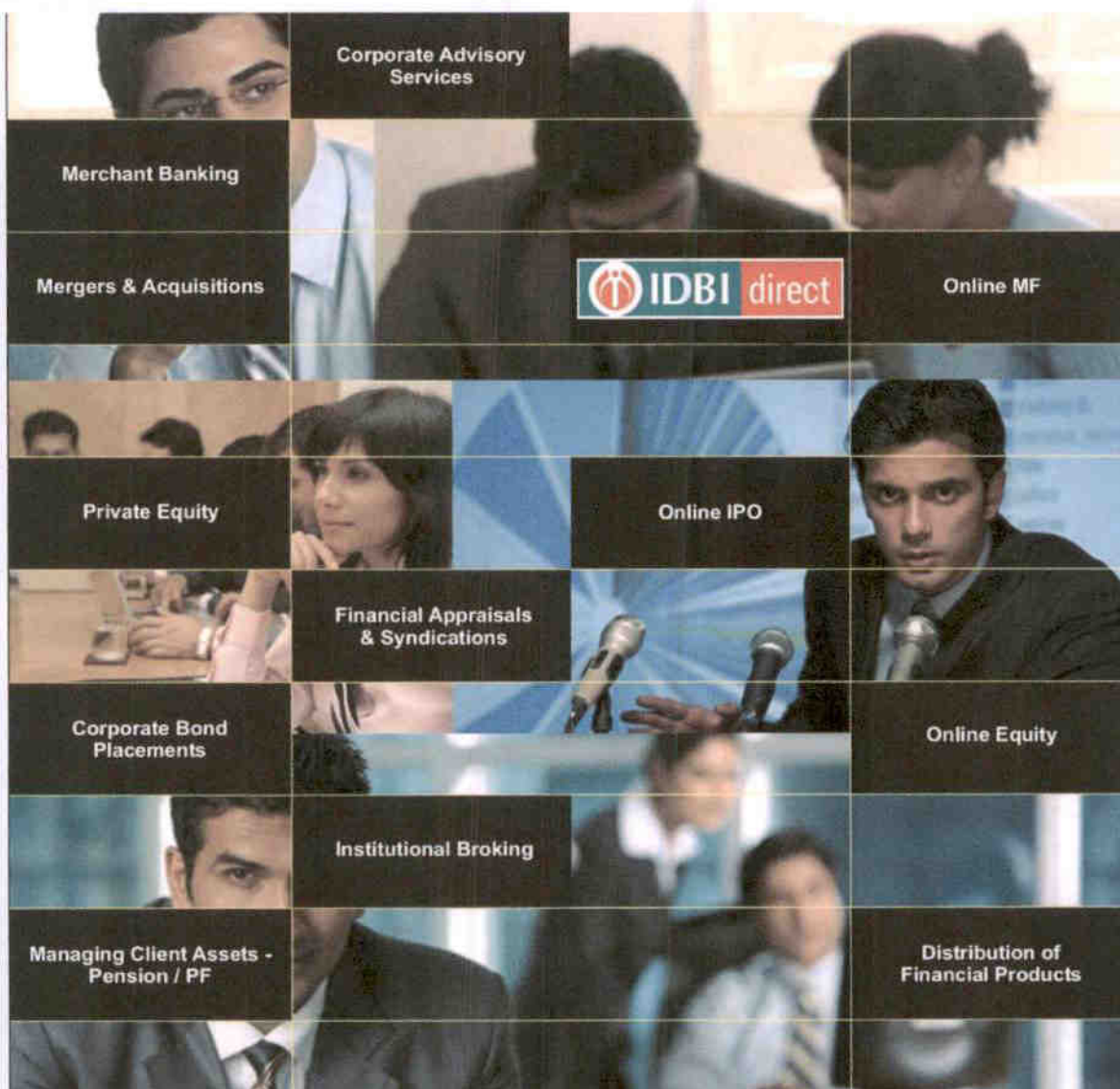




# ANNUAL REPORT 2020

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## Board of Directors



**Mr. Rakesh Sharma**  
Chairman

(DIN: 06846594)



**Mr. J. Samuel Joseph**  
Nominee Director

(DIN: 02262530)



**Mr. Ashwani Kumar**  
Independent Director

(DIN: 02870681)  
(upto 09.11.2020)



**Ms. Lalitha Rameswaran**  
Additional Director

(Independent Category)  
(DIN: 02326309)



**Ms. Uma Shankar**  
Additional Director

(Independent Category)  
(DIN No: 07165728)



**Mr. Nagaraj Garla**  
MD & CEO

(DIN: 06983880)  
(upto 30.09.2020)



**Mr. Iswar Padhan**  
MD & CEO

(DIN No: 03560275)  
(w.e.f. 01.10.2020)



## Committees of the Board

### Audit Committee

- Ms. Lalitha Rameswaran
- Mr. J. Samuel Joseph
- Mr. Ashwani Kumar (upto 09.11.2020)
- Ms. Uma Shankar (w.e.f. 15.12.2020)

### NRC

- Ms. Uma Shankar (w.e.f. 15.12.2020)
- Mr. Ashwani Kumar (upto 09.11.2020)
- Ms. Lalitha Rameswaran
- Mr. J. Samuel Joseph

### CSR Committee

- Ms. Uma Shankar (w.e.f. 15.12.2020)
- Mr. Ashwani Kumar (upto 09.11.2020)
- Ms. Lalitha Rameswaran
- MD & CEO

## KMPs and Auditors of the Company

<b>Chief Financial Officer</b> Mr. V. Gopinath	<b>Company Secretary &amp; Compliance Officer</b> Ms. Christina D'souza
<b>Statutory Auditors</b> M/s. Shah Gupta & Co. Chartered Accountants 38, Bombay Mutual Building, 2nd Floor, Dr. D. N. Road, Fort, Mumbai – 400 001	<b>Internal Auditors</b> Ford Rhodes Parks & Co. LLP Chartered Accountants Sai Commercial Building 312/313, 3rd floor, BKS DevshiMarg, Govandi (East) Mumbai – 400 088

## Company Information

### Bankers

IDBI Bank Limited  
HDFC Bank Limited

### Registered Office

6th Floor, IDBI Tower, World Trade Complex, Cuffe Parade, Mumbai - 400 005.  
CIN: U65990MH1993GOI075578

Email id: [info@idbicapital.com](mailto:info@idbicapital.com)  
Website: [www.idbicapital.com](http://www.idbicapital.com)  
Trading Portal: [www.idbidirect.in](http://www.idbidirect.in)



## MESSAGE FROM THE MANAGING DIRECTOR & CEO



Dear Shareholders,

Having recently taken charge of the Company, it is an honour and privilege for me to present to you the performance highlights of your Company for the financial year 2019-20 and strategy for the year ahead.

Your Company achieved a gross revenue of Rs.71.77 crore in financial year 2019-20 compared to Rs.97.16 crore in the previous financial year. Total expenses (including provisions) were contained at Rs.85.71 crore which was similar to previous year's level of Rs.86.10 crore. Profit Before Tax and Net Profit during the year 2019-20 were at Rs.(13.94) crore and Rs.(10.96) crore as against Rs.11.06 crore and Rs.9.48 crore in the previous financial year respectively.

Fiscal 2020 was a challenging year in general and for investment banking in particular due to subdued economic activities. Concerted efforts were made to source business mandates, however closures were affected for several deals, especially in the last quarter of the year due to the onset of the COVID-19 pandemic. Owing to adverse market sentiments, some of the transactions in IPOs and QIPs, on which the Company has been working, could not be launched. Despite the testing external environment, the Company successfully co-managed and concluded 2 equity public issuances during fiscal 2020 aggregating to Rs.1,11,500 crore. These public offerings co-managed by the Company have received a record breaking response from the market. Debt Syndication business was also adversely affected due to credit market sluggishness. In the M&A space, the Company has been privileged to be associated with 3 out of 4 of the Public Sector Banks mergers.

However, despite the lag in business, your Company ranked # 6 in terms of number of IPOs, OFS and FPOs managed in fiscal 2020 and # 3 on the league table for the Buyback Product through the Tender Offer route in terms of issue amount being managed (Source: Prime Database).

Results of good efforts in the Retail broking front were evident in the fact the Company ranked 5th best among all brokers and 1st in full service brokers in terms incremental ratio of active clients over the previous year, the first three being discount brokerages. The Margin Trading facility offered by the Company has enabled to improve revenues.

During Fiscal 2020, the Company ventured into the Debt Capital Markets (DCM) space and is already among the top 25 players in the field. The Alternative Investment Fund (AIF) management business, as envisaged continues to make significant profit contribution to the Company by being a steady and reliable source of revenue.

On the Portfolio Management Scheme (PMS) front, the synergies with the parent IDBI Bank for sourcing of clients is bearing



fruit and we expect to see sizeable volumes in the years to come. The Institutional Equities business has been growing steadily. Persistent efforts have enabled the Company to on board prestigious clients during the year.

During the fiscal, the Company has also graduated to the Indian Accounting Standards (IndAS) for presentation of Financial Statements thus providing a detailed view of the affairs of the Company as per the new accounting standard.

Fiscal 2020 ended with a challenging outlook with the onset of the COVID-19 pandemic. Your Company adapted to the new normal of ensuring business continuity with alternative avenues of work from home, virtual meetings and increased digitization, in compliance with local restrictions on account of the prolonged period of COVID-19 related restrictions and lockdowns. General business activities are now getting back towards normalcy, albeit on a cautious manner, with the flattening of the COVID-19 curve and lock-down relaxations.

The challenges have also provided an opportunity to reimagine perspectives on business approaches, strategies, customer connectedness etc. to strengthen business flows and better customer experience. The Company will continue to focus on revenue generating streams like Margin Trading and DCM. Reaping benefits from increased synergies with LIC and IDBI Group will be priority area. The Company will continue to offer research based Investment Banking Business for better outcomes. Dedicated business development teams have been set up to accelerate and capitalise passive opportunities. Further, a good traction in NPA resolution/debt restructuring business is expected to scale up. Technological innovation will enable us to step onto a higher platform and the Company will endeavour always to incorporate technological innovation into its work streams. The Company in the past few years has worked tirelessly on strengthening its foundation and it is now expected to achieve greater peaks in the years to come.

The Company places on its record appreciation for the good contribution made by the outgoing MD & CEO. I feel privileged and grateful for the opportunity to serve your Company and be a part of its promising journey going forward.

As I conclude, I wish to express my gratitude to the Board of Directors of the Company for its guidance and support. I thank the Company Chairman Mr. Rakesh Sharma, for the encouragement during the challenging year. I wish to thank the IDBI Capital Team for striving tirelessly to turn the vision of the Company into a reality, our colleagues at IDBI Bank for their constant support and guidance. I wish to also express my gratitude to the Comptroller and Auditor General of India (C&AG), SEBI, RBI, BSE, NSE, NSDL, CDSL and other institutions and partner banks and other Stakeholders for their support. Our Customers/Clients deserve a special thanks for their continued trust and patronage on the business endeavours of the Company.

**With Best Wishes,**  
**Iswar Padhan**  
**MD & CEO**



## Notice Of The Twenty Seventh (27th) Annual General Meeting

NOTICE is hereby given that the Twenty Seventh (27th) Annual General Meeting of the Members of IDBI Capital Markets & Securities Limited will be held on Friday, December 22, 2020 at 3.30 p.m. (IST) through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business.

### **A. Ordinary Business**

#### **1. ADOPTION OF AUDITED FINANCIAL STATEMENTS**

To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2020 and the reports of the Board of Directors, Statutory Auditors and Comments of the Controller and Auditor General of India thereon.

#### **2. APPOINTMENT OF AUDITORS AND FIXING THEIR REMUNERATION**

To take note of the appointment of M/s. Shah Gupta and Co. Chartered Accountants as Statutory Auditors of the Company appointed by the Comptroller And Auditor General of India for the Financial Year 2020-21 and to approve the remuneration payable to the Statutory Auditors.

In this connection, to consider and if thought fit, to pass, with or without modifications(s) the following resolution as an Ordinary Resolutions:

**"RESOLVED THAT** appointment of M/s. Shah Gupta and Co. Chartered Accountants, as Statutory Auditors of the Company by the Comptroller and Auditor General of India pursuant to the provisions of Section 139(5) and other applicable provisions if any, of the Companies Act, 2013 for the Financial Year 2020-21, be and is hereby noted.

**RESOLVED FURTHER THAT** approval of the members of the Company is hereby accorded for payment of remuneration of Rs. 8,00,000/- (Rupees Eight Lakhs only) excluding GST to M/s. Shah Gupta and Co. Chartered Accountants, Statutory Auditors for the Financial Year 2020-21.

**RESOLVED FURTHER THAT** the Board of Directors of the Company, be and are hereby authorized to revise the remuneration payable to the Statutory Auditors of the Company for the Financial Year 2020-21, subject to intimation to/approval of the Comptroller and Auditor General of India as may be required."

### **B. SPECIAL BUSINESS:**

#### **3. APPOINTMENT OF MR. SAMUEL JOSEPH J (DIN: 02262530) AS DIRECTOR OF THE COMPANY**

To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

**"RESOLVED THAT** Mr. Samuel Joseph J. (DIN: 02262530), who was appointed as an Nominee Director of the Company by the Board of Directors and who holds office up to the date of the Annual General Meeting under Section 161 (1) of the Companies Act, 2013, and in respect of whom a written Notice pursuant to Section 160 of the Companies Act, 2013, has been received from a member signifying intention to propose Mr. Samuel Joseph J. (DIN: 02262530) as a candidate for the office of Director of the Company, be and is hereby appointed as Director of the Company, liable to retire by rotation.

**RESOLVED FURTHER THAT** the Company Secretary be and is hereby authorized to do all things and deeds required to give effect to this resolution including but not limited to informing the ROC/ MCA/ Competent Authority by filing applicable Statutory Forms with Regulators and updating relevant records."

#### **4. TO APPOINT MS. LALITHA RAMESWARAN (DIN 02326309) AS INDEPENDENT DIRECTOR OF THE COMPANY**

To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:



**"RESOLVED THAT** Ms. Lalitha Rameswaran (**DIN: 02326309**), who was appointed as an Additional Director of the Company by the Board of Directors and who holds office up to the date of the Annual General Meeting under Section 161(1) of the Companies Act, 2013, and who is eligible for appointment and has consented to act as a Director of the Company and in respect of whom the Company has received a notice in writing from a Member/Director under Section 160 of the Act proposing her candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company.

**RESOLVED FURTHER THAT** pursuant to the provisions of Sections 149, 150(2), 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules framed there under (including any statutory modification(s) or re-enactment thereof) read with Schedule IV to the Companies Act, 2013 as amended from time to time, Ms. Lalitha Rameswaran (**DIN: 02326309**), who meets the criteria for independence as provided in Section 149(6) of the Act and who has submitted a declaration to that effect, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, for a term of 3 years commencing October 25, 2019 upto October 24, 2022.

**RESOLVED FURTHER THAT** the Company Secretary be and is hereby authorized to do all things and deeds required to give effect to this resolution including but not limited to informing the ROC/ MCA/Competent Authority by filing applicable Statutory Forms with Regulators and updating relevant records."

**5. TO APPOINT MS. UMA SHANKAR (DIN 07165728) AS INDEPENDENT DIRECTOR OF THE COMPANY**

To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

**"RESOLVED THAT** Ms. Uma Shankar (**DIN: 07165728**), who was appointed as an Additional Director of the Company by the Board of Directors and who holds office up to the date of the Annual General Meeting under Section 161(1) of the Companies Act, 2013, and who is eligible for appointment and has consented to act as a Director of the Company and in respect of whom the Company has received a notice in writing from a Member/Director under Section 160 of the Act proposing her candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company.

**RESOLVED FURTHER THAT** pursuant to the provisions of Sections 149, 150(2), 152 and any other applicable provisions, if any, of the Companies Act, 2013 and the rules framed there under (including any statutory modification(s) or re-enactment thereof) read with Schedule IV to the Companies Act, 2013 as amended from time to time, Ms. Uma Shankar (**DIN: 07165728**), who meets the criteria for independence as provided in Section 149(6) of the Act and who has submitted a declaration to that effect, be and is hereby appointed as an Independent Director of the Company, who is not liable to retire by rotation, for a term of 3 years commencing May 22, 2020 up to May 21, 2023.

**RESOLVED FURTHER THAT** the Company Secretary be and is hereby authorized to do all things and deeds required to give effect to this resolution including but not limited to informing the ROC/ MCA/Competent Authority by filing applicable Statutory Forms with Regulators and updating relevant records."

**6. TO APPOINT MR. ISWAR PADHAN (DIN 03560275) AS MD & CEO OF THE COMPANY**

To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

**"RESOLVED THAT** in terms of Articles 124, 129 and 130 of the Articles of Association of the Company and in terms of sections 2(54), 196, 197, 198 and 203 and other applicable provisions, if any, of the Companies Act, 2013, read with Schedule V to the Companies Act, 2013 and the Rules made thereunder (including any statutory modification or re-enactment thereon, if applicable), Mr. Iswar Padhan (**DIN: 03560275**), who was appointed as an Additional Director of the Company and designated as Managing Director & CEO of the Company with effect from October 1, 2020, by the Board of Directors at its meeting held on September 23, 2020 pursuant to Articles 124 of the Articles of Association of the Company and Section 161 of the Companies Act, 2013, and who holds office as Additional Director up to the date of this Annual General Meeting pursuant to Section 161(1) of the Companies Act, be and is hereby appointed as Director on the Board and as Managing Director and Chief Executive Officer (MD&CEO) of the Company, who shall not be liable to retire by rotation, for a period of 1 year up to September 30, 2021, subject to further extension by IDBI Bank Ltd, on such terms and conditions including remuneration as contained in IDBI Bank – HR email dated September 23, 2020 and as disclosed in the Explanatory Statement to this Resolution.



**RESOLVED FURTHER THAT** Mr. Iswar Padhan (DIN: 03560275), shall not be entitled to receive any remuneration from the Company except for all pay, allowances, perquisites and superannuation contribution as per rules stipulated by IDBI Bank and other applicable policies of IDBI Bank/IDBI Capital subject to the ceilings prescribed by the Companies Act, 2013 and applicable rules there under.

**RESOLVED FURTHER THAT** where in any financial year during the tenure of Mr. Iswar Padhan (DIN: 03560275) as MD & CEO, the Company has no profits or the profits are inadequate, approval of the members of the Company be and is hereby accorded to pay him the maximum remuneration in accordance with the provisions of the Act.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to extend the period of appointment of Mr. Iswar Padhan (DIN: 03560275), if so desired by the Board, at the expiry of the one year period from October 1, 2020.

**RESOLVED FURTHER THAT** that the Board of Directors of the Company be and is hereby authorized to vary the terms of appointment including remuneration within the overall limits prescribed under the Companies Act, 2013 and Schedules V of the Companies Act, 2013 thereto on the basis of advice given by IDBI Bank Limited from time to time and to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this Resolution without requiring the Board to secure any further consent or approval of the Members of the Company.

**RESOLVED FURTHER THAT** the Company Secretary be and is hereby authorized to do all things and deeds required to give effect to this resolution including but not limited to inform the ROC/ MCA/ Competent Authority by filing applicable statutory Forms with regulators and updating relevant records."

**7. WAIVER OF EXCESS REMUNERATION & RATIFICATION OF MANAGERIAL REMUNERATION PAID TO MR. NAGARAJ GARLA (DIN 06983880) MANAGING DIRECTOR & CEO OF THE COMPANY (UPTO SEPTEMBER 30, 2020)**

To consider and, if thought fit, to pass, with or without modification, the following resolution as Special Resolution:

**"RESOLVED THAT** based on recommendation of Nomination and Remuneration Committee and the Board of Directors pursuant to the provisions of Sections 197, 198 read with Schedule V of the Companies Act, 2013 ("the Act") and other applicable provisions, if any, of the Companies Act, 2013 and rules thereof, (including any statutory amendment(s), modification(s) or re-enactment(s) thereof), the Articles of Association of the Company, the consent of the Company be and is hereby accorded for ratification of the entire remuneration including waiver of any excess remuneration paid to Mr. Nagaraj Garla (DIN: 06983880), Managing Director & CEO of the Company (upto September 30, 2020), for the financial year 2019 – 2020 and (upto September 30, 2020, which was in excess of maximum remuneration permissible under Section 197(1) of the Act; (but within limit permissible under Schedule V of the Act).

**RESOLVED FURTHER THAT** Board of Directors or Company Secretary of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary or desirable to give effect to this resolution in this regard."

Place: Mumbai  
Date: December 17, 2020

By the Order of the Board of Directors  
IDBI Capital Markets & Securities Limited

**Registered Office:**

6th Floor, IDBI Tower, WTC Complex,  
Cuffe Parade, Mumbai – 400 005.  
Tel: 91 22 2217 1700  
Fax: 91 22 2215 1787  
CIN: U65990MH1993GOI075578  
Website: <http://www.idbicapital.com>  
Email: [christina.dsouza@idbicapital.com](mailto:christina.dsouza@idbicapital.com)

Sd/-  
Christina D'souza  
Company Secretary



## NOTES:

- i. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 , April 13, 2020 & May 5,2020. & circulated from time to time (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
- ii. Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business to be transacted at this AGM, is annexed.
- iii. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
- iv. Corporate Members intending to send their authorized representatives to attend AGM through VC / OAVM on its behalf and to vote through are requested to send a certified copy of the Board Resolution to the Company, authorizing their representative to attend and vote on their behalf at the meeting.
- v. In case of joint holders attending the meeting, only such joint holders who are higher in the order of the names will be entitled to vote.
- vi. Due to Covid-19 pandemic, relevant documents referred to in the Notice and the accompanying statement can be demanded by Members for inspection by sending an email to [christina.dsouza@idbicapital.com](mailto:christina.dsouza@idbicapital.com) of the Company during business hours on all working days, up to the date of the Annual General Meeting.
- vii. The Quorum for the Annual General Meeting, as provided in section 103 of the Companies Act, 2013, is 5(five) members, attending the AGM through VC / OAVM at the commencement of business.
- viii. Section 20 of the Companies Act, 2013 permits service of documents on Members by a company through electronic mode. Therefore in accordance with the Companies Act, 2013 read with the Rules framed thereunder, the Annual Report 2019 – 20 is being sent through electronic mode to those Members whose email addresses are registered with the Company unless any Member has requested for a physical copy of the Report. For Members who have not registered their email addresses, physical copies of the Annual Report 2019 – 20 are being sent by the permitted mode.



## EXPLANATORY STATEMENT'S

**Statement pursuant to Section 102(1) of the Companies Act, 2013**

### **ITEM NO 3: APPOINTMENT OF MR. SAMUEL JOSEPH J. (DIN: 02262530) AS DIRECTOR.**

The members are informed that pursuant to letter ref. no. 554/S&AIC/Nominee/ICMS dated September 24, 2019 the Board of Directors of the Company vide circular resolution BM/08/2019 dated October 25, 2020, appointed Mr. Samuel Joseph J. (DIN: 02262530) as Nominee Director of IDBI Bank Ltd. of the Company subject to the approval of BSE/NSE/SEBI and such other authorities, as applicable. Mr. Samuel Joseph J. (DIN: 02262530), holds office only up to the date of this Annual General Meeting of the Company, but is eligible for re-appointment as a Director. A written Notice pursuant to Section 160 of the Companies Act, 2013, has been received from a Member signifying intention to propose Mr. Samuel Joseph J. (DIN: 02262530), as a candidate for the office of Director of the Company.

Mr. Samuel Joseph J. has about 27 years of experience in Project & Trade finance. He was in-charge of the Loan Recovery & HR Groups at Exim Bank's Head Office in Mumbai just before assuming charge as Deputy Managing Director of IDBI Bank Ltd. in September 2019. At EXIM, was in-charge of the Treasury, Resources, Accounts, and IT Groups. Earlier was in-charge of the Corporate Banking Group including SME & AgriFinance. He was previously head of Exim Bank's offices in London, Milan & Hyderabad. Mr. Samuel Joseph J. was a regular speaker on Banking, Trade Finance, Project Finance, SME Banking, etc. and has led various consultancy assignments for setting up a Commonwealth Exim Bank, Trade Finance Facility for Small Island States for the Commonwealth Secretariat in London, Introduction of Film Financing program for the Exim Bank of Nigeria, setting up of an Exim Bank for the Kingdom of Saudi Arabia, etc. Mr. Samuel Joseph J. was also a member of the Task Force on 'Financial solutions for R&D in the Pharmaceutical Sector' set up by the Ministry of Commerce & Industry, Government of India. Is also a member of the 'BRICS Rating Agency Expert Group' under the aegis of the BRICS Business Council.

Mr. Samuel Joseph J. represented Exim Bank as Nominee Director on a few corporate Boards.

The other organizations where Mr. Samuel Joseph J. is Chairman / Director are:

Other Directorships are: Organization Name	Position Held/Nature of Interest	Shareholding	Date of which interest occurred
IDBI BANK LTD	Whole time Director	NIL	20/09/2019
IDBI TRUSTESHIP SERVICES LTD	Director	NIL	26/11/2019
IDBI MF TRUSTEE COMPANY LTD	Nominee Director	NIL	26/09/2019

Mr. Samuel Joseph J. does not receive any remuneration, benefits, or commission from the Company, except sitting fees which are credited to IDBI Bank Ltd.

Mr. Samuel Joseph J. does not hold by himself or for any other person on a beneficial basis, any shares of the Company.

Mr. Samuel Joseph J. after his appointment as Additional Director attended the following meetings up to September 30, 2020.

Number of Meetings held after appointment	Number of Meetings held after appointment
6	4

Considering the rich experience, vast knowledge about financial industry and other areas, the Board recommends the Resolution, in relation to appointment of Mr. Samuel Joseph J. as Director (Nominee of IDBI Bank Limited), for the approval by the Members of the Company by way of an Ordinary Resolution as set out in Item No. 3 of this Notice.

### **ITEM NO 4: APPOINTMENT OF MS LALITHA RAMESWARAN (DIN: 02326309) AS INDEPENDENT DIRECTOR**

Ms. Lalitha Rameswaran (DIN:02326309) was inducted as an Additional Director on the Board of Directors of the Company by Resolution vide circulation on October 25, 2019.

