



STCI PRIMARY DEALER LIMITED

17TH ANNUAL REPORT 2022-23



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BOARD OF DIRECTORS*



Mr. T. V. Rao
Independent Director



Mr. Prakash Vartak
Independent Director



Ms. Varda Pendse
Independent Director



Mr. R. Venkataramani
Non-Executive Director



Mr. Sasidharan Mangalamkat
Non-Executive Director[#]



Mr. Pradeep Madhav
Non-Executive Director



Mr. V. Narayanamurthy
Non-Executive Director



Mr. Prasanna Patankar
Managing Director

* As on March 31, 2023

[#] Additional Director (Non-Executive)

SENIOR MANAGEMENT



Mr. Manish Jadhvani
Senior Vice President

Mr. Siddharth Shah
Senior Vice President



STATUTORY AUDITORS

M/s. Dassani & Associates, Chartered Accountants
FRN: 009096C

REGISTERED OFFICE

A/B1- 801, A Wing, 8th floor, Marathon Innova, Marathon Nextgen Compound,
Off. G.K.Marg, Lower Parel (West), Mumbai 400013.
CIN: - U67110MH2006PLC165306



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DIRECTORS' REPORT

TO

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

Your Directors are pleased to present the 17th Annual Report on the business, operations and the state of affairs of the Company together with the Audited Accounts of the Company for the year ended March 31, 2023.

1. FINANCIAL RESULTS

The Financial performance of the Company for the year ended March 31, 2023, is as under: -

(₹ in lakh)		
Particulars	FY 2022-23	FY 2021-22
Income		
Revenue	78,824.60	57,455.01
Other income	24.56	486.78
A. Total income	78,849.16	57,941.79
Expenses		
Operating expenditure	2,901.59	2,658.21
Depreciation and amortization expense	88.58	88.25
Finance costs	71,157.03	41,480.39
B. Total Expenses	74,147.20	44,226.85
C. Profit before tax (A-B)	4,701.96	13,714.94
D. Tax expense	(1,274.97)	(3,658.78)
E. Profit for the year attributable to owners of the company/ Profit after Tax (C-D)	3,426.99	10,056.16
F. Opening balance of retained earnings	33,357.74	30,863.15
G. Dividend (including tax on dividend)	(2,100.00)	(5,550.00)
H. Transfer to statutory reserve	(685.67)	(2,011.58)
I. Closing balance of retained earnings [(E+F)-(G+H)]	33,999.06	33,357.74

Your Company was able to deliver a profitable financial performance in a challenging market environment with a net profit (Profit after Tax) of ₹34.27 crore for the FY2022-23 as against a net profit (Profit after Tax) of ₹100.56 crore for the FY2021-22.

2. MANAGEMENT DISCUSSION AND ANALYSIS

A. THE ECONOMY

FY2022-23 was a year which witnessed the cumulative impact of the lagged effects of supply-chain disruptions caused during the pandemic, combined with a sharp rebound in the pent-up demand post reopening of the economy, resulting in a strong upturn in the global economic activity due to “revenge consumption” and elevated levels of inflation. The situation was further aggravated by the outbreak of the Russia-Ukraine war, which led to a sharp spike in the prices of various commodities including items such as crude oil, natural gas, metals, wheat, edible oils, and fertilizers. This led to CPI inflation hitting close to 8-10 per cent in most advanced economies, a number not seen in the last four decades as against their central bank inflation targets of close to 2 per cent.

Consequently, monetary policy authorities across the world engaged in the most aggressive, fast-paced, and synchronized global monetary policy tightening, not witnessed in decades, to put the genie of inflation back into the bottle. In addition, as central banks, in hindsight, were proved incorrect in their initial assessment of inflation to term it as “transitory”, they were more resolute in their determination to fight inflation by front-loading the rate hikes and eliminating forward guidance. All the global central banks embarked on a steep interest rate hiking cycle, led by the US Federal Reserve, which increased its Federal Funds Rate by 500 basis points during the year to bring inflation within its target band of 2 per cent. This was followed by the Bank of England and the ECB as well, raising their policy rates by 440 basis points and 375 basis points respectively. This resulted in a sharp rise in the 10Y US Treasury yield from 1.20 per cent to a high of 4.30 per cent and strengthening of the US Dollar, as reflected in the Dollar Index (DXY) jumping nearly 10 per cent, and the global equity indices correcting almost 15 -20 per cent due to anticipated growth slowdown.

DIRECTORS' REPORT

In India, CPI inflation which was already rearing its head above the 6 per cent mark in the months of January and February 2022, hit a high of 7.80 per cent in April 2022, and stayed above the RBI's upper tolerance limit of 6 per cent for almost 10 months of the calendar year 2022, resulting in the RBI MPC failing in its mandate to control inflation. This prompted the Reserve Bank of India (RBI) to raise the repo rate in all the six meetings of the FY2022-23 by a cumulative 250 basis points from 4 per cent to 6.50 per cent, commencing with a surprise 40 basis points interest rate hike in May 2022 in an unscheduled Monetary Policy (MPC) meeting, and also to withdraw excess liquidity to the tune of almost ₹8 lakh crore over the period. It also necessitated RBI having to write an explanatory letter to Parliament detailing the reasons the MPC had been unable to achieve the inflation target for three quarters in a row.

Notwithstanding global headwinds resulting from the increased trade fragmentation following the disruptions to trade and supply chains, India remained one of the fastest growing economies in the world with an annual real GDP growth rate of 7.20 per cent in FY2022-23. The Indian economy grew at a rapid pace, due to the combined factors of a low base, and a pick-up in private consumption post the pandemic. Private consumption expenditure grew at a rate of 7 per cent in FY2022-23, while government spending remained weak with a meagre 1.30 per cent growth during the year. This was on account of the continued emphasis on fiscal consolidation by the Central government to curb spending and achieve a fiscal deficit below the 6 per cent mark.

The current FY2023-24 is likely to see emerging risks to growth, with slowing down of net exports and private investment not gaining momentum despite the government's efforts to crowd in private investment through fiscal consolidation and improving the quality of fiscal spending by increased capital expenditure. The recovery in kharif sowing and rise in rural incomes, the buoyancy in services and consumer optimism should support household consumption. Healthy balance sheets of banks and corporates, supply chain normalisation, renewed business optimism and robust government capital expenditure are favourable for a renewal of the capex cycle which is showing signs of getting more broad-based. However, headwinds from weak global demand, volatility in global financial markets, geopolitical tensions and geoeconomic fragmentation, pose risks to the outlook. The real GDP growth for FY2023-24 is projected at 6.5 per cent.

B. DEVELOPMENTS IN MONEY AND SECURITIES MARKET

The beginning of the financial year was marked by global turmoil resulting from the Russian invasion of Ukraine, disrupting the recovery process that was gathering steam as the world emerged from the COVID-19 pandemic. This sent the crude oil prices to a peak of ~130 USD/barrel, and also resulted in a spike in the price of wheat and base metals in global markets, and also more importantly in fertilizer prices. Most of the commodity importing countries including India, saw a widening of the current account deficit and a sharp rise in inflationary pressures, which put central banks on the defensive and also led the RBI to suddenly change its tone from dovish to cautioning the markets on inflation in the April 2022 MPC meeting. This was followed with a preemptive hike in the repo rate by 40 basis points in an unscheduled Monetary Policy Committee meeting on May 4, 2022, and increase in the policy rate in all subsequent MPC meetings with the policy rate rising by a total of 250 basis points, from an initial rate of 4 per cent in April 2022 to a repo rate of 6.5 per cent in March 2023 in tandem with the global monetary tightening.

Headline CPI Inflation in H1FY2022-23 averaged at 7.2 per cent and the domestic bond market yields remained under stress with the 10Y benchmark yield rising to trade at an average level of 7.33 per cent compared to 6.10 per cent in H1FY2021-22. However, in H2FY2022-23, the MPC adopted an increasingly softer approach to rate hikes to ascertain the impact of the rapid rate hikes on the economy. Oil prices began to soften after the initial shock of the war subsided, as Chinese demand for crude was considerably muted, on account of the stringent lockdowns imposed by the Chinese government. In addition, the disruptions to the global oil market were not as severe, as feared initially, as Russian crude continued to be sold at below oil price caps, especially to India. As such, growth impulses remained fairly strong despite a softening in the headline number during the year with real GDP growth at 7.2 per cent for FY2022-23, as compared to 9.1 per cent in the preceding year.

Overnight money market rates inched up responding to the repo rate hikes effected during FY2022-23, amidst tighter monetary conditions. The impact in terms of effective tightening in the overnight funding rates was almost 315 basis points from 3.35 per cent to 6.50 per cent, as reflected in the 364D T-Bill yield, which moved up from 4.56 per cent at the beginning of the year to hit a high of 7.48 per cent in March 2023. During FY2022-23, though term premiums remained flat, the shorter end and the belly of the curve responded squarely to the increase in policy rates. The average 10Y benchmark yield stood at 7.33 per cent in FY2022-23, as compared to 6.33 per cent in the previous year. In contrast, the long bond i.e., the 30Y benchmark yield moved up from 7.32 per cent to 7.41 per cent reflecting a bear flattener. The 10Y SDL (State Development Loan) yield moved up from 7.08 per cent to 7.66 per cent during the year.

The gross borrowing by the Central Government through G-Secs in FY2022-23 stood higher at ₹14.21 lakh crore, compared to a borrowing of ₹11.27 lakh crore in FY2021-22, while the borrowing by State Governments under SDLs stood higher at ₹7.58 lakh crore in FY2022-23, as compared to a borrowing of ₹7.02 lakh crore in FY2021-22.

The emphasis on fiscal consolidation by the Government was continued with the Union Budget for FY2023-24, pegging the gross G-Sec borrowing of the Central Government at ₹15.40 lakh crore and the gross fiscal deficit (GFD) estimated at 5.9 per cent of GDP, leading to a



DIRECTORS' REPORT

fiscal consolidation of 50 basis points over the previous year. Capital expenditure was budgeted at ₹10 lakh crore for FY2023-24, 33 per cent higher than the previous year's budget estimate.

During the year, Government securities amounting to ₹0.23 lakh crore were devolved on the primary dealers as demand for dated securities was weak especially during H1FY2022-23. The RBI did not undertake any OMO purchases during this period, but instead sold government securities amounting to ₹0.35 lakh crore during the year.

The issuances of corporate bonds rose to an all-time high of ₹8.52 lakh crore in FY2022-23, compared to ₹6.34 lakh crore in FY2021-22. A large part of this issuance was by PSU entities, amounting to ₹7.44 lakh crore. The shorter end of the yield curve i.e., upto 3Y segment saw significant issuance, while issuances remained muted in the longer tenor i.e., 10Y and above and this resulted in the 10Y corporate bond spreads narrowing as compared to 1-5Y segment spreads. Fewer issuances and expectations of a peak in the interest rate cycle led investors to chase yields in the longer tenor bonds at spreads of 15-20 basis points, while the 1-5Y segment spreads widened to as high as 60-70 basis points during FY2022-23. The major issuers in the AAA segment were HDFC, NABARD, Power Finance Corporation (PFC), SBI, SIDBI, LIC Housing Finance, Rural Electrification Corporation (REC), HDFC Bank, Indian Railways Finance Corporation (IRFC) and Bajaj Finance. Among NBFCs, the year witnessed huge issuances from HDFC, in the run-up to the merger with HDFC Bank. The year also witnessed increased perpetual bond issuances by large PSU banks including SBI, Canara Bank, Bank of Baroda, Punjab National Bank and Union Bank of India owing to their ongoing capital requirements. During FY2022-23, corporate bond yields rose with back-to back RBI policy rate hikes commencing in May 2022 with the 10Y corporate bond yield rising from 7.10 per cent at the beginning of the financial year to 7.62 per cent at the end of the year.

Equity markets faced multiple headwinds during the year including monetary policy tightening by central banks, soaring inflation, tight liquidity conditions, foreign portfolio outflows, the US and European banking crises and the Russia-Ukraine war. However, notwithstanding these headwinds, the NSE Nifty 50 index saw only a marginal decline of 0.6 per cent during the year. The pharma, energy, metals, realty, and IT sectors fared poorly during FY2022-23, while the FMCG, auto, and banking sectors exhibited the best performance. Notably, the funds mobilized through initial public offerings (IPOs), both from promoter and PE/VCs cashing out (OFS) and fresh capital raising, experienced a sharp decline, reducing by more than half to ₹0.52 lakh crore with 37 IPOs in FY2022-23, as compared to ₹1.12 lakh crore raised through 53 IPOs in the previous year. Nonetheless, as compared to the global markets, the Indian equity market exhibited strong resilience during FY2022-23. One of the key reasons for this robust outperformance by the Indian equity market, was the consistent buying by domestic institutional investors (DIIs). Even as Foreign Institutional Investors (FIIs) pulled out ₹0.38 lakh crore in FY2022-23 from the Indian equity markets on the back of a substantial outflow of ₹1.40 lakh crore in the previous financial year, DIIs bought equities worth ₹2.55 lakh crore in FY2022-23, which helped to offset the adverse impact of FII selling.

C. OPERATIONS REVIEW

(i) Financial Performance

Your Company has made a Net Profit (Profit after Tax) of ₹34.27 crore for FY2022-23. Your Company was able to maintain financial and operational resilience even in the face of extreme stress originating from the COVID-19 pandemic, the continuing war in Ukraine, unanticipated rate hikes by the central bank amidst rising inflation and unprecedented monetary tightening of 250 basis points. In such challenging scenario, the Company was able to successfully navigate the volatility in the financial markets and deliver a profitable financial performance. During FY2022-23, an amount of ₹21 crore subject to Tax Deduction at Source (TDS) was paid as second interim dividend for FY2021-22, in the month of April 2022. Your Directors do not recommend any dividend for FY2022-23.

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

For FY2022-23, the Reserve Bank of India (RBI) has modified the Standalone Primary Dealers commitment for the turnover target from a "minimum turnover ratio" based method (for both G-Secs and T-Bills on an outright and total basis) to the achievement of a "minimum per cent of the market turnover" based method, which is to be achieved only for G-Secs on an outright basis. In addition, no separate target for secondary market turnover in T-Bills and repo in G-Secs and T-Bills, is prescribed. The Reserve Bank of India (RBI) revised and fixed the annual secondary market turnover target, at one per cent (1%) of the average Central Government Dated Securities outright secondary market turnover during the previous three financial years (Apr 2019 – Mar 2022).

For FY2022-23, the Company has achieved a turnover of 2.75 per cent in respect of outright secondary market turnover in G-Secs, as against the stipulated minimum turnover of 1 per cent. The Company achieved a success ratio of 46.16 per cent in respect of bids tendered for primary issuance of Treasury Bills, as against the stipulated minimum success ratio of 40 per cent.

DIRECTORS' REPORT

(iii) Risk Management

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

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

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

(iv) Internal Audit and Control Systems

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

In terms of the Reserve Bank of India (RBI) guidelines on implementation of a Risk Based Internal Audit (RBIA) framework, the Internal Audit function, led by the Head of Internal Audit (HIA) performs the independent review of the processes and controls of the various organizational functions. The scope of their audit includes review of adequacy and efficacy of the internal control systems and procedures and deviations, if any, from generally accepted best practices, review of the Company's compliance with applicable laws and regulations including the guidelines issued by RBI and other statutory bodies, adherence to Accounting Standards, Accounting Policy and Procedures of the Company and regulatory changes thereto. The Internal Audit function through the Head of Internal Audit (HIA), reports the findings of the audit, directly to the Audit Committee of the Board (ACB). The Head of Internal Audit (HIA) functionally reports to the Audit Committee of the Board (ACB) and interacts with the Board through the Audit Committee, on a quarterly basis.

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

(v) Regulatory Compliance and Systems

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

The Company being a Standalone Primary Dealer (SAPD) and a Non-Deposit Taking Systemically Important Non-Banking Financial Company (NBFC-ND-SI) is regulated by the Reserve Bank of India (RBI). RBI has also announced various guidelines to strengthen the regulatory framework in the NBFC sector, including the Scale Based Regulations (SBR). Pursuant to the extant Scale-Based Regulations, your Company falls under the 'NBFC- ML (Non-Banking Financial Company – Middle Layer)' category.



DIRECTORS' REPORT

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

(vi) Credit Rating

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

(vii) Debt and Macro Economic - Research

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

(viii) Human Resources

The Company's Human Resources Department caters to the operational HR support within the organization through review of Company's HR policies, compensation structure, key hiring plan, new employee on-boarding, skill and capability building for employees, and other regular HR engagement activities, interventions and initiatives. The Company's staff strength as on March 31, 2023, was 49 employees.

(ix) Internal Financial Controls and their adequacy

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

D. OUTLOOK FOR THE CURRENT YEAR

The headline inflation is likely to witness a spike in the next few months on account of supply disruptions due to adverse weather conditions. There are risks from the impact of the skewed south-west monsoon, a possible El Niño event and upward pressures on global food prices due to geopolitical hostilities. We expect the headline inflation number to range between 5-6 per cent for a major part of the year, and the average annual inflation for FY2023-24 to be around 5.5 per cent.

Global growth is witnessing a slowdown, after a robust first quarter performance with industrial production and trade both showing weaknesses, reflecting the slowdown in global demand as well as a shift towards domestic services as trade barriers spring up and geopolitical risks and tighter financial conditions deter private investment. The demand swing towards services is starting to taper off, limiting the boost to growth it had given in preceding quarters. Manufacturing is slowing or contracting across major advanced economies (AEs) and is being pulled down in the emerging market economies (EMEs) as well. Underlying this shift in gears in the global economic trajectory, divergences among countries and regions are becoming starker, as growth impulses remain stronger in the US, while China slips into deflation.

In this stressed global environment, the Indian economy appears poised to regain momentum (on a quarter-on-quarter basis) in the second quarter of FY2023-24, after a dip that typically characterises the first quarter. High frequency indicators driven by domestic drivers such as private consumption and fixed investment should offset the drag from the contraction in exports and also counterbalance unfavorable base effects. Survey-based indicators point to reviving of industrial growth, led by manufacturing. The RBI's industrial outlook survey shows improved investment sentiment, with demand conditions assessed to improve across sectors and likely to be sustained over the next three quarters. However, the shadow of El Nino looms over the second half of the year and clouds the outcome for food inflation in the rabi season. Yet another upside risk is the outlook on crude oil prices that is marred by redoubled efforts at contracting supply by OPEC+. There is a diminishing probability of crude price pressures easing over the rest of the year, which bodes ill for net energy importers like India.

Credit growth conditions should broadly witness a decelerating trend in the next year. We expect tighter monetary conditions to continue for the better part of FY2023-24. The "higher for longer" narrative will stay for such time till the RBI sees incipient signs of growth being hampered on sustainable basis, or inflation slipping rapidly and undershooting the target level of 4 per cent. None of the reasons seem to be quite probable for now, making the case for easing of monetary policy weaker to that extent.

DIRECTORS' REPORT

Cautionary Statement

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

3. CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES AND POLICY

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

During FY2022-23, the Company through its CSR contribution, has provided support to patients across various age groups for the initial diagnosis of cancer and treatment thereon. The Company has also focused on providing medical equipment such as patient monitors, infusion pumps, CADD legacy PCA pump, Opmi Lumera, posterior vitrectomy machine, endoscopy system, fundus camera with FFA, Ellips FX phaco handpiece system, etc. to aid diagnosis and treatment. Along with health care, the Company has also supported the cause of poverty and hunger alleviation by extending its support towards expanding the kitchen capacities by procurement of various kitchen utilities such as chappati pressing machine, vegetable cutting machine, gravity roller conveyor, multi utility grinder, cook – wok supreme, etc. The Company has also extended its support in the field of research by establishing a computer lab for M. Tech and M.Des students and researchers at the Indian Institute of Science (IISc), Bengaluru. The Company has supported and created an impact towards a large group of disabled beneficiaries through procurement of aids and appliances under the Jaipur Foot for patients suffering from loco-motor disabilities.

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

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

The disclosures under Corporate Social Responsibility Activities in FY2022-23, in accordance with the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014, are annexed to the report as “**Annexure III**”. The Company's CSR policy is available on the Company's website www.stcipc.com

4. COMPOSITION OF BOARD

As on March 31, 2023, the Board comprised of eight (8) Directors. The Board includes Independent Directors, Non-Executive Directors and a Managing Director as under: -

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

Changes in Board of Directors during the FY2022-23

a) Cessation/ Resignation

Mr. Raghvendra Kumar, Non-Executive Director, resigned from the office of directorship on the Board of the Company, with effect from January 31, 2023. He ceased to be a Director from the close of business hours on January 30, 2023.

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



DIRECTORS' REPORT

b) Appointment/ Re-appointment

With effect from April 1, 2022, Ms. Varda Pendse, was appointed as an Additional Director (Independent) for a period of three (3) years, subject to the approval of the Members. At the 16th Annual General Meeting (AGM) of the Company, the Members approved and regularized the appointment of Ms. Varda Pendse as an Independent Director on the Board, for a period of three (3) years with effect from April 1, 2022, till March 31, 2025.

On the recommendation of the Nomination and Remuneration Committee (NRC), the Board of Directors at their meeting held on March 25, 2023, appointed Mr. Sasidharan Mangalamkat, as an Additional Director (Non-Executive) and liable to retire by rotation with effect from March 25, 2023, subject to the approval of the Members at the ensuing general meeting.

In the opinion of the Board, all the Directors of the Company, as well as the Directors proposed to be appointed/re-appointed, possess the requisite qualifications, experience and expertise and hold high standards of integrity. A brief profile of the appointed/re-appointed Directors along with the appropriate resolution seeking the approval of the Members is included in the explanatory statement annexed to the Notice of the Annual General Meeting (AGM).

c) Retirement by rotation at the ensuing AGM

Mr. R. Venkataramani, Non-Executive Director (DIN: 00829107) of the Company, would be eligible for retirement by rotation at the ensuing AGM and has expressed his unwillingness for being re-appointed upon completion of his term at the ensuing AGM.

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

5. DECLARATION BY INDEPENDENT DIRECTORS

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

6. MEETING OF THE BOARD OF DIRECTORS

The Board met eight times during the year under review.

Date of Board Meeting	Apr 27, 2022	June 23, 2022	July 26, 2022	Sept 02, 2022	Oct 20, 2022	Dec 06, 2022	Jan 13, 2023	Mar 25, 2023
Details of Directors								
1. Mr. T. V. Rao	✓	✓	✓	✓	✓	✓	✓	X
2. Mr. Prakash Vartak	✓	✓	✓	✓	✓	✓	✓	✓
3. Ms. Varda Pendse ⁺	✓	✓	✓	✓	✓	✓	X	✓
4. Mr. R. Venkataramani	✓	✓	✓	✓	✓	✓	✓	✓
5. Mr. Raghvendra Kumar*	✓	✓	✓	✓	✓	✓	✓	Refer Note
6. Mr. Pradeep Madhav	✓	✓	✓	✓	✓	✓	✓	✓
7. Mr. V. Narayanamurthy	✓	✓	✓	✓	✓	✓	✓	✓
8. Mr. Prasanna Patankar	✓	✓	✓	✓	✓	✓	✓	✓
9. Mr. Sasidharan Mangalamkat [^]	Refer Note							✓

⁺ Appointed as an Independent Director w.e.f April 1, 2022

^{*} Ceased to be Director w.e.f January 31, 2023

[^] Inducted as a Director w.e.f March 25, 2023

DIRECTORS' REPORT

7. COMMITTEES OF THE BOARD

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

The Company has the following Committees of the Board: -

(i) **Audit Committee**

As on March 31, 2023, the Audit Committee of the Board comprised of Mr. R. Venkataramani, Mr. Prakash Vartak and Mr. T. V. Rao. The Board of Directors duly appointed Mr. R. Venkataramani as the Chairperson of the Audit Committee for the FY2022-23.

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

- Recommendation for appointment, remuneration and terms of appointment of concurrent, secretarial and statutory auditors of the Company;
- Reviewing and monitoring the auditor's (Head of Internal Audit, Concurrent Auditor, Secretarial and Statutory Auditor) independence and performance, and effectiveness of audit process;
- Examination of the financial statements and the auditors' report thereon;
- Approval or any subsequent ratification of transactions of the Company with related parties; Provided that the Audit Committee may give omnibus approval for related party transactions proposed to be entered into by the Company; Provided further that in case of transaction, other than transactions referred to in Section 188 of the Companies Act, 2013, and where Audit Committee does not approve the transaction, it shall make its recommendations to the Board;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters;
- Calling for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and also discussing any related issues with the Head of Internal Audit (HIA) and Statutory Auditors and the Senior Management of the Company;
- Dealing with or investigating any matter in relation to the items herein or referred to it by the Board of Directors of the Company, Reserve Bank of India or any other regulator;
- Establishing and overseeing whistle blower policy/vigil mechanism for directors and employees to report concerns in such manner as may be prescribed;
- Reviewing the Company's arrangements for Directors and employees to report concerns about unethical behaviour, actual or suspected fraud, violation of the Company's code of conduct and terms of service;
- Reviewing Information System Audit of the internal systems and processes is conducted, once a year to assess operational risks faced by the Company;
- Monitoring of all outsourced activities covered under the RBI Directions;
- Reviewing and monitoring the compliance framework within the organization through assessment of compliance risk, compliance failures, if any, and also reviewing the independence and performance of the Chief Compliance Officer (CCO);
- Interact with the Head of Internal Audit (HIA) and Chief Compliance Officer (CCO), separately and individually, without the presence of the Managing Director, at least on a quarterly basis, as applicable under the RBI Directions or RBI SBR Framework, from time to time;
- Any other applicable matters as specified under Section 177 of the Companies Act, 2013 and the rules framed thereto or as may be delegated by the Board in this regard.

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

The Audit Committee met eight times during the year.

Date of Committee Meeting		Apr 20, 2022	Apr 27, 2022	June 23, 2022	July 26, 2022	Sept 02, 2022	Oct 20, 2022	Jan 13, 2023	Mar 25, 2023
Details of Directors									
1.	Mr. T. V. Rao	✓	✓	✓	✓	✓	✓	✓	X
2.	Mr. Prakash Vartak	✓	✓	✓	✓	✓	✓	✓	✓
3.	Mr. R. Venkataramani	✓	✓	✓	✓	✓	✓	✓	✓



DIRECTORS' REPORT

(ii) Risk Management Committee

As on March 31, 2023, the Risk Management Committee of the Board comprised of Mr. T. V. Rao, Mr. R. Venkataramani and Mr. Pradeep Madhav. The Board of Directors duly appointed Mr. T. V. Rao as the Chairperson of the Risk Management Committee for the FY2022-23.

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

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

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

The Risk Management Committee met ten times during the year.

