



IDBI CAPITAL MARKETS & SECURITIES LTD.

(Formerly IDBI CAPITAL MARKET SERVICES LIMITED)

24th ANNUAL REPORT

2016-17

CONTENTS

- I. Notice of AGM & Explanatory Statement
- II. Directors Report
- III. Secretarial Audit Report
- IV. MD's Desk
- V. Comments of CAG
- VI. Financials
 - A. Statutory Auditors Report
 - B. Financial Statements:
 - Balance Sheet
 - Profit and Loss Account
 - Cash Flow Statements
 - Schedules to Balance Sheet and Profit and Loss Account

<p>Board of Directors</p> <p>Shri Kishor Piraji Kharat Chairman (up to March 31, 2017)</p> <p>Shri B.K. Batra <i>Director (up to July 31, 2016)</i> Shri Gurudeo M. Yadwadkar <i>Director w.e.f. October 10, 2016</i></p> <p>Shri Sethuratnam Ravi <i>Independent Director (up to September 30, 2016)</i></p> <p>Shri S. Santhanakrishnan- Additional Director-Independent Category (w.e.f. August 18, 2017)</p> <p>Shri P.P. Chhaged <i>Independent Director</i></p> <p>Shri Sivaram Swamy <i>Independent Director</i> (up to April 15, 2016)</p> <p>Smt. Bhama Krishnamurthy Independent Director Shri Rakesh Sethi Independent Director (w.e.f. November 28, 2016)</p> <p>Shri Nagaraj Garla <i>Managing Director & CEO</i></p>	<p>Audit Committee (as on March 31, 2017)</p> <p>Shri P.P. Chhaged (Chairman of the Committee) Shri Gurudeo M. Yadwadkar Shri Rakesh Sethi Smt. Bhama Krishnamurthy MD & CEO</p> <p>Nomination & Remuneration Committee: (as on March 31, 2017)</p> <p>Shri P.P. Chhaged (Chairman of the Committee) Shri Gurudeo M. Yadwadkar Smt. Bhama Krishnamurthy</p> <p>CSR Committee: (as on March 31, 2017)</p> <p>Shri Rakesh Sethi (Chairman of the Committee) Shri Gurudeo M. Yadwadkar Shri P.P. Chhaged Shri Nagaraj Garla (MD & CEO)</p>
<p>Chief Financial Officer Shri V. Gopinath</p> <p>Company Secretary & Compliance Officer Ms. Christina D'souza</p> <p>Registered Office 3rd Floor, Mafatlal Centre, Nariman Point, Mumbai – 400 021 Tel: 43221212 Fax: 22850785 Email:info@idbicapital.com CIN: U65990MH1993GOI075578</p>	<p>Statutory Auditors Messrs. A. Sachdev & Co. Chartered Accountants</p> <p>Internal Auditors Messrs. Shah Gupta & Co. <i>Chartered Accountants</i></p> <p>Bankers IDBI Bank Limited</p>

BOARD OF DIRECTORS



SHRI G.M. YADWADKAR
DIRECTOR
(DIN: 01432796)



SHRI RAKESH SETHI
INDEPENDENT DIRECTOR
(DIN: 03567831)



SHRI P.P. CHHAJED
INDEPENDENT DIRECTOR
(DIN: 03544734)



SMT. BHAMA
KRISHNAMURTHY
INDEPENDENT DIRECTOR
(DIN: 02196839)



SHRI S. SANTHANAKRISHNAN
ADDITIONAL DIRECTOR-
INDEPENDENT CATEGORY
(DIN:00032049)



SHRI NAGARAJ GARLA
MANAGING DIRECTOR AND
CEO
(DIN : 06983880)



NOTICE OF THE TWENTY FOURTH (24th) ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty Fourth (24th) Annual General Meeting of the Members of IDBI Capital Markets & Securities Limited (formerly IDBI Capital Market Services Ltd.) will be held on Thursday, the 28th of September, 2017 at 11.30 a.m. at IDBI Capital Markets & Securities Ltd., 3rd Floor, Mafatlal Centre, Nariman Point, Mumbai - 400 021 to transact the following business:

A. Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet and Profit and Loss Account of the Company for the year ended March 31, 2017 and the reports of the Board of Directors and Auditors thereon.

2. To appoint Auditors and fix their remuneration and, in that behalf, to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

"**RESOLVED THAT** pursuant to the provisions of section 139 & other applicable provisions of the Companies Act, 2013, the Board of Directors be and are hereby authorized to appoint Statutory Auditors as per the directions of the Comptroller and Auditor General of India for the Financial Year 2017-2018 and that the Auditors so appointed shall hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company and that the Board of Directors of the Company be and are hereby also authorized to decide on the remuneration payable to the Auditors as per the recommendation of Audit Committee of the Board and inform the same to the Comptroller and Auditor General of India.

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."

B. Special Business:

3. Appointment of Shri Gurudeo M. Yadwadkar as Director

To appoint as Director of the Company Shri Gurudeo M. Yadwadkar (DIN: 01432796) who was appointed as an Additional Director of the Company with effect from October 10, 2016, by the Board of Directors and who holds office up to the date of this Annual General Meeting of the Company under Section 161(1) of the Companies Act, 2013, and who is eligible for appointment 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 Shri Gurudeo M. Yadwadkar (DIN: 01432796) as a candidate for the office of Director of the Company.

In this connection, to consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT Shri Gurudeo M. Yadwadkar (DIN: 01432796), 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 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 Shri Gurudeo M. Yadwadkar (DIN: 01432796) 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 SHRI S. SANTHANAKRISHNAN (DIN 00032049), AS INDEPENDENT DIRECTOR OF THE COMPANY

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

"RESOLVED THAT Shri S. Santhanakrishnan (DIN 00032049), 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 a written Notice pursuant to Section 160 of the Companies Act, 2013 along with the requisite deposit signifying his intention to represent himself as a candidate for appointment to the office of the Director of the Company, has been received from S. Santhanakrishnan (DIN 00032049) by 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 of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof) read with Schedule IV to the Companies Act, 2013, approval of the members be and is hereby accorded for appointment of Shri S. Santhanakrishnan as an Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence, not liable to retire by rotation, to hold the office up to 2 years w.e.f. August 18, 2017.



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."

Explanatory Statement to Item No 3: Appointment of Shri Gurudeo M. Yadwadkar as Director

In terms of IDBI Bank Ltd.'s letter Ref No.202/S& AIC/Nominee/ICMS dated September 28, 2016, the Board of Directors of the Company vide circular resolution No. BM/3/2016, dated 10-10-2016 appointed Shri Gurudeo M. Yadwadkar as Additional Director (Nominee Director of IDBI Bank Ltd.) of the Company under section 161 of the Companies Act, 2013 and Article 124 of the Company's Articles of Association and subject to the approval of BSE/NSE/SEBI and such other authorities, as applicable. In terms of Section 261 (1) of the Act, Shri Gurudeo M. Yadwadkar, 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 Shri Gurudeo M. Yadwadkar (DIN: 01432796) as a candidate for the office of Director of the Company.

Shri G M Yadwadkar, 54, holds B.E. and MBA degrees from the Shri G M Yadwadkar, 54, holds B.E. and MBA degrees from the University of Mumbai and is also an Associate Member of the Indian Institute of Banking. Shri Yadwadkar started his career with Larsen & Toubro Ltd., Mumbai, in 1983. Later, he joined IDBI in 1987 and worked in various departments including Corporate Finance, Priority Sector and Transaction Banking Groups. He has got almost 3 decades of banking experience and before his elevation to the position of the Bank's Dy. Managing Director, he led the Bank's Infrastructure Corporate and Strategic & Associates Investment portfolio. Presently, as Deputy Managing Director of the Bank, he is heading the Large, Mid-Corporate & Transaction Banking Group, in addition to the Legal, NPA Management/BIFR/CDR Cells, Project Appraisal, Syndication Structuring & Advisory Departments.

The other organizations where Shri Yadwadkar is Chairman / Director are:

Organization Name	Position Held	Nature of job/ responsibilities	Period
IDBI Bank Ltd.	Whole Time Director	Board level responsibility	Continuing
IDBI Trusteeship Services Ltd.	Director	Board level responsibility	Continuing
IDBI MF Trustee CO. Ltd	Director	Board level responsibility	Continuing



Shri Gurudeo M. Yadwadkar does not receive any remuneration, benefits, or commission from the Company except sitting fees which are credited to IDBI Bank Ltd.

Shri Gurudeo M. Yadwadkar does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Shri Gurudeo M. Yadwadkar after his appointment as Additional Director attended the following meetings up to August 1, 2017):

Meetings of the Board Directors:

Meetings	Number of Meetings held after appointment	Number of Meetings Attended being eligible
Board Meetings	4	3
Nomination & Remuneration Committee	4	3
Audit Committee	3	2
Corporate Social Responsibility Committee	2	1

Except Shri Gurudeo M. Yadwadkar, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 3.

Explanatory Statement to Item No 4: Appointment of Shri S. Santhanakrishnan as Independent Director (DIN 00032049)

Shri S. Santhanakrishnan (DIN 00032049), was inducted as an Additional Director on the Board of Directors of the Company at the Meeting held on August 18, 2017.

In term of section 161 of the Companies Act, 2013, Shri S. Santhanakrishnan, 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 Shri S. Santhanakrishnan signifying his intention to represent himself as a candidate for the office of Director of the Company.

The Board has also recommended appointment of Shri S. Santhanakrishnan as Independent Director.

Shri S. Santhanakrishnan (DIN 00032049), FCA is a partner of PKF S. & Santhanam, Chartered Accountants. He has more than 35 years of experience Finance, Accounts including IFRS, Strategy & Planning, Global Assurance, Corporate Laws and Consulting. He has been a Member of the Central Council of the Institute of Chartered Accountants of India (ICAI). He is actively involved in numerous industry oriented initiatives of the Reserve Bank of India and the Ministry of Company Affairs.



The other organizations where Shri S. Santhanakrishnan Directorship and other positions are:

His other Directorships are: Organization Name	Position Held/Nature of Interest	Shareholding	Date of which interest occurred
IDBI Federal Life Insurance Company Limited	Director	Nil	02-02-2007
Tata Realty and Infrastructure Limited.	Director	Nil	07-12-2010
Tata Housing Development Company Limited	Director	Nil	13-09-2010
Tata Coffee Limited	Director	Nil	13-10-2008
Tata Global Beverages Limited	Director	Nil	28-05-2013
ICICI Home Finance Company Limited	Director	Nil	16-10-2014
The Eight O'clock Coffee Company	Director	Nil	20-02-2012
Consolidated Coffee INC	Director	Nil	13-03-2012
Sands Chembur Properties Pvt Ltd	Director	Nil	11-09-2007
Sands BKC Properties Pvt Ltd.	Director	90%	11-09-2007
PKF Proserv Pvt Ltd.	Director	32%	30-03-2016
PKF Consulting Pvt. Ltd.	Director	13%	20-11-2007
PKF Sridhar & Santhanam LLP	Designated Partner	-	19-07-2013
Sridhar & Santhanam LLP	Designated Partner	-	19-07-2013
Three D Business Management LLP	Designated Partner	-	12-07-2016

Shri S. Santhanakrishnan (DIN 00032049), being eligible has offered himself for appointment as Independent Director. The Nomination and Remuneration Committee has also recommended the appointment of Shri S. Santhanakrishnan as an Independent Director to hold office up to 2 years w.e.f. August 18, 2017.



Shri S. Santhanakrishnan does not receive any remuneration, benefits, or commission from the Company. In the opinion of the Board, Shri S. Santhanakrishnan 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 Shri S. Santhanakrishnan setting out the terms and conditions of appointment would be available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

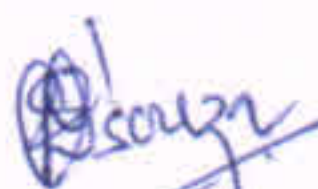
Accordingly, the Board recommends for approval the appointment of Shri S. Santhanakrishnan, as an Independent Director.

Except Shri S. Santhanakrishnan, 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.

Place: Mumbai

Date : September 22, 2017

For and on behalf of the Board of Directors



Christina D'souza

Company Secretary

IDBI Capital Markets & Securities Limited

(Formerly IDBI Capital Market Services Ltd.)

CIN: U65990MH1993GOI075578

NOTES:

- A member entitled to attend and to vote at the meeting is entitled to appoint a proxy to attend and vote on a poll on his behalf and that the proxy need not be a member of the company. Proxy forms in order to be effective, should be duly completed & affixed with revenue stamp and must be received by the company not less than 48 hours before the commencement of the meeting.
- The relevant explanatory statements pursuant to section 102(1) of the companies act; 2013 in respect of business under item no. 3 and 4 are attached herewith.
- Corporate members intending to send their authorized representative(s) to attend the meeting are requested to send a certified copy of the board resolution.
- The quorum for the annual general meeting, as provided in section 103 of the Companies Act, 2013, is five members, personally present in the meeting at the commencement of business.
- Register of members shall be available for inspection at the registered office of the company during office hours on all working days between 11 a.m. And 1p.m.



FORM NO. MGT-11

Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN:	U65990MH1993GOI075578
Name of the Company:	IDBI Capital Markets & Securities Ltd. (Formerly IDBI Capital Market Services Ltd.)
Registered office:	3 rd Floor, Mafatlal Centre, Nariman Point, Mumbai 400 021
Name of the member:	_____
Registered address:	_____
E-mail Id:	_____
Folio No./Client ID :	_____
DP ID:	_____

I/We, being the member/s of the above named Company, hereby appoint

1. Name:

Address:.....

.....

E-mail Id:.....

Signature.....or failing him

2. Name:

Address:.....

.....

E-mail Id:.....

Signature.....or failing him

3. Name:

Address:.....

.....

E-mail Id:.....

Signature.....



As my/our proxy to attend and vote (on a poll) for Me/ us and on my/ our behalf at the Annual General meeting of the Company, to be held on September 28, 2017, at IDBI Capital Markets & Securities Ltd., 3rd Floor, Mafatlal Centre, Nariman Point , Mumbai - 400 021 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Nos.:-

- 1.
- 2.
- 3.
- 4.

Affix
Revenue
Stamp Here

Signed this _____ day of _____ 2017.

Signature of Member:.....

Signature of Proxy holder:.....

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.





DIRECTORS 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, 2017.

