

MAKING VISUALIZATION  
PRECEDE PERFORMANCE

| ANNUAL REPORT |  
| 2016 - 2017 |





Creating value  
through  
visualization







## VISUALIZE, PLAN, ACT!

Winners from all walks of life use visualization as a technique to achieve the goal they desire. It is about putting the imaginative mind to work and seeing the result (the picture of success) before you. The mind is a source of creativity, intuitive thoughts and feelings, inspiration and an able guide to help us achieve the goal we may desire. And this is possible if we have the ability to see the big picture - the picture of the desired result or goal - without our self-doubting or self-limiting thoughts and plant it like a seed in our mind. This ability to visualize the big picture without losing focus on the little things that build up towards it and then working relentlessly in achieving the desired outcome is an integral part of any successful organisation. For over three decades, we, at SBICAP, have been using the power of visualization to conceive, plan and execute our clients' requirements. Our continued success in providing holistic and customer-focused solutions to complex problems in an ever changing market scenario, across business cycles and dynamics, is what separates us from our competition. This ability to see the big picture without losing sight of ground realities is an integral part of SBICAP's organisational culture and client experience. Our credentials are a testimony to our execution skills and our continued success across market cycles, a tribute to the power of visualization!



All that is achieved  
is the result of what  
was first visualized



# VISION

To be the best India based  
Investment Bank.

# & MISSION

To provide credible,  
professional and  
customer-focused world-class  
investment banking services.

# I N D E X

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When we're  
determined  
to think better,  
we're destined  
to live better



# OUR VISUALIZERS

## THE BOARD OF DIRECTORS



**Smt. Arundhati Bhattacharya**  
Chairman



**Shri Dinesh Kumar Khara**  
Director



**Smt. Bharati Rao**  
Director



**Shri Narayan K. Seshadri**  
Director



**Smt. Aruna Jayanthi**  
Director



**Dr. Dharmendra Bhandari**  
Director



**Shri Devinjit Singh**  
Director



**Shri T. L. Palani Kumar**  
Director



**Smt. Varsha Purandare**  
Managing Director & CEO



**Shri Ashwani Bhatia**  
Whole-Time Director

Manifesting reality  
with the power of  
visualization



# AWARDS & RANKINGS

## The Asset Triple A Asia Infrastructure Awards 2017

Project Finance House  
of the Year, India

Renewable energy  
deal of the year – Wind,  
India, for Mytrah Energy  
(India) 26.88 billion rupee  
debt refinancing and  
working capital facility

Chemical deal of the  
year, India, for Chambal  
Fertilisers and Chemicals  
USD 710.91 million  
financing facility

Oil and gas deal of  
the year, India, for  
Bharat PetroResources  
Limited USD  
2.262 billion SBLC  
financing facility

Power deal of the year,  
India, for Thermal  
Powertech Corporation  
50.89 billion rupee  
refinancing

Petrochemical Deal of the  
Year, India - TCI Sanmar  
Chemicals SAE USD 565  
million facility

Transport deal  
of the year for  
Jawaharlal Nehru  
Port Trust  
USD 400 million facility

## The Asset Triple A Regional Awards 2016

Awards for  
Best loan house,  
India & Best equity / Best  
IPO, India for RBL Bank's  
12.1 billion rupee IPO

## Dealogic

Ranked No. 2 Mandated Lead  
Arranger in the Middle East &  
African Project Finance Loans  
Ranking 2016 with market  
share of 4.9% (Volume  
USD 2,148 million)

No. 1 Asia Pacific Project  
Finance All Financial Adviser  
with market share of 18.6%  
(Volume USD 9,690 million)  
for CY 2016

No. 2 Financial Advisor  
Asia Pacific Project Finance  
Financial Adviser to Consortium  
Ranking 2016 - Market  
share 19.1% (Volume  
USD 9,466 million)



### Bloomberg League Tables

Ranked No. 1 - Indian  
Borrower Loans Mandated  
Lead Arranger with 26.00%  
market share (Volume INR  
763,128 million)  
for CY 2016

Ranked No.1 - Local  
currency loans Mandated  
Lead Arranger with 39.14%  
(Volume INR  
553,436 million)  
for CY 2016

Ranked No. 1 - Indian  
Borrower Foreign Currency  
Loans Mandated Lead  
Arrangers with market share  
of 16% (USD 3,085 million)  
for CY 2016

Ranked 3<sup>rd</sup> in Private  
Placement of Bonds in FY 17  
& No. 5 in Foreign Currency  
Bonds issue for CY 2016

### Thomson Reuters - PFI

Ranked 1<sup>st</sup> Asia Pacific  
Project Finance Loans  
(market share 9.7%  
Volume USD 5,016.4 million)  
for CY 2016

### Thomson Reuters LPC / Basis Point ASIA PACIFIC 2016 Syndicated Loans

No. 1 South Asia  
Mandated Arranger  
with market share of  
10.70% (Volume - USD  
2,471,907,576)

### Prime Database

SBICAP was ranked  
1<sup>st</sup> by number of equity  
issuances (16) and No. 3 by  
issue amount raised  
(~INR 19,924 crores)  
for FY 2017



Visualize & Achieve.  
The sum total of  
our existence.



Strategy is a thought.  
Execution is an art.

## ABOUT US

SBICAP Capital Markets Ltd. (SBICAP), India's leading domestic Investment Bank, began its operations in August 1986 and is a wholly owned subsidiary and investment banking arm of State Bank of India (SBI), the largest commercial bank in India.

SBICAP offers the entire bouquet of investment banking and corporate advisory services. The service bouquet includes the full range of financial advisory services under one umbrella covering Project Advisory and Loan Syndication, Structured Debt Placement, Capital Markets, Mergers & Acquisitions, Private Equity and Stressed Assets Resolution.

As a complete solutions provider to clients in investment banking and corporate advisory, SBICAP offers them advice, innovative ideas, and unparalleled execution across all stages in their business cycle ranging from venture capital advisory, project advisory, buy and sell-side advisory, accessing financial markets to raise capital and even restructuring advisory in their turn-around phases. SBICAP is a global leader in the area of Project Loan Syndication and has lent crucial support to the Indian infrastructure sector.

SBICAP is known for its astute professionalism and business ethics. The team of executives consists of qualified and dedicated professionals with vast experience in the fields of Project Advisory, M&A Advisory, Corporate Strategy or Business Restructuring Advisory, arranging of Private Equity / Structured Finance, Equity, Debt and Hybrid Capital raising.

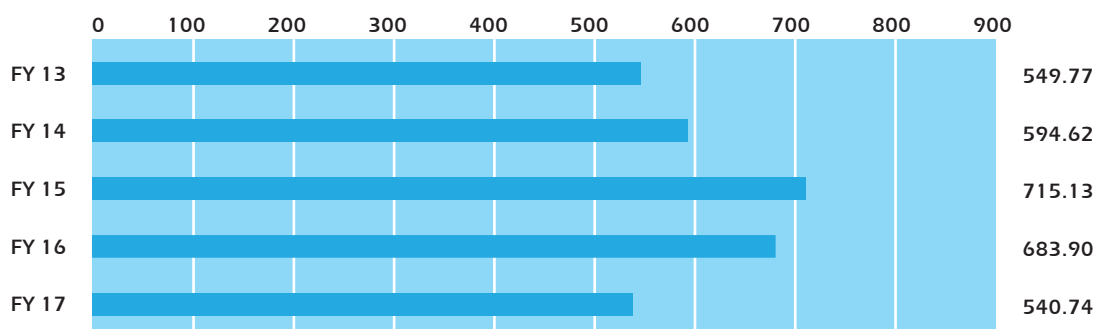
Headquartered in Mumbai, SBICAP has 5 regional offices across India (Ahmedabad, Chennai, Hyderabad, Kolkata and New Delhi), 1 branch office in Pune and 5 subsidiaries - SBICAP Securities Limited, SBICAP Trustee Company Limited, SBICAP Ventures Limited, SBICAP (UK) Limited and SBICAP (Singapore) Limited. The regional offices are located strategically at major business hubs in the country and closely liaise with clients at those and nearby centers.

SBICAP also offers services in the areas of Equity Broking & Research, Security Agency & Debenture Trusteeship and Private Equity Investment & Asset Management through its wholly-owned subsidiaries SBICAP Securities Limited, SBICAP Trustee Company Limited and SBICAP Ventures Limited, respectively.



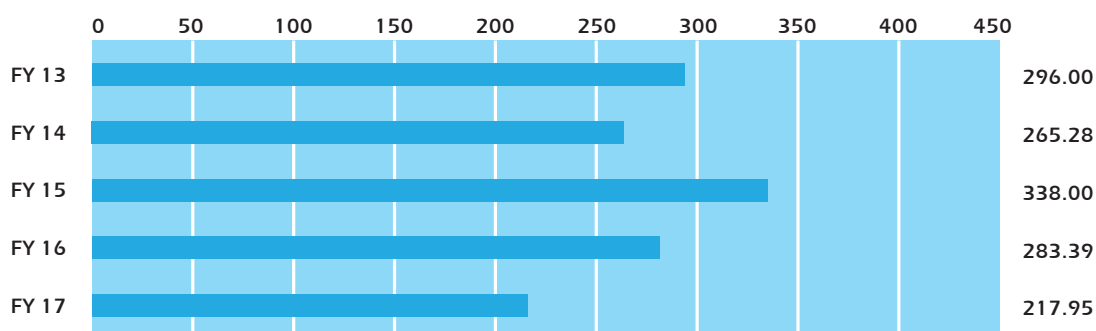
## GROSS INCOME

(Rs. in crores)



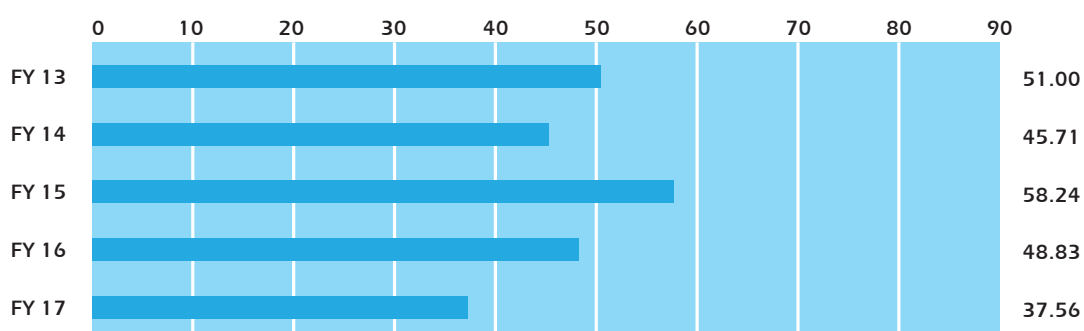
## PROFIT AFTER TAX

(Rs. in crores)



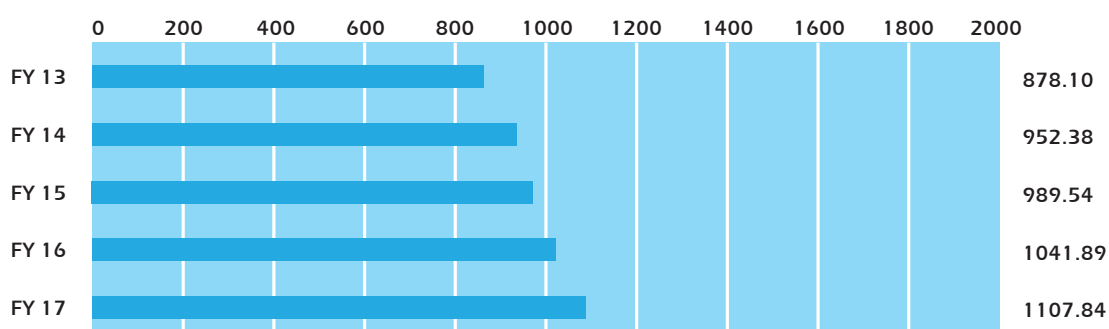
## EARNINGS PER SHARE

(Rs. in crores)



## NET WORTH

(Rs. in crores)





Focus  
determines success

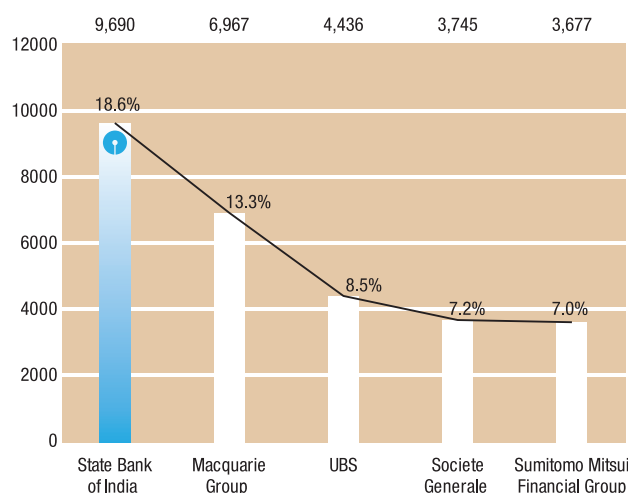
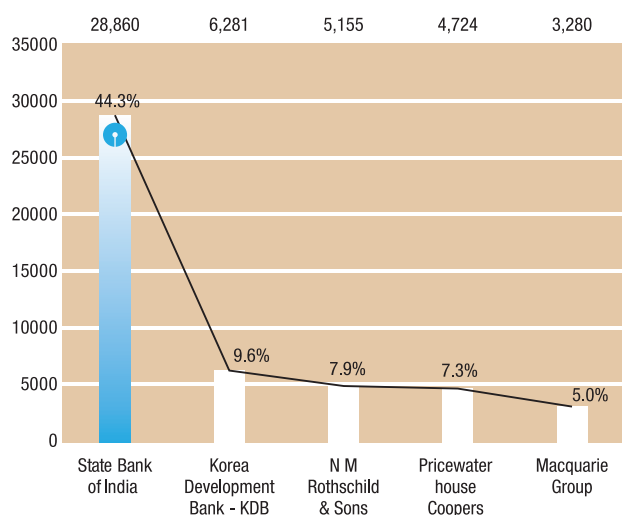
## MARKET STANDING

### ASIA PACIFIC PROJECT FINANCE ALL FINANCIAL ADVISER RANKING

(Value in USD million; Market Share in %)

(FY 2015)

(FY 2016)



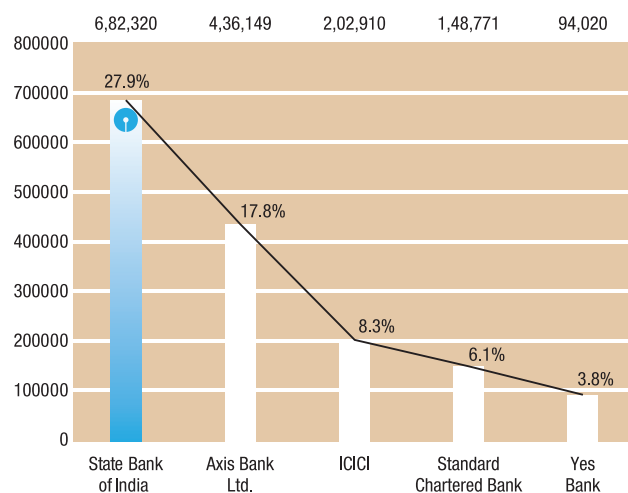
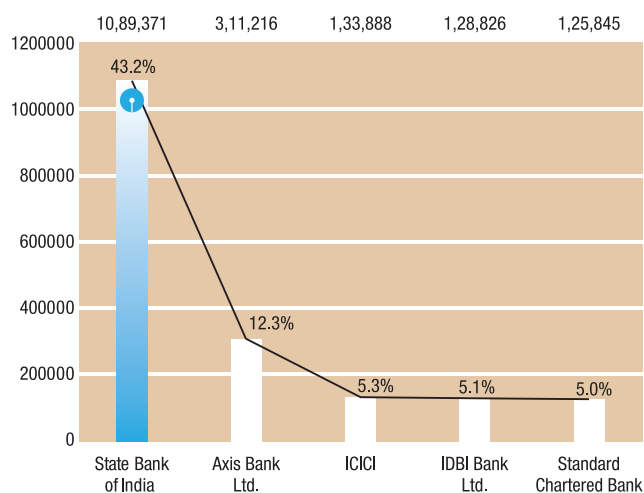
Source: Dealogic Project Finance Review

### INDIAN BORROWER LOANS (BOOKRUNNER)

(Value in INR million; Market Share in %)

(FY 2015)

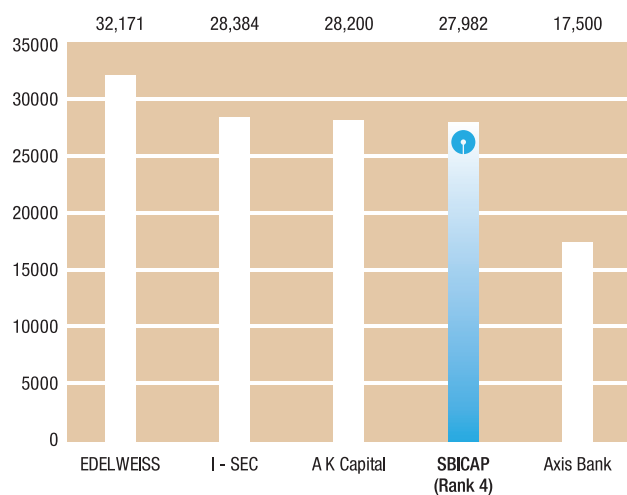
(FY 2016)



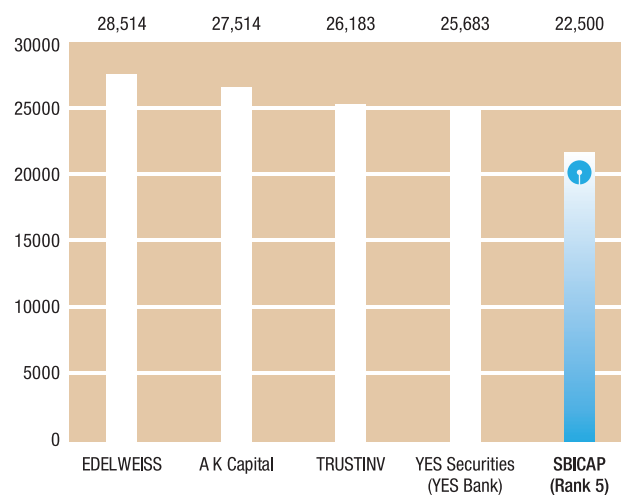
Source: Bloomberg - India League Table 2015 - 2016.

## PUBLIC ISSUE OF DEBT (Rs. in Crores)

(FY 2016)

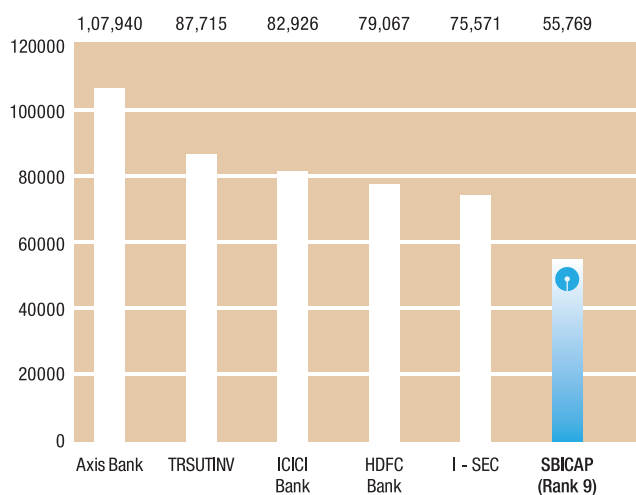


(FY 2017)

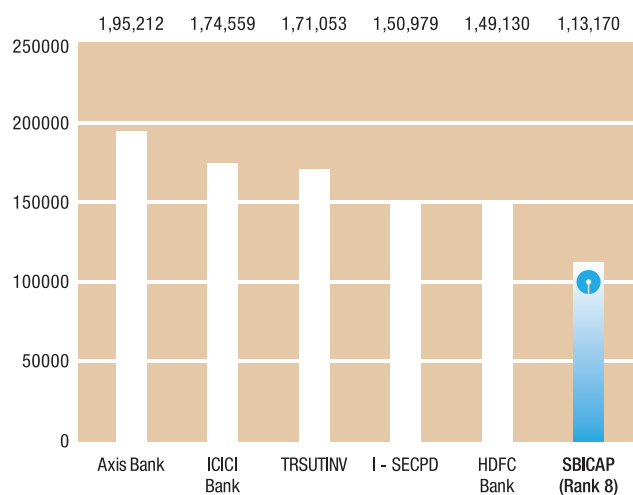


## PRIVATE PLACEMENT OF DEBT (Rs. in Crores)

(FY 2016)

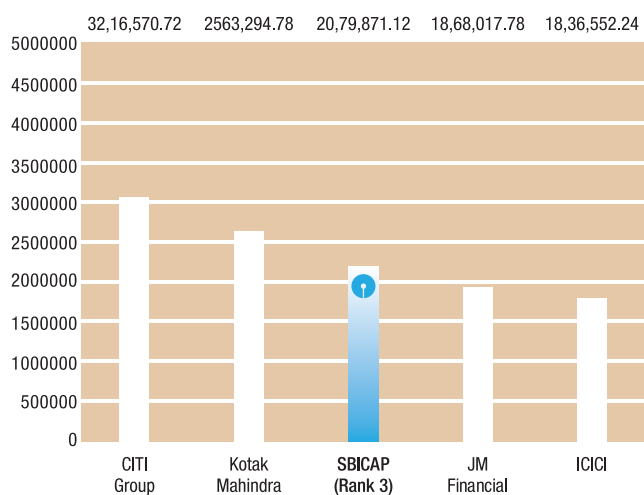


(FY 2017)

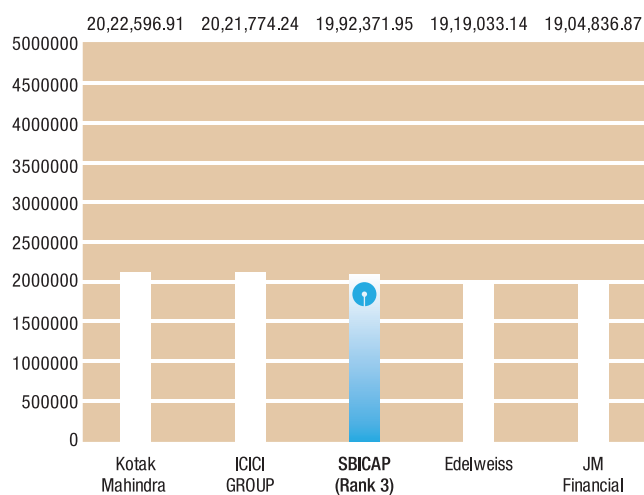


## ALL EQUITIES (Rs. in Lacs)

(FY 2016)



(FY 2017)



Source: Prime Database



Strategy.  
Execution.  
Success.

## PROJECT ADVISORY & STRUCTURED FINANCE GROUP (PA&SF)

**S**BICAP is the market leader in providing financial advisory and debt / equity syndication services to a large client base in various sectors with focus on Infrastructure sector and core industries. SBICAP's Project Advisory & Structured Finance (PA&SF) Group provides the best-in-class services and excellence in execution of the very complex transactions across the service space in order to help the clients grow and achieve their strategic business objectives.

The Group has been the pioneer in advisory services in the country with a comprehensive range of offerings covering the entire life cycle of projects. Its wide knowledge base makes it the foremost choice of the corporates as well as the government bodies for availing advisory services in infrastructure and core industries. On the other hand, its strong relationship with banks and financial institutions - both domestic and overseas, make SBICAP the market leader and first port of call for Debt Syndication services for project finance as well as structured finance transactions. PA&SF Group also provides services like M&A advisory, private equity tie up, restructuring advisory, pre-bid advisory and bid process management services, etc. in this space. The PA&SF Group has also established itself firmly in the structured finance space by successfully structuring and executing some of the very complex transactions.

The Group has a team of more than 300 highly qualified professionals from diversified backgrounds with relevant experience and expertise in respective infrastructure and core industries subsectors i.e. Energy, Transportation & Urban Infra, Telecom, Aviation, Mining, Steel, etc. With the continued focus of the Indian Government on infrastructure development, the Group is well placed to continue its eminence in this sector and to act as a key ally for both the Government and the Private sector in their endeavours towards overall economic development.



# PA&SF GROUP OFFERINGS

## DEBT, M&A AND PRIVATE EQUITY ADVISORY

- Arrange onshore and offshore debt and working capital
- Raise funds from ECA'S and multilateral agencies
- Identify assets for acquisition and strategic investments
- Mobilise private / quasi-equity
- Advice on demerger and sale of assets
- Advice on divestment of companies
- Provide acquisition advisory services for both domestic and outbound acquisitions
- Valuation Advisory Services

## FINANCIAL APPRAISAL, BID ADVISORY

- Financial appraisal of projects
- Due diligence and capital structuring
- Strategy and bid advisory to State / Central Governments and regulatory bodies
- Business valuation and joint venture advisory

## STRUCTURED FINANCE: ACQUISITION, LEVERAGE, MEZZANINE FINANCING AND CONVERTIBLES WITH CUSTOMIZED SOLUTIONS

- Arranging bridge and interim finance for acquisitions
- Structured trade finance for raising funds for overseas companies
- Advising clients for participation in international project syndications
- Structured finance products for off-balance sheet and receivable financing
- Flexible financing scheme under the 5:25 scheme of RBI
- Capital raising for banks through ECA / Multilaterals

## CORPORATE RESTRUCTURING OF COMPANIES

- Re-organisation and re-capitalization advisory
- Financial viability and business plan advisory
- Debt restructuring both within and outside the CDR / JLF mechanism
- Strategic Debt Restructuring / S4A under the RBI framework
- Bid process advisory and debt resolution advisory



Investing imagination  
to build the nation.



Customized  
solutions for every  
corporate need

## INVESTMENT BANKING GROUP (IBG)

Our Investment Banking team specializes in assisting clients with fund-raising and advisory transaction including private equity and M&A. With over 30 years of experience, we have established our position as a merchant banker of choice by providing customized client solutions. IBG assists our clients (Corporates, Banks, Financial institutions, PSUs, State Government Undertakings, etc.) in fund-raising by way of equity and debt from both Domestic and Foreign Investors. Our investor relationships spanning across corporates, banks, domestic and foreign financial institutions, central and state public sector undertakings, high net-worth individuals and retail individuals have been long-standing and give us an edge in our product and solution offerings both in the equity and debt capital markets space. We are also advisors to regulators and policy makers.

We have experts with in-depth knowledge and experience in both domestic and cross-border mergers and acquisitions, acquisition financing and private equity. The team has handled complex deals and has many successful deal closures to its credit across different industry verticals.

### EQUITY PRODUCTS AND SOLUTIONS OFFERED BY IBG INCLUDE:

- Public Issues including Initial and Follow on Public Offerings (IPOs and FPOs) and Rights Issue
- Private Placements including Qualified Institutional Placements (QIPs) and Institutional Placement Program (IPP)
- Capital market advisories including open offers, Buy back and Delisting offers
- Offer for Sale (OFS) on the stock exchange
- Bulk and block trades on exchanges and off-market transactions
- Offerings of convertible securities
- Arranging private equity including growth capital, pre-IPO convertibles, Private Investment in Public Equity (PIPE), mezzanine debt and equity and equity offerings completed as a private placement
- Capital restructuring advisory

- Advisory and arrangement services for products such as Indian Depository Receipts ADR / GDR and other off-shore equity listing options
- Valuation advisory

### DEBT PRODUCTS AND SOLUTIONS OFFERED BY IBG INCLUDE:

- Private placement of Non-Convertible Debentures (NCDs) / CPS / Bonds (including tax free bonds)
- Public Issue of Bonds - including Taxable and Tax Free bonds
- Foreign Currency Denominated Bonds / MTNs
- Structured Debt / Securitization
- Fund Raising Advisory
- Masala Bonds
- REITS & INVITS
- Credit Enhanced Bonds
- Municipal Bonds

## Directors' Report For The Financial Year 2016-17

To the Members,

Your Directors are pleased to present the 31<sup>st</sup> Annual Report of the Company together with the audited accounts for the year ended 31<sup>st</sup> March, 2017.

### FINANCIAL PERFORMANCE (Standalone and Consolidated)

The Company's financial performance for the year ended 31<sup>st</sup> March, 2017 is summarized below:

(Rs. in Crores)

Particulars	Standalone		Consolidated	
Financial Year ended March 31	2017	2016	2017	2016
<b>Operating Results</b>				
<b>Gross Income:</b>				
a) Fee based Income	433.73	599.24	713.91	793.67
b) Income from securities, Lease and hire purchase and other Income	107.01	84.66	107.53	88.75
<b>Total</b>	<b>540.74</b>	<b>683.90</b>	<b>821.44</b>	<b>882.42</b>
Profit before provisions, Depreciation, Interest and Tax	380.05	484.60	439.13	510.59
Provisions	57.49	49.72	59.00	51.43
Depreciation	9.99	9.59	27.20	30.43
Interest	-	-	1.62	1.19
Profit before tax	312.57	425.29	351.31	427.54
Less: Provision for Tax	94.62	141.90	99.06	149.19
Add: Share in net profit of associate	-	-	0.21	0.10
Profit after Tax	217.95	283.39	252.24	278.45
Add: Balance in Profit and loss Account	559.01	527.47	612.95	586.97
<b>Sub-total</b>	<b>776.96</b>	<b>810.86</b>	<b>865.19</b>	<b>865.42</b>
<b>Add: Share in Profit of Associate up to the end of preceding financial year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.72</b>
<b>Sub-total</b>	<b>776.96</b>	<b>810.86</b>	<b>865.19</b>	<b>866.14</b>
<b>LESS: APPROPRIATION</b>				
Transferred to General Reserve	21.79	28.34	22.96	29.67
Dividend on Equity Shares	116.07	185.71	116.07	185.71
Tax on Dividend	23.63	37.80	23.63	37.81
<b>CLOSING BALANCE</b>	<b>615.47</b>	<b>559.01</b>	<b>702.53</b>	<b>612.95</b>
<b>Financial Position</b>				
Equity Share Capital	58.03	58.03	58.03	58.03
Reserves and Surplus	1098.87	1020.62	1190.29	1083.12
<b>Other Selected Data</b>				
Earnings per share (Rs.)	37.56	48.83	43.46	47.98
Return on Equity	18.84%	26.27%	20.21%	24.40%
Dividend per share (Rs.)	20.00	32.00	-	-
Book Value per share (Rs.)	199.35	185.87	215.10	196.64

### Standalone and Consolidated - Revenues and Profits

On a standalone basis, your Company has achieved total income of Rs. 540.74 crores (previous year Rs. 683.90 crores), of which fee based income was Rs. 433.73 crores (previous year Rs. 599.24 crores). The Company reported Profit after Tax (PAT) of Rs. 217.95 crores (previous year Rs. 283.39 crores).

On a consolidated basis, your Company has achieved total income of Rs. 821.44 crores (previous year Rs. 882.42 crores) and reported Profit after Tax (PAT) of Rs. 252.24 crores (previous year Rs. 278.45 crores).



## Directors' Report For The Financial Year 2016-17

### DIVIDEND

The Board, in its meeting held on 27<sup>th</sup> March, 2017 declared Interim Dividend of Rs. 20/- per equity share. The payment of Interim Dividend has resulted in outflow by way of Dividend (Rs. 116.07 crores) and Dividend Distribution Tax (Rs. 23.63 crores) aggregating to Rs. 139.70 crores. The Directors recommend that the Interim Dividend of Rs. 20/- per equity share approved on 27<sup>th</sup> March, 2017 be now declared as the Final Dividend payable for the year 2016-17.

### TRANSFER TO RESERVES

Out of the current year's profits, the Directors propose that a sum of Rs. 21.79 crores be transferred to the General Reserve. An amount of Rs. 1,099 crores are proposed to be retained in the surplus at the standalone level.

### REVIEW OF BUSINESS PERFORMANCE OF THE COMPANY

The performance of your Company during the financial year 2016-17 in respect of various activities is as under:

#### (I) Merchant Banking & Advisory Fees

##### (a) Investment Banking Group - Equity Capital Markets Group (ECM)

Your company was ranked Number One in terms of Equity Issuances and Number Two in terms of Issue Amount raised in the market (approx. Rs. 19,924 crores representing 37.5% of the overall amount raised).

During the year, ECM Group achieved gross fee income of Rs. 36 crores which emanated from a wide spectrum of services across equity products such as IPO, Offer for Sale, Rights Issues, QIP, Mergers & Acquisitions, Open Offers and Advisory.

During the year, the Group completed seven buyback mandates including buyback mandate of Coal India Ltd., National Aluminium Co. Ltd. and NHPC Ltd. Stake sale transactions were also completed for National Stock Exchange of India Limited and SBI Life Insurance Company Limited. Company also acted as an advisor for the merger of five Associate Banks with SBI.

Further, SBICAP was the Lead Manager in the OFS issue of Bharat Electronics Ltd. (issue size of Rs. 1,687 crores) and Hindustan Copper Ltd. (issue size of Rs. 401 crores). SBICAP had also managed QIP issues of Hindalco Industries (issue size of Rs. 3,350 crores), Indian Overseas Bank (issue size Rs. 262 crores), United Bank of India (issue size Rs. 127 crores) and Rights Issue of Canara Bank (issue size Rs. 1,124 crores).

Your Company was associated with many of the marquee transactions in the Indian Capital Markets as one of the Book-Running Lead Manager (BRLM) for the following IPOs:

- i) ICICI Prudential Life Insurance Co. Ltd. (issue size Rs. 6,057 crores);
- ii) Avenue Supermarts Ltd. (issue size of Rs. 1,870 crores);
- iii) Bombay Stock Exchange Ltd. (issue size Rs. 1,243 crores);
- iv) RBL Bank Ltd. (issue size Rs. 1,213 crores);
- v) HPL Electric & Power Ltd. (issue size Rs. 361 crores) and;
- vi) Laurus Labs Ltd. (issue size Rs. 1,330 crores).

Your Company was also accredited the Best Loan House & Best Equity / Best IPO, India for IPO of RBL Bank (issue size Rs. 1,213 crores) by Asset Triple-A Regional Awards 2016. Details of various Awards & Recognition are provided under section "Awards & Rankings".

With the positive change in scenario in the economy on the anvil, ECM is aggressively pursuing opportunities across geographies and products and is already nurturing a strong pipeline of Equity Issuances for the forthcoming year.

##### (b) Debt Capital Markets Group (DCM)

During the year under review, DCM handled 82 NCD issuances (Debt issues) through private placement basis, which garnered an aggregate amount of Rs. 1,13,170 crores (crossed Rs. 1,00,000 crores mark). Further, your Company was ranked Number Three in Bloomberg and Number Eight in Prime Ranking for handling debt issues on private placement category.

