI.	Expenses recognized in the statement of P & L A/c		
	Current Service Cost	9.67	7.85
	Net interest	(0.59)	(1.02)
	Past Service Cost –(vested benefits)	-	-
	Expenses recognized in the statement of P & L A/c	9.08	6.83
VII.	Other comprehensive income(OCI)		
	Actuarial (Gain)/Loss recognized for the period	6.13	12.28
	Return on plan assets excluding net interest	0.44	(0.95)
	Total Actuarial (Gain)/Loss recognized in OCI	6.57	11.33

Experience Adjustment

(` in Lakh)

Particulars	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016
Defined Benefit Obligation	88.18	71.80	49.89	45.19	46.32
Plan Assets	89.95	80.88	49.39	45.92	50.71
Surplus / (Deficit)	1.77	9.08	(0.50)	0.73	4.38
Experience adjustment on plan assets	(0.44)	0.95	2.52	2.82	(0.38)

Sensitivity analysis

Sensitivity analysis for significant actuarial assumptions, showing how the defined benefit obligation would be affected, considering increase/decrease of 1% as at 31.03.2020 is as below:

(` in Lakh)

Particulars	Gratuity - Funded	
	March 31, 2020	March 31, 2019
+ 1% change in rate of Discounting	82.27	66.93
- 1% change in rate of Discounting	94.95	77.37
+ 1% change in rate of Salary increase/ inflation	91.52	74.53
- 1% change in rate of Salary increase/ inflation	84.86	67.90

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

The expected future cash flows as at 31st March 2020 were as follows:

(` in Lakh)

Estimated benefit payments from the fund during	Expected contribution March 31, 2020	Expected contribution March 31, 2019
Expected Outgo First	19.03	6.23
Expected Outgo Second	8.38	15.91
Expected Outgo Third	5.41	6.54
Expected Outgo Fourth	5.37	4.56
Expected Outgo Fifth	4.86	4.47
Expected Outgo Six to Ten years	21.53	19.47

Leave Encashment: The Company has additionally reversed the provision of ` 2.37 lakhs (P.Y. Provided provision of ` 48.65 lakh) during the period ended March 31, 2020 for leave encashment on actuarial valuation basis.

NOTE NO. 36

FINANCIAL INSTRUMENTS

i) Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

Financial assets and financial liabilities measured at fair value

(` in Lakh)

As at March 31, 2020	Carrying amount			Fair value hierarchy		
	FVTPL	FVOCI	Total	Level 1	Level 2	Total
Financial Assets						
Investment in Liquid mutual fund	502.35	-	502.35	502.35	-	502.35
Investment in Central Government securities	80,017.47	35,784.79	1,15,802.26	1,15,802.26	-	1,15,802.26
Investment in State Development loans	1,46,737.47	-	1,46,737.47	1,46,737.47	-	1,46,737.47
Investment in Government special securities	-	-	-	-	-	-
Investment in Treasury bills	4,53,374.62	-	4,53,374.62	-	4,53,374.62	4,53,374.62
Investment in Treasury STRIPS	2,833.88	-	2,833.88	-	2,833.88	2,833.88
Investment in Debentures or Bonds	31,998.99	-	31,998.99	31,998.99	-	31,998.99
Investment in Certificate of Deposit	65,094.51	-	65,094.51	-	65,094.51	65,094.51
Derivative instrument						
- Interest rate swap	71,759.19	-	71,759.19	-	71,759.19	71,759.19
Total	8,52,318.49	35,784.79	8,88,103.28	2,95,041.07	5,93,062.21	8,88,103.28
Financial Liabilities						
Derivative instrument						
- Interest rate swap	70,905.86	-	70,905.86	-	70,905.86	70,905.86
Other Financial Liability	113.40	-	113.40	113.40	-	113.40
Total	71,019.26	-	71,019.26	113.40	70,905.86	71,019.26

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

Financial assets and financial liabilities measured at amortized cost

(` in Lakh)

As at March 31, 2020	Amount
Financial Assets	
Cash and cash equivalents	62.78
Bank Balances other than Cash and cash equivalents	322.06
Loans	-
Others financial assets	2,017.50
Total	2,402.34
Financial liabilities	
Borrowings	7,53,065.28
Deposits	2,931.21
Trade and Other Payables	173.78
Total	7,56,170.27

Financial assets and financial liabilities measured at fair value

(` in Lakh)

As at March 31, 2019	Carrying amount			Fair value hierarchy		
	FVTPL	FVOCI	Total	Level 1	Level 2	Total
Financial Assets						
Investment in equity instruments	375.75	-	375.75	375.75	-	375.75
Investment in Liquid mutual fund	500.4	-	500.4	500.4	-	500.4
Investment in Central Government securities	1,09,397.87	42,783.35	1,52,181.22	1,52,181.22	-	1,52,181.22
Investment in State Development loans	1,83,357.74	-	1,83,357.74	1,83,357.74	-	1,83,357.74
Investment in Government special securities	4,586.98	-	4,586.98	4,586.98	-	4,586.98
Investment in Treasury bills	4,87,219.07	-	4,87,219.07	-	4,87,219.07	4,87,219.07
Investment in Debentures or Bonds	56,826.75	-	56,826.75	-	56,826.75	56,826.75
Investment in Certificate of deposit	46,527.37	-	46,527.37	-	46,527.37	46,527.37
Derivative instrument						
- Interest rate swap	87,573.51	-	87,573.51	-	87,573.51	87,573.51
Total	9,76,365.44	42,783.35	10,19,148.79	3,41,002.09	6,78,146.70	10,19,148.79
Financial liabilities						
Derivative instrument						
- Interest rate future	5.65	-	5.65	5.65	-	5.65
- Interest rate swap	86,931.53	-	86,931.53	-	86,931.53	86,931.53
Other Financial Liability	67.21	-	67.21	67.21	-	67.21
Total	87,004.39		87,004.39	72.86	86,931.53	87,004.39

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

Financial assets and financial liabilities measured at amortized cost

(₹ in Lakh)

As at March 31, 2019	Amount
Financial Assets	
Cash and cash equivalents	134.13
Bank Balances other than Cash and cash equivalents	822.21
Receivables	17.56
Loans (Lending under Repo)	1500.00
Others financial assets	1,473.26
Total	3,947.16
Financial liabilities	
Borrowings	8,69,092.44
Deposits	18,278.11
Trade and Other Payables	171.01
Total	8,87,541.56

The carrying amount of cash and cash equivalents, bank balances other than cash and cash equivalents, others financial assets, borrowings, deposits, trade and other payables and other financial liability are considered to be same as fair value.

