



**SBI  
Capital  
Markets  
Limited**

**Strength comes from an indomitable will**



**Annual Report  
2018-19**



## **Success is always a triumph against adversities**

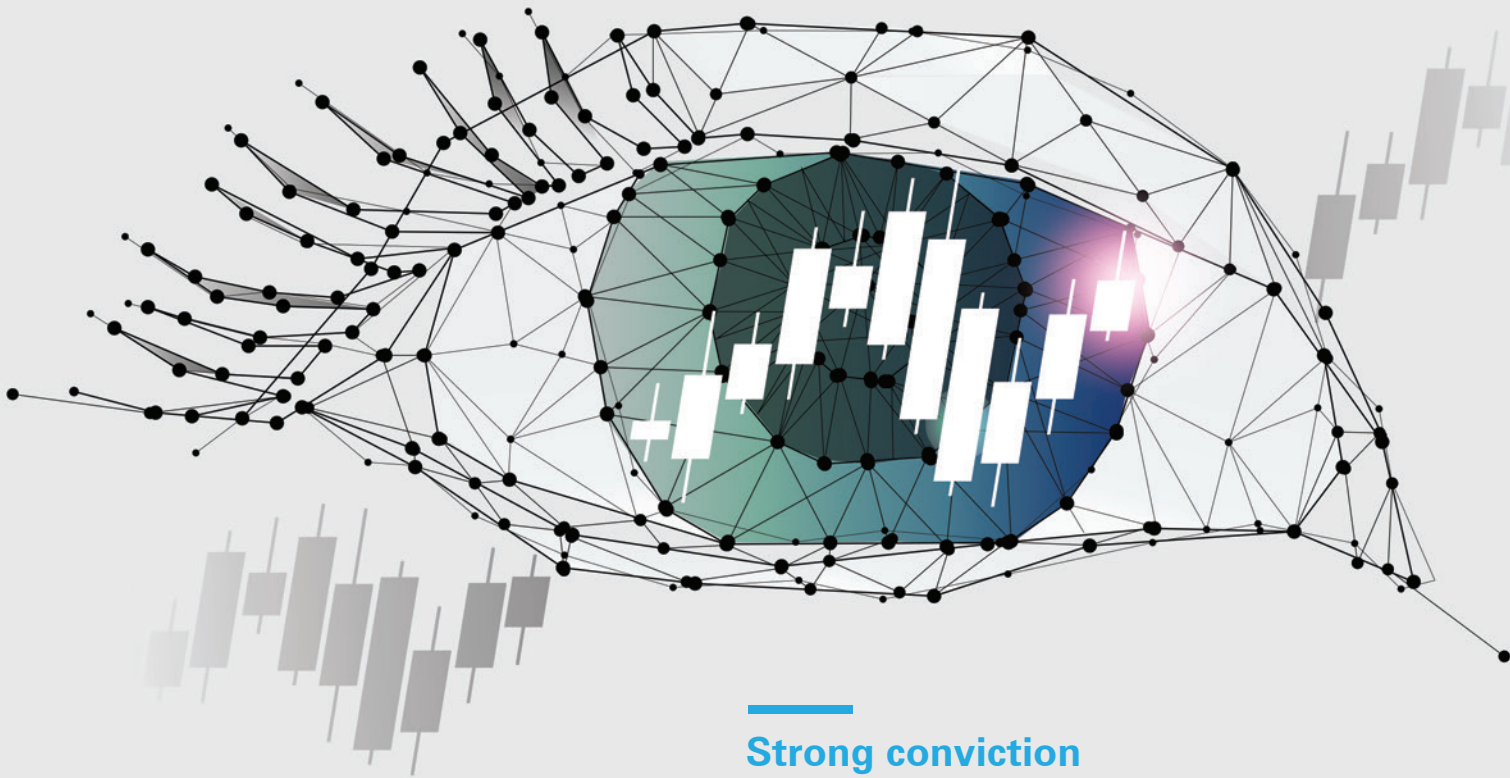
Our presence for over three decades is characterized by determination, endurance and perseverance. To us, challenges make life interesting and overcoming them is what makes our credibility meaningful. Success then, is only the offshoot of overcoming challenges and needs the spirit of a conqueror. And the strength to deliver innovative ideas, cutting-edge solutions along with unparalleled execution as India's leading investment bank doesn't come from what we do - offering the entire gamut of corporate advisory solutions - but overcoming the things we once thought we couldn't. Obstacles develop our strength. Running into challenges rather than running away from them is what makes us stronger. When we go through adversities, and decide not to surrender, that is strength. That is when we find deeper powers within ourselves to beat all odds. FY 2018-19 has been a year where rigour and valour got the better of trials and tribulations.

# VISION

To be the best India based  
Investment Bank.

# MISSION

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



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**Strong conviction  
precedes great action**



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Success doesn't just happen.  
It's planned for.



**Shri Rajnish Kumar**  
Non-Executive Chairman

## OUR BOARD OF DIRECTORS



**Shri Dinesh Kumar Khara**  
Non-Executive Nominee Director



**Smt. Bharati Rao**  
Non-Executive Nominee Director



**Shri Narayan K. Seshadri**  
Non-Executive Independent Director



**Shri T. L. Palani Kumar**  
Non-Executive Director



**Shri Ananth Narayanan G.**  
Non-Executive Director



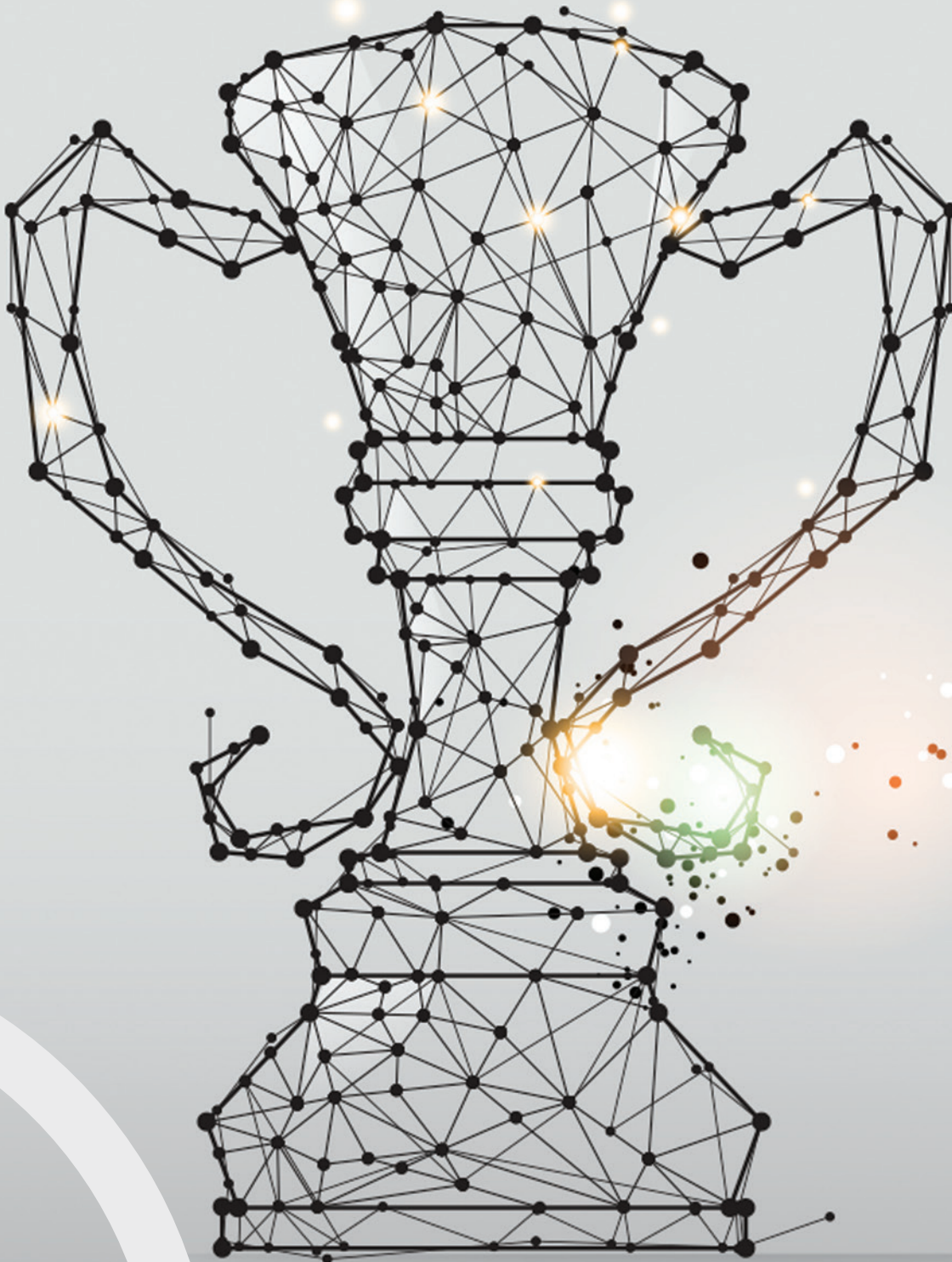
**Shri Sanjiv Chadha**  
Managing Director & CEO



**Smt. Uma Shanmukhi Sistla**  
Whole-time Director

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Winning takes talent;  
to repeat takes character.





# Awards & Rankings

## ★★★ The Asset Triple A Asia Infrastructure Awards 2019 ★★★



Project Finance House  
of the Year, India



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



Petrochemical Deal of the Year  
Hindustan Urvarak & Rasayan  
urea projects INR 158.295 billion  
financing



Utility Deal of the Year  
Adani Transmission acquisition of  
Reliance Infrastructure Limited  
Mumbai generation, transmission  
and distribution business



## ★★★ International Finance Awards 2019 ★★★



Best Deal of the Year  
Oil and Gas (India) 2019 for  
HPCL Rajasthan Refinery Ltd.



Best Project Advisory  
India 2019



## ★★★ Dealogic ★★★



Ranked No. 4 - MLA Asia Pacific  
Project Finance Loans with market  
share of 6.8% (USD 762 Million)



## ★★★ Bloomberg League Tables ★★★



Ranked No. 1 - Indian Borrower Loans  
Mandated Lead Arranger with  
12.274% market share  
(Volume INR 381691 Million)



Ranked No. 3 - Indian Borrower  
Foreign Currency Loans Mandated  
Lead Arrangers with market  
share of 6.606%  
(Volume USD 1801 Million)



Ranked No.1 - Local currency loans  
Mandated Lead Arranger  
with 21.170%  
(Volume INR 259906 Million)



## ★★★ Debtwire ★★★



Ranked No. 3 - South Asia Mandated  
Lead Arranger with market share of  
14.56% (Volume USD 1628 Million)



Ranked No. 3 - India Mandated  
Lead Arranger with market share of  
15.79% (Volume USD 1591 Million)




## ★★★ Thomson Reuters - PFI ★★★



Ranked No. 5 - Asia Pacific MLA  
with market share 3.4%  
Volume USD 1143.1 Million





**Circumstances don't  
determine our destiny.  
Determination does.**

## ABOUT US

SBI 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, 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 leader in the area of Project Advisory and has lent crucial support to the Indian infrastructure sector.

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.



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**Champions are made  
of a resolve to never quit,  
no matter what.**

**Talent wins games but  
strategy wins championships.**

## EQUITY CAPITAL MARKETS (ECM)

SBICAP is one of India's leading domestic Investment Banks offering entire gamut of services. Our Equity Capital Markets team specializes in advising clients with equity fund raising such as IPO, FPO, Rights Issues, QIP, OFS and advisory transactions including Mergers & Acquisition, Private Equity etc.

With over 30 years of experience, we have established our position as a merchant banker of choice by providing customized client solutions. ECM assists its clients (Corporates, Banks, Financial institutions, Government Undertakings etc.) in fund-raising by way of equity from both Domestic and Foreign Investors. Our investor relationships spanning across domestic and global investors including Mutual Funds, Insurance Companies, FPI's, high net-worth individuals and retail investors have been long-standing and give us an edge in our product and solution offerings in the equity markets space.

We have handled many complex transactions and successfully closed them across various products and sectors. We have experts with in-depth knowledge and experience in equity capital markets, mergers and acquisitions, private equity etc. We have successfully concluded 6 deals, including 2 IPOs, 1 OFS and 3 Buybacks during FY 2018-19.

### Equity Products and Solutions offered by ECM include:

- Public Issues including Initial and Further Public Offerings (IPOs and FPOs)
- Rights Issues
- Private Placements including Qualified Institutional Placements (QIPs) and Preferential Allotments
- Capital market advisories including Open Offers, Buy back and Delisting etc
- Offer for Sale (OFS) on the stock exchange platform
- Infrastructure Investment Trusts (InvIT) / Real Estate Investment Trust (REIT)
- Bulk and Block trades
- Pre-IPO Placements, Pre-IPO Advisory for being in regulatory preparedness etc
- Mergers and Acquisitions (M&A)
- Private Equity
- Capital restructuring advisory
- Valuation advisory etc.



# DEBT CAPITAL MARKETS (DCM)

The SBICAP DCM team is one of the leading arrangers in Debt Capital Market for raising funds through debt market from onshore as well as offshore markets. Our clientele range from Corporates, Banks, Financial Institutions, Municipal Corporations and Central / State Government Undertakings. Our long-standing investor relationships spanning both public and private companies across multiple sectors give us an edge in our product and solution offerings in the debt capital markets space. During the Financial year 2018-19, the DCM Group has mobilized ₹ 74,578 crore from 36 NCD issuances through private placement for various clients. Apart from the plain vanilla NCD issuance, we have expertise in handling complex deals and successfully leading them to closure in various industry verticals.

SBICAP has been in the forefront for raising Municipal bonds in the country. Out of the total 6 Municipal Bonds under the new SEBI guideline for Municipal Bond during FY 2018-19, we have successfully arranged and placed 3 Municipal Bonds. We have also been part of 2 Public Issues of debt in FY 2018-19.

We are the first Indian Investment Bank to arrange the Foreign Currency Bond Issuance. With our operationalized offices at strategic locations for global coverage, we have so far mobilized aggregating to more than USD 15 billion across 29 offshore issuances. In current year, we are ranked 4 in Bloomberg League Table for domestic issuances and ranked 7 in Foreign Currency Bond issuance by Indian domicile issuer category.

## Debt Products and Solutions Offered by DCM include:

- Private placement of Non-Convertible Debentures (NCDs) / CPS / Bonds (including tax free bonds)
- Public Issue of Bonds – including Taxable and Tax Free bonds
- Foreign Currency Denominated Bonds / MTNs
- Structured Debt / Securitization
- Fund Raising Advisory
- Masala Bonds
- Real Estate Investment Trust (REITs) & Infrastructure Investment Trust (InvITs)
- Credit Enhanced Bonds
- Municipal Bonds

**The 'will to win' when combined with the 'will to excel' makes victory enduring.**



## Indicative Transactions for ECM & DCM FY 2018-19



**Bank of Baroda**  
Tier II  
₹ 971 Cr. | FY 2018



**Cholamandalam Investment  
& Finance Co. Ltd.**  
₹ 400 Cr. | FY 2018



**Future Enterprises**  
₹ 500 Cr. | FY 2018



**Greater Hyderabad  
Municipal Corporation**  
₹ 195 Cr. | FY 2018



**Housing & Urban  
Development Corp.**  
₹ 3000 Cr. | FY 2018



**LIC HFL**  
₹ 3200 Cr. | FY 2018



**National Bank for  
Agriculture and Rural  
Development**  
₹ 2028 Cr. | FY 2018



**National Highways  
Authority of India**  
₹ 2195 Cr. | FY 2018



**PFC Bonds**  
Fixed Rate Notes  
USD 300,000,000  
FY 2018



**Reliance Industries Limited**  
₹ 3500 Cr. | FY 2018



**Reliance Jio**  
₹ 2500 Cr. | FY 2018



**Rural Electrification  
Corporation**  
₹ 3600 Cr. | FY 2018



**State Bank of India**  
Tier II  
₹ 4115.90 Cr. | FY 2018



**SBI Cards & Payment  
Services Pvt. Ltd.**  
₹ 400 Cr. | FY 2018



**SBI Green Bonds**  
Fixed Rate Notes  
USD 650,000,000  
FY 2018



**Small Industries  
Development Bank of India**  
₹ 1500 Cr. | FY 2018



**Ahmedabad Municipal Corporation**  
₹ 200 Cr. | FY 2019



**Bharat Heavy Electricals Limited**  
Buyback  
Manager  
₹ 1628.29 Cr. | FY 2019



**BPCL**  
Fixed Rate Notes  
USD 500,000,000  
FY 2019



**Coal India Ltd.**  
OFS  
Seller's Broker\*  
₹ 5,274 Cr. | FY 2019



**Food Corporation of India**  
₹ 2737.70 Cr. | FY 2019



**Housing & Urban Development Corp.**  
₹ 2563.10 Cr. | FY 2019



**IRCON International Ltd.**  
IPO  
Book Running Lead Manager  
₹ 467 Cr. | FY 2019



**IOCL**  
Fixed Rate Notes  
USD 900,000,000  
FY 2019



**NALCO Ltd.**  
Buyback  
Manager  
₹ 505 Cr. | FY 2019



**Oil India Limited**  
Buyback  
Manager  
₹ 1085.72 Cr. | FY 2019



**Public issue of NCDs**  
**Mahindra & Mahindra Financial Services Ltd.**  
₹ 2154 Cr. | FY 2019



**RITES Ltd.**  
IPO  
Book Running Lead Manager  
₹ 461 Cr. | FY 2019



**Power Finance Corporation**  
₹ 3751.20 Cr. | FY 2019



**Rural Electrification Corporation**  
₹ 4000 Cr. | FY 2019



**SBI**  
Fixed Rate Notes  
USD 1250,000,000  
FY 2019



**Surat Municipal Corporation**  
₹ 200 Cr. | FY 2019

**Rise above adversities  
to develop a fearless spirit.**

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

SBICAP is the market leader in providing financial advisory 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 advisory space in order to help the clients grow and achieve their strategic business objectives.

The PA&SF Group has been the pioneer in advisory services in India 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. PA&SF Group also provides services like M&A advisory, private equity tie up, restructuring advisory, pre-bid advisory and bid process management services, Government Advisory & Policy 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 sub-sectors i.e. Energy, Transportation & Urban Infra, Telecom, Aviation, Mining, Steel, Banking & Financial Services 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 for PSU clients
- Identify assets for acquisition and strategic investments
- Mobilize private / quasi-equity
- Advice on demerger and sale of assets
- Advice on divestment of Companies
- Provide acquisition advisory services for both domestic and out bound acquisitions

## Corporate Finance Advisory, Bid Advisory, Government Advisory

- Financial Advisory to corporates
- Due diligence and capital structuring
- Business valuation and joint venture advisory
- Strategy and bid advisory to State / Central Governments and regulatory bodies
- Transaction & Policy advisory to various Government Departments / Ministries / Municipal bodies

## Structured Finance for Acquisition, Leverage / Mezzanine Financing and Convertibles with Customized Solutions

- Advisory for tie up of bridge and interim finance for acquisitions
- Advisory on structured trade finance to meet funding requirement of overseas Companies
- Advising clients for participation in equity stake buyout
- 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-organization and re-capitalization advisory
- Resolution plan 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)



## Indicative Transactions for PA&SF FY 2018-19



**BPRL  
International  
B.V.**  
Syndication  
₹ 7,021 Cr. | FY 2018  
**Fund Arranger**



**GSPL India  
Transco Limited**  
Project Financing  
₹ 713 Cr. | FY 2018  
**Fund Arranger**



**Hindusthan Urvarak &  
Rasayan Limited  
(Gorakhpur Urea Project)**  
Syndication  
₹ 5,314 Cr. | FY 2018  
**Fund Arranger**



**Hindusthan Urvarak &  
Rasayan Limited  
(Barauni Urea Project)**  
Syndication  
₹ 5,282 Cr. | FY 2018  
**Fund Arranger**



**Hindusthan Urvarak &  
Rasayan Limited  
(Sundri Urea Project)**  
Syndication  
₹ 5,233 Cr. | FY 2018  
**Fund Arranger**



**HPCL  
Rajasthan Refinery Limited**  
Syndication  
₹ 28,753 Cr. | FY 2019  
**Fund Arranger**



**Jindal Steel & Power Limited**  
Syndication  
₹ 1,500 Cr. | FY 2018  
**Fund Arranger**



**J K Cement Limited**  
Refinancing  
₹ 1,170 Cr. | FY 2018  
**Financial Advisor**



**JSW Steel Limited**  
Syndication  
₹ 4,950 Cr. | FY 2018  
**Fund Arranger**



**Mahanagar Telephone &  
Power Limited**  
Syndication  
₹ 500 Cr. | FY 2018  
**Fund Arranger**



**PT Armada Gema Nusantra**  
Syndication  
₹ 2,560 Cr. | FY 2018  
**Fund Arranger**



**Ramagundam Fertilizers and  
Chemicals Limited**  
M&A Advisory  
₹ 341 Cr. | FY 2018  
**Financial Advisor**



**TCG Urban Infrastructure  
Holdings Private Limited**  
Lease Rental Discounting  
₹ 315 Cr. | FY 2018  
**Financial Advisor**

# OUR SUBSIDIARIES

## SBICAP Securities Limited

SBICAP Securities Ltd (SSL) started operations in 2006 to provide primary and secondary capital market access to retail customers and became the broking arm of the State Bank of India (SBI) Group. A wholly owned subsidiary of SBI Capital Markets, SSL has become one of the fastest growing financial distribution houses in the country in a very short span of time.

SSL has 3 main verticals – Broking, Retail Assets Distribution, Retail Investment and Services, and it has showcased its strength across all 3 verticals.

In broking, SSL currently serves more than 1.8 million customers through state-of-the-art trading platforms on mobile app, website and terminal. SSL is one of the fastest growing demat & trading account acquirers in the country, enabled by its deep integration with SBI at 2500+ touchpoints across the country. SSL offers its customers a variety of products and services to choose from – such as Equity, Derivatives, Mutual Funds, Currency, and Commodities. SSL also serves institutional clients such as FIIs, mutual funds, insurance companies, etc. through its state-of-the-art trading platform, cutting edge research and customized corporate access.

In Retail Assets distribution, SSL is the captive sourcing arm of State Bank of India. Company is expanding its distribution strength by sourcing a significant share in auto loans and home loans for SBI. SSL is able to add value to customers by providing a single, seamless experience in their loan journey.

SSL is also a one-stop third party distribution arm for mutual funds, bonds, insurance, etc. Company has developed a strong IFA network which helps in deep retail distribution of primary products.

## SBICAP Trustee Company Limited (SBICTCL)

SBICAP Trustee Company Ltd. is engaged in providing trusteeship services to the financial market players in India. It has a pan India presence and operates from Mumbai and has six branches located in New Delhi, Ahmedabad, Hyderabad, Bengaluru, Chennai and Kolkata. While it acts as Security Trustee to the Lenders for Corporate and Project Finance Loans, it also provides other related services like Share Pledge Trustee, Escrow Trustee etc. SBICTCL is the largest player amongst the Security Trustee service providers. As a SEBI registered Debenture Trustee, SBICTCL acts as Debenture Trustee for both public issues and private placements of debentures, bonds and other securities.

SBICTCL has plans to extend its services to other major Indian banks, Foreign Banks and other financial players in India. It also proposes to undertake various additional activities like Lenders Facility Agency, Securitization Trustee, ESOP and Employee Welfare Trustee, trusteeship for REITS and INVITS etc.

SBICTCL is also in the process of enhancing its IT platform, viz., Trustee Enterprise Management System (TEMS), to improve speed and quality of delivery, document retrieval and to enhance new products like Virtual Data Room.

## SBICAP Ventures Limited

Incorporated in 2005, SBICAP Ventures Ltd (SVL) is a wholly owned subsidiary of SBI Capital Markets and is a Sponsor and Investment Manager for the Neev Fund. The Company also acts as investment manager to SBICAP Ventures Affordable Housing AIF and SME fund launched on 19<sup>th</sup> November, 2018. Details of these funds are given below:

### SBICAP Ventures Affordable Housing AIF

SBICAP Ventures Affordable Housing AIF was launched on 19-11-2018. Trust registration was done on 05-12-2018 and SEBI registration as Category -1 AIF was completed on 25-03-2019. The Fund is targeting to achieve first close by Dec 2019.

### SME Fund

Along with SBICAP Ventures Affordable Housing AIF, SME fund was also launched on 19-11-2018. The trust is registered and SEBI application is filed.

### Neev Fund

Neev Fund is a SEBI registered Category I AIF focused on infrastructure investments in eight identified Low Income States ("LIS") in India. Neev Fund declared its final close in March 2019 with a corpus of ~INR 5,042 mn. The investors in the Neev Fund are SBI, SVL, SIDBI and Department for International Development ("DFID") – Government of UK. The fund has invested in 10 Companies as shown below.



## SBICAP (Singapore) Limited


SBICAP (Singapore) Limited, incorporated in Singapore, is a CMSL Licence holder and regulated by Monetary Authority of Singapore. It helps Indian corporates with their fund-raising initiatives across asset classes. It has underwritten and placed offshore bonds of Indian Corporates to investors in the region. In the past 5 years, SBICAP (Singapore) Ltd. has arranged / underwritten 29 offshore bonds amounting to over USD 18 billion of issuers from Utilities, Banking and Financial Services, Oil & Gas, Metals, Ports & Infrastructure sector.

SBICAP (Singapore) Ltd has also been marketing fixed income INR products to Foreign Portfolio Investors ('FPI') based out of Singapore. The products include securities issued by Government of India ('GoI'), State Governments and Corporate issuers. There is an increasing interest in INR bond assets among FPIs. It has been working towards channelizing the flows of both Government Securities and Corporate Bonds. The requirements of mezzanine debt have seen an increase post introduction of NCLT. As such, SBICAP (Singapore) Ltd has initiated discussions with the funds, looking at such situations. It has been marketing the listed equity of Indian issuers to regional investors in tie-up with SBICAP Securities Limited.

## SBICAP (UK) Limited

SBICAP (UK) Ltd. (SUL) is engaged in the distribution of Capital Market products (primarily debt and equity). SUL has 'Passport out' permissions to run its permitted activities in 7 EU countries viz. Belgium, France, Germany, Ireland, Italy, Netherlands and Sweden. SUL acts as a link between India and UK region for advisory services and liaison with government bodies such as High Commission of India and HM Treasury. SUL has an excellent connect with London based investors and helps the Capital Markets Group (CMG) in arranging non-deal and deal road shows for Indian Corporates in UK. SUL acts as the primary contact point for market feedback and information for SBICAP clients and also passes on leads to India offices. SUL also supports CMG / PA&SF transactions for reaching out to banks/ FIs / Investors in UK region and acts as a liaison office for SBICAP.





**Mental toughness and success come  
from persistence and self-discipline.**

## SBICAP Corporate Social Responsibility (CSR) Programme FY 2018-19



Donation of a special bus with lift facility to Bal Kalyan Sanstha – a recreational & cultural centre for handicapped children, Pune

Businesses derive their primary benefits from operating in society and no business can function without caring for societal and community development. We, at SBICAP have always recognized this fact and established a tradition of giving back to society. Since its inception, SBICAP has been involved with several initiatives, actively pursuing and endorsing community improvement efforts in varying capacities, across India. We have a committed CSR policy in place and it is our endeavour to help reach out to various support groups that might require our time, finances or mobilization strength. We have always followed the dictum of being a 'responsible and good Corporate Citizen' with an unwavering focus on supporting social and community needs.

At SBICAP 'We Support because We Care'...

During the year 2018-19, the Company executed 15 projects all across the country, achieving the CSR budgeted spends for the financial year. A few snapshots are given alongside...



Distribution of waterwheels to the drought affected populace in Marathwada & Vidarbha, Maharashtra.



SBI Cancer Care project, West Bengal.

Juvenile diabetes clinic at Jehangir Hospital, Pune.

Dialysis machines donated to ABCD hospital, Chennai.

Ankur Asmita home for girls, Badlapur.



Infrastructure donation to Dr. P. V. Rao High School, Chennai.

Project with Childline India Foundation, Mumbai.

Staff & children from Sunrise home for children.

Vocational training center for agriculture, Solapur.

## Directors' Report For The Financial Year 2018-19

To the Members,

Your Directors have pleasure in presenting the Thirty Third Annual Report and Audited Financial Statements of SBI Capital Markets Ltd. (referred herein as 'SBICAP' or 'the Company') for the year ended 31<sup>st</sup> March, 2019.

### FINANCIAL PERFORMANCE (Standalone and Consolidated)

The Company's financial performance, for the year ended 31<sup>st</sup> March, 2019 is summarized below:

(₹ in Crores)

Financial Year ended March 31	Standalone		Consolidated	
	2019	2018	2019	2018
<b>Operating Results</b>				
<b>Gross Income:</b>				
a) Fee based Income	248.48	407.50	640.76	741.55
b) Income from securities and other Income	148.17	129.21	197.53	187.63
<b>Total</b>	<b>396.65</b>	<b>536.71</b>	<b>838.29</b>	<b>929.18</b>
<b>Profit before Provisions, Depreciation, Interest and Tax</b>	<b>254.00</b>	<b>360.46</b>	<b>385.03</b>	<b>492.44</b>
<b>Provisions</b>	<b>-</b>	<b>15.15</b>	<b>8.29</b>	<b>18.48</b>
<b>Depreciation</b>	<b>5.60</b>	<b>8.50</b>	<b>14.98</b>	<b>15.97</b>
<b>Interest</b>	<b>5.80</b>	<b>0.32</b>	<b>8.19</b>	<b>2.47</b>
<b>Profit before Tax</b>	<b>242.60</b>	<b>336.49</b>	<b>353.57</b>	<b>455.52</b>
<b>Less: Provision for Tax</b>	<b>74.41</b>	<b>100.23</b>	<b>117.22</b>	<b>132.27</b>
<b>Add: Share in net profit of associate</b>	<b>-</b>	<b>-</b>	<b>0.38</b>	<b>0.28</b>
<b>Profit after Tax (A)</b>	<b>168.19</b>	<b>236.26</b>	<b>236.73</b>	<b>323.53</b>
<b>Other Comprehensive Income</b>	<b>63.99</b>	<b>(23.66)</b>	<b>64.71</b>	<b>(18.82)</b>
<b>Total Comprehensive Income</b>	<b>232.18</b>	<b>212.60</b>	<b>301.44</b>	<b>304.71</b>
<b>Add: Balance in Profit and loss Account (B)</b>	<b>1,145.06</b>	<b>1,090.37</b>	<b>1,318.20</b>	<b>1,177.44</b>
<b>Sub-Total (A+B)</b>	<b>1,313.25</b>	<b>1,326.63</b>	<b>1,554.93</b>	<b>1,500.97</b>
<b>Less: Appropriation</b>				
Transferred to General Reserve	-	24.46	-	25.65
Dividend on Equity Shares	-	130.58	-	130.58
Tax on Dividend	-	26.58	-	26.58
Remeasurement of Actuarial gain / loss through OCI	(0.16)	(0.05)	0.18	(0.04)
Other adjustments	-	-	(0.31)	-
<b>Closing Balance</b>	<b>1,313.41</b>	<b>1,145.06</b>	<b>1,555.06</b>	<b>1,318.20</b>
<b>Financial Position</b>				
Equity Share Capital	58.03	58.03	58.03	58.03
<b>Reserves and Surplus</b>	<b>1,861.39</b>	<b>1,629.21</b>	<b>2,114.50</b>	<b>1,812.75</b>
<b>Other Selected Data</b>				
Earnings per share (₹)	28.98	40.71	51.94	52.51
<b>Return on Equity</b>	<b>8.76%</b>	<b>14.00%</b>	<b>10.90%</b>	<b>17.29%</b>
<b>Dividend per share (₹)</b>	<b>-</b>	<b>22.50</b>	<b>-</b>	<b>-</b>
<b>Book Value per share (₹)</b>	<b>330.74</b>	<b>290.73</b>	<b>374.36</b>	<b>322.36</b>

#### Note:

Previous years financials stated as per GAAP have been reclassified to conform to Ind AS presentation requirements.



# Directors' Report For The Financial Year 2018-19

## RESULT OF OPERATIONS AND THE STATE OF COMPANY'S AFFAIRS

### Standalone and Consolidated - Revenues and Profits

On a standalone basis, your Company achieved total income of ₹ 396.65 crores (previous year ₹ 536.71 crores). The Company booked fee-based income of ₹ 248.48 crores (previous year ₹ 407.50 crores) a decrease of income by 26.10% in the current year as compared to previous financial year. The Company has reported Profit after Tax (PAT) of ₹ 168.19 crores (previous year ₹ 236.26 crores). PAT decreased by 28.81% in the current year as compared to previous financial year.