FINANCIAL HIGHLIGHTS & REPORTS

The financials for the year ended March 31, 2017 with comparative figures for the previous year are given below :

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
	Rs. In lakhs	
Operating Profit	3212	2415
Profit/ (Loss) before depreciation, tax and write-off of preliminary expenses	471	1614
Depreciation	199	189
Preliminary Expenses written off	Nil	Nil
Profit before tax	272	1425
Less: Provision for tax	40	497
Profit/(Loss) after tax	232	928
Add: Balance in Profit and Loss Account brought forward	55	360
Amount available for appropriation	287	1288
<u>Appropriations:</u>		
Transfer to General Reserve	0	0
Interim Dividend	0	1025
Tax on Interim Dividend	0	208
Proposed Dividend	0	0
Tax on Proposed Dividend	0	0
Balance carried to Balance Sheet	287	55

Company has achieved gross revenue of Rs. 84.75 crore and Operating Profit of Rs. 32.12 crore for the year ended March 31, 2017 registering a YoY growth of 25% and 33% respectively. All the business verticals have registered a positive bottom line during the year under report. Retail Broking segment has exceeded their targets both in terms of revenue and profitability for the year ended March 2017.



Revenue has registered a growth of almost 40% for the year under report. Institutional Equity segment registered a staggering growth of 48 % in revenue during the year. Investment banking segment has registered a growth of 18% in revenue though some of the assignments on which the vertical was working got deferred. During the year ended March 31, 2017, your Company written off outstanding receivables amounting to Rs. 29.92 crores.

COMPANY'S AFFAIRS:

Your Company is engaged in the business of merchant banking, stock broking, distribution of financial products, corporate advisory services, debt arranging, portfolio management of pension / PF funds & research services. Your Company offers a wide range of financial services to institutional, Corporate and retail clients.

DIVIDENDS

To conserve the cash resources, your Directors have not recommended any dividend on the equity shares for the financial year ended March 31, 2017.

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 BOARD REPORT

There are no material changes and commitments, affecting the financial position of the Company which has occurred between the end of the financial year of the Company i.e. March 31, 2017 and the date of the Directors' Report.

PARTICULARS OF ASSOCIATE COMPANY

The Company has one Associate Company (33.33% owned), namely, IDBI Asset Management Ltd. A Statement containing salient features of the financial statement and all other requisite details of the said Associate Company in the format AOC-I is appended as **Annexure B**.

FINANCIAL STATEMENTS

The Financial Statements of your Company for the Financial Year 2016-17 are prepared in compliance with applicable provisions of the Companies Act, 2013 read with the Rules issued thereunder and applicable Accounting Standards.

ECONOMIC REVIEW

According to various estimates, Indian economy is expected to grow at 7.2% in the calendar year 2017. Later in 2018, the economy is set to recover the momentum and grow at 7.7%, backed by strong demand and increased infrastructure spending. Also, proper implementation of GST from second half of the calendar year, 2017 is expected to have a positive impact on the economy in long run. According to consensus estimates, GST is likely to expand GDP by 0.5%-1% in long run.



The agricultural sector saw a robust growth rate in FY17. The sector saw an above average growth rate of almost 7% in Quarter 3 of Financial Year 2017, followed by a growth rate of 5.2% in Quarter four of the Financial year. The growth rate of gross fixed capital formation, which is a proxy for investment demand, saw a sharp decline to 2.4% in FY17 from 6.5% in FY16. In Q4 of FY17, the investment demand growth rate went into negative territory and slowed down by -2.1%. This is about to change.

IMF, in its last World Economic outlook, forecasted that global growth would increase from 3.1% in 2016 to 3.5% in 2017. Further, a growth rate of 3.6% can be expected in 2018. The recovery in growth is primarily due to an increased global demand, optimistic financial markets and stronger than expected growth in the advanced economies.

Also, for its near term calculation for calendar year, India's growth forecast for 2017 has been lowered by 0.4% to 7.2%. However, the medium term growth rate seems to be encouraging, with implementation of structural reforms and appropriate monetary and fiscal policies. Similar to its earlier stance, IMF fears the outlook for developing and emerging economies to remain uncertain—at least in the short run.

The Indian Government has met its fiscal deficit target 3.5% of GDP for FY17. This was slightly lower than 3.9% in FY15. For FY18, the Indian Government has fiscal deficit target of 3.2%. With such commendable targets, the days could be brighter ahead.

INDIAN EQUITY MARKETS DURING FY2017

The equity markets in emerging economies have, in general, strengthened since last August. The markets though, showed some volatility in the aftermath of US Presidential elections. Some of the top equity market performers in the last year were Russia, Brazil, the US and various European indices. In India, the frontline BSE index moved up 16.9% in FY17.

Foreign Institutional Investors (FIIs) invested Rs. 557 bn into domestic equities during the financial year ended March 31, 2017. Note, this is against a net outflow of Rs. 141 bn during FY16. However, FIIs ended the second consecutive financial year as net sellers in the debt segment with net outflow of Rs. 72 bn in FY17.

				Change over last year		Change over year's low	
Major BSE Indices	31-Mar-16	31-Mar-17	Year's low Mar-17	YoY	%	YoY	%
BSE Sensex	25,342	29,621	24,674	4,279	16.9	4,947	20.0
FMCG	7,692	9,270	7,543	1,578	20.5	1,727	22.9
Healthcare	15,149	15,312	14,196	163	1.1	1,116	7.9
IT	11,388	10,366	9,224	(1,022)	-9.0	1,141	12.4
Telecom	1,290	1,241	1,077	(50)	-3.9	164	15.2
S&P BSE Utilities	1,509	1,974	1,486	465	30.8	488	32.8



AUTO	18,002	22,013	17,463	4,011	22.3	4,550	26.1
BANKEK	18,392	24,421	17,658	6,029	32.8	6,763	38.3
CAPITAL GOODS	12,861	16,446	12,672	3,585	27.9	3,774	29.8
CONSUMER DURABLES	11,481	15,257	10,670	3,777	32.9	4,587	43.0
METAL	7,541	11,804	7,300	4,264	56.5	4,504	61.7
OIL & GAS	9,162	13,564	8,913	4,402	48.0	4,651	52.2
POWER	1,776	2,274	1,766	499	28.1	508	28.8
REALTY	1,228	1,600	1,180	372	30.3	420	35.5

Source: Bloomberg

PERFORMANCE OF THE COMPANY

The performance of your Company has been detailed in the paragraphs below:

INVESTMENT BANKING

The Investment Banking Group consists of three sub verticals viz., capital market, corporate advisory and M&A. The Group as a whole has achieved 18% and 19% growth in gross revenue and PBT respectively during the year ended March 31, 2017 as compared to the previous year. All segments of Investment Banking generated profits. Capital Market vertical expanded the product basket by establishing credentials in Buyback product. It successfully managed and completed 6 buybacks in FY16-17.

Advisory vertical has focused on proposals for syndication of working capital, refinancing of debt and alternate modes of resolution such as Flexible Structuring (5/25), SDR, Outside SDR, S4A, CDR Exit with Refinancing etc. The vertical has a strong pipeline of cases under execution. Completion of some of the mandates has got hit significantly due to sentiments of cautiousness in the banking industry, but for which growth would have been still higher.

During the year ended March 31, 2017, Investment Banking group as a whole earned a gross revenue of Rs 39.24 crore and PBT of Rs 21.66 crore.

PORTFOLIO MANAGEMENT SERVICES

Your Company manages funds for four corporate clients. The AUM under management at the end of the F.Y.2016-17 stands at Rs.7,425.49 Cr.

The return on the investments during the F.Y.2016-17 was 8.14% for retirement funds and 7.25% for the surplus funds. The average ten year GSEC yield stood at 6.97%.

Your Company has also launched Equity Portfolio Management services for Retail clients. The Company intends to tap the HNI client base of IDBI Bank in the coming financial year.



INSTITUTIONAL BROKING:

The Institutional Broking Group made a profit during the year. The brokerage income of Institutional Broking during the FY 2016-17 was Rs.454 Lakhs vis-à-vis of Rs.307 Lakhs in FY 2015-16. Total turnover during the year stood at Rs.245 bn compared to Rs.44 bn in FY 2015-16. The substantial increase in turnover during the year was due to increased client's participation, extracting more business from the existing active clients and on account of Buyer Broker for BUYBACK offers managed by the group. The Group continued its efforts on increasing existing client's engagement / business and was able to acquire 5 new clients and activated 13 dormant clients during the financial year.

These initiatives will continue in FY 2017-18 to further enhance the business. The Group will also emphasis on Roadshows, Corporate Access with companies which are expected to generate increased revenue in FY 2017-18.

The group will make an effort to improve the quality of services being provided to clients in terms of Research inputs, corporate interactions, and insightful market inputs.

RETAIL BROKING:

The Retail Broking Group has reported gross revenue of Rs.30.63 Cr during FY2016-17 vis-a-vis Rs.21.86 Cr in the previous financial year FY2015-16 registering a y-o-y growth of 40%.

The Retail Broking Group has acquired 13,550 new accounts during the year as against 9448 accounts opened in the previous year, registering a y-o-y growth of 43%.

With a view to acquire NRI and HNI clientele and to boost new client acquisitions, the Group opened retail branches at Kochi and Chennai during the year. Both the Branches are fully operational. In order to provide customized investment opportunity to High Net Worth Individuals the Group had initiated Portfolio Management Services (PMS) during the year. This will enhance brokerage and fee based income for the Retail Group.

Retail Group had initiated various steps such as E-KYC for quick processing of account opening forms, E-stamping facility through Stock Holding Corporation of India, appointment of dedicated Relationship Managers in the potential locations for accelerating pace of sourcing potential clients. In order to identify more opportunities and to showcase our products and services, the Group has started using digital platform through social media.

FUTURE PLANS

Your Company is constantly striving to tap various new businesses.

In the Investment Banking space while your Company will be focusing on Capital Market and Private Equity to augment the revenue, Advisory business will continue to be the major revenue generator. Capex cycle is expected to pick up momentum which would lead to improvement in Syndication activities. Government business would also be explored by pro-active engagement with the Central and State Governments.



In Capital Market group it is critical to build IPO credentials for recognition and recall with both clients & peers. Large deal credentials will help to source small to mid-size deals where our role to the transaction shall be larger thus enabling us to translate higher fees. The Group would selectively bid for DIPAM mandates, which are either fee accretive or the transaction size is large enough to build credentials. Vertical will continue to focus on quick turnaround deals like Buyback Offers and QIPs. Additionally, we will also engage with Private Equity investors looking for exit from their invested companies.

M&A advisory services to banks for resolution of distress assets through change in management/control would be key revenue generator for the Group.

On the Retail Broking front, your Company will continue to focus on the efforts started in the year gone by to re-design the entire Retail Broking business model to cut costs and increase revenue by differentiated customer delivery models.

Your Company will also ramp up the PMS facility by introducing Equity PMS for HNI customers in coordination with IDBI Bank and other Public Sector Banks. Your Company also proposes to launch online account opening for Trading, Demat and savings account in coordination with IDBI Bank which will boost our presence in digital space and will help us to source large number of clients. The Mobile Application for Trading – IDBI Direct is also being broad-based to include IPOs and Mutual Funds thus making it a one stop Investment Account.

To sum up, we shall focus on the following 10 DOTS during 2017 as a part of our transformation journey.

- 1) Continue to transform from CDR to SDR, S4A, Flexible Restructuring & enlarge our presence with One Stop Solution provider for all stressed assets and gear up to capitalise all opportunities emerging out of stressed assets in the economy and move up in the value chain.
- 2) Focus on Govt business by pro-active engagement with Central Govt / State Govts.
- 3) Continue to leverage corporate relationships of our Parent to scale up M&A, Private Equity & Capital Markets Business.
- 4) Higher focus on Syndication Business and DCM transactions.
- 5) Focus on technology and digital platforms to drive cost competitiveness and increase revenue and improve customer engagement by differentiated customer delivery model. Introduce the CRM to track performance and improve service standards.
- 6) Adding new business lines like Retail Portfolio Management Services (PMS), Alternate Fund Investment, Currency Derivatives to broadbase our revenue.
- 7) Enhanced engagement with all Institutions to become preferred institutional broker.
- 8) Continue to focus on Human Capital, harnessing diversity, equal opportunity, professional development and career advancement. Equip all our team members to gear up to face future challenges and ultimately celebrating the work and life.



9) Establish global presence to take out all business possibilities and explore collaboration with offshore investment banks and advisory firms.

10) Take all appropriate steps to improve our brand and visibility

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The CSR Policy of the Company covers areas across healthcare, education, rural development, livelihood generation and socio economic empowerment.

Through its CSR initiatives during the FY 2016- 17, Your Company touched upon various areas including health, eradication of malnutrition and contribution towards the cleanliness mission of the Government.

Your Company sponsored Machinery to be used in making of the artificial limbs especially known as Jaipur-foot which will benefit the disabled and poor needy patients at the Bhagwan Mahaveer Viklang Sahayata Samiti.

The Company has also provided financial assistance to Prasanna Trust-Bangalore for surgical stents for angioplasty heart procedures for needy patients thereby contributing to social healthcare.

Your Company also assisted in the nutrition program/ mid-day meal project of Akshay Patra Foundation to eradicate hunger and malnutrition by sponsoring 1 vehicle which will be used to transport meals to Government Schools and Government run day-care centers (Anganwadis) across Ahmedabad.

Pursuing the vision of our Hon'ble Prime Minister for Clean India, your Company has contributed to the Swacch Bharat Kosh thereby contributing to the national mission for clean India.

A detailed Report on Corporate Social Responsibility (CSR) Activities is annexed to this Report as Annexure-A.

PREVENTION OF INSIDER TRADING

In accordance with the requirements of Securities and Exchange Board of India (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.

RISK MANAGEMENT

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

The Risk Management Committee of the Company supervises and monitors the Risk Management function of the Company.



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. 33 in the Notes to the Accounts. Your Company uses information technology extensively in its day-to-day operations

CHANGE IN THE NATURE OF BUSINESS, IF ANY;

During the period of review, the Company continued to carry on the business of Merchant Banking and Stock broking. However, as part of Company's diversification strategy, during the year, the Company registered itself as a Currency Derivatives Trading Member with the National Stock Exchange of India Ltd. and also launched Equity Portfolio Management Facility (PMS) for Retail Clients There was no adverse change in the nature of its business.

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 your Company's important functional areas.