Financial assets and financial liabilities measured at fair value

The carrying amount of cash and cash equivalents, bank balances other than cash and cash equivalents, others financial assets, borrowings, deposits, trade and other payables and other financial liability are considered to be same as fair value.

ii) Financial risk management**Risk management framework**

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Risk Management Committee of the Board has defined roles and responsibilities, which includes reviewing and recommending the risk management plan and the risk management report for approval of the Board with the recommendation of the Audit Committee. The Company has adopted a Risk Management Charter and Policy for self-regulatory processes and procedures for ensuring the conduct of the business in a risk conscious manner.

The Company has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk ; and
- Market risk

a. Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's trade and other receivables, cash and cash equivalents and other bank balances, derivatives and debt securities. The maximum exposure to credit risk in case of all the financial instruments covered below is restricted to their respective carrying amount.

i. Investment in debt securities and equity instruments

The Company's debt securities portfolio is divided broadly into two categories viz., SLR securities and non-SLR securities.

a. Exposure in SLR securities

SLR securities consisting of G-Sec, SDL, SPL and T-Bills have zero credit risk as they are sovereign securities. Further all SLR securities trades are settled by the Clearing Corporation of India Ltd which provides novation and thus guaranteed settlement in respect of all these instruments.

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

b. Exposure in non-SLR securities

In respect of investments in non-SLR securities, various prudential guidelines are laid down in Business Investment and Risk Policy to manage and mitigate credit risk arising therefrom. The debt issuers are classified based on their credit rating and exposure limits are also stipulated for each issuing company / entity. Credit rating of the concerned issuers is monitored on an ongoing basis by the Risk Management Department through Monthly Rating Reviews issued by Credit Rating Agencies CRISIL, ICRA, FITCH and CARE & is reported to the Risk Management Committee through regular MIS reports detailing outstanding exposure to each issuer. Further, reports in the financial dailies are also used to track the reported changes, if any, in the credit rating of any company/entity. Additionally, a defeasance / holding period has also been prescribed for corporate debt securities to mitigate risk arising from holding corporate debt securities.

c. Exposure in Interest Rate Swaps

Interest rate Swaps which are not in the IRS Guaranteed Settlement segment of CCIL give rise to bilateral credit risk. However currently all the IRS deals are dealt in IRS Guaranteed Settlement segment of CCIL and thus the Company is not exposed to credit risk in respect of its transactions in Interest Rate Swaps.

ii. Cash and cash equivalents

The Company held cash and bank balances of ₹ 62.78 lakhs at March 31, 2020 (March 31, 2019: ₹ 134.14 lakhs). The cash and cash equivalents are held with bank.

iii. Derivatives

The derivatives transactions in Interest Rate Futures and Currency derivatives are entered into on the exchange viz NSE/BSE and the clearing corporate of the exchange provides guaranteed settlement and hence no credit risk arises.

b. Liquidity risk

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

Liquidity risk is financial risk from a possible loss of liquidity. There are two types of liquidity risks:

- i. Specific liquidity risk is the risk that a particular institution will lose liquidity; The Company does not face liquidity risk in funding its portfolio as the portfolios comprise of liquid GSec, T-bills, CP, CD, Mutual Fund investments, etc and further as the Company has access to LAF and Primary Dealer Liquidity Support from RBI.
- ii. Systemic liquidity risk affecting all participants in a market e.g. in case of extreme money market tightness due to advance tax outflows, etc or when credit markets seize up in the wake of global developments.

The Company has an ALCO which monitors various issues related to liquidity risk on the basis of the Company's ALM statement and decides on the strategy to address the same. The Company uses duration gap analysis to monitor the ALM interest rate risk. As a PD the company has access to the RBI daily LAF and PDLS facility in case of tight liquidity conditions in the inter-bank money market. As a market participant, the Company has little control on systemic liquidity risk. The systemic liquidity risk is addressed by the liquidity management policies of the Reserve Bank of India which include reducing CRR & SLR for banks, conducting OMOs, infusing additional liquidity through LAF and other refinance measures in times of distress when the inter-bank money markets experience undue stress.

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company believes that the working capital is sufficient to meet its current requirements.

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

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments. Maturity Analysis of Significant Financial Liabilities:

(₹ in Lakh)

As at March 31, 2020	Contractual cash flows				
	Total	Upto 1 year	1-3 years	3-5 years	More than 5 years
Borrowings and Deposits	7,55,996.49	7,55,996.49	-	-	-
Trade and other payables	173.78	173.78	-	-	-
Other financial liabilities	113.40	27.19	62.40	23.81	-

(₹ in Lakh)

As at March 31, 2019	Contractual cash flows				
	Total	Upto 1 year	1-3 years	3-5 years	More than 5 years
Borrowings and Deposits	8,87,370.55	8,87,370.55	-	-	-
Trade and other payables	171.01	171.01	-	-	-
Other financial liabilities	67.21	67.21	-	-	-

c. Market Risk

Market Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of interest rate risk which directly affects prices.

i. Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates, or in cases where the borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

The Company has a well-defined risk management framework based on robust risk management techniques including monitoring of Value-at-Risk (VaR), Modified Duration, Price Value of a Basis Point (PV01), sensitivity analysis and a stop loss framework. Impact of interest rate movements on the earnings is mitigated by operating within the parameters laid down for each of these risk measurement tools. The Company carries out scenario analysis for its portfolios at frequent intervals based on an assumed adverse parallel shift of upto 100 basis points in the yield curve and monitors the Earnings-at-Risk and Modified Duration Gap in order to mitigate the risk.