Some of the large issues successfully executed on private placement basis during the year include National Highway Authority of India (NHAI), TATA Sons Ltd., Syndicate Bank (Tier I), Andhra Bank (Tier II), PNB Housing Finance Ltd., Mahindra & Mahindra Financial Services Ltd., Cholamandalam Investment & Finance Co. Ltd., Capital First Ltd.

## Directors' Report For The Financial Year 2016-17

Your Company has also handled five public issues of NCDs aggregating Rs. 22,500 crores, which include Dewan Housing Finance Corp. Ltd. (DHFL), Indiabulls Housing Finance Ltd. and Mahindra & Mahindra Financial Services Ltd. As per Prime Ranking, we were ranked Number Five for handling public debt issues.

During the year, DCM group was mandated by Pune Municipal Corporation and Ahmedabad Municipal Corporation for their maiden Municipal bond issues. We have also been mandated by NHAI as Sole Advisors for their proposed fund raising programme of Rs. 50,000 crores.

### (c) Project Advisory & Structured Finance Group (PA&SF)

The PA&SF Group (erstwhile Infrastructure Group) has maintained its leadership position in the country, despite challenging days, with a market share of 48.57% (Bloomberg). The PA&SF was Mandated Lead Arranger for loans worth Rs. 76,321.80 crores through 34 deals. During the year under review, PA&SF earned a gross fee income of Rs. 382.91 crores (Previous Year Rs. 547.99 crores).

During the year, your Company continued to be the frontrunner in Advisory and Syndication Services (which aggregated Rs. 254.06 crores in income); this affirms the Company's strength and leadership in the field. The Mergers & Acquisitions and Private Equity services made their presence felt (Rs. 69.12 crores) for the year as this showcased PA&SF's strength to take up diverse assignments and execute them. Other products which performed well during the year were the Valuation Advisory / Private Placement services / Underwriting Commission services amongst others (Rs. 21.75 crores).

Your Company also continued to be the industry leader for Debt Restructuring Advisory (Rs. 37.97 crores) and was able to secure mandates across diverse industries, a trend expected to continue in future.

Identical with previous years' publications, your Company could maintain its leadership status in several renowned league tables. Your Company retained its Numero Uno position of Asia Pacific and Japan Mandated Lead Arranger as well as Book-runner in the 2016 Rankings of the Thomson Reuters League Tables. The Company was ranked Number Four in the Global Project Finance rankings with a global market share of 3.9% in the 2016 Rankings of the Thomson Reuters League Tables.

Your Company was also able to execute notable and complex M&A transactions which included the merger of Reliance Communications Limited's India wireless business with Aircel Limited, sale of Aircel Limited's BWA Spectrum to Bharti Airtel Limited, sale of Reliance Infrastructure Limited's transmission assets to Adani Transmission Limited, as well as sale of Reliance Infrastructure Limited's subsidiary Reliance Cement Company Private Limited to Birla Corporation Limited. The M&A deals collectively executed by SBICAP exceeded Rs. 100,000 crores in transaction value and consequently was able to witness ~17% growth in fee income from Mergers & Acquisitions and Private Equity services.

The Company's PA&SF Group was also able to make further inroads with the Government Advisory and other related services. This spanned across State Governments from Gujarat, Maharashtra, Odisha and Telangana in addition to working with different Ministries in the Central Government. This has led to a growth in fee income from Government related services to increase by ~20% from last year. During the year, the Company was also involved in providing the Department of Financial Services with its inputs on the challenges faced by the different sectors and proposed solutions for them as it was considered an expert in the domain. It becomes an accolade in itself to have the highest policymakers in the country rely on your Company's expertise for their inputs which would shape the policies of tomorrow. Such exercises instill a sense of confidence about the progress SBICAP has made in past years and makes us look forward to the years ahead with confidence.

Some marquee deals which have received accolades from the league tables include:

- 1) Financing of M/s. Bharat Petro Resources Limited (BPRL) which was ranked the largest deal in India (loans) (Bloomberg);
- 2) Flexible Structuring of M/s. Sasan Power Limited which was ranked as the 5<sup>th</sup> largest Project Finance deal in Asia Pacific and Japan. (Thomson Reuters);
- 3) Financing of M/s. KSK Mahanadi Power Company Limited which was ranked as the 10<sup>th</sup> largest Project Finance deal in Asia Pacific and Japan. (Thomson Reuters).

Your Company has received top rankings from many ranking agencies, including recognition by way of Awards, the details of which are provided under the section "Awards & Rankings".

### (d) Income from Securities - Treasury & Investments

The treasury income for the year under review was Rs. 36.31 crores as compared to Rs. 35.99 crores in the corresponding period last year. During the financial year, apart from investments in fixed income funds, the Company also booked profit of Rs. 1.53 crores from equity investments. The returns from fixed income securities came down from 9.22% to 8.67%; with fall in interest rates. Major investment remained in liquid funds for Company's downselling requirements. However, our portfolio of Fixed Maturity Plans / Debt Mutual Funds continued to perform better with average returns of 9.24%.



## Directors' Report For The Financial Year 2016-17

### (e) Asset Finance

Pursuant to SEBI directives, the Company stopped executing fresh Leasing and Hire purchase contract w.e.f. 1<sup>st</sup> July, 1998. However, contractual obligations undertaken prior to the said date are being fulfilled.

### (II) Qualitative Performance

#### a) Human Resources:

Your Company's mission to provide credible, professional and customer focused world class investment banking solutions has been endorsed by several awards & recognitions received by the Company.

Your Company believes that "Human Resources" are the critical resources for achieving its objectives and values the resources as "Intellectual Capital". The Human Resources function in the Company focuses on transformational rather than transactional processes and continuously strives to align and benchmark its HR policies / practices to the best industry practices.

The organisation is growing rapidly and to keep pace and fuel the growth, experienced professionals were hired from the market and through campus recruitments at premier B-schools. Our people integration model ensures minimum process time to board people in the Company, thus enabling them to become productive members of the Company in a short time.

The performance driven culture is well ingrained in the Company. Performances of individuals are differentiated and "High Performers" who have contributed significantly to the business goals of the Company are duly recognised. Diverse set of professionals are integrated within the Company and in order to imbibe a collaborative and cohesive culture across functions, the officials are also measured on Cross Selling of diverse products being offered by the Company.

The HR initiatives for talent development through learning and development programmes have ensured that the Company has the right competencies and skill sets in its workforce to meet the challenging business objectives. The employees are rewarded monetarily as well as by investing in them for their skills development by deputing them for trainings / workshops in India and abroad. This year we have introduced Rewards & Recognition program for all employees under the Employee Engagement activities which we are sure will motivate the employees to give their best to the Company at all times.

Focus on Talent Management, Competency Development, Career Progression, Market Related Compensation and Benefits has helped the Company to attract, motivate and retain the talent as well as build a robust pipeline of future leaders for the Company.

#### b) Information Technology

The Information Technology group provides solutions for efficient business operations and towards this, during the year, IT group has undertaken various initiatives as part of digital transformation and governance. ERP solution with single sign on has become integrated platform for core business process with improved security. IT group has implemented the CRM Service desk towards streamlining and improving internal services of various business support activities. Business intelligence solution is being implemented which when completed will cater to management dashboards. The Company is committed in its endeavor to seek and implement the best in industry IT business processes and solutions, which will enable the Company to bring in more efficiency and effectiveness in operations.

### AWARDS & RANKINGS

Your Company continued to receive domestic and international awards and top rankings during the financial year 2016-17, prominent among them are as follows:

#### Awards

- Best Loan House Award at The Asset Triple A Country Awards 2016
- Best IPO Award for RBL (INR 12.1 billion), in which SBICAP was one of the joint book-runner and lead manager at the Asset Triple A Country Awards 2016
- Asia Infrastructure 2016 Awards for Project Finance House of the Year, Best Telecom Deal and Best Transport Deal, India

#### Rankings

- Dealogic (2016)
  - Number One Financial Advisor with 18.6% market share (USD 9,690 Million) in the Dealogic Asia Pacific Project Finance All Financial Advisor ranking 2016



## Directors' Report For The Financial Year 2016-17

- Number Two Financial Advisor with 19.1% market share (USD 9,466 Million) in the Dealogic Asia Pacific Project Finance Advisor to Consortium ranking 2016
- Number Two Mandated Lead Arranger with 4.9% market share (USD 2,148 Million) in the Dealogic Middle East & African Project Finance Loan ranking 2016
- Number Three Mandated Lead Arranger with 8% market share (USD 8,132 Million) in the Dealogic Asia Pacific Project Finance Loans ranking 2016
- Number Three Mandated Lead Arranger with 11% market share (USD 8,132 Million) in the Dealogic Asia Project Finance Loans ranking 2016
- Number Five Mandated Lead Arranger with 3.8% market share (USD 10,280 Million) in the Dealogic Global Project Finance Loans ranking 2016
- Number Five Financial Adviser with 6.1% market share (USD 12,334 Million) in the Dealogic Global Project Finance Loans ranking in 2016
- Bloomberg League Tables (2016)
  - Number One Indian Borrower Loans Book-runner with 27.97% market share (INR 682,320 Million)
  - Number One Indian Borrower Loans Mandated Lead Arranger with 25.85% market share (INR 763,128 Million)
  - Number One Indian Borrower Local Currency Loans Book-runner with 37.49% market share (INR 507,411 Million)
  - Number One Indian Borrower Local Currency Loans Mandated Lead Arranger with 39.14% market share (INR 553,436 Million)
  - Number One Indian Borrower Foreign Currency Loans Book-runner with 16.09% market share (USD 2,614 Million)
  - Number One Indian Borrower Foreign Currency Loans Mandated Lead Arranger with 13.63% market share (Volume USD 3,135 Million)
  - Number Three Asia Ex-Japan Loans Book-runner with market share 3.85% (USD 11,004 Million)
  - Number Four Asia Ex-Japan Loans Mandated Lead Arranger with market share 3.20% (USD 12,459 Million)
  - Number Five Asia-Pac Ex-Japan Loans Book-runner with market share 3.13% (USD 11,004 Million)
  - Number Eight Asia-Pac Ex-Japan Loans Mandated Lead Arranger with market share 2.61% (USD 12,459 Million)
  - Number Eight Singaporean Borrower Loans Book-runner with 4.87% market share (USD 761 Million)
  - Number Eleven Singaporean Borrower Loans Mandated Lead Arranger with 2.83% market share (USD 788 Million)
- Thomson Reuters (2016)
  - Number One in Asia Pacific & Japan Project Finance Loans Book-runner with 14.6% market share (USD 4,972.2 Million)
  - Number One in Asia Pacific & Japan Project Finance Loans Mandated Arranger with 9.7% market share (USD 5,016.4 Million)
  - Number Four in Global Project Finance Loans Book runner with 3.9% market share (USD 4,972.2 Million)
  - Ranked Fourth Asia Pacific Advisory with volume of USD 6,613 Million
  - Number Nine in Global Project Finance Loans Mandated Arrangers with 2.3% market share (USD 5,277.5 Million)
- Prime Database
  - SBICAP was ranked Number One by number of Equity Issuances (16) and Number Two by Issue Amount Raised (INR 19,924 Crores) for FY 2016 - 17.

### MATERIAL CHANGES AND COMMITMENTS IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY THAT OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT

There are no material changes and commitments affecting the financial position of the Company that occurred between the end of the financial year and the date of the report.



# Directors' Report For The Financial Year 2016-17

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

There are no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

## CONSOLIDATED FINANCIAL STATEMENT

During the financial year 2016-17, the Board of Directors of your Company reviewed the affairs of the subsidiaries. In terms of Section 129(3) of the Companies Act 2013, the Company has prepared consolidated financial statements of the Company, which forms part of this Annual Report. Further, a statement containing the salient features of the financial statement of our subsidiaries in the prescribed format AOC-1 is appended as **Annexure I** to the Board's report. The statement also provides the details of performance and financial position of each of the subsidiaries.

In accordance with Section 136 of the Companies Act, 2013, the audited financial statements, including the consolidated financial statements and related information of the Company and audited accounts of each of the subsidiaries, are available on our website, [www.sbicans.com](http://www.sbicans.com). These documents will also be available for inspection during business hours at our registered office in Mumbai, India.

## SUBSIDIARY COMPANIES

As on March 31, 2017 your Company has in all five subsidiaries of which three are domestic and two are foreign subsidiaries, namely:

- i) SBICAP Securities Ltd.;
- ii) SBICAP Trustee Company Ltd.;
- iii) SBICAP Ventures Ltd.;
- iv) SBICAP (UK) Ltd.;
- v) SBICAP (Singapore) Ltd.

## PERFORMANCE AND FINANCIAL POSITION OF SUBSIDIARIES

The performance of the five subsidiaries during the year 2016-17 is as follows:

### 1. SBICAP Securities Limited (SSL)

(Rs. in Crores)

Particulars	FY 2016-17	FY 2015-16
Total Income	250.35	160.82
Total Expenses	226.83	176.39
Profit Before Tax	23.52	(15.57)
Profit After Tax	26.06	(15.00)

#### i) Institutional Broking:

Institutional Broking volumes were higher as compared to FY 2015-16. Though there has been a slight decline in the market share from 1.77% in the previous year 2015-16 to 1.57% this year, the year saw recruitment of a large team of analysts and a ramping up of the institutional sales team. The effect of their efforts is expected to positively impact both top line and bottom line of institutional business in the coming years.

With growing focus on increase of client base, the share of SBI business to total business is slowly declining. The focus for the next two years will be large DIs and FIs.

#### ii) Awards & Recognitions:

- CDSL recognition for opening highest number of Demat Accounts in FY 2016-2017.
- NSDL Star Performer Award for Top Performer in Active Accounts (Big Depository Participants).

#### iii) Retail Broking:

Average brokerage per day, during the year under review, has increased by 53% compared to the previous year. Retail broking revenues at Rs. 97.53 crores (as against Rs. 57.13 crores last year) showed growth of 70%.

SSL's retail market share in cash market segment during the year was 2.20% which is an improvement over the 1.46% market share in previous year. With the focus on paid accounts, new client activation ratio has also increased to 35% during the year (from 12% in previous year) i.e. an improvement of 192%.

## Directors' Report For The Financial Year 2016-17

Some of the initiatives that have been introduced during the year to scale up revenue & improve client engagement are:

1. Introduced new products on [www.sbismart.com](http://www.sbismart.com) like Smart Order Routing (SOR), Bracket Order (BO), and Cover Order (CO). The Bracket Order (BO) and Cover Order (CO) are leverage products, which help in improving participation from day traders. In addition to the above products, T+5 product has been offered to all new accounts opened since April 1, 2016. Earlier this facility was only available to a limited set of retail clients serviced by branches in offline mode.
2. Model Portfolio Series IV, V and VI were launched and the Retail Team could garner investments from many customers. The drive was highly successful and well appreciated by our vast retail network.
3. Increase in market share in Equity and Currency Derivatives remained a focus area, as dealers underwent multiple training sessions in association with both BSE & NSE. Our F&O turnover surged, witnessing a standout growth of 217%. SSL also witnessed a growth in Currency Turnover to Rs. 1,031 crores in current year as compared to Rs. 122 crores in previous year.
4. New HTML 5 website was launched with enhanced user experience.
5. 20.12% of our turnover takes place on the Company's Web Platform and 27.84% of the turnover takes place on the Company's Mobile platform.

### iv) Sales & Distribution:

Sales & Distribution top line jumped by 169% to Rs. 39.50 crores during the year under review.

Stellar performance was witnessed in respect of GOI Bonds business wherein amount of Rs.1,374 crores was procured as against Rs. 400 crores in the earlier year.

### Asset Distribution:

#### ➤ Home Loan:

Home loans are sourced from 14 locations (increased from 11 last years). Disbursements on sourced loans have increased by 318% from 2015-16. We have seen a significant increase in productivity because of a better pre and post sale synergy with SBI.

#### ➤ Auto Loan:

Auto loans are sourced from 13 locations (increased from 8 last years) with additional sourcing of Hyundai dealers apart from Maruti. Disbursements on sourced loans have increased by 100% from 2015-16.

### v) Debt:

- The annual associations have gone up from Rs. 56,000 crores to Rs. 1,20,000 crores. Growth has been more than 80% as compared to a market growth of less than 10%.
- This is the first time ever in the history of SSL that the Company has crossed Rs. 1,00,000 crores associations with 82 issues.
- The Non SBI group volume, as a proportion of total volume, has gone up substantially from Rs. 3,336 crores to Rs. 26,917 crores.

## 2. SBICAP Trustee Company Limited (SBICTCL)

Summary of the financial highlights for the year 2016-17 and 2015-16 are as under:

(Rs. in Crores)

Particulars	FY 2016-17	FY 2015-16
<b>Operating Result</b>		
Gross Income		
a) Fee based – Trustee Remuneration Fees	26.82	27.32
b) Other Income	3.50	3.46
Total	30.32	30.78
Expenses	12.72	10.70
Profit Before Tax	17.61	20.08
Profit After Tax**	11.68	13.35

\*\*Profitability reduced on account of Bad Debt and provisioning of Debtors.



## Directors' Report For The Financial Year 2016-17

SBICAP Trustee Company Ltd., has registered gross income of Rs. 30.32 crores and profit after tax of Rs. 11.68 crores during the year under review, as against gross income of Rs. 30.78 crores and profit after tax of Rs. 13.35 crores for the previous year.

Major portion of trusteeship revenue is derived from the area of security trusteeship. Due to dismal credit growth in the corporate group of Banks, SBICTCL's business levels were marginally lower than FY 16.

Company's operations are being streamlined and are poised to improve during the year 2017-18. Presently, the Company is undertaking various Corporate Trusteeship activities viz. Security Trusteeship, Security Agent and Safe Custody of Documents, Debenture / Bond Trusteeship, Escrow Agent, Escrow Trusteeship, Share Pledge Trusteeship, Will Management and Will related Trusteeship, Alternate Investment Fund Trusteeship, etc.

Going forward the Company proposes to undertake various other activities like Role of Facility Agent, Securitization Trustee, ESOP and Employee Welfare Trustee, to act as trustee for REITS and INVITS etc., where we see business opportunities.

SBICTCL is fully automated trustee Company with "Trustee Enterprise Management System" (TEMS), an end-to-end Business Automation System encompassing modules viz. Lead Management, Mandate Management, Accounts & Billing Generation, Alerts Generation, CERSAI etc.

### 3. SBICAP Ventures Limited (SVL)

Summary of the financial highlights for the year 2016-17 and 2015-16 are as under:

(Rs. in Crores)

Particulars	FY 2016-17	FY 2015-16
Fee Income	7.04	6.87
Other Income	0.89	2.03
Gross Income	7.93	7.07
Expenses	4.03	2.33
Profit Before Tax	3.90	4.74
Profit After Tax	2.61	3.64

SVL booked a gross income of Rs. 7.93 crores as against Rs. 7.07 crores during the corresponding period last year and booked profit of Rs. 2.61 crores as against Rs. 3.64 crores booked during the previous financial year.

SVL is managing the Neev Fund, an AIF Category I Infrastructure Fund, with Department for International Development (DFID) as one of the contributors alongwith State Bank of India group. The Fund made two investments in the current year and the Company earns management fees for its services.

### 4. SBICAP (UK) Limited (SUL)

A summary of the major financial highlights is as under:

(Rs. in Crores)

Particulars	FY 2016-17	FY 2015-16
Fee Income	0.00	0.54
Other Income	0.11	0.31
Gross Income	0.11	0.85
Expenses	5.53	6.52
Profit / (Loss) Before Tax	(5.42)	(5.67)
Profit / (Loss) After Tax	(5.42)	(5.67)

SUL booked a gross income of Rs. 0.11 crores during the year under review as against Rs. 0.85 crores during the corresponding period last year and booked a loss of Rs. 5.42 crores during the year as against loss of Rs. 5.67 crores during the previous year.

## Directors' Report For The Financial Year 2016-17

### 5. SBICAP (Singapore) Limited (SSGL)

A summary of the major financial highlights is as under:

(Rs. in Crores)

Particulars	FY 2016-17	FY 2015-16
Fee Income	3.51	4.31
Other Income*	0.90	(0.36)
Gross Income	4.41	3.95
Expenses	5.49	5.03
Profit / (Loss) Before Tax	(1.12)	(1.08)
Profit / (Loss) After Tax	(1.12)	(1.08)

\*Comprising profit from exchange translation on non-SGD balances, trading / settlement and interest income

SSGL has developed a close connect with both the equity and debt capital markets institutional investors / funds, particularly in Singapore, enabling SSGL to always efficiently conduct the non-deal and / or placement roadshows, and for ensuring the strong book buildup and a flow of major proportion of orders to them for the overseas-bonds underwriting mandates.

SSGL has demonstrated its strength with the investors by not just successfully conducting over 10 capital market roadshows, but also arranging an investor meet for officials from Ministry of Finance, Government of India.

### DIRECTORS

As on March 31, 2017, the Board of Directors of the Company comprised of Ten (10) Directors out of whom four are Non-Executive Independent Directors, the composition of Board of the Directors is as follows. A brief profile of the Directors is appended in the Corporate Governance Report which forms part of the report:

- 1) Smt. Arundhati Bhattacharya, Chairman;
- 2) Shri Dinesh Kumar Khara, Non-Executive SBI Nominee Director;
- 3) Smt. Bharati Rao, Non-Executive SBI Nominee Director;
- 4) Shri Narayan K. Seshadri, Non-Executive Independent Director;
- 5) Smt. Aruna Jayanthi, Non-Executive Independent Director;
- 6) Shri Devinjit Singh, Non-Executive Independent Director;
- 7) Dr. Dharmendra Bhandari, Non-Executive Independent Director;
- 8) Shri T. L. Palani Kumar, Non-Executive Additional Director;
- 9) Smt. Varsha Purandare, Managing Director & Chief Executive Officer; and
- 10) Shri Ashwani Bhatia, Whole-time Director.

### Appointments / Resignations / Changes from the Board of Directors:

During the year under review, the following changes took place among the Directors of the Company:

- Shri Ashok Kini resigned from the position of Non-Executive Director with effect from 06<sup>th</sup> June, 2016.
- Shri Ashwani Bhatia appointed as Whole-Time Director of the Company with effect from 25<sup>th</sup> July, 2016.
- Shri V. G. Kannan resigned as Non - Executive SBI Nominee Director with effect from 30<sup>th</sup> July, 2016.
- Shri Dinesh Kumar Khara appointed as Non-Executive SBI Nominee Director with effect from 30<sup>th</sup> August, 2016.
- Shri T. L. Palani Kumar appointed as Non-Executive Additional Director with effect from 26<sup>th</sup> October, 2016.

The Board welcomes Shri Ashwani Bhatia, Whole-Time Director, Shri Dinesh Kumar Khara, SBI Nominee Director and Shri T. L. Palani Kumar, Non-Executive Additional Director and places on record its deep appreciation to Shri Ashok Kini and Shri V. G. Kannan, Director for valuable contributions made by them during their tenure as Directors of the Company.



## Directors' Report For The Financial Year 2016-17

The Company has received notice under Section 160 of the Companies Act 2013 from State Bank of India (the member) together with necessary Deposit, proposing the candidature of Shri Narayan K. Seshadri for appointment as Independent Director for second consecutive term for a period of three years at the ensuing Annual General Meeting. Shri Narayan K. Seshadri has submitted declaration under Section 149(7) of the Companies Act, 2013 confirming that he meets the criteria of independence prescribed for Independent Directors as stipulated under Section 149(6) of the said Act.

### Directors retiring by rotation

The Board of Directors of your company comprises of four Independent Director, five nominee Directors of SBI and one Additional Director.

Pursuant to Sections 149(13) and 152 of the Companies Act, 2013 Independent Directors appointed under the Act are not liable to retire by rotation.

In accordance with other applicable provisions of the Companies Act 2013, Nominee Directors are not counted for determining the number of Directors liable to retire by rotation. Accordingly, none of the Directors are liable to retire by rotation.

In terms of Section 152 of the Companies Act, 2013, Shri T.L. Palani Kumar ceases to be Additional Director at the ensuing Annual General Meeting and being eligible offers himself to be appointed as Director liable to retire by rotation. The Board recommends to the Shareholders at the said AGM for appointment of Shri T. L. Palani Kumar as Non-Executive Director of the Company. A brief profile of Shri T.L. Palani Kumar has been provided in the notice of the Annual General Meeting.

### Key Managerial Personnel

During the year under review, following Key Managerial Personnel (KMP) were appointed:

- i) Shri Ashwani Bhatia, Whole-Time Director appointed as Whole-Time Key Managerial Personnel of the Company with effect from 25<sup>th</sup> July, 2016.
- ii) Shri Navinchandra Amin, Sr. Vice President & Chief Financial Officer appointed as CFO and KMP with effect from 25<sup>th</sup> July, 2016.

Further, during the year Shri P. Karthikeyan, SVP & CFO, resigned as SVP & CFO and KMP consequent to his superannuation at the close of business hours on 31<sup>st</sup> May, 2016.

### Number of Meetings of the Board

The Board met six (6) times during the year 2016-17. Detailed information on the meetings of the Board are included in the Report on Corporate Governance, which forms part of this Annual Report.

Additionally, several committee meetings were held including that of Audit Committee, which met five (5) times during the year.

### Committees of the Board

Your Company has several committees which have been established as a part of the best corporate governance practices and follow the requirements of the relevant provisions of applicable laws and statutes.

The Company has the following Committees of the Board:

- Committee of Directors
- Audit Committee
- Risk Management Committee
- Corporate Social Responsibility Committee
- Human Resources Committee
- Nomination and Remuneration Committee

The composition and Terms of Reference of the Audit Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee are provided in the Report on Corporate Governance which forms part of this Annual Report.

# Directors' Report For The Financial Year 2016-17

## Recommendation of Audit Committee

During the year under review, the various recommendations made by the Audit Committee from time to time were accepted by the Board of Directors.

## Nomination and Remuneration Policy

The Nomination and Remuneration Committee of the Board has framed a policy on Directors, Key Managerial Personnel and other Senior Management Personnel for appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other related matters in accordance with Section 178 of the Companies Act, 2013 read with the applicable Rules made thereunder. The Nomination and Remuneration Policy as approved by the Board of Directors forms part of 'Report of Corporate Governance'.

## Performance Evaluation of the Board and Board Committees

Pursuant to the provisions of the Companies Act, 2013 and SEBI Guidance Note on Board evaluation issued on January 5, 2017, the Board has carried out an annual evaluation of its own performance and that of its Committees and individual Directors.

The Nomination and Remuneration Committee and the Board of Directors at its meeting held on 23<sup>rd</sup> January, 2017, approved the revised 'Performance Evaluation Parameters' for evaluation of the performance of the Board, its Committees, individual Directors, the Chairman and the Independent Directors.

The performance of the Board and individual Directors was evaluated by the Board seeking inputs from all the Directors. The performance of the Committees was evaluated by the Board seeking inputs from the Committee Members.

A separate meeting of Independent Directors was held to review the performance of Non-Independent Directors', performance of the Board and performance of the Chairman of the Company, which also considered the views of Executive Directors and the Non-Executive Directors. The Nomination and Remuneration Committee reviewed the performance of individual Directors. This was followed by a Board Meeting that discussed the performance of the Board, its Committees and individual Directors.

The summary of the performance of the Board, its Committees, individual Directors and the Chairman was placed before the Nomination and Remuneration Committee at its meeting held on 28<sup>th</sup> April, 2017, for noting and recommending to the Board to take note of the same. The Board noted the summary of the performance of the Board, its Committees, individual Directors and the Chairman at its meeting held on 28<sup>th</sup> April, 2017.

## CORPORATE GOVERNANCE

The Directors' Report on Corporate Governance for the year 2016-17 is attached (**Annexure 'II'**).

## DISCLOSURES OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS

In terms of Section 134(3)(m) read with Rule 8(3) of the Companies (Accounts) Rule 2014, the following information is furnished:

### Conservation of Energy and Technology Absorption

Since the Company is engaged in Merchant Banking and Advisory Services, there is no information to report under this head.

### Foreign Exchange Earnings and Outgo

During the year under review, the Company earned foreign exchange equivalent to Rs. 41.21 crores (previous year Rs. 61.66 crores) towards advisory & syndication fees from overseas clients and reimbursement of expenses. The total foreign exchange expended amounted to Rs. 2.16 crores (previous year Rs. 4.47 crores) on account of foreign travel and other expenses.

## PARTICULARS OF LOANS, INVESTMENTS AND GUARANTEE

The Company has not given any loans or guarantee during the year under review except various performance guarantees aggregating to Rs. 96 lacs (previous year Rs. 49 lacs) issued by the banks in favour of clients.

For the details of investments made by the Company, your Directors draw attention of the members to refer to Note 2.8 of the Financial Statements as on 31<sup>st</sup> March, 2017.

## CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

In compliance with Section 135 of the Companies Act 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, your Company has established Corporate Social Responsibility Committee and statutory disclosures with respect to CSR Committee and an Annual Report on CSR activities forms part of this Report.



## Directors' Report For The Financial Year 2016-17

Your Company being conscious of its obligation to society at large had undertaken a host of activities, in different geographical areas, across the country. Healthcare and education was the focus of the CSR programme for the year.

Some of the notable activities undertaken during the year are as listed below:

- The Company donated an amount of Rs. 1 crore to Om Creations *(a Mumbai based non-profit NGO that provides education and training to mentally challenged adults)*, as funding support towards its proposed 'Om Abode' project - a multi-functional space at Khandpe Village, Karjat, that will house mentally challenged adults and their caregivers, providing them a holistic community living and working space with all requisite amenities.
- SBICAP provided a CSR grant of Rs. 1 crore to The Akshaya Patra Foundation to be utilised towards the capital expenses and procurement of 2 delivery vehicles for its proposed kitchen set up at Burari, New Delhi, to serve mid-day meals in Delhi Government Schools.
- SBICAP donated an amount of Rs. 26 lacs to Habitat for Humanity (HFH) India, towards construction and setting up of a community toilet in Thane, in association with the Thane Municipal Corporation (TMC).
- The Company also provided a Basic Life Support (BLS) ambulance to St. John Ambulance Brigade, Delhi along with all requisite modifications and medical equipment, to be operated and run in New Delhi.

### RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were in the ordinary course of business and on an arm's length basis. The particulars of contracts / arrangements entered into by the Company with the related parties, as prescribed in Form no. AOC – 2, is annexed to this report at **Annexure 'III'**.

### AUDITORS

#### a) Statutory Auditors

M/s. Shah & Taparia, Chartered Accountants, were appointed as the Statutory Auditors of the Company for the financial year 2016-17, by the Comptroller & Auditor General of India (CAG), under the provisions of Section 139(5) of the Companies Act 2013. They will hold office till the ensuing 31<sup>st</sup> Annual General Meeting of the Company.

In terms of Section 139(5) of the Companies Act 2013, CAG vide their letter dated 12<sup>th</sup> July, 2017 have appointed M/s. Ummed Jain & Co., Chartered Accountants, as the Statutory Auditors of the Company for the financial year 2017-18.

#### b) Secretarial Auditors and Secretarial Audit Report

Pursuant to Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company had appointed M/s D.A. Kamat & Co., Practicing Company Secretaries, Mumbai as Secretarial Auditors to conduct the Secretarial Audit of the Company for the FY 2016-17. The Company provided all assistance and facilities to the Secretarial Auditor for conducting their audit. The Report of Secretarial Auditor for the FY 2016-17 is annexed to this report at **Annexure 'IV'**.

### COMMENTS OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA

Comments of the Comptroller & Auditor General of India as per report dated 07<sup>th</sup> July, 2017, submitted under Section 143(6) read with section 129(4) of the Companies Act, 2013 on the Standalone Financial Statement and the Consolidated Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2017 (forms part of the Annual Report). The CAG has not made any adverse comments in its Report and has inter-alia advised as follows:

*"On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditor's report."*

### PARTICULARS OF EMPLOYEES

In terms of Section 197(12) of the Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time, the statement containing particulars of employees as required is annexed hereby and forms part of the Directors report. **Annexure 'V'**.

### EXTRACTS OF ANNUAL RETURN

Pursuant to sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Companies Act 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014 the extracts of the Annual Return as at 31<sup>st</sup> March, 2017 forms part of this report and annexed as **Annexure 'VI'**.

# Directors' Report For The Financial Year 2016-17

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, the Directors confirm that:

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

## ACKNOWLEDGEMENT

The Board of Directors would like to express its thanks to SEBI - the Company's Regulator, and to the Comptroller & Auditor General of India (CAG), for the advices and guidance received. The Board is also grateful to State Bank of India group for providing significant business support, which has been mutually rewarding.

The Board of Directors places on record its appreciation for the valued support from clients for the Company, which has been very crucial for its standing in the industry. The Board would also like to thank the investing community, intermediaries in the investment-banking field and the statutory authorities for the co-operation extended from time to time. The Board also places on record its deep appreciation for the dedication and commitment of its employees at all levels and looks forward to their continued contribution in the journey ahead.

**For and on behalf of the Board of Directors  
of SBI Capital Markets Ltd.**

sd/-  
**(Arundhati Bhattacharya)**  
**Chairman**

Place: Mumbai  
Date: 4<sup>th</sup> August, 2017



**Form AOC - 1**  
(Pursuant To First Proviso To Sub-Section (3) Of Section 129 Read With Rule 5 Of Companies (Accounts) Rules, 2014)  
Statement containing salient features of the financial statement of subsidiaries / associate companies / joint ventures

Part "A": Subsidiaries

(As on year ended March 31, 2017)

Sr. No.	Name of the subsidiary	Reporting currency	Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Share Capital	Reserves & Surplus	Total Assets (including Investments)	Total Liabilities (excluding Share Capital and Reserves & Surplus)	Investments (included in Total Assets)	Turnover	Profit / (Loss) before taxation	Provision for taxation	Profit / (Loss) after taxation	Proposed Dividend	% of share holding
1.	SBICAP Securities Limited	INR	-	9,687.50	4,516.04	28,054.87	13,851.33	0.10	25,035.46	2,351.61	Nil	2,606.42	Nil	100
2.	SBICAP Trustee Company Limited	INR	-	100.00	6,335.41	6,783.50	348.08	4,913.27	3,032.13	1,760.62	592.22	1,168.40	-	100
3.	SBICAP Ventures Limited	INR	-	3,927.79	557.39	1,129.76	158.83	3,514.25	793.10	390.29	129.45	260.84	-	100
4.	SBICAP (UK) Limited	GBP	95.09	190.18	1,369.51	1,559.69	11.45	-	51.78	542.26	-	542.26	-	100
5.	SBICAP (Singapore) Limited	SGD	46.42	6,034.60	(158.76)	5,935.26	59.42	-	350.94	(112.34)	-	(113.26)	-	100

Part "B": Associates and Joint Ventures

Sr. No.	Name of associates / Joint Ventures	Latest audited Balance Sheet Date	Shares of Associate / Joint Ventures held by the Company on the year end			Description of how there is significant influence	Reason why the associate / joint venture is not consolidated	Net worth attributable to shareholding as per latest audited Balance Sheet	Profit for the year	
			No.	Amount of Investment in Associates / Joint Venture	Extend of Holding %				Considered in Consolidation (Rs. in Lacs)	Not Considered in Consolidation
1	SBI Pension Funds Pvt. Ltd.	31.03.2017	6,000,000	Nil	20	Control of 20% of total Voting power	Nil	Rs. 35.11 Cr	Net Profit of Rs. 103	Nil

### Corporate Governance Report

The principles of Corporate Governance are followed in letter and spirit reflecting our deep belief in such principles and the pedigree of our parent shareholder. For your Company, Corporate Governance is not just an objective in isolation but a means to an end - **"To be the Best India based Investment Bank"**.