On a consolidated basis, the Company achieved total income of ₹ 838.29 crores (previous year ₹ 929.18 crores). The Company booked fee-based income of ₹ 640.76 crores (previous year ₹ 741.55 crores) a decrease of income by 13.59% in the current year as compared to previous financial year. The Company has reported Profit after Tax (PAT) of ₹ 236.73 crores (previous year ₹ 323.53 crores). PAT decreased by 26.82% in the current year as compared to previous financial year.

### Re - organisation of the business activities

During the year under review, the business activities of PA&SF group were re-aligned to address duplication of processes resulting in delays and certain regulatory concerns. Pursuant to the approval accorded by the Board of Directors on 30<sup>th</sup> July, 2018, the activities such as debt syndication services for both, greenfield and brownfield projects, refinancing assistance and debt resolution services to private sector enterprises were discontinued. Consequent upon which the revenues of the Company were impacted and the focus shifted to strengthening the Investment Banking Activities.

### SHARE CAPITAL

During the year under review, the issued, subscribed and Paid-up equity capital of the Company was ₹ 58.03 crores divided into 5.80 crore equity shares of the face value of ₹ 10/- each. During the year, the Company has not issued any shares or convertible securities.

### DIVIDEND

The Board has not recommended any dividend during the year under review.

### TRANSFER TO RESERVES

The Company has not transferred any amount to the Reserves. The entire amount of profits is retained in the profit and loss account.

### RATINGS OF THE COMPANY

During the year under review, M/s. India Ratings and Research has affirmed SBI Capital Markets' Bank Loan rating at 'IND AAA' / Stable and Commercial Paper rating at 'IND A1+'.

### REVIEW OF BUSINESS PERFORMANCE OF THE COMPANY

The performance of your Company during the financial year 2018-19 in respect of various activities is as under:

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

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

During the year under review, ECM group achieved gross fee income of ₹ 10.35 crores which emanated from a wide spectrum of services across equity products such as Initial Public Offering (IPO), Offer for Sale (OFS), Buy-Back and Advisory. The ECM Group raised total amount of ₹ 6,201 crores through three equity issuances and was associated with many of the marquee transactions as listed below which concluded during financial year 2018-19:

- i. **IPO of Rites Limited** (issue size of ₹ 460 crores) – The first PSU under Ministry of Railways to be listed on the bourses after CONCOR in 1994-95;
- ii. **IPO of IRCON International Limited** (issue size of ₹ 467 crores);
- iii. **OFS of Coal India Limited** (issue size of ₹ 5,274 crores) – Only OFS of a Public Sector Unit in FY 2019 by Government of India under its disinvestment target.

## Directors' Report For The Financial Year 2018-19

The ECM Group completed the buyback of National Aluminium Company Limited (₹ 504 crores), Bharat Heavy Electricals Limited (₹ 1,628 crores) and Oil India Limited (₹ 1,085 crores) aggregating to ₹ 3,217 crores.

The Company ranked tenth in terms of number of Equity Issuances (3 issues representing 5.1% of the overall number of issues) and twelfth in terms of issue amount raised in the market (6,201 crores representing 12.7% of the overall amount raised).

The ECM group is nurturing a strong pipeline of equity issuances for the forthcoming year. Further the Investment Banking business is focussed on the following specific initiatives:

1. Building sectoral depth and knowledge-based deal origination.
2. Winning higher number of private sector mandates while continuing to support key Government mandates;
3. Emphasis on Private Equity / M&A growth.

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

During the financial year 2018-19, the DCM group successfully executed 36 NCD issuances (Debt issuances) through private placement basis, which garnered an aggregate amount of ₹ 74,578 crore. Further, the Company was ranked fourth in Bloomberg Ranking for handling debt issues.

During the year under review, DCM group successfully executed Municipal Bond issues of Ahmedabad Municipal Corporation and Surat Municipal Corporation as sole advisors. Some of the other key issues successfully executed during the year includes – Reliance Jio Infocom Ltd., Food Corporation of India, Bank of Baroda Tier II, LIC Housing Finance Ltd., NTPC Ltd., State Bank of India – Tier II bond issue, Reliance Industries Ltd., State Bank of India – AT 1 bond issue and Public issue of debt for Mahindra & Mahindra Financial Services Ltd.

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

The PA&SF group maintained its leadership position in the country, despite a challenging year, with market share of approx. 50% in Indian Borrower Loans (local currency) category (Bloomberg January – March 2019). The PA&SF group was Mandated Lead Arranger (MLA) for loans worth ₹ 67,472 crores. PA&SF earned gross fee income of ₹ 219.95 crores for the year under review (Previous Year ₹ 347.01 crores).

The Company also continued to be the front runner in Advisory and Syndication Services (which aggregated ₹ 134.58 crores in income); which affirms SBICAP's strength and leadership in the field. The Mergers & Acquisitions and Private Equity services made their presence felt with a fee income of ₹ 67.07 crores for the year as this showcased PA&SF's strength to take up diverse assignments and execute them. It also booked significant income under the Debt Restructuring / Resolution Advisory (₹ 14.82 crores) and secured mandates across a wide spectrum of industries.

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

- 1) HPCL Rajasthan Refinery Ltd. (HRRL) - SBICAP was mandated as the sole Financial Advisor and Debt Arranger to HRRL for setting up 9 MMTPA integrated Grass-root Refinery cum Petrochemical complex. One of the largest Project Finance Debt Syndication Transaction in the country with a Project Debt of ₹ 28,753 crores;
- 2) Dredging Corporation of India Ltd. - Your Company provided Transaction Advisory Services (Buy side) to Visakhapatnam Port Trust acting on behalf of consortium of four Major Port Trusts - Visakhapatnam Port Trust, Deendayal Port Trust, Jawaharlal Nehru Port Trust and Paradip Port Trust towards acquisition of Gol's entire Equity stake in Dredging Corporation of India.
- 3) Mumbai Pune Expressway - One of the largest toll securitization project wherein SBICAP assisted SBI in structuring and down-selling toll receivables of Mumbai Pune Expressway and old NH4 for 20 years.
- 4) SKS Power Generation Chhattisgarh Limited – First successful deal in the power sector under SAMADHAN scheme. SBICAP provided Transaction Advisory to lenders for identifying strategic investor for change in ownership being implemented by lenders as part of resolution of debt.

## Directors' Report For The Financial Year 2018-19

- 5) Maharashtra State Electricity Distribution Company Ltd. (MAHADISCOM) – SBICAP assisted in raising Term Loan against escrow of cash flows from identified circles of the MAHADISCOM.
- 6) BPRL International B. V. – SBICAP acted as the Financial Advisor to the Company for raising funds for acquisition cost and its share of capex for the acquisition of participating interest in Mozambique, Brazil, Indonesia and UAE blocks through a mix of equity from BPRL (its parent company) and debt in the form of Foreign Currency Loans.

SBICAP has received top rankings from many ranking agencies, including recognition by way of Awards, the details of which are provided under the section 'Awards & Recognition'.

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

The treasury income for the year under review was ₹ 49.66 crores (previous year ₹ 63.59 crores). Income during the current year was lower vis-à-vis previous year mainly on account of one-time booking of capital gains of ₹ 22.16 crores on debt portfolio during FY 2017-18.

Major investments of the Company were in liquid mutual funds, parked for Company's Debt Capital Market business. Average returns from liquid mutual fund investments were at 7.42% as against the return of 7.61% from CRISIL Liquid fund Index. The fixed income portfolio comprising of Fixed Maturity Plans, Debt Mutual Funds and Tax-free bonds yielded an annualized return of 7.48% during the year.

During the year under review, SBICAP had ventured out and committed investments in Alternate Investment Funds, a new category of investment by committing investments in two Alternate Investment Fund (AIF) schemes, namely:

- Stellaris Venture Partners India I (AIF category I) and
- SBI MF Special Situations Fund (AIF Category II).

The said investments are not only expected to yield higher risk adjusted returns but also facilitate our engagement with the start-up ecosystem, and diversified asset classes.

### (e) Asset Finance

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

### (f) Institutional Broking and Institutional Research Business

In order to strengthen the position of SBICAP in the Equity Capital Market Offerings and to align with the organizational structure prevalent among the top Investment Banks in India, the Board had accorded approval to commence Institutional Broking and Institutional Research Business. Presently, applications have been submitted with SEBI and Stock Exchanges for obtaining membership / registration as trading and clearing member.

## (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 organization 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.

## Directors' Report For The Financial Year 2018-19

The Company operates in niche areas of Investment Banking. As Human Resources is the intellectual capital for the Company these resources are continuously trained, skilled & reskilled through participation in specialized training programmes, industry conferences / seminars / forums to acquire knowledge, enhance requisite skills and capabilities to deliver to its diverse nature of business & clients.

Senior officials are nominated for Leadership Development programs so that they provide leaderships to their groups / teams and a pool of leaders is available for strategic positions and for succession planning.

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.

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 recognized. 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 and incentivized on Cross Selling of diverse products being offered by the Company.

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.

The work place environment embraces diversity and people treat each other with mutual respect and dignity. The Company offers a challenging work environment, fostering a stimulating work culture of innovation and individual growth. We are an equal opportunity employer with no tolerance to gender bias.

### (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. IT group has initiated the process of upgrading the Company's existing email platform to Office 365 Productivity Suite which will ensure anytime anywhere access to emails and improve the indexing capabilities. The Company, as part of its future plans, is exploring the migration of its local Data Centre to co-locate the same at Professional Data Centre.

### AWARDS & RANKINGS

Your Company continued to receive domestic and international awards and top rankings during the financial year 2018-19, prominent among them are as follows:

- Asia Infrastructure Awards 2019 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:
  - Petrochemical Deal of the Year - Hindustan Urvarak & Rasayan urea projects ₹ 158.295 billion financing
  - Utility Deal of the Year - Adani Transmission acquisition of Reliance Infrastructure Limited Mumbai generation, transmission and distribution business





# Directors' Report For The Financial Year 2018-19

Rankings for CY 2018 received from various agencies are listed below:

## Dealogic

- Number Four MLA Asia Pacific Project Finance Loans with market share of 6.8% (USD 762 Million)
- Number Six - Financial Advisor - Asia Pacific Project Finance with market share of 5% (Volume USD 1,031 Million)
- Number Six - Financial Advisor Asia Pacific Project Finance Financial Advisor to Consortium - Market share 4.2% (Volume USD 836 Million)

## Bloomberg League Tables

- Number One Mandated Lead Arranger - Indian Borrower Loans Mandated Lead Arranger with 12.274% market share (Volume INR 381,691 Million)
- Number One - Local currency loans Mandated Lead Arranger with 21.170% (Volume INR 259,906 Million)
- Number Three - Foreign Currency Loans mandated Lead Arrangers with market share of 6.606% (Volume USD 1,801 Million)
- Number Eight - APAC Project Finance Loans (Mandated Lead Arranger) with market share 3.529% (USD 3,854 Million)
- Number Eighteen - Asia ex-Japan Loans - MLA with market share of 1.351% (Volume USD 6,159 Million)

## Debtwire

- Number Three - South Asia Mandated Lead Arranger with market share of 14.56% (Volume USD 1,628 Million)
- Number Three - India Mandated Lead Arranger with market share of 15.79% (Volume USD 1,591 Million)

## Thomson Reuters-PFI

- Number Five Asia Pacific MLA: with market share of 3.4% volume (USD 1,143.1 Million)

## Prime Database

- Number Twelfth in terms of all equity products (IPO, FPO, QIP, OFS and Rights) in FY 2019.

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

There were no material changes and commitment affecting the financial position of your Company which have occurred between the end of the financial period of your Company to which the Financial Statements relate and the date of this Report.

## 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

During the year under review, there were no significant or material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status of your Company and its future operation.

## EXPLANATIONS OR COMMENTS ON THE QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMER MADE BY THE AUDITOR IN HIS REPORT

There is no qualification, reservation or adverse remark or disclaimer made by the Statutory Auditors appointed by Comptroller & Auditor General of India under applicable provisions of the Companies Act, 2013 in their report. Hence the need for explanations or comments by the Board does not arise. The report of the Statutory Auditors forms part of the financial statements.

## Key Audit Matters

During the year under review, an amount of ₹ 0.47 crore was provided as per the credit loss matrix approved by the Board, against the dues of ₹ 2.36 crores outstanding from IL&FS and its group Companies. Also, an intervention petition along with the claim has been filed with NCLAT.

# Directors' Report For The Financial Year 2018-19

## Reporting of frauds by auditors

During the year under review, neither the statutory auditors nor the secretarial auditors has reported to the Audit Committee under Section 143 (12) of the Companies Act, 2013, any instances of fraud committed against SBICAP by its officers or employees, the details of which would need to be mentioned in this Board's report.

## CONSOLIDATED FINANCIAL STATEMENT

During the financial year 2018-19, 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, 2019 your Company has in all five subsidiaries of which three are domestic and two are foreign subsidiaries, namely:

- 1) SBICAP Securities Ltd.;
- 2) SBICAP Trustee Company Ltd.;
- 3) SBICAP Ventures Ltd.;
- 4) SBICAP (UK) Ltd.;
- 5) SBICAP (Singapore) Ltd.

## PERFORMANCE AND FINANCIAL POSITION OF SUBSIDIARIES

The performance of the five subsidiaries during the year 2018-19 are as follows:

### 1. SBICAP Securities Limited (SSL)

(₹ in Crore)

Particulars	2018-2019	2017-2018
Total Income	408.36	357.56
Expenses	314.20	257.12
Profit Before Tax	94.17	100.44
Profit After Tax	57.52	75.60

#### i) Institutional Broking:

Amidst market volatility due to geopolitical events and elections, the institutional Equities business witnessed a decline in revenue to ₹ 23.49 crores during the FY 2018-19 (previous year ₹ 36.48 crores). Stocks under coverage have increased by 35%, differentiated research reports increased by 70% y-o-y while maintenance research grew 26% y-o-y indicating strong focus on proactive and ideas driven research.

#### ii) Retail Broking:

During the year under review, Retail Broking business revenue reported growth of 7.3% y-o-y as compared to previous year translating to gross earnings of ₹ 177.89 crores. The headwinds in equity markets have affected overall industry performance including leading peer group brokerage houses which reflected mild / negative growth (-3% to -10%), however, SSL has outperformed the peers due to its continuous focus on client engagement and active relationship management.

SSL have added further 2,56,141 new client accounts during FY 2018-19 of which 97% of client accounts sourced are subscription based or paid accounts.

## Directors' Report For The Financial Year 2018-19

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

1. **New Business Line:** SSL received the membership of MCX and Commodity Derivatives as another line of business.
2. **Competing with market disruptions:** Currently the broking industry is facing disruptive pricing by Fintech and Discount brokerage houses. With an objective to achieve quality acquisitions yet offer market competitive pricing to customers, SSL has geared up by rolling out new acquisition products.
3. **Project - New Mobile app:** New mobile app having certain advanced features backed by strong UI / UX capabilities has been launched to offer best class trading experience to our clients.
4. **CRM Project:** SSL has launched CRM services to improve customer satisfaction. By using this platform, all customer interactions with SSL including Servicing, Marketing (Lead generation campaigns), Cross-Sell and query resolution can be conducted in an organized and systematic way.
5. **NSE / BSE Online Buyback module** on SBISmart facilitates the clients to comfortably apply for buyback of shares.

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

During the year under review, the Retail Investment & Services vertical reported revenue of ₹ 13.10 crores (previous year ₹ 33.41 crores). The decline in the revenue was on account of regulatory changes relating to distribution of GOI bonds and income on Mutual funds. As such, the focus has been shifted to increase Annuity products like Insurance & MF business to ensure a steady stream of revenue. In order to enhance the product basket, Secondary debt papers were introduced as a new product for the clients.

### (iv) Retail Asset:

Through the years SSL have grown and continue to expand keeping up pace with Asset market by offering customer a basket of products i.e. Home Loan, Car Loan and Realty services as well as being the most preferred advisors for SBI.

#### Home Loan:

- During FY 2018- 2019 SSL have logged in home loan cases for ₹ 22,718 crores with sanction of ₹15,830 crores and disbursement of ₹ 15,041 crores, which reflects growth of 91% over the last financial year.
- Focused on continuously evolving and expanding, and now have a presence in 28 cities.
- Cross selling product like SBI Credit Card has been initiated to offer esteemed customers with more products.

#### Auto Loan:

- Auto Loan business continued to grow steadily during FY 2018-2019. SSL marked its presence in 105 cities and achieved disbursement of ₹ 6,838 crores during the year, thereby recording a growth of 43% over the last financial year.

#### SBI Realty:

- The team is actively facilitating property hunt transactions.
- Lead exchange mechanism for home loans with realty developers is active.

### (v) Debt:

During the year, revenue earned by Debt team reported a y-o-y growth of 42%. For better business synergies, the Debt team has moved to SBICAP.

# Directors' Report For The Financial Year 2018-19

## 2. SBICAP Trustee Company Limited (SBICTCL)

Summary of the financial highlights for the year 2018-2019 and 2017-2018 are as under:

(₹ in Crores)

Particulars	2018-19	2017-18
<b>Operating Result</b>		
i. Fee based – Trustee		
Remuneration Fees	28.85	26.96
ii. Other Income	5.96	3.91
<b>Gross Income</b>	<b>34.81</b>	<b>30.86</b>
Expenses	13.90	13.61
Profit before Tax	20.91	17.25
<b>Profit after Tax</b>	<b>14.90</b>	<b>12.63</b>

During the year under review, SBICTCL reported gross income of ₹ 34.81 crores (previous year ₹ 30.86 crores) and Profit after Tax at ₹ 14.90 crores (previous year ₹ 12.63 crores) growth of gross income by 15% and PAT by 25%.

Currently SBICTCL handles 1,862 assignments and holds securities worth ₹ 21,22,715 crores as on 31.03.2019 on behalf of Lenders and Debenture / Bond holders.

SBICTCL has plans to extend their services to other major Indian banks, Foreign Banks and other financial players in India which will improve the market share further during the year 2019-20.

Undertaking new business initiatives like Document Management System, Virtual Data Room, Lenders Facility Agency, Securitization Trustee, ESOP and Employee Welfare Trustee, trusteeship for REITS and INVITS etc. are under active consideration.

## 3. SBICAP Ventures Limited (SVL)

Summary of the financial highlights for the year 2018-2019 and 2017-2018 are as under:

(₹ in Crores)

Particulars	2018-19	2017-18
Fee Income	9.11	7.04
Other Income	0.01	5.24*
Gross Income	9.12	12.28
Expenses	8.35**	3.81
Profit before Tax	0.77	8.47
Profit after Tax	0.62	5.92

SVL has adopted IND-AS for the first-time w.e.f. FY 2018-19, accordingly comparative figures of last year have been restated.

\* Includes ₹ 4.62 crore of unrealised gain on fair valuation of investments;

\*\* Includes ₹ 2.34 crores of unrealised loss on fair valuation through profit and loss account of investments.

Note: The Company has adopted Fair value through profit and loss account (FVTPL) for investments.

SVL booked a gross income of ₹ 9.12 crores (previous year ₹ 12.28 crores) and booked profit after tax of ₹ 5.92 crores (previous year ₹ 0.62 crores).

SVL is currently managing Neev Fund, an AIF Category I Infrastructure Fund. First Close of the Neev Fund was achieved on 10<sup>th</sup> April, 2015 and the Fund had its final close on 31<sup>st</sup> March, 2019. The fund size has been crystallized at ₹ 504.20 crores with DFID, SVL, SIDBI and SBI as contributors to the fund.

SVL is also acting as an investment manager to Affordable Housing AIF fund which was launched on 19<sup>th</sup> November, 2018 for which trust registration and SEBI registration as Category-1 AIF are completed. The fund is in the initial stage of marketing to potential investors.

SVL has also launched SME fund and presently the legal & tax advisors and trustee for SME fund are appointed. It is in process of finalizing PPM, Investment Management Agreement and Trust Deed.



## Directors' Report For The Financial Year 2018-19

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

Summary of the financial highlights for the year 2018-2019 and 2017-2018 are as under:

(₹ in Crores)

Particulars	2018-19	2017-18
Fee Income	0.00	0.00
Other Income	0.03	0.06
Gross Income	0.03	0.06
Expenses	3.19	3.70
Profit / (Loss) Before Tax	(3.16)	(3.64)
Profit / (Loss) After Tax	(3.16)	(3.64)

Considered exchange conversion rate of GBP = INR 90.4756 (As per RBI reference rate as on 31<sup>st</sup> March, 2019)

During the year under review, SUL booked a gross income of ₹ 0.03 crores (previous year ₹ 0.06 crores) and booked a loss of ₹ 3.16 crores (previous year ₹ 3.64 crores).

Considering that there has been no sustainable revenue sources for SUL in the past several years and it has been continuously incurring losses, the Board of SBICAP at its meeting held on 19<sup>th</sup> July, 2019 has accorded approval to surrender the licenses to FCA, UK and to initiate the process of winding-up SUL.

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

Summary of the financial highlights for the year 2018-2019 and 2017-2018 are as under:

(₹ in Crores)

Particulars	2018-19	2017-18
Fee Income	0.58	2.23
Other Income	2.05	(1.61)
Gross Income	2.63	0.61
Expenses	4.28	4.14
Profit / (Loss) Before Tax	(1.65)	(3.53)
Profit / (Loss) After Tax	(1.65)	(3.53)

During the year under review, SSGL booked a gross income of ₹ 2.63 crores (previous year ₹ 0.61 crores) and reported loss of ₹ 1.65 crores (previous year 3.53 crores).

## DIRECTORS

As on March 31, 2019, the Board of Directors of the Company comprised of Eight Directors of which 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, Non-Executive Chairman;
- 2) Shri Dinesh Kumar Khara, Non-Executive Nominee Director;
- 3) Smt. Bharati Rao, Non-Executive Nominee Director;
- 4) Shri Narayan K. Seshadri, Non-Executive Independent Director;
- 5) Shri Ananth Narayan Gopalakrishnan, Non-Executive Independent Director;
- 6) Shri T. L. Palani Kumar, Non-Executive Director;
- 7) Shri Sanjiv Chadha, Managing Director & Chief Executive Officer; and
- 8) Smt. Uma Shanmukhi Sistla, Whole-time Director.

# Directors' Report For The Financial Year 2018-19

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

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

- Smt. Uma Shanmukhi Sistla, was appointed as Whole-time Director and Whole-time Key Managerial Personnel of the Company w.e.f. 12<sup>th</sup> July, 2018;
- Smt. Aruna Jayanthi, ceased to be an Independent Director consequent upon completion of 2<sup>nd</sup> term as an Independent Director at the 32<sup>nd</sup> AGM i.e. with effect from 27<sup>th</sup> September, 2018;
- Shri Ananth Narayan Gopalakrishnan was appointed as Non-Executive Independent Director w.e.f. 29<sup>th</sup> November, 2018;
- Smt. Varsha Purandare resigned as Managing Director & CEO, consequent upon attaining superannuation from the services of State Bank of India w.e.f. 31<sup>st</sup> December, 2018;
- Smt. Uma Shanmukhi Sistla, Whole-time Director was designated as interim Chief Executive Officer of the Company for the period 1<sup>st</sup> January, 2019 to 11<sup>th</sup> February, 2019.
- Shri Sanjiv Chadha was appointed as Managing Director & Chief Executive Officer w.e.f. 21<sup>st</sup> February, 2019.

The Board welcomes Shri Ananth Narayan Gopalakrishnan, Smt. Uma Shanmukhi Sistla, and Shri Sanjiv Chadha and further places on record its deep appreciation to Smt. Aruna Jayanthi and Smt. Varsha Purandare for valuable contributions made by them during their tenure as an Independent Director and Managing Director & CEO of the Company respectively.

## 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.

## Key Managerial Personnel

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

- Smt. Uma Shanmukhi Sistla was appointed as Whole-time Director and Whole-time Key Managerial Personnel of the Company effect from 12<sup>th</sup> July, 2018
- Smt. Varsha Purandare ceased to be the Managing Director & CEO and Whole-time Key Managerial Personnel of the Company w.e.f. 31<sup>st</sup> December, 2018.
- Smt. Uma Shanmukhi Sistla, Whole-time Director was designated as interim Chief Executive Officer of the Company for the period 1<sup>st</sup> January, 2019 to 11<sup>th</sup> February, 2019.
- Shri Sanjiv Chadha was appointed Managing Director & CEO and Whole-time Key Managerial Personnel of the Company w.e.f. 21<sup>st</sup> February, 2019.
- 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 Vattipalli served as SVP & Chief Financial Officer and Key Managerial Personnel of the Company for the period from 12<sup>th</sup> July, 2018 to 26<sup>th</sup> June, 2019.
- Shri Krishnan Kutty Raghavan was appointed as SVP & Chief Financial Officer and Key Managerial Personnel of the Company effect from 19<sup>th</sup> July, 2019.

## NUMBER OF MEETINGS OF THE BOARD

The Board met ten times during the financial year 2018-19. 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 six times during the year.

# Directors' Report For The Financial Year 2018-19

## Committees of the Board

Your Company has several Board 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 (Dissolved with Nomination and Remuneration Committee w.e.f. 19<sup>th</sup> July, 2019)
- 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.

## CORPORATE GOVERNANCE

The Directors' Report on Corporate Governance for the financial year 2018-19 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 ₹ 8.09 crores (previous year ₹ 42.21 crores) towards advisory & syndication fees from overseas clients and reimbursement of expenses. The total foreign exchange expended amounted to ₹ 1.73 crores (previous year ₹ 0.99 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 ₹ 302 lacs (previous year ₹ 383 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 2.31 of the Financial Statements as on 31<sup>st</sup> March, 2019.

## 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'**.

# Directors' Report For The Financial Year 2018-19

## Auditors

### (a) Statutory Auditors

M/s. Ummed Jain & Co., Chartered Accountants, were appointed as the Statutory Auditors of the Company for the financial year 2018-2019, 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 33<sup>rd</sup> Annual General Meeting of the Company.

In terms of Section 139(5) of the Companies Act 2013, CAG vide their letter ref. no./CA.V/COY/CENTRAL GOVERNMENT, SBICAP(1)/15 dated 31<sup>st</sup> July, 2019, has appointed M/s. Ummed Jain & Co., Chartered Accountants, as the Statutory Auditors of the Company for the financial year 2019-2020.

### (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. VKMG & Associates LLP., Practicing Company Secretaries as Secretarial Auditors to conduct the Secretarial Audit of the Company for the FY 2018-19. The Company provided all assistance and facilities to the Secretarial Auditor for conducting their audit. The Report of Secretarial Auditor for the FY 2018-19 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 7<sup>th</sup> August, 2019, submitted under Section 143(6) read with section 129(4) of the Companies Act, 2013 on the Stand Alone Financial Statement and the Consolidated Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2019 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, 2019 forms part of this report and annexed as Annexure 'VI'. In line with the requirement of the Companies (Amendment) Act, 2017, effective 31<sup>st</sup> July, 2018, the extract of annual return in Form MGT-9 has also been placed on the website of the Company [www.sbicaps.com](http://www.sbicaps.com) and can be accessed at weblink [https://www.sbicaps.com/wp-content/uploads/2019/08/mgt9\\_2018-19.doc](https://www.sbicaps.com/wp-content/uploads/2019/08/mgt9_2018-19.doc)

## 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 was approved by the Board of Directors at its meeting held on 30<sup>th</sup> March, 2015 which is available on the website of the company at - [https://www.sbicaps.com/wp-content/uploads/2014/06/SBICAP\\_NRC\\_Policy.pdf](https://www.sbicaps.com/wp-content/uploads/2014/06/SBICAP_NRC_Policy.pdf) And also forms part of this report and annexed as '**Annexure VII**' to the Annual Report.

The salient features of the NRC policy are given below:

1. The NRC Policy was formulated in terms of Section 178 of the Companies Act 2013 covering the aspects relating to appointment, removal and remuneration of Directors, Key Managerial Personnel and Senior Management and other employees of the Company, evaluation of the performance of the Board etc.



## Directors' Report For The Financial Year 2018-19

2. The NRC Policy has given overall framework for constitution of the NRC Committee, its Meeting, quorum etc.
3. The NRC Policy has given guidelines with respect to appointment of Executive Director, Independent Directors, Key Managerial Personnel, Senior Management Personnel and fixation of their remuneration.

The NRC Policy has provided the guidelines relating to ex-gratia / performance-based remuneration to Managing Director/ Whole Time Directors / KMP and SMP.

### Performance Evaluation of the Board and Board Committees

Pursuant to the provisions of the Companies Act, 2013 and SEBI Guidance Note on Report of the Board of Directors, the Board has carried out an annual evaluation of its own performance and that of its Committees, the Chairman, Individual Directors and Independent Directors.

The criteria for performance evaluation of the Board included aspects like Board composition, shared vision and strategy, the effectiveness of Board processes, information and functioning, etc. The criteria for performance evaluation of Committees of the Board include aspects like the composition of Committees, the effectiveness of Committee meetings, etc. The criteria for performance evaluation of the individual Directors include acting independently and in the best interests of the Company, various aspects on contribution to the Board and Committee meetings like devoting sufficient time to his / her role and responsibilities at Board meetings and playing an active role in the activities of each committee on which he / she serves, etc.

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, 2019, 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 26<sup>th</sup> April, 2019.

### CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

In compliance with Section 135 of the Companies Act 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, your Company has established Corporate Social Responsibility Committee. The CSR policy is forming part of the Board's Report as **Annexure 'VIII'** and is also available on your Company's website [www.sbicaps.com](http://www.sbicaps.com). The disclosures required to be made in the Board's Report as per Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 is enclosed with Report of Corporate Governance.

### 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

## Directors' Report For The Financial Year 2018-19

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- 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: 6<sup>th</sup> September, 2019

## Form AOC 1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)  
Statement containing salient features of the financial statement of subsidiaries / associate companies / joint ventures

## Part "A": Subsidiaries

(As on year ended March 31, 2019)

(Rupees in Lacs)

Sl. 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 shareholding
1.	SBICAP Securities Limited	INR	N/A	9,687.50	17,793.38	62,670.40	35,189.52	0.10	40,836.43	9,416.57	3,664.73	5,751.84	-	100
2.	SBICAP Trustee Company Limited	INR	N/A	100.00	9,152.51	10,668.66	1,416.15	1,371.72	3,480.98	2,090.79	601.28	1,489.60	-	100
3.	SBICAP Ventures Limited	INR	NA	4,998.00	1,154.00	6,447.00	295.00	5,824.00	911.00	77.00	15.00	62.00	-	100
4.	SBICAP (UK) Limited	GBP	90.48	180.95	9.50	206.36	15.91	-	2.71	(315.93)	-	(315.93)	-	100
5.	SBICAP (Singapore) Limited	SGD	51.35	6,675.50	714.71*	6,016.95	56.15	-	57.39	(164.59)	-	(164.59)	-	100

## Part "B": Associates and Joint Ventures

(Rupees in Lacs)

Sr. No.	Name of associates/ Joint Ventures	Latest audited Balance Sheet Date	Shares of Associate / Joint Ventures held by the Company on the year end	Description of how there is significant influence	Reason why the associate / joint venture is not consolidated	Net worth attributable to shareholding as per latest audited Balance Sheet	Profit for the year	
			No.	Amount of Investment in Associates / Joint Venture	Extend of Holding %		Considered in Consolidation (₹ in Lacs)	Not Considered in Consolidation
1	SBI Pension Funds Pvt. Ltd.	31.03.2019	60,00,000	600.00	20%	No significant influence	3,839.10	189.07
								-

## Annexure - II

### 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, 2019, the Board of Directors comprised of Eight Directors of which 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. Shri Rajnish Kumar did his M.Sc. in Physics and is also a certified Associate of Indian Institute of Bankers (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), 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 34 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 43 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 34 years in Finance, Accounts, Audit, Advisory and Management Services. His experience ranges across industries in different countries.
- 5. Shri Ananth Narayan Gopalakrishnan, Non-Executive Independent Director:** Shri Ananth Narayan is an Associate Professor, Finance at SPJIMR and carries a rich experience of 20 years in financial markets trading and sales experience across India, South Asia and ASEAN, in foreign exchange, fixed income, debt capital markets,



asset liability management and research. He is Post-graduate Diploma in Management from Indian Institute of Management Lucknow and is a Bachelor of Technology (Electrical Engineering) from Indian Institute of Technology Bombay. He was Regional Head of Financial Markets, ASEAN & South Asia, Standard Chartered Bank, the Managing Director, Global Rates, South Asia, Deutsche Bank, the Director (Fixed Income & Currencies Trading, India) at Citi Bank. He was member of various committees and working group of RBI and SEBI dealing with Policy and Market Development.