Date of Committee Meeting		Apr 20, 2022	Apr 26, 2022	May 07, 2022	June 11, 2022	July 25, 2022	Sept 02, 2022	Oct 20, 2022	Dec 06, 2022	Jan 24, 2023	Mar 25, 2023
Details of Directors											
1.	Mr. T. V. Rao	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2.	Mr. R. Venkataramani	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
3.	Mr. Pradeep Madhav	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

(iii) Nomination and Remuneration Committee

As on March 31, 2023, the Nomination and Remuneration Committee of the Board comprised of Ms. Varda Pendse, Mr. T. V. Rao, Mr. R. Venkataramani and Mr. V. Narayanamurthy. The Board of Directors duly appointed Ms. Varda Pendse as the Chairperson of the Nomination and Remuneration Committee for the FY2022-23.

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

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

- To identify 'Fit and Proper' persons who are qualified to become directors. To identify persons who are qualified to be appointed in Senior Management and Key Managerial Personnel (KMPs) in accordance with the criteria laid down in the Nomination and Remuneration Policy and recommend to the Board their appointment and removal;

DIRECTORS' REPORT

- To specify the manner for effective evaluation of performance of Board, its Committees and individual Directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance thereof;
- To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a Policy, relating to the remuneration for the Directors, Key Managerial Personnel and Senior Management;
- To review HR Strategy, key initiatives and key HR metrics, compensation structure and policies with a view to retain and motivate the Company's employees;
- To closely coordinate with the Risk Management Committee (RMC) of the Company to achieve effective alignment between compensation and risks assumed by the Key Managerial Personnel and Senior Management and ensure that the remuneration structure is aligned effectively with prudent risk taking measures;
- Any other matters as specified under Section 178 of the Companies Act, 2013 and the rules framed thereto or as may be delegated by the Board in this regard.

The Nomination and Remuneration Committee met four times during the year.

Date of Committee Meeting		June 23, 2022	July 25, 2022	Dec 6, 2022	Mar 25, 2023
Details of Directors					
1.	Mr. T. V. Rao	✓	✓	✓	X
2.	Ms. Varda Pendse ⁺	✓	✓	✓	✓
3.	Mr. R. Venkataramani	✓	✓	✓	✓
4.	Mr. V. Narayanamurthy	✓	✓	✓	✓

⁺ Appointed as an Independent Director w.e.f April 1, 2022

(iv) **Corporate Social Responsibility (CSR) Committee**

As on March 31, 2023, the Corporate Social Responsibility (CSR) Committee of the Board comprised of Mr. Prakash Vartak, Mr. R. Venkataramani, Mr. Pradeep Madhav and Mr. Prasanna Patankar. The Board of Directors duly appointed Mr. Prakash Vartak as the Chairperson of the Corporate Social Responsibility (CSR) Committee for the FY2022-23.

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

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

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



DIRECTORS' REPORT

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

Date of Committee Meeting		April 26, 2022	July 25, 2022	Oct 20, 2022
Details of Directors				
1.	Mr. Prakash Vartak	✓	✓	✓
2.	Mr. R. Venkataramani	✓	✓	✓
3.	Mr. Pradeep Madhav	✓	✓	✓
4.	Mr. Prasanna Patankar	✓	✓	✓

(v) IT Strategy Committee

In line with the RBI Master Directions on Information Technology Framework for the NBFC Sector, the IT Strategy Committee of the Board is in place, which is responsible to monitor the adequacy and compatibility of the IT Systems as well as advising on the timely upgrade of the IT infrastructure in line with the Company's emerging business requirements.

As on March 31, 2023, the IT Strategy Committee of the Board comprised of Mr. T. V. Rao, Mr. V. Narayanamurthy, Mr. Nagamohan Gollangi (external domain expert member) and Mr. Praveen Mata (external domain expert member). The Board of Directors duly appointed Mr. T. V. Rao as the Chairperson of the IT Strategy Committee for the FY2022-23.

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

- Approving IT strategy and policy documents and ensuring that the Company has put an effective strategic planning process towards IT infrastructure and systems in place;
- Ascertaining that the Company has implemented processes and practices to ensure that the IT hardware and infrastructure is robust and adequate to support the business operations of the Company;
- Ensuring IT investments represent a balanced trade-off between risks and benefits and are commensurate with the size and complexity of the business operations of the Company;
- Monitoring the use of IT resources needed to achieve strategic goals;
- Ensuring that there is a robust BCP / DR plan in place which has been developed and tested adequately;
- Ensuring that there is a robust Cyber Security plan in place which has been developed and tested adequately;
- Ensuring that an Information System Audit of the internal systems and processes is conducted, once a year to assess operational risks faced by the Company;
- All such acts and functions as may be delegated by the Board of Directors.

The IT Strategy Committee met two times during the year.

Date of Committee Meeting		July 26, 2022	Jan 24, 2023
Details of Directors			
1.	Mr. T. V. Rao	✓	✓
2.	Mr. V. Narayanamurthy	✓	✓
3.	Mr. Nagamohan Gollangi	✓	✓
4.	Mr. Praveen Mata	✓	✓

8. CORPORATE GOVERNANCE

The Company firmly believes that good corporate governance and compliance practices are of paramount importance to maintain the trust and confidence of its stakeholders and enhance the reputation of the Company. The Company has proactively adopted best corporate governance practices to ensure transparency, fairness and objectivity in an organization's functioning. In accordance with the guidelines prescribed by Reserve Bank of India on 'Scale Based Regulation' (SBR) – A Revised Regulatory Framework for NBFCs, unlisted NBFCs are required to disclose specified information within the corporate governance section. The report on Corporate Governance for FY2022-23 is annexed to the report as "Annexure I"

DIRECTORS' REPORT

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

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

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

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

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

10. DIRECTORS RESPONSIBILITY STATEMENT

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

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

11. AUDITORS

M/s. Dassani and Associates, Chartered Accountants, bearing ICAI firm registration number 009096C, were appointed as the Statutory Auditors of the Company, by the Comptroller and Auditor General of India (C&AG) for the FY2022-23.

M/s. BNP and Associates, firm of Practising Company Secretaries, were appointed as Secretarial Auditor of the Company for the FY2022-23.

12. DISCLOSURE OF PARTICULARS

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

The information required pursuant to Section 197(12) of the Act, read with Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is not applicable to the Company but available upon request. In terms of Section 136 of the Act, the report and accounts are being sent to members excluding the information on employee's particulars which is available for inspection by the members at the registered office of the Company during business hours on working days of the Company up to the date of the ensuing General Meeting. Interested members may write to the Company for the same.

The details of foreign exchange earnings, if any, as well as foreign exchange outgo, if any, are mentioned in the Notes to Accounts of the Audited Financial Statements for FY2022-23.

13. RELATED PARTY TRANSACTIONS

All related party transactions which were entered into during the financial year were on arm's length basis and were in the ordinary course of business operations. All related party transactions are placed before the Audit Committee and the Board of Directors. There are no materially significant transactions made by the Company with Promoters, Directors, Key Managerial Personnel or any other related parties that may have a potential conflict with the interest of the Company at large. Accordingly, the disclosure of related party transactions in Form AOC-2 is not applicable. However, disclosure on related party transactions as per IND AS-24 has been provided in the Notes to Accounts of the Audited Financial Statements for FY2022-23. The details of contracts or arrangements with related parties along with justification for entering into



DIRECTORS' REPORT

transactions referred to in sub-section (1) of Section 188 are annexed to the Report as “Annexure II”. The Policy on Related Party Transaction is available on the Company’s website www.stcipd.com and enclosed as “Annexure IV”.

14. WHISTLE BLOWER POLICY

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

15. FAIR PRACTICES CODE

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

16. POLICY ON NOMINATION AND REMUNERATION OF DIRECTORS

The Company has formulated a policy in accordance with the requirements of Section 178 of the Companies Act, 2013 and the rules framed thereto. The policy on Directors’ appointment and remuneration including criteria for determining qualifications, positive attributes and independence of a Director is available on the Company’s website www.stcipd.com.

17. ANNUAL RETURN

In accordance with the provisions of Section 134(3)(a) and Section 92(3) of the Companies Act, 2013, and the Rules framed thereunder, the annual return as on March 31, 2023, shall be made available on the Company’s website www.stcipd.com within the prescribed timelines.

18. FORMAL ANNUAL EVALUATION

The Company has adopted a framework on performance evaluation of the Board of Directors and that of its Committees and individual Directors. During FY2022-23, the Company had undertaken the annual evaluation exercise which was carried out of the Board on collective basis, committees of the Board and individual director in the matter as stipulated under the Act. As per the provisions of Schedule IV of the Companies Act, 2013, a separate meeting of Independent Directors was held during the year.

19. SUBSEQUENT EVENTS

There are no material changes and commitments affecting the financial position of the company which have occurred between March 31, 2023, and the date of the report.

20. KEY MANAGERIAL PERSONNEL

During the FY2022-23, the Company had the following Key Managerial Personnel (KMP) in line with the requirements and as defined by the Companies Act, 2013 and the rules framed thereto;

- (i) Mr. Prasanna Patankar, Managing Director
- (ii) Mr. Kalpesh Mody, Company Secretary and Chief Financial Officer(CFO)

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

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

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

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

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

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

24. SHARES

The Company is a wholly owned subsidiary of STCI Finance Limited and the shares are held by STCI Finance Limited through its nominee shareholders. There has been no change in shareholding pattern for the FY2022-23. The details of the transfer(s) of share(s), if any, has been mentioned in Annual Return, which is available on the Company’s website www.stcipd.com.

DIRECTORS' REPORT

25. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

26. REGISTRAR AND SHARE TRANSFER AGENT

M/s. Link Intime India Private Limited acts as the Registrar and Share Transfer Agent of the Company for FY2022-23.

27. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

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

28. PUBLIC DEPOSITS

During the year ended March 31, 2023, your Company has not accepted any deposits from the public within the meaning of the provisions of the Non-Banking Financial Companies (Reserve Bank) Directions, 1998 as well as within the meaning of Chapter V of the Companies Act, 2013, and the rules framed thereto. The Company is registered as a Systemically Important Non-Deposit taking Non-Banking Financial Company (NBFC-ND-SI) within the category of a NBFC- ML (Non-Banking Financial Company – Middle Layer)' under the Scale Based Regulations (SBR) and regulated by the Reserve Bank of India (RBI).

29. BRANCH OFFICES

The Company has a total of three (3) branch offices viz. New Delhi, Kolkata and Bengaluru which has been driving the business development efforts on a pan-India basis and procuring business from PSUs, Commercial Banks, Co-operative Banks, Small Finance Banks, Corporates, MNCs, Provident Funds, Pension and Gratuity Funds, Insurance Companies, Mutual Funds etc. The activities of these offices are being regularly assessed, reviewed, and monitored by the Board.

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

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

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

Presently, the matter is subjudice and pending before the Hon'ble National Company Law Tribunal (NCLT), Mumbai and the Hon'ble National Company Law Appellate Tribunal (NCLAT), New Delhi. There is no further progress in the matter in FY2022-23, with respect to the receipt of outstanding claim.

31. ACKNOWLEDGEMENT

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

On behalf of the Board of Directors

For STCI Primary Dealer Limited

V. Narayanamurthy
Director

DIN: 00555704
Date: August 29, 2023
Place: Mumbai

Prasanna Patankar
Managing Director

DIN: 07658714
Date: August 29, 2023
Place: Mumbai



DIRECTORS' REPORT

Annexure I

REPORT ON CORPORATE GOVERNANCE

As per the guidelines issued by the Reserve Bank of India (RBI) prescribed on 'Scale Based Regulation' (SBR) – A revised Regulatory Framework for NBFC', the Company's Corporate Governance Report for the FY2022-23 is presented to the Members of the Company.

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

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

Disclosure Required by Reserve Bank of India Direction DOR.ACC.REC.No.20/21.04.018/2022-23 dated 19th April, 2022 on Disclosure in Financial Statements – Section II

1. COMPOSITION OF THE BOARD

Sr No.	Name of Director	Director since	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	DIN	Number of Board Meetings during the directorship in FY2022-23		No. of other Directorships held	Remuneration Paid (Rs In lakh)			No. of shares held in and convertible instruments held in the Company
					Held	At- tended		Salary and other compensation	Sitting Fee	Com- mission	
1.	Mr. T. V. Rao	January 23, 2019	Independent Director	05273533	8	7	8	-	10.40	-	-
2.	Mr. Prakash Vartak	October 22, 2021	Independent Director	09336265	8	8	-	-	7.60	-	-
3.	Ms. Varda Pendse	April 01, 2022	Independent Director	00152752	8	7	-	-	5.00	-	-
4.	Mr. R. Venkataramani	May 25, 2015	Non-Executive Director	00829107	8	8	-	-	11.50	-	-
5.	Mr. Pradeep Madhav	October 22, 2021	Non-Executive Director	00267422	8	8	1	-	7.90	-	-
6.	Mr. V. Narayanamurthy	October 22, 2021	Non-Executive Director	00555704	8	8	3	-	5.80*	-	01 ⁺
7	Mr. Raghvendra Kumar ^{\$}	May 07, 2021	Non-Executive Director	08045355	7	7	-	-	3.50 [#]	-	-
8.	Mr. Sasidharan Mangalamkat [^]	March 25, 2023	Additional Director (Non-Executive)	10052548	1	1	-	-	0.50 [#]	-	-
9.	Mr. Prasanna Patankar	November 18, 2016	Managing Director	07658714	8	8	2	204.03 [%]	-	-	01 ⁺

* sitting fees paid to STCI Finance Limited

sitting fees paid to Bank of India

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

\$ ceased to be Director w.e.f January 31, 2023

^ inducted as Director w.e.f March 25, 2023

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

DIRECTORS' REPORT

Details of change in composition of the Board during the current FY2022-23

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

Details of changes in composition of the Board of Directors during previous FY2021-22

Sr No.	Name of Director	Capacity (i.e. Executive/ Non- Executive/ Chairman/ Promoter nominee/ Independent)	Nature of change (resignation, appointment)	Effective date
1.	Mr. Raghvendra Kumar	Non-Executive Director	Appointment	May 07, 2021
2.	Mr. G. Narayanan	Independent Director	Ceased to be Director pursuant to completion of two consecutive terms as an 'Independent Director'	August 7, 2021
3.	Mr. Pradeep Madhav	Non-Executive Director	Resignation	September 01, 2021
4.	Mr. Prakash Vartak	Independent Director	Appointment	October 22, 2021
5.	Mr. Pradeep Madhav	Non-Executive Director	Appointment	October 22, 2021
6.	Mr. V. Narayanamurthy	Non-Executive Director	Appointment	October 22, 2021
7.	Mr. Prasanna Patankar	Managing Director	Re-appointed as Managing Director for a period of 5 years	January 24, 2022
8.	Ms. Sonali Sinha	Independent Director	Ceased to be Director pursuant to completion of two consecutive terms as an 'Independent Director'	February 10, 2022

2. COMMITTEES OF BOARD AND THEIR COMPOSITION FOR THE FY2022-23

a. AUDIT COMMITTEE

Sr No.	Name of Director	Member of Committee since	Capacity (i.e. Executive/ Non- Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee during the membership in FY2022-23		No. of shares held in the Company
				Held	Attended	
1.	Mr. R. Venkataramani	May 25, 2015	Chairperson - Non-Executive Director	8	8	-
2.	Mr. T. V. Rao	April 24, 2019	Independent Director	8	7	-
3.	Mr. Prakash Vartak	April 01, 2022	Independent Director	8	8	-

b. RISK MANAGEMENT COMMITTEE

Sr No.	Name of Director	Member of Committee since	Capacity (i.e. Executive/ Non- Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee during the membership in FY2022-23		No. of shares held in the Company
				Held	Attended	
1.	Mr. T. V. Rao	May 27, 2020	Chairperson -Independent Director	10	10	-
2.	Mr. R Venkataramani	May 27, 2020	Non-Executive Director	10	10	-
3.	Mr. Pradeep Madhav	April 01, 2022	Non-Executive Director	10	10	-



DIRECTORS' REPORT

c. NOMINATION AND REMUNERATION COMMITTEE

Sr No.	Name of Director	Member of Committee since	Capacity (i.e. Executive/ Non- Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee during the membership in FY2022-23		No. of shares held in the Company
				Held	Attended	
1.	Ms. Varda Pendse	April 01, 2022	Chairperson -Independent Director	4	4	-
2.	Mr. T. V. Rao	August 23, 2021	Independent Director	4	4	-
3.	Mr. R Venkataramani	July 19, 2017	Non-Executive Director	4	4	-
4.	Mr. V Narayanamurthy	April 01, 2022	Non-Executive Director	4	4	01 ⁺

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

d. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Sr No.	Name of Director	Member of Committee since	Capacity (i.e. Executive/ Non- Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee during the membership in FY2022-23		No. of shares held in the Company
				Held	Attended	
1.	Mr. Prakash Vartak	April 01, 2022	Chairperson -Independent Director	3	3	-
2.	Mr. R. Venkataramani	April 24, 2019	Non-Executive Director	3	3	-
3.	Mr. Pradeep Madhav	April 01, 2022	Non-Executive Director	3	3	-
4.	Mr. Prasanna Patankar	February 13, 2017	Managing Director	3	3	01 ⁺

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

e. IT STRATEGY COMMITTEE

Sr No.	Name of Director	Member of Committee since	Capacity (i.e. Executive/ Non- Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee during the membership in FY2022-23		No. of shares held in the Company
				Held	Attended	
1.	Mr. T. V. Rao	April 01, 2022	Chairperson -Independent Director	2	2	-
2.	Mr. V. Narayanamurthy	April 01, 2022	Non-Executive Director	2	2	01 ⁺
3.	Mr. Praveen Mata	July 19, 2017	External domain expert	2	2	-
4.	Mr. Nagamohan Gollangi	April 01, 2022	External domain expert	2	2	-

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

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

3. GENERAL BODY MEETINGS HELD DURING FY2022-23

Sr. No.	Type of Meeting (Annual/ Extra Ordinary)	Date and Place	Special resolutions passed
1.	16 th Annual General Meeting (AGM)	On September 19, 2022, held through Video Conferencing (VC) medium at the Registered Office of the Company.	1. Re-appointment of Mr. Prasanna Patankar as the Managing Director of the Company for a period of five (5) years with effect from January 24, 2022. 2. Revision in the terms of remuneration payable to Mr. Prasanna Patankar, as the Managing Director of the Company.

DIRECTORS' REPORT

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

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

5. DETAILS OF PENALTIES AND STRICTURES

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

6. BREACH OF COVENANT – NIL

During the year under review, the Company has not availed any term loan or issued any non-convertible debentures. Hence, the instances on any breach of covenant to any term loan availed or non-convertible debentures issued by the Company is not applicable for the FY2022-23.

7. DIVERGENCE IN ASSET CLASSIFICATION AND PROVISIONING

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

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

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

V. Narayanamurthy
Director

DIN: 00555704
Date: August 29, 2023
Place: Mumbai

Prasanna Patankar
Managing Director

DIN: 07658714
Date: August 29, 2023
Place: Mumbai



DIRECTORS' REPORT

Annexure II

Form No. AOC-2

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

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

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

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

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

V. Narayanamurthy
Director

Prasanna Patankar
Managing Director

DIN: 00555704

DIN: 07658714

Date: August 29, 2023

Date: August 29, 2023

Place: Mumbai

Place: Mumbai



DIRECTORS' REPORT

STCI PRIMARY DEALER LIMITED

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

Sr. No.	Name(s) of the related party	Nature of relationship	Nature of contracts/ arrangements/ transactions	Amount (INR in lakh)	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any:	Amount paid as advances, if any
1	STCI Finance Limited	Holding Company	CCIL Charges (Received)	2.70				
2	STCI Finance Limited	Holding Company	Reimbursement of Expenses (Payment)	10.58				
3	STCI Finance Limited	Holding Company	Reimbursement of Expenses (Received)	0.14				
4	STCI Finance Limited	Holding Company	Rent Paid for premises	4.61				
5	STCI Finance Limited	Holding Company	Sitting fees Paid	5.80				
6	STCI Finance Limited	Holding Company	Other fee Income received	2.69				
		TOTAL		26.52				

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

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

V. Narayanamurthy
Director

Prasanna Patankar
Managing Director

DIN: 00555704

Date: August 29, 2023

Place: Mumbai

DIN: 07658714

Date: August 29, 2023

Place: Mumbai



DIRECTORS' REPORT

Annexure III

ANNUAL REPORT ON CSR ACTIVITIES

1. Brief outline on CSR policy of the Company:

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

2. Composition of CSR Committee: As on March 31, 2023, the CSR Committee comprised of:

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

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

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

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

5. (a) Average net profit of the company as per sub-section (5) of section 135: ₹26,541.17 lakh

(b) Two percent of average net profit of the company as per sub-section (5) of section 135:

The Company is required to spend ₹530.83 lakh towards CSR activities for FY2022-23.

(c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years: ₹699/-

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

*The CSR Committee of the Board and the Board of Directors, decided not to set-off the excess amount of ₹699/- spent on CSR Activities during FY2021-22 against CSR Expenditure for the FY2022-23, and same shall form part of the Company's CSR Contribution for FY2021-22 only.

(e) Total CSR obligation for the financial year [(b)+(c)-(d)]: ₹530.83 lakh

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

₹530.83 lakh (Details attached herewith as Annexure III A)

(b) Amount spent in Administrative Overheads – NIL

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

(d) Total amount spent for Financial Year [(a)+(b) +(c)] – ₹530.83 lakh

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

Total Amount Spent for the Financial Year. (₹ in lakh)	Amount Unspent				
	Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135.		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135.		
	Amount	Date of Transfer	Name of Fund	Amount	Date of Transfer
₹530.83	NA		NA		

DIRECTORS' REPORT

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

Sr.No	Particulars	Amount (₹ in lakh)
(1)	(2)	(3)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	530.83
(ii)	Total amount spent for the Financial Year	530.83
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	-
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	-

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr No.	Preceding Financial year(s)	Amount transferred to Unspent CSR Account under subsection (6) of section 135 (in ₹)	Balance Amount in Unspent CSR Account under subsection (6) of section 135 (in ₹)	Amount Spent in the Financial Year (in ₹)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to subsection (5) of section 135, if any	Amount remaining to be spent in succeeding Financial Years (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of Transfer	
1	FY2021-22				NIL		
2	FY2020-21				NIL		
3	FY2019-20				NIL		

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

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

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

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

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub-section (5) of section 135. – Not Applicable, as the Company has spent the entire amount towards CSR that was required to be spent.

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

Prakash Vartak
Director

DIN: 09336265
Date: August 29, 2023
Place: Mumbai

V. Narayanamurthy
Director

DIN: 00555704
Date: August 29, 2023
Place: Mumbai

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

Prasanna Patankar
Managing Director

DIN: 07658714
Date: August 29, 2023
Place: Mumbai



DIRECTORS' REPORT

Annexure III A

Details on amount spent towards CSR Projects (both Ongoing Project and other than Ongoing Project) for the FY2022-23:

Sr. No.	Name of the CSR Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (₹ in lakh)	Mode of Implementation-Direct (Yes/No)	Mode of implementation through implementing agency.	
				State	District			Name	CSR Registration Number
1.	Project for financial assistance to cancer patients under the 'Adopt a Cancer Patient Project'	Clause(i) Promoting health care including preventive health care	Yes	Maharashtra	Mumbai	50.00	No	Cancer Patient Aid Association	CSR00000926
2.	Project for financial assistance to young and paediatric cancer patients at Tata Memorial Hospital	Clause(i) Promoting health care including preventive health care	Yes	Maharashtra	Mumbai	16.16	No	ImPaCCT Foundation (Paediatric Foundation of Tata Memorial hospital)	CSR00001287
3.	Project for financial assistance on procurement of Posterior Vitrectomy Machine, Endoscopy System, Fundus Camera with FFA and Ellips FX Phaco handpiece System at Swami Sarvanand Hospital	Clause(i) Promoting health care including preventive health care	Yes	Maharashtra	Thane	35.42	No	Sunder Shewak Sabha	CSR00005294
4.	Project for financial assistance towards initial diagnosis of cancer patients through ICS-Arun Kurkure Initiation and Treatment Fund	Clause(i) Promoting health care including preventive health care	Pan India basis	Pan India basis		50.00	No	Indian Cancer Society	CSR00000792



DIRECTORS' REPORT

Sr. No.	Name of the CSR Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (₹ in lakh)	Mode of Implementation-Direct (Yes/No)	Mode of implementation through implementing agency.	
				State	District			Name	CSR Registration Number
5.	Project for financial assistance towards procurement of medical equipment named 'OPMI Lumera I' at Eye hospital of Shri Sadguru Seva Sangh Trust.	Clause(i) Promoting health care including preventive health care	No	Madhya Pradesh	Chitrakoot	50.00	No	Shri Sadguru Seva Sangh Trust	CSR00001860
6.	Project for financial assistance to run Gadadhar Abhyudaya Prakalpa (GAP) Projects for the holistic development of underprivileged children.	Clause(ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects	Yes	Maharashtra	Kolhapur	20.73	No	Ramakrishna Mission	CSR00006101
			No	Odisha	Bhubaneswar				
			No	West Bengal	Nadia				
7.	Project for financial assistance towards expanding the kitchen capacity by procurement of kitchen utilities.	Clause(i) Eradicating hunger, poverty and malnutrition	No	Uttar Pradesh	Vrindavan	77.61	No	The Akshaya Patra Foundation	CSR00000286
				Telangana	Warangal				



DIRECTORS' REPORT

Sr. No.	Name of the CSR Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (₹ in lakh)	Mode of Implementation-Direct (Yes/No)	Mode of implementation through implementing agency.	
				State	District			Name	CSR Registration Number
8.	Project for financial assistance towards procurement of kitchen utilities at newly constructed residential training centre.	Clause(ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects	Yes	Maharashtra	Jalgaon	24.04	No	Deepstambh Foundation	CSR00027855
9.	Project for financial assistance towards procurement of dialyzers for treatment of dialysis patients at Kidney dialysis Centre.	Clause(i) Promoting health care including preventive health care	No	New-Delhi	New-Delhi	22.95	No	Delhi Sikh Gurdwara Management Committee	CSR00004559
10.	Project for financial assistance for establishing Computer lab for 'M.Tech Smart Manufacturing Program' used by students and researchers at Centre for Product Design and Manufacturing (CDPM) department.	Clause(ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects	No	Karnataka	Bengaluru	31.55	No	Indian Institute of Science	CSR00007370



DIRECTORS' REPORT

Sr. No.	Name of the CSR Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project (₹ in lakh)	Mode of Implemen- tation- Direct (Yes/No)	Mode of implementation through implementing agency.	
				State	District			Name	CSR Registration Number
11.	Project for financial assistance towards procurement of aids and appliances to support disabled poor patients suffering from loco-motor disabilities.	Clause(i) Promoting health care including preventive health care	Yes	Maharashtra	Mumbai	29.85	No	Shree Bhagwan Mahaveer Viklang Sahayata Samiti	CSR00001480
12.	Project for financial support towards children undergoing Cardiac surgery and to provide timely identification, diagnosis and treatment to new-born (infants) with cardiac diseases.	Clause(i) Promoting health care including preventive health care	Yes	Maharashtra	Mumbai	15.00	No	The Society for the Rehabilitation of Crippled Children	CSR00003225
13.	Prime Minister’s National Relief Fund (PMNRF)	Clause(viii) socio economic development	Pan India basis	Pan India basis		107.52	Yes	NA	NA
Total amount spent towards CSR Projects for the FY2022-23						530.83			



DIRECTORS' REPORT

Annexure IV

RELATED PARTY TRANSACTIONS POLICY

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

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

1. Definitions

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

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

 - (i) A director or his relative
 - (ii) Key Managerial Personnel or his/ her relative
 - (iii) A firm, in which a director, manager or his relative is a partner
 - (iv) A private company in which a director or manager or his relatives is a member or director
 - (v) A public company in which a director or manager is a director and holds along with his relatives, more than 2% of its paid-up share capital
 - (vi) A body corporate whose board, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager, except such advice is given in a professional capacity.
 - (vii) Any other person on whose advice, directions or instructions a director or manager is accustomed to act.

