

# Annual Report 2017-18

■ Persistence is the  
Cornerstone of Success





## NEVER UNDERESTIMATE THE POWER OF PERSISTENCE

There is an inherent strength in persistence. It can whittle down obstacles and challenges like the way a river cuts through a rock, not because of its power but because of its persistence. Guided by a definite purpose, backed by a burning desire of achievement, steered by a clear-cut plan, persistence can open up any door closed by the resistance of problems. Results are simply inevitable. The ability to never give up, never lose faith and the loyalty towards being a part of the solution rather than the problem have been the providers of our success and progress over the past three decades. As one of India's leading Investment Banks and project advisers, we find ways not excuses to deliver cutting-edge solutions for our clients which, in turn has helped shape the Indian infrastructure story and contributed to nation building. While achieving this, the compelling reason for our victory over all odds has been our habit of persistence. We staunchly believe as long as we persist, we will be successful.



# VISION

To be the best India based  
Investment Bank.

# MISSION

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



■ Persistent intent and  
determined action are an  
unbeatable combination  
for success.

# INDEX

Board of Directors .....	05
Awards & Rankings .....	07
About Us .....	10
Financial Highlights & Market Standing .....	11
Project Advisory & Structured Finance Group (PA&SF) .....	14
Investment Banking Group (IBG) .....	16
Directors' Report .....	17
Consolidated Financial Statements - Independent Auditors' Report .....	68
Consolidated Financial Statements - CAG Comments .....	73
Consolidated Balance Sheet .....	74
Consolidated Statement of Profit & Loss .....	75
Consolidated Cash Flow Statement .....	76
Notes to Consolidated Financial Statements .....	78
Standalone Financial Statements - Independent Auditors' Report .....	108
Standalone Financial Statements - CAG Comments .....	115
Standalone Balance Sheet .....	116
Standalone Statement of Profit & Loss .....	117
Standalone Cash Flow Statement .....	118
Notes to the Standalone Financial Statements .....	120





■ Persistence can never be demanded.  
It is inspired by a stimulating vision.

# THE MOVERS & SHAKERS

## OUR BOARD OF DIRECTORS



**Shri Dinesh Kumar Khara**

Non-Executive  
Nominee Director



**Smt. Bharati Rao**

Non-Executive  
Nominee Director



**Shri Rajnish Kumar**

Non-Executive Chairman



**Smt. Aruna Jayanthi**

Non-Executive  
Independent Director



**Shri Narayan K. Seshadri**

Non-Executive  
Independent Director



**Shri T. L. Palani Kumar**

Non-Executive Director



**Smt. Varsha Purandare**

Managing Director & CEO



**Shri Biswa Ketan Das**

Whole-Time Director

■ Be thankful for the hardest times.  
They lead to the greatest moments.





# AWARDS & RANKINGS

## ★★★ The Asset Triple A Asia Infrastructure Awards 2018 ★★★

Project Finance House  
of the Year, India

## ★★★ The Asset Triple A Asia Infrastructure Country Deals Awards (South Asia) ★★★

Green Project of the Year  
Adani Green Energy  
(₹ 27.96 billion term loan facility)

Petrochemical Deal of the Year  
HPCL Mittal Energy Limited  
(USD 2.07 billion term loan)

PPP Deal of the Year  
Chhattisgarh East Railway Limited  
(₹ 24.43 billion debt financing)

Airport Deal of the Year  
Mumbai International Airport  
(₹ 83 billion term loan facility)

## ★★★ The Asset Triple A Country Awards 2017 ★★★

Best IPO,  
India for Avenue Supermarts  
₹ 18.7 billion IPO

Best QIP,  
India for State Bank of India's  
USD 2.3 billion QIP

Best Quasi-Sovereign Bond, India for  
NTPC €500 million Senior Unsecured  
notes due 2027

Best Masala Bond, India for  
National Highways Authority of India  
₹ 30 billion senior unsecured  
masala bonds

Best New Bond, India for  
HPCL USD 500 million  
inaugural senior unsecured notes

## ★★★ Arogya World Healthy Workplace - Gold Level Award ★★★

'Healthy Workplace - Gold Level Award 2017'  
by Arogya World in association with the  
Public Health Foundation of India

## ★★★ Dealogic ★★★

Ranked No. 2 in the Global Project Finance  
Loans Mandated Lead Arranger Ranking  
2017 with market share of 6.0%  
(volume USD 15,464 million)

Ranked No. 1 Mandated Lead Arranger - Middle  
East & African Project Finance Loans Ranking  
2017 with market share of 7.7%  
(volume USD 2,590 million)

No. 1 Financial Adviser of Global Project  
Finance with 13.5% market share  
(USD 13,848 million volume)

No. 1 Financial Adviser to Consortium - Global  
Project Finance with market share of 14.0%  
(volume USD 13,678 million)

## AWARDS & RANKINGS

No. 1 Financial Adviser of Global Project Finance with 13.5% market share (USD 13,848 million volume)

No. 1 Financial Adviser to Consortium - Global Project Finance with market share of 14.0% (volume USD 13,678 million)

No. 2 MLA Asia Pacific Project Finance Loans with market share of 10.6% (USD 12,874 million)

No. 1 Financial Adviser Asia Pacific Project Finance Financial Adviser to Consortium Ranking 2017 - market share 31.2% (volume USD 10,291 million)

No. 1 Financial Adviser Asia Pacific Project Finance with market share of 29.6% (volume USD 10,461 million)

### ★★★ Bloomberg League Tables ★★★

Ranked No. 2 with 9.985% (volume USD 12,452 million) market share in APAC Project Finance Loans (Mandated Lead Arranger)

Ranked No. 2 with a market share of 12.939% (volume USD 10.392 million) in APAC Project Finance Loans (Bookrunner)

Asia ex-Japan Loans - SBI ranked 2 as MLA with market share of 3.969% (volume USD 8,68,490 million)

Ranked No. 1 - Indian Borrower Loans Bookrunner with 29.444% market share (volume INR 1,007,525 million)

Ranked No. 1 - Indian Borrower Loans Mandated Lead Arranger with 29.571% market share (volume INR 1,007,525 million)

Ranked No. 1 - Local currency loans Bookrunner with 40.009% (volume INR 795,899 million)

### ★★★ Thomson Reuters - PFI ★★★

Ranked No. 1 - Global Bookrunner (market share 5.6% with volume USD 7,712.2 million)

Ranked No. 2 - Global MLA Project Finance Loans (market share 4.5% and volume USD 10,388.1 million)

Retained both No. 1 - Asia Pacific and Japan MLA Project Finance Loans (market share 12.9% and volume USD 10,388.1 million) and Bookrunner Project Finance Loans (market share 15.7% and volume 7,712.2)

### ★★★ Thomson Reuters LPC / Basis Point ASIA PACIFIC 2017 Syndicated Loans ★★★

Ranked No. 1 South Asia Mandated Arranger with market share of 14.04% (volume - USD 3,568,743,333)

### ★★★ Prime Database ★★★

Ranked 3<sup>rd</sup> in terms of all equity issuances (20), 2<sup>nd</sup> by number of IPOs launched (12) and No. 3<sup>rd</sup> in terms of number of QIPs launched (7) in FY 2018.





■ Excellence is a journey.  
But discipline is the way to it.

■ The will to endure is the difference between failure and success.



## ABOUT US

SBICAP Capital Markets Ltd. (SBICAP), one of India's leading domestic Investment Banks, 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) 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.

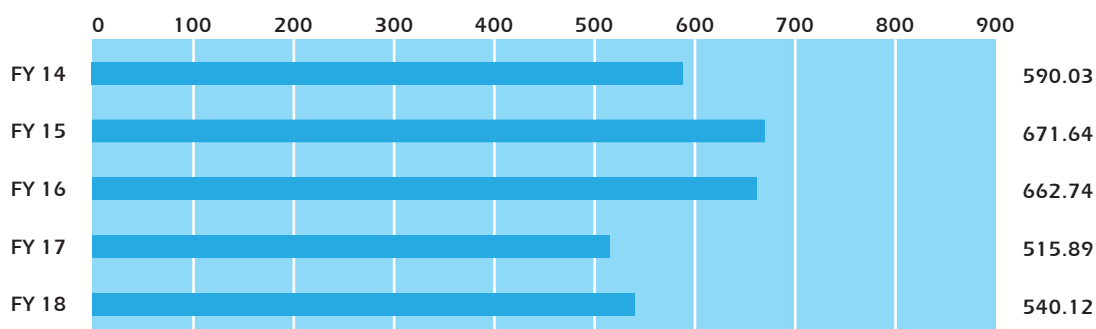
SBICAP also offers services in the areas of Equity Broking & Research, Security Agency & Debenture Trusteeship and Private Equity Investment & Asset Management through its wholly-owned subsidiaries SBICAP Securities Limited, SBICAP Trustee Co. Ltd. and SBICAP Ventures Limited, respectively.



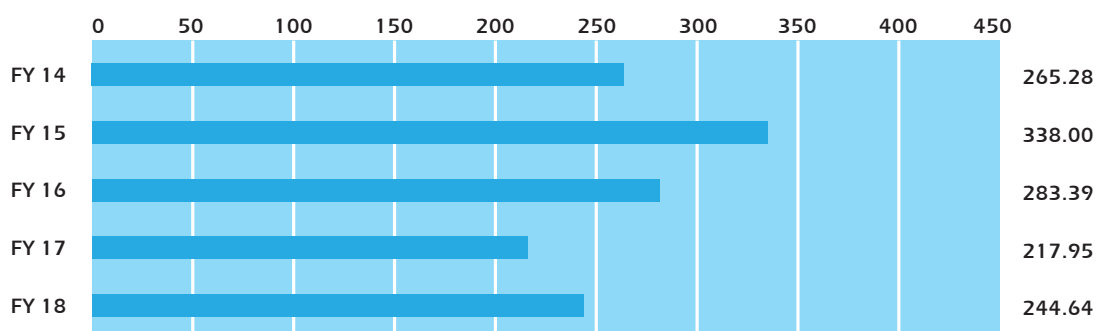


## FINANCIAL HIGHLIGHTS

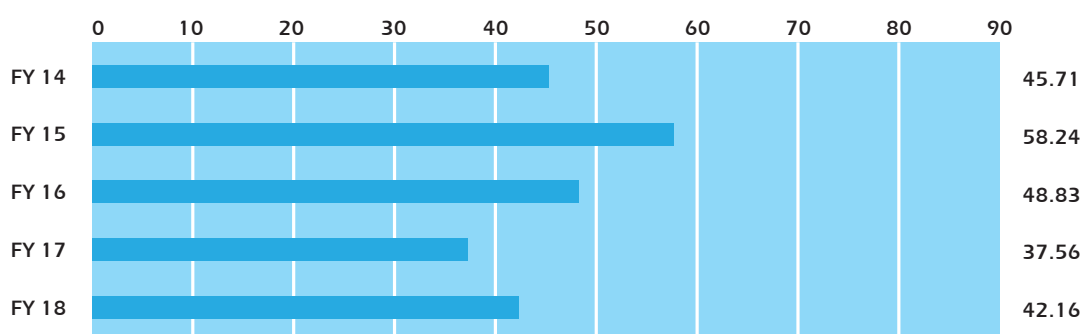
### GROSS INCOME (₹ in Crores)



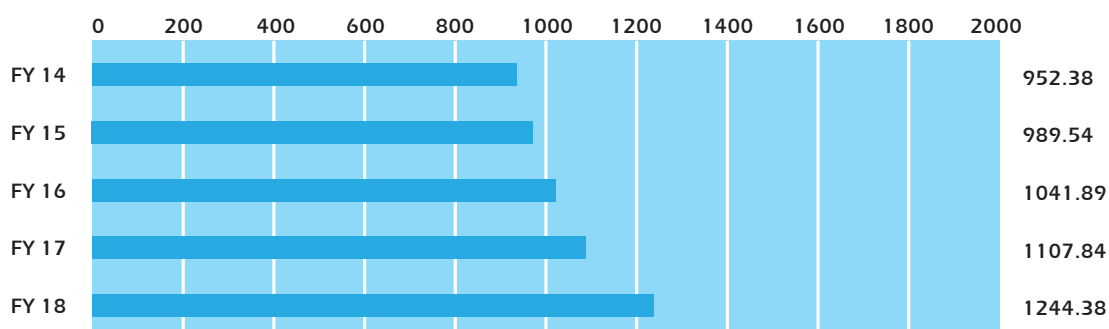
### PROFIT AFTER TAX (₹ in Crores)



### EARNINGS PER SHARE (₹ in Crores)



### NET WORTH (₹ in Crores)

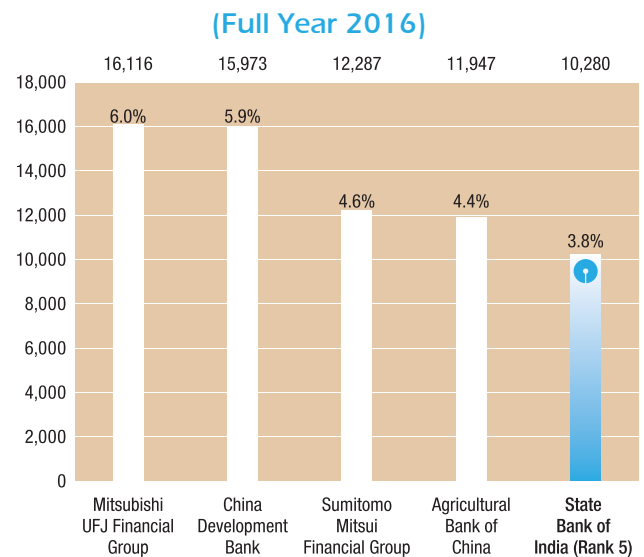
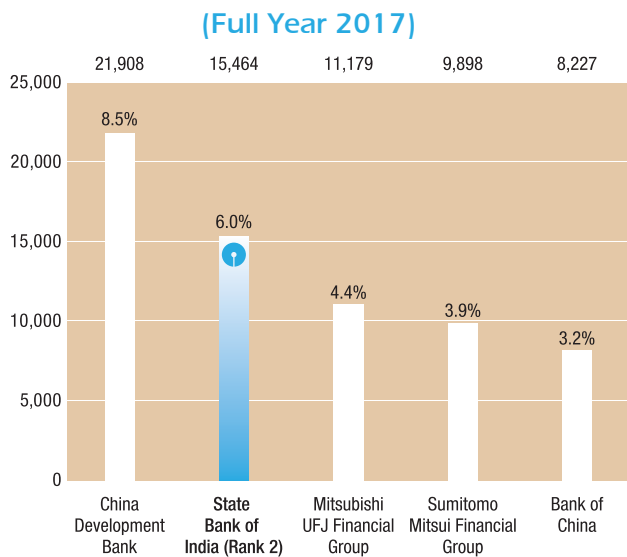


Without initiative, leaders are simply workers in leadership positions.

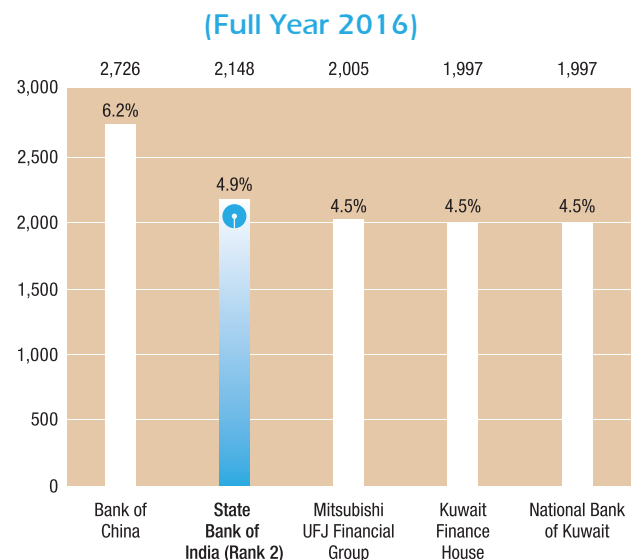
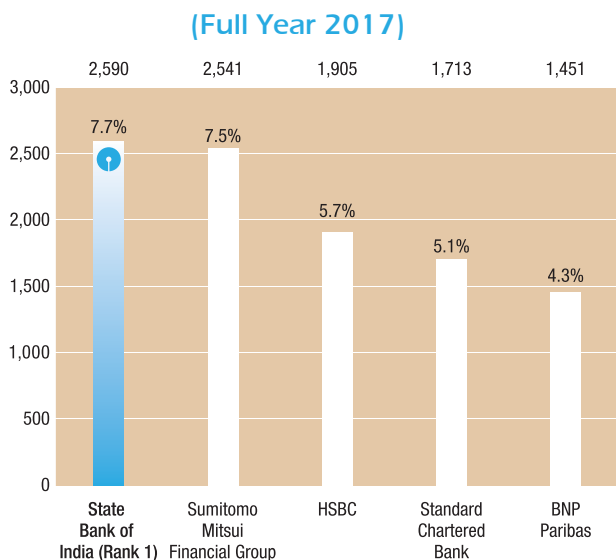


## MARKET STANDING

### Global Project Finance Loans Rankings (Value in USD million, Market Share in %)



### Middle East & African Project Finance Loans Ranking (Value in USD million, Market Share in %)



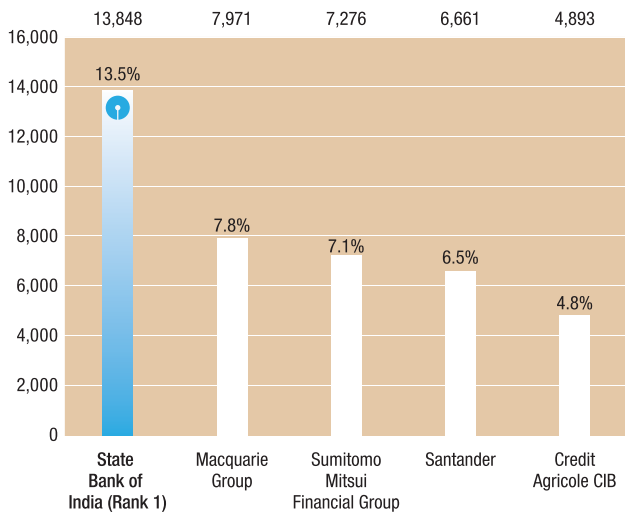
Source: Dealogic Project Finance Report Full-year 2016 and 2017



## Global Project Finance Volume by Financial Adviser Rankings

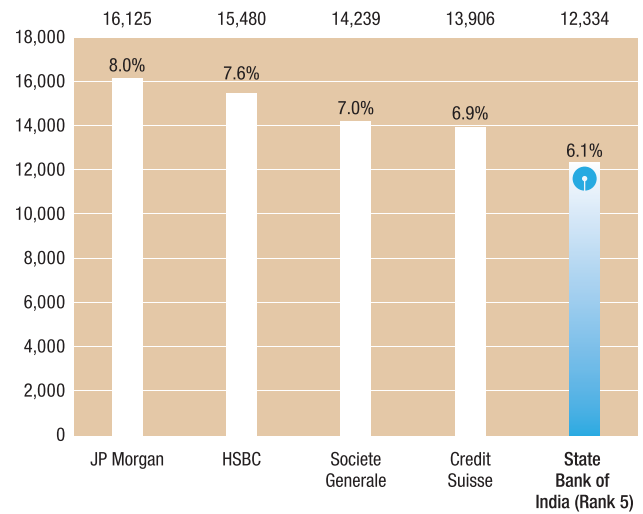
(Value in USD million, Market Share in %)

(Full Year 2017)



Source: Dealogic Project Finance Report Full-year 2016 and 2017

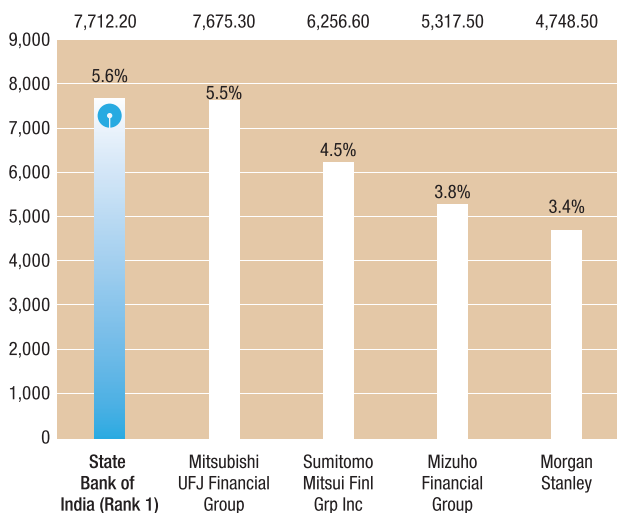
(Full Year 2016)



## Global Bookrunners (X3)

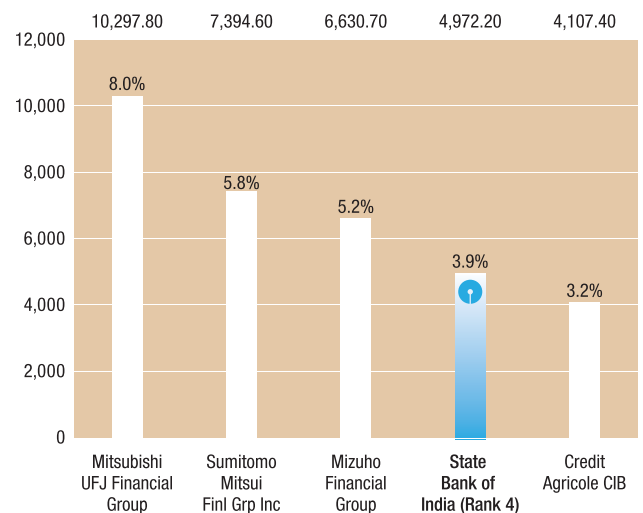
(Proceeds per Bookrunner in USD million, Market share in %)

(Full Year 2017)



Source: Thomson Reuters Full Year 2016 and 2017

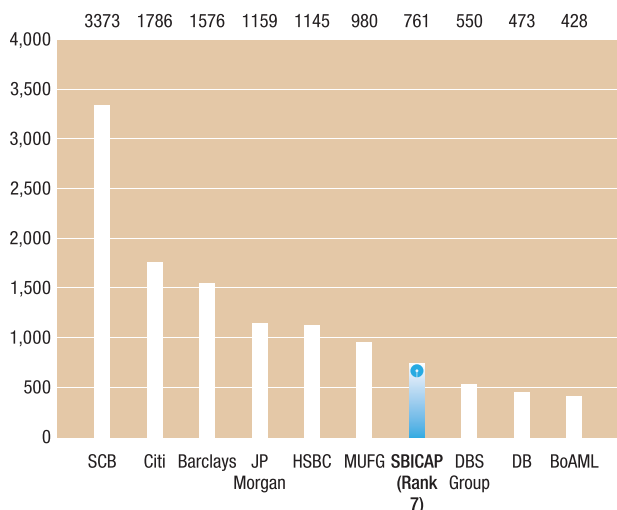
(Full Year 2016)



## Foreign Currency Bond

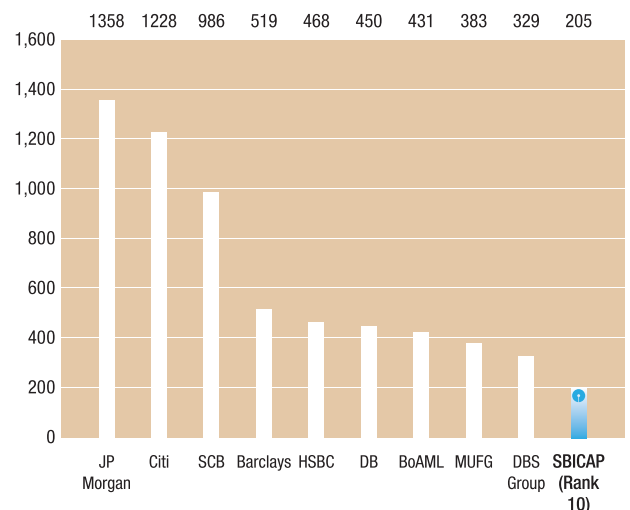
(Value in USD million)

(Full Year 2017)



Source: Bloomberg Ranking for Asia Ex Japan G3 Currency bond issuances by Indian Domiciled Issuers Category

(Full Year 2016)





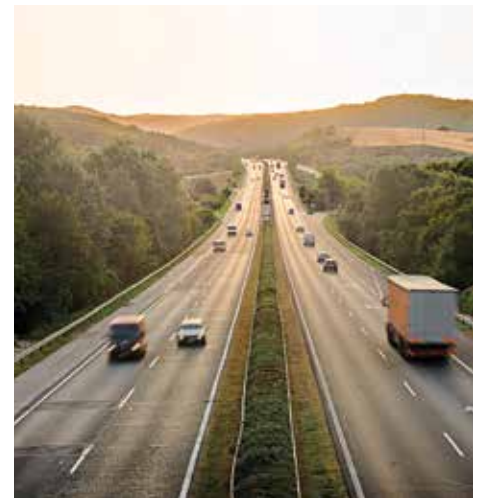
■ It takes determination and hard work, not magic, to turn a dream into reality.