In terms of section 161 of the Companies Act, 2013, Ms. Lalitha Rameswaran (DIN:02326309), holds office only up to the date of this Annual General Meeting of the Company, but is eligible for re-appointment as a Director. A written Notice pursuant to Section 160 of the Companies Act, 2013, has been received from a Member/Director signifying intention to propose Ms. Lalitha Rameswaran (DIN:02326309) as a candidate for the office of Director of the Company.



The Board has also recommended appointment of Ms. Lalitha Rameswaran (DIN:02326309) as Independent Director.

Ms. Lalitha Rameswaran (DIN:02326309) is presently the Partner of M/s. Abarna&Ananthan, Chartered Accountants, Bangalore. Specializing in the field of Taxation (Income Tax, Service Tax & GST) and Banking Consultancy. She is in charge of Tax and Bank Audit practice of the firm, handling the tax matters of various Nationalised and Private sector banks and appearing before Adjudicating Authorities, Appeal Commissioners & Tax Tribunals. She has handled Statutory Central Audit of Private Sector Banks, Public Sector Undertakings & Private Sector Undertakings and is experienced in handling Stock Audit, Income Audit & other assignments of Public Sector & Private Sector Banks. Ms. Lalitha Rameswaran is presently on the Board of Canbank Factors Ltd., a subsidiary of Canara Bank.

The other organizations where she holds Directorship and other positions are as follows:

Other Directorships are: Organization Name	Position Held/Nature of Interest	Shareholding	Date of which interest occurred
CANBANK FACTORS LIMITED	Director	-	19/03/2015

Ms. Lalitha Rameswaran (DIN:02326309), being eligible has offered herself for appointment as Independent Director. The Nomination and Remuneration Committee has also recommended the appointment of Ms. Lalitha Rameswaran (DIN:02326309) as an Independent Director to hold office upto October 24, 2022.

Ms. Lalitha Rameswaran (DIN:02326309) does not receive any remuneration, benefits, or commission from the Company apart from sitting fees of meetings attended. In the opinion of the Board, Ms. Lalitha Rameswaran (DIN:02326309) fulfills the conditions specified in the Companies Act, 2013 and Rules made thereunder for appointment as an Independent Director of the Company and is independent of the management.

A copy of the draft letter of appointment to be issued to Ms. Lalitha Rameswaran (DIN:02326309) setting out the terms and conditions of appointment would be available for inspection if demanded by the Members vide email to [christina.dsouza@idbicapital.com](mailto:christina.dsouza@idbicapital.com) during normal business hours on any working day.

Accordingly, the Board recommends for approval the appointment of Ms. Lalitha Rameswaran (DIN:02326309), as an Independent Director.

Except Ms. Lalitha Rameswaran (DIN: 02326309) being an appointee, none of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 4.

#### **ITEM NO 5: APPOINTMENT OF MS UMA SHANKAR (DIN: 07165728) AS INDEPENDENT DIRECTOR**

Ms. Uma Shankar (DIN: 07165728) was inducted as an Additional Director on the Board of Directors of the Company by Resolution passed in the meeting held on May 22, 2020.

In terms of section 161 of the Companies Act, 2013 Ms. Uma Shankar (DIN: 07165728), holds office only up to the date of this Annual General Meeting of the Company, but is eligible for re-appointment as a Director.

A written Notice pursuant to Section 160 of the Companies Act, 2013, has been received from a member/Director signifying intention to propose Ms. Uma Shankar (DIN: 07165728) as a candidate for the office of Director of the Company.

The Board has also recommended appointment of Ms. Uma Shankar (DIN: 07165728) as Independent Director.

Ms. Uma Shankar (DIN:07165728) was a former Executive Director of the Reserve Bank of India, Mrs. Uma Shankar was with the central bank of the country for a little over 37 years. Her core competence is in financial sector supervision but she has also been responsible for currency management, foreign exchange and the internal accounting and administration. After completing her post graduation in English Literature she joined the RBI as a direct recruit officer. She is also a certified associate of the Indian Institute of Bankers and has had Executive education at Columbia Business School, New York (2009 alumni).

International exposures of Ms. Uma Shankar include:



- 1) Co-Chair of the Standard setting Body for financial regulation- G-20 group.
- 2) Member (alternate to DG) of the Financial Stability Board - Regulation and Supervision group.

Ms. Uma Shankar has held Board positions in Corporation Bank, UCO Bank, Canara Bank, BRBNMPL, SPMCIL, ECGC.

The other organizations where she holds Directorship and other positions include:

Other Directorships are: Organization Name	Position Held/Nature of Interest	Shareholding	Date of which interest occurred
KARNATAKA BANK LTD.	Director	-	w.e.f November 1, 2020

\*The Nomination and Remuneration Committee has also recommended the appointment of Ms. Uma Shankar (DIN: 07165728) as an Independent Director to hold office up to May 21, 2023.

Ms. Uma Shankar (DIN: 07165728) does not receive any remuneration, benefits, or commission from the Company apart from sitting fees of meetings attended. In the opinion of the Board, Ms. Uma Shankar (DIN: 07165728), fulfills the conditions specified in the Companies Act, 2013 and Rules made there under for appointment as an Independent Director of the Company and is independent of the management.

A copy of the draft letter of appointment to be issued to Ms. Uma Shankar (DIN:07165728) setting out the terms and conditions of appointment would be available for inspection if demanded by the Members vide email to [christina.dsouza@idbicapital.com](mailto:christina.dsouza@idbicapital.com) during normal business hours on any working day, excluding Saturday.

Accordingly, the Board recommends for approval the appointment of Ms. Uma Shankar (DIN:07165728), as an Independent Director.

Except Ms. Uma Shankar (DIN:07165728) being an appointee, none of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 5.

#### **ITEM NO 6: APPOINTMENT OF MR. ISWAR PADHAN (DIN: 03560275) AS MD & CEO OF THE COMPANY**

IDBI Bank Limited, vide letter HRD No. 1035/ICMS dated September 18, 2020 had advised appointment of Mr. Iswar Padhan (DIN:03560275) CGM, IDBI Bank Ltd, as MD & CEO on the Board of the Company for an initial period of one year with effect from October 1, 2020.

Accordingly, Mr. Iswar Padhan (DIN:03560275) was inducted as an Additional Director and Managing Director and CEO with effect from October 1, 2020 on the Board of Directors of the Company by Resolution passed in the meeting held on September 23, 2020.

In terms of section 161 of the Companies Act, 2013 Iswar Padhan (DIN:03560275) holds office only up to the date of this Annual General Meeting of the Company, but is eligible for re-appointment as a Director.

A written Notice pursuant to Section 160 of the Companies Act, 2013, has been received from a member/Director signifying intention to propose Mr. Iswar Padhan (DIN:03560275) as a candidate for the office of Director of the Company.

Senior level experience of Mr. Padhan includes managing IDBI Bank treasury as Chief General Manager and Head Treasury overseeing Domestic and Overseas Treasury functions during 2018-2020. He was a member of ALCO, Investment Committee and other committees at IDBI Bank.

Mr. Iswar Padhan has done a Masters in Economics and CAIIB. He has over 20 years of experience in the banking sector predominantly in Treasury, Retail Banking, Market Risk Management, ALM, FTP and Planning. He has experience in all major market segments viz., Money Market, Fixed Income, Forex, Derivatives and Equity. Mr. Padhan was heading the Bhopal region of IDBI Bank in 2016-18 managing retail banking and representing the Bank in State level Bankers Committee in Madhya Pradesh.

Mr. Padhan has served as Board Member/ Management Committee Member in market representative bodies viz, FIMMDA, FEDAI, PDAI and FAI.

Mr. Padhan had well integrated the experience in Treasury ALM, FTP, Planning and Risk Management and successfully implemented Fund Transfer Pricing and Asset Liability systems in the Bank which won awards from IBA and Asian Banker in 2011 for best implementation. He was also project leader in implementation of Integrated Treasury system.



The other organizations where he holds Directorship and other positions:

Other Directorships are: Organization Name	Position Held/Nature of Interest	Shareholding	Date of which interest occurred
NIL			

IDBI Bank vide its email dated September 23, 2020 has advised the remuneration payable to Mr. Iswar Padhan. A copy of the email would be available for inspection if demanded by the Members vide email to christina.dsouza@idbicapital.com during normal business hours on any working day. Remuneration payable shall be subject to the provisions of the Companies Act, 2013.

**Statement of Information as per Schedule V of the Companies Act, 2013**

I. General Information																
1	Nature of industry	Financial Services														
2	Date or expected date of commencement of commercial production	The Company commenced its business on September 6, 1994														
3	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not applicable														
4	Financial performance based on given indicators	<table><tr><th colspan="2">Rs. In CR</th></tr><tr><th colspan="2">Particulars for the Financial Year ended March 31, 2020</th></tr><tr><td>Net Sales and Other Income</td><td>71.77</td></tr><tr><td>Operating Profit (Before Interest, Depreciation and Tax) (PBIDT)</td><td>(11.15)</td></tr><tr><td>Profit Before Depreciation &amp; Tax (PBDT)</td><td>(11.15)</td></tr><tr><td>Profit Before Tax (PBT)</td><td>(13.94)</td></tr><tr><td>Profit After Tax (PAT)</td><td>(10.96)</td></tr></table>	Rs. In CR		Particulars for the Financial Year ended March 31, 2020		Net Sales and Other Income	71.77	Operating Profit (Before Interest, Depreciation and Tax) (PBIDT)	(11.15)	Profit Before Depreciation & Tax (PBDT)	(11.15)	Profit Before Tax (PBT)	(13.94)	Profit After Tax (PAT)	(10.96)
Rs. In CR																
Particulars for the Financial Year ended March 31, 2020																
Net Sales and Other Income	71.77															
Operating Profit (Before Interest, Depreciation and Tax) (PBIDT)	(11.15)															
Profit Before Depreciation & Tax (PBDT)	(11.15)															
Profit Before Tax (PBT)	(13.94)															
Profit After Tax (PAT)	(10.96)															
6	Foreign investments or collaborations, if any.	Not applicable														
II. Information about the appointee:																
1	Background details	<p>Mr. Iswar Padhan was Chief General Manager overseeing Domestic and Overseas Treasury functions during 2018-2020. He was a member of ALCO, Investment Committee and other committees at IDBI Bank.</p> <p>Mr. Iswar Padhan has done a Masters in Economics and CAIIB. He has over 20 years of experience in the banking sector predominantly in Treasury, Retail Banking, Market Risk Management, ALM, FTP and Planning. He has experience in all major market segments viz., Money Market, Fixed Income, Forex, Derivatives and Equity. Mr. Padhan was heading the Bhopal region of IDBI Bank in 2016-18 managing retail banking and representing the Bank in State level Bankers Committee in Madhya Pradesh.</p> <p>Mr. Padhan has served as Board Member/ Management Committee Member in market representative bodies viz, FIMMDA, FEDAI, PDAI and FAI.</p>														



		Mr. Padhan had well integrated the experience in Treasury ALM, FTP, Planning and Risk Management and successfully implemented Fund Transfer Pricing and Asset Liability systems in the Bank which won awards from IBA and Asian Banker in 2011 for best implementation. He was also project leader in implementation of Integrated Treasury system.
2	Past remuneration	Mr. Iswar Padhan as CGM IDBI Bank received remuneration as payable to Officers of the Bank as per his scale and fitment.
3	Recognition or awards	Mr. Padhan had well integrated the experience in Treasury ALM, FTP, Planning and Risk Management and successfully implemented Fund Transfer Pricing and Asset Liability systems in the Bank which won awards from IBA and Asian Banker in 2011 for best implementation. He was also project leader in implementation of Integrated Treasury system.
4	Job profile and his suitability	<p>Mr. Iswar Padhan has done a Masters in Economics and CAIIB. He has over 20 years of experience in the banking sector predominantly in Treasury, Retail Banking, Market Risk Management, ALM, FTP and Planning. He has experience in all major market segments viz., Money Market, Fixed Income, Forex, Derivatives and Equity. Mr. Padhan was heading the Bhopal region of IDBI Bank in 2016-18 managing retail banking and representing the Bank in State level Bankers Committee in Madhya Pradesh.</p> <p>Mr. Padhan has served as Board Member/ Management Committee Member in market representative bodies viz, FIMMDA, FEDAI, PDAI and FAI.</p>
5	Remuneration proposed	IDBI Bank Limited vide email dated September 23, 2020 has advised the remuneration payable to Mr. Iswar Padhan. The Board of the Directors of the Company have at their meeting dated September 23, 2020 approved that Mr. Iswar Padhan (DIN 03560275) be paid a remuneration and allowances as advised by IDBI Bank – HR vide its email dated September 23, 2020.
6	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	Mr. Iswar Padhan is CGM, IDBI Bank Limited on deputation to the Company as MD & CEO. As such the remuneration structure is that paid to Officers of the said scale in IDBI Bank Limited as per his scale and fitment and as advised by IDBI Bank Limited from time to time.
7	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	<p>Mr. Iswar Padhan does not have any other pecuniary relationship with the Company.</p> <p>Mr. Iswar Padhan is CGM, IDBI Bank Limited and is not related to any Key Managerial Personnel of the Company, as defined under the Act.</p>
<b>III. Other information:</b>		
8	Reasons of loss or inadequate profits	In Investment Banking space, though the Company has procured many mandates, due to adverse market conditions deals could not reach concluding stage. As has been the pattern in all the financial years major



		transactions in Investment Banking gets closed in the last quarter of the financial year. However last quarter of FY 2019-20 was extremely difficult in terms of closure of deals due to outbreak of COVID-19. This has consequent impact on the revenue of the Company for the year ended March 31, 2020.
9	Steps taken or proposed to be taken for improvement	During the first quarter of the current year due to Pandemic though deal closure was difficult company concentrated on sourcing new deals for Investment Banking The Company has been getting reasonably good number of new business mandates on account of business origination efforts of and relentless follow ups. The demand for the various other services of the Company continued to be constant despite pandemic situation prevailing. Retail and Institutional Broking volumes have registered a growth of 35% and 30% during the half year ended September 30, 2020 as compared to the corresponding period of the previous year.
10	Expected increase in productivity and profits in measurable terms	Company has achieved its revenue targets for the half year ended September 30, 2020 and expects the overall revenue to be better in the remaining period of the current year.

Mr. Iswar Padhan (DIN: 03560275) being eligible has offered himself for appointment as MD & CEO. The Nomination and Remuneration Committee has also recommended the appointment of Mr. Iswar Padhan (DIN: 03560275) as MD & CEO to hold office for a period of one year with effect from October 1, 2020 i.e. upto September 30, 2021.

Accordingly, the Board recommends for approval of appointment Mr. Iswar Padhan (DIN: 03560275) as Managing Director and CEO of the Company.

Mr. Iswar Padhan after his appointment attended the following meeting of the Board:

Number of Meetings held after appointment	Number of Meetings Attended
NA	NA

Memorandum and Articles of Association and the letter dated October 18, 2020 from IDBI Bank Ltd recommending appointment of Mr. Iswar Padhan are available for inspection by the Members during the business hours i.e 11 a.m. to 1 p.m. at the registered office of the Company from Monday to Friday.

Except Mr. Iswar Padhan (DIN:03560275) being an appointee, none of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 6.

**ITEM NO 7: RATIFICATION OF MANAGERIAL REMUNERATION PAID TO MR. NAGARAJ GARLA (DIN: 06983880) MANAGING DIRECTOR & CEO OF THE COMPANY (UPTO SEPTEMBER 30, 2020)**

As per the Companies Act, 2013, Managerial Remuneration is required to be paid as a percentage of the Net Profits of the Company. In cases of inadequacy of profits or loss, managerial remuneration is required to be paid in accordance with Schedule V of the Companies Act, 2013.

For the Financial Year 2019 -2020, the Company has posted a loss. In view of the above, Managerial Remuneration is required to be paid in accordance with Schedule V of the Companies Act, 2013.

Pursuant to the provisions of Section 197 (3) of the Act read with Schedule V thereto, if in any Financial Year, the Company has no profits or its profits are inadequate, it can pay remuneration to its Managerial Personnel in accordance with the provisions of Schedule V to the Act i.e. not exceeding the limits specified under Item (A) of Section II of Part II of the said Schedule (specified in the table below): provided that the remuneration in excess of above limits may be paid if the same is approved by the Members by passing a Special Resolution.



Where the effective capital is	Limit of yearly remuneration payable shall not exceed (Rupees)
Negative or less than 5 crores	60 Lakhs
5 crores and above but less than 100 crores	84 Lakhs
100 crores and above but less than 250 crores	120 Lakhs
250 crores and above	120 lakhs plus 0.01% of the effective capital in excess of Rs. 250 crores:

Remuneration as per the table above may be paid if, inter alia, the following conditions are satisfied:

- payment of remuneration is approved by a resolution passed by the Board and the Nomination and Remuneration Committee;
- the Company has not committed any default in payment of dues to any bank or public financial institution or non-convertible debenture holders or any other secured creditor, and in case of default, the prior approval of the bank or public financial institution concerned or the non-convertible debenture holders or other secured creditor, as the case may be, shall be obtained by the company before obtaining the approval in the general meeting.
- an ordinary resolution or a special resolution, as the case may be, has been passed for payment of remuneration.

Refund of remuneration with respect to such sums in excess of the limit prescribed by this section or without approval as required may be waived if approved by the Company vide a special resolution within two years from the date the sum becomes refundable.

The Company has paid a total remuneration of Rs. 36,59,194.01/- to Mr. Nagaraj Garla (DIN: 06983880) then Managing Director and CEO of the Company, for the financial year ended March 31, 2020 in which the profits earned by the Company are nil/inadequate for the purposes of payment of managerial remuneration as per the Companies Act, 2013.

However, the said remuneration is within the limits specified Schedule V in the Table given above.

The Board and the Nomination and Remuneration Committee has ratified the remuneration paid to Mr. Nagaraj Garla (DIN:06983880) then Managing Director and CEO of the Company and has also recommended to waive the recovery of the excess sums refundable by Mr. Nagaraj Garla (DIN:06983880), then Managing Director and CEO of the Company. The Board and the Nomination and Remuneration Committee has also recommended that remuneration paid to Mr. Nagaraj Garla (DIN:06983880) upto September 30, 2020 be considered as minimum remuneration in the absence or inadequacy of profits.

Place: Mumbai  
Date: December 17, 2020

For and on behalf of the Board of Director  
IDBI Capital Markets & Securities Limited

Sd/-  
Christina D'souza  
Company Secretary

**Registered Office:**  
6th Floor, IDBI Tower, WTC Complex,  
Cuffe Parade, Mumbai – 400 005.  
Tel: 91 22 2217 1700  
Fax: 91 22 2215 1787  
CIN: U65990MH1993GOI075578  
Website: <http://www.idbicapital.com>  
Email: [christina.dsouza@idbicapital.com](mailto:christina.dsouza@idbicapital.com)

## DIRECTOR'S REPORT

### To The Members

Your Company's Board of Directors hereby presents its Report on the business and operations of the Company for the year ended March 31, 2020.

### **1. FINANCIAL HIGHLIGHTS & REPORTS**

Your Company has achieved gross revenue of Rs 71.77 crore registering a fall compared to previous financial year. Though the Company has been able to contain the expenses at previous year's level, due to fall in revenue, the Company incurred a loss of Rs 10.96 crore. In the Investment Banking space, though the Company has procured many mandates, due to adverse market conditions deals could not reach concluding stage. Last quarter of Financial Year 2019-20 was extremely painful in terms of closure of deals due to outbreak of COVID-19 towards the end part of the year. In Retail Broking, due to volatility in the equity market due to pandemic, majority of MTF clients squared off position and did not take further position. This has resulted in fall in Brokerage.

The financials for the year ended March 31, 2020 with comparative figures for the previous year are presented in the table below:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
	Rs. in Lakhs	
Revenue from Operations	6616	8236
Other Income	1061	1480
<b>Total Income</b>	<b>7177</b>	<b>9716</b>
<b>Expenses</b>		
Finance Cost	172	-
Net Loss on Fair Value Changes	400	254
Impairment of Financial Instruments	673	(644)
Operating expenses	2350	2606
Employee Benefit Expenses	3246	3239
Depreciation & Amortisation Expenses	913	268
Other expenses	817	2887
<b>Total Expenses</b>	<b>8571</b>	<b>8610</b>
Profit/ (Loss) before Exceptional items and Tax	(1394)	1106
Exceptional Items	-	-
Profit Before Tax	(1394)	1106
Total Tax Expenses	(319)	148
<b>Profit/(Loss) for the year</b>	<b>(1075)</b>	<b>958</b>
<b>Total Other Comprehensive Income</b>	<b>(21)</b>	<b>(10)</b>
<b>Total Comprehensive Income for the Year</b>	<b>(1096)</b>	<b>948</b>

### **2. COMPANY'S AFFAIRS**

Your Company offers a bouquet of Financial Services under one roof. Your Company is registered with the Securities and Exchange Board of India (SEBI) as a Merchant Banker, Stock Broker, Depository Participant, Portfolio Manager, Investment Advisor and Research Entity. Your Company offers to its clients, services ranging from Investment Banking, Corporate Advisory services, Retail and Institutional Stock Broking, distribution of Financial Products, Portfolio Management and Research services. In the financial year 2020 the Company has commenced new service offerings like PE Advisory and Debt Capital Market Services.

### **3. TRANSFER TO RESERVES**

The Board of Directors of your Company has decided not to transfer any amount to the Reserves for the year under



review.

#### 4. DIVIDENDS

Your Company has not declared any dividend for the F.Y. 2019-20.

#### 5. MATERIAL CHANGES AND COMMITMENTS, IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED DURING THE END OF FINANCIAL YEAR AND THE DATE OF THE BOARD'S REPORT

No material changes and commitments, affecting the financial position of the Company have occurred between the end of the financial year of the Company i.e. March 31, 2020 and the date of this Directors' Report.

#### 6. PARTICULARS OF ASSOCIATE COMPANY

The Company holds 33.33% of the equity share capital of IDBI Asset Management Limited (IAML) with a cost/face value of Rs. 66.67 crores (6,66,60,000 equity shares of Face Value of Rs.10/-). During the financial year ended March 31, 2020, the Company entered into an agreement for sale of its entire investment in IAML, a deed of which was executed on November 23, 2019. To complete the transaction, the Purchaser requires approval from regulators such as CCI, RBI and SEBI. As on date, the transaction has not reached finality as approvals are in process with the concerned Regulators.

A Statement containing salient features of the financial statement and all other requisite details of the said Associate Company in the format AOC-1 is appended as **Annexure A**.

#### 7. FINANCIAL STATEMENTS

The Financial Statements of your Company for the Financial Year 2019 – 20 are prepared in compliance with applicable provisions of the Companies Act, 2013 read with the Rules issued thereunder and applicable Accounting Standards. During the Financial Year 2020, your Company has presented its Financial Statements as per the Indian Accounting Standards in accordance with Notification dated March 30, 2016 issued by the Ministry of Corporate Affairs.

#### 8. ECONOMIC REVIEW

The Financial Year 2019-20 and H1FY21 was one of the most challenging times in last few decades marred by global slowdown and most importantly lockdown across the country and in most of the nation due to the pandemic COVID-19. Since 24th March 2020 till June 2020 the government has implemented various rounds of lockdown in order to create a balance between Health & Safety of the countrymen and economic growth. Government is taking every incremental steps possible to revive economic growth and to support underprivileged population including Rs. 20 Lakh crore relief package. However, driven by global slowdown, India's GDP growth contracted to 4.2% in FY20 vis a vis 6.1% in FY19 and 7.2% in FY18. Further, most of the global institutions including IMF, S&P Global Rating and RBI expect India's GDP to contract between 9%-11% in FY21 followed by a strong growth in FY22. However, RBI has highlighted that few of the sectors are showing green shoots and quite confident of economic revival from Q4FY21. However, second wave of pandemic, already visible in few European countries, geo-political tension and US election may weigh on our growth.

As the economy was gradually stabilizing in early Q4FY20, COVID-19 led to a significant downturn in the Indian economy. Manufacturing PMI and Services PMI plummeted to 51.7 and 48.9 respectively in March 2020 vs 54.7 and 59.0 in February 2020. Consumer price index (CPI) increased to 5.9% at the end of Financial Year 2020 from 2.9% at the end of Financial Year 2019, though still under control. Repo rate has seen a sharp cut of 185bps cut in Financial Year 2020 to 4.4% at the end of March 2020 from 6.25% at the end of March 2019. Fiscal deficit expanded to 4.59% for Financial Year 2020 compared to 3.4% in FY19 and expect it to slide further in FY21 led by expected GDP contraction and expected delay in few divestment activities. However, import ban on various products to promote Aatmanirbhar Bharat, lower fuel cost and emphasis on exports have led to a sharp contraction in trade deficit in H1FY21.

Despite all the negatives around there are few key positives as well. Firstly, after a weaker Rabi crops, India has witnessed healthy Kharif crops which would help stimulating rural economy. Secondly, crude oil and LNG prices dropped over 40% in a month in March 2020. Also, looking at the weaker demand situation, hydrocarbon prices are estimated to remain low in a near to medium term, which would benefit energy importing countries like India in a big way. Thirdly, lower interest rate would help boosting the credit growth which is at a lower level currently. Fourthly, a lot of industries are moving their manufacturing bases from China owing to change in economic and geopolitical dynamics which provides a plethora of opportunity for India over the next few years. Also, recent reduction in Corporate Tax rate for



new manufacturing units would help making a world's manufacturing base in India and finally among other things, there has been visibly synchronized measures between the Government and the Regulators like RBI to improve ease of Business and encourage economic growth.

## 9. INDIAN EQUITY MARKETS DURING FINANCIAL YEAR 2019 – 2020

Indian equity markets delivered a sharp correction in Financial Year 2020 driven primarily by (1) late correction in March 2020 owing to COVID-19, (2) Weaker economic growth, and (3) FII outflows supported by DII inflows. BSE SENSEX declined by 23.8% YoY in Financial Year 2020, more than US and European Indices which have corrected between 16%-20%.

