



**IDBI CAPITAL MARKET
SERVICES LTD.**

22ND ANNUAL REPORT

2014 - 15

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Board of Directors

Shri M. S. Raghavan
Chairman
(upto June 30, 2015)

Shri B.K. Batra
Director

Shri Sethuratnam Ravi
Independent Director

Shri P.P. Chhajed
Independent Director

Shri Sivaram Swamy
Independent Director

Smt. Bhama Krishnamurthy
Director (w.e.f. 25.03.2015)

Shri Dharam Chand Jain
Managing Director & CEO

Chief Financial Officer

Shri V. Gopinath

Company Secretary & Compliance Officer

Ms. Christina D'souza

Registered Office

3rd Floor, Mafatlal Centre,
Nariman Point, Mumbai – 400 021
Tel: 43221212 Fax: 22850785
Email: info@idbicapital.com
CIN: U65990MH1993GOI075578

Audit Committee

Shri P.P. Chhajed (Chairman)
Shri Sethuratnam Ravi
Shri B. K. Batra
Shri. Sivaram Swamy
Shri. D.C. Jain

Nomination & Remuneration Committee:

Shri Sethuratnam Ravi(Chairman)
Shri B. K. Batra
Shri P.P. Chhajed

CSR Committee:

Shri P.P. Chhajed (Chairman)
Shri B. K. Batra
Shri. Sivaram Swamy
Shri. D.C. Jain

Statutory Auditors

Messrs. Amit Ray & Co.
Chartered Accountants

Internal Auditors

Messrs. Ray & Ray
Chartered Accountants

Bankers

IDBI Bank Limited

BOARD OF DIRECTORS



Shri.S Ravi
Independent Director



Shri.B.K.Batra
Director



Shri.P.P. Chhajer
Independent Director



Shri Sivaram Swamy
Independent Director



Ms. Bhama Krishnamurthy
Director



Shri D.C. Jain
MD & CEO

NOTICE OF THE TWENTY SECOND (22nd) ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty Second (22nd) Annual General Meeting of the Members of IDBI Capital Market Services Limited will be held on Monday, the 24th August, 2015 at 3.00 p.m. at IDBI Capital Market Services 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, 2015 and reports of Directors' and Auditor's thereon.
2. To declare dividend for the financial year 2014-15
3. To appoint a Director in place of Shri. B. K. Batra, who retires by rotation and being eligible, seeks reappointment.
4. To appoint Auditors and fix their remuneration and, in that behalf, to consider and, if thought fit, to pass the following resolution as 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 2015-2016 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 authorised 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."

B. Special Business

5. To appoint Ms. Bhama Krishnamurthy as a Non – Executive Director of IDBI Capital Market Services Ltd. who was appointed as an Additional Director of the Company with effect from March 25, 2015 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, but who is eligible for appointment.

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

“RESOLVED THAT Ms. Bhama Krishnamurthy who was appointed as an Additional Director of the Company by the Board of Directors by passing of a circular resolution pursuant to Section 161(1) of the Companies Act, 2013, and who holds office upto the date of this Annual General Meeting pursuant to Section 161(1) of the Companies Act, 2013, and whose term expires at this Annual General Meeting be and is hereby appointed as Non-Executive Director of the Company, liable to retire by rotation”.

6. To consider and, if thought fit, to pass, the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 14 of the Companies Act, 2013 and in order to comply with the provisions of the Companies Act. 2013, the Articles of Association of IDBI Capital Market Services Limited be and are hereby altered as follows:-

(i) After the Article 1 and before the Article 2, the following new Article 1A be added in the Articles of Association:

Article1 (A):

The company shall comply with all the applicable provisions of the Companies Act, 2013 and Rules made thereunder and in that regard, wherever these Articles give reference to the repealed provisions of the Companies Act, 1956, the same reference or provision be construed and read as the reference to the corresponding applicable provision(s) of the Companies Act, 2013 read with the Rules made thereunder and complied accordingly.”

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

**Place: Mumbai
Date: 14/08/2015**

**Sd/-
Christina D’souza
Company Secretary
IDBI Capital Market Services Limited
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/HER 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.
- Members/proxies should bring the attendance slip duly filled in for attending the meeting. The relevant explanatory statements pursuant to Section 102(1) of the Companies Act; 2013 in respect of business under item no. 5 to 6 are attached herewith.
- Members/Proxies/Representatives are requested to bring the attendance slip enclosed to the annual report /notice for attending the meeting.
- 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 Register of Members and Share Transfer Books of the Company will remain closed on 4th September, 2015 for the purpose of payment of dividend, if declared at the Annual General Meeting.
- The quorum for the Annual General Meeting, as provided in Section 103 of the Companies Act, 2013, is five members (including a duly authorized representative of the IDBI Bank) 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.

EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 102

Item no 5:

Explanatory Statement under Section 102 of the Companies Act, 2013 in respect of Item No.5 of the Notice:

Ms.Bhama Krishnamurthy (DIN: 02196839) (Age 60 years), was inducted as an Additional Director on the Board of Directors of the Company on May 25, 2015. Ms. Bhama Krishnamurthy has done her Masters in Science (M.Sc.) from Mumbai University. She was Country Head and Chief General Manager, SIDBI. She had a career spanning over 35 years in IDBI (now IDBI Bank) and SIDBI, covering all areas of development in banking operations both from policy perspectives and relating to implementation aspects. She has closely dealt with Multilateral and Bilateral Agencies in close co-ordination with Government of India.

Ms. Bhama Krishnamurthy, does not hold by herself or for any other person on a beneficial basis, any shares in the Company nor she is related to any Director, Manager or Key Managerial Personnel of IDBI Capital in any manner. Ms. Bhama Krishnamurthy is the wife of Mr. P. Krishnamurthy, Independent Director on the Board of IDBI MF Trustee Company Limited.

Ms. Bhama Krishnamurthy being eligible and offering herself for appointment, is proposed to be appointed as a Non- Executive Director.

Her Directorships:

Organization Name	Position Held	Nature of job/ responsibilities	Period (From – to--)
Jainsons Finelease Ltd.(Intellegrow)	Independent Director	Independent Director	Continuing
Ujjain Financial Services Pvt Ltd.	Nominee director	Nominee director	Continuing
ICICI Venture Fund Mgt Co Ltd	Nominee director	Nominee director	Continuing
SIDBI Venture Capital Ltd	Additional director	Additional director	Continuing
Reliance Industrial Infrastructure Ltd.	Director	Director	Continuing

Ms. Bhama Krishnamurthy does not receive any remuneration, benefits, or commission except sitting fees from the Company. The Board considers that her continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Ms. Bhama Krishnamurthy as a Non- Executive Director. Accordingly, the Board recommends the resolution in

relation to appointment of Ms. Bhama Krishnamurthy, as Non- Executive Director, for the approval by the shareholders of the Company.

Except Ms. Bhama Krishnamurthy, 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. 5

Item no 6:

Explanatory Statement under Section 102 of the Companies Act, 2013 in respect of Item No.6 of the Notice

(i) The present Articles of Association of IDBI Capital were prepared and registered with the ROC, Maharashtra at the time of incorporation of IDBI Capital under the Companies Act, 1956 and contain references to the provisions of the Companies Act, 1956 and various sections thereof. Central Government has notified the new Companies Act, 2013 and the provisions have come into effect from September 12, 2013 / April 01, 2014 IDBI Capital has begun to comply with the applicable provisions of the new Act. In order to avoid any confusion while complying with Articles of Association, it is proposed to add a new Article 1A (given in the Special Resolution), clarifying that wherever the present Articles give reference to the repealed provisions of the old Companies Act, 1956, the same be construed and read as reference to the corresponding applicable provisions of the new Companies Act, 2013 read with the Rules made thereunder and complied accordingly.

The Article of Association will be open for inspection during Business hours at the Registered office of the Company.

DIRECTORS' REPORT

To The Members

Your Company's Board of Directors hereby present its Report on the business and operations of the Company for the year ended March 31, 2015.

Financial Reports

The financials for the year ended March 31, 2015 with comparative figures for the previous year are given below:

(Rs.Lakhs)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Profit/ (Loss) before depreciation, tax and write-off of preliminary expenses	2409	3246
Depreciation	168	125
Preliminary Expenses written off	Nil	Nil
Profit before tax	2241	3121
Less: Provision for tax	1091	1375
Profit/(Loss) after tax	1150	1746
Add: Balance in Profit and Loss Account brought forward	336	188
Amount available for appropriation	1486	1934
<u>Appropriations:</u>		
Transfer to General Reserve	200	100
Proposed Dividend	769	1281
Tax on Proposed Dividend	157	217
Balance carried to Balance Sheet	360	336

Dividends

Your Directors after taking into consideration the profits of the Company in the Financial Year 2014-2015, have recommended a final dividend of 6% for the financial year 2014-2015 (10% dividend was paid in the previous financial year 2013-2014) . The appropriation for dividend, including dividend tax, works out to Rs. 926 lakhs. The dividend amount payable is Rs. 769 lakhs and dividend tax is Rs. 157 lakhs.