Provided that nothing in sub-clause (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

(viii) Any company which is:

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

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

 - A Director, other than an Independent Director, or Key Managerial Personnel of the holding company or his relative with reference to a company, shall be deemed to be a Related Party.
- (vi) “**Relative**” means relative as defined under Section 2(77) of the Act as under;

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

DIRECTORS' REPORT

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

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

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

- (i) the Chief Executive Officer or the Managing Director or the Manager;
- (ii) the Company Secretary;
- (iii) the Whole-Time Director;
- (iv) the Chief Financial Officer; and
- (v) such other officer as may be prescribed

In addition to the above mentioned KMP, all such person(s), if any, as identified and designated by the Company may also be treated as KMP for the purpose of this policy.

(viii) **"Associate Company"** means as defined under Section 2(6) of the Act as under:-

Section 2(6) "Associate Company", in relation to another Company means a Company in which that other Company has a significant influence, but which is not a Subsidiary Company of the Company having such influence and includes a Joint Venture Company.

For the purposes of this clause, "significant influence" means control of at least twenty per cent of the total share capital, or of business decisions under an agreement.

"Total Share Capital", for the purposes of clause, means the aggregate of the –

- (a) paid-up equity share capital; and
- (b) convertible preference share capital;

(ix) **"Arms length transactions"** means transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

(x) **"Ordinary Course of business"** means all transactions or activities that are necessary, normal and incidental to the business of the Company as permitted by the Object Clause in the Memorandum of Association of the Company or transactions that are considered while computing the business income / revenue / turnover of the Company and shall be deemed to be in the ordinary course of business. These may also be common practices and customs of commercial/agreed upon transactions.

(xi) **"Office or place of profit means any office or place of profit" :**

- (i) where such office or place is held by a Director, if the Director holding it receives from the Company anything by way of remuneration, over and above the remuneration to which he is entitled as Director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
- (ii) where such office or place is held by an individual other than a Director or by any firm, Private Company or other Body Corporate, if the individual, firm, Private Company or Body Corporate holding it receives from the Company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.

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

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



DIRECTORS' REPORT

2. Governing Provisions

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

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

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

3. Identification

3.1 Identification of Related Parties

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

3.2 Identification of Related Party Transactions

In case of any proposed transaction or arrangement with a Related Party, the concerned team/department in the Company shall furnish to the Company Secretary, relevant details of the proposed transaction which shall include the name of the related party, nature of relationship, nature of contract, duration and particulars of the contract/arrangement/transaction; reason for entering into the transaction, manner of determining price and other commercial terms, the draft contract/agreement and other supporting documents.

The Company shall, based on the details of transaction determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

4. Approvals process for related party transactions

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

4.1 Audit Committee review / approval

All related party transactions / arrangements or any modifications thereof, which are not in ordinary course of business and/or not on arms length basis, will be referred to the Audit Committee for review and approval with the details of related party, nature of transaction, reason for undertaking the transaction, particulars of the contract/arrangement, pricing terms, whether on arms length and in the ordinary course of business and other relevant information.

Any member of the Committee who has a potential interest in any reported Related Party Transaction shall abstain from discussion and voting on the approval of the Related Party Transaction.

The Audit Committee, on the recommendation of the Management, may approve the transactions with related parties in accordance with provisions of the Companies Act read with the Rules made there under, as amended from time to time.

4.2 Board Approval

Related Party Transactions as defined under Section 188 of the Act which are not in ordinary course of business and/or not on arms length basis or any subsequent modification thereto, shall be placed before the Board for its approval.

Where any director is interested in any transaction or contract or arrangement with a Related Party, such director shall abstain himself from discussion and voting on the approval of the related party transaction.

The Board may approve all Related Party Transactions which are not at arm's length and / or which are not in the ordinary course of business in accordance with provisions of the Companies Act read with the Rules made there under, as amended from time to time.

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

DIRECTORS' REPORT

4.3 Approval of the Shareholders

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

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

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

4.4 Summary of Approval process

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

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

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

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

4.6 Related Party Transactions not approved under this Policy

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

In the event the Company becomes aware of a transaction with a Related Party that has not been approved within three (3) months as stated above, the matter shall be reviewed by the Board. The Board shall consider all the relevant facts and circumstances of such Transaction/ arrangement and evaluate all options available to the Company, including ratification by the Board or shareholders, revision or termination of such transaction/arrangement and take any such action as it may deem appropriate.



DIRECTORS' REPORT

5. Reporting & Disclosures

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

In compliance with the RBI Circular dated October 22, 2021, on Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs ('RBI SBR Framework') including RBI Circular dated April 19, 2022 on disclosures in financial statement, the Company shall report in the annual financial statements on the related party transactions in the prescribed format.

5.1 Register of Contracts/Arrangements in which Directors are interested

The Company shall maintain a Register of Contracts with Related Parties in accordance with the requirements of Section 189 of the Act to record particulars of all contracts /arrangements to which Section 184(2) and Section 188 of the Act applies and place such register before the next meeting of the Board and obtain signatures of all Directors present at that meeting.

The said register shall be authenticated by the Company Secretary, or such other person as may be authorized by the Board and shall be preserved permanently.

Such Register of Contracts shall be kept at the registered office of the Company or at such other place as the members of the Company may decide, and shall be open for inspection during business hours, except on Saturday.

A member of the Company shall be entitled to get the extracts of the said register, within 7 days of the date of the request and upon payment of such fees as may be specified.

5.2 Related Party Transactions as per Ind AS- 24

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

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

6. Related Party Transactions with Holding Company

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

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

7. Interpretation of the Policy

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

8. Amendments to the Policy

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

9. Review of Policy

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

DIRECTORS' REPORT

Annex I

Related Party Transactions with Holding Company

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

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

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

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

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

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

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

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

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

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

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

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









Certificate No. & Date	0074	23/05/2023
Date of Material Receipt	20/03/2023	
Weight	596.1 Kg	
Reference No.	2023030043	
Manifest No.	7261	



Ecoreco
Eco Recycling Limited

CERTIFICATE OF E-WASTE RECYCLING

This is to certify that e-waste received for recycling
from
STCI PRIMARY DEALER LIMITED, MUMBAI
has been disposed off by our R2v3 Certified Facility in an environment friendly manner.



For Eco Recycling Ltd

Authorized Signatory

E-Waste Management

Secured Data Destruction

Lamp Recycling

Skill Development

MPCB Reg. No: MPCB-CONSENT-000132571

CPCB Reg. No.: MPCB/RCHQ/HIS/MD/AUTH/018/W-27

Registered Office: Eco Recycling Ltd, K22, The Summit Business Bay, Near NCH Metro Station, Andheri Kurla Road, Andheri (East), Mumbai - 400 093

Registered Facility: Eco Recycling Ltd., Eco House, S, No. 22, H, No. 5 & T, Bhondwade, Near Pange Office, Sakinaka, Vasekar (East), Dist. Palyhar - 401 208

Certified for ISO 9001, ISO 14001, ISO 45001 & ISO 27001, R2v3 Certified







SECRETARIAL AUDITORS' REPORT



Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023

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

To,
The Members of,
STCI PRIMARY DEALER LIMITED
A/B1 - 801 (A-Wing), 8th Floor,
Marathon Innova,
Marathon Nextgen Compound,
Lower Parel, Mumbai - 400 013

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **STCI PRIMARY DEALER LIMITED** having CIN U67110MH2006PLC165306 (hereinafter called the 'Company') for the financial year ended on 31st March 2023 (the "audit period").

We have conducted the Secretarial Audit in a manner that provided us with a reasonable basis for evaluating the Company's corporate conducts/ statutory compliances and expressing our opinion thereon.

We are issuing this report based on:

- (i) Our verification of the Company's books, papers, minutes books, forms and returns filed, and other records maintained by the Company during the financial year ended March 31, 2023 as well as before the date of issue of this report;
- (ii) Our observations pursuant to visit to Registered office of the Company;
- (iii) Compliance certificates confirming compliance with all laws applicable to the Company given by the Key Managerial Personnel / Senior Managerial Personnel of the Company and taken on record by the Audit Committee / Board of Directors; and
- (iv) Representations made, documents shown and information provided by the Company, its officers, agents and authorized representatives during our conduct of Secretarial Audit

We hereby report that, in our opinion, during the audit period covering the financial year ended on 31st March 2023, the Company has:

- (i) Complied with the statutory provisions listed hereunder; and
- (ii) Board processes and compliance mechanism in place

to the extent, in the manner and subject to the reporting made hereinafter

A/102, 1st Floor, Ramkrupa CHS, Above IndusInd Bank, SVP Road, Borivali (West), Mumbai-400 092

T: +91 22 2890 0426/ 2890 0176| Email: support@bnpassociates.in| Website: www.bnpassociates.in

SECRETARIAL AUDITORS' REPORT

The members are requested to read this report along with our letter of even date annexed to this report as Annexure-A and Annexure-B.

1. Compliance with specific statutory provisions

We further report that:

- 1.1. We have examined the books, papers, minutes books, forms and returns filed and other records maintained by the Company during the year according to the applicable provisions / clauses of:
 - (i) The Companies Act, 2013 (the 'Act') and the Rules made thereunder,
 - (ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder,
 - (iii) The Securities Contracts (Regulation) Act, 1956 and the Rules made thereunder;
 - (iv) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993; and
 - (v) Secretarial Standards issued by the Institute of Company Secretaries of India (Secretarial Standards).
- 1.2 During the period under review:
 - (i) The Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Secretarial Standards as mentioned above.
 - (ii) Generally complied with the applicable provisions / clauses of:
 - (a) The Act and Rules mentioned under paragraph 1.1 (i)
 - (b) The Secretarial Standards on meetings of Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2) mentioned under paragraph 1.1 (v) above to the extent applicable to meetings of the Board & its committees held during the year and the 16th Annual General Meeting held on September 19, 2022, at shorter notice, with consent of the members. The compliance of the provisions of the Rules made under the Act with regard to the meetings of the Board and its Committees held through physical mode and/or video conferencing medium were verified based on the minutes of the meeting provided by the Company.
- 1.3 We are informed and have verified that, during the year, the Company was not required to initiate any compliance related action in respect of the following laws / rules / regulations / standards and was consequently not required to maintain any books, papers, minute books or other records or file any forms/ returns thereunder:
 - a. The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investments, Overseas Direct Investment and External Commercial Borrowings.
 - b. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992:
 - (i) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (ii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (iii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
 - (iv) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
 - (v) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021
 - (vi) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;
 - (vii) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
 - (viii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018.
- 1.4 We have also examined, on test-check basis, the relevant documents and records maintained by the Company, as per Annexure I, with respect to the following: -
 - a) Master Direction on Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions 2016,
 - b) Master Direction - Standalone Primary Dealers (Reserve Bank) Directions, 2016;
 - c) RBI Directions, Guidelines, Operating guidelines, Notifications and Circulars, as applicable to Systemically Important Non-Deposit Taking NBFC and Standalone Primary Dealers from time to time; and
 - d) Securities and Exchange Board of India (Stock Brokers and Sub-brokers) Regulations, 1992



SECRETARIAL AUDITORS' REPORT

1. Board processes:

We further report that:

2.1 The Board of Directors of the Company as on 31st March 2023 comprised of:

- (i) An Executive Director known as Managing Director: Mr. Prasanna Patankar (DIN: 07658714)
- (ii) Four Non-Executive Non-Independent Directors: Mr. R. Venkataramani (DIN: 00829107), Mr. V. Narayanamurthy (DIN: 00555704), Mr. Pradeep Madhav (DIN: 00267422), Mr. Sasidharan Mangalamkat (DIN: 10052548), and
- (iii) Three Non-Executive Independent Directors.: Ms. Varda Pendse (DIN: 00152752), Mr. Prakash Vartak (DIN: 09336265), Mr. T. V. Rao (DIN: 05273533)

2.2 The processes relating to the following changes in the composition of the Board of Directors and Key Managerial Personnel during the year were carried out in compliance with the provisions of the Act:

- (i) Appointment of Ms. Varda Pendse (DIN: - 00152752) by the Board of Directors of the Company as an Additional Independent Director (Non- Executive) of the Company w.e.f. April 01, 2022 subject to the shareholders' approval and her appointment has been approved by the shareholders of the Company at the 16th Annual General Meeting held on September 19, 2022.
- (ii) Appointment of Mr. Prakash Vartak (DIN: - 09336265) by the Board of Directors of the Company as an Additional Independent Director (Non- Executive) of the Company w.e.f. October 22, 2021 subject to the shareholders' approval and his appointment has been approved by the shareholders of the Company at the 16th Annual General Meeting held on September 19, 2022.
- (iii) Appointment of Mr. Pradeep Madhav (DIN: - 00267422) by the Board of Directors of the Company as an Additional Director (Non- Executive) of the Company w.e.f. October 22, 2021 subject to the shareholders' approval and his appointment has been approved by the shareholders of the Company at the 16th Annual General Meeting held on September 19, 2022.
- (iv) Appointment of Mr. V. Narayanamurthy (DIN: - 00555704) by the Board of Directors of the Company as an Additional Director (Non- Executive) of the Company w.e.f. October 22, 2021 subject to the shareholders' approval and his appointment has been approved by the shareholders of the Company at the 16th Annual General Meeting held on September 19, 2022.
- (v) Re-appointment of Mr. Raghvendra Kumar (DIN: - 08045355) who was liable to retire by rotation, as Non-Executive Director at the 16th Annual General Meeting held on September 19, 2022.
- (vi) Cessation of office of Mr. Raghvendra Kumar (DIN: - 08045355) as a Non-Executive Director of the Company w.e.f. January 31, 2023 due to resignation.
- (vii) Appointment of Mr. Sasidharan Mangalamkat (DIN: - 10052548) by the Board of Directors of the Company as an Additional Director (Non-Executive) of the Company w.e.f. March 25, 2023 subject to the approval of the shareholders of the Company

2.3 Adequate notices and Agenda and detailed notes on Agenda were given to all Directors to schedule the Meetings of the Board of Directors and its Committees, which were sent within the stipulated time lines as required under section 173(3) of the Act and SS-1, except for some meetings which were held at shorter notice with the consent of all directors.

2.4 A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for meaningful participation at the meetings.

2.5 We note from the minutes verified that, at the meetings of the Board held during the year:

- (i) decisions were carried through majority; and
- (ii) No dissenting views were expressed by any member of the Board/committees, on any of the subject matters discussed, that were required to be captured and recorded as part of the minutes.

2. Compliance mechanism

There are reasonably adequate systems and processes in the Company, commensurate with the size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We are informed that RBI through a letter dated December 23, 2022, had noted and taken on record a one-off instance undertaken by the Company in call money transaction, beyond stipulated timeline on account of a technical glitch at the counterparty's end. During the year under the review, the Senior Supervisory Manager (SSM) Team of the Reserve Bank of India (RBI) had conducted their routine inspection/audit for the FY2020-21 and FY2021-22 and issued a letter dated March 06, 2023 containing few observations/suggestions on a few operational matters of the Company and these are advisory in nature and also to ensure implementation of matters of better compliance including improvement in the internal system of the Company and the same had been noted by the Board of Directors at their meeting held on March 25, 2023 and subsequently the Company vide letter dated April 03, 2023, has submitted its compliance report thereon.

SECRETARIAL AUDITORS' REPORT

3. Specific events / actions

- a) Pursuant to the Section 139(5) of the Companies Act, 2013, the Statutory Auditors of the Company have been appointed as per the directive of the Comptroller & Auditor General (C&AG) of India and accordingly, as per the communication received from C&AG, vide their letter dated September 02, 2022, at the 16th Annual General Meeting (AGM) held on 19th September 2022, at a shorter notice, the shareholders approved the appointment of M/s Dassani & Associates, Chartered Accountants (FRN: 009096C) as Statutory Auditors of the Company, for the financial year FY 2022-23 and also authorised the Board of Directors of the Company to fix the remuneration for the FY 2022-23.
- b) The Board of Directors of the Company, at their meeting held on 27th April 2022 declared second Interim Dividend for the FY 2021-22 at a rate of 14% on the face value of Rs.10 per share of the Company i.e., Rs.1.40/- per share in respect of 15,00,00,000 outstanding equity shares of face value of Rs.10/- each aggregating to Rs.21,00,00,000/- (Rupees Twenty-One Crore Only), subject to the applicable Tax Deduction at Source (TDS).
- c) Reserve Bank of India vide its letter dated June 28, 2022 had issued the renewal of Primary Dealership (PD) authorization of the Company, for the period from July 01, 2022 till March 31, 2025.
- d) At the 16th Annual General Meeting (AGM) held on September 19, 2022, at shorter notice, the shareholders of the Company, have approved the re-appointment of Mr Prasanna Patankar (DIN: - 07658714) as Managing Director of the Company, for a period of five years from January 24, 2022 to January 23, 2027 and also approved the revision in terms of remuneration of Managing Director.

For BNP & Associates
Company Secretaries
Peer Review No-637/2019

Venkataraman Krishnan
Associate Partner
ACS No.: 8897
C P No.:12459
UDIN: A008897E000170267

Place: Mumbai
Date: April 22, 2023



SECRETARIAL AUDITORS' REPORT

ANNEXURE A TO THE SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2023

To,
The Members of,
STCI PRIMARY DEALER LIMITED

Our Secretarial Audit Report of even date is to be read along with this letter.

1. The Company's management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit.
2. We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We also examined the compliance procedures followed by the company on a test basis. We believe that the processes and practices we followed, provides a reasonable basis for our opinion.
4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. We have obtained the management's representation about the compliance of laws, rules and regulations and happening of events, wherever required.
6. Our 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 BNP & Associates
Company Secretaries
Peer Review No-637/2019

Venkataraman Krishnan
Associate Partner
ACS No.: 8897
C P No.:12459
UDIN: A008897E000170267

Place: Mumbai
Date: April 22, 2023

SECRETARIAL AUDITORS' REPORT

ANNEXURE B TO THE SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2023

To,

The Members of,

STCI PRIMARY DEALER LIMITED

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

1. Memorandum & Articles of Association of the Company;
2. Annual Report for the Financial year ended March 31, 2022;
3. Minutes of the meetings of the Board of Directors, Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, IT Strategy Committee and Corporate Social Responsibility Committee held during the financial year in the review, along with the attendance registers;
4. Internal Compliance Checklist/s of the Company.
5. Minutes of the General Meeting held in the financial year under review;
6. Statutory registers viz.
 - Registers of Directors and KMP and directors' shareholding
 - Register of loans guarantees and security and acquisition/s made by the company
 - Register of Charges
 - Register of Related Party Transactions-Transactions are in the ordinary course of business at Arm's Length Basis
 - Register of Members
7. Agenda papers submitted to all the directors/members for the meetings of the Board and its Committees;
8. Declaration received from the Directors of the Company / Key Managerial Personnel, as per the provisions of Section 184(1), Section 164(2), Section 149(3) and Section 149(7) of the Companies Act, 2013;
9. E-forms filed by the Company, from time to time, under applicable provisions of the Companies Act 2013, as amended from time to time, along with the attachments thereof during the financial year under review.

For BNP & Associates
Company Secretaries
Peer Review No-637/2019

Venkataraman Krishnan
Associate Partner
ACS No.: 8897
C P No.:12459
UDIN: A008897E000170267

Place: Mumbai
Date: April 22, 2023



AUDITORS' REPORT

DASSANI & ASSOCIATES

Chartered Accountants

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

INDEPENDENT AUDITORS' REPORT

To The Members of

STCI Primary Dealer Limited

REPORT ON THE STANDALONE FINANCIAL STATEMENTS

OPINION

We have audited the standalone financial statements of **STCI PRIMARY DEALER LIMITED** (hereinafter referred to as "the Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended on that date, and Notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN OUR AUDIT
<p>Information Technology (IT)</p> <p>IT systems and controls</p> <p>The Company's key financial accounting and reporting processes are dependent on the automated controls in information systems, such that there exists a risk that gaps in the IT control environment could impact the financial accounting and reporting significantly. The Company uses SAP system for its overall financial reporting.</p> <p>The Company's General Ledger system used in financial reporting is interfaced with other IT systems which process transactions of account relevant for financial reporting.</p>	<p>Our audit procedures to assess the IT systems and controls included the following:</p> <ul style="list-style-type: none"> Understanding IT application controls for the audit period for significant accounts, testing interfaces, reports, reconciliations and system processing for significant accounts determined by us during our risk assessment. We tested the controls to determine that these controls remained unchanged during the audit period and in case of changes, were the changes followed the standard change management process. Understanding IT infrastructure records for the in-scope systems i.e., operating systems and databases. Based on procedures performed above, wherever required, we extended our audit procedures over other IT application controls, periodic reconciliations, manual approval processes, tests on identified key changes and additional substantive testing. Assessed and tested, the Company's IT systems and controls including IT infrastructure, which is duly supported by the opinion of Internal Auditors of the company, IFC auditors of the company and IT & IS Auditors of the company.

AUDITORS' REPORT

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

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

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

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

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

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

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

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

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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



AUDITORS' REPORT

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by sub-section (3) of Section 143 of the Act, based on our audit, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) In pursuance to the Notification No. G.S.R. 463(E) dated 05-06-2015 issued by the Ministry of Corporate Affairs, sub-section 2 of section 164 of the Act pertaining to disqualification of directors not applicable to the Government Company. As informed to us by the Company the Board of Directors has taken on record written representations received from the directors as on March 31, 2023. As per written representation received, none of the directors is disqualified as on March 31, 2023, from being appointed as a director in terms of sub-section 2 of Section 164 of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting with reference to these standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - (g) With respect to the other matters to be included in the Auditor's report in accordance with the requirements of the sub-section 16 of Section 197 of the Act, as amended:

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note 49 to the standalone financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 34 to the standalone financial statements; and
 - iii. As at March 31, 2023 there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

AUDITORS' REPORT

iv.

- A. The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- B. The management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- C. Based on such audit procedures we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (A) and (B) contain any material mis-statement.

- v. The Company has complied with Section 123 of the Act for the purpose of declaration and payment of dividend during the year. Also refer note 68 to the standalone financial statements.

- 3. As required by sub-section (5) of Section 143 of the Act and in terms of directions issued by the Comptroller and Auditor General of India during audit of annual accounts of STCI Primary Dealer Limited, we give a report in the attached Annexure "C".

For **DASSANI & ASSOCIATES,**
Chartered Accountants
Firm Registration No.: 009096C

CA Aayush Mandhanya
(Partner)
M. No. 435709
UDIN: 23435709BGWGWX5087

Place: Mumbai
Date: 22/04/2023



ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

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

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
(B) The Company has maintained proper records showing full particulars of Intangible assets.
- (b) As explained to us, the Property, Plant and Equipment were physically verified during the year by the Management in accordance with a regular schedule of verification which, in our opinion, provides for physical verification of all the Property, Plant and Equipment at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) as disclosed in Note 13 to the standalone financial statements, are held in the name of the Company.
- (d) According to the information and explanations given to us, the company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- (e) According to the information and explanations given to us, no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- (ii) (a) The Company's Investments ('stock') mainly consists of Treasury bills and Dated Government Securities which are held in the form of Subsidiary General Ledger (SGL) account maintained with the Reserve Bank of India and the said stock is verified with the confirmation certificate received from Clearing Corporation of India Limited ('CCIL') on a daily basis. The stock of other securities is held by the Company in de-materialized form with ICICI Bank, and the same are verified with the confirmation certificates received from them at the year end. In our opinion, the coverage and procedure of such verification is reasonable and as explained to us, the Company is maintaining proper records of securities held as stock-in-trade and no material discrepancies were noticed on such verification as compared to the book records.
- (b) According to the information and explanation given to us, during any point of time of the year the company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. Thus, paragraph 3(ii)(b) of the Order is not applicable to the Company.
- (iii) According to the information and explanation given to us, the Company has not made investments in, provided any guarantee or security or granted any loans, secured or unsecured to companies, firms, limited liability partnerships or any other parties. Thus, reporting under paragraph 3(iii) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and securities granted in respect of which provisions of Section 185 and 186 of the Companies Act are applicable to the Company. Thus, reporting under paragraph 3(iv) of the Order is not applicable to the Company.
- (v) According to the information and explanations given to us, in respect of deposits by the company or amounts which are deemed to be deposits, no amount has been accepted to which the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act and the rules made there under apply and hence, reporting under paragraph 3(v) of the Order is not applicable to the Company.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under sub-section 1 of section 148 of the Companies Act. Thus, paragraph 3(vi) of the Order is not applicable to the Company.
- (vii) (a) According to the information and explanations given to us, and the records of the company examined by us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Goods and Service Tax, provident fund, employees' state insurance, income tax, cess and other material statutory dues applicable to it. According to the information and explanations given to us, there are no undisputed amounts payable in respect of income tax, goods and service tax, cess and other material statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no disputed amounts payable in respect material statutory dues referred to in sub-clause (a) which were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (viii) According to the information and explanations given to us, there are no transactions which are not recorded in the books of account have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).



ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

- (ix) (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) In our opinion and according to the information and explanations given to us, the Company is not declared a willful defaulter by any bank or financial institution or other lender.
- (c) According to the information and explanations given to us, no term loan were obtained by the Company during the year. Thus, reporting under paragraph 3(ix)(c) of the Order is not applicable to the Company.
- (d) According to the information and explanations given to us, the Company did not raise any fund on short term basis. Thus, reporting under paragraph 3(ix)(d) of the Order is not applicable to the Company.
- (e) The Company does not have any subsidiary, associate, or joint venture. Accordingly, the requirement to report on paragraph 3(ix)(e) and (f) of the Order are not applicable to the Company.
- (x) (a) Based on our audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given to us by the Management, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year under review. Accordingly, reporting under paragraph 3(ix) of the Order is not applicable to the Company.
- (b) Based on our audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given to us by the Management, the Company has not made preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, reporting under paragraph 3(ix) of the Order is not applicable to the Company.
- (xi) (a) Based on the audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given by the Management, we report that no material fraud by the Company and on the Company has been noticed or reported during the year.
- (b) Based on the audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements, we report that no report under sub-section (12) of section 143 of the Companies Act has been filed by us in ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) Based on the audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given by the Management, we report that no whistle-blower complaints received during the year by the company.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, reporting under paragraph 3 (xii) of the Order is not applicable to the Company.
- (xiii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given by the management, transactions with the related parties are in compliance with Sections 177 and 188 of the Companies Act, where applicable and the details have been disclosed in the note no. 37 to the standalone financial statements, as required by the applicable accounting standards.



ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

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

For **DASSANI & ASSOCIATES,**
Chartered Accountants
Firm Registration No.: 009096C

CA Aayush Mandhanya
(Partner)
M. No. 435709
UDIN: 23435709BGWGWX5087

Place: Mumbai
 Date: 22/04/2023

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

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

We have audited the internal financial controls over financial reporting of **STCI Primary Dealer Limited** (hereinafter referred to as "the Company") as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITOR'S RESPONSIBILITY

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

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

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

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

OPINION

In our opinion, to the best of our information and according to the explanations given to us, 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, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DASSANI & ASSOCIATES,**
Chartered Accountants

Firm Registration No.: 009096C

CA Aayush Mandhanya

(Partner)

M. No. 435709

UDIN: 23435709BGWGWX5087

Place: Mumbai

Date: 22/04/2023



ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

ANNEXURE 'C' TO THE INDEPENDENT AUDITOR'S REPORT

Directions indicating the areas to be examined by the Statutory Auditors during the course of audit of annual accounts of STCI Primary Dealer Limited for the year 2022-23 issued by the Comptroller & Auditor General of India under Section 143 (5) of the Companies Act, 2013.

SR. NO.	AREA EXAMINED	OBSERVATIONS/FINDINGS
1.	Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	The Company has system of processing of accounting transactions partially through system with human intervention and partially by direct feeding manually. Various calculations in accordance with the requirements of Ind AS such as Amortized cost using effective interest rate, calculation of lease liability etc. needs to be processed through IT System, any manual intervention can lead to passing of wrong entries in the system and would directly affect the financial statements. Presently, said working have been maintained manually and verified by us.
2.	Whether there is any restructuring of an existing loan or cases of waiver / write off of debts / loans / interest etc. made by a lender to the Company due to the Company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (in case, lender is a Government company, then its direction is also applicable for statutory auditor of lender company).	There is no case of restructuring / waiver/ write off of debts / loans / interest reported by the management and / or observed during our audit of the year.
3.	Whether funds (grants/subsidy etc.) received / receivable for specific schemes from Central / State Government or its agencies were properly accounted for / utilized as per its terms and condition? List the cases of deviations.	There is no case of funds i.e., grants, subsidy etc. received / receivable for specific schemes from Central / State Government or its agencies reported by the management and / or observed during our audit of the year.

Additional Directions for Finance companies u/s 143 (5) of the Companies Act, 2013 for 2022-23

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

For **DASSANI & ASSOCIATES,**
Chartered Accountants

Firm Registration No.: 009096C

CA Aayush Mandhanya
(Partner)

M. No. 435709

UDIN: 23435709BGWGWX5087

Place: Mumbai

Date: 22/04/2023

AUDITORS' CERTIFICATE FOR NBFC

DASSANI & ASSOCIATES

Chartered Accountants

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

INDEPENDENT AUDITORS' REPORT

**To,
The Board of Directors of
STCI Primary Dealer Limited**

Pursuant to the paragraphs 3 (A) and (C) of the Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016 ("the Directions") issued by the Reserve Bank of India (RBI), we have examined the matters specified in the directions in respect of STCI Primary Dealer Limited (hereinafter referred to as "the Company"), for the year ended March 31, 2023.

MANAGEMENT'S RESPONSIBILITY

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

AUDITOR'S RESPONSIBILITY

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

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

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

CONCLUSION

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

1. (a) The Company is engaged in the business of non-banking financial institution and has obtained a Certificate of Registration No. N-13.01865 dated 23.05.2007, as provided in Section 45-IA of the Reserve Bank of India Act, 1934.
- (b) The Company is entitled to continue to hold Certificate of Registration in terms of its asset/income pattern as on March 31, 2023.
- (c) The Company is meeting the required net owned fund requirement as laid down in Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.



AUDITORS' CERTIFICATE FOR NBFC

2. (a) The Board of Directors has passed a resolution for the non-acceptance of any public deposits.
- (b) The Company has not accepted any public deposits during the relevant year.
- (c) The Company has complied with the prudential norms relating to income recognition, Indian accounting standards (IND AS), asset classification and provisioning for bad and doubtful debts as applicable to it.
- (d) The capital adequacy ratio as disclosed in the return submitted to the Reserve Bank of India in Form DNBS-03, has been correctly arrived at and such ratio is in compliance with the minimum capital to risk weighted asset ratio as prescribed by the Reserve Bank of India.
- (e) The Annual Statement of Capital Funds, risk assets / exposures and risk asset ratio in form DNBS-03 has been submitted within the stipulated period.
- (f) The Company is not NBFC Micro Finance Institutions (MFI) as defined in the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

For DASSANI & ASSOCIATES

Chartered Accountants

Firm Registration No.: 009096C

CA Aayush Mandhanya

Partner

M. No. 435709

UDIN: 23435709BGWG XO4412

Place: Mumbai

Date: May 22, 2023



REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF STCI PRIMARY DEALER LIMITED FOR THE YEAR ENDED 31 MARCH 2023

The preparation of Financial Statements of STCI Primary Dealer Limited for the year ended 31 March 2023 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 22 April 2023.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statement of STCI Primary Dealer Limited for the year ended 31 March 2023 under section 143(6)(a) of the Act.

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

sd/-
(Guljari Lal)

Director General of Audit (Shipping),
Mumbai

Place : Mumbai
Date : 24/05/2023

BALANCE SHEET AS AT MARCH 31, 2023

(₹ in Lakhs)

PARTICULARS	NOTE NO.	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
ASSETS			
1 Financial Assets			
(a) Cash & cash equivalents	4	65.14	22.09
(b) Bank balances other than (a) above	5	222.08	122.08
(c) Derivative financial instruments	6	76,529.54	38,228.27
(d) Receivables			
(i) Trade Receivables	7	1.20	20.79
(ii) Other Receivables	8	36.47	0.28
(e) Investments	9	1,483,293.86	1,361,550.63
(f) Other financial assets	10	3,477.40	3,627.42
2 Non-financial Assets			
(a) Current tax assets (net)	11	95.84	545.31
(b) Property, plant and equipment	13	1,497.24	1,492.38
(c) Right of Use Asset	13	48.07	75.75
(d) Other intangible assets	13	1.50	5.35
(e) Other non-financial assets	14	209.94	134.50
TOTAL ASSETS		1,565,478.28	1,405,824.85
LIABILITIES AND EQUITY			
LIABILITIES			
1 Financial Liabilities			
(a) Derivative financial instruments	6	77,980.48	38,589.59
(b) Payables			
(i) Trade Payables	15		
total outstanding dues of micro enterprises and small enterprises		0.82	-
total outstanding dues of creditors other than micro enterprises and small enterprises		91.57	47.59
(ii) Other Payables	15		
total outstanding dues of micro enterprises and small enterprises		-	-
total outstanding dues of creditors other than micro enterprises and small enterprises		38.42	38.18
(c) Borrowings (other than debt securities)	16	1,388,314.98	1,269,123.61
(d) Deposits	17	19,373.23	19,155.34
(e) Lease Liability	18	44.32	67.59
(f) Other Financial Liabilities	19	229.23	476.24

BALANCE SHEET AS AT MARCH 31, 2023

(₹ in Lakhs)

PARTICULARS	NOTE NO.	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
2 Non-Financial Liabilities			
(a) Provisions	20	171.77	414.84
(b) Deferred tax liabilities (net)	12	172.89	218.14
(c) Other non-financial liabilities	21	62.09	23.60
3 Equity			
(a) Equity share capital	22	15,000.00	15,000.00
(b) Other equity	23	63,998.48	62,670.13
TOTAL LIABILITIES AND EQUITY		1,565,478.28	1,405,824.85

Basis of Preparation and measurement

2

Significant accounting policies

3

The accompanying notes are an integral part of financial statements

In terms of our report of even date

FOR DASSANI & ASSOCIATES

Chartered Accountants

Firm Registration No.- 009096C

CA AAYUSH MANDHANYA

Partner

Membership No.: 435709

V. NARAYANAMURTHY

R. VENKATARAMANI

T. V. RAO

VARDA PENDSE

PRASANNA PATANKAR

KALPESH MODY

Director

Director

Director

Director

Managing Director

Company Secretary and Chief Financial Officer

For and on behalf of the Board of Directors

STCI PRIMARY DEALER LIMITED

DIN : 00555704

DIN : 00829107

DIN : 05273533

DIN : 00152752

DIN : 07658714

Date: April 22, 2023

Place : Mumbai



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Lakhs)

PARTICULARS	NOTE NO.	FOR THE YEAR ENDED MARCH 31, 2023	FOR THE YEAR ENDED MARCH 31, 2022
REVENUE FROM OPERATIONS :			
(i) Interest income	24	84,620.44	60,025.48
(ii) Dividend income	25	-	16.34
(iii) Fees and commission income	26	143.89	633.75
(iv) Trading Profit/(Loss) on investments	27	(4,898.99)	2,742.77
(v) Net gain/(loss) on fair value changes	28	(1,040.74)	(5,963.33)
(I) Total revenue from operations		78,824.60	57,455.01
(II) Other income	29	24.56	486.78
(III) Total income (I+II)		78,849.16	57,941.79
EXPENSES :			
(i) Finance costs	30	71,157.03	41,480.39
(ii) Transaction and settlement charges	31	780.02	592.79
(iii) Employee benefit expenses	32	1,028.15	1,115.23
(iv) Depreciation, amortization and impairment	13	88.58	88.25
(v) Other expenses	33	1,093.42	950.19
(IV) Total expenses		74,147.20	44,226.85
(V) Profit/(loss) before exceptional items and tax (III-IV)		4,701.96	13,714.94
(VI) Exceptional items		-	-
(VII) Profit/(loss) before tax (V -VI)		4,701.96	13,714.94
Tax expense/(income) :			
Current Tax		1,320.67	3,377.06
Deferred Tax		(45.70)	281.72
(VIII) Total tax expense/(income) :		1,274.97	3,658.78
(IX) Profit/(loss) for the year from continuing operations(VII-VIII)		3,426.99	10,056.16
(X) Profit/(loss) from discontinued operations		-	-
(XI) Tax Expense of discontinued operations		-	-
(XII) Profit/(loss) from discontinued operations (After Tax) (X-XI)		-	-
(XIII) Profit/(loss) for the year (IX+XII)		3,426.99	10,056.16

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Lakhs)

PARTICULARS	NOTE NO.	FOR THE YEAR ENDED MARCH 31, 2023	FOR THE YEAR ENDED MARCH 31, 2022
(XIV) Other comprehensive income			
(i) Items that will not be reclassified to profit or loss		1.82	2.32
(ii) Income Tax relating to items that will not be reclassified to profit or loss		(0.46)	(0.58)
Subtotal (A)		1.36	1.74
(i) Items that will be reclassified to profit or loss		-	-
(ii) Income Tax relating to items that will be reclassified to profit or loss		-	-
(iii) Reclassification adjustment		-	-
Subtotal (B)		-	-
Other Comprehensive Income (A + B)		1.36	1.74
(XV) Total Comprehensive Income for the year (XIII+XIV)		3,428.35	10,057.90
(XVI) Earnings per equity share (for continuing operations)			
Basic (₹)		2.28	6.70
Diluted (₹)		2.28	6.70

Basis of Preparation and measurement

2

Significant accounting policies

3

The accompanying notes are an integral part of financial statements

In terms of our report of even date

FOR DASSANI & ASSOCIATES

Chartered Accountants

Firm Registration No.- 009096C

CA AAYUSH MANDHANYA

Partner

Membership No.: 435709

V. NARAYANAMURTHY

Director

R. VENKATARAMANI

Director

T. V. RAO

Director

VARDA PENDSE

Director

PRASANNA PATANKAR

Managing Director

KALPESH MODY

Company Secretary and Chief Financial Officer

For and on behalf of the Board of Directors

STCI PRIMARY DEALER LIMITED

DIN : 00555704

DIN : 00829107

DIN : 05273533

DIN : 00152752

DIN : 07658714

Date: April 22, 2023

Place : Mumbai

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Lakhs)

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2023		FOR THE YEAR ENDED MARCH 31, 2022	
A Cash flow from operating activities				
<u>Net Profit before Taxation</u>		4,701.96		13,714.94
Adjustments for Non Cash/Non Operating Items :				
Depreciation & amortisation		88.58		88.25
(Profit)/Loss on sale of Property, plant and equipment		(3.35)		(0.06)
Interest Income on Investments at AC Category		(15,356.54)		(5,976.41)
Unrealised (gain)/loss on investment held in FVTPL		1,040.67		5,963.33
Interest on Lease Liabilities		2.94		4.19
Expense written back		-		(357.80)
Operating Profit before working capital changes		(9,525.74)		13,436.44
Changes in Working Capital :				
(Increase)/ Decrease in Receivables	(16.60)		223.84	
(Increase)/ Decrease in Investments at FVTPL (Trading portfolio)	(16,297.93)		(64,049.19)	
(Increase)/ Decrease in Derivatives	1,089.62		528.80	
(Increase)/ Decrease in Other financial assets	150.02		(1,962.02)	
(Increase)/ Decrease in Other non-financial assets	(75.44)		73.44	
Increase/ (Decrease) in Payables	46.01		(9.08)	
Increase/ (Decrease) in Other Financial Liabilities	(247.01)		218.66	
Increase/ (Decrease) in Provisions	(241.25)		(416.97)	
(Increase)/Decrease in Accrued interest on Investments at FVTPL	(8,584.45)		(1,523.37)	
Increase/ (Decrease) in Accrued interest on Borrowings	326.63		21.92	
Increase/ (Decrease) in Other non-financial liabilities	38.49		(94.40)	
Cash flow from/(used in) operating activities		(33,337.65)		(53,551.93)
Less: Taxes Paid		(871.20)		(3,817.06)
Net Cash flow from/(used in) Operating Activities		(34,208.85)		(57,368.99)
B Cash flow from Investing activities				
Purchase of Investments at Amortised cost		(98,321.19)		(160,513.97)
Purchase of fixed assets		(66.84)		(23.51)
Sale of fixed assets		7.59		0.06
Intangible assets under development transferred to Intangible assets		-		0.64
Purchase of intangible assets		(0.27)		(2.56)
Fixed deposit with banks having original maturity over three months		-		0.03
(Payment) /Realisation of Margin money from bank		(100.00)		(100.00)
Interest received on Amortised Cost securities (net of Broken period interest paid on purchase)		15,776.19		4,371.52
Net Cash Flow from/(used in) Investing Activities		(82,704.52)		(156,267.79)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Lakhs)

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2023	FOR THE YEAR ENDED MARCH 31, 2022
C Cash flow from Financing Activities		
Payment of dividend	(2,100.00)	(5,550.00)
Borrowings and Deposits Taken / (Repayment)	119,082.63	219,185.77
Payment of Lease liability	(26.21)	(25.67)
Net Cash Flow from Financing Activities	116,956.42	213,610.10
Net increase/(decrease) in cash & cash equivalent (A+B+C)	43.05	(26.68)
Cash & cash equivalent as at beginning of the year	22.09	48.77
Cash & cash equivalent as at end of the year	65.14	22.09
Net change in cash and cash equivalents	43.05	(26.68)
Operational cash flows from interest and dividends		
Interest paid	70,827.46	41,454.19
Interest received	76,455.65	52,525.70
Dividend received	-	16.34

Note:

- Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) - Statement of Cash Flow.
- Refer Note: 36 for Change in liabilities arising from financing activities.

The accompanying notes are an integral part of financial statements

In terms of our report of even date

FOR DASSANI & ASSOCIATES

Chartered Accountants
Firm Registration No.- 009096C

CA AAYUSH MANDHANYA

Partner

Membership No.: 435709

V. NARAYANAMURTHY

Director

R. VENKATARAMANI

Director

T. V. RAO

Director

VARDA PENDSE

Director

PRASANNA PATANKAR

Managing Director

KALPESH MODY

Company Secretary and Chief Financial Officer

For and on behalf of the Board of Directors

STCI PRIMARY DEALER LIMITED

DIN : 00555704

DIN : 00829107

DIN : 05273533

DIN : 00152752

DIN : 07658714

Date: April 22, 2023

Place : Mumbai



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2023

A. Equity Share Capital

(1) FY 2022-23

(₹ in Lakhs)

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

(2) FY 2021-22

(₹ in Lakhs)

Balance as at April 01, 2021	Changes in Equity Share Capital due to prior period errors	Restated balance as at April 01, 2021	Changes in equity share capital during the year	Balance as at March 31, 2022
15,000.00	-	15,000.00	-	15,000.00

B. Other Equity

(1) FY 2022-23

(₹ in Lakhs)

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

(2) FY 2021-22

(₹ in Lakhs)

Particulars	Share application money pending allotment	Equity component of financial instruments	Reserves & Surplus					Debt instruments through Other Comprehensive Income	Other items of Other Comprehensive Income	Money received against share warrants	Total
			Capital Redemption Reserve	Statutory Reserve	Reserve & Surplus HTM - CGS A/c	General Reserve	Retained Earnings				
Balance as at April 01, 2021	-	-	5,000.00	20,080.15	2,126.63	105.94	30,863.15	-	(13.65)	-	58,162.21
Total Comprehensive Income for the year	-	-	-	-	-	-	10,056.17	-	1.74	-	10,057.91
Dividend Distributed	-	-	-	-	-	-	(5,550.00)	-	-	-	(5,550.00)
Transfer to/from retained earnings	-	-	-	2,011.58	-	-	(2,011.58)	-	-	-	-
Any other change	-	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2022	-	-	5,000.00	22,091.73	2,126.63	105.94	33,357.74	-	(11.91)	-	62,670.13

The accompanying notes are an integral part of financial statements

In terms of our report of even date

FOR DASSANI & ASSOCIATES

Chartered Accountants

Firm Registration No.- 009096C

CA AAYUSH MANDHANYA

Partner

Membership No.: 435709

V. NARAYANAMURTHY

Director

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For and on behalf of the Board of Directors

STCI PRIMARY DEALER LIMITED

DIN : 00555704

DIN : 00829107

DIN : 05273533

DIN : 00152752

DIN : 07658714

Date: April 22, 2023

Place : Mumbai

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

1. CORPORATE INFORMATION

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

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

2. BASIS OF PREPARATION AND MEASUREMENT

2.1. Basis of Preparation

These financial statements have been prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act, 2013 ('the Act') read with Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, Reserve Bank of India directions to Non-Banking Finance Companies (NBFCs) and as applicable to Primary Dealers; and Division III to Schedule III of the Act as notified by the Ministry of Corporate Affairs through notification dated 11th October, 2018 and amendments thereto. The accounting policies are applied consistently to all the periods presented in the financial statements.

2.2. Functional and presentation currency

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

2.3. Basis of measurement

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

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

2.4. Use of judgment and estimates

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

- Fair value measurement of financial instruments
- Measurement of Defined Benefit Obligations and actuarial assumptions;
- Recognition of deferred tax assets/liabilities;
- Determination of useful life of Property, Plant and Equipment
- Measurement of provision and contingencies.

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

2.5. Fair value measurement

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

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

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

The best estimate of the fair value of a financial instrument on initial recognition is normally the transaction price i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price, then following is applied:

If the fair value is evidenced by a quoted price in active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets	the financial instrument is initially measured at fair value and the difference is recognised in the statement of profit and loss
If the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets	the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently that difference is recognised in Statement of Profit and Loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

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

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

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

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

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

CATEGORY	Quoted /Unquoted	Valuation Method
Central Government Securities	Quoted	FBIL valuation
State Government Securities	Quoted	FBIL valuation
Corporate bonds/debentures	Quoted	FIMMDA valuation
Equity shares	Quoted	Closing prices at Stock Exchange
Units of Mutual Fund	Quoted	Stock Exchange/ AMFI
Units of Mutual Fund	Unquoted	AMFI
Derivative equity Instruments	Quoted	Stock Exchange
Derivative Debt Instruments	Quoted	FBIL valuation

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

3. SIGNIFICANT ACCOUNTING POLICIES

3.1. Presentation and disclosure of financial statements

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

3.2. Property, Plant and Equipment

i. Recognition and measurement

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

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

ii. Subsequent Measurement

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

iii. Depreciation and amortisation

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

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

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

Estimated useful lives of the Tangible Assets are as under:

Description of Asset	Estimated useful Life
Building	60 years
Computers	3 years
Computers Servers	6 years
Air Conditioners	10 years
Vehicles	8 years
Electrical Installation	10 years
Furniture & Fixtures	10 years
Office Equipment	5 years

iv. De-recognition

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

3.3. Intangible Assets

i. Recognition and measurement

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

Description of Asset	Estimated useful Life
Computer Software	3 years
Value of License/Right to use infrastructure	3 years
Right of use Assets	Over the Tenure of Lease

3.4. Impairment of Non-financial assets

Tangible and intangible assets

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

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

3.5. Financial Instruments

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

A. Financial Assets

i. Recognition and measurement

Initial recognition

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

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

Subsequent measurement

Financial assets are subsequently classified as measured at

- Amortised cost
- Fair value through profit and loss (FVTPL)
- Fair value through other comprehensive income (FVTOCI).

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

ii. Classification of financial assets

Financial Asset through amortised cost

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

- the financial asset is held within a business model whose objective is to hold financial assets 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.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Debt Instruments at fair value through OCI

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

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

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

Debt Instruments at fair value through profit or loss

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

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

Equity instruments

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

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

iii. De-recognition of financial assets

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

On de-recognition, any gains or losses on all debt instruments (other than debt instruments measured at FVTOCI) and equity instruments (measured at FVTPL) are recognised in the Statement of Profit and Loss. Gains and losses in respect of debt instruments measured at FVTOCI and that are accumulated in OCI are reclassified to profit or loss on de-recognition. Gains or losses on equity instruments measured at FVTOCI that are recognised and accumulated in OCI are not reclassified to profit or loss on derecognition. Profit or loss on sale of investments is determined based on weighted average price basis.

B. Financial liabilities and equity instruments issued by the Company

Classification as Debt or Equity:

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

i. Equity instruments

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

ii. Financial liabilities

Initial recognition and measurement

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

Subsequent measurement



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

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

b) Financial liabilities at amortised cost:

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

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

De-recognition of financial liabilities

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

C. Derivative financial instruments

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

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are also subsequently measured at fair value. In case of Interest rate swaps, the current MTM value receivable over and above notional amount of the contract is recognised as fair value of asset and current MTM value payable over and above notional amount of the contract is recognised as fair value of liability.

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

Interest rate swaps are marked to market using yield curves as published by Financial Benchmark India Private Limited (FBIL).

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

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

D. Impairment of financial instruments

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

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

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

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

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

Criteria used for classification of assets are detailed below:

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Measurement of Expected Credit Loss

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

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

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

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

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

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

Computation of ECL is summarized as under.

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

Presentation of allowance for ECL in the balance sheet

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

E. Write off

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

F. Offsetting

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

G. Effective interest method

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

H. Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and for financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

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

3.6. Income Tax

Income tax expense comprises of current tax and deferred tax.

A. Current tax

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

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

B. Deferred tax

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

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

3.7. Cash and Bank Balances

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

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

Statement of Cash Flow

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

3.8. Provisions and Contingencies

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

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

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

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

3.9. Revenue Recognition

A. Interest

For all financial instruments measured at amortised cost and interest-bearing financial assets classified at FVTOCI, interest income or expense is recognised using the effective interest rate method from the day asset is recognised in the books of accounts.

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

Interest income on tax refunds is recognised on receipt basis.

B. Dividend Income

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

C. Income from Derivative instruments:

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

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

E. Expenses/Income under Repo Transactions:

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

F. Triparty Repo (TREPS)

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

G. Underwriting Commission/Fees

Underwriting commission/fee earned in respect of successful bids to the extent apportionable to the cost of securities purchased through auction is reduced from the cost of securities and the remaining amount is reckoned as income.

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

Profit/Loss from trading in Equities and equity exchange traded derivatives is recognised on the basis of fair value on trade dates. Profit/Loss from trading in Government Securities, Corporate Bonds is recognised on the basis of fair value on settlement dates. Profit / (loss) is recorded on the trades entered into before reporting date and settled after reporting date.

3.10. Borrowing Cost

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

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

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

3.11. Employee Benefits

A. Short-Term employee benefits

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

B. Long-Term employee Benefits

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

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

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

C. Post-Employment and termination benefits

Defined Contribution Plan (Provident Fund):

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Defined Benefit Obligation (Gratuity)

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

Defined benefit costs are categorised as follows:

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

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

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

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

3.12. Leases

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

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

As a Lessee

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

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

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

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

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

3.13. Earnings Per Share

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

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

3.14. Dividend Distribution to Equity Share Holders of the Company

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Note- 4:

CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

PARTICULARS	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
a) Cash on hand	0.05	0.11
b) Balances with Bank	65.09	21.98
Total (a+b)	65.14	22.09

Note- 5 :

BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

PARTICULARS	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
Fixed deposit with bank* (includes interest accrued but not due)	22.08	22.08
Balances with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments	200.00	100.00
Total	222.08	122.08

*As at March 31, 2023, FDs have been lien marked in favour of stock exchanges for Base Minimum Capital requirement in Currency Derivatives Segment amounting to ₹21.75 Lakhs (as at March 31, 2022 ₹21.75 Lakhs) and accrued interest of ₹0.33 Lakhs (as at March 31, 2022 ₹0.33 Lakhs).