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

Exposure to interest rate risk

Company's interest rate risk arises primarily from Investments. The interest rate profile of the Company's interest-bearing financial instruments is as follows.

(` in Lakh)

Particulars	As at March 31, 2019	As at March 31, 2018
Fixed-rate instruments		
Financial Assets - measured at amortised cost		
Investment in debt instruments	-	-
Financial Assets - measured at FVTPL or FVOCI		
Investment in debt instruments	8,15,841.74	9,30,699.13
Total of Fixed Rate Financial Assets	8,15,841.74	9,30,699.13
Financial liabilities - measured at amortised cost		
Borrowings	7,53,065.28	8,69,092.44
Deposits(Inter corporate Deposit)	2,931.21	18,278.11
Total of Fixed Rate Financial Liabilities	7,55,996.49	8,87,370.55

ii. Fair value sensitivity analysis for fixed-rate instruments

The Company's accounts for certain investments in fixed-rate financial assets such as investments in Government Securities, Commercial Paper, Corporate Deposit etc. Accordingly, a decrease in 1 basis point in interest rates is likely to increase the profit or loss (before tax) for the year ending 31st March 2020 by ` 169.31 Lakh (31st March 2019 ` 195.11 Lakh) and an increase in 1 basis point in interest rates is likely to decrease the profit or loss (before tax) for the year ending 31st March 2020 by ` 169.31 Lakh (31st March 2019- ` 195.11 Lakh).

NOTE NO. 37

FAIR VALUE MEASUREMENT

i) Valuation principles:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as explained in Note no. 38.

ii) Valuation governance

The Company's fair value methodology and the governance framework include a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. The Company is required to follow valuation methodology for its assets and liabilities as prescribed by the RBI. All new products and their valuation methodologies are subject to approvals by the Risk Management Committee of the Board as well as the Board of Directors of the Company. The responsibility of on-going measurement resides with the Risk Management Department. Once submitted, fair value estimates are also reviewed and independently verified by the Head of the Risk Management Department. The independent price verification process for financial reporting is ultimately the responsibility of the Head of the Risk Management Department.

The Risk Management team works together with the Finance function's accounting policy team and is responsible for ensuring that the final reported fair value figures are in compliance with Ind AS and will propose adjustments as and when needed.

iii) Assets and liabilities by fair value hierarchy:

All assets or liabilities are based on quoted (unadjusted) market prices/yields in active markets for identical assets or liabilities.

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

NOTE 38

VALUATION TECHNIQUES

Government dated securities: All Central Government dated securities are valued as per prices published by Financial Benchmarks India Limited (FBIL) as prescribed by RBI.

State Development Loans: All State Government securities are valued as per prices published by Financial Benchmarks India Limited (FBIL) as prescribed by RBI.

Special Bonds: All Special Bonds are valued as per prices published by Financial Benchmarks India Limited (FBIL) as prescribed by RBI.

Treasury Bills: T-Bills which are traded are valued at their last traded prices. T-Bills which are not traded are valued at market traded yields as per the T-Bill yield curve published by FBIL, as prescribed by RBI.

Commercial Papers: CPs which are traded are valued at their last traded prices. CPs which are not traded are valued at market traded yields as per the CD yield curve published by FBIL with a mark-up of 25 bps.

Certificate of Deposits: CDs which are traded valued at their last traded prices. CDs which are not traded are valued at market traded yields as per the CD curve published by FBIL.

Equity (cash and futures): Market value of equity shares is determined by the prices obtained from recognised stock exchange such as NSE/BSE.

Corporate bonds: Corporate Bonds which are traded are valued at their last traded prices. Corporate bonds which are not traded are valued based on the credit spreads published by FBIL over the last traded yields of Central Government Dated Securities as published by FBIL.

Mutual Fund units: Mutual Fund units are valued at their closing Net Asset Value (NAV) as declared/published by the MF/AMC.

Interest rate derivatives: Interest Rate Futures contracts are valued at their respective closing settlement prices as published by recognized stock exchange such as NSE/BSE.

Interest Rate Swaps are valued on the basis of traded swap yields as published by FBIL.

NOTE 39

VALUATION ADJUSTMENTS AND OTHER INPUTS AND CONSIDERATIONS: No valuation adjustments have been made to the prices/yields provided for valuation by FBIL or the recognized stock exchanges.

NOTE 40

ANALYSIS OF RISK CONCENTRATION: The Company's business operations can be broadly classified into two major segments viz gilts and non-gilts. Gilts segment includes Government Dated Securities, State Development Loans, Special Bonds & Treasury Bills while non-gilt segment includes corporate bonds, CPs, CDs, Interest Rate Swaps and equities.

Reserve Bank of India (RBI) prescribes guidelines to prevent concentration of risk by Primary Dealers (PDs) by stipulating that 50% of total investments has to be in the gilt segment at all times. Further, in case of non-gilt investments, the RBI prescribes single and group borrower limits so as to prevent concentration of credit risk.

Additionally, the Business Investment & Risk Policy of the Company stipulates prudential limits on holding of each class of instrument. Concentration risk to a particular issuer is also limited by the internal prudential guidelines which stipulate counterparty exposure limits and maximum holding limits for each issuer (e.g. for each state government and individual reference credit) for debt securities, interest rate derivatives and equities.

The Company does not face any concentration risk arising from currency or geography as the Company operates only in the Indian Fixed Income market and it has a diversified pan-India presence through its Branches.