6. **Shri T. L. Palani Kumar, Non-Executive Director:** Shri. T. L. Palani Kumar has had an outstanding career spanning over 36 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 Organizations. His recent work covers Leadership & Organization Development, Coaching Directors, CEOs and CXOs, Independent Risk Assessment and Corporate Governance, Strategy Refinement & Execution and Operations Improvement.
7. **Shri Sanjiv Chadha, Managing Director & CEO:** Shri Sanjiv Chadha assumed charge as Managing Director & Chief Executive Officer of SBI Capital Markets Limited on 21<sup>st</sup> February, 2019. Prior to this, Shri Sanjiv Chadha was the UK Regional Head of State Bank of India (SBI) - India's largest bank, a top 50 bank in the world, and a Fortune 500 Company. He has over 31 years' experience in banking having started his career with SBI in 1987. Mr. Chadha was also the Chief Executive Officer of the newly launched subsidiary, State Bank of India UK (Limited). Prior to joining SBI's UK office in 2014, he worked at the Bank's Los Angeles office from 2002 till 2007. This was followed by several senior management and head of sector roles including Executive Secretary to the Chairman of the SBI Group. He has worked across several different areas of the Bank, both in India and overseas and his areas of specialism include corporate finance, investment banking, mergers and acquisitions, structured finance and private equity.
8. **Smt. Uma Shanmukhi Sistla, Whole-time Director:** Smt. Uma Shanmukhi Sistla, President & Chief Operating Officer was also designated as Whole-time Director of SBI Capital Markets Ltd effect from 12<sup>th</sup> July, 2018. She also held the Charge as the Chief Executive Officer of the Company, in addition to Whole-time Director from 1<sup>st</sup> January 2019 to 11<sup>th</sup> February 2019, till the appointment of new Managing Director & CEO of the Company. Smt. Uma Shanmukhi Sistla joined State Bank of India as Probationary Officer in 1987. She gained wide experience in various areas of Banking, covering Branch Operations, Credit Management, Consumer Banking, SME Finance, International Banking, Training, e-course development and Investment Banking. She also has exposure to Bank's International operations, owing to a 2 year stint at SBI's Frankfurt Branch. She was Regional Head of Chennai Region of SBI Capital Markets Limited during 2010-2013 and is deputed back to SBI Capital Markets Limited after a gap of 5 years, during which term, she held various positions in SBI viz DGM (SME) Ahmedabad, GM (SME) SBI, Corporate Centre and GM (Network) at Delhi. Smt. Uma Shanmukhi Sistla is a Science faculty graduate and Certified Associate of Indian Institute of Bankers. She holds an MBA in Banking and Finance and was also a Certified Financial Planner from FPSB.

## ii) Tenure

The Chairman, Non-Executive Nominee Directors, Managing Director & CEO and Whole-time Director have been appointed by State Bank of India (SBI) in terms of Article 87 (i) and 87 (ii) 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.

## 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.

## Annexure - II

### 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, ten Board Meetings were held on 23<sup>rd</sup> April, 2018, 12<sup>th</sup> July, 2018, 20<sup>th</sup> July, 2018, 30<sup>th</sup> July, 2018, 28<sup>th</sup> August, 2018, 03<sup>rd</sup> November, 2018, 18<sup>th</sup> December, 2018, 18<sup>th</sup> January, 2019, 21<sup>st</sup> February, 2019 and 22<sup>nd</sup> March, 2019.

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	2
Shri Dinesh Kumar Khara, Non-Executive Nominee Director	10
Smt. Bharati Rao, Non-Executive Nominee Director	5
Shri Narayan K. Seshadri, <b>Non-Executive Independent Director</b>	10
<b>Smt. Aruna Jayanthi, Non-Executive Independent Director</b> (2 <sup>nd</sup> term expired w.e.f. 27 <sup>th</sup> September, 2018)	2
Shri Ananth Narayan Gopalakrishnan, Non-Executive Independent Director	4
Shri T. L. Palani Kumar, Non-Executive Director	6
Smt. Varsha Purandare, Managing Director & CEO, (SBI Nominee) (Resigned w.e.f. 31 <sup>st</sup> December, 2018)	8
Shri Sanjiv Chadha, Managing Director & CEO, (SBI Nominee) (appointed w.e.f. 21 <sup>st</sup> February, 2019)	2
Shri Biswa Ketan Das, Whole-time Director (SBI Nominee) resigned w.e.f. 15 <sup>th</sup> June, 2019)	1
Smt. Uma Shanmukhi Sistla, Whole-time Director (SBI Nominee) appointed w.e.f. 12 <sup>th</sup> July, 2018.	8

### vi) Details of Remuneration paid to Directors during the financial year 2018-19

(Amount ₹ in Lacs)

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* (upto 31 <sup>st</sup> December, 2018)	25.51	10.52	-	-	-	-	36.03
Shri Sanjiv Chadha, Managing Director & CEO* (for February, 2019 and March, 2019)	4.01	0.97	-	-	-	-	4.98
Shri Biswa Ketan Das* (for period April, 2018 to June, 2018)	4.74	2.00	-	-	-	-	6.74
Smt. Uma Shanmukhi Sistla (for period June, 2018 to March, 2019)	21.28	8.27	-	-	-	-	29.54
Shri Narayan K. Seshadri	6.10	-	-	-	-	-	6.10
Smt. Bharati Rao	3.50	-	-	-	-	-	3.50
Smt. Aruna Jayanthi	0.80	-	-	-	-	-	0.80

## Annexure - II

Elements of remuneration	Salary / Sitting fees	Benefits	Stock options	Performance linked incentive	Notice period	Severance fees	Total
Name of the Director							
Shri Ananth Narayan Gopalakrishnan	1.45	-	-	-	-	-	1.45
Shri T. L. Palani Kumar	2.10	-	-	-	-	-	2.10

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

### vii) Details of Remuneration paid to Key Managerial Personnel during the financial year 2018-19.

(Amount ₹ in Lacs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		Shri Navinchandra Amin, CFO**	Shri Sivakumar Vattipalli, 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	6.34	18.30	31.00	
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-	-
5.	Others, please specify	-	-	-	-
	<b>Total</b>	<b>6.34</b>	<b>18.30</b>	<b>31.00</b>	

\*PF, Gratuity & Superannuation, performance linked variable pay \*\* upto 30<sup>th</sup> June, 2018

# appointed w.e.f. 12<sup>th</sup> July, 2018

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

The composition of the Audit Committee as well as its role and functions are generally in conformity with the Companies Act, 2013 and recent Guidance notes issued by the Institute of Chartered Accounts of India. The composition of the Audit Committee as on 31<sup>st</sup> March, 2019 and Terms of Reference of the Audit Committee are as follows:

#### (a) Composition:

Sr. No.	Name of the Director	Designation
1.	Shri Narayan K. Seshadri, Non-Executive Independent Director	Chairman
2.	Shri Ananth Narayan Gopalakrishnan, Non-Executive Independent Director	Member
3.	Smt. Bharati Rao, Non-Executive Director (SBI Nominee)	Member
4.	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,

## Annexure - II

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4. Approve transactions of the Company with related parties and any subsequent modifications therein,
5. Scrutinize 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 statements are true, fair, sufficient and credible.
12. Review with the management, the quarterly / annual financial statements before submission to the Board for approval, with particular reference to:
  - a) Matters required to be included in the Directors Responsibility Statement to be included in the Board's Report in terms of sub- section (2) of section 164 of the Companies Act, 2013;
  - b) Any changes in accounting policies and practices and reasons for the same;
  - c) Major accounting entries involving estimates based on exercise of judgment by management;
  - d) Analysis of the effects of alternative GAAP methods on the financial statements;
  - e) Draft audit report and qualifications, if any, therein;
  - f) Significant adjustments made in the financial statements arising out of audit findings;
  - g) Compliance with legal requirements relating to financial statements;
  - h) Disclosure of any related party transaction;
  - i) Disclosure of contingent liabilities;
  - j) The effect of regulatory and accounting initiatives as well as off- balance-sheet structures, on the financial statements;
  - k) Company's earnings as well as financial information and earnings guidance, if any, provided to analysts and rating agencies;
  - l) Scrutinize inter corporate loans and investments.
  - m) Monitor the end use of funds raised through public offers and related matters,
  - n) Discussion with internal auditors of any significant findings and follow up there on.
  - o) To recommend to the Board for appointment of Chief Financial Officer, consequent upon recommendation from Nomination & Remuneration Committee (i.e., the person heading the Accounts and Audit function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
13. Discuss any issues related to the financial statements with the internal and statutory auditors and the management of the Company,
14. Review with the management, the quarterly financial statements before submission to the Board for approval.

15. Review with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
16. Review the adequacy of inspection and audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
17. Discuss with the internal auditors of any significant findings and follow-up thereon.
18. Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
19. Look into the reasons for substantial defaults in the payment to the depositors, debentures holders, shareholders (in case of non-payments of declared dividends) and creditors.
20. Review the functioning of the Whistle Blower Mechanism and oversee the Vigil Mechanism.
21. Focus on Follow-up of Inter Branch / RO adjustment accounts, unreconciled long outstanding entries, arrears in balancing books at branches / ROs, frauds and all major areas of housekeeping.
22. Review the financial statements of the subsidiaries.
23. Approve any payment to Statutory Auditors for any other service rendered by the Statutory Auditors.

**24. Insider Trading**

To take adequate steps, approve and recommend to the Board the policies in relation to the implementation of the Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices and to supervise implementation of the Code.

**25. Fraud**

Responsible for handling frauds involving such amounts as the Board may decide. It shall periodically review with the senior management the various anti-fraud measures and controls implemented. The Audit Committee shall also suitably follow-up / lay down report back procedures for frauds which have been brought to its attention. It shall also ensure that proper action is taken against perpetrators of fraud.

**26. Reporting to the Board of Directors**

The Audit Committee shall submit to the Board:

- (a) Quarterly / Annual financial statement after reviewing the same with the management;
- (b) Management discussion and analysis of financial condition and results of operations after its review;
- (c) Findings of any internal investigations by the internal auditors into the matters where there is suspected fraud or a failure of internal control system of a material nature after its review;
- (d) To recommend the appointment, remuneration and terms of appointment of the statutory auditors and fixation of their fees.
- (e) Appointment, removal and terms of remuneration of the Internal auditor after review

The Annual Report of the Company shall disclose the composition of the Audit Committee, brief description of the scope of the Audit Committee Charter, names of members, Chairperson, meetings and attendance.



## Annexure - II

### 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.

### Compliance with regulatory requirements and Policies

Keeping a check on the compliance with regulatory requirements is another important responsibility of the Audit Committee. The Committee shall periodically actively participate and take charge of the following:

Sr. No.	Particulars	Yes / No
1.	Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up ( <i>including disciplinary action</i> ) of any instances of non-compliance.	
2.	Review the findings of any examinations by regulatory agencies, and any auditor observations.	
3.	Review the process of communicating the Code of Conduct to employees and the mechanism for its adherence.	
4.	Review the report of the Monitoring Agency appointed by the Company, to monitor the utilization of proceeds of such public / rights issue and make appropriate recommendations to the Board.	
5.	Obtain regular updates from management and Company legal counsel regarding compliance matters.	
6.	Review the valuation of undertakings or assets of the Company, wherever it is 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 K. Seshadri, Non-Executive Independent Director	Chairman
2.	Shri Ananth Narayan Gopalakrishnan, Non-Executive Independent Director	Member
3.	Smt. Bharati Rao, Non-Executive Director	Member
4.	Shri Dinesh Kumar Khara, Non-Executive Director	Member

#### b. Revised Terms of Reference of Nomination and Remuneration Committee of the Board:

1. Identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down;
2. Recommend to the Board their appointment and removal,
3. To take note or approve the appointment of Directors, Senior Management Personnel and Key Managerial Personnel (KMP) and such other officials as may be prescribed and recommend to the Board their appointment and removal.
4. Carry out evaluation of every Director,
5. Formulate the criteria for determining qualifications, positive attributes and Independence of a Director,
6. Recommend to the Board, a Policy relating to the remuneration for the Directors, KMP and other employees as finalized by the management of SBICAP;

7. 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.
8. To determine and review the pay, compensation structure, performance linked bonus scheme and to frame other policies related to pay & compensation for all the employees of the Company; the promotion policies; and put up the recommendations to the Board for its approval, etc.

#### x) Corporate Social Responsibility Committee

##### a. Composition of Corporate Social Responsibility Committee

Sr. No.	Name of the Director	Designation
1.	Shri Narayan K. Seshadri, Non-Executive Independent Director	Chairman
2.	Shri Dinesh Kumar Khara, Non-Executive Director	Member
3.	Smt. Bharati Rao, Non-Executive Director	Member
4.	Shri Sanjiv Chadha, Managing Director & CEO	Member

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

- i. To formulate, review and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company
- ii. To review and recommend the amount of expenditure to be incurred on the activities referred to in clause (a);
- iii. To monitor the CSR Policy implementation of the Company from time to time;
- iv. To institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company;
- v. 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.

## Annexure - II

### xi) CSR Report 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> . Further, the said Policy is also available on our website - <a href="https://www.sbicaps.com/wp-content/files/SBICAP_Corporate_Social_Responsibility_CSR_Policy.pdf">https://www.sbicaps.com/wp-content/files/SBICAP_Corporate_Social_Responsibility_CSR_Policy.pdf</a>
2. The Composition of the CSR Committee	Details as stated above
3. Average net profit of the Company for last three financial years	₹ 362.40 crores
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	₹ 7.25 crores
5. Details of CSR spent during the financial year.	₹ 7.28 crores
(a) Total amount to be spent for the financial year;	₹ 7.25 crores
(b) Amount unspent, if any;	Nil
(c) Manner in which the amount was spent during the financial year.	As per Annexure below
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.	N.A.
7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.	We have obtained the said responsibility statement from CSR Committee.
Sd/- (Sanjiv Chadha) Managing Director & CEO	Sd/- (Narayan K. Seshadri) Chairman CSR Committee



The CSR Spends for the Company in FY 2018-19 are summarised as below:

Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local Area or other (2) Specify the State & District where the project or program were undertaken	Amount outlay (budget) project / program wise	Amount spent on the projects or programs Sub-heads: (1) Direct Expenditure on projects or programs (2) Over heads	Cumulative expenditure up to the reporting period	Amount spent Direct or through Implementing agency *
1.	CSR grant to the Chennapuri Annadana Samajam's Dr P.V. Rao High School, Chennai towards construction of toilets for students and replacement of an old sewage line.	Promoting education and sanitation	Chennai, Tamil Nadu	₹ 5,20,843/-	₹ 5,20,843/- direct expenditure	₹ 5,20,843/-	Direct
2.	CSR grant towards the procurement of 4 dialysis machines at the Adi Bhagavatpada Cardiac & dialysis Centre (ABCD Hospital), Kanchipuram run by the Shri Sankara Kripa Educational and Medical Trust.	Healthcare	Kanchipuram, Tamil Nadu	₹ 26,00,000/-	₹ 26,00,000/- direct expenditure	₹ 26,00,000/-	Direct
3.	In view of the severe flood situation in the state of Kerala, the Company donated to the Government of Kerala Chief Minister's Distress Relief Fund.	Disaster Relief fund set up by the state government	Kerala	₹ 30, 00,000/-	₹ 30, 00,000/-	₹ 30, 00,000/-	Direct
4	Donation to Jnana Prabodhini NGO, Solapur for setting up a farm mechanization training center for rural youth at its center in Harali, Solapur, Maharashtra.	Promoting education, employment enhancing vocational skills and livelihood enhancement projects	Solapur, Maharashtra	₹ 10,60,000/-	Direct expenditure - ₹ 10,35,000/- Overheads - ₹ 25,000/-	₹ 10,60,000/-	Direct
5	CSR grant towards the complete medical treatment and allied care for 75 under-privileged children suffering from diabetes.	Healthcare	Pune, Maharashtra	₹ 52,71,750/-	Direct expenditure - ₹ 47,92,500/- Overheads - ₹ 4,79,250/-	₹ 52,71,750/-	Direct
6	Donation to the Jan Kalyan Blood Bank, Pune towards procurement of medical equipment.	Healthcare	Pune, Maharashtra	₹ 36,58,000/-	₹ 36,58,000/- direct expenditure	₹ 36,58,000/-	Direct

## Annexure - II

Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local Area or other (2) Specify the State & District where the project or program were undertaken	Amount outlay (budget) project / program wise	Amount spent on the projects or programs Sub-heads: (1) Direct Expenditure on projects or programs (2) Over heads	Cumulative expenditure up to the reporting period	Amount spent Direct or through Implementing agency*
7	Donation to Bal Kalyan Sanstha, Pune towards procurement of a school bus with lift facility for transport of mentally challenged children.	Promoting education, including special education and employing vocation enhancing vocation skills especially among children	Pune, Maharashtra	₹ 33,37,185/-	₹ 33,37,185/- direct expenditure	₹ 33,37,185/-	Direct
8	CSR grant towards stated civil work and purchase of requisite equipment for the residential school for mentally challenged located at Mulshi near Pune.	Promoting education, including special education and employing vocation enhancing vocation skills especially among children	Mulshi, Maharashtra	₹ 47,00,000/-	₹ 47,00,000/- direct expenditure	₹ 26,43,914/-	Direct
9	CSR funding towards creation of infrastructure and construction of hostel facilities at its school for girls in Tafrogam, Arunachal Pradesh.	Education	Tafrogam, Arunachal Pradesh	₹ 1,00,00,000/-	₹ 30,00,000/- direct expenditure	₹ 1,00,00,000/-	Direct
10	CSR grant towards activities of the Fine Arts Society for promotion of Indian arts & culture	Art & Culture	Mumbai, Maharashtra	₹ 2,00,000/-	₹ 2,00,000/- direct expenditure	₹ 2,00,000/-	Direct
11	CSR grant towards upgradation of 3 child shelter homes in and around Mumbai.	Promoting education, including special education and employing vocation enhancing vocation skills especially among children	Mumbai & Badlapur, Maharashtra	₹ 89,71,205/-	₹ 65,00,000/- direct expenditure	₹ 65,00,000/-	Implementing agency



Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local Area or other (2) Specify the State & District where the project or program were undertaken	Amount outlay (budget) project / program wise	Amount spent on the projects or programs Sub-heads: (1) Direct Expenditure on projects or programs (2) Over heads	Cumulative expenditure up to the reporting period	Amount spent Direct or through Implementing agency *
12	CSR grant towards provision of waterwheels in Vidarbha & Marathwada regions of Maharashtra	Drinking water and sanitation	Vidarbha & Marathwada, Maharashtra	₹ 46,55,000/-	₹ 10,00,000/- direct expenditure	₹ 10,00,000/-	Direct
13	CSR grant towards various social development projects identified by the Foundation (3 projects identified & allocated) which are: 1) SBI Youth for India Fellowship programme 2) Cancer care 3) Khelwadi	Healthcare, education and rural development	1) National 2) South 24 Parganas, West Bengal 3) Palghar, Maharashtra	1) ₹ 3,42,00,000/- 2) ₹ 49,98,500/- 3) ₹ 8,01,500/-	₹ 4,00,00,000/- direct expenditure	₹ 4,00,00,000/-	Implementing agency
	<b>Total</b>					<b>₹ 7,27,81,692/-</b>	

## Annexure - II

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### 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 into the culture of the organization.

### 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, VP (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 and confirmed by the Secretarial 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. We did not receive any complaint during the financial year 2018-19, under the said Policy of the Company.

### xix) The Company has put in place Arms-Length Policy keeping in view the provisions of the Companies Act 2013, Accounting Standard 18, the Income Tax Act and the Regulation 17 of SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015, which is available on the website of the Company.

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### 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, 2019.

Sd/-  
(Sanjiv Chadha)  
Managing Director & CEO

Place: Mumbai  
Date : 06<sup>th</sup> September, 2019

## 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 Ind AS-24, 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 Ind AS-24 with whom the transactions have taken place during the year:

Name of the Party	Relationship
SBI DFHI Limited	Fellow Subsidiary
SBI Life Insurance Company Limited	Fellow Subsidiary
SBI Cards & Payment Services Pvt. Limited	Fellow Subsidiary
SBI Pension Funds Pvt. Ltd.	Fellow Subsidiary & Associate
SBI General Insurance Co. Ltd.	Fellow Subsidiary
SBI Foundation	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 Ltd.	Subsidiary
Shri Sanjiv Chadha, Managing Director & Chief Executive Officer (from 21 <sup>st</sup> February, 2019 onwards)	Key Managerial Personnel
Smt. Varsha Purandare, Managing Director & Chief Executive Officer (upto 31 <sup>st</sup> December, 2018)	Key Managerial Personnel
Smt. Uma Shanmukhi Sistla, Whole-time Director (from 12 <sup>th</sup> July, 2018 onwards)	Key Managerial Personnel
Shri Biswa Ketan Das, Whole-time Director (upto 15 <sup>th</sup> June, 2018)	Key Managerial Personnel
Shri Ashwani Bhatia, Whole-time Director (upto 16 <sup>th</sup> February, 2018)	Key Managerial Personnel
Shri Sivakumar Vattipalli, Senior Vice President & Chief Financial Officer (from 12 <sup>th</sup> July, 2018 onwards)	Key Managerial Personnel
Shri Navinchandra Amin, Senior Vice President & Chief Financial Officer (upto 30 <sup>th</sup> June, 2018)	Key Managerial Personnel
Shri Amit Shah, Company Secretary	Key Managerial Personnel

## (b) 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-19	Mar-18	Mar-19	Mar-18	Mar-19	Mar-18	Mar-19	Mar-18
<b>Expenses during the year ended</b>								
Deputation of Employees	280	340						
<b>Salaries &amp; Allowances</b>								
Shri Sanjiv Chadha							1	-
Smt. Varsha Purandare							9	10
Smt. Uma Shanmukhi Sistla							7	-
Shri Biswa Ketan Das							2	4
Shri Ashwani Bhatia							-	8
Shri Sivakumar Vattipalli							5	-
Shri Navinchadra Amin							2	5
Shri Amit Shah							31	30
Rent	51	38						
Bank & Other Charges	44	6						
Royalty Expense	489	-						
Insurance Expense	-	-						
SBI Life Insurance Company Limited					111	29		
SBI General Insurance Co. Ltd.					23	3		
Brokerage Expenses	-	-						
SBICAP Securities Ltd.			-	10				
Interest Expenses	538	538						
Business Promotion Expenses	-	-						
SBICAP Singapore Ltd.			2	14				
<b>Income during the year ended</b>								
Issue Management Fees	-	-						
SBI Life Insurance Company Limited					-	159		
Arranger's Fees**	831	333						
SBICAP Securities Ltd.			-	28				
SBI Cards & Payment Services Private Limited					19	141		
Advisory Fees**	4,662	4,395						



## Annexure - III

(Amount ₹ in Lacs)

Particulars	Holding Company		Subsidiaries		Fellow Subsidiaries / Associates		Key Managerial Personnel	
	Mar-19	Mar-18	Mar-19	Mar-18	Mar-19	Mar-18	Mar-19	Mar-18
SBICAP Securities Ltd.			7	6				
Bank Interest	36	19						
Rent	-	-						
SBICAP Securities Ltd.			1,042	981				
Dividend	-	-						
SBI DFHI Limited					-	41		
Miscellaneous Receipts		-						-
SBICAP Securities Ltd.			2	9				
<b>Balance receivable as at</b>								
Debtors**	2,582	2,967						
SBICAP Securities Ltd.			21	40				
SBICAP Singapore Ltd.			-	12				
Cash at Bank	1,994	2,012					-	
Deposit with Bank	317	383						
Loans & Advances	21	21						
SBICAP Securities Ltd.			3	3				
SBICAP Trustee Company Ltd.			2	2				
SBICAP Ventures Ltd.			5	5				
Other Current Assets	-	15						
SBI DFHI Limited					-	41		
<b>Investments</b>	-	-						
SBI Pension Funds Pvt. Ltd.					-	601		
SBI DFHI Limited					-	750		
SBICAP Securities Ltd.			12,500	12,500				
SBICAP Ventures Ltd.			4,998	3,928				
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			-	-				

## Annexure - III

(Amount ₹ in Lacs)

Particulars	Holding Company		Subsidiaries		Fellow Subsidiaries / Associates		Key Managerial Personnel	
	Mar-19	Mar-18	Mar-19	Mar-18	Mar-19	Mar-18	Mar-19	Mar-18
<b>Balance payable as at</b>								
Short Term Borrowings	-	30,032						
Creditors	-	2						
SBICAP Securities Ltd.			48	1,036				
SBICAP Singapore Ltd.			1	12				
SBICAP UK Ltd.			1	-				
<b>Others transactions during the year ended</b>								
Dividend paid	-	13,058						
Fees Shared (netted from Income)	-	-						
SBICAP Securities Ltd.			215	1,103				
Expenses shared	-	77						
SBICAP Securities Ltd.			-	81				
SBICAP Trustee Company Ltd.			-	9				
SBICAP Ventures Ltd.			-	6				
SBICAP Singapore Ltd.			-	12				
Investments made								
SBICAP Ventures Ltd.			1,070	-				
Guarantees	301	383						

- I. Included in expenses relating to deputation of employees are amounts aggregating to ₹ 105 (2018: ₹ 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 : 06<sup>th</sup> September, 2019

## Annexure - IV

### FORM NO MR - 3

#### SECRETARIAL AUDIT REPORT

#### FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2019

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

To,  
The Members,  
**SBI Capital Markets Limited**

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") having its Registered Office at 202, Maker Tower, 'E', 20<sup>th</sup> Floor, Cuffe Parade, Colaba, Mumbai - 400 005. 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 forms 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, 2019 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 maintained by the Company for the financial year ended on **31<sup>st</sup> March, 2019** 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. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder and Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
4. 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;
5. 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.
  - d. The Securities and Exchange Board of India (KYC (Know Your Client) Registration Agency) Regulations, 2011.

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 2018-19 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 and The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - (c) The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014;
  - (d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (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 The Securities and Exchange Board of India (Delisting of Equity Shares) (Amendment) Regulations, 2016 and
  - (g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 and The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018.
- 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.
- 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 be sent at least seven days in advance wherein consents 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, 2019, the Company has undertaken following event / 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. The Company has obtained Shareholders approval at Annual General Meeting of the Company held on September 27, 2018, by way of special resolutions under section 180(1)(a) and 180(1)(c) of the Companies Act, 2013, in relation to increase in the overall Borrowings limits of the Company from ₹ 2,000 crore to ₹ 4,000 crore including creation of charge, disposal of undertaking etc.

For **VKMG Associates & LLP**

**Company Secretaries**

FRN: L2019MH005300

Sd/-

**Vijay B. Kondalkar**

**Partner**

ACS-15697, CP-4597

Place : Mumbai

Date : 18<sup>th</sup> July, 2019

## Annexure - IV

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**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 I – Notes on the Secretarial Audit Report of SBI Capital Markets Limited dated 18<sup>th</sup> July, 2019.**

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. Wherever 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.

For **VKMG Associates & LLP**  
**Company Secretaries**  
FRN: L2019MH005300

Sd/-  
**Vijay B. Kondalkar**  
**Partner**  
ACS-15697, CP-4597

Place : Mumbai  
Date : 18<sup>th</sup> July, 2019



## FORM NO. MGT-9

Extract of Annual Return as on the Financial Year Ended on 31<sup>st</sup> March, 2019

[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 Ltd.
v) Address of the Registered office and contact details	202 Maker Tower E, Cuffe Parade, Mumbai - 400 005. I 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	-	88.29%

## 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 State Bank Bhavan, Madame Cama Road Nariman Point, Mumbai - 400 021.	Set up under SBI Act, 1955	Holding	100%	Section 2(46)
2	SBICAP Securities Ltd. Marathon Futurex, 12 <sup>th</sup> Floor, A&B Wing, N.M. Joshi Marg Lower Parel, Mumbai - 400 013.	U65999MH2005PLC155485	Subsidiary	100%	Section 2(87)
3	SBICAP Ventures Ltd. 1501 B, Tower 1C, One Indiabulls Centre, Senapati Bapat Marg, Elphinstone (W) Mumbai - 400 013.	U67190MH2005PLC157240	Subsidiary	100%	Section 2(87)
4	SBICAP Trustee Company Ltd. Apeejay House, 6 <sup>th</sup> Floor, West Wing, 3, Dinshaw Vachha Road, Churchgate, Mumbai - 400 020	U65991MH2005PLC158386	Subsidiary	100%	Section 2(87)
5	SBICAP (UK) Ltd. 702-703, Tower 42, 25 Old Broad Street, London, EC2N 1HN	Foreign Subsidiary	Subsidiary	100%	Foreign Subsidiary
6	SBICAP (Singapore) Ltd. 10, Anson Road, #21-03A, International Plaza, Singapore - 079 903	Foreign Subsidiary	Subsidiary	100%	Foreign Subsidiary
7	SBI Pension Funds Pvt. Ltd 32, 3rd Floor, Maker Chambers III, Nariman Point, Mumbai - 400 021.	U66020MH2007GOI176787	Associate	20%	Section 2(6)

## Annexure - VI

### IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

#### (i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year i.e. as on 1 <sup>st</sup> April, 2018				No. of Shares held at the end of the year i.e. as on 31 <sup>st</sup> March, 2019				% change during the year 2018-19
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) *Individuals/ HUF	-	24	24	0.00	24	-	24	0.00	Nil
b) Central Govt.									
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	100%	Nil
f) Any Other... – Public Ltd. Co.									
<b>Sub-total (A) (1):</b>	5,80,33,687	24	5,80,33,711	100%	5,80,33,711	-	5,80,33,711	100%	Nil
*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%	5,80,33,711	-	5,80,33,711	100%	Nil
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year i.e. as on 1 <sup>st</sup> April, 2018				No. of Shares held at the end of the year i.e. as on 31 <sup>st</sup> March, 2019				% change during the year 2018-19
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
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 upto ₹ 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>	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	5,80,33,687	24	5,80,33,711	100%	5,80,33,711	-	5,80,33,711	100%	Nil

## Annexure - VI

### (ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year 2018-19			Shareholding at the end of the year 2018-19			% 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 2018-19		Cumulative Shareholding during the year 2018-19	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	At the beginning of the year	No Change		No Change	
	Date wise Increase/ Decrease in Promoters Share-holding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus / sweat equity etc):	No Change		No Change	
	At the End of the year	No Change		No Change	

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year 2018-19		Cumulative Shareholding during the year 2018-19	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase / Decrease in Share- holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	Nil	Nil	Nil	Nil
	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:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year 2018-19		Cumulative Shareholding during the year 2018-19	
		No. of shares (Equity)	% of total shares of the Company	No. of shares (Equity)	% of total shares of the Company
	<b>At the beginning of the year</b> *Smt. Varsha Purandare as MD & CEO	6	0.00%	6	0.00%
	<b>Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):</b>				
	Transfer of 1 Equity Share from Shri Biswa Ketan Das former Whole-time Director to *Smt. Uma Shanmukhi Sistla, Whole-time Director with effect from 28 <sup>th</sup> August, 2018)	1	0.00%	1	0.00%
	Transfer of 6 Equity Shares from Smt. Varsha Purandare, former MD&CEO to *Shri Sanjiv Chadha, MD&CEO with effect from 21 <sup>st</sup> February, 2019.	6	0.00%	6	0.00%
	<b>At the end of the year 2018-19</b>	7	0.00%	7	0.00%

\*Shares held as SBI Nominee.

## V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year 2018-19</b>				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total (i+ii+iii)</b>				
<b>Change in Indebtedness during the financial year 2018-19</b>				
- Addition				
- Reduction	Nil	Nil	Nil	Nil
<b>Net Change</b>				
<b>Indebtedness at the end of the financial year 2018-19</b>				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total (i+ii+iii)</b>	Nil	Nil	Nil	Nil



## Annexure - VI

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No.	Particulars of Remuneration	Name of MD / WTD / Manager				Total Amount (₹ in Lacs)
		Smt. Varsha Purandare, Managing Director & CEO**	Shri Sanjiv Chadha, Managing Director & CEO***	Shri Biswa Ketan Das, Whole-time Director#	Smt. Uma Shanmukhi Sistla, Whole-time Director##	
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	36.03	4.98	6.74	29.54	77.29
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-	-	-
5.	Others, please specify	-	-	-	-	-
	<b>Total (A)</b>	<b>36.03</b>	<b>4.98</b>	<b>6.74</b>	<b>29.54</b>	<b>77.29</b>
	Ceiling as per the Act					2,425.70

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

\*\* upto 31<sup>st</sup> December, 2018

\*\*\* appointed w.e.f. 21<sup>st</sup> February, 2019

# upto 15<sup>th</sup> June, 2018

## appointed w.e.f. 12<sup>th</sup> July, 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 Ananth Narayan Gopalakrishnan</b>	
	(a) Fee for attending board committee meetings	6,10,000/-	80,000/-	1,45,000/-	8,35,000/-
	(b) Commission	-	-	-	-
	(c) Others, please specify	-	-	-	-
	<b>Total (1)</b>	6,10,000/-	80,000/-	1,45,000/-	<b>8,35,000/-</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	2,10,000/-	3,50,000/-	-	<b>5,60,000/-</b>
	(b) Commission	-	-	-	-
	(c) Others, please specify	-	-	-	-
	<b>Total (2)</b>				<b>5,60,000/-</b>
	<b>Total B (1+2)</b>				<b>13,95,000/-</b>
	Total Managerial Remuneration				<b>13,95,000/-</b>
	Overall Ceiling as per the Act				Sitting fees of 1,00,000/- per Director per meeting.

