



2023-24



STCI PRIMARY DEALER LIMITED

18TH ANNUAL REPORT

G-Secs

Treasury Bills

SDLs

Bonds





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BOARD OF DIRECTORS



Mr. T. V. Rao
Independent Director



Mr. Prakash Vartak
Independent Director



Ms. Varda Pendse
Independent Director



Mr. Pradeep Madhav
Non-Executive Director



Mr. Sasidharan Mangalamkat*
Non-Executive Director

Mr. V. Narayanamurthy
Non-Executive Director



Mr. Uddalok Bhattacharya#
Non-Executive Director

Mr. Prasanna Patankar
Managing Director



*Ceased to be director with effect from May 31, 2024

#Appointed with effect from July 26, 2024

SENIOR MANAGEMENT



Mr. Siddharth Shah
Executive Vice President

Mr. Manish Jadhvani
Executive Vice President



STATUTORY AUDITORS

M/s. S K Lulla & Co., Chartered Accounts
FRN: 002336C

REGISTERED OFFICE

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

CIN: - U67110MH2006PLC165306



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DIRECTORS' REPORT

TO

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

Your Directors are pleased to present the 18th Annual Report on the business, operations and the state of affairs of the Company together with the Audited Accounts of the Company for the year ended March 31, 2024.

1. FINANCIAL RESULTS

The Financial Performance of the Company for the year ended March 31, 2024, is as under: -

| (₹ in lakh) | | |
|---|--------------------|-------------------|
| Particulars | FY2023-24 | FY 2022-23 |
| Income | | |
| Revenue | 1,25,236.47 | 78,824.60 |
| Other income | 35.54 | 24.56 |
| A. Total income | 1,25,272.01 | 78,849.16 |
| Expenses | | |
| Operating expenditure | 4,220.99 | 2,901.59 |
| Depreciation and amortization expense | 89.86 | 88.58 |
| Finance costs | 94,395.96 | 71,157.03 |
| B. Total Expenses | 98,706.81 | 74,147.20 |
| C. Profit before tax (A-B) | 26,565.20 | 4,701.96 |
| D. Tax expense | 6,788.92 | 1,274.97 |
| E. Profit for the year attributable to owners of the company/ Profit after Tax (C-D) | 19,776.28 | 3,426.99 |
| F. Opening balance of retained earnings | 33,999.06 | 33,357.74 |
| G. Dividend (including tax on dividend) | (1,500.00) | (2,100.00) |
| H. Transfer to statutory reserve | (3,954.52) | (685.67) |
| I. Transfer to general reserve | (1,977.26) | - |
| J. Closing balance of retained earnings [(E+F)-(G+H+I)] | 46,343.56 | 33,999.06 |

Your Company was able to deliver a remarkable financial performance for the FY2023-24. Your Company has made a net profit (Profit after Tax) of ₹ 197.76 crore for the FY2023-24 as against a net profit (Profit after Tax) of ₹ 34.27 crore for the FY2022-23.

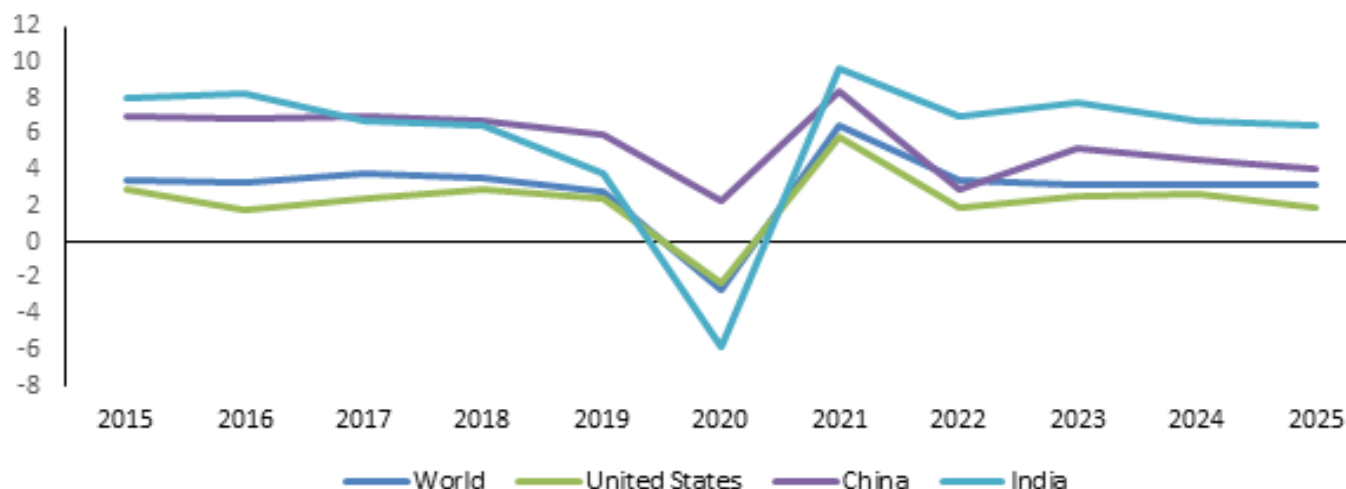
2. MANAGEMENT DISCUSSION AND ANALYSIS

A. THE ECONOMY

FY2023-24 presented a mixed picture in terms of growth, as major advanced economies witnessed robust growth, while China, the second largest producer and consumer of goods and services remained sluggish with sub-5 per cent growth. Geopolitics and geo-economics continued to play a prominent role for supply chains, and although the two ongoing conflicts remained confined to local geographies, world trade continued with minimal disruption. The World Bank revised upwards its growth forecast for calendar year 2024 from 2.9 per cent to 3.1 per cent and for 2025 from 3.1 per cent to 3.2 per cent.

DIRECTORS' REPORT

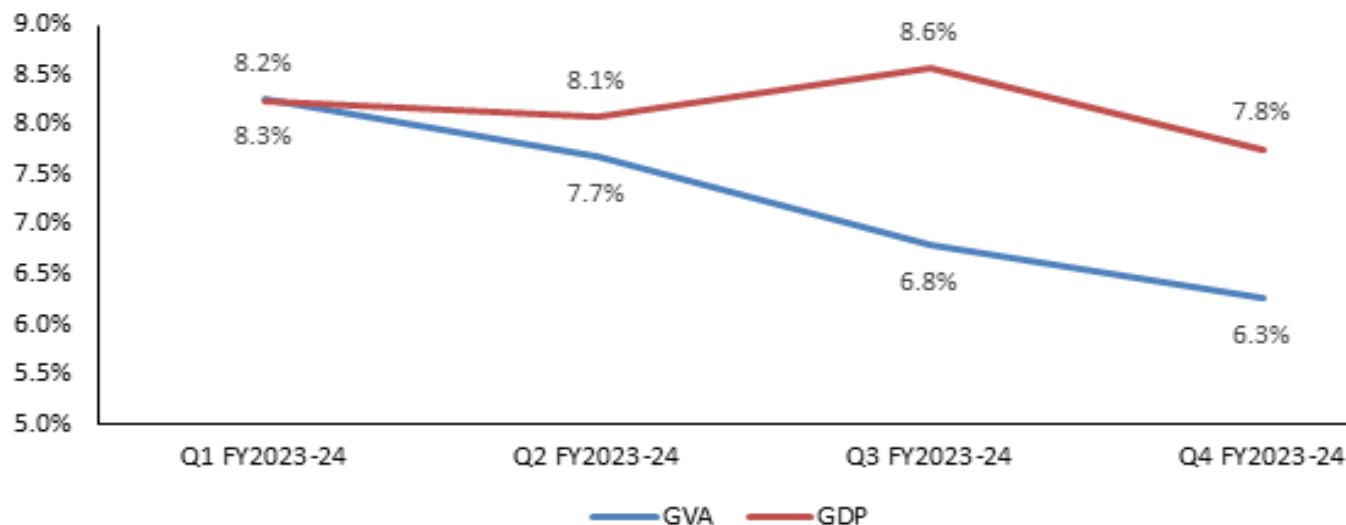
Chart 1: Growth Comparison Indian vs the Rest (%)



Source: IMF

The Indian economy grew at a robust pace of 8.2 per cent in FY2023-24 and retained the distinction of one of the fastest growing economies in the world. While the effect of the unprecedented monetary tightening of 250 basis points of the previous financial year was visible in the Gross Value-Added (GVA) figures i.e. actual economic activity, which declined from 8.3 per cent in Q1FY2023-24 to 6.3 per cent in Q4FY2023-24, headline GDP growth remained robust on the back of strong net indirect taxes, due to reduction in subsidy payouts on products. The government focus on increasing capital expenditure which was close to 3 per cent of GDP for FY2023-24, supported growth and prevented it from decelerating further. Sectors including manufacturing, trade, electricity, and construction on the output side played an important role with strong growth in financial and public administration and defense services on the expenditure front. Climate change became more visible, with Asia in general, and India in particular, reeling under severe heatwaves, affecting lives, crops and water levels. Weak growth was seen in agriculture during the year with the annual growth rate for agriculture at a measly 1.4 per cent on the back of a patchy monsoon and crop destruction owing to heat waves.

Chart 2: Economic Activity (GDP & GVA) (%)



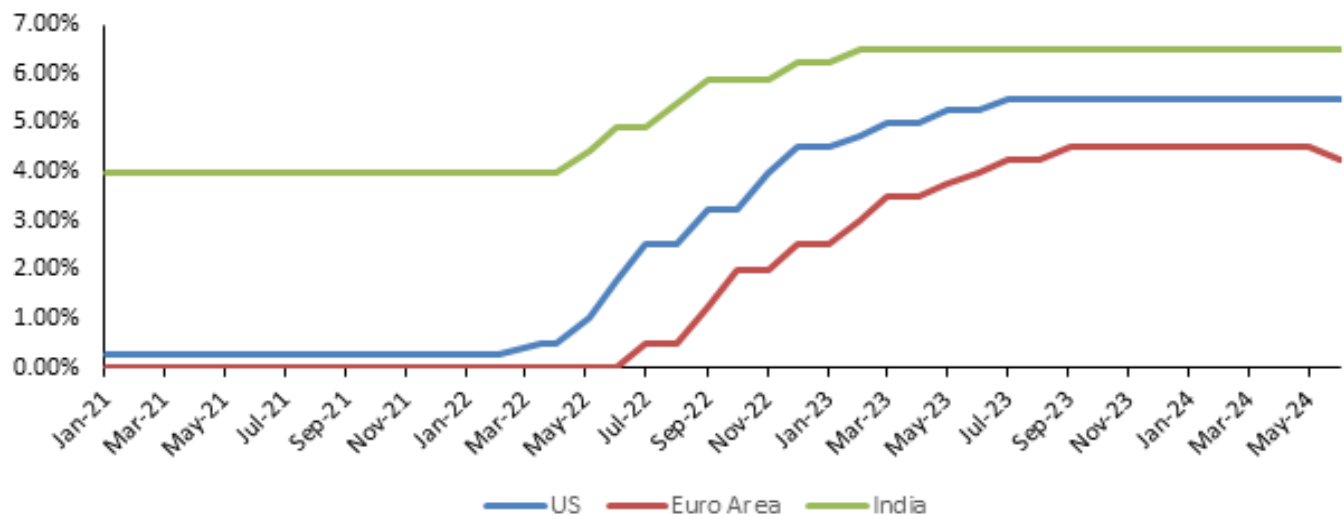
Source: MoSPI



DIRECTORS' REPORT

Trends in inflation across the globe also remained mixed, and specific trends emerged across geographies giving rise to monetary policy divergence amongst global central banks. Global inflation must be seen with the dichotomy of Advanced Economies (AEs) vis-à-vis the Emerging Markets (EMs). While many of the advanced economies have seen moderation in headline inflation due to non-services inflation moderating, while service inflation remaining sticky, emerging markets have seen core inflation moderating while headline inflation remaining sticky due to the food and fuel components being on the higher side. Thus, even as Europe was expected to cut interest rates ahead of other G7 economies, the expectations of reduction in interest rates by the US Federal Open Market Committee (FOMC) remained contingent on mixed data signals with respect to inflation and unemployment and the US FOMC therefore was expected to maintain its focus on bringing inflation under control.

Chart 3: Policy Divergence in interest rates (%)



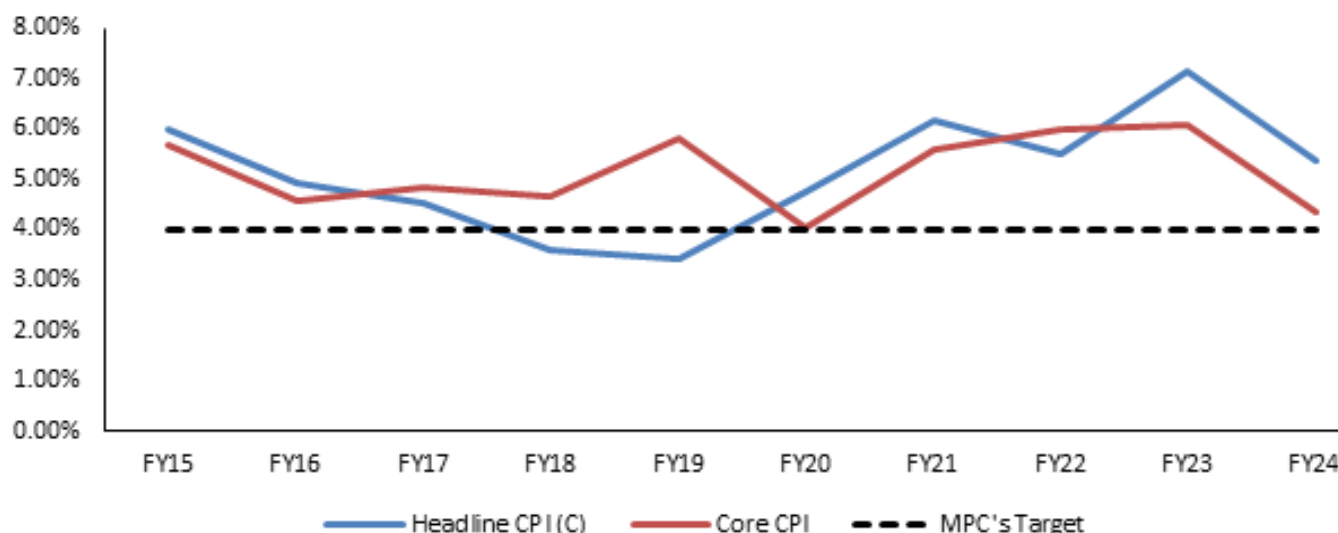
Source: RBI, US FRED, ECB

Headline CPI inflation in India remained volatile during the year and saw a peak reading of 7.44 per cent in July 2023. Subsequently, CPI numbers moderated due to a steep decline in retail core inflation to record lows of 3 per cent by the end of the financial year. The decline in core inflation indicates in some measure the effect of tight monetary policy, and while food inflation in general and vegetable inflation in particular have kept headline retail inflation on the higher side, there is a partial validation that the tighter monetary policy adopted by the RBI is bringing major non-food elements of CPI inflation lower.

There were other factors involved in this trend, as core inflation also responded to conditions in the global economies like the slowdown in China which created a supply glut of some of the non-service items in core inflation leading to lower readings. In view of the RBI, benign core inflation sustaining around levels of 3.5-4 per cent is favorable since the central bank holds the view that headline inflation will eventually converge with the core. The RBI acknowledged that a sustained alignment of actual inflation would only be achieved in FY2025-26, with the FY2024-25 target of the headline inflation being 4.5 per cent, 0.5 per cent above the nominal anchor of 4 per cent.

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Chart 4: Annual Inflation & Core inflation (%)

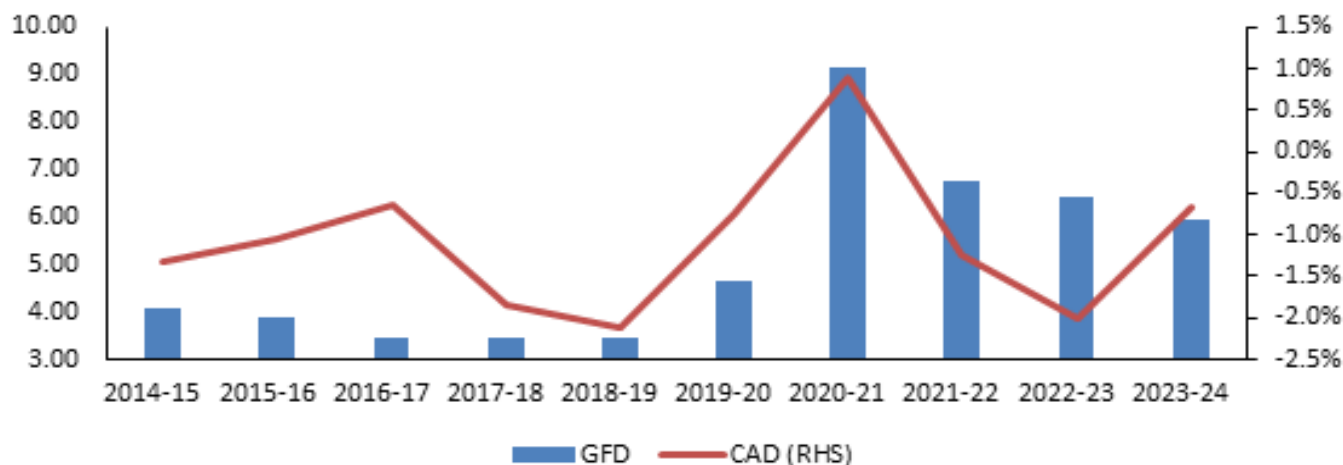


Source: MoSPI

The Central Government continued the path of fiscal consolidation, with the fiscal deficit narrowing from 6.4 per cent in FY2022-23 to 5.9 per cent in FY2023-24 and was actually lower at 5.6 percent than the budgeted, on account of higher revenue realization and lower expenditure. For FY2023-24, revenue collection remained robust, with GST revenues for FY2023-24 at ₹ 20.2 lakh crore, and gross tax revenues at ₹ 34.6 lakh crore, indicating a growth of 13.4 per cent over the previous financial year. Quality of spending improved with a slowdown in revenue expenditure by the Central government in FY2023-24, while capital spending following the budgeted trajectory. Also, since nominal GDP estimates were revised vis-à-vis the provisional estimates the GFD-GDP ratio was better at 5.6 per cent as compared to the 5.9 per cent envisaged in the budget estimates.

External balances remained healthy and the FY2023-24 estimates of the current account deficit (CAD) remained quite benign and within manageable limits of 0.7 per cent of GDP. This should give more space for both the government and the RBI for policy formulation and managing the currency, with minimum stress on the fiscal front and interest rates. Moreover, the fact that India will be receiving passive inflows worth ~USD 24 billion in FY2024-25 by way of its index inclusion in the J.P Morgan's Global Bond Index-Emerging Markets (GBI-EM) is redeeming for a capital deficient country like India.

Chart 5: Fiscal Deficit & CAD (% of GDP)



Source: RBI



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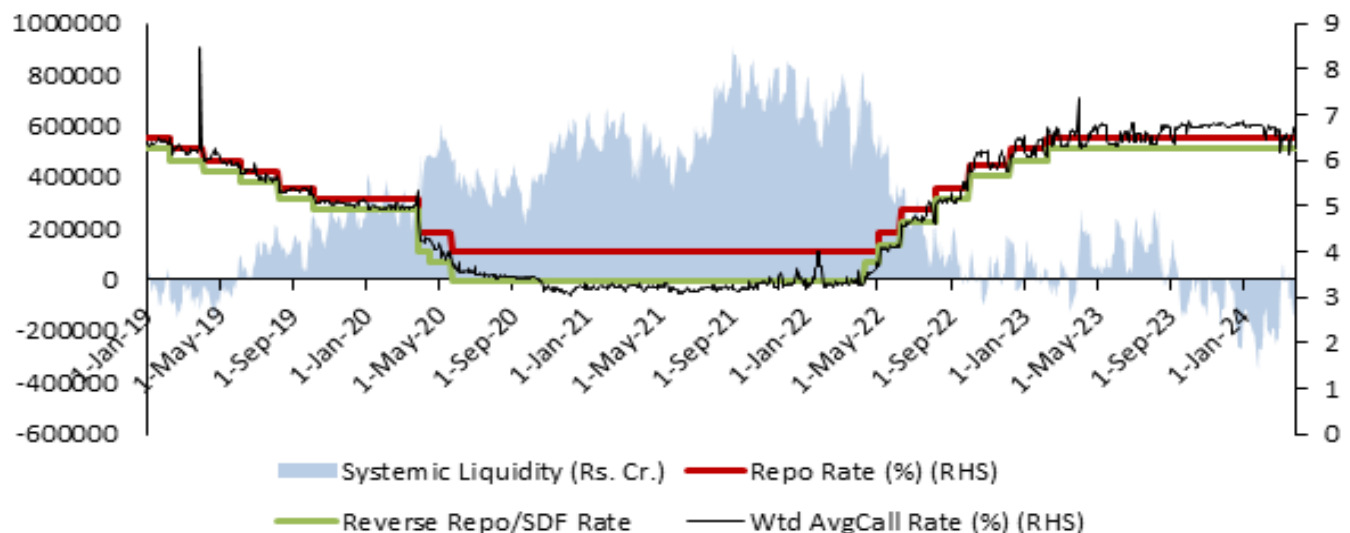
B. DEVELOPMENTS IN MONEY AND SECURITIES MARKET

Monetary policy in India has been in the stance of “withdrawal of accommodation” for almost sixteen (16) months, with eight (8) MPC meetings seeing no change in policy interest rates. This remains the longest pause on rates in recent times, barring the period when policy rates were kept at 4 per cent during the exceptional pandemic period.

Money market conditions remained tight with the significant build-up of government cash balances over the year. Strong tax revenues, GST in particular, led to an outflow on the banking system while the government chose to spend frugally through the year leading to liquidity tightness. In addition, Q3FY2023-24 saw the seasonal expansion in currency-in-circulation around the festive season adding to the liquidity tightness. As such, the weighted average call rate (WACR) remained within the policy corridor and close to the ceiling of the LAF corridor in the second half of the year. WACR crossed the threshold of the MSF rates, especially in the third and fourth quarters. RBI managed liquidity surplus/deficit by announcing the VRRR/VRR auctions as needed. The WACR eventually eased and settled near the policy repo rate around Feb-March 2024, with average spread of the WACR over repo at +13 basis points as compared to -12 basis points in the previous financial year indicating the changes in the liquidity situation.

“Withdrawal of accommodation” is an unconventional monetary policy stance adopted by the RBI MPC, as it signifies the withdrawal of that accommodation which was given as an impetus to the economy during the pandemic period. Although the RBI has delinked the stance of monetary policy and the liquidity stance, the RBI is expected to keep liquidity on a tight leash, especially with credit expected to grow at close to 16 per cent and to curb the future inflationary effects of excess liquidity. Real interest rates have been tighter with the policy repo rate at 6.5 per cent, and inflation for FY2023-24 averaging at 5.4 per cent indicating a real rate of 1.1 per cent, which is expected to widen to 2 per cent by the end of FY2024-25.

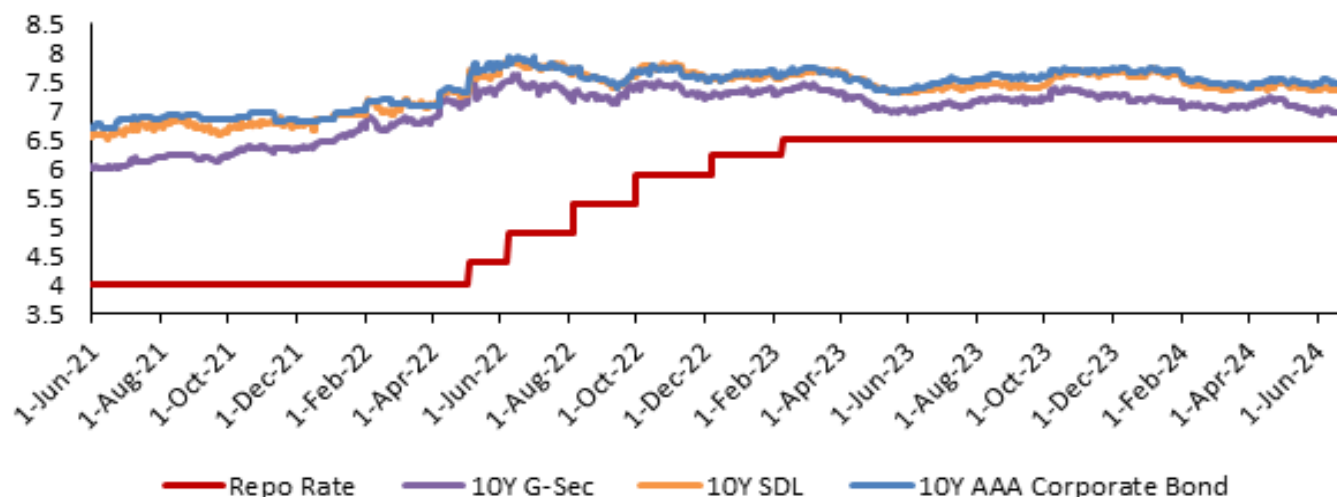
Chart 7: Liquidity Conditions



The benchmark 10Y G-Sec yield remained range bound within the 6.90-7.40 per cent range with relative stability on the fiscal front, current account deficit remaining manageable and crude oil prices remaining contained for the better part of the year. Episodic volatility such as the 10Y yield rising to 7.40 per cent, were on the back of the likelihood of the RBI using OMO sales, if necessary, in the face of significant FX flows due to bond index inclusion announced in September 2023. There was a flattening of the yield curve during the year with the 10Y-5Y year spread narrowing from 14 basis points in March 2023 to 4 basis points in March 2024, and there were signs of inversion in Q2FY2023-24 with the spread between the 5Y and 10Y inverting to 1 basis points. Q3FY2023-24 saw a sharp decline in short tenor yields with the 5Y yield dropping by 10 basis points to 7.13 per cent by the end of the quarter. During Q4FY2023-24 yields softened further as the Union budget for FY2024-25 projected a fiscal deficit of 5.1 per cent, which was lower than market expectations. Moreover, gross borrowings of the government were lower than market expectations by almost ₹ 1.3 lakh crore which buoyed sentiments towards the end of the financial year.

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Chart 6: Movement in Yields (%)



Source: RBI, CCIL, FBIL

Source: RBI

The 364-day T-bill yields were higher at 7.21 per cent at the beginning of the financial year but eased to 7.08 per cent by the end of FY2023-24. 10Y G-Sec yields averaged at 7.15 per cent in FY2023-24 as compared to 7.33 per cent in FY2022-23, due to the government's commitment to fiscal consolidation and the strong undercurrent of the bond index inclusion story. 10Y SDL yields remained somewhat sticky averaging at 7.49 per cent in FY2023-24 as compared to the previous year's average of 7.62 per cent.

The Central Government remained committed on the path of fiscal consolidation and reduced its fiscal deficit from 6.4 per cent in FY2022-23 to 5.9 per cent in FY2023-24. Gross borrowings though were the highest on record at ₹ 15.43 lakh crore in FY2023-24, on account of the higher allocations given to capital expenditure at ₹ 10 lakh crore, nearing 3 per cent of GDP, and nearly 33 per cent higher than the previous year's capital spending. This was an effort on the part of the government to crowd-in private capex which has shown promise but is not up to the expected level of supporting growth yet. There was no devolvement of G-Secs on Primary Dealers during the year, as demand for G-Secs remained robust across investor segments. The RBI bought ₹ 80 crore in open market operations and sold ₹ 18,585 crore during FY2023-24.

Issuances of corporate bonds reached a record high of ₹ 10.05 lakh crore as compared to the previous year's total of ₹ 8.52 lakh crore, with almost 70 per cent of the issuances led by PSU entities. Corporate bond yields also softened in tandem with the G-Sec yields. The average yield on 3Y AAA rated public sector undertakings (PSU), financial institutions (FIs), banks, NBFCs and corporates softened by nearly 12-14 basis points in March 2024 as compared to the levels in March 2023. Corporate bond yields hardened with the RBI's announcement of regulatory measures in H2FY2023-24 aimed at curbing consumer credit and bank credit to NBFCs. 10Y AAA corporate bond traded on average at 7.56 per cent in FY2023-24 as compared to an average of 7.64 per cent in FY2022-23. Some of the major issuers during the year were NABARD, REC, HDFC Ltd, PFC, Small Industries Development Bank of India (SIDBI), SBI.

Equity markets in India during FY2023-24, remained buoyant on the back of strong macroeconomic fundamentals and corporate profitability, and the BSE Sensex gained 24.9 per cent to close at a high of 73,651 by March end. The primary market saw resource mobilization through preferential allotments and QIPs increase to ₹ 1.1 lakh crore from ₹ 0.9 lakh crore in the previous financial year. The optimism of the secondary market spilled over to the primary market as the IPOs, FPOs and rights issues increased to ₹ 0.8 lakh crore from ₹ 0.7 lakh crore. Most global equity markets remained positive except China and UK. Indian equity markets were in the top three best performing markets after Japan and US. All the sectoral indices were positive with PSU banks, Energy, Auto, Infra, Pharma being the leaders while Private banks, FMCG, IT being the laggards. FPI flows in the Indian equity markets were positive to the tune of ₹ 2.11 lakh crore in FY2023-24 vs outflow of ₹ 0.37 lakh crore in FY2022-23. DIIs were buyers for the third consecutive financial year aggregating to a total of ₹ 2.02 lakh crore in FY2023-24, ₹ 2.55 lakh crore in FY2022-23 and ₹ 2.21 lakh crore in FY2021-22.



DIRECTORS' REPORT

C. OPERATIONS REVIEW

(i) Financial Performance

Your Company has made a Net Profit (Profit after Tax) of ₹ 197.76 crore for FY2023-24. Your Company was able to deliver such a remarkable financial performance in a challenging market environment marked by volatile CPI inflation, lagged effects of monetary policy tightening resulting in demand compression and continuing geopolitical tensions with the Russia-Ukraine war and the Israel-Hamas conflicts.

For the FY2023-24, in accordance with the RBI Master Directions as applicable to Standalone Primary Dealers and as per the Dividend Distribution Policy of the Company, your Company has declared first interim dividend for FY2023-24 in March 2024 at the rate of 10 per cent amounting to ₹ 1/- (Rupee One only) per share, of the face value of ₹ 10/- (Rupees Ten only) each, entailing a total payout of ₹ 15,00,00,000/- (Rupees Fifteen Crore only) subject to applicable Tax Deducted at Source (TDS). Your Directors do not recommend any final dividend for FY2023-24.

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

For FY2023-24, the Company has achieved a turnover of 3.90 times in respect of minimum outright secondary market turnover in G-Secs, as against the stipulated minimum turnover of 1.5 per cent of the average Central Government Dated Securities outright secondary market turnover during the previous three financial years (Apr – Mar). The Company achieved a success ratio of 45.75 per cent in respect of bids tendered for primary issuance of Treasury Bills, as against the stipulated minimum success ratio of 40 per cent.

(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 Risk Management Department of the Company is an independent unit, headed by the Chief Risk Officer (CRO) who functionally reports to the Risk Management Committee (RMC), and is responsible for measurement and monitoring of risk limits within the risk management framework of the Company. The responsibilities of the Risk Management Department include establishment of policies and procedures, development of models for estimation of risk and management of risks in a holistic manner across the Company. The function performs critical functions related to identification of risk, conducting risk analysis (including assessment and measurement), conducting data analytics, and reporting observations/insights. The Chief Risk Officer (CRO) is responsible for identification, measurement and monitoring of the adherence to prudential limits laid down in the Business Investment and Risk Policy and RBI regulatory limits. The Chief Risk Officer (CRO) meets the Risk Management Committee (RMC) directly without the presence of the Managing Director on a quarterly basis.

The Company has an internal Credit Evaluation Committee for evaluating and on-going monitoring of the credit quality of entities for investing in their debt instruments. The Company also has an Asset-Liability Committee (ALCO) of the executives of the Company for monitoring the issues related to liquidity risk and deciding on the strategy to address the same including specific and systemic risk.

In terms of the Reserve Bank of India (RBI) guidelines on implementation of an Internal Capital Adequacy Assessment Process (ICAAP) framework, the Company has established a Board-approved ICAAP Policy and framework, which makes a realistic assessment of existing and future capital requirements based on a thorough internal assessment of the need for capital, proportionate with the size, level of complexity, scope of operations and risks in the business and intended to ensure availability of adequate capital to support all risks in business as also to develop and use better internal risk management practices. The Company has put in place robust policies and processes to measure, monitor, report all material risks and adopt an efficient capital planning process to ensure that sufficient capital is available to meet any unforeseen contingencies.

(iv) Internal Audit and Control Systems

A robust internal audit function plays an important role in contributing to the overall effectiveness of the internal control systems. It helps the organization in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

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In terms of the Reserve Bank of India (RBI) guidelines on implementation of a Risk Based Internal Audit (RBIA) framework, the Internal Audit function, led by the Head of Internal Audit (HIA) performs the independent review of the processes and controls of the various organizational functions. The scope of their audit includes 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, adherence to Accounting Standards, Accounting Policy and Procedures of the Company and regulatory changes thereto. The Internal Audit function through the Head of Internal Audit (HIA), reports the findings of the audit directly to the Audit Committee of the Board (ACB) without the presence of the Managing Director on a quarterly basis. The Head of Internal Audit (HIA) functionally reports to the Audit Committee of the Board (ACB) and interacts with the Board through the Audit Committee, on a quarterly basis.

For the period under review, the Company had appointed M/s. Borkar and Muzumdar, Chartered Accountants as the Concurrent Auditors of the Company, to review the processes and controls for the money and securities market transactions undertaken by the organization. The Audit Committee of the Board (ACB) reviews the findings of the Concurrent Auditor and takes cognizance of any adverse concerns thereon.

(v) Regulatory Compliance and Systems

The Company has in place a compliance management framework by means of a Compliance Policy for ensuring timely reporting and adherence with legislative and regulatory requirements/guidelines. The compliance function monitors and evaluates the effectiveness of the internal controls and systems of the organization's functions to ensure compliance with relevant laws, regulations, and internal rules and policies.

The Company being a Standalone Primary Dealer (SAPD), has been categorized as a NBFC-Middle Layer (NBFC-ML) as per the guidelines announced by the Reserve Bank of India (RBI) to strengthen the regulatory framework in the NBFC sector, including the Scale Based Regulations (SBR) and therefore, is governed within the regulatory provisions under Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023.

In terms of the Reserve Bank of India (RBI) guidelines on Compliance Function and Role of Chief Compliance Officer (CCO) – NBFCs, the Compliance Function led by the Chief Compliance Officer (CCO) ensures compliance of regulatory/supervisory directions given by RBI in both letter and spirit, in a time-bound and sustainable manner. The Compliance Function plays a significant role in the identification of the levels of compliance risk in the organization and acts as the nodal point of contact between the NBFC and the regulators/ supervisors. The Compliance Function through the Chief Compliance Officer (CCO) independently apprise the Audit Committee of the Board (ACB) without the presence of the Managing Director on a quarterly basis. The Chief Compliance Officer (CCO) functionally reports to the Audit Committee of the Board (ACB) and interacts with the Board through the Audit Committee of the Board (ACB), on a quarterly basis.

Further, the Company has complied with the applicable guidelines prescribed by Reserve Bank of India (RBI) for the Standalone Primary Dealers (SAPD) and NBFCs, regarding accounting standards, income recognition, valuation of securities, capital adequacy, single and group exposure norms, ICAAP Framework, etc. The Company has complied with all the mandatory regulatory provisions as required under the Companies Act, 2013, various tax statutes and other regulatory bodies, to the extent as applicable.

(vi) Credit Rating

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

(vii) Debt and Macro Economic - Research

The Company has a dedicated fixed income and macroeconomic research desk, which releases reports at regular intervals covering detailed study and in-depth analysis of macro-economic developments, economic events and data releases, and forecasts various macro-economic parameters, both for the Company's esteemed and valued clients/market participants, as well as for the dealing team to assist them in taking informed trading decisions. Other regular research contributions include a series of reports in the form of daily and weekly debt market updates and fortnightly economic updates. It also releases periodic reports covering the Monetary Policy Committee (MPC) meeting expectations, review of MPC



DIRECTORS' REPORT

decisions and policy outcomes, analysis and fiscal impact of the Union Budget, update on State Government finances, analysis and impact of the Government Borrowing calendar, and occasional write-ups on issues of topical interest.

(viii) Human Resources

The Company's Human Resources Department caters to the operational HR support within the organization through 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, interventions and initiatives. The Company's staff strength as on March 31, 2024, was 50 employees.