## 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 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. The group is actively engaged with various stakeholders like Government agencies, lenders, etc. towards resolution of Stressed Assets while continuing 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
- Capital raising for banks through ECA / Multilaterals

### Corporate Restructuring / Debt Resolution Advisory inside and outside Corporate Insolvency Resolution Process

- Re-organisation and re-capitalization advisory
- Financial viability and business plan advisory
- Debt restructuring within the relevant RBI framework
- Bid process advisory and debt resolution advisory
- Advisory services to Committee of Creditors for evaluating the resolution proposal under Insolvency
- Advisory services to Resolution Professionals under Corporate Insolvency Resolution Process (CIRP)



True leadership is a moral authority towards nation building.



Follow your instinct,  
it doesn't lie,  
and there's no regret.

## 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 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
- Masala Bonds
- Structured Debt / Securitisation
- Credit Enhanced Bonds
- Municipal Bonds
- Fund Raising Advisory

## Directors' Report For The Financial Year 2017-18

To the Members,

Your Directors are pleased to present the 32<sup>nd</sup> Annual Report of the Company together with the audited accounts for the year ended 31<sup>st</sup> March, 2018.

### FINANCIAL PERFORMANCE (Standalone and Consolidated)

The Company's financial performance for the year ended 31<sup>st</sup> March, 2018 is summarized below:

(₹ in Crores)

Particulars	Standalone		Consolidated	
Financial Year ended March 31	2018	2017	2018	2017
<b>Operating Results</b>				
<b>Gross Income:</b>				
a) Fee based Income	396.47	433.73	780.58	713.91
b) Income from securities and other Income	143.65	82.16	146.90	82.60
<b>Total</b>	<b>540.12</b>	<b>515.89</b>	<b>927.48</b>	<b>796.52</b>
Profit before Provisions, Depreciation, Interest and Tax	375.32	355.19	502.22	414.21
Provisions	17.14	32.64	21.00	34.08
Depreciation	8.51	9.99	16.00	27.20
Interest	0.32	-	2.47	1.62
Profit before tax	349.35	312.57	462.76	351.31
Less: Provision for Tax	104.71	94.62	135.16	99.28
Add: Share in net profit of associate	-	-	0.28	0.21
Profit after Tax	244.64	217.95	327.87	252.24
Add: Balance in Profit and Loss Account	615.47	559.01	702.53	612.95
<b>Sub-total</b>	<b>860.11</b>	<b>776.96</b>	<b>1,030.40</b>	<b>865.19</b>
<b>Add: Share in Profit of Associate up to the end of preceding financial year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Sub-total</b>	<b>860.11</b>	<b>776.96</b>	<b>1,030.40</b>	<b>865.19</b>
<b>LESS: APPROPRIATION</b>				
Transferred to General Reserve	24.46	21.79	24.46	22.96
Dividend on Equity Shares	130.58	116.07	130.58	116.07
Tax on Dividend	26.58	23.63	26.58	23.63
<b>CLOSING BALANCE</b>	<b>678.49</b>	<b>615.47</b>	<b>848.78</b>	<b>702.53</b>
<b>Financial Position</b>				
Equity Share Capital	58.03	58.03	58.03	58.03
Reserves and Surplus	1,186.35	1,098.87	1,365.85	1,190.29
<b>Other Selected Data</b>				
Earnings per share (₹)	42.16	37.56	56.50	43.46
Return on Equity	19.66%	18.84%	23.03%	20.21%
Dividend per share (₹)	22.50	20.00	-	-
Book Value per share (₹)	214.42	199.35	245.35	215.10

### Standalone and Consolidated - Revenues and Profits

On a standalone basis, your Company has achieved total income of ₹ 540.12 crores (previous year ₹ 515.89 crores). The Company booked fee based income of ₹ 396.47 crores (previous year ₹ 433.73 crores) a decrease of income by 8.59% in the current year as compared to previous financial year. The Company has reported Profit after Tax (PAT) of ₹ 244.64 crores (previous year ₹ 217.95 crores) PAT has increased by 12.25% in the current year as compared to previous financial year.

## Directors' Report For The Financial Year 2017-18

On a consolidated basis your Company has achieved total income of ₹ 927.48 crores (previous year ₹ 796.52 crores). The Company booked fee based income of ₹ 780.58 crores (previous year ₹ 713.91 crores) an increase of income by 9.34% in the current year as compared to previous financial year. The Company has reported Profit after Tax (PAT) of ₹ 327.87 crores (previous year ₹ 252.24 crores) PAT has increased by 29.98% in the current year as compared to previous financial year.

### DIVIDEND

The Board, in its meeting held on 27<sup>th</sup> March, 2018 declared Interim Dividend of ₹ 22.50/- per equity share. The payment of Interim Dividend has resulted in Dividend outflow of ₹ 130.58 crores and Dividend Distribution Tax of ₹ 26.58 crores aggregating to ₹ 157.16 crores. The Directors recommend that the Interim Dividend of ₹ 22.50/- per equity share be now declared as the Final Dividend payable for the year 2017-18.

### TRANSFER TO RESERVES

Out of the current year's profits, the Directors propose that a sum of ₹ 24.46 crores be transferred to the General Reserve. An amount of ₹ 1,186.35 crores are proposed to be retained in the reserves and surplus at the standalone level.

### REVIEW OF BUSINESS PERFORMANCE OF THE COMPANY

The performance of your Company during the financial year 2017-18 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 Two in terms of number of Equity Issuances (29 issues representing 18.4% of the overall number of issues) and number Four in terms of issue amount raised in the market (approx. ₹ 59,377 crores representing 30.5% of the overall amount raised).

During the year, ECM Group achieved gross fee income of ₹ 50.87 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, Buy-Back and Advisory during the year.

With a strategic focus on pursuing private placement, the ECM Group had been actively engaged with clients and managed seven QIP transactions with the marquee transactions including QIP issues of State Bank of India (issue size of ₹ 15,000 crores – one of the largest QIP in the history of Indian Capital Markets), Jindal Steel and Power Ltd. (issue size of ₹ 1,200 crores), Vijaya Bank (issue size ₹ 700 crores), Edelweiss Financial Services Ltd. (issue size of ₹ 1,528 crores) and mid-market transactions including Satin Creditcare Network Ltd. (issue size ₹ 150 crores), Bodal Chemicals Ltd. (issue size of ₹ 225 crores) and Sanghi Industries Ltd. (issue size of ₹ 400 crores).

With a continued focus on the BFSI sector, SBICAP has also concluded stake sale transactions for IFCI Ltd. in National Stock Exchange of India Ltd. and for State Bank of India in Clearing Corporation of India Ltd.

During the year, the ECM Group also completed the buy-back of SJVN Ltd. Further, SBICAP was the Lead Manager in the OFS issues of National Aluminium Co. Ltd. (issue size of ₹ 1,203 crores), NMDC Ltd. (issue size of ₹ 1,233 crores), Rashtriya Chemicals and Fertilizers Ltd. (issue size of ₹ 207 crores), National Fertilizers Limited (issue size of ₹ 536 crores) and Hindustan Copper Limited (issue size of ₹ 409 crores) and one of the lead managers to the Rights Issue of Tata Steel Limited (issue size of ₹ 12,703 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 following IPOs during financial year 2017-18, some of which are listed below:

- (i) SBI Life Insurance Co. Ltd. (issue size of ₹ 8,388 crores);
- (ii) Hindustan Aeronautics Ltd. (issue size of ₹ 4,240 crores);
- (iii) ICICI Securities Ltd. (issue size of ₹ 3,515 crores);
- (iv) Reliance Nippon Life Asset Management Ltd. (issue size of ₹ 1,542 crores);
- (v) Cochin Shipyard Ltd. (issue size of ₹ 1,443 crores);
- (vi) Housing & Urban Development Corp Ltd. (issue size of ₹ 1,210 crores);
- (vii) Security & Intelligence Services (India) Ltd. (issue size of ₹ 780 crores);



## Directors' Report For The Financial Year 2017-18

(viii) Amber Enterprises India Ltd. (issue size of ₹ 600 crores);

(ix) Central Depository Services (India) Ltd. (issue size of ₹ 524 crores);

(x) H.G. Infra Engineering Ltd. (issue size of ₹ 462 crores);

Additionally, other defence related Government divestment mandates were concluded cumulating to over ₹ 1,300 crores including the IPOs of Mishra Dhatu Nigam Ltd. and Bharat Dynamics Ltd.

Your Company was also accredited the Best QIP, India for State Bank of India's USD 2.3 billion QIP and Best IPO, India for Avenue Supermarts Ltd. 18.7 Billion Rupees IPO by Asset Triple - A Country Awards 2017.

With the positive change in scenario in the economy on the anvil, ECM group 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 financial year 2017-18, DCM successfully executed 64 NCD issuances (Debt issuances) through private placement basis, which garnered an aggregate amount of ₹ 98,834 crores. Further, your Company has improved its ranking to number Six in Prime Ranking for handling debt issues on private placement basis.

During FY 2018, there were only two Municipal Bond issues of which SBICAP was the sole arranger for both the issuances. DCM group successfully executed first Municipal Bond issue in India for Pune Municipal Corporation followed by Greater Hyderabad Municipal Corporation. Both the issuances received huge response from the investors.

Some of the large issues successfully executed on private placement during the year include – TATA Capital Financial Services Ltd., L&T Finance Ltd., PNB Housing Finance Ltd., Mahindra & Mahindra Financial Services Ltd., Cholamandalam Investment & Finance Co. Ltd., Piramal Finance Ltd., Housing Development Finance Ltd., National Highway Authority of India, Pune Municipal Corporation, Greater Hyderabad Municipal Corporation among others.

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

The PA&SF group (erstwhile Infrastructure Group) has maintained its leadership position in the country, despite a challenging year, with a market share of 43.19% (Bloomberg). The PA&SF group was Mandated Lead Arranger (MLA) for loans worth ₹ 92,239.80 crores through 27 deals. During the year under review, PA&SF earned a gross fee income of ₹ 347.75 crores (Previous Year ₹ 382.91 crores).

Your Company also continued to be the frontrunner in Advisory and Syndication Services (which aggregated ₹ 242.04 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 (₹ 65.74 crores) for the year as this showcased PA&SF's strength to take up diverse assignments and execute them. Your Company also booked significant income under the Debt Restructuring / CDR Advisory (₹ 37.62 crores) and could secure mandates across a wide spectrum of industries.

From the rankings issued by various publications, it is visible that 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 for Project Finance Loans as well as Book-runner in the 2017 Rankings of the Thomson Reuters PFI League Tables. In Thomson Reuters PFI League tables for 2017, your Company ranked first in Global Bookrunner with market share of 5.6% and second in Global MLA Project Finance Loans with a market share of 4.5%. In Dealogic Project Finance League Tables 2017, your Company secured second position in Global Project Finance Loans Mandated Lead Arranger Rankings with market share of 6% and ranked No.1 Financial Advisor of Global Project Finance with 13.5% market share. In Bloomberg League Tables 2017, your Company ranked No. 2 Mandated Lead Arranger Asia ex-Japan Loans and ranked No. 1 Mandated Lead Arranger for Indian Loans. These rankings and awards showcase our strength which is globally acknowledged.

Some of the marquee deals undertaken this year by the PA&SF Group include:

- 1) HPCL – Mittal Energy expansion of Bhatinda Refinery complex - Your Company was mandated as the advisor and arranger for funds required for expansion plans of Guru Gobind Singh refinery at Bhatinda, Punjab. This transaction was listed in the top 15 Global Project Finance Deals of Dealogic Global Project Finance League tables 2017.
- 2) Refinancing advisory to Lalitpur Power Generation Company for flexible structuring of its debt of under RBI's 5/25 scheme for its thermal power project in Lalitpur, Uttar Pradesh.

## Directors' Report For The Financial Year 2017-18

3) SBICAP was the Sole Financial Advisor to Mumbai International Airport Pvt. Ltd. (MIAL) and assisted it during the entire process of fund raising, down-selling and documentation.

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 ₹ 63.59 crores, a growth of 75% YoY, as compared to ₹ 36.31 crores in the corresponding period last year. Relatively higher growth in income was on account of profit booking on long term fixed rate investments and additional interest income on increased liquid surplus.

Major investments of the company were in liquid mutual funds, parked for Company's down-selling requirements. Average returns from liquid mutual fund investments came down to 6.49% due to fall in market interest rates for major part of the year.

Our fixed income portfolio comprising of Fixed Maturity Plans, Debt Mutual Funds and Tax-free bonds yielded an average return of 8.31% during the year. Apart from investments in fixed income securities, your Company also booked a profit of ₹ 0.45 crores from equity investments during the year.

### (e) Asset Finance

Pursuant to SEBI directives, the Company stopped executing fresh Leasing and Hire purchase contract w.e.f. 01<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 resource 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 / work-shops in India and abroad.

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 (IT) group provides solutions for efficient business operations. During the year, IT group had undertaken various initiatives as part of digital transformation and governance. Statutory changes related to GST have been implemented in existing ERP solution. IT group has undertaken upgrade of CRM lead management solution and intranet portal has been revamped. The Company is committed in its endeavour to seek and implement the best business processes and solutions prevailing in the Industry, which will enable the Company to bring in more efficiency and effectiveness in operations.

# Directors' Report For The Financial Year 2017-18

## AWARDS & RANKINGS

Your Company continued to receive domestic and international awards and top rankings during the financial year 2017-18, prominent among them are as follows:

- Asia Infrastructure Awards 2018 for Project Finance House of the year, India at the Asset Triple A;
- The Asset Triple A Asia Infrastructure Country Deals Awards (South Asia) for the following:
  - Green Project of the year - Adani Green Energy (₹ 27.96 billion term loan facility)
  - Petrochemical deal of the year - HPCL Mittal Energy Limited (USD 2.07 Billion term loan)
  - PPP deal of the year - Chhattisgarh East Railway Limited (₹ 24.43 billion debt financing)
  - Airport deal of the year - Mumbai International Airport (₹ 83 billion term loan facility)
- The Asset Triple A Country Awards 2017 in the following categories:
  - Best IPO Award for Avenue Supermarts Ltd. ₹ 18.7 billion IPO in which SBICAP was one of the book-runner and lead manager
  - Best QIP Award for State Bank of India's USD 2.3 billion QIP in which SBICAP was one of the joint book-runner and lead manager
  - Best Quasi-Sovereign Bond, India for NTPC € 500 million Senior Unsecured notes due in which SBICAP was one of the joint book-runner and lead manager
  - Best Masala Bond, India for National Highways Authority of India ₹ 30 billion senior unsecured masala bonds in which SBICAP was one of the joint book-runner and lead manager
  - Best New Bond, India for HPCL USD 500 million inaugural senior unsecured notes in which SBICAP was one of the joint book-runner
- Awarded 'Healthy Workplace - Gold Level Award 2017' by Arogya World in association with the Public Health Foundation of India

Your Company have received top rankings from many ranking agencies for the FY 2017-18. Significant among them are:

### Dealogic

- **Number One** Mandated Lead Arranger - Middle East & African Project Finance Loans Ranking 2017 with market share of 7.7% (volume USD 2,590 million)
- **Number One** Financial Adviser of Global Project Finance with 13.5% market share (USD 13,848 million volume)
- **Number One** Financial Adviser to Consortium - Global Project Finance with market share of 14.0% (volume USD 13,678 million)
- **Number One** Financial Adviser - Asia Pacific Project Finance with market share of 29.6% (volume USD 10,461 million)
- **Number One** Financial Advisor Asia Pacific Project Finance Financial Adviser to Consortium Ranking 2017 - Market share 31.2% (volume USD 10,291 million)
- **Number Two** MLA Asia Pacific Project Finance Loans with market share of 10.6% (USD 12,874 million)
- **Number Two** in the Global Project Finance Loans Mandated Lead Arranger Ranking 2017 with market share of 6.0% (volumes USD 15,464 million)
- **Number Three** Global PFI / PPP Project Finance MLA - Market Share 4.7% (volume USD 2,278 million)

### Bloomberg League Tables

- **Number One** - Indian Borrower Loans Mandated Lead Arranger with 29.571% market share (volume INR 1,007,525 million)
- **Number One** - Local currency loans Mandated Lead Arranger with 43.195% (volume INR 922,398 million)
- **Number Two** with 9.985% (Volume USD 12,452 million) market share in APAC Project Finance Loans (Mandated Lead Arranger)
- **Number Two** Asia ex-Japan Loans - SBI as MLA with market share of 3.969% (volume USD 16,326 million)
- **Number Four** with 3.321% market share in the APAC ex-Japan Loans (MLA) (volume USD 16,397 million)
- **Number Four** - Indian Borrower Foreign Currency Loans Mandated Lead Arrangers with market share of 6.656% (USD 1,304 million)



## Directors' Report For The Financial Year 2017-18

### Thomson Reuters-PFI

- **Number One** in Global Bookrunner (market share 5.60% with volume USD 7,712.2 million)
- **Retained Number One** position in Asia Pacific and Japan MLA Project Finance Loans (market share 12.9% volume USD 10388.1 million) and Bookrunner Project Finance Loans (market share 15.7% and volume USD 7,712.2)
- **Number Two** position in Global MLA Project Finance Loans (market share 4.5% and volume USD 10,388.1 million)

### Thomson Reuters LPC / Basis Point ASIA PACIFIC 2017 Syndicated Loans

- **Number One** in South Asia Mandated Arranger with market share of 14.04% (volume - USD 3,568,743,333)

### Prime Database

- **Number Two** in terms of IPOs launched (12), **Number Three** in terms of all equity issuances (20) and **Number Three** in terms of number of QIPs launched (7) in FY 2017-18

### 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

In the backdrop of regulatory changes and on account of various other reasons the Company is in the process of realigning and recasting the business activities of the Company. The proposed realignment and recasting of business activities are likely to have an impact on the future revenues of the Company.

### 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 2017-18, the Board of Directors of your Company reviewed the business 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.sbicaps.com](http://www.sbicaps.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, 2018 your Company has in all five subsidiaries of which three are domestic and two are foreign subsidiaries, namely:

- SBICAP Securities Ltd.;
- SBICAP Trustee Company Ltd.;
- SBICAP Ventures Ltd.;
- SBICAP (UK) Ltd.;
- SBICAP (Singapore) Ltd.

### PERFORMANCE AND FINANCIAL POSITION OF SUBSIDIARIES

The performance of the five subsidiaries during the year 2017-18 are as follows:

#### 1. SBICAP Securities Limited (SSL)

(₹ in Crores)

Particulars	2017-18	2016-17
Total Income	357.56	250.35
Total Expenses	257.12	226.83
Profit Before Tax	100.44	23.52
Profit After Tax	75.60	26.06

## Directors' Report For The Financial Year 2017-18

### i) Institution Broking:

SSL continues to build on the transformational initiatives that were implemented last year. Sectoral conferences, Road-shows and expert series events were held during the financial year to broaden and deepen client relationships.

The impact of these initiatives undertaken with the clients has resulted an increase in the market share by 33.12% in FY 2017-18.

The Institutional Equities platform is shaping up on the back of high quality research, differentiated corporate access and deep sales coverage. The basic DNA in terms of people, culture and processes are in place and geared to increase the market share. Important investment banking mandates have been executed and a strong build up in deal driven sales has been successfully implemented.

### ii) Retail Broking:

In terms of retail broking, brokerage revenue grew by 33% year on year basis in 2017-18. With the ongoing focus on acquiring quality retail clients, SSL have added over 2,50,000 new accounts to the client base in FY 2017-18, a year-on-year growth of 31% over the previous financial year. 97% of accounts sourced are subscription based or paid accounts.

Equity and Currency Derivative volumes have accelerated during FY 2017-18. Turnover from derivative segment almost doubled in FY 2017-18.

Following are some of the initiatives introduced during the year to scale up revenue and improve client engagement:

1. Digitisation of products and processes: Digital account opening mobile app for our relationship managers was introduced.
2. Introduction of Portfolio Tracker: Clients can now get complete 360 degrees view of their investments and track all the asset classes at a glance.
3. Integrated Portfolio tracker: Portfolio tracker being integrated with SBI's flagship YONO app to give clients a seamless experience across the investment journey.
4. Intraday Charting Tool: Advanced Intraday charting tool made available on desktop based trading platform "SBI SMART Express" to empower the trading experience.
5. BSE Star MF was launched on SBISMAST platform, making mutual fund investment execution simpler and faster. It also enabled mutual fund unit allotment in Demat format.
6. Introduced Online Buyback facility used for self as well as dealer assisted online buy-back of shares.

### iii) Retail Investments & Services (Formerly Sales & Distribution):

1. The vertical's contribution to SSL's operating profit almost doubled during the year. There is a growth of 81% as compared to the last Financial year.
2. Stellar performance was witnessed in distribution of the following financial products.
  - a. GOI bonds – ₹ 2,614 crores vs ₹ 1,374 crores previous year. Growth of 90%;
  - b. Highest ever mobilisation of Capital Gain Bonds – Growth of 57%;
  - c. The fresh SIP book grew by 33%.
3. Average Revenue Contribution per employee to Top-line stood at ₹ 94 lacs & to the bottom-line it was at ₹ 17 lacs.

### iv) Home Loan:

- 1) Logged ₹ 12,307 crores with sanction of ₹ 8,140 crores. Disbursement during the April, 2017 to March, 2018 was ₹ 7,886 crores as against ₹ 3,715 crores for April, 2016 to March, 2017, an increase of 112%.
- 2) Number of locations has been increased from fourteen in March, 2017 to twenty five in March, 2018. Staff strength has gone up from 600 in March, 2017 to 1,331 March, 2018.
- 3) Several RE initiatives like setting of Real estate advisory is being worked out.

### (v) Auto Loan:

- 1) Disbursement during the April, 2017 to March, 2018 was ₹ 4,771.47 crores as against ₹ 1,995.27 crores for April, 2016 to March, 2017, an increase of 139%.
- 2) Number of locations increased from 15 in March, 2017 to 93 in March, 2018.

## Directors' Report For The Financial Year 2017-18

### (vi) Debt:

- 1) During the year under review, SSL have successfully executed first Municipal Bond issue in India for Pune Municipal Corporation. This was followed by second Municipal Bond issue for Greater Hyderabad Municipal Corporation.
- 2) SSL had placed SBI Basel 3 AT 1 issuance @ 8.15% with 21 investors in primary itself this was unique as first SBI was doing the first deal in the Electronic bidding platform & the spread was lowest over GSEC at 152 bps as compared to 189 bps to the first issuance. The lowest coupon by any bank in domestic market for Basel 3 AT 1 @ 8.15%.
- 3) Improvement in ranking in Prime and Bloomberg league tables.

### 2. SBICAP Trustee Company Limited (SBICTCL)

Summary of the financial highlights for the year 2017-18 and 2016-17 are as under:

(₹ in Crores)

Particulars	2017-18	2016-17
<b>Operating Result</b>		
Gross Income		
a) Fee based – Trustee Remuneration Fees	26.96	26.82
b) Other Income	3.43	3.50
Total	30.39	30.32
Expenses	14.08	12.71
Profit Before Tax	16.31	17.61
Profit After Tax	11.90	11.68

During the year 2017-18, SBICTCL has added 287 new assignments worth ₹ 3,98,461 Crores in securities to its portfolio. It has registered a Gross Income of ₹ 30.39 Crores and profit after tax of ₹ 11.90 Crores as against Gross Income of ₹ 30.32 Crores and profit after tax of ₹ 11.68 Crores for the year 2016-17.

Major portion of trusteeship revenue is derived from Security Trusteeship. Poor credit offtake by Corporates from the Banking sector in the country led to plateauing of business and profit growth during the year.