Foreign Institutional Investors (FIIs) saw a net outflows of Rs. 62 billion during 2020vs net inflows of Rs. 89 billion in Financial Year 2019. While DIIs significantly pumped in the money with a net purchase of Rs. 1.36 trillion during the year compared to Rs. 756 billion in Financial Year 2019. Most of the FII outflows were recorded in last couple of months of Financial Year 2020.

Amongst indexes, all the major indices showed negative return during Financial Year 2020. However, defensive sectors like Telecom, FMCG, Healthcare, IT and Consumer Durables outperformed the Sensex. These sectors declined 5.4%, 12.7%, 15.7%, 16% and 18.8% during the year against 23.8% decline in Sensex. However, Metals, Auto, Capital Goods, Bankex, Realty, Oil & Gas, and Power sector witnessed maximum sell-offs and gave higher negative return than Sensex.

Some of the performance indicators of Major BSE Indices are given in tabular form below:-

				Change over last year		Change over last year's Low	
	31-Mar-19	31-Mar-20	Year's Low	YoY	%	YoY	%
Sensex	38,673	29,468	25,981	(9,204)	(23.8)	3,487	13.4
AUTO	18,825	10,746	10,543	(8,079)	(42.9)	203	1.9
BANKEX	34,142	22,050	19,355	(12,092)	(35.4)	2,695	13.9
CAPITAL GOODS	18,472	10,979	9,914	(7,493)	(40.6)	1,065	10.7
CONSUMER DURABLES	23,857	19,363	17,635	(4,494)	(18.8)	1,728	9.8
FMCG	11,742	10,255	8,672	(1,487)	(12.7)	1,583	18.3
Healthcare	14,408	12,149	11,007	(2,259)	(15.7)	1,141	10.4
IT	15,280	12,843	11,203	(2,438)	(16.0)	1,640	14.6
METAL	11,355	5,713	5,399	(5,642)	(49.7)	314	5.8
OIL & GAS	15,270	10,021	8,945	(5,249)	(34.4)	1,076	12.0
POWER	2,034	1,378	1,291	(656)	(32.3)	87	6.8
REALTY	2,077	1,354	1,321	(723)	(34.8)	33	2.5
S&P BSE Utilities	1,958	1,316	1,227	(642)	(32.8)	89	7.3
Telecom	1,027	972	879	(56)	(5.4)	92	10.5

Source: BSE, IDBI Capital Markets & Securities Limited

## 10. PERFORMANCE OF THE COMPANY

During the past year, your Company has taken steps towards its vision of being among the top ranking firms in all its business lines. The performance of your Company has been detailed in the paragraphs below:

### a) INVESTMENT BANKING

In entire Financial Year 2020, investors increasingly chased growth in equities, shelved home-buying plans, reduced preference for fixed deposits due to falling interest rates but continued (SIP) in mutual funds month after month, only to end the financial year with disappointment across asset classes. Even traditional favorites like Gold found no lustre. Financial Year 20 saw a bullish start with new stable leadership at the center but a host of global events & macroeconomic factors resulted in significant bearish sentiment:

- US – China trade wars caused huge uncertainties around growth of the global economy



- India also faced a number of natural calamities – extreme rainfall & floods
- Decline of credit growth & real income lead to a massive drop in consumption and consequent revenues for the government
- Food inflation touched record highs
- General market sentiment can be gauged by the funds raised by companies on mainboard IPO dropping from 51 in Financial Year 2018 to just 12 in Financial Year 2020
- More recently the global pandemic COVID – 19 disruptions further added to general economic slump.

Despite the testing external environment, the Company successfully managed and concluded 2 prestigious equity public issuances during Fiscal 2020 aggregating to Rs. 11.15 billion. These public offerings received a record breaking response from the market. According to Prime Database, your Company ranked No. 6 in terms of number of IPO + OFS + FPO managed in Fiscal 2020.

The Company ranked No. 3 on the league table for the Buyback Product through the Tender Offer route in terms of issue amount being managed in Fiscal 2020 (Source: Prime Database).

In the M&A space, your Company was privileged to be advisor to 3 Public Sector Banks that participated in the consolidation exercise of PSE Banks. In addition your Company was also involved in a fund raising exercise for a multi-product securities exchange in Mauritius thus making a beginning of global presence in the international space.

In the Corporate Advisory Space (Debt Resolution) your Company has focused on proposals involving Resolution of Stressed Assets outside IBC in terms of RBI Circular of June 7, 2019 (both restructuring and 'Change in Ownership' structure), acting as Process Advisor (as Advisor to RP/ CoC/ Liquidator) in CIRP and Liquidation Process under NCLT, Arrangement of funding for OTS, Assessment/ arrangement of Working Capital etc. The Company also has a good pipeline of cases under execution. In Fiscal 2020, your Company was also able to obtain a large mandate involving resolution of a Housing Finance Company, which was later admitted under NCLT. However, completion of some of the mandates as well as revenue booking by 31st March 2020 was impacted due to COVID-19 but it is expected that these mandates will get completed and generate revenue during Fiscal 2021. Further, looking at the current economic scenario in the country, your Company hopes to obtain some large good number of mandates involving Debt Resolution of Stressed Companies in terms of prevailing RBI Guidelines/ Bank's Internal Guidelines, thereby contributing well to the growth in revenue during Fiscal 2021.

#### **b) PORTFOLIO MANAGEMENT SERVICES**

The Discretionary Equity Portfolio Management Services launched by your Company during Financial Year 2018 has progressed steadily, with a corpus growing to Rs. 10.8 Crores as at the end of Fiscal 2020. The PMS strategy "IDBI Focus 20:20" is aimed at tapping HNI/Ultra HNI clients. During the year, your Company has launched a PMS campaign for IDBI Bank customers and has been working closely with IDBI Bank on marketing & selling the PMS product giving your Company the advantage of having several touch points across the country.

Your Company also continues to manage funds on the debt side with Assets under Management at the end of the Fiscal 2020 standing at Rs. 6,274.5 Crore. The returns on investments on these Funds during the F.Y. 2019-20 were 8.28% for retirement funds and 7.37% for the surplus funds. The respective benchmarks for the period stood at 6.69% and 5.44%.

#### **c) INSTITUTIONAL EQUITIES**

The Institutional Equities business suffered on account of lower market activities of some of the high value clients. The primary markets related activities were also lower as the issuance volumes had dropped. The efforts to broaden client base are being pursued.

#### **d) RETAIL BROKING**

The Retail Brokerage business of your Company has maintained last year revenue levels. New client acquisition in Retail Broking has picked up momentum which registered a growth of 35%. However, revenue was impacted in March 2020 due to the Covid 19 lockdown.

During Fiscal 2020 your Company has added over 28,000 new clients in the Retail segment. Your Company has improved system capabilities on the Retail broking front by adding new features to the web trading portal and the Mobile Apps (Android and iOS versions) during the year. Implementations of e-KYC for processing demat and trading accounts was



also done during this period. The group implemented IPO with UPI Integration, SLBM Segment, Biometric e sign for e-KYC and Digital Training for the team.

**e) INVESTMENT MANAGEMENT – Alternative Investment Fund (AIF)**

Your Company is the Investment Manager of Maharashtra Defence and Aerospace Venture Fund, where the Company has also made a contribution towards the corpus of the Fund. Your Company is also Advisor to Bharat Ratna Dr. Baba Saheb Ambedkar Investment Fund for SC/ ST.

**11. FUTURE PLANS**

Despite the prevailing situation owing to the COVID-19 pandemic, it is believed that the efforts put in by the Company in the years gone by in strengthening the foundation will keep it resilient enough to withstand external adversities. With a strong pipeline of mandates, a promising MTF book and the recent foray in debt capital markets, your Company is well equipped to realize aspirations of better growth in revenue and profitability in FY 2021.

The Company will continue to nurture relationships with clients at all levels and build our credentials on the League tables. On the broking and fund management front, product offerings will be enhanced with digital push for enlarged base and better customer experience.

**12. CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The CSR Policy of the Company covers areas across healthcare, education, rural development, livelihood generation and socio economic empowerment. The CSR Policy of the Company is available on the following weblink:

[http://www.idbicapital.com/cst\\_page.asp](http://www.idbicapital.com/cst_page.asp)

During the Financial Year 2020, your Company did not fall within the criteria specified under section 135 of the Companies Act, 2013 and hence was not required to mandatorily spend any amounts on CSR activities.

The Report on Corporate Social Responsibility (CSR) as required under the Companies, (Corporate Social Responsibility Policy) Rules, 2014) is annexed to this Report as **Annexure -B**.

**13. PREVENTION OF INSIDER TRADING**

In accordance with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has instituted and implemented a Code of Conduct for Trading in Securities by Employees and Directors. The Company periodically monitors trading by its employees and ensures strict compliance with the Regulations.

**14. RISK MANAGEMENT**

Your Company has adopted a Risk Management Policy which provides an integrated framework for managing risks. The Policy has a holistic approach that encompasses all stages of risk management viz. Identification, Measurement, Management and Control.

The Internal Risk Management Committee of the Company monitors the Risk Management function of the Company.

**15. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

As your Company is not a manufacturing company, there are no particulars to disclose pertaining to Conservation of Energy and Technology Absorption.

Further, the details of foreign exchange earnings and outgo are provided at Note No. 39 in the Notes to the Accounts. Your Company uses information technology extensively in its day-to-day operations.

**16. CHANGE IN THE NATURE OF BUSINESS, IF ANY:**

During the period of review, the Company continued to carry on the business of Investment Banking, Stock broking and Fund Management. There was no adverse change in the nature of its business.



## 17. DIRECTORS

Your Company's Board of Directors is broad-based and its constitution is governed by the provisions of the Companies Act, 2013 and the Articles of Association of your Company. The Board functions directly as well as through various Board-level Committees constituted to provide focused governance in the important functional areas of your Company.

As on the date of this report, the Board comprises of 6 Directors, which includes the Managing Director & CEO and 5 Non-Executive Directors out of which 3 are Independent Directors/in Independent Category.

## 18. APPOINTMENT AND RESIGNATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL DURING F.Y. 2019 – 20

The following table describes the changes in the Board of Directors & Key Managerial Personnel during Financial Year 2019 – 20:

Name of Directors	Appointment / Resignation / Cessation	Date
Mr. Santhanakrishnan Sankaran	Cessation	August 17, 2019
Mr. G.M. Yadwadkar	Cessation	September 13, 2019
Mr. Samuel Joseph J.	Appointment	October 25, 2019
Ms. Lalitha Rameswaran	Appointment	October 25, 2019
Ms. Rupa Devi Singh	Cessation	December 26, 2019
Mr. Nagaraj Garla	Re appointment as MD & CEO	March 30, 2020

Ms. Uma Shankar was appointed as Additional Director (in Independent Capacity) on May 22, 2020.

Mr. Nagaraj Garla ceased to be MD & CEO of the Company w.e.f. October 1, 2020 consequent to resignation on account of repatriation to IDBI Bank.

Mr. Iswar Padhan was appointed as MD & CEO of the Company w.e.f. October 1, 2020.

## 19. BOARD MEETINGS AND ATTENDANCE OF DIRECTORS

During the financial year 2019 – 20, 7 (Seven) meetings of the Board of Directors were held.

Details of the attendance of Directors are given below:

Sr. No.	Date of Meeting	Number of Directors Present	Number of Directors to whom Leave of absence was granted
1	May 14, 2019	6/6	0
2	June 19, 2019	6/6	0
3	August 8, 2019	6/6	0
4	November 5, 2019	5/6	1
5	November 20, 2019	6/6	0
6	February 4, 2020	5/5	0
7	March 30, 2020	4/5	1

## 20. INDEPENDENT DIRECTORS

Pursuant to Section 149(4) of the Companies Act, 2013 read with Rule 4 of The Companies (Appointment and Qualifications of Directors) Rules, 2014, your Company is required to have minimum two Independent Directors.

As on March 31, 2020, your Company had the following 2 (Two) Independent Directors:

Sr. No.	Name of the Independent Director	DIN
1	Mr. Ashwani Kumar	02870681
2	Ms. Lalitha Rameswaran (additional director in Independent Category)	02326309

All the Independent Directors have complied with the code for Independent Directors prescribed in Schedule IV of the Companies Act, 2013.

The Independent Directors of the Company met the criteria of 'independence' prescribed under section 149(6) of the Companies Act, 2013 and have also submitted a declaration to that effect.

Further, the term of Mr. S. Santhanakrishnan as Independent Director of the Company expired on August 17, 2019 and he ceased to be an Director of the Company and the term of Ms. Rupa Devi Singh as Independent Director of the Company expired on December 26, 2019 and she ceased to be a Director of the Company.

Ms. Uma Shankar was appointed as Additional Director (in Independent Capacity) on May 22, 2020.

## 21. COMMITTEES OF THE BOARD

The Board has 3 Committees to oversee various functional aspects of your Company's business and operations:

- Audit Committee
- Nomination & Remuneration Committee
- Corporate Social Responsibility Committee

### A) Audit Committee

The Audit Committee of the Board (ACB) provides direction, monitors the functioning of the Internal Auditors, reviews financial statements and recommends appointment of auditors and their remuneration. The names of the members of the Audit Committee as on March 31, 2020 are as under:

Sr. No.	Name of Director	Status
1	Ms. Lalitha Rameswaran	Chairperson of the Committee
2	Mr. Ashwani Kumar (DIN: 02870681)	Member
3	Mr. Samuel Joseph J. (DIN: 2262530)	Member

\*Mr. Santhanakrishnan Sankaran ceased to be Chairman and Member of the Audit Committee w.e.f. August 17, 2019, on account of completion of term as Independent Director of the Company.

Mr. Gurudeo Yadwadkar ceased to be Member of the Audit Committee w.e.f. September 13, 2019 on account of resignation from the Board of Directors.

Ms. Lalitha Rameswaran has taken over as Chairperson of the Committee w.e.f. October 25, 2019.

Mr. Samuel Joseph J. has been inducted as a Member of the Committee w.e.f. October 25, 2019.

Ms. Rupa Devi Singh ceased to be Member of the Audit Committee w.e.f. December 26, 2019, on account of completion of term as Independent Director of the Company.

### **Dates & Attendance of Directors at Meetings of ACB held during F.Y. 2019 – 20**

During the Financial Year 2019 – 20, 4 (Four) meetings of the Audit Committee of the Board were held.

Details of attendance of the Committee Members are given herein below:

Sr. No.	Date of Meetings	Number of Directors present	Number of Directors to whom Leave of absence was granted
1	May 14, 2019	5/5	0
2	August 8, 2019	3/5	2
3	November 5, 2019	2/3	1
4	February 4, 2020	3/3	0

### B) Nomination and Remuneration Committee (NRC)

The Nomination and Remuneration Committee of the Board was constituted as per the provisions of section 178 and other applicable provisions of the Companies Act, 2013. As on March 31, 2020 it comprised of three members who are appointed by your Board.



The names of the members of the Nomination and Remuneration Committee as on March 31, 2020 are as under:

Sr. No.	Name of Director	Status
1	Ms. Ashwani Kumar	*Chairman of the Committee
2	Ms. Lalitha Rameswaran	Member
3	Mr. Samuel Joseph J. (DIN: 02262530)	Member

\*Mr. Santhanakrishnan Sankaran ceased to be Chairman and Member of the Nomination and Remuneration Committee w.e.f. August 17, 2019, on account of completion of term as Independent Director of the Company.

Ms. Rupa Devi Singh had taken over as Chairperson of the Committee w.e.f. October 18, 2019

Ms. Rupa Devi Singh ceased to be Chairperson of the Nomination and Remuneration Committee w.e.f. December 26, 2019, on account of completion of term as Independent Director of the Company

Mr. Rakesh Sharma has been inducted as a Member of the Committee w.e.f. October 18, 2019.

Mr. Samuel Joseph J. has been inducted as a Member of Committee w.e.f. October 25, 2019.

Mr. Rakesh Sharma ceased to be a Member of the Committee w.e.f. October 25, 2019.

Mr. Ashwani Kumar had taken over as Chairperson of the Committee w.e.f. January 27, 2020.

Ms. Lalitha Rameswaran was inducted as a Member of the Committee w.e.f. January 27, 2020.

#### **Dates & Attendance of Directors at Meetings of NRC held during FY 2019-20**

During the financial year 2019–20, 4 (four) meetings of the Nomination and Remuneration Committee of the Board were held. Details of attendance of the Committee Members are given herein below:

Sr. No.	Date of Meetings	Number of Directors present	Number of Directors to whom Leave of absence was granted
1	August 8, 2019	0	N/A
2	November 5, 2019	2/2	0
3	February 4, 2020	3/3	0
4	March 30, 2020	3/3	0

#### **C) Corporate Social Responsibility (CSR) Committee**

The Corporate Social Responsibility Committee of the Board (CSR) was constituted as per the provisions of section 135 and other applicable provisions of the Companies Act, 2013. As on March 31, 2020, the CSR Committee comprised of 3 (three) members appointed by your Board.

The names of the members of the CSR Committee as on March 31, 2020 are as under:

Sr. No.	Name of Director	Status
1	Mr. Ashwani Kumar (DIN: 02870681)	Chairman of the Committee
2	Ms. Lalitha Rameswaran (DIN: 02326309)	Member
3	Mr. Nagaraj Garla (DIN: 06983880) (MD & CEO)	Member

Mr. Gurudeo Yadwadkar ceased to be Member of the CSR Committee w.e.f. September 13, 2019 on account of resignation from the Board of Directors.

Ms. Lalitha Rameswaran was inducted as a Member of the CSR Committee w.e.f. October 25, 2019.

The Committee provides advice, directions and monitors the functioning of the CSR activities of the Company as per the Companies Act, 2013.

#### **Dates & Attendance of Directors at Meeting of CSR Committee held during F.Y. 2019–20**

During the Financial Year 2019–20, 1 (One) meetings of the CSR Committee of the Board were held.

Details of attendance of the Committee Members are given herein below: -



Sr. No.	Date of Meetings	Number of Directors present	Number of Directors to whom Leave of absence was granted
1	May 14, 2020	3/3	0

## 22. COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The Board has adopted Directors' Appointment and Evaluation Policy in terms of Section 178(3) and (4) of the Companies Act, 2013, describing the criteria for determining the qualifications, positive attributes and Independence of a Director, Review and Evaluation of the performance of Directors etc.

The Company also has a Remuneration Policy for Directors, Key Managerial Personnel and other employees.

The key features of the Policies are given hereunder:

### 1. DETAILS OF DIRECTORS APPOINTMENT AND EVALUATION POLICY

#### Mode of Appointment of Directors

- (1) Directors shall be appointed either by the Board or by Shareholders in a General Meeting.
- (2) The MD & CEO shall be nominated by IDBI Bank Ltd and may be on deputation from IDBI Bank or as advised by IDBI Bank Ltd. Such appointment shall be subject to approval by the Company's Board of Directors.
- (3) (a) The non-rotational Independent Directors to be identified by the Board of Directors shall be appointed by the shareholders at the General Meeting. While identifying the persons to be appointed as Independent Directors, the Board will ensure that such persons possess the qualifications prescribed under Section 149(6) of the Companies Act, 2013 and are also not disqualified to be a Director under the relevant provisions of the Companies Act, 2013.
- (b) The initial term (1st Term) of Independent Directors shall not exceed 5 consecutive years extendable to one more term (final term/2nd term) not exceeding Five consecutive years by passing a Special Resolution at the General Meeting.
- (c) A term of Independent Directors may be less than 5 years and appointment for any term (whether five years or less) is to be treated as one term. No Independent Director shall hold office for more than two consecutive terms even if the total number of years of his appointment in such two consecutive terms is less than 10 years. The person completing consecutive 2 terms (whether 10 years or less) shall be eligible for appointment only after the expiry of the requisite cooling-off period of three (3) years.
- (d) The intermittent vacancy of an Independent Director shall be filled up by the Board at the earliest but not later than immediate next Board Meeting or 3 months from the date of such vacancy, whichever is later.
- (e) After approval of Independent Directors' appointment, a formal appointment letter with contents prescribed under Schedule IV of the Companies Act, 2013 will be issued to the Independent Directors so appointed.
- (f) In terms of Article 120 (b) (ii) one Woman Director may be appointed on the Board in terms of Section 149(1)(b) of the Companies Act, 2013.
- (g) In terms of Article 120 (b) (iii), the Company will ensure that at least one of the Directors on the Board has stayed in India for total period of not less than 182 days during the previous calendar year.

#### Qualification of Directors

1. The candidates to be appointed on the Board should possess relevant experience as deemed fit by the Board in order to be able to guide the management of the Company.



2. Directors should not be disqualified in terms of section 164 of the Companies Act.
3. Directors should possess a valid Director Identification Number (DIN) in terms of the extant regulations.
4. Directors should have leadership and management experience.

#### **Independence of Directors**

Independent Directors should possess the criteria for independence as stated in section 149(6) of the Companies Act, 2013.

Independent Directors shall submit a declaration to the Company stating that they meet the prescribed criteria for independence. Further in case at any time the Director fails to meet the criteria of Independence, such Director shall immediately inform the Company of such event.

Independent Directors shall abide by the Code for Independent Directors as stated in Schedule IV of the Companies Act, 2013.

#### **Appointment of Senior Management Personnel**

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

Senior Management Personnel shall be appointed in accordance with the HR Policy of the Company or may be appointed on deputation from IDBI Bank Limited.

The Senior Management Personnel shall possess qualifications and/or experience relevant to their functions.

#### **Performance Evaluation of Directors by the Board**

- (i) In terms of the provisions of Schedule IV (Para VIII) and Section 134 of the Companies Act, 2013, performance evaluation of the Independent Directors and all other individual directors shall be done annually by the Board of Directors in the last month of the Financial Year.
- (ii) On the basis of the performance evaluation, it will be determined whether to extend or continue the term of appointment of Independent Directors.
- (iii) The performance evaluation of individual directors by the Board shall be done on the evaluation sheet as per the format given at Annexure I to the policy.

#### **Performance Review of Non-Independent Directors and the Chairperson by Independent Directors**

- (i) In terms of the provisions of Schedule IV (Para VII) of the Companies Act, 2013, Independent Directors shall hold an Annual Meeting in a year without the attendance of Non-Independent Directors and members of the Management for the following purpose:
  - a. review the performance of the non-independent directors and the Board as a whole
  - b. review the performance of the Chairperson of the Company, taking into account the views of the Executive Directors and Non-Executive Directors.
  - c. assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively perform its functions.
- ii) The performance review of Non-Independent Directors by Independent Directors shall be done on the review sheet as per the format given at Annexure II and that of Chairperson of the Board will be done on the format given



at Annexure III.

#### **Performance Evaluation of the Board as a whole and Committees of the Board :**

In accordance with the provisions of section 134 (p) of the Companies Act, 2013, the Board shall evaluate its own performance as per the format given at Annexure- IV and that of its Committees as per the Annexure- V, VI and VII.

#### **DETAILS OF REMUNERATION POLICY**

##### **Directors' Remuneration**

The Managing Director and CEO of the Company is appointed based on the recommendations and nomination of the parent company i.e. IDBI Bank Ltd. The pay scales and Remuneration structure would be as decided by IDBI Bank and as approved by the Board/Shareholders from time to time. Provided that the same shall be subject to the applicable provisions of the Companies Act, 2013 and rules made thereunder.

Further in terms of Article 128 of the Articles of Association of the Company, if any Director, is called upon to perform extra services or special exertion or efforts, the Board may arrange with such Director for such special remuneration for such special services or special exertions or efforts either by a fixed sum or otherwise as may be determined by the Board and subject to the provisions of the Act.

Apart from the above, no other Remuneration would be payable to any other Director on the Board of IDBI Capital except the payment of sitting fees to Directors @ Rs. 20,000/- per meeting of the Board and Audit Committee of the Board and @ Rs. 10000/- per meeting for other Board Committee Meetings. These rates may be changed after approval of the Board but shall be subject to the ceilings prescribed by the Act and or Rules made thereunder from time to time. Apart from the sitting fees, the expenses on Travel, Transportation and Stay of Directors attending the Board and Board Committee Meetings would be borne or reimbursed by IDBI Capital.

*The sitting fees payable to the Directors has been revised w.e.f. 19.06.2019 @Rs. 40,000/- for every Board meeting with Rs. 10000/- additionally to the Chairperson of the meeting and @ 20,000/- for every Committee meeting with Rs. 5,000/- additionally to the Chairperson of the meeting.*

##### **III. Remuneration of Key Managerial Personnel**

In terms of section 2(51) of the Companies Act, 2013, Key Managerial Personnel, in relation to the Company means:

- (i) The CEO or Managing Director;
- (ii) The Whole Time Director;
- (iii) The Company Secretary;
- (iv) The Chief Financial Officer (CFO); and
- (v) Such other officer as may be prescribed

The provisions related to Remuneration for the Managing Director and CEO of the Company is covered under Para II of this Policy. As regards CFO and the Company Secretary, the positions are held by employees of the Company and their Pay Scales and Remuneration structure would be determined in line with the HR Policy of the Company.

##### **IV. Remuneration of Key Managerial Personnel and Employees**

The Pay Scales and Remuneration structure of Employees of the Company would be finalized by the Company, in accordance with the HR Policy of the Company and would be market driven and based on the experience of the respective candidates. Further, Remuneration structure to Officers on deputation from IDBI Bank Ltd (other than the Managing Director & CEO) would be as advised by IDBI Bank from time to time and would be reimbursed to IDBI Bank Ltd upon receipt of intimation from IDBI Bank.



**23. STATEMENT INDICATING THE MANNER OF FORMAL ANNUAL EVALUATION OF BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS**

The details on the captioned matter are furnished below:

- (i) Independent Directors, at their meeting held on February 4, 2020 evaluated the performance of all Non-Independent Directors including the Chairman of the Board as well as the performance of the Board as a whole.
- (ii) The Board at its meeting held on February 4, 2020 evaluated the performance of all Directors on the Board, its own performance as well as the performance of Committees of the Board.

The feedback of the Directors was sought by way of a structured questionnaire which covered the functions and performance of Directors. The Directors were satisfied with the evaluation conducted. The Director concerned being evaluated by the Board, did not participate in the meeting during the process of his/her own evaluation.