NOTE 41

EVENTS AFTER REPORTING DATE: The COVID-19 pandemic surfaced in China in January 2020 and intensified in the month of February 2020, which led to investor risk aversion and concerns over the economic impact of the virus in global financial markets. The RBI and Government has taken various measures to ease interest rates and liquidity in the market. The market rallied sharply following the RBI measures announced on March 27, 2020 and further on April 17, 2020 together with a sharp fall in crude oil prices and fresh buying by FPIs has led the yield on the 10Y benchmark paper to ease sharply to below the 6% level.

The Company has been able to successfully capture the movement in the yields and has earned trading profit by carrying an appropriate mix of Central Government Securities and State Development Loans. The Company did not face any adverse impact on its non SLR portfolio as it is carrying only AAA rated paper for which there has been good demand as RBI announced its TLTRO operation.

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

NOTE 42

CAPITAL MANAGEMENT

The Company's objective is to maximize the shareholders' value by maintaining an optimum capital structure. The company maintains capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of Reserve Bank of India (RBI). The adequacy of the company's capital is monitored using, among other measures, the regulation issued by RBI.

Capital to Risk Assets Ratio (CRAR)

S. No.	Items	March 31, 2020	March 31, 2019
i.	CRAR (%)	28.72	23.26
ii.	CRAR - Tier I capital (%)	28.72	23.26
iii.	CRAR - Tier II Capital (%)	-	-
iv.	Amount of subordinated debt raised as Tier-II capital	-	-
v.	Amount raised by issue of Perpetual Debt Instruments	-	-
vi.	Risk Weighted Assets (RWA) (₹ in Lakh)	2,13,181.00	2,11,803.00
vii.	Net Owned Funds (NOF) (₹ in Lakh)*	61,299.00	49,255.00
viii.	Tier- I Capital (₹ in Lakh)	61,299.00	49,255.00

The Previous year no's are computed in accordance with erstwhile IGAAP (Companies Accounting Standard rules 2006).

* While calculating NOF unrealised gain is reduced in current year as per circular No. RBI/2019-20/170 DOR (NBFC).CC.PD.No. 109/22.10.106/2019-20 dated March 13, 2020.

NOTE 43

(a) Pending Litigations

In the order dated February 4, 2019, the Hon'ble NCLAT, New Delhi, permitted the operational and financial creditors of the IL&FS & its group companies to file Intervention Applications. Accordingly, the Company has filed Intervention Application before the Hon'ble NCLAT, New Delhi. The Intervention Application no 9626 of 2019 filed by the Company has been admitted on February 11, 2019.

Details of investment in CP's:

		(₹ in Lakh)
Name		Face Value
CP IL&FS Ltd due on 17.09.2018		5,000.00
CP IL&FS Ltd due on 05.03.2019		5,000.00

- (b) An amount of ₹ 9,413.34 lakhs towards the book value of the investment made in CP of IL&FS has been written off in F.Y. 2018-19 owing to the fact that the instrument being unsecured in nature and on account of the fact that IL&FS has been classified by the resolution consultant and Ministry of Corporate Affairs, Govt. of India as a "Red Entity" i.e. the entity that cannot meet its payment obligations towards even senior secured financial creditors, as and when such payment obligation become due. Subsequent to the intervention application filed by the Company, in FY 2019-20 the Company has been admitted to the committee of creditors, and the claim of ₹ 9,847.89 lakhs has been admitted by NCLT/NCLAT in F.Y. 2019-20.

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

NOTE 44

SEGMENT REPORTING

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

(C in Lakh)

Segment Information	Gilt Income		Non Gilt Income		Unallocated		Total	
	FY 2019-20	FY 2018-19	FY 2019-20	FY 2018-19	FY 2019-20	FY 2018-19	FY 2019-20	FY 2018-19
Interest and similar income	50,838.04	45,995.62	7,491.01	12,041.80	9.58	54.60	58,338.63	58,092.02
Interest and similar expense	41,075.72	40,644.83	4,272.83	9,877.59	4.17	53.25	45,352.73	50,575.67
Net interest income (expense)	9,762.32	5,350.79	3,218.17	2,164.21	5.40	1.35	12,985.90	7,516.35
Fee and commission income	183.48	688.53	-	-	-	-	183.48	688.53
Fee and commission expense	-	-	-	-	-	-	-	-
Net fees and commission income	183.48	688.53	-	-	-	-	183.48	688.53
Trading Profit/(Loss) on investments	16,349.88	5,099.04	1,455.70	719.20			17,805.58	5,818.24
Net gain on fair value charges	2,293.82	2,272.21	(90.51)	99.60			2,203.31	2,371.81
Reclassification adjustment (Net gain on derecognition of financial instruments under FVOCI)	44.77	-	-	-	-	-	44.77	-
Impairment on financial instruments	-	-	-	9,413.35	-	-	-	9,413.35
Other income	-	-	-	-	31.22	102.61	31.22	102.61
Depreciation of property & equipment	-	-	-	-	106.62	69.97	106.62	69.97
Amortisation of intangible assets	-	-	-	-	2.05	2.91	2.05	2.91
Other operating expenses	1,064.95	892.57	16.00	13.99	2,346.74	1,682.07	3,427.69	2,588.63
Total operating expense	1,064.95	892.57	16.00	13.99	2,455.40	1,754.95	3,536.35	2,661.51
Segment profit (loss) before taxation	27,569.31	12,518.00	4,567.37	(6,444.33)	(2,418.78)	(1,650.99)	29,717.90	4,422.68
Income tax expense	-	-	-	-	-	-	6,544.97	1,957.80
Profit for the year for continuing operations	-	-	-	-	-	-	23,172.93	2,464.88
Other Comprehensive Income								
(i) Items that will not be re-classified to profit or loss	-	-	-	-	(6.57)	(11.33)	(6.57)	(11.33)
(ii) Income Tax relating to items that will not be re-classified to profit or loss	-	-	-	-	1.65	3.96	1.65	3.96
(i) Items that will be re-classified to profit or loss	-	-	-	-	2,497.86	645.46	2,497.86	645.46

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

(` in Lakh)