Note 6 :

DERIVATIVE FINANCIAL INSTRUMENTS

(₹ in Lakhs)

PARTICULARS	AS AT MARCH 31, 2023			AS AT MARCH 31, 2022		
	Notional amounts*	Fair Value - Assets	Fair Value - Liabilities	Notional amounts*	Fair Value - Assets	Fair Value - Liabilities
(i) Currency derivatives	-	-	-	-	-	-
(ii) Interest rate derivatives						
Interest rate swaps	3,249,394.04	76,529.54	77,980.48	3,691,936.93	38,228.27	38,589.59
Options purchased	-	-	-	-	-	-
Options sold (written)	-	-	-	-	-	-
Futures	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total	3,249,394.04	76,529.54	77,980.48	3,691,936.93	38,228.27	38,589.59
(iii) Credit derivatives	-	-	-	-	-	-
(iv) Equity linked derivatives	-	-	-	-	-	-
(v) Other derivatives	-	-	-	-	-	-
Total derivatives	3,249,394.04	76,529.54	77,980.48	3,691,936.93	38,228.27	38,589.59

* Notional amount for IRS represents both assets and liabilities

Note 7:

TRADE RECEIVABLES

(₹ in Lakhs)

PARTICULARS	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
Un-Secured		
a. Undisputed Trade receivables considered good	1.20	20.79
Not Due	1.20	20.79
Less than 6 months	-	-
6 months - 1 year	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Note 7:
TRADE RECEIVABLES (CONTD.)
(₹ in Lakhs)

PARTICULARS	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
1-2 years	-	-
2-3 years	-	-
More than 3 years	-	-
b. Undisputed Trade Receivables – which have significant increase in credit risk		
Less than 6 months	-	-
6 months - 1 year	-	-
1-2 years	-	-
2-3 years	-	-
More than 3 years	-	-
c. Undisputed Trade Receivables – credit impaired		
Less than 6 months	-	-
6 months - 1 year	-	-
1-2 years	-	-
2-3 years	-	-
More than 3 years	-	-
d. Disputed Trade Receivables–considered good		
Less than 6 months	-	-
6 months - 1 year	-	-
1-2 years	-	-
2-3 years	-	-
More than 3 years	-	-
e. Disputed Trade Receivables – which have significant increase in credit risk		
Less than 6 months	-	-
6 months - 1 year	-	-
1-2 years	-	-
2-3 years	-	-
More than 3 years	-	-
f. Disputed Trade Receivables – credit impaired		
Less than 6 months	-	-
6 months - 1 year	-	-
1-2 years	-	-
2-3 years	-	-
More than 3 years	-	-
Total	1.20	20.79

Note- 8:
OTHER RECEIVABLES
(₹ in Lakhs)

PARTICULARS	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
a) Others	36.47	0.28
Total	36.47	0.28



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Note 9:

INVESTMENTS*

(₹ in Lakhs)

PARTICULARS	AS AT MARCH 31, 2023						
	Amortised cost	At Fair Value				Others	Total
		Through other comprehensive income	Through profit and loss account**	Designated at fair value through profit and loss account	Sub total		
	1	2	3	4	(5=2+3+4)	6	(7=1+5+6)
INVESTMENTS							
Government securities (a)	260,020.38	-	1,108,800.10	-	1,108,800.10	-	1,368,820.48
Cost	256,183.99	-	1,098,579.62	-	1,098,579.62	-	1,354,763.61
Accrued Interest	3,836.39	-	10,220.48	-	10,220.48	-	14,056.87
Other approved securities (b)	-	-	2,801.31	-	2,801.31	-	2,801.31
Cost	-	-	2,781.50	-	2,781.50	-	2,781.50
Accrued Interest	-	-	19.81	-	19.81	-	19.81
Debt securities (c)	-	-	111,672.07	-	111,672.07	-	111,672.07
Cost	-	-	108,888.37	-	108,888.37	-	108,888.37
Accrued Interest	-	-	2,783.70	-	2,783.70	-	2,783.70
Equity instruments (d)	-	-	-	-	-	-	-
A: Gross Investments (a+b+c+d)	260,020.38	-	1,223,273.48	-	1,223,273.48	-	1,483,293.86
(i) Overseas Investments	-	-	-	-	-	-	-
(ii) Investments in India	260,020.38	-	1,223,273.48	-	1,223,273.48	-	1,483,293.86
B: Gross Investments	260,020.38	-	1,223,273.48	-	1,223,273.48	-	1,483,293.86
Total Investment (A)=(B)	260,020.38	-	1,223,273.48	-	1,223,273.48	-	1,483,293.86
C: Less: Impairment loss allowance	-	-	-	-	-	-	-
D: Net Investments (A-C)	260,020.38	-	1,223,273.48	-	1,223,273.48	-	1,483,293.86

* Including Accrued Interest

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

Securities having FV of ₹13,15,275.00 Lakhs (P.Y. ₹12,45,032.00 Lakhs) have been kept as collateral for various borrowings and settlement.

INVESTMENTS* (CONTD.)

(₹ in Lakhs)

PARTICULARS	AS AT MARCH 31, 2022						
	Amortised cost	At Fair Value				Others	Total
		Through other comprehensive income	Through profit and loss account**	Designated at fair value through profit and loss account	Sub total		
	1	2	3	4	(5=2+3+4)	6	(7=1+5+6)
INVESTMENTS							
Government securities (a)	162,118.86	-	1,133,729.24	-	1,133,729.24	-	1,295,848.10
Cost	160,513.97	-	1,130,433.78	-	1,130,433.78	-	1,290,947.75
Accrued Interest	1,604.89	-	3,295.46	-	3,295.46	-	4,900.35
Other approved securities (b)	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-
Accrued Interest	-	-	-	-	-	-	-
Debt securities (c)	-	-	65,702.53	-	65,702.53	-	65,702.53
Cost	-	-	64,558.45	-	64,558.45	-	64,558.45
Accrued Interest	-	-	1,144.08	-	1,144.08	-	1,144.08
Equity instruments (d)	-	-	-	-	-	-	-
A: Gross Investments (a+b+c+d)	162,118.86	-	1,199,431.77	-	1,199,431.77	-	1,361,550.63
(i) Overseas Investments	-	-	-	-	-	-	-
(ii) Investments in India	162,118.86	-	1,199,431.77	-	1,199,431.77	-	1,361,550.63
B: Gross Investments	162,118.86	-	1,199,431.77	-	1,199,431.77	-	1,361,550.63
Total Investment (A)=(B)	162,118.86	-	1,199,431.77	-	1,199,431.77	-	1,361,550.63
C: Less: Impairment loss allowance	-	-	-	-	-	-	-
D: Net Investments (A-C)	162,118.86	-	1,199,431.77	-	1,199,431.77	-	1,361,550.63

* Including Accrued Interest

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

Securities having FV of ₹12,45,032.00 Lakhs have been kept as collateral for various borrowings and settlement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Note 10:
OTHER FINANCIAL ASSETS

(₹ in Lakhs)

PARTICULARS	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
Security and other deposits	29.15	29.17
Others		
a) Margin money with CCIL	3,445.00	3,595.00
b) Margin money with others	3.25	3.25
Total	3,477.40	3,627.42

Note 11 :
CURRENT TAX ASSETS / (LIABILITIES)

(₹ in Lakhs)

PARTICULARS	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
Current Tax Assets (Net of Tax Provisions) / (Liabilities) (Net of Advance Tax and TDS)	95.84	545.31
Total	95.84	545.31

Note 12 :
DEFERRED TAX ASSETS / (LIABILITIES)

(₹ in Lakhs)

PARTICULARS	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
DEFERRED TAX ASSETS		
Provisions (Towards Gratuity, Leave Encashment)	43.23	76.09
Lease Liability	11.16	17.01
Provision for PLVP	55.67	63.80
Interest income on investment	1,031.85	310.90
Total (A)	1,141.91	467.80
DEFERRED TAX LIABILITIES		
Property, Plant and Equipment & Intangible assets	(210.81)	(200.36)
Right of Use Asset	(12.10)	(19.07)
Amortization of premium on investment	(1,091.89)	(466.51)
Total (B)	(1,314.80)	(685.94)
Net Deferred Tax Assets / (Liabilities) (A+B)	(172.89)	(218.14)

Note 13 :
PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS
AS AT MARCH 31, 2023

(₹ in Lakhs)

FIXED ASSETS	Tangible Assets								Intangible Assets	Intangible Assets under Development (IV)	Grand Total (I+II+III+IV)
	Buildings	Computers	Office Equipments		Furniture & Fixtures	Vehicles	Sub-total (I)	Right-of-Use Assets (II)	Software and Licenses (III)		
			Air- Conditioners	Others							
GROSS BLOCK											
As at April 01, 2022	1,578.29	140.40	15.71	11.89	48.99	16.38	1,811.66	163.95	41.62	-	2,017.23
Adjustment to Opening Gross Block	-	6.57	0.19	0.37	2.50	(1.18)	8.45				8.45
Additions/adjustments during the period	-	42.39	-	2.23	-	22.22	66.84		0.27	-	67.11
Deletions/retirements during the period	-	13.06	-	0.18	-	15.20	28.44	0.97	-	-	29.41
As at March 31, 2023	1,578.29	176.30	15.90	14.31	51.49	22.22	1,858.51	162.98	41.89	-	2,063.38
DEPRECIATION AND AMORTISATION											
As at April 01, 2022	147.82	103.32	9.61	5.27	42.54	10.72	319.28	88.20	36.27	-	443.75
Adjustment to Opening Accumulated Depn.	-	6.57	0.19	0.37	2.50	(1.18)	8.45	-	-	-	8.45
Depreciation charge for the year	29.55	22.19	1.12	1.92	0.74	2.23	57.75	26.71	4.12	-	88.58
On Disposals	-	13.07	-	0.18	-	10.96	24.21	-	-	-	24.21
As at March 31, 2023	177.37	119.01	10.92	7.38	45.78	0.81	361.27	114.91	40.39	-	516.57
Net Block as at March 31, 2023	1,400.92	57.29	4.98	6.93	5.71	21.41	1,497.24	48.07	1.50	-	1,546.81

a) Cost of building includes ₹0.05 lakhs being the cost of shares held for membership of the Co-operative society.

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

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

d) There is no adjustments in Property, Plant & Equipment related to revaluation or business combinations.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Note 13 :

PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS AS AT MARCH 31, 2022

(₹ in Lakhs)

FIXED ASSETS	Tangible Assets						Sub-total (I)	Right-of- Use Assets (II)	Intangible Assets	Intangible Assets under Development (IV)	Grand Total (I+II+III+IV)
	Buildings	Comput- ers	Office Equipments		Furniture & Fixtures	Vehicles			Software and Licenses (III)		
			Air- Condi- tioners	Others							
GROSS BLOCK											
As at April 01, 2021	1,578.29	125.77	10.47	10.32	48.20	16.38	1,789.43	163.95	39.06	0.64	1,993.08
Additions/adjustments during the year	-	15.54	5.24	1.94	0.79	-	23.51	-	2.56	-	26.07
Deletions/retirements during the year	-	0.91	-	0.37	-	-	1.28	-	-	0.64	1.92
As at March 31, 2022	1,578.29	140.40	15.71	11.89	48.99	16.38	1,811.66	163.95	41.62	-	2,017.23
DEPRECIATION AND AMORTISATION											
As at April 01, 2021	118.27	84.13	8.56	3.94	41.87	8.81	265.58	61.49	29.70	-	356.77
Depreciation charge for the year	29.55	20.10	1.05	1.70	0.67	1.91	54.98	26.71	6.57	-	88.26
On Disposals	-	0.91	-	0.37	-	-	1.28	-	-	-	1.28
As at March 31, 2022	147.82	103.32	9.61	5.27	42.54	10.72	319.28	88.20	36.27	-	443.75
Net Block as at March 31, 2022	1,430.47	37.08	6.10	6.62	6.45	5.66	1,492.38	75.75	5.35	-	1,573.48

- a) Cost of building includes ₹0.05 lakhs being the cost of shares held for membership of the Co-operative society.
b) Right-of-Use Assets is derived as per the requirement of Ind AS 116.
c) Intangible Assets under Development has been transferred to Intangible Asset as the asset is developed during the year.
d) Title deeds of all Immovable properties (except leased assets) are in the name of the Company.
e) There is no adjustments in Property, Plant & Equipment related to revaluation or business combinations.

Note 14 :

OTHER NON-FINANCIAL ASSETS

(₹ in Lakhs)

PARTICULARS	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
Prepaid expenses	74.93	56.25
Advance payment to suppliers	8.04	27.86
GST Input tax credit	126.31	45.75
Others	0.66	4.64
Total	209.94	134.50

Note 15 :

TRADE PAYABLES

(₹ in Lakhs)

PARTICULARS	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
a) Trade payables*		
(i) Total outstanding dues of micro enterprises and small enterprises		
<u>Undisputed Dues</u>		
Unbilled	-	-
Not Due	0.82	-
Less than 1 year	-	-
1-2 years	-	-
2-3 years	-	-
More than 3 years	-	-
<u>Disputed Dues</u>	-	-
Subtotal (i)	0.82	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		
<u>Undisputed Dues</u>		
Unbilled	1.66	1.98

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Note 15 :

TRADE PAYABLES (CONTD.)

(₹ in Lakhs)

PARTICULARS	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
Not Due	-	-
Less than 1 year	89.91	45.61
1-2 years	-	-
2-3 years	-	-
More than 3 years	-	-
Disputed Dues	-	-
Subtotal (ii)	91.57	47.59
Subtotal (i+ii)	92.39	47.59
b) Other payables*		
(i) Total outstanding dues of micro enterprises and small enterprises	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	38.42	38.18
Subtotal (i+ii)	38.42	38.18
Total (a+b)	130.81	85.77

*The amount outstanding in other payables is unbilled.

Note 16 :

BORROWINGS AT AMORTISED COST (OTHER THAN DEBT SECURITIES)

(₹ in Lakhs)

PARTICULARS	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
OTHER LOANS	1,388,314.98	1,269,123.61
<u>Secured</u>		
i) Tri-Party Repo (TREPS) Segment	149,822.68	120,293.57
Borrowing Amount	149,766.13	120,281.43
Interest Accrued	56.55	12.14
(as at March 31, 2023 : Carries interest rate between 6.70% to 7.20% and is repayable within 3 days)		
(as at March 31, 2022 : Carries interest rate between 2.80% to 4.01% and is repayable within 4 days)		
(Secured by Collateral of Govt. Securities & Treasury Bills)		
(of the above, ₹ Nil is guaranteed by directors and/or others)		
ii) Borrowing under REPO	965,586.80	1,017,081.05
Borrowing Amount	965,387.44	1,016,975.51
Interest Accrued	199.36	105.54
(as at March 31, 2023 : Carries interest rate between 7.00% to 8.00% and is repayable within 3 days)		
(as at March 31, 2022 : Carries interest rate between 3.70% to 4.10% and is repayable within 4 days)		
(Secured by Collateral of Govt. Securities & Treasury Bills)		
(of the above, ₹ Nil is guaranteed by directors and/or others)		
iii) Borrowing Under LAF/Refinance from RBI	119,255.37	-
Borrowing Amount	119,200.00	-
Interest Accrued	55.37	-
(as at March 31, 2023: Carries interest rate of 6.50% is repayable within 5 to 75 days)		
(Secured by Collateral of Govt. Securities & Treasury Bills)		
(of the above, ₹ Nil is guaranteed by directors and/or others)		
<u>Unsecured</u>		
(i) Loans repayable on demand	153,650.13	131,748.99
Borrowing Amount	153,575.00	131,725.00
Interest Accrued	75.13	23.99



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Note 16 :

BORROWINGS AT AMORTISED COST (OTHER THAN DEBT SECURITIES) (CONTD.)

(₹ in Lakhs)

PARTICULARS	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
(from banks (repayable at call/short notice/term)) (as at March 31, 2023: Call money Carries interest rate between 6.50 % to 7.71 % and is repayable within 3 days Notice money Carries interest rate between 6.10 % to 7.25% and is repayable within 3-5 days Term money Carries interest rate between 6.80 % to 7.05% and is repayable within 3-13 days) (as at March 31, 2022: Call money Carries interest rate between 3.05 % to 3.85 % and is repayable within 4 days Notice money Carries interest rate between 3.45 % to 3.50% and is repayable within 5-14 days Term money Carries interest rate between 3.45 % to 3.50% and is repayable within 15-19 days)		
Total (A)	1,388,314.98	1,269,123.61
Borrowings in India*	1,388,314.98	1,269,123.61
Borrowings outside India*	-	-
Total Borrowings (B)	1,388,314.98	1,269,123.61
Total (A) = (B)	1,388,314.98	1,269,123.61

Note :

- 1) The debt coverage has been complied with.
- 2) All the borrowed funds have been utilised for the purpose for which it was taken.

* Including interest accrued on borrowings.

Note 17 :

DEPOSITS AT AMORTISED COST*

(₹ in Lakhs)

PARTICULARS	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
Deposits - Unsecured		
(i) Public Deposits	-	-
(ii) From Banks	-	-
(iii) From others (Inter Corporate Deposits)	19,234.10	19,098.10
Interest Accrued	139.13	57.24
Total	19,373.23	19,155.34

(as at March 31, 2023 : Carries interest rate between 6.36% to 8.04% and is repayable within 3-73 days)

(as at March 31, 2022 : Carries interest rate between 3.70% to 3.78% and is repayable within 33-91 days)

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

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

* Includes interest accrued on deposits.

Note 18 :

LEASE LIABILITY

(₹ in Lakhs)

PARTICULARS	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
Lease Liability	44.32	67.59
Total	44.32	67.59

Note 19 :

OTHER FINANCIAL LIABILITIES

(₹ in Lakhs)

PARTICULARS	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
PLVP*	221.21	393.59
Loss booked on account of trade date accounting	8.02	82.65
Total	229.23	476.24

* Balance as on March 31, 2023 represents remaining tranches of PLVP for F.Y. 2020-21 and F.Y. 2021-22 sanctioned for payment and payable over next 2 years.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Note 20 :

PROVISIONS

(₹ in Lakhs)

PARTICULARS	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
(a) Provision for employee benefits		
Performance linked variable pay	0.07	225.00
Gratuity & leave encashment (Refer Note 41)	171.70	189.84
(b) Others	-	-
Total (a+b)	171.77	414.84

Note 21 :

OTHER NON-FINANCIAL LIABILITIES

(₹ in Lakhs)

PARTICULARS	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
Statutory dues	62.09	23.60
Total	62.09	23.60

Note 22 :

EQUITY SHARE CAPITAL

(₹ in Lakhs)

PARTICULARS	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
Authorised		
30,00,00,000 Equity shares of Rs. 10/-each	30,000.00	30,000.00
Total	30,000.00	30,000.00
Issued, subscribed, and fully paid up		
Equity Share Capital		
15,00,00,000 Equity shares of Rs.10/- each fully paid up	15,000.00	15,000.00
Total	15,000.00	15,000.00

Note 22.1 :

Reconciliation of the number of shares outstanding

PARTICULARS	AS AT MARCH 31, 2023		AS AT MARCH 31, 2022	
	Number	(₹ in Lakhs)	Number	(₹ in Lakhs)
Shares outstanding at the beginning of the period	150,000,000	15,000	150,000,000	15,000
Shares Issued during the period	-	-	-	-
Shares bought back during the period	-	-	-	-
Shares outstanding at the end of the period	150,000,000	15,000	150,000,000	15,000



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Note 22.2 :

Details of aggregate shareholding by Holding Company, subsidiary of holding company or Associate of holding Company

NAME OF SHAREHOLDER	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
	No. of Shares	No. of Shares
STCI Finance Limited (Holding Company)*	150,000,000	150,000,000

* Includes 6 shares held by nominees

Note 22.3 :

Terms and Rights attached to equity shares

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

Note 22.4 :

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

NAME OF SHAREHOLDER	AS AT MARCH 31, 2023		AS AT MARCH 31, 2022	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
STCI Finance Limited (Holding Company)*	150,000,000	100%	150,000,000	100%

* Includes 6 shares held by nominees

Note 22.5 :

Shareholding of Promoters

Shares held by promoters at the end of the year				
S. No	Promoter name	No. of Shares	% of total shares	% Change during the year
1	STCI Finance Limited (Holding Company)*	150,000,000	100%	NA
	Total	150,000,000	100%	

* Includes 6 shares held by nominees

Note 23 :

OTHER EQUITY

(₹ in Lakhs)

PARTICULARS	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
General Reserve	105.94	105.94
Retained Earnings	33,999.06	33,357.74
Other comprehensive income :		
Remeasurements of the net defined benefit plans	(10.55)	(11.91)
Other reserves:		
Statutory Reserve	22,777.40	22,091.73
Capital Redemption Reserve	5,000.00	5,000.00
Reserve & Surplus HTM - CGS	2,126.63	2,126.63
Total	63,998.48	62,670.13

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

Note 24 :

INTEREST INCOME

(₹ in Lakhs)

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2023				FOR THE YEAR ENDED MARCH 31, 2022			
	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	On Financial Assets measured at fair value through profit or loss	Total	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	On Financial Assets measured at fair value through profit or loss	Total
Interest income on Loans	-	49.94	-	49.94	-	-	-	-
Interest income from investments	-	15,356.54	68,938.23	84,294.77	-	5,976.41	53,811.11	59,787.52
Interest income on deposits with banks	-	130.96	-	130.96	-	180.25	-	180.25
Other interest income	-	144.77	-	144.77	-	57.71	-	57.71
Total	-	15,682.21	68,938.23	84,620.44	-	6,214.37	53,811.11	60,025.48

Note 25 :

DIVIDEND INCOME

(₹ in Lakhs)

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2023	FOR THE YEAR ENDED MARCH 31, 2022
Dividend received on Equity Shares	-	16.34
Total	-	16.34

Note 26 :

FEES AND COMMISSION INCOME

(₹ in Lakhs)

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2023	FOR THE YEAR ENDED MARCH 31, 2022
Underwriting commission income	141.18	592.69
Arranger fee/ incentive income	-	40.67
Other fee income	2.71	0.39
Total	143.89	633.75



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Note 27 :

TRADING PROFIT/(LOSS) ON INVESTMENTS

(₹ in Lakhs)

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2023	FOR THE YEAR ENDED MARCH 31, 2022
Government Securities	(2,734.23)	(843.66)
State Development Loans	5,415.29	1,448.46
GOI Special Securities	32.00	(16.50)
Corporate bonds	(20.02)	(242.97)
Equity Shares	457.49	1,794.01
Equity Futures & Options	(58.87)	(19.23)
Interest Rate Swaps	(1,405.01)	274.11
Treasury Bills	(6,093.50)	369.50
Certificate of Deposits	(400.24)	-
STRIPS	(91.90)	(20.95)
Total	(4,898.99)	2,742.77

Revenue from Operations

(₹ in Lakhs)

A	TRADING PROFIT/(LOSS) ON SECURITIES	FOR THE YEAR ENDED MARCH 31, 2023	FOR THE YEAR ENDED MARCH 31, 2022
(a) Government securities		(2,734.23)	(843.66)
Sales (net of brokerage)	12,632,722.58		4,879,336.04
Add : Stock on hand as at the end of the year	479,036.11		300,938.27
Less : (i) Purchases	(12,818,473.32)		(5,105,240.78)
(ii) Stock on hand as at the beginning of the year	(300,938.27)		(75,998.91)
Add/Less : Net impact of Gain/(loss) on trade date basis	(7.31)		(14.79)
Current year Fair value (Gain)/loss	(606.35)		
Reversal of Fair Value (Gain)/Loss of Previous year	5,532.33		136.51
(b) State Development Loans		5,415.29	1,448.46
Sales (net of brokerage)	3,505,506.23		3,471,209.84
Add : Stock on hand as at the end of the year	174,084.67		44,732.63
Less : (i) Purchases	(3,630,209.56)		(3,390,640.13)
(ii) Stock on hand as at the beginning of the year	(44,732.63)		(124,809.87)
Add/Less : Net impact of Gain/(loss) on trade date basis	(11.40)		(85.70)
Current year Fair value (Gain)/loss	507.67		
Reversal of Fair Value (Gain)/Loss of Previous year	270.31		1,041.69
(c) GOI Special Securities		32.00	(16.50)
Sales (net of brokerage)	11,841.45		1,023.45
Add : Stock on hand as at the end of the year	2,781.50		-
Less : (i) Purchases	(14,575.19)		(1,039.95)
(ii) Stock on hand as at the beginning of the year	-		-
Add/Less : Net impact of Gain/(loss) on trade date basis	(3.18)		-
Current year Fair value (Gain)/loss	(12.58)		
(d) Corporate Bond		(20.02)	(242.97)
Sales (net of brokerage)	201,228.25		143,970.95
Add : Stock on hand as at the end of the year	85,332.98		64,601.30
Less : (i) Purchases	(223,111.87)		(199,704.57)
(ii) Stock on hand as at the beginning of the year	(64,601.30)		(9,028.63)
Current year Fair value (Gain)/loss	1,089.07		
Reversal of Fair Value (Gain)/Loss of Previous year	42.85		(82.02)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Revenue from Operations (Contd.)