As on the date of the report, the Board comprises of Five Directors, which includes the Managing Director & CEO and Four Non-Executive Directors out of which Three are Independent Directors.

In accordance with the requirements of the Companies Act, 2013 and the Articles of Association of the Company, one of your Directors, viz. Shri G.M. Yadwadkar retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

APPOINTMENT AND RESIGNATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL DURING FY 2016-17

The following table describes the changes in the Board of Directors & Key Managerial Personnel during FY 2016-17.

Name of Directors	Appointment/Resignation/Cessation	Date
Shri Sivaram Swamy	Cessation on account of expiry of final term as Independent Director	April 15, 2016
Shri Bal Krishan Batra	Resignation on account of retirement from IDBI Bank Ltd.	August 16, 2016
Shri Sethuratnam Ravi	Cessation on account of expiry of final term as Independent Director	September 30, 2016
Shri Gurudeo M. Yadwadkar	Appointed as Additional Director (Nominee of IDBI Bank Ltd.)	October 10, 2016.
Shri Nagaraj Garla	Re-appointed as MD& CEO	October 18, 2016



Shri Rakesh Sethi	Appointed as Director- (Independent Category)	November 28, 2016
Shri Kishor Kharat	Resignation as Director and Chairman	March 31, 2017

BOARD MEETINGS AND ATTENDANCE OF DIRECTORS

DATES & ATTENDANCE OF DIRECTORS AT BOARD MEETINGS HELD DURING FY 2016-17

During the financial year 2016-17, 5 (Five) meetings of the Board of Directors were held. Details of the attendance of Directors is given below :

Sr. No.	Date & Time of Meeting	Number of Directors Present	Number of Directors to whom Leave of absence was granted
1.	April 25, 2016	6/6	0
2.	July 26, 2016	6/6	0
3.	October 18, 2016	5/5	0
4.	November 28, 2016	5/5	0
5.	March 21, 2017	5/5	0

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, 2017, your Company has following three Independent Directors:

Sr. No.	Name of the Independent Director	DIN	Date of appointment as Independent Director
1.	Shri Prafulla Premsukh Chhajed	03544734	22/08/2014
2.	Shri Rakesh Sethi	03567831	28/11/2016
3.	Smt. Bhama Krishnamurthy	02196839	18/10/2016

The Independent Directors of the Company, met the criteria of 'independence' prescribed under section 149(6) of the Companies Act, 2013 and had also submitted a declaration to that effect. Further, the final/second term of Shri S. Ravi as Independent Director of the Company expired on September 30, 2016 and he ceased to be Director of the Company.



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

Audit Committee

The Audit Committee of the Board (ACB) provides direction, monitors the functioning of the Internal Auditors, review financial statements and recommends appointment of auditors and their remuneration. The names of the members of the Audit Committee as on March 31, 2017 are as under:

Sr. No	Name of Director	Status
1.	Shri P. P. Chhajed (DIN: 03544734)	Chairman of the Committee
2.	Shri Gurudeo M. Yadwadkar (DIN: 01432796)	Member
3.	Shri Rakesh Sethi (DIN: 03567831)	Member
4.	Smt. Bhama Krishnamurthy (DIN: 02196839)	Member
5.	Shri Nagaraj Garla (DIN: 06983880)	Member

AUDIT COMMITTEE MEETINGS AND ATTENDANCE OF MEMBERS

Dates & Attendance of Directors at Meetings of ACB held during FY 2016-17

During the Financial Year 2016- 17, four meetings of the Audit Committee of the Board were held.

Details of attendance are given herein below:

Sr.No.	Date of Meetings	Number of Directors present	Number of Directors to whom Leave of absence was granted
1.	April 25, 2016	3/3	0
2.	July 26, 2014	3/3	0
3.	November 28, 2016	3/3	0
4.	March 21, 2017	4/4	0

Corporate Social Responsibility (CSR) Committee

The Corporate Social Responsibility Committee of the Board (CSR) was constituted as per the provision of section 135 and other applicable provisions of the Companies Act, 2013. As on March 31, 2017, the CSR Committee comprised of four members appointed by your Board.

The names of the members of the CSR Committee as on March 31, 2017 are as under:



Sr. No	Name of Director	Status
1.	Shri Rakesh Sethi (DIN: 03567831)	Chairman of the Committee
2.	Shri Gurudeo M. Yadwadkar (DIN: 01432796)	Member
3.	Shri P. P. Chhajed (DIN: 03544734)	Member
4.	Shri Nagaraj Garla (DIN: 06983880)	Member

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

CSR COMMITTEE MEETINGS AND ATTENDANCE OF MEMBERS

Dates & Attendance of Directors at Meetings of CSR Committee held during FY 2016-17

During the Financial Year 2016-17, 2 (Two) meetings of the CSR Committee of the Board were held.

Details of attendance are given herein below: -

Sr.No.	Date of Meetings	Number of Directors present	Number of Directors to whom Leave of absence was granted
1.	July 26, 2016	3/3	0
2.	March 21, 2017	4/4	0

Nomination and Remuneration Committee (N&RC)

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, 2017 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, 2017 are as under:

Sr. No	Name of Director	Status
1.	Shri P. P. Chhajed (DIN: 03544734)	Chairman of the Committee
2.	Shri Gurudeo M. Yadwadkar (DIN: 01432796)	Member
3.	Smt. Bhama Krishnamurthy (DIN: 02196839)	Member

The Committee, inter-alia, identifies and recommends to the Company, persons who are qualified to become Directors, Key Managerial personnel and senior management of the Company.



N&RC Meetings and Attendance of Members

Dates & Attendance of Directors at Meetings of NRC held during FY 2016-17

During the financial year 2016-17, 5 (five) meetings of the Nomination and Remuneration Committee of the Board were held. Details of attendance are given herein below:

Sr.No.	Date of Meetings	Number of Directors present	Number of Directors to whom Leave of absence was granted
1.	April 25, 2016	3/3	0
2.	July 26, 2016	3/3	0
3.	October 18, 2016	3/3	0
4.	November 28, 2016	3/3	0
5.	March 21, 2017	3/3	0

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:

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 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 been 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.

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.

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

In terms of Section 134(3) (p) of the Companies Act, 2013 read with Rule 8(4) of the Companies (Accounts) Rules, 2014, the details on the captioned matter are furnished herein below:

- (i) Independent Directors, at their meeting held on March 21, 2017 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 March 21, 2017 evaluated the performance of all Directors on the Board, its own performance as well as the performance of Committees of the Board.

The Director concerned being evaluated by the Board, did not participate in the meeting during the process of his/her own evaluation.

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 A. SACHDEV & Co., Chartered Accountants, Mumbai, were appointed as Statutory Auditors for the FY 2016-2017.

Further Comments of the Comptroller and Auditor General of India (C&AG) on the Company's financials in terms of section 143 (6) (b) of the Companies Act, 2013 are given separately in this Report. The said Comments do not contain any adverse remark.

SECRETARIAL AUDIT

In terms of the provisions of Section 204 of the Companies Act, 2013, M/s. Alwyn Jay & Co., Company Secretaries have been appointed as Secretarial Auditors of your Company. The Secretarial Audit Report dated August 08, 2017, is annexed to the Board's Report. The Secretarial Audit Report



of the Company submitted by the Secretarial Auditors M/s. Alwyn Jay & Co. does not contain any adverse remark.

EXTRACT OF THE ANNUAL RETURN:

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

INTERNAL FINANCIAL CONTROLS:

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

PREVENTION OF SEXUAL HARRASMENT OF WOMEN AT WORKPLACE:

In line with the requirement of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has necessary policies on prohibition of sexual harassment at workplace. There were no cases filed of any sexual harassment by any employee including visitors or other non-employee during the financial year ended March 31, 2017.

PUBLIC DEPOSITS

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

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.

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

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

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES ON 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 hereunder:



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.

	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	Justification for entering into such contracts or arrangements or transactions	Date of approval by the Board	Amount paid as advances, 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.

	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					



Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013, your Directors 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 that such systems were adequate and operating effectively.

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

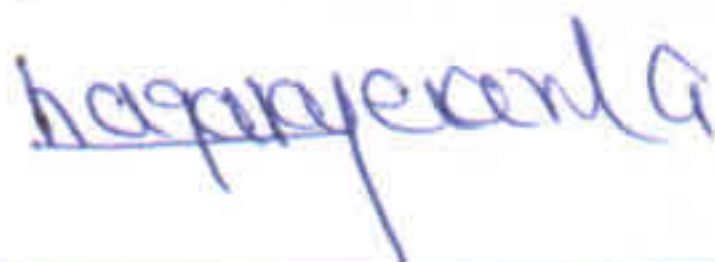
During the period under review, there are no orders passed by the regulators or courts or tribunals against the Company impacting its status as a going concern and its operations.

ACKNOWLEDGMENTS

Your Directors appreciate the patronage of the Company's retail and institutional clients, Banks, Financial Institutions, Foreign Institutional Investors, Mutual Funds, Provident / Pension Funds and others.

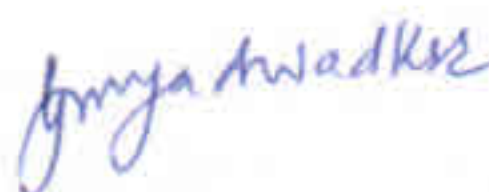
Your Directors are thankful to IDBI Bank Ltd. for the support and co-operation extended and RBI, SEBI, NSE, BSE, NSDL, CDSL and Company's bankers for their continued support. Finally, most important of all, the Directors appreciate the noteworthy contribution made by all the employees.

On behalf of the Board of Directors of IDBI Capital Markets & Securities Ltd.
(formerly IDBI Capital Market Services Ltd.)





Nagaraj Garla
Managing Director and CEO
(DIN: 06983880)



Gurudeo M. Yadwadkar
Director
(DIN: 01432796)

Date : August 18, 2017
Place : Mumbai

ANNEXURE 'A' TO 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 is 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 centres, rural electrification through solar street lights; financial aid for socio-economic empowerment of the blind, disabled and other under-privileged sections of society. Further, we would like to extend financial and other support during natural calamities in affected states. The CSR activities have been inclusive in nature and as such the beneficiaries are spread across all sections of the community.

a) **PARIVARTAN FOUNDATION:-**

The Company has provided financial assistance of Rs. 1,30,000/- to Parivartan Foundation to conduct a free medical camp for poor and needy people. The said camp was conducted held at Kandivali, Mumbai.

b) **SWACHH BHARAT KOSH:-**

The Government of India has set up a fund called Swachh Bharat Kosh with the objective of reducing or eliminating open defecation through construction of individual, cluster and community toilets. The Company has made a contribution of Rs. 7,50,000/- to the Swachh Bharat Kosh to support the said cause.

c) **FINANCIAL SUPPORT TO ADARSH VIDYA MANDIR –JAIPUR :-**

The Company has provided financial assistance of Rs. 4, 00,000/- to Adarsh Vidya Mandir- Antela- Jaipur for the purpose of procuring 360 Benches/Desk for students.

d) **FINANCIAL SUPPORT TO BHAGWAN MAHAVEER VIKLANG SAHAYATA SAMITI :-**

The Company has provided financial support of Rs.10,04,062/- for purchase of a Machine (25 litter Heavy Duty Kneader) for preparing different types of compounds for making rubber compound, cushion compound, microcellular compound etc. that are used in making of the artificial limbs especially known as Jaipur-foot.



e) **FINANCIAL SUPPORT TO AKSHAYA PATRA FOUNDATION:-**

The Company has provided a financial assistance of Rs. 16, 03,789/- for purchase of a food distribution vehicle including specialized stainless steel food distribution vessels.

The vehicles will be used for the purpose of delivery of food from the kitchen of Akshaya Patra Foundation to Government Schools and Government run day-care centers (Anganwadis) across Ahmedabad.

f) **FINANCIAL SUPPORT PRASANNA TRUST:-**

The Company has provided financial assistance of Rs. 7,50,000/- to Prasanna Trust for surgical stents for angioplasty heart procedures for 25 needy patients.

The CSR Policy of the Company was approved by the CSR Committee on August 07, 2014 and subsequently has been hosted on the website of the Company <http://www.idbicapital.com/doc%5Cpolicies%5CCSR.PDF>

2. Composition of the CSR Committee as on March 31, 2017:

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 the four members who are appointed by the Board. The names of the members of the CSR Committee are as under:

Name of the Director	Designation
Shri RakeshSethi	Chairman of the Committee (Independent Director)
Shri Gurudeo M. Yadwadkar	Committee Member (Director)
Shri P.P. Chhajed	Committee Member (Independent Director)
Shri 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 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: The average net profit of the Company for the last three financial years calculated as specified by the Companies Act is **Rs. 2262.33** Lakhs

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

The Company is required to spend **Rs. 45.25 Lakhs (Approx.)** towards CSR.



5. Details of CSR spend for the financial year:

- Total amount spent for the financial year:** Rs. 39.74 Lakhs
- Amount unspent, if any:** Rs. 6.64 Lakhs -(already committed)
- 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/imp lementing agency
1.	Parivartan Foundation (NGO) : Free Medial camps	Social welfare and Health	Maharashtra / Mumbai	1.30	1.30	1.30	Direct
2.	Contribution to Swachh Bharat Kosh	Social welfare	-	7.50	7.50	7.50	Direct
3.	Financial Support to Adarsh VidyaMandir for Procurement of benches/desks for classrooms	Education	Jaipur	4	2.40	2.40	Direct
4.	Financial support to Bhagwan Mahaveer Viklang Sahayata Samiti-Jaipur Procurement of machinery for manufacturing of Jaipur Foot	Social welfare and Health	Jaipur	10.04	5	5	Direct
5.	Financial Support to Akshaya Patra Foudnation: Procurement of a food delivery vehicle for transportation of mid-day-meals	Social welfare and malnourish ment	Gujarat/Ahm edabad	16.04	16.04	16.04	Direct
6.	Financial Support Prasanna Trust: Stents for angioplasty heart procedure for needy patients	Social welfare and Health	Bangalore	7.50	7.50	7.50	Direct



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.