New initiatives and streamlining of operations with focus on trusteeship from other major Indian and Foreign Banks is expected to improve the market share during the year 2018-19.

Presently, SBICTCL is undertaking various Corporate Trusteeship activities viz. Security Trusteeship, Debenture Trusteeship, Escrow Agent, Security Agent, Pledge of Shares, Online Will management, Alternate Investment Fund Trusteeship etc.

It proposes to undertake various additional activities like Lenders Facility Agency, Securitisation Trustee, ESOP and Employee Welfare Trustee, trusteeship for REITS and INVITS etc.

SBICTCL has put in place a robust IT platform called "Trustee Enterprise Management System (TEMS), an end-to-end Business Automation System encompassing various modules viz. Lead Management, Mandate Management, Accounts & Billing Generation, CERSAI, Virtual Data Display etc.

Presently it has six branches viz. Delhi, Kolkata, Bengaluru, Hyderabad, Ahmedabad and Chennai. SBICTCL is also exploring new business opportunities in cities like Jaipur, Ludhiana, Lucknow, Coimbatore etc. during the next financial year.

### 3. SBICAP Ventures Limited (SVL)

Summary of the financial highlights for the year 2017-18 and 2016-17 are as under:

(₹ in Crores)

Particulars	2017-18	2016-17
Fee Income	7.04	7.04
Other Income	0.62	0.89
Gross Income	7.66	7.93
Expenses	3.81	4.03
Profit Before Tax	3.85	3.90
Profit After Tax	2.63	2.61



## Directors' Report For The Financial Year 2017-18

SVL booked a gross income of ₹ 7.66 crores as against ₹ 7.93 crores during the corresponding period last year and booked profit of ₹ 2.63 crores as against ₹ 2.61 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 along with 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:

(₹ in Crores)

Particulars	2017-18	2016-17
Fee Income	0.00	0.00
Other Income	0.06	0.11
Gross Income	0.06	0.11
Expenses	3.70	5.53
Profit / (Loss) Before Tax	(3.64)	(5.42)
Profit / (Loss) After Tax	(3.64)	(5.42)

SUL booked a gross income of ₹ 0.06 crores during the year under review as against ₹ 0.11 crores during the corresponding period last year and booked a loss of ₹ 3.64 crores during the financial years 2017-18 as compared to ₹ 5.42 crores during previous year 2016-17.

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

A summary of the major financial highlights is as under:

(₹ in Crores)

Particulars	2017-18	2016-17
Fee Income	2.23	3.51
Other Income	(1.61)	0.90
Gross Income	0.61	4.41
Expenses	4.14	5.49
Profit / (Loss) Before Tax	(3.53)	(1.12)
Profit / (Loss) After Tax	(3.53)	(1.12)

SSGL booked a gross income of ₹ 0.61 crores during the year under review as against ₹ 4.41 crores during the corresponding period last year and booked a loss of ₹ 3.53 crores during the financial year 2017-18 as compared to ₹ 1.12 crores during previous year 2016-17.

### DIRECTORS

As on March 31, 2018, the Board of Directors of the Company comprised of Eight (8) Directors out of whom two 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) Shri Rajnish Kumar, 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 T. L. Palani Kumar, Non-Executive Director;
- 7) Smt. Varsha Purandare, Managing Director & Chief Executive Officer; and
- 8) Shri Biswa Ketan Das, Whole-Time Director.

## Directors' Report For The Financial Year 2017-18

### 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 Devijit Singh resigned as an Independent Director with effect from 19<sup>th</sup> August, 2017.
- Shri T. L. Palani Kumar ceased to be an Additional Director at the 31<sup>st</sup> Annual General Meeting held on 22<sup>nd</sup> September, 2017 and was appointed as Non-Executive Director liable to retire by rotation.
- Shri Narayan K. Seshadri completed his first term as an Independent Director with effect from at the 31<sup>st</sup> Annual General Meeting held on 22<sup>nd</sup> September, 2017 and appointed as an Independent Director for second term for 3 consecutive years from 31<sup>st</sup> Annual General Meeting up to 34<sup>th</sup> Annual General Meeting to be held in the year 2020.
- Smt. Arundhati Bhattacharya resigned as Director & Chairman pursuant to demitting office of the Chairman, State Bank of India consequent upon expiry of her tenure as Chairman as at the close of business on 06<sup>th</sup> October, 2017.
- Shri Rajnish Kumar, Chairman, SBI, appointed as Nominee Director & Chairman of the Company with effect from 30<sup>th</sup> October, 2017.
- Smt. Varsha Purandare was reappointed as MD & CEO with effect from 1<sup>st</sup> December, 2017 till 31<sup>st</sup> December, 2018 i.e. the date of superannuation in December 2018 or till further instructions from SBI, whichever is earlier.
- Shri Ashwani Bhatia resigned as Whole-Time Director with effect from 16<sup>th</sup> February, 2018.
- Dr. Dharmendra Bhandari's first term of office as an Independent Director of the Company expired on 23<sup>rd</sup> February, 2018.
- Shri Biswa Ketan Das appointed as Whole-Time Director with effect from 27<sup>th</sup> March, 2018.
- Shri Biswa Ketan Das resigned as Whole-Time Director with effect from 15<sup>th</sup> June, 2018.
- Smt. Uma Shanmukhi Sistla appointed as Whole-Time Director with effect from 12<sup>th</sup> July, 2018.

The Board welcomes Shri Rajnish Kumar, Director & Chairman, Shri Biswa Ketan Das, Whole-Time Director, Shri Narayan K. Seshadri, Director, Shri. T. L. Palani Kumar, Non-Executive Director liable to retire by rotation and Smt. Uma Shanmukhi Sistla, Whole-Time Director and places on record its deep appreciation to Smt. Arundhati Bhattacharya, Director & Chairman, Shri Devijit Singh, Director, Shri Ashwani Bhatia, Whole-Time Director and Shri Biswa Ketan Das, Whole-Time Director for valuable contributions made by them during their tenure as Directors of the Company.

### Directors retiring by rotation

In terms of Section 152 of the Companies Act, 2013, Shri T. L. Palani Kumar retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. The Board recommends to the Shareholders at the said Annual General Meeting for re-appointment of Shri T. L. Palani Kumar as Non – Executive Director of the Company. A brief profile of Shri T. L. Palani Kumar who is seeking re-appointment has been provided in the notice of the Annual General Meeting.

### Key Managerial Personnel

During the year under review, following changes took place in the Key Managerial Personnel (KMP) of the Company:

Shri Ashwani Bhatia, resigned as Whole-Time Director and Whole-Time Key Managerial Personnel of the Company with effect from 16<sup>th</sup> February, 2018.

Shri Biswa Ketan Das was appointed as Whole-Time Director and Whole-Time Key Managerial Personnel of the Company for the period from 27<sup>th</sup> March, 2018 to 15<sup>th</sup> June, 2018.

Smt. Uma Shanmukhi was appointed as Whole-Time Director and Whole-Time Key Managerial Personnel of the Company with effect from 12<sup>th</sup> July, 2018.

Shri Navinchandra Amin, resigned as SVP & Chief Financial Officer and Key Managerial Person consequent upon his superannuation from services of SBI at the close of business hours on 30<sup>th</sup> June, 2018.

Shri Sivakumar V. was appointed as SVP & Chief Financial Officer and Key Managerial Personnel of the Company with effect from 12<sup>th</sup> July, 2018.

# Directors' Report For The Financial Year 2017-18

## Number of Meetings of the Board

The Board met six (6) times during the year 2017-18. 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 four (4) 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
- Information Technology Strategy Committee

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

## 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 is uploaded on the website of the Company under the head Corporate Governance and forms part of this report and annexed as 'Annexure VII' to the Annual Report.

## Performance Evaluation of the Board and Board Committees

The performance of the Board and Individual Directors was evaluated by the Board after seeking inputs from all the Directors. The performance of the Committees were evaluated by the Board after seeking inputs from the respective 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, Committees, Individual Directors and Independent Directors.

The summary of the performance of the Board, its Committees, Individual Directors, the Chairman and Independent Directors was placed before the Nomination and Remuneration Committee at its meeting held on 23<sup>rd</sup> April, 2018, 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, the Chairman and Independent Directors at its meeting held on 23<sup>rd</sup> April, 2018.



# Directors' Report For The Financial Year 2017-18

## CORPORATE GOVERNANCE

The Directors' Report on Corporate Governance for the year 2017-18 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 ₹ 42.21 crores (previous year ₹ 41.21 crores) towards advisory & syndication fees from overseas clients and reimbursement of expenses. The total foreign exchange expended amounted to ₹ 0.99 crores (previous year ₹ 2.16 crores) on account of foreign travel and other expenses.

## PARTICULARS OF LOANS, INVESTMENTS AND GUARANTEE

The Company has not given any loans or guarantee except various performance guarantees aggregating to ₹ 383 lacs (previous year ₹ 96 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 2.9 of the Financial Statements as on 31<sup>st</sup> March, 2018.

## CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

In compliance with Section 135 of the Companies Act 2013 read with the Company's (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.

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 were the focus of the CSR programme for the year.

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

- It is to be noted that for the first time, the Company has implemented a CSR project in the rural areas of North-east India (Arunachal Pradesh). This project pertains to the construction of hostel facilities and other related infrastructure augmentation at the Vivekananda Kendra Vidyalaya's residential school for girl children located in Tafrogam, Arunachal Pradesh.
- In FY 2017, the Company had partnered with Habitat for Humanity (*a not-for-profit organization engaged in disaster relief and construction of sanitation facilities*) to build a community sanitation complex in a slum colony at Sathewadi, Thane, Maharashtra. This complex was awarded the 'Best Maintained Sanitation Complex over the year 2017' by the Thane Municipal Corporation (TMC), as part of the 'Swachh Sarvekshan 2018'.
- The Company provided a CSR Grant of ₹ 95 lacs to the Swades Foundation to enable provision of safe, drinking water and sanitation facilities in 37 Zilla Parishad (ZP) schools impacting approx. 3900 students across rural Raigad district, Maharashtra.
- The Company has donated an amount of ₹ 1 crore to the Dr. Manohar Dole Medical Foundation, towards the procurement of a mobile eye-care van which would be used to conduct free eye camps in villages along with advanced medical instruments to be used for operative procedure at the Foundation's Mohan Thuse Hospital, which caters to the under-privileged, rural populace of Narayangaon, Pune.

## 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. Ummed Jain & Co., Chartered Accountants, were appointed as the Statutory Auditors of the Company for the financial year 2017-18, 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 32<sup>nd</sup> Annual General Meeting of the Company.

# Directors' Report For The Financial Year 2017-18

In terms of Section 139(5) of the Companies Act 2013, CAG vide their letter dated 16<sup>th</sup> July, 2018, have appointed M/s. Ummed Jain & Co., Chartered Accountants, as the Statutory Auditors of the Company for the financial year 2018-19.

## 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 2017-18. The Company provided all assistance and facilities to the Secretarial Auditor for conducting their audit. The Report of Secretarial Auditor for the FY 2017-18 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 10<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, 2018 is enclosed. 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, 2018 forms part of this report and annexed as **Annexure 'VI'**.

## 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/-  
(Rajnish Kumar)  
Chairman

Place: Mumbai  
Date: 20<sup>th</sup> July, 2018

## Form No. 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, 2018)

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	12,075.58	162,082.60	140,319.51	0.10	35,755.89	10,043.79	2,484.25	7,559.54	-	100
2.	SBICAP Trustee Company Limited	INR	-	100.00	7,525.90	13,332.22	5,706.32	4,853.05	3,038.51	1,630.52	440.03	1,190.49	-	100
3.	SBICAP Ventures Limited	INR	-	3,927.79	820.59	4,949.44	201.05	4,537.89	766.16	384.69	121.49	263.20	-	100
4.	SBICAP (UK) Limited	GBP	92.28	184.57	331.94	570.21	53.71	-	-	(438.88)	-	(438.88)	-	100
5.	SBICAP (Singapore) Limited	SGD	49.68	6,458.40	(523.46)	6,000.83	65.89	-	222.32	(353.44)	-	(353.44)	-	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	Amount of Investment in Associates / Joint Venture	Extent of Holding %	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
1	SBI Pension Funds Pvt. Ltd.	31.03.2018	No. 6,000,000	Nil	20%	Control of 20% of total Voting power	Nil	₹ 36.50 CR	Considered in Consolidation (₹ In Lacs) Net Profit of ₹ 139
									Not Considered in Consolidation 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, 2018, the Board of Directors comprised of Eight Directors out of whom two are Non-Executive Independent Directors. Given hereunder is the composition of the Board of Directors along with the brief profiles of the Directors:

1. **Shri. Rajnish Kumar, Chairman [SBI Nominee]:** Shri Rajnish Kumar has assumed the office as Chairman State Bank of India on 7<sup>th</sup> October, 2017. Previously, Shri Rajnish Kumar was the Managing Director (National Banking Group) looking after retail banking and latest initiatives in payments and digital banking since November 2015. Prior to becoming Managing Director in SBI, Shri Rajnish Kumar was heading SBI Capital Markets Limited (the Merchant Banking arm of State Bank of India) as Managing Director & Chief Executive Officer. Shri Rajnish Kumar has been with the State Bank of India for over three decades, having joined the Bank as a Probationary Officer in 1980. An M.Sc. in Physics, apart from CAIIB, Shri Kumar has held several key assignments across various business verticals, including two overseas assignments in Canada and U.K. He has vast experience in handling large credit, project finance, foreign exchange and retail banking. Shri Kumar has held such important positions as Regional Head, SBI (UK); Chief General Manager, North East Circle, Chief General Manager, Project Finance and Managing Director (Risk & Compliance). Shri Kumar is an avid traveller and has visited several countries. He loves sports and is a good player of badminton.
2. **Shri Dinesh Kumar Khara, Non-Executive Director [SBI Nominee]:** Shri Dinesh Kumar Khara is the Managing Director (Global Banking, Subsidiaries & Risk), 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 ₹ 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. ₹ 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 42 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 33 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. Aruna Jayanthi is the CEO of Business Services of Capgemini Group, a new global unit created in January 2016, which provides BPO and Platform (integrated technology and operations) services based on Capgemini's IP for various industry segments. This new strategic business unit includes over 25,000 employees. In her former role as Head of Capgemini in India from 2011-15, she managed the operations of all business units covering consulting, technology and outsourcing services in the country, to support the Group's growth agenda and strengthen India's position as

an industrialisation and innovation hub. During this time, there was a significant increase in Indian integration, performance and capabilities with headcount rising from 32,000 to 85,000. Since January 2014, Aruna Jayanthi has also served as chair of the country board for Capgemini Sweden. Prior to this, Aruna was the Global Delivery Officer for Outsourcing services at Capgemini where she improved the quality, productivity and profitability of the outsourcing operations for Capgemini worldwide. Aruna joined Capgemini in early 2000 and was part of the core team that initiated and setup the offshore capabilities. She has over 25 years of experience in the IT services industry and has worked in key roles in multinational and Indian system integrator companies. Aruna has also been the Chairperson of the Board of Governors of the National Institute of Technology Calicut since 2014. Aruna holds a Masters in Management Studies in Finance from the Narsee Monjee Institute of Management Studies in Mumbai.

6. **Shri T. L. Palani Kumar, Non-Executive 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.
7. **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.
8. **Shri Biswa Ketan Das, Whole-Time Director:** Shri Biswa Ketan Das, President & Chief Operating Officer was also designated as Whole-Time Director of SBI Capital Markets Ltd. effect from 27<sup>th</sup> March, 2018. He joined State Bank of India as a Probationary Officer in 1987 and successfully handled various assignments and gained wide range of experience in different aspects of banking like Branch Operations, Credit Management, Foreign Exchange and Treasury Management. Prior to joining SBI Capital Markets Limited, he was in-charge of business and administration of branches operating in Network two of Patna and Delhi circles. Shri Das is a post graduate in Chemistry and Certified Associate of Indian Institute of Bankers and holds Masters Degree in Business Administration with specialisation in Marketing.

### 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 overdues, 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 Board Meetings were held on 28<sup>th</sup> April, 2017, 04<sup>th</sup> August, 2017, 02<sup>nd</sup> November, 2017, 05<sup>th</sup> December, 2017, 18<sup>th</sup> January, 2018 and 27<sup>th</sup> March, 2018.

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

Name of the Director	Number of Board Meetings attended
Shri Rajnish Kumar, Chairman, Non-Executive Nominee Director, appointed w.e.f. 30.10.2017	2
Smt. Arundhati Bhattacharya, Chairman, Non-Executive Nominee Director, resigned w.e.f. 06 <sup>th</sup> October, 2017	1
Shri Dinesh Kumar Khara, Non-Executive Nominee Director, appointed with effect from 30 <sup>th</sup> August, 2016	6
Smt. Bharati Rao, Non-Executive Nominee Director	2
Shri Narayan K. Seshadri, Non-Executive Independent Director	5
Smt. Aruna Jayanthi, Non-Executive Independent Director	3
Shri Devijit Singh, Non-Executive Independent Director, resigned w.e.f. 19 <sup>th</sup> August, 2017	2
Dr. Dharmendra Bhandari, Non-Executive Independent Director, term of office expired w.e.f. 23 <sup>rd</sup> February, 2018	5
Shri T. L. Palani Kumar, Non-Executive Director	5
Smt. Varsha Purandare, Managing Director & CEO, (SBI Nominee) (Re-appointed w.e.f. 01 <sup>st</sup> December, 2017)	6
Shri Ashwani Bhatia, Whole-Time Director, (SBI Nominee) resigned w.e.f. 16 <sup>th</sup> February, 2018	4
Shri Biswa Ketan Das, Whole-Time Director (SBI Nominee) appointed w.e.f. 27 <sup>th</sup> March, 2018	1

### vi) Details of Remuneration paid to Directors during the financial year 2017-18

(Amount in ₹)

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*	54,26,116.64	-	-	9,36,369.00	-	-	63,62,485.64



## Annexure - II

Elements of remuneration	Salary / Sitting fees	Benefits	Stock options	Performance linked incentive	Notice period	Severance fees	Total
Name of the Director							
Shri Ashwani Bhatia* (up to 16 <sup>th</sup> February, 2018)	39,87,877.49	-	-	8,40,137.00	-	-	48,28,014.49
Shri Biswa Ketan Das (appointed w.e.f. 27 <sup>th</sup> March, 2018)	39,387.41	-	-	-	-	-	39,387.41
Shri Narayan K. Seshadri	4,40,000	-	-	-	-	-	4,40,000
Smt. Bharati Rao	1,10,000	-	-	-	-	-	1,10,000
Smt. Aruna Jayanthi	2,10,000	-	-	-	-	-	2,10,000
Shri Devijit Singh	1,10,000	-	-	-	-	-	1,10,000
Dr. Dharmendra Bhandari	2,60,000	-	-	-	-	-	2,60,000
Shri T. L. Palani Kumar	1,25,000	-	-	-	-	-	1,25,000

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

### vii) Details of Remuneration paid to Key Managerial Personnel during the financial year 2017-18.

(Amount ₹ in Lacs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Shri Navinchandra Amin, CFO	Shri Amit Shah, Company Secretary	
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	36.34	29.64	65.98
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-
5.	Others, please specify	-	-	-
	<b>Total</b>	<b>36.34</b>	<b>29.64</b>	<b>65.98</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, 2018 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.	Smt. Aruna Jayanthi, Non-Executive Independent Director	Member
3.	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, debenture 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 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

**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

- 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.
- To recommend the amount of expenditure to be incurred on the CSR activities.
- 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**'.

## xi) 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 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	₹ 415.24 crores
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	₹ 8.30 crores
5. Details of CSR spent during the financial year	₹ 2.97 crores
(a) Total amount to be spent for the financial year;	₹ 8.30 crores
(b) Amount unspent, if any;	₹ 5.33 crores



<p>(C) Manner in which the amount was spent during the financial year.</p>	<p>(i) The Company has implemented a CSR project in the rural areas of North-east India (Arunachal Pradesh). This project pertains to the construction of hostel facilities and other related infrastructure augmentation at the Vivekananda Kendra Vidyalaya's residential school for girl children located in Tafrogam, Arunachal Pradesh.</p> <p>In FY 2017, the Company had partnered with Habitat for Humanity (<i>a not-for-profit organisation engaged in disaster relief and construction of sanitation facilities</i>) to build a community sanitation complex in a slum colony at Sathewadi, Thane, Maharashtra. This complex was awarded the 'Best Maintained Sanitation Complex over the year 2017' by the Thane Municipal Corporation (TMC), as part of the 'Swachh Sarvekshan 2018'.</p> <p>The Company provided a CSR Grant of ₹ 95 lacs to the Swades Foundation to enable provision of safe, drinking water and sanitation facilities in 37 Zilla Parishad (ZP) schools impacting approx. 3900 students across rural Raigad district, Maharashtra.</p> <p>The Company has donated an amount of ₹ 1 crore to the Dr. Manohar Dole Medical Foundation, towards the procurement of a mobile eye-care van which would be used to conduct free eye camps in villages along with advanced medical instruments to be used for operative procedure at the Foundation's Mohan Thuse Hospital, which caters to the under-privileged, rural populace of Narayangaon, Pune.</p>
<p>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.</p>	<p>As per the Company's CSR Policy, the Company had entrusted the implementation of its CSR programme to the CSR Committee and CSR Working Group (CWG). For FY 2017-18, the CWG has been focusing on judicious due-diligence, monitoring mechanisms and end use of funds while screening and implementing applicable CSR projects. Also monitoring of projects implemented during the past FY is 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. Also in line with previous board communications during the FY, the CWG has been in contact with SBI Foundation to identify suitable projects towards allocating the Company's CSR funds. Subsequently, projects worth ₹ 3 crores were received by the CWG from SBI Foundation. However, the stated projects were found to be limited in terms of scope, usage of funds towards direct beneficiaries and impact. As such, the CWG conveyed to the SBI Foundation to provide alternative projects in line with the said parameters which could be taken up in FY 19. Going forward into FY 19, 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.</p>
<p>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.</p>	<p>We have obtained the said responsibility statement from CSR Committee.</p>
<p>Sd/- (Varsha Purandare) Managing Director &amp; CEO</p>	<p>Sd/- (Narayan K. Seshadri) Chairman, CSR Committee</p>

### 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 2017-18, 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, 2018.