Reserves and Surplus

The Board discussed the transfer of profits to General Reserve for the financial year 2014-2015. After deliberations, considering the sufficient profit available, it was decided to transfer Rs 200 lakhs to General Reserves.

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, 2015 and the date of the Directors' Report

Economic Review

Indian economy has undergone a series of changes in the financial year 2014-15 characterised by change in leadership at helm, reversal in economic growth rate, stable exchange rate against US dollar, narrowing fiscal deficit and sharp fall in global energy prices resulting in shrinking subsidy payout. All the major global economies showed signs of improvement in fiscal 2014-15 led by developed nations like US, UK, Germany, Spain and Canada. However, developing and emerging nations continue to report lower growth in 2014 except a few countries including India, which reported a healthy growth despite the tough environment. IMF is expecting a muted growth in the global economy over the next two years with average growth of 3.80% in 2016 driven by emerging and developing economies. IMF projections till 2016 show that India would outpace the China in 2016 and would grow at 7.5% average compared to 6.5% in China. This indicates the relative performance of India would help sustain its attractiveness over the next few years.

India's GDP improved to 7.3% in Fiscal 2014-15 from 6.9% in fiscal 2013-14 (with the new base). In BRICS nation, barring India, all other nations have reported fall in GDP growth rate in FY15 which shows the inherent strength in Indian economy. According to IMF, GDP growth of Brazil, Russia, China and South Africa is dropped to 1.3%, 0.6%, 7.4% and 1.5% in 2014 from 2.7%, 1.3%, 7.7% and 2.2% in 2013, respectively. The new government's initiatives like Make in India, Smart Cities and Digital India along with its focus on infrastructure development including Roads, Ports and Railways are likely to fuel growth in coming months. Driven by all the reforms and initiatives taken by new government, FDI inflows have risen 27% YoY to US\$30.9 bn. Almost 29% of the total FDI inflows have come through Mauritius primarily in services sector followed by Telecommunication and Automobile in FY15.

Inflation remained the highlight with average WPI inflation moderating to a negative 2.3% at the end of FY15 from 6.0% in FY14 driven by fall in commodity prices and healthy monsoon resulting in lower food inflation. At the same time, CPI also came down to 5.25% in FY15 from 8.25% in FY14 end. Regular fall in inflation prompted RBI to take steps on easing in the monetary policy. RBI cut the Repo rate three times to 7.25% from January 2015 to June 2015. Also, the government's fiscal deficit also narrowed to 4% in FY15, much lower from 4.5% in FY14 owing to sharp fall in import bill

and subsidy payout on the back of lower energy cost. Consequently, rupee-US dollar exchange rate remained almost stable during the year and averaged Rs61.1/US\$ in FY15.

Industrial growth outlook

Indian Industrial Production (IIP) improved to 3.25% in FY15 compared to 0.13% in FY14 led by strong growth in manufacturing and capital goods segments. Manufacturing segment expanded 3.1% in FY15 compared to a growth of a negative 0.7% in FY14 largely due to increased activity in infrastructure and reducing input costs. Capital goods recorded a robust growth of 12.5% in FY15 up from a negative 6.8% in FY14. Shortage of power was a big negative factor in FY14, which have shown a stable growth in this fiscal year. However, consumer goods and consumer durable segments remained under pressure in FY15. We expect slowdown in Chinese economy would continue to put pressure on commodity and energy prices. However, India's demographic and geographical advantage would continue to drive growth in future.

Indian Equity Markets during FY 2014-15

Indian equity markets made a sharp bull run in FY15 and remained one of the best performing amongst the key global markets. The market turned bullish on the expectation of structural reforms and sharp economic growth following the clear mandate received by the NDA government. Indian markets provided a positive return of 24.9% in FY15 driven by series of economic reforms in energy and banking sector and lower energy prices. Sensex ended FY15 at the highest-ever levels of 27,957 registering YoY gain of around 24.9%. Healthcare, Consumer Durables, Auto, Banks, Capital Goods and IT were the few sectors which outperformed the indices. However, Chinese economic slowdown, infrastructure slowdown and lack of availability of cheap resources like Coal and Natural Gas, Metals, Realty, FMCG, and Power were amongst the worst performing sectors.