## Annexure - VI

### C. Remuneration to key managerial personnel other than MD / Manager / WTD

(Amount ₹ in Lacs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		Shri Navinchandra Amin, CFO**	Shri Sivakumar Vattipalli, 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	6.34	18.30	33.71	58.35
	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</b>	6.34	18.30	33.71	58.35

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

\*\* upto 30<sup>th</sup> June, 2018

# appointed w.e.f. 12<sup>th</sup> July, 2018

### 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 Limited**  
**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.

#### 1.2 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.

## Annexure - VII

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- 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.

### 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 specialization 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.
- 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.



## Annexure - VII

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### **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.

### **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 Limited (SBICAP)**  
**Corporate Social Responsibility (CSR) 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 & program is aligned with Section 135 of the Act as amended from time to time (*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.sbicaps.com](http://www.sbicaps.com), in such manner as may be prescribed;
- b) Ensure that the activities included in the CSR Policy are in compliance with the activities in Schedule VII of the Act;
- c) Ensure that the activities as are included in Corporate Social Responsibility Policy of the Company are undertaken by the Company; and
- d) If the Company fails to spend the said amount, disclose reasons for not spending such amount, in its report under clause (o) of sub - section (3) of Section 134, of The Companies Act, 2013.

### 3. Role of the CSR Committee

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

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

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

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

## Annexure - VIII

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

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

- 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.
- 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.
- 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.
- The CWG shall prepare an overview document for every project that it propose to undertake including but not limited to activity definition, expected local impact areas, budgeted investments, expected benefits (Re value wherever possible) and success parameters.
- The CWG will take decisions on day to day activities of the CSR activities.
- 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.
- 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.
- 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 percent 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:

- Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the 'Swachh Bharat Kosh' set-up by the Central Government for promotion of sanitation and making available safe drinking water;
- 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;
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 or investments in impact assessment bonds.
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).
12. Disaster management including relief, rehabilitation and reconstruction activities.
13. Such other matters as may be prescribed.

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.

## Annexure - VIII

The key implementation steps and processes have been summarized below:

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

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

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

**Provided that:**

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

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

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

### 10. Employee Engagement

SBICAP actively encourages its employees to volunteer for / participate in social causes. Employees are free to offer suggestions and pass on recommendations as well as be a part of related activities in the 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 utilization on a quarterly basis. This meeting may include the relevant NGO / Partners, if required by the CSR Committee. The CSR Committee will present the quarterly progress to the Board as part of the regular board meetings. In order to ensure that the

amounts spent by the Company on CSR activities get properly utilized for the projects for which they are earmarked, the CWG may also nominate two to three officials (from the Company or any of its subsidiaries) to monitor the actual implementation of those projects, depending on the scale of the project.

## 12. Reporting Template

The format for the "Annual Report on CSR Activities" to be included in the Board's Report and to be displayed on the Company's website [www.sbicans.com](http://www.sbicans.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 were undertaken	Amount outlay (budget) project / program wise	Amount spent on the projects or programs Sub-heads: (1) Direct Expenditure on projects or programs (2) Over heads	Cumulative Expenditure upto the Reporting Period	Amount spent Direct or through Implementing agency*
1.							
2.							
3.							
	<b>Total</b>						

\*Give Details of Implementing Agency

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

### Guidelines under the Companies Act, 2013

7. Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;
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 or investments in impact assessment bonds;
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);
12. Disaster management including relief, rehabilitation and reconstruction activities;
13. Such other matters as may be prescribed.

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

#### **Additionally:**

- The CSR activity shall be undertaken by the Company as projects or programs or activities (either new or ongoing), excluding activities undertaken in pursuance of its normal course of business.
- Only projects or programs or activities undertaken in India shall amount to CSR expenditure
- The Company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for CSR activities.
- CSR projects or programs or activities that benefit only employees of the Company and their families shall not be considered as CSR activities.
- Contribution of any amount directly or indirectly to any political party shall not be considered as CSR activity.
- The Company may build CSR capacities of its own personnel as well as those of its Implementing agencies through Institutions with established track records of at least three financial years but such expenditure including expenditure on administrative overheads, shall not exceed five percent 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

#### Corporate Social Responsibility (CSR) Association Form

##### A) Organization Details:

Contact Details	
1	Name of Organization
2	Address for Correspondence
3	Telephone Number(s)
4	Website
5	Founder of Organization
6	Head of the Organization
	Mobile Number
	e-Mail
7	Contact Person
	Mobile Number
	E-Mail
Registration Details	
1	Whether registered or not?
	If Yes, under what Act?
	Registration Number
	Registration Date
2	PAN No.
3	12A Certificate
4	80 G Certificate
5	FCRA Registration No.
References	
Bank Details	
1	Account Name
2	Bank Name
3	Bank Address
4	Account No.
5	MICR
6	IFS Code
7	Type of Account

##### B) Organization's Work Profile

Background Details (Work done so far)	
1	Vision of Organization
2	Mission
3	Geographic Area
4	Details of Work
5	Impact Achieved
6	Team Size

## Corporate Social Responsibility

<b>Details of completed grants</b>		
1	No. of grants successfully completed	
2	Names of Donors	
3	Total grant amount	
<b>Details of ongoing grants</b>		
1	No. of ongoing grants	
2	Names of Donors	
3	Total grant amount	
<b>Details of Government awarded grants &amp; Individual donors</b>		
1	Grant received from Government	
2	State Government	
3	Central Government	
4	Grant received from Individual donors	
<b>Accounting Practices, Audits</b>		
1	Accounting practices and Audits in place (Yes / No)	
2	Audit reports for last 3 years ( <i>Available / Not Available</i> )	
<b>Awards / Achievements / Recognition</b>		
1	Awards / Recognitions received so far	

## C] Proposed Intervention

<b>Detailed Proposal to SBI Capital Markets</b>		
1	Program Title	
2	Program Period                      From:	
	To:	
3	Goal	
4	Targets	
5	Geographical area of work	
6	Program Context	
7	Uniqueness	
8	Need for Financial Support?	
9	Value of the Financial Support	
10	Program Monitoring & Evaluation	

## D] Proposed Budget

<b>Financial Details</b>		
1	Budget	
2	Other Funders	

# Consolidated Financial Statements

# Independent Auditors' Report on Consolidated Financial Statements

To the Members of SBI Capital Markets Limited

## Report on the Audit of the Consolidated Ind-AS Financial Statements

### Opinion

1. We have audited the accompanying consolidated Ind-AS financial statements of SBI Capital Markets Limited ("the Holding Company") its subsidiaries (the Holding Company and its subsidiaries collectively referred to as "the Group"), and its associate, which comprise the consolidated Balance Sheet as at 31<sup>st</sup> March, 2019, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind-AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and associate, the aforesaid consolidated Ind-AS financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended (Ind-AS) and other accounting principles generally accepted in India, of the consolidated state of affairs (financial position) of the Group and its associate as at March 31, 2019, their consolidated net profit (financial performance including other comprehensive income), their consolidated changes in equity and their consolidated cash flows for the year ended on that date.

### Basis for Opinion

2. We conducted our audit of the consolidated Ind-AS financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Ind-AS Financial Statements* section of our report. We are independent of the Group and of its associate in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated Ind-AS financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports, is sufficient and appropriate to provide a basis for our opinion on the consolidated Ind-AS financial statements.

### Key Audit Matters

3. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind-AS financial statements of the current period. These matters were addressed in the context of our audit of the consolidated Ind-AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described to be the key audit matters to be communicated in our report.

S. No.	Key Audit Matter	Auditor's Response & Principal Audit Procedures
<b>With respect to SBI Capital Markets Ltd.</b>		
(i)	<b>Evaluation of uncertain tax positions</b> The Company has material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes Refer Note 2.5 and Note 2.31 to the consolidated Ind-AS Financial Statements.	Obtained details of completed tax assessments and demands for the year ended March 31, 2019 from management. We involved our internal experts to challenge the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. Our internal experts also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions. Additionally, we considered the effect of new information in respect of uncertain tax positions as at April 1, 2018 to evaluate whether any change was required to management's position on these uncertainties.



# Independent Auditors' Report on Consolidated Financial Statements

S. No.	Key Audit Matter	Auditor's Response & Principal Audit Procedures
<b>With respect to SBICAP Trustee Company Ltd.</b>		
(ii)	<b>Revenue recognition for one time acceptance fees</b> As per Ind AS 115, an entity shall recognize when (or say) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer.  The Company recognizes the revenue from trusteeship acceptance fees on the acceptance of trusteeship assignment.  There is a risk of revenue been booked for such contracts for which performance obligations continues after the reporting date.	Based on the management representation on the activities performed, the revenue are booked for one time acceptance fees for which performance obligation is satisfied.
(iii)	<b>Revenue Recognition for penal interest income</b> The Company recognizes revenue of penal interest for the cases referred to NCLT. Provision for ECL on penal interest for NCLT account raised during the year, is done on the basis of 40% of the amounts without considering the status of account for its recoverability. Further the penal interest on service charges are not charged on regular accounts.	The Company accrues revenue for interest on NCLT cases and makes provision as per the policy as determined by the management.
(iv)	<b>Provisioning of trade receivables</b> The Company is following expected credit loss (ECL) model for provisioning of trade receivables and minimum 40% provisioning policy for trade receivables of NCLT cases. There is a risk of more / less provisioning for ECL as the said cases are not considered while making ECL provision.	The Company may redefine the model to include the impact of NCLT cases on the ECL Provision.

## Information Other than the Consolidated Ind-AS Financial Statements and Auditor's Report Thereon

- The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management discussion and Analysis, Board's Report including its annexures containing details of its subsidiaries & associate and Corporate Governance Report, but does not include the consolidated Ind-AS financial statements and our auditor's report thereon.

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

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

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

## Management's Responsibility for the Consolidated Ind-AS Financial Statements

- The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated Ind-AS financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), consolidated changes in equity and consolidated cash flows of the Group including share of its associate, in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind-AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of directors of the Companies included in the Group and its associate are responsible for

# Independent Auditors' Report on Consolidated Financial Statements

maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate 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 consolidated Ind-AS 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 Ind-AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind-AS financial statements, the respective Board of Directors of the Companies included in the Group and its associate are responsible for assessing the ability of the Group and of its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and of its associate or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the Companies included in the Group and of its associate are also responsible for overseeing the financial reporting process of the Group and its associate.

## Auditor's Responsibilities for the Audit of the Consolidated Ind-AS Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated Ind-AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Holding Company, its subsidiary Companies and its associate, which are incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind-AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind-AS financial statements, including the disclosures, and whether the consolidated Ind-AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate to express an opinion on the consolidated Ind-AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind-AS financial statements.

Materiality is the magnitude of misstatements in the consolidated Ind-AS financial statements that, individually or in aggregated makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative facts in (i) planning the scope of

# Independent Auditors' Report on Consolidated Financial Statements

our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

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

## Report on Other Matters

7. (i) We did not audit the financial statements of five subsidiaries whose financial statements reflect total assets of ₹ 859.70 crores as at 31<sup>st</sup> March, 2019, total net assets of ₹ 489.97 crores, total revenue of ₹ 454.93 crores and net cash outflows of ₹ 1210.34 crores for the year ended on that date as considered in the consolidated Ind-AS financial statements. The consolidated Ind-AS financial statements also include Group's share in Net Profit using equity method of ₹ 0.38 crore for the year ended March, 2019, in respect of an Associate. These financial statements of subsidiaries and associate have been audited by other auditors whose reports have been furnished to us by the management, and our opinion on the consolidated Ind-AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate and our report in terms of sub section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associate, is based solely on the reports of such auditors.
- (ii) The comparative financial information of the Group and of its associate for the transition date opening balance sheet as at 1<sup>st</sup> April, 2017 included in these consolidated Ind-AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31<sup>st</sup> March, 2017 dated 28<sup>th</sup> April, 2017 expressed an unmodified opinion on those consolidated financial statements, as adjusted for the differences in the accounting principles adopted by the Group and its associate on transition to the Ind AS, which have been audited by us with respect to Holding Company and by other auditors with respect to its subsidiaries and associate.

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

## Report on Other Legal and Regulatory Requirements

8. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries and associate as noted in the 'other matter' paragraph, 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 Ind-AS financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind-AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of the consolidated Ind-AS financial statements.

## Independent Auditors' Report on Consolidated Financial Statements

- (d) In our opinion, the aforesaid consolidated Ind-AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.
  - (e) We are informed that the provisions of Section 164(2) of the Act are not applicable to the Holding Company and its subsidiary Companies incorporated in India being Government Companies in terms of notification no. G.S.R.463(E) dated 5<sup>th</sup> June, 2015 issued by Ministry of Corporate Affairs. On the basis of the report of the statutory auditor of associate incorporated in India, none of the directors of associate Company incorporated in India is disqualified as on 31<sup>st</sup> March, 2019 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 Holding company, its subsidiary companies and associate incorporated in India and the operating effectiveness of such controls, refer to our separate report in "**Annexure - A**".
  - (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 Auditor's) Rules, 2014, to the extent applicable, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiary Companies and associate, as noted in the 'Other matter' paragraph:
    - i. The consolidated Ind-AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and of its associate; Refer Note 2.30 and 2.31 to the consolidated Ind-AS financial statements.
    - ii. The Group and its associate 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 Holding Company, its subsidiary Companies and associate incorporated in India.
9. As required by Section 143(5) of the Companies Act, 2013 we give in "**Annexure - B**" our comments on the directions issued by the Comptroller and Auditor General of India.

For **UMMED JAIN & CO.**  
**Chartered Accountants**  
FRN: 119250W

Sd/-  
**[CA U. M. JAIN]**  
**Partner**  
Membership No.: 070863

Place : Mumbai  
Date : 26<sup>th</sup> April, 2019

## Independent Auditors' Report - Annexure A

(Referred to in paragraph 8(f) under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the consolidated Ind-AS financial statements of the SBI Capital Markets Limited for the year ended March 31, 2019 on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013)

In conjunction with our audit of the consolidated Ind-AS financial statements of the Company as of and for the year ended 31<sup>st</sup> March, 2019, we have audited the internal financial controls over Financial reporting of SBI Capital Markets Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), and associate, 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, its subsidiary Companies and associate, which are 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 the respective 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, both issued by the Institute of Chartered Accountants of India 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. 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 and the audit evidence obtained by the other auditors of the subsidiaries and associate, incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, 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 A

### Opinion

In our opinion, the Holding Company, its subsidiary Companies and associate, which are Companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2019, 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 **UMMED JAIN & CO.**  
**Chartered Accountants**  
FRN: 119250W

Sd/-  
**[CA U. M. JAIN]**  
**Partner**  
Membership No.:070863

Place : Mumbai  
Date : 26<sup>th</sup> April, 2019



## Independent Auditors' Report - Annexure B

(Referred to in paragraph 9 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the consolidated Ind-AS financial statements of the SBI Capital Markets Limited for the year ended March 31, 2019 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)

1. Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.
  - In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements, the holding Company and its subsidiary Companies incorporated in India, has system in place to process all the accounting transactions through IT system.
2. Whether there is any restructuring of an existing loan or cases of waiver / write off of debts / loans / interest etc. made by a lender to the Company due to the Company's inability to repay the loan? if yes, the financial impact may be stated.
  - In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements, in respect of the holding Company and its subsidiary Companies incorporated in India, there is no restructuring of an existing loan or cases of waiver / write off of debts / loans / interest etc. made by a lender to the holding Company or subsidiary Companies incorporated in India, except in one subsidiary Company.

In one subsidiary Company, during the year, debts aggregating to ₹ 2,09,49,254/- were written off in 89 cases. Accordingly the profit of the Company for the year has been reduced to this extent. A summary of debtors written off during the year along with the reasons for write off is given below:

Reasons	Write-off's	
	No. of Cases	Amount (₹)
Liquidity Crisis faced by clients	62	1,89,02,693
Deal not Materialised	11	19,07,000
Disputed services / billing	16	1,39,561
<b>Total</b>	<b>89</b>	<b>2,09,49,254</b>

During the year, Service charges aggregating to ₹16,75,685/- were reversed in 11 cases. Accordingly the profit of the Company for the year has been reduced to this extent. A summary of Service charges de-accrued during the year along with the reasons for de-accrual is given below:

Reasons	De-accruals	
	No. of Cases	Amount (₹)
Deal did not Materialise	10	16,55,685
Disputed services / billing	1	20,000
<b>Total</b>	<b>11</b>	<b>16,75,685</b>

3. Whether funds received / receivable for specific schemes from central / state agencies were properly accounted for/ utilized as per its terms and conditions? List the cases deviation.
  - In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements, in respect of the holding Company and its subsidiary Companies incorporated in India, no funds have been received / receivable for specific schemes from central / state agencies.

For **UMMED JAIN & CO.**  
**Chartered Accountants**  
 FRN: 119250W

Sd/-  
**[CA U. M. JAIN]**  
**Partner**  
 Membership No.: 070863

Place : Mumbai  
 Date : 26<sup>th</sup> April, 2019

### 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, 2019.

The preparation of consolidated financial statements of SBI Capital Markets Limited for the year ended 31 March, 2019 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 the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 26.04.2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of SBI Capital Markets Limited for the year ended 31 March, 2019 under section 143(6)(a) read with section 129 (4) of the Act. We conducted a supplementary audit of the financial statements of SBI Capital Markets Limited and its subsidiaries namely SBICAP Securities Limited, SBICAP Ventures Limited and 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, Comptroller and Auditor General of India 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 supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

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

Sd/-  
**(Roop Rashi)**  
**Director General of Commercial Audit and**  
**ex-officio Member, Audit Broad-I, Mumbai**

Place: Mumbai  
Date: 07.08.2019

## Consolidated Balance sheet as at 31<sup>st</sup> March, 2019, 31<sup>st</sup> March, 2018 and 1<sup>st</sup> April, 2017

(Rupees in lacs unless otherwise stated)

Particulars	As at			
	Note	31-Mar-19	31-Mar-18	1-Apr-17
<b>ASSETS</b>				
Financial Assets				
Cash and cash equivalents	2.1 (a)	21,205	140,877	13,338
Bank balance other than above	2.1 (b)	20,311	19,579	12,311
Receivables	2.2			
Trade Receivables		41,796	34,759	34,785
Investments	2.3	168,346	173,701	131,776
Other Financial Assets	2.4	6,676	2,110	3,374
<b>Total Financial Assets</b>		<b>258,334</b>	<b>371,026</b>	<b>195,584</b>
Non-financial Assets				
Current Tax (Net)	2.5	9,505	8,446	8,066
Property, Plant and Equipment	2.6	8,885	8,676	9,157
Capital work in progress		0	14	0
Intangible Assets	2.6	356	198	443
Other non-financial assets	2.7	1,297	1,992	1,224
<b>Total Non-Financial Assets</b>		<b>20,043</b>	<b>19,326</b>	<b>18,889</b>
<b>TOTAL ASSETS</b>		<b>278,377</b>	<b>390,352</b>	<b>214,473</b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
Financial Liabilities				
Trade Payables				
Total outstanding dues of creditors other than MSME	2.8	22,290	130,694	9,316
Borrowings	2.9	5,099	34,154	2,406
Other Financial Liabilities	2.10	4,761	10,818	3,892
<b>Total Financial Liability</b>		<b>32,150</b>	<b>175,666</b>	<b>15,614</b>
Non-Financial Liabilities				
Deferred tax Liabilities (Net)	2.11	20,500	16,919	19,782
Provisions	2.12	2,009	1,721	1,671
Other Non-Financial Liabilities	2.13	6,465	8,968	5,082
<b>Total Non-Financial Liability</b>		<b>28,974</b>	<b>27,608</b>	<b>26,535</b>

## Consolidated Balance sheet as at 31<sup>st</sup> March, 2019, 31<sup>st</sup> March, 2018 and 1<sup>st</sup> April, 2017

(Rupees in lacs unless otherwise stated)

Particulars	As at			
	Note	31-Mar-19	31-Mar-18	1-Apr-17
<b>EQUITY</b>				
Equity Share Capital	2.14	5,803	5,803	5,803
Other Equity	2.15	211,450	181,275	166,521
<b>Total Equity</b>		<b>217,253</b>	<b>187,079</b>	<b>172,324</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>278,377</b>	<b>390,352</b>	<b>214,473</b>

See Accompanying Notes to Financial Statements 1 & 2.1  
to 2.33

Previous gaap figures have been reclassified to conform to Ind AS presentation requirements.

As per our report of even date

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

Sd/-  
**CA U. M. Jain**  
**Partner**  
Membership No.: 070863  
Mumbai, 26<sup>th</sup> April, 2019

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

Sd/-  
**Sivakumar Vattipalli**  
**Senior Vice President & CFO**

For and on behalf of Board of Directors

Sd/-  
**Sanjiv Chadha**  
**Managing Director & CEO**

Sd/-  
**Amit Shah**  
**Company Secretary**

# Consolidated Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2019

(Rupees in lacs unless otherwise stated)

Particulars	Note	For the Year Ended	
		31-Mar-19	31-Mar-18
<b>Revenue from operations</b>			
Fees and Commission Income	2.16	64,076	74,155
Interest Income	2.17	2,397	2,209
Dividend Income	2.18	3,788	4,529
Net gain on fair value changes	2.19	665	1,756
Others	2.20	7,362	7,488
<b>Total Revenue from Operations</b>		<b>78,288</b>	<b>90,137</b>
Other Income	2.21	5,541	2,781
<b>Total Income</b>		<b>83,829</b>	<b>92,918</b>
<b>Expenses</b>			
Finance Costs	2.22	819	247
Provision on doubtful debts		829	1,848
Employee Benefits Expenses	2.23	20,295	22,250
Depreciation and Amortization		1,498	1,597
Others expenses	2.24	25,031	21,424
<b>Total Expenses</b>		<b>48,472</b>	<b>47,366</b>
<b>Profit / (loss) before tax</b>		<b>35,357</b>	<b>45,552</b>
<b>Tax Expense:</b>			
(1) Current Tax		11,568	14,818
(2) Deferred Tax		154	(1,591)
<b>Profit / (loss) Before share in profit of Associate</b>		<b>23,635</b>	<b>32,325</b>
Share of net profit of associates accounted for using equity method		38	28
<b>Profit for the year</b>		<b>23,673</b>	<b>32,353</b>
<b>Other Comprehensive Income</b>			
Actuarial gains / losses on defined benefit plan - reclassified from P&L to OCI		(36)	4
Deferred Tax Expense on above		18	1
Fair valuation gain / (loss) on equity investments through Other Comprehensive Income		9,812	(3,645)
Deferred Tax Expense on above		(3,429)	1,274
Change in Foreign currency transaction reserve		106	485
<b>Other comprehensive income for the year, net of tax</b>		<b>6,471</b>	<b>(1,882)</b>
<b>Total Comprehensive Income for the period</b>		<b>30,144</b>	<b>30,471</b>

# Consolidated Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2019

(Rupees in lacs unless otherwise stated)

Particulars	For the Year Ended		
	Note	31-Mar-19	31-Mar-18
<b>Earnings Per Share</b>			
Basic		51.94	52.51
Diluted		51.94	52.51

Previous gaap figures have been reclassified to conform to Ind AS presentation requirements.

As per our report of even date

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

Sd/-  
**CA U. M. Jain**  
Partner  
Membership No.: 070863  
Mumbai, 26<sup>th</sup> April, 2019

Sd/-  
**Rajnish Kumar**  
Chairman

Sd/-  
**Sivakumar Vattipalli**  
Senior Vice President & CFO

For and on behalf of Board of Directors

Sd/-  
**Sanjiv Chadha**  
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, 2019		For the year ended 31 <sup>st</sup> March, 2018	
<b>Cash flow from operating activities:</b>				
Net profit before taxation		35,357		45,552
Adjustments for -				
Net gain on fair value changes	(665)		(1,756)	
Reversal of profit on sale of Fair value investment	848		2,735	
Fair value of security deposit	(5)		(1)	
(Profit) / loss on sale of assets (net)	(4)		(3)	
Profit on sale of long term investments	(61)		(355)	
Interest Income on long term investments	(669)		(669)	
Interest Income on Fixed deposit	(1,340)		(914)	
Dividend income	(3,788)		(4,529)	
Interest expenses	819		247	
Depreciation	1,498		1,595	
Provision on investments (net of write-back)	50		-	
Provision on stock-in-trade (net of write-back)	(8)		1	
Provision for doubtful debts (net of write-back)	243		1,848	
Share of gain in mutual fund from Neev Fund	-		-	
Adjustments for Foreign Currency Translation Reserve	-		-	
Adjustments for Foreign Currency Translation Reserve	106		485	
Intercompany elimination difference	31		-	
		(2,944)		(1,315)
Operating profit before working capital changes		32,413		44,237
Decrease / (increase) in trade receivables - current	(7,280)		(1,821)	
Decrease / (increase) in Balance in Escrow accounts	5,385		(5,303)	
Decrease / (increase) in Margin Money Deposit	(732)		(7,268)	
Decrease / (increase) in Current Investment	21,069		(38,000)	
Decrease / (increase) in other financial assets	(4,566)		1,265	
Decrease / (increase) in non financial asset	695		(768)	
(Decrease) / increase in Outstandings	(108,404)		121,377	
Decrease / (increase) in Other financial liability	(6,057)		6,926	
Decrease / (increase) in Other non-financial liability	155		3,591	
(Decrease) / increase in provision for gratuity	85		255	
(Decrease) / increase in Provision for compensated absences	165		(202)	
(Decrease) / increase in other provisions	2		-	
		(99,483)		80,052
Cash generated from operations		(67,070)		124,289
Income tax paid	(12,607)		(15,197)	
		(12,607)		(15,197)
<b>I. Net cash from operating activities</b>		<b>(79,677)</b>		<b>109,092</b>



## Consolidated Cash Flow Statement

(Rupees in lacs unless otherwise stated)

	For the year ended 31 <sup>st</sup> March, 2019		For the year ended 31 <sup>st</sup> March, 2018	
<b>Cash flow from investing activities:</b>				
Purchase of fixed assets	(1,919)		(921)	
Capital Work in progress	-		-	
Sale of fixed assets	65		40	
Interest on long term investments	2,009		1,583	
Dividend income received	3,788		4,529	
Purchase of investments	(8,484)		(9,603)	
Sale of investments	2,463		1,435	
<b>II. Net cash from investing activities</b>		<b>(2,078)</b>		<b>(2,937)</b>
<b>Cash flow from financing activities:</b>				
Bank borrowing availed	(29,055)		31,748	
Interest expenses	(819)		(247)	
Dividend payment	-		(13,058)	
Tax on dividend payment	(2,658)		(2,363)	
<b>III. Net cash used in financing activities</b>		<b>(32,532)</b>		<b>16,080</b>
Net change in cash & cash equivalents (I+II+III)		(114,287)		122,235
Cash & cash equivalents at the beginning of the year		135,335		13,100
Cash & cash equivalents at the end of the year		21,048		135,335
Cash and cash equivalent included in cash flow statement comprise the following balance sheet amounts:				
		<b>As at 31<sup>st</sup> March, 19</b>		<b>As at 31<sup>st</sup> March, 18</b>
Cash on hand		1		1
Balances with scheduled banks (current & deposit accounts)		21,047		135,334
Bank Overdraft (Book Overdraft shown under Current Liabilities)		-		-
		<b>21,048</b>		<b>135,335</b>
(Excludes amounts placed as deposits with scheduled banks and lien marked with them and balance in escrow accounts)		20,468		25,121

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.**  
**Chartered Accountants**

Firm Registration No.: 119250W

Sd/-  
**CA U. M. Jain**  
**Partner**  
Membership No.: 070863  
Mumbai, 26<sup>th</sup> April, 2019

For and on behalf of Board of Directors

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

Sd/-  
**Sanjiv Chadha**  
**Managing Director & CEO**

Sd/-  
**Sivakumar Vattipalli**  
**Senior Vice President & CFO**

Sd/-  
**Amit Shah**  
**Company Secretary**

## Statement of changes in equity as at 31<sup>st</sup> March, 2019 and 31<sup>st</sup> March, 2018

(Rupees in lacs unless otherwise stated)

Particulars	No. of shares (Lacs)	Amount
<b>Balance as at April 1, 2017</b>	<b>580.34</b>	<b>5,803.37</b>
Changes in equity share capital	-	-
<b>Balance as at March 31, 2018</b>	<b>580.34</b>	<b>5,803.37</b>
Changes in equity share capital	-	-
<b>Balance as at March 31, 2019</b>	<b>580.34</b>	<b>5,803.37</b>

Particulars	Security premium reserve	Retained earnings	General Reserve	Equity Instruments OCI Reserve	Capital redemption reserve	Foreign currency translation reserve	Total equity
<b>Balance as at April 1, 2017</b>	<b>6,347</b>	<b>117,744</b>	<b>42,672</b>	-	<b>94</b>	<b>(335)</b>	<b>166,521</b>
Profit for the year	-	32,353	-	-	-	-	32,353
Other comprehensive income for the year	-	4	-	-	-	-	4
<b>Total comprehensive income for the period</b>	-	<b>32,357</b>	-	-	-	-	<b>32,357</b>
Interim Dividends paid	-	(13,058)	-	-	-	-	(13,058)
Dividend Distribution Tax	-	(2,658)	-	-	-	-	(2,658)
Inter-Reserve Transfer	-	(2,565)	2,565	-	-	-	(-)
Other Movements	-	-	-	(2,371)	-	-	(2,371)
Foreign currency translation reserve	-	-	-	-	-	485	485
<b>Balance as at March 31, 2018</b>	<b>6,346.63</b>	<b>131,819</b>	<b>45,237</b>	<b>(2,371)</b>	<b>94</b>	<b>150</b>	<b>181,275</b>
Profit / (Loss) for the year	-	23,673	-	-	-	-	23,673
Other comprehensive income for the year	-	(18)	-	-	-	-	(18)
<b>Total comprehensive income for the period</b>	-	<b>23,655</b>	-	-	-	-	<b>23,655</b>
Dividends paid	-	-	-	-	-	-	-
Inter-Reserve Transfer	-	-	-	-	-	-	-
Other Movements	-	-	-	6,383	-	-	6,383
Other adjustments	-	31	-	-	-	-	31

# Statement of changes in equity as at 31<sup>st</sup> March, 2019 and 31<sup>st</sup> March, 2018

(Rupees in lacs unless otherwise stated)

Particulars	Security premium reserve	Retained earnings	General Reserve	Equity Instruments OCI Reserve	Capital redemption reserve	Foreign currency translation reserve	Total equity
Foreign currency translation reserve	-	-	-	-	-	106	106
<b>Balance as at March 31, 2019</b>	<b>6,347</b>	<b>155,505</b>	<b>45,237</b>	<b>4,012</b>	<b>94</b>	<b>256</b>	<b>211,450</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Previous gaap figures have been reclassified to conform to Ind AS presentation requirements.

As per our report of even date

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

Sd/-  
**Rajnish Kumar**  
Chairman

For and on behalf of Board of Directors

Sd/-  
**Sanjiv Chadha**  
Managing Director & CEO

Sd/-  
**CA U. M. Jain**  
Partner

Membership No.: 070863  
Mumbai, 26<sup>th</sup> April, 2019

Sd/-  
**Sivakumar Vattipalli**  
Senior Vice President & CFO

Sd/-  
**Amit Shah**  
Company Secretary

# Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2019

## 1.1 Background

SBI Capital Markets Limited (hereinafter referred to as “the Company”) is an unlisted public limited company domiciled in India and incorporated under the provisions of the Companies Act applicable in India. The registered office of the Company is located at No.202, Maker Tower, ‘E’, 20<sup>th</sup> Floor, Cuffe Parade, Colaba, Mumbai - 400 005, Maharashtra, India.

The Company is India’s one of the renowned Investment Bank, offering the entire gamut of investment banking, merchant banking and corporate advisory services. These services encompass Project Advisory and Loan Syndication, Structured Debt Placement, Capital Markets, Mergers & Acquisitions, Private Equity and Stressed Assets Resolution.

The Company 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.

The Company is a wholly owned subsidiary and the Investment Banking arm of State Bank of India (SBI), the largest commercial bank in India.

The Financials Statement were authorized for issue by the Company’s Board of Directors on 26<sup>th</sup> April, 2019.

## 1.2 Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These accounting policies have been consistently applied to all the years presented by the Group unless otherwise stated.

### A. Basis of Preparation

#### i. Statement of compliance

These consolidated financial statements are prepared in accordance with Indian Accounting Standards (hereinafter referred to as “Ind AS”) under the provisions of the Companies Act, 2013 (hereinafter referred to as ‘the Act’). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. The Group drawn its consolidated financial statements as per Division III to Schedule III to the Companies Act, 2013 being applicable to Non-Banking Financial Company (NBFC) having Merchant Banking operations in pursuance to MCA notification GSR 365( E) dated 11.10.2018.