**24. STATUTORY AUDITORS**

Your Company falls within the purview of the provisions of Section 139 (5) of the Companies Act, 2013. Statutory Auditors are therefore appointed by the Comptroller and Auditor General of India. M/s Shah Gupta & Co., Chartered Accountants, Mumbai, were appointed as Statutory Auditors for the F.Y. 2020. No adverse remarks have been made by the Statutory Auditors in their Report.

**25. COMMENTS OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA**

Comments of the Comptroller & Auditor General of India of the Companies Act, 2013 as per report dated October 9, 2020 submitted under section 143 of the Companies Act, 2013 on the accounts of the Company. The CAG has decided not to conduct the supplementary audit of the financial statements and has inter-alia advised as follows:

"On behalf of the Comptroller & Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of IDBI Capital Markets & Securities Ltd. for the year ended 31st March, 2020 under section 143(6) (a) of the Act."

**26. SECRETARIAL AUDIT**

In terms of the provisions of Section 204 of the Companies Act, 2013, M/s. Aabid & Co., Company Secretaries have been appointed as Secretarial Auditors of your Company. The Secretarial Audit Report dated June 18, 2020, is annexed to the Board's Report. The Secretarial Audit Report of the Company submitted by the Secretarial Auditors M/s. Aabid & Co. does not contain any adverse remark.

**27. COMPLIANCE WITH SECRETARIAL STANDARDS**

The Company has adhered to the following Secretarial Standards:-

- SS1 - Secretarial Standards on Board Meeting
- SS2 - Secretarial Standards on General Meetings
- SS4 - Secretarial Standards on Report of the Board of Directors

**28. EXTRACT OF THE ANNUAL RETURN:**

Pursuant to section 134(3)(a), the extract of the Annual Return as provided under section 92(3) of the Companies Act, 2013 is annexed herewith in Form No. MGT-9 as **Annexure-C**.

**29. INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY:**

The Company has established and maintained adequate internal financial controls with reference to financial statements. Such controls have been designed to provide reasonable assurance with regard to providing reliable financial and operational information. During the financial year 2019-20, such controls were operating effectively and no material weaknesses were observed.



**30. DETAILS OF FRAUD, IF ANY**

No frauds have been reported by the auditor during the FY 2019-20.

**31. PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE:**

In line with the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has necessary policies on prohibition of sexual harassment at workplace and has constituted an Internal Committee as required under the Act. There were no cases filed with regards to allegations of sexual harassment by any employee including visitors or other non-employee during the financial year ended March 31, 2020.

**32. PUBLIC DEPOSITS**

Your Company has not invited/accepted any deposits, from the public/shareholders.

**33. BOARD'S COMMENTS ON EVERY QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMER MADE BY THE AUDITORS OR SECRETARIAL AUDITORS IN THEIR REPORT:**

There are no qualifications, reservation or adverse remarks or disclaimers either in the Statutory Auditors' Report, Reports of the Comptroller and Auditor General of India or in the Secretarial Auditors' Report which require the Board's comments thereon in terms of Section 134(3)(f) of the Companies Act, 2013.

**34. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

Your Company has not given any Loans, Guarantees under Section 186 of the Companies Act, 2013.

**35. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES IN THE PRESCRIBED FORM**

In terms of Section 134(3)(h) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, the particulars of contracts or arrangements if any, with Related Parties are given in the prescribed Form AOC - 2 forming part of this Report as **Annexure – D to this Report**.

**36. WHISTLE BLOWERS POLICY**

The Company has established a Whistle Blower Policy for Directors and Employees to report their genuine concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. As a requirement of Code of Conduct, all stake-holders are provided access to Whistle Blower mechanism.

**37. DIRECTORS' RESPONSIBILITY STATEMENT**

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the Internal, Statutory and Secretarial Auditors including audit of Internal Financial Controls over financial reporting by the Statutory Auditors and the reviews performed by Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's Internal Financial Controls were adequate and effective during the financial year 2019-20.

Accordingly, pursuant to the provisions of Section 134(5) of the Act, your Directors, to the best of their knowledge and belief and according to information and explanation obtained by them, confirm that:

- In the preparation of annual accounts, the applicable accounting standards have been followed
- Appropriate accounting policies have been selected and applied consistently, and judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- Sufficient and proper care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the Company's assets and for preventing and detecting fraud and other irregularities; and
- Annual accounts have been prepared on a going concern basis.



- The internal financial controls as laid down are adequate and were operating effectively.
- Proper system has been devised to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

**38. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS WHICH IMPACTS THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE.**

During the period under review, there are no orders passed by the Regulators or Courts or Tribunals against the Company impacting its status as a going concern and its operations.

**39. ACKNOWLEDGMENTS**

Your Directors are thankful to the Company's retail, institutional and corporate clients, Banks, Financial Institutions, Foreign Institutional Investors, Mutual Funds, and others for their continued patronage and association.

Your Directors are thankful to IDBI Bank Ltd. for the support and co-operation extended and RBI, SEBI, NSE, BSE, NSDL, CDSL and the Company's bankers for their continued support. Finally the Directors appreciate the noteworthy contribution made by all the employees.

**On behalf of the Board of Directors of IDBI Capital Markets & Securities Ltd.**

Sd/-  
Iswar Padhan  
Managing Director and CEO  
DIN: 03560275

Sd/-  
Rakesh Sharma  
Chairman  
DIN: 06846594

Date: October 20, 2020  
Place: Mumbai

**Form AOC-I**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures**

**Part "A": Subsidiaries**

(Information in respect of each subsidiary to be presented with amounts in `)

1.	CIN	<b>NOT APPLICABLE</b>
2.	Name of the subsidiary	
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	
5.	Share capital	
6.	Reserves & surplus	
7.	Total assets	
8.	Total Liabilities	
9.	Investments	
10.	Turnover	
11.	Profit before taxation	
12.	Provision for taxation	
13.	Profit after taxation	
14.	Proposed Dividend	
15.	% of shareholding	
	Note:	
	1. Names of subsidiaries which are yet to commence operations	N.A.
	2. Names of subsidiaries which have been liquidated or sold during the year.	N.A.

**Part "B": Associates and Joint Ventures**

**Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

Name of Associates/Joint Ventures		IDBI ASSET MANAGEMENT LIMITED (ASSOCIATE COMPANY)
1.	Latest audited Balance Sheet Date	March 31, 2020
2.	Shares of Associate held by the company on the year end	
	Number of Equity Shares	66660000
	Amount of Investment in Associates (Rs.in lakhs)	6666
	Extend of Holding %	33.33%
3.	Description of how there is significant influence	The company has significant influence through holding more than 20% of the Equity Shares in the investee company in terms of Accounting Standards 23 issued by ICAI
4.	Reason why the associate is not Consolidated	Exempt under MCA notification dated July 27, 2016 (Companies (Accounts) Amendment Rules, 2016)
5.	Networth attributable to Shareholding as per latest audited Balance Sheet ( ` in lacs)	N.A.
6.	Profit / Loss for the year (Rs. in lakhs)	N.A.
	i. Considered in Consolidation	N.A.
	i. Not Considered in Consolidation	N.A.
	Note:	
	1. Names of associates which are yet to commence operations.	N.A.
	2. Names of associates which have been liquidated or sold during the year.	N.A.

For and on behalf of the Board

Sd/-  
**Rakesh Sharma**  
Chairman  
DIN: 06846594

Sd/-  
**Nagaraj Garla**  
Managing Director & CEO  
DIN: 06983880

Sd/-  
**Christina D'souza**  
Company Secretary

Sd/-  
**V. Gopinath**  
Chief Financial Officer

Place: Mumbai  
Date: 24<sup>th</sup> July, 2020



**ANNEXURE 'B' TO THE BOARD'S REPORT**  
**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES**  
(Pursuant to Section 135 of the Companies Act 2013)

**1. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programmes**

The key areas identified under the CSR Policy for making strategic interventions are rural infrastructure, social empowerment, education, environment, community welfare, healthcare, etc. These include, but are not limited to, collaborative long-term funding for projects designed to promote income-generating activities for tribal and the underprivileged, particularly women, across various states; infrastructure support to schools & youth training centers, rural electrification through solar street lights; financial aid for socio-economic empowerment of the blind, disabled and other under-privileged sections of society.

*During the FY 2020, your Company did not meet the criteria specified under section 135 of the Companies Act, 2013 and hence was not required to mandatorily spend any amounts on CSR activities.*

**2. Composition of the CSR Committee as on March 31, 2020:**

The Corporate Social Responsibility Committee of the Board (CSR) was constituted as per the provision of the section 135 and other applicable provisions of the Companies Act, 2013. It comprises of three members who are appointed by the Board. The names of the members of the CSR Committee as on March 31, 2020 are as under:

Name of the Director	Designation
Mr. Ashwani Kumar	Chairman of the Committee (Independent Director)
Ms. Lalitha Rameswaran	Committee Member (Additional Director in Independent Capacity)
Mr. Nagaraj Garla	Committee Member (Managing Director & CEO)

The functions of the Committee includes:-

- To formulate and recommend a CSR Policy to the Board
- To recommend the amount of expenditure to be incurred on CSR activities.
- To monitor the CSR activities of the Company from time to time.

**3. Average net profit of the Company for last three financial years:**

As the Net profit of the Company in the immediate preceding financial year (i.e. FY 18-19) was less than Rs. 5 Crores, the Company did not fall under any criteria given in sec 135(1) of Companies Act 2013. The Company was hence not required to spend any funds towards CSR activities during the Financial Year 2019-20.

**4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above):**

As the Net profit of the Company in the immediate preceding financial year (i.e. FY 18-19) was less than Rs. 5 Crores, the Company did not fall under any criteria given in sec 135(1) of Companies Act 2013. The Company was hence not required to spend any funds towards CSR activities during the Financial Year 2019-20.

**5. Details of CSR spend for the financial year:**

- a. Total amount spent for the financial year: NA
- b. Amount unspent, if any: Rs. Nil
- c. Manner in which the amount spent during the financial year is detailed below:

Sr. No.	Projects/ Activities	Sector	Location of the Project/ Programs	Amount Outlay (Budget) (In Lakhs )	Amount spent on the Project or Programs (In Lakhs)	Cumulative expenditure upto the reporting period (In Lakhs)	Amount spent through direct/ implementing agency
1	NA	NA	NA	NA	NA	NA	NA

**6. In case the Company has failed to spend the 2% of the average net profits of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.**

Net profit of the Company in the immediate preceding financial year (i.e. FY 18-19) was less than Rs. 5 Crores, therefore Company does not satisfy any criteria given in sec 135(1) of Companies Act 2013.

In view of the above, the Company was not required to mandatorily spend any amount on CSR activities.

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

Not applicable as the Company was not required to mandatorily spend any amount on CSR activities.

Sd/-  
Iswar Padhan  
Managing Director and CEO  
DIN: 03560275

Place: Mumbai



**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**

**As on financial year ended on 31.03.2018**

**{Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014}**

**I. REGISTRATION & OTHER DETAILS:**

1	CIN	U65990MH1993GOI075578
2	Registration Date	14th December, 1993
3	Name of the Company	IDBI CAPITAL MARKETS & SECURITIES LIMITED
4	Category/Sub-category of the Company	Company Limited by Shares
5	Address of the Registered office & contact details	6th Floor, IDBI Tower, WTC Complex, Cuffe Parade, Colaba, Mumbai-400 005 TEL: +91-22-4322 1212 FAX: +91-22-2215 1787 EMAIL : <a href="mailto:info@idbicapital.com">info@idbicapital.com</a> Website: <a href="http://www.idbicapital.com">www.idbicapital.com</a>
6	Whether listed company yes/no	No
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	NSDL Database Management Limited 4th floor, Trade World, A Wing, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400013 Board Line – 0224914 2700

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

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Brokerage Commission and fees	6612	85%

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

Sr. No.	Name and Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY /ASSOCIATE	% of shares held	Applicable Section
1	IDBI BANK LTD.	L65190MH2004GOI148838	HOLDING	100%	2(46)
2	IDBI ASSET MANAGEMENT LTD.	U65100MH2010PLC199319	ASSOCIATE	33.33%	2(6)

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### I) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2019]				No. of Shares held at the end of the year[As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	12899994	6	128100000	100%	12899994	6	128100000	100%	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(1):-</b>	<b>12899994</b>	<b>6</b>	<b>128100000</b>	<b>100%</b>	<b>12899994</b>	<b>6</b>	<b>128100000</b>	<b>100%</b>	<b>-</b>
<b>(2) Foreign</b>									
a) NRI- Individuals	-	-	-	-	-	-	-	-	-
b) Other-- Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2):-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total shareholding of promoters (A)=(A)(1)+(A) (2)</b>	<b>12899994</b>	<b>6</b>	<b>128100000</b>	<b>100%</b>	<b>12899994</b>	<b>6</b>	<b>128100000</b>	<b>100%</b>	<b>-</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-



i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-	-
c) Others (specify)										
Directors and their relatives resident	-	-	-	-	-	-	-	-	-	-
Non-Resident Indians	-	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-	-
Foreign Bodies – D R	-	-	-	-	-	-	-	-	-	-
NRI DR	-	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-										
Total Public Shareholding (B)=(B)(1)+ (B)(2)	0	0	0	0	0	0	0	0	0	0
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	12899994	6	128100000	100%	12899994	6	128100000	100%	-	-

## ii) Shareholding of Promoters

Sr. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	IDBI Bank Ltd	128100000	100%	0	128100000	100%		0

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

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	NO CHANGE			
2.	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):				
3.	At the end of the year				

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

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	NOT APPLICABLE			
2.	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
3.	At the end of the year				

v) Shareholding of Directors and Key Managerial Personnel:-

Directors and Key Managerial Personnel do not hold any share in the Company.

vi) INDEBTEDNESS –

Loan outstanding as on March 31, 2020 – Nil

Bank guarantee as on March 31, 2020 – Rs. 25 crores

vii) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager per Annum (FY 19-20):

Particulars of Remuneration	Name of MD / WTD / Manager	Total Amount (In Rs.)
	Mr. Nagaraj Garla MD & CEO DIN: 06983880	
<b>Gross Salary</b>		3514339.01/-
(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (Including Pension)		
(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		1,44,855.00/-
(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961		0.00/-
Stock Option		0.00/-
Sweat Equity		0.00/-



Commission		
- as % of profit		0.00/-
- others, specify...		
Others, please specify		0.00/-
<b>Total (A)</b>		<b>3659194.01</b>
Ceiling as per the Act*		

Accommodation provided separately by the IDBI Bank and reimbursed by the Company.

#### B. Remuneration to other directors

Sr. No.	Particulars	Name of the Directors				Total Amount
1	Independent Directors	Mr. Santhanakrishnan Sankaran	Ms. Rupa Devi Singh	Ms. Lalitha Rameswaran	Mr. Ashwani Kumar	
	Fee for attending board committee meetings	1,45,000/-	2,65,000/-	2,70,000/-	4,00,000/-	10,80,000/-
	Commission	Nil	Nil	Nil	Nil	Nil
	Others, please specify	Nil	Nil	Nil	Nil	Nil
	<b>Total (1)</b>	<b>1,45,000/-</b>	<b>2,65,000/-</b>	<b>2,70,000/-</b>	<b>4,00,000/-</b>	<b>10,80,000/-</b>
	Other Non Executive Directors	Mr. Rakesh Sharma - Chairman (IDBI Bank)	Mr. GM Yadwadkar (IDBI Bank)	Mr. Samuel Joseph (IDBI Bank)	-	
	Fee for attending board committee meetings	2,50,000/-	1,30,000/-	1,90,000/-	-	5,70,000/-
	Commission	Nil	Nil	Nil	-	Nil
	Others, please specify	Nil	Nil	Nil	-	Nil
	<b>Total (1)</b>	<b>2,50,000/-</b>	<b>1,30,000/-</b>	<b>1,90,000/-</b>	<b>-</b>	<b>5,70,000/-</b>

#### REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WT

Particulars of Remuneration	Key Managerial Personnel		
	Mr. V Gopinath (CFO)	Ms. Christina D'souza (Company Secretary & Compliance officer)	Total Amt. (In Rs.)
(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3478942	21,81,413	56,60,355
<b>Total</b>	<b>34,78,942</b>	<b>21,81,413</b>	<b>56,60,355</b>
(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0

(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0
Stock Option	0	0	0
Sweat Equity	0	0	0
Commission	0	0	0
- as % of profit	0	0	0
Others specify (leave encashment)	143258	0	143258
Others, please specify	0	0	0
<b>Total</b>	<b>3622200</b>	<b>21,81,413</b>	<b>5803613</b>

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

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty			Nil		
Punishment			Nil		
Compounding			Nil		
<b>B. DIRECTORS</b>					
Penalty			Nil		
Punishment			Nil		
Compounding			Nil		
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			Nil		
Punishment			Nil		
Compounding			Nil		

Sd/-  
Iswar Padhan  
Managing Director and CEO  
DIN: 03560275

Sd/-  
Rakesh Sharma  
Chairman  
DIN: 06846594

Date: October 20, 2020  
Place: Mumbai



**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 arm's length transaction under third proviso thereto.

**1. Details of contracts or arrangements or transactions not at Arm's length basis for F.Y. 2019 - 2020.**

4) Name(s) of the related party & nature of relation -ship	Nature of contracts /arrange -ments/ transaction	Duration of the contracts /arrange -ments/ transaction	Salient terms of the contracts or arrangements or transaction including the value, if any	Justification for entering into such contracts or arrangemen -ts or transactions'	Date of approval by the Board	Amount paid as advan -ces, if any	Date on which the special resolution was passed in General meeting as required under first proviso to section 188
Nil							

**2. Details of contracts or arrangements or transactions at Arm's length basis for F.Y. 2019 - 2020.**

Name (s) of the related party & nature of relationship	Nature of contracts/ arrangements/ transaction	Duration of the contracts/ arrangements/ transaction	Salient terms of the contracts or arrangements or transaction including the value, if any	Date of approval by the Board	Amount paid as advances, if any
Nil					

Sd/-  
Iswar Padhan  
Managing Director and CEO  
DIN: 03560275

Sd/-  
Rakesh Sharma  
Chairman  
DIN: 06846594

Date: October 20, 2020  
Place: Mumbai

**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2020**

[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,

**IDBI Capital Markets & Securities Limited**

We have conducted the Secretarial Audit of the compliances of applicable statutory provisions and the adherence to good corporate practices by **IDBI Capital Markets & Securities Limited (CIN: U65990MH1993GOI075578)** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the Corporate Conducts/Statutory Compliances and expressing my opinion thereon.

Based on our verifications of the Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, We hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on 31st March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the Books, Papers, and Minute-Books, Forms and Returns filed and other records maintained by the Company as given in **Annexure – I** for the Financial Year ended on 31st March, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder,
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder.
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder.
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder is not applicable to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;



(vi) The other Laws applicable specifically to the company is Annexed with this Report as **Annexure- II**

The Company is not listed on any Stock Exchange in India hence compliance related to Securities and Exchange Board of India (Listing Obligations and disclosure requirements) Regulations, 2015 is not applicable to the Company and only clause (i), (ii), (iii), (iv) and (vi) are applicable to the Company.

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

(i) Secretarial Standards issued by the Institute of Company Secretaries of India.

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

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

Adequate notices were given to all Directors to schedule the Board Meetings, Agenda and detailed notes on agenda were sent at least seven days in advance and a system exist for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.

**We Further Report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

**We further report that** during the financial year 2019-20, the following specific events were held:

1. During the financial year 2019-20, term of Mr. SanthanakrishnanSankaran as Independent Director of company has expired with effect from 17th August, 2019.
2. During the financial year 2019-20, Mr. GurudeoMadhukarYadwadkar has resigned from the office of the Director of the Company with effect from 13th September, 2019.
3. During the financial year 2019-20, Company has appointed Ms. Lalitha Rameswaran as an Additional Director of the Company with effect from 25th October, 2019.
4. During the financial year 2019-20, Company has appointed Mr. Samuel Joseph Jebaraj as Nominee Director of the Company with effect from 25th October, 2019.
5. During the financial year 2019-20, term of Ms. Rupa Devi Singh as Independent Director has expired effect from 26th December, 2019.

**Note:** This report is to be read with our letter of even date which is annexed as '**Annexure-III**' and forms an integral part of this report.

**Date:** June 18, 2020

**Place:** Mumbai

**For Aabid & Co.**

Company Secretaries

Sd/-

**Mohammed Aabid**

Partner

Membership No.: **F6579**

COP No.: **6625**

UDIN:F006579B000353013

## **ANNEXURE – I**

### **List of documents verified**

1. Memorandum & Articles of Association of the Company.
2. Minutes of the meetings of the Board of Directors, along with Attendance Register held during the financial year under report.
3. Minutes of General Body Meetings held during the financial year under report.
4. Agenda papers submitted to all the directors/members for the Board Meetings and Committee meetings.
5. E-forms filed by the company, from time to time, under applicable provisions of the Companies Act, 1956 and Companies Act, 2013 and attachments thereof during the financial year under report.
6. Statutory Registers viz.
  - Register of Members.
  - Register of debenture Holders/Other Securities holders.
  - Register of Directors' & Key Managerial Personnel and their Shareholding.
  - Register of Renewed and Duplicate Share Certificate.
  - Register of Sweat Equity Shares.
  - Register of Employee Stock Option.
  - Register of Share/Other Securities Bought Back.
  - Register of Charges.
  - Register of Loans, Guarantee, Security and Acquisition made by Company.
  - Register of Investment not held in its own name by the Company.
  - Register of contracts with Related Party and Contracts and Bodies etc. in which Directors are Interested.



## ANNEXURE – II

### LIST OF OTHER APPLICABLE LAWS TO THE COMPANY

#### **Registered Office:**

6th Floor, IDBI Tower, WTC Complex, Cuffe Parade,  
Mumbai, Maharashtra – 400 005.

- The Minimum Wages Act, 1948
- The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
- Employee State Insurance Corporation Act, 1948.
- The Maternity Benefit Act, 1961
- Income -Tax Act, 1961, Rules and Regulations made there under
- Service Tax Laws as applicable
- Goods and Service Tax Act, 2017
- The Payment Of Bonus Act, 1965
- Protection of Women against Sexual Harassment at Workplace Act & Rules
- Local Laws as applicable to the Company

## ANNEXURE – III

To,

**The Members,  
IDBI Capital Markets & Securities Limited**

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of Secretarial records. The verification was done on a test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained Management Representation about the compliance laws, rules and regulations, and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on a test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Aabid & Co.  
Company Secretaries  
Cs Mohammed Aabid  
Partner**

Membership No.: **6579**  
COP No.: **6625**



## **COMMENTS 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 IDBI CAPITAL MARKETS & SECURITIES LIMITED FOR THE YEAR ENDED 31 MARCH, 2020**

The preparation of financial statements of IDBI Capital Markets & Securities Limited for the year ended 31st March 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 24 July 2020.

I, on behalf of Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of IDBI Capital Markets & Securities Limited for the year ended 31 March 2020 under section 143(6)(a) of the Act.

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

**Sd/-  
P V Hari Krishna  
Principal Director of Audit ( Shipping ), Mumbai**

Place: Mumbai  
Date: 09.10.2020

# INDEPENDENT AUDITORS' REPORT

**To the Members of IDBI Capital Markets & Securities Limited**

## **Report on the Audit of the Standalone Ind AS Financial Statements**

### **Opinion**

We have audited the accompanying standalone Ind AS financial statements of **IDBI Capital Markets & Securities Limited** ("the Company"), which comprise the standalone balance sheet as at March 31, 2020, and the standalone statement of Profit and Loss (including other comprehensive income), standalone statement of cash flows and standalone statement of changes in equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### **Basis for Opinion**

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

### **Information Other than the Standalone Ind AS financial statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone Ind AS financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the Management for the Standalone Ind AS financial statements**

The Company's Board of Directors is responsible for the matters stated in sub-section (5) of Section 134 of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 Ind AS 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 Ind AS financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

#### **Auditor's Responsibilities for the Audit of the Standalone Ind AS financial statements**

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

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

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

Materiality is the magnitude of misstatements in the standalone Ind AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone Ind AS 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 standalone Ind AS 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.

#### **Other Matter**

The Company has adopted Ind AS in accordance with Companies (Indian Accounting Standards) Rules, 2015, as amended. Accordingly, prepared its standalone Ind AS financial statements and has restated the comparative financial information of the Company for the year ended March 31, 2019 and the transition date opening balance sheet as at April 1, 2018 included in these standalone Ind AS Financial Statements, which are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by predecessor auditor whose report for the year ended March 31, 2019 and March 31, 2018 dated May 14, 2019 and April 27, 2018 respectively expressed an unmodified opinion on those Financial Statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Indian Accounting Standards, which have been audited by us.

Our opinion is not modified in respect of this matter.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government 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.
2. As required by sub-section (3) of Section 143 of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The standalone balance sheet, the standalone statement of profit and loss including other comprehensive income, the standalone statement of cash flow and the standalone statement of changes in equity dealt with by this report are in agreement with the books of account.
  - d. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
  - e. On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 standalone Ind AS financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report.
  - g. In our opinion and according to information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Act.
  - 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, 2015, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 37 of the standalone Ind AS financial statements;



- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
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 the course of audit of annual accounts of IDBI Capital Markets & Securities Limited, we report that:
- a. *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.*

*During the current financial year, pursuant to the notification dated March 30, 2016 issued by the Ministry of Corporate Affairs for applicability of Indian Accounting Standards ('Ind AS') to Non-banking Financial Companies, the Company's books of account have been converged by applying principles of the Companies (Indian Accounting Standards) Rules, 2015 ('Ind AS'). Transition to the Ind AS has impact on various accounting and operational functions. This requires design of appropriate controls in operational procedure as well as IT systems. Accordingly, we recommend design for controls in operational procedure and IT controls in respect of following:*

- *Generation of Trial Balance as per new accounting presentation framework (i.e. Ind AS) through IT System.*
- *Various calculations in accordance with the requirements of Ind AS such as amortised cost using effective interest rate, fair value of financial instruments and computation of expected credit loss (ECL) matrix needs to be processed through IT System*

*Presently, said workings have been maintained manually and verified by us.*

- b. *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.*

The Company does not have any loans and, hence, there are no cases of waiver/ write off of loans/ interest etc. However, the company has written off old book debts/ receivables amounting to Rs. 81 Lakhs as the payments were not forthcoming.