Sd/-  
(Varsha Purandare)  
Managing Director & CEO

Place: Mumbai  
Date: 20<sup>th</sup> July, 2018

## 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
SBI DFHI Limited	Fellow Subsidiary
SBI Funds Management Pvt. Limited	Fellow Subsidiary
SBI Life Insurance Company Limited	Fellow Subsidiary
SBI Cards & Payment Services Pvt. Limited	Fellow Subsidiary
SBI Global Factors Limited	Fellow Subsidiary
SBI Pension Funds Pvt. Limited	Fellow Subsidiary & Associate
SBI General Insurance Co. Limited	Fellow Subsidiary
SBI Mauritius Limited	Fellow Subsidiary
SBI Foundation Limited	Fellow Subsidiary
State Bank of India Servicos Limitada Brazil	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
Smt. Varsha Purandare, Managing Director & Chief Executive Officer (w.e.f. 1 <sup>st</sup> December, 2015)	Key Management Personnel
Shri Ashwani Bhatia, Whole-Time Director (w.e.f. 25 <sup>th</sup> July, 2016 to 16 <sup>th</sup> February, 2018)	Key Management Personnel
Shri Biswa Ketan Das, Whole-Time Director (w.e.f. 27 <sup>th</sup> March, 2018)	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 (w.e.f. 25 <sup>th</sup> July, 2016)	Key Management Personnel
Shri Amit Shah, Company Secretary	Key Management Personnel

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

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

(Amount ₹ in Lacs)

Particulars	Holding Company		Subsidiaries		Fellow Subsidiaries/ Associates		Key Managerial Personnel	
	Mar-18	Mar-17	Mar-18	Mar-17	Mar-18	Mar-17	Mar-18	Mar-17
<b>Expenses during the year ended</b>								
<i>Deputation of Employees</i>	340	383	-	-	-	-	-	-
<i>Salaries &amp; Allowances</i>								
Smt. Varsha Purandare	-	-	-	-	-	-	10	9
Shri Ashwani Bhatia	-	-	-	-	-	-	8	8
Shri Biswa Ketan Das	-	-	-	-	-	-	4	-
Shri P Karthikeyan	-	-	-	-	-	-	-	1
Shri Navinchandra Amin	-	-	-	-	-	-	5	4
Shri Amit Shah	-	-	-	-	-	-	30	30
<i>Rent</i>	38	41	-	-	-	-	-	-
<i>Bank &amp; Other Charges</i>	6	5	-	-	-	-	-	-
SBI DFHI Limited	-	-	-	-	-	-	-	-
SBICAP Securities Ltd.	-	-	-	-	-	-	-	-
<i>Royalty Expense</i>	-	436	-	-	-	-	-	-
<i>Insurance Expense</i>								
SBI Life Insurance Company Ltd.	-	-	-	-	29	31	-	-
SBI General Insurance Co. Ltd.	-	-	-	-	3	13	-	-
<i>Office Maintenance</i>	-	1	-	-	-	-	-	-
Membership & Subscription	-	-	-	-	-	-	-	-
SBI Pension Funds Pvt. Ltd.	-	-	-	-	-	2	-	-
Brokerage Expenses	-	-	-	-	-	-	-	-
SBICAP Securities Ltd.	-	-	10	7	-	-	-	-
<i>Interest Expenses</i>	32	-	-	-	-	-	-	-
<i>Business Promotion Expenses</i>	-	-	-	-	-	-	-	-
SBICAP Singapore Ltd.	-	-	14	-	-	-	-	-
<b>Income during the year ended</b>								
<i>Issue Management Fees</i>								
SBICAP Securities Ltd.	-	-	-	266	-	-	-	-
SBI Life Insurance Company Limited	-	-	-	-	159	-	-	-



## Annexure - III

Particulars	Holding Company		Subsidiaries		Fellow Subsidiaries/ Associates		Key Managerial Personnel	
	Mar-18	Mar-17	Mar-18	Mar-17	Mar-18	Mar-17	Mar-18	Mar-17
<b>Expenses during the year ended</b>								
<b>Arranger's Fees**</b>	333	2,312	-	-	-	-	-	-
SBICAP Securities Ltd.	-	-	28	-	-	-	-	-
SBI Cards & Payment Services Private Limited	-	-	-	-	141	-	-	-
<b>Advisory Fees**</b>	4,395	3,930	-	-	-	-	-	-
SBICAP Securities Ltd.	-	-	6	-	-	-	-	-
<b>Bank Interest</b>	19	270	-	-	-	-	-	-
<b>Rent</b>								
SBICAP Securities Ltd.	-	-	981	981	-	-	-	-
<b>Dividend</b>								
SBI DFHI Limited	-	-	-	-	41	341	-	-
<b>Miscellaneous Income</b>								
SBICAP Securities Ltd.	-	-	9	-	-	-	-	-
<b>Balance receivable as at</b>								
<b>Debtors**</b>	2,967	3,067	-	-	-	-	-	-
SBICAP Securities Ltd.	-	-	40	-	-	-	-	-
SBICAP Singapore Ltd.	-	-	12	-	-	-	-	-
<b>Cash at Bank</b>	3,218	3,207	-	-	-	-	-	-
<b>Deposit with Bank</b>	383	76	-	-	-	-	-	-
State Bank of Bikaner & Jaipur	-	-	-	-	-	-	-	-
State Bank of Patiala	-	-	-	-	-	-	-	-
State Bank of Travancore	-	-	-	-	-	-	-	-
<b>Loans &amp; Advances</b>	21	35	-	-	-	-	-	-
SBICAP Securities Ltd.	-	-	3	34	-	-	-	-
SBICAP Trustee Company Ltd.	-	-	2	4	-	-	-	-
SBICAP Ventures Ltd.	-	-	5	1	-	-	-	-
SBICAP Singapore Ltd.	-	-	-	-	-	-	-	-
SBICAP UK Ltd.	-	-	-	-	-	-	-	-
<b>Other Current Assets</b>	15	4	-	-	-	-	-	-
SBI DFHI Limited	-	-	-	-	41	341	-	-
<b>Investments</b>								
SBI Pension Funds Pvt. Ltd.	-	-	-	-	601	601	-	-
SBI DFHI Limited	-	-	-	-	750	750	-	-
SBICAP Securities Ltd.	-	-	12,500	12,500	-	-	-	-

Particulars	Holding Company		Subsidiaries		Fellow Subsidiaries/ Associates		Key Managerial Personnel	
	Mar-18	Mar-17	Mar-18	Mar-17	Mar-18	Mar-17	Mar-18	Mar-17
<b>Expenses during the year ended</b>								
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 Limited*	-	-	-	-	-	-	-	-
SBI Foundation Ltd.	-	-	-	-	-	-	-	-
State Bank of India Servicos Limitada Brazil	-	-	-	-	-	-	-	-
<b>Balance payable as at</b>								
Short Term Borrowings	30,032	-	-	-	-	-	-	-
<b>Creditors</b>	2	438	-	-	-	-	-	-
SBICAP Securities Ltd.	-	-	1,036	543	-	-	-	-
SBICAP Singapore Ltd.	-	-	12	2	-	-	-	-
<b>Others transactions during the year ended</b>								
<b>Dividend paid</b>	13,058	11,607	-	-	-	-	-	-
Fees Shared (netted from Income)	-	-	-	-	-	-	-	-
SBICAP Securities Ltd.	-	-	1,103	1,367	-	-	-	-
<b>Expenses shared</b>	77	108	-	-	-	-	-	-
SBICAP Securities Ltd.	-	-	81	4	-	-	-	-
SBICAP Trustee Company Ltd.	-	-	9	6	-	-	-	-
SBICAP Ventures Ltd.	-	-	6	-	-	-	-	-
SBICAP Singapore Ltd.	-	-	12	-	-	-	-	-
<b>Investments made</b>								
SBICAP Ventures Ltd.	-	-	-	1,500	-	-	-	-
<b>Guarantees</b>	383	96	-	-	-	-	-	-

- I. Included in expenses relating to deputation of employees are amounts aggregating to ₹ 119 (2017: ₹ 95) pertaining to salaries paid to key management personnel.
- II. \* Fully provided for
- III. # Excludes fees shared by way of pass through arrangement.
- IV. \*\* Previous year figures of holding company includes an amount of Fellow subsidiaries on account of merger of Associate Banks with State Bank of India

For and on behalf of the Board of Directors

Sd/-  
(Rajnish Kumar)  
Chairman

Place: Mumbai  
Date: 20<sup>th</sup> July, 2018

### FORM No. MR-3

#### Secretarial Audit Report For The Financial Year Ended 31<sup>st</sup> March, 2018

*[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 authorized 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, 2018** 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. 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.

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, 2018** 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 FY 2017-18 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 No. MR-3

### Secretarial Audit Report For The Financial Year Ended 31<sup>st</sup> March, 2018

- (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, 2018, 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 ₹ 20/- per Equity Share for Financial Year 2017-18 and approved the same as Final Dividend at its AGM held on 22<sup>nd</sup> September 2017.
3. The Board had approved the Buy-back Offer of Equity shares made by M/s. SBI DFHI Ltd. by offering up to 86,523 Equity shares of ₹ 100/- each (total existing shares 6,81,818 Equity shares constituting of 12.69%) at a price of ₹ 520/- per Equity shares (including premium of ₹ 420/-).

Place: Mumbai  
Date: 12<sup>th</sup> July, 2018

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.



## Annexure - IV

FORM No. MR-3

Secretarial Audit Report For The Financial Year Ended 31<sup>st</sup> March, 2018

### Annexure I – Notes on the Secretarial Audit Report of SBI Capital Markets Limited dated 12<sup>th</sup> July, 2018

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: 12<sup>th</sup> July, 2018

Sd/-

Signature

Name of the Firm: **D. A. Kamat & Co.**

**Partner**

FCS No: 3843

CP No: 4965

### Annexure II – List of Documents maintained and perused for the purpose of the Secretarial Audit Report dated 12<sup>th</sup> July 2018

#### 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. Summary related to the pending litigations filed by the company & against the Company
13. 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 12<sup>th</sup> July, 2018

**Registered Office:** No. 202, Maker Tower, 'E', 20<sup>th</sup> Floor,  
Cuffe Parade, 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 No. MGT-9

### Extract Of Annual Return As On The Financial Year Ended On 31<sup>st</sup> March, 2018

[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	-	93.47

#### 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. 1955	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)

**FORM No. MGT-9**  
**Extract Of Annual Return As On The Financial Year Ended On 31<sup>st</sup> March, 2018**

**IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

**(i) Category-wise Shareholding**

Category of Shareholders	No. of Shares held at the beginning of the year i.e. as on 1 <sup>st</sup> April, 2017			No. of Shares held at the end of the year i.e. as on 31 <sup>st</sup> March, 2018			% change during the year 2017-18
	Demat	Phys-ical	Total	% of Total Shares	Demat	Phys-ical	Total
<b>A. Promoters</b>							
<b>1) Indian</b>							
a) *Individuals / HUF	-	24	24	0.00	-	24	24
b) Central Govt.							0.00
c) State Govt. (s)							
d) Bodies Corp.							
e) Banks / FI	5,80,33,687	-	5,80,33,687	100	5,80,33,687	-	5,80,33,687
f) Any Other							
- Public Ltd. Co.							
<b>Sub-total (A)(1):</b>	5,80,33,687	24	5,80,33,711	100	5,80,33,687	24	5,80,33,711
* Held as nominees of SBI							
<b>2) Foreign</b>							
a) NRIs - Individuals							
b) Other-Individuals							
c) Bodies Corp.							
d) Banks / FI							
e) Any Other							
<b>Sub-total (A)(2):</b>							
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	5,80,33,687	24	5,80,33,711	100	5,80,33,687	24	5,80,33,711
							100
							Nil

Category of Shareholders	No. of Shares held at the beginning of the year i.e. as on 1 <sup>st</sup> April, 2017				No. of Shares held at the end of the year i.e. as on 31 <sup>st</sup> March, 2018				% change during the year 2017-18
	Demat	Phys-ical	Total	% of Total Shares	Demat	Phys-ical	Total	% of Total Shares	
B. Public Shareholding	-	-	-	-	-	-	-	-	-
<b>1. Institutions</b>									
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)									
<b>Sub-total (B)(1):</b>									
<b>2. Non-Institutions</b>									
a) Bodies Corporate									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 1 lac									
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lac									
c) Others (specify)									
<b>Sub-total (B)(2):</b>									
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>									
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>5,80,33,687</b>	<b>24</b>	<b>5,80,33,711</b>	<b>100</b>	<b>5,80,33,687</b>	<b>24</b>	<b>5,80,33,711</b>	<b>100</b>	<b>Nil</b>

## Annexure - VI

FORM No. MGT-9

Extract Of Annual Return As On The Financial Year Ended On 31<sup>st</sup> March, 2018

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year 2017-18			Shareholding at the end of the year 2017-18			% 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 2017-18		Cumulative Shareholding during the year 2017-18	
		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 Shareholding 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	



## FORM No. MGT-9

Extract Of Annual Return As On The Financial Year Ended On 31<sup>st</sup> March, 2018

(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 2017-18		Cumulative Shareholding during the year 2017-18	
		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	Nil	Nil	Nil	Nil
2.	Date wise Increase / Decrease in Shareholding 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:

Sr. No.		Shareholding at the beginning of the year 2017-18		Cumulative Shareholding during the year 2017-18	
		No. of shares (Equity)	% of total shares of the Company	No. of shares (Equity)	% of total shares of the Company
1.	For Each of the Directors and KMP				
2.	At the beginning of the year Smt. Varsha Purandare as MD & CEO*	6	0.00	6	0.00
3.	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):				
4.	Transfer of Equity Share from Shri Ashwani Bhatia to *Shri Biswa Ketan Das (as Whole-Time Director with effect from 27 <sup>th</sup> March, 2018)	1	0.00	1	0.00
5.	At the End of the year 2017-18	7	0.00	7	0.00

\* Shares held as SBI Nominee

## Annexure - VI

FORM No. MGT-9

Extract Of Annual Return As On The Financial Year Ended On 31<sup>st</sup> March, 2018

### 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 FY 2017-18</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 FY 2017-18</b>				
▪ Addition	Nil	Nil	Nil	Nil
▪ Reduction				
<b>Net Change</b>				
<b>Indebtedness at the end of the FY 2017-18</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:

(₹ 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**	Shri Biswa Ketan Das <sup>#</sup>	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	63.62	48.28**	0.39 <sup>#</sup>	92.29
	(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>	<b>63.62</b>	<b>48.28</b>	<b>0.39</b>	<b>92.29</b>
	Ceiling as per the Act				<b>1746.70</b>

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

\*\*up to 16<sup>th</sup> February, 2018

<sup>#</sup>appointed w.e.f. 27<sup>th</sup> March, 2018.

## FORM No. MGT-9

Extract Of Annual Return As On The Financial Year Ended On 31<sup>st</sup> March, 2018

### B) Remuneration to other directors:

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount in ₹
1.	<b>Independent Directors</b>	<b>Shri Narayan K. Seshadri</b>	<b>Smt. Aruna Jayanthi</b>	<b>Shri Devijit Singh</b>	<b>Dr. Dharmendra Bhandari</b>	
	(a) Fee for attending board committee meetings	4,40,000	2,10,000	1,10,000	2,60,000	10,20,000
	(b) Commission	-	-	-	-	-
	(c) Others, please specify	-	-	-	-	-
	<b>Total (1)</b>					<b>10,20,000</b>
2.	<b>Other Non-Executive Directors</b>	<b>Shri T. L. Palani Kumar</b>	<b>Smt. Bharati Rao</b>			
	(a) Fee for attending board committee meetings	1,25,000	1,10,000	-	-	2,35,000
	(b) Commission	-	-	-	-	-
	(c) Others, please specify	-	-	-	-	-
	<b>Total (2)</b>					<b>2,35,000</b>
	<b>Total B (1+2)</b>					<b>12,55,000</b>
	Total Managerial Remuneration					<b>12,55,000</b>
	Overall Ceiling as per the Act					1,00,000 per Director per meeting

## Annexure - VI

FORM No. MGT-9

Extract Of Annual Return As On The Financial Year Ended On 31<sup>st</sup> March, 2018

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

(Amount ₹ in Lacs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Shri Navinchandra Amin, SVP & CFO	Shri Amit Shah, Company Secretary	Total
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	36.34	29.64	65.98
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - others, specify	-	-	-
5.	Others, please specify	-	-	-
	<b>Total</b>	<b>36.34</b>	<b>29.64</b>	<b>65.98</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)
<b>A. Company</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>B. Directors</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>C. Other Officer in Default</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

## SBI Capital Markets Ltd. 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.



**SBI Capital Markets Ltd.**  
**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.

## SBI Capital Markets Ltd. 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.

## Annexure - VII

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### SBI Capital Markets Ltd. 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.

## SBI Capital Markets Ltd. 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 Sec 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.sbicans.com](http://www.sbicans.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.

**SBI Capital Markets Ltd.**  
**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 short listed 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 proposes 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	₹ 1,00,00,000/- (Rupees One Crore Only)	The Board
2.	President & Chief Operation Officer	₹ 50,00,000/- (Rupees Fifty Lacs Only)	MD & CEO
3.	Senior Vice President & Chief Financial Officer	₹ 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 health care including preventive health care 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;
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).



### SBI Capital Markets Ltd. Corporate Social Responsibility Policy

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. Operationalising 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. Finalising agreements with the implementing agencies
9. Project Implementation
10. Documentation, Monitoring (at Board and CSR Committee level)
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;

**SBI Capital Markets Ltd.**  
**Corporate Social Responsibility Policy**

- The company has specified the projects or programs to be undertaken through these entities, the modalities of utilisation 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 finalised 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 short listed 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 utilisation 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 utilised 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 percent 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;
  - 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 was 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

### SBI Capital Markets Ltd. Corporate Social Responsibility Policy

6. In case the company is unable to spend the two percent 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.

Version	Approval Date	Issue Date	Effective Date	Comments
1.0				
2.0				

### Guidelines under the Companies Act, 2013

**Sec 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 percent 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 health care including preventive health care and sanitation including contribution to the Swach 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 recognized sports, paralympic sports and Olympic sports;

### Guidelines under the Companies Act, 2013

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 finalises 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.



## Annexure - VIII

Annexure - 'B'

### 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	

# Consolidated Financial Statements

# 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 Capital 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, 2018, 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, 2018, 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 ₹ 1868.17 crores as at 31<sup>st</sup> March, 2018, total revenue of ₹ 398.01 crores and net cash flows of ₹ 1267.63 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.

# Independent Auditors' Report on Consolidated Financial Statements



The consolidated financial statements also include Group's share in Net Profit of ₹ 0.28 crore for the year ended March, 2018, 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.

Our opinion on the consolidated financial statements, and our report on the other legal and regulatory requirements as mentioned below are 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, 2018 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, 2018 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 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.
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 **Ummed Jain & Co.**  
Chartered Accountants  
Firm Registration No. 119250W

Sd/-  
**CA U. M. Jain**  
**Partner**  
Membership No.: 070863

Place: Mumbai  
Date: 23<sup>rd</sup> April, 2018

## 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, 2018, 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



## Independent Auditors' Report - Annexure A

and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2018, 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.

### 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 **Ummid Jain & Co.**  
Chartered Accountants  
Firm Registration No. 119250W

Sd/-  
**CA U. M. Jain**  
**Partner**  
Membership No.: 070863  
Place: Mumbai  
Date: 23<sup>rd</sup> April, 2018

## 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 four immovable property was provided for our verification and the same is in the name of the Holding Company. We are informed that the title deed of the remaining one immovable property is deposited with the registrar; same 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 2017-18 Sundry Debtors aggregating to ₹ 5,85,17,028/- were written off in 137 cases and fee income aggregating ₹ 4,47,73,224/- was de-accrued in 33 cases in the case of the holding company and one subsidiary incorporated in India. There were no cases of waiver / write off / de-accrual of debts / loans / interest/ fee etc. in case of two Subsidiary and Associate Company incorporated in India. Accordingly the profit of the Group for the FY 2017-18 has been reduced to this extent. A summary of sundry debtors / debts written off and Fee income De-accrued during the FY 2017-18 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	45	27,935,014	2	120,000
Deal did not Materialise	35	18,977,858	8	38,523,941
Disputed Services / Billing	15	402,287	0	0
Disputed OPE Amount	30	3,911,318	0	0
Renegotiation of Fees	4	1,821,626	3	2,451,303
Due to Closure of Assignments	7	3,468,925	20	3,677,980
Disputed Fee Amount	1	2,000,000	0	0
<b>Total</b>	<b>137</b>	<b>58,517,028</b>	<b>33</b>	<b>44,773,224</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.

For **Ummed Jain & Co.**  
Chartered Accountants  
Firm Registration No. 119250W

Sd/-  
**CA U. M. Jain**  
Partner  
Membership No.: 070863

Place: Mumbai  
Date: 23<sup>rd</sup> April, 2018

### 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, 2018.

The preparation of consolidated financial statements of SBI Capital Markets Limited for the year ended 31 March, 2018 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 23 April, 2018.

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, 2018. We conducted a supplementary audit of the financial statement of SBI Capital Markets Limited but did not conduct supplementary audit of the financial statements of SBICAP Securities Limited, 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: 10<sup>th</sup> July, 2018

## Consolidated Balance Sheet As At 31<sup>st</sup> March, 2018

(Rupees in lacs unless otherwise stated)

	Notes	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share capital	2.1	5,803	5,803
Reserves and surplus	2.2	136,585	119,029
		<b>142,388</b>	<b>124,832</b>
<b>NON-CURRENT LIABILITIES</b>			
Other long-term liabilities	2.3	79	90
Long-term provisions	2.4	1,439	1,438
		<b>1,518</b>	<b>1,528</b>
<b>CURRENT LIABILITIES</b>			
Short-term borrowings	2.5	34,154	2,406
Trade payables	2.6	133,193	10,881
Other current liabilities	2.7	14,583	4,976
Short-term provisions	2.4	2,906	2,572
		<b>184,836</b>	<b>20,835</b>
<b>Total</b>		<b>328,742</b>	<b>147,195</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
<b>Fixed Assets</b>			
Property, Plant and Equipment	2.8	8,668	9,152
Intangible Assets		198	443
Capital work-in-progress		14	-
Intangible assets under development		4	-
Non-current investments	2.9	23,373	14,476
Deferred tax assets (net)	2.21	6,649	5,349
Long-term loans and advances	2.10	9,854	9,520
Other non-current assets	2.11	70	1,243
		<b>48,830</b>	<b>40,183</b>
<b>CURRENT ASSETS</b>			
Current investments	2.9	4,703	2,088
Stock-in-trade	2.12	78,774	43,745
Trade receivables	2.13	33,317	33,604
Cash and cash equivalents	2.14	160,456	25,629
Short-term loans and advances	2.10	1,895	1,001
Other current assets	2.12	767	945
		<b>279,912</b>	<b>107,012</b>
<b>Total</b>		<b>328,742</b>	<b>147,195</b>

See Accompanying Notes to Financial Statements

1 & 2  
to  
2.34

As per our report of even date

For **Ummed Jain & Co.**  
Firm Registration No. 119250W  
Chartered Accountants

Sd/-  
**CA U. M. Jain**  
Partner  
Membership No.: 070863  
Mumbai, 23<sup>rd</sup> April, 2018

For and on behalf of Board of Directors

Sd/-  
**Rajnish Kumar**  
Chairman

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, 2018

(Rupees in lacs unless otherwise stated)

	Notes	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
<b>INCOME</b>			
Revenue from operations	2.15	89,111	77,804
Other income	2.16	3,637	1,848
<b>Total Revenue</b>		<b>92,748</b>	<b>79,652</b>
<b>EXPENSES</b>			
Employee benefit expenses	2.17	22,246	18,178
Finance Cost	2.18	247	162
Depreciation and amortisation expense	2.8	1,600	2,720
Other expenses	2.19	20,279	20,053
Provisions	2.20	2,100	3,408
		<b>46,472</b>	<b>44,521</b>
Profit Before Tax		<b>46,276</b>	<b>35,131</b>
Tax Expenses			
Current tax		(14,812)	(11,513)
Short provision for taxation of earlier years		(5)	7
Deferred tax	2.21	1,300	1,578
Profit Before share in net profit of Associate		<b>32,759</b>	<b>25,203</b>
Add: Share in net profit of the associate		<b>28</b>	<b>21</b>
<b>PROFIT FOR THE YEAR</b>		<b>32,787</b>	<b>25,224</b>
Earning per equity share of face value of ₹ 10 each - Basic & Diluted (in ₹)	2.22	56.50	43.46
See Accompanying Notes to Financial Statements	1 & 2 to 2.34		

As per our report of even date

For **Ummed Jain & Co.**  
Firm Registration No. 119250W  
Chartered Accountants

Sd/-  
**CA U. M. Jain**  
Partner  
Membership No.: 070863  
Mumbai, 23<sup>rd</sup> April, 2018

For and on behalf of Board of Directors

Sd/-  
**Rajnish Kumar**  
Chairman

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, 2018		For the year ended 31 <sup>st</sup> March, 2017	
<b>Cash flow from operating activities:</b>				
Net profit before taxation		46,276		35,131
Adjustments for -				
(Profit) / Loss on sale of assets (net)	(2)		-	
Profit on sale of long term investments	(386)		(273)	
Interest income	(2,205)		(1,934)	
Dividend income	(4,529)		(3,426)	
Interest expenses	247		162	
Depreciation	1,600		2,720	
Provision on investments (net of write-back)	-		(22)	
Provision on stock-in-trade (net of write-back)	6		-	
Provision for doubtful debts (net of write-back)	2,094		3,408	
Share of gain in mutual fund from Neev Fund	-		-	
Adjustments for Foreign Currency Translation Reserve	485		(537)	
		(2,691)		98
Operating profit before working capital changes		43,585		35,229
Decrease / (increase) in trade receivables - current	(1,807)		5,500	
Decrease / (increase) in interest / dividend accrued	-		308	
Decrease / (increase) in short-term loans & advances	(893)		333	
Decrease / (increase) in long-term loans & advances	97		95	
Decrease / (increase) in Other non current assets	1		32	
Decrease / (increase) in Other current assets	(20)		-	
Decrease / (increase) in Margin Money Deposit	(7,873)		(1,983)	
Decrease / (increase) in Balance in Escrow accounts	(5,303)		(222)	
Decrease / (increase) in stock-in-trade	(35,035)		(19,620)	
(Decrease) / increase in current liabilities	131,919		2,870	
(Decrease) / increase in long-term liabilities	(11)		(48)	
(Decrease) / increase in provision for gratuity	252		100	
(Decrease) / increase in Provision for compensated absences	(212)		18	
		81,115		(12,617)
Cash generated from operations		124,700		22,612
Income tax refund	-		-	
Fringe benefit tax paid	-		-	
Income tax paid	(15,198)		(13,201)	
		(15,198)		(13,201)
<b>I. Net cash from operating activities</b>		<b>109,502</b>		<b>9,411</b>
<b>Cash flow from investing activities:</b>				
Purchase of fixed assets	(973)		(617)	
Sale of fixed assets	35		36	
Interest on long term investments	2,280		1,968	
Dividend income received	4,829		3,085	