The Company has spent the entire amount, except a sum of Rs. 6,64,000/- which is a committed amount and will be disbursed upon completion of projects. The details of which are given herein below:

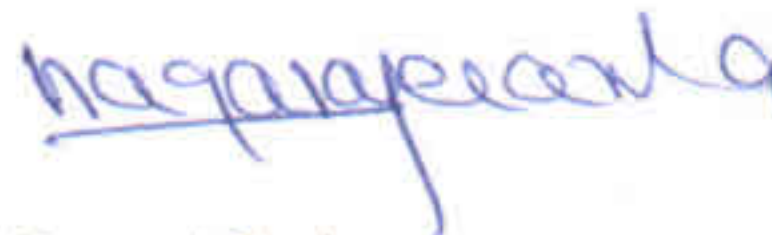
Amount	Disbursement details
Rs. 1.60 Lakhs	Adarsh Vidya Mandir –Jaipur : The balance amount will be disbursed upon completion of procurement of desks/benches
Rs.5.04 Lakhs	Bhagwan Mahaveer Viklang SahayataSamiti : The balance amount will be disbursed upon completion of procurement of Machinery
Total Rs. 6.64 Lakhs	-

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.-

The CSR Committee hereby confirms that the implementation and monitoring of CSR activities is in compliance with CSR objectives and the CSR Policy of the Company.



 Rakesh Sethi
Chairman -CSR Committee
(DIN: 03567831)



Nagaraj Garla
Managing Director and CEO
(DIN: 06983880)

ANNEXURE 'B' TO BOARD'S REPORT
Form AOC-I

(Pursuant to first provision 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 Rs.)

1.	CIN	NOT APPLICABLE
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

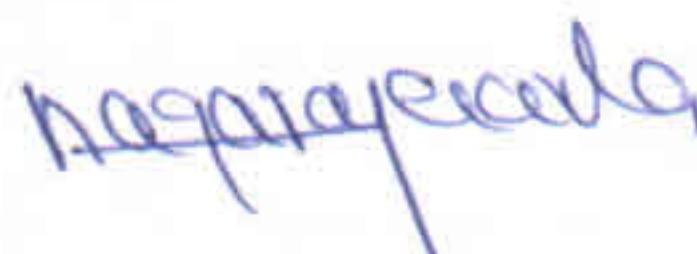
Name of Associates/Joint Ventures		IDBI ASSET MANAGEMENT LIMITED (ASSOCIATE COMPANY)
1.	Latest audited Balance Sheet Date	March 31, 2016
2.	Shares of Associate held by the company on the year end	
	Number of Equity Shares	66660000
	Amount of Investment in Associates (₹ in lacs)	6666
	Extend of Holding %	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	Exemption 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 (` in lacs)	N.A
	i. Considered in Consolidation	N.A
	ii. 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


Gurudeo M. Yadwadkar
 Director
 DIN: 01432796



Nagaraj Garla
 Managing Director & CEO
 DIN: 06983880


Christina D'souza
 Company Secretary


V. Gopinath
 Chief Financial Officer



Place : Mumbai
 Date : August 18, 2017

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on financial year ended on 31.03.2017
{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	14-Dec-1993
3.	Name of the Company	IDBI CAPITAL MARKETS & SECURITIES LIMITED (FORMERLY IDBI CAPITAL MARKET SERVICES LTD.)
4.	Category/Sub-category of the Company	Company Limited by Shares/Union Govt Company
5.	Address of the Registered office & contact details	3 RD FLOOR, MAFATLAL CENTRE, NARIMAN POINT , MUMBAI 400021. TEL: +91-22-4322 1212 FAX: +91-22-2285 0785 EMAIL : info@idbicapital.com Website: www.idbicapital.com
6.	Whether listed company yes/no	No
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	NOT APPLICABLE

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)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Investment Banking	-	53%
2	Retail Broking	-	41%



III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. NO	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY /ASSOCIATE	% of shares held	Applicable Section
1	IDBI BANK LIMITED	L65190MH2004GOI148838	HOLDING	100%	2(46)
2.	IDBI ASSET MANAGEMENT LTD.	U65100MH2010PLC199319	ASSOCIATE	33.33%	2(6)

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

1) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2015]				No. of Shares held at the end of the year[As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	128100000	128100000	100%	-	128100000	128100000	100%	0
f) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A)(1):	0	128100000	128100000	0	0	128100000	128100000	0	0
(2) Foreign									
a) NRI-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-

d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
Total shareholdi ng of promoters (A)=(A)(1)+ (A)(2)	0	128100000	128100000	0	0	128100000	128100000	0	0
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	0	0	0	0	0	0	0	0	0
2. Non- Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital uptoRs. 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
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	0	128100000	128100000	100%	0	128100000	128100000	0	0

ii) Shareholding of Promoters

Sr. N.	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	0

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

SN	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				
2.	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NO CHANGE			
3.	At the end of the year				



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

SN	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.

V) **INDEBTEDNESS** -Indebtedness of the Company including interest outstanding/accrued but not due for payment- The Company has not availed any loan during the year and is a debt free Company.

VI) **REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-A.** Remuneration to Managing Director, Whole-time Directors and/or Manager per Annum:

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount (In Rupees)
		Shri. Nagaraj Garla (MD & CEO) (DIN: 06983880)	
1.	<u>Gross salary:</u> (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (Including Pension)		Rs. 30,13,677
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		Rs.1,11,802-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission - as % of profit - others, specify...	-	-
5.	Others, please specify		
6.	Total (A)		Rs. 31,254,79
7.	Ceiling as per the Act*	-	*

* Remuneration paid In FY 2015-16 is well within the limits prescribed under Companies Act, 2013



B. Remuneration to other directors

S N.	Particulars of Remuneration	Name of Directors				Total Amount
1	Independent Directors	Shri S. Ravi (DIN: 00009790)	Shri P.P. Chhajed (DIN: 03544734)	Shri Rakesh Sethi (DIN: 03567831)	Smt. Bhama Krishnamurthy (DIN: 02196839)	
	Fee for attending board committee meetings	Rs. 1,00,000/-	Rs.2,60,000/-	Rs. 60,000/-	Rs1,80,000/-	Rs. 6,00,000/-
	Commission	0	0	0	0	-
	Others, please specify	0	0	0	0	-
	Total (1)	Rs. 1,00,000/-	Rs.2,60,000/-	Rs. 60,000/-	Rs1,80,000/-	Rs. 6,00,000/-
2	Other Non-Executive Directors	Shri. B.K. Batra (IDBI Bank Ltd.)(DIN: 0015732)	ShriGurudeo M. Yadwadkar (IDBI Bank Ltd.) (DIN : 01432796)			
	Fee for attending board committee meetings	Rs.1,10,000/-	Rs.1,40,000/-			
	Commission	0	0			
	Others, please specify	0	0			
	Total (2)	Rs.1,10,000/-	Rs.1,40,000/-			
	Total (B)=(1+2)	Rs.2,10,000/-	Rs.4,00,000/-	Rs. 60,000/-	Rs1,80,000/-	Rs.8,50,000/-
	Total Managerial Remuneration	Rs.2,10,000/-	Rs.4,00,000/-	Rs. 60,000/-	Rs1,80,000/-	Rs.8,50,000/-
	Overall Ceiling as per the Act*	-	-	-	-	-



* Independent Directors/ Non- Executive Director are paid only Sitting Fees for attending Board/Committee Meetings.

All Directors are entitled for reimbursement of expenses for attending Board/Committee Meetings. The Remuneration/Fees for FY 2016-17 is well within the limits prescribed under Companies Act, 2013

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

SN	Particulars of Remuneration	Key Managerial Personnel		
		Mr. V Gopinath (CFO)	Ms. Christina D'souza (Company Secretary & Compliance officer)	Total
1.	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Rs.26,34,504/- (Salary) Rs.1,15,499/- (PF) Rs.1,13,014/- (leave Encashment)	Rs.16,28,604/- (Salary) Rs.71,402/- (PF)	
	Total	Rs.26,63,017/-	Rs.17,00,006/-	Rs.45,63,023/-
2.	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Rs.3,45,304/-	-	Rs.3,45,304/-
3.	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
4.	Stock Option	-	-	-
5.	Sweat Equity	-	-	-
6.	Commission	-	-	-
7.	- as % of profit	-	-	-
8.	Others, specify...	-	-	-
9.	Others, please specify	-	-	-
10.	Total	Rs.32,08,321/-	Rs.17,00,006/-	Rs.49,08,327/-

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

Nagaraj Garla



Nagaraj Garla
Managing Director and CEO
(DIN: 06983880)

Date : August 18, 2017
Place : Mumbai

Gurudeo M. Yadwadkar

Gurudeo M. Yadwadkar
Director
(DIN: 01432796)

Alwyn Jay & Co. Company Secretaries

Annex-103, Dimple Arcade, Asha Nagar, Kandivali (East), Mumbai 400101.

Branch Office: B-002, Gr. Floor, Shreepati-2, Royal Complex, Behind Olympia Tower,
Mira Road (E), Thane-401107 ; Tel:022-28125781 ; Mob: 09820465195; 09819334743

Email : alwyn.co@gmail.com Website:www.alwynjay.com

FORM NO. MR.3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

[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.
(Formerly IDBI Capital Market Services Limited)

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by IDBI Capital Markets & Securities Limited (CIN: U65990MH1993GOI075578) (hereinafter called "the Company").

The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct and statutory compliance to express our opinion thereon.

Based on the verification of the Company's statutory registers, books, papers, minute books, forms and returns filed and other records maintained by the Company and the information provided by the Company, its officers 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, 2017 complied with the statutory provisions listed hereunder and also that the Company has followed proper Board-processes and have required compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:



We have examined the books, papers, minute books, forms and returns filed, and other records maintained by the Company for the financial year ended on 31st March, 2017 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) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), with their respective amendments, as applicable:
 - a) The Securities and Exchange Board of India (Merchant Bankers) Rules, 1992;
 - b) The Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulations, 1992;
 - c) The Securities and Exchange Board of India (Depositories and Participants) Regulation, 1996;
 - d) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - e) The Securities and Exchange Board of India (Portfolio Managers) Rules and Regulations, 1993;
 - f) The Securities and Exchange Board of India (Underwriters) Regulations 1993;
 - g) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not Applicable;
 - h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not Applicable;
 - i) The Securities and Exchange Board of India (Research Analysts) Regulations, 2014



- j) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011- Not Applicable;
- k) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 - Not Applicable;
- l) 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 - Not Applicable;
- m) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - Not Applicable; and
- (v) Other specific business/industry related laws applicable to the Company- The Company has complied with the provisions of the Labour law regulations and other rules applicable to the Company including Payment of Wages Act, 1965, The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and Rules thereon, Regulations under the Prevention of Money Laundering Act, 2002 and Rules, regulations as applicable to the business operations of the Company and other applicable general business laws, rules, regulations and guidelines.

We have also examined compliance with the applicable clauses of:

- (i) Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India; and
- (ii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Not Applicable

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

We further report that –

- (a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director. 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.

- (b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- (c) The minutes of the Board meetings have not identified any dissent by members of the Board, hence we have no reason to believe that the decisions by the Board were not approved by all the directors present.

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. As informed, the Company has responded appropriately to communication received from various statutory / regulatory authorities including initiating actions for corrective measures, wherever found necessary.

We further report that during the audit period, the following significant events / actions have taken place in pursuance of the above referred laws, rules, regulations, guidelines and standards:

The name of the Company was changed from "IDBI Capital Market Services Limited" to "IDBI Capital Markets & Securities Limited" pursuant to Special Resolution passed at the Extraordinary General Meeting of the Shareholders of the Company held on May 31, 2016 and with the necessary approval from BSE, NSE and NSDL and accordingly, the Memorandum and Articles of Association of the Company were altered.

Place: Mumbai
Date: 08/08/2017

Office Address :
Annex-103, Dimple Arcade,
Asha Nagar, Kandivali (East),
Mumbai- 400101.



ALWYN JAY & CO.
Company Secretaries


[Jay D'Souza FCS.3058]

(Partner)

[Certificate of Practice No.6915]

FROM MD'S DESK



Dear Stakeholder,

I am privileged to present the performance of the Company for the Financial Year 2016-17. The hard work put in by all the employees of the Company has resulted in the Company broadly achieving its budget. We look back with a sense of pride at our many achievements in the midst of diverse challenges.

All business verticals have reported positive bottom line. Overall, the Company has registered a YoY growth of 25% and 35% respectively in Revenue and Operating Profit.

Retail Broking Group registered a growth of 39% in gross revenue during the year ended March 31, 2017 as compared to the previous year. This has enabled the Group to exceed the budgeted Operating Profit by 25%. Retail client acquisition has picked up momentum which registered a growth of 36%. Going forward Retail will continue to focus on the efforts started in the year gone by to re-design the entire retail broking business model to cut costs and increase our revenue by differentiated customer delivery models. The vertical has aggressively established new delivery channels and created 13 HNI Desks across all major locations to cater to high net worth clients. The HNI Desks are manned by highly competent relationship managers and are yielding good results. In the coming financial year, we intend to expand our reach by adding 7 branches at Surat, Raipur, Ludhiana, Lucknow, Jamshedpur, Jaipur and Vijayawada. We are constantly striving to better our products and offerings and are moving completely to a digital account opening process. This will enable customers to open their Trading account within 15 to 20 minutes.

As a Portfolio Manager, the Company is already catering to the institutional segment, managing funds amounting to Rs 7,500 crore. We have now launched Discretionary Equity PMS facility for non-institutional investors to enhance our reach in coordination with IDBI Bank.

Institutional Equity group has been able to increase its Gross Revenue by 48% on YoY. This was mainly due to the increased client's participation, deepening the business from the existing active clients and being a Buyer Broker for Buyback offers. The group has initiated to activate the dormant Bank treasuries and DII and arranging road shows. The Vertical has also revamped the software with the introduction of an efficient algo facility to improve customer experience.

The Investment Banking as a whole has achieved 18% and 19% growth in gross revenue and Operating Profit respectively during the year ended March 31, 2017 as compared to the previous year. All segments of Investment Banking generated positive bottomlines. Capital Market vertical has successfully managed and completed 6 buybacks in FY16-17. Going forward while we will be focusing on Capital Market and Private Equity to augment the revenue, Advisory business will continue to be the major revenue generator. We would like to leverage our capabilities in resolution of stressed assets to enhance the revenue stream from M&A. We have added new branches at Pune, Bengaluru and Coimbatore. Currently, we have nine investment banking branches (Mumbai, Delhi, Chennai, Kolkata, Hyderabad, Ahmedabad, Pune, Bengaluru and Coimbatore). The local branches will enable us to exploit the brand value of "IDBI" Brand to drive the capital market, syndication and private equity business.