(ix) Internal Financial Controls and their adequacy

The Company has in place an adequate Internal Financial Control framework commensurate with the nature, size and scale of operations 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

Overall, the current year has many positives in store, though there are some risk factors that also warrant attention. First, the occurrence of an above normal monsoon is imperative since the patchy monsoon of FY2023-24 has left water levels in most reservoirs dangerously low, which in turn has also affected hydroelectric power generation, putting an extra load on the carbon led energy resources like coal, apart from creating a pronounced negative effect on agricultural output. This could influence food inflation and may disrupt the RBI's expected trajectory of inflation. Supply chains remain fragile in the face of geopolitical conflicts and geo-economic fragmentation and a key risk for inflation management. An export led growth strategy needs a business-as-usual environment in global scenario, but at present the world seems to be caught in conflicts and fragmentation, in addition to possibility of a growth slow down and even fears of recession in some major economies spelling worry for Indian exports. The real GDP growth is projected for FY2024-25 at 7.1 per cent, after coming off a high base of 8 per cent plus recorded for last year.

The current financial year FY2024-25 is set to witness a paradigm shift in the demand supply dynamics for Indian fixed income markets. A significant positive factor is the Union Government's resolve to abide by the glide path of fiscal consolidation and trim the fiscal deficit to 4.5 per cent of GDP by FY2026-27. In line with this trajectory, the Finance Minister has estimated the fiscal deficit for FY2024-25 at 5.1 per cent, 20-30 basis points lower than expected. Moreover, FY2024-25 will see entirely new demand dynamics for which the tone has already been set, with December 2023 seeing a record foreign capital inflow of ~USD 32 billion, with global investors front-running the news that India will be included in the JP Morgan Global Bond Index-Emerging Markets (GBI-EM) Global Index suite from June 28, 2024. Estimated foreign capital inflows from global bond index inclusion are ~USD 20-30 billion since GBI-EM GD accounts for 90 per cent of the USD 236 billion benchmarked to the GBI-EM family of indices.

The next probable inclusion of the Indian Government Bonds (IGBs) will be in the Bloomberg Local Currency Bond index starting a 10-month similar inclusion process in January 2025. For FY2024-25, liquidity will be tightly controlled and regular fine-tuning operations like the VRR/VRRR shall be continued by the RBI. For FY2024-25, we expect core liquidity to remain in deficit within a range of ₹ 1.5-3.5 lakh crore, with systemic liquidity of ₹ +/-0.8-1 lakh crore and government cash balances of ₹ 2.5-4.5 lakh crore.

Fiscal deficit for FY2024-25 is estimated at ₹ 16.9 lakh crore (5.1% of GDP) compared to revised estimate of ₹ 17.3 lakh crore for FY2023-24 (5.8% of GDP). The Union Government's gross borrowings are estimated at ₹ 14.1 lakh crore in FY2024-25, ₹ 1.3 lakh crore lower than the previous year. This amount translates into a net market borrowing of ₹ 12.3 lakh crore of which ₹ 11.8 lakh crore is to be borrowed through dated securities while ₹ 0.5 lakh crore through T-bills. The net market borrowing (G-Sec + T-Bills) is estimated to finance 73 per cent of the fiscal deficit as per the budget estimates for FY2024-25. For FY2024-25, the government expects to finance 27 per cent of the fiscal deficit by issuing securities against small savings accounts. Also, the Government estimates a drawdown of cash balance of ₹ 0.4 lakh crore for FY2024-25.

The demand supply dynamics are positive for bond markets as demand will likely outstrip supply this year as the reduction in gross supply is accompanied by the presence of the demand emanating from the bond inclusion process due to begin in June 2024. As per our estimates the total net supply of (G-Sec & SDL) of close to ₹ 20 lakh crore should be easily absorbed by the

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market and if at all the RBI intervenes it could be in the form of OMO sales to sterilize the strong dollar inflows expected due to the FII/FPI investments in G-Sec and SDL.

We expect the 10Y yield to trade within the range of 6.50-7.10% for FY2024-25, on the back of strong demand for G-Secs, a sincere effort by the government to hold on to fiscal consolidation and any interest cuts implemented by the RBI as headline inflation draws closer to the target level of 4 per cent. Growth impulses remain resilient, though there are signals of weak growth in some economies. For India, growth has been robust so far. Even if the RBI were to hold the rates at the current level, the external demand in terms of FII/FPI flows in sovereign debt will ensure a positive market sentiment. The real rates for FY2024-25 remain uncomfortably high at 2 per cent as per the RBI's own definition. Hence, there is room for the RBI to cut interest rates by 50 basis points at least, which should lead to a slight bull steepening in the domestic yield curve. This could also lead the 10Y yield to ease towards the 6.50 per cent mark in the medium term.

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 are not to be treated as advisory or recommendatory in nature.

3. CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES AND POLICY

Corporate Social Responsibility (CSR) is a process with the aim to include responsibility for the Company's actions as a good corporate citizen and encourages a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and society at large. In accordance with the requirements of Section 135 of the Companies Act, 2013, and the rules framed thereto, your Company has formulated a CSR Policy and has constituted a CSR Committee of the Board to review the CSR Initiatives of the Company. The Company's CSR policy is designed with the intent to make a material, visible and lasting difference and impact the lives of the disadvantaged/underprivileged sections of society.

During FY2023-24, the Company through its CSR initiatives has made a significant contribution, supporting a diverse range of cause and beneficiaries. The Company has provided healthcare support to patients across various age groups for the initial diagnosis of cancer and treatment thereon. In addition, the Company has also focused on providing essential medical equipment such as Ophthalmic Microscope, Argos Biometer, Multispot Green Laser, Biochemistry Analyser machine, 160 KVA CPCB-IV DG Set, etc. to aid diagnosis and treatment. Along with health care, the Company has also supported the cause of poverty and hunger alleviation by expanding the kitchen capacities through procurement of various kitchen utilities such as Vegetable cutter, UV Conveyor Tunnel, etc. The Company has also extended its support towards sustainability initiatives by installing Solar Street lights in the vicinity of the kitchen, contributing to a safer and more sustainable environment. Additionally, the Company has supported installing of Solar rooftop system for power generation, promoting renewable energy usage and reducing the carbon footprint. The Company has also provided its support in the field of research by procurement of an Industry grade 3D polymer printer, for M. Tech and M. Des students and researchers at the Indian Institute of Science (IISc), Bengaluru. The Company has supported and created an impact towards a large group of disabled beneficiaries through procurement of aids and appliances under the Jaipur Foot for patients suffering from loco-motor disabilities thereby improving their mobility and quality of life.

Your Company encourages the engagement of employees in the CSR activities of the Company with a view to fostering community participation and societal development. The Company, as part of its HR initiatives, recognises and felicitates employees who volunteers for participating in the CSR activities of the Company.

Your Company also embraces operational excellence by optimizing resource efficiency and minimizing the negative impact on people, planet, and communities. Through an Environmental, Social and Governance perspective, the Company aims at achieving inclusive growth, social equity and sustainable development for the betterment of society.

The disclosures under Corporate Social Responsibility Activities in FY2023-24, in accordance with the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014, are annexed to the report as “**Annexure III**”. The Company's CSR policy is available on the Company's website www.stcipc.com



DIRECTORS' REPORT

4. COMPOSITION OF BOARD

As on March 31, 2024, the Board comprised of seven (7) Directors. The Board includes Independent Directors, Non-Executive Directors and a Managing Director as under: -

- Mr. T. V. Rao, Independent Director
- Mr. Prakash Vartak, Independent Director
- Ms. Varda Pendse, Independent Director
- Mr. V. Narayanamurthy, Non-Executive Director
- Mr. Pradeep Madhav, Non-Executive Director
- Mr. Sasidharan Mangalamkat, Non-Executive Director
- Mr. Prasanna Patankar, Managing Director

Changes in Board of Directors or Key Managerial Personnel during the FY2023-24

a) Cessation/ Resignation

Mr. R Venkataramani, Non-Executive Director, retired from the office of directorship on the Board of the Company, from the conclusion of the 17th Annual General Meeting (AGM) of the Company held on September 04, 2023.

The Board acknowledges and expresses its deep and sincere gratitude and appreciation to him for his valuable contribution, guidance and insights provided while serving as a Director on the Board of the Company.

b) Appointment/ Re-appointment

Mr. T.V. Rao, Independent Director on the Board of the Company was appointed for an initial term of five (5) years with effect from January 23, 2019, till January 22, 2024. The Board of Directors at their meeting held on October 21, 2023, had considered the re-appointment of Mr. T. V. Rao as an Independent Director of the Company for another term of five (5) years effective from January 23, 2024, upto January 22, 2029, subject to the approval of the Members. At the Extra-Ordinary General Meeting (EGM) of the Company held on October 30, 2023, the Members approved the re-appointment of Mr. T. V. Rao as an Independent Director on the Board of the Company, for another term of five (5) years, effective from January 23, 2024, till January 22, 2029.

c) Retirement by rotation at the ensuing AGM

Mr. Pradeep Madhav, Non-Executive Director (DIN: 00267422) of the Company, would be eligible for retirement by rotation at the ensuing Annual General Meeting (AGM) and being eligible, offers himself for re-appointment. The Board recommends his re-appointment as a Director liable to retire by rotation at the ensuing AGM. His brief profile, along with the appropriate resolution seeking the approval of the Members is given in the Explanatory Statement annexed to the Notice for the ensuing AGM.

5. DECLARATION BY INDEPENDENT DIRECTORS

The Company has received declarations from Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013. The Independent Directors confirm to have complied with the Code for Independent Directors as prescribed in Schedule IV of the Companies Act, 2013. The Independent Directors confirm to have registered with the Independent Directors Databank (IDDB) and passed the proficiency test, as applicable to them.

DIRECTORS' REPORT

6. MEETING OF THE BOARD OF DIRECTORS

The Board met six (6) times during the year under review.

| Date of Board Meeting | | Apr 22, 2023 | July 24, 2023 | Aug 29, 2023 | Oct 21, 2023 | Jan 25, 2024 | Mar 22, 2024 |
|-----------------------|-----------------------------|-----------------|------------------|-----------------|-----------------|-----------------|-----------------|
| Details of Directors | | | | | | | |
| 1. | Mr. T. V. Rao | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 2. | Mr. Prakash Vartak | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 3. | Ms. Varda Pendse | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 4. | Mr. R. Venkataramani* | ✓ | ✓ | ✓ | Refer Note | | |
| 5. | Mr. Sasidharan Mangalamkat# | X | ✓ | ✓ | ✓ | X | X |
| 6. | Mr. Pradeep Madhav | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 7. | Mr. V. Narayanamurthy | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 8. | Mr. Prasanna Patankar | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

*Retired from the Board of the Company from the conclusion of the 17th Annual General Meeting (AGM) of the Company held on September 04, 2023

#Ceased to be director on the Board of the Company from the close of business hours of May 31, 2024

7. COMMITTEES OF THE BOARD

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

The Company has the following Committees of the Board: -

(i) Audit Committee

As on March 31, 2024, the Audit Committee of the Board (ACB) comprised of Mr. Prakash Vartak, Mr. T. V. Rao, Ms. Varda Pendse and Mr. Pradeep Madhav. The Board of Directors had duly appointed Mr. R Venkataramani as the Chairperson of the Audit Committee of the Board (ACB) for the FY2023-24. However, on account of the retirement of Mr. R. Venkataramani as a Non-Executive Director of the Company, with effect from the conclusion of the 17th Annual General Meeting (AGM) of the Company held on September 04, 2023, the Audit Committee of the Board (ACB) at their meeting held on October 21, 2023, had unanimously elected Mr. Prakash Vartak as the Chairperson of the Audit Committee of the Board (ACB) for remaining period of FY2023-24.

The terms of reference covering the scope and functions of the Audit Committee includes:

- Recommendation for appointment, remuneration and terms of appointment of concurrent, secretarial & statutory auditors of the Company;
- Reviewing and monitoring the auditor's (Head of Internal Audit, Concurrent Auditor, Secretarial and Statutory Auditor) independence and performance, and effectiveness of audit process;
- Examination of the financial statements and the auditors' report thereon;
- Approval or any subsequent ratification of transactions of the Company with related parties; Provided that the Audit Committee may give omnibus approval for related party transactions proposed to be entered into by the Company; Provided further that in case of transaction, other than transactions referred to in Section 188 of the Companies Act, 2013, and where Audit Committee does not approve the transaction, it shall make its recommendations to the Board;



DIRECTORS' REPORT

- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters;
- Calling for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and also discussing any related issues with the Head of Internal Audit (HIA) and statutory auditors and the Senior Management of the Company;
- Dealing with or investigating any matter in relation to the items herein or referred to it by the Board of Directors of the Company, Reserve Bank of India or any other regulator;
- Establishing & overseeing whistle blower policy/vigil mechanism for directors and employees to report concerns in such manner as may be prescribed;
- Reviewing the Company's arrangements for Directors and employees to report concerns about unethical behaviour, actual or suspected fraud, violation of the Company's code of conduct and terms of service;
- Reviewing Information System Audit of the internal systems and processes is conducted, once a year to assess operational risks faced by the Company.
- Monitoring of all outsourced activities covered under the RBI Directions.
- Reviewing and monitoring the compliance framework within the organization through assessment of compliance risk, compliance failures, if any, and also reviewing the independence and performance of the Chief Compliance Officer (CCO).
- Interact with the HIA & CCO, separately & individually, without the presence of the Managing Director, at least on a quarterly basis, as applicable under the RBI Directions or RBI SBR Direction, from time to time.
- 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 have been convened, as and when required, for review of various businesses/functional aspects of the Company, business risk assessment, internal audit, etc.

The Audit Committee met five (5) times during the year.

| Date of Committee Meeting | | Apr 22, 2023 | July 24, 2023 | Oct 21, 2023 | Jan 25, 2024 | Mar 22, 2024 |
|---------------------------|---------------------------------|-----------------|------------------|-----------------|-----------------|-----------------|
| Details of Directors | | | | | | |
| 1. | Mr. R. Venkataramani* | ✓ | ✓ | Refer Note | | |
| 2. | Mr. Prakash Vartak | ✓ | ✓ | ✓ | ✓ | ✓ |
| 3. | Ms. Varda Pendse | ✓ | ✓ | ✓ | ✓ | ✓ |
| 4. | Mr. T. V. Rao | ✓ | ✓ | ✓ | ✓ | ✓ |
| 5. | Mr. Pradeep Madhav [#] | Refer Note | | | ✓ | ✓ |

*Retired from the Board of the Company from the conclusion of the 17th Annual General Meeting (AGM) of the Company held on September 04, 2023

[#]Inducted as a Committee Member w.e.f October 21, 2023

DIRECTORS' REPORT

(ii) Risk Management Committee

As on March 31, 2024, the Risk Management Committee (RMC) of the Board comprised of Mr. T. V. Rao, Mr. Prakash Vartak, Mr. V. Narayanamurthy and Mr. Pradeep Madhav. The Board of Directors had duly appointed Mr. T. V. Rao as the Chairperson of the Risk Management Committee (RMC) for the FY2023-24.

The Company has in place a comprehensive Business Investment and Risk Policy, which is reviewed at regular intervals and modified, if required, to align it with the changing business dynamics of the Company or regulatory requirements. The Risk Management Committee (RMC) meets at regular intervals to review the Company's risk exposure, performance and monitor adherence to various prudential limits.

The terms of reference covering the scope and functions of the Risk Management Committee (RMC) includes:

- Reviewing compliance with the RBI prudential norms and internal business risk policy parameters;
- Reviewing risk policies, procedures and reporting mechanisms;
- Reviewing risk management reports on a periodic basis and suggesting modifications to the Business Investment and Risk Policy of the Company to the Board for its final approval;
- Reviewing and recommending to the Board the policies of the Company that may carry legal risk, operational risk, compliance risk and reputational risk;
- Evaluating the overall risks faced by the Company and implementation of the approved ERM framework;
- Approving the risk appetite statement and ensure the Company is operating within the same;
- Ensuring the Company's overall risk exposure is maintained at prudent levels and is consistent with available capital;
- Reviewing and recommending the capital plan detailing the Company's capital needs, anticipated capital utilization, desired level of capital, limits related to capital erosion and a contingency plan;
- Taking strategic actions to mitigate the risk associated with the nature of the business;
- Apprising the Board of Directors at regular intervals regarding the process of putting in place a progressive risk management system, risk management policy and strategy;
- Overseeing and managing the overall liquidity profile of the Company, including reviewing liquidity measures that describe the nature of the Company's Liquidity Risk;
- Interacting with the Chief Risk Officer (CRO) without the presence of the Managing Director, at least on a quarterly basis, for reviewing the risk profile of the Company;
- All such acts and functions as may be delegated by the Board of Directors.

The Risk Management Committee (RMC) met five (5) times during the year.

| Date of Committee Meeting | | Apr 22, 2023 | July 24, 2023 | Oct 21, 2023 | Jan 25, 2024 | Mar 22, 2024 |
|-----------------------------|------------------------------------|-----------------|------------------|-----------------|-----------------|-----------------|
| Details of Directors | | | | | | |
| 1. | Mr. T. V. Rao | ✓ | ✓ | ✓ | ✓ | ✓ |
| 2. | Mr. R. Venkataramani* | ✓ | ✓ | Refer Note | | |
| 3. | Mr. Pradeep Madhav | ✓ | ✓ | ✓ | ✓ | ✓ |
| 4. | Mr. Prakash Vartak | ✓ | ✓ | ✓ | ✓ | ✓ |
| 5. | Mr. V. Narayanamurthy [#] | Refer Note | | | ✓ | ✓ |

*Retired from the Board of the Company from the conclusion of the 17th Annual General Meeting (AGM) of the Company held on September 04, 2023

[#]Inducted as a Committee Member w.e.f October 21, 2023



DIRECTORS' REPORT

(iii) Nomination and Remuneration Committee

As on March 31, 2024, the Nomination and Remuneration Committee of the Board comprised of Ms. Varda Pendse, Mr. T. V. Rao, Mr. V. Narayanamurthy and Mr. Pradeep Madhav. The Board of Directors duly appointed Ms. Varda Pendse as the Chairperson of the Nomination and Remuneration Committee (NRC) for FY2023-24.

The Nomination and Remuneration Committee (NRC) plays an active role in HR development, performance management and talent retention and reviews HR policies.

The terms of reference covering the scope and functions of the Nomination and Remuneration Committee (NRC) includes:

- To identify 'Fit & Proper' persons who are qualified to become directors. To identify persons who are qualified to be appointed in senior management in accordance with the criteria laid down in the Nomination and Remuneration Policy and recommend to the Board their appointment and removal;
- To specify the manner for effective evaluation of performance of Board, its Committees and individual Directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance thereof;
- To 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 Senior Management. While formulating the policy, the following shall be ensured:
 - a. the remuneration is reasonable and sufficient to attract and retain Directors;
 - b. relationship of remuneration to performance is clear and transparent appropriate performance benchmarks for Senior Management and Key Management Personnel; and
 - c. remuneration to key managerial personnel and senior management involves a balance between fixed and variable pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals;
- To review HR Strategy, key initiatives and key HR metrics, compensation structure and policies with a view to retain and motivate the company's employees;
- To closely coordinate with the Risk Management Committee (RMC) of the Company to achieve effective alignment between compensation & risks assumed for the Key Managerial Personnel & Senior Management;
- 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 Nomination and Remuneration Committee (NRC) met three (3) times during the year.

| Date of Committee Meeting | | July 24, 2023 | Oct 21, 2023 | Jan 24, 2024 |
|---------------------------|---------------------------------|---------------|--------------|--------------|
| Details of Directors | | | | |
| 1. | Ms. Varda Pendse | ✓ | ✓ | ✓ |
| 2. | Mr. T. V. Rao | ✓ | ✓ | ✓ |
| 3. | Mr. R. Venkataramani* | ✓ | Refer Note | |
| 4. | Mr. V. Narayanamurthy | ✓ | ✓ | ✓ |
| 5. | Mr. Pradeep Madhav [#] | Refer Note | | ✓ |

*Retired from the Board of the Company from the conclusion of the 17th Annual General Meeting (AGM) of the Company held on September 04, 2023

[#]Inducted as a Committee Member w.e.f October 21, 2023

DIRECTORS' REPORT

(iv) Corporate Social Responsibility (CSR) Committee

As on March 31, 2024, the Corporate Social Responsibility (CSR) Committee of the Board comprised of Mr. Prakash Vartak, Mr. Pradeep Madhav, Ms. Varda Pendse and Mr. Prasanna Patankar. The Board of Directors duly appointed Mr. Prakash Vartak as the Chairperson of the Corporate Social Responsibility (CSR) Committee for the FY2023-24.

The CSR Committee of the Board shall recommend the guidelines for CSR activity to the Board of Directors for their approval. The projects/beneficiaries of the CSR initiatives of the Company are clearly laid down in the CSR policy of the Company and approved by the Board of Directors.

The terms of reference covering the scope and functions of the Corporate Social Responsibility Committee includes:

- Formulating and recommending to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken as specified in Schedule VII of the Companies Act, 2013.
- Recommending the amount of CSR expenditure to be incurred on the CSR activities referred to in above clause
- Monitoring the utilization and implementation of the CSR projects or programs or activities undertaken by the Company;
- Formulating and recommending to the Board, an annual action plan for a financial year, disclosing:
 - a. The list of CSR projects or programmes that are approved to be undertaken;
 - b. The manner of execution of CSR projects or programmes;
 - c. The modalities of utilization of funds and implementation schedules for the projects or programmes;
 - d. Monitoring and reporting mechanism for the projects or programmes; and
 - e. Details of need and impact assessment, if applicable, for the projects undertaken by the company;
 - f. Review the CSR Policy of the Company on Annual basis.

The Corporate Social Responsibility (CSR) Committee met two (2) times during the year.

| Date of Committee Meeting | | July 24, 2023 | Oct 21, 2023 |
|---------------------------|-------------------------------|---------------|--------------|
| Details of Directors | | | |
| 1. | Mr. Prakash Vartak | ✓ | ✓ |
| 2. | Mr. R. Venkataramani* | ✓ | Refer Note |
| 3. | Mr. Pradeep Madhav | ✓ | ✓ |
| 4. | Ms. Varda Pendse [#] | Refer Note | |
| 5. | Mr. Prasanna Patankar | ✓ | ✓ |

*Retired from the Board of the Company from the conclusion of the 17th Annual General Meeting (AGM) of the Company held on September 04, 2023

[#]Inducted as a Committee Member w.e.f October 21, 2023

(v) IT Strategy Committee

RBI Master Directions on Information Technology Governance, Risk, Controls and Assurance Practices, 2023 became applicable from April 01, 2024. (The erstwhile RBI Master Directions on Information Technology Framework for the NBFC Sector stands repealed with effect from March 31, 2024), and the applicable rules, regulations, directions, including any statutory modifications(s) or re-enactment(s) or updation(s) thereof, from time to time, the IT Strategy Committee of the Board is in place, which is responsible to monitor the adequacy and compatibility of the IT Systems, review IT Governance, IT Operations, IT Policy as well as advising on the timely upgrade of the IT infrastructure in line with the Company's emerging business requirements.

As on March 31, 2024, the IT Strategy Committee of the Board comprised of Mr. T. V. Rao, Mr. V. Narayanamurthy, Mr. Nagamohan Gollangi (external domain expert member) and Mr. Praveen Mata (external domain expert member). The Board of Directors duly appointed Mr. T. V. Rao as the Chairperson of the IT Strategy Committee for the FY2023-24. Mr. Pradeep Madhav has been inducted as a member of the IT Strategy Committee with effect from April 01, 2024.



DIRECTORS' REPORT

The terms of reference of the IT Strategy Committee as per the aforesaid applicable RBI circular covering the scope and functions of the IT Strategy Committee includes:

- To ensure that the Company has put an effective IT strategic planning process in place;
- To ensure that the strategy(s) on the IT infrastructure aligns with the overall strategy of the Company towards accomplishment of its business objectives;
- To define IT Governance and Information Security Governance structure within the organization through adequately skilled resources, well defined objectives and accountability responsibilities for each level in the organization;
- To ensure that the Company has put in place processes for assessing and managing IT and cybersecurity risks;
- To ensure that the budgetary allocations for the IT function (including for IT security), cyber security are commensurate with the Company's IT maturity, digital depth, threat environment and industry standards and are utilized in a manner intended for meeting the stated objectives; and
- To review, at least on annual basis, the adequacy and effectiveness of the Business Continuity Planning and Disaster Recovery Management of the Company.
- Approving IT strategy and policy documents and ensuring that the Company has put an effective strategic planning process towards IT infrastructure and systems in place;
- Ascertaining that the Company has implemented processes and practices to ensure that the IT hardware and infrastructure is robust and adequate to support the business operations of the Company;
- Ensuring IT investments represent a balanced trade-off between risks and benefits and are commensurate with the size and complexity of the business operations of the Company;
- Monitoring the use of IT resources needed to achieve strategic goals;
- Ensuring that there is a robust Cyber Security plan in place which has been developed and tested adequately;
- Ensuring that an Information System Audit of the internal systems and processes is conducted, once a year to assess operational risks faced by the Company;
- All such acts and functions as may be delegated by the Board of Directors.

The IT Strategy Committee met three (3) times during the year.

| Date of Committee Meeting | | June 12, 2023 | Dec 06, 2023 | Jan 24, 2024 |
|---------------------------|------------------------|---------------|--------------|--------------|
| Details of Directors | | | | |
| 1. | Mr. T. V. Rao | ✓ | ✓ | ✓ |
| 2. | Mr. V. Narayanamurthy | ✓ | ✓ | ✓ |
| 3. | Mr. Nagamohan Gollangi | ✓ | ✓ | ✓ |
| 4. | Mr. Praveen Mata | ✓ | ✓ | ✓ |

8. CORPORATE GOVERNANCE

The Company firmly believes that good corporate governance and compliance practices are of paramount importance to maintain the trust and confidence of its stakeholders and enhance the reputation of the Company. The Company has proactively adopted the best corporate governance practices to ensure transparency, fairness and objectivity in an organization's functioning. In accordance with the guidelines prescribed by Reserve Bank of India on 'Scale Based Regulation' (SBR) – A Revised Regulatory Framework for NBFCs, unlisted NBFCs are required to disclose specified information within the corporate governance section. The report on Corporate Governance for FY2023-24 is annexed to the report as "Annexure I"

9. 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 and Redressal) Act, 2013. The policy aims at prevention of harassment of employees and lays down the guidelines for identification, reporting and prevention of unethical behavior.

DIRECTORS' REPORT

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 of during the year – NIL.
- (d) Number of cases pending at the end of the year - NIL.

10. DIRECTORS RESPONSIBILITY STATEMENT

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

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

11. AUDITORS

M/s. S K Lulla & Co., Chartered Accountants, bearing ICAI firm registration number 002336C, were appointed as the Statutory Auditors of the Company, by the Comptroller and Auditor General of India (C&AG) for the FY2023-24.

M/s. V Laxman & Co., firm of Practicing Company Secretaries, were appointed as the Secretarial Auditor of the Company for the FY2023-24. The Secretarial Audit Report as received from M/s. V Laxman & Co. is annexed as “**Annexure V**”.

12. 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 197(12) of the Act, read with Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is not applicable to the Company but available 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 for the same.

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 FY2023-24.

13. RELATED PARTY TRANSACTIONS

All related party transactions which were entered into during the financial year were on an arm's length basis and were in the ordinary course of business operations. All related party transactions are placed before the Audit Committee of the Board (ACB) and the Board of Directors. There are no materially significant transactions made by the Company with Promoters, Directors, Key Managerial Personnel or any other related parties that may have a potential conflict with the interest of the Company at large.



DIRECTORS' REPORT

Accordingly, the disclosure of related party transactions in Form AOC-2 is not applicable. However, disclosure on related party transactions as per IND AS-24 has been provided in the Notes to Accounts of the Audited Financial Statements for FY2023-24. 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 II”. The Policy on Related Party Transaction is available on the Company’s website www.stcipd.com and enclosed as “Annexure IV”.

14. WHISTLE BLOWER POLICY

The Company has established a vigil mechanism through the Audit Committee of the Board (ACB), to address any complaint related to 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 a 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 victimization of whistle blower and makes provision for direct access to the Chairman of the Audit Committee of the Board (ACB) on reporting issues concerning the interests of the Company and its employees. The Company has formulated a Whistle Blower Policy / Vigil Mechanism 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.

15. 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.

16. POLICY ON NOMINATION AND 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 on Directors’ appointment and remuneration, including criteria for determining qualifications, positive attributes and independence of a Director is available on the Company’s website www.stcipd.com.

17. ANNUAL RETURN

In accordance with the provisions of Section 134(3)(a) and Section 92(3) of the Companies Act, 2013, and the Rules framed thereunder, the annual return as on March 31, 2024, shall be made available on the Company’s website www.stcipd.com within the prescribed timelines.

18. FORMAL ANNUAL EVALUATION

The Company has adopted a framework on performance evaluation of the Board of Directors and that of its Committees and individual Directors. During FY2023-24, the Company had undertaken the annual evaluation exercise which was carried out by the Board on collective basis, committees of the Board and individual director in the matter as stipulated under the Act. As per the provisions of Schedule IV of the Companies Act, 2013, a separate meeting of Independent Directors was held during the year.

19. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There are no material changes and commitments affecting the financial position of the company which have occurred between March 31, 2024, and the date of the report.

20. KEY MANAGERIAL PERSONNEL

During the FY2023-24, 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. Kalpesh Mody, Company Secretary and Chief Financial Officer (CFO)

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

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

DIRECTORS' REPORT

22. CHANGE OF NATURE OF BUSINESS

There has been no change in the nature of the business of the Company during the year under review.

23. MAINTENANCE OF COST RECORDS

The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the services rendered by the Company.

24. 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.

25. 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, disclaimers or reservations made by the Secretarial Auditors, Statutory Auditors as well as Comptroller and Auditor General of India (C&AG). In the matter of adequacy of Internal Financial Controls over Financial Reporting (ICFR), the Statutory Auditor had sought explanation regarding some reversal entries, which was duly provided to them. The Management also assured the Statutory Auditor that there was no financial impact due to the reversal entries and the Company has, in all material respects, adequate internal financial controls over financial reporting which are operating effectively.

26. SHARES

The Company is a wholly owned subsidiary of STCI Finance Limited, and the shares are held by STCI Finance Limited through its nominee shareholders. There has been no change in shareholding pattern for FY2023-24. The details of the transfer(s) of share(s), if any, has been mentioned in Annual Return, which is available on the Company's website www.stcipc.com.

27. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Pursuant to the provisions of Section 186(4) and (11) 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.

28. REGISTRAR AND SHARE TRANSFER AGENT

M/s. Link Intime India Private Limited acts as the Registrar and Share Transfer Agent of the Company for FY2023-24.

29. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company, being a RBI regulated Primary Dealer, is prohibited from forming any subsidiary. Hence, the Company does not have any Subsidiary, Joint venture, or Associate Company.

30. PUBLIC DEPOSITS

During the year ended March 31, 2024, 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. The Company has been categorized as an NBFC- ML (Non-Banking Financial Company – Middle Layer)* under the Scale Based Regulations (SBR) and regulated by the Reserve Bank of India (RBI).

31. BRANCH OFFICES

The Company has a total of three (3) branch offices viz. New Delhi, Kolkata and Bengaluru which has 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, reviewed, and monitored by the Board.



DIRECTORS' REPORT

32. 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 and 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 respective due dates.

The Company's claim as one of the "Financial Creditor" of IL&FS under the Insolvency and Bankruptcy Code, 2016 and the Insolvency and 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. There is no further progress in the matter in FY2023-24, with respect to the receipt of outstanding claim.

33. DETAILS OF DIFFERENCE BETWEEN THE AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF

There was no instance of a one-time settlement with any Bank or Financial Institution.

34. SECRETARIAL STANDARDS

The Company has complied with the applicable Secretarial Standards (as amended from time to time) issued by the Institute of Company Secretaries of India on meetings of the Board of Directors conducted during the year.

35. ACKNOWLEDGEMENT

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

On behalf of the Board of Directors

For STCI Primary Dealer Limited

V. Narayanamurthy

Director

DIN: 00555704

Date: July 26, 2024

Place: Mumbai

Prasanna Patankar

Managing Director

DIN: 07658714

Date: July 26, 2024

Place: Mumbai

DIRECTORS' REPORT

Annexure I

REPORT ON CORPORATE GOVERNANCE

As per the guidelines issued by the Reserve Bank of India (RBI) prescribed on 'Scale Based Regulation' (SBR) – A revised Regulatory Framework for NBFC', the Company's Corporate Governance Report for the FY2023-24 is presented to the Members of the Company.

The Company has always been committed to developing sustainable value for all its stakeholders including employees, shareholders, suppliers, regulatory authorities and the communities that it operates in. In this pursuit, the Company believes in managing and conducting business by adopting strong value systems. This involves institutionalizing the highest standards of Corporate Governance across business activities, which is based on the principles of accountability, transparency, responsibility and fairness in all aspects of its operations.

The Company has an active, professional and independent Board of Directors that provide supervisory and strategic advice and direction. The entire governance system is supported by well-structured systems and procedures that ensure well informed decision making across the organization.

Disclosure Required by Reserve Bank of India Direction DOR.FIN.REC.No.45/03.10.119/2023-24 dated October 19, 2023, on Disclosure in Financial Statements – Section II

1. COMPOSITION OF THE BOARD

| Sr No. | Name of Director | Director since | Capacity (i.e. Executive/ Non- Executive/ Chairman/ Promoter nominee/ Independent) | DIN | Number of Board Meetings during the directorship in FY2023-24 | | No. of other Directorships held | Remuneration Paid (₹ In lakh) | | | No. of shares held in and convertible instruments held in the NBFC |
|--------|---|-------------------|--|----------|---|------------|---------------------------------|-------------------------------|-------------------|--------------|--|
| | | | | | Held | At- tended | | Salary and other compensation | Sitting Fee | Com- mission | |
| 1. | Mr. T. V. Rao | January 23, 2019 | Independent Director | 05273533 | 6 | 6 | 8 | - | 8.70 | - | - |
| 2. | Mr. Prakash Vartak | October 22, 2021 | Independent Director | 09336265 | 6 | 6 | - | - | 6.90 | - | - |
| 3. | Ms. Varda Pendse | April 01, 2022 | Independent Director | 00152752 | 6 | 6 | - | - | 6.00 | - | - |
| 4. | Mr. R. Venkataramani [§] | May 25, 2015 | Non-Executive Director | 00829107 | 3 | 3 | - | - | 3.30 | - | - |
| 5. | Mr. Pradeep Madhav | October 22, 2021 | Non-Executive Director | 00267422 | 6 | 6 | 1 | - | 6.30 | - | - |
| 6. | Mr. V. Narayanamurthy | October 22, 2021 | Non-Executive Director | 00555704 | 6 | 6 | 3 | - | 6.00* | - | 01 ⁺ |
| 7. | Mr. Sasidharan Mangalamkat [@] | March 25, 2023 | Non- Executive Director | 10052548 | 6 | 3 | - | - | 1.50 [#] | - | - |
| 8. | Mr. Prasanna Patankar | November 18, 2016 | Managing Director | 07658714 | 6 | 6 | 2 | 177.83 [%] | - | - | 01 ⁺ |

* sitting fees paid to STCI Finance Limited

[#] sitting fees paid to Bank of India

⁺ share held in the capacity as a nominee of STCI Finance Limited

[§] Retired from the Board of the Company from the conclusion of the 17th Annual General Meeting (AGM) of the Company held on September 04, 2023

[@] Ceased to be a director from the close of business hours of May 31, 2024

[%] Includes perquisites and subject to applicable tax rate. Excludes amount of tax paid by the employer on behalf of employee.