Segment Information	Gilt Income		Non Gilt Income		Unallocated		Total	
	FY 2019-20	FY 2018-19	FY 2019-20	FY 2018-19	FY 2019-20	FY 2018-19	FY 2019-20	FY 2018-19
(ii) Income Tax relating to items that will be reclassified to profit or loss	-	-	-	-	(856.79)	(225.55)	(856.79)	(225.55)
Additions to property and equipment	-	-	-	-	167.79	16.00	167.79	16.00
Additions to other intangible assets	-	-	-	-	-	-	-	-
Segment assets as at March 31, 2020	7,92,489.75	9,17,864.41	97,917.91	1,05,044.81	1,917.71	1,877.60	8,92,325.37	10,24,786.82
Segment Liabilities as at March 31, 2020	7,67,653.93	8,77,588.30	59,248.42	78,441.32	65,423.02	68,757.20	8,92,325.37	10,24,786.82

NOTE 45

OFFSETTING

Certain derivative financial assets and financial liabilities are subject to master netting arrangements, whereby in the case of insolvency, derivative financial assets and financial liabilities will be settled on a net basis. The tables below summarise the financial assets and liabilities subject to offsetting, enforceable master netting and similar agreements, as well as financial collateral received to mitigate credit exposures for these financial assets, and whether offset is achieved in the balance sheet:

Financial assets subject to offsetting, netting arrangements

(` in Lakh)

Particulars	Derivative assets	At 31 March, 2020	At 31 March, 2019
Offsetting recognised on the balance sheet	Gross assets before offset	71,759.19	87,573.51
	Offset with gross liabilities ²	-	-
	Net assets recognised on the balance sheet	71,759.19	87,573.51
Netting potential not recognised on the balance sheet	Financial liabilities	70,905.86	86,931.53
	Collaterals received	-	-
	Assets/Liabilities after consideration of netting potential ³	853.33	641.98
Assets not subject to netting arrangements¹	Assets recognised on the balance sheet	-	-
Total assets	Recognised in the balance sheet	71,759.19	87,573.51
Maximum exposure to risk	After consideration of netting potential	853.33	641.98

¹ Represents items not subject to enforceable netting arrangements and other out-of-scope items.

² "Netting with gross liabilities" column represents amounts that can be offset under Ind AS 32. These numbers are the same amount as those presented in the "Netting with gross assets" column in the liabilities table on the following page.

³ Amounts have been capped by the relevant netting agreement so as not to exceed the net amount financial assets presented on the balance sheet; (i.e., over-collateralisation, where it exists, is not reflected in the table, given surplus collateral would not be recognisable in an event of default.

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

Financial liabilities subject to offsetting, netting arrangements

(₹ in Lakh)

Particulars	Derivative assets	At 31 March, 2020	At 31 March, 2019
Offsetting recognised on the balance sheet	Gross liabilities before offset	70,905.86	86,931.53
	Offset with gross liabilities ²	-	-
	Net liabilities recognised on the balance sheet	70,905.86	86,931.53
Netting potential not recognised on the balance sheet	Financial assets	70,905.86	86,931.53
	Collaterals received	-	-
	Assets/Liabilities after consideration of netting potential ³	-	-
Assets not subject to netting arrangements ¹	Assets recognised on the balance sheet	-	-
Total liabilities	Recognised in the balance sheet	70,905.86	86,931.53
Maximum exposure to risk	After consideration of netting potential	-	-

NOTE 46

CORPORATE SOCIAL RESPONSIBILITY (CSR) DISCLOSURE

During the year, Company has spent ₹ 252.44 lakhs (PY ₹ 231.35 lakhs) towards CSR activities, as required to be spent in terms of Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility policy) Rules, 2014. Details of CSR expense for the year are as under:-

(₹ in Lakh)

Sr. No.	Derivative assets	Amount Spent	Pending to be Spent	Total
1	Construction/acquisition of any asset	-	-	-
2	On purposes other than (i) above-			
	a) Contribution to Prime Minister National Relief Fund	118.20 (143.06)	- (-)	118.20 (143.06)
	b) Cancer Patient Aid Association (CPAA)	20.00 (7.50)	- (-)	20.00 (7.50)
	c) ImPaCCT Foundation (Paediatric Foundation of Tata Memorial hospital)	20.00 (10.00)	- (-)	20.00 (10.00)
	d) National Association for the blind	10.00 (-)	- (-)	10.00 (-)
	e) HDFC Charity Fund for Cancer Cure ** (Dividend amount)	29.05 (28.10)	- (-)	29.05 (28.10)
	f) Sunder Shewak Sabha	25.00 (12.50)	- (-)	25.00 (12.50)
	g) Ramkrishna Mission	20.19 (20.19)	- (-)	20.19 (20.19)
	h) Friends of Tribals Society	10.00 (10.00)	- (-)	10.00 (10.00)

** The Company has made investment in HDFC Cancer Cure Fund. As per the scheme, any dividend declared in the said scheme will be contributed directly to Indian Cancer Society and eligible towards Company's contribution for CSR commitment. The said scheme is a close ended scheme.

Note: Figures in brackets denote figures for March 31, 2019

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

REGULATORY DISCLOSURES :

NOTE 47

CAPITAL COMMITMENT AND CONTRACTUAL OBLIGATION

- a. Estimated amount of contracts remaining to be executed on capital account - Nil (PY Nil)
- b. Commitment and contractual obligations in respect of:
 - i. The purchases and sales of the securities effected on March 31, 2020, the transaction shall be accounted on April 03, 2020 i.e Settlement date. The face value of the securities purchased and sold on March 31, 2020 are as given in the table below;

(₹ in Lakh)

S No.	Particulars	March 31, 2020	March 31, 2019
1	Purchase of securities	18,000	79,527
2	Sale of securities	54,710	89,225

NOTE 48

The Company is a member of Primary Dealers Association of India and Fixed Income Money Market and Derivatives Association of India; which are Companies limited by guarantee and incorporated under the Companies Act, 1956. The amount guaranteed by the Company on this amounts to Rs. One Hundred only, for each Association.