- c. *Whether funds received/receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.*

The Company has not received funds from specific schemes from central/ state agencies during the year.

For **SHAH GUPTA & CO.,**  
Chartered Accountants  
Firm Registration No.: 109574W

Sd/-

**Heneel K Patel**

Partner

M. No. 114103

Unique Document Identification Number (UDIN) for this document is: 20114103AAAABE2049

Place: Mumbai

Date: July 24, 2020



**APPENDIX 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 IDBI Capital Market Securities Limited of even date)**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property plant and equipment on the basis of available information.
- (b) The Company has a program of verification to cover all the items of property plant and equipment in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain property, plant and equipment were physically verified by the management during the year. 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 records examined by us and based on the examination of the conveyance deeds provided to us, we report that, the title deeds, comprising all the immovable properties of buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties that have been taken on lease and disclosed as property, plant and equipment or right of use assets in the standalone Ind AS financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (ii) The Company's business does not involve inventories. Accordingly, reporting under paragraph 3 (ii) of the Order is not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, reporting under paragraph 3 (iii) (a), (b) and (c) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans or provided any guarantee or security to the parties covered under section 185 of the act. 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, the Company has complied with the provisions of section 186 of the Act in respect of the investment made by it.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public. Accordingly, 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 Act, for the products / services of of the Company. Accordingly, reporting under 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 provident fund, employees' state insurance, income tax, service tax, goods and service 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, service 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 dues of sales tax, wealth tax, service tax, goods and service tax, income tax, duty of excise, duty of excise, value added tax, and cess which have not been deposited on account of any dispute except as follows:

Name of the Statute	Nature of the Dues	Amount (Rs. in Lakhs)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Income tax	20.16	F.Y. 2012-13	CIT (Appeals – 9), Mumbai

- (viii) In our opinion and according to the information and explanations given to us the Company has not taken any loan from banks, financial institution, government or by way of issue of debentures. Accordingly, reporting under paragraph 3(viii) of the order is not applicable to the Company.
- (ix) Based on our audit procedures performed for the purpose of reporting the true and fair view of the standalone Ind AS 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) and term loans during the year under review. Accordingly, reporting under paragraph 3(ix) of the Order is not applicable to the Company.
- (x) Based on the audit procedures performed for the purpose of reporting the true and fair view of the standalone Ind AS 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 by its officer or employees has been noticed or



- reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
  - (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, reporting under paragraph 3 (xii) of the Order is not applicable to the Company.
  - (xiii) In our opinion and according to the information and explanations given to us, transactions during the year with the related parties were approved by the Audit Committee and are in compliance with section 177 of the Act where applicable and since the said transactions were in the ordinary course of business of the company and were at arm's length basis, the provisions of section 188 are not applicable, and the details have been disclosed in the standalone Ind AS financial statements, as required by the applicable accounting standards.
  - (xiv) According to the information and explanations given to us and on an overall examination of the Balance Sheet, the Company has not made any preferential allotment/private placement of shares or fully or partly convertible debentures during the year.
  - (xv) Based on our audit procedures performed for the purpose of reporting the true and fair view of the standalone Ind AS 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.
  - (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under paragraph 3 (xvi) of the Order is not applicable to the Company.

For **SHAH GUPTA & CO.,**  
Chartered Accountants  
Firm Registration No.: 109574W

Sd/-

**Heneel K Patel**

Partner

M. No. 114103

Unique Document Identification Number (UDIN) for this document is: 20114103AAAABE2049

Place: Mumbai

Date: July 24, 2020



## **ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT**

### **Report on the internal financial controls with reference to the aforesaid standalone Ind AS financial statements under Clause (i) of sub-section (3) of Section 143 of the Act**

We have audited the internal financial controls over financial reporting of **IDBI Capital Markets & Securities Limited** ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (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, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone Ind AS financial statements 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 with reference to these standalone Ind AS financial statements 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 with reference to these standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone Ind AS financial statements, 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 Ind AS 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 with reference to these standalone Ind AS financial statements.

#### **Meaning of Internal Financial Controls Over Financial Reporting with reference to these Standalone Ind AS financial statements**

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



on the standalone Ind AS financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting with reference to these Standalone Ind AS financial statements**

Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone Ind AS financial statements, 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 with reference to these standalone Ind AS financial statements 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 with reference to these standalone Ind AS financial statements and such internal financial controls were operating effectively as at March 31, 2020, based on the internal financial controls with reference to standalone Ind AS financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **SHAH GUPTA & CO.,**  
Chartered Accountants  
Firm Registration No.: 109574W

Sd/-

**Heneel K Patel**

Partner

M. No.114103

Unique Document Identification Number (UDIN) for this document is:20114103AAAABE2049

Place: Mumbai

Date: July 24, 2020

(Amount in INR lakhs, unless otherwise stated)

Particulars	Notes	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
<b>ASSETS</b>				
<b>(1) Financial Assets</b>				
(a) Cash and cash equivalents	6	9,835	10,082	5,941
(b) Bank balances other than cash and cash equivalents	7	4,280	4,697	7,986
(c) Receivables				
(i) Trade receivables	8	4,663	6,378	6,292
(d) Investments	9	8,303	7,788	8,516
(e) Other financial assets	10	577	271	244
<b>Total Financial Assets</b>		<b>27,658</b>	<b>29,216</b>	<b>28,979</b>
<b>(2) Non-Financial assets</b>				
(a) Current tax assets (net)	11	3,752	3,272	2,715
(b) Deferred tax asset (net)	12	140	-	-
(c) Property, plant and equipment	13	3,802	3,922	3,946
(d) Right of use	14	2,291	-	-
(e) Intangible assets under development		16	8	22
(f) Other Intangible assets	13	135	104	92
(g) Other non-financial assets	15	477	1,800	1,599
<b>Total Non-Financial Assets</b>		<b>10,613</b>	<b>9,106</b>	<b>8,374</b>
<b>Total Assets</b>		<b>38,271</b>	<b>38,322</b>	<b>37,353</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
<b>(1) Financial Liabilities</b>				
(a) Payables				
Trade payables				
(i) Total outstanding dues of micro enterprises and small enterprises		5	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	16	193	1,119	901
(b) Deposits	17	111	128	119
(c) Other financial liabilities	18	1,916	2,113	2,391
(d) Lease liabilities	19	2,402	-	-
<b>Total Financial Liabilities</b>		<b>4,627</b>	<b>3,360</b>	<b>3,411</b>
<b>(2) Non-Financial Liabilities</b>				
(a) Deferred tax liabilities (net)	20	-	198	239
(b) Provisions	21	383	363	139
(c) Other non-financial liabilities	22	115	129	240
<b>Total Non-Financial Liabilities</b>		<b>498</b>	<b>690</b>	<b>618</b>
<b>Total Liabilities</b>		<b>5,125</b>	<b>4,050</b>	<b>4,029</b>
<b>Equity</b>				
(a) Equity share capital	23	12,810	12,810	12,810
(b) Other equity	24	20,336	21,462	20,514
<b>Total Equity</b>		<b>33,146</b>	<b>34,272</b>	<b>33,324</b>
<b>Total Liabilities and Equity</b>		<b>38,271</b>	<b>38,322</b>	<b>37,353</b>

Company Overview and significant accounting policies 2

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

For and on behalf of the Board of Directors

As per our report of even date

For Shah Gupta & Co  
Chartered Accountants  
Firm Registration No.:109574W

Sd/-  
Heneel K Patel  
Partner  
Membership No: 114103  
UDIN :20114103AAAABE2049

Place: Mumbai  
Date: 24th July, 2020

Sd/-  
Rakesh Sharma  
Chairman  
DIN: 06846594

Sd/-  
V. Gopinath  
Chief Financial Officer

Sd/-  
Nagaraj Garla  
Managing Director & CEO  
DIN: 06983880

Sd/-  
Christina D'souza  
Company Secretary



(Amount in INR lakhs, unless otherwise stated)

Particulars	Notes	Year ended March 31,2020	Year ended March 31,2019
<b>A. Revenue from Operations</b>			
(i) Dividend income		17	16
(ii) Fees and commission income			
-Brokerage Income		3,152	3,405
-Income from services		2,947	4,815
<b>Total Revenue from Operations</b>		<b>6,116</b>	<b>8,236</b>
<b>B. Other income</b>	25	1,061	1,480
<b>Total Other income</b>		<b>1,061</b>	<b>1,480</b>
<b>C. Total income (A+B)</b>		<b>7,177</b>	<b>9,716</b>
<b>D. Expenses</b>			
(i) Finance cost		172	-
(ii) Net loss on fair value changes		400	254
(iii) Impairment on financial instruments	26	673	(644)
(iv) Operating expenses	27	2,350	2,606
(v) Employee benefits expense	28	3,246	3,239
(vi) Depreciation & amortisation expenses	29	913	268
(vii) Other expenses	30	817	2,887
<b>Total expenses</b>		<b>8,571</b>	<b>8,610</b>
<b>Profit /(Loss) before exceptional items and tax (C-D)</b>		<b>(1,394)</b>	<b>1,106</b>
Exceptional items		-	-
<b>Profit /(Loss) before tax</b>		<b>(1,394)</b>	<b>1,106</b>
<b>Tax expense</b>	12		
Current tax		-	186
Deferred tax asset / (liability)		(319)	(38)
<b>Total Tax expense</b>		<b>(319)</b>	<b>148</b>
<b>Profit/(Loss) for the year</b>		<b>(1,075)</b>	<b>958</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
Re-measurement gains/ (losses) on defined benefit plans		(28)	(14)
Income tax effect		7	4
<b>Total Other comprehensive income for the year</b>		<b>(21)</b>	<b>(10)</b>
<b>Total comprehensive income for the year</b>		<b>(1,096)</b>	<b>948</b>
Earnings per share (Face Value INR. 10/-per share)			
Basic	32	(0.84)	0.75
Diluted	32	(0.84)	0.75
Company Overview and significant accounting policies	2		

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

As per our report of even date

For and on behalf of the Board of Directors

For Shah Gupta & Co  
Chartered Accountants  
Firm Registration No.:109574W

Sd/-  
Heneel K Patel  
Partner  
Membership No: 114103  
UDIN :20114103AAAAABE2049

Place: Mumbai  
Date: 24th July, 2020

Sd/-  
Rakesh Sharma  
Chairman  
DIN: 06846594

Sd/-  
V. Gopinath  
Chief Financial Officer

Sd/-  
Nagaraj Garla  
Managing Director & CEO  
DIN: 06983880

Sd/-  
Christina D'souza  
Company Secretary

**IDBI Capital Markets & Securities Limited**  
**Standalone Statement of Cash Flow for the year ended 31 March 2020**

(Amount in INR lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>Cash flow from operating activities</b>		
Profit before exceptional items and tax	(1,394)	1,106
<b>Adjustments for:</b>		
<b>Non-Operating Items</b>		
Income from mutual fund redemptions	(186)	(312)
Profit on sale of investments	(140)	(264)
Loss on sale of assets	-	15
Interest received on bonds/fixed deposits	(441)	(575)
Interest received on income tax refund	(133)	(2)
Depreciation and amortization expenses	913	268
Net loss on fair value changes	400	254
Excess provision written back	-	(266)
Expected credit loss on trade receivables	673	(644)
Bad debts written off	81	1,403
Finance cost	172	-
<b>Operating loss before working capital changes</b>	<b>(55)</b>	<b>983</b>
<b>Changes in working capital</b>		
(Decrease) / increase in trade payables	(920)	217
(Decrease) / increase in other financial liabilities	(215)	(269)
(Decrease) / increase in provisions	(7)	476
(Decrease) / increase in other non-financial liabilities	(14)	(110)
Decrease / (increase) in trade receivables	961	(845)
Decrease / (increase) in other financial assets	(306)	(27)
Decrease / (increase) in other non-current financial assets	1,097	(338)
<b>Net change in working capital</b>	<b>596</b>	<b>(896)</b>
<b>Cash generated used in operations</b>	<b>541</b>	<b>87</b>
Income tax paid	(254)	(606)
<b>Net cash flows used in operating activities (A)</b>	<b>287</b>	<b>(519)</b>
<b>Cash flow from Investing activities</b>		
Payment for property, plant and equipment and intangible assets	(191)	(272)
Proceeds from sale of property, plant and equipment	2	1
Intangible asset under development	(8)	14
Investment in fixed deposits	417	3,289
Investments	(915)	475
Interest received on fixed deposits	441	575
Interest received on income tax refund	133	2
Investments:		
Profit on sale of investments	140	264
Income from mutual fund redemptions	186	312
<b>Net cash flow from investing activities (B)</b>	<b>205</b>	<b>4,660</b>
<b>Cash flow from Financing activities</b>		
Dividend paid	-	-
Repayment of lease liabilities	(738)	-
<b>Net cash flow from financing activities (C)</b>	<b>(738)</b>	<b>-</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>(246)</b>	<b>4,141</b>
Cash and cash equivalents at the beginning of the year	10,082	5,941
<b>Cash and cash equivalents at the end of the year</b>	<b>9,835</b>	<b>10,082</b>



**Cash and cash equivalents comprise (Refer note 6)**

Cash on hand	16	9
Balances with banks		
On current accounts	4,681	3,904
Fixed deposits with maturity of less than 3 months	5,138	1,969
Current investments (Highly Liquid)	-	4,200
<b>Total cash and bank balances at end of the year</b>	<b>9,835</b>	<b>10,082</b>

**Reconciliation forming part of cash flow statement**

Particulars	1st April, 2019	Cash flows (net)	New leases	31st March 2020
Lease Liabilities	2900	(566)	68	2,402

1. The above cash flow statement has been prepared under the 'indirect method' as set out in Ind AS-7 "Statement of cash flows".

2. Figures in brackets indicate cash outflow.

3. Previous year figures have been regrouped or reclassified wherever required.

Company Overview and significant accounting policies 2

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

As per our report of even date

**For and on behalf of the Board of Directors**

**For Shah Gupta & Co**  
Chartered Accountants  
Firm Registration No.:109574W

**Sd/-**  
**Rakesh Sharma**  
Chairman  
DIN: 06846594

**Sd/-**  
**Nagaraj Garla**  
Managing Director & CEO  
DIN: 06983880

**Sd/-**  
**Heneel K Patel**  
Partner  
Membership No: 114103  
UDIN :20114103AAAAABE2049

**Sd/-**  
**V. Gopinath**  
Chief Financial Officer

**Sd/-**  
**Christina D'souza**  
Company Secretary

Place: Mumbai  
Date: 24th July, 2020

(A) Equity share capital

	As at 31 March 2020		As at 31 March 2019		As at 1 April 2018	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
Equity shares of INR. 10/- each issued, subscribed and fully paid						
Opening	12,81,00,000	12,810	12,81,00,000	12,810	12,81,00,000	12,810
Add: Issue during the year	-	-	-	-	-	-
Closing	12,81,00,000	12,810	12,81,00,000	12,810	12,81,00,000	12,810

(B) Other equity

Particulars	Reserve and surplus			Total
	Capital Redemption Reserve	General reserve	Retained earnings	
Balance as at 1 April 2018	7,190	11,250	2,074	20,514
	7,190	11,250	2,074	20,514
Profit for the year	-	-	958	958
Items of other comprehensive income for the year, net of tax	-	-	(10)	(10)
Remeasurement benefit of Defined Benefit Plans	-	-	948	948
Total comprehensive income for the year	-	-	948	948
Balance as at 31 March 2019	7,190	11,250	3,022	21,462

Particulars	Reserve and surplus			Total
	Capital Redemption Reserve	General reserve	Retained earnings	
Balance as at 1 April 2019	7,190	11,250	3,022	21,462
Impact on account of adoption of IND AS 116	-	-	(30)	(30)
	7,190	11,250	2,992	21,432
Profit for the year	-	-	(1,075)	(1,075)
Items of other comprehensive income for the year, net of tax	-	-	(21)	(21)
Remeasurement benefit of Defined Benefit Plans	-	-	(1,096)	(1,096)
Total comprehensive income for the year	-	-	(1,096)	(1,096)
Balance as at 31 March 2020	7,190	11,250	1,896	20,336

Company Overview and significant accounting policies

2

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

As per our report of even date

For and on behalf of the Board of Directors

For Shah Gupta & Co  
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Sd/-  
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Company Secretary

Place: Mumbai  
Date: 24th July, 2020



## **1. General Information**

IDBI Capital Markets & Securities Limited (IDBI Capital) ("the Company") was incorporated on December 14, 1993 and is a wholly owned subsidiary of IDBI Bank Limited. The company is registered as a merchant banker, stock broker, depository participant, portfolio manager and research entity with the Securities and Exchange Board of India (SEBI). The company offers to its client's services ranging from investment banking, corporate advisory services, retail and institutional stock broking, distribution of financial products, portfolio management and research services.

## **2. Significant accounting policies**

Significant accounting policies adopted by the company are as under:

### **2.1 Basis of Preparation of Financial Statements**

#### **(a) Statement of Compliance with Ind AS**

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015. For all periods up to and including the year ended 31 March 2019, the Company prepared its standalone financial statements in accordance with requirements of the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP"). These are the first Ind AS Standalone Financial Statements of the Company. The date of transition to Ind AS is April 01, 2018. Refer note 5.3 below for the details of first-time adoption exemptions availed by the Company. The company drawn its financial statement as per Division III to Schedule III to the Companies Act, 2013 being applicable to Non-Banking Financial Company (NBFC) having Merchant Banking operations in pursuance to MCA notification GSR 365(E) dated October 10, 2018.

#### **(b) Basis of preparation**

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company is required to prepare its Standalone Financial Statements as per the Indian Accounting Standards ('Ind AS') prescribed under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended with effect from April 01, 2018. Accordingly, the Company has prepared these Standalone Financial Statements, which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss, the Statements of Cash Flows and the Statement of Changes in Equity for the year ended March 31, 2020, and accounting policies and other explanatory information (together hereinafter referred to as "Standalone Financial Statements" or "Financial Statements").

The standalone financial statements have been prepared on a historical cost convention on accrual basis, except for the following items that have been measured at fair value as required by relevant Ind AS:-

- i) Certain financial assets and liabilities measured at fair value (refer accounting policy 2.16 on financial instruments)
- ii) Derivative financial instruments
- iii) Defined benefit and other long-term employee benefits"

Fair value is the price that would be received on sell of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 116 and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorized within the fair value hierarchy into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:



- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest Lakhs except when otherwise stated

### **(c) Use of estimates**

The preparation of financial statements in conformity with Ind AS requires the Management to make estimate and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amount of revenue and expenses for the year and disclosures of contingent liabilities as at the Balance Sheet date. The estimates and assumptions used in the accompanying financial statements are based upon the Management's evaluation of the relevant facts and circumstances as at the date of the financial statements. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates, if any, are recognized in the year in which the estimates are revised and in any future years if the revision effects such periods. Also key sources of estimation uncertainty is mentioned below:

#### **i. Useful lives of property, plant and equipment and intangible assets:**

As described in the significant accounting policy, the Company reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period."

#### **ii. The fair value measurements and valuation processes:**

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or liability, the Company uses market-observable data to the extent it is available. Where level 1 input are not available, the Company engages third party valuers, where required, to perform the valuation. Information about the valuation techniques and inputs, used in determining the fair value of various assets and liabilities are disclosed in notes to financial statements."

#### **iii. Actuarial valuation:**

The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognized in the statement of profit or loss and in other comprehensive income. Such valuation depends upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in notes to financial statements"

## **2.2 Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable taking into account contractually defined terms. Amounts disclosed as revenue are excluding taxes collected on behalf of government, net of trade allowances, rebates and cash discount.

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

### **a. Fee based Income**

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

Revenue from issue management, debt syndication, financial advisory services etc is recognised based on the stage of completion of assignments and terms of agreement with the client.

### **b. Interest Income**

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

Interest income is recognized using the effective interest rate method.

### **c. Brokerage income**

Brokerage income in relation to stock broking activity is recognized on a trade date basis.

### **d. Sale of Securities**



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

**e. Commission Income**

Commission income in relation to public issues / other financial products is recognized based on mobilization and intimation received from clients / intermediaries or over the period of service as applicable.

**f. Dividend Income**

Dividend income from investments is recognized when the shareholder's right to receive payment has been established. The Company recognizes revenue on accrual basis when the significant terms of the arrangement are enforceable, services have been delivered and the collectability is reasonably assured. The method of recognizing the revenues depends on the nature of the services rendered. Revenue is recognized when no significant uncertainty exists as to its realization or collection.

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

**2.3 Property, Plant and Equipment**

Property, Plant and Equipment are stated at cost of acquisition less accumulated depreciation and impairment losses, if any. The cost thereof comprises of its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost for bringing the asset to its working condition for its intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the Statement of Profit or Loss. Property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses, if any.

**Depreciation methods, estimated useful lives**

Depreciation provided on property, plant and equipment is calculated on a straight-line basis using the rates arrived at as per the useful life prescribed in the Schedule II to the Companies Act, 2013, except in respect following assets:

Property, plant and equipment	Useful Life
Computers	3 years
Furniture & Fixtures	10 years
Office Equipment's	5 years
Vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed periodically at each financial year end and adjusted prospectively, as change in accounting estimates.

All Property plant and equipment having individual value of less than Rs. 5,000, in the year of acquisition and assets retired from active use are fully depreciated

**Transition to Ind AS**

The Company has elected to measure items of property, plant and equipment and intangible assets at its carrying value at the transition date except for certain class of assets (i.e. Buildings) which are measured at fair value as deemed cost.

• Optional Exemptions in FTA-Accounting Policy:-

a) Fair value as deemed cost exemption:

The Company has elected to measure items of property, plant and equipment and intangible assets at its carrying value at the transition date except for certain class of assets (i.e. Buildings) which are measured at fair value as deemed cost.

b) Investments in subsidiaries, associates and joint ventures:

The management has elected to measure all of its investments in associates at deemed cost i.e. their Indian GAAP carrying value at the date of transition.

**2.4 Intangible assets and amortization**

Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost of acquisition less accumulated amortization and impairment, if any.

The Company amortized intangible assets over their estimated useful lives using the straight-line method. The estimated useful lives of intangible assets are as follows:



Intangible Assets	Useful Life
Computer Software	3 years
Web Trading Portal	3 years
Bombay Stock Exchange Card	21 years

Based on technical evaluation, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of schedule II of the Companies Act, 2013.

Research costs are expensed as incurred. Software product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Company has an intention and ability to complete and use or sell the software and the costs can be measured reliably. The costs which can be capitalized include the cost of material, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use. Research and development costs and software development costs incurred under contractual arrangements with customers are accounted as expenses in the Statement of Profit and Loss.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with effect of any changes in estimate being accounted for on a prospective basis.

### Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its all intangible assets recognized as on date of transition measured as per the Indian GAAP and use that carrying value as the deemed original cost of the intangible assets.

#### Impairment of Property, plant & equipment and intangible assets

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss.

## 2.5 Taxation

Tax expense for the year comprises of current tax and deferred tax.

### a. Current tax

Current income tax is the amount of expected tax payable based on taxable profit for the year as determined in accordance with the applicable tax rates and the provisions of Income Tax Act, 1961.

### b. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary



differences to the extent that it is probable that taxable profits will be available against which those deductible temporary difference can be utilised.

Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting year 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 recovered.

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority

Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which give future economic benefits in the form of adjustment to future income tax liability, is considered as a deferred asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that the future economic benefit associated with it will flow to the Company.

### **Current and Deferred tax for the year**

Current and deferred tax are recognised in profit or loss, except when they are relating to items that are recognised in the other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

## **2.6 Fair value measurement**

The Company measures financial instruments, such as, derivatives at fair value at each Balance Sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability accessible to the Company.

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The management determines the policies and procedures for both recurring fair value measurement. For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

## **2.7 Financial instruments**

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



Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through Statement of Profit and Loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in Statement of Profit and Loss.

#### **A. Financial Assets:**

##### **a. a. Recognition and initial measurement**

The Company initially recognises loans and advances, deposits and debt securities purchased on the date on which they originate. Purchases and sale of financial assets are recognised on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument.

All financial assets are recognised initially at fair value. In the case of financial assets not recorded at FVTPL, transaction costs that are directly attributable to its acquisition of financial assets are included therein.

##### **b. Classification of financial assets**

On initial recognition, a financial asset is classified to be measured at –

- Amortised cost; or
- Fair Value through Other Comprehensive Income (FVTOCI) – debt investment; or
- Fair Value through Other Comprehensive Income (FVTOCI) – equity investment; or
- Fair Value through Profit or Loss (FVTPL)

##### **i. Financial assets at amortized cost**

A financial asset is measured at amortized 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 (SPPI) on the principal amount outstanding.

Financial assets are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment loss.

##### **ii. Debt instruments at FVTOCI**

A debt instrument is measured at fair value through other comprehensive income if both of the following conditions are met:

- the objective of the business model is achieved by both collecting contractual cash flows and selling financial assets and
- the asset's contractual cash flow represents solely payments of principal and interest (SPPI) on the principle amount outstanding.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the Other Comprehensive Income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

##### **iii. Equity instruments at FVTOCI**

All equity instruments in scope of Ind AS 109 are measured at fair value. Equity instruments held for trading is classified as FVTPL. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in OCI. The Company makes such election on an instrument-by-instrument basis.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividend are recognized in OCI which is not subsequently recycled to statement of profit and loss.

##### **iv. Financial assets at FVTPL**



FVTPL is a residual category for financial assets. Any financial asset which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as FVTPL.

In addition, the Company may elect to designate the financial asset, which otherwise meets amortized cost or FVTOCI criteria, as FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency. The Company has not designated any financial asset as FVTPL. Financial assets included within the FVTPL category are measured at fair values with all changes in the statement of profit and loss.

#### **b. De-recognition**

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

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.
- When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognize the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.
- Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

#### **c. Impairment of Financial Assets**

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

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

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

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

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

#### **d. Effective interest method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and 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 points 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 and Interest income is recognized in profit or loss.

#### e. 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 financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

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	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
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.

#### B. Financial Liabilities:

Financial liabilities are classified as measured at amortised cost or 'FVTPL'.