## Consolidated Cash Flow Statement

(Rupees in lacs unless otherwise stated)

	For the year ended 31 <sup>st</sup> March, 2018		For the year ended 31 <sup>st</sup> March, 2017	
Purchase of investments	(11,579)		(5,063)	
Sale of investments	482		2,494	
<b>II. Net cash from investing activities</b>		<b>(4,926)</b>		<b>1,903</b>
<b>Cash flow from financing activities:</b>				
Bank borrowing availed	31,748		908	
Interest expenses	(247)		(162)	
Dividend payment	(13,058)		(11,607)	
Tax on dividend payment	(2,363)		(3,781)	
<b>III. Net cash used in financing activities</b>		<b>16,080</b>		<b>(14,642)</b>
<b>Net change in cash &amp; cash equivalents (I+II+III)</b>		<b>120,656</b>		<b>(3,328)</b>
Cash & cash equivalents at the beginning of the year		19,919		23,247
Cash & cash equivalents at the end of the year		140,575		19,919

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

	As at 31 <sup>st</sup> March, 2018		As at 31 <sup>st</sup> March, 2017	
Cash on hand		-		-
Balances with scheduled banks (current & deposit accounts)		140,575		19,919
Bank Overdraft (Book Overdraft shown under Current Liabilities)				
		<b>140,575</b>		<b>19,919</b>
(Excludes amounts placed as deposits with scheduled banks and lien marked with them)		14,369		6,476

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

As per our report of even date

For **Ummed Jain & Co.**  
Firm Registration No. 119250W/  
Chartered Accountants  
Sd/-  
**CA U. M. Jain**  
**Partner**  
Membership No.: 070863  
Mumbai, 23<sup>rd</sup> April, 2018

For and on behalf of Board of Directors

Sd/-  
**Rajnish Kumar**  
**Chairman**

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, 2018

## 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, 2018 (Contd...)

(Rupees in lacs unless otherwise stated)

## 2. OTHER NOTES

### NOTE - 2.1

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
100,000,000 (2017: 100,000,000)		
Equity shares of ₹ 10/- each	10,000	10,000
1,000,000 (2017: 1,000,000)		
Redeemable preference shares of ₹ 100/- each	1,000	1,000
	<b>11,000</b>	<b>11,000</b>
<b>Issued, subscribed and paid up</b>		
58,033,711 (2017: 58,033,711)		
Equity shares of ₹ 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. The company has only one class of equity shares having a face value of ₹ 10 each. Each holder of equity share is entitled to 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, 2018	As at 31 <sup>st</sup> March, 2017
<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	(335)	202
Add: Foreign Currency Translation during the year	485	(537)
Foreign Currency Translation Reserve-Closing Balance	150	(335)
<b>Securities premium Account</b>		
Balance as per the last financial statements	6,347	6,347
<b>Closing Balance</b>	<b>6,347</b>	<b>6,347</b>
<b>General reserve</b>		
Balance as per the last financial statements	42,670	40,374
Add: amount transferred from surplus balance in the statement of profit and loss	2,446	2,296
<b>Closing Balance</b>	<b>45,116</b>	<b>42,670</b>

## Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2018 (Contd...)

(Rupees in lacs unless otherwise stated)

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>Surplus / (deficit) in the statement of profit and loss</b>		
Balance as per the last financial statements	70,253	61,295
Profit for the year	32,787	25,224
Add: Share in Profit of Associate up to the end of preceding financial year	-	-
Less: Appropriations		
Interim dividend	13,058	11,607
Dividend distribution tax	2,658	2,363
Transfer to general reserve	2,446	2,296
Total Appropriations	18,162	16,266
<b>Net Surplus in the statement of profit and loss</b>	<b>84,878</b>	<b>70,253</b>
<b>Total Reserves and Surplus</b>	<b>136,585</b>	<b>119,029</b>

### NOTE - 2.3

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>OTHER LONG TERM LIABILITIES</b>		
Trade payables other than dues to Micro, Medium and Small Enterprises	-	11
Retention money for capital expenditure	13	15
Lease Deposits	46	46
Other Deposits	3	4
Franchisee Security Deposits	3	3
Trust Settlement Fees	14	12
	<b>79</b>	<b>90</b>

### NOTE - 2.4

	As at 31 <sup>st</sup> March-18	As at 31 <sup>st</sup> March-17	As at 31 <sup>st</sup> March-18	As at 31 <sup>st</sup> March-17
<b>PROVISIONS</b>	<b>Long-term</b>		<b>Short-term</b>	
<b>Provision for employee benefits</b>				
Provision for gratuity	598	360	14	-
Provision for compensated absences	841	1,077	234	209
<b>Other provisions</b>				
Provision for dividend distribution tax	-	-	2,658	2,363
	<b>1,439</b>	<b>1,438</b>	<b>2,906</b>	<b>2,572</b>

# Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2018 (Contd...)

(Rupees in lacs unless otherwise stated)

## NOTE - 2.5

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>SHORT TERM BORROWINGS</b>		
Bank overdraft- Repayable on Demand from a Bank	34,154	2,406
	<b>34,154</b>	<b>2,406</b>

## NOTE - 2.6

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>TRADE PAYABLES</b>		
Trade Payables of Micro, Medium and Small Enterprises	-	-
Others	133,193	10,881
	<b>133,193</b>	<b>10,881</b>

## NOTE - 2.7

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>OTHER CURRENT LIABILITIES</b>		
Bonus Payable	5,153	3,341
Advance received from customers	5,533	273
Income Received in Advance	777	480
TDS Payable	420	221
STT Payable	317	-
Goods & Service Tax Payable	2,148	423
Professional Tax Payable	5	-
Provident fund Payable	109	61
ESIC Payable	15	-
Payable for Capital Expenditure	69	171
Other Payables	37	6
	<b>14,583</b>	<b>4,976</b>

# Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2018 (Contd...)

(Rupees in lacs unless otherwise stated)

## NOTE - 2.8

	FIXED ASSETS	PROPERTY, PLANT & EQUIPMENT							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 16	9,516	4,529	1,142	1,020	49	153	4,020	4,502	24,932
	Additions	-	360	22	58	-	-	-	294	734
	Deductions / Transfers	-	139	28	63	19	-	-	-	249
	Balance As at 31 <sup>st</sup> Mar 17	9,516	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	1,458	2,800	733	684	33	117	4,020	3,468	13,314
	Additions	403	1,059	148	210	4	12	-	885	2,721
	Deductions / Transfers	-	117	28	55	13	-	-	-	213
	Balance As at 31 <sup>st</sup> Mar 17	1,861	3,742	853	839	24	129	4,020	4,354	15,822
NET BLOCK	As at 31 <sup>st</sup> Mar 17	7,655	1,008	283	176	6	24	-	443	9,595
GROSS BLOCK	Balance As at 1 <sup>st</sup> April 17	9,516	4,750	1,136	1,015	30	153	4,020	4,797	25,417
	Additions / Adjustments	-	758	12	69	14	-	-	53	906
	Deductions / Transfers	-	112	11	36	30	5	-	-	194
	Balance As at 31 <sup>st</sup> March 18	9,516	5,396	1,137	1,048	14	148	4,020	4,850	26,129
ACCUMULATED DEPRECIATION/ AMORTISATION	Balance As at 1 <sup>st</sup> April 17	1,861	3,742	853	839	24	129	4,020	4,354	15,822
	Additions / Adjustments	383	677	100	123	4	10	-	298	1,596
	Deductions / Transfers	-	92	9	29	25	-	-	-	155
	Balance As at 31 <sup>st</sup> March 18	2,244	4,327	944	933	3	139	4,020	4,652	17,263
NET BLOCK	As at 31 <sup>st</sup> March 18	7,272	1,069	193	115	11	9	-	198	8,866

**Note:** I. Building includes cost of 15 shares of ₹ 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, 2018 (Contd...)

(Rupees in lacs unless otherwise stated)

## NOTE – 2.9

	As at March-18		As at March-17	
	Units	Amount	Units	Amount
<b>INVESTMENTS</b>				
<b>Non-Current Investments</b>				
<b>Bonds (quoted)</b>				
8.20% bonds of National Highway Authority of India Ltd. (Taxfree) of ₹ 1,000/- each	54,876	549	54,876	549
8.20% Power Finance Corporation Ltd. (Taxfree) of ₹ 1,000/- each	71,197	712	71,197	712
8.10% bonds of India Railways Finance Corporation Ltd. (Taxfree) of ₹ 1,000/- each	304,510	3,045	304,510	3,045
7.38% Rural Electrification Corporation Ltd. (Taxfree) of ₹ 1,000/- each	100,000	1,000	100,000	1,000
7.34% Indian Railways Finance Corporation Ltd. (Taxfree) of ₹ 1,000/- each	100,000	1,000	100,000	1,000
8.63% Rural Electrification Corporation Ltd. (Taxfree) of ₹ 1,000/- each	100,000	1,000	100,000	1,000
8.55% India Infrastructure Finance Company Ltd. (Taxfree) of ₹ 1,000/- each	100,000	1,000	100,000	1,000
8.01% India Infrastructure Finance Company Ltd. (Taxfree) of ₹ 1,000/- each	15,000	150	15,000	150
<b>Total quoted investments</b>		<b>8,456</b>		<b>8,456</b>
<b>Investment in Equity Instruments (unquoted)- fully paid up</b>				
National Stock Exchange of India Ltd. of ₹ 1 each (Bonus issue 195,000 shares and 536,250 share offered for OFS before split held in escrow account)	21,450,000	341	21,450,000	341
SBI Home Finance Ltd. of ₹ 10 each (At cost less provision other than temporary diminution in value ₹ 103 (2017: ₹ 103))	1,032,500	*-	1,032,500	*-
OTC Exchange of India of ₹ 10 each (At cost less provision other than temporary diminution in value ₹ 110 (2017: 110))	1,100,000	*-	1,100,000	*-
Investor Services India Ltd. of ₹ 10 each (company under voluntary liquidation refer note no. 2.32)	535,768	-	535,768	-
ONGC Mittal Energy Ltd. of USD 1 each (At cost less provision other than temporary diminution in value ₹ 396 (2017: 396))	1,000,000	*-	1,000,000	*-
Receivable Exchange of India Ltd. of ₹ 10 each	1,525,000	153	1,525,000	152

## Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2018 (Contd...)

(Rupees in lacs unless otherwise stated)

	As at March-18		As at March-17	
	Units	Amount	Units	Amount
SBI Home Finance Ltd. of ₹ 10 each (At cost less provision other than temporary diminution in value ₹ 103 (2017: ₹ 103))	1,032,500	*-	1,032,500	*-
<b>Sub-total</b>		<b>494</b>		<b>493</b>
<b>Investment in Equity Instruments - Parent's Subsidiaries (unquoted) - fully paid up</b>				
SBI DFHI Ltd. of ₹ 100 each (formerly known as SBI Gilts Ltd.) (Percentage holding in the Company is 3.12%)	595,295	655	681,818	750
State Bank of India Servicos Limitada Brazil (0.01% contribution)	1	-	1	-
SBI Foundation Ltd. of ₹ 10 each (Percentage holding in the Company is 0.1% (2017: 0.1%))	4,002	-	4,002	-
SBI Debt Fund Series B-31 (1200 Days) - Direct Growth Plan of ₹ 10 each	-	-	5,600,000	560
<b>Sub-total</b>		<b>655</b>		<b>1,310</b>
<b>Investment in Equity Instruments - Associates (unquoted)- fully paid up</b>				
SBI Pension Funds Pvt. Ltd. of ₹ 10 each (Percentage holding in the Company is 20% (2017: 20%))	6,000,000	703	6,000,000	682
Add: Accumulated income from associate for the Current year		28		21
<b>Sub-total</b>		<b>731</b>		<b>703</b>
<b>Investment in Alternative Investment Fund (Unquoted) - fully paid up</b>				
Units of NEEV Fund of ₹ 1,000 each	297,948	2,979	214,149	2,114
Units of SBI Pipe Fund of ₹ 1,000 each	10,000	100	10,000	100
<b>Sub-total</b>		<b>3,079</b>		<b>2,214</b>
<b>Investment in Mutual Funds (unquoted)</b>				
HDFC Corporate Debt Opportunities fund Growth	20,985,478	3,000	-	-
HDFC FMP 1158D Feb 2018 Direct - Growth fund	10,000,000	1,000	-	-
SBI Corporate Bond Fund - Direct-Growth	3,637,951	1,000	-	-
SBI Magnum Income Fund - Direct Plan Growth	2,357,056	1,000	-	-
SBI Magnum Gilt Fund Long Term Direct Plan	6,360,206	2,500	-	-
SBI Magnum Instacash Fund - Direct Plan Growth	39,996	1,458	36,356	1,300
SBI Treasury Advantage Fund - Daily Dividend Reinvestment	10	-	-	-
<b>Sub-total</b>		<b>9,958</b>		<b>1,300</b>

# Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2018 (Contd...)

(Rupees in lacs unless otherwise stated)

	As at March-18		As at March-17	
	Units	Amount	Units	Amount
<b>Total unquoted investments</b>		<b>14,917</b>		<b>6,020</b>
<b>Total investments</b>		<b>23,373</b>		<b>14,476</b>
<b>Aggregate of quoted investments:</b>				
(i) Cost		8,456		8,306
(ii) Market Value		10,663		10,128
(iii) Book Value		8,456		8,306
<b>Aggregate of unquoted investments:</b>				
(i) Cost		33,642		25,237
(ii) Book Value		33,032		24,627
<b>Aggregate of provision for diminution in value of quoted investments</b>		<b>-</b>		<b>-</b>
<b>Aggregate of provision for diminution in value of unquoted investments</b>		<b>610</b>		<b>610</b>
* Fully provided for.				
<b>CURRENT INVESTMENTS</b>				
(non trade, at cost unless otherwise stated)				
<b>Investment in Mutual Funds (unquoted)</b>				
SBI Premier Liquid Fund direct plan	20,344	204	4,904	49
SBI Premier Liquid Fund regular plan	42,521	427	203,236	2,039
SBI Magnum Instacash Fund	347,780	3,512		-
SBI Debt Fund Series B-31	5,600,000	560		-
<b>Total unquoted investments</b>		<b>4,703</b>		<b>2,088</b>
<b>Aggregate of unquoted investments:</b>				
(i) Cost		4,703		2,088
(ii) Book Value		4,703		2,088
<b>Aggregate of provision for diminution in value of quoted investments</b>		<b>-</b>		<b>-</b>

# Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2018 (Contd...)

(Rupees in lacs unless otherwise stated)

## NOTE - 2.10

	As at 31 <sup>st</sup> March-18	As at 31 <sup>st</sup> March-17	As at 31 <sup>st</sup> March-18	As at 31 <sup>st</sup> March-17
	Non-current		Current	
<b>LOANS AND ADVANCES</b>				
(Unsecured and considered good unless otherwise stated)				
<b>Security Deposits</b>	811	755	32	32
<b>Loans and advances to related parties</b>	-	-	21	35
<b>Advances recoverable in cash or in kind or for value to be received</b>				
Considered good	-	-	147	131
Considered doubtful	-	-	-	-
	-	-	147	131
Less: Provision for doubtful advances	-	-	-	-
	-	-	147	131
<b>Other loans and advances</b>				
Advance tax and tax deducted at source (net of provision for income-tax)	8,393	7,961	-	-
Advance tax FBT (net of provision for FBT)	-	-	-	-
Advance interest tax (net of provision for interest tax)	152	152	-	-
Deposits with stock exchanges / clearing house	289	289	-	-
Arbitration Deposit	4	4	-	-
Less: Provision for Arbitration Deposit	(4)	(4)	-	-
	-	-	-	-
Prepaid Expenses	55	351	631	410
Loans to Employees	-	-	72	69
Capital Advances	154	11	-	-
Advances for Expenses	-	-	396	245
Balances with statutory / Government authorities	-	-	596	79
<b>Total</b>	<b>9,854</b>	<b>9,520</b>	<b>1,895</b>	<b>1,001</b>

# Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2018 (Contd...)

(Rupees in lacs unless otherwise stated)

## NOTE - 2.11

	As at 31 <sup>st</sup> March-18	As at 31 <sup>st</sup> March-17	As at 31 <sup>st</sup> March-18	As at 31 <sup>st</sup> March-17
	Non-current		Current	
<b>OTHER ASSETS</b>				
<b>Considered good unless stated otherwise</b>				
Debts outstanding for a period exceeding six months from the date they are due for payment	35	36	-	-
Other debts	-	-	-	-
	<b>35</b>	<b>36</b>	<b>-</b>	<b>-</b>
Non-current Bank Balances	30	1,025	-	-
Others				
Interest accrued on fixed deposits	-	177	364	314
Interest accrued on investments	5	5	251	251
Interest Accrued - Downselling	-	-	91	39
Dividend receivable on investments	-	-	41	341
Others	-	-	20	-
	<b>70</b>	<b>1,243</b>	<b>767</b>	<b>945</b>

## NOTE - 2.12

	As at 31 March 2018		As at 31 March 2017	
	Units	Amount	Units	Amount
<b>STOCK-IN-TRADE</b>				
7.84% Bajaj Finance Ltd. of ₹ 10,00,000 each (At cost less provision for temporary diminution in value ₹ Nil (2017: Nil))	-	-	1,750	17,500
7.50% Power Finance Ltd. of ₹ 10,00,000 each (At cost less provision for temporary diminution in value ₹ Nil (2017: Nil))	-	-	1,000	10,000
8.09% Rural Electrification Corporation Ltd. of ₹ 10,00,000 each (At cost less provision for temporary diminution in value ₹ Nil (2017: Nil))	2,250	22,500	-	-
8.80% Capital First Ltd. of ₹ 10,00,000 each (At cost less provision for temporary diminution in value ₹ Nil (2017: Nil))	3,000	30,000	-	-
<b>Total quoted stock-in-trade</b>		<b>52,500</b>		<b>27,500</b>
<b>Investment in Equity Instruments (unquoted) - fully paid up</b>				
Cremica Agro Foods Ltd. of ₹ 10/- each (At cost less provision for ₹ 3 (2017: 3))	15,400	*-	15,400	*-
<b>Sub-total</b>		<b>-</b>		<b>-</b>

## Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2018 (Contd...)

(Rupees in lacs unless otherwise stated)

	As at 31 <sup>st</sup> March, 2018		As at 31 <sup>st</sup> March, 2017	
	Units	Amount	Units	Amount
<b>Preference Shares (unquoted) fully paid up</b>				
0.0001% preference shares of Pasupati Fabrics Ltd. of ₹ 10/- each (At cost less provision ₹ 14 (2017: 14))	140,000	*-	140,000	*-
<b>Sub Total</b>		-		-
<b>Mutual Funds (unquoted)</b>				
In fixed Maturity Plans - Fully paid up				
HDFC FMP Series 29	-	-	25,000,000	2,500
HDFC FMP Series 31	-	-	10,000,000	1,000
HDFC FMP 1167 days	10,000,000	1,000	10,000,000	1,000
SBI Debt Fund Series A - 14	-	-	20,000,000	2,000
SBI Debt Fund Series B - 34	15,000,000	1,500	15,000,000	1,500
SBI Magnum Gilt Fund Long Term	-	-	6,612,751	2,000
<b>In Liquid Funds - Fully paid up</b>				
Axis Liquid Fund Direct Plan - Growth	432,204	8,298	-	-
JM High Liquidity Fund - Direct Plan - Growth	-	-	9,541,583	4,245
Kotak Floater Short Term - Direct - Growth - Plan	24,178	922	55,621	2,000
SBI Magnum Insta Cash Fund - Direct Plan - Growth	336,255	8,000	-	-
L & T Liquid Fund - Direct - Growth				
<b>In Arbitrage Funds - Fully paid up</b>				
ICICI Prudential Equity Arbitrage Fund	7,362,461	1,073	-	-
Aditya Birla Sun Life Enhanced Arbitrage Fund	18,504,551	2,046	-	-
Kotak Equity Arbitrage Fund	14,078,519	1,535	-	-
Axis Treasury Advantage Fund Direct Growth	95,918	1,900	-	-
<b>Sub-total</b>		<b>26,274</b>		<b>16,245</b>
<b>Total unquoted stock-in-trade</b>		<b>26,274</b>		<b>16,245</b>
<b>Total stock-in-trade</b>		<b>78,774</b>		<b>43,745</b>

# Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2018 (Contd...)

(Rupees in lacs unless otherwise stated)

	As at 31 <sup>st</sup> March, 2018		As at 31 <sup>st</sup> March, 2017	
	Units	Amount	Units	Amount
<b>Aggregate of quoted stock-in-trade:</b>				
(i) Cost		52,500		27,500
(ii) Market / realisable value		53,325		27,675
(iii) Book Value		52,500		27,500
<b>Aggregate of unquoted stock-in-trade:</b>				
(i) Cost		26,297		16,262
(ii) Book Value		26,274		16,245
<b>Aggregate provision for diminution in value of quoted investments</b>		-		-
<b>Aggregate provision for diminution in value of unquoted investments</b>		23		17

\* Fully provided for.

## NOTE - 2.13

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>TRADE RECEIVABLES</b>		
Debts outstanding for a period exceeding six months from the date they are due for payment		
Secured, Considered Good	84	30
Unsecured, Considered Good	1,921	3,224
Unsecured, Considered Doubtful	12,268	10,252
	<b>14,273</b>	<b>13,506</b>
Less: Provision for doubtful debts	12,296	10,252
	1,977	3,254
Other Receivables		
Secured, Considered Good	8,786	6,823
Unsecured, Considered Good	22,525	23,527
Unsecured, Considered Doubtful	113	35
	<b>31,425</b>	<b>30,385</b>
Less: Provision for doubtful debts	85	35
	31,340	30,350
	<b>33,317</b>	<b>33,604</b>



## Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2018 (Contd...)

(Rupees in lacs unless otherwise stated)

### NOTE - 2.14

	As at 31 <sup>st</sup> March-18	As at 31 <sup>st</sup> March-17	As at 31 <sup>st</sup> March-18	As at 31 <sup>st</sup> March-17
	Non-current		Current	
<b>CASH AND BANK BALANCES</b>				
<b>Cash and cash equivalents</b>				
On Current Accounts	-	-	135,324	12,904
On Current Accounts-Escrow Accounts	-	-	5,542	238
Deposits with original maturity of less than three months	-	-	4,425	4,529
Cheques / drafts on hand	-	-	10	195
Cash on hand	-	-	1	1
<b>Other Bank Balances</b>				
Deposits with original maturity of more than twelve months	30	1,005	785	625
Deposits with original maturity of more than three months but less than twelve months	-	-	-	660
Margin money deposit	-	20	14,369	6,477
Less: Amount disclosed under non-current assets	(30)	(1,025)	-	-
	-	-	<b>160,456</b>	<b>25,629</b>

Deposit accounts with scheduled banks amounting to ₹ 14,369/- (2017: ₹ 6,497/-) 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.

### NOTE - 2.15

	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
<b>REVENUE FROM OPERATIONS</b>		
<b>Merchant Banking and Advisory Fees</b>		
Issue Management	2,950	2,021
Arranger's Fees	938	3,043
Advisory Fees	35,915	38,432
Trusteeship Acceptance Fees	478	493
Trusteeship Service Charges	2,209	2,172
Trusteeship Income from Will Services	1	1
Brokerage	15,531	11,134
Selling & Distribution Commission	12,645	8,803
Depository Service Income	1,681	1,431
Base Management Fees	704	704
Other Operating Revenue	5,006	3,157
<b>Sub-total</b>	<b>78,058</b>	<b>71,391</b>

## Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2018 (Contd...)