These consolidated financial statements for the period ended March 31, 2019 are the first consolidated financial statements of the Group prepared in accordance with Ind AS. For all periods up to and including the year ended March 31, 2018, the Group prepared its consolidated financial statements in accordance with the Generally Accepted Accounting Principles (hereinafter referred to as ‘previous GAAP’) used for its statutory reporting requirement in India. Refer Note 1.4 for an explanation of how the transition from the previous GAAP to Ind AS has affected the Company’s financial position, financial performance and cash flows. The Group has adopted the Ind AS standards in accordance with Ind AS 101 First time adoption of Indian Accounting Standards.

#### ii. Basis of measurement

The consolidated financial statements have been prepared on historical cost basis except the following

- certain financial instrument that is measured at fair value;
- defined benefit plans- plan assets measured at fair value; and

#### iii. Basis of Consolidation and equity accounting

##### I. Subsidiaries

The consolidated financial statements comprise the financial statements of the Company, entities (including structured entities) controlled by the Company and its subsidiaries.

Control is achieved when the Company

## Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

- has power over the investee;
- it is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to affect those returns through its power over the investee.

The Company reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements listed above.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights if the investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements;
- the Group's voting rights and potential voting rights. In assessing control, potential voting rights that currently are exercisable are taken into account; and
- the size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder's meetings.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and ceases control when the Group loses control of the subsidiary. The income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit and loss from the effective date the Company gains control until the date when the Company ceases to control the subsidiaries.

The financial statements of the subsidiary companies and entities (including structured entities) controlled by the Company used in the consolidation are drawn up to the same reporting date as of the Company. Accounting policies of the respective subsidiaries are adjusted wherever necessary, so as to ensure consistency with the accounting policies that are adopted by the Group under Ind AS.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The financial statements of the Company and its subsidiary companies have been consolidated on a line-by-line basis by adding together of like items of assets, liabilities, income and expenses, after eliminating intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group in full on consolidation.

### **Changes in the Group's ownership interests in existing subsidiaries:**

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Company's equity. The interest of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the Non-Controlling Interest share of subsequent changes in equity. Total comprehensive income is attributed to Non-Controlling Interest even if it results in the non-controlling interest having a deficit balance.

Changes in the Company's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

# Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

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When the Company loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any noncontrolling interests. Amounts previously recognized in other comprehensive income in relation to the subsidiary are accounted for (i.e., reclassified to profit or loss) in the same manner as would be required if the relevant assets or liabilities were disposed of.

## II. Associates

Associates are all entities over which the Group has significant influence but not control or joint control. Investments in an associate are accounted for using the equity method of accounting.

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in OCI of the investee in OCI. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity accounted investment equals or exceeds its interest in the entity, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

## B. Summary of significant accounting policies

### a. Current Versus Non-Current Classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized within twelve months after reporting date, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as Non-current.

### A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within 12 months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

### b. Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of trade allowances, rebates, cash discount and amounts collected on behalf of third parties.

## Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria have been met for each of the Group activities as described below.

### ▪ **Fee based Income**

Revenue from a contract to provide services is recognized as follows:

- i. **Issue Management and advisory fees** are recognized as per the terms of the agreement with the customer / client i.e. fee income is recognized only when the specific act / milestone defined in the agreement is executed / completed.
- ii. **Fees for private placement** are recognized on completion of the assignment.

The Group recognizes revenue on accrual basis when the significant terms of the arrangement are enforceable, services have been delivered and the collectability is reasonably assured. The method of recognizing the revenues depends on the nature of the services rendered. Revenue is recognized when no significant uncertainty exists as to its realisation or collection.

The amount recognized as revenue in its Statement of Total Comprehensive Income is exclusive of Service Tax and Goods and Services Tax (GST) since they are amount collected on the behalf on third parties.

### ▪ **Interest Income**

Interest income from financial assets is recognized when it is probable that economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount on initial recognition.

### ▪ **Sale of Securities**

Gains and losses on the sale of securities are recognized on trade date. The cost of Securities is taken on weighted average method.

### ▪ **Dividend Income**

Dividend income from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

## c. **Property, Plant and Equipment**

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold is not depreciated

All items of property, plant and equipment are initially recorded at cost. Such cost includes the cost of replaced part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The cost of an item of property, plant and equipment is recognized as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Comapny and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment (excluding freehold land) are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Comapny recognizes such parts as individual assets with specific useful lives and depreciation, respectively. All other repair and maintenance costs are recognized in the Statement of Profit and Loss as incurred.

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



## Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

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.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and useful lives.

Management believes based on a technical evaluation that the useful lives of the assets reflect the periods over which these assets are expected to be used, which are as follows:

Description of Asset	Estimated useful lives (in years)	Depreciation Method
Buildings	60	WDV
Computers	3	SLM
Office Equipments (other than mobile phones)	5	WDV
Furniture & Fixtures	10	WDV
Vehicles	8	WDV
Mobiles phones	3	SLM
Leasehold improvements	Over the period lease	SLM

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between sales proceeds and the carrying amount of the asset and is recognized in profit or loss. Fully depreciated assets still in use are retained in consolidated financial statements.

### Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognized as at April 1, 2019 measured as per the Previous GAAP as the deemed cost of the property, plant and equipment.

### 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.

### e. Investment Property

Investment properties are properties that is held for long-term rentals yields or for capital appreciation (including property under construction for such purposes) or both, and that is not occupied by the Group, is classified as investment property.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Investment properties are depreciated using the straight-line method over their estimated useful lives. The useful life has been determined based on technical evaluation performed by the management expert.

# Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

## f. Taxation

### Current taxes

Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in other comprehensive income or equity, in which case it is recognized in other comprehensive income or equity respectively. Current income tax is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The Group offsets, on a year to year basis, the current tax assets and liabilities, where it is has legally enforceable right to do so and where it intends to settle such assets and liabilities on a net basis.

### Deferred taxes

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax relating to items recognized outside the profit and loss is recognized outside profit and loss (either in other comprehensive income or in equity)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India. Credit is recognized as an asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Group will pay normal income tax during the specified period.

## g. Fair Value Measurement

The Group measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to settle a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In estimating the fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability if market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value

# Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

measurement is directly or indirectly observable. In case of unquoted debt instruments, valuation would be done in accordance with the valuation guidelines issued by the Fixed Income Money Market and Derivatives Association of India (FIMMDA).

- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

## **h. Impairment of Non-Financial Assets**

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets that have an - indefinite useful lives and which are not subject to amortization are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized in the profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

## **i. Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### **Financial Assets**

#### **a) Initial recognition and measurement**

All financial assets are recognized initially at fair value plus or minus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset - Transaction cost of financial assets carried at fair value through profit or loss are expensed in profit or loss. Investments are recognized on the trade date, which is the date on which the Company enters into the trade.

#### **b) Subsequent measurement**

##### **Debt Instruments at amortised cost:**

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of

## Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets is included in finance income using the effective interest rate method. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognized in profit or loss when the asset is derecognized or impaired.

### **Debt instrument at Fair Value through Other Comprehensive Income (OCI)**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets is included in finance income using the effective interest rate method. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment gains or losses and foreign exchange gains and losses in the statement of profit and loss. On derecognition of the asset, the cumulative gain or loss previously recognized in OCI is reclassified from equity to statement of profit and loss.

### **Debt instrument at Fair Value through Profit or Loss (FVTPL)**

A financial asset which does not meet the criteria for categorization as at amortized cost or as fair value through other comprehensive income is classified as fair value through profit or loss. Debt instruments subsequently measured at fair value through profit or loss are measured at fair value with all changes recognized in the statement of profit and loss.

### **Equity instruments**

All equity investments in scope of Ind AS 109 are measured at fair value at the end of each reporting period. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present subsequent changes in the fair value in OCI. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

Dividends from such investments are recognized in profit or loss as other income. There is no recycling of the amounts from OCI to Profit and Loss, even on sale / derecognition of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments subsequently measured at fair value through profit or loss are measured at fair value with all changes recognized in the statement of profit and loss.

Investment in subsidiaries is carried at cost in the consolidated financial statements.

### **c) De-recognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Group balance sheet) when:

The rights to receive cash flows from the asset have expired, or

The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

# Notes To Consolidated Financial Statements

## For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

### **d) Impairment of financial assets**

The Group recognize impairment loss applying the expected credit loss (ECL) model on the financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual right to receive cash or other financial asset and financial guarantee not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights.

The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 months expected credit losses.

For trade receivables or any contractual right to receive cash or another financial assets that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Group always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Group applies 'simplified approach' permitted by Ind AS 109 Financial Instruments. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

### **Financial Liabilities**

#### **a) Initial recognition and measurement**

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

#### **b) Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

##### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind-AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains / losses attributable to changes in own credit risk are recognized in OCI. These gains / loss are not subsequently transferred to P&L. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit or loss. The Group has not designated any financial liability as at fair value through profit and loss.

##### **Financial liabilities at amortised cost**

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured

## Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

### **Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Such amortisation is included as finance costs in the statement of profit and loss.

### **c) De-recognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

### **d) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

### **j. Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the lessee is classified as a finance lease.

#### **Finance Lease as a lessee**

Finance leases are capitalised at the commencement of the lease at the inception date at fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on the borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

#### **Operating Lease as a lessee**

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where another systematic basis is more representative of the time pattern in which economic benefits from leased assets are consumed. The aggregate benefit of incentives (excluding inflationary increases) provided by the lessor is recognized as a reduction of rental expense over the lease term on a straight-line basis. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

# Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

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## k. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets that necessarily takes a substantial period of time to get ready for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in statement of profit and loss in the period in which they are incurred.

## l. Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### Dividends Provision

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

## m. Provisions

Provisions are recognized when the Group has a present obligation, legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability.

## n. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. The Group does not recognize a contingent liability but discloses its existence in the consolidated financial statements. Payments in respect of such liabilities, if any are shown as advances.

## o. Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), and highly liquid time deposits that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

## p. Employee Benefits

### ▪ Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employee's services up to the end of the reporting period and are measured at the undiscounted amounts of the benefits expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

### ▪ Other Long-term employee benefit obligations

The liabilities for compensated absences (annual leave) which are not expected to be settled wholly within 12 months after the end of the period in which the employee render the treated are presented as non-current employee benefits obligations. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the Projected Unit Credit method. The benefits are discounted using the market yields at the end of the reporting period on government bonds that have terms approximating



## Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

to the terms of the related obligations. Remeasurements as a result of experience adjustments and changes in actuarial assumptions (i.e. actuarial losses / gains) are recognized in the Statement of Profit and Loss.

The obligations are presented as current in the balance sheet if the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

### ▪ **Post-employment obligations**

The Group operates the following post-employment schemes:

- Defined benefit plans such as gratuity
- Defined contribution plans such as provident fund.

#### **Defined benefit plan - Gratuity Obligations**

The Group provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment.

The liability or asset recognized in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is actuarially determined using the Projected Unit Credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash flows outflows by reference to market yields at the end of the reporting period on government bonds that have a terms approximating to the terms of the obligation.

The net interest cost, calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of the plan assets, is recognized as employee benefit expenses in the statement of profit and loss.

Remeasurements gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the other comprehensive income in the year in which they arise and are not subsequently reclassified to Statement of Profit and Loss.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

#### **Defined Contribution Plan**

The Group pays provident fund contributions to publicly administered provident funds as per local regulatory authorities. The Group has no further obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due.

### **q. Segment Reporting**

The Group identifies operating segments based on the internal reporting provided to the chief operating decision-maker.

The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

# Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

## r. Foreign Currencies

The Group's consolidated financial statements are presented in INR, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

### Transaction and balances

Transactions in foreign currencies are initially recorded by the Group in their functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting period. Exchange differences arising on the settlement of monetary items or on translating monetary items are recognized in profit or loss except

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

### Group Companies

For the purposes of presenting these consolidated financial statements, the results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated into INR at the exchange rate prevailing at the end of each reporting period.
- Income and expenses are translated at average exchange rates for the period (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions),
- Equity is recorded at the historical rate on the date of issue and hence, is not required to be re-translated at each subsequent reporting date, and
- All the resulting foreign exchange differences are recognized in other comprehensive income and held in foreign currency translation reserve ('FCTR'), a component of Equity.

When the foreign operation is either partially or fully disposed off, the proportionate share or entire cumulative foreign exchange differences (pertaining to the said operation that are held in FCTR as at the date of disposal) respectively, are re-classified from Equity and considered in calculating the resulting profit / (loss) on sale of the operation. The said profit / (loss) on sale of the operation is recognized in the Statement of Profit and loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in other comprehensive income.

# Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

## s. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account

- The after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- weighted average number of equity shares that would have been outstanding assuming the conversion of all the dilutive potential equity.

## 1.3 Critical Accounting Judgements and Estimates

The preparation of consolidated financial statements in conformity with Ind AS requires judgements, estimates and assumptions to be made that affect the reported amount of assets, liabilities, revenue, expenses, accompanying disclosures and the disclosures of contingent liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results could differ from those estimates. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future period.

Application of accounting policies that require critical accounting estimates and the use of assumptions in the consolidated financial statements are as follows:

### ▪ Defined benefit plans

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Further details about gratuity obligations are given in Note. 2.36

### ▪ Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

## 1.4 First-time adoption of Ind AS

These consolidated financial statements, for the year ended March 31, 2019, are the first consolidated financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 2 have been applied in preparing the consolidated financial statements for the

# Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

year ended on March 31, 2019, the comparative information presented in these consolidated financial statements for the year ended March 31, 2018 and in the preparation of an opening Ind AS balance sheet at April 1, 2017.

In preparing its opening Ind AS balance sheet and in presenting the comparative information for the year ended March 31, 2018, the Group has adjusted the amounts reported previously in the consolidated financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). For the purpose of transition from the Indian GAAP to Ind AS, the Group has applied Ind AS 101 - First Time Adoption of Indian Accounting Standards.

An explanation of how the transition from previous GAAP to Ind AS has affected the Group financial position, financial performance and cash flows is set out in the following tables and notes

Exemptions on first time adoption of Ind AS availed in accordance with Ind AS 101 have been described in below.

## I. Exemptions and exceptions availed on first time adoption of Ind AS 101

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS

### ▪ Ind AS optional exemptions

#### i. Deemed Cost

As per Ind AS 101 permits, a first time adopter to elect to continue with the carrying values for all of its property, plant and equipment as recognized in the consolidated financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used Investment properties and intangible assets.

Accordingly, the Group has elected to measure all of its property, plant and equipment, Investment properties and intangible assets at their previous GAAP carrying value.

#### ii. Designation of previously recognized financial instruments

Ind AS allows an entity to designate investments in equity instruments (other than equity investments in subsidiaries, associates and joint arrangements and other than held for trading) as at fair value through other comprehensive income (FVTOCI) based on facts and circumstances at the date of transition to Ind AS. Other equity investments are classified as at fair value through profit and loss (FVTPL).

The Group has not elected to apply this exemption for its equity investments (other than equity investments in subsidiaries, associates and joint arrangements and other than held for trading) to designate it as FVTOCI.

#### iii. Measurement of Investment in subsidiaries, associates and joint ventures

Ind AS allows entity that subsequently measures an investment in a subsidiary, joint ventures or associate at cost, may measure such investment at cost (determined in accordance with Ind AS 27) or deemed cost (fair value or previous GAAP carrying amount) in its separate opening Ind AS balance sheet.

For investments in equity instruments of subsidiaries the Group has elected to apply separate exemption available under Ind AS 101 by measuring at their previous GAAP carrying amount cost which is the deemed cost at the date of transition to Ind AS.

### ▪ Ind AS mandatory exceptions

#### i. Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 1, 2017 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Group made estimates for following items in accordance with Ind

## Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

AS at the date of transition as these were not required under previous GAAP:

- Investment in equity instruments carried at FVTPL or FVTOCI
- Impairment of financial assets based on expected credit loss model.

### ii. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

Accordingly, the Group has determined the classification of financial assets based on the facts and circumstances that exist on the date of transition.

### iii. Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows. The following tables represent the reconciliations from previous GAAP to Ind AS.

#### Reconciliation of total equity as at 31<sup>st</sup> March, 2019, 31<sup>st</sup> March, 2018 and 1<sup>st</sup> April, 2017

(₹ in Lacs)

	Notes	31-Mar-19	31-Mar-18	01-Apr-17
<b>Total Equity (shareholders' funds) as per Previous GAAP</b>		1,66,802	1,42,390	1,24,832
<b>Adjustments</b>				
Fair valuations of investments	1	76,477	66,851	71,468
Fair valuation of Security deposits		0	(5)	(7)
Provision for expected credit losses on trade receivables	2	669	1,409	1,163
Tax effects of adjustments		(26,694)	(23,567)	(25,132)
<b>Total adjustments to equity</b>		<b>50,451</b>	<b>44,689</b>	<b>47,492</b>
<b>Total Equity as per Ind AS</b>		<b>2,17,253</b>	<b>1,87,079</b>	<b>1,72,324</b>

#### Reconciliations of total comprehensive income for the year ended 31<sup>st</sup> March, 2019 and 31<sup>st</sup> March, 2018.

(₹ in Lacs)

	Notes	31-Mar-19	31-Mar-18
<b>Profit after tax as per previous GAAP</b>		24,381	33,273
<b>Adjustments</b>			
Fair valuations of investments	1	(183)	(971)
Provision for expected credit losses on trade receivables	2	(743)	246
Fair value gain / loss on security deposit		5	1
Re-measurements of post-employment benefit obligations	3	37	(1)
Tax effects of adjustments		283	289
<b>Total adjustments</b>		<b>(601)</b>	<b>(436)</b>
<b>Profit after tax as per Ind AS</b>		<b>23,673</b>	<b>32,353</b>
<b>Other comprehensive income</b>		<b>6,517</b>	<b>(1,882)</b>
<b>Total Comprehensive Income as per Ind AS</b>	<b>4</b>	<b>30,144</b>	<b>30,471</b>

# Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

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## III. Notes to first-time adoption

### i) Fair valuation of investments

Under the previous GAAP, investments in equity instruments and mutual funds were classified as long-term or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value.

Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognized in retained earnings as at the date of transition and subsequently in the profit or loss for trade investments and other comprehensive income for long unquoted equity shares for the year ended 31 March, 2018 and 31 March, 2019 respectively. This increased the retained earnings by INR 76477/- as at 31 March, 2019 and INR 66851/- lacs as at 31 March, 2018 (1 April, 2017- INR 71468/- lacs) and profit for the year ended 31 March, 2019 and 31 March, 2018 decrease by INR (183/-) lacs and decrease by INR (971/-) respectively.

### ii) Trade receivables

As per Ind AS 109, the Company is required to apply expected credit loss model for recognising the allowance for doubtful debts. As a result, the allowance for doubtful debts increased by INR 669/- lacs and INR 1,409/- lacs as at 31 March, 2019 and 31 March, 2018 (1 April, 2017- INR 1,163/- lacs) and profit for the year ended 31 March, 2019 and 31 March, 2018 decrease by INR 743/- lacs and increase by 246/- lacs respectively.

### iii) Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognized in other comprehensive income instead of profit or loss.

Under the previous GAAP, these remeasurements were forming part of the profit and loss for the year. As a result of this change, the profit for the year ended 31 March, 2019 and 31 March, 2018 increased and decrease by INR 37/- and INR 1/- lacs respectively. There is no impact on the total equity.

### iv) Other comprehensive income

Under Ind AS, all items of income and expense recognized in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognized in profit or loss but are shown in the statement of profit and loss as "other comprehensive income" includes remeasurement of defined benefit plans and fair value gains or (losses) on FVTOCI equity instruments. The concept of other comprehensive income did not exist under previous GAAP.

## Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

(Rupees in lacs unless otherwise stated)

### NOTE - 2.1

Particulars	As at		
	31-Mar-19	31-Mar-18	1-Apr-17
<b>Cash and Cash Equivalents</b>			
(a) <b>Cash and Cash equivalents</b>			
Balances with banks			
- In current accounts	21,047	135,331	13,099
- In current accounts-Escrow Accounts	157	5,542	238
Cash on hand	1	1	1
Cheques in hand	-	3	-
<b>Total</b>	<b>21,205</b>	<b>140,877</b>	<b>13,338</b>
(b) <b>Bank balance other than (a) above</b>			
Deposit accounts with original maturity Less than 12 months	6,634	5,358	5,231
Deposit accounts with original maturity more than 12 months	5	235	680
Margin money deposit	13,672	13,986	6,400
<b>Total</b>	<b>20,311</b>	<b>19,579</b>	<b>12,311</b>

### NOTE - 2.2

Particulars	As at		
	31-Mar-19	31-Mar-18	1-Apr-17
<b>Receivables</b>			
<b>Trade Receivables</b>			
<b>Non-current</b>			
(i) Trade Receivables	19	19	19
<b>Total (A)</b>	<b>19</b>	<b>19</b>	<b>19</b>
<b>Current</b>			
(i) Trade Receivables			
Secured, considered good	10,044	3,100	3,930
Unsecured, considered good	33,212	34,159	33,774
Less: Impairment	(9,274)	(9,861)	(8,346)
Doubtful	1,595	896	582
Less: Impairment	(1,940)	(1,112)	(780)
(ii) Receivable from related parties	8,140	7,558	5,606
<b>Total (B)</b>	<b>41,777</b>	<b>34,740</b>	<b>34,766</b>
<b>Total (A+B)</b>	<b>41,796</b>	<b>34,759</b>	<b>34,785</b>



# Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

(Rupees in lacs unless otherwise stated)  
**NOTE – 2.3**

Particulars	As at					
	March 31, 2019		March 31, 2018		April 01, 2017	
	Units	Amount	Units	Amount	Units	Amount
<b>Investments</b>						
Non-Current						
(a) Investment in Equity Instruments						
- Quoted	-	-	-	-	-	-
- Unquoted						
Investments carried at fair value through statement of other comprehensive income (FVOCI)						
National Stock Exchange of India (Bonus issue 195000 shares and 536250 share offered for OFS before split held in escrow account)	21,450,000	72,745	21,450,000	63,345	21,450,000	65,260
OTC Exchange of India of ₹ 10 each	1,100,000	*-	1,100,000	*-	1,100,000	*-
Investor Services India Ltd of ₹ 10 each (Company under voluntary liquidation)	535,768	-	535,768	-	535,768	-
ONGC Mittal Energy Ltd. of USD 1 each	1,000,000	*-	1,000,000	*-	1,000,000	*-
Receivable Exchange of India Ltd. of ₹ 10 each	1,525,000	260	1,525,000	306	1,525,000	270
SBI Home Finance Ltd. of ₹ 10 each	1,032,500	*-	1,032,500	*-	1,032,500	*-
<b>Sub-total</b>		<b>73,005</b>		<b>63,651</b>		<b>65,530</b>
<b>Investment in Equity Instruments - Parent's Subsidiaries (unquoted) - fully paid up</b>						
Investments carried at fair value through FVOCI						
SBI DFHI Ltd. of ₹ 100 each	595,295	2,753	595,295	2,346	681,818	4,710

## Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

Particulars	As at					
	March 31, 2019		March 31, 2018		April 01, 2017	
	Units	Amount	Units	Amount	Units	Amount
(Rupees in lacs unless otherwise stated)						
(formerly known as SBI Gilts Ltd.) (Percentage holding in the Company is 3.12%)						
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	-	1,001	-
<b>Sub-total</b>		<b>2,753</b>		<b>2,346</b>		<b>4,710</b>
<b>Investment in Equity Instruments - Associates (unquoted)- fully paid up</b>						
Investment shown at equity method						
SBI Pension Funds Pvt. Ltd. of ₹ 10 each	6,000,000	768	6,000,000	730	6,000,000	702
(Percentage holding in the Company is 20% (2017: 20%))						
<b>Sub-total</b>		<b>768</b>		<b>730</b>		<b>702</b>
<b>Total</b>		<b>76,526</b>	<b>76,526</b>	<b>66,727</b>		<b>70,942</b>
Investments carried at fair value through Fair Value through Profit and Loss (FVTPL)						
(b) Investments in AIF units - unquoted						
Stellaris Ventures Partners India I Fund	431	431	-	-	-	-
Neev Fund	-	4,769	-	3,216	-	2,113
<b>Total</b>		<b>5,200</b>		<b>3,216</b>		<b>2,113</b>
Investments carried at FVTPL						
(c) Investments in Mutual funds						
- Quoted		-		-		-
- Unquoted		13,228		8,698		622
<b>Total</b>		<b>13,228</b>		<b>8,698</b>		<b>622</b>

# Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

Particulars	As at					
	March 31, 2019		March 31, 2018		April 01, 2017	
	Units	Amount	Units	Amount	Units	Amount
Investment carried at amortised cost (d) Investments in debentures or bonds - Quoted						
8.20% bonds of National Highway Authority of India Ltd. (Taxfree) of ₹ 1,000/- each	54,876	549	54,876	549	54,876	549
IIFCL Bonds - 8.01% (Tranche - 1)	15,000	150	15,000	150	15,000	150
8.20% Power Finance Corporation Ltd (Taxfree) of ₹ 1,000/- each	71,197	712	71,197	712	71,197	712
8.10% bonds of India Railways Finance Corporation Ltd. (Taxfree) of ₹ 1,000/- each (300000 units pledged to SBI for loan of a subsidiary)	304,510	3,045	304,510	3,045	304,510	3,045
7.38% Rural Electrification Corporation Ltd (Taxfree) of ₹ 1,000/- each (100000 units pledged to SBI for loan of a subsidiary)	100,000	1,000	100,000	1,000	100,000	1,000
7.34 % Indian Railways Finance Corporation Ltd (Taxfree) of ₹ 1,000/- each (100000 units pledged to SBI for loan of a subsidiary)	100,000	1,000	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	100,000	1,000
8.55% India Infrastructure Finance Company Ltd (Taxfree) of ₹ 1,000/- each	100,000	1,000	100,000	1,000	100,000	1,000
<b>Sub-total</b>		<b>8,456</b>		<b>8,456</b>		<b>8,456</b>
- Unquoted	-	-	-	-	-	-
<b>Total</b>		<b>8,456</b>		<b>8,456</b>		<b>8,456</b>
<b>Total Non-current Investment</b>		<b>103,410</b>		<b>87,097</b>		<b>82,133</b>

\* Fully provided for.

## Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

Particulars	As at					
	March 31, 2019		March 31, 2018		April 01, 2017	
	Units	Amount	Units	Amount	Units	Amount
<b>Investments</b>						
<b>Current</b>						
(a) Held for Trading in Debentures or Bonds						
- Quoted	-	-	-	-	-	-
- Unquoted - Investment carried at FVTPL						
7.8409% Bajaj Finance Ltd.	-	-	-	-	1,750	10,032
7.6% Power Finance Ltd.	-	-	-	-	1,000	17,643
8.09% Rural Electrification Corporation Ltd.	-	-	2,250	22,886	-	-
8.80% Capital First Ltd.	-	-	3,000	30,439	-	-
8.30% Rural Electrification Corporation Ltd.	-	-	-	-	-	-
8.98% Power Finance Corporation	4,000	40,092	-	-	-	-
	1,000	10,010	-	-	-	-
<b>Sub-total</b>		<b>50,102</b>		<b>53,325</b>		<b>27,675</b>
Preference Shares (unquoted) fully paid up						
0.0001% preference shares of Pasupati Fabrics Ltd. of ₹ 10/- each (At cost less provision ₹ 14 (2018: 14))	140,000	*-	140,000	*-	140,000	*-
<b>Sub-total</b>						
<b>Investment in Equity Instruments (unquoted)-fully paid up</b>						
Cremica Agro Foods Ltd. of ₹ 10/- each (At cost less provision for ₹ 3 (2018: 3))	46,200	*-	15,400	*-	15,400	*-
<b>Sub-total</b>						
(b) Held for Trading in Mutual Funds						
- Quoted						
- Unquoted - Investments carried at FVTPL						
		14,834		33,279		21,968
<b>Sub-total</b>		<b>14,834</b>		<b>33,279</b>		<b>21,968</b>
<b>Total Current Investment</b>		<b>64,936</b>		<b>86,604</b>		<b>49,643</b>
<b>Total Investment</b>		<b>168,346</b>		<b>173,701</b>		<b>131,776</b>

\* Fully provided for.

## Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

(Rupees in lacs unless otherwise stated)

### NOTE - 2.4

Particulars	As at		
	31-Mar-19	31-Mar-18	1-Apr-17
<b>Other Financial Assets</b>			
<b>Current</b>			
Security deposits	91	31	31
Loans to and receivables from related parties	42	21	22
Interest accrued - Downselling	74	91	37
Interest accrued on investments	256	256	275
Interest accrued on Bank deposits	466	364	473
Dividend income	-	42	341
Income Receivable	44	20	-
Loans to employees	27	58	65
Debts outstanding for a period exceeding six months from the date they are due for payment	-	16	17
Advances considered good	86	117	133
Interest receivable on income tax refund	3,639	-	-
Expenses Recoverable	-	4	1
Others	6	4	4
<b>Total Current</b>	<b>4,731</b>	<b>1,024</b>	<b>1,399</b>
<b>Non Current</b>			
Security deposits	497	630	594
Others-deposits	1,422	430	380
Less: Provision for expected credit loss	(4)	(4)	(4)
Non Current bank balance	30	30	1,005
<b>Total Non Current</b>	<b>1,945</b>	<b>1,086</b>	<b>1,975</b>
<b>Total</b>	<b>6,676</b>	<b>2,110</b>	<b>3,374</b>

### NOTE - 2.5

Particulars	As at		
	31-Mar-19	31-Mar-18	1-Apr-17
<b>Current Tax Asset (Net)</b>			
Current Tax	9,505	8,294	7,914
Advance interest tax	-	152	152
<b>Total</b>	<b>9,505</b>	<b>8,446</b>	<b>8,066</b>

## Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

(Rupees in lacs unless otherwise stated)

### NOTE - 2.6

		TANGIBLE ASSETS							INTANGIBLE ASSETS		Total
		Building (Refer Note I)	Computers	Furniture & Fixtures	Office Equipments	Vehicles	Lease hold Improvement	Plant, Machinery & Equipments	Software		
										Leased Assets	
GROSS BLOCK	Gross value										
	Balance As at 1 <sup>st</sup> April, 2017	9,516	4,750	1,136	1,015	30	153	4,020		4,797	25,417
	Additions	-	758	12	69	14	-	-		53	905
	Deductions / Transfers	-	112	8	36	30	-	-		-	187
	Balance As at 31 <sup>st</sup> Mar, 2018	9,516	5,396	1,139	1,048	14	153	4,020		4,850	26,136
ACCUMULATED DEPRECIATION / AMORTISATION	Accumulated depreciation										
	Balance As at 1 <sup>st</sup> April, 2017	1,861	3,740	851	839	24	127	4,020		4,354	15,817
	Additions	383	677	102	124	4	10	-		297	1,597
	Deductions / Transfers	-	92	7	29	25	-	-		-	153
	Balance As at 31 <sup>st</sup> Mar, 2018	2,244	4,325	946	934	4	138	4,020		4,651	17,261
GROSS BLOCK	Gross value										
	Balance As at 1 <sup>st</sup> April, 2018	-	5,396	1,139	1,048	14	153	4,020		4,850	16,619
	Additions / Adjustments	9,516	1,521	39	45	-	-	-		311	11,432
	Deductions / Transfers	-	521	20	106	-	53	-		183	882
	Balance As at 31 <sup>st</sup> March, 2019	9,516	6,396	1,158	986	14	100	4,020		4,977	27,169
ACCUMULATED DEPRECIATION / AMORTISATION	Accumulated depreciation										
	Balance As at 1 <sup>st</sup> April, 2018	2,244	4,325	946	934	4	138	4,020		4,651	17,261
	Additions / Adjustments	364	810	84	75	5	7	-		154	1,498
	Deductions / Transfers	-	487	23	94	-	45	-		183	832
	Balance As at 31 <sup>st</sup> March, 2019	2,608	4,649	1,007	915	8	100	4,020		4,621	17,928
NET BLOCK	As at 31 <sup>st</sup> March, 2019	6,909	1,747	152	71	6	0	-		356	9,241
NET BLOCK	As at 31 <sup>st</sup> March, 2018	7,273	1,071	193	114	10	15	-		198	8,874
NET BLOCK	As at 1 <sup>st</sup> April, 2017	7,655	1,010	285	175	6	26	-		443	9,600
Note: I. Building includes cost of 15 shares of ₹100/- each held by the Company in a co-operative housing society.											

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, 2019 (Contd...)