(₹ in Lakhs)

A	TRADING PROFIT/(LOSS) ON SECURITIES	FOR THE YEAR ENDED MARCH 31, 2023		FOR THE YEAR ENDED MARCH 31, 2022	
(e)	Equity Shares		457.49		1,794.01
	Sales (net of brokerage)	2,192.63		11,168.07	
	Add : Stock on hand as at the end of the year	-		-	
	Less : (i) Purchases	(1,735.14)		(9,374.06)	
	(ii) Stock on hand as at the beginning of the year	-		-	
	(iii) Equity Cash MTM	-		-	
(f)	Equity Futures & Options		(58.87)		(19.23)
	Profit & Loss including MTM on Equity F&O	(58.87)		(19.23)	
(g)	Interest Rate Swap		(1,405.01)		274.11
	Profit & Loss including MTM on IRS	(1,405.01)		274.11	
(h)	Treasury Bills		(6,093.50)		369.50
	Sales (net of brokerage)	5,465,935.55		5,891,611.68	
	Add : Stock on hand as at the end of the year	437,842.11		785,116.25	
	Less : (i) Purchases	(5,101,996.58)		(5,728,675.16)	
	(ii) Stock on hand as at the beginning of the year	(785,116.25)		(921,073.64)	
	(iii) Discount Income on Treasury bills	(23,058.13)		(26,965.22)	
	Add/Less : Net impact of Gain/(loss) on trade date basis	1.48		30.59	
	Current year Fair value (Gain)/loss	81.27			
	Reversal of Fair Value (Gain)/Loss of Previous year	217.05		325.00	
(i)	Certificate of Deposit		(400.24)		-
	Sales (net of brokerage)	79,121.03		-	
	Add : Stock on hand as at the end of the year	23,555.39		-	
	Less : (i) Purchases	(102,066.03)		-	
	(ii) Stock on hand as at the beginning of the year	-		-	
	(iii) Discount Income on Certificate of Deposit	(974.38)		-	
	Current year Fair value (Gain)/loss	(36.25)			
(j)	STRIPS		(91.90)		(20.95)
	Sales (net of brokerage)	10,874.15		10,678.67	
	Add : Stock on hand as at the end of the year	7,616.73		5,567.12	
	Less : (i) Purchases	(12,538.86)		(8,467.65)	
	(ii) Stock on hand as at the beginning of the year	(5,567.12)		(7,413.73)	
	(iii) Discount Income on STRIPS	(490.46)		(356.79)	
	Current year Fair value (Gain)/loss	25.38			
	Reversal of Fair Value (Gain)/Loss of Previous year	(11.72)		(28.56)	
	Total		(4,898.99)		2,742.77



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Note 28 :

NET GAIN/(LOSS) ON FAIR VALUE CHANGES

(₹ in Lakhs)

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2023	FOR THE YEAR ENDED MARCH 31, 2022
Net gain/(loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	(1,040.67)	(5,963.33)
- Derivatives	(0.07)	-
- Others	-	-
Total Net gain/(loss) on fair value changes	(1,040.74)	(5,963.33)
Fair Value changes:		
- Realised	-	-
- Unrealised	(1,040.74)	(5,963.33)
Total Net gain/(loss) on fair value changes	(1,040.74)	(5,963.33)

Note 29 :

OTHER INCOME

(₹ in Lakhs)

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2023	FOR THE YEAR ENDED MARCH 31, 2022
Profit on sale of fixed assets	3.35	0.06
Expenses written back	-	357.80
Other income	21.21	128.92
Total	24.56	486.78

Note 30 :

FINANCE COSTS AT AMORTISED COST

(₹ in Lakhs)

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2023	FOR THE YEAR ENDED MARCH 31, 2022
Interest on deposits	1,099.20	702.71
Interest on borrowings	69,905.49	40,619.02
Interest on debt securities	-	-
Intraday liquidity charges	149.40	154.38
Other interest expenses	2.94	4.28
Total	71,157.03	41,480.39

Note 31 :

TRANSACTION AND SETTLEMENT CHARGES

(₹ in Lakhs)

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2023	FOR THE YEAR ENDED MARCH 31, 2022
CCIL charges	770.75	578.53
Transaction & custody charges	9.27	14.26
Total	780.02	592.79

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Note 32 :

EMPLOYEE BENEFIT EXPENSES

(₹ in Lakhs)

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2023	FOR THE YEAR ENDED MARCH 31, 2022
Salaries and wages	943.83	1,037.39
Gratuity	8.39	8.16
Contribution to provident and other funds	51.08	41.33
Staff welfare expenses	24.85	28.35
Total	1,028.15	1,115.23

Note 33 :

OTHER EXPENSES

(₹ in Lakhs)

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2023	FOR THE YEAR ENDED MARCH 31, 2022
Electricity Charges	21.85	20.40
Rates and taxes	1.53	1.10
Repairs and maintenance	95.71	86.27
Communication cost	41.46	38.93
Printing and stationery	11.47	10.09
CSR expenditure	530.83	425.79
Director's sitting fee	56.90	45.67
Auditor's remuneration*	16.00	15.40
Legal, Professional and Consultancy charges	57.56	72.05
Insurance	33.31	52.30
Information services	117.42	105.87
Business development expenses	26.65	9.22
GST ITC (written off)	3.87	(0.33)
Office and Other Admin expenses	75.82	57.65
Conveyance Expenses	3.04	9.78
Total	1,093.42	950.19

*Note : Auditors remuneration

(₹ in Lakhs)

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2023	FOR THE YEAR ENDED MARCH 31, 2022
Statutory audit fee	8.00	8.00
Limited review fee	1.75	1.65
Tax audit fee	2.00	1.75
Certification and other services	4.00	3.75
Out of pocket expenses	0.25	0.25
Total	16.00	15.40



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Note 34 :

PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

PROVISIONS:

(₹ in Lakhs)

PARTICULARS	PLVP*		STAMP DUTY	
	2022-23	2021-22	2022-23	2021-22
Carrying amount at the beginning of the year	225.00	660.00	-	357.80
Provision made during the year	0.07	225.00	-	-
Amount paid/ transferred during the year	(192.30)	(640.33)	-	-
Amount written back during the year	(32.70)	(19.67)	-	(357.80)
Carrying amount at the end of the year	0.07	225.00	-	-

*Performance Linked Variable Pay – The Company pays PLVP to its employees on the basis of their performance. The provision made by the Company is approved by the Board of Directors in line with the Board approved PLVP Policy. In case the amount or portion thereof is unapproved, or the employee leaves the Company before the payment of the PLVP, then such amount is reversed in current year.

The Company has made provision of ₹0.07 Lakhs towards bonus payable as per the Payment of Bonus Act, 1965. Out of the provision made during the F.Y. 2021-22 of ₹225.00 Lakhs, the Board of Directors have approved the amount of ₹192.30 Lakhs and balance unapproved amount of ₹32.70 Lakhs is reversed during the F.Y. 2022-23.

Note 35 :

MATURITY ANALYSIS OF ASSETS AND LIABILITIES

(₹ in Lakhs)

PARTICULARS	MARCH 31, 2023		
	WITHIN 12 MONTHS	AFTER 12 MONTHS	TOTAL
ASSETS			
Financial Assets			
Cash and cash equivalents	65.14	-	65.14
Bank Balance other than (a) above	222.08	-	222.08
Derivative financial instruments	48,227.01	28,302.53	76,529.54
Receivables	37.67	-	37.67
Loans	-	-	-
Investments (including accrued interest)	1,237,635.56	245,658.30	1,483,293.86
Other financial assets	3,455.40	22.00	3,477.40
Non-Financial Assets			
Current tax Assets (Net)	95.84	-	95.84
Deferred tax Assets (Net)	-	-	-
Property, Plant and Equipment	-	1,497.24	1,497.24
Right of use Asset	-	48.07	48.07
Intangible assets under development	-	-	-
Other Intangible assets	-	1.50	1.50
Other non-financial assets	209.94	-	209.94
Total Assets (A)	1,289,948.64	275,529.64	1,565,478.28

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Note 35:

MATURITY ANALYSIS OF ASSETS AND LIABILITIES (CONTD.)

(₹ in Lakhs)

PARTICULARS	MARCH 31, 2023		
	WITHIN 12 MONTHS	AFTER 12 MONTHS	TOTAL
LIABILITIES			
Financial Liabilities			
Derivative financial instruments	48,450.36	29,530.12	77,980.48
Payables			
(i) Trade Payables			
total outstanding dues of micro enterprises and small enterprises	0.82	-	0.82
total outstanding dues of creditors other than micro enterprises and small enterprises	91.57	-	91.57
(ii) Other Payables			
total outstanding dues of micro enterprises and small enterprises	-	-	-
total outstanding dues of creditors other than micro enterprises and small enterprises	38.42	-	38.42
Borrowings (other than debt securities, including accrued interest)	1,388,314.98	-	1,388,314.98
Deposits (including accrued interest)	19,373.23	-	19,373.23
Lease Liability	20.32	24.00	44.32
Other Financial Liabilities	187.65	41.58	229.23
Non-Financial Liabilities			
Current tax liabilities (Net)	-	-	-
Provisions	24.33	147.44	171.77
Deferred tax liabilities (Net)	-	172.89	172.89
Other non-financial liabilities	62.09	-	62.09
Total Liabilities (B)	1,456,563.77	29,916.03	1,486,479.80
Net (A-B)	(166,615.13)	245,613.61	78,998.48

(₹ in Lakhs)

PARTICULARS	MARCH 31, 2022		
	WITHIN 12 MONTHS	AFTER 12 MONTHS	TOTAL
ASSETS			
Financial Assets			
Cash and cash equivalents	22.09	-	22.09
Bank Balance other than (a) above	122.08	-	122.08
Derivative financial instruments	15,575.56	22,652.71	38,228.27
Receivables	21.07	-	21.07
Investments (Including accrued Interest)	1,201,036.66	160,513.97	1,361,550.63
Other financial assets	-	3,627.42	3,627.42
Non-Financial Assets			
Current tax Assets (Net)	545.31	-	545.31
Property, Plant and Equipment	-	1,492.38	1,492.38
Right of use Asset	-	75.75	75.75
Intangible assets under development	-	-	-
Other Intangible assets	-	5.35	5.35
Other non-financial assets	134.50	-	134.50
Total Assets (A)	1,217,457.27	188,367.58	1,405,824.85



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Note 35:

MATURITY ANALYSIS OF ASSETS AND LIABILITIES (CONTD.)

(₹ in Lakhs)

PARTICULARS	MARCH 31, 2022		
	WITHIN 12 MONTHS	AFTER 12 MONTHS	TOTAL
LIABILITIES			
Financial Liabilities			
Derivative financial instruments	15,315.22	23,274.37	38,589.59
Payables			
(i) Trade Payables			
total outstanding dues of micro enterprises and small enterprises	-	-	-
total outstanding dues of creditors other than micro enterprises and small enterprises	47.59	-	47.59
(ii) Other Payables			
total outstanding dues of micro enterprises and small enterprises	-	-	-
total outstanding dues of creditors other than micro enterprises and small enterprises	38.18	-	38.18
Borrowings (other than debt securities, including accrued interest)	1,269,123.61	-	1,269,123.61
Deposits (including accrued interest)	19,155.34	-	19,155.34
Lease Liability	25.51	42.08	67.59
Other Financial Liabilities	338.19	138.05	476.24
Non-Financial Liabilities			
Provisions	370.12	44.72	414.84
Deferred tax liabilities (Net)	-	218.14	218.14
Other non-financial liabilities	23.60	-	23.60
Total Liabilities (B)	1,304,437.36	23,717.36	1,328,154.72
Net (A-B)	(86,980.09)	164,650.22	77,670.13

Note 36 :

CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

(₹ in Lakhs)

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

(₹ in Lakhs)

PARTICULARS	April 01, 2021	Cash flows*	Changes in fair values	Exchange differences	Other	March 31, 2022
Borrowings other than debt securities	1,050,298.35	218,825.26	-	-	-	1,269,123.61
Deposits	18,772.90	382.44	-	-	-	19,155.34
Total liabilities from financing activities	1,069,071.25	219,207.70	-	-	-	1,288,278.95

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Note 37 :

RELATED PARTY DISCLOSURES

a. List of related parties:

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

Name of the Related Party	Relation
STCI Finance Limited	Parent Company holding 100% of share capital in the Company
STCI Commodities Limited	Wholly owned Subsidiary of STCI Finance Limited
Bank of India	By virtue of its shareholding in Parent Company in excess of 20%
BOI Merchant Bankers Limited	Subsidiary of Bank of India

ii. Key managerial personnel and relatives of such personnel:

Mr. Prasanna Patankar	Managing Director
Mr. Kalpesh Mody	Chief Financial Officer and Company Secretary
Ms. Varda Pendse	Director
Mr. R Venkataramani	Director
Mr. T.V. Rao	Director
Mr. Pradeep Madhav	Director
Mr. Prakash Vartak	Director
Mr. V. Narayanamurthy	Director
Mr. Raghvendra Kumar	Director (upto January 30, 2023)
Mr. Sasidharan Mangalamkat	Director (from March 25, 2023)

b. Details of Related party transactions during the year:

(₹ in Lakhs)

Related Party and Nature of Transaction		2022-23	2021-22
1. STCI Finance Limited			
Purchase of Government Securities/ Bonds		Nil	6,013.85
Sale of Government Securities/ Bonds		Nil	Nil
CCIL charges (Received)		2.70	0.26
Reimbursement of Expenses (Paid)		10.58	9.84
Reimbursement of Expenses (Received)		0.14	0.35
Rent paid		4.61	4.39
Sitting fees Paid		5.80	4.70
Dividend Paid		2,100.00	5,550.00
Other Fee Income received		2.69	0.21
2 Bank of India			
Purchase of Government Securities/ Bonds		Nil	Nil
Sale of Government Securities/ Bonds		97,528.63	15,109.11
Sitting fees Paid		4.00	4.00
IDL Charges Paid		40.00	40.00
IDL Borrowings (C.Y. 200 crores for 244 days, P.Y. 200 crores for 241 days)		4,880,000.00	4,820,000.00
3. BOI Merchant Bankers Limited			
Arranger Fee received		-	9.00
KMP (Directors)			
Sitting Fee Paid*		42.40	33.20

*Sitting Fee excludes sitting fee paid to STCI Finance Limited and Bank of India which has been shown separately.

Sitting Fees of Mr. V. Narayanamurthy being paid to STCI Finance Ltd. and sitting fees for Mr. Raghvendra Kumar and Mr. Sasidharan Mangalamkat being paid to Bank of India and accordingly reported.

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Key managerial personnel compensation

(₹ in Lakhs)

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2023*	FOR THE YEAR ENDED MARCH 31, 2022*
Short-term employee benefits	258.77	278.33
Post-employment benefits	-	-
Other long-term benefits	-	-
Other	-	-
Total	258.77	278.33

* Includes Performance Linked Variable Pay (PLVP) for the said financial year & deferred instalment of PLVP pertaining to the earlier financial years. Performance Linked Variable Pay (PLVP), if any, to be paid for the financial year is paid based on the Individual's performance and the Company's performance and as per the Board approved PLVP policy.

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

c. Related Party Disclosure summary (In terms of RBI circular No. RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 dated April 19, 2022):

(₹ in Lakhs)

Related party	Parent (as per ownership or control)		Subsidiaries		Associates/ Joint Ventures		Directors		Relatives of Directors		Key Management Personnel (Other than Directors)		Relatives of Key Management Personnel (Other than Directors)		Others		Total	
Items	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Placement of Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Fixed/Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Fixed/Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others*	2,126.52	11,583.60	-	-	-	-	42.40	33.20	-	-	258.77	278.33	-	-	4,977,572.63	4,835,162.11	4,980,000.32	4,847,057.24

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

Note 38 :

EARNING PER SHARE:

(₹ in Lakhs)

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2023	FOR THE YEAR ENDED MARCH 31, 2022
Profit attributable to equity holders of the Company for basic and diluted earnings per equity share (₹ in Lakhs)	3,426.99	10,056.16
Issued ordinary shares (No's)	150,000,000	150,000,000
Weighted average number of shares at year end for basic and diluted EPS	150,000,000	150,000,000
Basic and diluted earnings per share (₹)	2.28	6.70

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Note 39 :

DISCLOSURE AS PER IND AS 116 - LEASES

LEASES AS A LESSEE:

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

Effective April 1, 2019, the Company adopted Ind AS 116 “Leases” and applied the standard to all lease contracts that were previously identified as lease under Ind AS 17 and existing as on April 1, 2019 using the modified retrospective method. Consequently, the Company recorded the lease liability at the present value of the remaining lease payments discounted at the incremental borrowing rate on the date of transition and the right of use asset at its carrying amount.

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

Current year

(₹ in Lakhs)

Particulars	Gross Block				Depreciation				Net
	As at April 01, 2022	Additions/ad-justment	Reclassi-fications / Deductions On Account Of Con-clusion	As at March 31, 2023	As at April 01, 2022	For the Year	Reclassi-fications / Deductions On Account Of Con-clusion	Up to March 31, 2023	As at March 31, 2023
Buildings	163.95	(0.97)	-	162.98	88.20	26.71	-	114.91	48.07
Total	163.95	(0.97)	-	162.98	88.20	26.71	-	114.91	48.07

The amount of ₹0.97 Lakhs reversed/adjusted pertains to forfeiture of Retention money of Contractor relating to renovation work of the Delhi premises.

Previous year

(₹ in Lakhs)

Particulars	Gross Block				Depreciation				Net
	As at April 01, 2021	Additions/ad-justment	Reclassi-fications / Deductions On Account Of Con-clusion	As at March 31, 2022	As at April 01, 2021	For the Year	Reclassi-fications / Deductions On Account Of Con-clusion	Up to March 31, 2022	As at March 31, 2022
Buildings	163.95	-	-	163.95	61.49	26.71	-	88.20	75.75
Total	163.95	-	-	163.95	61.49	26.71	-	88.20	75.75

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

(₹ in Lakhs)

PARTICULARS	MARCH 31, 2023	MARCH 31, 2022
Interest on Lease Liabilities	2.93	4.19
Depreciation on ROU	26.71	26.71
Expenses relating to short term leases	-	-
Expenses relating to leases of low value items	-	-
Expenses relating to variable lease payments (not included in measurement of lease liabilities)	-	-
Total	29.64	30.89

- iii) Total Cash outflow for leases during F.Y. 2022-23 is ₹26.21 Lakhs (F.Y. 2021-22 is ₹25.67 Lakhs)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

iv) Income from Sub leasing of Right-of-use assets recognised in statement of profit and loss during F.Y. 2022-23 is Nil (F.Y. 2021-22 is Nil)

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

(₹ in Lakhs)

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

(₹ in Lakhs)

AS AT MARCH 31, 2022	CONTRACTUAL CASH FLOWS				
	Less than 6 months	6 to 12 months	1 to 5 years	More than 5 years	Total
Cash outflows	12.76	12.76	42.08	-	67.60

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

(₹ in Lakhs)

PARTICULARS	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
Balance at the beginning of the year	67.60	89.08
Additions during the year	-	-
Finance cost charged during the year	2.93	4.19
Payment of lease liabilities	(26.21)	(25.67)
Balance at the end of the year	44.32	67.60

Note 40 :

INCOME TAXES:

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

(₹ in Lakhs)

PARTICULARS	YEAR ENDED MARCH 31, 2023	YEAR ENDED MARCH 31, 2022
Income tax expense:		
Current tax	1,221.63	3,311.04
Short/(excess) provision for tax for earlier years	99.04	66.02
Deferred tax - origination and reversal of temporary differences	(45.70)	281.72
Total	1,274.97	3,658.78

ii) Reconciliation of effective tax rate:

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

(₹ in Lakhs)

PARTICULARS	YEAR ENDED MARCH 31, 2023	YEAR ENDED MARCH 31, 2022
Profit before income tax (A)	4,701.96	13,714.95
Enacted income tax rate in India	25.168%	25.168%
Computed expected tax expense	1,183.39	3,451.78
Effect of:		
Difference in depreciation as per books and as per Income tax	(9.24)	(9.00)
Non-deductible expenses	143.49	117.82
Provisions recorded during the year (net)	6.39	70.26
Tax effect on exempt income	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Deduction	(79.62)	(164.21)
Effect of adjustment of Fair value as per Ind AS	-	-
Effect of adjustments as per ICDS	(22.79)	(155.61)
Income Tax Payable	1,221.62	3,311.04
Short/(Excess) provision for tax for earlier years	99.05	66.02
Deferred tax - origination and reversal of temporary differences	(45.70)	281.72
Income Tax Expense(B)	1,274.97	3,658.78
Final Effective Income Tax Rate {(B/A)*100}	27.12%	26.68%

iii) Recognized deferred tax assets and liabilities:

(₹ in Lakhs)		
PARTICULARS	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
Deferred Tax Asset :		
Provisions	43.23	76.09
Lease Liability	11.16	17.01
PLVP Payable	55.67	63.80
Total Deferred Tax Asset	110.06	156.90
Deferred Tax Liability:		
Investments	60.04	155.61
Property, Plant and Equipment & Intangible assets	210.81	200.36
Right of Use Asset	12.10	19.07
Total Deferred Tax Liability	282.95	375.04
Net Deferred Tax Asset/(Liability)	(172.89)	(218.14)

iv) Movement in temporary differences:

(₹ in Lakhs)		
PARTICULARS	FY 2022-23	FY 2021-22
Net deferred tax Asset/(Liability) at the beginning of the year (a)	(218.14)	64.18
Credit/(Charge) in the Statement of Profit and Loss during the year (b)		
Investments	95.57	(152.33)
Property, Plant and Equipment & Intangible assets	(10.45)	(7.04)
Provisions	(32.40)	(122.64)
PLVP Payable	(8.13)	(1.03)
Lease Liability	(5.85)	(5.41)
Right of Use Asset	6.97	6.72
Total	45.71	(281.73)
Credit/(Charge) in the other comprehensive income during the year (c)		
Provisions - employee benefits	(0.46)	(0.59)
Investment measured at fair value through other comprehensive income	-	-
Total	(0.46)	(0.59)
MAT CREDIT (d)	-	-
Net deferred tax Asset/(Liabilities) at the end of the year (e) = (a) + (b) + (c) + (d)	(172.89)	(218.14)

v) Other tax assets and current tax liabilities:

(₹ in Lakhs)		
PARTICULARS	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
Current tax assets/ (liabilities)	95.84	545.31



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Note 41 :

EMPLOYEE BENEFITS

DEFINED CONTRIBUTION PLAN

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

(₹ in Lakhs)

PARTICULARS	MARCH 31, 2023	MARCH 31, 2022
Employer's Contribution to Provident Fund	48.63	39.18

(above figure does not include administrative charges of ₹2.45 lakhs (P.Y. ₹1.99 Lakhs))

Defined Benefit Plan:

i) Gratuity:

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

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

(₹ in Lakhs)

SR. NO.	PARTICULARS	MARCH 31, 2023	MARCH 31, 2022
I.	Assumption		
	Mortality	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate
	Interest / Discount rate	7.42%	6.95%
	Rate of increase in compensation	5.00%	5.00%
	Rate of return (expected) on plan assets	7.42%	6.04%
	Employee Attrition Rate	Service based: Upto 5 years - 20% 5 to 10 years - 15% 10 to 20 years - 5% Above 20 years - 0%	Service based: Upto 5 years - 20% 5 to 10 years - 15% 10 to 20 years - 5% Above 20 years - 0%
	Expected average remaining service (years)	8.27	8.64
II.	Changes in present value of obligations		
	PVO at beginning of year	102.74	93.51
	Interest cost	6.80	5.65
	Current Service Cost	8.95	8.38
	Past service cost –(vested benefits)	-	-
	Benefits Paid	(4.67)	(3.47)
	Actuarial (gain)/loss on obligation	(3.48)	(1.33)
	PVO at end of year	110.34	102.74
III.	Changes in fair value of plan assets		
	Fair Value of Plan Assets at beginning of year	110.81	96.99
	Adjustment to opening balance		-
	Return on plan assets excluding interest income	(1.66)	0.99
	Interest income	7.36	5.87
	Contributions by employer	10.42	10.43
	Benefits Paid	(4.67)	(3.47)
	Fair Value of Plan Assets at end of year	122.26	110.81



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Lakhs)

SR. NO.	PARTICULARS	MARCH 31, 2023	MARCH 31, 2022
IV.	Actuarial (Gain)/Loss on obligation		
	Due to demographic assumption	-	-
	Due to financial assumption	(4.08)	(4.60)
	Due to experience	0.60	3.27
	Total Actuarial (Gain)/Loss	(3.48)	(1.33)
V.	Amounts recognized in the balance sheet		
	PVO at end of year	110.34	102.74
	Fair Value of Plan Assets at end of year	122.26	110.81
	Funded Status	11.92	8.07
	Net Asset/(Liability) recognized in the balance sheet	11.92	8.07
VI.	Expenses recognized in the statement of P & L A/c		
	Current Service Cost	8.95	8.38
	Net interest	(0.56)	(0.22)
	Past Service Cost –(vested benefits)	-	-
	Expenses recognized in the statement of P & L A/c	8.39	8.16
VII.	Other comprehensive income(OCI)		
	Actuarial (Gain)/Loss recognized for the year	(3.48)	(1.33)
	Return on plan assets excluding net interest	1.66	(0.99)
	Total Actuarial (Gain)/Loss recognized in OCI	(1.82)	(2.32)

Experience Adjustment:

(₹ in Lakhs)

PARTICULARS	MARCH 31, 2023	MARCH 31, 2022	MARCH 31, 2021	MARCH 31, 2020	MARCH 31, 2019
Defined Benefit Obligation (DBO)	110.34	102.74	93.51	88.18	71.80
Plan Assets	122.26	110.81	96.99	89.95	80.88
Surplus / (Deficit)	11.92	8.07	3.48	1.77	9.08
Experience adjustment on plan assets	(1.66)	0.99	0.44	(0.44)	0.95

Sensitivity analysis:

Sensitivity analysis for significant actuarial assumptions, showing how the defined benefit obligation would be affected, considering increase/decrease of 1% as at 31.03.2023 is as below:

(₹ in Lakhs)

CHANGE IN ACTUARIAL ASSUMPTION	PVDBO	
	MARCH 31, 2023	MARCH 31, 2022
+ 1% change in rate of Discounting	102.45	95.05
- 1% change in rate of Discounting	119.32	111.54
+ 1% change in rate of Salary increase/ inflation	115.37	107.59
- 1% change in rate of Salary increase/ inflation	105.52	97.96



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

The expected future cash flows as at March 31, 2023 are as follows:

(₹ in Lakhs)		
ESTIMATED BENEFIT PAYMENTS FROM THE FUND	MARCH 31, 2023	MARCH 31, 2022
Expected Outgo in First year	11.07	9.85
Expected Outgo in Second year	9.74	8.95
Expected Outgo in Third year	12.13	8.14
Expected Outgo in Fourth year	7.38	10.73
Expected Outgo in Fifth year	5.53	6.15
Expected Outgo Six to Ten years	58.32	44.89
Expected Outgo above Ten years	37.64	44.12
The weighted average duration of the payment of these cash flows is 8.27 years (P.Y. - 8.64 years)		

(₹ in Lakhs)		
NATURE OF PLAN ASSETS	MARCH 31, 2023	MARCH 31, 2022
Insurer managed funds	122.26	110.81
Others	-	-
Total	122.26	110.81

Leave Encashment:

The Company has booked the provision of ₹16.95 lakhs (P.Y. ₹46.01 lakh) for the year ended March 31, 2023 for leave encashment on actuarial valuation basis.