#### i) Composition of the Board

As on 31<sup>st</sup> March, 2017, the Board of Directors comprised of Ten Directors out of whom four are Non-Executive Independent Directors. Given hereunder is the composition of the Board of Directors along with the brief profiles of the Directors:

1. **Smt. Arundhati Bhattacharya, Chairman [SBI Nominee]:** Smt. Bhattacharya is the Chairman of State Bank of India (SBI) and is also Head of the entire State Bank Group. Earlier she was MD & CFO of SBI. Prior to this, she was MD & CEO of SBI Capital Markets Ltd. from 21<sup>st</sup> August, 2012 to 2<sup>nd</sup> August, 2013. Before her assignment in SBICAP, she was Deputy Managing Director and Corporate Development Officer of SBI. She joined the Bank in the year 1977 and since then has held various assignments spanning Credit, Forex, Treasury and Retail Operations. She has also had a stint in the Bank's New York office where she was responsible for monitoring branch performance, overseeing External Audit and Correspondent Relations. In her extensive service in the Bank, she has had the opportunity of working in Metro, Urban and Rural areas, criss-crossing the length and breadth of the country. She has handled large Corporate Credit as well as initiatives like Financial Inclusion and financing of Self Help Groups. She was involved in setting up several new companies / initiatives of the Bank including SBI General Insurance, SBI Macquarie Infrastructure Fund, SBI SG Global Securities Services, etc., as well as the launch of new IT platforms such as Mobile Banking and Financial Planning in the Bank.
2. **Shri Dinesh Kumar Khara, Non-Executive Director [SBI Nominee]:** Shri Dinesh Kumar Khara is the Managing Director (Associates & Subsidiaries), State Bank of India. Earlier he was Managing Director & CEO of SBI Funds Management Private Limited (SBIMF) for the period 11<sup>th</sup> November, 2013 to 10<sup>th</sup> August, 2016. Under his leadership, the Company leaped one position up and became the 5<sup>th</sup> largest Mutual Fund in India with total AUM of about Rs. 1,30,000 crores by improving its market share to 8.8% from 7%. Prior to his assignment in SBIMF, Shri Khara was Chief General Manager - Bhopal Circle, State Bank of India - responsible for managing around 1400 branches and handling deposits and advances portfolio of approx. Rs. 1.51 lac crores.  
  
Shri Dinesh Kumar Khara did his Master's in Business Administration from FMS New Delhi and is a post-graduate in Commerce. He is also a Certified Associate of Indian Institute of Bankers (CAIIB). Shri Khara joined SBI as Probationary Officer in December 1984 and has over 33 years of experience in all facets of Commercial banking such as Retail Credit, SME / Corporate Credit, deposit mobilization, international banking operations, branch management, etc. in India and abroad. As General Manager in Associates and Subsidiaries department of SBI Corporate Centre, Shri Khara worked closely with the operational and strategy issues of various Non-banking subsidiaries of SBI. During his tenure, the Bank increased market share in its area of operation and also improved profitability of key businesses by formulating and implementing strategies for effective delivery of products and services with a clear focus on maximizing profits.
3. **Smt. Bharati Rao, Non-Executive Director [SBI Nominee]:** Smt. Bharati Rao has over 41 years of experience in the banking sector. She retired from State Bank of India in October, 2008 as Dy. Managing Director & CDO with additional charge of Associate Banks and IBG. Prior to that she was DMD (CCO), SBI. During her tenure with the Bank, she had held various responsible positions. Her 35 years in the Bank have seen a range of assignments both in India and abroad in areas like Commercial Banking, Project Finance, and International Banking. She was Dy. Managing Director & Chief Credit Officer, SBI, Corporate Centre, Mumbai with an additional charge as Dy. Managing Director and Group Executive (Associate Banks) and Dy. Managing Director & CDO at the time of retiring from the Bank's service.
4. **Shri Narayan K. Seshadri, Non-Executive Independent Director:** Shri Seshadri is the Chairman and CEO of Halcyon Group an Investment Advisory and Management Services enterprises specializing in 'turnaround' and 'turn up' activities. He is a Chartered Accountant. He headed Andersen and KPMG Business Consulting businesses before founding Halcyon. He carries a rich experience of over 32 years in Finance, Accounts, Audit, Advisory and Management Services. His experience ranges across industries in different countries.
5. **Smt. Aruna Jayanthi, Non-Executive Independent Director:** Smt. Jayanthi is the Global BPO Head of Capgemini India. Capgemini India is the Capgemini Group's largest delivery centre and main innovation hub. As the Global BPO Head of Capgemini, Smt. Jayanthi oversees' business which has a robust footprint in areas like finance and accounting, procurement and supply chain and leads workforce of over 1 lac employees. She has over 30 years of experience in the IT services industry and has worked in key roles in multinational and Indian system integrator companies. She holds Masters in Management Studies in Finance from Narsee Monjee Institute



of Management Studies (NMIMS). She has been featured as one of the 'Most Powerful Women' in India Inc. by India's leading business magazine 'Business Today' in its eighth annual list (2011). She is also ranked 4<sup>th</sup> in the List of 50 Most Powerful Indian Women by Fortune India magazine.

6. **Shri Devinjit Singh, Non-Executive Independent Director:** Shri Devinjit Singh is Managing Director of The Carlyle Group, based in Mumbai. He is focused on significant sized growth capital and buyout opportunities across sectors in India. Since joining Carlyle in 2008, Shri Singh has been involved with investments in HDFC (NSE: HDFC), India Infoline (NSE: IIFL) and PNB Housing Finance Ltd. Prior to joining Carlyle, Shri Singh was Managing Director and Head of Citigroup's Mergers & Acquisitions business in India where he advised on several landscape changing transactions across India's corporate sector. In previous assignments over ~18 years at Citigroup, Shri Singh led several capital raisings for India's leading corporates, and worked across various functional areas including corporate banking, risk management, cash management and operations.

Shri Singh is a member of the Regional Advisory Board of The Fuqua School of Business, Duke University. Shri Singh received his MBA from The Fuqua School of Business, Duke University, and has a B.A. (Honours) in "Mathematics from University of Delhi."

7. **Dr. Dharmendra Bhandari, Non-Executive Independent Director:** Dr. Dharmendra Bhandari is a Chartered Accountant and was awarded Ph.D. by the University of Rajasthan for his thesis on "Taxation of Non-Residents in India". He retired as an Associate Professor, Department of Accountancy, University of Rajasthan, Jaipur. He was on deputation as Consultant to Joint Parliamentary Committee (JPC) constituted to enquire into irregularities in banking and securities transactions during the year 1992, and was also on deputation with Reserve Bank of India as Officer on Special Duty with Department of Supervision during the year 1994-95. He has written several papers and lectured extensively.
8. **Shri T. L. Palani Kumar, Non-Executive Additional Director:** Shri T. L. Palani Kumar has had an outstanding career spanning over 35 years in Marketing, Manufacturing Operations and Enterprise Leadership, of which the last 18 years were as Managing Director / CEO. Shri T. L. Palani Kumar is a B. Tech (Chemical Engineering) First Class from Indian Institute of Technology, Madras and holds P. G. Diploma, Business Administration from Indian Institute of Management, Ahmedabad. Currently, he has been serving as a Non-Executive, Independent Director on the Boards of reputed Indian Companies and working as a Senior Advisor and Management Consultant to top leadership in Companies, Private Equity Funds, Indian Business Schools and Consulting Organisations. His recent work covers Leadership & Organisation Development, Coaching Directors, CEOs and CXOs, Independent Risk Assessment and Corporate Governance, Strategy Refinement & Execution and Operations Improvement.
9. **Smt. Varsha Purandare, Managing Director & CEO:** Smt. Varsha Purandare assumed charge as Managing Director & Chief Executive Officer of SBI Capital Markets Limited on 1<sup>st</sup> December, 2015. Prior to this, Smt. Purandare was the Deputy Managing Director and Chief Credit Officer (DMD & CCO) of the State Bank of India. Smt. Purandare has been with the State Bank of India for over three decades, having joined the Bank as a Probationary Officer in 1982. During her long career of 34 years in the Bank, she has held many challenging assignments, both in India and abroad, which include Branch Banking, Large Credit, Forex and other assignments.
10. **Shri Ashwani Bhatia, Whole-Time Director:** Shri Ashwani Bhatia, Chief General Manager of State Bank of India, was appointed as Whole Time Director of SBICAP with effect from 25<sup>th</sup> July, 2016. He is also the President & COO of the Company. Prior to his assignment in SBICAP, Shri Bhatia was Chief General Manager, SME Business Unit, Corporate Centre, Mumbai and before that, General Manager at the Bank's Chandigarh Circle covering the branches and offices in the states of J&K, Himachal Pradesh, Punjab and the UT of Chandigarh.

He has been with State Bank of India for over three decades, having joined the Bank as a Probationary Officer in October 1985 and since then he has held various challenging assignments, both in India and abroad spanning Branch Operations, Credit, Forex and Treasury functions with budgetary responsibilities. Shri Bhatia brings along with him rich experience of over 10 years in Credit and over 16 years in various aspects of Treasury.

### ii) Tenure

The Chairman has been appointed by State Bank of India (SBI) in terms of Articles 139(ii) & 157 of the Articles of Association of the Company.

The Non-Executive Nominee Directors have been appointed by SBI in terms of Articles 139 and 140 of the Articles of Association of the Company.

The Non-Executive Independent Directors were appointed in terms of Section 149 of the Companies Act, 2013. The Company has received declarations from all the Non-Executive Independent Directors confirming that they meet

the criteria of Independence as prescribed under Section 149 (6) of the Companies Act 2013. The Non-Executive Independent Directors are not liable to retire by rotation.

The Managing Director & CEO has been appointed by SBI in terms of Article 168 of the Articles of Association of the Company.

The Whole-time Director has been appointed by SBI in terms of Articles 140 and 168 of the Articles of Association of the Company.

### iii) Responsibilities

The Board of Directors focuses on monitoring the business operations and the development of business strategies, while the task of reviewing matters such as status of overdue, status of litigations etc., are delegated to Committee of Directors (COD) constituted for the purpose by the Board.

The Board has evolved a Calendar of Reviews, which has identified the various reports / reviews to be submitted on a periodical basis to the Board / COD / Audit Committee and the said Calendar of Reviews is strictly followed.

### iv) Role of the Independent Directors

The Independent Directors play a very crucial role in the Board meetings and their wide experience, expertise and knowledge of economics, finance, capital markets, taxation, accounting, auditing etc., have benefited the Company immensely.

### v) Board Meetings

During the year under review, Six (6) Board Meetings were held on 17<sup>th</sup> May, 2016, 10<sup>th</sup> June, 2016, 25<sup>th</sup> July, 2016, 26<sup>th</sup> October, 2016, 23<sup>rd</sup> January, 2017, 27<sup>th</sup> March, 2017.

The attendance record of each Director at the said Board Meetings is given hereunder:

Name of the Director	Number of Board Meetings attended
Smt. Arundhati Bhattacharya, Chairman, Non-Executive Nominee Director	2
Shri Dinesh Kumar Khara, Non-Executive Nominee Director, appointed with effect from 30 <sup>th</sup> August, 2016	2
Shri V. G. Kannan, Non-Executive Nominee Director, resigned with effect from 30 <sup>th</sup> July, 2016	3
Smt. Bharati Rao, Non-Executive Nominee Director	2
Shri Narayan K. Seshadri, Non-Executive Independent Director	6
Shri Ashok Kini, Non-Executive Director, resigned w.e.f. 06 <sup>th</sup> June, 2016	0
Smt. Aruna Jayanthi, Non-Executive Independent Director	2
Shri Devijit Singh, Non-Executive Independent Director	6
Dr. Dharmendra Bhandari, Non-Executive Independent Director	6
Shri T. L. Palani Kumar, Non-Executive Director	1
Smt. Varsha Purandare, Managing Director & CEO, (SBI Nominee)	6
Shri Ashwani Bhatia, Whole-time Director, (SBI Nominee) appointed w.e.f. 25 <sup>th</sup> July, 2016	4

## Annexure - II

### vii) Details of Remuneration paid to Directors during the financial year 2016-17

(Amount in Rs.)

Elements of remuneration	Salary / Sitting fees	Benefits	Stock options	Performance linked incentive	Notice period	Severance fees	Total
Name of the Director							
Smt. Varsha Purandare, Managing Director & CEO*	30,27,499	4,92,360	-	-	-	-	35,19,859
Shri Ashwani Bhatia*	19,54,569	3,27,520	-	-	-	-	22,82,089
Shri Narayan K. Seshadri	4,65,000	-	-	-	-	-	4,65,000
Smt. Bharati Rao	1,40,000	-	-	-	-	-	1,40,000
Smt. Aruna Jayanthi	2,75,000	-	-	-	-	-	2,75,000
Shri Devijit Singh	3,00,000	-	-	-	-	-	3,00,000
Dr. Dharmendra Bhandari	3,00,000	-	-	-	-	-	3,00,000
Shri T. L. Palani Kumar	25,000	-	-	-	-	-	25,000

\*PF, Gratuity & Superannuation, performance linked variable pay

### vii) Details of Remuneration paid to Key Managerial Personnel during the financial year 2016-17

(Amount Rs. in Lacs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CFO		Company Secretary	Total
		P. Karthikeyan	Navinchandra Amin	Amit Shah	
1.	Gross salary* (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	8.79	12.13	30.75	51.67
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-	-
5.	Others, please specify	-	-	-	-
	<b>Total</b>	<b>8.79</b>	<b>12.13</b>	<b>30.75</b>	<b>51.67</b>

\*PF, Gratuity & Superannuation, performance linked variable pay

### viii) Composition and Terms of Reference of the Audit Committee

The composition of the Audit Committee as well as its role and functions are broadly in conformity with the stipulations of the Kumar Mangalam Birla Committee Report on Corporate Governance, and Section 177 of the Companies Act, 2013. The composition of the Audit Committee as on 31<sup>st</sup> March, 2017 and Terms of Reference of the Audit Committee are as follows:

#### (a) Composition:

Sr. No.	Name of the Director	Designation
1.	Shri Narayan Seshadri, Non-Executive Independent Director	Chairman
2.	Shri Devijit Singh, Non-Executive Independent Director	Member
3.	Dr. Dharmendra Bhandari, Non-Executive Independent Director	Member
4.	Smt. Aruna Jayanthi, Non-Executive Independent Director	Member
5.	Shri Dinesh Kumar Khara, Non-Executive Nominee Director	Member



### (b) Terms of Reference of the Audit Committee of Board of the Company

1. Recommend the appointment, remuneration and terms of appointment of the auditors of the Company,
2. Review and monitor the auditor's independence and performance and effectiveness of audit process,
3. Examine the financial statements and auditor's report thereon,
4. Approve transactions of the Company with related parties and any subsequent modifications therein,
5. Scrutinise inter-corporate loans and investments,
6. Verify valuation of undertakings or assets of the Company, wherever it is necessary,
7. Evaluate internal financial controls and risk management systems,
8. Monitor the end use of funds raised through public offers and related matters,
9. Call for the comments of the auditors about internal control systems,
10. Discuss with the auditors before the audit commences about the nature and scope of audit, including the post audit discussion on observations of the auditors to ascertain any area of concern,
11. Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
12. Review with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report.
  - b) Changes, if any, in accounting policies and practices and reasons for the same.
  - c) Major accounting entries involving estimates on the exercise of judgment by management.
  - d) Significant adjustments made in the financial statements arising out of audit findings.
  - e) Compliance with listing and other legal requirements relating to financial statements.
  - f) Disclosure of all related party transactions.
  - g) Qualifications in the draft audit report.
13. Discuss any issues related to the financial statements with the internal and statutory auditors and the management of the Company,
14. Review with the management, the quarterly financial statements before submission to the Board for approval.
15. Review with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
16. Review the adequacy of inspection and audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
17. Discuss with the internal auditors of any significant findings and follow-up thereon.
18. Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
19. Look into the reasons for substantial defaults in the payment to the depositors, debentures holders, shareholders (in case of non-payments of declared dividends) and creditors.
20. Review the functioning of the Whistle Blower Mechanism and oversee the Vigil Mechanism.

21. Focus on Follow-up of Inter Branch / RO adjustment accounts, unreconciled long outstanding entries, arrears in balancing books at branches / ROs, frauds and all major areas of housekeeping.
22. Review the financial statements of the subsidiaries.
23. Approve any payment to Statutory Auditors for any other service rendered by the Statutory Auditors.

**Mandatory review of the following information:**

- Management discussion and analysis of financial condition and result of operations.
- Statement of significant related party transactions (as defined by the audit committee) submitted by management.
- Management letters / letters of internal control weaknesses issued by the Statutory Auditors.
- Internal Audit Reports relating to internal control weaknesses.

**The Audit Committee shall have the powers and authority to:**

- Investigate any activity within its terms of reference, or referred to it by the Board
- Obtain legal or professional advice from external sources
- Have full access to information contained in the records of the Company
- Seek information from any employee
- Secure attendance of outside experts, if it considers necessary.

**ix) Composition and Terms of Reference of the Nomination and Remuneration Committee**

**a. Composition of the Nomination and Remuneration Committee**

Sr. No.	Name of the Director	Designation
1.	Shri Narayan Seshadri, Non-Executive Independent Director	Chairman
2.	Smt. Aruna Jayanthi, Non-Executive Independent Director	Member
3.	Smt. Bharati Rao, Non-Executive Director	Member
4.	Shri Dinesh Kumar Khara, Non-Executive Director	Member
5.	Shri Devinjit Singh, Non-Executive Independent Director	Member
6.	Dr. Dharmendra Bhandari, Non-Executive Independent Director	Member

**b. Terms of Reference of Nomination and Remuneration Committee:**

- i) Identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down,
- ii) Recommend to the Board their appointment and removal,
- iii) Carry out evaluation of every Director,
- iv) Formulate the criteria for determining qualifications, positive attributes and Independence of a Director,
- v) Recommend to the Board, a Policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees,
- vi) While formulating the Policy, ensure that:
  - a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully,
  - b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks, and

- c) Remuneration to Directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

### c. Nomination and Remuneration Policy

The Nomination and Remuneration Policy as approved by the Board of Directors at its meeting held on 30<sup>th</sup> March, 2015 forms part of this report and annexed as **Annexure 'VII'** to the Annual report.

## x) Corporate Social Responsibility Committee

### a. Composition of Corporate Social Responsibility Committee

Sr. No.	Name of the Director	Designation
1.	Shri Narayan Seshadri, Non-Executive Independent Director	Chairman
2.	Shri Dinesh Kumar Khara, Non-Executive Director	Member
3.	Smt. Aruna Jayanthi, Non-Executive Independent Director	Member
4.	Smt. Varsha Purandare, Managing Director & CEO.	Member

### b. Terms of Reference of Corporate Social Responsibility Committee

- a) To formulate the CSR Policy for the Company, which shall indicate the activities to be undertaken by the Company as specified in Schedule VII and recommend the CSR Policy for approval to the Board.
- b) To recommend the amount of expenditure to be incurred on the CSR activities.
- c) To monitor the CSR Policy of the Company from time to time.

### c. Corporate Social Responsibility Policy

The Corporate Social Responsibility Policy as approved by the Board of Directors at its meeting held on 21<sup>st</sup> January, 2015 forms part of this report and annexed as **Annexure 'VIII'**.

### CSR Report to be included in Board's Report as prescribed in Companies (CSR) Rules, 2014.

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:	As per CSR Policy enclosed as <b>Annexure 'VIII'</b>
2. The Composition of the CSR Committee.	Details as stated above
3. Average net profit of the Company for last three financial years	Rs. 440.63 crores
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	Rs. 8.81 crores
5. Details of CSR spent during the financial year.	Rs. 3.33 crores
(a) Total amount to be spent for the financial year;	Rs. 8.81 crores
(b) Amount unspent, if any;	Rs. 5.48 crores
(c) Manner in which the amount was spent during the financial year.	As per the table provided below



## Annexure - II

(Amount in Rs.)

Sr. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or program was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs. (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
1	Lighthouse Project - a not-for-profit NGO - Donation to the NGO that connects working professionals and college students with children from under resourced communities, through one-on-one mentoring in a safe environment.	Education	Local Area - Mumbai	10,00,000/-	Direct Expenditure = 10,00,000/-	10,00,000/-	Direct
2	Habitat For Humanity (HFH) India - Donation towards construction and setting up a community toilet in Thane.	Sanitation	Thane district, Maharashtra	26,00,000/-	Direct expenditure = 26,00,000/-	26,00,000/-	Direct
3	Dignity Foundation - Donation of a bus and related equipment towards its 'Bus to Health' project for providing medical care to under-privileged senior citizens in the M-Ward slum areas.	Healthcare	Local Area - Mumbai	21,67,365/-	Direct Expenditure = 21,67,365/-	21,67,365/-	Direct
4	Sol's ARC (Assessment & Remedial Center) - Provision of capital expenses to a vocational training institute being set up as a pilot project, for adults with developmental disabilities.	Promotion of vocational skills amongst the differently abled	Local Area - Mumbai	10,00,000/-	Direct Expenditure = 10,00,000/-	10,00,000/-	Direct
5	Om Creations Trust - Donation towards its 'Om Abode' project which is a home for mentally challenged.	Healthcare	Karjat, Maharashtra	1,00,00,000/-	Direct Expenditure = 1,00,00,000/-	1,00,00,000/-	Direct
6	Akshaya Patra Foundation - Donation towards setting up a kitchen to deliver mid-day meals in Delhi Government Schools.	Education	New Delhi	1,00,00,000/-	Direct Expenditure = 1,00,00,000/-	1,00,00,000/-	Direct

(Amount in Rs.)

Sr. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or program was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs. (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
7	HelpAge India - Donation for Mobile Healthcare Unit (MHU) for the benefit of under-privileged senior citizens.	Healthcare	Udaipur, Rajasthan	11,40,625/-	Direct Expenditure = 11,40,625/-	11,40,625/-	Direct
8	Can Support - Grants towards capital plus operating expenses for the NGO's home-care (palliative) cancer support team and programme.	Healthcare	New Delhi	17,75,975/-	Direct Expenditure = 17,75,975/-	17,75,975/-	Direct
9	St. John Ambulance Brigade - Provision of a Basic Life Support (BLS) ambulance with all requisite modifications and medical equipment.	Healthcare	New Delhi	21,31,653/-	Direct Expenditure = 21,31,653/-	21,31,653/-	Direct
10	Chennapuri Annadana Samajam's Dr. P. V. Rao High School - Donation towards provision of furniture and other capital expenses.	Education	Chennai, Tamil Nadu	5,46,800/-	Direct Expenditure = 5,46,800/-	5,46,800/-	Direct
11	Eureka Forbes Institute - Donation towards project cost for setting up a community drinking water project.	Sanitation	Local Area - Mumbai	2,68,300/-	Direct Expenditure = 2,68,300/-	2,68,300/-	Eureka Forbes Institute (EFI) & EKAM Foundation
12	Hirabai Cowasji Jehangir Medical Research Institute - Extension of support towards care of under-privileged juvenile diabetics at the diabetes clinic run at Jehangir Hospital, Pune by the Institute.	Healthcare	Pune, Maharashtra	7,50,000/-	Direct Expenditure = 7,50,000/-	7,50,000/-	Direct

## Annexure - II

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.

During the year 2016-17, as against the CSR Budget of Rs. 8.81 crores for the year, CWG executed 12 projects, with an allocation of Rs. 3,35,00,718/-. The details of the projects undertaken as part of this spending are listed in the accompanying annexure. We also have a few CSR proposals in hand (approx. Rs. 4 crores) where due-diligence and other processes are in progress.

As per the Company's CSR Policy, the CWG has been focusing on judicious due-diligence, monitoring mechanisms and end use of funds while screening and implementing applicable CSR projects. The monitoring of projects implemented during the past FY is also being done on a continuous basis. As such, the Company has been able to sanction and undertake a few high value projects, adhering to the various stated criteria. Going forward into 2017-18, the CWG plans to increase the scope of the Company's CSR Programme by incorporating focus areas especially in health and education and working towards a more holistic and diverse set of CSR activities.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

We have obtained the said responsibility statement from CSR Committee.

Sd/-  
**(Varsha Purandare)**  
Managing Director & CEO

Sd/-  
**(Narayan K. Seshadri)**  
Chairman CSR Committee



SBICAP supports The Akshaya Patra Foundation (TAPF) which provides mid-day meals to under-privileged children in government schools



Support for the Pathways vocational training programme for adults with developmental disabilities



Community Sanitation Complex at Thane, Maharashtra



Ambulance donated to St. John Ambulance Brigade, Delhi



### xii) Statement in Respect of Adequacy of Internal Financial Control

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures.

### xiii) Strengthening of the compliance system

The Company has set in place an effective system to ensure compliance with all the applicable Laws / Statutes and the same is monitored by the Compliance & Risk Management Department.

### xiv) Statement regarding Risk Policy in terms of Section 134(3n)

The Company has put in place a risk policy viz. Integrated Risk Management Policy (IRMP). The IRMP has been adopted for implementation with a view to achieve the following objectives, which are consistent with the Company's overall business goals and strategies.

- To develop a common understanding of risks and to create risk awareness across the multiple functions so as to be able to manage risk on an enterprise wide basis.
- To establish clear accountability and ownership of risk.
- To clearly identify risks and document major threats.
- Facilitate regulatory compliances.
- To decide upon risk mitigating measures.
- To integrate risk management into the culture of the organisation.

### xv) Disclosure of Vigil Mechanism

SBICAP has, in conformity to the Company's Policy to pursue and establish good corporate governance practices, formulated the 'Whistle Blower Policy' and the Policy on Fraud Risk Management. The Whistle Blower Policy, provides a mechanism to the Directors and employees of the Company for reporting instances of unethical conduct, actual or suspected, fraud or violation of the Company's Code of conduct or law to the Chairman of Audit Committee or any other Audit Committee member, as the case may be. Protected Disclosures should preferably be reported in writing as soon as possible after the whistle blower becomes aware of relevant matter. The Fraud Risk Management Policy objective is to prevent, detect and monitor the fraud risk in the Company. The Policy lays down effective mechanisms to prevent, detect and monitor the fraud risks in the Company.

### xvi) Compliance with SEBI's Prohibition of Insider Trading Regulations

With a view to prevent insider trading, the Employees Securities Trading Code has been formulated in conformity with the SEBI (Prohibition of Insider Trading) Regulations, 2015, to regulate, monitor and report trading in securities by all the employees of the Company. Compliance with the Code is monitored by the Compliance Officer, AVP (Compliance & Risk Management).

### xvii) Directors are duly qualified to act as such

As per the declarations submitted to the Company, all the Directors are duly qualified to act as such and none of them is disqualified under section 164 of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014. This aspect has also been verified by the Statutory Auditors of the Company.

### xviii) Policy on Sexual Harassment of Women at Workplace

The Company has put in place a Policy as mandated under the Sexual Harassment of Women at Workplace (Prevention, Prohibition, Redressal) Act, 2011. There was one complaint filed and was disposed off during the financial year 2016-17, under the said Policy of the Company.

### DECLARATION

I confirm that all Board Members and Senior Management have affirmed compliance with the Company's Code of Conduct for the financial year ended 31<sup>st</sup> March, 2017.

Sd/-  
(Varsha Purandare)  
Managing Director & CEO

Place: Mumbai  
Date: 4<sup>th</sup> August, 2017

## Annexure - III

### 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

1. Details of contracts or arrangements or transactions not at arm's length basis – Nil.
2. Details of material contracts or arrangement or transactions at arm's length basis:

#### (a) Name(s) of the related party and nature of relationship

The following is the list of parties related due to control criteria as per AS-18, Related Party Disclosure:

Name of the Party	Relationship
State Bank of India	Holding Company

The following is the list of parties related due to significant influence criteria as per AS-18 with whom the transactions have taken place during the year:

Name of the Party	Relationship
State Bank of Bikaner & Jaipur*	Fellow Subsidiary
State Bank of Hyderabad*	Fellow Subsidiary
State Bank of Mysore*	Fellow Subsidiary
State Bank of Patiala*	Fellow Subsidiary
State Bank of Travancore*	Fellow Subsidiary
SBI DFHI Limited	Fellow Subsidiary
SBI Funds Management Private Limited	Fellow Subsidiary
SBI Life Insurance Company Limited	Fellow Subsidiary
SBI Pension Funds Private Limited	Fellow Subsidiary & Associate
SBI General Insurance Co. Limited	Fellow Subsidiary
SBI Mauritius Limited	Fellow Subsidiary
SBI Home Finance Limited	Associate of SBI
SBICAP Securities Limited	Subsidiary
SBICAP Ventures Limited	Subsidiary
SBICAP Trustee Company Limited	Subsidiary
SBICAP (UK) Limited	Subsidiary
SBICAP (Singapore) Limited	Subsidiary
Shri Rajnish Kumar, Managing Director & Chief Executive Officer from 31 <sup>st</sup> July, 2014 to 26 <sup>th</sup> May, 2015.	Key Management Personnel
Shri Parveen Kumar Gupta, Managing Director & Chief Executive Officer from 15 <sup>th</sup> July, 2015 to 2 <sup>nd</sup> November, 2015.	Key Management Personnel
Smt. Varsha Purandare, Managing Director & Chief Executive Officer from 1 <sup>st</sup> December, 2015.	Key Management Personnel
Shri Ashwani Bhatia, Whole Time Director from 25 <sup>th</sup> July, 2016.	Key Management Personnel
Shri P Karthikeyan, Senior Vice President & Chief Financial Officer up to 31 <sup>st</sup> May, 2016.	Key Management Personnel
Shri Navinchandra Amin, Senior Vice President & Chief Financial Officer from 25 <sup>th</sup> July, 2016.	Key Management Personnel
Shri Nilesh Shah, Company Secretary Up to 30 <sup>th</sup> June, 2015.	Key Management Personnel
Shri Amit Shah, Company Secretary from 15 <sup>th</sup> July, 2015.	Key Management Personnel

\*the entities have since merged with its parent / Holding Company, the State Bank of India w.e.f. 1<sup>st</sup> April, 2017.

(b) Particulars with regard to points (b) to (f) are as follows:

Details of Transactions with the above related parties are as under:

(Amount Rs. in lacs)

Particulars	Holding Company		Subsidiaries		Fellow Subsidiaries/ Associates		Key Managerial Personnel	
	Mar-17	Mar-16	Mar-17	Mar-16	Mar-17	Mar-16	Mar-17	Mar-16
<b>Expenses during the year ended</b>								
<i>Deputation of Employees</i>	383	270	-	-	-	-	-	-
<i>Salaries &amp; Allowances</i>								
Shri Amit Shah	-	-	-	-	-	-	30	16
Shri Nilesh Shah	-	-	-	-	-	-	-	30
<i>Rent</i>	41	48	-	-	-	-	-	-
<i>Bank &amp; Other Charges</i>	5	6	-	-	-	-	-	-
SBI DFHI Limited	-	-	-	-	-	-	-	-
SBICAP Securities Ltd.	-	-	-	-	-	-	-	-
<i>Royalty Expense</i>	436	567	-	-	-	-	-	-
<i>Insurance Expense</i>								
SBI Life Insurance Company Ltd.	-	-	-	-	31	37	-	-
SBI General Insurance Co. Ltd.	-	-	-	-	13	109	-	-
<i>Office Maintenance</i>	1	1	-	-	-	-	-	-
Membership & Subscription	-	-	-	-	-	-	-	-
SBI Pension Funds Pvt. Ltd.	-	-	-	-	2	-	-	-
Brokerage Expenses	-	-	-	-	-	-	-	-
SBICAP Securities Ltd.	-	-	7	-	-	-	-	-
<b>Income during the year ended</b>								
<i>Issue Management Fees</i>								
SBICAP Securities Ltd.	-	-	266	71	-	-	-	-
State Bank of Travancore	-	-	-	-	-	15	-	-
<i>Private Placement Fees</i>	-	1,746	-	-	-	-	-	-
<i>Arranger's Fees</i>	2,267	-	-	-	-	-	-	-
State Bank of Travancore	-	-	-	-	30	-	-	-
State Bank of Patiala	-	-	-	-	15	-	-	-
<i>Advisory Fees</i>	3,755	1,349	-	-	-	-	-	-
SBICAP Securities Ltd.	-	-	-	-	-	-	-	-



## Annexure - III

Particulars	Holding Company		Subsidiaries		Fellow Subsidiaries/ Associates		Key Managerial Personnel	
	Mar-17	Mar-16	Mar-17	Mar-16	Mar-17	Mar-16	Mar-17	Mar-16
<b>Expenses during the year ended</b>								
State Bank of Patiala	-	-	-	-	115	10	-	-
State Bank of Travancore	-	-	-	-	15	-	-	-
State Bank of Bikaner & Jaipur	-	-	-	-	15	-	-	-
State Bank of Mysore	-	-	-	-	30	-	-	-
<b>Bank Interest</b>	270	394	-	-	-	-	-	-
<b>Rent</b>								
SBICAP Securities Ltd.	-	-	981	409	-	-	-	-
<b>Dividend</b>								
SBI DFHI Limited	-	-	-	-	341	259	-	-
<b>Balance receivable as at</b>								
<b>Debtors</b>	2,950	1,117	-	-	-	-	-	-
State Bank of Patiala	-	-	-	-	17	-	-	-
State Bank of Mysore	-	-	-	-	35	-	-	-
State Bank of Travancore	-	-	-	-	17	-	-	-
State Bank of Bikaner & Jaipur	-	-	-	-	17	-	-	-
State Bank of Hyderabad	-	-	-	-	32	-	-	-
SBICAP Securities Ltd.	-	-	-	82	-	-	-	-
<b>Cash at Bank</b>	3,207	770	-	-	-	-	-	-
<b>Deposit with Bank</b>	96	5,750	-	-	-	-	-	-
<b>Loans &amp; Advances</b>	35	44	-	-	-	-	-	-
SBICAP Securities Ltd.	-	-	34	120	-	-	-	-
SBICAP Trustee Company Ltd.	-	-	4	1	-	-	-	-
SBICAP Ventures Ltd.	-	-	1	18	-	-	-	-
SBICAP (Singapore) Ltd.	-	-	-	5	-	-	-	-
<b>Other Current Assets</b>	4	411	-	-	-	-	-	-
SBI DFHI Limited	-	-	-	-	341	-	-	-
<b>Investments</b>								
SBI Pension Funds Pvt. Ltd.	-	-	-	-	601	601	-	-
SBI DFHI Limited	-	-	-	-	750	750	-	-
SBICAP Securities Ltd.	-	-	12,500	12,500	-	-	-	-
SBICAP Ventures Ltd.	-	-	3,928	2,428	-	-	-	-
SBICAP Trustee Company Ltd.	-	-	5	5	-	-	-	-
SBICAP (UK) Ltd.	-	-	172	172	-	-	-	-
SBICAP (Singapore) Ltd.	-	-	6,178	6,178	-	-	-	-
SBICAP Home Finance Ltd.*	-	-	-	-	-	-	-	-

Particulars	Holding Company		Subsidiaries		Fellow Subsidiaries/ Associates		Key Managerial Personnel	
	Mar-17	Mar-16	Mar-17	Mar-16	Mar-17	Mar-16	Mar-17	Mar-16
<b>Expenses during the year ended</b>								
SBI Foundation Ltd.	-	-	-	-	-	-	-	-
<b>Inventories</b>								
State Bank of Travancore	-	-	-	-	-	4,500	-	-
<b>Balance payable as at</b>								
<b>Creditors</b>	438	530	-	-	-	-	-	-
SBICAP Securities Ltd.	-	-	543	727	-	-	-	-
SBICAP (UK) Ltd.	-	-	-	53	-	-	-	-
SBICAP (Singapore) Ltd.	-	-	2	2	-	-	-	-
<b>Others transactions during the year ended</b>								
<b>Dividend paid</b>	11,607	18,571	-	-	-	-	-	-
Fees Shared (netted from Income)	-	75	-	-	-	-	-	-
SBICAP Securities Ltd.	-	-	1,367	1,063	-	-	-	-
SBICAP UK Ltd.	-	-	-	53	-	-	-	-
<b>Expenses shared</b>	108	-	-	-	-	-	-	-
SBICAP Securities Ltd.	-	-	4	4	-	-	-	-
SBICAP Trustee Company Ltd.	-	-	6	-	-	-	-	-
<b>Investments made</b>								
SBICAP Ventures Ltd.	-	-	1,500	2,012	-	-	-	-
Guarantees	96	50	-	-	-	-	-	-

- I. Included in expenses relating to deputation of employees are amounts aggregating to Rs. 95 (2016: Rs. 61) pertaining to salaries paid to key management personnel.  
 II. \* Fully provided for

For and on behalf of the Board of Directors

Sd/-  
**(Arundhati Bhattacharya)**  
 Chairman

Place: Mumbai  
 Date: 4<sup>th</sup> August, 2017

**FORM MR - 3**  
**Secretarial Audit Report**  
**For The Financial Year Ended 31<sup>st</sup> March, 2017**

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

To,  
The Members  
SBI Capital Markets Limited  
Mumbai

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SBI CAPITAL MARKETS LIMITED** (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon. Our Report is to be read along with the attached Note in **Annexure I** and other Annexures to this Report, which form an integral part of this Report.