(Rupees in lacs unless otherwise stated)

### NOTE - 2.7

Particulars	As at		
	31-Mar-19	31-Mar-18	1-Apr-17
<b>Other Non-Financial Assets</b>			
<b>Current</b>			
Service Tax refund	4	-	-
Advances	110	153	133
Advances to Employees	19	14	4
Other deposits	1	1	1
Advances for expenses	-	342	160
Prepaid expenses	380	572	425
GST credit	721	596	79
Others	5	1	0
VAT refund due	5	7	7
<b>Total Current</b>	<b>1,245</b>	<b>1,686</b>	<b>809</b>
<b>NON-CURRENT</b>			
Prepaid expenses	52	152	403
Capital Advances	-	154	12
<b>Total Non-Current</b>	<b>52</b>	<b>306</b>	<b>415</b>
<b>Total</b>	<b>1,297</b>	<b>1,992</b>	<b>1,224</b>

### NOTE - 2.8

Particulars	As at		
	31-Mar-19	31-Mar-18	1-Apr-17
<b>Financial Liabilities</b>			
<b>Payables</b>			
<b>Current</b>			
Total outstanding dues of creditors other than MSME	66	73	71
(i) Trades executed not settled (exchanges)	868	2,704	2,151
(ii) Trade payables (relating to Brokerage business)	21,102	127,356	6,603
(iii) Trade payables (Selling and Distribution and others)	196	544	471
<b>Total Current</b>	<b>22,232</b>	<b>130,677</b>	<b>9,295</b>
<b>Non-Current</b>			
Total outstanding dues of creditors other than MSME	45	2	2
(i) Others	13	15	19
<b>Total Non-Current</b>	<b>58</b>	<b>17</b>	<b>21</b>
<b>Total</b>	<b>22,290</b>	<b>130,694</b>	<b>9,316</b>



## Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

(Rupees in lacs unless otherwise stated)

### NOTE - 2.9

Particulars	As at		
	31-Mar-19	31-Mar-18	1-Apr-17
<b>Borrowings</b>			
<b>Current</b>			
Unsecured, Payable on demand			
Working capital loan	5,099	34,154	2,406
<b>Total</b>	<b>5,099</b>	<b>34,154</b>	<b>2,406</b>

### NOTE - 2.10

Particulars	As at		
	31-Mar-19	31-Mar-18	1-Apr-17
<b>Other Financial Liabilities</b>			
<b>Current</b>			
Provision for Bonus	1,797	3,322	2,288
Others-Payable for Capital Expenditure	442	69	170
Payables in respect of employees	2,288	1,796	1,110
Retention monies	2	2	2
Trust Settlement Fees	4	2	3
Capital creditors	-	-	1
Provision for expenses	2	11	4
Advances received for CERSAI & Others	125	5,519	237
<b>Total Current</b>	<b>4,660</b>	<b>10,721</b>	<b>3,815</b>
<b>Non-Current</b>			
Other deposits	36	26	6
Lease deposits	46	46	46
Retention money for Capital expenditure	7	13	15
Trust Settlement Fees	13	12	10
<b>Total Non Current</b>	<b>101</b>	<b>97</b>	<b>77</b>
<b>Total</b>	<b>4,761</b>	<b>10,818</b>	<b>3,892</b>

### NOTE - 2.11

Particulars	As at		
	31-Mar-19	31-Mar-18	1-Apr-17
<b>Non-Financial Liabilities</b>			
<b>Deferred Tax Liability / (Asset)</b>			
Deferred Tax Liability / (Asset)	20,500	16,919	19,782
<b>Total</b>	<b>20,500</b>	<b>16,919</b>	<b>19,782</b>

## Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

(Rupees in lacs unless otherwise stated)

### NOTE - 2.12

Particulars	As at		
	31-Mar-19	31-Mar-18	1-Apr-17
<b>Provisions</b>			
<b>Current</b>			
Provision for compensated absences	366	268	231
Provision for Gratuity	68	14	-
Others	2	-	-
<b>Total Current</b>	<b>436</b>	<b>282</b>	<b>231</b>
<b>Non-Current</b>			
Provision for compensated absences	907	841	1,079
Provision for Gratuity	666	598	361
<b>Total Non Current</b>	<b>1,573</b>	<b>1,439</b>	<b>1,440</b>
<b>Total</b>	<b>2,009</b>	<b>1,721</b>	<b>1,671</b>

### NOTE - 2.13

Particulars	As at		
	31-Mar-19	31-Mar-18	1-Apr-17
<b>Other Non-Financial Liabilities</b>			
<b>Current</b>			
Advance from customers	866	790	509
Sundry liabilities	83	48	0
TDS payable	1,377	1,515	413
GST / Service tax payable	903	1,393	231
Dividend distribution tax	-	2,658	2,363
Provident fund payable	45	61	61
Royalty payable	105	139	-
Income received in advance	-	-	5
Advances received for CERSAI & Others	2	2	1
Other payables	3,084	2,362	1,499
<b>Total</b>	<b>6,465</b>	<b>8,968</b>	<b>5,082</b>

## Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

(Rupees in lacs unless otherwise stated)

### NOTE - 2.14

Particulars	As at		
	31-Mar-19	31-Mar-18	1-Apr-17
<b>Equity Share Capital</b>			
<b>Authorised</b>			
Number of Preference Shares	251,000,000	251,000,000	251,000,000
Preference Shares of ₹ 100 each (Amount)	26,000	26,000	26,000
Number of Equity Shares	100,000,000	100,000,000	100,000,000
Equity Shares of ₹ 10 each (Amount)	10,000	10,000	10,000
<b>Total</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>
<b>Issued, Subscribed and Fully Paid Up</b>			
Number of Equity Shares	58,033,711	58,033,711	58,033,711
Equity Shares of ₹ 10 each (Amount)	5,803	5,803	5,803
<b>Total</b>	<b>5,803</b>	<b>5,803</b>	<b>5,803</b>

### NOTE - 2.15

Particulars	As at		
	31-Mar-19	31-Mar-18	1-Apr-17
<b>Other Equity</b>			
<b>General Reserve</b>			
Balance as per the last financial statements	45,236	42,672	42,672
Add: amount transferred from surplus balance in the statement of profit and loss	-	2,565	
Closing Balance	45,236	45,236	42,672
<b>Surplus in Statement of Profit and Loss</b>			
Balance as per the last financial statements	131,820	117,744	108,704
Profit for the year	23,673	32,353	25,306
Add / Less: Appropriations / Adjustments			
Interim dividend	-	(13,058)	(11,607)
Dividend distribution tax	-	(2,658)	(2,363)
Transfer to general reserve	-	(2,565)	(2,296)
Remeasurement of Actuarial gain/loss through OCI	(18)	4	-
Other adjustments	31	-	-
Total appropriations	13	(18,277)	(16,266)
<b>Closing Balance</b>	<b>155,506</b>	<b>131,820</b>	<b>117,744</b>
<b>Securities Premium Account</b>	6,347	6,347	6,347
<b>Equity instruments through Other Comprehensive Income</b>	4,012	(2,371)	-
<b>Capital redemption reserve</b>	94	94	93.80
Foreign Currency Translation Reserve - Opening Balance	150	(335)	202
Add: Foreign Currency Translation during the year	106	485	(537)
<b>Foreign Currency Translation Reserve - Closing Balance</b>	<b>256</b>	<b>150</b>	<b>(335)</b>
<b>Total</b>	<b>211,450</b>	<b>181,275</b>	<b>166,521</b>

## Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

(Rupees in lacs unless otherwise stated)

### NOTE - 2.16

Particulars	As at	
	Mar 19	Mar 18
<b>Revenue from Operations</b>		
Fees and Comission Income		
Issue management Fees	1,349	4,758
Arranger's Fees	1,601	938
Advisory Fees	22,643	35,915
Brokerage	35,630	29,857
Trusteeship Acceptance Fees	803	478
Trusteeship Service Charges	2,049	2,208
Trusteeship Income from Will Services	1	1
<b>Total</b>	<b>64,076</b>	<b>74,155</b>

### NOTE - 2.17

Particulars	As at	
	Mar 19	Mar 18
<b>Interest Income</b>		
Interest Income on Investments	1,057	1,295
Interest from deposits with banks	1,340	914
<b>Total</b>	<b>2,397</b>	<b>2,209</b>

### NOTE - 2.18

Particulars	As at	
	Mar 19	Mar 18
<b>Dividend Income</b>		
- Subsidiary Companies	110	196
- Others	3,678	4,333
<b>Total</b>	<b>3,788</b>	<b>4,529</b>

### NOTE - 2.19

Particulars	As at	
	Mar 19	Mar 18
<b>Net Gain on Fair Value Changes</b>		
Fair value change in FVTPL instrument (unrealized)	665	1,756

## Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

(Rupees in lacs unless otherwise stated)

### NOTE - 2.20

Particulars	As at	
	Mar 19	Mar 18
<b>Others</b>		
Profit / (loss) on sale of investments (net)	61	(147)
Trading profits / (loss) on stock-in-trade (net)	2,872	2,629
Other operating income	4,429	5,006
<b>Total</b>	<b>7,362</b>	<b>7,488</b>

### NOTE - 2.21

Particulars	As at	
	Mar 19	Mar 18
<b>Other Income</b>		
Bad debts recovered	208	2,257
Provision written back-doubtful debts	587	-
Provision written back-leave encashment	10	263
Profit on sale of Fixed assets	4	3
Provision for Current investment	8	-
Exchange differences (net)	93	-
Provision for bonus written back	-	182
S&D sub-commission payable written back	146	-
Interest on Income Tax refund	3,645	-
Others	840	76
<b>Total</b>	<b>5,541</b>	<b>2,781</b>

### NOTE - 2.22

Particulars	As at	
	Mar 19	Mar 18
<b>Finance Costs</b>		
Interest on Bank Overdraft	777	247
Other borrowing costs	42	-
<b>Total</b>	<b>819</b>	<b>247</b>

## Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

(Rupees in lacs unless otherwise stated)

### NOTE - 2.23

Particulars	As at	
	Mar 19	Mar 18
<b>Employee Benefits Expenses</b>		
Salaries, wages and bonus	18,506	20,350
Staff welfare expenses	493	541
Contribution to provident and other funds	803	763
Contribution to Superannuation	180	229
Gratuity contribution / expenses (Refer note 20)	313	367
<b>Total</b>	<b>20,295</b>	<b>22,250</b>

### NOTE - 2.24

Particulars	As at	
	Mar 19	Mar 18
<b>Others Expenses</b>		
Selling and distribution sub-commission	1,749	2,600
Legal & Professional Fees	1,845	2,260
Conveyance & Travelling	1,096	1,442
Rental charges	1,578	1,637
Rates & Taxes	172	47
Royalty Expenses	630	230
Bad Debts Written off	2,560	585
Postage, telephone and telex	370	451
Advertisement Expenses	28	56
Printing & Stationery	288	328
Electricity Expenses	223	251
Repairs & Maintenance Building	173	149
Repairs & Maintenance Others	553	706
Insurance	145	161
Auditors Remuneration	52	42
Director's Sitting Fees	20	17
Tax on Perquisites	0	5
Office Maintenance	295	265
Training Charges	203	361
Membership & Subscription	806	717
Filing Fees & Other Charges	345	587
Contribution towards CSR	828	323
Miscellaneous expenses	11,020	8,007
Provision for Long Term Investments	50	-
Provision for Current investment	-	1
Exchange differences (net)	1	196
Loss on sale of asset	0	0
<b>Total</b>	<b>25,031</b>	<b>21,424</b>

## Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

(Rupees in lacs unless otherwise stated)

### NOTE - 2.25

Particulars	As at 31-Mar-19	As at 31-Mar-18	As at 1-Apr-17
<b>Deferred Tax Liabilities</b>			
<b>Deferred Taxes</b>			
Tax Asset / (Liability) due to timing difference in respect of:			
<b>Deferred tax assets / (liability)</b>			
Depreciation on fixed assets	393	371	93
Provision for Bonus	325	707	402
Provision on Gratuity	253	209	114
Provision on other employee benefit	123	93	66
Provision on compensated leave	274	278	374
Provision for doubtful debts	4,076	4,245	3,525
Carryforward of Losses	-	-	23
Provision for Arbitrage Deposit	729	723	744
Fair Valuation of Investments	(25,566)	(25,313)	(24,729)
ECL Impairment (Provision for doubtful debts differential)	(206)	(461)	(393)
Reversal of gain / loss on Short term Investment sold	1,252	956	-
Fair valuation of Investments through OCI	(2,155)	1,274	-
<b>Total</b>	<b>(20,500)</b>	<b>(16,918)</b>	<b>(19,782)</b>
Less: Opening Deferred Tax Asset	<b>(16,918)</b>	<b>(19,782)</b>	
<b>Deferred tax credit / (expense) for the year -</b>	<b>3,583</b>	<b>(2,865)</b>	
<b>Carried to statement of Profit and Loss</b>	<b>154</b>	<b>(1,591)</b>	
<b>Carried to Other Comprehensive Income</b>	<b>3,429</b>	<b>(1,274)</b>	

### NOTE - 2.26

Particulars	For the year ended 31 <sup>st</sup> March-19	For the year ended 31 <sup>st</sup> March-18
<b>Earnings per Equity Share (EPS)</b>		
I. Basic and diluted EPS (₹)	51.94	52.51
II. Nominal value per share (₹)	10	10

EPS has been calculated based on the net profit after taxation of ₹ 30,144 (2018: ₹ 30,471) and the weighted average number of equity shares outstanding during the year of 5,803 (2018: 5,803).

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

## Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

(Rupees in lacs unless otherwise stated)

### NOTE - 2.27

Particulars	For the year ended 31 <sup>st</sup> March-19	For the year ended 31 <sup>st</sup> March-18
<b>Contingent Liabilities and Commitments</b>		
(i) Claims against the Company not acknowledged as debts	401	369
(ii) Guarantees issued	20,391	17,919
(iii) Capital Commitments	1,756	1,562
(iv) Disputed demands for Service Tax (FY 2011-12 to FY 2015-16) under appeal	577	465

Guarantee issued includes ₹ 64 Represents our share of guarantees issued by SBI Pension Funds Private Ltd. (Associate)

### NOTE - 2.28

#### Disputed Income Tax Demand

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 ₹ 17,709 (2018: ₹ 7,601) in excess of provision held. These demands have been contested by the Company.

### NOTE - 2.29

#### Supplementary Profit and Loss Data

(a) Payments to auditors (excluding service tax)  
(included in Legal and professional fees)

As auditors	68	55
For tax audit	3	3
For other matters	13	15
For out-of-pocket expenses	1	1
<b>Total</b>	<b>85</b>	<b>74</b>

(b) Expenditure in foreign currency

Travel and other expenses	289	160
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(c) Earnings in foreign currency

Advisory fees from overseas clients and reimbursement of expenses	864	4,254
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### NOTE - 2.30

The Company is operating under single segment.



# Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

## NOTE - 2.31

### Related Parties

The following is the list of parties related due to control criteria as per Ind AS-24, 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 Ind AS-24 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 Ltd.	Fellow Subsidiary
SBI Pension Funds Pvt. Ltd.	Fellow Subsidiary & Associate
SBI General Insurance Co. Ltd.	Fellow Subsidiary
SBI Mauritius Ltd.	Fellow Subsidiary
SBI Foundation Limited	Fellow Subsidiary
State Bank of India Servicos Limitada Brazil	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
Straits Law Practice	Enterprise over which Key Managerial Personnel are able to exercise significant influence
Shri Sanjiv Chadha, Managing Director & Chief Executive Officer (from 21 <sup>st</sup> February, 2019 onwards)	Key Management Personnel
Smt. Varsha Purandare, Managing Director & Chief Executive Officer (upto 31 <sup>st</sup> December, 2018)	Key Management Personnel
Smt. Uma Shanmukhi Sistla, Whole-time Director (from 12 <sup>th</sup> July, 2018 onwards)	Key Management Personnel
Shri Biswa Ketan Das, Whole-time Director (upto 15 <sup>th</sup> June, 2018)	Key Management Personnel
Shri Ashwani Bhatia, Whole-time Director (upto 16 <sup>th</sup> February, 2018)	Key Management Personnel
Shri Sivakumar Vattipalli, Senior Vice President & Chief Financial Officer (from 12 <sup>th</sup> July, 2018 onwards)	Key Management Personnel
Shri Navinchandra Amin, Senior Vice President & Chief Financial Officer (upto 30 <sup>th</sup> June, 2018)	Key Management Personnel
Shri Amit Shah, Company Secretary	Key Management Personnel

# Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2019 (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-19	Mar-18	Mar-19	Mar-18	Mar-19	Mar-18	Mar-19	Mar-18
Expenses during the year ended								
Deputation of Employees	544	554						
Salaries & Allowances								
Shri Sanjiv Chadha					1	-		
Smt. Varsha Purandare					9	10		
Smt Uma Shanmukhi Sistla					7	-		
Shri Biswa Ketan Das					2	4		
Shri Ashwani Bhatia					-	8		
Shri Sivakumar Vattipalli					5	-		
Shri Navinchadra Amin					2	5		
Shri Amit Shah					31	30		
Rent	64	59						
SBI Fund Management Pvt. Ltd.			-	10				
Bank & Other Charges	119	83						
Royalty Expense	630	259						
Insurance Expense								
SBI Life Insurance Company Limited			111	29				
SBI General Insurance Co. Ltd.			32	3				
Legal & Professional Fees								
Straits Law Practice							1	2
Trusteeship Service charges	6	-						
Interest Expenses	777	753						
Reimbursement of expense	29	41						
CSR								
SBI Foundation			50	7				
Referral Fees	612	456						
Other expenses								
SBI Cards & Payments Services Pvt. Ltd.			1	-				
Income during the year ended								
Issue Management Fees								

## Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2019 (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-19	Mar-18	Mar-19	Mar-18	Mar-19	Mar-18	Mar-19	Mar-18
SBI Life Insurance Company Limited			-	159				
Arranger's Fees**	831	333						
SBI Cards & Payment Services Private Limited			19	141				
Advisory Fees**	4,662	4,395						
Trusteeship Fees	75	-						
Bank Interest	465	186						
Interest on gratuity fund								
SBI Life Insurance Company Limited			5	6				
Dividend								
SBI DFHI Limited			-	41				
SBI Mutual Funds			31	155				
Miscellaneous Income	16,305	9,897						
SBI Life Insurance			4	32				
SBI Mutual Funds			153	-				
SBI General Insurance Company Ltd.			12	-				
Brokerage income	139	318						
SBI Life Insurance			172	134				
SBI Mutual Funds			249	254				
SBI General Insurance Company Ltd.			2	1				
SBI Fund Management Pvt. Ltd.			1	1				
Balance receivable as at								
Debtors**	8,085	7,544						
SBI Life Insurance			2	13				
SBI DFHI Limited				0				
SBI Mutual Funds			54	4				
Cash at Bank	13,434	136,330			-	-		
Deposit with Bank	6,552	1,818						
Loans & Advances	21	55						
Other Current Assets	-	15						
SBI DFHI Limited			41	41				
Investments								

# Notes To Consolidated Financial Statements

## For The Year Ended 31<sup>st</sup> March, 2019 (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-19	Mar-18	Mar-19	Mar-18	Mar-19	Mar-18	Mar-19	Mar-18
SBI Pension Funds Pvt. Ltd.			601	601				
SBI DFHI Limited			750	750				
SBICAP Home Finance Limited*			-	-				
SBI Foundation Ltd			-	-				
State Bank of India Servicos Limitada Brazil			-	-				
Gratuity Fund								
SBI Life Insurance			43	67				
Accrued Interest on Fixed deposit	358	225						
Balance payable as at								
Short Term Borrowings	5,099	34,154						
Creditors	118	140						
Provision for expense	4	7						
Others transactions during the year ended								
Dividend paid	-	13,058						
Expenses shared	-	77						
Guarantees	301	383						
Benefits paid from Gratuity fund								
SBI Life Insurance			29	30				

(i) Included in expenses relating to deputation of employees are amounts aggregating to ₹ 105 (2018: ₹ 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, 2019 (Contd...)

(Rupees in lacs unless otherwise stated)

### Note 2.32

Name of the entity in the Group	Net Asset		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
<b>Additional Information:</b>								
<b>Parent</b>	88%	191,942	71%	16,819	99%	6,399	77%	23,218
<b>Subsidiaries</b>								
<b>Indian</b>								
1. SBICAP Securities Limited	13%	27,481	24%	5,751	-1%	(34)	19%	5,717
2. SBICAP Ventures Ltd.	3%	6,152	0%	62	0%	-	0%	62
3. SBICAP Trustee Company Ltd.	4%	9,253	6%	1,489	0%	-	5%	1,489
<b>Foreign</b>								
1. SBICAP (UK) Ltd.	0%	190	-1%	(321)	-1%	(46)	-1%	(367)
2. SBICAP (Singapore) Ltd.	3%	5,921	-1%	(165)	2%	152	-0%	(13)
<b>Associate</b>								
1. SBI Pension Fund Pvt. Ltd. (Investment as per equity method)	0%	768	0%	38	0%	-	0%	38
<b>Total</b>		<b>217,253</b>		<b>23,673.00</b>		<b>6,471</b>		<b>30,144</b>

# Notes To Consolidated Financial Statements

## For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

(Rupees in lacs unless otherwise stated)

### NOTE - 2.33

#### Gratuity and other post-employment benefit plans: (Ind AS 19)

The Group 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 recognized in the balance sheet for the respective plans.

#### Profit and Loss account

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

[Ind AS 19]

	Gratuity	
	2019	2018
Current service cost	183	154
Past Service Cost	0	178
Administration Expenses	0	0
Interest on net defined benefit liability/(asset)	19	12
Expected return on plan assets	21	8
(Gains) / Loss on Settlement	0	0
<b>Total Expense charged to profit and loss account</b>	<b>223</b>	<b>352</b>

#### Other Comprehensive Income

	2019	2018
Opening amount recognized in OCI outside profit and loss account	(4)	-
Remeasurements during the period due to	-	-
Changes in financial assumptions	(41)	(32)
Changes in demographic assumptions	(0)	(47)
Experience adjustment	73	48
Actual return on plan assets less interest on plan assets	5	28
Adjustment to recognized the effect of asset ceiling	-	-
<b>Closing amount recognized in OCI outside profit and loss account</b>	<b>33</b>	<b>-4</b>

#### Balance sheet

##### Details of Provision for gratuity

	2019	2018
Present value of Funded defined obligation	1,159	1,258
Fair Value of Plan assets	496	646
Net funded obligation	663	612
Present value unfunded defined benefit obligation	6	-
Amount not recognized due to asset limit	-	-
<b>Net defined benefit liability / (asset) recognized in balance sheet</b>	<b>668</b>	<b>612</b>

## Notes To Consolidated Financial Statements For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

(Rupees in lacs unless otherwise stated)

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

	2019	2018
Opening of defined benefit obligation	1,258	1,007
Current service cost	183	154
Past service cost	-	178
Interest on defined benefit obligation	88	69
Remeasurements due to:	-	-
Actuarial loss / (gain) arising from change in financial assumptions	(41)	(32)
Actuarial loss / (gain) arising from change in demographic assumptions	(0)	(47)
Actuarial loss / (gain) arising on account of experience changes	73	48
Benefits paid	(396)	(119)
Liabilities assumed / (settled)*	-	-
Liabilities extinguished on settlements	-	-
Closing of defined benefit obligation	<b>1165</b>	<b>1258</b>

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

	2019	2018
Opening fair value of plan assets	645	647
Employer contributions	203	97
Interest on plan assets	48	48
Actual return on plan assets less interest on plan assets	(5)	(28)
Benefits paid	(396)	(119)
Closing fair value of plan assets	<b>496</b>	<b>645</b>

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

[Ind AS 19]]

	Gratuity	
	2019	2018
	%	%
Investments with insurer	100	100

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

Sd/-  
**CA U. M. Jain**  
**Partner**  
Membership No.: 070863  
Mumbai, 26<sup>th</sup> April, 2019

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

Sd/-  
**Sivakumar Vattipalli**  
**Senior Vice President & CFO**

For and on behalf of Board of Directors

Sd/-  
**Sanjiv Chadha**  
**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 Audit of the Standalone Ind-AS Financial Statements

### Opinion

1. We have audited the accompanying standalone Ind-AS financial statements of SBI Capital Markets Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2019, the Statement of Profit and Loss (including other comprehensive income), the Statement of changes in equity and the Statement of Cash Flows for the year ended on that date, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind-AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind-AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

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

### Key Audit Matters

3. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S. No.	Key Audit Matter	Auditor's Response
(i)	<b><i>Evaluation of uncertain tax positions</i></b> The Company has material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes	<b><i>Principal Audit Procedures</i></b> Obtained details of completed tax assessments and demands for the year ended March 31, 2019 from management. We involved our internal experts to challenge the management's underlying assumptions in estimating the tax
	Refer <b>Notes 2.5 to the</b> Standalone Financial Statements	provision and the possible outcome of the disputes. Our internal experts also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions. Additionally, we considered the effect of new information in respect of uncertain tax positions as at April 1, 2018 to evaluate whether any change was required to management's position on these uncertainties.

### Information Other than the Standalone Financial Statements and Auditor's Report Thereon

4. The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management discussion and Analysis, Board's Report including its annexures containing details of its subsidiaries & associate and Corporate Governance Report, but does not include the standalone Ind-AS financial statements and our auditor's report thereon.

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

## Independent Auditors' Report

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

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

### Responsibilities of Management and Those Charged with Governance for the Standalone Ind-AS Financial Statements

5. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind-AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind-AS and other accounting principles generally accepted in India. 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.

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Standalone Ind-AS Financial Statements

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

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

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

## Independent Auditors' Report

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

### Report on Other Matters

7. The comparative financial information of the Company for the transition date opening balance sheet as at 1<sup>st</sup> April, 2017 included in these standalone Ind-AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31<sup>st</sup> March, 2017 dated 28<sup>th</sup> April, 2017 expressed an unmodified opinion on those standalone financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind-AS, which have been audited by us.

Our opinion is not modified in respect of these matters.

### Report on Other Legal and Regulatory Requirements

8. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and accounting to the information and explanations give to us, we give in the "**Annexure - I**" a statement on the matters specified in paragraphs 3 and 4 of the Order.
9. 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 purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Statement of Changes in Equity 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 Ind-AS financial statements comply with the Indian 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 as on 31<sup>st</sup> March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

## Independent Auditors' Report

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- 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 - II**”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.
  - 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 Ind-AS 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.
10. As required by Section 143(5) of the Companies Act, 2013 we give in “**Annexure - III**” our comments on the directions issued by the Comptroller and Auditor General of India.

For **UMMED JAIN & CO.**  
**Chartered Accountants**  
FRN: 119250W

Sd/-  
**[CA U. M. JAIN]**  
**Partner**  
Membership No.:070863

Place : Mumbai  
Date : 26<sup>th</sup> April, 2019

## Independent Auditors' Report - Annexure I

(Referred to in paragraph 8 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the standalone Ind-AS financial statements of the SBI Capital Markets Limited for the year ended March 31, 2019 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)

i. 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.***

ii. 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.

- iii. 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.
- iv. 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.
- v. The Company has not accepted any deposits from the public. Hence this para of the Order is not applicable to the Company.
- vi. 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.

vii. 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 & Services 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, 2019 for a period of more than six months from the date on when they become payable.

- 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:

## Independent Auditors' Report - Annexure I

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	3223	AY 1989-90, AY 1991-92, AY 1996-97 to AY 1999-00, AY 2001-02, AY 2003-04, AY 2006-07, AY 2009-10 to 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

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to Bank. The Company has not taken any loans from any financial institution, Government and debenture holders
- ix. 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.
- x. 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.
- xi. 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;
- xii. 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.
- xiii. 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 Indian Accounting Standards.
- xiv. 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.
- xv. 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.
- xvi. 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**  
 FRN: 119250W

Sd/-  
**[CA U. M. JAIN]**  
**Partner**  
 Membership No.070863

Place: Mumbai  
 Date: 26<sup>th</sup> April, 2019

## Independent Auditors' Report - Annexure II

(Referred to in paragraph 9(f) under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the standalone Ind-AS financial statements of the SBI Capital Markets Limited for the year ended March 31, 2019 on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013)

We have audited the internal financial controls over financial reporting of SBI Capital Markets Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone Ind-AS 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 II

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### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, 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**  
FRN: 119250W

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

Place: Mumbai  
Date : 26<sup>th</sup> April, 2019



## Independent Auditors' Report - Annexure III

(Referred to in paragraph 10 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the standalone Ind-AS financial statements of the SBI Capital Markets Limited for the year ended March 31, 2019 on Directions issued by the Comptroller and Auditor General of India under section 143(5) of Companies Act, 2013)

1. Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.
  - **According to the information and explanations given to us and based on our examination of the records of the Company, the Company has system in place to process all the accounting transactions through IT system. The accounting IT software Oracle is in place to process all accounting transactions.**
2. Whether there is any restructuring of an existing loan or cases of waiver / write off of debts / loans / interest etc. made by a lender to the Company due to the Company's inability to repay the loan? if yes, the financial impact may be stated.
  - **According to the information and explanations given to us and based on our examination of the records of the Company, there is no restructuring of an existing loan or cases of waiver/write off of debts / loans/ interest etc. made by a lender to the Company at all.**
3. Whether funds received / receivable for specific schemes from central / state agencies were properly accounted for / utilized as per its term and conditions? List the cases deviation.
  - **According to the information and explanations given to us and based on our examination of the records of the Company, no funds have been received / receivable for specific schemes from central / state agencies.**

For **UMMED JAIN & CO.**  
**Chartered Accountants**  
FRN: 119250W

Sd/-  
**[CA U. M. JAIN]**  
**Partner**  
Membership No. 070863

Place: Mumbai  
Date: 26<sup>th</sup> April, 2019

## CAG Comments

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### 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, 2019

The preparation of financial statements of SBI Capital Markets Limited for the year ended 31 March, 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 26.04.2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of SBI Capital Markets Limited for the year ended 31 March, 2019 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and Company personnel and a selective examination of some of the accounting records.

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

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

Sd/-  
**(Roop Rashi)**  
**Director General of Commercial Audit and**  
**ex-officio Member, Audit Broad-I, Mumbai**

Place: Mumbai  
Date: 07.08.2019

# Balance sheet as at 31<sup>st</sup> March, 2019, 31<sup>st</sup> March, 2018 and 1<sup>st</sup> April, 2017

(Rupees in lacs unless otherwise stated)

Particulars	As at			
	Notes	31-Mar-19	31-Mar-18	1-Apr-17
<b>ASSETS</b>				
Financial Assets				
Cash and cash equivalents	2.1	1,995	3,218	3,207
Bank balance other than above		317	383	96
Receivables				
Trade Receivables	2.2	10,853	20,189	23,612
Investments	2.3	184,836	186,490	148,177
Other Financial assets	2.4	4,647	1,185	1,332
<b>Total Financial Assets</b>		<b>202,648</b>	<b>211,465</b>	<b>176,424</b>
<b>Non-financial Assets</b>				
Current tax asset (Net)	2.5	8,535	8,063	6,771
Investment Property	2.6	6,562	6,907	7,270
Property, Plant and Equipment	2.7	567	717	933
Capital work in progress		-	14	-
Intangible assets	2.8	11	24	155
Other non-financial assets	2.9	190	836	634
<b>Total Non-Financial Assets</b>		<b>15,865</b>	<b>16,561</b>	<b>15,763</b>
<b>TOTAL ASSETS</b>		<b>218,513</b>	<b>228,026</b>	<b>192,187</b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
<b>Financial Liabilities</b>				
Total outstanding dues of creditors other than MSME	2.10	859	2,441	2,149
Borrowings	2.11	-	30,032	-
Other financial liabilities	2.12	1,816	3,342	2,379
<b>Total Financial Liability</b>		<b>2,675</b>	<b>35,815</b>	<b>4,528</b>
<b>Non-Financial Liabilities</b>				
Deferred tax Liabilities (Net)	2.13	21,727	18,038	20,389
Provisions	2.14	1,035	1,086	1,185
Other non-financial liabilities	2.15	1,134	4,363	2,905
<b>Total non-financial Liability</b>		<b>23,896</b>	<b>23,487</b>	<b>24,479</b>

## Balance sheet as at 31<sup>st</sup> March, 2019, 31<sup>st</sup> March, 2018 and 1<sup>st</sup> April, 2017

(Rupees in lacs unless otherwise stated)

Particulars	As at			
	Notes	31-Mar-19	31-Mar-18	1-Apr-17
<b>EQUITY</b>				
Equity Share capital	2.16	5,803	5,803	5,803
Other Equity	2.17	186,139	162,921	157,377
<b>Total Equity</b>		<b>191,942</b>	<b>168,724</b>	<b>163,180</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>218,513</b>	<b>228,026</b>	<b>192,187</b>

See Accompanying Notes to Financial Statements 1 & 2.1 to 2.36

Previous gaap figures have been reclassified to conform to Ind AS presentation requirements.