DIRECTORS' REPORT

Details of change in composition of the Board during the current FY2023-24

| Sr No. | Name of Director | Capacity (i.e. Executive/ Non- Executive/ Chairman/ Promoter nominee/ Independent) | Nature of change (resignation, retirement, appointment) | Effective date |
|--------|----------------------|--|---|--------------------|
| 1. | Mr. R. Venkataramani | Non-Executive Director | Retirement | September 05, 2023 |
| 2. | Mr. T. V. Rao | Independent Director | Re-appointment | January 23, 2024 |

Details of changes in composition of the Board of Directors during previous FY2022-23

| Sr No. | Name of Director | Capacity (i.e. Executive/ Non- Executive/ Chairman/ Promoter nominee/ Independent) | Nature of change (resignation, retirement, appointment) | Effective date |
|--------|----------------------------|--|---|------------------|
| 1. | Ms. Varda Pendse | Independent Director | Appointment | April 01, 2022 |
| 2. | Mr. Raghvendra Kumar | Non-Executive Director | Resignation | January 31, 2023 |
| 3. | Mr. Sasidharan Mangalamkat | Non-Executive Director | Appointment | March 25, 2023 |

2. COMMITTEES OF BOARD AND THEIR COMPOSITION FOR THE FY2023-24

a. AUDIT COMMITTEE

| Sr No. | Name of Director | Member of Committee since | Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent) | Number of Meetings of the Committee during the membership in FY2023-24 | | No of shares held in the Company |
|--------|---------------------------------|---------------------------|---|--|----------|----------------------------------|
| | | | | Held | Attended | |
| 1. | Mr. R. Venkataramani* | May 25, 2015 | Chairperson - Non-Executive Director | 2 | 2 | - |
| 2. | Mr. Prakash Vartak [#] | April 01, 2022 | Chairperson - Independent Director | 5 | 5 | - |
| 3. | Mr. T. V. Rao | April 24, 2019 | Independent Director | 5 | 5 | - |
| 4. | Ms. Varda Pendse | April 01, 2023 | Independent Director | 5 | 5 | - |
| 5. | Mr. Pradeep Madhav | October 21, 2023 | Non-Executive Director | 2 | 2 | - |

* Retired from the Board of the Company from the conclusion of the 17th Annual General Meeting (AGM) of the Company held on September 04, 2023

[#] Elected as Chairperson of the Committee w.e.f October 21, 2023

DIRECTORS' REPORT

b. RISK MANAGEMENT COMMITTEE

| Sr No. | Name of Director | Member of Committee since | Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent) | Number of Meetings of the Committee during the membership in FY2023-24 | | No of shares held in the Company |
|--------|----------------------|---------------------------|---|--|----------|----------------------------------|
| | | | | Held | Attended | |
| 1. | Mr. T. V. Rao | May 27, 2020 | Chairperson -Independent Director | 5 | 5 | - |
| 2. | Mr. R Venkataramani* | May 27, 2020 | Non-Executive Director | 2 | 2 | - |
| 3. | Mr. Pradeep Madhav | April 01, 2022 | Non-Executive Director | 5 | 5 | - |
| 4. | Mr. Prakash Vartak | April 01, 2023 | Independent Director | 5 | 5 | - |
| 5. | Mr. V Narayanamurthy | October 21, 2023 | Non-Executive Director | 2 | 2 | 01 ⁺ |

* Retired from the Board of the Company from the conclusion of the 17th Annual General Meeting (AGM) of the Company held on September 04, 2023

+ share held in the capacity as nominee of STCI Finance Limited

c. NOMINATION AND REMUNERATION COMMITTEE

| Sr No. | Name of Director | Member of Committee since | Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent) | Number of Meetings of the Committee during the membership in FY2023-24 | | No of shares held in the Company |
|--------|----------------------|---------------------------|---|--|----------|----------------------------------|
| | | | | Held | Attended | |
| 1. | Ms. Varda Pendse | April 01, 2022 | Chairperson -Independent Director | 3 | 3 | - |
| 2. | Mr. T. V. Rao | August 23, 2021 | Independent Director | 3 | 3 | - |
| 3. | Mr. R Venkataramani* | July 19, 2017 | Non-Executive Director | 1 | 1 | - |
| 4. | Mr. V Narayanamurthy | April 01, 2022 | Non-Executive Director | 3 | 3 | 01 ⁺ |
| 5. | Mr. Pradeep Madhav | October 21, 2023 | Non-Executive Director | 1 | 1 | - |

*Retired from the Board of the Company from the conclusion of the 17th Annual General Meeting (AGM) of the Company held on September 04, 2023

+ share held in the capacity as nominee of STCI Finance Limited



DIRECTORS' REPORT

d. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

| Sr No. | Name of Director | Member of Committee since | Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent) | Number of Meetings of the Committee during the membership in FY2023-24 | | No of shares held in the NBFC |
|--------|-------------------------------|---------------------------|---|--|----------|-------------------------------|
| | | | | Held | Attended | |
| 1. | Mr. Prakash Vartak | April 01, 2022 | Chairperson -Independent Director | 2 | 2 | - |
| 2. | Mr. R. Venkataramani* | April 24, 2019 | Non-Executive Director | 1 | 1 | - |
| 3. | Mr. Pradeep Madhav | April 01, 2022 | Non-Executive Director | 2 | 2 | - |
| 4. | Ms. Varda Pendse [#] | October 21, 2023 | Independent Director | 0 | 0 | - |
| 5. | Mr. Prasanna Patankar | February 13, 2017 | Managing Director | 2 | 2 | 01 ⁺ |

*Retired from the Board of the Company from the conclusion of the 17th Annual General Meeting (AGM) of the Company held on September 04, 2023

+ share held in the capacity as nominee of STCI Finance Limited

No meetings were held after her induction into the Committee

e. IT STRATEGY COMMITTEE

| Sr No. | Name of Director | Member of Committee since | Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent) | Number of Meetings of the Committee during the membership in FY2023-24 | | No of shares held in the NBFC |
|--------|------------------------|---------------------------|---|--|----------|-------------------------------|
| | | | | Held | Attended | |
| 1. | Mr. T. V. Rao | April 01, 2022 | Chairperson -Independent Director | 3 | 3 | - |
| 2. | Mr. V. Narayanamurthy | April 01, 2022 | Non-Executive Director | 3 | 3 | 01 ⁺ |
| 3. | Mr. Praveen Mata | March 06, 2012 | External domain expert | 3 | 3 | - |
| 4. | Mr. Nagamohan Gollangi | April 01, 2022 | External domain expert | 3 | 3 | - |

+ share held in the capacity as nominee of STCI Finance Limited

The terms of reference including the scope and function of the Committees of the Board have been stipulated in the Directors Report.

3. GENERAL BODY MEETINGS HELD DURING FY2023-24

| Sr. No. | Type of Meeting (Annual/ Extra Ordinary) | Date and Place | Special resolutions passed |
|---------|---|---|---|
| 1. | 17 th Annual General Meeting (AGM) | On September 04, 2023, held through Video Conferencing (VC) medium at the Registered Office of the Company. | <ol style="list-style-type: none"> Revision in the terms of remuneration payable to Mr. Prasanna Patankar, as the Managing Director of the Company. Modification in the overall borrowing limit of the Company. |
| 2. | Extra – Ordinary General Meeting (EGM) | On October 30, 2023, held at the Registered Office of the Company | <ol style="list-style-type: none"> Re-appointment of Mr. T. V.Rao as an Independent Director of the Company for a second term. |

DIRECTORS' REPORT

4. DETAILS OF NON-COMPLIANCE WITH REQUIREMENTS OF COMPANIES ACT, 2013

During the year under review, there has been no instances of any non - compliance with the requirements, to the extent applicable, of the provisions of the Companies Act, 2013, including compliance with accounting and secretarial standards.

5. DETAILS OF PENALTIES AND STRICTURES

During the year under review, no penalties or strictures have been imposed on the Company by the Reserve Bank of India or any other statutory authority.

6. BREACH OF COVENANT

During the year under review, the Company has not availed any term loan or issued any non-convertible debentures. Hence, the instances on any breach of covenant to any term loan availed or non-convertible debentures issued by the Company is not applicable for the FY2023-24.

7. DIVERGENCE IN ASSET CLASSIFICATION AND PROVISIONING

The Company being a Standalone Primary Dealer with the primary business of dealing into Government Securities, State Development Loans (SDL), T-Bills and other money market instruments. The Company does not have any exposure to Loans (Assets) which can be restructured without downgrading the asset classification. Considering the permitted activities as a Standalone Primary Dealer, the said provisioning requirements is not applicable to the Company.

- a. The additional provisioning requirements assessed by RBI exceeds 5 per cent of the reported profits before tax and impairment loss on financial instruments for the reference period – Not Applicable
- b. Additional Gross NPAs identified by RBI exceeds 5 per cent of the reported Gross NPAs for the reference period – Not Applicable

On behalf of the Board of Directors

For STCI Primary Dealer Limited

V. Narayanamurthy

Director

DIN: 00555704

Date: July 26, 2024

Place: Mumbai

Prasanna Patankar

Managing Director

DIN: 07658714

Date: July 26, 2024

Place: Mumbai



DIRECTORS' REPORT

Annexure II

Form No. AOC-2

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

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

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

*The Company has not entered into any contracts or arrangements with related parties referred to in sub-section (1) of Section 188 of Companies Act, 2013. The other related party transactions include sitting fees paid to Directors and the remuneration paid to the Key Managerial Personnels (KMPs) of the Company, designated as per the Companies Act, 2013.

On behalf of the Board of Directors

For STCI Primary Dealer Limited

V. Narayanamurthy

Director

DIN: 00555704

Date: July 26, 2024

Place: Mumbai

Prasanna Patankar

Managing Director

DIN: 07658714

Date: July 26, 2024

Place: Mumbai



DIRECTORS' REPORT

STCI PRIMARY DEALER LIMITED

Details of material contracts or arrangement or transactions at arm's length basis & in ordinary course of business

| Sr. No. | Name(s) of the related party | Nature of relationship | Nature of contracts/ arrangements/ transactions | Amount (INR in lakh) | Duration of the contracts / arrangements/ transactions | Salient terms of the contracts or arrangements or transactions including the value, if any | Date(s) of approval by the Board, if any: | Amount paid as advances, if any |
|---------|------------------------------|------------------------|---|----------------------|--|--|---|---------------------------------|
| 1 | STCI Finance Limited | Holding Company | CCIL Charges (Received) | 2.02 | | | | |
| 2 | STCI Finance Limited | Holding Company | Reimbursement of Expenses (Payment) | 11.45 | | | | |
| 3 | STCI Finance Limited | Holding Company | Rent Paid for premises | 4.85 | | | | |
| 4 | STCI Finance Limited | Holding Company | Sitting fees Paid | 6.00 | | | | |
| 5 | STCI Finance Limited | Holding Company | Other fee Income received | 2.02 | | | | |
| 6 | STCI Finance Limited | Holding Company | Dividend Paid | 1,500.00 | | | | |
| | | TOTAL | | 1,526.34 | | | | |

Not Applicable as transactions are at arms length and in the ordinary course of business

On behalf of the Board of Directors
For STCI Primary Dealer LimitedV. Narayanamurthy
DirectorPrasanna Patankar
Managing Director

DIN: 00555704

DIN: 07658714

Date: July 26, 2024

Date: July 26, 2024

Place: Mumbai

Place: Mumbai



DIRECTORS' REPORT

Annexure III

ANNUAL REPORT ON CSR ACTIVITIES

1. Brief outline on CSR policy of the Company:

The Corporate Social Responsibility (CSR) Policy assists the Company in its vision to contribute to the social and economic development of the communities and society at large. The CSR Policy serves as the basic guiding document on directing our efforts towards building a better, sustainable way of life for the betterment of society. The Company's CSR policy is intended to make a material, visible and lasting difference to the lives of the disadvantaged/underprivileged sections of society and a dedicated CSR budget would be set aside out of profits of the Company based on the specifications as per the required law for its various CSR initiatives.

2. Composition of CSR Committee: As on March 31, 2024, the CSR Committee comprised of:

| Sr. No. | Name of Director | Designation / Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---------|-----------------------|--------------------------------------|--|--|
| 1. | Mr. Prakash Vartak | Chairperson - Independent Director | 2 | 2 |
| 2. | Ms. Varda Pendse* | Independent Director | 2 | 0 |
| 3. | Mr. Pradeep Madhav | Non-Executive Director | 2 | 2 |
| 4. | Mr. Prasanna Patankar | Managing Director | 2 | 2 |

*Inducted as a Committee member w.e.f. October 21, 2023 and no meetings were held after her induction as a member of the CSR Committee.

3. Provide the web-link(s) where Composition of CSR Committee, CSR Policy and CSR Projects approved by the board are disclosed on the website of the company:

Composition of the CSR committee, CSR Policy and CSR projects approved by the Board, is available on the Company's website on www.stcipd.com.

4. Provide the executive summary along with the web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable: NOT APPLICABLE

5. (a) Average net profit of the company as per sub-section (5) of section 135: ₹ 19,214.59 lakh

(b) Two percent of average net profit of the company as per sub-section (5) of section 135: The Company is required to spend ₹ 384.30 lakh towards CSR activities for FY2023-24.

(c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years: NIL

(d) Amount required to be set off for the financial year, if any: NIL

(e) Total CSR obligation for the financial year [(b)+(c)-(d)]: ₹ 384.30 lakh

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project):

₹ 384.30 lakh (Details attached herewith as Annexure III A)

(b) Amount spent in Administrative Overheads – NIL

(c) Amount spent on Impact Assessment, if applicable – NOT APPLICABLE

(d) Total amount spent for Financial Year [(a)+(b) +(c)] – ₹ 384.30 lakh

DIRECTORS' REPORT

(e) CSR amount spent or unspent for the Financial Year:

| Total Amount Spent for the Financial Year. (₹ in lakh) | Amount Unspent | | | | |
|---|--|------------------|--|--------|------------------|
| | Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135. | | Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135. | | |
| | Amount | Date of Transfer | Name of Fund | Amount | Date of Transfer |
| 384.30 | NA | | NA | | |

(f) Excess Amount for Set off, if any:

| Sr.No | Particulars | Amount (₹ in lakh) |
|-------|---|--------------------|
| (1) | (2) | (3) |
| (i) | Two percent of average net profit of the company as per sub-section (5) of section 135 | 384.30 |
| (ii) | Total amount spent for the Financial Year | 384.30 |
| (iii) | Excess amount spent for the Financial Year [(ii)-(i)] | - |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any | - |
| (v) | Amount available for set off in succeeding Financial Years [(iii)-(iv)] | - |

7. (a) Details of Unspent Corporate Social Responsibility amount for the preceding three financial years:

| (1) | (2) | (3) | (4) | (5) | (6) | | (7) | (8) |
|--------|-----------------------------|--|--|---|---|------------------|---|--------------------|
| Sr No. | Preceding Financial year(s) | Amount transferred to Unspent CSR Account under subsection (6) of section 135 (in ₹) | Balance Amount in Unspent CSR Account under subsection (6) of section 135 (in ₹) | Amount Spent in the Financial Year (in ₹) | Amount transferred to a Fund as specified under Schedule VII as per second proviso to subsection (5) of section 135, if any | | Amount remaining to be spent in succeeding Financial Years (in ₹) | Deficiency, if any |
| | | | | | Amount (in ₹) | Date of Transfer | | |
| 1 | FY2022-23 | NIL | | | | | | |
| 2 | FY2021-22 | NIL | | | | | | |
| 3 | FY2020-21 | NIL | | | | | | |



DIRECTORS' REPORT

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year (YES/NO): NO

If Yes, enter the number of Capital assets created/ acquired: NOT APPLICABLE

| Sr. No. | Short particulars of the property or asset(s) [including complete address and location of the property] | Pincode of the property or asset(s) | Date of creation | Amount of CSR amount spent | Details of entity/ authority/beneficiary of the registered owner | | |
|----------------|---|-------------------------------------|------------------|----------------------------|--|------|--------------------|
| (1) | (2) | (3) | (4) | (5) | (6) | | |
| | | | | | CSR Registration Number, if applicable | Name | Registered address |
| NOT APPLICABLE | | | | | | | |

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/Municipal Corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub-section 95) of section 135. – Not Applicable, as the Company has spent the entire amount towards CSR that was required to be spent.

On behalf of Corporate Social Responsibility Committee
For STCI Primary Dealer Limited

Prakash Vartak
Director

DIN: 09336265
Date: July 26, 2024
Place: Mumbai

V. Narayanamurthy
Director

DIN: 00555704
Date: July 26, 2024
Place: Mumbai

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

Prasanna Patankar
Managing Director

DIN: 07658714
Date: July 26, 2024
Place: Mumbai

DIRECTORS' REPORT

Annexure III A

Details on amount spent towards CSR Projects (Other than Ongoing Project) for the FY2023-24:

| Sr. No. | Name of the CSR Project | Item from the list of activities in schedule VII to the Act | Local area (Yes/No) | Location of the project | | Amount spent for the project (₹ in lakh) | Mode of Implementation-Direct (Yes/No) | Mode of implementation through implementing agency. | |
|---------|--|--|---------------------|-------------------------|----------------|--|--|--|-------------------------|
| | | | | State | District/ City | | | Name | CSR Registration Number |
| 1. | Project for financial assistance to cancer patients by extending support for surgery, radiation, or chemotherapy treatment under the 'Adopt a Cancer Patient Project'. | Clause(i) Promoting health care including preventive health care | Yes | Maharashtra | Mumbai | 25.00 | No | Cancer Patient Aid Association | CSR00000926 |
| 2. | Project for financial assistance to the paediatric cancer patients at Tata Memorial Hospital towards procurement of ophthalmic microscope in children's ward. | Clause(i) Promoting health care including preventive health care | Yes | Maharashtra | Mumbai | 24.13 | No | ImPaCCT Foundation (Paediatric division of Tata Memorial hospital) | CSR00001287 |
| 3. | Project for financial assistance on procurement of Ophthalmic Multispot Green Laser System, Biochemistry Analyser Machine, and 160 KVA CPCB-IV Diesel Generator set at Swami Sarvanand Hospital. | Clause(i) Promoting health care including preventive health care | Yes | Maharashtra | Thane | 50.00 | No | Sunder Shewak Sabha | CSR00005294 |



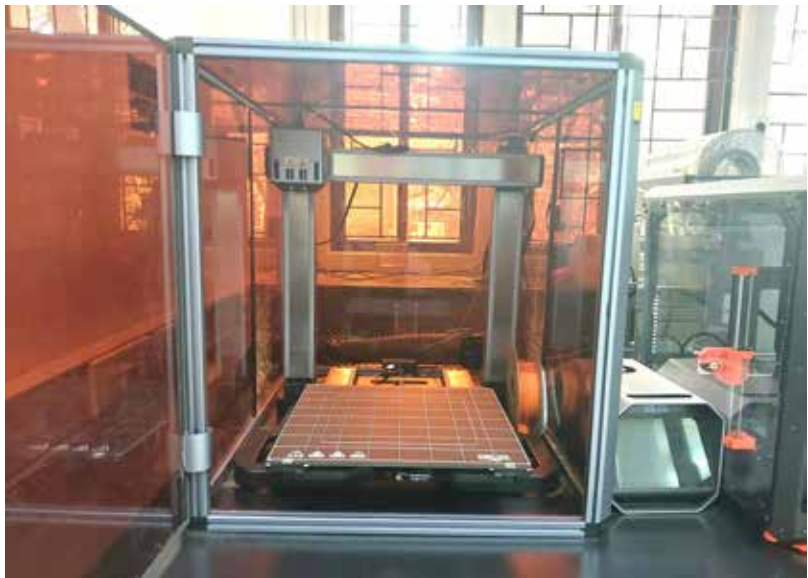
DIRECTORS' REPORT

| Sr. No. | Name of the CSR Project | Item from the list of activities in schedule VII to the Act | Local area (Yes/No) | Location of the project | | Amount spent for the project (₹ in lakh) | Mode of Implementation-Direct (Yes/No) | Mode of implementation through implementing agency. | |
|---------|---|--|---------------------|-------------------------|----------------------|--|--|---|-------------------------|
| | | | | State | District/City | | | Name | CSR Registration Number |
| 4. | Project for financial assistance towards initial cost of diagnosis and/or treatment of cancer through ICS-Arun Kurkure Initiation and Treatment Fund. | Clause(i) Promoting health care including preventive health care | Pan India basis | Pan India basis | | 25.00 | No | Indian Cancer Society | CSR00000792 |
| 5. | Project for financial assistance towards procurement of medical equipment named 'Argos Biometer' at Eye hospital of Shri Sadguru Seva Sangh Trust. | Clause(i) Promoting health care including preventive health care | No | Madhya Pradesh | Chitrakoot | 62.50 | No | Shri Sadguru Seva Sangh Trust | CSR00001860 |
| 6. | Project for financial assistance towards expanding the kitchen capacity by installing solar utilities and funding towards kitchen utilities. | Clause(i) Eradicating hunger, poverty and malnutrition | No | Karnataka | Ballari (Bengaluru) | 46.55 | No | The Akshaya Patra Foundation | CSR00000286 |
| | | | | Odisha | Bhubaneswar | | | | |
| | | | | Assam | Guwahati | | | | |
| | | | | Maharashtra | Panvel (Navi Mumbai) | | | | |
| | | | | Maharashtra | Pune | | | | |
| | | | | Maharashtra | Thane (Mumbai) | | | | |
| | | | | Gujarat | Surat | | | | |
| | | | | Karnataka | Bengaluru | | | | |
| | | | | Telangana | Hyderabad | | | | |
| | | | | Uttar Pradesh | Vrindavan | | | | |



DIRECTORS' REPORT

| Sr. No. | Name of the CSR Project | Item from the list of activities in schedule VII to the Act | Local area (Yes/ No) | Location of the project | | Amount spent for the project (₹ in lakh) | Mode of Implemen- tation- Direct (Yes/No) | Mode of implementation through implementing agency. | |
|---|---|--|----------------------|-------------------------|----------------|--|---|---|-------------------------|
| | | | | State | District/ City | | | Name | CSR Registration Number |
| 7. | Project for financial assistance towards procurement of one (1) Industry grade 3D polymer printer for the Teaching Lab* used by M.Des and M.Tech students and researchers at Centre for Product Design and Manufacturing (CDPM) department. | Clause(ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects | No | Karnataka | Bengaluru | 24.34 | No | Indian Institute of Science | CSR00007370 |
| 8. | Project for financial assistance towards procurement of aids and appliances to support disabled poor patients suffering from loco-motor disabilities. | Clause(i) Promoting health care including preventive health care | Yes | New Delhi | New Delhi | 48.93 | No | Shree Bhagwan Mahaveer Viklang Sahayata Samiti (New Delhi Branch) | CSR00001480 |
| 9. | Prime Minister’s National Relief Fund (PMNRF) | Clause(viii) socio economic development | Pan India basis | Pan India basis | | 77.85 | Yes | NA | NA |
| Total amount spent towards CSR Projects for the FY2023-24 | | | | | | 384.30 | | | |











DIRECTORS' REPORT

Annexure IV

RELATED PARTY TRANSACTIONS POLICY

This policy has been framed as required under the “**Master Direction - Standalone Primary Dealers (Reserve Bank) Directions, 2016**” issued by Reserve Bank of India, as updated from time to time.

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.

1. 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;

DIRECTORS' REPORT

(viii) Any company which is:

- A Holding, Subsidiary or an Associate company of such company or
- A Subsidiary of a Holding company to which it is also a Subsidiary

(ix) such other person as may be prescribed, i.e. as under:-

- A Director, other than an Independent Director, or Key Managerial Personnel of the holding company or his relative with reference to a company, shall be deemed to be a Related Party.

(vi) **“Relative”** means relative as defined under Section 2(77) of the Act as under;

Section 2(77) “relative”, with reference to any person, means anyone who is related to another, if—

- (i) they are members of a Hindu Undivided Family;
- (ii) they are husband and wife; or
- (iii) one person is related to the other in such manner as may be prescribed; i.e. as under
 - (a) Father (including step-father)
 - (b) Mother (including step-mother)
 - (c) Son (including step-son)
 - (d) Son’s wife
 - (e) Daughter
 - (f) Daughter’s husband
 - (g) Brother (including step-brother)
 - (h) Sister (including step-sister)

(vii) **“Key Managerial Personnel”** or **“KMP”** means key managerial personnel as defined under Section 2(51) of the Act as under:-

Section 2(51) “Key managerial personnel”, in relation to a Company, means—

- (i) the Chief Executive Officer or the Managing Director or the Manager;
- (ii) the Company Secretary;
- (iii) the Whole-Time Director;
- (iv) the Chief Financial Officer;
- (v) such other officer, not more than one level below the Directors who is in whole-time employment, designated as key managerial personnel by the Board; and

(vi) such other officer as may be prescribed

For the purpose of this Policy, Deputy Managing Director, appointed, if any, shall be regarded as KMP of the Company.

(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 voting power, or of business decisions under an agreement.



DIRECTORS' REPORT

For the purpose of this clause, "Joint Venture" means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement;

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

2. Governing Provisions

The **Related Party Transactions Policy ("RPT Policy")** of STCI Primary Dealer Limited ("the Company") has been prepared in accordance with the provisions of the Companies Act, 2013 as amended from time to time.

All Transactions with Related Parties including any subsequent modifications thereto must be reported to the Audit Committee of the Board (ACB) 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.

The Company is required to disclose this policy on dealing with Related Party Transactions on its website and in the Annual Report.

3. Identification

1.1 Identification of Related Parties

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

1.2 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 Company Secretary, 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.

DIRECTORS' REPORT

4. 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 of the Board (ACB) as well as the Board of Directors.

4.1 Audit Committee of the Board (ACB) 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 of the Board (ACB) 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 of the Board (ACB), 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.

4.2 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 of the Board (ACB) and the Board of Directors.

4.3 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 | Amounting to ten percent or more of the turnover of the Company. |
| 2 | Selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agents | Amounting to ten percent or more of net worth of the Company. |
| 3 | Leasing of property of any kind | Amounting to ten percent or more of the turnover of the Company. |
| 4 | Availing or rendering of any services directly or through appointment of agent | Amounting to ten percent or more of the 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 Financial Statement of the Company.



DIRECTORS' REPORT

4.4 Summary of Approval process

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

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

4.5 Related party Transactions not requiring approval of Audit Committee of the Board/ Board of Directors, etc.

Notwithstanding the foregoing, Related Party Transactions involving the providing of compensation to a director or Key Managerial Personnel (KMP) 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 of the Board (ACB)/Board of Directors/shareholders.

4.6 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 by a resolution in the general meeting under Section 188(1) of the Act, it shall be put up for ratification by the Board or by the shareholders at a meeting within three (3) months from the date on which such contract or arrangement was entered into.

In the event the Company becomes aware of a transaction with a Related Party that has not been approved within three (3) months as stated above, the matter shall be reviewed by the Board. The Board shall consider all 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.

5. Reporting & 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 in its annual report.

In compliance RBI Master Direction -(Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, (RBI SBR Direction), on disclosures in financial statement, the Company shall report on the related party transactions in the prescribed format in the annual financial statements.

5.1 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.

DIRECTORS' REPORT

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.

6. Related Party Transactions as per Ind AS- 24

The Company shall report details of related party transactions as per Ind AS 24, on quarterly basis, to the Audit Committee of the Board (ACB) and the Board of Directors.

The Company shall report and disclose of such related parties and transaction with related parties in its Financials Statement.

7. Related Party Transactions with Holding Company

The Company is a wholly owned subsidiary of STCI Finance Limited (Holding Company) and in accordance with the definition of related party under Section 2(76) of the Companies Act, 2013 shall be required to comply with the relevant provisions of the Companies Act, 2013.

An overview of the relevant provisions of the Companies Act, 2013 and reporting process of such transactions is detailed in Annex I.

8. Amendments/ Review of the Policy

In the event of any regulatory modification(s)/amendment(s)/change(s) to any provisions contained in the Companies Act, 2013 or any Rules framed thereunder or to the applicable directions of RBI, SEBI Regulations etc., the provisions contained in the Regulatory Acts (as amended) will prevail to ensure consistency with the prevalent regulatory requirements.

The Board on its own and/ or due to any regulatory requirement/amendment can amend this Policy, as and when deemed fit. The Board reserves the right to alter, modify, add, delete, or amend any of the provisions of the Policy.

This Related Party Transactions Policy will be reviewed annually, or in the interim, should there be a change/amendment in regulations.



DIRECTORS' REPORT

Annex I

Related Party Transactions with Holding Company

Considering the structure of the Company, transactions with STCI Finance Limited (Holding Company) are entered in the ordinary course of business and at arms' length and placed before the Audit Committee of the Board (ACB) and the Board of Directors for an omnibus approval thereon.

At the beginning of a financial year, a list of certain pre-determined transactions shall be identified and an omnibus approval for each financial year shall be obtained from the Audit Committee of the Board (ACB) and the Board of Directors of the Company.

Thereafter, a reporting of transactions with STCI Finance Limited (Holding Company) entered into during a quarter, in accordance with the Companies Act, 2013, shall be placed before the Audit Committee of the Board (ACB) and the Board of Directors for noting purpose. These related party transactions shall form part of the Board Report at the end of a financial year.

Applicability/interpretation of relevant provisions of the Companies Act, 2013, with respect to transactions with STCI Finance Limited (Holding Company) are provided hereunder:

- i. Section 188 (1) of the Companies Act, 2013 provides for the contract/arrangement/transactions which shall be triggered as a related party transaction only if it is not in ordinary course of business and not at arm's length transactions between related parties.

Applicability: The transactions with STCI Finance Limited are executed in the ordinary course of business and at arm's length basis.

- ii. Section 177(4)(iv) of the Companies Act, 2013 entrusts power to the Audit Committee to grant omnibus approval for related party transactions which are repetitive in nature (in past or future) along with disclosure of certain information forming part of the agenda in this regard.

Applicability: The transactions with STCI Finance Limited are identified & predetermined, executed in the ordinary course of business operations and at arm's length basis and such transactions are repetitive in nature. Hence, an omnibus approval is obtained from the Audit Committee of the Board (ACB) and the Board of Directors for each financial year. Further, no monetary limit is applicable for such related party transaction.

- iii. An exception has been prescribed to Section 177(4)(iv) of the Companies Act, 2013, that any transaction between a holding company and its wholly owned subsidiary company is exempted from the requirement of Audit Committee of the Board (ACB) to grant omnibus approval if the transaction is in ordinary course of business and at arm's length.

Applicability: Though an exemption has been granted as per Section 177(4)(iv) of the Companies Act, 2013, from the requirement of Audit Committee of the Board (ACB) granting omnibus approval for transactions in the ordinary course of business and at arm's length between a holding company and its wholly owned subsidiary, as a matter of good corporate governance practice, omnibus approval of both the Audit Committee of the Board (ACB) and the Board of Directors of the Company is obtained for each financial year, on all identified and predetermined transactions with STCI Finance Limited (holding company),

- iv. Rule 6A of the Companies (Meetings of Board and its Powers) Rules, 2014, specifies that only when nature/type of transaction are not available, Audit Committee of the Board may grant omnibus approval for such transactions subject to their value not exceeding rupees One (1) Crore per transaction. i.e., the limit of Rs. One (1) Crore per transaction is applicable only if the details or specification of the nature of transaction is not pre-determined/unforeseen.

Applicability: As the nature/type of transactions with STCI Finance Limited (holding company) are predetermined, identified, repetitive and fully known, the limit of Rs. One (1) Crore per transaction is not applicable to the omnibus approval.

SECRETARIAL AUDITORS' REPORT

Annexure V

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2024

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

To,
The Members,
STCI PRIMARY DEALER LIMITED
A/B1-801 (A-Wing), 8th Floor,
Marathon Innova,
Marathon NextGen Compound,
Lower Parel, Mumbai - 400013

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **STCI Primary Dealer Limited** having CIN No. U67110MH2006PLC165306 (hereinafter called "**the Company**") for the financial year ended 31st March, 2024. The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2024 (hereinafter referred to as ("the audit period")) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2024 according to the provisions of:

- (i) The Companies Act, 2013 ("the Act") and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; *[Not applicable to the Company during the audit period]*
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; *[Not applicable to the Company during the audit period]*
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; *[Not applicable to the Company during the audit period]*
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 *[Not applicable to the Company during the audit period]* ;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 *[Not applicable to the Company during the audit period]*;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 *[Not applicable to the Company during the audit period]*;



SECRETARIAL AUDITORS' REPORT

Annexure V

- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 *[Not applicable to the Company during the audit period]*; and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 *[Not applicable to the Company during the audit period]*;
- (i) The Securities and Exchange Board of India (Stock Brokers and Sub-brokers) Regulations, 1992;
- (vi) RBI Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023.
- (vii) RBI Regulations, Guidelines, Notifications & Circulars to the extent applicable to Primary Dealers.
- (viii) RBI Regulations, Guidelines, Notifications & Circulars as may be applicable to the extent of Capital Adequacy and Risk Management Guidelines for Standalone Primary Dealers.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited. *[Not applicable to the Company during the audit period]*

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

We further report that

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

Adequate notice is given to all directors to schedule the Board and Committees Meetings, agenda and detailed notes on agenda which were sent within stipulated time period except for some meetings which were held at shorter notice with consent of all directors and Committee members, 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.

All decisions at Board Meetings and Committee Meetings are carried through majority as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that:

- (i) The Annual General Meeting (AGM) held on 04th September, 2023 was convened on a shorter Notice after receiving consent from all members of the company
- (ii) The Extra-ordinary General Meeting (EGM) held on 30th October, 2023 was convened on a shorter notice after receiving consent from all the members of the company
- (iii) Mr. R. Venkataramani (Din No. 00829107) ceased to be director due to retirement by rotation as he had not sought reappointment in the AGM held on 4th September, 2023. Further no director was appointed in his place at the said AGM
- (iv) Mr. Sasidharan Mangalamkat (Din No. 10052548) was appointed as Non-Executive director in the AGM held on 04th September, 2023.

SECRETARIAL AUDITORS' REPORT

Annexure V

- (v) The Board of Directors had on 22nd March, 2023 declared first interim dividend of Re 1 per share for the financial year 2023-2024 and paid the dividend by 26th March, 2023 to its shareholders in accordance with the provisions of Companies Act, 2013
- (vi) The Company had contributed towards corporate social responsibility in the audit period in accordance with provisions of the Companies Act, 2013
- (vii) Mr. T. V. Rao (Din No. 05273533) the independent director of the company was reappointed as independent director for a 2nd term with effect from 23rd January, 2024 to 22nd January, 2029 by approval of the Shareholders in the EGM held on 30th October, 2023.
- (viii) The Shareholders in the AGM held on 04th September, 2023 increased the overall borrowing limits of the Company to Rs. 20,000 Crores as per provision of Section 180(1) (c) of the Companies Act, 2013.
- (ix) The shareholders approved the revision in the managerial remuneration payable to Mr. Prasanna Patankar (Din No.07658714), Managing Director of the Company for financial year 2023-2024 in the AGM held on 04th September, 2023.
- (x) M/s. S. K. Lulla and Company, Chartered Accountants were appointed as Statutory Auditor of the Company for the financial year 2023-2024 by Comptroller and Auditor General of India vide their letter dated 04th September, 2023.

For and on behalf of
V. LAXMAN & CO.
Company Secretaries

Date : 26-04-2024
Place : Mumbai
UDIN No. : F001513F000245790

Valakati Laxman
FCS: 1513
CP 744

This Report is to be read with our letter of even date which is attached as Annexure 'A' and forms an integral part of this Report.



SECRETARIAL AUDITORS' REPORT

Annexure V

ANNEXURE A TO THE SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2024

To,
The Members,
STCI PRIMARY DEALER LIMITED
A/B1-801 (A-Wing), 8th Floor,
Marathon Innova,
Marathon NextGen Compound,
Lower Parel, Mumbai - 400013

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed proved a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Account of the Company.
4. Where ever required, we 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 the management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For and on behalf of
V. LAXMAN & CO.
Company Secretaries

Date : 26-04-2024
Place : Mumbai
UDIN No. : F001513F000245790

Valakati Laxman
FCS: 1513
CP 744

SECRETARIAL AUDITORS' REPORT

Annexure V

ANNEXURE B TO THE SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2024

To,
The Members,
STCI PRIMARY DEALER LIMITED
A/B1-801 (A-Wing), 8th Floor,
Marathon Innova,
Marathon NextGen Compound,
Lower Parel, Mumbai - 400013

The following documents were verified, on test-check basis, during the course of audit: -

1. Memorandum & Articles of Association of the Company;
2. Annual Report for the Financial year ended March 31, 2023;
3. Minutes of the meetings of the Board of Directors, Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, IT Strategy Committee and Corporate Social Responsibility Committee held during the financial year in the review, along with the attendance registers;
4. Internal Compliance Checklist/s of the Company.
5. Minutes of the General Meetings held in the financial year under review;
6. Statutory registers viz.
 - Registers of Directors and KMP and directors' shareholding
 - Register of loans guarantees and security and acquisition/s made by the company
 - Register of Charges
 - Register of Related Party Transactions-Transactions are in the ordinary course of business at Arm's Length Basis
 - Register of Members
7. Agenda papers submitted to all the directors/members for the meetings of the Board and its Committees;
8. Declaration received from the Directors of the Company / Key Managerial Personnel, as per the provisions of Section 184(1), Section 164(2), Section 149(3) and Section 149(7) of the Companies Act, 2013;
9. E-forms filed by the Company, from time to time, under applicable provisions of the Companies Act 2013, as amended from time to time, along with the attachments thereof during the financial year under review.