(Rupees in lacs unless otherwise stated)

	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
<b>Other Operations (Income from Securities)</b>		
Interest Income	1,307	1,934
Profit / (loss) on sale of investments (net)	386	273
Trading profits / (loss) on stock-in-trade (net)	4,831	780
Dividend		
- Others	4,529	3,426
<b>Sub-total</b>	<b>11,053</b>	<b>6,413</b>
<b>Total</b>	<b>89,111</b>	<b>77,804</b>

### NOTE - 2.16

	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
<b>OTHER INCOME</b>		
Profit on Sale of Property, Plant and Equipment (net)	2	-
Bad debts recovered	2,257	531
Foreign exchange fluctuation (net)	-	44
Interest on deposit with Banks	897	1,053
Share of gain in mutual fund from Neev Fund	1	-
Others	35	100
<b>Write-back of provision on:</b>		
Investments	-	22
Bonus	182	87
Compensated Absences	263	11
	<b>3,637</b>	<b>1,848</b>

Note:

Bad debts recovered includes an amount of ₹ 1625 lacs recovered from the broker following the favourable judgment from Special Court. The Company had, up to May 12, 1992, provided investment management services to various clients. As part of these services, the Company had placed the clients funds directly with money market brokers against contracts for purchase of bonds units. One broker had failed to meet his obligations to the tune of ₹ 1625 lacs in four cases. The company had settled the dues to the clients. The company had proceeded legally against the broker. Loss of ₹ 425 lacs and ₹ 1200 lacs was written off in Financial year 1991-92 and 1992-93 respectively. Bad debts recovered includes an amount of ₹ 1625 lacs recovered from the broker following the favourable judgment from Special Court.

## Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2018 (Contd...)

(Rupees in lacs unless otherwise stated)

### NOTE - 2.17

	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
<b>EMPLOYEE BENEFIT EXPENSES</b>		
Salaries, wages and bonus	20,356	16,426
Contribution to provident and pension funds	766	659
Contribution to Gratuity	361	181
Contribution to Superannuation	228	393
Staff welfare	535	519
	<b>22,246</b>	<b>18,178</b>

### NOTE - 2.18

	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
<b>INTEREST EXPENSE</b>		
Short Term Borrowings	247	162
Bank and others	-	-
	<b>247</b>	<b>162</b>

### NOTE - 2.19

	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
<b>OTHER EXPENSES</b>		
Selling and distribution sub-commission	2,600	3,483
Stamp duty	7	162
Transaction charges	75	19
Depository charges	64	17
Insurance Charges-stock brokers Indemnity	4	1
Cost of outsourced staff	4,999	3,250
Other operating Expenses	1,223	907
Business Promotion Expenses	59	109
Legal and professional fees	1,230	1,240
Conveyance and travelling	1,442	1,157
Rent	1,601	1,598
Hiring charges	361	293
Rates and taxes	46	295
Royalty	230	462
Bad debts written off	585	1,782
Postage, telephone and telex	900	1,054

## Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2018 (Contd...)

(Rupees in lacs unless otherwise stated)

	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
Advertisement	56	73
Printing and stationery	328	326
Electricity	251	305
Repairs and maintenance:		
Building	112	110
Others	742	837
Insurance	158	148
Directors' sitting fees	19	22
Foreign exchange fluctuation, net	196	-
Loss on sale of fixed assets (net)	-	1
Tax on perquisites	5	4
Office Maintenance	290	273
Training Charges	353	315
Membership and Subscription	725	645
Filing Fees and other Charges (Issue Management)	622	238
Interest on late payment of statutory dues	104	-
Contribution towards CSR	323	342
Miscellaneous expenses	569	585
	<b>20,279</b>	<b>20,053</b>

### NOTE - 2.20

	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
<b>PROVISIONS (Expense)</b>		
Provision for:		
Fall in value of Stock-in-trade	6	-
Doubtful debts	2,094	3,408
	<b>2,100</b>	<b>3,408</b>

## Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2018 (Contd...)

(Rupees in lacs unless otherwise stated)

### NOTE - 2.21

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>DEFERRED TAXES</b>		
Tax Assets / (Liabilities) due to temporary timing difference in respect of:		
<b>Deferred Tax Assets</b>		
Depreciation on fixed assets	371	93
Provision for Bonus	707	402
Provision on Gratuity	210	114
Provision on compensated leave	371	439
Provision for doubtful debts	4,268	3,534
Carry forward of Losses	721	766
Provision for Arbitrage Deposit	1	1
<b>Deferred tax assets</b>	<b>6,649</b>	<b>5,349</b>
Less: Opening Deferred Tax Asset	<b>5,349</b>	<b>3,771</b>
<b>Deferred tax credit / (expense) for the year</b>	<b>1,300</b>	<b>1,578</b>

### NOTE - 2.22

	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
<b>EARNINGS PER EQUITY SHARE (EPS)</b>		
I Basic and diluted EPS (₹)	56.50	43.46
II Nominal value per share (₹)	10	10

EPS has been calculated based on the net profit after taxation of ₹ 32,787 (2016: ₹ 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.

### NOTE - 2.23

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>CONTINGENT LIABILITIES AND COMMITMENTS</b>		
(i) Claims against the Company not acknowledged as debts	369	329
(ii) Guarantees issued	17,919	124
(iii) Capital Commitments	1,562	75

Guarantees issued includes ₹ 36 (2017: ₹ 28) 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, 2018 (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 ₹ 7,136 (2017: ₹ 6,502) 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, 2018	For the Year ended 31 <sup>st</sup> March, 2017
<b>SUPPLEMENTARY PROFIT AND LOSS DATA</b>		
<b>(a) Payments to auditors (excluding service tax) (included in Legal and professional fees)</b>		
As auditors	55	57
For tax audit	3	4
For other matters	15	14
For out-of-pocket expenses	1	1
	<b>74</b>	<b>76</b>
<b>(b) Expenditure in foreign currency</b>		
Travel and other expenses	160	238
<b>(c) Earnings in foreign currency</b>		
Advisory fees from overseas clients and reimbursement of expenses	4,254	4,129

# Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2018 (Contd...)

## 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
SBI DFHI Limited	Fellow Subsidiary
SBI Fund Management Ltd.	Fellow Subsidiary
SBI Life Insurance Company Limited	Fellow Subsidiary
SBI Cards & Payment Services Pvt. Limited	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
Smt. Varsha Purandare, Managing Director & Chief Executive Officer	Key Management Personnel
Shri Ashwani Bhatia, Whole-Time Director from 25 <sup>th</sup> July 2016 to 16 <sup>th</sup> February 2018	Key Management Personnel
Shri Biswa Ketan Das, Whole-Time Director from 27 <sup>th</sup> March 2018	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 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, 2018 (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-18	Mar-17	Mar-18	Mar-17	Mar-18	Mar-17	Mar-18	Mar-17
<b>Expenses during the year ended</b>								
Deputation of Employees	595	651	-	-	-	-	-	-
Salaries & Allowances								
Smt. Varsha Purandare	-	-	-	-	10	9	-	-
Shri Ashwani Bhatia	-	-	-	-	8	8	-	-
Shri Biswa Ketan Das	-	-	-	-	4	-	-	-
Shri P Karthikeyan	-	-	-	-	-	1	-	-
Shri Navinchandra Amin	-	-	-	-	5	4	-	-
Shri Amit Shah	-	-	-	-	30	30	-	-
Interest Expenses	247	213	-	-	-	-	-	-
Bad Debts	-	30	-	-	-	-	-	-
Referral Fees	456	273	-	-	-	-	-	-
Rent	59	45	-	-	-	-	-	-
SBI Funds Management Pvt. Ltd.	-	-	10	5	-	-	-	-
Bank & Other Charges	83	92	-	-	-	-	-	-
SBI DFHI Limited	-	-	-	-	-	-	-	-
Legal & Professional Charges								
SBICAP Securities Ltd.	-	-	-	-	-	-	-	-
Royalty Expense	230	462	-	-	-	-	-	-
Insurance Expense	-	-	-	-	-	-	-	-
SBI Life Insurance Company Limited	-	-	29	31	-	-	-	-
SBI General Insurance Co. Ltd.	-	-	3	13	-	-	-	-

## Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2018 (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-18	Mar-17	Mar-18	Mar-17	Mar-18	Mar-17	Mar-18	Mar-17
Office Maintenance	-	1	-	-	-	-	-	-
Membership & Subscription								
SBI Pension Funds Pvt. Ltd.	-	-	-	2	-	-	-	-
Legal & Professional Fees								
Straits Law Practice	-	-	-	-	-	-	2	2
Contribution towards CSR								
SBI Foundation Ltd.	-	-	7	-	-	-	-	-
<b>Income during the year ended</b>								
Issue Management Fees	-	-	-	-	-	-	-	-
SBI Life Insurance Company Limited	-	-	159	-	-	-	-	-
Private Placement Fees	-	-	-	-	-	-	-	-
Arranger's Fees	333	2,312	-	-	-	-	-	-
SBI Cards & Payment Services Pvt. Ltd.	-	-	141	-	-	-	-	-
Advisory Fees	4,395	4,119	-	-	-	-	-	-
SBI Global Factors Ltd.								
Trusteeship Service Charges								
SBI Cards & Payment Services Pvt. Ltd.	-	-	-	1	-	-	-	-
SBI Global Factors Ltd.	-	-	1	-	-	-	-	-
Brokerage Income	318	230	-	-	-	-	-	-
SBI Life Insurance Company Limited	-	-	134	143	-	-	-	-

# Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2018 (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-18	Mar-17	Mar-18	Mar-17	Mar-18	Mar-17	Mar-18	Mar-17
SBI General Insurance Company Limited	-	-	1	1	-	-	-	-
SBI Funds Management Pvt. Ltd.	-	-	255	154	-	-	-	-
Selling & Distribution Income	-	4,025	-	-	-	-	-	-
Referral Fees	-	-	-	-	-	-	-	-
Other Operating Revenue	9,897	-	-	-	-	-	-	-
SBI Life Insurance Company Limited	-	-	32	-	-	-	-	-
Bank Interest	215	956	-	-	-	-	-	-
Dividend SBI DFHI Limited	-	-	41	341	-	-	-	-
<b>Balance receivable as at</b>								
Trade Receivables	7,545	5,709	-	-	-	-	-	-
SBI Life Insurance Company Limited	-	-	12	-	-	-	-	-
SBI Mutual Funds	-	-	4	10	-	-	-	-
SBI Global Factors Ltd.	-	-	-	1	-	-	-	-
Cash at Bank	137,752	12,832	-	-	-	-	-	-
Deposit with Bank	5,643	6,834	-	-	-	-	-	-
Loans & Advances	21	35	-	-	-	-	-	-
SBI General Insurance Co. Ltd.	-	-	-	1	-	-	-	-
Other Current Assets	277	404	-	-	-	-	-	-
SBI DFHI Limited	-	-	41	341	-	-	-	-

## Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2018 (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-18	Mar-17	Mar-18	Mar-17	Mar-18	Mar-17	Mar-18	Mar-17
<b>Investments</b>								
SBI Pension Funds Pvt. Ltd.	-	-	601	601	-	-	-	-
SBI DFHI Limited	-	-	750	750	-	-	-	-
SBI Home Finance Limited*	-	-	-	-	-	-	-	-
SBI Foundation Limited	-	-	-	-	-	-	-	-
State Bank of India Servicos Limitada Brazil	-	-	-	-	-	-	-	-
<b>Balance payable as at</b>								
Trade Payables	148	441	-	-	-	-	-	-
SBI Funds Management Pvt. Ltd.	-	-	-	1	-	-	-	-
Short Term Borrowings	34,154	34,154	-	-	-	-	-	-
<b>Others transactions during the year ended</b>								
Dividend paid	13,058	11,607	-	-	-	-	-	-
Fees Shared (netted from Income)	-	-	-	-	-	-	-	-
Guarantees	383	96	-	-	-	-	-	-

I. Included in expenses relating to deputation of employees are amounts aggregating to ₹ 119 (2017: ₹ 95) pertaining to salaries paid to key management personnel.

II. \* - Fully provided for

III. # - Excludes fees shared by way of pass through arrangement.

IV. \*\* Previous year figures of holding company includes an amount of Fellow subsidiaries on account of merger of Associate Banks with State Bank of India

# Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2018 (Contd...)

## 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)

[AS15 Revised (c) (i) to (x)]

	Gratuity	
	2018	2017
Current service cost	144	135
Interest cost on benefit obligation	79	80
Expected return on plan assets	39	(54)
Net actuarial (gain) / loss recognised in the year	1	19
Past service cost	178	-
Net benefit expense	440	181
	-	-
Actual return on plan assets	21	52

#### Balance sheet

##### Details of Provision for gratuity

	Gratuity	
	2018	2017
Defined benefit obligation	1,081	1,007
Fair value of plan assets	(553)	(647)
Less: Unrecognised past service cost	-	-
Plan asset / (liability)	(527)	(360)

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

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

	Gratuity	
	2018	2017
Opening defined benefit obligation	1,007	908
Interest cost	79	80
Current service cost	144	135
Benefits paid	(118)	(133)
Actuarial (gains) / losses on obligation	(31)	17
Past Service Cost	-	-
<b>Closing defined benefit obligation</b>	<b>1,081</b>	<b>1,007</b>

## Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2018 (Contd...)

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

	Gratuity	
	2018	2017
Opening fair value of plan assets	647	648
Expected return	(39)	54
Contributions by employer	97	81
Benefits paid	(119)	(133)
Actuarial gains / (losses)	(32)	(3)
<b>Closing fair value of plan assets</b>	<b>553</b>	<b>647</b>

The Company expects to contribute ₹ 100 (2017-18: ₹ 100) to gratuity in 2018-19.

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	
	2018	2017
	%	%
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)}

	2018	2017
	%	%
Discount rate	6.85	7.35
Expected rate of return on assets	8.00	8.00
Employee turnover		
Age (Years) 21-30	5% - 26%	5% - 26%
Age (Years) 31-40	3% - 26%	5% - 26%
Age (Years) 41-50	2% - 26%	3% - 26%
Age (Years) 51-60	2% - 26%	3% - 26%
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	
	2018	2017
Defined benefit obligation	1,081	1,007
Plan assets	553	647
Surplus / (deficit)	(527)	(360)
Experience adjustments on plan liabilities	(51)	(51)
Experience adjustments on plan assets	(3)	(3)

# Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2018 (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-18	31-Mar-17	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
<b>REVENUE</b>								
External sales	12,678	6,698	78,690	71,967	1,380	987	92,748	79,652
Inter-segment sales	-	-	-	-	-	-	-	-
<b>Total revenue</b>	12,678	6,698	78,690	71,967	1,380	987	92,748	79,652
<b>RESULT</b>								
Segment result	12,637	6,662	49,695	42,235	1,408	1,007	63,739	49,905
Unallocated Revenue	-	-	-	-	-	-	-	-
Unallocated corporate expenses	-	-	-	-	-	-	17,189	14,591
Operating profit	-	-	-	-	-	-	46,551	35,314
Interest expense	-	-	-	-	-	-	247	162
Income tax	-	-	-	-	-	-	13,516	9,928
Profit from ordinary activities	-	-	-	-	-	-	32,787	25,224
Extraordinary item, net	-	-	-	-	-	-	-	-
Net profit	-	-	-	-	-	-	32,787	25,224
<b>As at</b>								
Segment assets	112,857	54,422	54,112	47,794	-	-	166,969	102,216
Unallocated corporate assets	-	-	-	-	-	-	161,772	31,832
Total assets	-	-	-	-	-	-	328,742	134,048
Segment liabilities	55	50	144,041	8,784	-	-	144,096	8,834
Unallocated corporate liabilities	-	-	-	-	-	-	42,258	11,099
Total liabilities	-	-	-	-	-	-	186,354	19,933
Capital expenditures	-	-	-	-	-	-	924	2,603
Depreciation	-	-	-	-	-	-	1,600	2,720

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, 2018 (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, 2017 to 31<sup>st</sup> March, 2018

Particulars	Period	Opening Stock		Additional Purchases		Sales / Redemption		Profit / (Loss)	Closing Stock	
		Nos.	Amt.	Nos.	Amt.	Nos.	Amt.		Nos.	Amt.
Stock-In-Trade										
Preference Shares	31-Mar-18	140,000	*	-	-	-	-	-	140,000	*
	31-Mar-17	140,000	*	-	-	-	-	-	140,000	*
Equity Shares	31-Mar-18	15,400	-	766,514	5,008	766,514	5,063	55	15,400	*
	31-Mar-17	15,400	-	270,044	2,036	270,044	2,088	52	15,400	*
Units of Mutual Fund	31-Mar-18	96,209,956	16,245	113,040,442	412,268	143,416,311	407,033	4,800	65,834,087	26,274
	31-Mar-17	106,293,446	17,125	188,287,277	316,563	198,370,767	318,508	1,065	96,209,956	16,245
Stock in Trade for Downselling	31-Mar-18	2,750	27,500	26,750	267,500	24,250	242,453	(47)	5,250	52,500
	31-Mar-17	700	7,000	3,380,960	243,106	3,378,910	222,269	(337)	2,750	27,500
Commercial Paper	31-Mar-18	-	-	2,000	9,978	2,000	10,000	22	-	-
	31-Mar-17	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>31-Mar-18</b>		<b>43,745</b>		<b>694,753</b>		<b>664,549</b>	<b>4,831</b>		<b>78,774</b>
	<b>31-Mar-17</b>		<b>24,125</b>		<b>561,705</b>		<b>542,085</b>	<b>780</b>		<b>43,745</b>

\* - Fully provided for

\*\* - Adjustment shown is on account of change in FV of units of Mutual Funds

## Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2018 (Contd...)

### Note - 2.30

There are no amounts outstanding to Micro, Small and Medium Enterprises as at March 31, 2018 and no amount were overdue during the year for which disclosure requirements under Micro, Small and Medium Enterprises Development Act, 2006 are applicable.

### 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

The Company had received an amount of ₹ 54 lacs from liquidator of Investor Services of India Limited representing full cost of investment in the Financial Year 2013-14. The company further received NIL (FY 2017 ₹ 1 lac) representing surplus money distributed to shareholders. The same was recognized as dividend income.

### Note - 2.33

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, 2018

## Note 2.34

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 2018	<b>72.09</b>	<b>1,02,646</b>	<b>74.58</b>	<b>24,464</b>
	Mar 2017	74.85	93,434	86.49	21,815
<b>Subsidiaries</b>					
<b>Indian</b>					
SBICAP Securities Limited	Mar 2018	<b>14.57</b>	<b>20,748</b>	<b>23.06</b>	<b>7,560</b>
	Mar 2017	10.94	13,661	10.33	2,606
SBICAP Trustee Company Limited	Mar 2018	<b>5.36</b>	<b>7,626</b>	<b>3.63</b>	<b>1,190</b>
	Mar 2017	5.16	6,440	4.63	1,168
SBICAP Ventures Ltd.	Mar 2018	<b>3.33</b>	<b>4,748</b>	<b>0.80</b>	<b>263</b>
	Mar 2017	3.59	4,485	1.03	261
<b>Foreign</b>					
SBICAP (UK) Ltd.	Mar 2018	<b>0.39</b>	<b>557</b>	<b>(1.12)</b>	<b>(368)</b>
	Mar 2017	0.67	837	(2.10)	(531)
SBICAP (Singapore) Ltd.	Mar 2018	<b>4.17</b>	<b>5933</b>	<b>(1.03)</b>	<b>(338)</b>
	Mar 2017	4.70	5873	(0.46)	(117)
<b>Associates</b>					
<b>India</b>					
SBI Pension Funds Private Ltd.	Mar 2018	<b>0.09</b>	<b>130</b>	<b>0.09</b>	<b>28</b>
	Mar 2017	0.08	102	0.08	22

\*total assets minus total liabilities

For **Ummed Jain & Co**  
Firm Registration No. 119250W  
Chartered Accountants

Sd/-  
**CA U. M. Jain**  
Partner  
Membership No.: 070863

Place: Mumbai  
Date: April 23, 2018

For and on behalf of Board of Directors

Sd/-  
**Rajnish Kumar**  
Chairman

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

1. We have audited the accompanying standalone financial statements of **SBI CAPITAL MARKETS LIMITED ("the Company")** which comprises the Balance Sheet as at March 31, 2018, 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

2. 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

3. 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 there under.

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

4. 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, 2018, its Profit and its Cash Flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

5. 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.
6. 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;

## Independent Auditors' Report

- 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.
  - e) on the basis of written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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.
7. 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 **Ummed Jain & Co.**  
Chartered Accountants  
Firm Registration No. 119250W

Sd/-  
**CA U. M. Jain**  
**Partner**  
Membership No.: 070863  
Place: Mumbai  
Date: 23<sup>rd</sup> April, 2018

## Independent Auditors' Report - Annexure A

Report on the matters 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 Companies Act, 2013 ("the Act") referred to in paragraph 5 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, 2018:

- 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 four 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 deed of one immovable property has been deposited with the Registrar; and the same 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, Goods & 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, 2018 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, goods & service tax, outstanding on account of any dispute except as under:

Name of the statute	Nature of dues	Demand disputed (₹ in lacs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Issue relating to disallowance of expenses	1331	AY 2015-16	Commissioner Income Tax (Appeals)
Income Tax Act, 1961	Issue relating to disallowance of expenses	3899	AY 1989-1990 to AY 1992-93 AY 1996-97 to AY 1999-00, AY 2001-02, AY 2003-04, AY 2006-07, AY 2009-2010, AY 2011-12	Income Tax Appellate Tribunal (ITAT)
Sales Tax (Central and State)	Issues relating to lease Tax	23.13	FY 1991-96	Commissioner Sales Tax

- 8) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to Bank. The Company has not taken any loans from any financial institution, Government and debenture holders
- 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 **Ummed Jain & Co.**  
Chartered Accountants  
Firm Registration No. 119250W

Sd/-  
**CA U. M. Jain**  
Partner  
Membership No.: 070863  
Place: Mumbai  
Date: 23<sup>rd</sup> April, 2018

## 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") referred to in paragraph 6(f) 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, 2018:**

We have audited the internal financial controls over financial reporting of SBI Capital Markets Limited ("the Company") as of March 31, 2018 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

### 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, 2018, 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 **Ummed Jain & Co.**

Chartered Accountants

Firm Registration No. 119250W

Sd/-

**CA U. M. Jain**

**Partner**

Membership No.: 070863

Place: Mumbai

Date: 23<sup>rd</sup> April, 2018

## 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 referred to in paragraph 7 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, 2018:**

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 company, out of five immovable properties of the Company, the title deeds of four immovable property was provided for our verification and the same is in the name of the Company. We are informed that the title deed of the remaining one immovable property is deposited with the registrar; the same 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.
2. 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 2017-18 Sundry Debtors aggregating to ₹ 2,53,67,952/- were written off in 25 cases and Fee Income Aggregating ₹ 3,78,39,941/- was de-accrued in 5 Cases. Accordingly the profit of the Company for the FY 2017-18 has been reduced to this extent. A summary of sundry debtors written off and fee income de-accrued during the FY 2017-18 along with the reasons is given below:

Reasons	Write off		De-accrual	
	No. of Cases	Amount	No. of Cases	Amount
Deal did not materialise	7	1,16,64,016	5	3,78,39,941
Disputed Fee Amount	1	20,00,000		
Disputed OPE Amount	12	38,66,907		
Liquidity Crisis faced by client	4	68,62,029		
Renegotiation of Fees	1	9,75,000		
<b>Grand Total</b>	<b>25</b>	<b>2,53,67,952</b>	<b>5</b>	<b>3,78,39,941</b>

3. Whether proper records are maintained for inventories lying with third parties & assets received as gift / grants 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 / grants from Govt. or other authorities.

For **Ummed Jain & Co.**  
Chartered Accountants  
Firm Registration No. 119250W

Sd/-  
**CA U. M. Jain**  
**Partner**  
Membership No.: 070863

Place: Mumbai  
Date: 23<sup>rd</sup> April, 2018

### 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, 2018.

The preparation of financial statements of SBI Capital Markets Limited for the year ended 31 March, 2018 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 23 April, 2018.