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 authorised representatives during the conduct of the secretarial audit, We hereby report that in our opinion, the Company has during the audit period covering the Financial Year ended on **31<sup>st</sup> March, 2017** complied with the statutory provisions listed hereunder and to the extent stated in this report and also that the Company has the proper Board-Processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by the Company. Secretariat Audit was conducted in a manner that provided us a reasonable basis for evaluating the Corporate Conducts / Statutory compliances and expressing our opinion thereon,

- I. We have examined the books, papers, minute books, forms and returns filed, reports issued by various fellow professionals and other applicable records and registers and maintained by the Company for the financial year ended on **31<sup>st</sup> March, 2017** and stated in **Annexure II** according to the provisions of:
  1. The Companies Act, 2013 (the Act) and the rules made thereunder;
  2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
  3. 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 - as applicable in respect of the reporting towards their ODI Investments;
  4. 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 (Merchant Bankers) Regulations, 1992.
    - b) SEBI (Prohibition of Insider Trading) Regulation 2015 to the extent applicable to market participant
    - c) The Securities and Exchange Board of India (Research Analyst) Regulations, 2014

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above to the extent stated in this Report.

- II. Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable to the Company, by virtue of not being listed on any Stock Exchanges of the Company in the financial year 2016 - 17 under report
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (c) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

**FORM MR - 3**  
**Secretarial Audit Report**  
**For The Financial Year Ended 31<sup>st</sup> March, 2017**

- (e) 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;
  - (f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - (g) The Securities and Exchange Board (Buyback of Securities) Regulations, 1998;
- III. We further report that having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance to thereof on a test check basis, of the Company and that the Company has prima facie complied with the laws specifically applicable to the Company and also there are adequate systems and processes in place to ensure due compliance with these Laws. The list of major laws specifically applicable to the Company are stated in Annexure III to this Report.
- IV. We have examined the compliances of the applicable provisions of Secretarial Standards I and II issued by the Institute of Company Secretaries, India and notified by the MCA u/s 118(10) as issued under the Companies Act, 2013.

**We further report that:**

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

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance (except in cases where Meetings were convened at a shorter notice). In case agenda and detailed notes on agenda could not sent at least seven days in advance consent of the attendees (Board members/ Committee members) to the hold the meeting at shorter notice were duly obtained and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

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 during the year under report i.e. up to 31<sup>st</sup> March, 2017, the Company has undertaken following events / action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc referred to above viz.

1. There are pending litigations (scam and non-scam) involving securities related offences filed with Special Court & Supreme Court. However, the Company believes that the same are not in any way detrimental to the going concern of the Company. We have no further comments on the same.
2. The Company has announced Interim dividend of Rs. 32/- per Equity Share for Financial Year 2015-16 and approved the same as Final Dividend at its AGM held on 22<sup>nd</sup> September, 2016.
3. The Company has obtained shareholder's approval for increasing the limits U/s 180(1)(a) and 180(1)(c) of the Companies Act, 2013 for up to Rs. 2000 Crores in its AGM held on 22<sup>nd</sup> September, 2016.

Place: Mumbai  
Date: 18<sup>th</sup> July, 2017

Sd/-  
Signature  
Name of the Firm: **D. A. Kamat & Co.**  
**Partner**  
FCS No: 3843  
CP No: 4965

**Note:** Our Report is to be read along with the attached Note in Annexure I and other Annexures to this Report, which form an integral part of this Report.



FORM MR - 3  
Secretarial Audit Report  
For The Financial Year Ended 31<sup>st</sup> March, 2017

**Annexure I - Notes on the Secretarial Audit Report of SBI Capital Markets Limited dated 18<sup>th</sup> July, 2017.**

Our report of even date is to be read along with the following Notes:

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
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 provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company. Further, the scope of our Audit does not include financial laws and allied acts.
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 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.

Place: Mumbai  
Date: 18<sup>th</sup> July, 2017

Sd/-  
Signature  
Name of the Firm: **D. A. Kamat & Co.**  
**Partner**  
FCS No: 3843  
CP No: 4965

**FORM MR - 3**  
**Secretarial Audit Report**  
**For The Financial Year Ended 31<sup>st</sup> March, 2017**

**Annexure II - List of documents maintained and perused for the purpose of the Secretarial Audit Report dated 18<sup>th</sup> July, 2017.**

No.	List of Documents
1.	Minutes of the Board of Directors Meetings, including Committee Meetings (mandatory and non-mandatory)
2.	Notices issued to the Directors and the Agenda Papers sent thereof
3.	Attendance Registers for the Meetings of the Board of Directors and Shareholders
4.	Notices and Minutes of the General Meetings of the Company
5.	Statutory Registers maintained by the Company
6.	Internal Audit Reports issued by the Internal Auditors
7.	Compliance Certificates issued by the Management towards the Board of Directors of the Company
8.	Annual Performance Reports (APR) and Overseas Direct Investment (ODI) Reports sent under the Foreign Exchange Management Act, 1999
9.	License Agreement with SBI towards the usage of the SBI Logo
10.	Half-Yearly Reports issued and submitted to The Securities and Exchange Board of India for the Merchant Banking Operations of the Company
11.	General and Specific Disclosures of Interest issued by the Directors and maintained by the Company as per the provisions of Section 184 of the Companies Act, 2013
12.	Legal Opinion from Advocate with regards to the financial impact of the cases against the Company.
13.	Summary related to the pending litigations filed by the company & against the Company.
14.	Draft of the Financial Statements prepared in respect to the Companies Act, 2013

**Annexure III - List of other acts specifically applicable to the company and its branches as on the date of the Secretarial Audit Report dated 18<sup>th</sup> July, 2017.**

**Registered Office:** No. 202, Maker Tower, 'E', 20<sup>th</sup> Floor,  
Cuffe Parade, Colaba, Mumbai,  
Maharashtra, 400 005.

**Major Acts specifically applicable to the Company:**

1. The Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992.
2. SEBI (Prohibition of Insider Trading) Regulation 2015 to the extent applicable to market participant.
3. The Securities and Exchange Board of India {KYC (Know Your Client) Registration Agency} Regulations, 2011.

**FORM MGT - 9**  
**Extract Of Annual Return**  
**As On The Financial Year Ended On 31<sup>st</sup> March, 2017**

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

**I. REGISTRATION AND OTHER DETAILS:**

i) CIN	U99999MH1986PLC040298
ii) Registration Date	2 <sup>nd</sup> July, 1986
iii) Name of the Company	SBI Capital Markets Ltd.
iv) Category / Sub-Category of the Company	Public Limited Company
v) Address of the Registered office and contact details	202 Maker Tower E, Cuffe Parade, Mumbai 400005. Tel.: 22178300
vi) Whether listed company Yes / No	No
vii) Name, Address and Contact details of Registrar and Transfer Agent if any	-

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

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

Sr. No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the Company
1	Merchant Banking and Advisory Fees	-	91.95

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:**

SR. NO.	NAME AND ADDRESS OF THE COMPANY	CIN / GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1.	State Bank of India	Corporation set up under SBI Act.	Holding	100	Section 2(46)
2.	SBICAP Securities Ltd.	U65999MH2005PLC155485	Subsidiary	100	Section 2(87)
3.	SBICAP Ventures Ltd.	U67190MH2005PLC157240	Subsidiary	100	Section 2(87)
4.	SBICAP Trustee Company Ltd.	U65991MH2005PLC158386	Subsidiary	100	Section 2(87)
5.	SBICAP (UK) Ltd.	Foreign Subsidiary	Subsidiary	100	Foreign Subsidiary
6.	SBICAP (Singapore) Ltd.	Foreign Subsidiary	Subsidiary	100	Foreign Subsidiary
7.	SBI Pension Funds Pvt. Ltd.	U66020MH2007GOI176787	Associate	20	Section 2(6)





## Annexure - VI

FORM MGT - 9  
Extract Of Annual Return  
As On The Financial Year Ended On 31<sup>st</sup> March, 2017

Category of Shareholders	No. of Shares held at the beginning of the year i.e. as on 1 <sup>st</sup> April, 2016				No. of Shares held at the end of the year i.e. as on 31 <sup>st</sup> March, 2017				%change during the year 2016-17
	Demat	Phys ical	Total	% of Total Shares	Demat	Phys ical	Total	% of Total Shares	
B. Public Shareholding	-	-	-	-	-	-	-	-	-
1. Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):									
2. Non-Institutions									
a) Bodies Corporate									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs. 1 lac									
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lac									
c) Others (specify)									
Sub-total (B)(2):									
Total Public Shareholding (B)=(B)(1)+(B)(2)									
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	5,80,33,687	24	5,80,33,711	100	5,80,33,687	24	5,80,33,711	100	Nil

**FORM MGT - 9**  
**Extract Of Annual Return**  
**As On The Financial Year Ended On 31<sup>st</sup> March, 2017**

**(ii) Shareholding of Promoters**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year 2016-17			Shareholding at the end of the year 2016-17			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	State Bank of India (out of 5,80,33,711 shares, 24 shares are held in the name of the nominees of SBI)	5,80,33,711	100	Nil	5,80,33,711	100	Nil	Nil
	<b>Total</b>	<b>5,80,33,711</b>	<b>100</b>	<b>Nil</b>	<b>5,80,33,711</b>	<b>100</b>	<b>Nil</b>	<b>Nil</b>

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

Sr. No.		Shareholding at the beginning of the year 2016-17		Cumulative Shareholding during the year 2016-17	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	No Change		No Change	
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus / sweat equity etc):	No Change		No Change	
3	At the end of the year	No Change		No Change	

## Annexure - VI

**FORM MGT - 9**  
**Extract Of Annual Return**  
**As On The Financial Year Ended On 31<sup>st</sup> March, 2017**

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.		Shareholding at the beginning of the year 2016-17		Cumulative Shareholding during the year 2016-17	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	<b>For Each of the Top 10 Shareholders</b>				
1	At the beginning of the year	Nil	Nil	Nil	Nil
2	Date wise Increase / Decrease in Share-holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	Nil	Nil	Nil	Nil
3	At the End of the year (or on the date of separation, if separated during the year)	Nil	Nil	Nil	Nil

(v) Shareholding of Directors and Key Managerial Personnel:

	Shareholding at the beginning of the year 2016-17		Cumulative Shareholding during the year 2016-17	
	No. of shares (Equity)	% of total shares of the Company	No. of shares (Equity)	% of total shares of the Company
<b>For Each of the Directors and KMP</b>				
<b>At the beginning of the year</b>				
Smt. Varsha Purandare as MD & CEO*	6	0.00	6	0.00
Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):				
Transfer of Equity Share from Shri Abhay Chaudhari to Shri Ashwani Bhatia (as Whole-Time Director with effect from 25 <sup>th</sup> July, 2016)	1	0.00	1	0.00
At the End of the year 2016-17	7	0.00	7	0.00

\* Shares held as SBI Nominee

**FORM MGT - 9**  
**Extract Of Annual Return**  
**As On The Financial Year Ended On 31<sup>st</sup> March, 2017**

## V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year 2016-17</b>				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>				
<b>Change in Indebtedness during the financial year 2016-17</b>				
▪ Addition	Nil	Nil	Nil	Nil
▪ Reduction				
<b>Net Change</b>				
<b>Indebtedness at the end of the financial year 2016-17</b>				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>				

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Rs. in Lacs)

Sr. No.	Particulars of Remuneration	Name of MD / WTD / Manager		Total Amount
		Smt. Varsha Purandare, Managing Director & CEO	Shri Ashwani Bhatia, Whole-time Director	
1.	Gross salary*			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	35.19	22.82	58.01
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of profit	-	-	-
	- others, specify...	-	-	-
5.	Others, please specify	-	-	-
	<b>Total (A)</b>			
	Ceiling as per the Act			1,562.80

\*PF, Gratuity & Superannuation, performance linked variable pay



## Annexure - VI

**FORM MGT - 9**  
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**As On The Financial Year Ended On 31<sup>st</sup> March, 2017**

**B) Remuneration to other directors:**

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount in Rs.
1.	Independent Directors	Shri Narayan K. Seshadri	Smt. Aruna Jayanthi	Shri Devijit Singh	Dr. Dharmendra Bhandari	
	(a) Fee for attending board committee meetings	4,65,000	2,75,000	3,00,000	3,00,000	13,40,000
	(b) Commission	-	-	-	-	-
	(c) Others, please specify	-	-	-	-	-
	<b>Total (1)</b>					<b>13,40,000</b>
2.	Other Non-Executive Directors	Shri T. L. Palani Kumar	Smt. Bharati Rao			
	(a) Fee for attending board committee meetings	25,000	1,40,000			1,65,000
	(b) Commission	-	-	-	-	-
	(c) Others, please specify	-	-	-	-	-
	<b>Total (2)</b>					<b>1,65,000</b>
	<b>Total B (1+2)</b>					<b>15,05,000</b>
	Total Managerial Remuneration					<b>15,05,000</b>
	Overall Ceiling as per the Act					1,00,000 per Director per meeting

**FORM MGT - 9**  
**Extract Of Annual Return**  
**As On The Financial Year Ended On 31<sup>st</sup> March, 2017**

**C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD**

(Amount Rs. in Lacs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CFO		Company Secretary	Total
		P. Karthikeyan	Navinchandra Amin	Amit Shah	
1.	Gross salary* (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	8.79	12.13	30.75	51.67
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-	-
5.	Others, please specify	-	-	-	-
	<b>Total</b>	<b>8.79</b>	<b>12.13</b>	<b>30.75</b>	<b>51.67</b>

\*PF, Gratuity & Superannuation, performance linked variable pay

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT / Court)	Appeal made, if any (give details)
A. Company					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. Directors					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. Other Officer in Default					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

### Nomination And Remuneration Policy

(Pursuant to Section 178 of the Companies Act, 2013)

As required under the provisions of the Companies Act, 2013 (the Act), as amended from time to time, this policy on nomination and remuneration of Directors, Key Managerial Personnel ("KMP") and the Senior Managerial Personnel ("SMP") has been formulated by the Nomination and Remuneration Committee of Directors ("NRC" or "the Committee") and approved by the Board of Directors of the Company ("the Board").

#### 1. Objective and purpose:

- a) To guide the Board by laying down criteria and terms and conditions in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- b) To evaluate the performance of the members of the Board and provide necessary report to the Board.
- c) To recommend to the Board a policy, relating to the remuneration for Directors, Key Managerial Personnel and formulate criteria for remuneration payable to Senior Management Personnel and other employees.
- d) To provide Key Managerial Personnel and Senior Management Personnel performance based incentives / rewards relating to the Company's operations.
- e) To retain, motivate and promote talent and to ensure long term sustainability of talented Senior Management Personnel.

#### 2. Definitions:

**2.1 Key Managerial Personnel:** Key Managerial Personnel means -

- a) Chief Executive Officer or the Managing Director or the Manager;
- b) Company Secretary;
- c) Whole-time Director;
- d) Chief Financial Officer; and
- e) such other officer as may be prescribed by the Act or rules made thereunder.

**2.2 Senior Management Personnel ("SMP")** means personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the Executive Directors, including the functional heads.

Unless the context otherwise requires, the "words and expressions" used in this Policy and not defined herein but defined in the Companies Act, 2013, as may be amended, from time to time, shall have the meaning respectively assigned to them therein.

#### 3. Applicability:

The Policy is applicable to all Directors, Key Managerial Personnel (KMP), SMP and other employees.

#### 4. Constitution, Composition, Quorum of the Committee

##### 4.1 Number of Members

- i. The Committee shall consist of a minimum 3 (Three) Non-Executive Directors, out of which not less than one half shall be Independent Directors.
- ii. The quorum for the Committee meetings shall be one third of its total strength (any fraction contained in that one third being rounded off as one) or two Directors, whichever is higher, of which, at least one Director shall be an Independent Director.
- iii. The Chairman of the Committee will be an Independent Director from amongst the members of the Committee. In the absence of the Chairman, members of the Committee present at the meeting shall choose one of the members of the committee to act as Chairman.
- iv. The Chairman of the Company may be a member of the Committee but will not chair the Committee.
- v. The Chairman of the Committee or in his absence any other member of the Committee authorised by him in this behalf, shall attend the general meetings of the Company.
- vi. Membership of the Committee shall be disclosed in the Annual Report.

## Nomination And Remuneration Policy

### 4.2 Meetings and Invitees to meetings:

- i. The Committee will meet as and when required or as mandated by the Board or the Chairman of the Committee.
- ii. The Committee may invite such Executives, as it considers appropriate to be present at any meeting of the Committee.
- iii. The Vice President & Group Head (HR) shall be the convener of the Committee meetings.
- iv. The Company Secretary shall act as Secretary of the Committee and provide assistance to it.

## 5. Role and functions of the Committee related to Nomination

### 5.1 Appointment criteria and qualifications:

- i. To identify persons who are qualified to become Directors and who may be appointed as KMP or SMP, who possesses integrity, independence, adequate knowledge, skill, qualification, experience in the field of his/her specialisation commensurate with the proposed role and responsibility as Director, KMP or SMP and shall have the ability to manage the responsibility assigned to him / her.
- ii. The Company should ensure that it appoints or continues the employment of any person as Managing Director / Whole-time Director subject to the conditions laid down under Part I of Schedule V of the Companies Act, 2013.
- iii. To ensure that the Company shall appoint or continue the service of any person as Independent Director subject to the provisions of Section 149 read with Schedule IV and other applicable provisions of the Companies Act, 2013.

### 5.2 Tenure of appointment:

- i. **Executive Directors:**
  - a) The Company shall appoint or re-appoint any person as its Managing Director / Whole-time Director by whatever name called, for a term not exceeding five years at a time, subject to the right of the State Bank of India to appoint the Managing Director / Whole-time Director as contained in the Articles of Association of the Company.
  - b) No re-appointment of the Managing Director / Whole-time Director shall be made earlier than one year before the expiry of his / her term.
- ii. **Independent Director:**
  - a) To ensure that an Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
  - b) To ensure that no Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after the expiry of three years of ceasing to become an Independent Director.

Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

### 5.3 Evaluation:

The committee shall carry out evaluation of performance of every Director on yearly basis on certain pre-determined parameters.

### 5.4 Removal:

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel, subject to the provisions and compliance of the said Act, rules and regulations.

### 5.5 Retirement:

- i. The Director shall retire as per the applicable provisions of the Companies Act, 2013, and KMP and SMP shall retire as per the prevailing Policy of the Company in this regard.



### Nomination And Remuneration Policy

- ii. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position / remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company.

#### 6. Role and functions of the Committee related to Remuneration

##### 6.1 Remuneration for the Managing Director / Whole-time Director

The remuneration of the Managing Director / Whole-time Director will be determined by the Committee and recommended to the Board for approval, subject to the right of the State Bank of India to determine the remuneration and the terms and conditions of service of the Managing Director / Whole-time Director appointed by State Bank of India pursuant to its rights of their appointment, as contained in the Articles of Association of the Company. The remuneration of the Managing Director / Whole-time Director shall be subject to the prior / post approval of the shareholders of the Company and Central Government, wherever applicable / required.

6.1.1 The remuneration payable to the Managing Director / Whole-time Director who are on deputation from State Bank of India shall be in accordance with the policy of State Bank of India in this regard and as per the provisions of the Companies Act, 2013, and the rules made there-under, which may be in force, from time to time.

6.1.2 Where any insurance is taken by the Company on behalf of its Directors, Managing Director, KMPs and SMPs for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

##### 6.2 Remuneration to KMPs and SMPs:

###### 6.2.1 Regular Pay:

The KMPs and SMPs including functional heads, shall be eligible for a monthly remuneration as per Company's Policy, which will consist of Fixed and incentive components including perquisites and statutory benefits to attract, retain and motivate KMPs and SMPs to attain the short and long term performance objectives of the Company.

The KMP or SMP who is on deputation from State Bank of India shall be eligible for remuneration as per the policy of State Bank of India, in this regard.

###### 6.2.2 Profit related ex-gratia / performance based remuneration:

###### Managing Director / Whole-time Director:

Subject to approval of the Board, in addition to fixed remuneration, the Managing Director / Whole-time Director is entitled to receive remuneration within the limits prescribed under the Act by way of profit related ex-gratia / performance based remuneration.

###### Other KMPs and Senior Management Personnel:

Subject to approval of the Board, in addition to fixed remuneration, to motivate executives to pursue the long term growth and success of the Company, KMPs and SMPs are entitled to receive profit related ex-gratia / performance based remuneration.

###### 6.2.3 Minimum remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, it shall pay remuneration to its Managing Director / Whole-time Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.

##### 6.3 Remuneration to Independent Director:

###### 6.3.1 Sitting Fees:

The Independent Director shall receive remuneration by way of fees for attending meetings of Board or Committee thereof as approved by the Board, subject to the maximum limit prescribed by the Central Government from time to time.

###### 6.3.2 Stock Options:

An Independent Director shall not be entitled to any stock option of the Company.

### Nomination And Remuneration Policy

#### 7. Appointment and remuneration of other Employees of the Company

The terms of appointment and remuneration of employees of the Company (other than Managing Director, KMPs and SMPs including functional head) shall be governed by the Company Policy.

#### 8. Delegation

The Committee or the Board of Directors may delegate one or more powers / responsibilities prescribed in this policy in favour of the Managing Director or any other Officer of the Company for implementation of the policy.

#### Amendment

This policy may be amended, altered or modified by the Committee, if it deemed necessary, subject to approval of the Board.

### Corporate Social Responsibility Policy

#### 1. Corporate Philosophy

Corporate Social Responsibility (CSR) is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large. Businesses derive their primary benefits from operating in society and no business can function without caring for societal and community development. Since its inception, SBICAP has been involved with several initiatives, actively pursuing and endorsing community improvement efforts in varying capacities, across India. We understand that as a Corporate Citizen with resources at our command, it is our solemn duty to reach out and support the less fortunate and underprivileged sections of our society. The Company also encourages its staff members to actively follow, understand and contribute to social causes, to remove indisputable social and developmental lacunae and to promote self and community development.

#### 2. Role of the Board

SBICAP being governed by the rules of The Companies Act, 2013, our CSR policy & programme is aligned with Section 135 of the Act (The related definitions & clauses with respect to Section 135 are appended in Annexure A).

As such, the SBICAP Board shall constitute a CSR Committee consisting of three or more Directors, out of which, at least one Director shall be an Independent Director, as mandated by the Act.

The Board shall additionally oversee the below;

- a) After taking into account the recommendations made by the Corporate Social Responsibility Committee (as constituted above), approve the Corporate Social Responsibility Policy for the Company and disclose the contents of such Policy in its report and also place it on the Company's website [www.sbicaps.com](http://www.sbicaps.com), in such manner as may be prescribed;
- b) Ensure that the activities included in the CSR Policy are in compliance with the activities in Schedule VII of the Act;
- c) Ensure that the activities as are included in Corporate Social Responsibility Policy of the Company are undertaken by the Company; and
- d) If the Company fails to spend the said amount, disclose reasons for not spending such amount, in its report under clause (o) of sub - section (3) of Section 134 of The Companies Act, 2013.

#### 3. Role of the CSR Committee

The Corporate Social Responsibility (CSR) Committee constituted by the SBICAP Board shall have the following terms of reference:

- a) To formulate, review and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company;
- b) To review and recommend the amount of expenditure to be incurred on the activities referred to in clause (a);
- c) To monitor the CSR Policy implementation of the Company from time to time;
- d) To institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company;
- e) Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

#### 4. Constitution of the CSR Working Group (CWG)

For planning, implementation, monitoring & reporting of the Company's CSR Policy and its objectives, a CSR Working Group (CWG) comprising the Managing Director & CEO, President & COO, SVP & CFO, VP – HR, Manager – Corporate Communications and other members as may be nominated by MD & CEO will be formed. The CWG will run the Company's CSR policy in accordance with the set objectives & focus areas. The SVP & CFO will be the nodal officer for all activities.

#### 5. Role of the CSR Working Group (CWG)

The CSR Working Group (CWG), as constituted above, will perform the below functions:

- a) Draft a CSR Strategy document for the corresponding financial year that will identify the broad areas of work, the activities to be undertaken by the Company in the selected areas and the budget to be spent on them. The CSR Strategy document will be updated every corresponding financial year to reflect the Company's focus areas and CSR budget for the year.

## Corporate Social Responsibility Policy

- b) CWG will present and take approval for areas of work and corresponding estimates on expenditure planned for the full financial year from the CSR Committee at the beginning of every financial year.
- c) The CWG will be responsible for designing, developing, executing and monitoring the projects in the shortlisted focus areas of the Company's CSR Policy and as approved by the CSR Committee.
- d) The CWG shall prepare an overview document for every project that it propose to undertake including but not limited to activity definition, expected local impact areas, budgeted investments, expected benefits (Re value wherever possible) and success parameters.
- e) The CWG will take decisions on day-to-day activities of the CSR activities.
- f) The CWG will be responsible for periodic reporting of the activities to the CSR Committee as per the reporting format outlined in Section 12 or in any format as desired by the CSR Committee.
- g) Accounting guidelines and Audit process (Internal / external) will be as per the guidelines laid down in the Companies Act, 2013 and in accordance with approved business processes and policies.
- h) Create a mechanism, deemed appropriate to and in line with achieving the objectives of the individual CSR projects undertaken by the Company.

### 6. CSR Budget & Delegation of Powers

As enshrined under Sec 135 of The Companies Act, SBICAP's budget in pursuance of its Corporate Social Responsibility Policy will be, but not restricted to, at least two per cent of the average net profits made by the Company during the three immediately preceding financial years.

The CSR Budget for the corresponding financial year, will be updated, with due consideration, in the CSR Strategy document & revised each financial year.

All CSR initiatives, screened & shortlisted by the CWG, will be put up for approvals to the competent authority. The Delegation of Powers, with respect to financial approvals pertaining to CSR Projects, will be as listed below:

Sr. No.	Designation	Sanction Amount	Reporting
1.	Managing Director & Chief Executive Officer	Rs. 1,00,00,000/- (Rupees One Crore Only)	The Board
2.	President & Chief Operation Officer	Rs. 50,00,000/- (Rupees Fifty Lacs Only)	MD & CEO
3.	Senior Vice President & Chief Financial Officer	Rs. 25,00,000/- (Rupees Twenty Five Lacs Only)	MD & CEO

### 7. CSR Activities

The Company's CSR Policy would encompass all the activities listed under Schedule VII of the Companies Act, 2013 (Annexure - A). However, the Company has shortlisted the below listed focus areas to create a sustainable & meaningful impact & to align with the Communication and Business Strategy of the Company:

1. Promoting healthcare including preventive healthcare and sanitation including undertaking of activities related to the Government's Swachh Bharat Abhiyaan programme & contribution to the Swachh Bharat Kosh set-up by the Central Government for promotion of sanitation and making available safe drinking water;
2. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled, and livelihood enhancement projects;
3. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;
4. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;



### Corporate Social Responsibility Policy

5. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women. This is subject to the condition that contribution to such funds would not exceed 25% of the CSR Budget for the corresponding FY.
6. Slum Area Development ('slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force).

The above focus areas may be re-aligned and new focus areas incorporated, as and when deemed necessary, by the Company's CSR Committee.

The specific undertakings and collaborations under each focus area and approximate budget allocation to each of the focus areas from the Company's CSR budget for the year, will be demarcated for reference purpose, along with zone wise / RO allocations (if any specified) in the CSR Strategy Document. The individual CSR activities undertaken should preferably be in the vicinity of the Company's offices across the country and not more than 25% of the available funds for the corresponding FY should be allocated for any one project so as to ensure equitable distribution and utilization of funds.

#### 8. Shortlist Criteria & Empanelment Process

The empanelment process for any partner / vendor, working in the focus areas listed in Section 7, will follow processes and methods as may be outlined by SBICAP's sourcing policy & compliance requirements and shall be in accordance with the Section 135 of the Act and Rules made thereunder. A CSR Association Form to be filled-in and submitted by any partner / vendor, to help the Company evaluate and screen CSR proposals for possible association, is appended as Annexure 'B'.

#### 9. Implementation Process

The Company will implement initiatives under its CSR Policy, which may also include activities for or on behalf of its eligible Indian subsidiaries, as deemed applicable.

The following entities will oversee the CSR Policy, its implementations and execution of CSR projects, programs and activities:

1. The Board
2. The CSR Committee, as constituted by the Board &
3. The CSR Working Group (CWG)

The CWG will be responsible for the Implementation Process.

The key implementation steps and processes have been summarized below:

1. Develop a CSR Strategy Document – the CWG will draft a CSR Strategy document aligned with the overall objectives of the Company on social interactions and the focus areas listed in Section 7. Specific initiatives, shortlisted projects & associations under each of the above focus areas, will be incorporated in the CSR Strategy Document, during the course of the year. Inputs, if any, from the applicable Indian subsidiaries of the Company – SBICAP Securities Limited (SSL) & SBICAP Trustee Company Limited (STCL) may be incorporated in the document.
2. Allocation of geographical budgets, if any
3. Operationalizing the institutional mechanism – CSR Committee, CSR Working Group (CWG), team identification & capacity building
4. Shortlist Implementing Agencies and conducting due diligence, if required
5. Project Development – Detailed Project Report (DPR)
6. Clear identification of CSR Budget
7. Project approval
8. Finalizing agreements with the implementing agencies
9. Project Implementation
10. Documentation, Monitoring (at Board and CSR Committee level)

### Corporate Social Responsibility Policy

11. Evaluation (Concurrent, Final & if possible, by an Independent Third Party)
12. Project impact assessment
13. Preparation of reporting format and placement in public domain

The Company may decide to undertake the CSR projects or programs or activities approved by the CSR Committee, through any of the following three agencies, established by the Company or its holding or subsidiary or associate company:

- A registered trust, or
- A registered society, or
- A company registered under Section 8 of the Act.

Provided that:

- if such trust, society or company is not established by the Company or its holding or subsidiary or associate company, it shall have an established track record of three years in undertaking similar projects or programs;
- The Company has specified the projects or programs to be undertaken through these entities, the modalities of utilization of funds on such projects and programs and the monitoring and reporting mechanism.

The Company may also collaborate with other companies for undertaking CSR projects or programs or activities, provided the CSR Committee is in a position to report separately on such projects or programs or activities in accordance with the CSR Rules. The Company will have the authority to disengage from any project at its own free will and at any point of time during the implementation of the project, subject to the approval of the CWG.

The finalized schedule for each of the CSR project or programs or activity containing details of project, modalities of execution, implementation schedule and monitoring mechanism shall be as per this CSR Policy.

#### 10. Employee Engagement

SBICAP actively encourages its employees to volunteer for / participate in social causes. Employees are free to offer suggestions and pass on recommendations as well as be a part of related activities in the shortlisted focus areas, under the Company's CSR Policy. The Company, will make all efforts to engage its employees to participate in and promote the causes that it endorses, under its CSR outreach, across all its locations & business centers.

#### 11. Monitoring of CSR projects or programs or activities

The CSR Committee will review the progress on the CSR initiatives and discuss the budgetary utilization on a quarterly basis. This meeting may include the relevant NGO / Partners, if required by the CSR Committee. The CSR Committee will present the quarterly progress to the Board as part of the regular board meetings. In order to ensure that the amounts spent by the Company on CSR activities get properly utilized for the projects for which they are earmarked, the CWG may also nominate two to three officials (from the Company or any of its subsidiaries) to monitor the actual implementation of those projects, depending on the scale of the project.