For and on behalf of
V. LAXMAN & CO.
Company Secretaries

Date : 26-04-2024
Place : Mumbai
UDIN No. : F001513F000245790

Valakati Laxman
FCS: 1513
CP 744



AUDITORS' REPORT

**S.K. LULLA & CO.****Chartered Accountants**

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, 2024, 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 on that date, and Notes to the financial statements, including a summary of the material 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, 2024, 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 thereunder, 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.

EMPHASIS OF MATTER

We draw attention to Note 34 of the financial statements, Provision to PLVP amount of Rs. 900.00 Lakhs is created on estimated basis. As per past trend, based on performance assessment, some reversal is done in next year.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

AUDITORS' REPORT

| Key audit matter | How the matter was addressed in our audit |
|--|--|
| <p>1. Information Technology (IT)</p> <p><u>IT systems and controls</u></p> <p>The Company's key financial accounting and reporting processes are dependent on the automated controls in information systems, such that there exists a risk that gaps in the IT control environment could impact the financial accounting and reporting significantly. The Company uses SAP system for its overall financial reporting.</p> <p>The Company's General Ledger system used in financial reporting is interfaced with other IT systems which process transactions of account relevant for financial reporting.</p> | <p>Our audit procedures to assess the IT systems and controls included the following:</p> <ol style="list-style-type: none"> Understanding IT application controls for the audit period for significant accounts, testing interfaces, reports, reconciliations and system processing for significant accounts determined by us during our risk assessment. We tested the controls to determine that these controls remained unchanged during the audit period and in case of changes, were the changes followed the standard change management process. Understanding IT infrastructure records for the in-scope systems i.e., operating systems and databases. Based on procedures performed above, wherever required, we extended our audit procedures over other IT application controls, periodic reconciliations, manual approval processes, tests on identified key changes and additional substantive testing. Assessed and tested, the Company's IT systems and controls including IT infrastructure, which is duly supported by the opinion of Internal Auditors of the company, IFC auditors of the company and IT & IS Auditors of the company. The SAP software is 15 years old and the company has assured that any errors will be systematically taken care of in the new software which is under process. |
| <p>2. Business Investment Risk Policy</p> <p>The Company has a Business Investment Risk Policy of the Company which lays down the investment and risk management guidelines. The said policy provides a brief description of various threshold limits, etc.</p> | <p>Business Investment Risk Policy of the Company has been reviewed, amended and duly approved by the Risk Management Committee (RMC) and the Board in their respective meetings held on March 25, 2023, which lays down the investment and risk management guidelines.</p> <ol style="list-style-type: none"> The said policy provides a brief description of various threshold limits, etc. The stop loss triggers on a real time basis for traded securities. However, in case of securities which have not been traded, prices are released by FBIL/CCIL for valuation purposes only at the end of the day (EOD). The Risk Management Committee (RMC) ensures a regular, continuous & close oversight of the Company's risk management function and subsequently, any point of concern is reported / appraised through the RMC at the Board level. The risk MIS sheets showing stop losses are being prepared manually, which is prone to clerical error and needs to be incorporate in the system for real time monitoring. The company should maintain discipline in matters of stop loss, improve their preventive controls, corrective controls and the duties and responsibilities of the job activities should be detailed. |



AUDITORS' REPORT

| | |
|---|--|
| <p>3. Key Employee's</p> <p>In accordance with Revised Standard on audit 570 "Going Concern" issued by ICAI;</p> <ol style="list-style-type: none"> key employees of the organisation About succession planning for replacing and delegate tasks to qualified staff. Documents of key processes, procedures Identify and prioritize critical tasks to ensure ongoing operations. | <p>The Nomination and Remuneration Committee (NRC) of the Company reviews the HR matters and the manpower planning exercise of the Company. The manpower planning exercise covers aspects of the likely attrition, recruitment, and capacity building for each department.</p> <p>The Management has represented that the Nomination and Remuneration Committee (NRC) of the Company is in the process of making a formal policy for the succession planning for replacing and delegate tasks to qualified key employees, Identify and prioritize critical tasks to ensure ongoing operations and documents of key processes & procedures.</p> <p>In accordance with Revised Standard on audit 570 "Going Concern" issued by ICAI, there is a need for proper policy for succession planning for replacing and delegate tasks to qualified key employees, identify and prioritize critical tasks to ensure ongoing operations and documents of key processes & procedures.</p> |
|---|--|

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

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

In preparing the standalone financial statements, Management 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 is 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,

AUDITORS' REPORT

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 statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in;

- (i) planning the scope of our audit work; and
- (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2020 ("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.



AUDITORS' REPORT

2. As required by sub-section (3) of Section 143 of the Act, based on our audit, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards (Ind AS) 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, 2024. As per written representation received, none of the directors is disqualified as on March 31, 2024, 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 according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - *Refer Note No 49 to the standalone financial statements;*
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – *Refer Note No. 34 to the standalone financial statements; and*
 - iii. As at March 31, 2024 there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv.
 - a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - b) The management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or

AUDITORS' REPORT

on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- c) Based on such audit procedures we have considered reasonable and appropriate in the circumstances; nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.
 - v. The Company has complied with Section 123 of the Act for the purpose of declaration and payment of dividend during the year. Also refer Note No. 68 to the standalone financial statements.
 - vi. Based on our examination, which included test checks, the Company has used accounting software's for maintaining its books of account for the financial year ended March 31, 2024 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with. *However, there were reversal entries which required explanation. Management has assured that there is no financial impact due to the reversal entries*
 - vii. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.
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 audit of annual accounts of STCI Primary Dealer Limited, we give a report in the attached Annexure "C".

For **S K LULLA & Co.,**
(Chartered Accountants)
Firm Registration No.: 002336C

CA. Shiv Kumar Sharma
(Partner)
Membership No. 421955
UDIN: 24421955BKCANQ3935

Place: Mumbai
Date: April 26, 2024



ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

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

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of Intangible assets.
- (b) As explained to us, the Property, Plant and Equipment 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 Property, Plant and Equipment 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 all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) as disclosed in Note No. 13 to the standalone financial statements, are held in the name of the Company.
- (d) According to the information and explanations given to us, the company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- (e) According to the information and explanations given to us, no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- (ii) (a) The Company's Investments ('stock') mainly consists of Treasury bills and Dated Government Securities which 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 Clearing Corporation of India Limited ('CCIL') on a daily basis. The stock of other securities is held by the Company in de-materialized form with ICICI Bank, and the same are verified with the confirmation certificates received from them at the year end. In our opinion, the coverage and procedure 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 such verification as compared to the book records.
- (b) According to the information and explanation given to us, during any point of time of the year the company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. Thus, paragraph 3(ii)(b) of the Order is not applicable to the Company.
- (iii) According to the information and explanation given to us, the Company has not made investments in, provided any guarantee or security or granted any loans, secured or unsecured to companies, firms, limited liability partnerships or any other parties. Thus, reporting under paragraph 3(iii) 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 Companies Act are applicable to the Company. Thus, reporting under paragraph 3(iv) of the Order is not applicable to the Company.
- (v) According to the information and explanations given to us, in respect of deposits by the company or amounts which are deemed to be deposits, no amount has been accepted to which the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act and the rules made there under apply 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 Companies Act. Thus, paragraph 3(vi) of the Order is not applicable to the Company.
- (vii) (a) According to the information and explanations given to us, and the records of the company examined by us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Goods and Service Tax, provident fund, employees' state insurance, income tax, cess and other material statutory dues applicable to it. According to the

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

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.

- (b) According to the information and explanations given to us, there are no disputed amounts payable in respect material statutory dues referred to in sub-clause (a) which were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (viii) According to the information and explanations given to us, there are no transactions which are not recorded in the books of account have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- (ix) (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender.
(b) In our opinion and according to the information and explanations given to us, the Company is not declared a wilful defaulter by any bank or financial institution or other lender.
(c) According to the information and explanations given to us, no term loan was obtained by the Company during the year. Thus, reporting under paragraph 3(ix)(c) of the Order is not applicable to the Company.
(d) According to the information and explanations given to us, the Company did not raise any fund on short term basis. Thus, reporting under paragraph 3(ix)(d) of the Order is not applicable to the Company.
(e) The Company does not have any subsidiary, associate, or joint venture. Accordingly, the requirement to report on paragraph 3(ix)(e) and (f) of the Order are not applicable to the Company.
- (x) (a) 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) during the year under review. Accordingly, reporting under paragraph 3(ix) of the Order is not applicable to the Company.
(b) 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 has not made preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, reporting under paragraph 3(ix) of the Order is not applicable to the Company.
- (xi) (a) 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 has been noticed or reported during the year.
(b) Based on the audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements, we report that no report under sub-section (12) of section 143 of the Companies Act has been filed by us in ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
(c) 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 whistle-blower complaints received during the year by the company.
- (xii) In our opinion and according to the information and explanations given to us, 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 Companies Act, where applicable and the details have been disclosed in the note no. 37 to the standalone financial statements, as required by the applicable accounting standards.
- (xiv) (a) In our opinion and according to the information and explanations given by the management, company has an internal audit system commensurate with the size and nature of its business.
(b) We have considered the internal audit reports for the year under audit.



ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

- (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. Thus, reporting under paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) (a) In our opinion and according to the information and explanations given to us, the Company is a NBFI/NBFC already registered under Section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) and the registration certificate has been obtained.
- (b) According to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act 1934.
- (c) According to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.
- (d) According to the information and explanation given to us, none of the group companies are CIC and hence reporting under paragraph 3(xvi)(d) of the Order is not applicable.
- (xvii) 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 incurred cash losses in the financial year and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on paragraph 3(xviii) of the Order is not applicable.
- (xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of the audit report of the Company's capability of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements, in respect of other than ongoing projects, the company has no unspent amount to be transferred to a Fund specified in Schedule VII to the Companies Act within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of section 135 of the said Act.
- (xxi) The preparation of consolidated financial statements is not applicable to the Company. Hence reporting under paragraph (xxi) of the Order is not applicable to the Company.

For **S K LULLA & Co.,**
(Chartered Accountants)
Firm Registration No.: 002336C

CA. Shiv Kumar Sharma
(Partner)
Membership No. 421955

UDIN: 24421955BKCANQ3935

Place: Mumbai

Date: April 26, 2024

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, 2024 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 are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("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 standalone financial statements.



ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

OPINION

In our opinion, to the best of our information and according to the explanations given to us, *except there were reversal entries which required explanation. Management has assured that there is no financial impact due to the reversal entries*, 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, 2024, 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 **S K LULLA & Co.,**
(Chartered Accountants)
Firm Registration No.: 002336C

CA. Shiv Kumar Sharma
(Partner)
Membership No. 421955

UDIN: 24421955BKCANQ3935

Place: Mumbai

Date: April 26, 2024

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

ANNEXURE 'C' TO THE INDEPENDENT AUDITOR'S REPORT

Directions indicating the areas to be examined by the Statutory Auditors during the course of audit of annual accounts of STCI Primary Dealer Limited for the year 2023-24 issued by the Comptroller & Auditor General of India under Section 143 (5) of the Companies Act, 2013.

| Sr. No. | Area Examined | Observations/Findings |
|---------|---|--|
| 1. | Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated. | The Company has system of processing of accounting transactions partially through system with human intervention and partially by direct feeding manually. 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. |
| 2. | Whether there is any restructuring of an existing loan or cases of waiver / write off of debts / loans / interest etc. made by a lender to the Company due to the Company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (in case, lender is a Government Company, then its direction is also applicable for statutory auditor of lender company). | There is no case of restructuring / waiver/ write off of debts / loans / interest reported by the management and / or observed during our audit of the year. |
| 3. | Whether funds (grants/subsidy etc.) received / receivable for specific schemes from Central / State Government or its agencies were properly accounted for / utilized as per its terms and condition? List the cases of deviations. | There is no case of funds i.e., grants, subsidy etc. received / receivable for specific schemes from Central / State Government or its agencies reported by the management and / or observed during our audit of the year. |

Additional Directions for Non-Banking Finance Companies and Funds Management Companies, under section 143 (5) of the Companies Act, 2013 for 2023-24

| Sr. No. | Area Examined | Observations/Findings |
|---------|--|--|
| 4 | RBI provided a window (vide circular dated 6 August 2020) under the prudential framework to implement a resolution plan to borrowers having stress on account of Covid 19, as per which existing loans can be restructured without downgrading the asset classification. Are there any cases of restructuring involving the new provision and if so, are they in compliance with the RBI Circular? | The company is registered as NBFI/NBFC. The company is a Standalone Primary Dealer and primary business of the company is dealing into Government Securities and T-Bills. The company does not have exposure to Loans (Assets). Thus, the company does not have existing loans which can be restructured without downgrading the asset classification and the RBI Circular on the same is not applicable to the company. |



ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

| Sr. No. | Area Examined | Observations/Findings |
|---------|--|---|
| 5 | Whether the investible funds received by Company were invested in accordance with the directions of the applicable Statutory Regulators (regulations and rules framed by them). | <p>Not Applicable. The Company does not receive any investable funds.</p> <p>The Company is a Standalone Primary Dealer and deals in Government Securities, other Fixed Income Products and other such products as permitted by the Reserve Bank of India (RBI).</p> <p>The Company invests its own funds and borrows as per RBI regulatory guidelines in the interbank call/notice/term/money market, through CCIL CROMS, through CCIL TREPS, ICDs from RBI Liquidity Support and through Corporate Bond repos.</p> <p>All the investments as appearing in the Balance Sheet belong to the Company and they do not include any investments held on behalf / in beneficiary interest of / for any other person.</p> |
| 6 | Whether the funds invested under the schemes/products by the Company are in compliance with the directions of Investment Committee, Risk Committee constituted by Board, Investment Manual etc. which prescribes the process / procedure, threshold, exposure limits, quality of security etc. | <p>The Company is a Standalone Primary Dealer (SAPD) and deals in Government Securities, other Fixed Income Products and other such products as permitted by the Reserve Bank of India (RBI).</p> <p>The Company has a Business Investment Risk Policy of the Company which lays down the investment and risk management guidelines. The said policy provides a brief description of various threshold limits, etc.</p> <p>The funds invested by the Company are in compliance with the directions of Business Investment Risk Policy.</p> <p>The risk MIS sheets showing stop losses are being prepared manually, which is prone to clerical error and needs to be incorporate in the system for real time monitoring.</p> <p>The company should maintain discipline in matters of stop loss, improve their preventive controls, corrective controls and the duties and responsibilities of the job activities should be detailed.</p> |

For S K LULLA & Co.,
(Chartered Accountants)
Firm Registration No.: 002336C

CA. Shiv Kumar Sharma
(Partner)
Membership No. 421955

UDIN: 24421955BKCANQ3935

Place: Mumbai

Date: April 26, 2024

AUDITORS' CERTIFICATE FOR NBFC

**S.K. LULLA & CO.****Chartered Accountants**

INDEPENDENT AUDITORS' REPORT

To
The Board of Directors
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, 2024.

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. N-13.01865 dated May 23, 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, 2024.
(c) The Company is meeting the required net owned fund requirement as laid down in Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023.
- 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, Indian accounting standards (IND AS), asset classification and provisioning for bad and doubtful debts as applicable to it.



AUDITORS' CERTIFICATE FOR NBFC

- (d) The capital adequacy ratio as disclosed in the return submitted to the Reserve Bank of India (RBI) in Form DNBS-03, has been correctly arrived at and such ratio is in compliance with the minimum capital to risk weighted asset ratio as prescribed by the Reserve Bank of India.
- (e) The Annual Statement of Capital Funds, risk assets / exposures and risk asset ratio in form DNBS-03 has been submitted within the stipulated period.
- (f) The Company is not NBFC Micro Finance Institutions (MFI) as defined in the Master Direction – Reserve Bank of India (Non-Banking Finance Company – Scale Based Regulation) Directions, 2023.

RESTRICTION OF USE

This certificate is issued for submission to the Reserve Bank of India (RBI) and should not be used by any other person or for any other purpose. We neither accept nor assume any duty or liability for any other purpose or to any other party to whom our report is shown or into whose hands it may come without our prior consent in writing.

For S K LULLA & CO.

(Chartered Accountants)

Firm Registration No.: 002336C

CA Shiv Kumar Sharma

(Partner)

Membership No.: 421955

UDIN: 24421955BKCANV7323

Place: Bhopal

Date: 03/05/2024



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 2024

The preparation of financial statements of STCI Primary Dealer Limited for the year ended 31 March 2024 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 26 April 2024.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of STCI Primary Dealer Limited for the year ended 31 March 2024 under section 143(6)(a) of the Act.

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

(Guljari Lal)
Director General of Audit (Shipping), Mumbai

Place: Mumbai
Date: 24.06.2024



BALANCE SHEET AS AT MARCH 31, 2024

(₹ in lakh)

| PARTICULARS | NOTE NO. | AS AT MARCH 31, 2024 | AS AT MARCH 31, 2023 |
|--|----------|----------------------|----------------------|
| ASSETS | | | |
| 1 Financial assets | | | |
| (a) Cash and cash equivalents | 3 | 879.31 | 65.14 |
| (b) Bank balances other than cash and cash equivalents | 4 | 15,569.69 | 222.08 |
| (c) Derivative financial instruments | 5 | 86,081.07 | 76,529.54 |
| (d) Receivables | | | |
| (i) Trade receivables | 6 | 50.27 | 1.20 |
| (ii) Other receivables | 7 | 55.62 | 36.47 |
| (e) Loans | 8 | 11,558.49 | - |
| (f) Investments | 9 | 1,467,397.11 | 1,483,293.86 |
| (g) Other financial assets | 10 | 4,575.80 | 3,477.40 |
| 2 Non-financial assets | | | |
| (a) Current tax assets (net) | 11 | 648.03 | 95.84 |
| (b) Deferred tax asset (net) | 12 | - | - |
| (c) Property, plant and equipment | 13 | 1,479.09 | 1,497.24 |
| (d) Right of Use asset | 13 | 71.00 | 48.07 |
| (e) Other intangible assets | 13 | 0.23 | 1.50 |
| (f) Other non-financial assets | 14 | 313.40 | 209.94 |
| TOTAL ASSETS | | 1,588,679.11 | 1,565,478.28 |
| LIABILITIES | | | |
| 1 Financial liabilities | | | |
| (a) Derivative financial instruments | 5 | 86,782.00 | 77,980.48 |
| (b) Payables | | | |
| (i) Trade payables | 15 | | |
| total outstanding dues of micro enterprises and small enterprises | | - | 0.82 |
| total outstanding dues of creditors other than micro enterprises and small enterprises | | 87.53 | 91.57 |
| (ii) Other payables | 15 | | |
| total outstanding dues of micro enterprises and small enterprises | | - | - |
| total outstanding dues of creditors other than micro enterprises and small enterprises | | 39.04 | 38.42 |
| (c) Borrowings (other than debt securities) | 16 | 1,382,067.30 | 1,388,314.98 |
| (d) Deposits | 17 | 19,384.88 | 19,373.23 |
| (e) Lease liability | 18 | 69.35 | 44.32 |
| (f) Other financial liabilities | 19 | 42.24 | 229.23 |

BALANCE SHEET AS AT MARCH 31, 2024

| (₹ in lakh) | | | |
|--------------------------------------|----------|----------------------|----------------------|
| PARTICULARS | NOTE NO. | AS AT MARCH 31, 2024 | AS AT MARCH 31, 2023 |
| 2 Non-financial liabilities | | | |
| (a) Current tax liabilities (net) | 11 | - | - |
| (b) Provisions | 20 | 1,105.00 | 171.77 |
| (c) Deferred tax liabilities (net) | 12 | 1,760.98 | 172.89 |
| (d) Other non-financial liabilities | 21 | 69.71 | 62.09 |
| 3 Equity | | | |
| (a) Equity share capital | 22 | 15,000.00 | 15,000.00 |
| (b) Other equity | 23 | 82,271.08 | 63,998.48 |
| TOTAL LIABILITIES AND EQUITY | | 1,588,679.11 | 1,565,478.28 |
| Basis of preparation and measurement | 1 | | |
| Material accounting policies | 2 | | |

The accompanying notes are an integral part of financial statements

In terms of our report of even date

M/S. S. K. LULLA & CO.

Chartered Accountants

Firm Registration No.- 002336C

CA SHIV KUMAR SHARMA

Partner

Membership No.: 421955

PRAKASH VARTAK

VARDA PENDSE

T. V. RAO

V. NARAYANAMURTHY

PRASANNA PATANKAR

KALPESH MODY

Director

Director

Director

Director

Managing Director

Company Secretary and Chief Financial Officer

For and on behalf of the Board of Directors

STCI Primary Dealer Limited

DIN : 09336265

DIN : 00152752

DIN : 05273533

DIN : 00555704

DIN : 07658714

Date: April 26, 2024

Place : Mumbai



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2024

(₹ in lakh)

| PARTICULARS | NOTE NO. | FOR THE YEAR ENDED MARCH 31, 2024 | FOR THE YEAR ENDED MARCH 31, 2023 |
|--|----------|-----------------------------------|-----------------------------------|
| REVENUE FROM OPERATIONS: | | | |
| (i) Interest income | 24 | 104,101.98 | 84,620.44 |
| (ii) Dividend income | 25 | 0.74 | - |
| (iii) Fees and commission income | 26 | 170.35 | 143.89 |
| (iv) Trading profit/(loss) on investments | 27 | 13,914.59 | (4,898.99) |
| (v) Net gain/(loss) on fair value changes | 28 | 7,048.81 | (1,040.74) |
| (I) Total revenue from operations | | 125,236.47 | 78,824.60 |
| (II) Other income | 29 | 35.54 | 24.56 |
| (III) Total income (I+II) | | 125,272.01 | 78,849.16 |
| EXPENSES : | | | |
| (i) Finance costs | 30 | 94,395.96 | 71,157.03 |
| (ii) Transaction and settlement charges | 31 | 1,045.65 | 780.02 |
| (iii) Employee benefit expenses | 32 | 2,205.05 | 1,028.15 |
| (iv) Depreciation, amortisation and impairment | 13 | 89.86 | 88.58 |
| (v) Other expenses | 33 | 970.29 | 1,093.42 |
| (IV) Total expenses | | 98,706.81 | 74,147.20 |
| (V) Profit/(loss) before exceptional items and tax (III-IV) | | 26,565.20 | 4,701.96 |
| (VI) Exceptional items | | - | - |
| (VII) Profit/(loss) before tax (V -VI) | | 26,565.20 | 4,701.96 |
| Tax expense/(income): | | | |
| Current tax | | 5,199.59 | 1,320.67 |
| Deferred tax | | 1,589.33 | (45.70) |
| (VIII) Total tax expense/(income) | | 6,788.92 | 1,274.97 |
| (IX) Profit/(loss) for the year from continuing operations (VII-VIII) | | 19,776.28 | 3,426.99 |
| (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 | | 19,776.28 | 3,426.99 |

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2024

(₹ in lakh)

| PARTICULARS | | NOTE NO. | FOR THE YEAR ENDED MARCH 31, 2024 | FOR THE YEAR ENDED MARCH 31, 2023 |
|-------------|---|----------|-----------------------------------|-----------------------------------|
| (XIV) | Other comprehensive income | | | |
| | (i) Items that will not be reclassified to profit or loss | | (4.92) | 1.82 |
| | (ii) Income tax relating to items that will not be reclassified to profit or loss | | 1.24 | (0.46) |
| | Subtotal (A) | | (3.68) | 1.36 |
| | (i) Items that will be reclassified to profit or loss | | - | - |
| | (ii) Income tax relating to items that will be reclassified to profit or loss | | - | - |
| | (iii) Reclassification adjustment | | | |
| | Subtotal (B) | | - | - |
| | Other comprehensive income (A+B) | | (3.68) | 1.36 |
| (XV) | Total comprehensive income for the year | | 19,772.60 | 3,428.35 |
| (XVI) | Earnings per equity share (for continuing operations) | | | |
| | Basic (in ₹) | | 13.18 | 2.28 |
| | Diluted (in ₹) | | 13.18 | 2.28 |

Basis of Preparation and measurement

1

Material accounting policies

2

The accompanying notes are an integral part of financial statements

In terms of our report of even date

M/S. S. K. LULLA & CO.

Chartered Accountants

Firm Registration No.- 002336C

CA SHIV KUMAR SHARMA

Partner

Membership No.: 421955

PRAKASH VARTAK

VARDA PENDSE

T. V. RAO

V. NARAYANAMURTHY

PRASANNA PATANKAR

KALPESH MODY

Director

Director

Director

Director

Managing Director

Company Secretary and Chief Financial Officer

For and on behalf of the Board of Directors

STCI Primary Dealer Limited

DIN : 09336265

DIN : 00152752

DIN : 05273533

DIN : 00555704

DIN : 07658714

Date: April 26, 2024

Place : Mumbai



CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2024

(₹ in lakh)

| PARTICULARS | FOR THE YEAR ENDED MARCH 31, 2024 | | FOR THE YEAR ENDED MARCH 31, 2023 | |
|---|---|-------------------|---|--------------------|
| (I) Cash flow from operating activities | | | | |
| <u>Net profit before tax</u> | | 26,565.20 | | 4,701.96 |
| Adjustments for non-cash/ non-operating Items: | | | | |
| Depreciation and amortisation | | 89.86 | | 88.58 |
| (Profit)/Loss on sale of Property, Plant and Equipment | | (0.03) | | (3.35) |
| Interest income on investments at AC category | | (16,068.43) | | (15,356.54) |
| Unrealised (gain)/loss on investment held in FVTPL | | (7,022.55) | | 1,040.67 |
| Interest on lease liabilities | | 3.07 | | 2.94 |
| Dividend received | | (0.74) | | - |
| Operating profit before working capital changes | | 3,566.38 | | (9,525.74) |
| Changes in working capital: | | | | |
| (Increase)/Decrease in Receivables | (68.22) | | (16.60) | |
| (Increase)/Decrease in Loans | (11,558.49) | | - | |
| (Increase)/Decrease in Investments at FVTPL (Trading portfolio) | 17,390.67 | | (16,297.93) | |
| Increase/(Decrease) in Derivatives | (750.01) | | 1,089.62 | |
| (Increase)/Decrease in Other financial assets | (1,098.40) | | 150.02 | |
| (Increase)/Decrease in Other non-financial assets | (103.46) | | (75.44) | |
| Increase/(Decrease) in Payable | (4.24) | | 46.01 | |
| Increase/(Decrease) in Other financial liability | (186.99) | | (247.01) | |
| Increase/(Decrease) in Provisions | 928.31 | | (241.25) | |
| (Increase)/Decrease in Accrued interest on investments at FVTPL | (6,911.32) | | (8,584.45) | |
| Increase/(Decrease) in Accrued interest on Borrowings | 1,102.62 | | 326.63 | |
| Increase/(Decrease) in Other non-financial liabilities | 7.62 | | 38.49 | |
| Cash flow from/(used in) operating activities | | 2,314.47 | | (33,337.65) |
| Less: Taxes paid | | (5,751.78) | | (871.20) |
| Net cash flow from/(used in) operating activities | | (3,437.31) | | (34,208.85) |
| (II) <u>Investing activities</u> | | | | |
| (Purchase)/Maturity proceeds of investments at amortised cost | | 10,500.01 | | (98,321.19) |
| Purchase of Property, Plant and Equipment | | (45.33) | | (66.84) |
| Sales of Property, Plant and Equipment | | 0.03 | | 7.59 |
| Purchase of intangible assets | | - | | (0.27) |
| Dividend Received | | 0.74 | | - |
| Fixed deposit with banks | | (14,347.61) | | - |
| (Payment)/Realisation of margin money from bank | | (1,000.00) | | (100.00) |
| Interest received on amortised cost securities | | 18,008.37 | | 15,776.19 |
| Net cash flow from/(used in) investing activities | | 13,116.21 | | (82,704.52) |

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2024

(₹ in lakh)

| PARTICULARS | FOR THE YEAR ENDED MARCH 31, 2024 | | FOR THE YEAR ENDED MARCH 31, 2023 | |
|---|---|-------------------|---|-------------------|
| C Financing Activities | | | | |
| Payment of dividend | | (1,500.00) | | (2,100.00) |
| Borrowings and deposits taken/(repayment) | | (7,338.65) | | 119,082.63 |
| Payment of lease liability | | (26.08) | | (26.21) |
| Net cash flow from financing activities | | (8,864.73) | | 116,956.42 |
| Net increase/(decrease) in cash and cash equivalent (I+II+III) | | 814.17 | | 43.05 |
| Cash and cash equivalent as at beginning of the year | | 65.14 | | 22.09 |
| Cash and cash equivalent as at end of the year | | 879.31 | | 65.14 |
| Net change in cash and cash equivalents | | 814.17 | | 43.05 |
| Operational cash flows from interest and dividends | | | | |
| Interest paid | | 93,290.27 | | 70,827.46 |
| Interest received | | 99,130.60 | | 76,455.65 |
| Dividend received | | 0.74 | | - |

Note: Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (Ind AS-7) - Statement of Cash Flow.

The accompanying notes are an integral part of financial statements

In terms of our report of even date

M/S. S. K. LULLA & CO.

Chartered Accountants

Firm Registration No.- 002336C

CASHIV KUMAR SHARMA

Partner

Membership No.: 421955

PRAKASH VARTAK

VARDA PENDSE

T. V. RAO

V. NARAYANAMURTHY

PRASANNA PATANKAR

KALPESH MODY

Director

Director

Director

Director

Managing Director

Company Secretary and Chief Financial Officer

For and on behalf of the Board of Directors

STCI Primary Dealer Limited

DIN : 09336265

DIN : 00152752

DIN : 05273533

DIN : 00555704

DIN : 07658714

Date: April 26, 2024

Place : Mumbai

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2024**I. Equity Share Capital**

As at March 31, 2024

(₹ in lakh)

| Balance as at April 01, 2023 | Changes in equity share capital due to prior period errors | Restated balance as at April 01, 2023 | Changes in equity share capital during the year | Balance as at March 31, 2024 |
|------------------------------|--|---------------------------------------|---|------------------------------|
| 15,000.00 | - | 15,000.00 | - | 15,000.00 |

As at March 31, 2023

| Balance as at April 01, 2022 | Changes in equity share capital due to prior period errors | Restated balance as at April 01, 2022 | Changes in equity share capital during the year | Balance as at March 31, 2023 |
|------------------------------|--|---------------------------------------|---|------------------------------|
| 15,000.00 | - | 15,000.00 | - | 15,000.00 |

II. Other Equity

As at March 31, 2024

(₹ in lakh)

| Particulars | Share application money pending allotment | Equity component of compound financial instruments | Reserves & Surplus | | | | | Debt instruments through Other Comprehensive Income | Other items of Other Comprehensive Income | Money received against share warrants | Total |
|---|---|--|----------------------------|-------------------|-----------------------------------|-----------------|-------------------|---|---|---------------------------------------|------------|
| | | | Capital Redemption Reserve | Statutory Reserve | Reserve and Surplus HTM - CGS A/c | General Reserve | Retained Earnings | | | | |
| Balance as at April 01, 2023 | - | - | 5,000.00 | 22,777.40 | 2,126.63 | 105.94 | 33,999.06 | - | (10.55) | - | 63,998.48 |
| Total comprehensive income for the year | - | - | - | - | - | - | 19,776.28 | - | (3.68) | - | 19,772.60 |
| Dividend distributed | - | - | - | - | - | - | (1,500.00) | - | - | - | (1,500.00) |
| Transfer to/from retained earnings | - | - | - | 3,954.52 | - | 1,977.26 | (5,931.78) | - | - | - | - |
| Any other change | - | - | - | - | - | - | - | - | - | - | - |
| Balance as at March 31, 2024 | - | - | 5,000.00 | 26,731.92 | 2,126.63 | 2,083.20 | 46,343.56 | - | (14.23) | - | 82,271.08 |

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2024

As at March 31, 2023

(₹ in lakh)

| Particulars | Share application money pending allotment | Equity component of financial instruments | Reserves & Surplus | | | | | Debt instruments through Other Comprehensive Income | Other items of Other Comprehensive Income | Money received against share warrants | Total |
|---|---|---|----------------------------|-------------------|-----------------------------------|-----------------|-------------------|---|---|---------------------------------------|------------|
| | | | Capital Redemption Reserve | Statutory Reserve | Reserve and Surplus HTM - CGS A/c | General Reserve | Retained Earnings | | | | |
| Balance as at April 01, 2022 | | | 5,000.00 | 22,091.73 | 2,126.63 | 105.94 | 33,357.74 | - | (11.91) | | 62,670.13 |
| Total comprehensive income for the year | - | - | - | - | - | - | 3,426.99 | - | 1.36 | - | 3,428.35 |
| Dividend distributed | - | - | - | - | - | - | (2,100.00) | - | - | - | (2,100.00) |
| Transfer to/from retained earnings | - | - | - | 685.67 | - | - | (685.67) | - | - | - | - |
| Any other change | - | - | - | - | - | - | - | - | - | - | - |
| Balance as at March 31, 2023 | - | - | 5,000.00 | 22,777.40 | 2,126.63 | 105.94 | 33,999.06 | - | (10.55) | - | 63,998.48 |

The accompanying notes are an integral part of financial statements

In terms of our report of even date

M/S. S. K. LULLA & CO.

Chartered Accountants

Firm Registration No.- 002336C

CA SHIV KUMAR SHARMA

Partner

Membership No.: 421955

PRAKASH VARTAK

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For and on behalf of the Board of Directors

STCI Primary Dealer Limited

DIN : 09336265

DIN : 00152752

DIN : 05273533

DIN : 00555704

DIN : 07658714

Date: April 26, 2024

Place : Mumbai



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

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) with Reserve Bank of India.

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. The Company plays an active role in all segments of the debt market i.e. in both the SLR and non-SLR segments and in the interest rate derivatives market. 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. The Company also trades on proprietary account in equity instruments in both the cash and F&O segments and to a limited extent in the currency futures market.

1.1 Basis of preparation and measurement

1.1.1 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 ('the Act') read with Companies (Indian Accounting Standards) Rules, 2015 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 notified by the Ministry of Corporate Affairs through notification dated October 11, 2018 and amendments thereto. The accounting policies are applied consistently to all the periods presented in the financial statements.

1.1.2 Functional and presentation currency

The Company's presentation and functional currency is Indian Rupee (INR). All figures appearing in the financial statements are rounded off to two decimal places and have been presented in lakh, except per share amount and unless otherwise indicated.

1.1.3 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 |
| Derivative financial instruments | Fair value |

1.1.4 Use of judgment and estimates

The preparation of the financial statements in conformity with Ind AS 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 on the date of financial statements and revenue and 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

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;
- Determination of useful life of Property, Plant and Equipment
- Measurement of provision and contingencies.

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.

1.1.5 Fair value measurement

The Company measures financial instruments, such as investments and derivatives at fair values on each reporting date.

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

The 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, then following is applied:

| | |
|---|---|
| If the fair value is evidenced by a quoted price in active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets | the financial instrument is initially measured at fair value and the difference is recognised in the statement of profit and loss |
| If 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 | 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 consider in pricing a transaction.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

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 FVTOCI or FVTPL is determined as under:

| Category | Quoted/Unquoted | Valuation method |
|-------------------------------|-----------------|----------------------------------|
| Central Government Securities | Quoted | FBIL valuation |
| State Government Securities | Quoted | FBIL valuation |
| Corporate bonds/debentures | Quoted | FIMMDA valuation |
| Equity shares | Quoted | Closing prices at Stock Exchange |
| Units of Mutual Fund | Quoted | Stock Exchange/ AMFI |
| Units of Mutual Fund | Unquoted | AMFI |
| Derivative equity instruments | Quoted | Stock Exchange |
| Derivative debt instruments | Quoted | FBIL valuation |

2. Material Accounting Policies

2.1 Presentation and disclosure of financial statements

All assets and liabilities are presented in financial statements in order of liquidity in compliance with Division III of schedule III to the Companies Act, 2013.

2.2 Property, Plant and Equipment

i. Recognition and measurement:

Property, Plant and Equipment (PPE) 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.

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Estimated useful lives of the tangible assets are as under:

| Description of asset | Estimated useful Life |
|-------------------------|-----------------------|
| Building | 60 years |
| Computers | 3 years |
| Computers servers | 6 years |
| Air conditioners | 10 years |
| Vehicles | 8 years |
| Electrical installation | 10 years |
| Furniture and fixtures | 10 years |
| Office equipment | 5 years |

iv. De-recognition:

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.

2.3 Intangible assets

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.

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 |
| Right of use assets | Over the tenure of lease |

2.4 Impairment of non-financial assets

Tangible and intangible assets

The carrying value of assets on 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 higher of the net selling price and value in use.

If on 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.

2.5 Financial instruments

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

A. Financial assets

i. 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 an item which is not measured at Fair Value through Profit or Loss is adjusted to the fair value on initial recognition. Purchase and sale of financial assets are recognised using settlement date accounting.