NOTE 49

The Company has been dealing in Government Securities on behalf of its Constituents through the Constituent SGL account opened with RBI. The transactions undertaken represents amounts received from the constituents and also physicals tendered by them for conversion into SGL Account. As on March 31, 2020 the face value of the securities held by the Company on behalf of its constituents is ₹ 26,75,785.40 Lakh (March 31, 2019 - ₹ 24,82,112.70 Lakh).

NOTE 50

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

(₹ in Lakh)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	March 31, 2020
Securities sold under repos				
Government Securities	2,61,561.97 (47,672.61)	4,53,875.35 (4,80,570.10)	3,55,795.82 (2,38,746.41)	3,06,628.12 (2,96,608.64)
Corporate debt securities	- (-)	- (-)	- (-)	- (-)
Securities purchased under reverse repos				
Government Securities	- (-)	10,592.55 (6,018.03)	400.76 (301.43)	- (-)
Corporate debt securities	- (-)	- (-)	- (-)	- (-)

Note: Figures in brackets denote figures for March 31, 2019

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

NOTE 51

OTHER DISCLOSURES - SCHEDULE TO THE BALANCE SHEET AS AT MARCH 31, 2020

(as required in terms of paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007)

(₹ in Lakh)

Sr. No.	Particulars	Amount Outstanding		Amount Overdue	
		As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
	Liabilities Side				
1	Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid:				
	(a) Debenture				
	Secured	-	-	-	-
	Unsecured	-	-	-	-
	(other than falling within the meaning of Public deposit)				
	(b) Deferred Credit	-	-	-	-
	(c) Term Loans (includes term money)	56,317.21	60,163.21	-	-
	(d) Inter Corporate Loans and Borrowing	2,931.21	18,278.11	-	-
	(e) Commercial Paper	-	-	-	-
	(f) Others Loans				
	(i) Call/Notice	50,703.01	57,768.02	-	-
	(ii) CBLO/TREPS	2,92,343.71	3,00,806.18	-	-
	(iii) RBI LAF	-	107,887.06	-	-
	(iv) RBI Refinance	46,965.99	45,682.02	-	-
	(v) Loan Against Fixed Deposit	-	-	-	-
	(vi) REPO Borrowing	3,06,735.36	2,96,785.96	-	-
	Assets Side				
			Amount Outstanding		Amount Overdue
			2019-20 (₹ in Lakh)		2018-19 (₹ in Lakh)
2	Break-up of Loans and Advances including bills receivables (other than those included in (4) below):				
	(a) Secured		-		1,500.00
	(b) Unsecured		-		2,451.38
3	Break up Leased Assets and stock on hire and other assets counting towards AFC activities				
	(i) Lease assets including lease rentals under sundry debtors				
	(a) Finance Lease		-		-
	(b) Operating Lease		-		-
	(ii) Stock on hire including hire charges under sundry debtors				
	(a) Assets on hire		-		-
	(b) Repossessed Assets		-		-
	(iii) Other loans counting towards AFC activities				
	(a) loans where assets have been repossessed		-		-
	(b) loans other than (a) above		-		-

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

	Assets Side	Amount Outstanding		Amount Overdue
		2018-19 (₹ in Lakh)		2017-18 (₹ in Lakh)
4	Break-up of Investments			
	Current Investment			
	1. Quoted			
	(i) Shares : (a) Equity	-		375.75
	(b) Preference	-		-
	(ii) Debentures and Bonds	31,998.99		56,826.75
	(iii) Units of mutual funds	502.35		-
	(iv) Government Securities & T-bills	6,82,963.45		7,84,561.67
	(v) others	-		-
	2. Unquoted			
	(i) Shares : (a) Equity	-		-
	(b) Preference	-		-
	(ii) Debentures and Bonds	-		-
	(iii) Units of mutual funds	-		-
	(iv) Government Securities	-		-
	(v) others : (a) Commercial papers	-		-
	(b) Certificate of Deposits	65,094.51		46,527.36
	Long Term Investments			
	1. Quoted			
	(i) Shares : (a) Equity	-		-
	(b) Preference	-		-
	(ii) Debentures and Bonds	-		-
	(iii) Units of mutual funds	-		500.40
	(iv) Government Securities	35,784.79		42,783.35
	(v) others (Please specify)	-		-
	2. Unquoted			
	(i) Shares : (a) Equity	-		-
	(b) Preference	-		-
	(ii) Debentures and Bonds	-		-
	(iii) Units of mutual funds	-		-
	(iv) Government Securities	-		-
	(v) others (Please specify)	-		-
5	Borrower group-wise classification of assets financed as in (2) and (3) above			
	Category	Amount Net of Provisions		
		Secured	Unsecured	Total
	1. Related Parties			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group	-	-	-
	(c) other related parties	-	-	-
	2. Other than related parties	-	-	-
	Total	-	-	-

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

Sr. No.	Category	Market Value		Book Value	
		2019-20 (` in Lakh)	2018-19 (` in Lakh)	2019-20 (` in Lakh)	2018-19 (` in Lakh)
6	Investor group-wise classification of all Investments (current & long-term) in shares and securities (quoted & unquoted)				
	1. Related Parties				
	(a) Subsidiaries	-	-	-	-
	(b) Companies in the same group	-	-	-	-
	(c) other related parties	-	-	-	-
	2. Other than related parties	8,15,841.74	9,31,575.28	8,15,841.74	9,31,575.28
	Total	8,15,841.74	9,31,575.28	8,15,841.74	9,31,575.28
Sr. No.	Particulars	2019-20 (` in Lakh)		2018-19 (` in Lakh)	
7	Other Information				
	(i) Gross Non-Performing Assets				
	(a) Related parties	-	-	-	-
	(b) Other than related parties	-	-	-	-
	(ii) Net Non-Performing Assets				
	(a) Related parties	-	-	-	-
	(b) Other than related parties	-	-	-	-
	(iii) Assets acquired in satisfaction of Debts	-	-	-	-