As per our report of even date

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

Sd/-  
**CA U. M. Jain**  
Partner  
Membership No.: 070863  
Mumbai, 26<sup>th</sup> April, 2019

Sd/-  
**Rajnish Kumar**  
Chairman

Sd/-  
**Sivakumar Vattipalli**  
Senior Vice President & CFO

For and on behalf of Board of Directors

Sd/-  
**Sanjiv Chadha**  
Managing Director & CEO

Sd/-  
**Amit Shah**  
Company Secretary

## Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2019

(Rupees in lacs unless otherwise stated)

Particulars	Notes	For the Year Ended	
		31-Mar-19	31-Mar-18
Revenue from operations			
Interest Income	2.18	1,084	1,314
Dividend Income	2.19	3,757	4,367
Rental Income	2.20	1,042	981
Fees and Commission Income	2.21	24,848	40,750
Net gain on fair value changes	2.22	851	1,260
Others	2.23	2,762	2,440
<b>Total Revenue from Operations</b>		<b>34,344</b>	<b>51,112</b>
Other Income	2.24	5,321	2,559
<b>Total Income</b>		<b>39,665</b>	<b>53,671</b>
<b>Expenses</b>			
Finance Costs	2.25	580	32
Provision for doubtful debts		-	1,515
Employee Benefits Expenses	2.26	6,442	11,020
Depreciation and Amortization	2.27	560	850
Others expenses	2.28	7,823	6,605
<b>Total Expenses</b>		<b>15,405</b>	<b>20,022</b>
<b>Profit / (loss) before tax</b>		<b>24,260</b>	<b>33,649</b>
Tax Expense:			
(1) Current Tax		7,180	11,100
(2) Deferred Tax		261	(1,077)
<b>Profit / (loss) after tax for the period</b>		<b>16,819</b>	<b>23,626</b>
Other Comprehensive Income			
Actuarial gains / losses on defined benefit plan - reclassified from P&L to OCI		16	5
Fair valuation gain / (loss) on equity investments through Other Comprehensive Income		9,812	(3,645)
Deferred Tax		(3,429)	1,274

## Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2019

(Rupees in lacs unless otherwise stated)

Particulars	Notes	For the Year Ended	
		31-Mar-19	31-Mar-18
Other comprehensive income net of tax		6,399	(2,367)
<b>Total Comprehensive Income for the period</b>		<b>23,218</b>	<b>21,260</b>
<b>Earning Per Share (face value of ₹ 10 each)</b>			
Basic in ₹		28.98	40.71
Diluted in ₹		28.98	40.71

Previous gaap figures have been reclassified to conform to Ind AS presentation requirements.

As per our report of even date

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

Sd/-  
**CA U. M. Jain**  
**Partner**  
Membership No.: 070863  
Mumbai, 26<sup>th</sup> April, 2019

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

Sd/-  
**Sivakumar Vattipalli**  
**Senior Vice President & CFO**

For and on behalf of Board of Directors

Sd/-  
**Sanjiv Chadha**  
**Managing Director & CEO**

Sd/-  
**Amit Shah**  
**Company Secretary**

## Cash Flow Statement

(Rupees in lacs unless otherwise stated)

Particulars	For the year ended 31-Mar-19		For the year ended 31-Mar-18	
<b>Cash flow from operating activities:</b>				
<b>Net profit before taxation</b>		<b>24,260</b>		<b>33,649</b>
Adjustments for -				
Fair valuation gain / loss on FVTPL Financial Instrument	(851)		(1,260)	
Interest on fair valuation of security deposit	(35)		(32)	
Amortisation of prepaid rent expenses on security deposit	31		31	
Provision for (written back) / doubtful debts	(586)		1,515	
Interest on income Tax refund	(3,645)		-	
Reversal of fair value Gain / (loss) on sale of investment	848		2,735	
Provision for Long Term Investments	51		-	
Provision for Current Investment	(8)		6	
Depreciation	560		850	
(Profit) / Loss on sale of assets (net)	(3)		(1)	
Realized profit on sale of long term investments	(7)		(355)	
Interest income on long term investment	(669)		(669)	
Interest income on fixed deposit with Banks	(27)		(19)	
Dividend income	(3,757)		(4,367)	
Interest expenses	580		32	
		(7,518)		(1,534)
Operating profit before working capital changes		<b>16,742</b>		<b>32,115</b>
Decrease / (increase) in trade receivables	9,921		1,908	
Decrease / (increase) in Margin Money Deposit & Escrow Accounts	56		(307)	
Decrease / (increase) financial asset	(3,426)		179	
Decrease / (increase) other non-financial assets	4,260		(234)	
Decrease / (increase) current investment	16,925		(35,034)	
(Decrease) / increase payable	(1,583)		292	
(Decrease) / increase other financial liability	(1,526)		962	
(Decrease) / increase non-financial liability	(571)		1,162	
(Decrease) / increase in provision for gratuity	(24)		170	
(Decrease) / increase in Provision for compensated absences	(11)		(263)	
		24,021		(31,165)
Cash generated from operations		<b>40,763</b>		<b>950</b>
Income tax paid	(7,650)		(12,392)	
		(7,650)		(12,392)
<b>I. Net cash from operating activities</b>		<b>33,113</b>		<b>(11,442)</b>
<b>Cash flow from investing activities:</b>				
Purchase of fixed assets	(98)		(178)	
Sale of fixed assets	63		25	
Interest on long term investments	696		688	
Dividend income	3,757		4,367	

## Cash Flow Statement

(Rupees in lacs unless otherwise stated)

Particulars	For the year ended 31-Mar-19		For the year ended 31-Mar-18	
Purchase of investments	(8,001)		(8,500)	
Sale of investments	2,507		450	
<b>II. Net cash from investing activities</b>		<b>(1,076)</b>		<b>(3,147)</b>
<b>Cash flow from financing activities:</b>				
Repayment of bank borrowing	(30,032)		-	
Bank borrowing availed			30,032	
Interest expenses	(580)		(32)	
Dividend payment	-		(13,058)	
Tax on dividend payment	(2,658)		(2,363)	
<b>III. Net cash used in financing activities</b>		<b>(33,270)</b>		<b>14,579</b>
<b>Net change in cash &amp; cash equivalents (I+II+III)</b>		<b>(1,233)</b>		<b>(10)</b>
Cash & cash equivalents at the beginning of the year		3,197		3,207
Cash & cash equivalents at the end of the year		1,964		3,197

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

Particulars	As at 31-Mar-19		As at 31-Mar-18
Cash on hand	-		-
Balances with scheduled banks (current & deposit accounts)	1,964		3,197
Bank Overdraft (Book Overdraft shown under Current Liabilities)	-		-
	<b>1,964</b>		<b>3,197</b>
(Excludes amounts placed as deposits with scheduled banks and lien marked with them and balances in escrow accounts)	348		383

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

As per our report of even date

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

Sd/-  
**CA U. M. Jain**  
**Partner**  
Membership No.: 070863  
Mumbai, 26<sup>th</sup> April, 2019

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

Sd/-  
**Sivakumar Vattipalli**  
**Senior Vice President & CFO**

For and on behalf of Board of Directors

Sd/-  
**Sanjiv Chadha**  
**Managing Director & CEO**

Sd/-  
**Amit Shah**  
**Company Secretary**



# Statement of changes in equity as at 31<sup>st</sup> March, 2019 and 31<sup>st</sup> March, 2018

(Rupees in lacs unless otherwise stated)

Particulars	No. of Shares (Lacs)	Amount				
<b>A. Equity share capital</b>						
Balance as at April 1, 2017	580	5,803				
Changes in equity share capital	-	-				
Balance as at March 31, 2018	580	5,803				
Changes in equity share capital	-	-				
Balance as at March 31, 2019	580	5,803				
<b>B. Other Equity</b>						
Particulars	Security premium reserve	Retained earnings	General Reserve	Equity Instruments OCI Reserve	Total equity	
Balance as at April 1, 2017	6,347	109,037	41,993	-	157,377	
Profit for the year	-	23,626	-	-	23,626	
Other comprehensive income	-	(2,367)	-	-	(2,367)	
<b>Total comprehensive income for the period</b>	-	<b>21,260</b>	-	-	<b>21,260</b>	
Interim Dividends paid	6,347	130,296	41,993	-	178,636	
Dividend Distribution Tax	-	(13,058)	-	-	(13,058)	
Inter-Reserve Transfer	-	(2,658)	-	-	(2,658)	
Other Movements	-	(2,446)	2,446	-	-	
Balance as at March 31, 2018	6,347	114,505	44,440	(2,371)	162,921	
Profit / (Loss) for the year	-	16,819	-	-	16,819	
Other comprehensive income for the year	-	6,399	-	-	6,399	
<b>Total comprehensive income for the period</b>	-	<b>23,218</b>	-	-	<b>23,218</b>	

## Statement of changes in equity as at 31<sup>st</sup> March, 2019 and 31<sup>st</sup> March, 2018

(Rupees in lacs unless otherwise stated)

Particulars	Security premium reserve	Retained earnings	General Reserve	Equity Instruments OCI Reserve	Total equity
Dividends paid	-	-	-	-	-
Inter-Reserve Transfer	-	-	-	-	-
Other Movements	-	(6,383)	-	6,383	-
<b>Balance as at March 31, 2019</b>	<b>6,347</b>	<b>131,341</b>	<b>44,440</b>	<b>4,012</b>	<b>186,139</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Previous gaap figures have been reclassified to conform to Ind AS presentation requirements.

As per our report of even date

For **Ummed Jain & Co.**  
**Chartered Accountants**

Firm Registration No.: 119250W

Sd/-  
**Rajnish Kumar**  
Chairman

For and on behalf of Board of Directors

Sd/-  
**Sanjiv Chadha**  
Managing Director & CEO

Sd/-  
**CA U. M. Jain**  
Partner

Membership No.: 070863  
Mumbai, 26<sup>th</sup> April, 2019

Sd/-  
**Sivakumar Vattipalli**  
Senior Vice President & CFO

Sd/-  
**Amit Shah**  
Company Secretary

# Notes To Financial Statements

## For The Year Ended 31<sup>st</sup> March, 2019

### NOTE: 1

#### Background

SBI Capital Markets Limited (hereinafter referred to as “the Company”) is a unlisted public limited Company domiciled in India and incorporated under the provisions of the Companies Act applicable in India. The registered office of the Company is located at No.202, Maker Tower, ‘E’, 20<sup>th</sup> Floor, Cuffe Parade, Colaba, Mumbai - 400 005, Maharashtra, India.

The Company is India’s one of the renowned Investment Bank, offering the entire gamut of investment banking, merchant banking and corporate advisory services. These services encompass Project Advisory and Loan Syndication, Structured Debt Placement, Capital Markets, Mergers & Acquisitions, Private Equity and Stressed Assets Resolution.

The Company is a wholly owned subsidiary and the Investment Banking arm of State Bank of India (SBI), the largest commercial Bank in India.

The financial statements were authorised for issue by the Company’s Board of Directors on 26<sup>th</sup> April, 2019.

#### 1.2 Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These accounting policies have been consistently applied to all the years presented by the Company unless otherwise stated.

##### A. Basis of Preparation

###### i. Statement of compliance

These financial statements are prepared in accordance with Indian Accounting Standards (hereinafter referred to as “Ind AS”) under the provisions of the Companies Act, 2013 (hereinafter referred to as ‘the Act’). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. The Company drawn its financial statements as per Division III to Schedule III to the Companies Act, 2013 being applicable to Non Banking Financial Company (NBFC) having Merchant Banking operations in pursuance to MCA notification GSR 365(E) dated 11.10.2018.

These financial statements for the period ended March 31, 2019 are the first financial statements of the Company prepared in accordance with Ind AS. For all periods up to and including the year ended March 31, 2018, the Company prepared its financial statements in accordance with the Generally Accepted Accounting Principles (hereinafter referred to as ‘previous GAAP’) used for its statutory reporting requirement in India. Refer Note 1.4 for an explanation of how the transition from the previous GAAP to Ind AS has affected the Company’s financial position, financial performance and cash flows. The Company has adopted the Ind AS standards in accordance with Ind AS 101 First time adoption of Indian Accounting Standards.

###### ii. Basis of measurement

The financial statements have been prepared on historical cost basis except the following

- certain financial instruments that is measured at fair value;
- defined benefit plans - plan assets measured at fair value;

##### B. Summary of significant accounting policies

###### a. Current versus Non-Current Classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle.

# Notes To Financial Statements

## For The Year Ended 31<sup>st</sup> March, 2019

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- Held primarily for the purpose of trading.
- Expected to be realized within twelve months after reporting date, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as Non-current.

- A liability is current when:
- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within 12 months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

### b. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of trade allowances, rebates, cash discount and amounts collected on behalf of third parties.

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities as described below.

- **Fee based Income**
  - i. **Issue Management and advisory fees** are recognized as per the terms of the agreement with the customer / client i.e. fee income is recognized only when the specific act / milestone defined in the agreement is executed / completed.
  - ii. **Fees for private placement** are recognized on completion of the assignment.

- **Interest Income**

Interest income from financial assets is recognized when it is probable that economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount on initial recognition.

- **Sale of Securities**

Gains and losses on the sale of securities are recognized on trade date. The cost of Securities is taken on weighted average method.

- **Dividend Income**

Dividend income from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably).

## Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2019

### c. Property, Plant and Equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold is not depreciated.

All items of property, plant and equipment are initially recorded at cost. Such cost includes the cost of replaced part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The cost of an item of property, plant and equipment is recognized as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment (excluding freehold land) are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciation, respectively. All other repair and maintenance costs are recognized in the Statement of Profit and Loss as incurred.

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.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and useful lives.

Management believes based on a technical evaluation that the useful lives of the assets reflect the periods over which these assets are expected to be used, which are as follows:

Description of Asset	Estimated useful lives (in years)	Depreciation Method
Buildings	60	WDV
Office Equipments (other than mobile phones)	5	WDV
Furniture & Fixtures	10	WDV
Vehicles	8	WDV
Computers	3	SLM
Mobiles phones	3	SLM
Leasehold improvements	Over the period lease	SLM

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between sales proceeds and the carrying amount of the asset and is recognized in profit or loss. Fully depreciated assets still in use are retained in financial statements.

# Notes To Financial Statements

## For The Year Ended 31<sup>st</sup> March, 2019

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### **Transition to Ind AS**

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as at April 1, 2017 measured as per the Previous GAAP as the deemed cost of the property, plant and equipment.

### **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.

### **e. Investment property**

Investment properties are properties that is held for long-term rentals yields or for capital appreciation (including property under construction for such purposes) or both, and that is not occupied by the Company, is classified as investment property.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Investment properties are depreciated using the straight-line method over their estimated useful lives. The useful life has been determined based on technical evaluation performed by the management expert.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

### **Transition to Ind AS**

The Company has elected to continue with the carrying value for all of its investment property as recognized in its Indian GAAP financial statements as deemed cost at the transition date, viz., 1 April, 2017.

### **f. Taxation**

#### **Current taxes**

Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in other comprehensive income or equity, in which case it is recognized in other comprehensive income or equity respectively. Current income tax is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The Company offsets, on a year to year basis, the current tax assets and liabilities, where it has legally enforceable right to do so and where it intends to settle such assets and liabilities on a net basis.

#### **Deferred taxes**

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

## Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2019

Deferred tax relating to items recognized outside the profit and loss is recognized outside profit and loss (either in other comprehensive income or in equity)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India. Credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

### g. Fair Value measurement

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to settle a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability if market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable. In case of unquoted debt instruments, valuation would be done in accordance with the valuation guidelines issued by the Fixed Income Money Market and Derivatives Association of India (FIMMDA).
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

### h. Impairment of Non-Financial Assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are

# Notes To Financial Statements

## For The Year Ended 31<sup>st</sup> March, 2019

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also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets that have an indefinite useful lives and which are not subject to amortization are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized in the profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

### i. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### Financial Assets

##### a) Initial recognition and measurement

All financial assets are recognized initially at fair value plus or minus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction cost of financial assets carried at fair value through profit or loss are expensed in profit or loss. Investments are recognized on the trade date, which is the date on which the Company enters into the trade.

##### b) Subsequent measurement

###### Debt Instruments at amortised cost:

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets is included in finance income using the effective interest rate method. A gain or loss on a debt instrument that is subsequently measured at amortised cost is recognized in profit or loss when the asset is derecognized or impaired.

###### Debt instrument at Fair Value through Other Comprehensive Income (OCI)

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets is included in finance income using the effective interest rate method. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income and impairment gains or losses in the statement of profit and loss. On derecognition of the asset, the cumulative gain or loss previously recognized in OCI is reclassified from equity to statement of profit and loss.



# Notes To Financial Statements

## For The Year Ended 31<sup>st</sup> March, 2019

### **Debt instrument at Fair Value through Profit or Loss (FVTPL)**

A financial asset which does not meet the criteria for categorization as at amortized cost or as fair value through other comprehensive income is classified as fair value through profit or loss. Debt instruments subsequently measured at fair value through profit or loss are measured at fair value with all changes recognized in the statement of profit and loss.

### **Equity instruments**

All equity investments in scope of Ind AS 109 are measured at fair value at the end of each reporting period. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in OCI. The Company makes such election on a scrip-by-scrip basis. The classification is made on initial recognition and is irrevocable.

Dividends from such investments are recognized in profit or loss as other income. There is no recycling of the amounts from OCI to Profit and Loss, even on sale / derecognition of equity instrument. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments subsequently measured at fair value through profit or loss are measured at fair value with all changes recognized in the statement of profit and loss.

Investment in subsidiaries, associates and joint ventures is carried at previous GAAP carrying cost in the financial statements.

### **c. De-recognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company balance sheet) when:

The rights to receive cash flows from the asset have expired, or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

### **d. Impairment of financial assets**

The Company recognizes impairment loss applying the expected credit loss (ECL) model on the financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual right to receive cash or other financial asset and financial guarantee not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial

# Notes To Financial Statements

## For The Year Ended 31<sup>st</sup> March, 2019

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recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 months expected credit losses.

For trade receivables or any contractual right to receive cash or another financial assets that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company applies 'simplified approach' permitted by Ind AS 109 Financial Instruments. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

### **Financial Liabilities**

#### **a) Initial recognition and measurement**

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

#### **b) Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

#### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by Ind-AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains / losses attributable to changes in own credit risk are recognized in OCI. These gains/loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

#### **Financial liabilities at amortised cost**

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

#### **Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Such amortisation is included as finance costs in the statement of profit and loss.

## Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2019

### c. **De-recognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

### d. **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

### j. **Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the lessee is classified as a finance lease.

#### **Finance Lease as a lessee**

Finance leases are capitalised at the commencement of the lease at the inception date at fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

#### **Operating Lease as a lessee**

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where another systematic basis is more representative of the time pattern in which economic benefits from leased assets are consumed. The aggregate benefit of incentives (excluding inflationary increases) provided by the lessor is recognized as a reduction of rental expense over the lease term on a straight-line basis. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

### k. **Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets that necessarily takes a substantial period of time to get ready for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in statement of profit and loss in the period in which they are incurred.

# Notes To Financial Statements

## For The Year Ended 31<sup>st</sup> March, 2019

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### **l. Equity Instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### **Dividend Provision**

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

### **m. Provisions**

Provisions are recognized when the Company has a present obligation, legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability.

### **n. Contingent Liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. The Company does not recognize a contingent liability but discloses its existence in the financial statements. Payments in respect of such liabilities, if any are shown as advances.

### **o. Cash and Cash Equivalents**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), and highly liquid time deposits that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

### **p. Employee Benefits**

#### ▪ Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employee's services up to the end of the reporting period and are measured at the undiscounted amounts of the benefits expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

#### ▪ Other Long-term employee benefit obligations

The liabilities for compensated absences (annual leave) which are not expected to be settled wholly within 12 months after the end of the period in which the employee render the treated are presented as non-current employee benefits obligations. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the Projected Unit Credit method. The benefits are discounted using the market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligations. Remeasurements as a result of experience adjustments and changes in actuarial assumptions (i.e. actuarial losses / gains) are recognized in the Statement of Profit and Loss.

## Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2019

The obligations are presented as current in the balance sheet if the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

### ▪ **Post-employment obligations**

The Company operates the following post-employment schemes:

- i. Defined benefit plans such as gratuity
- ii. Defined contribution plans such as provident fund.

#### **Defined benefit plan - Gratuity Obligations**

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment.

The liability or asset recognized in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is actuarially determined using the Projected Unit Credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash flows outflows by reference to market yields at the end of the reporting period on government bonds that have a terms approximating to the terms of the obligation.

The net interest cost, calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of the plan assets, is recognized as employee benefit expenses in the statement of profit and loss.

Remeasurements gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the other comprehensive income in the year in which they arise and are not subsequently reclassified to Statement of Profit and Loss.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

#### **Defined Contribution Plan**

The Company pays provident fund contributions to publicly administered provident funds as per local regulatory authorities. The Company has no further obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due.

### q. **Segment Reporting**

The Company identifies operating segments based on the internal reporting provided to the chief operating decision-maker.

The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

# Notes To Financial Statements

## For The Year Ended 31<sup>st</sup> March, 2019

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### r. Foreign Currencies

The Company's financial statements are presented in INR, which is also the Company's functional currency.

#### Transaction and balances

Transactions in foreign currencies are initially recorded by the Company in their functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting period. Exchange differences arising on the settlement of monetary items or on translating monetary items are recognized in profit or loss except.

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks;
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

### s. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account.

- The after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- weighted average number of equity shares that would have been outstanding assuming the conversion of all the dilutive potential equity.

## 1.3 Critical Accounting Judgements and Estimates

The preparation of financial statements in conformity with Ind AS requires judgements, estimates and assumptions to be made that affect the reported amount of assets, liabilities, revenue, expenses, accompanying disclosures and the disclosures of contingent liabilities. The estimates and associates assumptions are based on historical experience and other factors that are considered to be relevant. Actual results could differ from those estimates. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future period.

# Notes To Financial Statements

## For The Year Ended 31<sup>st</sup> March, 2019

Application of accounting policies that require critical accounting estimates and the use of assumptions in the financial statements are as follows:

- **Defined benefit plans**

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Further details about gratuity obligations are given in Note 2.36.

- **Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

### 1.4 First-time adoption of Ind AS

These financial statements, for the year ended March 31, 2019, are the first financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended on March 31, 2019, the comparative information presented in these financial statements for the year ended March 31, 2018 and in the preparation of an opening Ind AS balance sheet at April 1, 2017.

In preparing its opening Ind AS balance sheet and in presenting the comparative information for the year ended March 31, 2018, the Company has adjusted the amounts reported previously in the financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). For the purpose of transition from the Indian GAAP to Ind AS, the Company has applied Ind AS 101 - First Time Adoption of Indian Accounting Standards.

An explanation of how the transition from previous GAAP to Ind AS has affected the Company financial position, financial performance and cash flows is set out in the following tables and notes.

Exemptions on first time adoption of Ind AS availed in accordance with Ind AS 101 have been described below.

#### I. Exemptions and exceptions availed on first time adoption of Ind AS 101

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS

- **Ind AS optional exemptions**

# Notes To Financial Statements

## For The Year Ended 31<sup>st</sup> March, 2019

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### i. **Deemed Cost**

As per Ind AS 101 permits, a first time adopter to elect to continue with the carrying values for all of its property, plant and equipment as recognized in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used Investment properties and intangible assets.

Accordingly, the Company has elected to measure all of its property, plant and equipment, Investment properties and intangible assets at their previous GAAP carrying value.

### ii. **Designation of previously recognized financial instruments**

Ind AS allows an entity to designate investments in equity instruments (other than equity investments in subsidiaries, associates and joint arrangements and other than held for trading) as at fair value through other comprehensive income (FVTOCI) based on facts and circumstances at the date of transition to Ind AS. Other equity investments are classified as at fair value through profit and loss (FVTPL).

The Company has not elected to apply this exemption for its equity investments (other than equity investments in subsidiaries, associates and joint arrangements and other than held for trading) to designate it as FVTOCI.

### iii. **Measurement of Investment in subsidiaries, associates and joint ventures**

Ind AS allows entity that subsequently measures an investment in a subsidiary, joint ventures or associate at cost, may measure such investment at cost (determined in accordance with Ind AS 27) or deemed cost (fair value or previous GAAP carrying amount) in its separate opening Ind AS balance sheet.

For investments in equity instruments of subsidiaries the Company has elected to apply separate exemption available under Ind AS 101 by measuring at their previous GAAP carrying amount cost which is the deemed cost at the date of transition to Ind AS.

## ▪ **Ind AS mandatory exceptions**

### i. **Estimates**

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 1, 2017 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Investment in equity instruments carried at FVTPL or FVTOCI
- Impairment of financial assets based on expected credit loss model.

### ii. **Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

Accordingly, the Company has determined the classification of financial assets based on the facts and circumstances that exist on the date of transition.



## Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2019

### II. Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows. The following tables represent the reconciliations from previous GAAP to Ind AS.

#### Reconciliation of total equity as at 31 March, 2018 and 1 April, 2017

(₹ in Lacs)

	Notes	31-Mar-19	31-Mar-18	01-Apr-17
<b>Total Equity (shareholders' funds) as per Previous GAAP</b>		<b>1,41,744</b>	<b>1,24,438</b>	<b>1,15,690</b>
<b>Adjustments</b>				
Fair valuations of investments	1	76,189	66,378	71,499
Provision for expected credit losses on trade receivables	2	601	1,329	1,136
Tax effects of adjustments		(26,592)	(23,417)	(25,139)
<b>Total adjustments to equity</b>		<b>50,198</b>	<b>44,285</b>	<b>47,490</b>
<b>Total Equity as per Ind AS</b>		<b>1,91,942</b>	<b>1,68,724</b>	<b>1,63,180</b>

#### Reconciliations of total comprehensive income for the year ended 31 March, 2018

(₹ in Lacs)

	Notes	31 March, 2019	31 March, 2018
Profit after tax as per previous GAAP		17,305	24,464
<b>Adjustments</b>			
Fair valuations of investments	1	5	(1,476)
Provision for expected credit losses on trade receivables	2	(733)	193
Fair value gain / loss on security deposit		4	2
Re-measurements of post-employment benefit obligations	3	(16)	(5)
Tax effects of adjustments		254	448
<b>Total adjustments</b>		<b>(486)</b>	<b>(839)</b>
<b>Profit after tax as per Ind AS</b>		<b>16,819</b>	<b>23,626</b>
<b>Other comprehensive income</b>	<b>4</b>	<b>6,399</b>	<b>(2,366)</b>
<b>Total comprehensive income as per Ind AS</b>		<b>23,218</b>	<b>21,260</b>

### III. Notes to first-time adoption

#### i) Fair valuation of investments

Under the previous GAAP, investments in equity instruments and mutual funds were classified as long-term or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value.

Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognized in retained earnings as at the date of transition and subsequently in the profit or loss for trade investments and other comprehensive income for long unquoted equity shares

## Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2019

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for the year ended 31 March, 2018 and 31 March, 2019 respectively. This increased the retained earnings by INR 76,189/- as at 31 March, 2019 and INR 66,378/- lacs as at 31 March, 2018 (1 April 2017- INR 71,499/- lacs) and profit for the year ended 31 March, 2019 and 31 March, 2018 increased by INR 5/- lacs and decrease by 1,476/- respectively.

### ii) **Trade receivables**

As per Ind AS 109, the Company is required to apply expected credit loss model for recognising the allowance for doubtful debts. As a result, the allowance for doubtful debts increased by INR 601/- lacs and INR 1,329/- lacs as at 31 March, 2019 and 31 March, 2018 (1 April 2017- INR 1,136/- lacs) and profit for the year ended 31 March, 2019 and 31 March, 2018 increase by INR 193/- lacs and decrease by 733/- lacs respectively.

### iii) **Remeasurements of post-employment benefit obligations**

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognized in other comprehensive income instead of profit or loss.

Under the previous GAAP, these remeasurements were forming part of the profit and loss for the year. As a result of this change, the profit for the year ended 31 March, 2019 and 31 March, 2018 increased by INR 16/- and INR 5/- lacs respectively. There is no impact on the total equity.

### iv) **Other comprehensive income**

Under Ind AS, all items of income and expense recognized in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognized in profit or loss but are shown in the statement of profit and loss as "other comprehensive income" includes remeasurement of defined benefit plans and fair value gains or (losses) on FVTOCI equity instruments. The concept of other comprehensive income did not exist under previous GAAP.

## Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2019

(Rupees in lacs unless otherwise stated)

### NOTE - 2.1

Particulars	As at		
	31-Mar-19	31-Mar-18	1-Apr-17
(a) <b>Cash and Cash equivalents</b>			
Balances with banks			
- In current accounts	1,964	3,197	3,207
- In current accounts - Escrow Accounts	31	21	-
Cash on hand	-	-	-
<b>Total</b>	<b>1,995</b>	<b>3,218</b>	<b>3,207</b>
(b) Bank balance other than (a) above			
Deposit accounts with original maturity Less than 12 months	312	148	76
Deposit accounts with original maturity more than 12 months	5	235	20
<b>Total</b>	<b>317</b>	<b>383</b>	<b>96</b>

Fixed deposits amounting to ₹ 317 (2018: ₹ 383) are towards the cash margin for various guarantees issued by banks on behalf of the Company.

### NOTE - 2.2

Particulars	As at		
	31-Mar-19	31-Mar-18	1-Apr-17
<b>Receivables</b>			
1. <b>Trade Receivables</b>			
<b>Receivables considered good - Unsecured</b>			
<b>Non-current</b>			
(i) Trade Receivables	19	19	19
<b>Total (A)</b>	<b>19</b>	<b>19</b>	<b>19</b>
<b>Current</b>			
(i) Trade Receivables	17,527	27,064	28,871
(ii) Receivable from related parties	2,582	2,967	3,067
Less: Allowance for expected credit loss	(9,275)	(9,860)	(8,345)
<b>Total (B)</b>	<b>10,834</b>	<b>20,170</b>	<b>23,593</b>
<b>Total (A+B)</b>	<b>10,853</b>	<b>20,189</b>	<b>23,612</b>
2. Allowance for expected credit loss			
Balance at the beginning of the year	9,860	8,345	
Add: Allowance for the year	(586)	1,515	
<b>Balance at the end of year</b>	<b>9,275</b>	<b>9,860</b>	

# Notes To Financial Statements

## For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

(Rupees in lacs unless otherwise stated)

### NOTE – 2.3

Particulars	As at					
	March 31, 2019		March 31, 2018		April 01, 2017	
	Units	Amount	Units	Amount	Units	Amount
<b>Investments</b>						
Non-Current						
(a) Investment in Equity Instruments						
- Quoted	-	-	-	-	-	-
- Unquoted						
Investments carried at fair value through statement of other comprehensive income (FVOCI)						
National Stock Exchange of India (Bonus issue 195000 shares and 536250 share offered for OFS before split held in escrow account)	21,450,000	72,745	21,450,000	63,345	21,450,000	65,260
OTC Exchange of India of ₹ 10 each	1,100,000	*-	1,100,000	*-	1,100,000	*-
Investor Services India Ltd. of ₹ 10 each (company under voluntary liquidation)	535,768	-	535,768	-	535,768	-
ONGC Mittal Energy Ltd of USD 1 each	1,000,000	*-	1,000,000	*-	1,000,000	*-
Receivable Exchange of India Ltd. of ₹ 10 each	1,525,000	260	1,525,000	306	1,525,000	270
SBI Home Finance Ltd. of ₹ 10 each	1,032,500	*-	1,032,500	*-	1,032,500	*-
<b>Sub-total</b>		<b>73,005</b>		<b>63,651</b>		<b>65,530</b>
<b>Investment in Equity Instruments - Parent's Subsidiaries (unquoted) - fully paid up</b>						
Investments carried at fair value through FVOCI						

## Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

Particulars	As at					
	March 31, 2019		March 31, 2018		April 01, 2017	
	Units	Amount	Units	Amount	Units	Amount
SBI DFHI Ltd. of ₹ 100 each (formerly known as SBI Gilts Ltd.) (Percentage holding in the Company is 3.12%)	595,295	2,753	595,295	2,346	681,818	4,710
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	-	1,001	-
<b>Sub-total</b>		<b>2,753</b>		<b>2,346</b>		<b>4,710</b>
<b>Investment in Equity Instruments - Associates (unquoted)- fully paid up</b>						
Investment shown at cost less impairment						
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	6,000,000	601
<b>Sub-total</b>		<b>601</b>		<b>601</b>		<b>601</b>
<b>Investment in Equity Instruments - wholly owned subsidiaries (unquoted)- fully paid up</b>						
Investment shown at cost less impairment						
SBICAP Securities Ltd. of ₹ 10 each	96,875,000	12,500	96,875,000	12,500	96,875,000	12,500
SBICAP UK Ltd of GBP 1 each	200,000	172	200,000	172	200,000	172
SBICAP Trustee Company Ltd. of ₹ 10 each	1,000,000	5	1,000,000	5	1,000,000	5
SBICAP Ventures Ltd. of ₹ 10 each	49,977,917	4,998	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	13,000,000	6,178

(Rupees in lacs unless otherwise stated)

# Notes To Financial Statements

## For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

(Rupees in lacs unless otherwise stated)

Particulars	As at					
	March 31, 2019		March 31, 2018		April 01, 2017	
	Units	Amount	Units	Amount	Units	Amount
<b>Sub-total</b>		23,853		22,783		22,783
<b>Total</b>		100,212		89,381		93,624
Investments carried at fair value through Profit and Loss (FVTPL)						
(b) Investments in AIF units - unquoted						
Stellaris Ventures Partners India I Fund	431	431	-	-	-	-
Investments carried at FVTPL						
(c) Investments in Mutual funds						
- Quoted		-		-		-
- Unquoted		13,228		8,698		-
<b>Total</b>		<b>13,228</b>		<b>8,698</b>		<b>-</b>
Investment carried at amortised cost						
(d) Investments in debentures or bonds						
- Quoted						
Investment carried at amortised cost						
8.20% bonds of National Highway Authority of India Ltd. (Taxfree) of ₹ 1,000/- each	54,876	549	54,876	549	54,876	549
8.20% Power Finance Corporation Ltd. (Taxfree) of ₹ 1,000/- each	71,197	712	71,197	712	71,197	712
8.10% bonds of India Railways Finance Corporation Ltd. (Taxfree) of ₹ 1,000/- each (300000 units pledged to SBI for loan of a subsidiary)	304,510	3,045	304,510	3,045	304,510	3,045
7.38% Rural Electrification Corporation Ltd. (Taxfree) of ₹ 1,000/- each (100000 units pledged to SBI for loan of a subsidiary)	100,000	1,000	100,000	1,000	100,000	1,000
7.34% Indian Railways Finance Corporation Ltd. (Taxfree) of ₹ 1,000/- each (100000 units pledged to SBI for loan of a subsidiary)	100,000	1,000	100,000	1,000	100,000	1,000

## Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

(Rupees in lacs unless otherwise stated)

Particulars	As at					
	March 31, 2019		March 31, 2018		April 01, 2017	
	Units	Amount	Units	Amount	Units	Amount
8.63% Rural Electrification Corporation Ltd. (Taxfree) of ₹ 1000/- each	100,000	1,000	100,000	1,000	100,000	1,000
8.55% India Infrastructure Finance Company Ltd. (Taxfree) of ₹ 1000/- each	100,000	1,000	100,000	1,000	100,000	1,000
<b>Sub-total</b>		<b>8,306</b>		<b>8,306</b>		<b>8,306</b>
- Unquoted	-	-	-	-	-	-
<b>Total</b>		<b>8,306</b>		<b>8,306</b>		<b>8,306</b>
<b>Total Non-current Investment</b>		<b>122,177</b>		<b>106,385</b>		<b>101,930</b>

\* Fully provided for.