(₹ in Lakhs)		
PARTICULAR	MARCH 31, 2023	MARCH 31, 2022
Net value of plan asset of gratuity	(11.92)	(8.07)
Net Present value of obligation of leave encashment	183.62	197.91
Provision for employee benefits	171.70	189.84

Note 42 :

FINANCIAL INSTRUMENTS

i) Accounting classification and fair values

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

Financial assets and financial liabilities measured at fair value:

(₹ in Lakhs)						
AS AT MARCH 31, 2023	CARRYING AMOUNT*			FAIR VALUE HIERARCHY		
	FVTPL	FVOCI	TOTAL	LEVEL 1	LEVEL 2	TOTAL
Financial Assets						
Investment in Central Government dated securities	487,350.30	-	487,350.30	487,350.30	-	487,350.30
Investment in State Development loans	175,990.96	-	175,990.96	175,990.96	-	175,990.96
Investment in Government special securities	2,801.31	-	2,801.31	2,801.31	-	2,801.31
Investment in Treasury bills	437,842.11	-	437,842.11	309,167.52	128,674.59	437,842.11
Investment in STRIPS	7,616.73	-	7,616.73	7,616.73	-	7,616.73
Investment in Debentures or Bonds	88,116.68	-	88,116.68	83,083.76	5,032.92	88,116.68
Investment in Certificate of Deposit	23,555.39	-	23,555.39	-	23,555.39	23,555.39
Derivative instrument						
- Interest rate swap	76,529.54	-	76,529.54	-	76,529.54	76,529.54
Total	1,299,803.02	-	1,299,803.02	1,066,010.58	233,792.44	1,299,803.02
Financial liabilities						
Derivative instrument						-
- Interest rate swap	77,980.48	-	77,980.48	-	77,980.48	77,980.48
Total	77,980.48	-	77,980.48	-	77,980.48	77,980.48

* Carrying amount include accrued interest



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Financial assets and financial liabilities measured at amortized cost:

(₹ in Lakhs)

AS AT MARCH 31, 2023	AMOUNT
Financial Assets	
Cash and cash equivalents	65.14
Bank Balances other than Cash and cash equivalents	222.08
Loans	-
Investments (including accrued interest)	260,020.38
Trade and Other Receivables	37.67
Other financial assets	3,477.40
Total	263,822.67
Financial liabilities	
Borrowings (including accrued interest)	1,388,314.98
Deposits (including accrued interest)	19,373.23
Trade and Other Payables	130.81
Lease Liability	44.32
Other Financial Liabilities	229.23
Total	1,408,092.57

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

Financial assets and financial liabilities measured at fair value:

(₹ in Lakhs)

AS AT MARCH 31, 2022	CARRYING AMOUNT*			FAIR VALUE HIERARCHY		
	FVTPL	FVOCI	TOTAL	LEVEL 1	LEVEL 2	TOTAL
Financial Assets						
Investment in Central Government Dated securities	298,440.32	-	298,440.32	298,440.32	-	298,440.32
Investment in State Development loans	44,821.08	-	44,821.08	44,821.08	-	44,821.08
Investment in Treasury bills	784,889.01	-	784,889.01	254,503.71	530,385.30	784,889.01
Investment in STRIPS	5,578.83	-	5,578.83	5,578.83	-	5,578.83
Investment in Debentures or Bonds	65,702.53	-	65,702.53	53,673.86	12,028.67	65,702.53
Derivative instrument						
- Interest rate swap	38,228.27		38,228.27	-	38,228.27	38,228.27
Total	1,237,660.04	-	1,237,660.04	657,017.80	580,642.24	1,237,660.04
Financial liabilities						
Derivative instrument						
- Interest rate swap	38,589.59	-	38,589.59	-	38,589.59	38,589.59
Total	38,589.59	-	38,589.59	-	38,589.59	38,589.59

* Carrying amount include accrued interest



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Financial assets and financial liabilities measured at amortized cost:

(₹ in Lakhs)

AS AT MARCH 31, 2022	AMOUNT
Financial Assets	
Cash and cash equivalents	22.09
Bank Balances other than Cash and cash equivalents	122.08
Investments	162,118.86
Other Receivables	21.07
Other financial assets	3,627.42
Total	165,911.52
Financial liabilities	
Borrowings (including accrued interest)	1,269,123.61
Deposits (including accrued interest)	19,155.34
Trade and Other Payables	85.78
Lease Liability	67.59
Other Financial Liabilities	476.24
Total	1,288,908.56

The carrying amount of cash and cash equivalents, bank balances other than cash and cash equivalents, other financial assets, borrowings, deposits, trade and other payables and other financial liabilities are considered to be same as fair value. The fair value of Investment measured at Amortized cost is ₹1,59,469.10 Lakhs.

ii) Financial risk management

Risk management framework

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

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

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

- Credit risk
- Liquidity risk
- Market risk and
- Settlement risk

A. Credit risk:

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

a. Exposure in SLR securities:

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

b. Exposure in non-SLR securities:

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

c. Exposure in Interest Rate Swaps:

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

B. Liquidity risk:

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

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

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

Maturity Analysis of Significant Financial Liabilities:

(₹ in Lakhs)

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

(₹ in Lakhs)

AS AT MARCH 31 2022	CONTRACTUAL CASH FLOWS				
	TOTAL	LESS THAN 6 MONTHS	6 MONTHS TO 12 MONTHS	1 TO 5 YEARS	MORE THAN 5 YEARS
Borrowings and Deposits	1,288,278.95	1,288,278.95	-	-	-
Trade and other payables	85.78	85.78	-	-	-
Lease Liability	67.60	12.76	12.76	42.08	-
Other Financial Liability	476.25	338.20	-	138.05	-

C. Market risk:

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

a. Interest rate risk:

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

Exposure to interest rate risk:

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

(₹ in Lakhs)		
PARTICULARS	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
Fixed-rate instruments		
Financial Assets - measured at amortised cost		
Investment in debt instruments	260,020.38	162,118.86
Financial Assets - measured at FVTPL or FVOCI		
Investment in debt instruments	1,223,273.48	1,199,431.77
Total of Fixed Rate Financial Assets	1,483,293.86	1,361,550.63
Financial Liabilities - measured at amortised cost		
Borrowings	1,388,314.98	1,269,123.61
Deposits (Inter corporate Deposit)	19,373.23	19,155.34
Total of Fixed Rate Financial Liabilities	1,407,688.21	1,288,278.95

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

The Company has investments in fixed-rate financial assets such as investments in Government Securities, State Development Loan (SDL), Corporate Deposit etc. Accordingly, a increase in 1 basis point in interest rates is likely to decrease the profit or loss (before tax) for the year ending March 31, 2023 by ₹249.35 Lakhs (March 31, 2022 ₹148.78 Lakhs) and an decrease in 1 basis point in interest rates is likely to increase the profit or loss (before tax) for the year ending March 31, 2023 by ₹249.35 Lakhs (March 31, 2022 ₹148.78 Lakhs).

D. Settlement Risk:

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

Note 43 :

FAIR VALUE MEASUREMENT

i) Valuation Principles:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as explained in Note no. 44

ii) Valuation Governance:

The Company's fair value methodology and the governance framework include a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. The Company is required to follow valuation methodology for its assets and liabilities as prescribed by the RBI. All new products and their valuation methodologies are subject to approvals by the Risk Management Committee of the Board as well as the Board of Directors of the Company. The responsibility of on-going measurement resides with the Risk Management Department.

Once submitted, fair value estimates are also reviewed and independently verified by the Chief Risk Officer (CRO) and the independent price verification process for financial reporting is ultimately the responsibility of the CRO.

The Risk Management team works together with the Finance function's accounting policy team and is responsible for ensuring that the final

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

reported fair value figures are in compliance with Ind AS and will propose adjustments as and when needed.

iii) Asset and liabilities by fair value hierarchy:

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

Note 44 :

VALUATION TECHNIQUES:

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

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

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

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

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

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

Corporate bonds: Corporate Bonds which are traded are valued at their last traded prices. Corporate bonds which are not traded are valued based on the credit spreads published by Financial Benchmarks India Private Limited (FBIL) over the base yield corresponding to the residual maturity as published by FBIL.

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

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

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

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

Note 45 :

VALUATION ADJUSTMENTS AND OTHER INPUTS AND CONSIDERATIONS

No valuation adjustments have been made to the prices/yields provided for valuation by FBIL or the recognized stock exchanges.

Note 46 :

ANALYSIS OF RISK CONCENTRATION

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

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

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

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

Note 47 :

EVENTS AFTER REPORTING DATE

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

Note 48 :

CAPITAL MANAGEMENT

The Company's objective is to maximize the shareholders' value by maintaining an optimum capital structure. The Company maintains capital base to



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

cover risks inherent in the business and is meeting the capital adequacy requirements of Reserve Bank of India (RBI). The adequacy of the company's capital is monitored using, among other measures, the regulation issued by RBI.

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

SR. NO.	ITEMS	MARCH 31, 2023	MARCH 31, 2022
i	CRAR (%)	21.79	32.31
ii	CRAR - Tier I capital (%)	21.79	32.31
iii	CRAR - Tier II Capital (%)	-	-
iv	Amount of subordinated debt raised as Tier-II capital	-	-
v	Amount raised by issue of Perpetual Debt Instruments	-	-
vi	Risk Weighted Assets (RWA) (₹ in Lakhs)	362,520.80	240,414.00
vii	Net Owned Funds (NOF) (₹ in Lakhs)	78,996.98	77,664.78
viii	Tier- I Capital (₹ in Lakhs)	78,996.98	77,664.78
ix	Return on Average Net Owned Funds	4.38%	13.34%

Note:

- The net owned fund of the Company has been calculated in accordance with RBI circular No. RBI/2019-20/170 DOR (NBFC).CC.PD.No. 109/22.10.106/2019-20 dated March 13, 2020.
- Liquidity Coverage Ratio (LCR)- As per point 4(c) of RBI Liquidity Risk Management Framework (RBI circular No. RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 04, 2019), Primary Dealers are exempt from applicability of LCR norms.

Note 49 :

PENDING LITIGATION

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

(₹ in Lakhs)

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

- An amount of ₹9,413.34 Lakhs being the book value of the investment made in CP of IL&FS has been written off in F.Y. 2018-19 owing to the fact that the instrument being unsecured in nature and on account of the fact that IL&FS has been classified by the resolution consultant and Ministry of Corporate Affairs, Govt. of India as a "Red Entity" i.e. the entity that cannot meet its payment obligations towards even senior secured financial creditors, as and when such payment obligation become due.
- In the order dated February 4, 2019, the Hon'ble NCLAT, New Delhi, permitted the operational and financial creditors of the IL&FS & its group companies to file Intervention Applications. Accordingly, the Company has filed Intervention Application before the Hon'ble NCLAT, New Delhi. The Intervention Application no. 9626 of 2019 filed by the Company has been admitted on February 11, 2019.
- Subsequent to the intervention application filed by the Company, the Company has been admitted to the Committee of Creditors (CoC), and the claim of ₹9,847.89 Lakhs (including accrued discount income till cut off date i.e. 15-Oct-2018) has been admitted by NCLT/NCLAT in F.Y. 2019-20. There is no further progress in the matter in FY 2022-23 w.r.t. receipt of outstanding claim.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Note 50 :

SEGMENT REPORTING

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

(₹ in Lakhs)

SEGMENT INFORMATION	GILT INCOME		NON GILT INCOME		UNALLOCATED		TOTAL	
	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
Interest and similar income	76,582.14	56,895.19	8,038.27	3,072.58	0.03	57.71	84,620.44	60,025.48
Interest and similar expense	66,723.23	40,547.00	4,430.86	929.11	2.94	4.28	71,157.03	41,480.39
Net interest income (expense)	9,858.91	16,348.19	3,607.41	2,143.47	(2.91)	53.43	13,463.41	18,545.09
Fee and commission income	143.89	633.75	-	-	-	-	143.89	633.75
Net fees and commission income	143.89	633.75	-	-	-	-	143.89	633.75
Trading Profit/(Loss) on investments	(3,472.34)	936.85	(1,426.65)	1,805.92	-	-	(4,898.99)	2,742.77
Net gain/(loss) on fair value changes	12.15	(5,920.48)	(1,052.89)	(42.85)	-	-	(1,040.74)	(5,963.33)
Other income	-	-	-	16.34	24.56	486.78	24.56	503.12
Depreciation of property and equipment	-	-	-	-	84.46	81.69	84.46	81.69
Amortisation of intangible assets	-	-	-	-	4.12	6.57	4.12	6.57
Other operating expenses	780.02	592.79	-	-	2,121.57	2,065.42	2,901.59	2,658.21
Total operating expense	780.02	592.79	-	-	2,210.15	2,153.68	2,990.17	2,746.47
Segment profit (loss) before taxation	5,762.59	11,405.52	1,127.87	3,922.88	(2,188.50)	(1,613.47)	4,701.96	13,714.93
Income tax expense	-	-	-	-	-	-	1,274.97	3,658.78
Profit for the year for continuing operations	-	-	-	-	-	-	3,426.99	10,056.15
Other Comprehensive Income	-	-	-	-	-	-	-	-
(i) Items that will not be reclassified to profit or loss	-	-	-	-	1.82	2.32	1.82	2.32
(ii) Income Tax relating to items that will not be reclassified to profit or loss	-	-	-	-	(0.46)	(0.58)	(0.46)	(0.58)
Additions to property plant and equipment	-	-	-	-	66.84	23.51	66.84	23.51
Additions to other intangible assets	-	-	-	-	0.27	2.56	0.27	2.56
Segment assets as at March 31, 2023	1,375,103.26	1,299,446.36	188,428.14	104,052.87	1,946.88	2,325.62	1,565,478.28	1,405,824.85
Segment Liabilities as at March 31, 2023	1,355,457.34	1,262,702.16	130,305.92	64,249.03	79,715.02	78,873.66	1,565,478.28	1,405,824.85

The Gilt Segment comprises of Govt. Securities, SDL, T-Bills, SPL, STRIPS whereas Non-Gilt Segment comprises Derivatives, CDs, CPs, Bonds, Equity, Mutual Fund.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Note 51 :

OFFSETTING

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

Financial assets subject to offsetting, netting arrangements

(₹ in Lakhs)

PARTICULARS	DERIVATIVE ASSETS	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
Offsetting recognised on the balance sheet	Gross assets before offset	76,529.54	38,228.27
	Offset with gross liabilities ²	-	-
	Net assets recognised in the balance sheet	76,529.54	38,228.27
Netting potential not recognised on the balance sheet	Financial liabilities	77,980.48	38,589.59
	Collaterals received	-	-
	Assets/ (Liability) after consideration of netting potentials	(1,450.94)	(361.32)
Assets not subject to netting arrangements ¹	Assets recognised on the balance sheet	-	-
Total assets	Recognised in the balance sheet	76,529.54	38,228.27
Maximum exposure to risk	After consideration of netting potential	-	-

Financial liabilities subject to offsetting, netting arrangements

(₹ in Lakhs)

PARTICULARS	DERIVATIVE LIABILITIES	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
Offsetting recognised on the balance sheet	Gross Liabilities before offset	77,980.48	38,589.59
	Offset with gross assets ²	-	-
	Net Liabilities recognised on the balance sheet	77,980.48	38,589.59
Netting potential not recognised on the balance sheet	Financial assets	76,529.54	38,228.27
	Collaterals received	-	-
	Asset/ Liability after consideration of netting potential ³	-	-
Assets not subject to netting arrangements ¹	Assets recognised on the balance sheet	-	-
Total Liabilities	Recognised in the balance sheet	77,980.48	38,589.59
Maximum exposure to risk	After consideration of netting potential	-	-

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

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

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

Note 52 :

CORPORATE SOCIAL RESPONSIBILITY (CSR) DISCLOSURE

During the year, Company has spent ₹530.83 lakhs (March 31, 2022 ₹425.79 lakhs) towards CSR activities, as required to be spent in terms of Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility policy) Rules, 2014. Details of CSR expense for the year are as under:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Lakhs)

SR. NO.	PARTICULARS	FY 2022-23	FY 2021-22
a)	Gross amount required to be spent during the year	530.83	429.12
b)	Amount of expenditure incurred and spent during the year on:		
	- Construction/acquisition of any asset - Capital Expenditure	-	-
	- Others (other than above)	530.83	425.79
	- Amount set off from the excess spent of last year*	-	3.33
	Total	530.83	429.12
c)	Amount spent during the year		
	Expenses paid	530.83	425.79
	Expenses yet to be paid for (Shortfall for the year)	-	-
d)	Total of previous years shortfall	-	-
e)	Reason for shortfall	NA	NA

(₹ in Lakhs)

SR. NO.	PARTICULARS	AMOUNT SPENT	PENDING TO BE SPENT	TOTAL
1	Construction/acquisition of any asset	-	-	-
2	On purposes other than (1) above-			
	Prime Minister's National Relief Fund	107.52 (128.83)	- -	107.52 (128.83)
	Cancer Patients Aid Association (CPAA)	50.00 (40.00)	- -	50.00 (40.00)
	ImpaCCT Foundation (Paediatric division of Tata Memorial hospital)	16.16 (40.00)	- -	16.16 (40.00)
	Shree Bhagwan Mahaveer Viklang Sahayata Samiti	29.85 -	- -	29.85 -
	Sunder Shewak Sabha	35.42 (40.00)	- -	35.42 (40.00)
	Deepstambh Foundation	24.04 -	- -	24.04 -
	Ramakrishna Mission Seva Pratishthan, Kolkata	- (33.60)	- -	- (33.60)
	Ramakrishna Mission Ashrama (Belgaum), Karnataka	- (22.69)	- -	- (22.69)
	Ramakrishna Mission, Belur Math, Howrah	20.73 -	- -	20.73 -
	Indian Cancer Society	50.00 (40.00)	- -	50.00 (40.00)
	Shri Sadguru Seva Sangh Trust	50.00 (25.00)	- -	50.00 (25.00)
	Cancer Institute (W.I.A), Adyar-Chennai	- (5.67)	- -	- (5.67)
	The Akshaya Patra Foundation	77.61 (50.00)	- -	77.61 (50.00)
	The Society for the Rehabilitation of Crippled Children	15.00 -	- -	15.00 -
	Indian Institute of Science, Bangaluru	31.55 -	- -	31.55 -
	Delhi Sikh Gurdwara Management Committee	22.95 -	- -	22.95 -
	Total (Current Year)	530.83	-	530.83
	Total (Previous Year)	(425.79)	-	(425.79)

* The actual CSR contribution for F.Y. 2021-22 was ₹429.12 Lakhs. There was an excess CSR spent of ₹3.33 Lakhs in Financial year (FY 2020-21). The excess amount of ₹3.33 Lakhs has been set off against the CSR contribution of F.Y. 2021-22 vide Board approval dated October 22, 2021.

Note: Figures in brackets denote figures for last F.Y. 2021-22.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Note 53 :

INTANGIBLE ASSETS UNDER DEVELOPMENT AGING SCHEDULE

FY 2022-23

(₹ in Lakhs)

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

FY 2021-22

(₹ in Lakhs)

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

REGULATORY DISCLOSURES

Note 54 :

CAPITAL COMMITMENT AND CONTRACTUAL OBLIGATION

- a. Estimated amount of contracts remaining to be executed on capital account - Nil (PY Nil)
- b. Commitment and contractual obligations in respect of:
 - i. The purchases and sales of the securities effected on March 31, 2023, the transaction shall be accounted on April 03, 2023 i.e. Settlement date. The face value of the securities purchased and sold on March 31, 2023 are as given in the table below:

(₹ in Lakhs)

Sr. No.	Particulars	March 31, 2023	March 31, 2022
1	Purchase of securities	88,637.10	6,504.00
2	Sale of securities	81,148.70	40,954.00

Note 55 :

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

Note 56 :

The Company is authorized by RBI to offer Constituent SGL Account facility in the nature of Subsidiary General Ledger (SGL) account maintained with RBI on behalf of its Constituents. The transactions undertaken include purchase and sale transactions on behalf of Constituents. As on March 31, 2023 the face value of the securities held by the Company on behalf of its Constituents is ₹56,64,554.00 Lakhs (March 31, 2022 – ₹45,50,325.60 Lakhs).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Note 57 :

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

(₹ in Lakhs)

PARTICULARS FOR FY 2022-23	MINIMUM OUTSTANDING DURING THE YEAR	MAXIMUM OUTSTANDING DURING THE YEAR	DAILY AVERAGE OUTSTANDING DURING THE YEAR	MARCH 31, 2023
Securities sold under repos				
Government Securities	507,918.00	1,066,861.39	872,139.79	965,387.44
	(559,572.25)	(1,115,642.32)	(846,136.55)	(1,016,975.50)
Corporate debt securities	-	-	-	-
	-	-	-	-
Securities purchased under reverse repos				
Government Securities	-	14,766.98	360.44	-
	-	-	-	-
Corporate debt securities	-	-	-	-
	-	-	-	-

Note: Figures in brackets denote figures for FY 2021-22

Note 58 :

OTHER DISCLOSURES - SCHEDULE TO THE BALANCE SHEET AS AT MARCH 31, 2023

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

(₹ in Lakhs)

SR. NO.	PARTICULARS	AMOUNT OUTSTANDING		AMOUNT OVERDUE	
		AS AT MARCH 31, 2023	AS AT MARCH 31, 2022	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
	Liabilities Side				
1	Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid:				
	(a) Debenture				
	Secured	-	-	-	-
	Unsecured	-	-	-	-
	(other than falling within the meaning of Public deposit)				
	(b) Deferred Credit	-	-	-	-
	(c) Term Loans (includes term money)	32,950.55	6,504.10	-	-
	(d) Inter Corporate Loans and Borrowing	19,373.23	19,155.34	-	-
	(e) Commercial Paper	-	-	-	-
	(f) Others Loans				
	(i) Call/Notice	120,699.58	125,244.89	-	-
	(ii) TREPS	149,822.68	120,293.57	-	-
	(iii) RBI LAF	-	-	-	-
	(iv) RBI Refinance	119,255.37	-	-	-
	(v) Loan Against Fixed Deposit	-	-	-	-
	(vi) REPO Borrowing	965,586.80	1,017,081.05	-	-



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

	Assets Side	Amount Outstanding	Amount Outstanding
		As at March 31, 2023	As at March 31, 2022
2	Break-up of Loans and Advances including bills receivables (other than those included in (4) below):		
	(a) Secured	-	-
	(b) Unsecured	-	-
3	Break up Leased Assets and stock on hire and other assets counting towards AFC activities		
	(i) Lease assets including lease rentals under sundry debtors		
	(a) Finance Lease	-	-
	(b) Operating Lease	-	-
	(ii) Stock on hire including hire charges under sundry debtor		
	(a) Assets on hire	-	-
	(b) Repossessed Assets	-	-
	(iii) Other loans counting towards AFC activities		
	(a) loans where assets have been repossessed	-	-
	(b) loans other than (a) above	-	-
		Amount Outstanding	Amount Outstanding
		As at March 31, 2023	As at March 31, 2022
4	Break-up of Investments		
	Current Investment		
	1. Quoted		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	88,116.69	65,702.53
	(iii) Units of mutual funds	-	-
	(iv) Government Securities & T-bills	1,111,601.41	1,133,729.24
	(v) others		
	2. Unquoted		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) others : (a) Commercial papers	-	-
	(b) Certificate of Deposits	23,555.39	-
	Long Term Investments		
	1. Quoted		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	260,020.38	162,118.86
	(v) others	-	-
	2. Unquoted		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) others	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

5	Borrower group-wise classification of assets financed as in (2) and (3) above				
	Category	Amount Net of Provisions			
		Secured	Unsecured	Total	
	1. Related Parties				
	(a) Subsidiaries	-	-	-	
	(b) Companies in the same group	-	-	-	
	(c) other related parties	-	-	-	
	2. Other than related parties	-	-	-	
	Total	-	-	-	
6	Investor group-wise classification of all Investments (current & long-term) in shares and securities (quoted & unquoted)				
	Category	Market Value		Book Value	
		2022-23	2021-22	2022-23	2021-22
	1. Related Parties				
	(a) Subsidiaries	-	-	-	-
	(b) Companies in the same group	-	-	-	-
	(c) other related parties	-	-	-	-
	2. Other than related parties	1,474,269.53	1,358,900.87	1,483,293.86	1,361,550.63
	Total	1,474,269.53	1,358,900.87	1,483,293.86	1,361,550.63
Sr. No.	Particulars	2022-23		2021-22	
		(₹ in lakhs)		(₹ in lakhs)	
7	Other Information				
	(i) Gross Non-Performing Assets				
	(a) Related parties	-		-	
	(b) Other than related parties	-		-	
	(ii) Net Non-Performing Assets				
	(a) Related parties	-		-	
	(b) Other than related parties	-		-	
	(iii) Assets acquired in satisfaction of Debts	-		-	

Note 59 :

ISSUER COMPOSITION OF INVESTMENTS IN NON-GOVERNMENT SECURITIES AS AT MARCH 31, 2023

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

(₹ in Lakhs)						
Sr. No.	Issuer	Amount*	Extent of private placement**	Extent of 'below investment grade' securities	Extent of 'unrated' securities	Extent of 'unlisted' securities
1	2	3	4	5	6	7
1	PSUs	26,592.58	-	-	-	-
		-	-	-	-	-
2	FIs	26,747.06	-	-	-	-
		(14,938.08)	-	-	-	-
3	Banks	33,484.62	-	-	-	-
		(20,115.57)	(5,504.77)			
4	Other PDs	-	-	-	-	-
		-	-			
5	Private Corporate	22,064.11	-	-	-	-
		(29,504.80)	(17,476.13)			
6	Subsidiaries/ Joint Ventures	-	-	-	-	-
		-	-	-	-	-



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

7	Others	-	-	-	-	-
		-	-	-	-	-
8	Provision held towards depreciation	-	-	-	-	-
		-	-	-	-	-
	Total	108,888.37	-	-	-	-
		(64,558.45)	(22,980.90)	-	-	-

Note: Figures in brackets pertains to March 31, 2022

All the investments in the above non government securities are rated and are above investment grade securities.

* Represents amounts net of provision for depreciation, if any

** Represents original issue.

Note: 60

Disclosure pursuant to RBI circular No. RBI/2008-09/116 DNBS (PD). CC No.125/03.05.002/2008-2009 dated August 1, 2008, RBI/2015-16/12 DNBR (PD) CC.NO.053/03/10.119/2015-16 dated July 1, 2015, RBI/DNBR/2016-17/42 DNBR.PD.004/03.10.119/2016-17 dated April 25, 2026, Master Direction DNBR.PD.004/03.10.119/2016-17 dated August 23, 2016 as updated on October 05, 2021 and DOR.ACC.REC.No.20/21.04.018/2022-23 dated April 19, 2022

a. Capital to Risk Assets Ratio (CRAR)*

SR. NO.	ITEMS	MARCH 31, 2023	MARCH 31, 2022
i.	CRAR (%)	21.79	32.31
ii.	CRAR - Tier I capital (%)	21.79	32.31
iii.	CRAR - Tier II Capital (%)	-	-
iv.	Amount of subordinated debt raised as Tier-II capital	-	-
v	Amount raised by issue of Perpetual Debt Instruments	-	-

*calculated as per RBI circular no.RBI/2006-2007/355 DNBS.PD/CC No.93/03.05.002/2006-07 dated April 27, 2007

b. Exposures

Exposure to Real Estate Sector

(₹ in Lakhs)

SR. NO.	CATEGORY	MARCH 31, 2023	MARCH 31, 2022
i.	Direct exposure		
	a. Residential Mortgages -		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. (Including non fund based (NFB) limits.)	Nil	Nil
	b. Commercial Real Estate -		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). (Including non fund based (NFB) limits.)	Nil	Nil
	c. Investments in Mortgage Backed Securities (MBS) and other securitized exposures -		
	i. Residential,	Nil	Nil
	ii. Commercial real Estate.	Nil	Nil
ii.	Indirect Exposure		
	Fund based and non-fund based exposures on National Housing Bank and Housing Finance Companies.	9967.42	Nil

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Note 60 Continued..