A Financial Liability is classified as at FVTPL if it is classified as held-for-trading or it is a derivative (that does not meet hedge accounting requirements) or it is designated as such on initial recognition.

A financial liability is classified as held for trading if:-

- It has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:-

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in Statement of Profit and Loss. The net gain or loss recognised in Statement of Profit and Loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the Statement of Profit and Loss.



Other financial liabilities:

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method."

Derecognition of financial liabilities:

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

#### **d. Offsetting of financial instruments**

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

### **2.10 Leases**

#### **As a lessee**

The Company's lease asset classes primarily consist of leases for land and buildings. The company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the company has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.



## **2.11 Provisions and contingent liabilities**

Provisions involving substantial degree of estimation in measurement are recognised when the Company has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

A Contingent Liability is a possible obligation that arises from past events and 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 that may, but probably will not, require an outflow of resources.

Both provisions and contingent liabilities are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent Liabilities are not recognized but are disclosed in the notes. A contingent asset is disclosed in the Financial Statements, where an inflow of economic benefits is probable.

### **Onerous contracts**

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

## **2.12 Cash and cash equivalents**

Cash and cash equivalents comprise cash at banks and on hand, Current investments which are highly liquid and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effect of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expenses associate with investing or financing cash flows. The cash flows from operating, investing and financing activities are segregated.

## **2.13 Employee benefits**

### **a. Short-term obligations**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized in the year during which the employee rendered the services. These benefits comprise compensated absences such as paid annual leave and performance incentives.

### **b. Other long-term employee benefit obligations**

#### **i. Defined contribution plan**

The Company has defined contribution plans for post-employment benefits in the form of provident fund, pension fund (NPS) and superannuation fund in India which are administered through Government of India and/or Life Insurance Corporation of India (LIC).

#### **ii. Defined benefit plans**



**Gratuity:** The Company has defined benefit plans for post-employment benefits in the form of gratuity for its employees in India. The gratuity scheme of the Company is administered through Life Insurance Corporation of India (LIC). Liability for defined benefit plans is provided on the basis of actuarial valuations, as at the Balance Sheet date, carried out by an independent actuary. The actuarial valuation method used by independent actuary for measuring the liability is the projected unit credit method. Actuarial gains and losses are recognized immediately in the Other Comprehensive Income (OCI) as income or expense (net of taxes).

**Compensated absences:** The employees of the Company are also entitled for other long-term benefit in the form of compensated absences as per the policy of the Company. Leave encashment vests to employees on an annual basis for leave balance above the upper limit as per the Company's policy. At the time of retirement, death while in employment or on termination of employment leave encashment vests equivalent to salary payable for number of days of accumulated leave balance subject to an upper limit as per the Company's policy. Liability for such benefit is provided on the basis of actuarial valuations, as at the Balance Sheet date, carried out by an independent actuary. The leave encashment scheme of the company is administered through Life Insurance Company (LIC). The actuarial valuation method used by independent actuary for measuring the liability is the projected unit credit method. Actuarial gains and losses are recognized immediately in the Profit and Loss Statement as income or expense.

## **2.14 Segment Reporting**

The company identifies operating segments based on the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

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

## **2.15 Earnings per share (EPS)**

Basic earnings per share (EPS) are calculated by dividing the net loss / profit after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by adjusting the number of shares used for basic EPS with the weighted average number of shares that could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date. The diluted potential equity shares have been adjusted for the proceeds receivable had the shares been actually issued at fair value i.e. average market value of outstanding shares.

The number of shares and potentially dilutive shares are adjusted for share splits and bonus shares, as appropriate. In calculating diluted earnings per share, the effects of anti-dilutive potential equity shares are ignored. Potential equity shares are anti-dilutive when their conversion to equity shares would increase earnings per share or decrease loss per share.

## **2.16 Cash Flow Statement**

The Cash Flow Statement is prepared by the indirect method set out in Indian Accounting Standard 7 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities of the Company. Cash and Cash equivalents presented in the Cash Flow Statement consist of cash on hand and demand deposits with banks.

## **2.17 Foreign currency transactions**

The financial statements are prepared in Indian Rupees. The Indian Rupee is the functional currency of the Company. Translation of foreign currency into Indian Rupees has been carried out as under:

- Both monetary and non-monetary foreign currency assets and liabilities including contingent liabilities are translated at closing exchange rates as at the Balance Sheet date.
- Income and expenditure of transactions are translated at the rate on the date of transaction.
- All resulting exchange differences on translation are taken directly to the Statement of Profit and Loss.

## **2.18 Contributed equity**



- Equity shares are classified as equity share capital.
- Incremental costs directly attributable to the issue of new shares are shown in other equity under securities premium as a deduction, net of tax, from the proceeds.

## **2.19 Cash flow hedge or Transactions in future, Options and Interest rate swaps**

The company designates certain foreign exchange forward and options contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedging reserve. Any ineffective portion of changes in the fair value of derivative is recognized immediately in the net profit in the statement of profit and loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedging reserve till the period the hedge was effective, remains in the cash flow hedging reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the net profit in the statement of profit and loss upon the occurrence of the related forecasted transactions.

If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified to net profit in the statement of profit and loss.

Derivatives are carried at fair value. Derivatives includes foreign currency forward contracts and interest rate swaps. Fair valued of foreign currency forward contracts are determined using the fair value reports provided by respective merchant bankers. Fair value of interest rate swaps are determined with respect to current market rate of interest.

## **2.20 Rounding off amounts**

All amounts disclosed in financial statements and notes have been rounded off to the nearest lakhs as permitted in Schedule III of the Act, unless otherwise stated.

## **3. Standards (including amendments) issued but not yet effective**

As at the date of issue of financial statements, there are no new standards or amendments which have been notified by the MCA but not yet adopted by the Company. Hence, the disclosure is not applicable.

## **4. First-time adoption of Ind-AS**

These financial statements are the first set of Ind AS financial statements prepared by the Company. Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for year ending on March 31, 2020, together with the comparative year data as at and for the year ended March 31, 2019, as described in the significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2018, being the Company's date of transition to Ind AS. The principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2018 and the financial statements as at and for the year ended 31 March 2019 are explained herein below.

### **4.1 Exemptions availed on first time adoption of Ind AS**

Ind AS 101, First-time Adoption of Indian Accounting Standards, allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has accordingly applied the following exemptions.

#### **i. Deemed cost**

Since there is no change in the functional currency, the Company has elected to continue with carrying value for all of its property, plant and equipment as recognized in its Indian GAAP financial statements as its deemed cost at the date of transition. This exemption can also be used for intangible assets covered by Ind AS 38, Intangible Assets. Accordingly, the management has elected to measure all of its property, plant and equipment and intangible assets at their Indian GAAP carrying value for original cost and written down value.



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

Under Ind AS 109, at initial recognition of a financial asset, an entity may make an irrevocable election to present subsequent changes in the fair value of an investment in an equity instrument in other comprehensive income. Ind AS 101 allows such designation of previously recognized financial assets, as 'fair value through other comprehensive income' on the basis of the facts and circumstances that existed at the date of transition to Ind AS. Accordingly, the Company has designated its investments in certain equity instruments at fair value through other comprehensive income on the basis of the facts and circumstances that existed at the date of transition to Ind AS.

## **iii. Fair value measurement of financial assets or financial liabilities at initial recognition**

In the measurement of financial instruments at fair value, Ind AS 101 provides an optional exemption for the measurement of day one gains or losses. Under the optional exemption, the criteria for recognition of gains or losses subsequent to initial recognition of a financial asset or liability need only be applied prospectively from the transition date.

## **iv. Leases - Ind AS 116**

The company has adopted IND AS 116 effective April 1, 2019 and applied the standard to all lease contracts existing on April 1, 2019 (giving effect from the date of transition) using the modified retrospective approach (Alternative 1) where, on the transition (i.e. April 1, 2018) the lessee would record the ROU asset and lease liability by taking incremental rate of borrowing as on that date and difference between ROU asset and lease liability adjusted to retained earnings as of April 1, 2019.

## **5.2 Mandatory exemption on first-time adoption of Ind AS**

### **Estimates**

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

Ind AS estimates as at 1 April 2018 are consistent with the estimates as at the same date made in conformity with Indian GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under Indian GAAP.

- Impairment of financial assets based on expected credit loss model.
- Investments in mutual funds
- Effective interest rate used in calculation of security deposit.

## **ii. Derecognition of financial assets and financial liabilities**

A first-time adopter should apply the derecognition requirements in Ind AS 109, Financial Instruments, prospectively to transactions occurring on or after the date of transition. Therefore, if a first-time adopter derecognized non-derivative financial assets or non-derivative financial liabilities under its Indian GAAP as a result of a transaction that occurred before the date of transition, it should not recognize those financial assets and liabilities under Ind AS (unless they qualify for recognition as a result of a later transaction or event). A first-time adopter that wants to apply the derecognition requirements in Ind AS 109, Financial Instruments, retrospectively from a date of the entity's choosing may only do so, provided that the information needed to apply Ind AS 109, Financial Instruments, to financial assets and financial liabilities derecognized as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the de-recognize provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

## **iii. Classification and measurement of financial assets**

Ind AS 101, First-time Adoption of Indian Accounting Standards, requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

**5.3 Reconciliations**

The following reconciliations provides the effect of transition to Ind AS from Indian GAAP in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards:

**(a) Reconciliation of equity as at date of transition 1 April 2018**

Particulars	Notes to first-time adoption	Indian GAAP*	Adjustments	Ind AS
<b>ASSETS</b>				
<b>Financial Assets</b>				
Cash and cash equivalents	g(vii)	4,885	1,056	5,941
Bank balances other than cash and cash equivalent		8,847	(861)	7,986
Receivables		-	-	-
Trade Receivables	g(ii)	7,332	(1,040)	6,292
Other Receivables		194	(194)	-
Investments	g(vii)	8,372	144	8,516
Other financial assets	g(i)	244	-	244
<b>Total Financial Assets</b>		<b>29,874</b>	<b>(895)</b>	<b>28,979</b>
<b>Non-Financial assets</b>				
Current tax assets (net)		2,715	-	2,715
Deferred tax asset (net)	g(iv)	223	(223)	0
Investment property		-	-	-
Property, plant and equipment		3,946	-	3,946
Right of Use	g(ix)	-	-	-
Intangible assets under development		22	-	22
Intangible assets		92	-	92
Other Non-Financial Assets	g(i)	1,599	-	1,599
<b>Total Non-Financial Assets</b>		<b>8,597</b>	<b>(223)</b>	<b>8,374</b>
<b>Total assets</b>		<b>38,471</b>	<b>(1,118)</b>	<b>37,353</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
<b>Financial Liabilities</b>				
<b>Payables</b>				
Trade payables		-	-	-
(i) Total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		901	-	901
Deposits		119	-	119
Other financial liabilities		2,391	-	2,391
Lease liability	g(ix)	-	-	-
<b>Total Financial Liabilities</b>		<b>3,411</b>	<b>-</b>	<b>3,411</b>
<b>Non-Financial Liabilities</b>				
Current tax liabilities (net)		-	239	239
Provisions		139	-	139
Other Non-Financial liabilities		240	-	240
<b>Total Non-Financial Liabilities</b>		<b>379</b>	<b>239</b>	<b>618</b>
<b>Total liabilities</b>		<b>3,790</b>	<b>239</b>	<b>4,029</b>
<b>Equity</b>				
Equity share capital		12,810	-	12,810
Other equity	g(i),(ii),(iii),(iv),(v),(vii),(viii) & (ix)	18,656	1,858	20,514
<b>Total Equity</b>		<b>31,466</b>	<b>1,858</b>	<b>33,324</b>
<b>Total equity and liabilities</b>		<b>35,256</b>	<b>2,097</b>	<b>37,353</b>

\* The Indian GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.



## (b) Reconciliation of equity as at 31 March 2019

	Notes to first-time adoption	Indian GAAP*	Adjustments	Ind AS
<b>ASSETS</b>				
<b>Financial Assets</b>				
Cash and cash equivalents	g(vii)	8,113	1,969	10,082
Bank balances other than cash and cash equivalent		6,398	-1,701	4,697
Receivables		-	-	-
Trade Receivables	g(ii)	6,148	230	6,378
Other Receivables		267	-267	-
Investments	g(vii)	7,767	21	7,788
Other financial assets	g(i)	271	-	271
<b>Total Financial Assets</b>		<b>28,964</b>	<b>252</b>	<b>29,216</b>
<b>Non-Financial assets</b>				
Current tax assets (net)		3,272	-	3,272
Deferred tax asset (net)	g(iv)	414	-414	-0
Property, plant and equipment		3,922	-	3,922
Right of Use	g(ix)	-	-	-
Intangible assets under development		8	-	8
Intangible assets		104	-	104
Other Non-Financial Assets	g(i)	1,800	-	1,800
<b>Total Non-Financial Assets</b>		<b>9,520</b>	<b>-414</b>	<b>9,106</b>
<b>Total assets</b>		<b>38,484</b>	<b>-162</b>	<b>38,322</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
<b>Financial Liabilities</b>				
<b>Payables</b>				
Trade payables				
(i) Total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,119	-	1,119
Deposits		128	-	128
Other financial liabilities		2,113	-	2,113
Lease liability	g(ix)	-	-	-
<b>Total Financial Liabilities</b>		<b>3,360</b>	<b>-</b>	<b>3,360</b>
<b>Non-Financial Liabilities</b>				
Deferred tax liabilities (net)		-	198	198
Provisions		363	-	363
Other Non-Financial liabilities		129	-	129
<b>Total Non-Financial Liabilities</b>		<b>492</b>	<b>198</b>	<b>690</b>
<b>Total liabilities</b>		<b>3,852</b>	<b>198</b>	<b>4,050</b>
<b>Equity</b>				
Equity share capital		12,810	-	12,810
Other equity	g(i),(ii),(iii),(iv),(v),(vi),(vii),(viii) & (ix)	18,681	2,780	21,462
<b>Total Equity</b>		<b>31,491</b>	<b>2,780</b>	<b>34,272</b>
<b>Total equity and liabilities</b>		<b>35,343</b>	<b>2,978</b>	<b>38,322</b>

\* The Indian GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

## (c) Reconciliation of profit or loss for the year ended 31 March 2019

	Notes to first-time adoption	Indian GAAP*	Adjustments	Ind AS
<b>Revenue from Operations</b>				
Dividend Income		16	-	16
Fees and Commission Income		-	-	-
-Brokerage Income		3,405	-	3,405
-Income from services		4,815	-	4,815
<b>Total Revenue from Operations</b>		<b>8,236</b>	<b>-</b>	<b>8,236</b>
Other income		1,480	-	1,480
<b>Total Other income</b>		<b>1,480</b>	<b>-</b>	<b>1,480</b>
<b>Total income</b>		<b>9,716</b>	<b>-</b>	<b>9,716</b>

Expenses				
Operating Expenses		2,114	492	2,606
Net loss on fair value changes	g(i) & g(vii)	-	254	254
Impairment on financial instruments	g(ii)	-	(644)	(644)
Employee Benefits Expense	g(iii)	3,253	(14)	3,239
Depreciation & Amortisation Expenses	g(ix)	194	74	268
Finance Cost	g(ix)	-	-	-
Other Expenses	g(ix)	4,134	(1,247)	2,887
Total expenses		9,695	(1,085)	8,610
Profit /(Loss) before exceptional items and tax		21	1,085	1,106
Exceptional items		-	-	-
Profit /(Loss) before tax		21	1,085	1,106
Income tax expense				
Current tax		186	-	186
Deferred tax Asset / (Liability)	g(iv)	(191)	153	(38)
Total income tax expense		(5)	153	148
Profit/(Loss) for the year		26	932	958
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Re-measurement gains/ (losses) on defined benefit plans	g(iii)	-	(14)	(14)
Income tax effect	g(iii)	-	4	4
Total Other comprehensive income for the year		-	(10)	(10)
Total comprehensive income for the year		26	922	948

\* The Indian GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

(d) Reconciliation of total equity as at 31 March 2019 and 1 April 2018

	Notes to first-time adoption	As at 31 March 2019	As at 1 April 2018
Shareholder's equity as per Indian GAAP audited financial statements		31,491	31,466
<b>Adjustment</b>			
(i) Fair valuation of investments	g(vii)	21	145
(ii) Impairment on trade receivables	g(ii)	230	(1,040)
(iii) Fair valuation of PPE - Buildings		3,140	3,214
(iv) Tax Impact	g(iv)	(610)	(461)
<b>Total Adjustment</b>		<b>2,781</b>	<b>1,858</b>
<b>Shareholder's equity as per Ind AS</b>		<b>34,272</b>	<b>33,324</b>

(e) Reconciliation of total comprehensive income for the year ended 31 March 2019

	Notes to first-time adoption	As at 31 March 2019
Profit as per Indian GAAP		26
<b>Adjustment</b>		
(i) Fair valuation of investments	g(vii)	(124)
(ii) Impairment on trade receivables	g(ii)	1,270
(iii) Fair valuation of PPE - Buildings	g(ix)	(74)
(iv) Tax Impact	g(iv)	(150)
<b>Total</b>		<b>922</b>
<b>Profit as per Ind AS</b>		<b>948</b>

(f) Impact of Ind AS adoption on cash flow statements for the year ended 31 March 2019

	Indian GAAP*	Adjustments	Ind AS
Net cash flow from operating activities	(300)	(219)	(519)
Net cash flow from investing activities	3,526	1,134	4,660
Net cash flow from financing activities	-	-	-
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>3,226</b>	<b>915</b>	<b>4,141</b>
Cash and cash equivalents as at 1 April 2018	3,968	-	3,968
<b>Cash and cash equivalents as at 31 March 2019</b>	<b>7,194</b>	<b>915</b>	<b>8,109</b>



• The Indian GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

To comply with the Companies (Indian Accounting Standard) Rules, 2015 (as amended), certain account balances have been regrouped as per the format prescribed under Division III of Schedule III to the Companies Act, 2013.

**(g) Notes to first-time adoption**

**(i) Trade Receivables**

Under Previous GAAP, the Company has created provision for impairment of receivables for incurred losses. Under IND AS, impairment allowance has been determined based on Expected Credit Loss model (ECL).

**(ii) Defined benefit liabilities**

Both under Indian GAAP and Ind AS, the Company recognized costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to Statement of Profit and Loss. Under Ind AS, re-measurements comprising of actuarial gains and losses are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus the employee benefit cost for the year ended 31 March 2019 is reduced by INR 10 lakhs and re-measurement gains/ losses on defined benefit plans of the corresponding amount has been recognized in the OCI, net of taxes.

**(iii) Deferred tax**

Previous GAAP requires deferred tax accounting using the statement of profit and loss approach, which focuses on differences between taxable profits and accounting profits for the period. IND AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of IND AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Previous GAAP. In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

**(iv) Other comprehensive income**

Under IND AS, all items of income and expense recognised in the period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss and "other comprehensive income" includes re-measurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

**(v) Statement of cash flows**

No material impact on transition from Indian GAAP to Ind AS on the statement of cash flows.

**(vi) Fair valuation of Investments**

Investments in long term investments as per Previous GAAP have been measured at fair value through profit or loss as against cost less diminution of other than temporary nature. Certain equity investments (other than investments in subsidiaries and associates) have been measured at fair value through profit or loss account (FVTPL). The difference between the fair value and previous GAAP carrying value on transition date has been recognised as an adjustment to opening General Reserve. IND AS requires investments to be measured at fair value or amortised cost. Under Previous GAAP, the Company accounted for long term investments in securities as investment measured at cost less provision for other than temporary diminution in the value of investments. Under IND AS, the Company has measured these investments at FVTPL category. The difference between fair value and the Previous GAAP carrying amount has been recognised in retained earnings.

**(vii) Designation and carrying amount of a previously recognized financial asset**

Designation of a previously recognized financial asset as a financial asset and financial liabilities measured at fair value through profit or loss as at 1 April 2018 and disclosure of its fair value at the date of designation and their classification and carrying amounts in the previous financial statements.

**(viii) Leases**

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial

application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the lessee's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019. On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of INR 2,858 lakhs and a lease liability of INR 2,900 lakhs. The cumulative effect of applying the standard of INR 30 lakhs was debited to retained earnings, net of taxes (INR 12 lakhs). The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.



<b>Financial Assets :</b>			
	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>	<b>As at 1 April 2018</b>
<b>6 Cash and cash equivalents:</b>			
Cash and cash equivalents consists of:			
Cash on hand	16	9	8
Balances with banks			
On current accounts	4,681	3,904	2,977
Fixed deposits with maturity of less than 3 months	5,138	1,969	1,055
Current Investments (Highly Liquid)			
IDBI Liquid Fund - Growth - Direct	-	4,200	1,901
Units C.Y.Nil (P.Y.Mar'19 209,882.91 & P.Y. Mar'18 102,221.65)			
<b>Total cash and cash equivalents</b>	<b>9,835</b>	<b>10,082</b>	<b>5,941</b>
<b>7 Bank balances other than Cash and cash equivalent</b>			
In Fixed deposit with maturity for more than 3 months (Refer Note 7.1)	4,280	4,697	7,986
	<b>4,280</b>	<b>4,697</b>	<b>7,986</b>
<b>7.1</b> As at March 31, 2020, March 31, 2019 and April 1, 2018, Fixed deposits of INR. 3,090, INR 6,290 and INR 8,748 respectively were under pledge with the stock exchanges for margin			
<b>8 Trade receivables</b>			
Secured, considered good	-	-	-
Unsecured			
-Considered good	4,348	6,148	7,332
-Considered doubtful	2,238	1,480	855
Impairment allowance (Refer note 26)	(1,923)	(1,250)	(1,895)
	<b>4,663</b>	<b>6,378</b>	<b>6,292</b>
Further classified as:			
Receivable from related parties (Refer note 35)			
Receivable from others	4,663	6,378	6,292
	<b>4,663</b>	<b>6,378</b>	<b>6,292</b>
* Trade Receivables are subject to confirmations			
No trade or other receivable are due from directors of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.			
Credit risk management regarding trade receivables has been described in note number 42.4			
<b>8.1 Movement of Allowance for bad and doubtful debts</b>			
Balance at the beginning of the year	1,250	1,895	
Impairment loss recognized/(reversed)	-673	645	
Balance at the end of the year	1,923	1,250	1,895

(Amount in INR lakhs, unless otherwise stated)

	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
<b>9 Investments</b>			
<b>A. Investment in Associate Company - Unquoted (Investments measured at deemed cost)</b>			
In equity shares - fully paid-up			
<b>IDBI Asset Management Limited</b>			
6,66,60,000 (31 March 2019: 6,66,60,000, 1 April 2018: 6,66,60,000) equity shares of INR 10 each	6,666	6,666	6,666
Extent of holding: Current year 33.33% (31 March 2019: 33.33%, 1 April 2018:			
<b>B. Other investments quoted</b>			
<b>SI. Equity Shares - Quoted, Fully paid up (At fair value through profit and loss (fully paid))</b>			
1 Aban Offshore Ltd*	(0)	(0)	2
2 Bajaj Hindustan Sugar Ltd.	1	2	3
3 BSE Ltd	30	61	78
4 DLF Ltd	23	35	34
5 Larsen & Toubro Infotech Ltd	-	-	-
6 NHPC Ltd	100	124	139
7 NTPC Ltd	15	24	25
8 Opal Luxury Time Products Ltd	241	241	322
9 Punj Lloyd Ltd*	0	0	1
10 Reliance Communication Ltd*	0	0	0
11 Reliance ETF Nifty BeES*	0	0	0
12 Reliance Infrastructure Ltd*	0	8	26
13 Reliance Industries Ltd	-	-	184
14 The India Cements Ltd	41	42	55
15 Thejo Engineering Ltd	111	138	117
16 VTX Industries Ltd	-	-	-
17 Chennai Super Kings Cricket Ltd*	0	0	-
18 Arshiya Ltd	20	-	-
<b>Equity Index Funds - Quoted, Fully paid up (At fair value through profit and loss (fully paid))</b>			
1 IDBI Nifty Index Fund - Direct Plan - Growth	176	-	140
2 IDBI Gilt Fund - Direct Plan - Growth	-	-	74
3 DSP Blackrock Opportunities Fund - Regular - Growth	-	-	62
4 HDFC Equity Fund - Regular Plan - Growth	-	-	55
5 Kotak Select Focus Fund - Growth	-	-	57
6 LIC MF Banking & PSU Debt Fund - Direct - Growth	-	100	-
<b>Investments in Debentures or Bonds, Quoted, Fully paid up (At amortized cost (fully paid))</b>			
1 NTPC Limited Sr - 54 8.49 NCD 25MR25 FVRS 12.5	2	2	2
<b>Investments in Alternative Investment Fund, Quoted, Fully paid up (at fair value through profit and loss, fully paid)</b>			
1 Maharashtra Defence and Aerospace Venture Fund	774	-	-
<b>Investment in Equity Instruments, Quoted, Fully paid up (At fair value through profit and loss (fully paid))</b>			
1 Thejo Engineering Ltd	6	248	345
2 Opal Luxury Time Products Ltd	97	97	129
<b>Total</b>	<b>8,303</b>	<b>7,788</b>	<b>8,516</b>
*The following table represents the absolute figures for the value above			
Aban Offshore Ltd	11,200	45,880	-
Punj Lloyd Ltd	3,825	9,225	-
Reliance Communication Ltd	1,300	8,300	43,500
Reliance ETF Nifty BeES	43	43	43
Reliance Infrastructure Ltd	61,200	-	-
Chennai Super Kings Cricket Ltd	38,825	38,825	-