#### 12. Reporting Template

The format for the "Annual Report on CSR Activities" to be included in the Board's Report and to be displayed on the Company's website [www.sbicaps.com](http://www.sbicaps.com) shall be as follows:

1. A brief outline of the Company CSR policy & CSR Strategy Document for the corresponding year, including overview of the projects or program proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.
2. The Composition of the CSR Committee.
3. Average net profit of the Company for the last three financial years.
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above).
5. Details of the CSR spent during the financial year:
  - a. Total Amount to be spent for the financial year;
  - b. Amount unspent, if any;

## Annexure - VIII

### Corporate Social Responsibility Policy

- c. Manner in which the amount is spent during the financial year (as per format below):

Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local Area or other (2) Specify the State & District where the project or program were undertaken	Amount outlay (budget) project/ program wise	Amount spent on the projects or programs Sub-heads: 1) Direct Expenditure on projects or programs 2) Over heads	Cumulative expenditure up to the reporting period	Amount spent Direct or through Implementing agency*
1.							
2.							
3.							
	<b>Total</b>						

\*Give Details of Implementing Agency

6. In case the Company is unable to spend the two per cent of the average net profit for the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in the Board's report.
7. A Responsibility statement of the CSR Committee that the implementation and the monitoring of the CSR Policy, is in compliance with the CSR objectives and the Policy of the Company.
8. The Annual Report shall be signed by:
  - a. Managing Director & CEO or Director
  - b. Chairman - CSR Committee.

### 13. Policy Review Mechanism

The CSR policy will be under the ownership of the CSR Committee and will be reviewed annually. The changes will be documented in the change log and signed off at the end of every review cycle by all members of the CSR Committee.

### Corporate Social Responsibility Policy

**Section 135 under the Companies Act, 2013** mandates that the Board of every company shall ensure that the Company spends, in every financial year, at least two per cent of the average net profits made by the Company during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy. The details of eligibility, net profit calculation and use of funds will be as set out in the Companies Act, 2013 or Rules made thereunder and subsequent amendments / clarifications / circulars / notifications.

#### Definitions:

1. "Act" means the Companies Act, 2013
2. "Corporate Social Responsibility (CSR)" means and includes but is not limited to:
  - a) Projects or programs relating to activities specified in Schedule VII to the Act; or
  - b) Projects or programs relating to activities undertaken by the Board of Directors of the Company (Board) in pursuance of recommendations of the CSR committee of the Board as per the declared CSR Policy of the Company subject to the condition that such policy will cover subjects enumerated in Schedule VII of the Act.
3. "CSR Committee" means the Corporate Social Responsibility Committee of the Board referred to in Section 135 of the Act.
4. "CSR Expenditure" shall include all expenditure including contribution to corpus, for projects or programs relating to CSR activities approved by the Board on the recommendation of its CSR Committee, but does not include any expenditure on an item not in conformity or not in line with activities which fall within the purview of Schedule VII of the Act.
5. "CSR Policy" relates to activities to be undertaken by the Company as specified in Schedule VII to the Act and the expenditure thereon, excluding activities undertaken in pursuance of normal course of business of the Company
6. "Net Profit" means the net profit of the Company as per its financial statements prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely:
  - a) any profit arising from any overseas branch or branches of the Company, whether operated as a separate company or otherwise; and
  - b) any dividend received from other companies in India, which are covered under and complying with the provisions of the section 135 of the Act
7. "Average Net Profit" shall be calculated in accordance with the provisions of Section 198 of the Act.

The broad CSR activities that can be considered for projects or programs are listed in the Schedule VII to the Companies Act, 2013 and are outlined below:

1. Eradicating hunger, poverty and malnutrition, promoting healthcare including preventive healthcare and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for promotion of sanitation and making available safe drinking water;
2. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled, and livelihood enhancement projects;
3. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
4. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;
5. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
6. Measures for the benefit of armed forces veterans, war widows and their dependents;
7. Training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;

### Corporate Social Responsibility Policy

8. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
9. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
10. Rural development projects;
11. Slum Area Development ('slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force).

The CSR activities that the Company finalizes as area of future work need to be aligned to the above activities allowed by the law.

Additionally:

- The CSR activity shall be undertaken by the Company as projects or programs or activities (either new or ongoing), excluding activities undertaken in pursuance of its normal course of business.
- Only projects or programs or activities undertaken in India shall amount to CSR expenditure.
- The Company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for CSR activities.
- CSR projects or programs or activities that benefit only employees of the Company and their families shall not be considered as CSR activities.
- Contribution of any amount directly or indirectly to any political party shall not be considered as CSR activity.
- The Company may build CSR capacities of its own personnel as well as those of its Implementing agencies through Institutions with established track records of at least three financial years but such expenditure including expenditure on administrative overheads, shall not exceed five per cent of total CSR expenditure of the Company in one financial year.
- Expenses incurred by the Company for the fulfilment of any Act / Statute or Regulations (such as Labour Laws, Land Acquisition Act etc.) would not count as CSR expenditure under the Companies Act.
- One-off events such as marathons / awards / charitable contribution / advertisement / sponsorships of TV programmes etc. would not be qualified as part of CSR expenditure.
- The surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of the Company.



## Corporate Social Responsibility Policy

### Corporate Social Responsibility (CSR) Association Form

Please fill in the below form in brief to help us evaluate and understand your requirement

Name of the organisation	
Registration Type	
Address	
Website	
Tax exemption details	
References	
Contact Person	
Short description of the cause / activity	
Specific area of expertise (if any)	
Scale of operations (City / Zonal / National)	
Team Strength	
Awards / Recognition	
Request / proposal for SBI Capital Markets Ltd.	
Any other details	

# Independent Auditors' Report on Consolidated Financial Statements

To the Members of SBI Capital Markets Limited

## Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of SBI Capitals Markets Limited ("the Holding Company") and its subsidiaries and associate (collectively referred to as "the Company" or "the Group"), comprising of the consolidated balance sheet as at 31<sup>st</sup> March, 2017, the consolidated statement of profit and loss, the consolidated cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

## Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of the consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013 (hereinafter referred to as "the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

## Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the 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 consolidated state of affairs of the Company, as at 31<sup>st</sup> March, 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

## Other Matters

We did not audit the financial statements of five subsidiaries whose financial statements reflect total assets of Rs. 461.30 crores as at 31<sup>st</sup> March, 2017, total revenue of Rs. 293.32 crores and net cash flows of Rs. 17.15 crores for the year ended on that date. These financial statements have been audited by other auditors whose reports have been furnished to us by the management, and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub section (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of such auditors.

The consolidated financial statements also include Group's share in Net Profit of Rs. 0.21 crore for the year ended March, 2017, in respect of an Associate. This financial statement have been audited by other auditor whose report have been furnished to us by the management, and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this associate and our report in terms of sub section (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid Associate, is based solely on the reports of such auditor.

# Independent Auditors' Report on Consolidated Financial Statements



Our opinion on the consolidated financial statements, and our report on the other legal and regulatory requirements as mentioned below is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the management.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report, to the extent applicable, that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
  - (c) The consolidated balance sheet, the consolidated statement of profit and loss, and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors of the Holding Company as on 31<sup>st</sup> March, 2017 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary companies incorporated in India, none of the Directors of the Group companies incorporated in India is disqualified as on 31<sup>st</sup> March, 2017 from being appointed as a Director of that company in terms of Section 164(2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in “**Annexure A**”; and
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 2.23(i) and 2.24 to the consolidated financial statements.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
    - iv. The Company has provided the requisite disclosures in the consolidated financial statements as to the holdings as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016 which in our opinion is in accordance with the books of accounts maintained by the Company. – Refer Note 2.34 to the Consolidated Financial Statement.
2. As required by Section 143(5) of the Companies Act, 2013 we give in “**Annexure B**” the comments on the directions issued by the Comptroller and Auditor General of India in respect of the holding company and subsidiaries incorporated in India, wherever these provisions are applicable.

For **SHAH & TAPARIA**  
Chartered Accountants  
Firm's registration number: 109463W

Sd/-  
**Narottamlal Shah**  
**Partner**  
Membership number: 106355  
Place: Mumbai  
Date: 28<sup>th</sup> April, 2017

## Independent Auditors' Report - Annexure A

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31<sup>st</sup> March, 2017, we have audited the internal financial controls over financial reporting of SBI Capitals Markets Limited ("the Holding Company") and its subsidiary companies and associate company which are companies incorporated in India, as of that date.

#### Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company and its subsidiary companies and associate company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

#### Meaning of Internal Financial Controls over Financial Reporting

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

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

#### Opinion

In our opinion, the Holding Company and its subsidiary companies and associate company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2017, 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 ICAI.

## Independent Auditors' Report - Annexure A

### Other Matters

The Internal Financial Control over Financial Reporting of three subsidiaries incorporated in India and one associate incorporated in India have been audited by other auditors whose reports have been furnished to us by the management, and our opinion on the Internal Financial Control over Financial Reporting of these companies, in so far as it relates to the aforesaid subsidiaries and associate, is based solely on the reports of such auditors.

Our opinion on internal financial control over financial reporting, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors on the internal financial control over financial reporting.

For **SHAH & TAPARIA**

Chartered Accountants

Firm's registration number: 109463W

Sd/-

**Narottamlal Shah**

**Partner**

Membership number: 106355

Place: Mumbai

Date: 28<sup>th</sup> April, 2017



## Independent Auditors' Report - Annexure B

Report on directions issued by the Comptroller and Auditor General of India under section 143(5) of Companies Act, 2013 in respect of the holding company and subsidiaries incorporated in India wherever these provisions are applicable.

### A. Directions

1. Whether the Company has clear title / lease deeds for freehold and leasehold respectively? If not please state the area of freehold and leasehold land for which title / lease deeds are not available?
  - According to the information and explanations given to us and based on our examination of the records of the Holding Company, out of five immovable properties of the Holding Company, the title deeds of one of the immovable property was provided for our verification and the same is in the name of the Holding Company. We are informed that the title deeds of the remaining four immovable properties are deposited with the registrar; these could not be verified by us and hence we are not able to comment on the same.
  - In respect of the subsidiaries incorporated in India, these companies have clear title / lease deeds for its properties.
  - Neither the Holding Company nor the subsidiaries incorporated in India have freehold / leasehold land.
2. Whether there are any cases of waiver / write off of debts / loans / interest etc., if yes, the reasons therefore and the amount involved?
  - During the FY 2016-17 Sundry Debtors / debts aggregating to Rs. 17,51,60,138/- were written off in 654 cases and fee income aggregating Rs. 2,31,27,816/- was de-accrued in 60 cases in the case of the holding company and two subsidiaries incorporated in India. There were no cases of waiver / write off / de-accrual of debts / loans/ interest / fee etc. in case of one Subsidiary and Associate Company incorporated in India. Accordingly the profit of the Group for the FY 2016-17 has been reduced to this extent. A summary of sundry debtors / debts written off and Fee income De-accrued during the FY 2016-17 along with the reasons for written off is given below:

Reasons	Write-off of Debtors		De-accrual	
	No. of Cases	Amount	No. of Cases	Amount
Liquidity Crisis faced by client	71	119,440,857	18	5,624,863
Deal did not Materialise	67	23,871,528	15	8,074,091
Disputed Services	11	15,081,152	1	150,000
Disputed OPE Amount	87	340,666	0	0
Renegotiation of Fees	5	1,095,803	6	3,338,591
Due to Closure of Assignments	8	2,527,262	17	2,770,771
Wrongly Billed	3	627,497	2	130,000
Amount not Recoverable, in the opinion of the Management	402	12,175,373	1	3,039,500
<b>Total</b>	<b>654</b>	<b>175,160,138</b>	<b>60</b>	<b>23,127,816</b>

3. Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.
  - There have been no instances either with the holding company or any of the subsidiaries incorporated in India, where inventories were lying with third parties or assets were received as gift from Govt. or other authorities either in case of holding company or its subsidiaries incorporated in India.

For **SHAH & TAPARIA**  
Chartered Accountants  
Firm's registration number: 109463W

Sd/-  
**Narottamlal Shah**  
Partner  
Membership number: 106355

Place: Mumbai  
Date: 28<sup>th</sup> April, 2017

### COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SBI CAPITAL MARKETS LIMITED FOR THE YEAR ENDED 31 MARCH, 2017.

The preparation of consolidated Financial Statements of SBI Capital Markets Limited for the year ended 31 March, 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139(5) read with section 129(4) of the Act is responsible for expressing opinion on the Financial Statements under Section 143 read with section 129(4) of the Act based on independent audit in accordance with 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 28 April, 2017.

I, on behalf of the Comptroller and Auditor General of India, have conducted a Supplementary Audit under section 143(6) (a) read with section 129(4) of the Act of the consolidated Financial Statements of SBI Capital Markets Limited for the year ended 31 March 2017. We conducted a supplementary audit of the financial statement of SBI Capital Markets Limited and SBICAP Securities Limited but did not conduct supplementary audit of the financial statements of SBICAP Ventures Limited & SBICAP Trustee Company Limited, for the year ended on that date. Further, section 139(5) and 143(6)(b) of the Act are not applicable to SBICAP (UK) Limited and SBICAP (Singapore) Limited being entities incorporated in Foreign countries under the respective laws, for appointment of their Statutory Auditor nor for conduct of supplementary audit. Accordingly, C&AG has neither appointed the Statutory Auditors nor conducted the supplementary audit of these companies. This Supplementary Audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's Report.

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

sd/-  
**(Roop Rashi)**  
**Principal Director of Commercial Audit and**  
**ex-officio Member, Audit Board - I, Mumbai**

Place: Mumbai  
Date: 7<sup>th</sup> July, 2017

## Consolidated Balance Sheet As At 31<sup>st</sup> March, 2017

(Rupees in lacs unless otherwise stated)

	Notes	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share capital	2.1	5,803	5,803
Reserves and surplus	2.2	119,029	108,312
		<b>124,832</b>	<b>114,115</b>
<b>NON-CURRENT LIABILITIES</b>			
Other long-term liabilities	2.3	90	139
Long-term provisions	2.4	1,438	1,322
		<b>1,528</b>	<b>1,461</b>
<b>CURRENT LIABILITIES</b>			
Short-term Borrowings	2.5	2,406	1,498
Trade payables	2.6	10,881	8,455
Other current liabilities	2.7	4,976	4,532
Short-term provisions	2.4	2,572	3,988
		<b>20,835</b>	<b>18,472</b>
<b>Total</b>		<b>147,195</b>	<b>134,048</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
<b>Fixed Assets</b>			
Tangible Assets	2.8	9,152	10,584
Intangible Assets		443	1,034
Capital work-in-progress		-	14
Intangible assets under development		-	104
Non-current investments	2.9	14,476	13,598
Deferred tax assets (net)		5,349	3,772
Long-term loans and advances	2.10	9,508	7,888
Trade receivables	2.11	36	37
Other non-current assets	2.12	1,207	2,568
		<b>40,171</b>	<b>39,599</b>
<b>CURRENT ASSETS</b>			
Current investments	2.9	2,088	83
Inventories	2.13	43,745	24,125
Trade receivables	2.11	33,604	42,512
Cash and cash equivalents	2.14	25,629	25,403
Short-term loans and advances	2.10	1,013	1,346
Other current assets	2.12	945	980
		<b>107,024</b>	<b>94,449</b>
<b>Total</b>		<b>147,195</b>	<b>134,048</b>

### NOTES TO FINANCIAL STATEMENTS

1 & 2

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

As per our report of even date

For **SHAH & TAPARIA**  
Firm Registration No. 109463W  
Chartered Accountants

sd/-

**Narottamlal Shah**  
**Partner**

Membership No.: 106355

Mumbai, 28<sup>th</sup> April, 2017

For and on behalf of Board of Directors

sd/-

**Dinesh Kumar Khara**  
**Director**

sd/-

**Navinchandra Amin**  
**Senior Vice President & CFO**

sd/-

**Varsha Purandare**  
**Managing Director & CEO**

sd/-

**Amit Shah**  
**Company Secretary**

# Consolidated Statement Of Profit & Loss For The Year Ended 31<sup>st</sup> March, 2017

(Rupees in lacs unless otherwise stated)

	Notes	For the period ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
<b>INCOME</b>			
Revenue from operations	2.15	77,804	84,410
Other income	2.16	4,340	3,832
		82,144	88,242
<b>EXPENDITURE</b>			
Employee benefit expenses	2.17	18,178	17,446
Finance Cost	2.18	162	119
Depreciation and amortisation expense	2.8	2,720	3,043
Other expenses	2.19	20,053	19,996
Provisions	2.20	5,900	5,143
		47,013	45,747
Profit Before Exceptional & Extraordinary Item & Tax		35,131	42,495
Reversal / Reimbursement of Establishment Expenses (Refer Note 2.34)		-	249
Profit Before Tax		35,131	42,744
Provision for current income-tax		(11,513)	(15,919)
Provision for taxation of earlier year		8	(12)
Deferred tax credit		1,578	1,022
Profit Before share in net profit of Associate		25,203	27,835
Share in net profit of the associate		21	10
<b>PROFIT FOR THE YEAR</b>		25,224	27,845
Balance brought forward from previous year			
Profit for the year			
Earning per share (Basic and Diluted in Rs.) (Face value Rs. 10/- per share)		43.46	47.98

## NOTES TO ACCOUNTS

1 & 2

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

As per our report of even date

For **SHAH & TAPARIA**

Firm Registration No. 109463W

Chartered Accountants

sd/-

**Narottamlal Shah**  
**Partner**

Membership No.: 106355

Mumbai

28<sup>th</sup> April, 2017

For and on behalf of Board of Directors

sd/-

**Dinesh Kumar Khara**  
**Director**

sd/-

**Navinchandra Amin**  
**Senior Vice President & CFO**

sd/-

**Varsha Purandare**  
**Managing Director & CEO**

sd/-

**Amit Shah**  
**Company Secretary**

## Consolidated Cash Flow Statement

(Rupees in lacs unless otherwise stated)

	For the year ended 31 <sup>st</sup> March, 2017		For the year ended 31 <sup>st</sup> March, 2016	
<b>Cash flow from operating activities:</b>				
Net profit before taxation		35,131		42,744
Adjustments for -				
Profit on sale of long term investments	(273)		-	
Interest Income	(1,934)		(1,802)	
Dividend income	(3,426)		(1,928)	
Interest expenses	162		46	
Depreciation	2,720		3,043	
Provision on investments (net of write-back)	(22)		214	
Provision on stock-in-trade (net of write-back)	-		(13)	
Provision for doubtful debts (net of write-back)	3,408		2,783	
Adjustments for Foreign Currency Translation Reserve	(537)		571	
		98		2,914
Operating profit before working capital changes		35,229		45,658
Decrease / (increase) in trade receivables - current	5,500		(10,067)	
Decrease / (increase) in trade receivables - Non-current	1		(1)	
Decrease / (increase) in interest / dividend accrued	308		486	
Decrease / (increase) in short-term loans & advances	333		(582)	
Decrease / (increase) in long-term loans & advances	95		342	
Decrease / (increase) in other non current assets	31		(64)	
Decrease / (increase) in Margin Money Deposit	(1,983)		(639)	
Decrease / (increase) in Balance in Escrow accounts	(222)		(2)	
Decrease / (increase) in stock-in-trade	(19,620)		6,717	
(Decrease) / increase in current liabilities	2,870		2,576	
(Decrease) / increase in long-term liabilities	(48)		17	
(Decrease) / increase in provision for gratuity	100		(28)	
(Decrease) / increase in Provision for compensated absences	18		27	
		(12,618)		(1,218)
Cash generated from operations		22,612		44,440
Income tax paid	(13,201)		(18,158)	
		(13,201)		(18,158)
<b>I. Net cash from operating activities</b>		9,411		26,282
<b>Cash flow from investing activities:</b>				
Purchase of fixed assets	(617)		(2,603)	
Sale of fixed assets	36		23	
Interest on long term investments	1,968		1,802	
Dividend income	3,085		1,928	
Purchase of investments	(5,063)		(1,484)	
Sale of investments	2,494		-	
<b>II. Net cash from investing activities</b>		1,903		(334)



## Consolidated Cash Flow Statement

	For the year ended 31 <sup>st</sup> March, 2017		For the year ended 31 <sup>st</sup> March, 2016	
<b>Cash flow from financing activities:</b>				
Bank borrowing availed	908		1,498	
Interest expenses	(162)		(46)	
Dividend payment	(11,607)		(18,571)	
Tax on dividend payment	(3,781)		(4,989)	
<b>III. Net cash used in financing activities</b>		<b>(14,642)</b>		<b>(22,108)</b>
<b>Net change in cash &amp; cash equivalents (I+II+III)</b>		<b>(3,328)</b>		<b>3,840</b>
Cash & cash equivalents at the beginning of the year		23,247		19,407
Cash & cash equivalents at the end of the year		19,919		23,247

Cash and cash equivalent included in cash flow statement comprise the following balance sheet amounts:

	As at 31 <sup>st</sup> March, 2017		As at 31 <sup>st</sup> March, 2016	
Cash on hand		-		-
Balances with scheduled banks (current & deposit accounts)		19,919		23,247
Bank Overdraft (Book Overdraft shown under Current Liabilities)				
		<b>19,919</b>		<b>23,247</b>
(Excludes amounts placed as deposits with scheduled banks and lien marked with them)		6,497		4,493

The Cash flow statement and the notes to accounts form an integral part of the accounts.

As per our report of even date

For **SHAH & TAPARIA**  
Firm Registration No. 109463W  
Chartered Accountants

sd/-  
**Narottamlal Shah**  
Partner  
Membership No.: 106355

Mumbai  
28<sup>th</sup> April, 2017

For and on behalf of Board of Directors

sd/-  
**Dinesh Kumar Khara**  
Director

sd/-  
**Navinchandra Amin**  
Senior Vice President & CFO

sd/-  
**Varsha Purandare**  
Managing Director & CEO

sd/-  
**Amit Shah**  
Company Secretary

# Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2017

## 1. SIGNIFICANT ACCOUNTING POLICY

### A. Basis of Preparation of Consolidated Financial Statements

These consolidated financial statements have been prepared to comply with the Generally Accepted Accounting Principles in India (Indian GAAP), including the Accounting Standards notified under the relevant provisions of the Companies Act, 2013.

### B. Principles of Consolidation

The consolidated financial statements relate to SBI Capital Markets Limited ('the Company') and its subsidiary companies and associates. The consolidated financial statements have been prepared on the following basis:

- The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements"
- In case of foreign subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the Exchange Fluctuation Reserve.
- The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve, as the case may be.
- The difference between the proceeds from disposal of investment in subsidiaries and the carrying amount of its assets less liabilities as of the date of disposal is recognised in the consolidated Profit and Loss Statement being the profit or loss on disposal of investment in subsidiary.
- Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.
- Investment in Associate Companies has been accounted under the equity method as per Accounting Standard (AS) 23 - "Accounting for Investments in Associates in Consolidated Financial Statements".
- The Company accounts for its share of post acquisition changes in net assets of associates, after eliminating unrealised profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its Consolidated Profit and Loss Statement, to the extent such change is attributable to the associates' Profit and Loss Statement and through its reserves for the balance based on available information.
- The difference between the cost of investment in the associates and the share of net assets at the time of acquisition of shares in the associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be.
- As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

### C. Investments other than in subsidiaries and associates have been accounted as per Accounting Standard (AS) 13 on "Accounting for Investments".

### D. Other significant accounting policies, these are set out under "Significant Accounting Policies" as given in the Company's separate financial statements.

# Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2017 (Contd...)

(Rupees in lacs unless otherwise stated)

## 2. OTHER NOTES

### NOTE - 2.1

	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
100,000,000 (2016: 100,000,000)		
Equity shares of Rs.10/- each	10,000	10,000
1,000,000 (2016: 1,000,000)		
Redeemable preference shares of Rs. 100/- each	1,000	1,000
	<b>11,000</b>	<b>11,000</b>
<b>Issued, subscribed and paid up</b>		
58,033,711 (2016: 58,033,711)		
Equity shares of Rs.10/- each fully paid up	5,803	5,803

The Company is wholly owned subsidiary of State Bank of India ('SBI') along with its nominees and shareholders are eligible for one vote per share held.

There has been no movement in the number of shares outstanding at the beginning of the period and at the end of period, consequently the reconciliation of the number of the shares outstanding at the beginning and at the end of the reporting period is not applicable.

### NOTE - 2.2

	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>RESERVES AND SURPLUS</b>		
<b>Capital Redemption Reserve</b>		
Balance as per the last Financial Statements	94	94
Add: amount transferred from surplus balance in the statement of profit and loss	-	-
<b>Closing Balance</b>	<b>94</b>	<b>94</b>
<b>Foreign Currency Translation Reserve</b>		
Foreign Currency Translation Reserve-Opening Balance	202	(369)
Add: Foreign Currency Translation during the year	(537)	571
Foreign Currency Translation Reserve-Closing Balance	(335)	202
<b>Securities premium Account</b>		
Balance as per the last financial statements	6,347	6,347
Add: premium on issue of shares received during the year	-	-
<b>Closing Balance</b>	<b>6,347</b>	<b>6,347</b>
<b>General reserve</b>		
Balance as per the last financial statements	40,374	37,407
Add: amount transferred from surplus balance in the statement of profit and loss	2,296	2,967
<b>Closing Balance</b>	<b>42,670</b>	<b>40,374</b>

## Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2017 (Contd...)

(Rupees in lacs unless otherwise stated)

	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>Surplus / (deficit) in the statement of profit and loss</b>		
Balance as per the last financial statements	61,295	58,697
Profit for the year	25,224	27,845
Add: Share in Profit of Associate up to the end of preceding financial year	-	72
Less: Appropriations		
Interim dividend	11,607	18,571
Dividend distribution tax	2,363	3,781
Transfer to general reserve	2,296	2,967
Total Appropriations	16,266	25,319
<b>Net Surplus in the statement of profit and loss</b>	<b>70,253</b>	<b>61,295</b>
<b>Total Reserves and Surplus</b>	<b>119,029</b>	<b>108,312</b>

### NOTE - 2.3

	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>OTHER LONG TERM LIABILITIES</b>		
Trade payables other than dues to Micro, Medium and Small Enterprises	26	78
Lease Deposits	46	46
Other Deposits	3	2
Franchisee Security Deposits	3	3
Trust Settlement Fees	12	10
	<b>90</b>	<b>139</b>

### NOTE - 2.4

	As at 31 <sup>st</sup> March-17	As at 31 <sup>st</sup> March-16	As at 31 <sup>st</sup> March-17	As at 31 <sup>st</sup> March-16
<b>PROVISIONS</b>	Long-term		Short-term	
<b>Provision for employee benefits</b>				
Provision for gratuity	360	260	-	-
Provision for compensated absences	1,077	1,062	209	207
<b>Other provisions</b>				
Provision for dividend distribution tax	-	-	2,363	3,781
	<b>1,438</b>	<b>1,322</b>	<b>2,572</b>	<b>3,988</b>

# Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2017 (Contd...)

(Rupees in lacs unless otherwise stated)

## NOTE - 2.5

	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>SHORT TERM BORROWINGS</b>		
Bank overdraft- Repayable on Demand from a Bank	2,406	1,498
	<b>2,406</b>	<b>1,498</b>

## Rate of Interest

Bank Overdraft carry interest rates of 9.65% per annum.

## NOTE - 2.6

	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>TRADE PAYABLES</b>		
Trade Payables of Micro, Medium and Small Enterprises	-	-
Others	10,881	8,455
	<b>10,881</b>	<b>8,455</b>

## NOTE - 2.7

	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>OTHER CURRENT LIABILITIES</b>		
Bonus Payable	3,341	3,729
Advance received from customers	273	19
Income Received in Advance	480	227
TDS Payable	221	372
STT Payable	-	47
Service Tax Payable	423	-
Professional Tax Payable	-	4
Provident Fund Payable	61	39
ESIC Payable	-	5
Payable for Capital Expenditure	171	84
Others	6	4
	<b>4,976</b>	<b>4,532</b>



# Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2017 (Contd...)

(Rupees in lacs unless otherwise stated)

## NOTE - 2.8

FIXED ASSETS	TANGIBLE ASSETS							INTANGIBLE ASSETS	
	Building (Refer Note I)	Computers	Furniture & Fixtures	Office Equipments	Vehicles	Lease hold Improvement	Plant, Machinery & Equipments Leased Assets	Software	Total
GROSS BLOCK	Balance As at 1 <sup>st</sup> April, 15	3,400	662	619	49	121	4,020	4,342	14,813
	Additions	1,291	489	430	-	34	-	160	10,321
	Deductions / Transfers	162	9	29	-	2	-	-	202
	Balance As at 31 <sup>st</sup> March, 16	4,529	1,142	1,020	49	153	4,020	4,502	24,932
ACCUMULATED DEPRECIATION / AMORTISATION	Balance As at 1 <sup>st</sup> April, 15	1,937	573	450	21	109	4,020	2,167	10,451
	Additions	1,009	169	255	12	10	-	1,301	3,042
	Deductions / Transfers	146	9	21	-	2	-	-	179
	Balance As at 31 <sup>st</sup> March, 16	2,800	733	684	33	117	4,020	3,468	13,314
NET BLOCK	As at 31 <sup>st</sup> March, 16	1,729	409	336	16	36	-	1,034	11,618
GROSS BLOCK	Balance As at 1 <sup>st</sup> April, 16	4,529	1,142	1,020	49	153	4,020	4,502	24,932
	Additions / Adjustments	360	22	58	-	-	-	294	734
	Deductions / Transfers	139	28	63	19	-	-	-	249
	Balance As at 31 <sup>st</sup> March, 17	4,750	1,136	1,015	30	153	4,020	4,797	25,417
ACCUMULATED DEPRECIATION / AMORTISATION	Balance As at 1 <sup>st</sup> April, 16	2,800	733	684	33	117	4,020	3,468	13,314
	Additions / Adjustments	1,059	148	210	4	12	-	885	2,721
	Deductions / Transfers	117	28	55	13	-	-	-	213
	Balance As at 31 <sup>st</sup> March, 17	3,742	853	839	24	129	4,020	4,354	15,822
NET BLOCK	As at 31 <sup>st</sup> March, 17	1,008	283	176	6	24	-	443	9,595

Note: I. Building includes cost of 15 shares of Rs. 100/- each held by the Company in a co-operative housing society.

# Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2017 (Contd...)

(Rupees in lacs unless otherwise stated)

## NOTE – 2.9

	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>INVESTMENTS</b>		
<b>Non-Current Investments</b>		
(Long term, non trade, at cost unless otherwise stated)		
<b>Investment in Equity Instruments (quoted)</b>		
Nil (2016: 2,94,000) shares of Re.1/- each fully paid in Indian Hotels Ltd. (At cost less provision other than temporary diminution in value Rs. Nil (2016: Rs.50))	-	291
<b>Sub-total</b>	-	<b>291</b>
<b>Bonds (quoted)</b>		
54,876 (2015: 54,876) 8.20% bonds of National Highway Authority of India Ltd. (Taxfree) of Rs. 1,000/- each fully paid	549	549
71,197 (2015: 71,197) bonds of 8.20% Power Finance Corporation Ltd. (Taxfree) of Rs. 1,000/- each fully paid	712	712
3,04,510 (2015: 3,04,510) 8.10% bonds of India Railways Finance Corporation Ltd. (Taxfree) of Rs. 1,000/- each fully paid	3,045	3,045
1,00,000 (2015: 1,00,000) bonds of 7.38% Rural Electrification Corporation Ltd. (Taxfree) of Rs. 1,000/- each fully paid	1,000	1,000
1,00,000 (2015: 1,00,000) bonds of 7.34% Indian Railways Finance Corporation Ltd. (Taxfree) of Rs. 1,000/- each fully paid	1,000	1,000
1,00,000 (2015: 1,00,000) bonds of 8.63% Rural Electrification Corporation Ltd. (Taxfree) of Rs. 1,000/- each fully paid	1,000	1,000
1,00,000 (2015: 1,00,000) bonds of 8.55% India Infrastructure Finance Company Ltd. (Taxfree) of Rs. 1,000/- each fully paid	1,000	1,000
15,000 (2015: 15,000) @8.01% tax free bonds of India Infrastructure Finance Company Ltd. of Rs.1,000/- each fully paid-up	150	150
	8,456	8,456
<b>Total quoted investments</b>	<b>8,456</b>	<b>8,747</b>
<b>Investment in Equity Instruments (unquoted)</b>		
214,50,000 (2016: 19,50,000) shares of Re.1/- (2016: FV Rs.10/-) each fully paid in National Stock Exchange of India Ltd. Bonus issue 1,95,000 shares and 5,36,250 share offered for OFS before split held in escrow account)	341	341
11,00,000 (2015: 11,00,000) shares of Rs.10/- each fully paid in OTC Exchange of India (At cost less provision other than temporary diminution in value Rs. 110/- (2015: 110))	*_	*_

## Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2017 (Contd...)

(Rupees in lacs unless otherwise stated)

	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
5,35,768 (2015: 5,35,768) shares of Rs. 10/- each fully paid in Investor Services of India Ltd. (company under liquidation)	-	-
10,00,000 (2015: 10,00,000) shares of Rs. 39.63/- each fully paid in ONGC Mittal Energy Ltd. (At cost less provision other than temporary diminution in value Rs. 396/- (2015:396 ))	*-	*-
15,25,000 (2016: NIL) shares of Rs. 10/- each fully paid in Receivables Exchange of India Ltd.	152	-
<b>Sub-total</b>	<b>493</b>	<b>341</b>
<b>Investment in Equity Instruments - Parents Subsidiaries</b>		
6,81,818 (2015: 6,81,818) shares of FV Rs. 100/- each fully paid in SBI DFHI Ltd. (formerly SBI Gilts Ltd.) (Percentage holding in the Company is 3.12%)	750	750
10,32,500 (2015: 10,32,500) shares of Rs. 10/- each fully paid in SBI Home Finance Ltd. (At cost less provision other than temporary diminution in value Rs. 103/- (2015: Rs. 103))	*-	*-
4,002 (2016: Nil) shares of Rs. 10/- each fully paid in SBI Foundation Ltd. (Percentage holding in the Company is 0.1%)	-	-
	750	750
<b>Investment in Equity Instruments - Associates (unquoted)</b>		
60,00,000 (2015: 60,00,000) shares of Rs. 10/- each fully paid in SBI Pension Funds Pvt. Ltd. - Original Cost (Percentage holding in the Company is 20% (2015: 20%))	682	601
Add: Accumulated income from associate up to the end of preceding Financial Year	-	72
Add: Accumulated income from associate for the Current year	21	10
<b>Total</b>	<b>703</b>	<b>682</b>
<b>Investment in Alternative Investment Fund (Unquoted)</b>		
211414.9520 (2016: 82419.306) units of Rs. 1,000/- each fully paid in Neev Fund	2,114	824
1000 (2016: Nil) units of Rs. 1,000/- each fully paid in SBI PIPE Fund	100	100
<b>Sub-total</b>	<b>2,214</b>	<b>924</b>
<b>Investment in Mutual Funds (unquoted)</b>		
Nil (2016: 35,39,410) units of Rs. 10/- each fully paid FT India Balance Fund Dividend Payout (At cost less provision other than temporary diminution in value Rs. Nil (2016: Rs. 269))	-	762
Nil (2016: 1,00,00,000) units of Rs. 10/- each fully paid SBI PSU Fund Growth (At cost less provision other than temporary diminution in value Rs. Nil (2016: 40))	-	832

# Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2017 (Contd...)