Company has also been able to substantially improve the process of recovery of receivables.

We are also in the process of launching a Customer Relationship Management Software to keep our Relationship Managers connected at all times and leverage on synergies and for connecting dots within the various departments/verticals of the Company.

To take the Company to the next level we have revamped the HR Policy of the Company to drive performance and meritocracy and all efforts are being made to create an environment in which employees can attain their highest level of excellence. We have also carried out many activities and initiatives to improve our brand and visibility. The Company organized Interactive sessions on Current RBI Guidelines for Resolution of Stressed Assets and conferences on Bankruptcy Act, Indian Private Equity Conclave and Stressed Asset Summit in association with partners.

We have also been active on the social front and have contributed to the “Swachh Bharat” Mission of the Government of India while also supporting various causes relating to health and nutrition.

I am confident that our Company is on a high growth trajectory and geared to take on all business possibilities.

To sum up in the coming year we wish to continue to focus on the following areas:

- Driving high quality and profitable growth
- Focus on digital transformation, enhanced social media interaction so as to increase customer satisfaction and enhance customer centricity
- Continue to comply with all systems, processes and procedures
- Continue to accelerate collection and recovery efforts
- Drive Retail PMS business
- Focus on our channel partners and drive synergies

I would like to acknowledge and thank Shri Mahesh Kumar Jain, MD & CEO of IDBI Bank and all Board Members for their valuable support, inputs & guidance.

With the collective efforts, it is our endeavour to channelize our energies to surpass the expectations of all stakeholders, our customers, our employees and all shareholders.

Look forward to your continued support in the transformation Journey of the Company.

**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 2017**

The preparation of Financial Statements of IDBI Capital Markets & Securities Limited for the year ended 31 March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the Financial Statements under Section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 26 April 2017.

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

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



(Roop Rashi)

Principal Director of Commercial Audit and
ex-officio Member, Audit Board-I, Mumbai

Place : Mumbai

Date : 06.07.2017.

INDEPENDENT AUDITORS' REPORT

TO
THE MEMBERS OF
IDBI CAPITAL MARKETS & SECURITIES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **IDBI Capital Markets & Securities Limited** (the Company), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the Financial Statements

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

AUDITORS' RESPONSIBILITY

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.



In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the company's director, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017;
- (b) In the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- 1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 'A', a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2. As required by section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.





- c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid Financial Statements comply with the Accounting Standards referred to in section 133 of the Act, read with the rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of the written representations received from the directors as on March 31, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of sub section (2) of section 164 of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in “Annexure B”; and
- g. With respect to the other matters to be included in the auditor’s report in accordance with Rule 11 of the Companies (Audit and Auditors) Rule 2014, in our opinion and to the best of our information and according to the explanation given to us:
 - i) The company has disclosed the impact of pending litigation on its financial position in its financial statement. (Refer Note No. 32 to the Financial Statements)
 - ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv) The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified bank notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management. (Refer Note No. 35 to the Financial Statements)



3. As required by Section 143(5) of the Act, we report that :-

- a) the company does not have any freehold or leasehold land.
- b) During the year under consideration, the company has written off old receivables amounting to Rs. 2992.16 Lacs as the possibility of their recoveries were very less.
- c) There were no inventories lying with third parties. Further, no assets were received as gift/grant from Govt. or other authorities.

For A. Sachdev & Co.
Chartered Accountants

ERN - 001307C


(K. G. Bansal)

Partner

Membership No.- 094274

Mumbai
April 26, 2017

**ANNEXEURE 'A' REFERRED TO IN THE AUDITORS' REPORT of IDBI CAPITAL
MARKETS & SECURITIES LTD. FOR THE YEAR ENDED ON 31st MARCH 2017**

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Company does physical verification once every three years. Physical verification of fixed assets was last done during the financial year 2014-15. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) As the Company is a service company, it does not have any inventory. Accordingly, the clause (ii) (a) to (ii) (c) of the paragraph 3 of the order are not applicable to the Company.
- (iii) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act. Hence, the clause (iii) (a) and (iii) (b) of the paragraph 3 of the order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- (v) In our opinion, the Company has not accepted any deposits from the public or its members.
- (vi) To the best of our knowledge and explanation given to us by the management, the Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 for the company.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income tax, sales-tax, wealth tax, service tax, custom duty, excise duty, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities and there are no undisputed dues outstanding as on 31st March 2017 for a period of more than six months from the date they became payable.
- (b) According to the records of the Company, there are no dues of Sales Tax, Service Tax, Excise Duty, Wealth Tax, Customs Duty, value added tax or Cess which have not been deposited on the account of any dispute except for the following amounts relating to income tax.



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


- (viii) According to the books of account and records of the company, no amount is due to financial institutions or bank or debenture holders.
- (ix) 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. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanation given to us and as represented by the Management and based on our examination of the books and records of the company, no material fraud on or by the Company was noticed or reported during the year.
- (xi) According to the information and explanations give to us, in view of MCA circular dated 5th June, 2015, the provisions of managerial remuneration as per provisions of section 197 are not applicable in case of government company.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.



(xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For A. Sachdev & Co.
Chartered Accountants

FRN - 001307C


(K. G. Bansal)
Partner

Membership No.- 094274

Mumbai
April 26, 2017

Annexure - B to the Auditors' Report

Report on the Internal Financial Controls 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 Ltd. as of 31st March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI').

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

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

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

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



Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

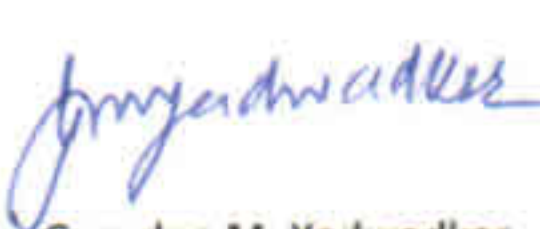

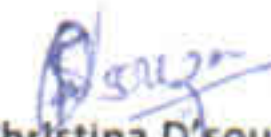
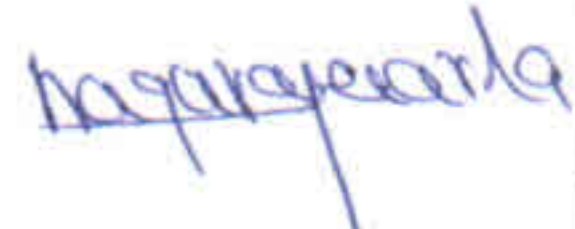
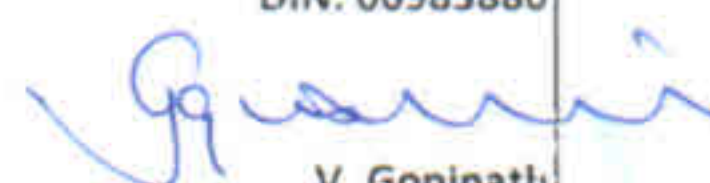
For A. Sachdev & Co.
Chartered Accountants
FRN - 001307C


(K. G. Bansal)
Partner

Membership No.- 094274
Mumbai
April 26, 2017

IDBI CAPITAL MARKETS & SECURITIES LIMITED
(formerly IDBI CAPITAL MARKET SERVICES LIMITED)
(CIN: U65990MH1993GOI075578)
BALANCE SHEET AS AT 31ST MARCH 2017

(Rs in lakhs)

	Note No.	As At 31.03.2017	As At 31.03.2016
I. EQUITY & LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2	12,810	12,810
(b) Reserves and Surplus	3	18,727	18,495
		<u>31,537</u>	<u>31,305</u>
(2) Current Liabilities			
(a) Trade payables	4	2,121	1,459
(b) Other current liabilities	5	413	316
(c) Short-term provisions	6	235	149
		<u>2,769</u>	<u>1,924</u>
TOTAL		<u><u>34,306</u></u>	<u><u>33,229</u></u>
II. ASSETS			
Non-Current Assets			
(1) (a) Fixed Assets	7		
(i) Tangible assets		670	719
(ii) Intangible assets		170	224
(iii) Capital work-in-progress		-	18
(iv) Intangible assets under development		66	-
(b) Non-current investments	8	8,051	8,654
(c) Deferred tax assets (net)	9	126	166
(d) Long-term loans and advances	10	230	198
		<u>9,313</u>	<u>9,979</u>
(2) Current Assets			
(a) Current investments	11	456	456
(b) Trade receivables	12	7,388	8,511
(c) Cash and Bank balances	13	12,698	11,829
(d) Short-term loans and advances	14	4,274	2,284
(e) Other current assets	15	177	170
		<u>24,993</u>	<u>23,250</u>
TOTAL		<u><u>34,306</u></u>	<u><u>33,229</u></u>
Significant Accounting Policies	1		
Other Notes forming part of the Financial Statements	2 to 38		
Notes referred to above form an integral part of the Financial Statements			
As per our attached report of even date		For and on behalf of the Board	
For A Sachdev & Co Chartered Accountants Firm Registration No: 001307C			
		Gurudeo M. Yadwadkar Director DIN: 01432796	
K. G. Bansal Partner M. No. 094274			
		Christina D'souza Company Secretary	
			
		Nagaraj Garla Managing Director & CEO DIN: 06983880	
			
		V. Gopinath Chief Financial Officer	
Place: Mumbai Date: 26-04-2017			

IDBI CAPITAL MARKETS & SECURITIES LIMITED
(formerly IDBI CAPITAL MARKET SERVICES LIMITED)
(CIN: U65990MH1993GOI075578)
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2017

(Rs in lakhs)

	Note No.	For The Year Ended 31.03.2017	For The Year Ended 31.03.2016
I. Revenue from Operations	16	7,475	5,792
II. Other Income	17	1,000	1,002
III. Total Revenue (I + II)		8,475	6,794
IV. Expenses			
Employee Benefits Expense	18	2,367	1,938
Operating Expenses	19	1,542	1,258
Administrative Expenses	20	1,265	1,064
Loss on Sale of Assets		(0)	(0)
Depreciation & Amortisation Expenses (Refer Note 7)		199	189
Provision for Gratuity and Leave Encashment (Refer Note 26 (c))		22	9
Provision for Doubtful Debts (Refer Note 12)		(184)	(617)
Bad Debts Written Off (Refer Note 30)		2,992	1,528
Total Expenses		8,203	5,369
V. Profit Before Tax (III-IV)		272	1,425
VI. Tax Expense			
(1) Current Tax		56	240
(2) Deferred Tax (Refer Note 9)		40	257
(3) Minimum Alternate Tax Credit Entitlement (Refer Note 29)		(56)	-
VII. Profit for the period from continuing operations (V -VI)		232	928
VIII. Profit for the year		232	928
IX. Earnings per equity share [Nominal value per share Rs. 10 each]			
(1) Basic	28	0.18	0.72
(2) Diluted		0.18	0.72
Significant Accounting Policies	1		
Other Notes forming part of the Financial Statements	2 to 38		

Notes referred to above form an integral part of the Financial Statements

As per our attached report of even date

For and on behalf of the Board

For A Sachdev & Co
Chartered Accountants
Firm Registration No: 001307C

K. G. Bansal
Partner
M. No. 094274



Place: Mumbai
Date : 26-04-2017

Gurudeo M. Yadwadkar
Gurudeo M. Yadwadkar
Director
DIN: 01432796

Christina D'souza
Christina D'souza
Company Secretary

Nagaraj Garla
Nagaraj Garla
Managing Director & CEO
DIN: 06983880

V. Gopinath
V. Gopinath
Chief Financial Officer

IDBI CAPITAL MARKETS & SECURITIES LIMITED
(formerly IDBI CAPITAL MARKET SERVICES LIMITED)
(CIN: U65990MH1993GOI075578)
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017

(Rs in lakhs)

	For The Year Ended 31.03.2017	For The Year Ended 31.03.2016
Cash Flows from Operating Activities		
Profit (Loss) for the period from continuing operations (before tax)	272	1,425
Adjustments for:		
Depreciation	199	189
Provision for Gratuity & Leave encashment	22	9
Provision for Doubtful Debts	(184)	(617)
Bad Debts written off	2,992	1,528
(Profit)/Loss on sale of Non-Current Investments	(232)	(12)
(Profit)/Loss on valuation of Current Investments	(7)	11
(Profit)/Loss on sale of Fixed Assets	(0)	(0)
Dividend Income	(23)	(25)
Interest Income	(370)	(517)
Operating Profit before working capital changes	2,669	1,991
Adjustments for working capital		
(Increase)/Decrease in Trade receivables	(1,685)	(1,006)
(Increase)/Decrease in Other Current Assets	(7)	30
(Increase)/Decrease in Long Term Loans & Advances	(32)	-
(Increase)/Decrease in Short Term Loans & Advances	(1,114)	(974)
Increase/(Decrease) in Short Term Provisions	85	12
Increase/(Decrease) in Trade payables and other current liabilities	738	652
Net Change in working capital	(2,015)	(1,286)
Direct taxes paid (Net)	(876)	(1,006)
Net cash flow from Operating Activities (A)	(222)	(301)
Cash flow from Investing Activities		
Purchase of Fixed Assets	(97)	(497)
Capital Advance for Software & Assets	(48)	429
Proceeds from sale of fixed assets	1	0
Proceeds from sale of Investments	1,334	85
Purchase of Investments	(492)	(173)
Proceeds from Maturity of Fixed Deposits	4,825	6,897
Deployment in Fixed Deposits	(4,898)	(4,955)
Dividend received	23	25
Net cash flow from Investing Activities (B)	648	1,811
Cash flow from Financing Activities		
Dividend Paid	-	(1,793)
Net cash flow from Financing Activities (C)	-	(1,793)
Net increase/(decrease) in cash & cash equivalents (A+B+C)	426	(283)
Cash and Cash equivalents as at April 1, 2016	6,874	7,157
Cash and Cash equivalents as at March 31, 2017	7,300	6,874

Note: 1. The above cash flow statement has been prepared by using the indirect method set out in Accounting Standard 3 - 'Cash Flow Statement' specified under section 133 of the Companies Act 2013 read with rule 7 of the companies (Accounts) Rules, 2014.
2. Cash and Cash Equivalents consist of cash on hand, bank balances with banks.