Exposure to Capital Market

(₹ in Lakhs)

PARTICULARS		MARCH 31, 2023	MARCH 31, 2022
i	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	Nil	Nil
ii	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	Nil	Nil
iii	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	Nil	Nil
iv	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds 'does not fully cover the advances;	Nil	Nil
v	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	Nil	Nil
vi	Loans sanctioned to corporates against the security of shares/ bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	Nil	Nil
vii	Bridge loans to companies against expected equity flows/ issues;	Nil	Nil
viii	Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	Nil	Nil
ix	Financing to stock broker for margin trading	Nil	Nil
x	All exposures to Alternative Investment Funds:		
	(i) Category I	Nil	Nil
	(ii) Category II	Nil	Nil
	(iii) Category III	Nil	Nil
	Total Exposure to Capital Market	Nil	Nil

Sectoral Exposure

(₹ in Lakhs)

Sectors	March 31, 2023			March 31, 2022		
	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
1. Agriculture and Allied Activities	-	-	-	-	-	-
2. Industry	-	-	-	-	-	-
3. Services	-	-	-	-	-	-
4. Personal Loans	-	-	-	-	-	-
5. Others	-	-	-	-	-	-

Intra Group Exposure

As of March 31, 2023, the Company has no intra group exposures.

Unhedged Foreign Currency exposure

As of March 31, 2023, the Company has no unhedged foreign currency exposure



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Note 60 Continued..

c. Asset Liability Management - Maturity Pattern of certain items of Assets and Liabilities as at March 31, 2023****

(₹ in Lakhs)

Particulars	1 day to 30/31 days (one month)	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Assets									
Deposits	-	-	-	9.01	3,661.32	11.11		18.04	3,699.48
	-	-	-	-	(3,598.25)	(7.15)	(3.96)	(18.06)	(3,627.42)
Advances*	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Investments**	1,224,256.61	795.74	676.91	1,884.93	10,021.38	219,857.52	25,800.77	-	1,483,293.86
	(1,199,431.77)	-	-	-	-	-	(160,513.97)	-	(1,359,945.74)
Liabilities									
Borrowings from banks***	153,650.13	-	-	-	-	-	-	-	153,650.13
	(131,748.99)	-	-	-	-	-	-	-	(131,748.99)
Market Borrowings	1,243,298.07	10,740.01	-	-	-	-	-	-	1,254,038.08
	(1,140,134.17)	(16,395.78)	-	-	-	-	-	-	(1,156,529.95)

Note: Figures in brackets are as on March 31, 2022

* Advances represent advances given in nature of loans.

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

***Borrowings in Call / Notice / Term represents borrowings from banks

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

d. Investments

(₹ in Lakhs)

SR. NO.	PARTICULARS	AS AT MARCH 31, 2023	AS AT MARCH 31, 2022
1	Value of Investments :		
	(i) Gross Value of Investments		
	(a) In India*	256,183.99	160,513.97
	(b) Outside India	-	-
	(ii) Provisions for Depreciation		
	(a) In India	-	-
	(b) Outside India	-	-
	(iii) Net Value of Investments		
	(a) In India*	256,183.99	160,513.97
	(b) Outside India	-	-
2	Movement of Provisions held towards depreciation on Investments :		
	(i) Opening Balance	-	-
	(ii) Add: Provisions made during the year	-	-
	(iii) Less: Write-off / write-back of excess provisions during the year	-	-
	(iv) Closing balance	-	-

* The above figures are investment classified as subsequently measured at amortised cost

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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

- RBI – Certificate of Registration bearing No. 13.01865, dated May 23, 2007.
- MCA – Certificate of Incorporation dated October 31, 2006 bearing Corporate Identity No. U67110MH2006PLC165306.
- Primary Dealership Business authorisation granted by RBI has been renewed for the year 2022-25 and is valid upto March 31, 2025.

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

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

Rating Agencies	Rating programme	Rating Assigned	Migration	Rating Amount (₹ in Lakhs)	
				March 31, 2023	March 31, 2022
CRISIL	Short Term	CRISIL A1+	-	20,000.00	20,000.00

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

(₹ in Lakhs)			
SR. NO.	PARTICULARS	2022-23	2021-22
1	Provision for depreciation on Investment	-	-
2	Provision towards NPA	-	-
3	Provision for Standard Assets	-	-
4	Provision made towards Income Tax (incl. deferred tax)	1,274.97	3,658.78
5	Other Provision and Contingencies (employee related including provision for bonus)	25.41	279.17

Note 61 :

DERIVATIVES

a. Interest Rate Swaps

(₹ in Lakhs)			
SR. NO.	PARTICULARS	MARCH 31, 2023	MARCH 31, 2022
	Notional Principal amount of IRS Contracts		
a.	Hedging Contracts	-	-
b.	Trading Contracts	3,249,394.04	3,691,936.93
i.	Fair value of trading IRS	(1,450.94)	(361.32)
ii.	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	-
iii.	Likely impact of one percentage change in interest rate (100*PV01)	148.87	199.84
iv.	Collateral value made available towards Derivatives margin	3,604.54	2,319.03
v.	Credit Risk Concentration [@]	-	-

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

b. Interest Rate Future Contracts

(₹ in Lakhs)

SR. NO.	PARTICULARS	MARCH 31, 2023	MARCH 31, 2022
(i)	Notional principal amount of exchange traded Interest Rate derivatives undertaken during the year		
	IRF on Government Securities	-	-
(ii)	Notional principal amount of exchange traded IR derivatives outstanding (Interest Rate Futures)	-	-
(iii)	Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective"	-	-
(iv)	Mark-to-Market value of exchange traded IR derivatives outstanding and not "highly effective"	-	-

c. Disclosures on Risk Exposure in Derivatives

Qualitative Disclosure

During the year, the Company has entered into derivative transactions in equity and interest rate derivatives. The derivatives transactions entered into during the year are for the purpose of trading and market-making. The Business Investment and Risk policy of the Company lays down the risk management framework for derivatives trading. The Policy prescribes risk identification, measurement monitoring and risk mitigation. The compliance with the prudential limits for derivative transactions as laid down in the Risk Policy is done by the Risk Management Department which reports to the Chief Risk Officer. The Risk Management Committee of the Board oversees the risk management function of the Company. For accounting policy refer note 3.9 C of notes to the financial statements.

Quantitative Disclosure

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

(₹ in Lakhs)

SR. NO.	PARTICULARS	CURRENCY DERIVATIVES	INTEREST RATE FUTURES
(i)	Derivatives (Notional Principal Amount)		
	For hedging	-	-
(ii)	Marked to Market Positions		
	a) Asset (+)	-	-
	b) Liability (-)	-	-
(iii)	Credit Exposure	-	-
(iv)	Un-hedged Exposure	-	-

d. Disclosure relating to Securitisation :

- During the year Company has not securitized any of its assets and does not have any outstanding position in respect thereof as on March 31, 2023.
- Company has not sold any of its financial assets to Securitization/Reconstruction Company for Asset Reconstruction.
- Company has not undertaken any Assignment transactions during the year.
- Company has neither purchased nor sold any non-performing financial assets during the year and does not have any outstanding position in respect thereof as on March 31, 2023.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Note 62 :

Based on and to the extent of the information received by the company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), below are the amounts due to MSME as at March 31, 2023.

Sr. No.	Disclosure under MSMED Act, 2006, to the extent the Company has received intimation from the Suppliers regarding their status	As at March 31, 2023	As at March 31, 2022
i)	Principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year	-	-
ii)	Interest paid by the Company in terms of section 16 of the MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year	-	-
iii)	Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
iv)	Interest accrued and remaining unpaid at the end of each accounting year	-	-
v)	Interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise	-	-

Note 63 :

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

Net borrowings in call : Average net call borrowing during the year ended March 31, 2023 was ₹1,13,215.95 Lakhs and peak net call borrowing during the year ended March 31, 2023 was ₹1,99,900.00 Lakhs.

Leverage ratio: Average during the year was 16.63 and peak during the year was 18.60.

Quarterly CRAR	FY 2022-23	FY 2021-22
Quarter 1	25.22%	35.97%
Quarter 2	19.54%	34.48%
Quarter 3	20.37%	28.05%
Quarter 4	21.79%	32.31%

*RBI minimum stipulated CRAR is 15%

Note 64 :

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

Note 65 :

Loans to Directors, Senior Officers and relatives of Directors (Disclosure in terms of RBI circular no. RBI/2022-23/29 DOR.CRE.REC. No.25/03.10.001/2022-23 dated April 19, 2022)

(₹ in Lakhs)		
PARTICULARS	FY 2022-23	FY 2021-22
Directors and their relatives	-	-
Entities associated with directors and their relatives	-	-
Senior Officers and their relatives	-	-

Note 66 :

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Note 67 :

Disclosure of customer complaints

(In terms of RBI circular No. RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 dated April 19, 2022)

SR. NO	PARTICULARS	FY 2022-23	FY 2021-22
	Complaints received by the NBFC from its customers		
1	No. of Complaints pending at the beginning of the year	-	-
2	No. of Complaints received during the year	-	-
3	No. of Complaints disposed during the year	-	-
3.1	Of which, No. of complaints rejected by the NBFC	-	-
4	No. of Complaints pending at the end of the year	-	-
	Maintainable complaints received by the NBFC from Office of Ombudsman		
5	Number of maintainable complaints received by the NBFC from office of Ombudsman	-	-
5.1	Of 5, Number of complaints resolved in favour of the NBFC by office of Ombudsman	-	-
5.2	Of 5, Number of complaints resolved through conciliation /mediation/advisories issued by office of Ombudsman	-	-
5.3	Of 5, Number of complaints resolved after passing of Awards by office of Ombudsman against the NBFC	-	-
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

Since no customer complaint is received during F.Y. 2022-23 and in F.Y. 2021-22, further disclosure relating to grounds of customer complaint is not applicable.

Note 68 :

The Company has not declared any dividend for the F.Y. 2022-23.

Note 69 :

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

The accompanying notes are an integral part of financial statements

In terms of our report of even date

FOR DASSANI & ASSOCIATES

Chartered Accountants

Firm Registration No.- 009096C

CA AAYUSH MANDHANYA

Partner

Membership No.: 435709

V. NARAYANAMURTHY

Director

R. VENKATARAMANI

Director

T. V. RAO

Director

VARDA PENDSE

Director

PRASANNA PATANKAR

Managing Director

KALPESH MODY

Company Secretary and Chief Financial Officer

For and on behalf of the Board of Directors

STCI PRIMARY DEALER LIMITED

DIN : 00555704

DIN : 00829107

DIN : 05273533

DIN : 00152752

DIN : 07658714

Date: April 22, 2023

Place : Mumbai

NOTICE

NOTICE IS HEREBY GIVEN THAT THE 17TH ANNUAL GENERAL MEETING (“AGM”) OF THE MEMBERS OF STCI PRIMARY DEALER LIMITED WILL BE HELD ON MONDAY, SEPTEMBER 04, 2023 AT 2:30 P.M. AT THE REGISTERED OFFICE OF THE COMPANY AT A/B1-801, (A WING), 8TH FLOOR, MARATHON INNOVA, MARATHON NEXTGEN COMPOUND, OFF GANPATRAO KADAM MARG, LOWER PAREL (WEST), MUMBAI - 400 013 TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS

1. To receive, consider, approve, and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2023, together with the Board of Directors’ Report and the Auditor’s Report thereon and to consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT the Audited Financial Statements of the Company for the year ended March 31, 2023, together with the Board of Directors’ Report and Auditor’s Report thereon, be and are hereby received, considered, approved and adopted.”

2. To authorize the Board to determine the remuneration payable to the Statutory Auditor(s) to be appointed by Comptroller and Auditor General of India (C&AG) for the financial year 2023-24 and to consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of section 139(5), 142 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, the Board of Directors of the Company be and are hereby authorized to decide and fix the remuneration of the Statutory Auditor(s) to be appointed by Comptroller and Auditor General of India (C&AG) for the financial year 2023-24, as it may deem fit.”

SPECIAL BUSINESS

3. **Retirement of Mr. R. Venkataramani, Non-Executive Director of the Company**

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

“RESOLVED THAT Mr. R. Venkataramani (DIN 00829107), Director who retires by rotation at this 17th Annual General Meeting (AGM) pursuant to the provisions of Section 152(6) and other applicable sections, if any, of the Companies Act, 2013, and the rules framed thereto, and who has expressed his desire not to be re-appointed, be and is hereby not re-appointed, and retires as the Director of the Company, and the vacancy so caused on the Board of the Company be not filled-up at the 17th Annual General Meeting (AGM) or any adjournment thereof;

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

4. **Appointment of Mr. Sasidharan Mangalamkat as a Non-Executive Director of the Company**

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152, 161 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, as amended from time to time, Mr. Sasidharan Mangalamkat (DIN 10052548), who was appointed as an Additional Director (Non-Executive) of the Company with effect from March 25, 2023, to hold the office as an Additional Director upto the date of the Annual General Meeting (AGM), and who being eligible for appointment, and has provided his consent to act as a Director of the Company, be and is hereby, appointed as a Non-Executive Director of the Company and liable to retire by rotation;

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

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

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

“RESOLVED THAT in partial modification of the resolution(s) passed by the Members of the Company at the General Meeting of the Company, pursuant to the provisions of Sections 197, 198, and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) read with the applicable Rules framed thereunder and Schedule V to the Act and subject to the approval of Central Government, if required, the Company hereby approves the revision in the terms of fixed pay remuneration payable to Mr. Prasanna Patankar, Managing Director of the Company, with effect from April 01, 2023, on the terms and conditions as set out in the Explanatory Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors and/or a Committee thereof to alter and vary the terms and conditions of remuneration;

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



NOTICE

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

6. Modification in the overall borrowing limit of the Company

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

"RESOLVED THAT in supersession of the previous resolution(s), the consent of the members, under section 180(1)(c) of the Companies Act, 2013 and other applicable provisions, if any, be and is hereby accorded to the Board of Directors for borrowing of money from time to time any sum or sums of money, where the money to be borrowed, together with the money already borrowed by the Company (apart from temporary loans obtained or to be obtained from the bankers of the Company in the ordinary course of the business) may exceed the aggregate, for the time being, of the paid-up share capital of the Company and its free reserves, that is to say reserves not set apart for any specific purpose, provided that the total amount to be borrowed shall not at any time exceed the limit of ₹20,000 Crore (Rupees Twenty Thousand Crore only);

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

Mumbai

Date: August 29, 2023

CIN: - U67110MH2006PLC165306

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

V. Narayanamurthy

Director

DIN: 00555704

Regd. Office: -

A/B1- 801, A Wing, 8th Floor, Marathon Innova,
Marathon Nextgen Compound, Off. G.K.Marg,
Lower Parel, Mumbai 400 013

NOTES

1. The Annual Report for Financial Year 2022-23 (comprising of the Financial Statements including Boards' Report, Auditor's report and other documents required to be attached therewith (together referred to as "Annual Report") including Notice of Annual General Meeting (AGM) are being sent in electronic mode to the Members, whose e-mail address(es) are registered with the Company. The Notice of Annual General Meeting (AGM) along with Annual Report for Financial Year 2022-23, is available on the website of the Company at www.stcipd.com. Physical copy of the Annual Report shall be sent to shareholders on request.
2. Any Member entitled to attend and vote, is entitled to appoint a proxy to attend and vote, instead of himself/ herself and the proxy need not be a Member. The proxy form should, however, be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting. A general form of proxy is enclosed for the use of the Members.
3. A body corporate (including any company which is a Member of the Company) may authorize any person as it thinks fit by a resolution of its Board of Directors or other governing body to act as its representative on its behalf at any meeting including this meeting, and such representative shall be entitled to exercise the same rights and powers, including the right to vote by proxy on behalf of the body corporate which he represents as that body corporate would exercise if it were an individual. Such representative entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
4. Members of the Company, being a body corporate, are requested to lodge at the Registered office of the Company a certified true copy of the Resolution of the meeting of their Board of Directors or Governing Body appointing the representative of the body corporate and/ or the proxy by such representative along with aforesaid resolution not later than 48 hours before the commencement of the meeting.
5. Certified true copies of the Resolutions appointing the representative by bodies corporate and proxies to attend the meeting on their behalf which are received till then, will be open for inspection by the members during normal business hours from Monday to Friday commencing from the date hereof until the day preceding the date of the meeting at the Registered Office of the Company and shall also be kept open for inspection by the members during the Meeting.

NOTICE

6. Members are requested to notify any change in their address immediately to the Company at its Registered Office.
7. The Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013, with regard to the above resolutions, as and where required, is enclosed as an Annexure to the Notice.

Mumbai
Date: August 29, 2023
CIN: - U67110MH2006PLC165306

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

V. Narayanamurthy
Director
DIN: 00555704

Regd. Office: -
A/B1- 801, A Wing, 8th Floor, Marathon Innova,
Marathon Nextgen Compound, Off. G.K.Marg,
Lower Parel, Mumbai 400 013

ROUTE MAP TO THE VENUE OF THE MEETING





ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT

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

Item No. 3

Retirement of Mr. R. Venkataramani, Non-Executive Director of the Company.

Pursuant to the provisions of Section 152(6) of the Companies Act, 2013, Mr. R. Venkataramani would be liable to retire by rotation at this Annual General Meeting (AGM) of the Company. Mr. R. Venkataramani has expressed his unwillingness to be re-appointed and does not offer himself for re-appointment as a Non-Executive Director of the Company. Accordingly, Mr. R. Venkataramani will cease to hold office as a Director of the Company at the conclusion of the Annual General Meeting (AGM).

Considering the current composition of the Board and adequate strength of various Committee(s), the present vacancy caused due to retirement by rotation, is not filled for the time being. The Board of Directors recommends the resolution for the approval of the Members. The Board acknowledges and expresses its deep gratitude and appreciation to Mr. R. Venkataramani for his valuable contribution, guidance and insights provided during his tenure as a Director of the Company.

None of the Directors, Key Managerial Personnel and/or their relative(s), except Mr. R. Venkataramani, are concerned or interested in the Resolution(s) of the accompanying Notice relating to his retirement, and not offering himself for being re-appointed, as a Director of the Company.

Item No. 4

Appointment of Mr. Sasidharan Mangalamkat as a Non-Executive Director of the Company.

Pursuant to the provisions of Sections 149, 152, 161 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, as amended from time to time, the Board of Directors at their meeting held on March 25, 2023, on the recommendation of the Nomination and Remuneration Committee (NRC), had appointed Mr. Sasidharan Mangalamkat, as an Additional Director (Non-Executive) of the Company.

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

In compliance with the provisions of Section 149, 152, 161 and other applicable provisions of the Act, 2013, and the Rules framed thereunder, as amended from time to time, the appointment of Mr. Sasidharan Mangalamkat as Non-Executive Director of the Company, with effect from March 25, 2023, and whose period of office shall be liable to be determined by retirement by rotation, is now being placed before the Members for their approval. The necessary declaration and requisite consent to act as a Director has been received to this effect. The Board of Directors recommends the resolution for the approval of the Members.

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

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

Item No.5

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

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

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

The Board of Directors at its meeting held on July 26, 2022, and the Members at the previous Annual General Meeting (AGM) held on September 19, 2022, had approved the revision in the fixed pay remuneration payable to Mr. Prasanna Patankar as the Managing Director of the Company to ₹120.36 Lakh per annum for FY2022-23, payable with effect from April 1, 2022. Thus, the fixed pay remuneration paid to Mr. Prasanna Patankar for FY2022-23 amounted to ₹9,30,000/- (Rupees Nine Lakhs Thirty Thousand Only) per month which includes Basic Pay of ₹4,00,000/- per month, HRA of ₹80,000/- per month & Special Allowance of ₹4,50,000/- per month. The aforesaid salary does not include other benefits payable, if any.

ANNEXURE TO THE NOTICE

Pursuant to the recommendation of the Nomination and Remuneration Committee (NRC) in their meeting held on July 24, 2023, the Board of Directors in their meeting held on July 24, 2023, had approved an increase in the fixed pay remuneration payable to Mr. Prasanna Patankar for FY2023-24 with effect from April 1, 2023, to ₹132.72 Lakh per annum constituting of ₹10,30,000/- (Rupees Ten Lakhs Thirty Thousand Only) per month which includes Basic Pay of ₹4,25,000/- per month, HRA of ₹80,000/- per month & Special Allowance of ₹5,25,000/- per month, subject to the approval of the Members of the Company.

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

The terms and conditions of remuneration for FY2023-24 are as under: -

- *Total Monthly Fixed Pay Remuneration: - ₹10,30,000/- (Rupees Ten Lakhs Thirty Thousand Only) per month which includes Basic Pay of ₹4,25,000/-per month, HRA of ₹80,000/- per month & Special Allowance of ₹5,25,000/- per month.*
- *Provident Fund: - During the period of his employment, he will be entitled to the Company's monthly contribution to the Provident Fund @ 12% (Twelve per cent) of the Basic Pay of ₹4,25,000/- per month.*
- *Gratuity: During the period of his employment, he shall be entitled to gratuity and the amount payable as gratuity will be computed as per the Payment of Gratuity Act.*
- *Leave, Leave Encashment: As Per Company's rules.*
- *Leave Travel Concession: ₹1,50,000/- (Rupees One Lakh Fifty Thousand Only) per annum payable annually.*
- *Medical Benefit: ₹1,50,000/- (Rupees One Lakh Fifty Thousand Only) per annum payable monthly.*

Perquisites:

- (i) *A company car (with personal driver) will be provided and usage/reimbursement of which will be as per Company rules.*
- (ii) *Free furnished residential accommodation will be provided in lieu of HRA.*
- (iii) *Insurance by the Company against hospitalization expenses, arising out of an accident or sickness or any other cause, under the Group Mediciclaim insurance and/or Term insurance policy as per Company's rules.*
- (iv) *Other facilities like telephone charges reimbursement, meal vouchers, etc. would be provided as per Company's rules.*
- (v) *He would be eligible for Performance Linked Variable Pay (PLVP) based on the performance of the Company and as per the PLVP Scheme of the Company. The percentage and the quantum of PLVP could vary from year to year as decided by the Board.*
 - *In other service matters, not expressly covered by the terms of appointment, the rules as applicable to the Senior Officers of the Company will be followed.*
 - *In the event of inadequacy or absence of profits in any financial year, the aforesaid fixed pay remuneration will be paid as minimum fixed pay remuneration, even if it exceeds the limits prescribed under section 197, 198 or any other sections of the Companies Act, 2013 or any other Laws.*
 - *Tax payable on salary shall be borne by Mr. Prasanna Patankar as per Income Tax Act, 1961 or any Rules framed there under.*

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

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

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



ANNEXURE TO THE NOTICE

Item No.6

Modification in the overall borrowing limit of the Company.

The Company is a Primary Dealer (PD) in Government Securities (G-Sec) and as such, its main regulatory obligation includes supporting the Government Borrowing programme. In fulfillment of its commitment as PD, it participates in T-Bills and G-Sec auctions conducted by RBI. The Company is a regular borrower under call money market, repo market, CBLO and all other money markets etc. In view of the increase in the government borrowing and the Company's commitment thereto, the Board of Directors of the Company is of the view that the borrowing limits be enhanced, from the existing limit of ₹15,000 Crore to ₹20,000 Crore. In the business interest of the Company, it would be prudent to increase the borrowing limits of the Company, considering the increased Net Owned Fund (NOF) of the Company and the market opportunities that could be available to the Company in future.

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

Mumbai

Date: August 29, 2023

CIN: - U67110MH2006PLC165306

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

V. Narayanamurthy

Director

DIN: 00555704

Regd. Office: -

A/B1- 801, A Wing, 8th Floor, Marathon Innova,
Marathon Nextgen Compound, Off. G.K.Marg,
Lower Parel, Mumbai 400 013

ANNEXURE TO THE NOTICE

Pursuant to Secretarial Standard on General Meetings (SS-2), the details of Directors interested in item no. 4 and 5, at the 17th Annual General Meeting (“AGM”) of the Company is as under:

Name of Director	Mr. Sasidharan Mangalamkat
Designation	Additional Director (Non – Executive)
Age	59 years 3 months (D.O.B. - May 31, 1964)
Date of first appointment on the Board	March 25, 2023
Qualification	B.Sc., PGDBA, CAIIB
Experience – Brief profile	Mr. Sasidharan Mangalamkat has over three (3) decades of experience in the Banking Sector. Currently, he is a General Manager at Bank of India and heads the Treasury Branch at Bank of India -Head Office. He is a seasoned banker with experience across various locations in India and also had a stint abroad. He has extensive and versatile experience in the banking sector and carries along with him an expertise in the Treasury Operations. He has held various position across Bank of India which includes being deputed at BOI Merchant Bankers Limited, being in-charge as ‘Zonal Manager’ at Coimbatore Zone for Bank of India, etc.
No. of Shares held in Company	NIL
Relationship with other Directors/Key Managerial Personnel	None
Number of meetings of the Board attended during the FY2022-23	1/1 (Appointed w.e.f. March 25, 2023)
Directorship in other Companies	None
Membership in Committees of Company	None
Membership in Committees of other Companies.	None
Terms and conditions of appointment/reappointment	As per details provided in item no. 4 of the Notice.
Remuneration last drawn	NIL
Remuneration proposed to be paid	Sitting fees payable as approved by the Board, from time to time, within the limit prescribed under the Companies Act, 2013. The said sitting fees are payable to Bank of India.



ANNEXURE TO THE NOTICE

Name of Director	Mr. Prasanna Patankar
Designation	Managing Director
Age	53 years 11 months (D.O.B.- Oct 2, 1969)
Date of first appointment on the Board	November 18, 2016
Qualification	B.Sc. (Hons), Master of Business Management (MBM) in Finance
Experience – Brief profile	Mr. Prasanna Patankar has over three (3) decades of cumulative work experience in Treasury & Investment Management functions across areas which include Primary Dealership (PD) Operations, Fixed Income Sales & Trading, Debt & Macro Economic Research, Debt Capital Markets, Client Asset Management, Proprietary Equity Trading, etc. Mr. Prasanna Patankar was part of the team which set up Primary Dealership Business at STCI Primary Dealer Limited. Mr. Prasanna Patankar is an MBM (Finance) from the University of Calcutta. He is currently Managing Director of STCI Primary Dealer Limited and also on the Board of Primary Dealers' Association of India (PDAI).
No. of Shares held in Company	1 share held as Nominee of STCI Finance Limited
Relationship with other Directors/Key Managerial Personnel	None
Number of meetings of the Board attended during the FY2022-23	8/8
Directorship in other Companies	(i) STCI Commodities Limited (ii) Primary Dealers Association of India (PDAI) (Sec. 8 Company)
Membership in Committees of Company.	• Member of Corporate Social Responsibility (CSR) Committee
Membership in Committees of other Companies.	NIL
Terms and conditions of appointment/reappointment	As per details provided in item no. 5 of the Notice.
Remuneration last drawn	As per details provided in item no. 5 of the Notice.
Remuneration proposed to be paid	As per details provided in item no. 5 of the Notice.


STCI PRIMARY DEALER LIMITED

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