NOTE 52

ISSUER COMPOSITION OF INVESTMENTS IN NON-GOVERNMENT SECURITIES AS AT MARCH 31, 2020

(Ref: RBI circular no. IDMD.PDRS.No.03/03.64.00/2003-04)

(` in Lakh)

No.	Issuer [#]	Amount*	Extent of private placement**	Extent of 'below investment grade' securities	Extent of 'unrated' securities	Extent of 'unlisted' securities***
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	PSUs	12,462.41 (21,153.58)	7,455.57 (-)	- (-)	- (-)	- (-)
2.	FIs	4,490.57 (27,663.89)	- (5,016.31)	- (-)	- (-)	- (-)
3.	Banks	69,387.39 (46,707.16)	4,782.98 (10,019.28)	- (-)	- (-)	- (-)
4.	Other PDs	- (-)	- (-)	- (-)	- (-)	- (-)
5.	Private Corporate	10,518.95 (8,004.52)	- (5,002.97)	- (-)	- (-)	- (-)
6.	Subsidiaries/ Joint Ventures	-	-	-	-	-
7.	Others	-	-	-	-	-
8.	Provision held towards depreciation	-	-	-	-	-
	Total	96,859.32 (1,03,529.16)	12,238.55 (20,038.56)	- (-)	- (-)	- (-)

*Note: Figures in brackets pertain to previous year.**All the investments in the above non government securities are rated and are above investment grade securities.***Represents amounts net of provision for depreciation if any and also includes CPs of ` Nil (PY ` Nil) and CDs of ` 65,083.55 (PY ` 46,707.16).**** Represents original issue.**# includes equity shares and mutual funds*

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

NOTE 53

Disclosure pursuant to RBI circular No. RBI/2008-09/116 DNBS (PD). CC No.125/03.05.002/2008-2009 dated August 1, 2008, RBI/2015-16/12 DNBR (PD) CC.NO.053/03/10.119/2015-16 dated July 1, 2015 and RBI/DNBR/2016-17/42, Master Direction DNBR.PD.004/03.10.119/2016-17 dated August 23, 2016 as updated on November 22, 2019

a. Capital to Risk Assets Ratio (CRAR)*

Sr. No.	Items	March 31, 2020	March 31, 2019
i.	CRAR (%)	28.72	23.26
ii.	CRAR - Tier I capital (%)	28.72	23.26
iii.	CRAR - Tier II Capital (%)	Nil	Nil
iv.	Amount of subordinated debt raised as Tier-II capital	Nil	Nil
v	Amount raised by issue of Perpetual Debt Instruments	Nil	Nil

*calculated as per RBI circular no.RBI/2006-2007/355 DNBS.PD/CC No.93/03.05.002/2006-07

b. Exposures to Real Estate Sector

(` in Lakh)

	Category	March 31, 2020	March 31, 2019
a.	Direct exposure		
	i. Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	NIL	NIL
	ii. Commercial Real Estate - Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	NIL	NIL
	iii. Investments in Mortgage Backed Securities (MBS) and other securitized exposures -		
	a. Residential	NIL	NIL
	b. Commercial Real Estate	NIL	NIL
b.	Indirect Exposure		
	Fund based and non-fund based exposures on Housing Finance Companies (HFCs).	NIL	24,512.22
	Non-fund based - Notional Principal of IRS	NIL	NIL

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

Exposures to Capital Market

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	500.00	869.96
Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	NIL	NIL
Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	NIL	NIL
Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/ convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances;	NIL	NIL
Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	NIL	NIL
Loans sanctioned to corporates against the security of shares/ bonds/ debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	NIL	NIL
Bridge loans to companies against expected equity flows/ issues;	NIL	NIL
All exposures to Venture Capital Funds (both registered and unregistered)	NIL	NIL
Total Exposure to Capital Market	500.00	869.96

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

c. Asset Liability Management - Maturity Pattern of certain items of Assets and Liabilities as at March 31, 2020****

(` in Lakh)

	1 day to 30/31 days (one month)	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Assets									
Deposits	- (-)	11.70 (-)	- (-)	- (-)	- (-)	- (-)	11.11 (15.60)	12.37 (12.37)	35.18 (27.97)
Advances*	- (1,500.00)	- (-)	- (-)	- (-)	1,405.25 (2,336.30)	- (-)	- (-)	- (-)	1,405.25 (3,836.30)
Investments**	7,80,056.95 (8,88,291.53)	- (-)	502.35 (-)	- (-)	- (-)	- (500.40)	-	35,784.79 (42,783.35)	8,16,344.09 (9,31,575.28)
Liabilities									
Borrowings from banks***	1,07,020.22 (1,17,931.22)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	1,07,020.22 (1,17,931.22)
Market Borrowings	6,46,045.06 (751,161.22)	- (-)	2,931.21 (18,278.11)	- (-)	- (-)	- (-)	- (-)	- (-)	6,48,976.27 (7,69,439.33)

Note: Figures in brackets denote previous years figures

* Advances represent advances in the given in the normal course of business and is not in nature of loans given.

** Investments in the nature of 'Securities held as Stock in Trade' are classified in the "one month bucket" and those in the nature of 'Non Current Investments' are classified as per their residual maturity.

***Borrowings in Call / Notice / Term have been treated as borrowings from banks.

**** The Company does not have any foreign currency assets and liabilities.

d. Investments (HTM Portfolio)

(` in Lakh)

Sr. No.	Particulars	As at March 31, 2020	As at March 31, 2019
1	Value of Investments :		
	(i) Gross Value of Investments		
	(a) In India*	35,784.79	42,783.35
	(b) Outside India	-	-
	(ii) Provisions for Depreciation		
	(a) In India	-	-
	(b) Outside India	-	-
	(iii) Net Value of Investments		
	(a) In India*	35,784.79	42,783.35
	(b) Outside India	-	-
2	Movement of Provisions held towards depreciation on Investments :		
	(i) Opening Balance	-	-
	(ii) Add: Provisions made during the year	-	-
	(iii) Less: Write-off / write-back of excess provisions during the year	-	-
	(iv) Closing balance	-	-

* The above figures are investment at fair value through other comprehensive income.