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, 2018. 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: 23<sup>rd</sup> April, 2018

## Balance Sheet As At 31<sup>st</sup> March, 2018

(Rupees in lacs unless otherwise stated)

	Notes	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share capital	2.1	5,803	5,803
Reserves and surplus	2.2	118,635	109,887
		124,438	115,690
<b>NON-CURRENT LIABILITIES</b>			
<b>Long-term borrowings</b>			
Other long-term liabilities	2.3	49	60
Long-term provisions	2.4	965	1,065
		1,014	1,125
<b>CURRENT LIABILITIES</b>			
Short-term borrowings	2.5	30,032	-
Trade payables	2.6	2,441	2,138
Other current liabilities	2.7	4,998	2,873
Short-term provisions	2.4	2,779	2,483
		40,250	7,494
<b>Total</b>		<b>165,702</b>	<b>124,309</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
<b>Fixed Assets</b>			
Property, Plant and Equipment	2.8	7,623	8,204
Intangible Assets		24	155
Capital work-in-progress		14	-
Non-current investments	2.9	41,338	32,933
Deferred tax assets (net)	2.21	5,379	4,750
Long-term loans and advances	2.10	8,688	7,615
Other non-current assets	2.11	19	39
		<b>63,085</b>	<b>53,696</b>
<b>CURRENT ASSETS</b>			
Stock-in-trade	2.12	78,774	43,745
Trade receivables	2.13	18,841	22,456
Cash and cash equivalents	2.14	3,601	3,283
Short-term loans and advances	2.10	983	494
Other current assets	2.11	418	635
		102,617	70,613
<b>Total</b>		<b>165,702</b>	<b>124,309</b>

See Accompanying Notes to Financial Statements

1 & 2.1  
to 2.33

As per our report of even date

For **Ummed Jain & Co.**  
Firm Registration No. 119250W/  
Chartered Accountants

Sd/-  
**CA U. M. Jain**  
Partner  
Membership No.: 070863  
Mumbai, 23<sup>rd</sup> April, 2018

For and on behalf of Board of Directors

Sd/-  
**Rajnish Kumar**  
Chairman  
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, 2018

(Rupees in lacs unless otherwise stated)

	Notes	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
<b>INCOME</b>			
Revenue from operations	2.15	50,485	49,719
Other income	2.16	3,527	1,870
<b>Total Revenue</b>		<b>54,012</b>	<b>51,589</b>
<b>EXPENSES</b>			
Employee benefit expenses	2.17	11,015	9,656
Finance cost	2.18	32	-
Depreciation and amortisation expense	2.8	851	999
Other expenses	2.19	5,465	6,413
Provisions	2.20	1,714	3,264
<b>Total Expenses</b>		<b>19,077</b>	<b>20,332</b>
<b>PROFIT BEFORE TAX</b>		<b>34,935</b>	<b>31,257</b>
Tax Expenses			
Current tax expense		11,100	10,790
Deferred tax	2.21	(629)	(1,328)
<b>PROFIT FOR THE YEAR</b>		<b>24,464</b>	<b>21,795</b>
Earning per equity share of face value of ₹ 10 each - Basic and Diluted in ₹	2.22	<b>42.16</b>	<b>37.56</b>

See Accompanying Notes to Financial Statements 1 &  
2.1  
to  
2.33

As per our report of even date

For **Ummed Jain & Co.**  
Firm Registration No. 119250W  
Chartered Accountants

Sd/-  
**CA U. M. Jain**  
**Partner**  
Membership No.: 070863  
Mumbai, 23<sup>rd</sup> April, 2018

For and on behalf of Board of Directors

Sd/-  
**Rajnish Kumar**  
**Chairman**

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, 2018		For the year ended 31 <sup>st</sup> March, 2017	
<b>Cash flow from operating activities:</b>				
Net profit before taxation	-	34,935	-	31,257
Adjustments for -				
(Profit) / Loss on sale of assets (net)	(1)		1	
Profit on sale of long term investments	(355)		(273)	
Interest on long term investments	(669)		(1,916)	
Interest on Deposit with banks	(19)		(6)	
Dividend income	(4,367)		(3,378)	
Interest expenses	32		-	
Depreciation	851		999	
Provision on investments (net of write-back)	-		(22)	
Provision on stock-in-trade (net of write-back)	6		-	
Provision for doubtful debts (net of write-back)	1,708		3,263	
		(2,814)		(1,332)
Operating profit before working capital changes		32,121		29,925
Decrease / (increase) in trade receivables - current	1,907		8,533	
Decrease / (increase) in interest / dividend accrued	(360)		361	
Decrease / (increase) in short-term loans & advances	(489)		736	
Decrease / (increase) in long-term loans & advances	220		38	
Decrease / (increase) in Other current Assets	(19)		-	
Decrease / (increase) in stock-in-trade	(35,035)		(19,620)	
(Decrease) / increase in current liabilities	2,428		(1,027)	
(Decrease) / increase in long-term liabilities	(12)		(10)	
(Decrease) / increase in long-term provisions	-		-	
(Decrease) / increase in short-term provisions	-		-	
(Decrease) / increase in provision for gratuity	165		20	
(Decrease) / increase in Provision for compensated absences	(263)		(9)	
		(31,458)		(10,978)
Cash generated from operations		663		18,947
Income tax paid	(12,393)		(12,166)	
		(12,393)		(12,166)
<b>I. Net cash from operating activities</b>		<b>(11,730)</b>		<b>6,781</b>
<b>Cash flow from investing activities:</b>				
Purchase of fixed assets	(178)		(206)	
Sale of fixed assets	25		29	
Interest on long term investments	669		1,950	
Interest on Deposit with banks	8		6	
Dividend income	4,667		3,037	
Purchase of investments	(8,500)		(1,967)	
Sale of investments	450		2,494	
<b>II. Net cash from investing activities</b>		<b>(2,859)</b>		<b>5,343</b>



## Cash Flow Statement

(Rupees in lacs unless otherwise stated)

	For the year ended 31 <sup>st</sup> March, 2018		For the year ended 31 <sup>st</sup> March, 2017	
<b>Cash flow from financing activities:</b>				
Bank borrowing availed	30,032		-	
Interest expenses	(32)		-	
Dividend payment	(13,058)		(11,607)	
Tax on dividend payment	(2,363)		(3,780)	
<b>III. Net cash used in financing activities</b>		<b>14,579</b>		<b>(15,387)</b>
<b>Net change in cash &amp; cash equivalents (I+II+III)</b>		<b>(10)</b>		<b>(3,263)</b>
Cash & cash equivalents at the beginning of the year		3,207		6,470
Cash & cash equivalents at the end of the year		3,197		3,207

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

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
Cash on hand	-	-
Balances with scheduled banks (current & deposit accounts)	3,197	3,207
Bank Overdraft (Book Overdraft shown under Current Liabilities)		
	<b>3,197</b>	<b>3,207</b>
(Excludes amounts placed as deposits with scheduled banks and lien marked with them and balances in escrow accounts)	404	96

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

As per our report of even date

For **Ummed Jain & Co.**  
Firm Registration No. 119250W  
Chartered Accountants  
Sd/-  
**CA U. M. Jain**  
Partner  
Membership No.: 070863  
Mumbai, 23<sup>rd</sup> April, 2018

For and on behalf of Board of Directors

Sd/-  
**Rajnish Kumar**  
Chairman  
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, 2018

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### a) Basis of preparation

The financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These 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 and assumptions. Adjustments, if any, are recognized prospectively.

### c) Fixed Assets and Depreciation / Amortization

#### Property, Plant and Equipment

Property, Plant and Equipment are stated at cost less accumulated depreciation and accumulated 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 Property, Plant and Equipment is provided over the useful life of the fixed assets using the written down value method as per useful life of Asset as prescribed in Part C of Schedule II to the Companies Act, 2013, except in case of computers including servers, mobile phones, hand held devices wherein the management estimates the useful life to be lower i.e 3 years. 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.

The estimated useful lives of the fixed assets and method of depreciation are as follows:

Sr. No	Particulars	Method of Depreciation	Estimated Useful Life (In Years)
1	Building	WDV	60
2	Office Equipment	WDV	5
3	Furniture & Fixture	WDV	10
4	Vehicles	WDV	8
5	Computers	SLM	3
6	Office Equipment - Mobile Phones	SLM	3

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 are depreciated on a straight line basis over the primary lease period.

### d) Intangible Assets

Intangible assets acquired separately are measured on initial recognition cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over the estimated useful life of 3 years.

# Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2018

## 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 recognized 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. Current Investments are valued at lower of cost or market price.

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

## 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 recognized 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 based on the stage of completion assignments and 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.

# Notes To Financial Statements

## For The Year Ended 31<sup>st</sup> March, 2018

### 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.

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.

# Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2018

## **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.
- 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, 2018

(Rupees in lacs unless otherwise stated)

### 2. OTHER NOTES

#### NOTE - 2.1

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
100,000,000 (2017: 100,000,000)		
Equity shares of ₹ 10/- each	10,000	10,000
1,000,000 (2017: 1,000,000)		
Redeemable preference shares of ₹ 100/- each	1,000	1,000
	11,000	11,000
<b>Issued, subscribed and paid up</b>		
58,033,711 (2017: 58,033,711)		
Equity shares of ₹ 10/- each fully paid up	5,803	5,803

#### Note:

The Company is wholly owned subsidiary of State Bank of India ('SBI') along with its nominees. The company has only one class of equity shares having a face value of ₹ 10 each. Each holder of equity share is entitled to 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, 2018	As at 31 <sup>st</sup> March, 2017
<b>RESERVES AND SURPLUS</b>		
<b>Securities premium reserve</b>		
Balance as per the last financial statements	6,347	6,347
<b>General reserve</b>		
Balance as per the last financial statements	41,993	39,814
Add: amount transferred from surplus balance in the statement of profit and loss	2,446	2,179
<b>Closing Balance</b>	<b>44,439</b>	<b>41,993</b>
<b>Surplus / (deficit) in the statement of profit and loss</b>		
Balance as per the last financial statements	61,547	55,901
Profit for the year	24,464	21,795
Less: Appropriations / Adjustments		
Interim dividend	13,058	11,607
Dividend distribution tax	2,658	2,363
Transfer to general reserve	2,446	2,179
Total appropriations	18,162	16,149
<b>Net surplus in the statement of profit and loss</b>	<b>67,849</b>	<b>61,547</b>
<b>TOTAL RESERVES AND SURPLUS</b>	<b>118,635</b>	<b>109,887</b>

# Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2018

(Rupees in lacs unless otherwise stated)

## NOTE - 2.3

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>OTHER LONG TERM LIABILITIES</b>		
Trade payables other than dues to Micro, Medium and Small Enterprises	-	11
Lease Deposits	46	46
Other Deposits	3	3
	<b>49</b>	<b>60</b>

## NOTE - 2.4

	As at 31 <sup>st</sup> March-18		As at 31 <sup>st</sup> March-17	
	Long-term		Short-term	
<b>PROVISIONS</b>				
<b>Provision for employee benefits</b>				
Provision for gratuity	325	161	-	-
Provision for compensated absences	640	904	121	120
<b>Other provisions</b>				
Provision for dividend distribution tax	-	-	2,658	2,363
	<b>965</b>	<b>1,065</b>	<b>2,779</b>	<b>2,483</b>

## NOTE - 2.5

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>SHORT TERM BORROWINGS</b>		
<b>Unsecured- From banks</b>		
Working capital demand loan account (Refer Note no. 2.26 Related party disclosures)	30,032	-
	<b>30,032</b>	<b>-</b>

## NOTE - 2.6

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>TRADE PAYABLES</b>		
Trade Payables of Micro, Medium and Small Enterprises (Refer Note no. 2.30)	-	-
Other trade payables	2,441	2,138
	<b>2,441</b>	<b>2,138</b>

## NOTE - 2.7

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>OTHER CURRENT LIABILITIES</b>		
Bonus payable	3,272	2,278
Advance received from customers	12	35
TDS payable	239	216
Goods & Service tax payable	1,393	231
Professional tax payable	1	-
Provident fund payable	61	61
Other Current Liabilities	20	-
Others-Payable for Capital Expenditure	-	52
	<b>4,998</b>	<b>2,873</b>

## Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2018

(Rupees in lacs unless otherwise stated)

### NOTE - 2.8

FIXED ASSETS	PROPERTY, PLANT & EQUIPMENT							INTANGIBLE ASSETS	
	Building (Refer Note I)	Computers	Furniture & Fixtures	Office Equipments	Vehicles	Lease hold Improvement	Plant, Machinery & Equipments	Software	Total
GROSS BLOCK	Balance As at 1 <sup>st</sup> April 2016	814	972	777	30	88	4,020	662	16,880
	Additions	126	-	32	-	-	-	58	216
	Deductions / Transfers	124	28	58	19	-	-	-	229
	Balance As at 31 <sup>st</sup> Mar 2017	816	944	751	11	88	4,020	720	16,867
ACCUMULATED DEPRECIATION/ AMORTISATION	Balance As at 1 <sup>st</sup> April 2016	569	659	510	22	60	4,020	409	7,707
	Additions	149	117	165	1	10	-	156	999
	Deductions / Transfers	107	28	52	13	-	-	-	199
	Balance As at 31 <sup>st</sup> Mar 2017	611	748	623	10	70	4,020	565	8,508
NET BLOCK	As at 31 <sup>st</sup> Mar 2017	205	196	128	2	18	-	155	8,359
GROSS BLOCK	Balance As at 1 <sup>st</sup> April 2017	816	944	751	11	88	4,020	720	16,866
	Additions / Adjustments	86	1	42	14	-	-	20	163
	Deductions / Transfers	94	8	29	11	-	-	-	142
	Balance As at 31 <sup>st</sup> March 2018	808	937	764	14	88	4,020	740	16,887
ACCUMULATED DEPRECIATION/ AMORTISATION	Balance As at 1 <sup>st</sup> April 2017	611	748	623	10	70	4,020	565	8,508
	Additions / Adjustments	142	73	88	4	9	-	151	851
	Deductions / Transfers	78	6	24	10	-	-	-	119
	Balance As at 31 <sup>st</sup> March 2018	675	815	687	4	79	4,020	716	9,240
NET BLOCK	As at 31 <sup>st</sup> March 2018	133	122	77	10	9	-	24	7,647

Note:

I. Building includes cost of 15 shares of ₹ 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, 2018

(Rupees in lacs unless otherwise stated)

	As at March-18		As at March-17	
	Units	Amount	Units	Amount
<b>NOTE – 2.9</b>				
<b>NON-CURRENT INVESTMENTS</b>				
<b>(Long term, non trade, at cost unless otherwise stated)</b>				
<b>Bonds (quoted)</b>				
8.20% bonds of National Highway Authority of India Ltd. (Taxfree) of ₹ 1,000/- each	54,876	549	54,876	549
8.20% Power Finance Corporation Ltd. (Taxfree) of ₹ 1,000/- each	71,197	712	71,197	712
8.10% bonds of India Railways Finance Corporation Ltd. (Taxfree) of ₹ 1,000/- each	304,510	3,045	304,510	3,045
7.38% Rural Electrification Corporation Ltd. (Taxfree) of ₹ 1,000/- each	100,000	1,000	100,000	1,000
7.34 % Indian Railways Finance Corporation Ltd. (Taxfree) of ₹ 1,000/- each	100,000	1,000	100,000	1,000
8.63% Rural Electrification Corporation Ltd. (Taxfree) of ₹ 1,000/- each	100,000	1,000	100,000	1,000
8.55% India Infrastructure Finance Company Ltd. (Taxfree) of ₹ 1,000/- each	100,000	1,000	100,000	1,000
<b>Total quoted investments</b>		<b>8,306</b>		<b>8,306</b>
<b>Investment in Equity Instruments (unquoted) - fully paid up</b>				
National Stock Exchange of India Ltd. of ₹ 1 each (Bonus issue 195,000 shares and 536,250 share offered for OFS before split held in escrow account)	21,450,000	341	21,450,000	341
SBI Home Finance Ltd. of ₹ 10 each (At cost less provision other than temporary diminution in value ₹ 103 (2017: ₹ 103))	1,032,500	*-	1,032,500	*-
OTC Exchange of India of ₹ 10 each (At cost less provision other than temporary diminution in value ₹ 110 (2017: 110))	1,100,000	*-	1,100,000	*-
Investor Services India Ltd. of ₹ 10 each (company under voluntary liquidation refer note no. 2.32)	535,768	-	535,768	-
ONGC Mittal Energy Ltd. of USD 1 each (At cost less provision other than temporary diminution in value ₹ 396 (2017: 396))	1,000,000	*-	1,000,000	*-

## Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2018

(Rupees in lacs unless otherwise stated)

	As at March-18		As at March-17	
	Units	Amount	Units	Amount
Receivable Exchange of India Ltd. of ₹ 10 each	1,525,000	153	1,525,000	153
SBI Home Finance Ltd. of ₹ 10 each (At cost less provision other than temporary diminution in value ₹ 103 (2017: ₹ 103))	1,032,500	*-	1,032,500	*-
<b>Sub-total</b>		<b>494</b>		<b>494</b>
<b>Investment in Equity Instruments - Parent's Subsidiaries (unquoted) - fully paid up</b>				
SBI DFHI Ltd. of ₹ 100 each (formerly known as SBI Gilts Ltd.) (Percentage holding in the Company is 3.12%)	595,295	655	681,818	750
State Bank of India Servicos Limitada Brazil (0.01% contribution)	1	-	1	-
SBI Foundation Ltd. of ₹ 10 each (Percentage holding in the Company is 0.1% (2017: 0.1%))	1,001	-	1,001	-
		<b>655</b>		<b>750</b>
<b>Investment in Equity Instruments - Associates (unquoted) - fully paid up</b>				
SBI Pension Funds Pvt. Ltd. of ₹ 10 each (Percentage holding in the Company is 20% (2017: 20%))	6,000,000	601	6,000,000	601
<b>Sub-total</b>		<b>601</b>		<b>601</b>
<b>Investment in Equity Instruments - wholly owned subsidiaries (unquoted) - fully paid up</b>				
SBICAP Securities Ltd. of ₹ 10 each	96,875,000	12,500	96,875,000	12,500
SBICAP UK Ltd. of GBP 1 each	200,000	172	200,000	172
SBICAP Trustee Company Ltd. of ₹ 10 each	1,000,000	5	1,000,000	5
SBICAP Ventures Ltd. of ₹ 10 each	39,277,917	3,928	39,277,917	3,928
SBICAP Singapore Ltd. of SGD 1 each	13,000,000	6,178	13,000,000	6,178
<b>Sub-total</b>		<b>22,783</b>		<b>22,783</b>

# Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2018

(Rupees in lacs unless otherwise stated)

	As at March-18		As at March-17	
	Units	Amount	Units	Amount
<b>Investment in Mutual Funds (unquoted)</b>				
HDFC Corporate Debt Opportunities fund Growth	20,985,478	3,000	-	-
HDFC FMP 1158D Feb 2018 Direct - Growth fund	10,000,000	1,000	-	-
SBI Corporate Bond Fund - Direct - Growth	3,637,951	1,000	-	-
SBI Magnum Income Fund - Direct Plan Growth	2,357,056	1,000	-	-
SBI Magnum Gilt Fund Long Term Direct Plan	6,360,206	2,500	-	-
<b>Sub-total</b>		<b>8,500</b>		<b>-</b>
<b>Total unquoted investments</b>		<b>33,032</b>		<b>24,627</b>
<b>Total investments</b>		<b>41,338</b>		<b>32,933</b>
<b>Aggregate of quoted investments:</b>				
(i) Cost		8,306		8,306
(ii) Market Value		10,500		10,128
(iii) Book Value		8,306		8,306
<b>Aggregate of unquoted investments:</b>				
(i) Cost		33,642		25,237
(ii) Book Value		33,032		24,627
<b>Aggregate of provision for diminution in value of quoted investments</b>		<b>-</b>		<b>-</b>
<b>Aggregate of provision for diminution in value of unquoted investments</b>		<b>610</b>		<b>610</b>

\* Fully provided for.

## Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2018

(Rupees in lacs unless otherwise stated)

### NOTE - 2.10

	As at 31 <sup>st</sup> March-18	As at 31 <sup>st</sup> March-17	As at 31 <sup>st</sup> March-18	As at 31 <sup>st</sup> March-17
<b>LOANS AND ADVANCES</b>	<b>Non-current</b>		<b>Current</b>	
(Unsecured and considered good unless otherwise stated)				
<b>Security Deposits</b>	571	505	31	31
Loans and advances to related parties	-	-	30	74
<b>Advances recoverable in cash or in kind or for value to be received</b>				
Considered good	-	-	114	86
Considered doubtful	-	-	-	-
	-	-	114	86
Less: Provision for doubtful advances	-	-	-	-
	-	-	114	86
<b>Other loans and advances</b>				
Advance tax and tax deducted at source [net of provision for income-tax ₹ 149,202 (2017: ₹ 138,102)]	7,912	6,619	-	-
Advance interest tax [net of provision for interest tax ₹ 139 (2017: ₹ 139)]	152	152	-	-
Prepaid expenses	53	339	408	78
Loans to employees	-	-	58	65
Advance for expenses	-	-	342	160
<b>Total</b>	<b>8,688</b>	<b>7,615</b>	<b>983</b>	<b>494</b>

# Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2018

(Rupees in lacs unless otherwise stated)

## NOTE - 2.11

	As at 31 <sup>st</sup> March-18	As at 31 <sup>st</sup> March-17	As at 31 <sup>st</sup> March-18	As at 31 <sup>st</sup> March-17
<b>OTHER ASSETS</b>	<b>Non-current</b>		<b>Current</b>	
<b>Unsecured, considered good unless stated otherwise</b>				
<b>Trade Receivables</b>	19	19	-	-
Debts outstanding for a period exceeding six months from the date they are due for payment				
Other debts	-	-	-	-
	19	19	-	-
 Non-current Bank Balances	-	20	-	-
<b>Others</b>				
Interest accrued on fixed deposits	-	-	16	4
Interest accrued on investments	-	-	251	251
Interest accrued - Downselling	-	-	91	39
Dividend receivable on investments	-	-	41	341
Others	-	-	19	-
	<b>19</b>	<b>39</b>	<b>418</b>	<b>635</b>

## NOTE - 2.12

	As at 31 March 2018		As at 31 March 2017	
	Units	Amount	Units	Amount
<b>STOCK-IN-TRADE</b>				
<b>Stock in trade for Downselling (quoted)</b>				
7.84% Bajaj Finance Ltd. of ₹ 10,00,000 each (At cost less provision for temporary diminution in value ₹ Nil (2017: Nil))	-	-	1,750	17,500
7.50% Power Finance Ltd. of ₹ 10,00,000 each (At cost less provision for temporary diminution in value ₹ Nil (2017: Nil))		-	1,000	10,000
8.09% Rural Electrification Corporation Ltd. of ₹ 10,00,000 each (At cost less provision for temporary diminution in value ₹ Nil (2017: Nil))	2,250	22,500	-	-
8.80% Capital First Ltd. of ₹ 10,00,000 each (At cost less provision for temporary diminution in value ₹ Nil (2017: Nil))	3,000	30,000	-	-
<b>Total quoted stock-in-trade</b>		<b>52,500</b>		<b>27,500</b>

## Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2018

(Rupees in lacs unless otherwise stated)

	As at 31 March 2018		As at 31 March 2017	
	Units	Amount	Units	Amount
<b>Investment in Equity Instruments (unquoted) - fully paid up</b>				
Cremica Agro Foods Ltd. of ₹ 10/- each (At cost less provision for ₹ 3 (2017: 3))	15,400	*-	15,400	*-
<b>Sub-total</b>		-		-
<b>Preference Shares (unquoted) fully paid up</b>				
0.0001% preference shares of Pasupati Fabrics Ltd. of ₹ 10/- each (At cost less provision ₹ 14 (2017: 14))	140,000	*-	140,000	*-
<b>Sub Total</b>		-		-
<b>Mutual Funds (unquoted)</b>				
<b>In fixed Maturity Plans- Fully paid up</b>				
HDFC FMP Series 29	-	-	25,000,000	2,500
HDFC FMP Series 31	-	-	10,000,000	1,000
HDFC FMP 1167 days	10,000,000	1,000	10,000,000	1,000
SBI Debt Fund Series A - 14	-	-	20,000,000	2,000
SBI Debt Fund Series B - 34	15,000,000	1,500	15,000,000	1,500
SBI Magnum Gilt Fund Long Term	-	-	6,612,751	2,000
<b>In Liquid Mutual Funds- Fully paid up</b>				
Axis Liquid Fund Direct Plan - Growth	432,204	8,298	-	-
JM High Liquidity Fund - Direct Plan - Growth	-	-	9,541,583	4,245
Kotak Floater Short Term - Direct - Growth - Plan	24,178	922	55,621	2,000
SBI Magnum Insta Cash Fund - Direct Plan - Growth	336,255	8,000	-	-
L & T Liquid Fund - Direct - Growth				
<b>In Arbitrage Funds - Fully paid up</b>				
ICICI Prudential Equity Arbitrage Fund	7,362,461	1,073	-	-
Aditya Birla Sun Life Enhanced Arbitrage Fund	18,504,551	2,046	-	-

# Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2018

(Rupees in lacs unless otherwise stated)

	As at 31 March 2018		As at 31 March 2017	
	Units	Amount	Units	Amount
Kotak Equity Arbitrage Fund	14,078,519	1,535	-	-
Axis Treasury Advantage Fund Direct Growth	95,918	1,900	-	-
<b>Sub-total</b>		<b>26,274</b>		<b>16,245</b>
<b>Total unquoted stock-in-trade</b>		<b>26,274</b>		<b>16,245</b>
<b>Total stock-in-trade</b>		<b>78,774</b>		<b>43,745</b>
<b>Aggregate of quoted stock-in-trade:</b>				
(i) Cost		52,500		27,500
(ii) Market / realisable value		53,325		27,675
(iii) Book Value		52,500		27,500
<b>Aggregate of unquoted stock-in-trade:</b>				
(i) Cost		26,297		16,262
(ii) Book Value		26,274		16,245
<b>Aggregate provision for diminution in value of quoted investments</b>		-		-
<b>Aggregate provision for diminution in value of unquoted investments</b>		<b>23</b>		<b>17</b>

\* Fully provided for.