(Rupees in lacs unless otherwise stated)

	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
36,356 (2016: Nil) units of Rs. 10/- each fully paid SBI PSU Fund Growth (At cost less provision other than temporary diminution in value Rs. Nil (2016: Nil))	1,300	-
56,00,000 (2016: 56,00,000) units of Rs 10/- each fully paid SBI Debt Fund Series B-31 - Direct Growth Plan (At cost less provision other than temporary diminution in value Rs. Nil (2016: Nil))	560	560
<b>Sub-total</b>	<b>1,860</b>	<b>2,154</b>
<b>Total unquoted investments</b>	<b>6,020</b>	<b>4,852</b>
<b>Total investments</b>	<b>14,476</b>	<b>13,598</b>
<b>Aggregate of quoted investments:</b>		
(i) Cost	8,456	8,797
(ii) Market Value	10,312	10,133
(iii) Book Value	8,456	8,747
<b>Aggregate of unquoted investments:</b>		
(i) Cost	6,610	5,785
(ii) Book Value	6,020	4,852
<b>Aggregate of provision for diminution in value of investments</b>	<b>610</b>	<b>1,066</b>
* Fully provided for.		
<b>CURRENT INVESTMENTS</b>		
(non trade, at cost unless otherwise stated)		
<b>Investment in Mutual Funds (unquoted)</b>		
<b>NON-CURRENT INVESTMENTS</b>		
4904 (2016: 5304) units of SBI Premier Liquid Fund Direct Plan Daily Dividend Reinvestment of Rs 1,003.25 each fully paid (At cost less provision other than temporary diminution in value Rs. Nil (2016: Nil))	49	53
2,03,236 (2016: 2997) units of SBI Premier Liquid Fund Regular Plan Daily Dividend Reinvestment of Rs. 1,003.25 each fully paid (At cost less provision other than temporary diminution in value Rs. NIL (2016: Nil))	2,039	30
<b>Total unquoted investments</b>	<b>2,088</b>	<b>83</b>
<b>Aggregate of unquoted investments:</b>		
(i) Cost	2,088	83
(ii) Book Value	2,088	83

## Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2017 (Contd...)

(Rupees in lacs unless otherwise stated)

### NOTE - 2.10

	As at 31 <sup>st</sup> March-17	As at 31 <sup>st</sup> March-16	As at 31 <sup>st</sup> March-17	As at 31 <sup>st</sup> March-16
	Non-current		Current	
<b>LOANS AND ADVANCES</b>				
(Unsecured and considered good unless otherwise stated)				
<b>Security Deposits</b>	755	899	32	22
<b>Loans and advances to related parties</b>	-	-	35	44
<b>Advances recoverable in cash or in kind or for value to be received</b>				
Considered good	-	129	131	44
Considered doubtful	-	-	-	-
	-	129	131	44
Less: Provision for doubtful advances	-	-	-	-
	-	129	131	44
<b>Other loans and advances</b>				
Advance tax and tax deducted at source [net of provision for income-tax Rs. 81,665 (2012: Rs. 68,565)]	7,961	6,246	-	-
Advance tax FBT [net of provision for FBT Rs. 184 (2012: Rs.184)]	-	-	-	-
Advance interest tax [net of provision for interest tax Rs. 139 (2012: Rs. 139)]	152	152	-	-
Deposits with stock exchanges / clearing house	289	279	-	-
Arbitration Deposit	4	1	-	-
Less: Provision for Arbitration Deposit	(4)	(1)	-	-
 Prepaid Expenses	351	183	410	222
Loans to Employees	-	-	69	101
Advances for Expenses	-	-	257	98
Balances with statutory / Government authorities	-	-	79	815
<b>Total</b>	<b>9,508</b>	<b>7,888</b>	<b>1,013</b>	<b>1,346</b>



# Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2017 (Contd...)

(Rupees in lacs unless otherwise stated)

## NOTE - 2.11

	As at 31 <sup>st</sup> March-17	As at 31 <sup>st</sup> March-16	As at 31 <sup>st</sup> March-17	As at 31 <sup>st</sup> March-16
	Non-current		Current	
<b>TRADE RECEIVABLES</b>				
Secured, Considered good				
Debts outstanding for a period exceeding six months from the date they are due for payment	-	-	31	30
Other debts	-	-	6,829	5,031
Considered good unless stated otherwise				
Debts outstanding for a period exceeding six months from the date they are due for payment	19	19	3,224	4,531
Other debts	17	18	23,521	32,919
	<b>36</b>	<b>37</b>	<b>33,605</b>	<b>42,512</b>
Considered doubtful				
Debts outstanding for a period exceeding six months from the date they are due for payment	-	121	10,252	6,675
Other debts	-	-	35	49
	-	121	10,287	6,724
Less: Provision for doubtful debts	-	121	10,288	6,752
	-	-	(1)	(28)
	<b>36</b>	<b>37</b>	<b>33,604</b>	<b>42,484</b>

## NOTE - 2.12

	As at 31 <sup>st</sup> March-17	As at 31 <sup>st</sup> March-16	As at 31 <sup>st</sup> March-17	As at 31 <sup>st</sup> March-16
	Non-current		Current	
<b>OTHER ASSETS</b>				
Non-current Bank Balances	1,025	2,355	-	-
Others				
Interest accrued on fixed deposits	177	208	314	657
Interest accrued on investments	5	5	251	252
Interest Accrued - Downselling	-	-	39	71
Dividend receivable on investments	-	-	341	-
	<b>1,207</b>	<b>2,568</b>	<b>945</b>	<b>980</b>

## Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2017 (Contd...)

(Rupees in lacs unless otherwise stated)

### NOTE - 2.13

	As at March, 2017	As at March, 2016
<b>STOCK-IN-TRADE</b>		
<b>Stock in trade for Downselling (quoted)</b>		
Nil (2016:250) 10.38% Jindal Saw Ltd. 9 yrs series-2 Debentures of FV Rs. 10,00,000 each (At cost less provision for temporary diminution in value Rs. Nil (2016: Nil))	-	2,500
Nil (2016: 450) 8.45% State Bank of Travancore bonds FV Rs. 10,00,000/- each (At cost less provision for temporary diminution in value Rs. Nil (2016: Nil))	-	4,500
1750 (2016: Nil) 7.8409% Bajaj Finance Ltd. - FV Rs. 10,00,000 (At cost less provision for temporary diminution in value Rs. Nil (2016: Nil))	17,500	-
1000 (2016: Nil) 7.6% Power Finance Ltd. - FV Rs. 10,00,000 each (At cost less provision for temporary diminution in value Rs. Nil (2016: Nil))	10,000	-
<b>Total quoted stock-in-trade</b>	<b>27,500</b>	<b>7,000</b>
<b>Investment in Equity Instruments (unquoted)</b>		
15,400 (2016: 15,400) shares of Rs.10/- each fully paid in Cremica Agro Foods Ltd. (At cost less provision for Rs. 3/- (2016: 3))	*-	*-
<b>Sub-total</b>	-	-
<b>Preference Shares (unquoted)</b>		
1,40,000 (2016: 1,40,000) 0.0001% shares of Rs. 10/- each fully paid in Pasupati Fabrics Ltd. (At cost less provision Rs. 14/- (2016: 14))	*-	*-
<b>Sub-total</b>	-	-
<b>Mutual Funds (unquoted)</b>		
2,50,00,000 (2016: 2,50,00,000) Units of HDFC FMP Series 29	2,500	2,500
1,00,00,000 (2016: 1,00,00,000) Units of HDFC FMP Series 31	1,000	1,000
1,00,00,000 (2016: 1,00,00,000) Units of HDFC FMP 1167 Days	1,000	1,000
2,00,00,000 (2016: 2,00,00,000) Units of SBI Debt Fund Series A-14	2,000	2,000

## Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2017 (Contd...)

(Rupees in lacs unless otherwise stated)

	As at March, 2017	As at March, 2016
1,50,00,000 (2016: 1,50,00,000) Units of SBI Debt Fund Series B-34	1,500	1,500
66,12,751 (2016: 66,12,751) Units of SBI Magnum Gilt Fund Long Term	2,000	2,000
Nil (2016: 66,942) Units of HDFC Liquid Fund Direct	-	2,000
Nil (2016: 1,95,24,386) Units of ICICI Prudential Ultra Short Fund	-	3,000
Nil (2016: 89,367) Units of SBI-Premier Liquid Fund	-	2,125
95,41,583 (2016: Nil) JM High Liquidity Fund - DIRECT Plan - Growth	4,245	-
55,621 (2016: Nil) SBI Magnum Insta Cash Fund - DIRECT Plan - Growth	2,000	-
<b>Sub-total</b>	<b>16,245</b>	<b>17,125</b>
<b>Total unquoted stock-in-trade</b>	<b>16,245</b>	<b>17,125</b>
<b>Total stock-in-trade</b>	<b>43,745</b>	<b>24,125</b>
<b>Aggregate of quoted stock-in-trade:</b>		
(i) Cost	27,500	7,000
(ii) Market / realisable value	27,675	7,084
(iii) Book Value	27,500	7,000
<b>Aggregate of unquoted stock-in-trade:</b>		
(i) Cost	16,262	17,142
(ii) Book Value	16,245	17,125
<b>Aggregate provision for diminution in value of investments</b>	<b>17</b>	<b>17</b>

\* Fully provided for.

## Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2017 (Contd...)

(Rupees in lacs unless otherwise stated)

### NOTE - 2.14

	As at 31 <sup>st</sup> March-17	As at 31 <sup>st</sup> March-16	As at 31 <sup>st</sup> March-17	As at 31 <sup>st</sup> March-16
	Non-current		Current	
<b>CASH AND BANK BALANCES</b>				
Cash and cash equivalents				
<b>On Current Accounts</b>	-	-	12,904	7,631
On Current Accounts-Escrow Accounts	-	-	238	16
Deposits with original maturity of less than three months	-	-	4,529	5,322
Cheques / drafts on hand	-	-	195	-
Cash on hand	-	-	1	-
<b>Other Bank Balances</b>				
Deposits with original maturity of more than twelve months	1,005	2,355	625	6,809
Deposits with original maturity of more than three months but less than twelve months	-	-	660	1,130
Margin money deposit	20	-	6,477	4,493
Less: Amount disclosed under non-current assets	(1,025)	(2,355)	-	-
	-	-	<b>25,629</b>	<b>25,402</b>

Deposit accounts with scheduled banks amounting to Rs. 6,497/- (2016: Rs. 4,493/-) are towards the cash margin for various guarantees issued by banks on behalf of the Company and Deposits on lien with Stock exchanges and banks.

# Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2017 (Contd...)

(Rupees in lacs unless otherwise stated)

## NOTE - 2.15

	For the period ended 31 <sup>st</sup> March, 2017	For the period ended 31 <sup>st</sup> March, 2016
<b>REVENUE FROM OPERATIONS</b>		
<b>Merchant Banking and Advisory Fees</b>		
Issue Management	2,021	1,992
Underwriting Commission	-	175
Arranger's Fees	3,043	2,526
Advisory Fees	38,432	55,620
Trusteeship Acceptance Fees	493	569
Trusteeship Service Charges	2,172	2,147
Trusteeship Income from Will Services	1	1
Brokerage	11,134	7,581
Selling & Distribution Commission	8,803	4,139
Depository Service Income	1,431	928
Base Management Fees	704	687
Other Operating Revenue	3,157	3,002
<b>Sub-total</b>	<b>71,391</b>	<b>79,367</b>
<b>Other Operations (Income from Securities)</b>		
Interest Income	1,934	1,802
Profit / (loss) on sale of investments (net)	273	-
Trading profits / (loss) on stock-in-trade (net)	780	1,313
Dividend		
Others	3,426	1,928
<b>Sub-total</b>	<b>6,413</b>	<b>5,043</b>
<b>Total</b>	<b>77,804</b>	<b>84,410</b>

## NOTE - 2.16

	For the period ended 31 <sup>st</sup> March, 2017	For the period ended 31 <sup>st</sup> March, 2016
<b>OTHER INCOME</b>		
Rental Income	-	-
Bad debts recovered	531	149
Foreign exchange fluctuation (net)	44	81
Interest on deposit with Banks	1,053	1,175
Others	100	118
<b>Write-back of provision on:</b>		
Investments	22	-
Stock-in-trade	-	13
Bonus	87	5
Contribution to Gratuity	-	86
Compensated Absences	10	37
Doubtful debts	2,492	2,145
S&D sub-commission payable	-	21
Others	-	2
	<b>4,340</b>	<b>3,832</b>

## Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2017 (Contd...)

(Rupees in lacs unless otherwise stated)

### NOTE - 2.17

	For the period ended 31 <sup>st</sup> March, 2017	For the period ended 31 <sup>st</sup> March, 2016
<b>EMPLOYEE BENEFIT EXPENSES</b>		
Salaries, wages and bonus	16,426	15,901
Contribution to provident and pension funds	659	588
Contribution to Gratuity	181	164
Contribution to Superannuation	393	272
Staff welfare	519	521
	<b>18,178</b>	<b>17,446</b>

### NOTE - 2.18

	For the period ended 31 <sup>st</sup> March, 2017	For the period ended 31 <sup>st</sup> March, 2016
<b>INTEREST EXPENSE</b>		
Short Term Borrowings	162	46
Bank and others	-	73
	<b>162</b>	<b>119</b>

### NOTE - 2.19

	For the period ended 31 <sup>st</sup> March, 2017	For the period ended 31 <sup>st</sup> March, 2016
<b>OTHER EXPENSES</b>		
Selling and distribution sub-commission	3,483	2,035
Stamp duty	162	175
Transaction charges	19	22
Depository charges	17	10
Insurance Charges-stock brokers Indemnity	1	6
Cost of outsourced staff	3,250	2,623
Other operating expenses	907	1,009
Business Promotion Expenses	109	98
Legal and professional fees	1,240	982
Conveyance and travelling	1,157	1,214
Rent	1,598	1,726
Hiring Charges	293	338
Rates and taxes	295	47
Royalty	462	590
Bad debts written off	1,782	3,658
Postage, telephone and telex	1,054	933
Advertisement	73	316
Printing and stationery	326	394
Electricity	305	347
Repairs and maintenance:		
Building	110	124
Others	837	829
Insurance	148	173
Directors' sitting fees	22	19



## Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2017 (Contd...)

(Rupees in lacs unless otherwise stated)

	For the period ended 31 <sup>st</sup> March, 2017	For the period ended 31 <sup>st</sup> March, 2016
Loss on sale of fixed assets (net)	1	-
Tax on perquisites	4	-
Office Maintenance	273	243
Training Charges	315	526
Membership and Subscription	645	511
Filing Fees and other Charges	238	54
Contribution towards CSR	342	463
Miscellaneous expenses	585	532
	<b>20,053</b>	<b>19,996</b>

### NOTE - 2.20

	For the period ended 31 <sup>st</sup> March, 2017	For the period ended 31 <sup>st</sup> March, 2016
<b>PROVISIONS (Expense)</b>		
Provision for:		
Diminution in value of investments	-	214
Doubtful debts	5,900	4,929
	<b>5,900</b>	<b>5,143</b>

### NOTE - 2.21

	For the period ended 31 <sup>st</sup> March, 2017	For the period ended 31 <sup>st</sup> March, 2016
<b>EARNINGS PER EQUITY SHARE (EPS)</b>		
I) Basic and diluted EPS (Rs.)	43.46	47.98
II) Nominal value per share (Rs.)	10	10

EPS has been calculated based on the net profit after taxation of Rs. 25,224 (2016: Rs. 27,845) and the weighted average number of equity shares outstanding during the year of 5,803.

Basic and diluted EPS has been computed by dividing net profit after tax by weighted average number of equity shares outstanding during the year. There are no dilutive potential equity shares outstanding during the year.

## Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2017 (Contd...)

(Rupees in lacs unless otherwise stated)

### NOTE - 2.22

	As at March, 2017	As at March, 2016
<b>DEFERRED TAXES</b>		
Tax Assets / (Liabilities) due to temporary timing difference in respect of:		
<b>Deferred tax liabilities</b>		
Depreciation on fixed assets	-	104
<b>Total (A)</b>	-	<b>104</b>
<b>Deferred tax assets</b>		
Depreciation on fixed assets	93	-
Provision for Bonus	402	31.59
Provision on Gratuity	114	83.37
Provision for doubtful HP & leased assets	-	-
Provision on compensated leave	439	433.53
Provision for doubtful debts	3,534	2,357.97
Carry forward of Losses	766	968.42
Provision for Arbitrage Deposit	1	-
<b>Deferred tax assets</b>	<b>5,349</b>	<b>3,875</b>
<b>Deferred tax assets / (liability) (A-B)</b>	<b>5,349</b>	<b>3,771</b>
Less: Opening Deferred Tax Asset	<b>3,771</b>	<b>2,750</b>
<b>Deferred tax credit / (expense) for the year</b>	<b>1,578</b>	<b>1,022</b>

### NOTE - 2.23

	For the period ended 31 <sup>st</sup> March, 2017	For the period ended 31 <sup>st</sup> March, 2016
<b>CONTINGENT LIABILITIES AND COMMITMENTS</b>		
(i) Claims against the Company not acknowledged as debts	329	503
(ii) Guarantees issued	124	139
(iii) Capital Commitments	75	85
(iv) Underwriting Commitments	-	8,640

Guarantees issued includes Rs. 28 (2016: Rs. 90) represents our share of guarantees issued by SBI Pension Funds Private Ltd. (Associate)

# Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2017 (Contd...)

(Rupees in lacs unless otherwise stated)

## NOTE - 2.24

Based on the legal advice and favourable legal decisions by various authorities, no provision has been made in respect of income tax demands aggregating to Rs. 6,502 (2016: Rs. 7,123) in excess of provision held. These demands have been contested by the Company at various appellate authorities.

## NOTE - 2.25

	For the year ended 31 <sup>st</sup> March, 2017	For the Year ended 31 <sup>st</sup> March, 2016
<b>SUPPLEMENTARY PROFIT AND LOSS DATA</b>		
<b>(a) Payments to auditors (excluding service tax) (included in Legal and professional fees)</b>		
As auditors	57	52
For tax audit	4	3
For other matters	14	13
For out-of-pocket expenses	1	2
	<b>76</b>	<b>71</b>
<b>(b) Expenditure in foreign currency</b>		
Travel and other expenses	238	479
<b>(c) Earnings in foreign currency</b>		
Advisory fees from overseas clients and reimbursement of expenses	4,129	6,202

# Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2017 (Contd...)

(Rupees in lacs unless otherwise stated)

## NOTE - 2.26

### RELATED PARTIES

The following is the list of parties related due to control criteria as per AS-18, Related Party Disclosure:

Name of the Party	Relationship
State Bank of India	Holding Company

The following is the list of parties related due to significant influence criteria as per AS-18 with whom the transactions have taken place during the year:

Name of the Party	Relationship
State Bank of Bikaner & Jaipur	Fellow Subsidiary
State Bank of Hyderabad	Fellow Subsidiary
State Bank of Mysore	Fellow Subsidiary
State Bank of Patiala	Fellow Subsidiary
State Bank of Travancore	Fellow Subsidiary
SBI DFHI Limited	Fellow Subsidiary
SBI Fund Management Ltd.	Fellow Subsidiary
SBI Life Insurance Company Limited	Fellow Subsidiary
SBI Cards & Payment Services Pvt. Ltd.	Fellow Subsidiary
SBI Global Factors Ltd.	Fellow Subsidiary
SBI Pension Funds Pvt. Ltd.	Fellow Subsidiary
SBI General Insurance Co. Ltd.	Fellow Subsidiary
SBI Mauritius Ltd.	Fellow Subsidiary
SBI Macquarie Infrastructure Investment Pte. Ltd.	Associate of SBI
SBI Macquarie Infrastructure Trust	Associate of SBI
SBI Home Finance Limited	Associate of SBI
SBI Mutual Funds	Fellow Subsidiary
SBI Cards & Payment Services Pvt. Ltd.	Fellow Subsidiary
Straits Law Practice	Enterprise over which Key Managerial personnel are able to exercise significant Influence
Shri Rajnish Kumar, Managing Director & Chief Executive Officer from 31 <sup>st</sup> July, 2014 to 26 <sup>th</sup> May, 2015	Key Management Personnel
Shri Praveen Gupta, Managing Director & Chief Executive Officer from 15 <sup>th</sup> July, 2015 to 2 <sup>nd</sup> November, 2015	Key Management Personnel
Shrimati Varsha Purandare, Managing Director & Chief Executive Officer from 1 <sup>st</sup> December, 2015	Key Management Personnel
Shri Ashwani Bhatia, Whole Time Director from 25 <sup>th</sup> July, 2016	Key Management Personnel
Shri P Karthikeyan, Senior Vice President & Chief Financial Officer	Key Management Personnel
Shri Navinchandra Amin, Senior Vice President & Chief Financial Officer from 25 <sup>th</sup> July, 2016	Key Management Personnel
Shri Nilesh Shah, Company Secretary Up to 30 <sup>th</sup> June, 2015	Key Management Personnel
Shri Amit Shah, Company Secretary from 15 <sup>th</sup> July, 2015	Key Management Personnel

# Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2017 (Contd...)

(Rupees in lacs unless otherwise stated)

Details of Transactions with the above related parties are as under:

Particulars	Holding Company		Fellow Subsidiaries/ Associates		Key Managerial Personnel		Enterprise over which Key Managerial personnel are able to exercise significant Influence	
	Mar-17	Mar-16	Mar-17	Mar-16	Mar-17	Mar-16	Mar-17	Mar-16
Expenses during the year ended	-	-	-	-	-	-	-	-
Deputation of Employees	651	483	-	-	-	-	-	-
Salaries & Allowances								
Shri Amit Shah	-	-	-	-	30	16	-	-
Shri Nilesh Shah	-	-	-	-	-	30	-	-
Interest Expenses	213	46	-	-	-	-	-	-
Bad Debts	30	-	-	-	-	-	-	-
Referral Fees	273	131	-	-	-	-	-	-
Rent	45	50	-	-	-	-	-	-
SBI Funds Management Pvt. Ltd.	-	-	5	-	-	-	-	-
Bank & Other Charges	92	61	-	-	-	-	-	-
SBI DFHI Limited	-	-	-	-	-	-	-	-
Legal & Professional Charges	-	-	-	-	-	-	-	-
SBICAP Securities Ltd.	-	-	-	-	-	-	-	-
Royalty Expense	462	590	-	-	-	-	-	-
Insurance Expense	1	-	-	-	-	-	-	-
SBI Life Insurance Company Limited	-	-	31	37	-	-	-	-
SBI General Insurance Co. Ltd.	-	-	13	110	-	-	-	-
Office Maintenance	1	1	-	-	-	-	-	-
Membership & Subscription	-	-	-	-	-	-	-	-
SBI Pension Funds Pvt. Ltd.	-	-	2	-	-	-	-	-

## Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2017 (Contd...)

(Rupees in lacs unless otherwise stated)

Particulars	Holding Company		Fellow Subsidiaries/ Associates		Key Managerial Personnel		Enterprise over which Key Managerial personnel are able to exercise significant Influence	
	Mar-17	Mar-16	Mar-17	Mar-16	Mar-17	Mar-16	Mar-17	Mar-16
Legal & Professional Fees	-	-	-	-	-	-	-	-
Straits Law Practice	-	-	-	-	-	-	2	-
Income during the year ended	-	-	-	-	-	-	-	-
Issue Management Fees	-	-	-	-	-	-	-	-
State Bank of Travancore	-	-	-	15	-	-	-	-
Private Placement Fees	-	1,746	-	-	-	-	-	-
Arranger's Fees	2,267	-	-	-	-	-	-	-
State Bank of Travancore	-	-	30	-	-	-	-	-
State Bank of Patiala	-	-	15	-	-	-	-	-
Advisory Fees	3,948	1,349	-	-	-	-	-	-
SBI Global Factors Ltd.	-	-	-	-	-	-	-	-
State Bank of Patiala	-	-	115	10	-	-	-	-
State Bank of Travancore	-	-	15	-	-	-	-	-
State Bank of Bikaner & Jaipur	-	-	15	7	-	-	-	-
State Bank of Mysore	-	-	30	21	-	-	-	-
Trusteeship Service Charges	-	-	-	-	-	-	-	-
SBI Cards & Payment Services Pvt. Ltd.	-	-	1	1	-	-	-	-
SBI Global Factors Ltd.	-	-	-	-	-	-	-	-
Brokerage Income	230	249	-	-	-	-	-	-
State Bank of Bikaner and Jaipur	-	-	-	-	-	-	-	-
State Bank of Hyderabad	-	-	-	-	-	-	-	-
State Bank of Travancore	-	-	-	-	-	-	-	-
State Bank of Patiala	-	-	-	-	-	-	-	-
State Bank of Mysore	-	-	-	-	-	-	-	-



# Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2017 (Contd...)

(Rupees in lacs unless otherwise stated)

Particulars	Holding Company		Fellow Subsidiaries/ Associates		Key Managerial Personnel		Enterprise over which Key Managerial personnel are able to exercise significant Influence	
	Mar-17	Mar-16	Mar-17	Mar-16	Mar-17	Mar-16	Mar-17	Mar-16
SBI Life Insurance Company Limited	-	-	143	165	-	-	-	-
SBI General Insurance Company Limited	-	-	1	-	-	-	-	-
SBI Funds Management Pvt. Ltd.	-	-	154	116	-	-	-	-
Selling & Distribution Income	4,025	3,210	-	-	-	-	-	-
Referral Fees	-	244	-	-	-	-	-	-
Bank Interest	865	865	-	-	-	-	-	-
State Bank of Bikaner & Jaipur	-	-	-	12	-	-	-	-
State Bank of Patiala	-	-	15	88	-	-	-	-
State Bank of Mysore	-	-	71	187	-	-	-	-
State Bank of Travancore	-	-	-	-	-	-	-	-
Interest from Gratuity Fund	-	-	-	-	-	-	-	-
SBI Life Insurance Company Limited	-	-	-	10	-	-	-	-
Dividend								
SBI DFHI Limited	-	-	341	259	-	-	-	-
Balance receivable as at	-	-	-	-	-	-	-	-
Trade Receivables	5,591	2,361	-	-	-	-	-	-
State Bank of Patiala	-	-	17	9	-	-	-	-
State Bank of Mysore	-	-	35	-	-	-	-	-
State Bank of Travancore	-	-	17	-	-	-	-	-
State Bank of Bikaner & Jaipur	-	-	17	-	-	-	-	-
State Bank of Hyderabad	-	-	32	-	-	-	-	-
SBI Life Insurance Company Limited	-	-	-	13	-	-	-	-
SBI Mutual Funds	-	-	10	13	-	-	-	-
SBI Global Factors Ltd.	-	-	1	-	-	-	-	-

## Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2017 (Contd...)

(Rupees in lacs unless otherwise stated)

Particulars	Holding Company		Fellow Subsidiaries/ Associates		Key Managerial Personnel		Enterprise over which Key Managerial personnel are able to exercise significant Influence	
	Mar-17	Mar-16	Mar-17	Mar-16	Mar-17	Mar-16	Mar-17	Mar-16
Cash at Bank	11,794	5,681	-	-	-	-	-	-
State Bank of Bikaner & Jaipur	-	-	25	256	-	-	-	-
State Bank of Hyderabad	-	-	90	239	-	-	-	-
State Bank of Travancore	-	-	109	117	-	-	-	-
State Bank of Patiala	-	-	583	182	-	-	-	-
State Bank of Mysore	-	-	38	22	-	-	-	-
Deposit with Bank	6,936	15,520	-	-	-	-	-	-
State Bank of Bikaner & Jaipur	-	-	-	-	-	-	-	-
State Bank of Patiala	-	-	-	694	-	-	-	-
State Bank of Mysore	-	-	-	1,585	-	-	-	-
Loans & Advances	35	44	-	-	-	-	-	-
SBI General Insurance Co. Ltd.	-	-	1	1	-	-	-	-
Other Current Assets	404	856	-	-	-	-	-	-
SBI DFHI Limited	-	-	341	-	-	-	-	-
State Bank of Patiala	-	-	-	7	-	-	-	-
State Bank of Mysore	-	-	-	6	-	-	-	-
State Bank of Travancore	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
SBI Pension Funds Pvt. Ltd.	-	-	601	601	-	-	-	-
SBI DFHI Limited	-	-	750	750	-	-	-	-
SBI Home Finance Limited*	-	-	-	-	-	-	-	-
SBI Foundation Limited	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
State Bank of Travancore	-	-	-	4,500	-	-	-	-
Balance payable as at	-	-	-	-	-	-	-	-
Trade Payables	441	533	-	-	-	-	-	-

# Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2017 (Contd...)

(Rupees in lacs unless otherwise stated)

Particulars	Holding Company		Fellow Subsidiaries/ Associates		Key Managerial Personnel		Enterprise over which Key Managerial personnel are able to exercise significant Influence	
	Mar-17	Mar-16	Mar-17	Mar-16	Mar-17	Mar-16	Mar-17	Mar-16
SBI Funds Management Pvt. Ltd.	-	-	1	-	-	-	-	-
Short Term Borrowings	2,406	1,498	-	-	-	-	-	-
Others transactions during the year ended	-	-	-	-	-	-	-	-
Dividend paid	11,607	18,571	-	-	-	-	-	-
Fees Shared (netted from Income)	-	75	-	-	-	-	-	-
Guarantees	96	50	-	-	-	-	-	-

I. Included in expenses relating to deputation of employees are amounts aggregating to Rs. 95 (2016: Rs. 61) pertaining to salaries paid to key management personnel.

## NOTE - 2.27

### Gratuity and other post-employment benefit plans: (AS 15 120(b))

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following tables summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the respective plans.

### Profit and Loss account

#### Net employee benefit expense (recognised in Employee Cost)

[AS 15 Revised (c) (i) to (x)]

	Gratuity	
	2017	2016
Current service cost	135	119
Interest cost on benefit obligation	80	76
Expected return on plan assets	(54)	(49)
Net actuarial (gain) / loss recognised in the year	19	(62)
Past service cost	-	-
Net benefit expense	181	84
	-	-
Actual return on plan assets	52	38

## Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2017 (Contd...)

(Rupees in lacs unless otherwise stated)

### Balance sheet

#### Details of Provision for gratuity

	Gratuity	
	2017	2016
Defined benefit obligation	1,007	909
Fair value of plan assets	(647)	(648)
Less: Unrecognised past service cost	-	-
Plan asset / (liability)	(360)	(260)

#### Changes in the present value of the defined benefit obligation are as follows:

[AS15 Revised 120(e) (i) to (viii)]

	Gratuity	
	2017	2016
Opening defined benefit obligation	909	878
Interest cost	80	76
Current service cost	135	119
Benefits paid	(133)	(92)
Actuarial (gains) / losses on obligation	17	(72)
Past Service Cost	-	-
<b>Closing defined benefit obligation</b>	<b>1,007</b>	<b>909</b>

#### Changes in the fair value of plan assets are as follows:

	Gratuity	
	2017	2016
Opening fair value of plan assets	648	590
Expected return	54	49
Contributions by employer	81	112
Benefits paid	(133)	(92)
Actuarial gains / (losses)	(3)	(10)
<b>Closing fair value of plan assets</b>	<b>647</b>	<b>648</b>

The Company expects to contribute Rs. 100 (2016-17: Rs. 100) to gratuity in 2017-18.

## Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2017 (Contd...)

(Rupees in lacs unless otherwise stated)

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

[AS15 Revised Para (h)]

	Gratuity	
	2017	2016
	%	%
Investments with insurer	100	100

The principal assumptions used in determining gratuity for the Company's plans are shown below:

{AS15 Revised 120 (I) (i) to (v)}

	2017	2016
	%	%
Discount rate	7.35	8.10
Expected rate of return on assets	8.00	8.00
Employee turnover		
Age (Years) 21-44	5%-26%	5%-20%
Age (Years) 45-57	3%	3%
Healthcare cost increase rate	N.A.	N.A.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts for the current and previous period are as follows: [AS15 Revised 120(n)]

	Gratuity	
	2017	2016
Defined benefit obligation	1,007	909
Plan assets	647	648
Surplus / (deficit)	(360)	(260)
Experience adjustments on plan liabilities	(51)	(21)
Experience adjustments on plan assets	(3)	(10)

# Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2017 (Contd...)

(Rupees in lacs unless otherwise stated)

## NOTE - 2.28

### SEGMENTAL REPORTING

For the year ending	Fund Based Segment		Fee Based Segment		Corporate & Others		Total	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
<b>REVENUE</b>								
External sales	6,698	5,447	74,459	81,765	987	1,030	82,144	88,242
Inter-segment sales	-	-	-	-	-	-	-	-
<b>Total revenue</b>	6,698	5,447	74,459	81,765	987	1,030	82,144	88,242
<b>RESULT</b>								
Segment result	6,662	5,203	42,235	52,254	1,007	1,040	49,905	58,497
Unallocated Revenue	-	-	-	-	-	-	-	-
Unallocated corporate expenses	-	-	-	-	-	-	14,591	15,873
Operating profit	-	-	-	-	-	-	35,314	42,624
Interest expense	-	-	-	-	-	-	162	119
Income tax	-	-	-	-	-	-	9,928	14,909
Profit from ordinary activities	-	-	-	-	-	-	25,224	27,596
Extraordinary item, net	-	-	-	-	-	-	-	249
Net profit	-	-	-	-	-	-	25,224	27,845
<b>As at</b>								
Segment assets	68,092	54,422	40,336	47,794	-	-	108,428	102,216
Unallocated corporate assets	-	-	-	-	-	-	38,767	31,832
Total assets	-	-	-	-	-	-	147,195	134,048
Segment liabilities	52	50	11,275	8,784	-	-	11,327	8,834
Unallocated corporate liabilities	-	-	-	-	-	-	11,036	11,099
Total liabilities	-	-	-	-	-	-	22,363	19,933
Capital expenditures	-	-	-	-	-	-	617	2,603
Depreciation	-	-	-	-	-	-	2,720	3,043

Identification of direct cost to each segment, allocation of common cost and unallocable cost are based on management's judgment.



# Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2017 (Contd...)