Under settlement date accounting, an asset is recognised on the date it is actually delivered to the Company and asset is derecognised and profit or loss is booked on the date it is actually delivered by the Company. In case of assets measured at fair value, the Company also accounts for any change in fair value of the asset to be received during the period between trade date and settlement date in the same way as it accounts for the already acquired asset in profit or loss or in other comprehensive income, as appropriate.

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 (FVTOCI).

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:

Financial asset through amortised cost

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 amortised 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. 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 the Statement of Profit and 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 (FVTOCI) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

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 in the profit and loss account. Interest income from these financial assets is included in interest income using the effective interest rate method (EIR).

Debt instruments at fair value through profit or loss

A financial asset shall be classified and measured at Fair Value through Profit or Loss (FVTPL) unless it is measured at amortised cost or at fair value through OCI.

A gain or loss on a debt investment that is subsequently measured at Fair value through Profit or Loss and is not part of a hedging relationship is recognised in Statement of Profit or Loss 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 FVTPL 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 FVTOCI or FVTPL. 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 FVTOCI 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. Dividends received on equity instruments classified as at FVTOCI are recognised in statement of Profit and Loss.

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 FVTOCI) 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 FVTOCI and that are accumulated in OCI are reclassified to profit or loss on de-recognition. Gains or losses on equity instruments measured at FVTOCI that are recognised and accumulated in OCI are not reclassified to profit or loss on derecognition. Profit or loss on sale of investments is determined based on weighted average price basis.

B. Financial liabilities and equity instruments issued by the Company

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.

i. 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.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

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 expired.

C. Derivative financial instruments

The Company presently deals in interest rate swaps and futures, currency futures, Equity and index Futures and Options to earn trading profit.

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. In case of Interest rate swaps, the current MTM value receivable over and above notional amount of the contract is recognised as fair value of asset and current MTM value payable over and above notional amount of the contract is recognised as fair value of liability.

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 yield curves as published by Financial Benchmark India Private Limited (FBIL).

Equity and Index Futures and Options are marked to market using the closing price of the relevant contract as published by the NSE.

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 on 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 is 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Stage 2 (Underperforming Assets with significant increase in credit risk since initial recognition) includes financial assets 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 is recognised, but interest revenue is still calculated on the gross carrying amount of the asset. Lifetime ECL is 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 months ECL) to Stage 2 and Stage 3 (lifetime ECL).

Criteria used for classification of assets are detailed below:

| | | |
|--------------------------------|-------------|--|
| Stage 1 (12 months 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 Loss (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 incorporates 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 is used as EAD.
- (ii) For Stage 2 accounts, the expected principals outstanding (as contracted) at the end of reporting period are used as EAD.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

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 for 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 THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

| 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 | Assets continue to be measured at fair value EIR is calculated based on the Fair value of the asset at the reclassification date. |
| 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. |

2.6 Income tax

Income tax expense comprises of current tax and deferred tax.

A. Current tax:

Current tax comprises 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 tax 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 THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

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 tax authority.

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

The Company has opted for lower Income Tax Rate as applicable u/s 115BAA of Income Tax Act, 1961 and accordingly provisions of MAT are not applicable to the Company.

2.7 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.

2.8 Provisions and contingencies

Provisions are recognised when Company has a present obligation (legal or constructive) as a result of a past event and 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.

2.9 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 from the day asset is recognised in the books of accounts.

For financial instruments measured at FVTPL, interest income is recognised at coupon rate from the day asset is recognised in the books of accounts.

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 THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

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 and 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, Zero-Coupon Bonds and STRIPS:

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 investment.

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):

Transactions for borrowing and lending under TREPS are accounted for at their discounted values. The difference paid or received on redemption is treated as discount paid on TREPS in case of borrowing and discount earned on TREPS 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 to the extent apportionable to the cost of securities purchased through auction is reduced from the cost of securities 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.

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. Profit / (loss) is recorded on the trades entered into before reporting date and settled after reporting date.

2.10 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 THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

2.11 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.

C. 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 a defined benefit obligation and is provided on the basis of an actuarial valuation performed by an independent actuary based on Projected Unit Credit (PUC) 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 Other Comprehensive Income (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 the Statement of 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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

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.

2.12 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 assess whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed (also known as modification).

As a lessee

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116.

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 are discounted using appropriate interest rate on periodic basis.

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.

2.13 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 equity shares outstanding during the year.

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

2.14 Dividend distribution to equity share holders of the Company

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note 3:

CASH AND CASH EQUIVALENTS

(₹ in lakh)

| PARTICULARS | AS AT MARCH 31, 2024 | AS AT MARCH 31, 2023 |
|---------------------|-------------------------|-------------------------|
| Cash on hand | 0.05 | 0.05 |
| Balances with bank* | 879.26 | 65.09 |
| Total | 879.31 | 65.14 |

*As at March 31, 2024, balance of ₹667.00 lakh (Nil as at March 31, 2023) is kept as ASBA deposit for IPO application.

Note 4 :

BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in lakh)

| PARTICULARS | AS AT MARCH 31, 2024 | AS AT MARCH 31, 2023 |
|--|-------------------------|-------------------------|
| Fixed deposit with bank* | 14,369.69 | 22.08 |
| (includes interest accrued but not due) | | |
| Balances with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments | 1,200.00 | 200.00 |
| Total | 15,569.69 | 222.08 |

*As at March 31, 2024, FDs of ₹21.75 lakh (as at March 31, 2023 ₹21.75 lakh) have been lien marked in favour of stock exchanges for base minimum capital requirement in currency derivatives segment and FDs of ₹14338.76 lakh are kept as ASBA FD with banks for IPO application. Interest accrued on FDs as at March 31, 2024 is ₹9.18 lakh (as at March 31, 2023 ₹0.33 lakh)

Note 5 :

DERIVATIVE FINANCIAL INSTRUMENTS

(₹ in lakh)

| PARTICULARS | AS AT MARCH 31, 2024 | | | AS AT MARCH 31, 2023 | | |
|--------------------------------|----------------------|------------------------|-----------------------------|----------------------|------------------------|-----------------------------|
| | 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 | 3,878,598.90 | 86,081.07 | 86,782.00 | 3,249,394.04 | 76,529.54 | 77,980.48 |
| (iii) Credit derivatives | - | - | - | - | - | - |
| (iv) Equity linked derivatives | - | - | - | - | - | - |
| (v) Other derivatives | - | - | - | - | - | - |
| Total | 3,878,598.90 | 86,081.07 | 86,782.00 | 3,249,394.04 | 76,529.54 | 77,980.48 |

* Notional amount for IRS represents both assets and liabilities.

Note 6:

TRADE RECEIVABLES

(₹ in lakh)

| PARTICULARS | AS AT MARCH 31, 2024 | AS AT MARCH 31, 2023 |
|--|-------------------------|-------------------------|
| Un-Secured | | |
| (i) Undisputed trade receivables considered good | | |
| Not due | 50.27 | 1.20 |
| Less than 6 months | - | - |
| 6 months - 1 year | - | - |
| 1-2 years | - | - |
| 2-3 years | - | - |
| More than 3 years | - | - |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note 6:

TRADE RECEIVABLES

(₹ in lakh)

| PARTICULARS | AS AT MARCH 31, 2024 | AS AT MARCH 31, 2023 |
|--|-------------------------|-------------------------|
| (ii) Undisputed trade receivables – which have significant increase in credit risk | | |
| Less than 6 months | - | - |
| 6 months - 1 year | - | - |
| 1-2 years | - | - |
| 2-3 years | - | - |
| More than 3 years | - | - |
| (iii) Undisputed trade receivables – credit impaired | | |
| Less than 6 months | - | - |
| 6 months - 1 year | - | - |
| 1-2 years | - | - |
| 2-3 years | - | - |
| More than 3 years | - | - |
| (iv) Disputed trade receivables—considered good | | |
| Less than 6 months | - | - |
| 6 months - 1 year | - | - |
| 1-2 years | - | - |
| 2-3 years | - | - |
| More than 3 years | - | - |
| (v) Disputed trade receivables – which have significant increase in credit risk | | |
| Less than 6 months | - | - |
| 6 months - 1 year | - | - |
| 1-2 years | - | - |
| 2-3 years | - | - |
| More than 3 years | - | - |
| (vi) Disputed trade receivables – credit impaired | | |
| Less than 6 months | - | - |
| 6 months - 1 year | - | - |
| 1-2 years | - | - |
| 2-3 years | - | - |
| More than 3 years | - | - |
| Total | 50.27 | 1.20 |

Note 7:

OTHER RECEIVABLES

(₹ in lakh)

| PARTICULARS | AS AT MARCH 31, 2024 | AS AT MARCH 31, 2023 |
|-------------------|-------------------------|-------------------------|
| Other receivables | 55.62 | 36.47 |
| Total | 55.62 | 36.47 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note 8:

LOANS (AT AMORTISED COST)

(₹ in lakh)

| PARTICULARS | AS AT MARCH 31, 2024 | AS AT MARCH 31, 2023 |
|--|-------------------------|-------------------------|
| Secured (secured by collateral of G-Sec and T-Bill) | | |
| Lending under TREPS | 10,458.11 | - |
| Unsecured | | |
| SDF lending | 1,100.00 | |
| Accrued interest on SDF lending | 0.38 | |
| Total Gross | 11,558.49 | - |
| Less : Impairment loss allowance | - | - |
| Total Net | 11,558.49 | - |
| (i) Loans in India | 11,558.49 | - |
| (ii) Loans outside India | - | - |

Note 9:

INVESTMENTS*

(₹ in lakh)

| PARTICULARS | AS AT MARCH 31, 2024 | | | | | | |
|------------------------------------|----------------------|------------------------------------|-----------------------------------|--|--------------|--------|--------------|
| | Amortised cost | At Fair Value | | | | Others | Total |
| | | Through other comprehensive income | Through profit and loss account** | Designated at fair value through profit and loss account | Subtotal | | |
| | 1 | 2 | 3 | 4 | (5=2+3+4) | 6 | (7=1+5+6) |
| INVESTMENTS | | | | | | | |
| G-Sec, SDL and T-Bill (i) | 247,580.43 | - | 969,449.08 | - | 969,449.08 | - | 1,217,029.51 |
| Cost | 243,735.90 | - | 955,527.57 | - | 955,527.57 | - | 1,199,263.47 |
| Accrued interest | 3,844.53 | - | 13,921.51 | - | 13,921.51 | - | 17,766.04 |
| Other approved securities (ii) | - | - | 4,188.20 | - | 4,188.20 | - | 4,188.20 |
| Cost | - | - | 4,129.20 | - | 4,129.20 | - | 4,129.20 |
| Accrued interest | - | - | 59.00 | - | 59.00 | - | 59.00 |
| Debt securities (iii) | - | - | 244,980.51 | - | 244,980.51 | - | 244,980.51 |
| Cost | - | - | 239,025.71 | - | 239,025.71 | - | 239,025.71 |
| Accrued interest | - | - | 5,954.80 | - | 5,954.80 | - | 5,954.80 |
| Equity instruments (iv) | - | - | 1,198.89 | - | 1,198.89 | - | 1,198.89 |
| Quoted equity shares | - | - | 1,198.89 | - | 1,198.89 | - | 1,198.89 |
| I. Gross investments (i+ii+iii+iv) | 247,580.43 | - | 1,219,816.68 | - | 1,219,816.68 | - | 1,467,397.11 |
| (i) Overseas investments | - | - | - | - | - | - | - |
| (ii) Investments in India | 247,580.43 | - | 1,219,816.68 | - | 1,219,816.68 | - | 1,467,397.11 |
| II. Gross Investments | 247,580.43 | - | 1,219,816.68 | - | 1,219,816.68 | - | 1,467,397.11 |
| Total investment (I)=(II) | 247,580.43 | - | 1,219,816.68 | - | 1,219,816.68 | - | 1,467,397.11 |
| III. Impairment loss allowance | | - | - | - | - | - | - |
| IV. Net investments (I-III) | 247,580.43 | - | 1,219,816.68 | - | 1,219,816.68 | - | 1,467,397.11 |

* Including accrued interest

** As per business model of the Company these investments are measured at FVTPL

Securities having face value of ₹11,97,531.00 lakh have been kept as collateral for various borrowings and settlement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

INVESTMENTS*

(₹ in lakh)

| PARTICULARS | AS AT MARCH 31, 2023 | | | | | | |
|---|----------------------|------------------------------------|-----------------------------------|--|---------------------|--------|---------------------|
| | Amortised cost | At Fair Value | | | | Others | Total |
| | | Through other comprehensive income | Through profit and loss account** | Designated at fair value through profit and loss account | Subtotal | | |
| | 1 | 2 | 3 | 4 | (5=2+3+4) | 6 | (7=1+5+6) |
| INVESTMENTS | | | | | | | |
| G-Sec, SDL and T-Bill (i) | 260,020.38 | - | 1,108,800.10 | - | 1,108,800.10 | - | 1,368,820.48 |
| Cost | 256,183.99 | - | 1,098,579.62 | - | 1,098,579.62 | - | 1,354,763.61 |
| Accrued interest | 3,836.39 | - | 10,220.48 | - | 10,220.48 | - | 14,056.87 |
| Other approved securities (ii) | - | - | 2,801.31 | - | 2,801.31 | - | 2,801.31 |
| Cost | - | - | 2,781.50 | - | 2,781.50 | - | 2,781.50 |
| Accrued interest | - | - | 19.81 | - | 19.81 | - | 19.81 |
| Debt securities (iii) | - | - | 111,672.07 | - | 111,672.07 | - | 111,672.07 |
| Cost | - | - | 108,888.37 | - | 108,888.37 | - | 108,888.37 |
| Accrued interest | - | - | 2,783.70 | - | 2,783.70 | - | 2,783.70 |
| Equity instruments (iv) | - | - | - | - | - | - | - |
| Quoted equity shares | - | - | - | - | - | - | - |
| I. Gross investments (i+ii+iii+iv) | 260,020.38 | - | 1,223,273.48 | - | 1,223,273.48 | - | 1,483,293.86 |
| (i) Overseas investments | - | - | - | - | - | - | - |
| (ii) Investments in India | 260,020.38 | - | 1,223,273.48 | - | 1,223,273.48 | - | 1,483,293.86 |
| II. Gross Investments | 260,020.38 | - | 1,223,273.48 | - | 1,223,273.48 | - | 1,483,293.86 |
| Total investment (I)=(II) | 260,020.38 | - | 1,223,273.48 | - | 1,223,273.48 | - | 1,483,293.86 |
| III. Impairment loss allowance | - | - | - | - | - | - | - |
| IV. Net investments (I-III) | 260,020.38 | - | 1,223,273.48 | - | 1,223,273.48 | - | 1,483,293.86 |

* Including accrued interest

** As per business model of the Company these investments are measured at FVTPL

Securities having face value of ₹13,15,275.00 lakh have been kept as collateral for various borrowings and settlement.

Note 10:

OTHER FINANCIAL ASSETS

(₹ in lakh)

| PARTICULARS | AS AT MARCH 31, 2024 | AS AT MARCH 31, 2023 |
|---|-------------------------|-------------------------|
| Security and other deposits | 28.42 | 29.15 |
| <u>Others</u> | | |
| (a) Profit booked on account of trade date accounting | 43.13 | - |
| (b) Margin money with CCIL | 4,500.00 | 3,445.00 |
| (c) Margin money with others | 4.25 | 3.25 |
| Total | 4,575.80 | 3,477.40 |

Note 11 :

CURRENT TAX ASSETS/(LIABILITIES)

(₹ in lakh)

| PARTICULARS | AS AT MARCH 31, 2024 | AS AT MARCH 31, 2023 |
|--|-------------------------|-------------------------|
| Current tax assets (net of tax provisions) /(liabilities) (net of advance tax and TDS) | 648.03 | 95.84 |
| Total | 648.03 | 95.84 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note 12 :

DEFERRED TAX ASSETS/(LIABILITIES)

(₹ in lakh)

| PARTICULARS | AS AT MARCH 31, 2024 | AS AT MARCH 31, 2023 |
|---|-------------------------|-------------------------|
| <u>Deferred tax assets</u> | | |
| Provisions (towards gratuity, leave encashment) | 51.56 | 43.23 |
| Lease liability | 17.45 | 11.16 |
| Provision for PLVP | 237.00 | 55.67 |
| Total (i) | 306.01 | 110.06 |
| <u>Deferred tax liabilities</u> | | |
| Investments | (62.90) | (60.04) |
| Property, plant and equipment and Intangible assets | (218.79) | (210.81) |
| Right of use asset | (17.86) | (12.10) |
| Unrealised gain on fair valuation | (1,767.44) | - |
| Total (ii) | (2,066.99) | (282.95) |
| Total (i+ii) | (1,760.98) | (172.89) |

Note 13 :

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

AS AT MARCH 31, 2024

(₹ in lakh)

| FIXED ASSETS | Tangible Assets | | | | | | | | Intangible Assets | Grand Total - (I+II+III) |
|---------------------------------------|-----------------|-----------|------------------------|----------------------------|-------------------------|----------|------------------|---------------------------------|--------------------------------|-----------------------------|
| | Buildings | Computers | Office Equipments | | Furniture & Fixtures | Vehicles | Sub-total (I) | Right-of- Use Assets (II) | Software and Licenses (III) | |
| | | | Air- Condi- tioners | Other Office Equipments | | | | | | |
| Gross block | | | | | | | | | | |
| Opening balance as at April 01, 2023 | 1,578.29 | 176.30 | 15.90 | 14.31 | 51.49 | 22.22 | 1,858.51 | 162.98 | 41.89 | 2,063.38 |
| Additions during the year | - | 40.51 | - | 3.16 | 1.66 | - | 45.33 | 48.04 | - | 93.37 |
| Deletions/retirements during the year | - | 1.79 | - | - | - | - | 1.79 | 82.26 | - | 84.05 |
| Balance as at March 31, 2024 | 1,578.29 | 215.02 | 15.90 | 17.47 | 53.15 | 22.22 | 1,902.05 | 128.76 | 41.89 | 2,072.70 |
| Depreciation and amortisation | | | | | | | | | - | |
| Opening balance as at April 01, 2023 | 177.37 | 119.01 | 10.92 | 7.38 | 45.78 | 0.81 | 361.27 | 114.91 | 40.39 | 516.57 |
| Depreciation charge for the year | 29.63 | 26.75 | 0.87 | 2.58 | 0.87 | 2.78 | 63.48 | 25.11 | 1.27 | 89.86 |
| On disposals | - | 1.79 | - | - | - | - | 1.79 | 82.26 | - | 84.05 |
| Balance as at March 31, 2024 | 207.00 | 143.97 | 11.79 | 9.96 | 46.65 | 3.59 | 422.96 | 57.76 | 41.66 | 522.38 |
| Net block as at March 31, 2024 | 1,371.29 | 71.05 | 4.11 | 7.51 | 6.50 | 18.63 | 1,479.09 | 71.00 | 0.23 | 1,550.32 |

(i) Cost of building includes ₹0.05 lakh being the cost of shares held for membership of the Co-operative society.

(ii) Right-of-Use Assets is derived as per the requirement of Ind AS 116.

(iii) Title deeds of all immovable properties (except leased assets) are in the name of the Company.

(iv) There are no adjustments in Property, Plant and Equipment related to revaluation or business combinations.

Note 13 :

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

AS AT MARCH 31, 2023

(₹ in lakh)

| PARTICULAR | Tangible Assets | | | | | | Sub-total (I) | Right-of- Use Assets (II) | Intangible Assets | Grand Total - (I+II+III) |
|---------------------------------------|-----------------|-----------|------------------------|----------------------------|-------------------------|----------|------------------|---------------------------------|--------------------------------|-----------------------------|
| | Buildings | Computers | Office Equipments | | Furniture & Fixtures | Vehicles | | | Software and Licenses (III) | |
| | | | Air- Condi- tioners | Other Office Equipments | | | | | | |
| Gross block | | | | | | | | | | |
| Opening balance as at April 01, 2022 | 1,578.29 | 140.40 | 15.71 | 11.89 | 48.99 | 16.38 | 1,811.66 | 163.95 | 41.62 | 2,017.23 |
| Adjustment to opening gross block | - | 6.57 | 0.19 | 0.37 | 2.50 | (1.18) | 8.45 | - | - | 8.45 |
| Additions during the year | - | 42.39 | - | 2.23 | - | 22.22 | 66.84 | - | 0.27 | 67.11 |
| Deletions/retirements during the year | - | 13.06 | - | 0.18 | - | 15.20 | 28.44 | 0.97 | - | 29.41 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note 13 :

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS AS AT MARCH 31, 2023

(₹ in lakh)

| PARTICULAR | Tangible Assets | | | | | | Sub-total (I) | Right-of- Use Assets (II) | Intangible Assets | Grand Total - (I+II+III) |
|--|-----------------|-----------|------------------------|----------------------------|-------------------------|----------|------------------|---------------------------------|--------------------------------|-----------------------------|
| | Buildings | Computers | Office Equipments | | Furniture & Fixtures | Vehicles | | | Software and Licenses (III) | |
| | | | Air- Condi- tioners | Other Office Equipments | | | | | | |
| BALANCE AS AT MARCH 31, 2023 | 1,578.29 | 176.30 | 15.90 | 14.31 | 51.49 | 22.22 | 1,858.51 | 162.98 | 41.89 | 2,063.38 |
| Depreciation and amortisation | | | | | | | | | | |
| Opening balance as at April 01, 2022 | 147.82 | 103.32 | 9.61 | 5.27 | 42.54 | 10.72 | 319.28 | 88.20 | 36.27 | 443.75 |
| Adjustment to opening accumulated depreciation | - | 6.57 | 0.19 | 0.37 | 2.50 | (1.18) | 8.45 | - | - | 8.45 |
| Depreciation charge for the year | 29.55 | 22.19 | 1.12 | 1.92 | 0.74 | 2.23 | 57.75 | 26.71 | 4.12 | 88.58 |
| On Disposals | - | 13.07 | - | 0.18 | - | 10.96 | 24.21 | - | - | 24.21 |
| Balance as at March 31, 2023 | 177.37 | 119.01 | 10.92 | 7.38 | 45.78 | 0.81 | 361.27 | 114.91 | 40.39 | 516.57 |
| Net block as at March 31, 2023 | 1,400.92 | 57.29 | 4.98 | 6.93 | 5.71 | 21.41 | 1,497.24 | 48.07 | 1.50 | 1,546.81 |

(i) Cost of building includes ₹0.05 lakh being the cost of shares held for membership of the Co-operative society.

(ii) Right-of-Use Assets is derived as per the requirement of Ind AS 116.

(iii) Title deeds of all immovable properties (except leased assets) are in the name of the Company.

(iv) There are no adjustments in Property, Plant and Equipment related to revaluation or business combinations.

Note 14 :

OTHER NON-FINANCIAL ASSETS

(₹ in lakh)

| PARTICULARS | AS AT MARCH 31, 2024 | AS AT MARCH 31, 2023 |
|-----------------------------|-------------------------|-------------------------|
| Prepaid expenses | 73.59 | 74.93 |
| Advance payment to supplier | 9.71 | 8.04 |
| GST input tax credit | 229.93 | 126.31 |
| Others | 0.17 | 0.66 |
| Total | 313.40 | 209.94 |

Note 15 :

TRADE PAYABLES

(₹ in lakh)

| PARTICULARS | AS AT MARCH 31, 2024 | AS AT MARCH 31, 2023 |
|--|-------------------------|-------------------------|
| (I) Trade payables | | |
| (i) Total outstanding dues of micro enterprises and small enterprises | | |
| <u>Undisputed dues</u> | | |
| Unbilled | - | - |
| Not due | - | 0.82 |
| Less than 1 year | - | - |
| 1-2 years | - | - |
| 2-3 years | - | - |
| More than 3 years | - | - |
| <u>Disputed dues</u> | - | - |
| Subtotal (i) | - | 0.82 |
| (ii) Total outstanding dues of creditors other than micro enterprises and small enterprises | | |
| <u>Undisputed dues</u> | | |
| Unbilled | 87.53 | 1.66 |
| Not due | - | - |
| Less than 1 year | - | 89.91 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note 15 :

TRADE PAYABLES

(₹ in lakh)

| PARTICULARS | AS AT MARCH 31, 2024 | AS AT MARCH 31, 2023 |
|---|-------------------------|-------------------------|
| 1-2 years | - | - |
| 2-3 years | - | - |
| More than 3 years | - | - |
| Disputed dues | - | - |
| Subtotal (ii) | 87.53 | 91.57 |
| Subtotal (i+ii) | 87.53 | 92.39 |
| (II) 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 | 39.04 | 38.42 |
| Subtotal (i+ii) | 39.04 | 38.42 |
| Total (I+II) | 126.57 | 130.81 |

*The amount outstanding in other payables is unbilled.

Note 16 :

BORROWINGS AT AMORTISED COST (OTHER THAN DEBT SECURITIES)

(₹ in lakh)

| PARTICULARS | AS AT MARCH 31, 2024 | AS AT MARCH 31, 2023 |
|--|-------------------------|-------------------------|
| Secured (by collateral of G-Sec and T-Bill) | | |
| (i) Tri-Party Repo (TREPS) Segment | 94,856.81 | 149,822.68 |
| Borrowing amount | 94,784.02 | 149,766.13 |
| Interest accrued | 72.79 | 56.55 |
| (of the above, ₹ Nil is guaranteed by directors and/or others) | | |
| (ii) Borrowing under REPO | 802,175.43 | 965,586.80 |
| Borrowing amount | 801,548.30 | 965,387.44 |
| Interest accrued | 627.13 | 199.36 |
| (of the above, ₹ Nil is guaranteed by directors and/or others) | | |
| (iii) Borrowing under LAF/Refinance from RBI | 144,743.53 | 119,255.37 |
| Borrowing amount | 144,500.00 | 119,200.00 |
| Interest accrued | 243.53 | 55.37 |
| (of the above, ₹ Nil is guaranteed by directors and/or others) | | |
| Secured (by collateral of Corporate Bonds) | | |
| (iv) Tri-Party Repo (TREPS) Segment | 72,484.89 | - |
| Borrowing Amount | 72,424.46 | - |
| Interest Accrued | 60.43 | - |
| (of the above, ₹ Nil is guaranteed by directors and/or others) | | |
| Unsecured | | |
| (i) Loans repayable on demand (Money at call/notice/term) | 267,806.64 | 153,650.13 |
| Borrowing amount | 267,345.00 | 153,575.00 |
| Interest accrued | 461.64 | 75.13 |
| from banks (repayable at call/short notice/term) | | |
| Total | 1,382,067.30 | 1,388,314.98 |
| Borrowings in India* | 1,382,067.30 | 1,388,314.98 |
| Borrowings outside India* | - | - |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note :

(i) All the borrowed funds have been utilised for the purpose for which it was taken.

* Including interest accrued on borrowings.

| TERMS OF REPAYMENT | AS AT MARCH 31, 2024 | | AS AT MARCH 31, 2023 | |
|--|----------------------|---------------|----------------------|---------------|
| | Maturity pattern | Interest rate | Maturity pattern | Interest rate |
| (i) Tri-Party Repo (TREPS) Segment | 2 days | 6.85%-7.06% | 3 days | 6.70%-7.20% |
| (ii) Borrowing under REPO | 2 days | 6.79%-7.30% | 3 days | 7.00%-8.00% |
| (iii) Borrowing under LAF/Refinance from RBI | 2 to 81 days | 6.50%-6.73% | 5 to 75 days | 6.50% |
| (iv) Tri-Party Repo (TREPS) Segment collateral by corporate bond | 2 days | 7.50%-7.65% | - | - |
| (v) Money at Call | - | - | 3 days | 6.50%-7.71% |
| (vi) Money at Notice | 2 to 3 days | 6.30%-7.75% | 3 to 5 days | 6.10%-7.25% |
| (vii) Money at Term | 2 to 15 days | 6.95%-7.55% | 3 to 13 days | 6.80%-7.05% |

Note 17 :

DEPOSITS AT AMORTISED COST*

(₹ in lakh)

| PARTICULARS | AS AT MARCH 31, 2024 | AS AT MARCH 31, 2023 |
|---|----------------------|----------------------|
| Deposits - Unsecured | | |
| Public deposits | | |
| From banks | | |
| From others (Inter corporate deposits) | 19,222.24 | 19,234.10 |
| Interest accrued on inter corporate deposit | 162.64 | 139.13 |
| Total | 19,384.88 | 19,373.23 |

* Includes interest accrued on deposits.

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

| TERMS OF REPAYMENT | AS AT MARCH 31, 2024 | AS AT MARCH 31, 2023 |
|--------------------|----------------------|----------------------|
| Maturity pattern | 2 to 79 days | 3 to 73 days |
| Interest rate | 6.75%-7.08% | 6.36%-8.04% |

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

Note 18 :

LEASE LIABILITY

(₹ in lakh)

| PARTICULARS | AS AT MARCH 31, 2024 | AS AT MARCH 31, 2023 |
|-----------------|----------------------|----------------------|
| Lease liability | 69.35 | 44.32 |
| Total | 69.35 | 44.32 |

Note 19 :

OTHER FINANCIAL LIABILITIES

(₹ in lakh)

| PARTICULARS | AS AT MARCH 31, 2024 | AS AT MARCH 31, 2023 |
|---|----------------------|----------------------|
| PLVP* | 41.58 | 221.21 |
| Loss booked on account of trade date accounting | - | 8.02 |
| Salary Payable | 0.66 | - |
| Total | 42.24 | 229.23 |

* Balance as on March 31, 2024 represents remaining tranches of PLVP for FY2021-22 payable in next year.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note 20 :

PROVISIONS

(₹ in lakh)

| PARTICULARS | AS AT MARCH 31, 2024 | AS AT MARCH 31, 2023 |
|--|-------------------------|-------------------------|
| <u>Provision for employee benefits</u> | | |
| Performance linked variable pay | 900.00 | 0.07 |
| Statutory bonus | 0.14 | - |
| Gratuity and leave encashment | 204.86 | 171.70 |
| Total | 1,105.00 | 171.77 |

Note 21 :

OTHER NON-FINANCIAL LIABILITIES

(₹ in lakh)

| PARTICULARS | AS AT MARCH 31, 2024 | AS AT MARCH 31, 2023 |
|----------------|-------------------------|-------------------------|
| Statutory dues | 69.71 | 62.09 |
| Total | 69.71 | 62.09 |

Note 22 :

EQUITY SHARE CAPITAL

(₹ in lakh)

| PARTICULARS | AS AT MARCH 31, 2024 | AS AT MARCH 31, 2023 |
|--|-------------------------|-------------------------|
| <u>Authorised</u> | | |
| 30,00,00,000 Equity shares of ₹10/-each | 30,000.00 | 30,000.00 |
| Total | 30,000.00 | 30,000.00 |
| <u>Issued, subscribed, and fully paid up</u> | | |
| Equity Share Capital | | |
| 15,00,00,000 Equity shares of ₹10/- each fully paid up | 15,000.00 | 15,000.00 |
| Total | 15,000.00 | 15,000.00 |

Note 22.1 :

Reconciliation of the number of shares outstanding

| PARTICULARS | AS AT MARCH 31, 2024 | | AS AT MARCH 31, 2023 | |
|--|-------------------------|---------------|-------------------------|---------------|
| | Number | (₹ in lakh) | Number | (₹ in lakh) |
| Shares outstanding at the beginning of the year | 150,000,000 | 15,000 | 150,000,000 | 15,000 |
| Shares issued during the year | - | - | - | - |
| Shares bought back during the year | - | - | - | - |
| Shares outstanding at the end of the year | 150,000,000 | 15,000 | 150,000,000 | 15,000 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note 22.2 :

Details of aggregate shareholding by holding company, subsidiary of holding company or associate of holding company

| NAME OF SHAREHOLDER | AS AT MARCH 31, 2024 | AS AT MARCH 31, 2023 |
|---|----------------------|----------------------|
| | No. of Shares | No. of Shares |
| STCI Finance Limited (Holding Company)* | 150,000,000 | 150,000,000 |

* Includes 6 shares held by nominees

Note 22.3 :

Terms and rights attached to equity shares

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

Note 22.4 :

Shareholders holding more than 5 per cent of equity shares of the Company are as under

| NAME OF SHAREHOLDER | AS AT MARCH 31, 2024 | | AS AT MARCH 31, 2023 | |
|---|----------------------|---------------------|----------------------|---------------------|
| | No. of shares held | per cent of Holding | No. of shares held | per cent of Holding |
| STCI Finance Limited (Holding Company)* | 150,000,000 | 100% | 150,000,000 | 100% |

* Includes 6 shares held by nominees

Note 22.5 :

Shareholding of promoters

Shares held by promoters at the end of the year

| S. No | Promoter name | No. of Shares |
|-------|---|--------------------|
| 1 | STCI Finance Limited (Holding Company)* | 150,000,000 |
| | Total | 150,000,000 |

* Includes 6 shares held by nominees

Note 23.1 :

OTHER EQUITY

(₹ in lakh)

| PARTICULARS | AS AT MARCH 31, 2024 | AS AT MARCH 31, 2023 |
|---|-------------------------|-------------------------|
| General Reserve | 2,083.20 | 105.94 |
| Retained Earnings | 46,343.56 | 33,999.06 |
| Other comprehensive income : | | |
| Debt instruments through other comprehensive income | - | - |
| Remeasurements of the net defined benefit plans | (14.23) | (10.55) |
| Other reserves: | | |
| Statutory Reserve | 26,731.92 | 22,777.40 |
| Capital Redemption Reserve | 5,000.00 | 5,000.00 |
| Reserve and Surplus HTM - CGS | 2,126.63 | 2,126.63 |
| Total | 82,271.08 | 63,998.48 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note 23.2 : Nature and purpose of Reserves

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

- (i) **General reserve** : Under the erstwhile Companies Act, 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. Consequent to introduction of the Companies Act, 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount of ₹105.94 lakh previously transferred to the general reserve can be utilised only in accordance with the specific requirements of the Companies Act, 2013. W.e.f. FY2023-24, the financial year in which the Company earns a net profit (after tax) of ₹8,000.00 lakh or higher, the Company transfers an amount equal to 10 per cent of its net profit (after tax) earned during the year to the general reserve, before declaration of dividend.
- (ii) **Retained earnings** are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.
- (iii) **Statutory Reserve** is created as per section 45-IC of the RBI Act, 1934 by transferring therein a sum not less than 20 per cent of its net profit every year and forms part of free reserves, Net owned funds and Tier I capital.
- (iv) **Capital Redemption Reserve** is created to the extent of sum equal to the nominal value of the share capital extinguished on buyback of the Company's own shares in accordance with section 69 of the Companies Act, 2013.
- (v) **Reserve and Surplus HTM** - CGS represents profit transferred to such reserve as per RBI guidelines on disposal of instruments classified under HTM category.