As per our attached report of even date

For and on behalf of the Board

For A Sachdev & Co
Chartered Accountants
Firm Registration No: 001307C

K. G. Bansal
Partner
M. No. 094274

Place: Mumbai
Date: 26-04-2017

Gurudeo M. Yadwadkar
Director
DIN: 01432796
Christina D'souza
Company Secretary

Nagaraj Garla
Managing Director & CEO
DIN: 06933880
V. Gopinath
Chief Financial Officer

IDBI CAPITAL MARKETS & SECURITIES LIMITED
(formerly IDBI CAPITAL MARKET SERVICES LIMITED)
(CIN: U65990MH1993GOI075578)

Notes forming part of the Financial Statements

Note 1

Significant Accounting Policies

a) Accounting Convention

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

b) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the period reported. Actual results could differ from those estimates. Any revision to accounting estimates is recognised in accordance with the requirements of the respective accounting standard.

All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

c) Property, plant and equipment

c.1 TANGIBLE ASSETS

Items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation on items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as specified in Schedule II to the Companies Act as follows:

Buildings – 60 years

Computers – 3 years

Furniture & Fixtures – 10 years

Office Equipments – 5 years

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



c.2 INTANGIBLE ASSETS

Acquired computer software licences are initially capitalised at cost, which includes the purchase price (net of any discounts and rebates) and other directly attributable cost of preparing the asset for its intended use. Direct expenditure which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured, is added to the original cost of the software. Costs associated with maintaining the computer software are recognised as an expense when incurred.

Expenditure on software development eligible for capitalisation are carried as Intangible assets under development where such assets are not yet ready for their intended use.

Intangible assets are amortized on a straight line basis over their estimated useful lives. The estimated useful lives of intangible assets used for amortization are:

Computer Software - 3 years

Web Trading Portal - 3 years

Bombay Stock Exchange Card - 21 years

Management estimates the economic value of Bombay Stock Exchange Trading Rights based on the value in use.

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

- c.3 The residual values and estimated useful lives of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

d) Impairment of Assets:

- d.1 The carrying amount of assets, is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, recoverable amount of the assets is estimated.
- d.2 An Impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in the use, which is determined, based on the estimated future cash flows discounted to their present values. All impairment losses are recognized in the profit and loss account.
- d.3 An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount and is recognized in the profit and loss account.

e) Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account under 'Rent Rates and Taxes' on a Straight Line Basis over the lease term.

f) Investments and Securities held as stock-in-trade

- f.1 Investments are classified into non-current and current investments. Securities and other financial assets acquired and held for earning income by way of dividend and



interest and for the purpose of capital appreciation are classified as non-current investments and are valued at their cost of acquisition. Decline in their value other than temporary, if any, is recognized. Current investments are carried at lower of cost or market value. Securities acquired in the market making process as market maker are classified as Current Investments irrespective of the period of holding.

- f.2 Securities acquired with the intention of short-term holding and trading are considered as stock-in-trade and regarded as current assets.

Securities held as stock-in-trade category wise are valued at lower of cost or market/fair value. Cost is derived by following the weighted average method considering only outright transactions. Market value is determined based on market quotes for actual trades and where such quotes are not available, fair value is determined, in the case of debt securities, with reference to yields on securities of similar maturity and credit standing, and in the case of equities, with reference to the break-up value as per the last available balance sheet. Each security is valued individually. The depreciation, if any, for each security is provided and the appreciation, if any, is ignored.

- f.3 Premium paid on government securities held as investment is amortized over the tenor of the instrument.

g) Revenue Recognition

- g.1 Total consideration paid or received on purchase or sale, on outright basis, of coupon-bearing debt securities is identified separately as principal consideration and accrued interest. Amount paid as accrued interest on purchase, and received on sale, of such securities is netted and reckoned as expense or income by way of interest.
- g.2 Interest on fixed coupon debt securities, held as on the Balance Sheet date, is accrued for the broken period at the coupon rate. Interest on floating rate securities is accrued at rates determined as per the terms of the issue.
- g.3 Profit on Sale of Investments is recognized on the settlement date. It represents the excess of Sale / Redemption proceeds over the acquisition cost. Cost is determined on a weighted average basis. Profit on sale of Investments is netted with loss on sale of Investments.
- g.4 Devolvement of equity shares in respect of issues underwritten by the company are treated as investments. Underwriting income on these issues are credited to profit and loss account and not netted against the value of investments.
- g.5 Brokerage and commission earned on secondary market operations is recognized on the basis of trade dates. Brokerage on online portal operations is recognized on the basis of trade dates. Brokerage and commission in respect of issue marketing and resource mobilization are accrued to the extent of availability of information. Depository, Portfolio Management and other fees are accounted for on accrual basis. Dividend is recognised when the company's right to receive payment is established by the balance sheet date. Revenue excludes Service Tax, wherever recovered. Revenue from issue management, loan syndication and financial advisory services is recognised as per terms of agreement with the client.

h) Transactions in Futures and Options

- h.1 Initial Margin payable at the time of entering into futures contract / sale of options is adjusted against the deposits with the exchanges in the form of fixed deposits, cash deposits and securities.



- h.2 Transactions in Future contracts are accounted as Purchase and Sales at the notional trade value of the contract. The open interest in futures as at the Balance Sheet date is netted by its notional value.
- h.3 The difference in the settlement price or exchange closing price of the previous day and exchange closing price of the subsequent day, paid to or received from the exchange is treated as Mark to Market Margin. The balance in the Mark to Market Margin Account represents the net amount paid or received on the basis of movement in the prices of open interest in futures contracts till the balance sheet date. Net debit balance in the Mark to Market Margin Account is charged off to revenue whereas net credit balance is shown under current liabilities.
- h.4 Premium paid or received on purchase and sale of options and the difference paid or received on exercise of options is accounted as Purchases or Sales. In case of open interest in options sold as on the balance sheet date, provision is made for the amount by which premium prevailing on the Balance Sheet date exceeds the premium received for those options. The excess of premium received over the premium prevailing on the Balance Sheet date is not recognised. Similarly, in case of options bought, provision is made for the amount by which the premium paid for the option exceeds the premium prevailing on the Balance Sheet date and the excess of premium prevailing on the Balance Sheet date over the premium paid is ignored. In case of multiple open positions, provision is made or excess premiums are ignored after netting off the balances in buy as well as sell positions.

i) Interest Rate Swaps

Assets and Liabilities in respect of notional principal amount of Interest Rate Swaps of the discontinued operations pertaining to Primary Dealership operations are netted. Gain or loss on Interest Rate Swaps is accounted for on due dates as per the terms of the contract.

j) Foreign Currency Transactions

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. At the year end, monetary items denominated in foreign currency are reported using the closing rate of exchange. Exchange difference arising thereon and on realization / payments of foreign exchange are accounted as income or expenses in the relevant year

k) Turnover

Purchases and sales of dated government securities, treasury bills and other securities are disclosed in the Profit and Loss Account, with a view to indicating the turnover of funds of the company and include only outright transactions. For this purpose, sales also include redemption proceeds, if any, when these securities are held by the company till the date of maturity.

l) Employee benefits

- l.1 The Company's contribution on account of retirement benefits in the form of Provident Fund and Superannuation Fund is charged to revenue. The gratuity and leave encashment liability of the company are covered under the scheme with Life Insurance Corporation of India and the yearly contribution is paid to LIC.
- l.2 Provident Fund is a defined contribution scheme and the contributions are charged to the Profit & Loss Account of the year when the contributions to the respective funds are due.



- l.3 The Company contributes to an approved Group Gratuity Policy with the LIC of India. Gratuity liability are defined benefit obligations and are provided for on the basis of an actuarial valuation as per AS 15 (Revised) made at the end of each financial year based on the projected unit credit method.
- l.4 The Company contributes to the Group Leave Encashment Policy with the LIC of India. Short term compensated absences are provided for based on estimates.
- l.5 Actuarial gains/losses are immediately taken to the profit and loss account and are not deferred.

m) Earnings Per Share

The Company reports basic and diluted Earnings per share (EPS) in accordance with Accounting Standard 20 on Earnings per Share. Basic EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

n) Cash Flow Statement

The Cash Flow Statement is prepared by the indirect method set out in Accounting Standard 3 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.

o) Taxation

- o.1 Current tax is measured at the amount expected to be paid/ recovered from the tax authorities, in accordance with the Income Tax Act.
- o.2 The tax effect of the timing differences that result between taxable income and accounting income and are capable of reversal in one or more subsequent periods are recorded as a deferred tax asset or deferred tax liability. Deferred tax assets and liabilities are recognized for future tax consequences attributable to timing differences. They are measured using the enacted or substantively enacted tax rates and tax regulations as at the balance sheet date.
- o.3 Deferred tax assets are recognised and carried forward only to the extent there is reasonable certainty that sufficient taxable income will be available in future, against which the deferred tax assets can be realized; however where there is unabsorbed depreciation and carried forward losses, deferred tax assets is created only if there is virtual certainty of realization of assets.
- o.4 The carrying amount of deferred tax assets at each balance sheet date is reduced to the extent that it is no longer reasonably certain that sufficient future taxable income will be available against which the deferred tax asset can be realized.
- o.5 Tax credit is recognized in respect of Minimum Alternate Tax (MAT) as per the provisions of Section 115JAA of the Income tax Act, 1961 based on convincing evidence that the Company will pay normal income tax within the statutory time frame and is reviewed at each balance sheet date.



p) **Provisions**

- p.1 A provision is recognized when there is a present obligation as a result of past event. It is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.
- p.2 A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent Assets are not recognized.
- p.3 Bad and doubtful assets are identified after carrying out a case by case review of all outstanding debts. Provisions are made on doubtful debts on management's evaluation of their realisability. . In case the chances of recovery do not exist in any of the doubtful debts, the same is written off fully.



IDBI CAPITAL MARKETS & SECURITIES LIMITED
(formerly IDBI CAPITAL MARKET SERVICES LIMITED)
(CIN: U65990MH1593GOI075578)

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Note 2
SHARE CAPITAL

Share Capital	As at 31.03.2017		As at 31.03.2016	
	Number	Amount	Number	Amount
Authorised Equity Shares of Rs. 10 each	200,000,000	20,000	200,000,000	20,000
Issued Equity Shares of Rs. 10 each	128,100,000	12,810	128,100,000	12,810
Subscribed & Paid up Equity Shares of Rs. 10 each fully Paid up	128,100,000	12,810	128,100,000	12,810
Total	128,100,000	12,810	128,100,000	12,810

Note 2(a)
Reconciliation of Number of Shares

Equity Shares	31.03.2017		31.03.2016	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	128,100,000	12,810	128,100,000	12,810
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	128,100,000	12,810	128,100,000	12,810

Note 2(b)
Equity Shares

The company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the share holders.

Note 2(c)
Out of Equity shares issued by the company, shares held by its Holding company are as follows:

Equity Shares	31.03.2017		31.03.2016	
	Number	Amount	Number	Amount
IDBI Bank Ltd (Holding Company) along with its nominees	128,100,000	12,810	128,100,000	12,810

Note 2(d)
Details of Shareholders holding more than 5% shares in the company

Equity Shares of Rs 10 each fully paid up	31.03.2017		31.03.2016	
	Number	% of holding	Number	% of holding
IDBI Bank Ltd (Holding Company) along with its nominees	128,100,000	100%	128,100,000	100%

Note 2(e)
Aggregate number of equity shares bought back during the period of five years immediately preceeding the reporting date:

	31.03.2017	31.03.2016	31.03.2015	31.03.2014	31.03.2013
Equity Shares bought back by the company	-	-	-	-	-



IDBI CAPITAL MARKETS & SECURITIES LIMITED

(formerly IDBI CAPITAL MARKET SERVICES LIMITED)

(CIN: U65990MH1993GOI075578)

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

(Rs in lakhs)

	As At 31.03.2017	As At 31.03.2016
Note 3		
Reserves and Surplus		
a) Capital Redemption Reserve		
Opening Balance	7,190	7,190
Add: Current Year Transfer	-	-
Less: Written Back in Current Year	-	-
Closing Balance	<u>7,190</u>	<u>7,190</u>
b) General Reserve		
Opening Balance	11,250	11,250
Add: Current Year Transfer	-	-
Less: Written Back in Current Year	-	-
Closing Balance	<u>11,250</u>	<u>11,250</u>
c) Surplus in Statement of Profit and Loss		
Balance at the beginning of the year	55	360
Net Profit For the current year	232	928
(+) Transfer from Reserves		
Less: Appropriations		
Interim Dividend	-	(1,025)
Tax on Interim Dividend	-	(208)
Balance at the end of the year	<u>287</u>	<u>55</u>
TOTAL	<u>18,727</u>	<u>18,495</u>
Note 4		
Trade Payables*		
a) Trade Payables	412	316
b) Others - Client's settlement dues	<u>1,709</u>	<u>1,143</u>
TOTAL	<u>2,121</u>	<u>1,459</u>
*Refer Note 21. (information required under MSMED Act 2006)		
Note 5		
Other Current Liabilities		
a) Sundry Deposits	83	85
b) Margin Money Deposits	32	37
c) Statutory Dues *	94	54
d) Others	<u>204</u>	<u>140</u>
TOTAL	<u>413</u>	<u>316</u>
*Refer Note 25 (a)		
Note 6		
Short Term Provisions		
a) Provision for employees benefit	209	144
b) Other Provisions	<u>26</u>	<u>5</u>
TOTAL	<u>235</u>	<u>149</u>



(CIN: U65990MH1993GOI075578)

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Fixed Assets

(Rs in lakhs)

Fixed Assets										
Particulars	Gross Block (At Cost)				Depreciation			Net Block		
	As at 01.04.2016	Additions	Deductions	As at 31.03.2017	As at 01.04.2016	For the Year	Deductions	As at 31.03.2017	As at 31.03.2016	As at 31.03.2017
Tangible Assets										
a) Buildings	626	-	-	626	148	10	-	158	478	468
b) Computers	916	21	2	935	725	48	1	772	191	163
c) Furniture & Fixtures	79	1	-	80	53	6	-	59	26	21
d) Office Equipments	218	5	1	222	194	11	1	204	24	18
Total	1,839	27	3	1,863	1,120	75	2	1,193	719	670
Previous Year	1,632	208	1	1,839	1,043	78	1	1,120	719	
Intangible Assets										
a) Web Trading Portal	877	-	-	877	877	-	-	877	0	0
b) Software	706	70	-	776	500	119	-	619	206	157
c) Stock Exchange Membership Card	111	-	-	111	93	5	-	98	18	13
Total	1,694	70	-	1,764	1,470	124	-	1,594	224	170
Previous Year	1,405	289	-	1,694	1,359	111	-	1,470	224	
Grand Total	3,533	97	3	3,627	2,590	199	2	2,787	943	840
Previous Year	3,037	497	1	3,533	2,402	189	1	2,590	943	