(Rupees in lacs unless otherwise stated)

## NOTE - 2.29

Details of transactions under Stock-in-Trade during the period 1<sup>st</sup> April, 2016 to 31<sup>st</sup> March, 2017

(Figures relating to financial year 2015-16 are indicated in bracket)

Particulars	Opening Stock		Additional Purchases		Adjustments**		Sales / Redemption		Closing Stock	
	Nos.	Amt.	Nos.	Amt.	Nos.	Amt.	Nos.	Amt.	Nos.	Amt.
Stock-In-Trade										
Preference Shares	140,000	*-	-	-	-	-	-	-	140,000	*-
	(140,000)	*-	(-)	(-)	(-)	(-)	(-)	(-)	(140,000)	*-
Equity Shares	15,400	-	270,044	2,036	-	-	270,044	2,036	15,400	*-
	(15,400)	-	(-)	(-)	(-)	(-)	(-)	(-)	(15,400)	*-
Units of Mutual Fund	106,293,446	17,125	188,287,277	316,563			198,370,767	317,443	96,209,956	16,245
	(71,824,046)	13,425	(114,347,510)	(165,311)	-	-	(79,878,110)	(161,611)	(106,293,446)	(17,125)
Stock in Trade for Downselling	700	7,000	3,380,960	243,106	-	-	3,378,910	222,606	2,750	27,500
	(1,750)	(17,487)	(8,720)	(77,100)	-	-	(9,770)	(87,600)	(700)	(7,000)
<b>Total</b>		<b>24,125</b>		<b>561,705</b>				<b>542,085</b>		<b>43,745</b>
		<b>(30,873)</b>		<b>(249,326)</b>				<b>(250,182)</b>		<b>(30,912)</b>

# Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2017 (Contd...)

(Rupees in lacs unless otherwise stated)

## Note - 2.30

Based on information available with the Company, there are no suppliers who are registered as micro, small or medium enterprise under "The Micro, Small and Medium Enterprise Development Act, 2006" as at March 31, 2017.

## Note - 2.31

Office premises obtained on operating lease are cancellable and no restrictions are imposed by the lease agreement, hence no disclosure is required. Lease rent paid during the year is disclosed in Note 2.19 to the Financial Statements.

## Note - 2.32

Company has received an amount of Rs. 54 lacs from liquidator of Investor Services of India Limited representing full cost of investment in Financial Year 2013-14 and Rs. 1 lac (FY 2016 Rs. 1 lac) in year financial year 2016-17 representing surplus money distributed to shareholders. The same is recognised as dividend income for the year.

## Note - 2.33 Reimbursements of Establishment Expenses

The Establishment Expenses such as Legal & Professional fees, Salary & allowance, Rates & Taxes, Travelling Expenses and other Administrative expenses were debited to Profit & Loss A/C in the FY 2013-14 and FY 2014-15. As per contribution Agreement dated 4<sup>th</sup> March, 2015, clause 6.14 with Neev Fund (Trust), the said above expenses are reversed / reimbursed and credited to statement of Profit & Loss for previous year under the head Income, totalling to Rs. 2,49,25,000/- (i.e. INR equivalent of GBP 2,50,000 maximum allowable as calculated at the exchange rate as applicable on the date of remittance of the first drawdown) and same are recoverable from Neev Fund (Trust).

## Note - 2.34

**Details of Specified Bank Notes (SBN) held and transacted during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016:**

(Rs. in INR)

	SBN's	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	60,500	94,671	155,171
(+) Permitted Receipts	-	550,500	550,500
(-) Permitted Payments	-	546,769	546,769
(-) Amount deposited in banks	60,500	-	60,500
Closing cash in hand as on 30.12.2016	-	98,402	98,402

## Note - 2.35

Enterprises consolidated as subsidiary in accordance with Accounting Standard 21 - Consolidated Financial Statements and as associates in accordance with Accounting Standard 23 - Accounting for Investments in Associates in Consolidated Financial Statements respectively:

Name of Enterprise	Relationship	Country of Incorporation	Proportion of Ownership interest
SBICAP Securities Limited	Subsidiary	India	100%
SBICAP Trustee Company Limited	Subsidiary	India	100%
SBICAP Ventures Ltd.	Subsidiary	India	100%
SBICAP (UK) Ltd.	Subsidiary	UK	100%
SBICAP (Singapore) Ltd.	Subsidiary	Singapore	100%
SBI Pension Funds Private Ltd.	Associate	India	20%

# Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2017 (Contd...)

(Rupees in lacs unless otherwise stated)

## Note 2.36

Additional Information, as required under schedule III to the Companies Act, 2013 of enterprise consolidated as Subsidiary/ Associates:

(Rs in Lacs)

Name of the Enterprises	Financial Year	Net Assets*		Share in profit or loss	
		As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
<b>Parent</b>					
SBI Capital Markets Ltd.	Mar 2017	<b>74.85</b>	<b>93,434</b>	<b>86.49</b>	<b>21,815</b>
	Mar 2016	76.36	87,138	101.63	28,304
<b>Subsidiaries</b>					
<b>Indian</b>					
SBICAP Securities Limited	Mar 2017	<b>10.94</b>	<b>13,661</b>	<b>10.33</b>	<b>2,606</b>
	Mar 2016	9.67	11,038	(5.39)	(1,501)
SBICAP Trustee Company Limited	Mar 2017	<b>5.16</b>	<b>6,440</b>	<b>4.63</b>	<b>1,168</b>
	Mar 2016	4.62	5,268	4.80	1,335
SBICAP Ventures Ltd.	Mar 2017	<b>3.59</b>	<b>4,485</b>	<b>1.03</b>	<b>261</b>
	Mar 2016	2.40	2,742	1.31	364
<b>Foreign</b>					
SBICAP (UK) Ltd.	Mar 2017	<b>0.67</b>	<b>837</b>	<b>(2.10)</b>	<b>(531)</b>
	Mar 2016	1.32	1,506	(2.02)	(563)
SBICAP (Singapore) Ltd.	Mar 2017	<b>4.70</b>	<b>5,873</b>	<b>(0.46)</b>	<b>(117)</b>
	Mar 2016	5.56	6,341	(0.37)	(104)
<b>Associates</b>					
<b>India</b>					
SBI Pension Funds Private Ltd.	Mar 2017	<b>0.08</b>	<b>102</b>	<b>0.08</b>	<b>22</b>
	Mar 2016	0.07	82	0.04	10

\*total assets minus total liabilities

As per our report of even date

For **SHAH & TAPARIA**  
Firm Registration No. 109463W  
Chartered Accountants

sd/-  
**Narottamlal Shah**  
Partner  
Membership No.: 106355

Mumbai  
28<sup>th</sup> April, 2017

For and on behalf of Board of Directors

sd/-  
**Dinesh Kumar Khara**  
Director

sd/-  
**Navinchandra Amin**  
Senior Vice President & CFO

sd/-  
**Varsha Purandare**  
Managing Director & CEO

sd/-  
**Amit Shah**  
Company Secretary

# Standalone Financial Statements

# Independent Auditors' Report

To the Members of SBI CAPITAL MARKETS LIMITED

## Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **SBI CAPITAL MARKETS LIMITED ("the Company")** which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## Opinion

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, 2017 and its Profit and its Cash Flow for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by The Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government in terms of sub-section (11) of section 143 of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

## Independent Auditors' Report

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- e) on the basis of written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 2.21 (i) and 2.22 to the standalone financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
    - iv. The Company has provided the requisite disclosures in the standalone financial statements as to the holdings as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016 which in our opinion is in accordance with the books of accounts maintained by the Company. – Refer Note 2.32 to the standalone Financial Statement.
3. As required by Section 143(5) of the Companies Act, 2013 we give in "**Annexure C**" our comments on the directions issued by the Comptroller and Auditor General of India.

For **SHAH & TAPARIA**  
Chartered Accountants  
Firm's registration number: 109463W

Sd/-  
**Narottamlal Shah**  
**Partner**  
Membership number: 106355

Place: Mumbai  
Date: 28<sup>th</sup> April, 2017



## Independent Auditors' Report - Annexure A

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the standalone financial statements of the Company for the year ended March 31, 2017:

1) In respect of Fixed Assets:

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) As explained to us all the fixed assets, except certain leased assets were physically verified by the management in the current year in accordance with a planned program of verifying them which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed no material discrepancies were noted on such verification.
- (c) According to the information and explanations given to us and based on our examination of the records of the Company, out of five immovable properties of the Company, the title deeds of one of the immovable property was provided for our verification and the same is in the name of the Company. We are informed that the title deeds of the remaining four immovable properties are deposited with the registrar; these could not be verified by us and hence we are not able to comment on the same.

2) In respect of inventories

The securities held as stock in trade and in custody of the Company have been verified by the management at reasonable intervals. In our opinion, the frequency of such verification is reasonable. The Company is maintaining proper records of inventory and no material discrepancies were noticed on comparing the physical securities/ statement from custodian with book records.

- 3) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act 2013. Accordingly sub clauses (a), (b) and (c) of the Order are not applicable.
- 4) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.
- 5) The Company has not accepted any deposits from the public. Hence this para of the Order is not applicable to the Company.
- 6) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the Company.

7) In respect of Statutory Dues:

- (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Cess and any other statutory dues applicable to it with the appropriate authorities. As explained to us the provisions of customs and excise are not applicable to the Company.

According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2017 for a period of more than six months from the date on when they become payable.

## Independent Auditors' Report - Annexure A

- (b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, outstanding on account of any dispute except as under:

Name of the statute	Nature of dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Issue relating to disallowance of expenses	3829	AY 1989-1990, 1991-92 to 1992-93, AY 1996-97 to 1999-00, AY 2001-02, AY 2003-04, AY 2006-07, AY 2009-2010 and AY 2011-12	Income Tax Appellate Tribunal (ITAT)
Sales Tax (Central and State)	Issues relating to lease Tax	23.13	1991-96	Commissioner Sales Tax

- 8) The Company has not taken any loan either from financial institutions or from the government and has not issued any debentures. Hence this para of the Order is not applicable to the Company.
- 9) The Company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company.
- 10) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- 11) According to the information and explanations given to us and based on our examination of the records of the Company, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
- 12) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- 13) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where ever applicable and the details have been disclosed in the Financial Statements as required by the applicable Accounting Standards.
- 14) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company.
- 15) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company.
- 16) In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company.

For **SHAH & TAPARIA**  
Chartered Accountants  
Firm's registration number: 109463W

Sd/-  
**Narottamlal Shah**  
Partner  
Membership number: 106355

Place: Mumbai  
Date: 28<sup>th</sup> April, 2017

## Independent Auditors' Report - Annexure B

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

We have audited the internal financial controls over financial reporting of SBI Capital Markets Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

#### Meaning of Internal Financial Controls Over Financial Reporting

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

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

## Independent Auditors' Report - Annexure B

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### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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 **SHAH & TAPARIA**

Chartered Accountants

Firm's registration number: 109463W

Sd/-

**Narottamlal Shah**

**Partner**

Membership number: 106355

Place: Mumbai

Date: 28<sup>th</sup> April, 2017

## Independent Auditors' Report - Annexure C

### Report on Directions issued by the Comptroller and Auditor General of India under section 143(5) of Companies Act, 2013

- Whether the Company has clear title / lease deeds for freehold and leasehold respectively? If not please state the area of freehold and leasehold land for which title / lease deeds are not available?
  - According to the information and explanations given to us and based on our examination of the records of the company, out of five immovable properties of the Company, the title deeds of one of the immovable property was provided for our verification and the same is in the name of the Company. We are informed that the title deeds of the remaining four immovable properties are deposited with the registrar; these could not be verified by us and hence we are not able to comment on the same.
  - The company does not have any freehold / leasehold land.
- Whether there are any cases of waiver / write off / de-accrual of debts / loans / interest / fees etc., if yes, the reasons therefore and the amount involved?
  - During the FY 2016-17 Sundry Debtors aggregating to Rs. 13,03,17,105/- were written off in 72 cases and Fee Income Aggregating Rs. 74,29,711/- was de-accrued in 3 Cases. Accordingly the profit of the Company for the FY 2016-17 has been reduced to this extent. A summary of sundry debtors written off and fee income de-accrued during the FY 2016-17 along with the reasons is given below:

Reasons	Write-offs		De-accruals	
	No. of Cases	Amount	No. of Cases	Amount
Liquidity Crisis faced by client	42	107,066,434	-	-
Deal did not Materialise	04	7,412,000	01	5,400,000
Disputed Services	05	14,573,129	-	-
Disputed OPE Amount	19	265,542	-	-
Renegotiation of Fees	02	1,000,000	02	2,029,711
<b>Total</b>	<b>72</b>	<b>130,317,105</b>	<b>03</b>	<b>7,429,711</b>

- Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.
  - According to the information and explanations given to us and based on our examination of the records of the company, there have been no instances where inventories were lying with third parties or assets were received as gift from Govt. or other authorities.

For **SHAH & TAPARIA**  
Chartered Accountants  
Firm's registration number: 109463W

sd/-  
**Narottamlal Shah**  
Partner  
Membership number: 106355

Place: Mumbai  
Date: 28<sup>th</sup> April, 2017

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF SBI CAPITAL MARKETS LIMITED FOR THE YEAR ENDED 31 MARCH, 2017.**

The preparation of Financial Statements of SBI Capital Markets Limited for the year ended 31 March, 2017 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 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 28<sup>th</sup> April, 2017.

I, on behalf of the Comptroller and Auditor General of India, have conducted a Supplementary Audit under section 143(6) (a) of the Act of the Financial Statements of SBI Capital Markets Limited for the year ended 31 March, 2017. This Supplementary Audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's Report.

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

Sd/-  
**(Roop Rashi)**  
**Principal Director of Commercial Audit and**  
**Ex-officio Member, Audit Board - I, Mumbai**

Place: Mumbai  
Date: 7<sup>th</sup> July, 2017



## Balance Sheet As At 31<sup>st</sup> March, 2017

(Rupees in lacs unless otherwise stated)

	Notes	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share capital	2.1	5,803	5,803
Reserves and surplus	2.2	109,887	102,062
		115,690	107,865
<b>NON-CURRENT LIABILITIES</b>			
Other long-term liabilities	2.3	60	70
Long-term provisions	2.4	1,065	1,049
		1,125	1,119
<b>CURRENT LIABILITIES</b>			
Trade payables	2.5	2,138	2,666
Other current liabilities	2.6	2,873	3,372
Short-term provisions	2.4	2,483	3,906
		7,494	9,944
<b>Total</b>		<b>124,309</b>	<b>118,928</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
<b>Fixed Assets</b>			
Tangible Assets	2.7	8,204	8,920
Intangible Assets		155	253
Capital work-in-progress		-	10
Non-current investments	2.8	32,933	33,166
Deferred tax assets (net)		4,750	3,422
Long-term loans and advances	2.9	7,615	6,276
Trade receivables	2.10	19	19
Other non-current assets	2.11	20	-
		<b>53,696</b>	<b>52,066</b>
<b>CURRENT ASSETS</b>			
Inventories	2.12	43,745	24,125
Trade receivables	2.10	22,456	34,253
Cash and cash equivalents	2.13	3,283	6,520
Short-term loans and advances	2.9	494	1,230
Other current assets	2.11	635	734
		70,613	66,862
<b>Total</b>		<b>124,309</b>	<b>118,928</b>

### NOTES TO FINANCIAL STATEMENTS

1 & 2

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

As per our report of even date

For **SHAH & TAPARIA**

Firm Registration No. 109463W

Chartered Accountants

sd/-

**Narottamlal Shah**

**Partner**

Membership No.: 106355

Mumbai

28<sup>th</sup> April, 2017

sd/-

**Dinesh Kumar Khara**

**Director**

sd/-

**Navinchandra Amin**

**Senior Vice President & CFO**

sd/-

**Varsha Purandare**

**Managing Director & CEO**

sd/-

**Amit Shah**

**Company Secretary**

## Statement Of Profit And Loss For The Year Ended 31<sup>st</sup> March, 2017

(Rupees in lacs unless otherwise stated)

	Notes	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
<b>INCOME</b>			
Revenue from operations	2.14	49,719	64,951
Other income	2.15	4,355	3,439
		54,074	68,390
<b>EXPENDITURE</b>			
Employee benefit expenses	2.16	9,656	10,816
Depreciation and amortisation expense	2.7	999	959
Other expenses	2.17	6,413	9,114
Provisions	2.18	5,749	4,972
		22,817	25,861
<b>PROFIT BEFORE TAX</b>			
		31,257	42,529
Provision for current income-tax		(10,790)	(15,105)
Provision for taxation of earlier year		-	-
Deferred tax credit		1,328	915
<b>PROFIT FOR THE YEAR</b>			
		21,795	28,339
Earning per share (Basic and Diluted in Rs.) (Face value Rs.10/- per share)		37.56	48.83

NOTES TO FINANCIAL STATEMENTS

1 & 2

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

As per our report of even date

For **SHAH & TAPARIA**  
Firm Registration No. 109463W  
Chartered Accountants

sd/-  
**Narottamlal Shah**  
Partner  
Membership No.: 106355

Mumbai  
28<sup>th</sup> April, 2017

For and on behalf of Board of Directors

sd/-  
**Dinesh Kumar Khara**  
Director

sd/-  
**Navinchandra Amin**  
Senior Vice President & CFO

sd/-  
**Varsha Purandare**  
Managing Director & CEO

sd/-  
**Amit Shah**  
Company Secretary

## Cash Flow Statement

(Rupees in lacs unless otherwise stated)

	For the year ended 31 <sup>st</sup> March, 2017		For the year ended 31 <sup>st</sup> March, 2016	
<b>Cash flow from operating activities:</b>				
Net profit before taxation		31,257		42,529
Adjustments for -				
(Profit) / Loss on sale of assets(net)	1	-	-	
Profit on sale of long term investments	(273)	-	-	
Interest on long term investments	(1,922)	(1,790)	(1,790)	
Dividend income	(3,378)	(1,924)	(1,924)	
Depreciation	999	959	959	
Provision on investments (net of write-back)	(22)	214	214	
Provision on stock-in-trade (net of write-back)	-	(13)	(13)	
Provision for doubtful debts (net of write-back)	3,263	2,642	2,642	
		(1,332)		88
Operating profit before working capital changes		29,925		42,617
Decrease / (increase) in trade receivables - current	8,533		(6,533)	
Decrease / (increase) in interest / dividend accrued	361		(356)	
Decrease / (increase) in short-term loans & advances	2,112		1,404	
Decrease / (increase) in long-term loans & advances	(1,338)		(2,159)	
Decrease in Stock-on-Hire	-		-	
Decrease / (increase) in stock-in-trade	(19,620)		6,799	
(Decrease) / increase in current liabilities	(1,027)		537	
(Decrease) / increase in long-term liabilities	(10)		(2)	
(Decrease) / increase in provision for gratuity	20		(85)	
(Decrease) / increase in Provision for compensated absences	(9)		(37)	
		(10,978)		(432)
Cash generated from operations		18,947		42,185
Income tax paid	(12,166)		(17,197)	
		(12,166)		(17,197)
<b>I. Net cash from operating activities</b>		<b>6,781</b>		<b>24,988</b>
<b>Cash flow from investing activities:</b>				
Purchase of fixed assets	(206)		(1,224)	
Sale of fixed assets	29		21	
Interest on long term investments	1,956		2,643	
Dividend income	3,037		1,924	
Purchase of investments	(1,967)		(2,012)	
Sale of investments	2,494		-	
<b>II. Net cash from investing activities</b>		<b>5,343</b>		<b>1,352</b>

## Cash Flow Statement

(Rupees in lacs unless otherwise stated)

	For the year ended 31 <sup>st</sup> March, 2017		For the year ended 31 <sup>st</sup> March, 2016	
<b>Cash flow from financing activities:</b>				
Dividend payment	(11,607)		(18,571)	
Tax on dividend payment	(3,780)		(4,989)	
<b>III. Net cash used in financing activities</b>		(15,387)		(23,560)
<b>Net change in cash &amp; cash equivalents (I+II+III)</b>		<b>(3,263)</b>		<b>2,779</b>
Cash & cash equivalents at the beginning of the year		6,470		3,691
Cash & cash equivalents at the end of the year		3,207		6,470

Cash and cash equivalent included in cash flow statement comprise the following balance sheet amounts:

	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
Cash on hand	-	-
Balances with scheduled banks (current & deposit accounts)	3,207	6,470
Bank Overdraft (Book Overdraft shown under Current Liabilities)		
	<b>3,207</b>	<b>6,470</b>
(Excludes amounts placed as deposits with scheduled banks and lien marked with them)	96	50

The Cash flow statement and the notes to accounts form an integral part of the accounts.

As per our report of even date

For **SHAH & TAPARIA**  
Firm Registration No. 109463W  
Chartered Accountants

sd/-  
**Narottamlal Shah**  
Partner  
Membership No.: 106355

Mumbai  
28<sup>th</sup> April, 2017

For and on behalf of Board of Directors

sd/-  
**Dinesh Kumar Khara**  
Director

sd/-  
**Navinchandra Amin**  
Senior Vice President & CFO

sd/-  
**Varsha Purandare**  
Managing Director & CEO

sd/-  
**Amit Shah**  
Company Secretary

# Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2017

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### a) Basis of preparation

The financial statements have been prepared to comply in all material respects with the standards specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention on an accrual basis, except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

### b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

### c) Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation and impairment loss, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation on fixed assets, other than leased fixed assets, software, computers, mobile phones, hand held devices and Building is provided using the written down value method as per useful life defined in Schedule II to the Companies Act, 2013, on a pro-rata basis. Buildings are depreciated over a period of 58 years at the rate of 5% using the written down value method, on a pro-rata basis. Computers, mobile phones and hand held devices are depreciated over a period of three years on straight line basis. The rates applied for all assets are equal to or higher than the rates based on the useful lives.

In case of fixed assets leased prior to April 1, 2001, depreciation is provided using the straight-line method as per useful life prescribed in Schedule II to the Companies Act, 2013, on a pro-rata basis, or amount worked out in the ratio of lease rentals accrued as per the agreement to the lease rentals for the entire primary period of lease, whichever is higher (on a cumulative basis). This method is followed in preference to the recommendations made by the Institute of Chartered Accountants of India, in its Guidance Note, 'Accounting for Lease'. This Guidance Note is recommendatory in nature.

The leasehold Improvements have been written off over the balance period of lease.

### d) Intangible Assets

Software is amortized over a period of 3 years on a straight line basis.

### e) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

### f) Investments

Investments include equity shares, preference shares, debt instruments and units of mutual funds, which are intended to be held to maturity or for a period of not less than one year are classified as long term investments. All other investments are classified as Current investments.

Long-term investments are carried at cost arrived at on a weighted average basis and are stated net of provision. Cost comprises purchase price, brokerage and stamp duty. Appropriate provision is made for, other than temporary diminution in the value of investments.

Investment in Immovable property is valued at cost. Appropriate provision is made for, other than temporary diminution in the value of investments.

## Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2017

### g) Stock-in-trade

Securities acquired and held, principally for the purpose of selling them in the near term, are classified as stock-in-trade.

Quoted securities are valued at lower of cost and market value. Unquoted equity shares are valued at the lower of cost and break-up value. Unquoted debt instruments are valued in accordance with the valuation guidelines issued by the Fixed Income Money Market and Derivatives Association of India (FIMMDA). Accordingly, stock of government dated securities, corporate / FI debentures / bonds are valued at lower of cost or market / fair value. Appropriate provisions, as prescribed by Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998 are made for non-performing debt instruments. The discount, if any, is amortised over the holding period of the instrument based on the original yields for the residual maturities and the carrying value of the instrument is adjusted correspondingly. Units of mutual fund are valued at lower of cost and net asset value.

Cost comprises purchase price, brokerage, stamp duty and any premium, if paid and is computed on weighted average basis. The market value is the price at which the securities are traded in the market. In the absence of such market price, the market value is derived based on market related spreads over the Government benchmark curve, as specified in FIMMDA guidelines, for applicable securities.

### h) Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and revenue can be easily measured.

#### Fee based Income:

- Issue management and advisory fees are recognised as per the terms of the agreement with the client, net of pass-through.
- Fees for private placement are recognised on completion of assignment.

#### Income from securities:

- Gains and losses on the sale of securities are recognised on trade date.
- Dividend is accounted on an accrual basis where the right to receive the dividend is established.
- Interest is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable except interest in respect of non-performing / doubtful assets which is recognised on cash basis.

### i) Foreign currency transactions

#### Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

#### Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

#### Exchange Differences

Exchange differences arising on the settlement of monetary items or on the reporting date due to rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise except those arising from investments in non-integral operations.

### j) Retirement and other employee benefits

Retirement benefits to employees comprise gratuity, superannuation, provident fund and pension fund. The Company's employees are covered under the employees' gratuity scheme and superannuation scheme established by the Life Insurance Corporation of India ('LIC').

Retirement benefits in the form of Provident Fund and Superannuation Fund are a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.



# Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2017

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

Short term compensated absences are provided for on based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method made at the end of each financial year.

Actuarial gains / losses are immediately taken to profit and loss account and are not deferred.

## **k) Income taxes**

Tax expense comprises current and deferred taxes. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

## **l) Earnings per share**

Basic and diluted earnings per share are reported in accordance with AS 20, "Earnings Per Share". Basic earnings per equity share has been computed by dividing net profit after tax by weighted average number of equity shares outstanding for the year. Diluted earnings per equity share have been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

## **m) Provisions & Contingent Liabilities**

A provision is recognised when an enterprise has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to the present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

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 when there is a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

## **n) Operating Lease**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account on a straight line basis over the lease term.

## **o) Segment information – basis of preparation**

The Company's primary segments are businesses, which are organised around the following service lines:

- Fee-based segment provides merchant banking and advisory services like issue management, underwriting arrangement, project advisory & structured finance.
- Fund-based segment undertakes deployment of funds in leasing / hire purchase and dealing in various securities.
- 'Other' segment includes fee income and other corporate income and expenses, which are either not allocable to any specific business segment or not material enough to warrant a separate disclosure as a reportable segment.

## Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2017

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- The risk and returns of the business of the Company is neither associated with geographical segmentation nor are the clients of the Company grouped geographically. Hence there is no secondary segment reporting based on geographical segment. Common costs identifiable with each segment have been allocated, based on the relative utilisation of such benefits by each segment, out of the total costs.

**p) Cash and Cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

# Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2017

(Rupees in lacs unless otherwise stated)

## 2. OTHER NOTES

### NOTE - 2.1

	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
100,000,000 (2016: 100,000,000)		
Equity shares of Rs. 10/- each	10,000	10,000
1,000,000 (2016: 1,000,000)		
Redeemable preference shares of Rs. 100/- each	1,000	1,000
	11,000	11,000
<b>Issued, subscribed and paid up</b>		
58,033,711 (2016: 58,033,711)		
Equity shares of Rs. 10/- each fully paid up	5,803	5,803

The Company is wholly owned subsidiary of State Bank of India ('SBI') along with its nominees and shareholders are eligible for one vote per share held.

There has been no movement in the number of shares outstanding at the beginning of the period and at the end of period, consequently the reconciliation of the number of the shares outstanding at the beginning and at the end of the reporting period is not applicable.

### NOTE - 2.2

	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>RESERVES AND SURPLUS</b>		
<b>Securities premium account</b>	<b>6,347</b>	<b>6,347</b>
<b>General reserve</b>		
Balance as per the last financial statements	39,814	36,980
Add: amount transferred from surplus balance in the statement of profit and loss	2,179	2,834
<b>Closing Balance</b>	<b>41,993</b>	<b>39,814</b>
<b>Surplus / (deficit) in the statement of profit and loss</b>		
Balance as per the last financial statements	55,901	52,747
Profit for the year	21,795	28,339
Less: Appropriations / Adjustments		
Interim dividend	11,607	18,571
Dividend distribution tax	2,363	3,780
Transfer to general reserve	2,179	2,834
Total appropriations	16,149	25,185
<b>Net surplus in the statement of profit and loss</b>	<b>61,547</b>	<b>55,901</b>
<b>TOTAL RESERVES AND SURPLUS</b>	<b>109,887</b>	<b>102,062</b>

# Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2017

(Rupees in lacs unless otherwise stated)

## NOTE - 2.3

	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>OTHER LONG TERM LIABILITIES</b>		
Trade payables other than dues to Micro, Medium and Small Enterprises	11	22
Lease Deposits	46	46
Other Deposits	3	2
	<b>60</b>	<b>70</b>

## NOTE - 2.4

	As at 31 <sup>st</sup> March-17		As at 31 <sup>st</sup> March-16	
	Long-term		Short-term	
<b>PROVISIONS</b>				
<b>Provision for employee benefits</b>				
Provision for gratuity	161	140	-	-
Provision for compensated absences	904	909	120	125
<b>Other provisions</b>				
Provision for dividend distribution tax	-	-	2,363	3,781
	<b>1,065</b>	<b>1,049</b>	<b>2,483</b>	<b>3,906</b>

## NOTE - 2.5

	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>TRADE PAYABLES</b>		
Trade Payables of Micro, Medium and Small Enterprises	-	-
Other trade payables	2,138	2,666
	<b>2,138</b>	<b>2,666</b>

## NOTE - 2.6

	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>OTHER CURRENT LIABILITIES</b>		
Bonus payable	2,278	2,990
Advance received from customers	35	3
TDS payable	216	290
Service tax payable	231	-
Professional tax payable	-	1
Provident fund payable	61	4
Others-Payable for Capital Expenditure	52	84
	<b>2,873</b>	<b>3,372</b>

# Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2017

(Rupees in lacs unless otherwise stated)

## NOTE - 2.7

FIXED ASSETS		TANGIBLE ASSETS							INTANGIBLE ASSETS	Total
		Building (Refer Note I)	Computers	Furniture & Fixtures	Office Equipments	Vehicles	Lease hold Improvement	Plant, Machinery & Equipments	Software	
GROSS BLOCK								Leased Assets		
	Balance as at 1 <sup>st</sup> April, 15	1,600	742	573	439	30	55	4,020	659	8,119
	Additions	7,916	162	406	358	-	33	-	3	8,878
	Deductions / Transfers	-	90	7	20	-	-	-	-	117
	Balance as at 31 <sup>st</sup> March, 16	9,516	814	972	777	30	88	4,020	662	16,880
ACCUMULATED DEPRECIATION / AMORTISATION										
	Balance as at 1 <sup>st</sup> April, 15	1,173	507	519	310	15	55	4,020	245	6,844
	Additions	285	138	147	212	7	6	-	164	959
	Deductions / Transfers	-	76	7	13	-	-	-	-	96
	Balance as at 31 <sup>st</sup> March, 16	1,458	569	659	510	22	60	4,020	409	7,708
NET BLOCK	As at 31 <sup>st</sup> March, 16	8,058	246	313	268	8	28	-	253	9,173
GROSS BLOCK										
	Balance as at 1 <sup>st</sup> April, 16	9,516	814	972	777	30	88	4,020	662	16,880
	Additions / Adjustments	-	126	-	32	-	-	-	58	216
	Deductions / Transfers	-	124	28	58	19	-	-	-	229
	Balance as at 31 <sup>st</sup> March, 17	9,516	816	944	751	11	88	4,020	720	16,867
ACCUMULATED DEPRECIATION / AMORTISATION										
	Balance as at 1 <sup>st</sup> April, 16	1,458	569	659	510	22	60	4,020	409	7,707
	Additions / Adjustments	403	149	117	165	1	10	-	156	999
	Deductions / Transfers	-	107	28	52	13	-	-	-	199
	Balance as at 31 <sup>st</sup> March, 17	1,861	611	748	623	10	70	4,020	565	8,507
NET BLOCK	As at 31 <sup>st</sup> March, 17	7,655	205	196	128	2	18	-	155	8,359

Note:

I. Building includes cost of 15 shares of Rs. 100/- each held by the Company in a co-operative housing society.

## Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2017

(Rupees in lacs unless otherwise stated)

	As at March, 2017	As at March, 2016
<b>NOTE – 2.8</b>		
<b>NON-CURRENT INVESTMENTS</b>		
<b>(Long term, non trade, at cost unless otherwise stated)</b>		
<b>Investment in Equity Instruments (quoted)</b>		
Nil (2016: 2,94,000) shares of Re.1/- each fully paid in Indian Hotels Ltd. (At cost less provision other than temporary diminution in value Rs. Nil (2016: Rs.50))	-	291
<b>Sub-total</b>	-	<b>291</b>
<b>Bonds (quoted)</b>		
54,876 (2016: 54,876) 8.20% bonds of National Highway Authority of India Ltd. (Taxfree) of Rs. 1,000/- each fully paid	549	549
71,197(2016: 71,197) bonds of 8.20% Power Finance Corporation Ltd. (Taxfree) of Rs. 1,000/- each fully paid	712	712
3,04,510 (2016: 3,04,510) 8.10% bonds of India Railways Finance Corporation Ltd. (Taxfree) of Rs. 1,000/- each fully paid	3,045	3,045
1,00,000 (2016: 1,00,000) bonds of 7.38% Rural Electrification Corporation Ltd. (Taxfree) of Rs. 1,000/- each fully paid	1,000	1,000
1,00,000 (2016: 1,00,000) bonds of 7.34% Indian Railways Finance Corporation Ltd. (Taxfree) of Rs. 1,000/- each fully paid	1,000	1,000
1,00,000 (2016: 1,00,000 ) bonds of 8.63% Rural Electrification Corporation Ltd. (Taxfree) of Rs. 1,000/- each fully paid	1,000	1,000
1,00,000 (2016: 1,00,000 ) bonds of 8.55% India Infrastructure Finance Company Ltd. (Taxfree) of Rs. 1,000/- each fully paid	1,000	1,000
	<b>8,306</b>	<b>8,306</b>
<b>Total quoted investments</b>	<b>8,306</b>	<b>8,597</b>
<b>Investment in Equity Instruments (unquoted)</b>		
214,50,000 (2016: 19,50,000) shares of Re. 1/- ( 2016: FV Rs.10/-) each fully paid in National Stock Exchange of India Ltd. Bonus issue 1,95,000 shares and 5,36,250 share offered for OFS before split held in escrow account)	341	341
11,00,000 (2016: 11,00,000) shares of Rs. 10/- each fully paid in OTC Exchange of India (At cost less provision other than temporary diminution in value Rs. 110 (2016: 110))	*-	*-

# Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2017

(Rupees in lacs unless otherwise stated)

	As at March, 2017	As at March, 2016
5,35,768 (2016: 5,35,768) shares of Rs.10/- each fully paid in Investor Services of India Ltd. (company under liquidation) (Refer note 2.30)	-	-
10,00,000 (2016: 10,00,000) shares of Rs. 39.63/- each fully paid in ONGC Mittal Energy Ltd. (At cost less provision other than temporary diminution in value Rs. 396 (2016: 396 ))	*-	*-
15,25,000 (2016: Nil) shares of Rs. 10/- each fully paid in Receivables Exchange of India Ltd.	152	-
<b>Sub-total</b>	<b>493</b>	<b>341</b>
<b>Investment in Equity Instruments - Parent's Subsidiaries (unquoted)</b>		
6,81,818 (2016: 6,81,818) shares of FV Rs. 100/- each fully paid in SBI DFHI Ltd. (formerly SBI Gilts Ltd.) (Percentage holding in the Company is 3.12%)	750	750
10,32,500 (2016: 10,32,500) shares of Rs.10/- each fully paid in SBI Home Finance Ltd. (At cost less provision other than temporary diminution in value Rs.103 (2016: Rs.103))	*-	*-
1,001 (2016: Nil) shares of Rs. 10/- each fully paid in SBI Foundation Ltd. (Percentage holding in the Company is 0.1%)	-	-
	<b>750</b>	<b>750</b>
<b>Investment in Equity Instruments - Associates (unquoted)</b>		
60,00,000 (2016: 60,00,000) shares of Rs. 10/- each fully paid in SBI Pension Funds Pvt. Ltd. (Percentage holding in the Company is 20% (2016: 20%))	601	601
<b>Sub-total</b>	<b>601</b>	<b>601</b>
<b>Investment in Equity Instruments - wholly owned subsidiaries (unquoted)</b>		
9,68,75,000 (2016: 9,68,75,000) shares of Rs. 10/- each fully paid in SBICAP Securities Ltd.	12,500	12,500
2,00,000 (2016: 2,00,000) shares of GBP 1 (Rs. 85.93) each fully paid in SBICAP (UK) Ltd.	172	172



## Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2017

(Rupees in lacs unless otherwise stated)

	As at March, 2017	As at March, 2016
10,00,000 (2016: 10,00,000) shares of Rs. 10/- each fully paid in SBICAP Trustee Co. Ltd.	5	5
3,92,77,917 (2016: 2,42,77,917) shares of Rs. 10/- each fully paid in SBICAP Ventures Ltd.	3,928	2,428
1,30,00,000 (2016: 1,30,00,000) shares of SGD 1 (Rs. 47.11) each fully paid in SBICAP (Singapore) Ltd.	6,178	6,178
<b>Sub-total</b>	<b>22,783</b>	<b>21,283</b>
<b>Investment in Mutual Funds (unquoted)</b>		
Nil (2016: 35,39,410) units of Rs. 10/- each fully paid FT India Balance Fund Dividend Payout (At cost less provision other than temporary diminution in value Rs. Nil (2016:Rs.269))	-	762
Nil (2016: 1,00,00,000) units of Rs. 10/- each fully paid SBI PSU Fund Growth (At cost less provision other than temporary diminution in value Rs. Nil (2016: 40))	-	832
<b>Sub-total</b>	<b>-</b>	<b>1,594</b>
<b>Total unquoted investments</b>	<b>24,627</b>	<b>24,569</b>
<b>Total investments</b>	<b>32,933</b>	<b>33,166</b>
<b>Aggregate of quoted investments:</b>		
(i) Cost	8,306	8,647
(ii) Market Value	10,128	9,952
(iii) Book Value	8,306	8,597
<b>Aggregate of unquoted investments:</b>		
(i) Cost	25,237	25,584
(ii) Book Value	24,627	24,569
<b>Aggregate of provision for diminution in value of investments</b>	<b>610</b>	<b>1,066</b>

\* Fully provided for.

# Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2017

(Rupees in lacs unless otherwise stated)

## NOTE - 2.9

	As at 31 <sup>st</sup> March-17	As at 31 <sup>st</sup> March-16	As at 31 <sup>st</sup> March-17	As at 31 <sup>st</sup> March-16
<b>LOANS AND ADVANCES</b>	<b>Non-current</b>		<b>Current</b>	
(Unsecured and considered good unless otherwise stated)				
<b>Security Deposits</b>	505	586	31	20
Loans and advances to related parties	-	-	74	188
<b>Advances recoverable in cash or in kind or for value to be received</b>				
Considered good	-	129	86	43
Considered doubtful	-	-	-	-
	-	129	86	43
Less: Provision for doubtful advances	-	-	-	-
	-	129	86	43
Share Application Money	-	-	-	-
<b>Other loans and advances</b>				
Advance tax and tax deducted at source [net of provision for income-tax Rs. 138,102 (2016: Rs.127,312)]	6,619	5,243	-	-
Advance tax FBT [net of provision for FBT Rs. 184 (2016: Rs.184)]	-	-	-	-
Advance interest tax [net of provision for interest tax Rs. 139 (2016: Rs. 139)]	152	152	-	-
Prepaid expenses	339	166	78	90
Loans to employees	-	-	65	91
Advance for expenses	-	-	160	44
Balances with statutory / government authorities	-	-	-	754
<b>Total</b>	<b>7,615</b>	<b>6,276</b>	<b>494</b>	<b>1,230</b>

## Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2017

(Rupees in lacs unless otherwise stated)

### NOTE - 2.10

	As at 31 <sup>st</sup> March-17	As at 31 <sup>st</sup> March-16	As at 31 <sup>st</sup> March-17	As at 31 <sup>st</sup> March-16
<b>TRADE RECEIVABLES</b>	<b>Non-current</b>		<b>Current</b>	
Unsecured, considered good unless stated otherwise				
Debts outstanding for a period exceeding six months from the date they are due for payment	19	19	2,744	3,936
Other debts	-	-	19,712	30,317
	<b>19</b>	<b>19</b>	<b>22,456</b>	<b>34,253</b>
Considered doubtful				
Debts outstanding for a period exceeding six months from the date they are due for payment	-	121	9,482	6,096
Other debts	-	-	-	-
	-	121	9,482	6,096
Less: Provision for doubtful debts	-	121	9,482	6,096
	-	-	-	-
<b>Total</b>	<b>19</b>	<b>19</b>	<b>22,456</b>	<b>34,253</b>

Note: Balance reflected in the accounts of trade receivables are subject to Confirmation. In the In the opinion of the Management, trade receivables have a value on realisation in the ordinary course of the Company's business which is atleast equal to the amount at which they are stated in the Financial Statements.

### NOTE - 2.11

	As at 31 <sup>st</sup> March-17	As at 31 <sup>st</sup> March-16	As at 31 <sup>st</sup> March-17	As at 31 <sup>st</sup> March-16
<b>OTHER ASSETS</b>	<b>Non-current</b>		<b>Current</b>	
Unsecured, considered good unless stated otherwise				
Non-current Bank Balances	20	-	-	-
Others				
Interest accrued on fixed deposits	-	-	4	411
Interest accrued on investments	-	-	251	252
Interest accrued - Downselling	-	-	39	71
Dividend receivable on investments			341	-
	<b>20</b>	<b>-</b>	<b>635</b>	<b>734</b>

### NOTE - 2.12

	As at March, 2017	As at March, 2016
<b>STOCK-IN-TRADE</b>		
<b>Stock-in-trade for Downselling (quoted)</b>		
Nil (2016: 250) 10.38% Jindal Saw Ltd. 9 yrs series-2 Debentures of FV Rs.10,00,000 each (At cost less provision for temporary diminution in value Rs. Nil (2016: Nil))	-	2,500
Nil (2016: 450) 8.45% State Bank of Travancore bonds FV Rs. 10,00,000/- each (At cost less provision for temporary diminution in value Rs.Nil (2016: Nil))	-	4,500

# Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2017

(Rupees in lacs unless otherwise stated)

	As at March, 2017	As at March, 2016
1750 (2016: Nil) 7.8409% Bajaj Finance Ltd. - FV Rs. 10,00,000 (At cost less provision for temporary diminution in value Rs. Nil (2016: Nil))	17,500	-
1000 (2016: Nil) 7.6% Power Finance Ltd. - FV Rs. 10,00,000/- each (At cost less provision for temporary diminution in value Rs. Nil (2016: Nil))	10,000	-
<b>Total quoted stock-in-trade</b>	<b>27,500</b>	<b>7,000</b>
<b>Investment in Equity Instruments (unquoted)</b>		
15,400 (2016: 15,400) shares of Rs. 10/- each fully paid in Cremica Agro Foods Ltd. (At cost less provision for Rs. 3/- (2016: 3))	*-	*-
<b>Sub-total</b>	-	-
<b>Preference Shares (unquoted)</b>		
1,40,000 (2016: 1,40,000) 0.0001% shares of Rs. 10/- each fully paid in Pasupati Fabrics Ltd. (At cost less provision Rs. 14 (2016: 14))	*-	*-
<b>Sub-total</b>	-	-
<b>Mutual Funds (unquoted)</b>		
2,50,00,000 (2016: 2,50,00,000) Units of HDFC FMP Series 29	2,500	2,500
1,00,00,000 (2016: 1,00,00,000) Units of HDFC FMP Series 31	1,000	1,000
1,00,00,000 (2016: 1,00,00,000) Units of HDFC FMP 1167 Days	1,000	1,000
2,00,00,000 (2016: 2,00,00,000) Units of SBI Debt Fund Series A-14	2,000	2,000
1,50,00,000 (2016: 1,50,00,000 ) Units of SBI Debt Fund Series B-34	1,500	1,500
66,12,751 (2016: 66,12,751 ) Units of SBI Magnum Gilt Fund Long Term	2,000	2,000
Nil (2016: 66,942) Units of HDFC Liquid Fund Direct	-	2,000
Nil (2016: 1,95,24,386) Units of ICICI Prudential Ultra Short Fund	-	3,000
Nil (2016: 89,367) Units of SBI-Premier Liquid Fund	-	2,125
95,41,583 (2016: Nil ) JM High Liquidity Fund - DIRECT Plan - Growth	4,245	-
55,621 (2016: Nil ) SBI Magnum Insta Cash Fund - DIRECT Plan - Growth	2,000	-
<b>Sub-total</b>	<b>16,245</b>	<b>17,125</b>
<b>Total unquoted stock-in-trade</b>	<b>16,245</b>	<b>17,125</b>

## Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2017

(Rupees in lacs unless otherwise stated)

	As at March, 2017	As at March, 2016
<b>Total stock-in-trade</b>	<b>43,745</b>	<b>24,125</b>
<b>Aggregate of quoted stock-in-trade:</b>		
(i) Cost	27,500	7,000
(ii) Market / realisable value	27,675	7,084
(iii) Book Value	27,500	7,000
<b>Aggregate of unquoted stock-in-trade:</b>		
(i) Cost	16,262	17,142
(ii) Book Value	16,245	17,125
<b>Aggregate provision for diminution in value of investments</b>	<b>17</b>	<b>17</b>

\* Fully provided for.

### NOTE - 2.13

	As at 31 <sup>st</sup> March-17	As at 31 <sup>st</sup> March-16	As at 31 <sup>st</sup> March-17	As at 31 <sup>st</sup> March-16
<b>CASH AND BANK BALANCES</b>	<b>Non-current</b>		<b>Current</b>	
<b>Cash and cash equivalents</b>				
On Current Accounts	-	-	3,012	770
Cheques / drafts on hand	-	-	195	-
Cash on hand	-	-	-	-
Other Bank Balances				
Deposits with original maturity of more than twelve months	-	-	-	5,700
Deposits with original maturity of more than three months but less than twelve months	-	-	-	-
Deposits with original maturity of more than three months but less than twelve months	-	-	-	-
Margin money deposit	20	-	96	50
Less: Amount disclosed under non-current assets	(20)	-	(20)	-
	-	-	<b>3,283</b>	<b>6,520</b>

Note:

Deposit accounts with scheduled banks amounting to Rs. 96 (2016: Rs. 50/-) are towards the cash margin for various guarantees issued by banks on behalf of the Company.

# Notes To Financial Statements

## For The Year Ended 31<sup>st</sup> March, 2017

(Rupees in lacs unless otherwise stated)

### NOTE - 2.14

	For the year ended 31 <sup>st</sup> March-17	For the year ended 31 <sup>st</sup> March-16
<b>REVENUE FROM OPERATIONS</b>		
<b>Merchant Banking and Advisory Fees</b>		
Issue management	2,264	2,063
Underwriting commission	-	175
Arranger's fees	3,043	2,526
Advisory fees	38,066	55,160
<b>Sub-total</b>	<b>43,373</b>	<b>59,924</b>
<b>Other Operations (Income from Securities)</b>		
Interest Income	1,922	1,790
Profit / (loss) on sale of investments (net)	273	-
Trading profits / (loss) on stock-in-trade (net)	773	1,313
Dividend		
- Subsidiary Companies	-	12
- Others	3,378	1,912
<b>Sub-total</b>	<b>6,346</b>	<b>5,027</b>
	<b>49,719</b>	<b>64,951</b>

### NOTE - 2.15

	For the year ended 31 <sup>st</sup> March-17	For the year ended 31 <sup>st</sup> March-16
<b>OTHER INCOME</b>		
Rental income	981	409
Bad debts recovered	516	149
Foreign exchange fluctuation (net)	-	121
Interest on deposit with Banks	270	394
Others	71	113
Write-back of provision on:		
Investments	22	-
Stock-in-trade	-	13
Contribution to Gratuity	-	86
Leave Encashment	10	37
Doubtful debts	2,485	2,117
	<b>4,355</b>	<b>3,439</b>

### NOTE - 2.16

	For the year ended 31 <sup>st</sup> March-17	For the year ended 31 <sup>st</sup> March-16
<b>EMPLOYEE BENEFIT EXPENSES</b>		
Salaries, wages and bonus	8,601	9,854
Contribution to provident and pension funds	353	343
Contribution to Gratuity	98	104
Contribution to Superannuation	394	272
Staff welfare	210	243
	<b>9,656</b>	<b>10,816</b>

## Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2017

(Rupees in lacs unless otherwise stated)

### NOTE - 2.17

	For the year ended 31 <sup>st</sup> March-17	For the year ended 31 <sup>st</sup> March-16
<b>OTHER EXPENSES</b>		
Legal and professional fees	620	574
Conveyance and travelling	883	957
Rent	841	854
Rates and taxes	219	21
Royalty	436	567
Bad debts written off	1,303	3,552
Postage, telephone and telex	144	154
Advertisement	33	61
Printing and stationery	77	77
Electricity	129	150
Repairs and maintenance:		
Building	110	118
Others	133	173
Insurance	133	164
Directors' sitting fees	15	15
Foreign exchange fluctuation, net	39	-
Loss on sale of fixed assets (net)	1	-
Tax on perquisites	4	-
Office Maintenance	80	80
Training Charges	308	510
Membership and Subscription	254	274
Filing Fees and other Charges (Issue Management)	81	19
Contribution towards CSR	326	444
Miscellaneous expenses	244	350
	<b>6,413</b>	<b>9,114</b>

### NOTE - 2.18

	For the year ended 31 <sup>st</sup> March-17	For the year ended 31 <sup>st</sup> March-16
<b>PROVISIONS (Expense)</b>		
Provision for:		
Diminution in value of investments	-	214
Doubtful debts	5,749	4,758
	<b>5,749</b>	<b>4,972</b>



# Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2017

(Rupees in lacs unless otherwise stated)

## NOTE - 2.19

	For the year ended 31 <sup>st</sup> March-17	For the year ended 31 <sup>st</sup> March-16
<b>EARNINGS PER EQUITY SHARE (EPS)</b>		
I. Basic and diluted EPS (Rs.)	37.56	48.83
II. Nominal value per share (Rs.)	10	10

EPS has been calculated based on the net profit after taxation of Rs. 21,795 (2016: Rs. 28,339) and the weighted average number of equity shares outstanding during the year of 5,803 (2016: 5,803).

Basic and diluted EPS has been computed by dividing net profit after tax by weighted average number of equity shares outstanding during the year. There are no dilutive potential equity shares outstanding during the year.

## NOTE - 2.20

	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
Tax Assets / (Liabilities) due to temporary timing difference in respect of:		
<b>DEFERRED TAXES</b>		
<b>Deferred tax assets</b>		
Depreciation on fixed assets	132	121
Provision for Bonus	183	-
Provision on Gratuity	56	48
Provision on compensated leave	354	358
Provision for doubtful debts	3,282	2,152
Carryforward of Losses	743	743
<b>Deferred tax assets</b>	<b>4,750</b>	<b>3,422</b>
Less: Opening Deferred Tax Asset	3,422	2,507
<b>Deferred tax credit / (expense) for the year</b>	<b>1,328</b>	<b>915</b>

## NOTE - 2.21

	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>CONTINGENT LIABILITIES AND COMMITMENTS</b>		
(i) Claims against the Company not acknowledged as debts	314	476
(ii) Guarantees issued	96	49
(iii) Capital Commitments	17	28
(iv) Underwriting Commitments	-	8,640

## NOTE - 2.22

Based on the legal advice and favourable legal decisions by various authorities, no provision has been made in respect of income tax demands aggregating to Rs. 6,502 (2016: Rs. 7,123) in excess of provision held. These demands have been contested by the Company at various appellate authorities.

## Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2017

(Rupees in lacs unless otherwise stated)

### NOTE - 2.23

	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>SUPPLEMENTARY PROFIT AND LOSS DATA</b>		
(a) Payments to auditors (excluding service tax) (included in Legal and professional fees)		
As auditors	13	12
For tax audit	2	2
For other matters	8	7
For out-of-pocket expenses	1	1
	24	22
(b) Expenditure in foreign currency		
Travel and other expenses	216	447
(c) Earnings in foreign currency		
Advisory fees from overseas clients and reimbursement of expenses	4,121	6,166

# Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2017

## NOTE - 2.24

### RELATED PARTIES

The following is the list of parties related due to control criteria as per AS-18, Related Party Disclosure:

#### Name of the Party

#### Relationship

State Bank of India

Holding Company

The following is the list of parties related due to significant influence criteria as per AS-18 with whom the transactions have taken place during the year:

#### Name of the Party

#### Relationship

State Bank of Bikaner & Jaipur

Fellow Subsidiary

State Bank of Hyderabad

Fellow Subsidiary

State Bank of Mysore

Fellow Subsidiary

State Bank of Patiala

Fellow Subsidiary

State Bank of Travancore

Fellow Subsidiary

SBI DFHI Limited

Fellow Subsidiary

SBI Funds Management Pvt. Limited

Fellow Subsidiary

SBI Life Insurance Company Limited

Fellow Subsidiary

SBI Pension Funds Pvt. Ltd.

Fellow Subsidiary & Associate

SBI General Insurance Co. Ltd.

Fellow Subsidiary

SBI Mauritius Ltd.

Fellow Subsidiary

SBI Home Finance Limited

Associate of SBI

SBICAP Securities Limited

Subsidiary

SBICAP Ventures Limited

Subsidiary

SBICAP Trustee Company Limited

Subsidiary

SBICAP (UK) Limited

Subsidiary

SBICAP (Singapore) Ltd.

Subsidiary

Shri Rajnish Kumar, Managing Director & Chief Executive Officer from 31<sup>st</sup> July, 2014 to 26<sup>th</sup> May, 2015

Key Management Personnel

Shri Praveen Gupta, Managing Director & Chief Executive Officer from 15<sup>th</sup> July, 2015 to 2<sup>nd</sup> November, 2015

Key Management Personnel

Shrimati Varsha Purandare, Managing Director & Chief Executive Officer from 1<sup>st</sup> December, 2015

Key Management Personnel

Shri Ashwani Bhatia, Whole-Time Director from 25<sup>th</sup> July, 2016

Key Management Personnel

Shri P Karthikeyan, Senior Vice President & Chief Financial Officer up to 31<sup>st</sup> May, 2016

Key Management Personnel

Shri Navinchandra Amin, Senior Vice President & Chief Financial Officer from 25<sup>th</sup> July, 2016

Key Management Personnel

Shri Nilesh Shah, Company Secretary up to 30<sup>th</sup> June, 2015

Key Management Personnel

Shri Amit Shah, Company Secretary from 15<sup>th</sup> July, 2015

Key Management Personnel

# Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2017

(Rupees in lacs unless otherwise stated)

Details of Transactions with the above related parties are as under:

Particulars	Holding Company		Subsidiaries		Fellow Subsidiaries/ Associates		Key Managerial Personnel	
	Mar-17	Mar-16	Mar-17	Mar-16	Mar-17	Mar-16	Mar-17	Mar-16
<b>Expenses during the year ended</b>								
<i>Deputation of Employees</i>	383	270	-	-	-	-	-	-
<i>Salaries &amp; Allowances</i>								
Shri Amit Shah	-	-	-	-	-	-	30	16
Shri Nilesh Shah	-	-	-	-	-	-	-	30
<i>Rent</i>	41	48	-	-	-	-	-	-
<i>Bank &amp; Other Charges</i>	5	6	-	-	-	-	-	-
SBI DFHI Limited	-	-	-	-	-	-	-	-
SBICAP Securities Ltd.	-	-	-	-	-	-	-	-
<i>Royalty Expense</i>	436	567						
<i>Insurance Expense</i>								
SBI Life Insurance Company Ltd.	-	-	-	-	31	37	-	-
SBI General Insurance Co. Ltd.	-	-	-	-	13	109	-	-
<i>Office Maintenance</i>	1	1						
<i>Membership &amp; Subscription</i>								
SBI Pension Funds Pvt. Ltd.	-	-	-	-	2	-	-	-
<i>Brokerage Expenses</i>								
SBICAP Securities Ltd.	-	-	7	-	-	-	-	-
<b>Income during the year ended</b>								
<i>Issue Management Fees</i>								
SBICAP Securities Ltd.	-	-	266	71	-	-	-	-
State Bank of Travancore	-	-	-	-	-	15	-	-
<i>Private Placement Fees</i>	-	1,746	-	-	-	-	-	-
<i>Arranger's Fees</i>	2,267	-	-	-	-	-	-	-
State Bank of Travancore	-	-	-	-	30	-	-	-
State Bank of Patiala	-	-	-	-	15	-	-	-
<i>Advisory Fees</i>	3,755	1,349	-	-	-	-	-	-
SBICAP Securities Ltd.								
State Bank of Patiala	-	-	-	-	115	10	-	-

# Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2017

(Rupees in lacs unless otherwise stated)

Particulars	Holding Company		Subsidiaries		Fellow Subsidiaries/ Associates		Key Managerial Personnel	
	Mar-17	Mar-16	Mar-17	Mar-16	Mar-17	Mar-16	Mar-17	Mar-16
State Bank of Travancore	-	-	-	-	15	-	-	-
State Bank of Bikaner & Jaipur	-	-	-	-	15	-	-	-
State Bank of Mysore	-	-	-	-	30	-	-	-
<i>Bank Interest</i>	270	394	-	-	-	-	-	-
<i>Rent</i>								
SBICAP Securities Ltd.	-	-	981	409	-	-	-	-
<i>Dividend</i>								
SBI DFHI Limited	-	-	-	-	341	259	-	-
<b>Balance receivable as at</b>								
<i>Debtors</i>	2,950	1,117	-	-	-	-	-	-
State Bank of Patiala	-	-	-	-	17	-	-	-
State Bank of Mysore	-	-	-	-	35	-	-	-
State Bank of Travancore	-	-	-	-	17	-	-	-
State Bank of Bikaner & Jaipur	-	-	-	-	17	-	-	-
State Bank of Hyderabad	-	-	-	-	32	-	-	-
SBICAP Securities Ltd.	-	-	-	82	-	-	-	-
<i>Cash at Bank</i>	3,207	770	-	-	-	-	-	-
<i>Deposit with Bank</i>	96	5,750	-	-	-	-	-	-
<i>Loans &amp; Advances</i>	35	44	-	-	-	-	-	-
SBICAP Securities Ltd.	-	-	34	120	-	-	-	-
SBICAP Trustee Company Ltd.	-	-	4	1	-	-	-	-
SBICAP Ventures Ltd.	-	-	1	18	-	-	-	-
SBICAP (Singapore) Ltd.	-	-	-	5	-	-	-	-
<i>Other Current Assets</i>	4	411	-	-	-	-	-	-
SBI DFHI Limited	-	-	-	-	341	-	-	-
<i>Investments</i>								
SBI Pension Funds Pvt. Ltd.	-	-	-	-	601	601	-	-
SBI DFHI Limited	-	-	-	-	750	750	-	-
SBICAP Securities Ltd.	-	-	12,500	12,500	-	-	-	-
SBICAP Ventures Ltd.	-	-	3,928	2,428	-	-	-	-
SBICAP Trustee Company Ltd.	-	-	5	5	-	-	-	-
SBICAP (UK) Ltd.	-	-	172	172	-	-	-	-
SBICAP (Singapore) Ltd.	-	-	6,178	6,178	-	-	-	-

# Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2017

(Rupees in lacs unless otherwise stated)

Particulars	Holding Company		Subsidiaries		Fellow Subsidiaries/ Associates		Key Managerial Personnel	
	Mar-17	Mar-16	Mar-17	Mar-16	Mar-17	Mar-16	Mar-17	Mar-16
SBICAP Home Finance Limited*	-	-	-	-	-	-	-	-
SBI Foundation Ltd.	-	-	-	-	-	-	-	-
<i>Inventories</i>								
State Bank of Travancore	-	-	-	-	-	4,500	-	-
<b>Balance payable as at</b>								
<i>Creditors</i>	438	530	-	-	-	-	-	-
SBICAP Securities Ltd.	-	-	543	727	-	-	-	-
SBICAP (UK) Ltd.	-	-	-	53	-	-	-	-
SBICAP (Singapore) Ltd.	-	-	2	2	-	-	-	-
<b>Others transactions during the year ended</b>								
<i>Dividend paid</i>	11,607	18,571	-	-	-	-	-	-
<i>Fees Shared (netted from Income)</i>	-	75	-	-	-	-	-	-
SBICAP Securities Ltd.	-	-	1,367	1,063	-	-	-	-
SBICAP UK Ltd.	-	-	-	53	-	-	-	-
<i>Expenses shared</i>	108	-	-	-	-	-	-	-
SBICAP Securities Ltd.	-	-	4	4	-	-	-	-
SBICAP Trustee Company Ltd.	-	-	6	-	-	-	-	-
<i>Investments made</i>								
SBICAP Ventures Ltd.	-	-	1,500	2,012	-	-	-	-
<i>Guarantees</i>	96	50	-	-	-	-	-	-

I. Included in expenses relating to deputation of employees are amounts aggregating to Rs. 95 (2016: Rs. 61) pertaining to salaries paid to key management personnel.

# Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2017

(Rupees in lacs unless otherwise stated)

## NOTE - 2.25 SEGMENTAL REPORTING

For the year ending	Fund Based Segment		Fee Based Segment		Corporate & Others		Consolidated	
	31 <sup>st</sup> Mar, 2017	31 <sup>st</sup> Mar, 2016	31 <sup>st</sup> Mar, 2017	31 <sup>st</sup> Mar, 2016	31 <sup>st</sup> Mar, 2017	31 <sup>st</sup> Mar, 2016	31 <sup>st</sup> Mar, 2017	31 <sup>st</sup> Mar, 2016
<b>REVENUE</b>								
External sales	6,753	5,432	46,253	62,311	1,068	647	54,074	68,390
Inter-segment sales	-	-	-	-	-	-	-	-
<b>Total revenue</b>	6,753	5,432	46,253	62,311	1,068	647	54,074	68,390
<b>RESULT</b>								
Segment result	6,597	5,188	30,798	44,886	473	141	37,868	50,215
Unallocated Revenue	-	-	-	-	-	-	-	-
Unallocated corporate expenses	-	-	-	-	-	-	6,611	7,686
Operating profit	-	-	-	-	-	-	31,257	42,529
Interest expense	-	-	-	-	-	-	-	-
Income tax	-	-	-	-	-	-	9,462	14,190
Profit from ordinary activities	-	-	-	-	-	-	21,795	28,339
Extraordinary item, net	-	-	-	-	-	-	-	-
Net profit	-	-	-	-	-	-	21,795	28,339
<b>As at</b>								
Segment assets	77,335	63,749	22,603	34,277	-	-	99,938	98,026
Unallocated corporate assets	-	-	-	-	-	-	24,371	20,902
Total assets	-	-	-	-	-	-	124,309	118,928
Segment liabilities	52	50	2,716	3,402	-	-	2,768	3,452
Unallocated corporate liabilities	-	-	-	-	-	-	5,851	7,611
Total liabilities	-	-	-	-	-	-	8,619	11,063
Capital expenditures	-	-	-	-	-	-	216	8,888
Depreciation	-	-	-	-	-	-	999	959

Identification of direct cost to each segment, allocation of common cost and unallocable cost are based on management's judgment.



# Notes To Financial Statements

## For The Year Ended 31<sup>st</sup> March, 2017

(Rupees in lacs unless otherwise stated)

### NOTE - 2.26

#### Gratuity and other post-employment benefit plans: (AS 15 120(b))

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following tables summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the respective plans.

#### Profit and Loss account

##### Net employee benefit expense (recognised in Employee Cost)

[AS15 Revised ( c ) (i) to (x)]

	Gratuity	
	2017	2016
Current service cost	75	70
Interest cost on benefit obligation	58	59
Expected return on plan assets	(44)	(39)
Net actuarial (gain) / loss recognised in the year	9	(72)
Past service cost	-	-
Net benefit expense	98	19
Actual return on plan assets	41	28

#### Balance sheet

##### Details of Provision for gratuity

	Gratuity	
	2017	2016
Defined benefit obligation	706	669
Fair value of plan assets	(545)	(529)
Less: Unrecognised past service cost	-	-
Plan asset / (liability)	(161)	(140)

# Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2017

(Rupees in lacs unless otherwise stated)

**Changes in the present value of the defined benefit obligation are as follows:**  
[AS15 Revised 120(e) (i) to (viii)]

	Gratuity	
	2017	2016
Opening defined benefit obligation	669	698
Interest cost	58	59
Current service cost	75	70
Benefits paid	(103)	(75)
Actuarial (gains) / losses on obligation	6	(83)
Past Service Cost	-	-
<b>Closing defined benefit obligation</b>	<b>706</b>	<b>669</b>

**Changes in the fair value of plan assets are as follows:**

	Gratuity	
	2017	2016
Opening fair value of plan assets	529	472
Expected return	44	39
Contributions by employer	78	104
Benefits paid	(103)	(75)
Actuarial gains / (losses)	(3)	(11)
<b>Closing fair value of plan assets</b>	<b>545</b>	<b>529</b>

The Company expects to contribute Rs.100 (2016-17: Rs.100) to gratuity in 2017-18.

**The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:**  
[AS15 Revised Para (h)]

	Gratuity	
	2017	2016
	%	%
Investments with insurer	100	100

## Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2017

(Rupees in lacs unless otherwise stated)

The principal assumptions used in determining gratuity for the Company's plans are shown below:  
{AS15 Revised 120 (I) (i) to (v)}

	2017	2016
	%	%
Discount rate	7.35	8.10
Expected rate of return on assets	8	8
Employee turnover		
Age (Years) 21-44	7.5	8
Age (Years) 45-57	3	3
Healthcare cost increase rate	N.A.	N.A.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts for the current and previous period are as follows: [AS15 Revised 120(n)]

	Gratuity	
	2017	2016
Defined benefit obligation	706	669
Plan assets	545	529
Surplus / (deficit)	(161)	(140)
Experience adjustments on plan liabilities	(42)	(11)
Experience adjustments on plan assets	(3)	(11)

# Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2017

(Rupees in lacs unless otherwise stated)

## NOTE - 2.27

### Details of transactions under Stock-in-Trade during the period 1<sup>st</sup> April, 2016 to 31<sup>st</sup> March, 2017

(Figures relating to financial year 2015-16 are indicated in bracket)

Particulars	Opening Stock		Additional Purchases		Adjustments**		Sales / Redemption		Closing Stock	
	Nos.	Amt.	Nos.	Amt.	Nos.	Amt.	Nos.	Amt.	Nos.	Amt.
<b>Stock-In-Trade</b>										
Preference Shares	140,000 (140,000)	*- *-	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	140,000 (140,000)	*- *-
Equity Shares	15,400 (15,400)	- -	270,044 (-)	2,036 (-)	- (-)	- (-)	270,044 (-)	2,036 (-)	15,400 (15,400)	*- *-
Units of Mutual Fund	106,293,446 (71,824,046)	17,125 13,425	188,287,277 (114,347,510)	316,563 (165,311)	- -	- -	198,370,767 (79,878,110)	317,443 (161,611)	96,209,956 (106,293,446)	16,245 (17,125)
Stock in Trade for Downselling	700 (1,750)	7,000 (17,487)	3,380,960 (8,720)	243,106 (77,100)	- -	- -	3,378,910 (9,770)	222,606 (87,600)	2,750 (700)	27,500 (7,000)
Commercial Paper	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
<b>Total</b>		<b>24,125</b> <b>(30,873)</b>		<b>561,705</b> <b>(249,326)</b>				<b>542,085</b> <b>(250,182)</b>		<b>43,745</b> <b>(30,912)</b>

\* - Fully provided for

\*\* - Adjustment shown is on account of change in FV of units of Mutual Funds

## Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2017

### Note - 2.28

Based on information available with the Company, there are no suppliers who are registered as micro, small or medium enterprise under "The Micro, Small and Medium Enterprise Development Act, 2006" as at March 31, 2017.

### Note - 2.29

Office premises obtained on operating lease are cancellable and no restrictions are imposed by the lease agreement, hence no disclosure is required. Lease rent paid during the year is disclosed in Note 2.17 to the Financial Statements.

### Note - 2.30

Company has received an amount of Rs. 54 lacs from liquidator of Investor Services of India Limited representing full cost of investment in Financial Year 2013-14 and Rs. 1 lac (FY 2016 Rs. 1 lac) in year financial year 2016-17 representing surplus money distributed to shareholders. The same is recognised as dividend income for the year.

### Note - 2.31 PRIOR YEAR COMPARATIVES

The financial statements for the year have been presented as per the Schedule III. The figures of the previous year have been regrouped / reclassified as appropriate, to correspond with those of the current year.

### Note - 2.32

**Details of Specified Bank Notes (SBN) held and transacted during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016:**

(Rs. in INR)

	SBN's	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	14,000	34	14,034
(+) Permitted Receipts	-	80,000	80,000
(-) Permitted Payments	-	63,240	63,240
(-) Amount deposited in banks	14,000	-	14,000
Closing cash in hand as on 30.12.2016	-	16,794	16,794

For **SHAH & TAPARIA**  
Firm Registration No. 109463W  
Chartered Accountants

sd/-  
**Narottamlal Shah**  
Partner  
Membership No.: 106355

Mumbai  
28<sup>th</sup> April, 2017

For and on behalf of Board of Directors

sd/-  
**Dinesh Kumar Khara**  
Director

sd/-  
**Navinchandra Amin**  
Senior Vice President & CFO

sd/-  
**Varsha Purandare**  
Managing Director & CEO

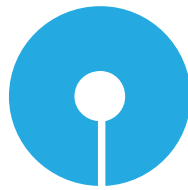
sd/-  
**Amit Shah**  
Company Secretary

## Contact us

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Ahmedabad	+91 (79) 2656 0122/2426	+91 (79) 2656 5718	head.aro@sbicaps.com
<b>Subsidiaries:</b>			
SBICAP Securities Ltd.	+91 (22) 4227 3300/3301	+91 (22) 4227 3472	helpdesk@sbicapsec.com
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