Note 24 :

INTEREST INCOME

(₹ in lakh)

| Particulars | FOR THE YEAR ENDED MARCH 31, 2024 | | | | FOR THE YEAR ENDED MARCH 31, 2023 | | | |
|----------------------------------|--|--|---|-------------------|--|--|---|------------------|
| | On financial assets measured at fair value through OCI | On financial assets measured at amortised cost | On financial assets measured at fair value through profit or loss | Total | On financial assets measured at fair value through OCI | On financial assets measured at amortised cost | On financial assets measured at fair value through profit or loss | Total |
| Interest income on loans | - | 61.69 | - | 61.69 | - | 49.94 | - | 49.94 |
| Interest income from investments | - | 16,068.43 | 87,023.45 | 103,091.88 | - | 15,356.54 | 68,938.23 | 84,294.77 |
| Interest on deposits with banks | - | 747.31 | - | 747.31 | - | 130.96 | - | 130.96 |
| Other interest income | - | 201.10 | - | 201.10 | - | 144.77 | - | 144.77 |
| Total | - | 17,078.53 | 87,023.45 | 104,101.98 | - | 15,682.21 | 68,938.23 | 84,620.44 |

Note 25 :

DIVIDEND INCOME

(₹ in lakh)

| PARTICULARS | FOR THE YEAR ENDED MARCH 31, 2024 | FOR THE YEAR ENDED MARCH 31, 2023 |
|------------------------------------|-----------------------------------|-----------------------------------|
| Dividend received on Equity Shares | 0.74 | - |
| Total | 0.74 | - |

Note 26 :

FEES AND COMMISSION INCOME

(₹ in lakh)

| PARTICULARS | FOR THE YEAR ENDED MARCH 31, 2024 | FOR THE YEAR ENDED MARCH 31, 2023 |
|--------------------------------|-----------------------------------|-----------------------------------|
| Underwriting commission income | 80.52 | 141.18 |
| Arranger fee/ incentive income | 87.75 | - |
| Other fee income | 2.08 | 2.71 |
| Total | 170.35 | 143.89 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note 27 :

TRADING PROFIT/(LOSS) ON INVESTMENTS

(₹ in lakh)

| PARTICULARS | FOR THE YEAR ENDED MARCH 31, 2024 | FOR THE YEAR ENDED MARCH 31, 2023 |
|----------------------------|--------------------------------------|--------------------------------------|
| G-Sec | 2,528.60 | (2,734.23) |
| SDL | 6,308.96 | 5,415.29 |
| STRIPS | 6.31 | (91.90) |
| GOI Special Securities | (15.14) | 32.00 |
| T-Bill | (106.45) | (6,093.50) |
| Corporate bonds | 1,137.10 | (20.02) |
| Certificate of Deposits | 8.45 | (400.24) |
| Equity Shares | 4,205.71 | 457.49 |
| Equity Futures and Options | (27.88) | (58.87) |
| Interest Rate Swaps | (131.07) | (1,405.01) |
| Total | 13,914.59 | (4,898.99) |

Trading profit/(loss) on investments

(₹ in lakh)

| | TRADING PROFIT/(LOSS) ON SECURITIES | FOR THE YEAR ENDED MARCH 31, 2024 | FOR THE YEAR ENDED MARCH 31, 2023 |
|--|-------------------------------------|--------------------------------------|--------------------------------------|
| (i) G-Sec | | 2,528.60 | (2,734.23) |
| Sales (net of brokerage) | | 23,238,815.20 | 12,632,722.58 |
| Add : Stock on hand as at the end of the year | | 552,535.41 | 479,036.11 |
| Less : (i) Purchases | | (23,305,711.22) | (12,818,473.32) |
| (ii) Stock on hand as at the beginning of the year | | (479,036.11) | (300,938.27) |
| Add/Less : Net impact of gain/(loss) on trade date basis | | 48.02 | (7.31) |
| Current year fair value gain/(loss) | | (4,122.70) | (606.35) |
| Reversal of fair Value (gain)/loss of previous year | | - | 5,532.33 |
| (ii) SDL | | 6,308.96 | 5,415.29 |
| Sales (net of brokerage) | | 3,543,156.38 | 3,505,506.23 |
| Add : Stock on hand as at the end of the year | | 347,100.28 | 174,084.67 |
| Less : (i) Purchases | | (3,708,183.20) | (3,630,209.56) |
| (ii) Stock on hand as at the beginning of the year | | (174,084.67) | (44,732.63) |
| Add/Less : Net impact of gain/(loss) on trade date basis | | 1.14 | (11.40) |
| Current year fair value gain/(loss) | | (1,680.97) | 507.67 |
| Reversal of fair Value (gain)/loss of previous year | | - | 270.31 |
| (iii) STRIPS | | 6.31 | (91.90) |
| Sales (net of brokerage) | | 26,394.95 | 10,874.15 |
| Add : Stock on hand as at the end of the year | | 1,129.13 | 7,616.73 |
| Less : (i) Purchases | | (19,258.30) | (12,538.86) |
| (ii) Stock on hand as at the beginning of the year | | (7,616.73) | (5,567.12) |
| (iii) Discount Income on STRIPS | | (641.17) | (490.46) |
| Current year fair value gain/(loss) | | (1.57) | 25.38 |
| Reversal of fair Value (gain)/loss of previous year | | - | (11.72) |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Trading profit/(loss) on investments

(₹ in lakh)

| | TRADING PROFIT/(LOSS) ON SECURITIES | FOR THE YEAR ENDED MARCH 31, 2024 | FOR THE YEAR ENDED MARCH 31, 2023 |
|--------|---|--------------------------------------|--------------------------------------|
| (iv) | GOI Special Securities | (15.14) | 32.00 |
| | Sales (net of brokerage) | 4,673.57 | 11,841.45 |
| | Add : Stock on hand as at the end of the year | 4,129.20 | 2,781.50 |
| | Less : (i) Purchases | (6,036.68) | (14,575.19) |
| | (ii) Stock on hand as at the beginning of the year | (2,781.50) | - |
| | Add/Less : Net impact of gain/(loss) on trade date basis | - | (3.18) |
| | Current year fair value gain/(loss) | 0.27 | (12.58) |
| (v) | T-Bill | (106.45) | (6,093.50) |
| | Sales (net of brokerage) | 5,109,110.27 | 5,465,935.55 |
| | Add : Stock on hand as at the end of the year | 54,762.75 | 437,842.11 |
| | Less : (i) Purchases | (4,714,550.25) | (5,101,996.58) |
| | (ii) Stock on hand as at the beginning of the year | (437,842.11) | (785,116.25) |
| | (iii) Discount Income on Treasury bills | (11,560.85) | (23,058.13) |
| | Add/Less : Net impact of gain/(loss) on trade date basis | 2.00 | 1.48 |
| | Current year fair value gain/(loss) | (28.26) | 81.27 |
| | Reversal of fair Value (gain)/loss of previous year | - | 217.05 |
| (vi) | Corporate Bond | 1,137.10 | (20.02) |
| | Sales (net of brokerage) | 316,840.14 | 201,228.25 |
| | Add : Stock on hand as at the end of the year | 225,910.39 | 85,332.98 |
| | Less : (i) Purchases | (455,119.79) | (223,111.87) |
| | (ii) Stock on hand as at the beginning of the year | (85,332.98) | (64,601.30) |
| | Current year fair value gain/(loss) | (1,160.66) | 1,089.07 |
| | Reversal of fair Value (gain)/loss of previous year | - | 42.85 |
| (vii) | Certificate of Deposit | 8.45 | (400.24) |
| | Sales (net of brokerage) | 47,672.57 | 79,121.03 |
| | Add : Stock on hand as at the end of the year | - | 23,555.39 |
| | Less : (i) Purchases | (23,410.50) | (102,066.03) |
| | (ii) Stock on hand as at the beginning of the year | (23,555.39) | - |
| | (iii) Discount Income on Certificate of Deposit | (698.23) | (974.38) |
| | Add/Less : Net impact of gain/(loss) on trade date basis | - | - |
| | Current year fair value gain/(loss) | - | (36.25) |
| (viii) | Equity Shares | 4,205.71 | 457.49 |
| | Sales (net of brokerage) | 19,702.68 | 2,192.63 |
| | Add : Stock on hand as at the end of the year | 1,198.89 | - |
| | Less : (i) Purchases | (16,656.93) | (1,735.14) |
| | (ii) Stock on hand as at the beginning of the year | - | - |
| | Add/less: Current year fair value gain/(loss) | (38.93) | - |
| (ix) | Equity Futures and Options | (27.88) | (58.87) |
| | Profit and Loss including MTM on Equity futures and options | (27.88) | (58.87) |
| (x) | Interest Rate Swap | (131.07) | (1,405.01) |
| | Profit and Loss including MTM on IRS | (131.07) | (1,405.01) |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Trading profit/(loss) on investments

(₹ in lakh)

| | TRADING PROFIT/(LOSS) ON SECURITIES | FOR THE YEAR ENDED MARCH 31, 2024 | FOR THE YEAR ENDED MARCH 31, 2023 |
|-------|--|--------------------------------------|--------------------------------------|
| (xi) | Commercial Papers | (0.00) | - |
| | Sales (net of brokerage) | 10,000.00 | - |
| | Add : Stock on hand as at the end of the year | 9,304.07 | - |
| | Less : (i) Purchases | (19,209.74) | - |
| | (ii) Stock on hand as at the beginning of the year | - | - |
| | (iii) Discount Income on Commercial Papers | (94.33) | - |
| | Add/less: Current year fair value gain/(loss) | - | - |
| (xii) | Zero Coupon Bonds | (0.00) | - |
| | Sales (net of brokerage) | 7,500.00 | - |
| | Add : Stock on hand as at the end of the year | 3,811.25 | - |
| | Less : (i) Purchases | (11,102.28) | - |
| | (ii) Stock on hand as at the beginning of the year | - | - |
| | (iii) Discount income on zero coupon bond | (219.24) | - |
| | Add/less: Current year fair value gain/(loss) | 10.27 | - |
| | Total | 13,914.59 | (4,898.99) |

Note 28 :

NET GAIN/(LOSS) ON FAIR VALUE CHANGES

(₹ in lakh)

| PARTICULARS | FOR THE YEAR ENDED MARCH 31, 2024 | FOR THE YEAR ENDED MARCH 31, 2023 |
|--|--------------------------------------|--------------------------------------|
| Net gain/(loss) on financial instruments at fair value through profit and loss | | |
| On trading portfolio | | |
| - Investments | 7,022.55 | (1,040.67) |
| - Derivatives | 26.26 | (0.07) |
| Total | 7,048.81 | (1,040.74) |
| Fair value changes: | | |
| - Realised | - | - |
| - Unrealised | 7,048.81 | (1,040.74) |
| Total | 7,048.81 | (1,040.74) |

Note 29 :

OTHER INCOME

(₹ in lakh)

| PARTICULARS | FOR THE YEAR ENDED MARCH 31, 2024 | FOR THE YEAR ENDED MARCH 31, 2023 |
|---|--------------------------------------|--------------------------------------|
| Profit on sale of Property, Plant and Equipment | 0.03 | 3.35 |
| Other income | 35.51 | 21.21 |
| Total | 35.54 | 24.56 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note 30 :

FINANCE COSTS (AT AMORTISED COST)

(₹ in lakh)

| PARTICULARS | FOR THE YEAR ENDED MARCH 31, 2024 | FOR THE YEAR ENDED MARCH 31, 2023 |
|----------------------------|--------------------------------------|--------------------------------------|
| Interest on deposits | 1,326.32 | 1,099.20 |
| Interest on borrowings | 92,922.20 | 69,905.49 |
| Intraday liquidity charges | 142.96 | 149.40 |
| Other interest expenses | 4.48 | 2.94 |
| Total | 94,395.96 | 71,157.03 |

Note 31 :

TRANSACTION AND SETTLEMENT CHARGES

(₹ in lakh)

| PARTICULARS | FOR THE YEAR ENDED MARCH 31, 2024 | FOR THE YEAR ENDED MARCH 31, 2023 |
|---------------------------------|--------------------------------------|--------------------------------------|
| CCIL charges | 1,032.77 | 770.75 |
| Transaction and custody charges | 12.88 | 9.27 |
| Total | 1,045.65 | 780.02 |

Note 32 :

EMPLOYEE BENEFIT EXPENSES

(₹ in lakh)

| PARTICULARS | FOR THE YEAR ENDED MARCH 31, 2024 | FOR THE YEAR ENDED MARCH 31, 2023 |
|---|--------------------------------------|--------------------------------------|
| Salaries and wages | 2,074.66 | 943.83 |
| Gratuity | 8.67 | 8.39 |
| Contribution to provident and other funds | 57.87 | 51.08 |
| Staff welfare expenses | 63.85 | 24.85 |
| Total | 2,205.05 | 1,028.15 |

Note 33 :

OTHER EXPENSES

(₹ in lakh)

| PARTICULARS | FOR THE YEAR ENDED MARCH 31, 2024 | FOR THE YEAR ENDED MARCH 31, 2023 |
|---|--------------------------------------|--------------------------------------|
| Electricity charges | 20.58 | 21.85 |
| Rates and taxes | 1.40 | 1.53 |
| Repairs and maintenance | 109.98 | 95.71 |
| Communication cost | 43.55 | 41.46 |
| Printing and stationery | 11.41 | 11.47 |
| CSR expenditure | 384.30 | 530.83 |
| Director's sitting fee | 42.51 | 56.90 |
| Auditor's remuneration* | 18.00 | 16.00 |
| Legal, Professional and Consultancy charges | 75.14 | 57.56 |
| Insurance | 39.53 | 33.31 |
| Information services | 127.09 | 117.42 |
| Business development expenses | 4.23 | 26.65 |
| GST ITC (written off) | 8.63 | 3.87 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note 33 :

OTHER EXPENSES

(₹ in lakh)

| PARTICULARS | FOR THE YEAR ENDED MARCH 31, 2024 | FOR THE YEAR ENDED MARCH 31, 2023 |
|---------------------------------|--------------------------------------|--------------------------------------|
| Office and other admin expenses | 80.55 | 75.82 |
| Conveyance expenses | 3.39 | 3.04 |
| Total | 970.29 | 1,093.42 |

*Note : Auditors remuneration

(₹ in lakh)

| PARTICULARS | FOR THE YEAR ENDED MARCH 31, 2024 | FOR THE YEAR ENDED MARCH 31, 2023 |
|----------------------------------|--------------------------------------|--------------------------------------|
| Statutory audit fee | 9.00 | 8.00 |
| Limited review fee | 2.50 | 1.75 |
| Tax audit fee | 2.00 | 2.00 |
| Certification and other services | 4.00 | 4.00 |
| Out of pocket expenses | 0.50 | 0.25 |
| Total | 18.00 | 16.00 |

Note 34 :

PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

PROVISIONS:

(₹ in lakh)

| PARTICULARS | PLVP* | |
|---|---------------|---------------|
| | FY2023-24 | FY2022-23 |
| Carrying amount at the beginning of the year | 0.07 | 225.00 |
| Provision made during the year | 900.14 | 0.07 |
| Amount paid/transferred during the year | (0.07) | (192.30) |
| Amount written back during the year | - | (32.70) |
| Carrying amount at the end of the year | 900.14 | 0.07 |

**Performance Linked Variable Pay – The Company pays PLVP to its employees on the basis of their performance. The provision made by the Company is approved by the Board of Directors in line with the Board approved PLVP Policy. In case the amount or portion thereof is unapproved, or the employee leaves the Company before the payment of the PLVP, then such amount is reversed in current year. During the FY2023-24, the Company has made provision of ₹900.00 lakh towards PLVP and ₹0.14 lakh towards statutory bonus payable as per Payment of Bonus Act, 1965. The amount paid during the year FY2023-24 refers to the amount of statutory bonus paid for the FY2022-23 of ₹0.07 lakh.*



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note 35 :

MATURITY ANALYSIS OF ASSETS AND LIABILITIES:

(₹ in lakh)

| PARTICULARS | AS AT MARCH 31, 2024 | | |
|--|----------------------|-------------------|---------------------|
| | WITHIN 12 MONTHS | AFTER 12 MONTHS | TOTAL |
| ASSETS | | | |
| Financial Assets | | | |
| Cash and cash equivalents | 879.31 | - | 879.31 |
| Bank balances other than cash and cash equivalents | 15,569.69 | - | 15,569.69 |
| Derivative financial instruments | 34,070.25 | 52,010.82 | 86,081.07 |
| Receivables | 105.89 | - | 105.89 |
| Loans | 11,558.49 | - | 11,558.49 |
| Investments | 1,273,646.54 | 193,750.57 | 1,467,397.11 |
| Other financial assets | 4,547.38 | 28.42 | 4,575.80 |
| Non-financial Assets | | | |
| Current tax assets (net) | 648.03 | - | 648.03 |
| Property, plant and equipment | - | 1,479.09 | 1,479.09 |
| Right of Use asset | - | 71.00 | 71.00 |
| Other intangible assets | - | 0.23 | 0.23 |
| Other non-financial assets | 83.47 | 229.93 | 313.40 |
| Total Assets (A) | 1,341,109.05 | 247,570.06 | 1,588,679.11 |
| LIABILITIES | | | |
| Financial Liabilities | | | |
| Derivative financial instruments | 34,392.86 | 52,389.14 | 86,782.00 |
| 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 | 87.53 | - | 87.53 |
| (ii) Other payables | | | |
| total outstanding dues of micro enterprises and small enterprises | - | - | - |
| total outstanding dues of creditors other than micro enterprises and small enterprises | 39.04 | - | 39.04 |
| Borrowings (other than debt securities) | 1,382,067.30 | - | 1,382,067.30 |
| Deposits | 19,384.88 | - | 19,384.88 |
| Lease liability | 49.64 | 19.71 | 69.35 |
| Other financial liabilities | 42.24 | - | 42.24 |
| Non-Financial Liabilities | | | |
| Provisions | 588.16 | 516.85 | 1,105.00 |
| Deferred tax liabilities (net) | - | 1,760.98 | 1,760.98 |
| Other non-financial liabilities | 69.71 | - | 69.71 |
| Total liabilities (B) | 1,436,721.36 | 54,686.68 | 1,491,408.03 |
| Net (A-B) | (95,612.30) | 192,883.39 | 97,271.08 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note 35:

MATURITY ANALYSIS OF ASSETS AND LIABILITIES

(₹ in lakh)

| PARTICULARS | AS AT MARCH 31, 2023 | | |
|--|----------------------|-------------------|---------------------|
| | WITHIN 12 MONTHS | AFTER 12 MONTHS | TOTAL |
| ASSETS | | | |
| Financial Assets | | | |
| Cash and cash equivalents | 65.14 | - | 65.14 |
| Bank balances other than cash and cash equivalents | 222.08 | - | 222.08 |
| Derivative financial instruments | 48,227.01 | 28,302.53 | 76,529.54 |
| Receivables | 37.67 | - | 37.67 |
| Loans | - | - | - |
| Investments | 1,237,635.56 | 245,658.30 | 1,483,293.86 |
| Other financial assets | 3,455.40 | 22.00 | 3,477.40 |
| Non-financial Assets | | | |
| Current tax assets (net) | 95.84 | - | 95.84 |
| Property, plant and equipment | - | 1,497.24 | 1,497.24 |
| Right of Use asset | - | 48.07 | 48.07 |
| Other intangible assets | - | 1.50 | 1.50 |
| Other non-financial assets | 209.94 | - | 209.94 |
| Total Assets (A) | 1,289,948.64 | 275,529.64 | 1,565,478.28 |
| Liabilities | | | |
| Financial Liabilities | | | |
| Derivative financial instruments | 48,450.36 | 29,530.12 | 77,980.48 |
| Payables | | | |
| (i) Trade payables | | | |
| total outstanding dues of micro enterprises and small enterprises | 0.82 | - | 0.82 |
| total outstanding dues of creditors other than micro enterprises and small enterprises | 91.57 | - | 91.57 |
| (ii) Other payables | | | |
| total outstanding dues of micro enterprises and small enterprises | - | - | - |
| total outstanding dues of creditors other than micro enterprises and small enterprises | 38.42 | - | 38.42 |
| Borrowings (other than debt securities) | 1,388,314.98 | - | 1,388,314.98 |
| Deposits | 19,373.23 | - | 19,373.23 |
| Lease liability | 20.32 | 24.00 | 44.32 |
| Other financial liabilities | 187.65 | 41.58 | 229.23 |
| Non-Financial Liabilities | | | |
| Provisions | 24.33 | 147.44 | 171.77 |
| Deferred tax liabilities (net) | - | 172.89 | 172.89 |
| Other non-financial liabilities | 62.09 | - | 62.09 |
| Total liabilities (B) | 1,456,563.77 | 29,916.03 | 1,486,479.80 |
| Net (A-B) | (166,615.13) | 245,613.61 | 78,998.48 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note 36 :

CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES:

(₹ in lakh)

| PARTICULARS | As at April 01, 2023 | Cash flows* | Changes in fair values | Exchange differences | As at March 31, 2024 |
|--|-------------------------|-------------------|---------------------------|-------------------------|-------------------------|
| Borrowings other than debt securities | 1,388,314.98 | (6,247.68) | - | - | 1,382,067.30 |
| Deposits | 19,373.23 | 11.65 | - | - | 19,384.88 |
| Total liabilities from financing activities | 1,407,688.21 | (6,236.03) | - | - | 1,401,452.18 |

(₹ in lakh)

| PARTICULARS | As at April 01, 2022 | Cash flows* | Changes in fair values | Exchange differences | As at March 31, 2023 |
|--|-------------------------|-------------------|---------------------------|-------------------------|-------------------------|
| Borrowings other than debt securities | 1,269,123.61 | 119,191.37 | - | - | 1,388,314.98 |
| Deposits | 19,155.34 | 217.89 | - | - | 19,373.23 |
| Total liabilities from financing activities | 1,288,278.95 | 119,409.26 | - | - | 1,407,688.21 |

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

Note 37 :

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:

| Name of the Related Party | Relation |
|------------------------------|--|
| STCI Finance Limited | Parent Company holding 100 per cent of share capital in the Company |
| STCI Commodities Limited | Wholly owned Subsidiary of STCI Finance Limited |
| Bank of India | By virtue of its shareholding in Parent Company in excess of 20 per cent |
| BOI Employees Pension Fund | Entity is post-employment benefit plan for employees of Bank of India |
| BOI Merchant Bankers Limited | Subsidiary of Bank of India Limited |

ii. Key managerial personnel and relatives of such personnel:

| | |
|----------------------------|---|
| Mr. Prasanna Patankar | Managing Director |
| Mr. Kalpesh Mody | Chief Financial Officer and Company Secretary |
| Ms. Varda Pendse | Director |
| Mr. T. V.Rao | Director |
| Mr. Pradeep Madhav | Director |
| Mr. Prakash Vartak | Director |
| Mr. V. Narayanamurthy | Director |
| Mr. Sasidharan Mangalamkat | Director |
| Mr. R Venkataramani | Director (upto September 04, 2023) |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

b. Details of Related party transactions during the year:

(₹ in lakh)

| Related Party and Nature of Transaction | | FY2023-24 | FY2022-23 |
|---|--|--------------|--------------|
| 1. STCI Finance Limited | | | |
| Purchase of securities | | - | - |
| Sale of securities | | - | - |
| CCIL charges (received) | | 2.02 | 2.70 |
| Reimbursement of expenses (paid) | | 11.45 | 10.58 |
| Reimbursement of expenses (received) | | - | 0.14 |
| Rent paid | | 4.85 | 4.61 |
| Sitting fees paid | | 6.00 | 5.80 |
| Dividend paid | | 1,500.00 | 2,100.00 |
| Other fee income received | | 2.02 | 2.69 |
| 2. Bank of India | | | |
| Purchase of securities | | 7,608.66 | - |
| Sale of securities | | - | 97,528.63 |
| Sitting fees paid | | 1.50 | 4.00 |
| IDL charges paid | | 35.00 | 40.00 |
| IDL borrowings (CY ₹200 crore for 239 days, PY ₹200 crore for 244 days) | | 4,780,000.00 | 4,880,000.00 |
| 3. Bank of India Employees Pension Fund | | | |
| Sale of securities | | 7,002.64 | - |
| 4. BOI Merchant Bankers Limited | | | |
| Arranger fee received | | 10.50 | - |
| KMP (Directors) | | | |
| Sitting fees paid* | | 31.50 | 42.40 |

*Sitting Fee excludes sitting fees paid to STCI Finance Limited and Bank of India which has been shown separately. Sitting fees of Mr. V. Narayanamurthy being paid to STCI Finance Ltd. and sitting fees for Mr. Sasidharan Mangalamkat being paid to Bank of India and accordingly reported.

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

Key managerial personnel compensation*

(₹ in lakh)

| PARTICULARS | FY2023-24 | FY2022-23 |
|------------------------------|---------------|---------------|
| Short-term employee benefits | 233.78 | 258.77 |
| Post-employment benefits | - | - |
| Other long-term benefits | - | - |
| Other | - | - |
| Total | 233.78 | 258.77 |

*Includes Performance Linked Variable Pay (PLVP) for the said financial year and deferred installment of PLVP pertaining to the earlier financial years.

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

c. Related Party Disclosure summary (In terms of RBI Master Direction No. RBI/DoR/2023-24/106 DoR.FIN.REC. No.45/03.10.119/2023-24 dated October 19, 2023):

(₹ in lakh)

| Related party | Parent (as per ownership or control) | | Subsidiaries | | Associates/ Joint Ventures | | Directors | | Relatives of Directors | | Key Management Personnel (Other than Directors) | | Relatives of Key Management Personnel (Other than Directors) | | Others* | | Total | |
|---------------------------------|--------------------------------------|-----------|--------------|-----------|----------------------------|-----------|-----------|-----------|------------------------|-----------|---|-----------|--|-----------|--------------|--------------|--------------|--------------|
| Items | FY2023-24 | FY2022-23 | FY2023-24 | FY2022-23 | FY2023-24 | FY2022-23 | FY2023-24 | FY2022-23 | FY2023-24 | FY2022-23 | FY2023-24 | FY2022-23 | FY2023-24 | FY2022-23 | FY2023-24 | FY2022-23 | FY2023-24 | FY2022-23 |
| Borrowings | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Deposits | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Placement of deposits | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Advances | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Investments | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Purchase of fixed/ other assets | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Sale of fixed/other Assets | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest paid | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest received | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Others* | 1,526.34 | 2,126.52 | - | - | - | - | 31.50 | 42.40 | - | - | 233.78 | 258.77 | - | - | 4,794,658.30 | 4,977,572.63 | 4,796,449.92 | 4,980,000.32 |

*The details of transactions with related party is provided in point no. b of Note: 37

Note 38 :

EARNING PER SHARE:

(₹ in lakh)

| PARTICULARS | FY2023-24 | FY2022-23 |
|--|--------------|-------------|
| Profit attributable to equity share holders of the Company for basic and diluted earnings per equity share (₹ in lakh) | 19,776.28 | 3,426.99 |
| Issued ordinary shares (No's) | 150,000,000 | 150,000,000 |
| Weighted average number of shares at the end of the period for basic and diluted EPS | 150,000,000 | 150,000,000 |
| Basic and diluted earnings per share (₹) | 13.18 | 2.28 |

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

Note 39 :

DISCLOSURE AS PER IND AS 116 - LEASES:

LEASES AS A LESSEE:

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

Effective April 01, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts that were previously identified as lease under Ind AS 17 and existing as on April 01, 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 on the date of transition and the right of use asset at its carrying amount.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

- i) The following is the detailed breakup of Right-of-use assets (by class of underlying assets) included in Property, plant and equipment.

FY2023-24**(₹ in lakh)**

| Particulars | Gross block | | | | Depreciation | | | | Net carrying |
|--------------|----------------------|----------------------|---|----------------------|----------------------|--------------|---|----------------------|----------------------|
| | As at April 01, 2023 | Additions/adjustment | Reclassifications / Deductions on account of conclusion | As at March 31, 2024 | As at April 01, 2023 | For the year | Reclassifications / Deductions on account of conclusion | Up to March 31, 2024 | As at March 31, 2024 |
| Buildings | 162.98 | 48.04 | -82.26 | 293.28 | 114.91 | 25.11 | -82.26 | 222.28 | 71.00 |
| Total | 162.98 | 48.04 | -82.26 | 293.28 | 114.91 | 25.11 | -82.26 | 222.28 | 71.00 |

FY2022-23**(₹ in lakh)**

| Particulars | Gross block | | | | Depreciation | | | | Net carrying |
|--------------|----------------------|----------------------|---|----------------------|----------------------|--------------|---|----------------------|----------------------|
| | As at April 01, 2022 | Additions/adjustment | Reclassifications / Deductions on account of conclusion | As at March 31, 2023 | As at April 01, 2022 | For the year | Reclassifications / Deductions on account of conclusion | Up to March 31, 2023 | As at March 31, 2023 |
| Buildings | 163.95 | (0.97) | - | 162.98 | 88.20 | 26.71 | - | 114.91 | 48.07 |
| Total | 163.95 | (0.97) | - | 162.98 | 88.20 | 26.71 | - | 114.91 | 48.07 |

- ii) The following expenses have been charged to Statement of Profit and Loss during the year:

(₹ in lakh)

| PARTICULARS | FY2023-24 | FY2022-23 |
|---|------------------|------------------|
| Interest on lease liabilities | 3.07 | 2.93 |
| Depreciation on Right of use asset | 25.11 | 26.71 |
| 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) | - | - |
| Total | 28.18 | 29.64 |

- iii) Total cash outflow for leases during FY2023-24 is ₹26.08 lakh (FY2022-23 is ₹26.21 lakh).
- iv) Income from sub leasing of Right-of-use assets recognised in statement of profit and loss during FY2023-24 is Nil (FY2022-23 is Nil).



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

v) Maturity analysis of lease liabilities as per Ind AS 116 Leases:

(₹ in lakh)

| AS AT MARCH 31, 2024 | CONTRACTUAL CASH FLOWS | | | | |
|-------------------------|------------------------|----------------|--------------|----------------------|-------|
| | Less than 6 months | 6 to 12 months | 1 to 5 years | More than 5 years | Total |
| Cash outflows | 9.66 | 10.06 | 46.67 | 2.96 | 69.35 |

(₹ in lakh)

| AS AT MARCH 31, 2023 | CONTRACTUAL CASH FLOWS | | | | |
|-------------------------|------------------------|----------------|--------------|----------------------|-------|
| | Less than 6 months | 6 to 12 months | 1 to 5 years | More than 5 years | Total |
| Cash outflows | 12.97 | 7.35 | 24.00 | - | 44.32 |

vi) The following is the movement in lease liabilities during the year:

(₹ in lakh)

| PARTICULARS | FY2023-24 | FY2022-23 |
|--|-----------|-----------|
| Balance at the beginning of the year | 44.32 | 67.60 |
| Additions during the year | 48.04 | - |
| Finance cost charged during the year | 3.07 | 2.93 |
| Payment of lease liabilities during the year | (26.08) | (26.21) |
| Balance at the end of the year | 69.35 | 44.32 |

Note 40 :

INCOME TAXES:

i) Amounts recognized in the statement of Profit and Loss:

(₹ in lakh)

| PARTICULARS | FY2023-24 | FY2022-23 |
|--|-----------------|-----------------|
| Income tax expense: | | |
| Current tax | 5,195.97 | 1,221.63 |
| Short/(excess) provision for tax for earlier years | 3.62 | 99.04 |
| Deferred tax - origination and reversal of temporary differences | 1,589.33 | (45.70) |
| Total | 6,788.92 | 1,274.97 |

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 | FY2023-24 | FY2022-23 |
|---|------------------|-----------------|
| Profit before income tax (A) | 26,565.20 | 4,701.96 |
| Enacted income tax rate in India | 25.168% | 25.168% |
| Computed expected tax expense | 6,685.93 | 1,183.39 |
| Effect of: | | |
| Difference in depreciation as per books and as per Income tax | (8.29) | (9.24) |
| Non-deductible expenses | 99.01 | 143.49 |
| Provisions recorded during the period (net) | 189.09 | 6.39 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

ii) Reconciliation of effective tax rate :

(₹ in lakh)

| PARTICULARS | FY2023-24 | FY2022-23 |
|--|-----------------|-----------------|
| Tax effect on exempt income | - | - |
| Deduction | | (79.62) |
| Effect of adjustment of fair value as per Ind AS | (1,767.44) | - |
| Effect of adjustments as per ICDS | (2.34) | (22.79) |
| Income Tax Payable | 5,195.96 | 1,221.62 |
| Short/(Excess) provision for tax for earlier years | 3.62 | 99.05 |
| Deferred tax - origination and reversal of temporary differences | 1,589.33 | (45.70) |
| Income Tax Expense (B) | 6,788.91 | 1,274.97 |
| Final Effective Income Tax Rate {(B/A)*100} | 25.556% | 27.116% |

iii) Recognized deferred tax assets and liabilities:

(₹ in lakh)

| PARTICULARS | AS AT MARCH 31, 2024 | AS AT MARCH 31, 2023 |
|---|-------------------------|-------------------------|
| Deferred tax asset: | | |
| Provisions (towards gratuity, leave encashment) | 51.56 | 43.23 |
| Lease liability | 17.45 | 11.16 |
| Provision for PLVP | 237.00 | 55.67 |
| Total deferred tax asset | 306.01 | 110.06 |
| Deferred tax liability: | | |
| Investments | 62.90 | 60.04 |
| Property, plant and equipment and Intangible assets | 218.79 | 210.81 |
| Right of use asset | 17.86 | 12.10 |
| Unrealised gain on fair valuation | 1,767.44 | - |
| Total deferred tax liability | 2,066.99 | 282.95 |
| Net deferred tax asset/(liability) | (1,760.98) | (172.89) |

iv) Movement in temporary differences:

(₹ in lakh)

| PARTICULARS | FY2023-24 | FY2022-23 |
|--|-------------------|-----------------|
| Net deferred tax assets/(liabilities) at the beginning of the year (a) | (172.89) | (218.14) |
| Credit/(Charge) in the statement of Profit and Loss during the year (b) | | |
| Investments | (2.86) | 95.57 |
| Property, plant and equipment and Intangible assets | (7.98) | (10.45) |
| Provisions (towards gratuity, leave encashment) | 7.09 | (32.40) |
| Provision for PLVP | 181.33 | (8.13) |
| Lease liability | 6.29 | (5.85) |
| Right of use asset | (5.76) | 6.97 |
| Current year losses | - | - |
| Unrealised gain on fair valuation | (1,767.44) | - |
| Total (b) | (1,589.33) | 45.71 |
| Credit/(Charge) in the other comprehensive income during the period (c) | | |
| Provisions - employee benefits | 1.24 | (0.46) |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

iv) Movement in temporary differences:

(₹ in lakh)

| PARTICULARS | FY2023-24 | FY2022-23 |
|---|------------|-----------|
| Total (c) | 1.24 | (0.46) |
| MAT CREDIT (d) | - | - |
| Net deferred tax assets/(liabilities) at the end of the year (e) = (a) + (b) + (c) + (d) | (1,760.98) | (172.89) |

v) Other tax assets and current tax liabilities:

(₹ in lakh)

| PARTICULARS | AS AT MARCH 31, 2024 | AS AT MARCH 31, 2023 |
|----------------------------------|-------------------------|-------------------------|
| Current tax assets/(liabilities) | 648.03 | 95.84 |

Note 41 :

EMPLOYEE BENEFITS:

DEFINED CONTRIBUTION PLAN:

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

(₹ in lakh)

| PARTICULARS | FY2023-24 | FY2022-23 |
|---|-----------|-----------|
| Employer's contribution to provident fund | 55.11 | 48.63 |

(above figure does not include administrative charges of ₹2.75 lakh (PY ₹2.45 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 gratuity as per applicable law 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)

| | PARTICULARS | FY2023-24 | FY2022-23 |
|----|--|---|---|
| I. | Assumption | | |
| | Mortality | IALM (2012-14) Ultimate | IALM (2012-14) Ultimate |
| | Interest/Discount rate | 7.21% | 7.42% |
| | Rate of increase in compensation | 10% for first year and 5% thereafter | 5.00% |
| | Rate of return (expected) on plan assets | 7.21% | 7.42% |
| | Employee attrition rate | Service based: Upto 5 years - 20% 5 to 10 years - 15% 10 to 20 years - 5% Above 20 years - 0% | Service based: Upto 5 years - 20% 5 to 10 years - 15% 10 to 20 years - 5% Above 20 years - 0% |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

(₹ in lakh)

| | PARTICULARS | FY2023-24 | FY2022-23 |
|-------------|--|------------------|------------------|
| | Expected average remaining service (years) | 8.24 | 8.27 |
| II. | Changes in present value of obligations | | |
| | PVO at beginning of the year | 110.34 | 102.74 |
| | Interest cost | 7.78 | 6.80 |
| | Current Service Cost | 9.55 | 8.95 |
| | Past service cost (vested benefits) | - | - |
| | Benefits paid | (3.65) | (4.67) |
| | Actuarial (gain)/loss on obligation | 5.40 | (3.48) |
| | PVO at end of the year | 129.42 | 110.34 |
| III. | Changes in fair value of plan assets | | |
| | Fair value of plan assets at beginning of the year | 122.26 | 110.81 |
| | Adjustment to opening balance | - | - |
| | Return on plan assets excluding interest income | 0.48 | (1.66) |
| | Interest income | 8.66 | 7.36 |
| | Contributions by employer | 14.30 | 10.42 |
| | Benefits paid | (3.65) | (4.67) |
| | Fair value of plan assets at end of the year | 142.05 | 122.26 |
| IV. | Actuarial (gain)/loss on obligation | | |
| | Due to demographic assumption | - | - |
| | Due to financial assumption | 3.84 | (4.08) |
| | Due to experience | 1.56 | 0.60 |
| | Total Actuarial (gain)/loss | 5.40 | (3.48) |
| V. | Amounts recognized in the balance sheet | | |
| | PVO at end of the year | 129.42 | 110.34 |
| | Fair value of plan assets at end of the year | 142.05 | 122.26 |
| | Funded status | 12.63 | 11.92 |
| | Net asset/(liability) recognized in the balance sheet | 12.63 | 11.92 |
| VI. | Expenses recognized in the statement of Profit and Loss a/c | | |
| | Current service cost | 9.55 | 8.95 |
| | Net interest | (0.88) | (0.56) |
| | Past Service Cost (vested benefits) | - | - |
| | Expenses recognized in the statement of Profit and Loss a/c | 8.67 | 8.39 |
| VII. | Other comprehensive income (OCI) | | |
| | Actuarial (Gain)/Loss recognized for the year | 5.40 | (3.48) |
| | Return on plan assets excluding net interest | (0.48) | 1.66 |
| | Total actuarial (gain)/loss recognized in OCI | 4.92 | (1.82) |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Experience Adjustment:

(₹ in lakh)

| PARTICULARS | March 31, 2024 | MARCH 31, 2023 | MARCH 31, 2022 | MARCH 31, 2021 | MARCH 31, 2020 |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Defined benefit obligation (DBO) | 129.42 | 110.34 | 102.74 | 93.51 | 88.18 |
| Plan assets | 142.05 | 122.26 | 110.81 | 96.99 | 89.95 |
| Surplus/(Deficit) | 12.63 | 11.92 | 8.07 | 3.48 | 1.77 |
| Experience adjustment on plan assets | 0.48 | (1.66) | 0.99 | 0.44 | (0.44) |

Sensitivity analysis:

Sensitivity analysis for significant actuarial assumptions, showing how the defined benefit obligation would be affected, considering increase/decrease of 1 per cent as at March 31, 2024 is as below:

(₹ in lakh)

| CHANGE IN ACTUARIAL ASSUMPTION | PVDBO | |
|---|----------------|----------------|
| | MARCH 31, 2024 | MARCH 31, 2023 |
| +1% change in rate of Discounting | 120.27 | 102.45 |
| -1% change in rate of Discounting | 139.82 | 119.32 |
| +1% change in rate of Salary increase/inflation | 135.43 | 115.37 |
| -1% change in rate of Salary increase/inflation | 123.71 | 105.52 |

The expected future cash flows as at March 31, 2024 are as follows:

(₹ in lakh)

| ESTIMATED BENEFIT PAYMENTS FROM THE FUND | March 31, 2024 | March 31, 2023 |
|--|----------------|----------------|
| Expected outgo in first year | 11.74 | 11.07 |
| Expected outgo in second year | 14.17 | 9.74 |
| Expected outgo in third year | 9.10 | 12.13 |
| Expected outgo in fourth year | 7.34 | 7.38 |
| Expected outgo in fifth year | 14.55 | 5.53 |
| Expected outgo six to ten years | 56.24 | 58.32 |
| Expected outgo above ten years | 63.37 | 37.64 |
| The weighted average duration of the payment of these cash flows is 8.24 years (FY2023-24 is 8.27 years) | | |

(₹ in lakh)

| NATURE OF PLAN ASSETS | March 31, 2024 | March 31, 2023 |
|-----------------------|----------------|----------------|
| Insurer managed funds | 142.05 | 122.26 |
| Others | - | - |
| Total | 142.05 | 122.26 |

ii) Leave Encashment:

The Company has booked the provision of ₹62.10 lakh (PY ₹16.95 lakh) for the year ended March 31, 2024 for leave encashment on actuarial valuation basis.