**11.B.1. Details of Quoted Investments measured at FVTPL:**

Particulars	Face Value	Number of units	Number of units	Number of units
<b>Equity Shares - Quoted, Fully paid up</b>				
Aban Offshore Ltd	2	800	800	800
Bajaj Hindustan Sugar Ltd	1	28,758	28,758	28,758
BSE Ltd	2	10,047	10,048	10,347
DLF Ltd	2	17,140	17,140	17,140
Larsen & Toubro Infotech Ltd	1	-	-	-
NHPC Ltd	10	5,00,000	5,00,000	5,00,000
NTPC Ltd	10	18,000	18,000	15,000
Opal Luxury Time Products Ltd	10	3,01,000	3,01,000	3,01,000
Punjab Lloyd Ltd	2	4,500	4,500	4,500
Reliance Communication Ltd	5	2,000	2,000	2,000
Reliance ETF Nifty BeES	10	0.09	0.09	0.09
Reliance Infrastructure Ltd	10	6,000	6,000	6,000
Reliance Industries Ltd	10	-	-	20,884
The India Cements Ltd	10	38,825	38,825	38,825
Thejo Engineering Ltd	10	24,600	24,600	24,600
VTX Industries Ltd	10	29,92,850	29,92,850	29,92,850
Chennai Super Kings Cricket Ltd	0.1	38,825	38,825	-
Arshiya Ltd	2	2,91,218	-	-
<b>Equity Index Funds - Quoted, Fully paid up</b>				
IDBI Nifty Index Fund - Direct Plan - Growth	10	10,44,343	-	7,19,904
IDBI Gilt Fund - Direct Plan - Growth	10	-	-	5,08,874
DSP Blackrock Opportunities Fund - Regular - Growth	10	-	-	29,119
HDFC Equity Fund - Regular Plan - Growth	10	-	-	9,281
Kotak Select Focus Fund - Growth	10	-	-	1,80,456
LIC MF Banking & PSU Debt Fund - Direct - Growth	10	-	4,07,402	-
<b>Investment in Equity Instruments, Quoted, Fully paid up</b>				
Thejo Engineering Ltd	10	1,400	44,400	72,600
Opal Luxury Time Products Ltd	10	1,21,000	1,21,000	1,21,000
<b>Investments in Debentures or Bonds</b>				
NTPC Limited Sr - 54 8.49 NCD 25MR25 FVRS 12.5	12.5	15,000	15,000	15,000
<b>Aggregate book value of:</b>				
Quoted investments		5,291	4,377	4,851
Unquoted investments		6,666	6,666	6,666
<b>Aggregate market value of:</b>				
Quoted investments		1,637	1,122	1,850
Unquoted investments		6,666	6,666	6,666

	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
<b>10 Other Financial Assets</b>			
Unsecured, considered good			
Sundry Deposits	86	71	59
Deposits with Exchanges*	491	200	185
	<b>577</b>	<b>271</b>	<b>244</b>
* Initial margin placed with the exchanges towards capital in the form of cash INR 432.14 lakhs (P.Y. Mar'19 INR 163.19 lakhs & Mar'18 INR 150.59 lakhs)			
<b>Non-Financial Assets:</b>			
<b>11 Current tax assets</b>			
Advance income tax (net of income tax provision amounting (31 March 2020: 967.87, 31 March 2019: 1,807.87, 1 April 2018: 1,621.87))	3,752	3,272	2,715
	<b>3,752</b>	<b>3,272</b>	<b>2,715</b>
<b>12 Deferred Tax:</b>			
<b>(a) Deferred tax relates to the following:</b>			
<b>Deferred tax assets</b>			
On impairment of trade receivables	484		
On Inadmissible expenses u/s 43B of I.T. Act	35		
On fair valuation of Investments	418		
On Depreciation on expired assets			
On fair valuation of leases	28		
On fair valuation of Buildings	(772)		
	<b>192</b>		
<b>Deferred tax liabilities</b>			
On timing differences - Depreciation	53		
	<b>53</b>		
<b>Deferred tax asset, net</b>	<b>140</b>		
<b>(b) Reconciliation of deferred tax assets/ (liabilities) (net):</b>			
Opening balance	(198)		
Tax (liability)/asset recognized in Statement of Profit and Loss:	319		
Tax (liability) on Ind AS 116 adjustment refer note 5.3 (g) (viii):	12		
<u>Tax (liability)/asset recognized in OCI</u>			
On re-measurements gain/(losses) of post-employment benefit obligation:	7		
<b>Closing balance</b>	<b>140</b>		
<b>(c) Income tax expense</b>			
- Current tax taxes		186	
- Deferred tax charge / (Income)	(319)	(38)	
<b>Total</b>	<b>(319)</b>	<b>148</b>	
<b>(d) Reconciliation of tax charge</b>			
Profit before tax	(1,394)	1,106	
Income tax expense at tax rates applicable	(351)	308	
Tax effects of:			
- Expenses not deductible for tax	14	21	
- Income Taxed at different rates (Long term capital gain)	-	(58)	
- Impact of change deferred tax due to rate change	10	(135)	
- Impact of deferred tax not created at taxable business loss	33	-	
- Impact of reclassification of employee benefit liabilities:	7	4	
- Others	(32)	8	
<b>Income tax expense</b>	<b>(319)</b>	<b>148</b>	



## IDBI Capital Markets &amp; Securities Limited

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2020

(Amount in INR lakhs, unless otherwise stated)

## 13 Property, plant and equipment and Other Intangible Assets

Particulars	Tangible Assets						Intangible Assets				Total C
	Buildings	Computers	Furniture & Fixtures	Vehicles	Office Equipments	Total (A)	Web Trading Portal	Software	Stock Exchange Membership Card	Total (B)	C= (A)+(B)
<b>Gross Carrying amount (At Cost or deemed cost)</b>											
At April 1, 2018	3,672	229	15	7	23	3,946	-	84	8	92	4,038
Additions		39	102	8	46	195		77		77	272
Sales/ Adjustments		5	12		2	19				-	19
At March 31, 2019	3,672	263	105	15	67	4,122	-	161	8	169	4,291
Additions		51	3	16	21	91		100		100	191
Sales/ Adjustments		3				3					3
At March 31, 2020	3,672	311	108	31	88	4,210	-	261	8	269	4,479
<b>Depreciation/ Amortisation</b>											
At April 1, 2018						-					-
Depreciation for the year	85	85	17	3	13	203		60	5	65	268
Sales/ Adjustments		3				3				-	3
At March 31, 2019	85	82	17	3	13	200	-	60	5	65	265
Depreciation for the year	85	90	9	5	20	209		66	3	69	278
Sales/ Adjustments		1				1					1
At March 31, 2020	170	171	26	8	33	408	-	126	8	134	542
<b>Carrying amounts (net)</b>											
Balance at April 1, 2018	3,672	229	15	7	23	3,946	-	84	8	92	4,038
Balance at March 31, 2019	3,587	181	88	12	54	3,922	-	101	3	104	4,026
Balance at March 31, 2020	3,502	140	82	23	55	3,802	-	135	0	135	3,937

<b>14</b>	<b>Right of Use Assets</b>	<b>As at 31 March 2020</b>		
	Building			
	Cost			
	Recognition on initial application of Ind AS 116			
	as at April 01, 2019	3,103		
	Addition during year	68		
	As at the end of the year	3,171		
	Accumulated Depreciation	245		
	Depreciation for the year	635		
	As at the end of the year	880		
	Net Block at the end of the year	2,291		
<b>15</b>	<b>Other Non-Financial assets</b>	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>	<b>As at 1 April 2018</b>
	Advance recoverable in kind			
	Advances to Service providers	19	24	25
	Prepaid Expenses	99	83	145
	Others	359	1,693	1,429
	<b>Total</b>	<b>477</b>	<b>1,800</b>	<b>1,599</b>



(Amount in INR lakhs, unless otherwise stated)

	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
<b>Financial Liabilities :</b>			
<b>16 Payables</b>			
Trade payables			
i) Total outstanding dues of micro enterprises and small enterprises	5	-	-
ii) Total outstanding dues of creditors other than micro enterprises and small enterprises*	193	1,119	901
<b>Total Trade Payables</b>	<b>198</b>	<b>1,119</b>	<b>901</b>
Refer note 31 ( information required under MSMED Act 2006)			
<b>17 Deposits</b>			
At amortised cost			
i) Sundry Deposits	106	96	88
ii) Margin Money Deposits	5	32	31
<b>Total Deposits</b>	<b>111</b>	<b>128</b>	<b>119</b>
<b>18 Other Financial Liabilities</b>			
i) Employee related payables	19	41	108
ii) Client's settlement dues	1,897	2,072	2,283
<b>Total Other Financial Liabilities</b>	<b>1,916</b>	<b>2,113</b>	<b>2,391</b>
<b>19 Lease liability</b>			
Balance at the beginning	2,900		
Additions	68		
Finance cost accrued during the period	172		
Deletions	-		
Payment of lease liabilities	(738)		
<b>Total Lease Liability</b>	<b>2,402</b>		
<b>Non-Financial Liabilities</b>			
<b>20 Deferred Tax Liabilities (net)</b>			
Deferred tax assets			
On impairment of trade receivables		348	662
On Inadmissible expenses u/s 43B of I.T. Act		41	45
On fair valuation of Investments		354	298
On Depreciation on expired assets		0	-
On fair valuation of Buildings		(874)	(1,123)
		(131)	(118)
Deferred tax liabilities			
On timing differences - Depreciation		67	121
		67	121
<b>Total Deferred Tax Liabilities</b>		<b>198</b>	<b>239</b>
<b>21 Provisions</b>			
i) Provision for employees benefit (Refer note 33)	364	332	88
ii) Other Provisions	19	31	51
<b>Total Provisions</b>	<b>383</b>	<b>363</b>	<b>139</b>
<b>22 Other Non-Financial Liabilities</b>			
i) Statutory Dues	115	129	240
<b>Total Other Non-Financial Liabilities</b>	<b>115</b>	<b>129</b>	<b>240</b>

**IDBI Capital Markets & Securities Limited**

Notes forming part of the Standalone Financial Statements for the year ended 31 March 2020

(Amount in INR lakhs, unless otherwise stated)

	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
<b>23 Equity share capital</b>			
The Company has only one class of equity share capital having a par value of INR 10 per share, referred to herein as equity shares.			
<u>Authorized</u>			
20,00,00,000 (31 March 2019: 20,00,00,000, 1 April 2018: 20,00,00,000) Equity Shares of INR 10 each.	20,000	20,000	20,000
	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>
<u>Issued, subscribed and paid up</u>			
12,81,00,000 (31 March 2019: 12,81,00,000, 1 April 2018: 12,81,00,000) Equity shares of INR 10 each fully paid	12,810	12,810	12,810
<b>Total</b>	<u>12,810</u>	<u>12,810</u>	<u>12,810</u>

**(a) Reconciliation of equity shares outstanding at the beginning and at the end of the year**

Outstanding at the beginning of the year  
 Add: Issued during the year  
 Less: Bought Back during the year  
 Outstanding at the end of the year

As at 31 March 2020		As at 31 March 2019		As at 1 April 2018	
Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
12,81,00,000	12,810	12,81,00,000	12,810	12,81,00,000	12,810
-	-	-	-	-	-
-	-	-	-	-	-
<b>12,81,00,000</b>	<b>12,810</b>	<b>12,81,00,000</b>	<b>12,810</b>	<b>12,81,00,000</b>	<b>12,810</b>

**(b) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company**

IDBI Bank Ltd (Holding Company) along with its nominees  
 12,81,00,000 (31 March 2019: 12,81,00,000, 1 April 2018: 12,81,00,000) Equity shares of INR 10 each fully paid

**(c) No class of shares have been bought back by the Company during the period of five years immediately preceding the current year end**



(Amount in INR lakhs, unless otherwise stated)			
	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
<b>24 Other equity</b>			
<b>Reserves &amp; Surplus</b>			
<b>(a) Capital Redemption Reserve</b>			
Opening Balance	7,190	7,190	7,190
Add: Current Year Transfer	-	-	-
Less: Written Back in Current Year	-	-	-
<b>Closing Balance</b>	<b>7,190</b>	<b>7,190</b>	<b>7,190</b>
<b>(b) General reserve</b>			
Opening Balance	11,250	11,250	11,250
Add: Current Year Transfer	-	-	-
Less: Written Back in Current Year	-	-	-
<b>Closing Balance</b>	<b>11,250</b>	<b>11,250</b>	<b>11,250</b>
<b>(c) Retained Earnings</b>			
Balance at the beginning of the year	3,022	2,074	2,145
Add: Net Profit For the current year	(1,075)	958	1,162
Add: Remeasurement gains / Losses on gratuity plan (net off tax)	(21)	(10)	-
Add: Ind AS 116 Impacts	(30)	-	-
Add: Transfer from Reserves	-	-	-
Less: Appropriations	-	-	-
Interim Dividend	-	-	1,025
Tax on Interim Dividend	-	-	208
<b>Balance at the end of the year</b>	<b>1,896</b>	<b>3,022</b>	<b>2,074</b>
<b>Total other equity</b>	<b>20,336</b>	<b>21,462</b>	<b>20,514</b>

**Nature and purpose of reserves**

- (i) **Capital redemption reserve:** The Company has recognised Capital redemption reserve on buy back of equity shares from its general reserve. The amount in capital redemption reserve is equal to nominal amount of equity shares bought back.
- (ii) **General reserve:** This represents accumulation of profits retained by Company to meet future (known/ unknown) obligations.
- (iii) **Retained earnings:** Retained earnings are profits that Company has earned till date, less transfer to general reserve, dividends (incl. dividend distribution tax) or other distributions paid to shareholders

	Year ended March 31,2020	Year ended March 31,2019
<b>25 Other income</b>		
Income from Mutual fund redemptions	186	312
Profit on Sale of Investments	140	264
Profit on Sale of Assets	0	-
Other Non-operating Income:	-	-
Interest Received on Bonds/Fixed Deposits	441	575
Interest / Discount on G-sec / Treasury Bills	0	0
Interest Received on Income Tax Refund	133	2
Recovery from Written off Accounts	150	58
Excess Provision Written Back	-	266
Miscellaneous Income	11	3
<b>Total other income</b>	<b>1,061</b>	<b>1,480</b>
<b>26 Impairment on financial instruments</b>		
(A) On financial instruments measured at fair value through OCI:		
(B) On financial instruments measured at amortised cost:		
(a) Loans		
(b) Others		
-On trade receivables	673	(644)
	<b>673</b>	<b>(644)</b>
<b>27 Operating expenses</b>		
Brokerage Paid	407	426
Operating Charges	465	777
Computer Maintenance Expenses	235	205
Marketing Expenses	74	84
Professional Charges	485	460
Franking/Stamp Expenses	58	118
Manpower Hire Charges	626	536
Loss on Error Trade	0	(0)
<b>Total Operating expenses</b>	<b>2,350</b>	<b>2,606</b>
<b>28 Employee benefit expenses</b>		
Salaries, Wages & Allowances	2,909	2,973
Contribution to Provident and other funds(Refer Note 33)	200	162
Provision for Gratuity and Leave Encashment (Refer Note 33)	96	63
Other benefits	41	41
<b>Total Employee benefit expenses</b>	<b>3,246</b>	<b>3,239</b>
<b>29 Depreciation &amp; Amortisation Expenses</b>		
Depreciation on Property Plant equipment	209	203
Amortisation of Intangible assets	69	65
Depreciation & Amortisation of Right of Use	635	-
<b>Total Depreciation &amp; Amortisation expenses</b>	<b>913</b>	<b>268</b>
<b>30 Other Expenses</b>		
Rent (Refer note 34)	42	629
Electricity Charges	11	47
Rates & taxes	112	82
Insurance	11	10
Repairs & Maintenance	67	143
Travelling & Conveyance	131	177
Communication Expenses	151	151
Loss on Sale of Assets	-	15
Printing & Stationery	40	55



Sitting fees to directors	17	8
Legal Expenses	10	1
Contribution towards CSR	3	22
Bad Debts Written Off	81	1,403
Payment to Auditors		
Audit Fees	8	8
Tax Audit Fees	1	1
Others	8	-
Prior Period Adjustments	53	54
Miscellaneous expenses	71	81
<b>Total other expenses</b>	<b>817</b>	<b>2,887</b>

**31 Disclosure pertaining to Micro, Small and Medium Enterprises (as per information available with the Company):**

Based on the intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and on the basis of the information and records available with the management, the following disclosures are made for the amounts due to the Micro, Small and Medium enterprises, which have registered with the competent authorities.

Sr. No.	Particulars	As at March 2020	As at March 2019	As at March 2018
1	Principal amount due outstanding as at 31 <sup>st</sup> March	5	-	-
2	Interest due on (1) above and unpaid as at 31 <sup>st</sup> March	-	-	-
3	Interest paid to the supplier	-	-	-
4	Payments made to the supplier beyond the appointed day during the year	-	-	-
5	Interest due and payable for the period of delay	-	-	-
6	Interest accrued and remaining unpaid as at 31 <sup>st</sup> March	-	-	-
7	Amount of further interest remaining due and payable in succeeding year	-	-	-

**32 Earnings/ Loss per share**

Particulars	For the year Ended March 2020	For the year Ended March 2020
Profit/(Loss) attributable to Equity shareholders ₹ in lakhs) (A)	(1,075)	958
Weighted average number of Equity shares for basic EPS (B)	12,81,00,000	12,81,00,000
Effect of Dilution :		
Weighted average number of Equity shares adjusted for the effect of dilution (C)		
Basic EPS (Amount in ₹) (A/B)	(0.84)	0.75
Diluted EPS(Amount in ₹) (A/C)	(0.84)	0.75

**33 Employee Benefits**

	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
<b>(A) Defined Contribution Plans</b>			
During the year, the Company has recognized the following amounts in the Statement of Profit and Loss - (Refer note 32)			
Contribution to provident fund	110	88	
Contribution to national pension scheme	44	41	
Contribution to group mediclaim insurance	40	25	
Contribution to superannuation fund	3	3	
Contribution to employees state insurance	3	5	
Contribution to labour welfare fund	0	0	
<b>Total</b>	<b>200</b>	<b>162</b>	
<b>(B) Defined benefit plans</b>			
a) Gratuity payable to employees			
b) Compensated absences for Employees			
<b>i) Actuarial assumptions</b>			
Discount rate (per annum)	6%	7%	
Rate of increase in Salary	5%	5%	
Attrition rate	15%	15%	



<b>Employee's gratuity fund</b>			
<b>ii) Changes in the present value of defined benefit obligation</b>			
Present value of obligation at the beginning of the year	194	159	
Interest cost	14	12	
Current service cost	-	-	
Benefits paid	28	26	
Actuarial (gain)/ loss on obligations	(27)	(14)	
<b>Present value of obligation at the end of the year*</b>	<b>209</b>	<b>183</b>	
<b>iii) Change in fair value of assets</b>			
Fair value of plan assets - opening	189	154	
Expected return on plan assets	13	12	
Remeasurement due to actual return on planned assets less interest on planned assets	-	-	
Employer's contribution	25	38	
Actuarial gain/(loss)	(27)	(14)	
<b>Fair value of plan assets - closing</b>	<b>201</b>	<b>190</b>	
<b>iv) Expense recognized as Employee benefits expense in the Statement of Profit and Loss</b>			
Current Service Cost	28	26	
Past Service Cost			
Administrative Expenses			
Interest on net defined benefit Liability / (Asset)			
(Gains) / losses on settlement			
<b>Total expenses recognized in the Statement Profit and Loss</b>	<b>28</b>	<b>26</b>	
<b>v) Expense / (income) recognized as OCI in the Statement of Profit and Loss</b>			
Remeasurements during the year due to:			
Actuarial (gains) / Losses on obligation for the period	26	10	
Return on planned assets, excluding interest income	1	1	
Change in Asset ceiling			
<b>Total</b>	<b>28</b>	<b>11</b>	
<b>vi) Assets and liabilities recognized in the Balance Sheet:</b>			
Present value of funded obligation as at the end of the year	(236)	(194)	(159)
Fair value of plan assets	200	189	154
Net asset / (liability) recognized in Balance Sheet*			
*Included in provision for employee benefits (Refer note 17)			
<b>vii) Expected contribution to the fund in the next year</b>			
Gratuity	70	33	
<b>Total</b>			
<b>viii) Sensitivity Analysis</b>			
Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future escalation rate. A quantitative sensitivity analysis for significant assumption is as shown below:			
<b>Impact on defined benefit obligation</b>			
Discount rate			
1% increase	(9.86)	(7.63)	
1% decrease	10.84	8.39	
Rate of increase in salary			
1% increase	10.86	8.48	
1% decrease	(10.06)	(7.85)	

ix)	Maturity profile of defined benefit obligation			
	<b>Year from the date of reporting</b>			
	1st Following Year	33.40	40.40	
	2nd Following Year	42.44	24.06	
	3rd Following Year	26.96	27.38	
	4th Following Year	25.86	21.11	
	5th Following Year	24.60	19.76	
	Sum of Years 6 To 10	100.75	78.57	
	Sum of Years 11 and above	71.86	65.83	
(C)	Defined benefit plans - leave encashment			
i)	Changes in the present value of defined benefit obligation			
	Present value of obligation at the beginning of the year	327.47	246.91	
	Interest cost	23.15	18.52	
	Current service cost	61.20	53.84	
	Benefits paid	(74.17)	(43.48)	
	Actuarial (gain)/ loss on obligations	(9.10)	51.68	
	<b>Present value of obligation at the end of the year*</b>			
ii)	Expense recognized as Employee benefits expense in the Statement of Profit and Loss			
	Current service cost	61.20	53.84	
	Interest on net defined benefit liability / (asset)	23.15	18.52	
	Actuarial (gain) / loss on obligations	(9.10)	51.68	
	(Gains) / losses on settlement	-	-	
	<b>Total expenses recognized in the Statement Profit and Loss</b>			
iii)	Expense recognized as Employee benefits expense in the Statement of Profit and Loss			
	Opening Balance	327.28	246.91	-
	Expenses Recognised	75.25	124.04	-
	Contribution/Benefit paid by the company	(74.17)	(43.47)	(59.01)
	<b>Net liability recognised in Balance Sheet</b>			
iv)	Liabilities recognized in the Balance Sheet:			
	Present value of funded obligation as at the end of the year	(328.36)	(327.48)	246.91
	Fair value of plan assets			
	<b>Net asset / (liability) recognized in Balance Sheet*</b>			

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#### Leases

##### Lease Liabilities

The Company has entered into lease transactions mainly for leasing of office premise for a period between 3 to 9 years. The terms of lease include terms of renewal, increase in rents in future periods, which are in line with general inflation, and terms of cancellation.

The details of the right-of-use asset held by the Company is as follows

Particulars	As at 31.03.2020
Right-Of-Use Asset recognised in Balance Sheet	2,291
<b>Total</b>	<b>2,291</b>



Depreciation on right-of-use asset is as follows

Particulars	For the Year Ended 31.03.2020
Depreciation on Right-of-Use Asset	635
<b>Total</b>	<b>635</b>

Lease Liability is as follows

Particulars	As at 31.03.2020
Lease Liability recognised in Balance Sheet	2,402
<b>Total</b>	<b>2,402</b>

Finance Cost

Particulars	For the Year Ended 31.03.2020
Interest expenses recognised during the year	172
<b>Total</b>	<b>172</b>

The Company incurred ₹42 lakhs for the year ended March 31, 2020 towards expenses relating to short-term leases and leases of low-value assets. The total cash outflow for leases is ₹738 lakhs for the year ended March 31, 2020, including cash outflow for short term and low value leases. The Company has lease term extension options that are not reflected in the measurement of lease liabilities. Lease contracts entered by the Company majorly pertains for buildings taken on lease to conduct its business in the ordinary course. The Company does not have any lease restrictions and commitment towards variable rent as per the contract.

**35 Related Party Disclosures:**

**(A)** Names of related parties and description of relationship as identified and certified by the Company

**Name of the Related Party**

Life Insurance Corporation of India  
IDBI Bank Limited  
IDBI Intech Limited  
IDBI Asset Management Limited  
IDBI Trusteeship Services Limited  
IDBI Federal Life Insurance Co Limited  
LIC Mutual Fund Asset Management Limited  
LIC Mutual Fund Trustee Private Limited  
LIC Pension Fund Ltd

**Relationship**

Ultimate Holding Company  
Holding Company  
Fellow Subsidiary  
Associate company  
Fellow Subsidiary  
Entity under common control of the holding company  
Entity under common control of the holding company  
Entity under common control of the holding company  
Entity under common control of the holding company

**(B)** Other related parties with whom the Company had transactions during the year

**List of key management personnel:**

Nagaraj Garla (Managing Director & CEO)  
V. Gopinath (Chief Financial Officer)  
Christina D'souza (Company Secretary)

(C) (i)	Details of transactions with related party in Holding Company:IDBI Bank Limited	During the year		Outstanding during the year		
		Year ended March 31,2020	Year ended March 31,2019	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
	Interest received	29.69	16.07	29.69	7.01	9.62
	Brokerage earned	4.39	6.24	-	-	-
	Advisory Fees Income	2.07	27.52	381.82	411.55	537.22
	Mobilisation Fees	-	-	-	-	143.04
	Rent paid	682.94	540.78	5.17	242.88	2.12
	Electricity Charges paid	0.27	0.63	-	-	-
	Professional Charges paid	4.00	8.00	-	-	-
	Brokerage Paid	168.78	204.74	-	500.57	635.64
	Sitting Fees	5.7	2.00	0.70	-	-
	Other Expenses	2.21	1.03	1.29	-	-
	Staff on deputation (in IDBI Rolls)	45.59	194.22	4.77	145.65	7.81
	Fixed Deposit	4850.53	108.03	4850.53	108.03	99.00
	Bank Balances	-	-	3243.77	3658.53	2,733.12
	Share Capital held by IDBI Bank	-	-	12810.00	12810.00	12,810.00

(ii)	Entity under common control*					
	<b>a) IDBI Intech Limited</b>					
	Professional Charges	249.42	271.19	14.44	13.35	6.67
	<b>b) IDBI Trusteeship Services Limited</b>					
	Brokerage earned	26.64	4.67	-		
	Brokerage Paid	0.02	0.12			
	Professional charges paid	4.56	6.3			
	<b>c) IDBI Federal Life Insurance Co Limited</b>					
	Brokerage earned	16.98	25.18			
	<b>d) IDBI Asset Management Limited</b>					
	Miscellaneous Income	0.69	0.25			
	Staff on deputation ( ICMS Rolls)	29.99		3.25		
	Investment in Equity Share Capital *			6666	6666	6666
	<b>e) Life Insurance Corporation of India</b>					
	Advisory Fees Income	4	4.13	15.05	15.75	15.75
	Brokerage earned	112.8	90.51			
	<b>f) LIC Mutual Fund Asset Management Limited</b>					
	Brokerage earned	2.81	6			
	<b>g) LIC Pension Fund Ltd</b>					
	Brokerage earned	2.11	2.02			



(iii)	<b>Key Management Personnel (KMP)</b>				
	<b>Compensation of key management personnel</b>				
	Remuneration to Key Management Personnel	87.59	84.02		
	(includes pay, allowances and reimbursements)				
	Pension scheme contribution	1.07	0.74		
	Perquisites & benefits	11.88	9.75		
	Provident Fund	3.08	2.25		
	Leave encashment	0.92	2.80		
	Superannuation	0.00	0.00		
	Gratuity	5.50	2.21		

\*In IDBI Asset Management Ltd, a subsidiary of IDBI Bank Ltd, the total holding of the company as on 31.03.2020 is 33.33 % (P.Y.31 March 2019: 33.33%, 1 April 2018: 33.33%). (Refer Note 11)

(D) Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2019: Nil, 1 April 2018: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

36 Segment reporting

The Company follows Ind AS 108, 'Segment Reporting' which requires disclosure of segment information for the operating segments of the Company. The Company has identified geographic segments as its operating segments viz. Investment Banking, Institutional Banking, retail broking and others. Hence no separate segment information has been furnished herewith.