# Notes To Financial Statements

## For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

(Rupees in lacs unless otherwise stated)

Particulars	As at					
	March 31, 2019		March 31, 2018		April 01, 2017	
	Units	Amount	Units	Amount	Units	Amount
<b>Investments</b>						
<b>Current</b>						
(a) Held for Trading in Debentures or Bonds						
- Quoted	-	-	-	-	-	-
- Unquoted - Investment carried at FVTPL						
7.8409% Bajaj Finance Ltd.	-	-	-	-	1,750	10,032
7.6% Power Finance Ltd.	-	-	-	-	1,000	17,643
8.09% Rural Electrification Corporation Ltd.	-	-	2,250	22,886	-	-
8.80% Capital First Ltd.	-	-	3,000	30,439	-	-
8.30% Rural Electrification Corporation Ltd.	4,000	40,092	-	-	-	-
8.98% Power Finance Corporation	1,000	10,010	-	-	-	-
<b>Sub Total</b>		<b>50,102</b>		<b>53,325</b>		<b>27,675</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 (2018: 14))	140,000	*-	140,000	*-	140,000	*-
<b>Sub Total</b>						
<b>Investment in Equity Instruments (unquoted)- fully paid up</b>						
Cremica Agro Foods Ltd. of ₹ 10/- each (At cost less provision for ₹ 3 (2018: 3))	46,200	*-	15,400	*-	15,400	*-
<b>Sub-total</b>						
(b) Held for Trading in Mutual Funds						
- Quoted						
- Unquoted - Investments carried at FVTPL		12,557		26,781		18,572
<b>Sub-total</b>		<b>12,557</b>		<b>26,781</b>		<b>18,572</b>
<b>Total Current Investment</b>		<b>62,659</b>		<b>80,106</b>		<b>46,247</b>
<b>Total Investment</b>		<b>184,836</b>		<b>186,490</b>		<b>148,177</b>

\* Fully provided for.



## Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

### NOTE - 2.4

Particulars	As at		
	31-Mar-19	31-Mar-18	1-Apr-17
<b>Other Financial Assets</b>			
<b>Current</b>			
Security deposits	31	31	31
Loans to and receivables from related parties	52	30	74
Interest accrued - Downselling	74	91	38
Interest accrued on investments	251	251	251
Interest accrued on fixed deposits	31	16	4
Dividend Receivable	-	41	341
Income Receivable	44	20	-
Loans to employees	27	58	65
Advances considered good	85	114	86
Interest receivable on income tax refund	3,639	-	-
<b>Total Current</b>	<b>4,234</b>	<b>652</b>	<b>890</b>
<b>Non Current</b>			
Security deposits	304	396	355
Others-deposits	109	137	87
<b>Total Non Current</b>	<b>413</b>	<b>533</b>	<b>442</b>
<b>Total</b>	<b>4,647</b>	<b>1,185</b>	<b>1,332</b>

### NOTE - 2.5

Particulars	As at		
	31-Mar-19	31-Mar-18	1-Apr-17
<b>Income Tax Asset (Net)</b>			
Advance tax and TDS	8,535	7,911	6,619
Advance interest tax	-	152	152
<b>Total</b>	<b>8,535</b>	<b>8,063</b>	<b>6,771</b>

## Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

(Rupees in lacs unless otherwise stated)

### NOTE - 2.6

Particulars	Investment Property
<b>Investment Property</b>	
<b>A. Gross carrying amount</b>	
Opening balance as at April 1, 2017	7,917
Additions	-
Disposals	-
Transfers	-
Assets written off	-
Classified as assets held for sale	-
<b>Balance as at March 31, 2018</b>	<b>7,917</b>
Additions	-
Disposals	-
Assets written off	-
Classified as assets held for sale	-
<b>Balance as at March 31, 2019</b>	<b>7,917</b>
<b>B. Accumulated depreciation</b>	
Opening balance as at April 1, 2017	647
Depreciation charge for the year	363
Disposals	-
Assets written off	-
Assets classified as held for sale	-
<b>Balance as at March 31, 2018</b>	<b>1,010</b>
Accumulated depreciation and impairment	-
Depreciation charge for the year	345
Impairment loss	-
Disposals	-
Assets written off	-
Assets classified as held for sale	-
<b>Balance as at March 31, 2019</b>	<b>1,355</b>
<b>C. Net carrying value</b>	
Net carrying amount as at March 31, 2019	6,562
Net carrying amount as at March 31, 2018	6,907
Net carrying amount as at April 1, 2017	7,270

## Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

(Rupees in lacs unless otherwise stated)

### NOTE - 2.7

Particulars	Buildings	Plant & Machinery	Office Equipments	Furniture & Fixtures	Vehicles	Computers	Lease hold Improvement	Total
<b>A. Property Plant and equipment</b>								
<b>Gross carrying amount</b>								
<b>Opening balance as at April 1, 2017</b>	1,600	4,020	751	944	11	816	88	8,230
Additions	-	-	42	1	14	86	-	-
Disposals	-	-	(29)	(8)	(11)	(94)	-	-
Transfers	-	-	-	-	-	-	-	-
Assets written off	-	-	-	-	-	-	-	-
Classified as assets held for sale	-	-	-	-	-	-	-	-
<b>Balance as at March 31, 2018</b>	<b>1,600</b>	<b>4,020</b>	<b>764</b>	<b>937</b>	<b>14</b>	<b>808</b>	<b>88</b>	<b>8,230</b>
Additions	-	-	16	25	-	56	-	97
Disposals	-	-	(53)	(10)	-	(177)	(33)	(273)
Assets written off	-	-	-	-	-	-	-	-
Classified as assets held for sale	-	-	-	-	-	-	-	-
<b>Balance as at March 31, 2019</b>	<b>1,600</b>	<b>4,020</b>	<b>727</b>	<b>952</b>	<b>14</b>	<b>687</b>	<b>55</b>	<b>8,055</b>
<b>B. Accumulated depreciation</b>								
<b>Opening balance as at April 1, 2017</b>	1,215	4,020	623	748	10	611	70	7,296
Depreciation charge for the year	19	-	88	73	4	142	9	335
Disposals	-	-	(24)	(6)	(10)	(78)	-	(119)
Assets written off	-	-	-	-	-	-	-	-
Assets classified as held for sale	-	-	-	-	-	-	-	-
<b>Balance as at March 31, 2018</b>	<b>1,234</b>	<b>4,020</b>	<b>687</b>	<b>815</b>	<b>4</b>	<b>675</b>	<b>79</b>	<b>7,514</b>
Depreciation charge for the year	18	-	44	55	5	73	6	201
Impairment loss	-	-	(40)	(9)	-	(147)	(30)	(227)
Disposals	-	-	-	-	-	-	-	-
Assets written off	-	-	-	-	-	-	-	-
Assets classified as held for sale	-	-	-	-	-	-	-	-
<b>Balance as at March 31, 2019</b>	<b>1,252</b>	<b>4,020</b>	<b>691</b>	<b>861</b>	<b>8</b>	<b>601</b>	<b>55</b>	<b>7,488</b>

## Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

(Rupees in lacs unless otherwise stated)

Particulars	Buildings	Plant & Machinery	Office Equipments	Furniture & Fixtures	Vehicles	Computers	Lease hold Improvement	Total
<b>C. Net carrying value</b>								
Net carrying amount as at March 31, 2019	348	-	37	91	6	86	-	567
Net carrying amount as at March 31, 2018	366	-	77	122	10	133	9	717
Net carrying amount as at April 1, 2017	385	-	128	196	2	205	18	933

## Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

(Rupees in lacs unless otherwise stated)

### NOTE - 2.8

Particulars	Computer Software
<b>Intangible Assets</b>	
<b>A. Gross carrying amount</b>	
Deemed cost as at April 01, 2017	720
Addition	20
Disposals	-
Assets written off	-
Others (Specify nature)	-
<b>Balance as at March 31, 2018</b>	<b>740</b>
Addition	1
Disposals	-
Assets written off	-
Others (Specify nature)	-
<b>Balance as at March 31, 2019</b>	<b>741</b>
<b>B. Accumulated amortisation</b>	
Opening balance as at April 1, 2017	565
Addition	151
Disposals	-
Assets written off	-
Others (Specify nature)	-
<b>Balance as at March 31, 2018</b>	<b>716</b>
Addition	14
Disposals	-
Assets written off	-
Others (Specify nature)	-
<b>Balance as at March 31, 2019</b>	<b>730</b>
<b>C. Net carrying value</b>	
Net carrying amount as at March 31, 2019	11
Net carrying amount as at March 31, 2018	24
Net carrying amount as at April 1, 2017	155

### Note:

1. All Intangible assets held by the company are purchased and not internally generated.

## Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

### NOTE - 2.9

Particulars	As at		
	31-Mar-19	31-Mar-18	1-Apr-17
<b>Other Non-Financial Assets</b>			
<b>Current</b>			
Service Tax refund	4	-	-
Other advances	62	-	-
Advances for expenses	-	342	160
Prepaid expenses	79	349	93
<b>Total Current</b>	<b>145</b>	<b>691</b>	<b>252</b>
<b>Non Current</b>			
Prepaid expenses	45	145	381
<b>Total Non Current</b>	<b>45</b>	<b>145</b>	<b>381</b>
<b>Total</b>	<b>190</b>	<b>836</b>	<b>634</b>

### NOTE - 2.10

Particulars	As at		
	31-Mar-19	31-Mar-18	1-Apr-17
<b>Financial Liabilities</b>			
<b>Payables</b>			
<b>Current</b>			
(i) Total outstanding dues of MSME	-	-	-
(ii) Others	859	2,441	2,138
<b>Non Current</b>			
(i) Total outstanding dues of MSME	-	-	-
(ii) Others	-	-	11
<b>Total</b>	<b>859</b>	<b>2,441</b>	<b>2,149</b>

### NOTE - 2.11

Particulars	As at		
	31-Mar-19	31-Mar-18	1-Apr-17
<b>Borrowings</b>			
<b>Current</b>			
<b>Unsecured, Payable on demand</b>			
Working capital loan from SBI	-	30,032	-
<b>Total</b>	<b>-</b>	<b>30,032</b>	<b>-</b>

## Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

### NOTE - 2.12

Particulars	As at		
	31-Mar-19	31-Mar-18	1-Apr-17
<b>Other Financial Liabilities</b>			
<b>Current</b>			
Provision for Bonus	1,737	3,273	2,278
Others-Payable for Capital Expenditure	-	-	52
<b>Total Current</b>	<b>1,737</b>	<b>3,273</b>	<b>2,330</b>
<b>Non-Current</b>			
Other deposits	33	23	3
Lease deposits	46	46	46
<b>Total Non-Current</b>	<b>79</b>	<b>69</b>	<b>49</b>
<b>Total</b>	<b>1,816</b>	<b>3,342</b>	<b>2,379</b>

### NOTE - 2.13

Particulars	As at		
	31-Mar-19	31-Mar-18	1-Apr-17
<b>Non-Financial Liabilities</b>			
<b>Deferred Tax Liability / (Asset)</b>			
Deferred Tax Liability	21,727	18,038	20,389
<b>Total</b>	<b>21,727</b>	<b>18,038</b>	<b>20,389</b>

### NOTE - 2.14

Particulars	As at		
	31-Mar-19	31-Mar-18	1-Apr-17
<b>Provisions</b>			
<b>Current</b>			
Provision for compensated absences	100	121	120
<b>Total Current</b>	<b>100</b>	<b>121</b>	<b>120</b>
<b>Non-Current</b>			
Provision for compensated absences	650	640	904
Provision for Gratuity	285	325	161
<b>Total Non-current</b>	<b>935</b>	<b>965</b>	<b>1,065</b>
<b>Total</b>	<b>1,035</b>	<b>1,086</b>	<b>1,185</b>

### NOTE - 2.15

Particulars	As at		
	31-Mar-19	31-Mar-18	1-Apr-17
<b>Other Non-Financial Liabilities</b>			
<b>Current</b>			
Advance from customers	74	13	35
TDS payable	111	239	216
GST / Service tax payable	904	1,393	231
Dividend distribution tax	-	2,658	2,363
Provident fund payable	45	61	61
<b>Total</b>	<b>1,134</b>	<b>4,363</b>	<b>2,905</b>

## Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

### NOTE - 2.16

Particulars	As at		
	31-Mar-19	31-Mar-18	1-Apr-17
<b>Equity Share Capital</b>			
Authorised			
Number of Preference Shares	1,000,000	1,000,000	1,000,000
Preference Shares of ₹ 100 each (Amount)	1,000	1,000	1,000
Number of Equity Shares	100,000,000	100,000,000	100,000,000
Equity Shares of ₹ 10 each (Amount)	10,000	10,000	10,000
<b>Total</b>	<b>11,000</b>	<b>11,000</b>	<b>11,000</b>
<b>Issued, Subscribed and Fully Paid Up</b>			
Number of Equity Shares	58,033,711	58,033,711	58,033,711
Equity Shares of ₹ 10 each (Amount)	5,803	5,803	5,803
<b>Total</b>	<b>5,803</b>	<b>5,803</b>	<b>5,803</b>

The Company is wholly owned subsidiary of State Bank of India ('SBI') along with its nominees. The company has issued only one class of equity shares having a par value of ₹ 10 per share. In the event if liquidation of the company, the holder of equity share will be entitled to receive remaining assets of the company, after distribution of all preferential amounts in proportion to their shareholdings. There has been no movement in the number of shares outstanding at the beginning of the period and at the end of period.

### NOTE - 2.17

Particulars	As at		
	31-Mar-19	31-Mar-18	1-Apr-17
<b>Other Equity</b>			
<b>General Reserve</b>			
Balance as per the last financial statements	44,439	41,993	41,993
Add: amount transferred from surplus balance in the statement of profit and loss	-	2,446	-
<b>Closing Balance</b>	<b>44,439</b>	<b>44,439</b>	<b>41,993</b>
<b>Surplus in Statement of Profit and Loss</b>			
Balance as per the last financial statements	114,506	109,037	103,392
Profit for the year	16,819	23,626	21,794
Add / Less: Appropriations / Adjustments			
Interim dividend	-	(13,058)	(11,607)
Dividend distribution tax	-	(2,658)	(2,363)
Transfer to general reserve	-	(2,446)	(2,179)
Remeasurement of Actuarial gain / loss through OCI	16	5	-
Total appropriations	16	(18,157)	(16,149)
<b>Closing Balance</b>	<b>131,341</b>	<b>114,506</b>	<b>109,037</b>
<b>Securities Premium Account</b>			
Equity instruments through OCI	6,347	6,347	6,347
	4,012	(2,371)	-
<b>Total</b>	<b>186,139</b>	<b>162,921</b>	<b>157,377</b>

Previous gaap figures have been reclassified to conform to Ind AS presentation requirements.



## Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

(Rupees in lacs unless otherwise stated)

### NOTE - 2.18

Particulars	For the year ended	
	31-Mar-19	31-Mar-18
<b>Revenue from Operations</b>		
Interest Income		
Interest Income on Investments	1,057	1,295
Interest from deposits with banks	27	19
	<b>1,084</b>	<b>1,314</b>

### NOTE - 2.19

Particulars	For the year ended	
	31-Mar-19	31-Mar-18
<b>Dividend Income</b>		
- Subsidiary Companies	110	196
- Others	3,647	4,171
	<b>3,757</b>	<b>4,367</b>

### NOTE - 2.20

Particulars	For the year ended	
	31-Mar-19	31-Mar-18
<b>Rental Income</b>	<b>1,042</b>	<b>981</b>

### NOTE - 2.21

Particulars	For the year ended	
	31-Mar-19	31-Mar-18
<b>Fees and Comission Income</b>		
Issue management Fees	652	4,076
Arranger's fees	1,610	966
Advisory fees	22,586	35,708
	<b>24,848</b>	<b>40,750</b>

### NOTE - 2.22

Particulars	For the year ended	
	31-Mar-19	31-Mar-18
<b>Net Gain on Fair Value Changes</b>		
Fair value change in FVTPL instrument	851	1,260

### NOTE - 2.23

Particulars	For the year ended	
	31-Mar-19	31-Mar-18
<b>Others</b>		
Profit / (loss) on sale of investments (net)	30	(148)
Trading profits / (loss) on stock-in-trade (net)	2,732	2,588
<b>Total</b>	<b>2,762</b>	<b>2,440</b>

## Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

(Rupees in lacs unless otherwise stated)

### NOTE - 2.24

Particulars	For the year ended	
	31-Mar-19	31-Mar-18
<b>Other Income</b>		
Bad debts recovered	159	2,231
Provision written back-doubtful debts	586	-
Interest on Income Tax refund	3,645	-
Others	817	64
Provision written back-leave encashment	10	263
Profit on sale of Fixed assets	3	1
Provision for Current investment	8	-
Exchange differences (net)	93	-
<b>Total</b>	<b>5,321</b>	<b>2,559</b>

### NOTE - 2.25

Particulars	For the year ended	
	31-Mar-19	31-Mar-18
<b>Finance Costs</b>		
Interest on Bank Overdraft	538	32
Other borrowing costs	42	-
<b>Total</b>	<b>580</b>	<b>32</b>

### NOTE - 2.26

Particulars	For the year ended	
	31-Mar-19	31-Mar-18
<b>Employee Benefits Expenses</b>		
Salaries, wages and bonus	5,653	9,965
Staff welfare expenses	137	210
Contribution to provident and other funds	293	350
Contribution to Superannuation	180	229
Gratuity contribution / expenses (Refer note 20)	179	266
<b>Total</b>	<b>6,442</b>	<b>11,020</b>

### NOTE - 2.27

Particulars	For the year ended	
	31-Mar-19	31-Mar-18
<b>Depreciation, Amortization and Impairment</b>		
Depreciation and amortisation expense	560	850
<b>Total</b>	<b>560</b>	<b>850</b>

## Notes To Financial Statements

### For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

(Rupees in lacs unless otherwise stated)

#### NOTE - 2.28

Particulars	For the year ended	
	31-Mar-19	31-Mar-18
<b>Others Expenses</b>		
Legal & Professional Fees	854	1,698
Conveyance & Travelling	671	1,111
Rental Charges	837	892
Rates & Taxes	113	9
Royalty Expenses	489	-
Bad Debts Written off	2,335	254
Postage, telephone and telex	96	127
Advertisement Expenses	5	31
Printing & Stationery	60	73
Electricity Expenses	84	99
Repairs & Maintenance Building	112	112
Repairs & Maintenance Others	111	155
Insurance	132	147
Auditors Remuneration	21	22
Director's Sitting Fees	14	13
Tax on Perquisites	0	5
Office Maintenance	80	81
Training Charges	195	348
Membership & Subscription	240	177
Filing Fees & Other Charges	345	587
Contribution towards CSR	728	297
Miscellaneous expenses	251	340
Provision for Long Term Investments	50	-
Provision for Current investment	-	6
Exchange differences (net)	-	21
<b>Total</b>	<b>7,823</b>	<b>6,605</b>

Previous gaap figures have been reclassified to conform to Ind AS presentation requirements.

## Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

(Rupees in lacs unless otherwise stated)

### NOTE - 2.29

Particulars	As at 31-Mar-19	As at 31-Mar-18	As at 1-Apr-17
<b>Deferred taxes</b>			
Tax Assets / (Liabilities) due to temporary timing difference in respect of:			
Depreciation on fixed assets	360	410	132
Provision for Bonus	-	-	183
Provision on Gratuity	99	112	56
Provision on compensated leave	260	263	354
Provision for doubtful debts	3,418	3,873	3,282
Carry forward of Losses	728	721	743
<b>Deferred tax assets</b>	<b>4,865</b>	<b>5,379</b>	<b>4,750</b>
Fair Valuation of Investments	(25,484)	(25,186)	(24,746)
ECL Impairment (Provision for doubtful debts differential)	(206)	(461)	(393)
Reversal of gain / loss on Short term Investment sold	1,252	956	-
Fair valuation of Investments through OCI	(2,155)	1,274	-
	<b>(21,727)</b>	<b>(18,038)</b>	<b>(20,389)</b>
Less: Opening Deferred Tax Asset	(18,038)	(20,389)	3,422
<b>Deferred tax credit / (expense) for the year -</b>	<b>3,690</b>	<b>(2,351)</b>	<b>(16,967)</b>
<b>Carried to statement of Profit and Loss</b>	<b>261</b>	<b>(1,077)</b>	
<b>Carried to Other Comprehensive Income</b>	<b>3,429</b>	<b>(1,274)</b>	

### NOTE - 2.30

Particulars	For the year ended 31 <sup>st</sup> March-19	For the year ended 31 <sup>st</sup> March-18
<b>Earnings per equity share (EPS)</b>		
I. Basic and diluted EPS (₹)	28.98	40.71
II. Nominal value per share (₹)	10	10

EPS has been calculated based on the net profit after taxation of ₹ 23,218 (2018: ₹ 21,260) and the weighted average number of equity shares outstanding during the year of 5,803 (2018: 5,803).

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

## Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

(Rupees in lacs unless otherwise stated)

### NOTE - 2.31

Particulars	As at 31 <sup>st</sup> March-19	As at 31 <sup>st</sup> March-18
<b>Contingent Liabilities and Commitments</b>		
(i) Claims against the Company not acknowledged as debts	314	314
(ii) Guarantees issued	302	383
(iii) Capital Commitments	600	19
(iv) Guarantees against Loans by Subsidiaries	5,000	5,000

### NOTE - 2.32

#### Disputed Income Tax Demand

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 ₹ 5,125 (2018: ₹ 7,136) in excess of provision held. These demands have been contested by the Company.

### NOTE - 2.33

Particulars	As at 31 <sup>st</sup> March-19	As at 31 <sup>st</sup> March-18
<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	7	8
For out-of-pocket expenses	1	1
	<b>24</b>	<b>24</b>
(b) Expenditure in foreign currency		
Travel and other expenses	<b>173</b>	<b>99</b>
(c) Earnings in foreign currency		
Advisory fees from overseas clients and reimbursement of expenses	<b>809</b>	<b>4,221</b>

### NOTE - 2.34

The Company is operating under single segment.

# Notes To Financial Statements

## For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

### NOTE - 2.35

#### Related Parties

The following is the list of parties related due to control criteria as per Ind AS-24, 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 Ind AS-24 with whom the transactions have taken place during the year:

Name of the Party	Relationship
SBI DFHI Limited	Fellow Subsidiary
SBI Life Insurance Company Limited	Fellow Subsidiary
SBI Cards & Payment Services Pvt. Limited	Fellow Subsidiary
SBI Pension Funds Pvt. Ltd.	Fellow Subsidiary & Associate
SBI General Insurance Co. Ltd.	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
SBICAPS Ventures Limited	Subsidiary
SBICAP Trustee Company Limited	Subsidiary
SBICAP (UK) Limited	Subsidiary
SBICAP Singapore Ltd.	Subsidiary
Shri Sanjiv Chadha, Managing Director & Chief Executive Officer (from 21 <sup>st</sup> February, 2019 onwards)	Key Management Personnel
Smt. Varsha Purandare, Managing Director & Chief Executive Officer (upto 31 <sup>st</sup> December, 2018)	Key Management Personnel
Smt. Uma Shanmukhi Sistla, Whole-time Director (from 12 <sup>th</sup> July, 2018 onwards)	Key Management Personnel
Shri Biswa Ketan Das, Whole-time Director (upto 15 <sup>th</sup> June, 2018)	Key Management Personnel
Shri Ashwani Bhatia, Whole-time Director (upto 16 <sup>th</sup> February, 2018)	Key Management Personnel
Shri Sivakumar Vattipalli, Senior Vice President & Chief Financial Officer (from 12 <sup>th</sup> July, 2018 onwards)	Key Management Personnel
Shri Navinchandra Amin, Senior Vice President & Chief Financial Officer (upto 30 <sup>th</sup> June 2018)	Key Management Personnel
Shri Amit Shah, Company Secretary	Key Management Personnel

## Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

(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-19	Mar-18	Mar-19	Mar-18	Mar-19	Mar-18	Mar-19	Mar-18
<b>Expenses during the year ended</b>								
Deputation of Employees	280	340						
Salaries & Allowances								
Shri Sanjiv Chadha							1	-
Smt. Varsha Purandare							9	10
Smt. Uma Shanmukhi Sistla							7	-
Shri Biswa Ketan Das							2	4
Shri Ashwani Bhatia							-	8
Shri Sivakumar Vattipalli							5	-
Shri Navinchadra Amin							2	5
Shri Amit Shah							31	30
Rent	51	38						
Bank & Other Charges	44	6						
Royalty Expense	489	-						
Insurance Expense								
SBI Life Insurance Company Limited					111	29		
SBI General Insurance Co. Ltd.					23	3		
Brokerage Expenses								
SBICAP Securities Ltd.			-	10				
Interest Expenses	538	538						
Business Promotion Expenses		-						
SBICAP Singapore Ltd.			2	14				
<b>Income during the year ended</b>								
Issue Management Fees								
SBI Life Insurance Company Limited					-	159		
Arranger's Fees**	831	333						
SBICAP Securities Ltd.			-	28				
SBI Cards & Payment Services Private Limited					19	141		
Advisory Fees**	4,662	4,395						
SBICAP Securities Ltd.			7	6				
Bank Interest	36	19						

# Notes To Financial Statements

## For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

(Rupees in lacs unless otherwise stated)

Particulars	Holding Company		Subsidiaries		Fellow Subsidiaries/ Associates		Key Managerial Personnel	
	Mar-19	Mar-18	Mar-19	Mar-18	Mar-19	Mar-18	Mar-19	Mar-18
Rent								
SBICAP Securities Ltd.			1,042	981				
Dividend								
SBI DFHI Limited					-	41		
Miscellaneous Income								
SBICAP Securities Ltd.			2	9				
<b>Balance receivable as at</b>								
Debtors**	2,582	2,967						
SBICAP Securities Ltd.			21	40				
SBICAP Singapore Ltd			-	12				
Cash at Bank	1,994	2,012					-	-
Deposit with Bank	317	383						
Loans & Advances	21	21						
SBICAP Securities Ltd.			3	3				
SBICAP Trustee Company Ltd.			2	2				
SBICAP Ventures Ltd			5	5				
Other Current Assets	-	15						
SBI DFHI Limited					-	41		
<b>Investments</b>								
SBI Pension Funds Pvt. Ltd.					-	601		
SBI DFHI Limited					-	750		
SBICAP Securities Ltd.			12,500	12,500				
SBICAP Ventures Ltd.			4,998	3,928				
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						
Creditors	-	2						
SBICAP Securities Ltd.			48	1,036				
SBICAP Singapore Ltd.			1	12				



## Notes To Financial Statements

### For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

(Rupees in lacs unless otherwise stated)

Particulars	Holding Company		Subsidiaries		Fellow Subsidiaries/ Associates		Key Managerial Personnel	
	Mar-19	Mar-18	Mar-19	Mar-18	Mar-19	Mar-18	Mar-19	Mar-18
SBICAP UK Ltd.			1	-				
<b>Others transactions during the year ended</b>								
Dividend paid	-	13,058						
Fees Shared (netted from Income)		-						
SBICAP Securities Ltd.			215	1,103				
Expenses shared	-	77						
SBICAP Securities Ltd.			-	81				
SBICAP Trustee Company Ltd.			-	9				
SBICAP Ventures Ltd.			-	6				
SBICAP Singapore Ltd.			-	12				
Investments made								
SBICAP Ventures Ltd.			1,070	-				
Guarantees	301	383						

- I. Included in expenses relating to deputation of employees are amounts aggregating to ₹105 (2018: ₹ 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, 2019 (Contd...)

(Rupees in lacs unless otherwise stated)

### NOTE - 2.36

#### Gratuity and other post-employment benefit plans: (Ind AS 19)

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 recognized in the profit and loss account and the funded status and amounts recognized in the balance sheet for the respective plans.

Profit and Loss account

Net employee benefit expense (recognized in Employee Cost)

Profit and Loss account

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

[Ind AS 19]

	Gratuity	
	2019	2018
Current service cost	93	82
Past service cost	-	174
Administration expenses	-	-
Expected return on plan assets	21	8
(Gains) / losses on settlement	-	-
Total expense charged to profit and loss account	114	265

#### Other Comprehensive Income

	2019	2018
Opening amount recognized in OCI outside profit and loss account	(5)	-
Remeasurements during the period due to		
Changes in financial assumptions	(49)	(27)
Changes in demographic assumptions	(0)	(44)
Experience adjustment	27	38
Actual return on plan assets less interest on plan assets	6	28
Adjustment to recognized the effect of asset ceiling	-	-
Closing amount recognized in OCI outside profit and loss account	(21)	(5)

#### Balance sheet

##### Details of Provision for gratuity

	2019	2018
Present value of Funded defined obligation	666	891
Fair Value of Plan assets	445	566
Net funded obligation	220	325
Present value unfunded defined benefit obligation	-	-
Amount not recognized due to asset limit	-	-
Net defined benefit liability / (asset) reconized in balance sheet	220	325
Net defined benefit liability / (asset) is bifurcated as follows:		
Current	-	-
Non-Current	220	325

## Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2019 (Contd...)

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

	2019	2018
Opening of defined benefit obligation	891	706
Current service cost	93	82
Past service cost	-	174
Interest on defined benefit obligation	65	50
Remeasurements due to:		
Actuarial loss / (gain) arising from change in financial assumptions	(49)	(27)
Actuarial loss / (gain) arising from change in demographic assumptions	(0)	(44)
Actuarial loss / (gain) arising on account of experience changes	27	38
Benefits paid	(361)	(89)
Liabilities assumed / (settled)*	-	0
Liabilities extinguished on settlements	-	0
Closing of defined benefit obligation	<b>666</b>	<b>891</b>

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

	2019	2018
Opening fair value of plan assets	<b>566</b>	<b>545</b>
Employer contributions	<b>203</b>	<b>95</b>
Interest on plan assets	43	42
Administration expenses	-	-
Remeasurements due to:		
Actual return on plan assets less interest on plan assets	(6)	(28)
Benefits paid	(361)	(89)
Assets acquired / (settled)*	-	-
Assets distributed on settlements	-	-
Closing fair value of plan assets	<b>566</b>	<b>(445)</b>

\* On account of business combination or inter group transfer

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

{Ind AS 19}

	Gratuity	
	2019	2018
	%	%
Investments with insurer	100	100

## Notes To Financial Statements For The Year Ended 31<sup>st</sup> March, 2019

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

{Ind AS 19}

	2019	2018
	%	%
Discount rate	7.65	7.75
Salary Escalation rate	0.08	0.10
Employee turnover		
Age (Years) 21-30	25%	25%
Age (Years) 31-40	18%	18%
Age (Years) 41-50	7%	7%
Age (Years) 51-59	2%	2%
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: {Ind AS 19}

	Gratuity	
	2019	2018
Defined benefit obligation	666	891
Plan assets	445	566
Surplus / (deficit)	220	(325)
Experience adjustments on plan liabilities	27	38
Actual return on plan asset	6	28

## Contact us

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