(₹ in lakh)

| PARTICULARS | March 31, 2024 | March 31, 2023 |
|---|----------------|----------------|
| Net present value of plan asset of gratuity | (12.63) | (11.92) |
| Net present value of obligation of leave encashment | 217.49 | 183.62 |
| Provision for employee benefits | 204.86 | 171.70 |

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024****Note 42 :****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, 2024 | CARRYING AMOUNT* | | | FAIR VALUE HIERARCHY | | |
|------------------------------|---------------------|----------|---------------------|----------------------|-------------------|---------------------|
| | FVTPL | FVOCI | Total | Level 1 | Level 2 | Total |
| Financial Assets | | | | | | |
| Investments in | | | | | | |
| G-Sec | 562,248.91 | - | 562,248.91 | 562,248.91 | - | 562,248.91 |
| SDL | 351,308.29 | - | 351,308.29 | 351,308.29 | - | 351,308.29 |
| Special securities | 4,188.20 | - | 4,188.20 | 4,188.20 | - | 4,188.20 |
| T-Bill | 54,762.75 | - | 54,762.75 | 38,201.87 | 16,560.88 | 54,762.75 |
| STRIPS | 1,129.13 | - | 1,129.13 | 1,129.13 | | 1,129.13 |
| Debentures/Bonds | 231,865.19 | - | 231,865.19 | 201,891.98 | 29,973.21 | 231,865.19 |
| Certificate of deposits | - | - | - | - | - | - |
| Commercial paper | 9,304.07 | | 9,304.07 | 9,304.07 | - | 9,304.07 |
| Zero coupon bonds | 3,811.25 | - | 3,811.25 | 3,811.25 | - | 3,811.25 |
| Equity Shares | 1,198.89 | - | 1,198.89 | 1,198.89 | - | 1,198.89 |
| Derivative instrument | | | | | | |
| Interest rate swap | 86,081.07 | - | 86,081.07 | - | 86,081.07 | 86,081.07 |
| Total | 1,305,897.75 | - | 1,305,897.75 | 1,173,282.59 | 132,615.16 | 1,305,897.75 |
| Financial liabilities | | | | | | |
| Derivative instrument | | | | | | - |
| Interest rate swap | 86,782.00 | - | 86,782.00 | - | 86,782.00 | 86,782.00 |
| Total | 86,782.00 | - | 86,782.00 | - | 86,782.00 | 86,782.00 |

* Carrying amount include accrued interest.

Financial assets and financial liabilities measured at amortized cost:**(₹ in lakh)**

| AS AT MARCH 31, 2024 | AMOUNT |
|--|-------------------|
| Financial Assets | |
| Cash and cash equivalents | 879.31 |
| Bank Balances other than cash and cash equivalents | 15,569.69 |
| Loans | 11,558.49 |
| Investments (including accrued interest) | 247,580.43 |
| Trade and other receivables | 105.89 |
| Other financial assets | 4,575.80 |
| Total | 280,269.61 |
| Financial liabilities | |
| Borrowings (including accrued interest) | 1,382,067.30 |
| Deposits (including accrued interest) | 19,384.88 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Financial assets and financial liabilities measured at amortized cost:

(₹ in lakh)

| AS AT MARCH 31, 2024 | AMOUNT |
|-----------------------------|---------------------|
| Trade and other payables | 126.57 |
| Lease Liability | 69.35 |
| Other financial liabilities | 42.24 |
| Total | 1,401,690.34 |

The carrying amount of cash and cash equivalents, bank balances other than cash and cash equivalents, loans, trade and other receivables, other financial assets, borrowings, deposits, trade and other payables and other financial liabilities are considered to be same as fair value. The fair value of Investment measured at Amortized cost is ₹2,40,243.21 lakh.

Financial assets and financial liabilities measured at fair value:

(₹ in lakh)

| AS AT MARCH 31, 2023 | Carrying amount* | | | Fair value hierarchy | | |
|------------------------------|---------------------|----------|---------------------|----------------------|-------------------|---------------------|
| | FVTPL | FVOCI | Total | Level 1 | Level 2 | Total |
| Financial Assets | | | | | | |
| Investments in | | | | | | |
| G-Sec | 487,350.30 | - | 487,350.30 | 487,350.30 | - | 487,350.30 |
| SDL | 175,990.96 | - | 175,990.96 | 175,990.96 | - | 175,990.96 |
| Special securities | 2,801.31 | - | 2,801.31 | 2,801.31 | - | 2,801.31 |
| T-Bill | 437,842.11 | - | 437,842.11 | 309,167.52 | 128,674.59 | 437,842.11 |
| STRIPS | 7,616.73 | - | 7,616.73 | 7,616.73 | - | 7,616.73 |
| Debentures/Bonds | 88,116.68 | - | 88,116.68 | 83,083.76 | 5,032.92 | 88,116.68 |
| Certificate of deposits | 23,555.39 | - | 23,555.39 | - | 23,555.39 | 23,555.39 |
| Zero coupon bonds | - | - | - | - | - | - |
| Equity Shares | - | - | - | - | - | - |
| Derivative instrument | | | | | | |
| Interest rate swap | 76,529.54 | - | 76,529.54 | - | 76,529.54 | 76,529.54 |
| Total | 1,299,803.02 | - | 1,299,803.02 | 1,066,010.58 | 233,792.44 | 1,299,803.02 |
| Financial liabilities | | | | | | |
| Derivative instrument | | | | | | |
| Interest rate swap | 77,980.48 | - | 77,980.48 | - | 77,980.48 | 77,980.48 |
| Total | 77,980.48 | - | 77,980.48 | - | 77,980.48 | 77,980.48 |

* Carrying amount include accrued interest.

Financial assets and financial liabilities measured at amortized cost:

(₹ in lakh)

| AS AT MARCH 31, 2023 | AMOUNT |
|--|-------------------|
| Financial Assets | |
| Cash and cash equivalents | 65.14 |
| Bank Balances other than Cash and cash equivalents | 222.08 |
| Investments | 260,020.38 |
| Trade and other receivables | 37.67 |
| Other financial assets | 3,477.40 |
| Total | 263,822.67 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

| | |
|---|---------------------|
| Financial liabilities | |
| Borrowings (including accrued interest) | 1,388,314.98 |
| Deposits (including accrued interest) | 19,373.23 |
| Trade and other payables | 130.81 |
| Lease liability | 44.32 |
| Other financial liabilities | 229.23 |
| Total | 1,408,092.57 |

The carrying amount of cash and cash equivalents, bank balances other than cash and cash equivalents, trade and other receivables, other financial assets, borrowings, deposits, trade and other payables and other financial liabilities are considered to be same as fair value. The fair value of Investment measured at amortized cost is ₹2,50,996.05 lakh.

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 Company has adopted a Board approved Business Investment and Risk Policy which lays down risk parameters, processes and procedures for managing the risk arising from the Company's business operations. The Risk Management Committee of the Board oversees the Company's risk management framework, and its responsibilities include reviewing and recommending the Business Investment and Risk Policy to the Board for its approval and also reviewing compliance with the approved/statutory risk parameters, processes, procedures, etc. by means of regular risk management reports.

The Risk Management Department of the Company is an independent unit under the Chief Risk Officer, functionally reporting to the Risk Management Committee and is responsible for measurement and monitoring of risk limits within the risk management framework of the Company. The Chief Risk Officer is responsible for identification, measurement and monitoring adherence to prudential limits laid down in the Business Investment and Risk Policy and RBI regulatory limits and meets to the Risk Management Committee directly without the presence of the Managing Director on a quarterly basis.

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

- Credit risk,
- Liquidity risk,
- Market risk and
- Settlement 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.

a. Exposure in SLR securities:

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

b. Exposure in non- SLR securities:

Various prudential guidelines are laid down in Business Investment and Risk Policy to manage and mitigate credit risk arising in respect of holding of non-SLR securities. External credit ratings form the basic qualifying criteria for investing in any individual reference credit. The debt issuers are classified based on their credit rating and exposure limits are also stipulated for each issuing company/entity. A credit scoring model is also used to analyse the credit quality of the individual reference credits which meet the threshold external rating. The Credit Evaluation Committee is responsible for evaluating credit quality of individual credit references in whose corporate debt securities the Company proposes to invest



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

and approving the proposed investment. It is also responsible for monitoring the credit quality of existing corporate debt securities portfolio including rating migrations. 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.

B. Liquidity risk:

The Company has an Asset Liability Management Committee (ALCO) which monitors various issues related to liquidity risk on the basis of ALM statements and decides on the strategy to address the same. The Company uses duration gap analysis to monitor the ALM interest rate risk. As a Primary Dealer, the Company has access to the RBI PDLS facility in case of tight liquidity conditions in the inter-bank money market.

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

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

Maturity analysis of significant financial liabilities:

(₹ in lakh)

| AS AT MARCH 31 2024 | CONTRACTUAL CASH FLOWS | | | | |
|-----------------------------|------------------------|--------------------|-----------------------|--------------|-------------------|
| | TOTAL | LESS THAN 6 MONTHS | 6 MONTHS TO 12 MONTHS | 1 TO 5 YEARS | MORE THAN 5 YEARS |
| Borrowings and deposits | 1,401,452.18 | 1,401,452.18 | - | - | - |
| Trade and other payables | 126.57 | 126.57 | - | - | - |
| Lease liability | 69.35 | 9.66 | 10.06 | 46.67 | 2.96 |
| Other financial liabilities | 42.24 | 42.24 | - | - | - |

(₹ in lakh)

| AS AT MARCH 31 2023 | CONTRACTUAL CASH FLOWS | | | | |
|-----------------------------|------------------------|--------------------|-----------------------|--------------|-------------------|
| | TOTAL | LESS THAN 6 MONTHS | 6 MONTHS TO 12 MONTHS | 1 TO 5 YEARS | MORE THAN 5 YEARS |
| Borrowings and deposits | 1,407,688.21 | 1,407,688.21 | - | - | - |
| Trade and other payables | 130.81 | 130.81 | - | - | - |
| Lease liability | 44.32 | 12.97 | 7.35 | 24.00 | - |
| Other financial liabilities | 229.23 | 187.65 | - | 41.58 | - |

C. Market risk:

The Company uses measures including Value-at-Risk (VaR), Modified Duration and PV01 to monitor interest rate risk of its fixed income portfolios. The Company calculates Value-at-Risk (VaR) to measure market risk on a daily basis for a 1 day holding period with 99 per cent confidence level using the Historical Simulation methodology based on a data set of last 250 days. The Company also back tests the results of its VaR model for validating the model by comparing the VaR number with both the hypothetical portfolio MTM change as well as actual change. Based on the back-testing results, the Company scales up the applied multiplication factor to adequately compensate for any observed loss of accuracy. The Company also carries out interest rate sensitivity analysis based on an assumed adverse parallel shift of 25/50/100 basis points in the yield curve.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

a. 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.

Exposure to interest rate risk:

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

| PARTICULARS | (₹ in lakh) | |
|---|-------------------------|-------------------------|
| | As at March 31, 2024 | As at March 31, 2023 |
| Fixed-rate instruments | | |
| Financial assets - measured at amortised cost | | |
| Investment in debt instruments | 247,580.43 | 260,020.38 |
| Financial assets - measured at FVTPL or FVOCI | | |
| Investment in debt instruments | 1,218,617.79 | 1,223,273.48 |
| Total of fixed rate financial assets | 1,466,198.22 | 1,483,293.86 |
| Financial liabilities - measured at amortised cost | | |
| Borrowings | 1,382,067.30 | 1,388,314.98 |
| Deposits (Inter corporate deposit) | 19,384.88 | 19,373.23 |
| Total of fixed rate financial liabilities | 1,401,452.18 | 1,407,688.21 |

b. Fair value sensitivity analysis for fixed-rate instruments:

The Company has investments in fixed-rate financial assets such as investments in G-Sec, SDL, Corporate Bonds etc. Accordingly, an increase in 1 basis point in interest rates is likely to decrease the profit or loss (before tax) for the year ending March 31, 2024 by ₹373.64 lakh (March 31, 2023 ₹249.35 lakh) and an decrease in 1 basis point in interest rates is likely to increase the profit or loss (before tax) for the year ending March 31, 2024 by ₹373.64 lakh (March 31, 2023 ₹249.35 lakh).

D. Settlement Risk:

The Company is a member of CCIL and enjoys the benefits of guaranteed settlement of trades put through CCIL. Accordingly, the Company does not face settlement risk arising from the G-Sec, SDL, SPL and T-Bill outright and repo transactions. The settlement of all non-SLR securities transactions is done on DVP-I basis through the clearing houses attached with the exchanges namely, NSCCL (NSE) and ICCL (BSE) and this reduces the counterparty and settlement risk. In case of IRS transactions, the settlement risk is mitigated by the interest exchanges taking place through the Clearing Corporation of India Ltd. which carries out guaranteed settlement of IRS transactions. In case of equity market and interest rate transactions, the settlement risk is mitigated as settlement is taking place through the clearing houses of the respective exchanges which act as CCP.

Note 43 :

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. 44.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

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 Reserve Bank of India. 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 Chief Risk Officer (CRO) and the independent price verification process for financial reporting is ultimately the responsibility of the CRO.

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

Note 44 :

VALUATION TECHNIQUES:

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

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

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

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 Financial Benchmarks India Private Limited (FBIL), as prescribed by Reserve Bank of India.

Commercial Papers: Commercial Paper shall be valued at the carrying cost as per the guidelines published by Fixed Income Money Market and Derivatives Association of India (FIMMDA).

Certificate of Deposits: CDs are valued at yields as per the CD curve published by Financial Benchmarks India Private Limited (FBIL).

Equity (cash and futures): Market value of equity shares is determined by the closing 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 and for which the ISINs are covered under Security Level Valuation (SLV) publication by Fixed Income Money Market and Derivatives Association of India (FIMMDA) are valued at the published Security Level Valuation (SLV) prices. Other corporate bonds which are not traded and for which the ISINs are not covered under Security Level Valuation (SLV) publication by FIMMDA, are valued based on credit spreads published by FIMMDA over the base yield corresponding to the residual maturity as published by Financial Benchmarks India Private Limited (FBIL).

Zero coupon bonds: Zero coupon bonds which are traded are valued at their last traded prices. Zero coupon bonds which are not traded are valued based on the credit spreads published by Fixed Income Money Market and Derivatives Association of India (FIMMDA) over the zero coupon yield curve corresponding to the residual maturity as published by Financial Benchmarks India Private Limited (FBIL).

STRIPS: All STRIPS are valued as per prices published by Financial Benchmarks India Private Limited (FBIL) as prescribed by Reserve Bank of India.

Interest rate Futures: 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: Interest Rate Swaps are valued on the basis of traded swap yields as published by Financial Benchmarks India Private Limited (FBIL).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

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

Note 45 :

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 46 :

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 and STRIPS 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 per cent 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 and 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 47 :

EVENTS AFTER REPORTING DATE:

No events took place after the reporting date that require disclosure in these financial statements.

Note 48 :

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 regulations issued by RBI.

Capital to Risk Weighted Assets Ratio (CRAR) is a measurement of the Company's available capital expressed as a percentage of a risk-weighted assets. The Capital includes Tier-I and II Capital. Primary Dealers are required to maintain a minimum Capital to Risk-Weighted Assets Ratio (CRAR) of 15 percent on an ongoing basis.

| SR. NO. | ITEMS | MARCH 31, 2024 | MARCH 31, 2023 |
|---------|---|----------------|----------------|
| i | CRAR (%) | 29.13 | 21.79 |
| ii | CRAR - Tier-I capital (%) | 29.13 | 21.79 |
| 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) | 309,732.18 | 362,520.80 |
| vii | Net Owned Funds (NOF) (₹ in lakh) | 90,222.04 | 78,996.98 |
| viii | Tier- I capital (₹ in lakh) | 90,222.04 | 78,996.98 |
| ix | Return on Average Net Owned Funds | 23.37% | 4.38% |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note:

- a) The net owned fund of the Company has been calculated in accordance with RBI Master Direction No. RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 dated October 19, 2023.
- b) Liquidity Coverage Ratio (LCR)- In terms of RBI Master Direction No. RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 dated October 19, 2023 (para 89.3), standalone primary dealers (SPD) are exempt from applicability of LCR norms.

Note 49 :

PENDING LITIGATION

- a. The company had invested in CPs issued by IL&FS as below:

(₹ in lakh)

| NAME | DATE OF INVESTMENT | FACE VALUE |
|----------------------------------|--------------------|------------|
| CP IL&FS Ltd due on 17-Sept-2018 | 9-Mar-18 | 5,000 |
| CP IL&FS Ltd due on 05-Mar-2019 | 27-Mar-18 | 5,000 |

- b. An amount of ₹9,413.34 lakh being the book value of the investment made in CP of IL&FS has been written off in FY2018-19 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.
- c. In the order dated February 04, 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.
- d. Subsequent to the intervention application filed by the Company, the Company has been admitted to the Committee of Creditors (CoC), and the claim of ₹9,847.89 lakh (including accrued discount income till cut off date i.e. October 15, 2018) has been admitted by NCLT/NCLAT in FY2019-20. There is no further progress in the matter in FY2023-24 w.r.t. receipt of outstanding claim.

Note 50 :

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.

(₹ in lakh)

| SEGMENT INFORMATION | GILT INCOME | | NON GILT INCOME | | UNALLOCATED | | TOTAL | |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|---------------|---------------|-----------------|------------------|
| | FY2023-24 | FY2022-23 | FY2023-24 | FY2022-23 | FY2023-24 | FY2022-23 | FY2023-24 | FY2022-23 |
| Interest and similar income | 91,223.50 | 76,582.14 | 12,878.30 | 8,038.27 | 0.18 | 0.03 | 104,101.98 | 84,620.44 |
| Interest and similar expense | 85,126.04 | 66,723.23 | 9,265.44 | 4,430.86 | 4.48 | 2.94 | 94,395.96 | 71,157.03 |
| Net interest income (expense) | 6,097.46 | 9,858.91 | 3,612.86 | 3,607.41 | (4.30) | (2.91) | 9,706.02 | 13,463.41 |
| Fee and commission income | 170.35 | 143.89 | - | - | - | - | 170.35 | 143.89 |
| Net fees and commission income | 170.35 | 143.89 | - | - | - | - | 170.35 | 143.89 |
| Trading Profit/(Loss) on investments | 8,722.28 | (3,472.34) | 5,192.31 | (1,426.65) | - | - | 13,914.59 | (4,898.99) |
| Net gain/(loss) on fair value changes | 5,833.22 | 12.15 | 1,215.59 | (1,052.89) | - | - | 7,048.81 | (1,040.74) |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

SEGMENT REPORTING

(₹ in lakh)

| SEGMENT INFORMATION | GILT INCOME | | NON GILT INCOME | | UNALLOCATED | | TOTAL | |
|---|-------------|-----------|-----------------|-----------|-------------|------------|-----------|-----------|
| | FY2023-24 | FY2022-23 | FY2023-24 | FY2022-23 | FY2023-24 | FY2022-23 | FY2023-24 | FY2022-23 |
| Other income | - | - | 0.74 | - | 35.54 | 24.56 | 36.28 | 24.56 |
| Depreciation of property and equipment | - | - | - | - | 88.59 | 84.46 | 88.59 | 84.46 |
| Amortisation of intangible assets | - | - | - | - | 1.27 | 4.12 | 1.27 | 4.12 |
| Other operating expenses | 1,045.65 | 780.02 | - | - | 3,175.34 | 2,121.57 | 4,220.99 | 2,901.59 |
| Total operating expense | 1,045.65 | 780.02 | - | - | 3,265.20 | 2,210.15 | 4,310.85 | 2,990.17 |
| Segment profit/(loss) before taxation | 19,777.66 | 5,762.59 | 10,021.50 | 1,127.87 | (3,233.96) | (2,188.50) | 26,565.20 | 4,701.96 |
| Income tax expense | - | - | - | - | 6,788.92 | 1,274.97 | 6,788.92 | 1,274.97 |
| Profit for the year for continuing operations | - | - | - | - | - | - | 19,776.28 | 3,426.99 |

(₹ in lakh)

| SEGMENT INFORMATION | Gilt Income | | Non Gilt Income | | Unallocated | | Total | |
|---|--------------|--------------|-----------------|------------|-------------|-----------|--------------|--------------|
| | FY2023-24 | FY2022-23 | FY2023-24 | FY2022-23 | FY2023-24 | FY2022-23 | FY2023-24 | FY2022-23 |
| Other Comprehensive Income | - | - | - | - | - | - | - | - |
| (i) Items that will not be reclassified to profit or loss | - | - | - | - | (4.92) | 1.82 | (4.92) | 1.82 |
| (ii) Income Tax relating to items that will not be reclassified to profit or loss | - | - | - | - | 1.24 | (0.46) | 1.24 | (0.46) |
| (i) Items that will be reclassified to profit or loss | - | - | - | - | - | - | - | - |
| (ii) Income Tax relating to items that will be reclassified to profit or loss | - | - | - | - | - | - | - | - |
| Additions to Property plant and equipment | - | - | - | - | 45.33 | 66.84 | 45.33 | 66.84 |
| Additions to other intangible assets | - | - | - | - | - | 0.27 | - | 0.27 |
| Segment assets as at March 31, 2024 | 1,238,254.26 | 1,375,103.26 | 347,884.68 | 188,428.14 | 2,540.17 | 1,946.88 | 1,588,679.11 | 1,565,478.28 |
| Segment liabilities as at March 31, 2024 | 1,183,610.93 | 1,355,457.34 | 304,710.78 | 130,305.92 | 100,357.40 | 79,715.02 | 1,588,679.11 | 1,565,478.28 |

The Gilt Segment comprises of G-Sec, SDL, T-Bill, SPL, STRIPS whereas Non-Gilt Segment comprises Derivatives, CDs, CPs, Bonds, Equity, Mutual Fund,



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note 51 :

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 | AS AT MARCH 31, 2024 | AS AT MARCH 31, 2023 |
|---|--|-------------------------|-------------------------|
| Offsetting recognised on the balance sheet | Gross assets before offset | 86,081.07 | 76,529.54 |
| | Offset with gross liabilities ² | - | - |
| | Net assets recognised in the balance sheet | 86,081.07 | 76,529.54 |
| Netting potential not recognised on the balance sheet | Financial liabilities | 86,782.00 | 77,980.48 |
| | Collaterals received | - | - |
| | Assets/(Liability) after consideration of netting potentials | (700.93) | (1,450.94) |
| Assets not subject to netting arrangements ¹ | Assets recognised on the balance sheet | - | - |
| Total assets | Recognised in the balance sheet | 86,081.07 | 76,529.54 |
| Maximum exposure to risk | After consideration of netting potential | - | - |

Financial liabilities subject to offsetting, netting arrangements

(₹ in lakh)

| PARTICULARS | DERIVATIVE LIABILITIES | AS AT MARCH 31, 2024 | AS AT MARCH 31, 2023 |
|--|--|-------------------------|-------------------------|
| Offsetting recognised on the balance sheet | Gross Liabilities before offset | 86,782.00 | 77,980.48 |
| | Offset with gross assets ² | - | - |
| | Net Liabilities recognised on the balance sheet | 86,782.00 | 77,980.48 |
| Netting potential not recognised on the balance sheet | Financial assets | 86,081.07 | 76,529.54 |
| | Collaterals received | - | - |
| | Asset/ Liability after consideration of netting potential ³ | - | - |
| Liabilities not subject to netting arrangements ¹ | Assets recognised on the balance sheet | - | - |
| Total liabilities | Recognised in the balance sheet | 86,782.00 | 77,980.48 |
| Maximum exposure to risk | After consideration of netting potential | - | - |

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

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

3. Amounts have been capped by the relevant netting agreement so as not to exceed the net amount of 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 THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note 52 :

CORPORATE SOCIAL RESPONSIBILITY (CSR) DISCLOSURE:

During the period, the Company has spent ₹384.30 lakh (March 31, 2023 ₹530.83 lakh) 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 | PARTICULARS | FY2023-24 | FY2022-23 |
| a) | Gross amount required to be spent during the year | 384.30 | 530.83 |
| b) | Amount of expenditure incurred and spent during the year on: | | |
| | - Construction/acquisition of any asset - capital expenditure | - | - |
| | - Others (other than above) | 384.30 | 530.83 |
| | - Amount set off from the excess spent of last year | - | - |
| | Total | 384.30 | 530.83 |
| c) | Amount spent during the year | | |
| | Expenses paid | 384.30 | 530.83 |
| | Expenses yet to be paid for the period | - | - |
| d) | Total of previous years shortfall | - | - |
| e) | Reason for shortfall* | NA | NA |

| (₹ in lakh) | | | | |
|-------------|--|--------------|---------------------|----------|
| SR NO | PARTICULARS | AMOUNT SPENT | PENDING TO BE SPENT | TOTAL |
| 1 | Construction/acquisition of any asset | - | - | - |
| 2 | On purposes other than (1) above- | | | |
| | Prime Minister's National Relief Fund | 77.85 | - | 77.85 |
| | | (107.52) | - | (107.52) |
| | Cancer Patients Aid Association (CPAA) | 25.00 | - | 25.00 |
| | | (50.00) | - | (50.00) |
| | ImpaCCT Foundation (Paediatric division of Tata Memorial hospital) | 24.13 | - | 24.13 |
| | | (16.16) | - | (16.16) |
| | Shree Bhagwan Mahaveer Viklang Sahayata Samiti | 48.93 | - | 48.93 |
| | | (29.85) | - | (29.85) |
| | Sunder Shewak Sabha | 50.00 | - | 50.00 |
| | | (35.42) | - | (35.42) |
| | Deepstambh Foundation | - | - | - |
| | | (24.04) | - | (24.04) |
| | Ramakrishna Mission, Belur Math, Howrah | - | - | - |
| | | (20.73) | - | (20.73) |
| | Indian Cancer Society | 25.00 | - | 25.00 |
| | | (50.00) | - | (50.00) |
| | Shri Sadguru Seva Sangh Trust | 62.50 | - | 62.50 |
| | | (50.00) | - | (50.00) |
| | The Akshaya Patra Foundation | 46.55 | - | 46.55 |
| | | (77.61) | - | (77.61) |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

(₹ in lakh)

| SR NO | PARTICULARS | AMOUNT SPENT | PENDING TO BE SPENT | TOTAL |
|-------|---|-----------------|---------------------|-----------------|
| | The Society for the Rehabilitation of Crippled Children | - | - | - |
| | | (15.00) | - | (15.00) |
| | Indian Institute of Science, Bengaluru | 24.34 | - | 24.34 |
| | | (31.55) | - | (31.55) |
| | Delhi Sikh Gurdwara Management Committee | - | - | - |
| | | (22.95) | - | (22.95) |
| | Total (Current Year) | 384.30 | - | 384.30 |
| | Total (Previous Year) | (530.83) | - | (530.83) |

Note: Figures in brackets denote figures for FY2022-23.

Note 53 :

INTANGIBLE ASSETS UNDER DEVELOPMENT AGING SCHEDULE

FY2023-24

(₹ in lakh)

| SR NO | INTANGIBLE ASSETS UNDER DEVELOPMENT | AMOUNT IN CWIP FOR A PERIOD OF | | | | TOTAL |
|-------|-------------------------------------|--------------------------------|-----------|-----------|-------------------|-------|
| | | LESS THAN 1 YEAR | 1-2 YEARS | 2-3 YEARS | MORE THAN 3 YEARS | |
| (i) | Projects in progress | - | - | - | - | - |
| (ii) | Projects temporarily suspended | - | - | - | - | - |

FY2022-23

(₹ in lakh)

| SR NO | INTANGIBLE ASSETS UNDER DEVELOPMENT | AMOUNT IN CWIP FOR A PERIOD OF | | | | TOTAL |
|-------|-------------------------------------|--------------------------------|-----------|-----------|-------------------|-------|
| | | LESS THAN 1 YEAR | 1-2 YEARS | 2-3 YEARS | MORE THAN 3 YEARS | |
| (i) | Projects in progress | - | - | - | - | - |
| (ii) | Projects temporarily suspended | - | - | - | - | - |

REGULATORY DISCLOSURES

Note 54 :

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:

- The purchases and sales of the securities effected on March 28, 2024, the transaction shall be accounted on April 02, 2024 i.e. settlement date. The face value of the securities purchased and sold on March 28, 2024 are as given in the table below:

(₹ in lakh)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|------------------------|-------------------------|-------------------------|
| Purchase of securities | 86,573.40 | 88,637.10 |
| Sale of securities | 82,600.00 | 81,148.70 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note 55 :

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

Note 56 :

The Company is authorized by Reserve Bank of India (RBI) to offer Constituent SGL Account facility in the nature of Subsidiary General Ledger (SGL) account maintained with RBI on behalf of its constituents. The transactions undertaken include purchase and sale transactions on behalf of constituents. As on March 31, 2024 the face value of the securities held by the Company on behalf of its constituents is ₹63,92,510.70 lakh (March 31, 2023 – ₹56,64,554.00 lakh).

Note 57 :

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

| (₹ in lakh) | | | | |
|---|-------------------------------------|-------------------------------------|---|----------------------|
| PARTICULARS FOR FY2023-24 | MINIMUM OUTSTANDING DURING THE YEAR | MAXIMUM OUTSTANDING DURING THE YEAR | DAILY AVERAGE OUTSTANDING DURING THE YEAR | AS AT MARCH 31, 2024 |
| Securities sold under repos | | | | |
| Government securities | 712,146.43 | 1,098,077.57 | 910,752.73 | 801,548.37 |
| | (507,918.00) | (1,066,861.39) | (872,139.79) | (965,387.44) |
| Corporate debt securities | - | - | - | - |
| | - | - | - | - |
| Securities purchased under reverse repos | | | | |
| Government securities | - | 9,688.57 | 497.99 | - |
| | - | (14,766.98) | (360.44) | - |
| Corporate debt securities | - | - | - | - |
| | - | - | - | - |

Note: Figures in brackets denote figures for FY2022-23

Note 58 :

Details of Transactions for securities borrowed/lent under GSL:

In terms of RBI Direction No. FMRD.DIRD.No.05/14.03.061/2023-2024 dated December 27, 2023

| (₹ in lakh) | | | | | |
|--|-------------------------------------|-------------------------------------|---|---|----------------------------------|
| Particulars for FY2023-24 | Minimum outstanding during the year | Maximum outstanding during the year | Daily Average outstanding during the year | Total volume of transaction during the year | Outstanding as on March 31, 2024 |
| Securities lent through GSL transactions | - | - | - | - | - |
| Securities borrowed through GSL transactions | - | - | - | - | - |
| Securities placed as collateral under GSL transactions | - | - | - | - | - |
| Securities received as collateral under GSL transactions | - | - | - | - | - |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note 59 :

OTHER DISCLOSURES - SCHEDULE TO THE BALANCE SHEET AS AT MARCH 31, 2024:

(in terms of para 31 of RBI Master Direction No. RBI/DoR/2023-24/106DoR.FIN.REC.No.45/03.10.119/2023-24 dated October 19, 2023)

(₹ in lakh)

| SR NO | PARTICULARS | AMOUNT OUTSTANDING | | AMOUNT OVERDUE | |
|-------|--|-----------------------------|----------------------|-----------------------------|----------------------|
| | | AS AT MARCH 31, 2024 | AS AT MARCH 31, 2023 | AS AT MARCH 31, 2024 | AS AT MARCH 31, 2023 |
| | <u>Liabilities side</u> | | | | |
| 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) | 126,043.66 | 32,950.55 | - | - |
| | (d) Inter corporate loans and borrowing | 19,384.88 | 19,373.23 | - | - |
| | (e) Commercial paper | - | - | - | - |
| | (f) Public deposits | | | | |
| | (g) Others loans | | | | |
| | (i) Call/Notice | 141,762.98 | 120,699.58 | - | - |
| | (ii) TREPS | 167,341.70 | 149,822.68 | - | - |
| | (iii) RBI LAF | 20,018.43 | - | - | - |
| | (iv) RBI Refinance | 124,725.10 | 119,255.37 | - | - |
| | (v) Loan against fixed deposit | - | - | - | - |
| | (vi) REPO borrowing | 802,175.43 | 965,586.80 | - | - |
| | <u>Assets side</u> | Amount Outstanding | | Amount Outstanding | |
| | | As at March 31, 2024 | | As at March 31, 2023 | |
| 2 | Break-up of loans and advances including bills receivables (other than those included in (4) below): | | | | |
| | (a) Secured | | 10,458.11 | - | - |
| | (b) Unsecured | | 1,100.38 | - | - |
| 3 | Break up leased assets and stock on hire and other assets counting towards asset financing activities | | | | |
| | (i) Lease assets including lease rentals under sundry debtors | | | | |
| | (a) Finance Lease | - | - | - | - |
| | (b) Operating Lease | - | - | - | - |
| | (ii) Stock on hire including hire charges under sundry debtor | | | | |
| | (a) Assets on hire | - | - | - | - |
| | (b) Repossessed assets | - | - | - | - |
| | (iii) Other loans counting towards asset financing activities | | | | |
| | (a) loans where assets have been repossessed | - | - | - | - |
| | (b) loans other than (a) above | - | - | - | - |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

(₹ in lakh)

| | | Amount Outstanding | Amount Outstanding | |
|---|---|--------------------------|----------------------|-------|
| | | As at March 31, 2024 | As at March 31, 2023 | |
| 4 | Break-up of Investments | | | |
| | Current Investment | | | |
| | 1. Quoted | | | |
| | (i) Shares : (a) Equity | 1,198.89 | - | |
| | (b) Preference | - | - | |
| | (ii) Debentures and Bonds | 244,980.51 | 88,116.69 | |
| | (iii) Units of mutual funds | - | - | |
| | (iv) Government Securities and T-bill | 973,637.28 | 1,111,601.41 | |
| | (v) Others | | - | |
| | 2. Unquoted | | | |
| | (i) Shares : (a) Equity | - | - | |
| | (b) Preference | - | - | |
| | (ii) Debentures and Bonds | - | - | |
| | (iii) Units of mutual funds | - | - | |
| | (iv) Government Securities and T-Bill | - | - | |
| | (v) others : Certificate of deposit | - | 23,555.39 | |
| | Long Term Investments | | | |
| | 1. Quoted | | | |
| | (i) Shares : (a) Equity | - | - | |
| | (b) Preference | - | - | |
| | (ii) Debentures and Bonds | - | - | |
| | (iii) Units of mutual funds | - | - | |
| | (iv) Government Securities | 247,580.43 | 260,020.38 | |
| | (v) others | - | - | |
| | 2. Unquoted | | | |
| | (i) Shares : (a) Equity | - | - | |
| | (b) Preference | - | - | |
| | (ii) Debentures and Bonds | - | - | |
| | (iii) Units of mutual funds | - | - | |
| | (iv) Government Securities | - | - | |
| | (v) others | - | - | |
| 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 THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

(₹ in lakh)

| 6 | Investor group-wise classification of all Investments (current and long term) in shares and securities (quoted and unquoted) | | | | |
|------------|--|-------------------------|-------------------------|-----------------------------------|-------------------------|
| | Category | Market value | | Book value (Net of provisions) | |
| | | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2024 | As at March 31, 2023 |
| | 1. Related Parties | | | | |
| | (a) Subsidiaries | - | - | - | - |
| | (b) Companies in the same group | - | - | - | - |
| | (c) other related parties | - | - | - | - |
| | 2. Other than related parties | 1,460,059.89 | 1,474,269.53 | 1,467,397.11 | 1,483,293.86 |
| | Total | 1,460,059.89 | 1,474,269.53 | 1,467,397.11 | 1,483,293.86 |
| Sr. No. | Particulars | As at March 31, 2024 | | As at March 31, 2023 | |
| | | ₹ in lakh | | ₹ in lakh | |
| 7 | Other Information | | | | |
| | Particulars | | | | |
| (i) | Gross Non-performing assets | | | | |
| | (a) Related parties | - | | - | |
| | (b) Other than related parties | - | | - | |
| (ii) | Net Non-performing assets | | | | |
| | (a) Related parties | - | | - | |
| | (b) Other than related parties | - | | - | |
| (iii) | Assets acquired in satisfaction of debts | - | | - | |

Note 60 :

ISSUER COMPOSITION OF INVESTMENTS IN NON-GOVERNMENT SECURITIES AS AT MARCH 31, 2024

(Ref: RBI circular no. IDMD.PDRS.No.03/03.64.00/2003-04 dated March 08, 2004)

(₹ in lakh)

| Sr 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 | 47,877.46 (26,592.58) | 2,571.46 - | - - | - - | - - |
| 2 | FIs | 66,951.07 (26,747.06) | 37,515.36 - | - - | - - | - - |
| 3 | Banks | 51,404.14 (33,484.62) | 9,814.70 - | - - | - - | - - |
| 4 | Other PDs | - - | - - | - - | - - | - - |
| 5 | Private Corporate | 73,991.92 (22,064.11) | 106.32 - | - - | - - | - - |
| 6 | Subsidiaries/ Joint ventures | - - | - - | - - | - - | - - |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

(₹ in lakh)

| | | | | | | |
|---|-------------------------------------|---------------------|------------------|---|---|---|
| 7 | Others | - | - | - | - | - |
| | | - | - | - | - | - |
| 8 | Provision held towards depreciation | - | - | - | - | - |
| | | - | - | - | - | - |
| | Total | 240,224.59 | 50,007.84 | - | - | - |
| | | (108,888.37) | - | - | - | - |

Note: Figures in brackets are as at March 31, 2023.