Segment Revenue	As at 31 March 2020	As at 31 March 2019
Investment Banking	2,228	4,075
Institutional Broking	452	614
Retail Broking	3,519	3,854
Others*	978	1,174
<b>Total</b>	<b>7,177</b>	<b>9,717</b>
<b>Segment Result</b>		
Investment Banking	(940)	2,572
Institutional Broking	(150)	29
Retail Broking	(153)	248
Others*	(178)	(1,756)
<b>Total</b>	<b>(1,421)</b>	<b>1,093</b>
Income Taxes	(325)	145
<b>Net Profit</b>	<b>(1,096)</b>	<b>948</b>

Segment Assets	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Investment Banking	2,323	3,836	5,594
Institutional Broking	87	41	23
Retail Broking	1,814	2,235	1,541
Others*	17,783	18,365	19,118
Unallocated Assets	16,268	16,704	11,079
<b>Total</b>	<b>38,274</b>	<b>41,181</b>	<b>37,355</b>

Segment Liabilities			
Investment Banking	-	-	-
Institutional Broking	-	-	-
Retail Broking	1,590	2,072	2,267
Others*	-	-	-
Unallocated Liabilities	3,535	4,867	1,763
<b>Total</b>	<b>5,125</b>	<b>6,939</b>	<b>4,030</b>

There are no significant non-cash expenses, included in segment expenses, other than depreciation and amortization expenses in respect of segment assets

\*Figures shown in others includes non-operative income and exceptional items

#### Secondary Segment (Geographical)

The Company's operations are located in India, and its overseas operations does not meet the criteria required of reportable segment, and hence has not been disclosed. All other assets and liabilities of the Company are located in India.

#### 37 Contingent Liability

Claims against the company not acknowledged as debt

As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
11.1	37.15	5.43

#### Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for

37.38	17.52	25.50
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#### Note:

##### a) Disputed Income Tax Matter

Disputed Income Tax matters are pending before various Appellate Authorities. The company has also been advised by its legal counsel that the tax demand against the company is untenable and likelihood of demand being In respect of Assessment Years 2006-07 and 2008-09, the Income Tax Dept. has gone in appeal before High court pertaining to some of the expenses allowed to the Company in appellate proceedings. However there was no tax demands on the company due to adjustments of carried forward losses/admitted tax under MAT. Similarly company is in appeal in respect of Assessment Year 2016-17 relating to certain disallowances made during the assessment proceedings though there have been no demand raised by the Dept. The Management is confident that its position is likely to be upheld in the appeals pending before appellate authorities and no liability could arise on the Company.

Financial Year	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
2011-12	-	843.11	843.11
2012-13	25.23	25.23	25.23
2013-14	21.56	21.56	21.56



**b) Disputed Service Tax Matter**

A show cause notice has been issued by the Service Tax Department for financial year 2012-13 on 07.05.2015 citing non-compliance of provisions of Rule 6(3) and Rule 6(3B) of Cenvat Credit Rules 2004 and asked the company to remit Rs. 159.56 lakhs along with interest though IDBI Capital do not fall within the meaning of a banking company and financial institution including a non-banking company as mentioned in Rule 6(3B) of Cenvat Credit Rules 2004. The matter is pending before Principal Commissioner of Service Tax. The Company has also been advised by its counsel that the service tax demand against the company is untenable and likelihood of demand being upheld is low. Accordingly no provision in respect thereof has been made.

Further, show cause notices have been raised by the Service Tax Department for the following financial year based on the findings during the Service Tax Audit conducted by the Department. All the show cause notices have been contested by the Company and are pending before the respective authorities and no demands have been raised on the Company by the Dept.

Financial Year	Disputed Service Tax Amount		
	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
2012-13	159.56	159.56	-
2013-14	174.21	174.21	-
2014-15	178.46	178.46	-
2015-16	157.93	157.93	-
2016-17	33.15	33.15	-
2017-18	10.53	-	-

**38 Expenditure towards Corporate Social Responsibility (CSR) Activities -**

As per section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. A CSR committee has been formed by the Company as per the Act.

Amount required to be spent u/s 135 of the Companies Act, 2013:

Total expenditure towards CSR Activities

a) Construction/acquisition of any asset

b) On purpose other than (a) above

	Year ended March 31, 2020	Year ended March 31, 2019
Amount required to be spent u/s 135 of the Companies Act, 2013:	15.30	24.66
Total expenditure towards CSR Activities	-	-
a) Construction/acquisition of any asset	-	-
b) On purpose other than (a) above	2.88	22.13

**Earnings and expenditure in foreign currency**

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(i) Earnings in foreign currency

Advisory Services

	Year ended March 31, 2020	Year ended March 31, 2019
(i) Earnings in foreign currency	46.87	6.92

(ii) Expenditure in foreign currency

Travelling

	Year ended March 31, 2020	Year ended March 31, 2019
(ii) Expenditure in foreign currency	11.78	27.36

40 Pending receipt of order giving effect to Appellate Decisions in favour of the Company for earlier assessment years, effect of adjustments/reversals if any, in respect of Income Tax provision of those years has not been reflected during the year. (Refer Note 11)

41 Covid-19 outbreak was declared as a global pandemic by World Health Organisation (WHO) on March 11, 2020. Indian authorities have followed an approach of complete lockdown since March 24, 2020 starting with three week complete lockdown, during which only defined essential services were operating with limited capacity. The lockdown kept on getting extended with gradual and modest relaxations. Stock broking service has been declared as an essential service and accordingly, the Company has been in operation consistently with minimal permitted staff. Accordingly, as of March 31, 2020, based on the facts and circumstances existing as of that date, the Company does not anticipate any material uncertainties which affects its liquidity position and also ability to continue as a going concern. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration

## 42 Financial Instruments

### 42.1 Capital Management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholders value.

The Company's objective, when managing Capital, is to safeguard the ability of the Company to continue as a going concern. The Company's capital management strategy is to effectively determine, raise and deploy capital so as to maximize the shareholder's value.

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board. The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through equity, operating cash flows generated and short term debt. The Company is not subject to any externally imposed capital requirements.

### 42.2 Categories of Financial Instruments:

Particulars	As at March 31, 2020		
	Amortised Cost	At Fair Value Through Profit & Loss	Total
<b>Financial Assets</b>			
(a) Cash and cash equivalents	9,835		9,835
(b) Bank balances other than cash and cash equivalents	4,280		4,280
(c) Receivables			
(i) Trade receivables	4,663		4,663
(d) Investments	6,668	1,635	8,303
(e) Other financial assets	577		577
<b>Total Assets</b>	<b>26,023</b>	<b>1,635</b>	<b>27,658</b>
<b>Financial Liabilities</b>			
(a) Trade Payables	198		198
(b) Deposits	111		111
(c) Other Financial Liabilities	1,916		1,916
(d) Lease Liabilities	2,402		2,402
<b>Total Liabilities</b>	<b>4,627</b>	<b>-</b>	<b>4,627</b>

Particulars	As at March 31, 2019		
	Amortised Cost	At Fair Value Through Profit & Loss	Total
<b>Financial Assets</b>			
(a) Cash and cash equivalents	5,881	4,200	10,081
(b) Bank balances other than cash and cash equivalents	4,697		4,697
(c) Receivables			-
(i) Trade receivables	6,378		6,378
(d) Investments	6,668	1,120	7,788
(e) Other financial assets	271		271
<b>Total Assets</b>	<b>23,895</b>	<b>5,320</b>	<b>29,215</b>
<b>Financial Liabilities</b>			
(a) Trade Payables	1,119		1,119
(b) Deposits	128		128
(c) Other Financial Liabilities	2,113		2,113
(d) Lease Liabilities	-		-
<b>Total Liabilities</b>	<b>3,360</b>	<b>-</b>	<b>3,360</b>



Particulars	As at April 01, 2018		
	Amortised Cost	At Fair Value Through Profit & Loss	Total
<b>Financial Assets</b>			
(a) Cash and cash equivalents	4,039	1,901	5,940
(b) Bank balances other than cash and cash equivalents	7,986		7,986
(c) Receivables			-
(i) Trade receivables	6,292		6,292
(d) Investments	6,668	1,848	8,516
(e) Other financial assets	244		244
<b>Total Assets</b>	<b>25,229</b>	<b>3,749</b>	<b>28,978</b>
<b>Financial Liabilities</b>			
(a) Trade Payables	901		901
(b) Deposits	119		119
(c) Other Financial Liabilities	2,391		2,391
(d) Lease Liabilities			
<b>Total Liabilities</b>	<b>3,412</b>		<b>3,412</b>
<b>Net</b>			

#### 42.3 Fair Value Measurement

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. The Company evaluates the significance of financial instruments and material accuracy of the valuations incorporated in the financial statements as they involve a high degree of judgement and estimation uncertainty in determining the carrying values of financial assets and liabilities at the balance sheet date. Fair value of financial instruments is determined using valuation techniques and estimates which, to the extent possible, use market observable inputs, but in some cases use nonmarket observable inputs. Changes in the observability of significant valuation inputs can materially affect the fair values of financial instruments. In determining the valuation of financial instruments, the Company makes judgements on the amounts reserved to cater for model and valuation risks, which cover both Level 2 and Level 3 instruments, and the significant valuation judgements in respect of Level 3 instruments.

#### Fair Value Hierarchy

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as explained below.

Assets and liabilities carried at fair value or for which fair values are disclosed have been classified into three levels according to the observability of the significant inputs used to determine the fair values. Changes in the observability of significant valuation inputs during the reporting period may result in a transfer of assets and liabilities within the fair value hierarchy. The Company recognises transfers between levels of the fair value hierarchy when there is a significant change in either its principal market or the level of observability of the inputs to the valuation techniques as at the end of the reporting period.

Level 1: Fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities

Level 2: Fair value measurements are those with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable

Level 3: Fair value measurements are those where at least one input which could have a significant effect on the instrument's valuation is not based on observable market data

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy

Particulars	As at 31, March 2020	As at 31, March 2019	As at 01, April 2018	Fair Value Hierarchy
Financial Assets				
Liquid fund	-	4,200	1,901	Level 1
Equity Shares - Quoted	685	1,122	1,708	Level 1
Equity Index Funds	176	100	388	Level 1
Investments in Alternative Investment Fund	774	-	-	Level 2

There were no transfers between Level 1, Level 2 and Level 3 during the year

#### Valuation Techniques

##### Equity instruments

The equity instruments that are actively traded on public stock exchanges are valued at readily available active prices on a regular basis. Such instruments are classified as Level 1.

Units held in funds having quoted market price are fair valued at Level 1. Others which are measured based on their net asset value (NAV) as on reporting date, taking into account redemption and/or other restrictions. Such instruments are generally Level 3.

Equity instruments in non-listed entities included investment in private equity funds are initially recognised at transaction price and re-measured (to the extent information is available) and valued on a case-by-case basis and classified as Level 2.

#### Valuation adjustments and other inputs and considerations

A one percentage point change in the unobservable inputs used in fair valuation of Level 3 financial assets does not have a significant impact in its value

No valuation adjustments have been made to the prices/yields provided for valuation

#### Other Financial Assets and Liabilities

With respect to Bank Balances and Cash and Cash Equivalents, Other Financial Assets, Trade Payables and Other Financial Liabilities, the carrying value approximates the fair value.

The fair value of other current financial assets, cash and cash equivalents, trade receivables, investments trade payables and other financial liabilities approximate the carrying amounts because of the short term nature of these financial instruments. The amortized cost using effective interest rate (EIR) of non-current financial assets consisting of security and term deposits are valued considering present value of expected payments and discounted using an appropriate discounting rate. Financial assets that are neither past due nor impaired include cash and cash equivalents, security deposits, term deposits, and other financial assets.

## 42.4 Financial Risk Management

Whilst risk is inherent in the Company's activities, it is managed through an integrated risk management framework, including ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company is exposed to credit risk, liquidity risk and market risk. It is also subject to various operating, regulatory and competition risks.

#### Risk Management Framework

The Company has a formal risk assessment program to proactively identify the risks and ensure all possible strategies to control & mitigate in pursuit of achieving the Company's objective. Every department is responsible for identification of their risks and putting it in their Risk Registers. The consolidated Risk Register is analyzed at a Committee Level.



At present, the risks faced by the Company are broadly categorized as below:-

Credit Risk  
Liquidity Risk  
Market Risk

**(A) Market risk**

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. We are exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of our investments. Thus, our exposure to market risk is a function of investing and revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

**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. 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.

**(B) Liquidity risk**

The Company's current assets aggregate to INR 14,111 (March 31, 2019 - INR 15,756 and April 1, 2018 INR 10,942) including current investments, cash and cash equivalents and bank balances against aggregate current liability INR 2,224 (March 31, 2019 INR 3,360 and April 1, 2018 INR 3,412) and non current liabilities amounting to INR 2,901 (March 31, 2019 INR 3,392 and April 1, 2018 -INR 379) on the reporting date. While the Company's total equity stands at INR 33,928 (March 31, 2019 INR 35,120 and April 1, 2018 INR 34,444), it has no borrowings. Hence liquidity risk or risk that the Company may not be able to settle or meet its obligations as they become due does not exist.

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities as at March 31, 2020

Particulars	Less than 3 Months	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years	Total carrying Value
<b>Financial Assets</b>						
(a) Cash and cash equivalents	9,835					9,835
(b) Bank balances other than cash and cash equivalents			2,552	1,728		4,280
(c) Receivables						
(i) Trade receivables	2,441	750	100	1,372		4,663
(d) Investments		6,666	103	757	776	8,302
(e) Other financial assets					578	578
<b>Financial Assets</b>						
(a) Trade payables	5		193			198
(b) Deposit			110			110
(c) Other Financial Liabilities	1916					1,916
(d) Lease Liabilities					2403	2,403

**(C) Credit risk**

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents, time deposits, and accounts receivables. The Company maintains its cash and cash equivalents, time deposits, with banks having good reputation, good past track record, and who meet the minimum threshold requirements under the counterparty risk assessment process, and reviews their credit-worthiness on a periodic basis. Accounts receivables of the Company are typically unsecured. As there is no independent credit rating of the customer available with the Company, Management reviews the creditworthiness of customers based on their financial position, past experience and other factors. The Company perform ongoing credit evaluations of their customers' financial condition and monitor the creditworthiness of their customers to which they grant credit terms in the normal course of business.

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of dealing with creditworthy counter parties as a mean

#### Impairment Assessment

The references below show where the Company's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the Summary of significant accounting policies. The Company has followed simplified method of ECL in case of Trade receivables and the Company recognises lifetime expected losses for all trade receivables that do not constitute a financing transaction. At each reporting date, the Company assesses the impairment requirements. The Company recognised lifetime expected credit losses for financial instruments for which there have been significant increase in credit risk since initial recognition considering all reasonable and supportable information, including that of forward looking.

#### Definition of default

Based on the industry practices and business environment in which the entity operates, management considers that the trade receivables are in default if the payment is 180 days overdue

#### Probability of Default

Probability of Default (PD) is an estimate of the likelihood of a default over a given time horizon

#### Exposure at Default (EAD)

Exposure at Default (EAD) is the expected outstanding balance of the receivable at the point of default

#### Loss given default

Loss given Default (LGD) is the amount that would be lost in the event of a default

#### Forward looking information

Considering this fact, and also considering that the inflation seems to be on the decline, the Company has assumed three scenarios as follows with the respective weights

Scenario	As at 31, March 2020	As at 31, March 2019	As at 01, April 2018
1	2%	2%	2%
2	0%	0%	0%
3	10%	5%	5%

Scenario 1: For each and every receivables all the buckets are bumped down by 2% and the ECL is computed as mentioned in the previous sections to arrive at the ECL. This scenario is given a weight of 10%

Scenario 2: ECL computed without any change in any of the buckets. This scenario is given a weight of 50%

Scenario 3: For each and every receivables all the buckets are bumped up by 5%/10% and the ECL is computed as mentioned in the previous sections to arrive at the ECL. This scenario is given a weight of 40%

Expected credit loss is then computed based on all the three scenarios. ECL is adjusted with the appropriate weights assigned for each scenario and the weighted average ECL is arrived at as the ECL for the quarter

#### Write off policy

Financial Assets are written off either partially or in their entirety only when the company has no reasonable expectation of recovery

#### Movement of Gross Exposures and impairment provision of the Financial Instruments

Particulars	Gross debtors	Provision
As at 01, April 2018	5,762	1,744
As at 31, March 2019	4,726	1,050
As at 31, March 2020	3,993	1,635



**43 Maturity Analysis of Assets and Liabilities:**

The Table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled  
As at March 31, 2020

Particulars	Upto 12 Months	More than 12 Months	Total
<b>Financial Assets</b>			
(a) Cash and cash equivalents	9,835		9,835
(b) Bank balances other than cash and cash equivalents	4,280		4,280
(c) Receivables			-
(i) Trade receivables		4,663	4,663
(d) Investments		8,303	8,303
(e) Other financial assets		577	577
<b>Non Financial Assets</b>			
(a) Current tax assets (net)		3,752	3,752
(b) Deferred tax asset (net)		140	140
(c) Property, plant and equipment		3,802	3,802
(d) Right of use		2,291	2,291
(e) Intangible assets under development		16	16
(f) Other Intangible assets		135	135
(g) Other non-financial assets		477	477
<b>Total Assets</b>	<b>14,115</b>	<b>24,156</b>	<b>38,271</b>
<b>Financial Liabilities</b>			
(a) Trade Payables		198	198
(b) Deposits		111	111
(c) Other Financial Liabilities		1,916	1,916
(d) Lease Liabilities		2,402	2,402
<b>Non Financial Liabilities</b>			
(a) Deferred tax liabilities (net)			-
(b) Provisions		383	383
(c) Other non-financial liabilities		115	115
<b>Total Liabilities</b>	<b>-</b>	<b>5,125</b>	<b>5,125</b>
<b>Net</b>	<b>14,115</b>	<b>19,030</b>	<b>33,146</b>

As at March 31, 2019

Particulars	Upto 12 Months	More than 12 Months	Total
<b>Financial Assets</b>			
(a) Cash and cash equivalents	10,082		10,082
(b) Bank balances other than cash and cash equivalents	4,697		4,697
(c) Receivables			-
(i) Trade receivables		6,378	6,378
(d) Investments		7,788	7,788
(e) Other financial assets		271	271
<b>Non Financial Assets</b>			
(a) Current tax assets (net)		3,272	3,272
(b) Deferred tax asset (net)		-	-
(c) Property, plant and equipment		3,922	3,922
(d) Right of use		-	-
(e) Intangible assets under development		8	8
(f) Other Intangible assets		104	104
(g) Other non-financial assets		1,800	1,800
<b>Total Assets</b>	<b>14,778</b>	<b>23,543</b>	<b>38,321</b>
<b>Financial Liabilities</b>			
(a) Trade Payables		1,119	1,119
(b) Deposits		128	128
(c) Other Financial Liabilities		2,113	2,113
(d) Lease Liabilities		-	-
<b>Non Financial Liabilities</b>			
(a) Deferred tax liabilities (net)		198	198
(b) Provisions		363	363
(c) Other non-financial liabilities		129	129
<b>Total Liabilities</b>	<b>-</b>	<b>4,049</b>	<b>4,049</b>
<b>Net</b>	<b>14,778</b>	<b>19,493</b>	<b>34,272</b>



As at April 01, 2018

Particulars	Upto 12 Months	More than 12 Months	Total
<b>Financial Assets</b>			
(a) Cash and cash equivalents	5,941		5,941
(b) Bank balances other than cash and cash equivalents	7,986		7,986
(c) Receivables			-
(i) Trade receivables		6,292	6,292
(d) Investments		8,516	8,516
(e) Other financial assets		244	244
<b>Non Financial Assets</b>			
(a) Current tax assets (net)		2,715	2,715
(b) Deferred tax asset (net)		-	-
(c) Property, plant and equipment		3,946	3,946
(d) Right of use		-	-
(e) Intangible assets under development		22	22
(f) Other Intangible assets		92	92
(g) Other non-financial assets		1,599	1,599
<b>Total Assets</b>	<b>13,927</b>	<b>23,426</b>	<b>37,353</b>
<b>Financial Liabilities</b>			
(a) Trade Payables		901	901
(b) Deposits		119	119
(c) Other Financial Liabilities		2,391	2,391
(d) Lease Liabilities		-	-
<b>Non Financial Liabilities</b>			
(a) Deferred tax liabilities (net)		239	239
(b) Provisions		139	139
(c) Other non-financial liabilities		240	240
<b>Total Liabilities</b>	<b>-</b>	<b>4,029</b>	<b>4,029</b>
<b>Net</b>	<b>13,927</b>	<b>19,397</b>	<b>33,324</b>

44 Previous year figures have been regrouped/ reclassified to confirm presentation as per Ind AS as required by Schedule III of the Act  
As per our report of even date

For and on behalf of the Board of Directors of

For Shah Gupta & Co  
Chartered Accountants  
Firm Registration No.:109574W

Sd/-  
Rakesh Sharma  
Chairman  
DIN: 06846594

Sd/-  
Nagaraj Garla  
Managing Director & CEO  
DIN: 06983880

Sd/-  
Heneel K Patel  
Partner  
Membership No: 114103  
UDIN :20114103AAAABE2049

Sd/-  
V. Gopinath  
Chief Financial Officer

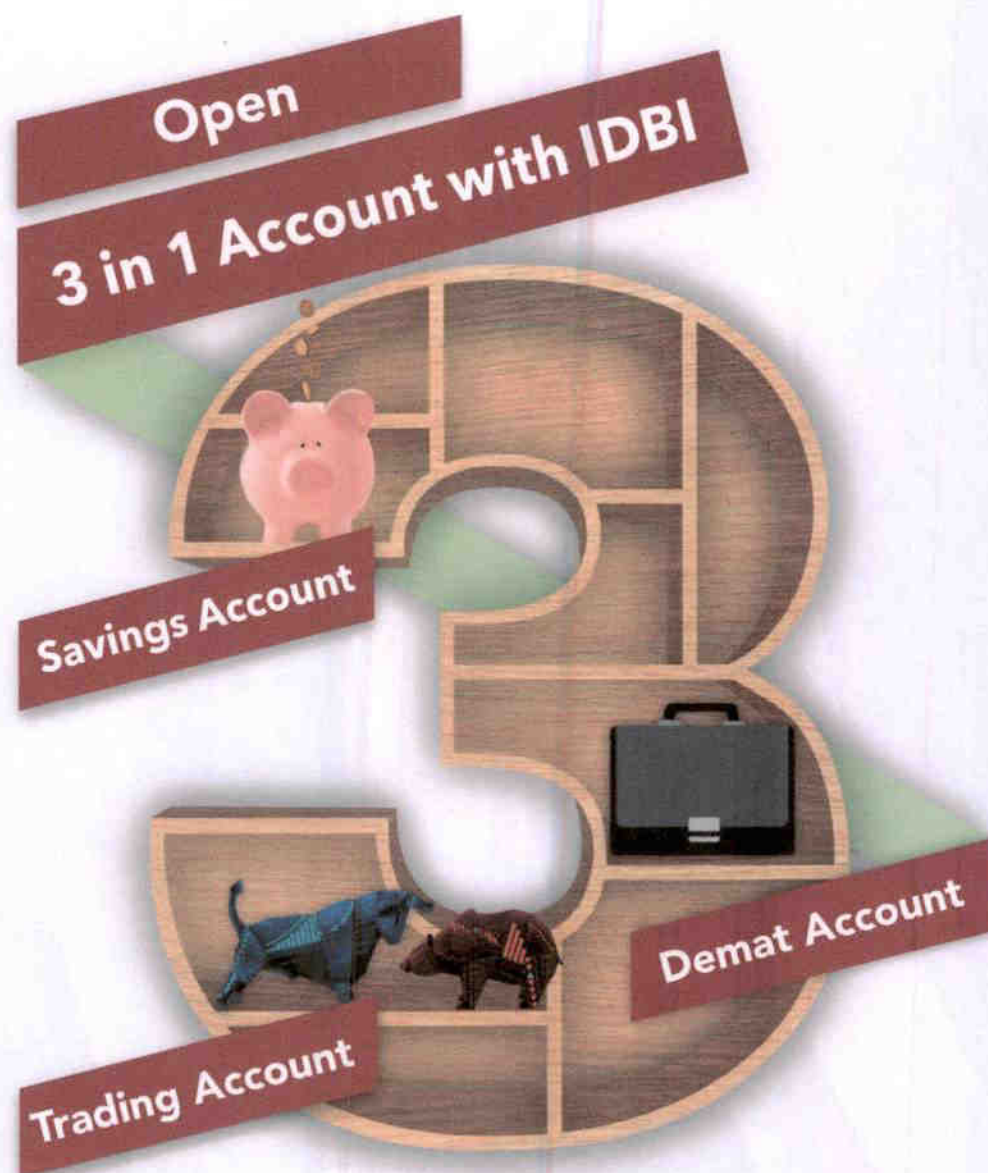
Sd/-  
Christina D'souza  
Company Secretary

Place: Mumbai  
Date: 24th July, 2020

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