IDBI CAPITAL MARKETS & SECURITIES LIMITED

[formerly IDBI CAPITAL MARKET SERVICES LIMITED]

(CIN: U65990MH1993GOI075578)

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

(Rs in lakhs)

	Face Value Rs.	Quantity	As At 31.03.2017	Quantity	As At 31.03.2016
Note 8					
Non-Current Investments¹					
Trade Investments - Long Term					
Investment in Equity Instruments					
Equity Shares - Unquoted, Fully paid up					
The Bombay Stock Exchange Ltd ²	1	-	-	70,694	0
Equity Shares - Quoted, Fully paid up					
Aban Offshore Ltd	2	800	18	800	18
(At cost less provision other than temporary diminution in value Rs. Nil (2015: Rs. 11 lacs)					
Bajaj Hindustan Sugar Ltd	1	28,758	10	28,758	10
(At cost less provision other than temporary diminution in value Rs. Nil (2015: Rs. 0.50 lacs)					
BSE Ltd ³	2	10,347	0	-	-
DLF Ltd	2	17,140	96	17,140	96
(At cost less provision other than temporary diminution in value Rs. Nil (2015: Rs. 54 lacs)					
Larsen & Toubro Infotech Ltd	1	2,286	16	-	-
NHPC Ltd	10	500,000	166	500,000	166
NTPC Ltd	10	15,000	30	15,000	30
Opal Luxury Time Products Ltd	10	301,000	391	301,000	391
Punj Lloyd Ltd	2	4,500	2	4,500	2
(At cost less provision other than temporary diminution in value Rs. Nil (2015: Rs. 16 lacs)					
Reliance Communication Ltd	5	2,000	7	2,000	7
(At cost less provision other than temporary diminution in value Rs. Nil (2015: Rs. 4 lacs)					
Reliance ETF Nifty BeES ³	10	0.09	0	0.09	0
Reliance Infrastructure Ltd	10	6,000	80	6,000	80
(At cost less provision other than temporary diminution in value Rs. Nil (2015: Rs. 31 lacs)					
Reliance Industries Ltd	10	16,920	201	16,920	201
The India Cements Ltd	10	38,825	77	38,825	76
(At cost less provision other than temporary diminution in value Rs. Nil (2015: Rs. 25 lacs)					
Thejo Engineering Ltd	10	24,600	50	24,600	50
VTX Industries Ltd	10	2,992,850	239	2,992,850	239
(At cost less provision other than temporary diminution in value Rs. Nil (2015: Rs. 2754 lacs)					
Equity Index Funds - Quoted², Fully paid up					
IDBI Nifty Index Fund - Direct Plan - Growth	10	-	-	828,350	120
Investments in debentures or bonds					
Quoted, Fully paid up					
GOI - 7.16% GOI 2023	100	-	-	50	500
NTPC Limited Sr-54 8.49 NCD 25MR25 FVRS12.5	12.50	15,000	2	15,000	2
(Refer Note 22 (c))					
Investment in Associate Company					
Unquoted, Fully paid up					
IDBI Asset Management Ltd	10	66,660,000	6,666	66,660,000	6,666
(Extent of Holding: C.Y. 33.33% (P.Y. 33.33%) of total paid up equity share capital)					
(Refer Note 30)					
Total			8,051		8,654
a Aggregate value of quoted investments					
Cost			4,280		4,883
Market Value			1,052		1,396
b Aggregate value of unquoted investments					
Cost			6,566		6,666
c Aggregate provision for diminution in value of investments					
			2,895		2,895

1. All Investments are stated at cost / cost less diminution in value other than temporary

2. For Mutual Funds, Net Asset Value is taken as Market Value

3. Amount is below the rounding off norms adopted by the company

(Refer Note 22 & Note 24 for other details)

IDBI CAPITAL MARKETS & SECURITIES LIMITED
(formerly IDBI CAPITAL MARKET SERVICES LIMITED)
(CIN: U65990MH1993GOI075578)

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

(Rs in lakhs)

	As At 31.03.2017	As At 31.03.2016
Note 9		
Deferred tax		
Deferred Tax Liability		
On account of timing differences – Depreciation	134	132
TOTAL	134	132
Deferred Tax Asset		
Provision for Doubtful debts	214	277
Provision for Gratuity & Leave Encashment	18	11
Loss carried forward	22	-
Depreciation on expired assets	1	4
Inadmissible expenses u/s 43B of I.T. Act	5	6
TOTAL	260	298
Net Deferred Tax (Assets)	126	166
Note 10		
Long Term Loans and Advances		
Unsecured, considered good	230	198
Security Deposits*	230	198
TOTAL	230	198

*includes deposits referred in Note 23



IDBI CAPITAL MARKETS & SECURITIES LIMITED

(formerly IDBI CAPITAL MARKET SERVICES LIMITED)

(CIN: U65990MH1993GOI075578)

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

(Rs in lakhs)

	Face Value Rs.	Quantity	As At 31.03.2017	Quantity	As At 31.03.2016
Note 11					
Current Investments					
Trade Investments - Short Term					
Investment in Equity Instruments					
(At lower of cost or market value)					
Quoted, Fully paid up					
Thejo Engineering Ltd	10	174,000	335	177,600	341
(Refer Note 24)					
Opal Luxury Time Products Ltd	10	121,000	121	120,000	115
(Refer Note 24)					
Total			<u>456</u>		<u>456</u>
 Aggregate value of quoted investments					
Cost			464		470
Market Value			<u>490</u>		<u>456</u>



IDBI CAPITAL MARKETS & SECURITIES LIMITED

(formerly IDBI CAPITAL MARKET SERVICES LIMITED)

(CIN: U65990MH1993GOI075578)

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

(Rs in lakhs)

	As At 31.03.2017		As At 31.03.2016	
Note 12				
Trade Receivables*				
(Unsecured, Considered good)				
Outstanding for period exceeding six months	1,624		5,123	
Other Debts	<u>4,035</u>	5,659	<u>2,589</u>	7,712
(Unsecured, Considered doubtful)				
Outstanding for period exceeding six months	2,345		1,594	
Other Debts	1		6	
Less: Provisions for Doubtful Debts	<u>(617)</u>	1,729	<u>(801)</u>	799
TOTAL		<u>7,388</u>		<u>8,511</u>
*Trade Receivables are subject to confirmations				
Note 13				
Cash & Bank Balances				
Cash & Cash Equivalent				
Cash on hand	3		1	
Balances with banks	<u>3,297</u>	3,300	<u>3,373</u>	3,374
Current Investments (Highly Liquid)				
IDBI Liquid Fund - Growth - Direct		4,000		3,500
Units C.Y.229,808.164 (P.Y.215,791.259)				
Other Bank Balances				
Bank Fixed Deposits - more than 12 months				
- Pledged with Stock Exchanges for margin	4,749		4,575	
- others	<u>649</u>	5,398	<u>380</u>	4,955
TOTAL		<u>12,698</u>		<u>11,829</u>
Note 14				
Short Term Loans & Advances				
(Unsecured, Considered Good)				
Advance Recoverable in cash or kind				
Amount recoverable from Related Parties	-		1	
Sundry Deposits	31		26	
Others				
Advance to Service Providers	6		24	
Others	<u>1,319</u>	1,356	<u>713</u>	764
Advance Tax & Tax Deducted at Source (net of provisions)*		2,862		1,520
Minimum Alternate Tax Credit Entitlement**		<u>56</u>		-
TOTAL		<u>4,274</u>		<u>2,284</u>
* Refer Note 25 (b)				
** Refer Note 29				
Note 15				
Other Current Assets				
Accrued Interest on Fixed Deposits		177		157
Accrued Interest on GOI Securities		-		13
TOTAL		<u>177</u>		<u>170</u>



IDBI CAPITAL MARKETS & SECURITIES LIMITED

(formerly IDBI CAPITAL MARKET SERVICES LIMITED)

(CIN: U55990MH1993GOI075578)

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

(Rs in lakhs)

	For The Year Ended 31.03.2017	For The Year Ended 31.03.2016
Note 16		
Revenue From Operations		
Brokerage, Commission & Fees	7,387	5,722
Portfolio Management Services	18	16
Income from Depository Services	70	54
TOTAL	7,475	5,792
Note 17		
Other Income		
Dividend Income	23	25
Income from Mutual fund redemptions	316	385
Profit on Sale of Investments	232	12
Loss on Valuation of Current Investments	7	(11)
Other Non-operating Income		
Interest Received on Bonds/Fixed Deposits	370	517
Interest / Discount on G-sec / Treasury Bills	19	36
Miscellaneous Income	33	38
TOTAL	1,000	1,002
Note 18		
Employee Benefits Expense*		
Salaries, Wages & Allowances	2,177	1,792
Contribution to Provident and other funds	155	115
Other benefits	35	31
TOTAL	2,367	1,938
*Disclosure required by AS 15 on Employee benefits- Refer Note 26		
Note 19		
Operating Expenses		
Brokerage Paid	290	261
Operating Charges	322	152
Computer Maintenance Expenses	174	155
Marketing Expenses	51	14
Professional Charges	319	327
Franking/Stamp Expenses	71	66
Manpower Hire Charges	313	282
Loss on Error Trade	2	1
TOTAL	1,542	1,258
Note 20		
Administrative Expenses		
Rent (Refer Note 27)	551	570
Electricity Charges	72	78
Rates & taxes	54	14
Insurance	9	6
Repairs & Maintenance	61	58
Travelling & Conveyance	126	95
Communication Expenses	176	117
Printing & Stationery	55	32
Sitting fees to directors	9	10
Contribution towards CSR	41	52
Auditors Remuneration		
Audit Fees	8	8
Tax Audit Fees	1	1
Others	1	-
Prior Period Items (Net)	-	6
Miscellaneous expenses	101	17
TOTAL	1,265	1,064



Notes forming part of the Financial Statements

21. The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year-end together with interest paid/ payable as required under the said act have not been given. (Refer Note 4)
22. a) Following Non-Current Investments are carried at cost less provision other than temporary diminution. Accordingly a provision for diminution in the value amounting to Rs.2895.40 lakhs (P.Y. Rs. 2895.40 lakhs) is held in the books against respective investments and the same is netted from the cost. (Refer Note 8)

Scrip Name	Qty	Cost as on 31.03.17 Rs lakhs	Market Value per share Rs	Carrying cost per share Rs	Cumulative Provision for Diminution in the value other than temporary Rs lakhs	
					2016-17	2015-16
VTX Industries Ltd	2992850	2992.85	1.43	100	2754.00	2754.00
Aban Offshore Ltd	800	29.13	225.15	3640.57	10.81	10.81
DLF Ltd	17140	150.43	148.65	877.67	54.41	54.41
India Cements Ltd	38825	101.40	162.45	261.17	24.63	24.63
Reliance Communications Ltd	2000	11.20	38.30	560.00	4.03	4.03
Reliance Infrastructure Ltd	6000	111.31	568.65	1855.21	31.04	31.04
Punj Lloyd	4500	17.64	19.35	17.64	15.99	15.99
Bajaj Hindustan Sugar Ltd	28758	10.35	13.35	36.00	0.49	0.49
Total					2895.40	2895.40

- b) After conversion of Bombay Stock Exchange (BSE) membership rights into trading rights of Bombay Stock Exchange Ltd (BSEL) and shares of BSEL, the Company continues to carry trading rights at historic cost and shares at face value. However this accounting treatment is not in accordance with the Opinion given by Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India (ICAI). EAC recommends that accounting standard does not envisage historical cost based accounting treatment in case of transactions involving exchange of assets. (Refer Note 8).
- c) During the year 2014-15, the company had received 15000 Non-convertible Debentures from NTPC Ltd towards deemed dividend on equity shares held by the company on 1:1 ratio. The face value of the debenture is Rs. 12.50. Accordingly company had recognized the debentures in the books by crediting dividend account. (Refer Note 8).
23. a) The Company has paid Larsen & Tubro Ltd an amount of Rs. 15.70 lakhs as an additional deposit in respect of property tax for the premises of Bhaktawar Tower, which was occupied by the company. The demand was raised by Bhrihan Mumbai Corporation for enhanced property tax on Larsen & Tubro Ltd, who has taken the matter before the Bombay High Court. Pending disposal of the case amount paid towards Company's share of tax deposited in Court has not been recognised in profit & loss account and shown as deposit under Long Term Loans and Advances (Non-Current). (Refer Note 10)



- b) Initial margin placed with the exchanges towards capital in the form of cash Rs.180.59 lakhs (P.Y. Rs. 147.59 lakhs). (Refer Note 10).

24.

- a) The company during the financial year 2012-13 acquired 12300 fully paid Equity Shares of Rs 10 each in the IPO of Thejo Engineering Ltd at Rs 402/- per share amounting to Rs 49.44 lakhs in the Market Maker portion where IDBI Capital Market Services Ltd agreed to act as Market Maker for a period of three years from the date of listing of the shares. Further bonus shares on above totalling to 12300 were received during 2013-14. Thus 24600 shares have been treated as non-current investment. As market maker to the issue, Shares acquired from the market, outstanding as on 31.03.2017 including 86100 Bonus Shares received on 14.09.2013 is 174000 equity shares (P.Y 177600 equity shares) amounting to Rs 335.11 lakhs (P.Y 387.11 lakhs) has been treated as Current Investments. The market value of these shares as on 31.03.2017 amounts to Rs 368.88 lakhs (P.Y Rs. 340.99 lakhs). (Refer Note 8 & Note 11 of Notes to Accounts and Note 1 (f.1) of Significant Accounting Policies).
- b) The company during the financial year 2013-14 acquired 301000 fully paid Equity Shares of Rs 10 each in the IPO of Opal Luxury Time Products Ltd at Rs 130/- per share amounting to Rs 391.30 lakhs in the Market Maker portion where IDBI Capital Market Services Ltd agreed to act as Market Maker for a period of three years from the date of listing of the shares. This has been treated as long term investment and accordingly classified under Non-Current investments. Further, as market maker to the issue, Shares acquired from the market, outstanding as on 31.03.2016 is 121000 equity shares (PY 120000 equity shares) amounting to Rs 129.11 lakhs (PY Rs 128.44 lakhs) has been treated as Current Investments. The market value of these shares as on 31.03.2017 amounts to Rs 121.00 lakhs (P.Y Rs. 115.08 lakhs). (Refer Note 8 & Note 11 of Notes to Accounts and Note 1 (f.1) of Significant Accounting Policies).