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*

*** Represents original issue.*

Note 61 :

Disclosure pursuant to RBI Master Direction No.

RBI/DoR/2023-24/106DoR.FIN.REC.No.45/03.10.119/2023-24 dated October 19, 2023

a. Capital to Risk Assets Ratio (CRAR)*

| SR NO | ITEMS | AS AT MARCH 31, 2024 | AS AT MARCH 31, 2023 |
|-------|--|-------------------------|-------------------------|
| i. | CRAR (%) | 29.13 | 21.79 |
| ii. | CRAR - Tier I capital (%) | 29.13 | 21.79 |
| iii. | CRAR - Tier II Capital (%) | - | - |
| iv. | Amount of subordinated debt raised as Tier-II capital (₹ in lakh) | - | - |
| v | Amount raised by issue of Perpetual Debt Instruments (₹ in lakh) | - | - |

**calculated as per RBI master circular no.RBI/DNBR/2016-17/42 Master Direction DNBR.PD.004/03.10.119/2016-17 dated August 23, 2016 (updated as on April 04, 2024)*

b. Exposures

Exposure to real estate sector

(₹ in lakh)

| SR. NO. | CATEGORY | AS AT MARCH 31, 2024 | AS AT MARCH 31, 2023 |
|------------|---|-------------------------|-------------------------|
| i. | Direct exposure | | |
| | a. Residential mortgages - | | |
| | Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented (Including non-fund based (NFB) limits) | Nil | Nil |
| | b. Commercial real estate - | | |
| | Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.) (Including non-fund based (NFB) limits) | Nil | Nil |
| | c. Investments in mortgage backed securities (MBS) and other securitized exposures - | | |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

(₹ in lakh)

| | | | |
|------------|--|------------------|-----------------|
| | i. Residential, | Nil | Nil |
| | ii. Commercial real estate. | Nil | Nil |
| ii. | Indirect exposure | | |
| | Fund based and non-fund based exposures on National Housing Bank and housing finance companies | 37,500.00 | 9967.42 |
| | | Nil | Nil |
| | Total exposure to real estate sector | 37,500.00 | 9,967.42 |

Exposure to capital market

(₹ in lakh)

| PARTICULARS | | AS AT MARCH 31, 2024 | AS AT MARCH 31, 2023 |
|-------------|---|-------------------------|-------------------------|
| i | 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; | 1,198.89 | Nil |
| ii | 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 |
| iii | 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 |
| iv | 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 |
| v | Secured and unsecured advances to stock brokers and guarantees issued on behalf of stock brokers and market makers; | Nil | Nil |
| vi | 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 |
| vii | Bridge loans to companies against expected equity flows/ issues; | Nil | Nil |
| viii | Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds | Nil | Nil |
| ix | Financing to stock broker for margin trading | Nil | Nil |
| x | All exposures to Alternative Investment Funds: | | |
| | (i) Category I | Nil | Nil |
| | (ii) Category II | Nil | Nil |
| | (iii) Category III | Nil | Nil |
| | Total Exposure to capital market | 1,198.89 | Nil |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Sectoral exposure-

(₹ in lakh)

| Sectors | As at March 31, 2024 | | | As at March 31, 2023 | | |
|--------------------------------------|---|------------|---|---|------------|---|
| | Total Exposure (includes on balance sheet and off-balance sheet exposure) | Gross NPAs | Percentage of Gross NPAs to total exposure in that sector | Total Exposure (includes on balance sheet and off-balance sheet exposure) | Gross NPAs | Percentage of Gross NPAs to total exposure in that sector |
| | | | | | | |
| 1. Agriculture and Allied Activities | - | - | - | - | - | - |
| 2. Industry | - | - | - | - | - | - |
| 3. Services | - | - | - | - | - | - |
| 4. Personal loans | - | - | - | - | - | - |
| 5. Others | - | - | - | - | - | - |

Intra group exposure-

As at March 31, 2024, the Company has no intra group exposures.

Unhedged Foreign Currency exposure

As at March 31, 2024, the Company has no unhedged foreign currency exposure.

c. Asset liability management - maturity pattern of certain items of assets and liabilities as at March 31, 2024****

(₹ in lakh)

| Particulars | 1 day to 7 days | 8 to 14 days | 15 days to 30/31 days (one month) | Over 1 month to 2 months | Over 2 months to 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 | 14,347.54 | - | - | - | - | 9.09 | 5,717.31 | 3.96 | 3.25 | 21.21 | 20,102.36 |
| | - | - | - | - | - | (9.01) | (3,661.32) | (11.11) | - | (18.04) | (3,699.48) |
| Advances* | 11,558.49 | - | - | - | - | - | - | - | - | - | 11,558.49 |
| | - | - | - | - | - | - | - | - | - | - | - |
| Investments** | 1,220,318.00 | 691.81 | 297.07 | 1,291.68 | 1,682.70 | 2,873.02 | 49,555.19 | 190,687.64 | - | - | 1,467,397.11 |
| | 1,223,273.48 | (681.37) | (301.75) | (795.74) | (676.91) | (1,884.93) | (10,021.38) | (219,857.52) | (25,800.77) | - | (1,483,293.85) |
| Liabilities | | | | | | | | | | | |
| Borrowings | 218,239.96 | 24,540.82 | 25,025.86 | - | - | - | - | - | - | - | 267,806.64 |
| from banks*** | (132,731.28) | (20,918.85) | - | - | - | - | - | - | - | - | (153,650.13) |
| Market | 991,260.42 | 2,881.84 | 5,085.67 | 29,977.67 | 104,439.94 | - | - | - | - | - | 1,133,645.54 |
| Borrowings | (1,236,807.02) | (2,088.73) | (4,402.32) | (10,740.01) | - | - | - | - | - | - | (1,254,038.08) |

Note: Figures in brackets are as at March 31, 2023

* Advances represent advances given in nature of loans.

** 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 represents borrowings from banks

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

d. Investments

(₹ in lakh)

| SR NO | PARTICULARS | AS AT MARCH 31, 2024 | AS AT MARCH 31, 2023 |
|----------|--|-------------------------|-------------------------|
| 1 | Value of investments : | | |
| | (i) Gross value of investments | | |
| | (a) In India* | 243,735.90 | 256,183.99 |
| | (b) Outside India | - | - |
| | (ii) Provisions for depreciation | | |
| | (a) In India | - | - |
| | (b) Outside India | - | - |
| | (iii) Net value of investments | | |
| | (a) In India* | 243,735.90 | 256,183.99 |
| | (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 classified as subsequently measured at amortised cost

e. The Company has not exceeded Single Borrower Limit (SBL)/Group Borrower Limit (GBL) as prescribed by the regulator.

f. Registration/license/authorisation obtained from financial sector regulators

- Reserve Bank of India – 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 Reserve Bank of India has been renewed for the year 2022-25 and is valid upto March 31, 2025.

g. Disclosure of penalties imposed by RBI and other regulator: Nil (PY –Nil)

h. Ratings assigned by credit rating agencies and migration of ratings during the year

| Rating Agencies | Rating programme | Rating Assigned | Migration | Rating amount (₹ in lakh) | |
|-----------------|------------------|-----------------|-----------|---------------------------|----------------|
| | | | | March 31, 2024 | March 31, 2023 |
| CRISIL | Short Term | CRISIL A1+ | - | 20,000.00 | 20,000.00 |

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

(₹ in lakh)

| SR NO | PARTICULARS | FY2023-24 | FY2022-23 |
|-------|--|-----------|-----------|
| 1 | Provision for depreciation on investment | - | - |
| 2 | Provision towards NPA | - | - |
| 3 | Provision for standard assets | - | - |
| 4 | Provision made towards income tax (including deferred tax) | 6,788.92 | 1,274.97 |
| 5 | Other provision and contingencies (employee related including provision for bonus) | 970.91 | 25.41 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note 62 :

DERIVATIVES

a. Interest Rate Swaps

(₹ in lakh)

| SR NO | PARTICULARS | MARCH 31, 2024 | MARCH 31, 2023 |
|-------|--|----------------|----------------|
| | Notional principal amount of IRS contracts | | |
| a. | Hedging contracts | - | - |
| b. | Trading contracts | 3,878,598.90 | 3,249,394.04 |
| i. | Fair value of trading IRS | (700.93) | (1,450.94) |
| ii. | Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements | - | - |
| iii. | Likely impact of one percentage change in interest rate (100*PV01) | 392.73 | 148.87 |
| iv. | Collateral value made available towards derivatives margin | 627.00 | 3,604.54 |
| v. | Credit risk concentration [@] | - | - |

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

b. Interest rate future contracts

(₹ in lakh)

| SR NO | PARTICULARS | MARCH 31, 2024 | MARCH 31, 2023 |
|-------|---|----------------|----------------|
| (i) | Notional principal amount of exchange traded interest rate derivatives undertaken during the year | | |
| | IRF on Government Securities | - | - |
| (ii) | Notional principal amount of exchange traded interest rate derivatives outstanding (Interest Rate Futures) | - | - |
| (iii) | Notional principal amount of exchange traded interest rate derivatives outstanding and not “highly effective” | - | - |
| (iv) | Mark-to-market value of exchange traded interest rate derivatives outstanding and not “highly effective” | - | - |

c. Disclosures on risk exposure in derivatives

Qualitative disclosure

During the year, the Company has entered into derivative transactions in equity 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 Chief Risk Officer. The Risk Management Committee of the Board oversees the risk management function of the Company. For accounting policy refer note 2.9 C of notes to the financial statements.

Quantitative disclosure

The company has not entered into currency and interest rate futures transactions during the year. The details of outstanding position is mentioned hereunder:



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

(₹ in lakh)

| SR NO | PARTICULAR | CURRENCY DERIVATIVES | INTEREST RATE FUTURES |
|-------|---|----------------------|-----------------------|
| | | | |
| (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:

- During the year, the Company has not securitized any of its assets and does not have any outstanding position in respect thereof as on March 31, 2024.
- The Company has not sold any of its financial assets to Securitization/Reconstruction Company for asset reconstruction.
- The Company has not undertaken any assignment transactions during the year.
- The 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, 2024.

Note 63 :

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), below are the amounts due to MSME as at March 31, 2024.

(₹ in lakh)

| Sr No | Disclosure under MSMED Act, 2006, to the extent the Company has received intimation from the suppliers regarding their status | As at March 31, 2024 | As at March 31, 2023 |
|-------|--|----------------------|----------------------|
| 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 64 :

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

Net borrowings in call : Average net call borrowing during the year ended March 31, 2024 was ₹1,12,557.50 lakh and peak net call borrowing during the year ended March 31, 2024 was ₹2,02,900.00 lakh.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Leverage ratio: Average leverage ratio during the year was 17.80 and peak during the year was 18.45.

| Quarterly CRAR | FY2023-24 | FY2022-23 |
|----------------|-----------|-----------|
| Quarter 1 | 23.48% | 25.22% |
| Quarter 2 | 25.99% | 19.54% |
| Quarter 3 | 25.55% | 20.37% |
| Quarter 4 | 29.13% | 21.79% |

*RBI minimum stipulated CRAR is 15 per cent

Note 65 :

Disclosure requirement pursuant to paragraph 2 of annexure to RBI circular no. RBI/2019-20/170 DOR (NBFC).CC.PD. No.109/22.10.106/2019-20 dated March 13, 2020 - The Company does not have any assets under the class on which provision under IRAC norms or provision as per ECL is required, hence the disclosure is not applicable.

Note 66 :

Loans to directors, senior officers and relatives of directors (Disclosure in terms of RBI Master Direction No. RBI/DoR/2023-24/106DoR.FIN.REC.No.45/03.10.119/2023-24 dated October 19, 2023)

| (₹ in lakh) | | |
|--|-----------|-----------|
| PARTICULARS | FY2023-24 | FY2022-23 |
| Directors and their relatives | - | - |
| Entities associated with directors and their relatives | - | - |
| Senior officers and their relatives | - | - |

Note 67 :

To the best of our knowledge there is no transaction with the companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956.

Note 68 :

The Company has paid first interim dividend for FY2023-24 at 10 per cent (₹1/- per equity share of ₹10/- each) of ₹1,500.00 lakh (subject to applicable TDS) as declared by the Board of Directors in its meeting held on March 22, 2024.

Note 69 :

Disclosure of customer complaints (in terms of RBI Master Direction No. RBI/DoR/2023-24/106DoR.FIN.REC.No.45/03.10.119/2023-24 dated October 19, 2023)

| | PARTICULARS | FY2023-24 | FY2022-23 |
|-----|--|-----------|-----------|
| | Complaints received by the NBFC from its customers | | |
| 1 | No of complaints pending at the beginning of the year | - | - |
| 2 | No of complaints received during the year | - | - |
| 3 | No of complaints disposed during the year | - | - |
| 3.1 | Of which, No. of complaints rejected by the NBFC | - | - |
| 4 | No. of complaints pending at the end of the year | - | - |
| | Maintainable complaints received by the NBFC from Office of Ombudsman | | |
| 5 | Number of maintainable complaints received by the NBFC from office of ombudsman | - | - |
| 5.1 | Of 5, Number of complaints resolved in favour of the NBFC by office of ombudsman | - | - |
| 5.2 | Of 5, Number of complaints resolved through conciliation /mediation/advisories issued by office of ombudsman | - | - |
| 5.3 | Of 5, Number of complaints resolved after passing of Awards by office of Ombudsman against the NBFC | - | - |
| 6 | Number of awards unimplemented within the stipulated time (other than those appealed) | - | - |

Since no customer complaint is received during FY2023-24 and in FY2022-23, further disclosure relating to grounds of customer complaint is not applicable.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

Note 70 :

Other Statutory Information:

- a. The Company does not have any benami property, where any proceeding has been initiated or pending against the company for holding any benami property;
- b. The Company has not traded or invested in Crypto currency or Virtual Currency.
- c. The company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall:
 - (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
 - (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- d. The company has not received any funds from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall:
 - (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- e. The company, being a Non-Banking Financial Company ("NBFC") registered with the Reserve Bank of India as a systematically important NBFC, the provisions of Section 2(87) read with Companies (Restriction on number of Layers) Rules, 2017 are not applicable.
- f. The company has not been declared as a willful defaulter by any bank or financial institution or any other lender.
- g. There are no transactions which have not been recorded in the books of accounts and has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Also, there are no previously unrecorded income and related assets.
- h. During the financial years ending March 31, 2024 and March 31, 2023, the Company has not granted any loans or advances in the nature of loans to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person.

Note 71 :

Figures of previous year have been regrouped / reclassified wherever necessary to conform to current year's classification.

The accompanying notes are an integral part of financial statements

In terms of our report of even date

M/S. S. K. LULLA & CO.

Chartered Accountants

Firm Registration No.- 002336C

CA SHIV KUMAR SHARMA

Partner

Membership No.: 421955

PRAKASH VARTAK

VARDA PENDSE

T. V. RAO

V. NARAYANAMURTHY

PRASANNA PATANKAR

KALPESH MODY

Director

Director

Director

Director

Managing Director

Company Secretary and Chief Financial Officer

For and on behalf of the Board of Directors

STCI Primary Dealer Limited

DIN : 09336265

DIN : 00152752

DIN : 05273533

DIN : 00555704

DIN : 07658714

Date: April 26, 2024

Place : Mumbai

NOTICE

NOTICE IS HEREBY GIVEN THAT THE 18TH ANNUAL GENERAL MEETING (“AGM”) OF THE MEMBERS OF STCI PRIMARY DEALER LIMITED WILL BE HELD ON THURSDAY, AUGUST 22, 2024, AT 1:00 P.M. 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, (A Wing), 8th FLOOR, MARATHON INNOVA, MARATHON NEXTGEN COMPOUND, OFF GANPATRAO KADAM MARG, LOWER PAREL (WEST), MUMBAI- 400 013 WHICH SHALL BE THE DEEMED VENUE OF THE AGM.

ORDINARY BUSINESS

1. To receive, consider, approve, and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2024, together with the Board of Directors’ Report and the Auditor’s Report thereon and to consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT the Audited Financial Statements of the Company for the financial year ended March 31, 2024, together with the Board of Directors’ Report and Auditor’s Report thereon, be and are hereby received, considered, approved and adopted.”

2. To appoint a Director in the place of Mr. Pradeep Madhav (DIN – 00267422), who retires from office by rotation and being eligible, offers himself for re-appointment and to consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT Mr. Pradeep Madhav (DIN – 00267422), who retires by rotation and being eligible, has offered himself for re-appointment, be and is hereby, re-appointed as a Non-Executive Director of the Company who shall be liable to retire by rotation.”

3. To authorize the Board to determine the remuneration payable to the Statutory Auditor(s) to be appointed by Comptroller and Auditor General of India (C&AG) for the financial year 2024-25 and 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 (Act) 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 2024-25, as it may deem fit.”

SPECIAL BUSINESS

4. **Appointment of Mr. Uddalok Bhattacharya as a Non-Executive Director of the Company**

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 Sections 149, 152, 161 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, as amended from time to time, Mr. Uddalok Bhattacharya (DIN 10295636), who was appointed as an Additional Director (Non-Executive) of the Company with effect from July 26, 2024, to hold the office as an Additional Director upto the date of the Annual General Meeting (AGM), and who being eligible for appointment, and has provided his consent to act as a Director of the Company, be and is hereby, appointed as a Non-Executive Director of the Company and liable to retire by rotation;

RESOLVED FURTHER THAT the Managing Director and/or Company Secretary of the Company, be and is hereby, authorized severally/jointly to do all such other acts, deeds, matters and things as may be necessary/ required and/ or ancillary/ incidental to give effect to the aforesaid resolution.”

5. **Revision in the terms of remuneration payable to Mr. Prasanna Patankar, Managing Director of the Company**

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 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 hereby approves the revision in the terms of fixed pay remuneration payable to Mr. Prasanna



NOTICE

Patankar, Managing Director of the Company, with effect from April 01, 2024, 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;

RESOLVED FURTHER THAT all other terms and conditions, if any, mentioned in the resolution passed at the General Meeting held on September 19, 2022, at the time of re-appointment of Mr. Prasanna Patankar as the Managing Director of the Company, shall continue and remain unchanged;

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

**By Order of the Board of Directors
for STCI Primary Dealer Limited**

**Kalpesh Mody
Company Secretary
Membership No.: FCS-9773**

Mumbai

Date: July 26, 2024

CIN: - U67110MH2006PLC165306

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

NOTES

1. The Ministry of Corporate Affairs ("MCA") has vide its General Circular No. 09/2023 dated September 25, 2023, read together with General Circular No. 10/2022 dated December 28, 2022, General Circular No. 02/2022 dated 05th May, 2022, General Circular No. 21/2021 dated 14th December, 2021, General Circular No. 19/2021 dated 08th December, 2021, General Circular No. 02/2021 dated 13th January, 2021, General Circular No. 14/2020 dated 8th April, 2020, General Circular No. 17/2020 dated 13th April, 2020 and General Circular No. 20/2020 dated 5th May, 2020 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 with the provisions of the Companies Act, 2013 read with 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 and 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. The Annual Report for Financial Year 2023-24 (comprising of the Financial Statements including Boards' Report, Auditor's report and other documents required to be attached therewith (together referred to as "Annual Report") including Notice of Annual General Meeting (AGM) are being sent in electronic mode to the Members, whose e-mail address(es) are registered with the Company. The Notice of Annual General Meeting (AGM) along with Annual Report for Financial Year 2023-24, is available on the website of the Company at www.stcipc.com. Physical copy of the Annual Report shall be sent to shareholders on request.
4. 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,

NOTICE

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.

5. 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.
6. Certified true copies of the Resolutions appointing the representative by bodies corporate and to attend the meeting on their behalf which are 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.
7. Members are requested to notify any change in their address immediately to the Company at its Registered Office.
8. 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, 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.
9. Members are encouraged to join the Meeting through laptops/IPads for better audio video quality. Further, Members will be required to allow the use of the camera of their device and use internet with a good speed to ensure good connectivity 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 fluctuations in their respective networks. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any technical glitches.
10. 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.
11. 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.
12. The Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013, about the above Resolutions, as and where required, is enclosed as an Annexure to the Notice.

**By Order of the Board of Directors
for STCI Primary Dealer Limited**

**Kalpesh Mody
Company Secretary
Membership No.: FCS-9773**

Mumbai

Date: July 26, 2024

CIN: - U67110MH2006PLC165306

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



ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT

(Pursuant to Section 102 of the Companies Act, 2013)

Item No. 4

Appointment of Mr. Uddalok Bhattacharya as a Non-Executive Director of the Company.

Pursuant to the provisions of Sections 149, 152, 161 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, as amended from time to time, the Board of Directors at their meeting held on July 26, 2024, on the recommendation of the Nomination and Remuneration Committee (NRC), had appointed Mr. Uddalok Bhattacharya, as an Additional Director (Non-Executive) of the Company.

In accordance with the provisions of Section 161 of the Act, Mr. Uddalok Bhattacharya holds office as an Additional Director upto the date of this Annual General Meeting (AGM) and being eligible for appointment as a Non-Executive Director whose office shall be liable to retire by rotation, subject to the approval by the Members of the Company.

In compliance with the provisions of Section 149, 152, 161 and other applicable provisions of the Act, 2013, and the Rules framed thereunder, as amended from time to time, the appointment of Mr. Uddalok Bhattacharya as Non-Executive Director of the Company, with effect from July 26, 2024, and whose period of office shall be liable to be determined by retirement by rotation, is now being placed before the Members for their approval. The necessary declaration and requisite consent to act as a Director has been received to this effect. The Board of Directors recommends the resolution for the approval of the Members.

In accordance with the Secretarial Standards on General Meeting ('SS-2') issued by the Institute of Company Secretaries of India, a brief profile of Mr. Uddalok Bhattacharya including age, qualifications, terms and conditions of appointment, expertise, other directorship is enclosed herewith and forms part of this explanatory statement.

None of the Directors, Key Managerial Personnel and/or their relative(s), except Mr. Uddalok Bhattacharya, are concerned or interested, financially or otherwise, in the Resolution(s) of the accompanying Notice, relating to his appointment, as a Non-Executive Director of the Company.

Item No. 5

Revision in the terms of remuneration payable to Mr. Prasanna Patankar, Managing Director of the Company.

The Members of the Company at the General Meeting of the Company held on January 06, 2017, had approved the appointment of Mr. Prasanna Patankar as the Managing Director of the Company for a period of five (5) years with effect from January 24, 2017, till January 23, 2022.

At the meeting of the Board of Directors of the Company held on October 22, 2021, Mr. Prasanna Patankar was re-appointed as the Managing Director of the Company for a period of five (5) years with effect from January 24, 2022, till January 23, 2027. The said re-appointment and terms & conditions of re-appointment including fixed pay remuneration payable to Mr. Prasanna Patankar was approved by the Members at the Annual General Meeting (AGM) of the Company held on September 19, 2022.

The Board of Directors at its meeting held on July 24, 2023, and the Members at the previous Annual General Meeting (AGM) held on September 04, 2023, had approved the revision in the fixed pay remuneration payable to Mr. Prasanna Patankar as the Managing Director of the Company to ₹ 132.72 Lakh per annum for FY2023-24, payable with effect from April 1, 2023. Thus, the fixed pay remuneration paid to Mr. Prasanna Patankar for FY2023-24 amounted to ₹ 10,30,000/- (Rupees Ten Lakh Thirty Thousand Only) per month which includes Basic Pay of ₹ 4,25,000/- per month, HRA of ₹ 80,000/- per month & Special Allowance of ₹ 5,25,000/- per month. The aforesaid salary does not include other benefits payable, if any.

Pursuant to the recommendation of the Nomination and Remuneration Committee (NRC) in their meeting held on May 17, 2024, the Board of Directors in their meeting held on May 17, 2024, had approved an increase in the fixed pay remuneration payable to Mr. Prasanna Patankar for FY2024-25 with effect from April 1, 2024, to ₹ 1,62,32,636/- (Rupees One Crore Sixty-Two Lakhs Thirty Two Thousand Six Hundred & Thirty Six Only) per annum constituting of ₹ 12,26,500/- (Rupees Twelve Lakh Twenty-Six Thousand and Five Hundred Only) per month which includes Basic Pay of ₹ 6,76,500/- per month, HRA of ₹ 85,000/- per month & Special Allowance of ₹ 4,65,000/- per month, subject to the approval of the Members of the Company.

ANNEXURE TO THE NOTICE

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 fixed pay remuneration payable to Mr. Prasanna Patankar, as specified above, are now being placed before the Members for their approval.

The terms and conditions of remuneration for FY2024-25 are as under: -

- *Total Monthly Fixed Pay Remuneration of ₹ 12,26,500/- (Rupees Twelve Lakhs Twenty-Six Thousand & Five Hundred Only) per month which includes Basic Pay of ₹ 6,76,500/- per month, HRA of ₹ 85,000/- per month, Special Allowance of ₹ 4,65,000/- per month.*
- *Provident Fund:- During the period of his employment, he will be entitled to the Company's monthly contribution to Provident Fund @ 12% (Twelve per cent) of the Basic Pay per month, amounting to a monthly contribution to Provident Fund of ₹ 81,180/- per month.*
- *Leave Travel Allowance (LTA) : ₹ 1,50,000/- (Rupees One Lakh Fifty Thousand Only) per annum and payable annually.*
- *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.*

Perquisites:

- (i) *A company car (with personal driver) will be provided and usage/reimbursement of which will be as per Company rules.*
- (ii) *Free fully furnished residential accommodation will be provided in lieu of HRA.*
- (iii) *Insurance by the Company against hospitalisation expenses, arising out of an accident or sickness or any other cause, under the Group Medclaim 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) or STAR Performance Bonus based on the performance of the Company and as per the Variable Pay Plan of the Company. The percentage and the quantum of PLVP or STAR Performance Bonus could vary from year to year as decided by the Nomination & Remuneration Committee (NRC) and 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 there under.*



ANNEXURE TO THE NOTICE

The existing terms and conditions of re-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.

In accordance with the Secretarial Standards on General Meeting ('SS-2') issued by the Institute of Company Secretaries of India, a brief profile of Mr. Prasanna Patankar including age, qualifications, terms and conditions of appointment, expertise, other directorships are enclosed herewith and forms part of this explanatory statement.

None of the Directors, Key Managerial Personnel and/or their relative(s), except Mr. Prasanna Patankar, is concerned or interested, financially or otherwise, 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.

**By Order of the Board of Directors
for STCI Primary Dealer Limited**

**Kalpesh Mody
Company Secretary
Membership No.: FCS-9773**

Mumbai

Date: July 26, 2024

CIN: - U67110MH2006PLC165306

**Regd. Office: - A/B1- 801, A Wing, 8th floor,
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Off. G.K.Marg, Lower Parel (West), Mumbai 400013.**

ANNEXURE TO THE NOTICE

Pursuant to Secretarial Standard on General Meetings (SS-2), the details of Directors interested in item no. 2, 4 and 5, at the 18th Annual General Meeting (“AGM”) of the Company is as under:

| Name of Director | Mr. Pradeep Madhav | Mr. Uddalok Bhattacharya |
|--|--|---|
| Designation | Non-Executive Director | Additional Director (Non – Executive) |
| Age | 67 years 1 month (D. O.B – July 31, 1957) | 57 years 11 months (D.O.B – September 24, 1966) |
| Date of first appointment on the Board | October 22, 2021 | July 26, 2024 |
| Qualification | BSc. (Hons) | B.Sc., CAIIB, Diploma in Business Management, Diploma in Treasury Investment & Risk Management |
| Experience – Brief profile | <p>Mr. Pradeep Madhav has more than 40 years of experience, spread over five different companies, in Banking and Financial Services. His experience has been varied and covers Banking (includes Transaction Banking, handling large Credit portfolios, Heading large branches etc.), Retirement Funds Management, Debt Capital Market and Treasury Operations (PD).</p> <p>Mr. Madhav has been appointed as an Independent Director on the Board of Financial Benchmarks India Pvt Ltd, which acts as a benchmark administrator and is responsible for computation and publication of various benchmarks in the areas of interest rates, foreign exchange and related derivatives including valuation of Government Securities (G-Sec). He has also been MD & CEO of STCI Finance Limited, a systemically important NBFC, from January 2017 to August 2021. Prior to this he was the MD of STCI Primary Dealer Limited, a leading Primary Dealer, for more than 10 years. Before joining STCI group, Mr. Madhav was head of Primary Dealer Business, Retirement Fund Management and Debt Capital Market Operations at IDBI Capital Market Services Ltd for 6.5 years. He was part of the senior management team of PNB Gilts Ltd., one of the first entity to be accredited with a Primary Dealer License from the year 1996 to 2000. He started his career as a Management Trainee with Punjab National Bank in February 1980 where he spent 16 years before being identified for deputation to PNB Gilts Ltd.</p> <p>Mr. Madhav has Board experience of more than 17 years with different companies as Managing Director & CEO and with Clearing Corporation of India as a Nominee Director. He has been on the Technical Advisory Committee (TAC) of RBI and also on numerous other committees of RBI, SEBI, NSE, BSE, City of London, Chambers of Commerce etc. formed for the Development of the Indian Fixed Income Market. He has also been on the FIMMDA and PDAI Board and served as Chairman of PDAI for more than 3 years. Currently he has been inducted as an Independent Director on the board of Financial Benchmarks India Private Limited.</p> | <p>Mr. Uddalok Bhattacharya is a Performance-driven Banking & Finance professional, with 32 years of experience in Banking including Treasury, Planning and corporate credit. He is a strategic planner with expertise in policy formulation and implementation, managing pan India operations, treasury and investment management, customer relationship management and implementing strategies to optimize cost and enhance business volumes and growth.</p> <p>Throughout his career, Mr. Uddalok Bhattacharya has progressed through several managerial positions in various departments like Branch Management, Corporate Credit, Planning, Forex & Treasury. He has been associated with Bank of India for more than 32 years and currently holds the role of General Manager in Bank of India. His major focus areas of operation has been Treasury Management and additionally he has over 9 years of rich exposure in working in overseas branches in London and Botswana.</p> |



ANNEXURE TO THE NOTICE

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| Name of Director | Mr. Pradeep Madhav | Mr. Uddalok Bhattacharya |
| No of Shares held in Company | NIL | NIL |
| Relationship with other Directors/Key Managerial Personnel | None | None |
| Number of meetings of the Board attended during the FY2023-24 | 6/6 | NIL (Appointed w.e.f July 26, 2024) |
| Directorship in other Companies | Financial Benchmarks India Private Limited | BOI Shareholding Limited |
| Membership in Committees of Company | <ul style="list-style-type: none"> • Member of Audit Committee • Member of Risk Management Committee • Member of Nomination & Remuneration Committee • Member of Corporate Social Responsibility Committee • Member of IT Strategy Committee (w.e.f April 01, 2024) | NIL |
| Membership in Committees of other Companies. | None | NIL |
| Terms and conditions of appointment/reappointment | As per details provided in item no. 2 of the Notice. | As per details provided in item no. 4 of the Notice. |
| Remuneration last drawn | As per details provided in Director's Report | NIL (Appointed w.e.f July 26, 2024) |
| Remuneration proposed to be paid | Sitting fees payable as approved by the Board, from time to time, within the limit prescribed under the Companies Act, 2013. | Sitting fees payable as approved by the Board, from time to time, within the limit prescribed under the Companies Act, 2013. The said sitting fees are payable to Bank of India. |

ANNEXURE TO THE NOTICE

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|--|--|
| Name of Director | Mr. Prasanna Patankar |
| Designation | Managing Director |
| Age | 54 years 10 months (D.O.B.- October 2, 1969) |
| Date of first appointment on the Board | November 18, 2016 |
| Qualification | B.Sc. (Hons), Master of Business Management (MBM) in Finance |
| Experience – Brief profile | Mr. Prasanna Patankar has over three (3) decades of cumulative work experience in Treasury & Investment Management functions across areas which include Primary Dealership (PD) Operations, Fixed Income Sales & Trading, Debt & Macro Economic Research, Debt Capital Markets, Client Asset Management, Proprietary Equity Trading, etc. Mr. Prasanna Patankar was part of the team which set up Primary Dealership Business at STCI Primary Dealer Limited. Mr. Prasanna Patankar is an MBM (Finance) from the University of Calcutta. He is currently Managing Director of STCI Primary Dealer Limited and also on the Board of Primary Dealers' Association of India (PDAI). |
| No of Shares held in Company | 1 share held as Nominee of STCI Finance Limited |
| Relationship with other Directors/Key Managerial Personnel | None |
| Number of meetings of the Board attended during the FY2023-24 | 6/6 |
| Directorship in other Companies | (i) STCI Commodities Limited (ii) Primary Dealers Association of India (PDAI) (Sec. 8 Company) |
| Membership in Committees of Company. | • Member of Corporate Social Responsibility (CSR) Committee |
| Membership in Committees of other Companies. | FBIL Oversight Committee (OC) (w.e.f June 05, 2024) |
| Terms and conditions of appointment/reappointment | As per details provided in item no. 5 of the Notice. |
| Remuneration last drawn | As per details provided in item no. 5 of the Notice. |
| Remuneration proposed to be paid | As per details provided in item no. 5 of the Notice. |

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STCI PRIMARY DEALER LIMITED

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