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

- e. The Company has not exceeded Single Borrower Limit (SGL)/Group Borrower Limit (GBL) as prescribed by the regulator.
- f. **Registration / license/authorisation obtained from financial sector regulators**
- RBI - Certificate of Registration bearing No. 13.01865, dated May 23, 2007.
 - MCA - Certificate of Incorporation dated October 31, 2006 bearing Corporate Identity No. U67110MH2006PLC165306.
 - Primary Dealership Business authorisation granted by RBI has been renewed for the year 2019-22 and is valid upto June 30, 2022.
- g. Disclosure of Penalties imposed by RBI and other regulator: Nil (PY -Nil)
- h. Ratings assigned by credit rating agencies and migration of ratings during the year

(₹ in Lakh)

Rating Agencies	Rating programme	Rating Assigned	Migration	Rating Amount (₹ in Lakhs)	
				March 31, 2020	March 31, 2019
CRISIL	Short Term	CRISIL A1+	-	20,000.00	20,000.00
ICRA	Short Term	[ICRA] A1+	-	-	40,000.00

- i. **Information on all provisions and contingencies booked as expenditure in Profit and Loss Account:**

(₹ in Lakh)

Particulars	2019-20	2018-19
Provision for depreciation on Investment	-	-
Provision towards NPA	-	-
Provision for Standard Assets	-	-
Provision made towards Income Tax (incl. deferred tax)	863.02	614.21
Other Provision and Contingencies (stamp duty and employee related)	1,194.52	667.25

NOTE 54

DERIVATIVES

- a. **Interest Rate Swaps**

(₹ in Lakh)

Sr. No.	Particulars	March 31, 2020	March 31, 2019
	Notional Principal amount of IRS Contracts		
a.	Hedging Contracts	-	-
b.	Trading Contracts	16,30,608.94	34,72,584.81
	i. Fair value of trading IRS	853.32	641.98
	ii. Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	41.18
	iii. Likely impact of one percentage change in interest rate (100*PV01)	60.71	858.00
	iv. Collateral value made available towards Derivatives margin.	-	-
	v. Credit Risk Concentration [®]	-	-

[®] Credit risk concentration is measured as the highest net receivable under swap contracts from a particular group of counterparties.

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

b. Interest Rate Future Contracts

(` in Lakh)

Sr. No.	Particulars	March 31, 2020	March 31, 2019
(i)	Notional principal amount of exchange traded IR derivatives undertaken during the year		
	IRF on Government Securities	92,896.00	76,391.00
(ii)	Notional principal amount of exchange traded IR derivatives outstanding (Interest Rate Futures)	-	3,500.00
(iii)	Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective"	-	-
(iv)	Mark-to-Market value of exchange traded IR derivatives outstanding and not "highly effective"	-	5.65

c. Disclosures on Risk Exposure in Derivatives

Qualitative Disclosure

During the year, Company has entered into derivative transactions in equity, currency and interest rate derivatives. The derivatives transactions entered into during the year are for the purpose of trading and market-making. The Business Investment and Risk policy of the Company lays down the risk management framework for derivatives trading. The Policy prescribes risk identification, measurement monitoring and risk mitigation. The compliance with the prudential limits for derivative transactions as laid down in the Risk Policy is done by the Risk Management Department which reports to the Managing Director. The Risk Management Committee of the Board oversees the risk management function of the Company. For accounting policy refer note no 21.3(v),(vi), (vii), (xiv) of notes forming part of the financial statements.

Quantitative Disclosure

The company has entered into currency and interest rate futures transactions during the year. **The detail of outstanding position is mentioned hereunder:**

(` in Lakh)

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

d. Disclosure relating to Securitisation :

- i) During the year Company has not securitized any of its assets and does not have any outstanding position in respect thereof as on March 31, 2020.
- ii) Company has not sold any of its financial assets to Securitization/Reconstruction Company for Asset Reconstruction.
- iii) Company has not undertaken any Assignment transactions during the year.
- iv) Company has neither purchased nor sold any non-performing financial assets during the year and does not have any outstanding position in respect thereof as on March 31, 2020.

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

NOTE 55

There are no dues payable to micro, small and medium enterprises in view of the nature of the business of the Company. The Company has received intimation from its suppliers regarding status under the Micro, Small and Medium Enterprises Development Act, 2006. The List of MSME suppliers are as follows :

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

(₹ in Lakh)

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

NOTE 56

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

Net borrowings in call : Average net call borrowing during the period ended March 31, 2020 was ` 622.97 crores and peak net call borrowing during the period ended March 31, 2020 was ` 1343.50 crores.

Leverage ratio: Average during the year was 17.30% and peak during the year was 18.11% Quarterly CRAR (Capital To Risk Weighted Asset Ratio) : Quarter ended June 30, 2019 – 31%, quarter ended September 30, 2019 – 37.67%, quarter ended December 31, 2019 – 38.55% and quarter ended March 31, 2020 – 28.72%.

The accompanying notes are an integral part of financial statements

In terms of our report of even date

FOR DASSANI & ASSOCIATES

Chartered Accountants

Firm Registration No.- 009096C

UDESHPASSANI

Partner

Membership No. 078588

Place : Indore

Dated: 27th May, 2020

For and on behalf of the Board of Directors

G. NARAYANAN

Director

DIN : 00210831

R. VENKATARAMANI

Director

DIN : 00829107

T.V. RAO

Director

DIN : 05273533

Place : Bengaluru

PRADEEP MADHAV

Director

DIN : 00267422

PRASANNA PATANKAR

Managing Director

DIN : 07658714

KALPESH MODY

Company Secretary & Chief Financial Officer

Place : Mumbai