## NOTE - 2.13

	As at 31 <sup>st</sup> March-18	As at 31 <sup>st</sup> March-17	As at 31 <sup>st</sup> March-18	As at 31 <sup>st</sup> March-17
	Non-current		Current	
<b>TRADE RECEIVABLES</b>				
Debts outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, Considered Good			1,511	2,744
Unsecured, Considered Doubtful			11,190	9,482
			12,701	12,226
Less: Provision for doubtful debts			11,190	9,482
			<b>1,511</b>	<b>2,744</b>
Other Receivables				
Unsecured, Considered Good			17,330	19,712
Unsecured, Considered Doubtful			-	-
			<b>17,330</b>	<b>19,712</b>
<b>Total</b>			<b>18,841</b>	<b>22,456</b>

# Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2018

(Rupees in lacs unless otherwise stated)

## NOTE - 2.14

NOTE 2.11

	As at 31 March 2018		As at 31 March 2017	
	Non-current		Current	
<b>CASH AND BANK BALANCES</b>				
<b>Cash and cash equivalents</b>				
On Current Accounts	-	-	3,190	3,012
On Escrow Accounts	-	-	21	-
Cheques / drafts on hand	-	-	7	195
Cash on hand	-	-	-	-
Other Bank Balances				
Margin money deposit	-	20	383	76
Less: Amount disclosed under non-current assets	-	(20)	-	-
	-	-	<b>3,601</b>	<b>3,283</b>

Note: Deposit accounts with scheduled banks amounting to ₹ 383 (2017: ₹ 96) are towards the cash margin for various guarantees issued by banks on behalf of the Company.

## NOTE - 2.15

	For the year ended 31 <sup>st</sup> March-18	For the year ended 31 <sup>st</sup> March-17
<b>REVENUE FROM OPERATIONS</b>		
<b>Merchant Banking and Advisory Fees</b>		
Issue management	2,973	2,264
Arranger's fees	966	3,043
Advisory fees	35,708	38,066
<b>Sub-total</b>	<b>39,647</b>	<b>43,373</b>
<b>Other Operations (Income from Securities)</b>		
Interest Income	1,295	1,922
Profit / (loss) on sale of investments (net)	355	273
Trading profits / (loss) on stock-in-trade (net)	4,821	773
Dividend		
- Others	4,367	3,378
<b>Sub-total</b>	<b>10,838</b>	<b>6,346</b>
	<b>50,485</b>	<b>49,719</b>



# Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2018

(Rupees in lacs unless otherwise stated)

## NOTE - 2.16

	For the year ended 31 <sup>st</sup> March-18	For the year ended 31 <sup>st</sup> March-17
<b>OTHER INCOME</b>		
Profit on sale of fixed assets (net)	1	-
Rental income	981	981
Bad debts recovered	2,231	516
Interest on deposit with Banks	19	270
Others	32	71
Write-back of provision on:		
Investments	-	22
Compensated Absences	263	10
	<b>3,527</b>	<b>1,870</b>

Note:

Bad debts recovered includes an amount of ₹ 1625 lacs recovered from the broker following the favourable judgment from Special Court. The Company had, up to May 12, 1992, provided investment management services to various clients. As part of these services, the Company had placed the clients funds directly with money market brokers against contracts for purchase of bonds units. One broker had failed to meet his obligations to the tune of ₹ 1625 lacs in four cases. The company had settled the dues to the clients. The company had proceeded legally against the broker. Loss of ₹ 425 lacs and ₹ 1200 lacs was written off in Financial year 1991-92 and 1992-93 respectively. Bad debts recovered includes an amount of ₹ 1625 lacs recovered from the broker following the favourable judgment from Special Court.

## NOTE - 2.17

	For the year ended 31 <sup>st</sup> March-18	For the year ended 31 <sup>st</sup> March-17
<b>EMPLOYEE BENEFIT EXPENSES</b>		
Salaries, wages and bonus	9,965	8,601
Contribution to provident and pension funds	350	353
Contribution to Gratuity	261	98
Contribution to Superannuation	229	394
Staff welfare	210	210
	<b>11,015</b>	<b>9,656</b>

## NOTE - 2.18

	For the year ended 31 <sup>st</sup> March-18	For the year ended 31 <sup>st</sup> March-17
<b>FINANCE COST</b>		
Interest on Short term borrowings		
(Refer Note No. 2.26 Related party disclosures)	32	-
	<b>32</b>	<b>-</b>

## NOTE - 2.19

	For the year ended 31 <sup>st</sup> March-18	For the year ended 31 <sup>st</sup> March-17
<b>OTHER EXPENSES</b>		
Legal and professional fees	617	620
Conveyance and travelling	1,111	883
Rent	861	841
Rates and taxes	9	219

## Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2018

(Rupees in lacs unless otherwise stated)

	For the year ended 31 <sup>st</sup> March-18	For the year ended 31 <sup>st</sup> March-17
Royalty	-	436
Bad debts written off	254	1,303
Postage, telephone and telex	127	144
Advertisement	31	33
Printing and stationery	73	77
Electricity	99	129
Repairs and maintenance:		
Building	112	110
Others	155	133
Insurance	147	133
Directors' sitting fees	13	15
Foreign exchange fluctuation, net	21	39
Loss on sale of fixed assets (net)	-	1
Tax on perquisites	5	4
Office Maintenance	81	80
Training Charges	348	308
Membership and Subscription	177	254
Filing Fees and other Charges (Issue Management)	587	81
Contribution towards CSR	297	326
Miscellaneous expenses	340	244
	<b>5,465</b>	<b>6,413</b>

### NOTE - 2.20

	For the year ended 31 <sup>st</sup> March-18	For the year ended 31 <sup>st</sup> March-17
<b>PROVISIONS (Expense)</b>		
Provision for:		
Fall in value of stock-in-trade	6	-
Doubtful debts-net	1,708	3,264
	<b>1,714</b>	<b>3,264</b>

### NOTE - 2.21

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
Tax Assets / (Liabilities) due to temporary timing difference in respect of:		
<b>DEFERRED TAXES</b>		
<b>Deferred tax assets</b>		
Depreciation on fixed assets	410	132
Provision for Bonus	-	183
Provision on Gratuity	112	56
Provision on compensated leave	263	354
Provision for doubtful debts	3,873	3,282
Carry-forward of Losses	721	743
<b>Deferred tax assets</b>	<b>5,379</b>	<b>4,750</b>
Less: Opening Deferred Tax Asset	<b>4,750</b>	<b>3,422</b>
<b>Deferred tax credit / (expense) for the year</b>	<b>629</b>	<b>1,328</b>

# Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2018

(Rupees in lacs unless otherwise stated)

## NOTE - 2.22

	For the year ended 31 <sup>st</sup> March-18	For the year ended 31 <sup>st</sup> March-17
<b>EARNINGS PER EQUITY SHARE (EPS)</b>		
I. Basic and diluted EPS (₹)	42.16	37.56
II. Nominal value per share (₹)	10	10

EPS has been calculated based on the net profit after taxation of ₹ 24,464 (2017: ₹ 21,795) and the weighted average number of equity shares outstanding during the year of 5,803 (2017: 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 - 2.23

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>CONTINGENT LIABILITIES AND COMMITMENTS</b>		
(i) Claims against the Company not acknowledged as debts	314	314
(ii) Guarantees issued	383	96
(iii) Capital Commitments	19	17

## 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 ₹ 7,136 (2017: ₹ 6,502) in excess of provision held. These demands have been contested by the Company at various appellate authorities.

## NOTE - 2.25

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>SUPPLEMENTARY PROFIT AND LOSS DATA</b>		
(a) Payments to auditors (excluding service tax) (included in Legal and professional fees)		
As auditors	13	13
For tax audit	2	2
For other matters	8	8
For out-of-pocket expenses	1	1
	23	22
(b) Expenditure in foreign currency Travel and other expenses	99	216
(c) Earnings in foreign currency Advisory fees from overseas clients and reimbursement of expenses	4,221	4,121

# Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2018

(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
SBI DFHI Limited	Fellow Subsidiary
SBI Funds Management Pvt. Limited	Fellow Subsidiary
SBI Life Insurance Company Limited	Fellow Subsidiary
SBI Cards & Payment Services Pvt. Limited	Fellow Subsidiary
SBI Global Factors Limited	Fellow Subsidiary
SBI Pension Funds Pvt. Limited	Fellow Subsidiary & Associate
SBI General Insurance Co. Limited	Fellow Subsidiary
SBI Mauritius Limited	Fellow Subsidiary
SBI Foundation Limited	Fellow Subsidiary
State Bank of India Servicos Limitada Brazil	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
Smt. Varsha Purandare, Managing Director & Chief Executive Officer	Key Management Personnel
Shri Ashwani Bhatia, Whole-Time Director from 25 <sup>th</sup> July, 2016 to 16 <sup>th</sup> February, 2018.	Key Management Personnel
Shri Biswa Ketan Das, Whole-Time Director from 27 <sup>th</sup> March, 2018.	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 Amit Shah, Company Secretary	Key Management Personnel

# Notes To Financial Statements

## For The Year Ended 31<sup>st</sup> March, 2018

(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-18	Mar-17	Mar-18	Mar-17	Mar-18	Mar-17	Mar-18	Mar-17
<b>Expenses during the year ended</b>								
<i>Deputation of Employees</i>	340	383	-	-	-	-	-	-
<i>Salaries &amp; Allowances</i>								
Smt. Varsha Purandare	-	-	-	-	-	-	10	9
Shri Ashwani Bhatia	-	-	-	-	-	-	8	8
Shri Biswa Ketan Das	-	-	-	-	-	-	4	-
Shri P Karthikeyan	-	-	-	-	-	-	-	1
Shri Navinchandra Amin	-	-	-	-	-	-	5	4
Shri Amit Shah	-	-	-	-	-	-	30	30
<i>Rent</i>	38	41	-	-	-	-	-	-
<i>Bank &amp; Other Charges</i>	6	5	-	-	-	-	-	-
SBI DFHI Limited	-	-	-	-	-	-	-	-
SBICAP Securities Ltd.	-	-	-	-	-	-	-	-
<i>Royalty Expense</i>	-	436	-	-	-	-	-	-
<i>Insurance Expense</i>								
SBI Life Insurance Company Limited	-	-	-	-	29	31	-	-
SBI General Insurance Co. Ltd.	-	-	-	-	3	13	-	-
<i>Office Maintenance</i>	-	1	-	-	-	-	-	-
<i>Membership &amp; Subscription</i>								
SBI Pension Funds Pvt. Ltd.	-	-	-	-	-	2	-	-
<i>Brokerage Expenses</i>								
SBICAP Securities Ltd.	-	-	10	7	-	-	-	-
<i>Interest Expenses</i>	32	-	-	-	-	-	-	-
<i>Business Promotion Expenses</i>	-	-	-	-	-	-	-	-
SBICAP Singapore Ltd.	-	-	14	-	-	-	-	-
<b>Income during the year ended</b>								
<i>Issue Management Fees</i>								
SBICAP Securities Ltd.	-	-	-	-	266	-	-	-
SBI Life Insurance Company Limited	-	-	-	-	-	159	-	-

# Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2018

(Rupees in lacs unless otherwise stated)

Particulars	Holding Company		Subsidiaries		Fellow Subsidiaries/ Associates		Key Managerial Personnel	
	Mar-18	Mar-17	Mar-18	Mar-17	Mar-18	Mar-17	Mar-18	Mar-17
<i>Arranger's Fees**</i>	333	2,312	-	-	-	-	-	-
SBICAP Securities Ltd.	-	-	28	-	-	-	-	-
SBI Cards & Payment Services Private Limited	-	-	-	-	141	-	-	-
<i>Advisory Fees**</i>	4,395	3,930	-	-	-	-	-	-
SBICAP Securities Ltd.	-	-	6	-	-	-	-	-
<i>Bank Interest</i>	19	270	-	-	-	-	-	-
<i>Rent</i>								
SBICAP Securities Ltd.	-	-	981	981	-	-	-	-
<i>Dividend</i>								
SBI DFHI Limited	-	-	-	-	41	341	-	-
<i>Miscellaneous Income</i>								
SBICAP Securities Ltd.	-	-	9	-	-	-	-	-
<b>Balance receivable as at</b>								
<i>Debtors**</i>	2,967	3,067	-	-	-	-	-	-
SBICAP Securities Ltd.	-	-	40	-	-	-	-	-
SBICAP Singapore Ltd.	-	-	12	-	-	-	-	-
<i>Cash at Bank</i>	3,218	3,207	-	-	-	-	-	-
<i>Deposit with Bank</i>	383	76	-	-	-	-	-	-
State Bank of Bikaner & Jaipur	-	-	-	-	-	-	-	-
State Bank of Patiala	-	-	-	-	-	-	-	-
State Bank of Travancore	-	-	-	-	-	-	-	-
<i>Loans &amp; Advances</i>	21	35	-	-	-	-	-	-
SBICAP Securities Ltd.	-	-	3	34	-	-	-	-
SBICAP Trustee Company Ltd.	-	-	2	4	-	-	-	-
SBICAP Ventures Ltd.	-	-	5	1	-	-	-	-
SBICAP Singapore Ltd.	-	-	-	-	-	-	-	-
SBICAP UK Ltd.	-	-	-	-	-	-	-	-
<i>Other Current Assets</i>	15	4	-	-	-	-	-	-
SBI DFHI Limited	-	-	-	-	41	341	-	-
<i>Investments</i>								
SBI Pension Funds Pvt. Ltd.	-	-	-	-	601	601	-	-
SBI DFHI Limited	-	-	-	-	750	750	-	-

# Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2018

(Rupees in lacs unless otherwise stated)

Particulars	Holding Company		Subsidiaries		Fellow Subsidiaries/ Associates		Key Managerial Personnel	
	Mar-18	Mar-17	Mar-18	Mar-17	Mar-18	Mar-17	Mar-18	Mar-17
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 Limited*	-	-	-	-	-	-	-	-
SBI Foundation Ltd.	-	-	-	-	-	-	-	-
State Bank of India Servicos Limitada Brazil	-	-	-	-	-	-	-	-
<b>Balance payable as at</b>								
<i>Short Term Borrowings</i>	30,032	-	-	-	-	-	-	-
<i>Creditors</i>	2	438	-	-	-	-	-	-
SBICAP Securities Ltd.	-	-	1,036	543	-	-	-	-
SBICAP Singapore Ltd.	-	-	12	2	-	-	-	-
<b>Others transactions during the year ended</b>								
<i>Dividend paid</i>	13,058	11,607	-	-	-	-	-	-
<i>Fees Shared (netted from Income)</i>	-	-	-	-	-	-	-	-
SBICAP Securities Ltd.	-	-	1,103	1,367	-	-	-	-
Expenses shared	77	108	-	-	-	-	-	-
SBICAP Securities Ltd.	-	-	81	4	-	-	-	-
SBICAP Trustee Company Ltd.	-	-	9	6	-	-	-	-
SBICAP Ventures Ltd.	-	-	6	-	-	-	-	-
SBICAP Singapore Ltd.	-	-	12	-	-	-	-	-
<i>Investments made</i>								
SBICAP Ventures Ltd.	-	-	-	1,500	-	-	-	-
<i>Guarantees</i>	383	96	-	-	-	-	-	-

- I. Included in expenses relating to deputation of employees are amounts aggregating to ₹ 119 (2017: ₹ 95) pertaining to salaries paid to key management personnel.
- II. \* - Fully provided for
- III. # - Excludes fees shared by way of pass through arrangement.
- IV. \*\* - Previous year figures of holding company includes an amount of Fellow subsidiaries on account of merger of Associate Banks with State Bank of India

# Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2018

(Rupees in lacs unless otherwise stated)

## NOTE - 2.27 SEGMENTAL REPORTING

For the year ending	Fund Based Segment		Fee Based Segment		Corporate & Others		Consolidated	
	31 <sup>st</sup> Mar, 2018	31 <sup>st</sup> Mar, 2017	31 <sup>st</sup> Mar, 2018	31 <sup>st</sup> Mar, 2017	31 <sup>st</sup> Mar, 2018	31 <sup>st</sup> Mar, 2017	31 <sup>st</sup> Mar, 2018	31 <sup>st</sup> Mar, 2017
<b>REVENUE</b>								
External sales	12,463	6,753	40,253	43,768	1,296	1,068	54,012	51,589
Inter-segment sales	-	-	-	-	-	-	-	-
<b>Total revenue</b>	12,463	6,753	40,253	43,768	1,296	1,068	54,012	51,589
<b>RESULT</b>								
Segment result	12,411	6,597	29,456	30,798	941	473	42,809	37,868
Unallocated Revenue	-	-	-	-	-	-	-	-
Unallocated corporate expenses	-	-	-	-	-	-	7,842	6,611
Operating profit	-	-	-	-	-	-	34,967	31,257
Interest expense	-	-	-	-	-	-	32	-
Income tax	-	-	-	-	-	-	10,471	9,462
Profit from ordinary activities	-	-	-	-	-	-	24,464	21,795
Extraordinary item, net	-	-	-	-	-	-	-	-
Net profit	-	-	-	-	-	-	24,464	21,795
<b>As at</b>								
	31 <sup>st</sup> Mar, 2018	31 <sup>st</sup> Mar, 2017	31 <sup>st</sup> Mar, 2018	31 <sup>st</sup> Mar, 2017	31 <sup>st</sup> Mar, 2018	31 <sup>st</sup> Mar, 2017	31 <sup>st</sup> Mar, 2018	31 <sup>st</sup> Mar, 2017
Segment assets	1,20,522	77,335	19,329	22,603	-	-	1,39,851	99,938
Unallocated corporate assets	-	-	-	-	-	-	25,851	24,371
Total assets	-	-	-	-	-	-	1,65,702	1,24,309
Segment liabilities	30,121	52	4,379	2,716	-	-	34,499	2,768
Unallocated corporate liabilities	-	-	-	-	-	-	6,765	5,851
Total liabilities	-	-	-	-	-	-	41,264	8,619
Capital expenditures	-	-	-	-	-	-	177	216
Depreciation	-	-	-	-	-	-	851	999

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, 2018

(Rupees in lacs unless otherwise stated)

## NOTE - 2.28

### 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	
	2018	2017
Current service cost	77	75
Interest cost on benefit obligation	56	58
Expected return on plan assets	(46)	(44)
Net actuarial (gain) / loss recognised in the year	(1)	9
Past service cost	174	-
Net benefit expense	260	98
Actual return on plan assets	14	41

### Balance sheet

#### Details of Provision for gratuity

	Gratuity	
	2018	2017
Defined benefit obligation	891	706
Fair value of plan assets	(566)	(545)
Less: Unrecognised past service cost	-	-
Plan asset / (liability)	(325)	(161)

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

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

	Gratuity	
	2018	2017
Opening defined benefit obligation	706	670
Interest cost	56	58
Current service cost	77	75
Benefits paid	(89)	(103)
Actuarial (gains) / losses on obligation	(33)	6
Past Service Cost	174	-
<b>Closing defined benefit obligation</b>	<b>891</b>	<b>706</b>

## Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2018

(Rupees in lacs unless otherwise stated)

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

	Gratuity	
	2018	2017
Opening fair value of plan assets	545	529
Expected return	46	44
Contributions by employer	95	78
Benefits paid	(89)	(103)
Actuarial gains / (losses)	(32)	(3)
<b>Closing fair value of plan assets</b>	<b>565</b>	<b>545</b>

The Company expects to contribute ₹ 100 (2017-18: ₹ 100) to gratuity in 2018-19.

**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	
	2018	2017
	%	%
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)}

	2018	2017
	%	%
Discount rate	7.75	7.35
Expected rate of return on assets	7.50	8.00
Employee turnover		
Age (Years) 21-30	25	8
Age (Years) 31-40	18	8
Age (Years) 41-50	7	8% up to Age 44 & 3% up to 49
Age (Years) 51-59	2	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	
	2018	2017
Defined benefit obligation	891	706
Plan assets	566	545
Surplus / (deficit)	(325)	(161)
Experience adjustments on plan liabilities	38	(42)
Experience adjustments on plan assets	(32)	(3)

# Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2018

(Rupees in lacs unless otherwise stated)

## NOTE - 2.29

### Details of transactions under Stock-in-Trade during the period 1<sup>st</sup> April, 2017 to 31<sup>st</sup> March, 2018

Particulars	Period	Opening Stock		Additional Purchases		Sales / Redemption		Profit / (Loss)	Closing Stock	
		Nos.	Amt.	Nos.	Amt.	Nos.	Amt.		Nos.	Amt.
Stock-In-Trade										
Preference Shares	31-Mar-18	140,000	*-	-	-	-	-	-	140,000	*-
	31-Mar-17	140,000	*-	-	-	-	-	-	140,000	*-
Equity Shares	31-Mar-18	15,400	-	766,514	5,008	766,514	5,053	45	15,400	*-
	31-Mar-17	15,400	-	270,044	2,036	270,044	2,081	45	15,400	*-
Units of Mutual Fund	31-Mar-18	96,209,956	16,245	113,040,442	412,268	143,416,311	407,033	4,800	65,834,087	26,274
	31-Mar-17	106,293,446	17,125	188,287,277	316,563	198,370,767	318,508	1,065	96,209,956	16,245
Stock in Trade for Down-selling	31-Mar-18	2,750	27,500	26,750	267,500	24,250	242,453	(47)	5,250	52,500
	31-Mar-17	700	7,000	3,380,960	243,106	3,378,910	222,269	(337)	2,750	27,500
Commercial Paper	31-Mar-18	-	-	2,000	9,977	2,000	10,000	23	-	-
	31-Mar-17	-	-	-	-	-	-	-	-	-
Total	31-Mar-18		43,745		694,753		664,539	4,821		78,774
	31-Mar-17		24,125		561,705		542,085	773		43,745

\* - 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, 2018

### Note - 2.30

There are no amounts outstanding to Micro, Small and Medium Enterprises as at March 31, 2018 and no amount were overdue during the year for which disclosure requirements under Micro, Small and Medium Enterprises Development Act, 2006 are applicable.

### 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

The Company had received an amount of ₹ 54 lacs from liquidator of Investor Services of India Limited representing full cost of investment in the Financial Year 2013-14. The company further received NIL (FY 2017 ₹ 1 lac) representing surplus money distributed to shareholders. The same was recognized as dividend income.

### Note - 2.33 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.

For **Ummed Jain & Co**  
Firm Registration No. 119250W  
Chartered Accountants

Sd/-  
**CA U. M. Jain**  
Partner  
Membership No.: 070863

Place: Mumbai  
Date: April 23, 2018

For and on behalf of Board of Directors

Sd/-  
**Rajnish Kumar**  
Chairman

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

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

Sd/-  
**Amit Shah**  
Company Secretary

## Contact us

Location	Telephone	Fax	Email
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