25.

- a) Statutory dues under other Current liabilities include an amount Rs. NIL (P.Y. Rs. 3.97 lakhs) being service tax liability on bills raised before July 01, 2011. The amount is outstanding in the books as the amount is payable only on receipt of payment from the service receiver as per prevailing point of taxation under service tax rules of that respective year. (Refer Note 5).
- b) Pending receipt 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 14)

26. Employees Benefit:

a. Defined Contribution Plans:

Amount recognised and included for Contribution to Provident Fund in Note 18 "Contribution to Provident and other funds" of Profit and Loss Account is Rs. 55.37 lakhs (Previous year Rs. 42.50 lakhs)

b. Gratuity and other post-employment benefit plans:

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service subject to a maximum of Rs. 10,00,000.

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



Profit and Loss account

Net employee benefit expense (recognised in Employee Cost)

	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
	Rs in lakhs	Rs in lakhs	Rs in lakhs	Rs in lakhs	Rs in lakhs
Current service cost	17.87	18.28	18.17	21.40	15.98
Interest cost on benefit obligation	8.24	7.55	7.65	6.49	4.67
Expected return on plan assets	(7.58)	(6.99)	(7.36)	(7.12)	(5.94)
Net actuarial (gain) / loss recognised in the year	15.61	(0.74)	(0.42)	(12.61)	7.14
Past service cost	-	-	-	-	-
Net benefit expense	34.14	18.10	18.04	8.16	21.65
Actual return on plan assets	7.52	7.24	6.65	6.29	5.12

Balance sheet

Details of Provision for gratuity

	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
	Rs in lakhs	Rs in lakhs	Rs in lakhs	Rs in lakhs	Rs in lakhs
Defined benefit obligation	141.50	105.65	94.58	82.36	81.18
Fair value of plan assets	123.42	97.13	87.64	84.61	81.87
Difference	(18.08)	(8.52)	(6.94)	2.25	0.69
Less: Unrecognised past service cost	-	-	-	-	-
Plan asset / (liability)	(18.08)	(8.52)	(6.94)	2.25	0.69

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

	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
	Rs in lakhs	Rs in lakhs	Rs in lakhs	Rs in lakhs	Rs in lakhs
Opening defined benefit obligation	105.65	94.58	82.36	81.18	58.34
Interest cost	8.24	7.55	7.65	6.49	4.67
Current service cost	17.87	18.28	18.17	21.40	15.98
Benefits paid	(5.80)	(14.27)	(12.47)	(13.27)	(4.13)
Actuarial (gains) / losses on obligation	15.54	(0.49)	(1.13)	(13.44)	6.31
Closing defined benefit obligation	141.50	105.65	94.58	82.36	81.18

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

	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
	Rs in lakhs	Rs in lakhs	Rs in lakhs	Rs in lakhs	Rs in lakhs
Opening fair value of plan assets	97.13	87.64	84.61	81.87	69.10
Expected return	7.58	6.99	7.36	7.12	5.94
Contributions by employer	24.57	16.52	8.84	9.72	11.78
Benefits paid	(5.80)	(14.27)	(12.47)	(13.27)	(4.13)
Actuarial gains / (losses)	(0.06)	0.25	(0.70)	(0.83)	(0.62)
Closing fair value of plan assets	123.42	97.13	87.64	84.61	81.87



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

	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
	%	%	%	%	%
Investments with insurer	100	100	100	100	100

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

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

	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
	%	%	%	%	%
Discount rate	7.21	7.80	7.98	9.29	8.00
Expected rate of return on Plan assets	7.21	7.80	7.98	8.70	8.70
Salary Escalation Rate	5.00	5.00	5.00	5.00	5.00

In the absence of detailed information regarding Plan Assets which is funded with Life Insurance Corporation of India, the composition of each major category of plan assets, the percentage or amount for each category to the total fair value of plan assets has not been disclosed.

The details of experience adjustments arising on account of plan assets and plan liabilities as required by paragraph 120(n)(ii) of AS 15 (Revised) on "Employee Benefits" are not readily available in the valuation statement received from LIC and hence, are not furnished. (Refer Note 18)

- c. The Company has provided shortfall in plan assets in gratuity and leave encashment funds with projected benefit obligations as per actuarial valuation results as on 31.03.2017 in the books by debiting the statement of profit and loss amounting to Rs. 9.57 lakhs (P.Y. Rs. 1.58 lakhs and Rs. 12.28 lakhs (P.Y. Rs. 7.68 lakhs) respectively.

27. Operating Leases

Office premises are taken on operating lease. There are no restrictions imposed by lease agreements and all lease agreements are cancellable in nature on short term notice.

(Rs. In Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
Lease payments for the year	550.68	569.90
Contingent rent recognized in Profit & Loss Account	-	-

The above includes payment made to IDBI Bank Ltd (Holding Company) amounting to Rs. 489.55 lacs (P.Y. Rs. 538.81 lacs) towards Rent for Corporate Office (3rd floor, Mafatlal Centre). (Refer Note 20 – Administrative Expenses)



28. **Earnings per Share (EPS) - The numerator and denominator used to calculate Basic Earnings per Share**

	Year ended March 31, 2017	Year ended March 31, 2016
Profit attributable to the Equity Shareholders (Rs. in Lakhs) (A)	232	928
Calculation of weighted average number of equity shares (B)		
- No. of shares at the beginning of the period	12,81,00,000	12,81,00,000
- No. of shares issued during the period	-	-
- Total No. of shares outstanding at the period	12,81,00,000	12,81,00,000
- Nominal value of Equity Shares (Rs.)	10	10
- Paid up value of the equity share (Rs.)	10	10
Weighted average no. of shares	12,81,00,000	12,81,00,000
Basic Earnings per Share (Rs.) (A/B)	0.18	0.72
Diluted Earnings per Share (Rs.)	0.18	0.72

29. The company has recognized Minimum Alternate Tax Credit Entitlements of Rs. 56 lacs (P.Y. Rs. NIL lacs) in the current year in view of the fact that it is reasonably certain that sufficient taxable income will be available in future against tax liability of which such Minimum Alternate Tax Credit Entitlements can be utilised.
30. The Company has during the year written off receivables outstanding for more than three years amounting to Rs 2992.16 lakhs (P.Y Rs 1528.12 lakhs) in respect of advisory services wherein recoveries were not forthcoming despite best efforts.

Other Notes

31. **Related Party Transactions:**
(Disclosure required under AS 18)

I. List of related parties:

- A. Related Party where control exists**
IDBI Bank Ltd. - Holding Company
IDBI Intech Limited – Fellow Subsidiary
IDBI Asset Management Ltd – Associate
IDBI Trusteeship Services Limited – Fellow Subsidiary
- B. Other Related Parties**
Enterprises under common control of the Holding Company
IDBI Federal Life Insurance Co Ltd
- C. Key Management Personnel -**
D. C. Jain, Managing Director & CEO till August 31, 2015
Nagaraj Garla, Managing Director & CEO from October 23, 2015
V. Gopinath, Chief Financial Officer
Christina D'souza, Company Secretary



II. Transactions with Related Parties carried out in the Ordinary course of business and balance outstanding at the end:

Name of Related Party	Nature of Transaction	During the year		Outstanding as at	
		2016-17	2015-16	2016-17	2015-16
IDBI Bank Ltd	Interest received	224.60	516.97	46.21	157.16
	Brokerage earned	39.98	41.25	-	-
	Rent Received	26.40	26.40	4.40	-
	Mobilisation fees	-	-	143.04	143.04
	Advisory Fees Income	389.50	108.50	461.05	139.84
	Rent paid	518.83	546.31	7.89	0.32
	Electricity Charges paid	1.90	1.07	0.26	-
	Professional Charges paid	5.50	22.00	-	-
	Brokerage Paid	198.06	111.71	403.50	219.11
	Medical Expns. Reimb.	5.29	1.86	-	-
	Sitting Fees	2.50	2.55	-	-
	Other Expenses	14.26	-	1.09	-
	Staff on deputation (in ICMS Rolls)	-	17.48	-	-
	Staff on deputation (in IDBI Rolls)	199.84	211.08	80.05	80.05
	Bank Balances	-	-	3192.52	3278.30
	Fixed Deposit	-	-	699.00	4955.00
	Share Capital held by IDBI Bank	-	-	12810.00	12810.00
IDBI Intech Ltd	Professional Charges	237.95	238.60	-	-
IDBI Trusteeship Services Ltd	Brokerage earned	4.94	10.51	-	-
	Brokerage Paid	0.27	0.08	-	-
	Professional charges paid	7.16	-	-	-
IDBI Federal Life Insurance Co. Ltd	Brokerage earned	60.37	40.01	-	-
IDBI Asset Management Ltd	Commission earned	1.31	1.86	-	-
	Miscellaneous Income	1.38	0.71	-	-
	Transfer of Fixed Asset	-	-	-	1.26
	Investment in Equity Share Capital *	-	-	6666.00	6666.00
Managerial Remuneration	Remuneration to Key Management Personnel (includes pay, allowances and reimbursements)	74.33	67.61	-	-
	Pension scheme contribution	2.56	2.31	-	-
	Perquisites & benefits	3.45	3.38	-	-

* In IDBI Asset Management Ltd, a subsidiary of IDBI Bank Ltd, the total holding of the company as on 31.03.2017 is 33.33 % (P.Y. 33.33 %). (Refer Note 8)

32. Contingent Liabilities and commitments (to the extent not provided for)

i) Other items for which the Company is contingently liable-

1. Claims against the company not acknowledged as debt – Rs. 13.37 lakhs (PY Rs. 79.04 lakhs) including interest @ 18% amounting to Rs. 6.25 lakhs (P Y Rs. 28.12 lakhs).
2. A demand notice dated 27.01.2015 was received raising a demand for payment of income tax of Rs. 611.79 lakhs for the Asst. Year 2012-13. The demand has been contested by the company before the appropriate 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 upheld is low. Accordingly no provision in respect thereof has been made.

10



3. A demand notice dated 21.03.2016 was received raising a demand for payment of income tax of Rs. 20.16 lakhs for the Asst. Year 2013-14. The notice has been contested by the company before the appropriate 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 upheld is low. Accordingly no provision in respect thereof has been made.
4. A show cause notice has been issued by the Service Tax Dept 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.
- ii) Estimated amount of contract remaining to be executed on capital account and not provided for: Rs. 49.15 lakhs (PY Rs Nil lakhs).
- iii) An amount of Rs.22.68 lakhs has not been recognized in respect of a project committed under Corporate Social Responsibility (CSR) activity by the company during the financial year 2016-17 as the execution of the project will be completed only during the financial year 2017-18.
33. Earnings in Foreign Currency on account of Advisory services Rs.38.71 lakhs (P.Y. - Rs. 4.31 lakhs) and Expenditure in Foreign currency on account of Travelling Rs. 9.95 lakhs (P.Y. - Rs. 3.85 lakhs).
34. Dividend income includes dividend on non-current investment amounting to Rs. 16.49 lakhs (PY Rs. 18.64 lakhs) and current investments Rs. 6.95 lakhs (PY Rs 6.44 lakhs). Interest income includes interest on non-current investments amounting to Rs. 18.58 lakhs (PY Rs. 36.05 lakhs).
35. The details of Specified Bank Notes (SBN) held and transacted during the period from 08th November 2016 to 30th December 2016.

Particulars	SBNs (Rs.)	Other denomination notes (Rs.)	Total (Rs.)
Closing cash in hand as on 08.11.2016	7500	1,272	8,772
(+) Permitted receipts	0	97,717	97,717
(-) Permitted Payments	0	86,191	86,191
(-) Amount deposited in Banks	7,500	0	7,500
Closing cash in hand as on 30.12.2016	0	12,798	12,798

36. Segment Reporting (Disclosure required under AS 17)

Assets, Liabilities, Income and Expenditure have been allocated to the respective segments to the extent practicable for the purpose of segment reporting.

[Handwritten signature]



NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Segment Reporting

Primary Segment

(Rs in lakhs)

	Investment Banking Services		Institutional Broking		Retail Broking		Others *		TOTAL	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Revenue										
Segment Revenue	3,926	3,318		307	3,032	2,186	1,019	982	8,475	6,794
Less: Inter Segment	-	-	-	-	-	-	-	-	-	-
Total Revenue	3,926	3,318	499	307	3,032	2,186	1,019	982	8,475	6,794
Result										
Segment Result	2,168	1,828	26	3	372	11	(2,295)	(417)	272	1,425
Less: Tax Expenses	-	-	-	-	-	-	-	-	40	497
Total Result									232	928
Assets										
Segment Assets	-	-	-	-	-	-	17,905	17,565	17,905	17,565
Unallocated Assets	-	-	-	-	-	-	-	-	16,401	15,664
Total Assets									34,306	33,229
Unallocated Segment Liabilities										
Other Information										
Depreciation	-	-	-	-	-	-	-	-	199	189

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



37. The additional Information pursuant to Schedule III to the Companies Act, 2013 are either Nil or Not Applicable.
38. Previous year figures have been grouped, regrouped, arranged and rearranged wherever necessary and possible.

Signatures to Notes 1 to 38

As per our attached report of even date

For A Sachdev & Co
Chartered Accountants
Firm Registration No: 001307C



K. G. Bansal
Partner
M. No. 094274

For and on behalf of the Board


Gurudeo M. Yadwadkar
Director
DIN: 01432796


Christina D'souza
Company Secretary


Nagaraj Garla
Managing Director & CEO
DIN: 06983880


V. Gopinath
Chief Financial Officer

Place: Mumbai
Date: 26-04-2017

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	NOT APPLICABLE
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, 2017
2.	Shares of Associate held by the company on the year end	
	Number of Equity Shares	66660000
	Amount of Investment in Associates (₹ in lacs)	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 (₹ in lacs)	N.A.
	i. Considered in Consolidation	N.A.
	ii. 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

Gurudeo M. Yadwadkar
Gurudeo M. Yadwadkar
Director
DIN: 01432796

Christina D'souza
Company Secretary

D'souza

Place: Mumbai
Date: 26-04-2017

Nagaraj Garla

Nagaraj Garla
Managing Director & CEO
DIN: 06983880

V. Gopinath
Chief Financial Officer

Gopinath