FII flows remained positive during the year in Indian equity market during FY15 at Rs1,000 bn on the back of positive outlook on the Indian economy and the government. It was much higher than FY14 which saw investment of Rs800 bn.

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

Major BSE Indices	31-Mar-14	31-Mar-15	Year's Low	Change over last year		Change over year's low	
				YoY	%	YoY	%
Sensex	22,386	27,957	22,277	5,571	24.9	5,680	25.5
Auto	13,280	19,259	13,197	5,978	45.0	6,061	45.9
Bankex	14,572	20,865	14,305	6,293	43.2	6,560	45.9
Capital Goods	12,011	17,293	11,886	5,282	44.0	5,407	45.5
Consumer Durables	6,526	10,418	6,517	3,892	59.6	3,901	59.9
Metal	10,059	9,466	9,318	-593	-5.9	147	1.6
FMCG	6,971	7,773	6,564	802	11.5	1,209	18.4
Health Care	10,084	17,285	9,945	7,201	71.4	7,340	73.8
IT	8,789	11,404	8,214	2,615	29.7	3,190	38.8
Oil & Gas	9,486	9,312	9,123	-174	-1.8	189	2.1
Power	1,725	2,127	1,668	403	23.4	460	27.6
Realty	1,468	1,665	1,361	196	13.4	304	22.3

Source: BSE, IDBI Capital Market Services Limited

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. During the year ended March 31, 2015, the Primary markets saw a revival in fund raising on the back of rising corporate and investor confidence in economic revival. Capital Market Group has bagged IPO and Rights Issue mandates from private sector. During the year, Capital Market Group team was reconstituted and has further strengthened its business development efforts to build a mandate pipeline. Despite the lag in pick up of economic activities, the Advisory Group has been able to generate good amount of revenue for the year. M&A vertical

could not book targeted revenue due to delay in closure of certain deals due to the very nature of business and general economic environment. Going forward Capital Market group plans to generate a judicious mix of assignments that include IPOs, FPOs, Rights Issues, QIPs, OFS, and Equity Advisory mandates from Private Sector, PSUs and Dept. of Disinvestment. It also plans to play proactive role in bond placements and public issues. Thus far in FY16, Capital Markets Group has successfully closed one IPO, is in various stages of few QIPs, Rights Issues, OFS and equity advisory mandates. Advisory group plans to explore existing relationships with banks and other intermediaries to conclude deals with other banks for generating further syndication and advisory assignments. M&A group is already working on few active mandates which are likely to get completed in the next six months.

Portfolio Management & Advisory Services

We continued to manage funds for three corporate clients. While funds deployed through the FY 2014-15 stood at Rs.1, 128 Cr. the AUM under management at the end of the FY 2014-15 stands at Rs.4, 211 Cr.

The return on the investments during the FY 2014-15 was 9.47% for retirement funds and 9.25% for the surplus funds. The average ten year GSEC yield stood at 8.32%.

Institutional Broking:

The Institutional Broking Group made a profit after a long time. In spite of reduction in cost, the brokerage income of Institutional Broking during the FY 2014-15 was Rs. 404 Lakhs vis-à-vis of Rs. 327 Lakhs during FY 2013-14. Total turnover during the year stood at Rs. 60 bn compared to Rs. 40.7 bn during the FY 2014-15. The Group continued its efforts on enhancing relationship with the existing clients as well as to acquire new clients during the financial year. The Group also activated some dormant clients and Bank treasuries and have received few new empanelments. The initiatives taken and the addition of new clients are expected to yield positive results in FY 2015-16 and going forward.

Retail Broking:

The Group has reported Gross Revenue of Rs. 21.87 crore during FY 2014-15 vis-à-vis Rs. 15.36 Crore in the previous FY 2013-14 which constitutes growth of 42% on YoY basis.

In order to push for higher sales and revenues, and with a view to turnaround the performance of the Group, various strategic decisions such as restructuring measures, formation of NCA Cell and HNI desk were undertaken in the beginning of the FY 2014-15. Similarly, the Group managed to control the overall cost and followed on-going efficiency improvement measures which yielded in profit of Rs. 1.52 crore during the FY 2014-15 as against loss of Rs.5.23 crores in the previous financial year. The overall expenses were brought down to Rs 20.35 crore, as against Rs 20.59 crore in the corresponding period last year.

The Retail Broking Group is in the final stage of implementing new customer friendly portal trading engine and back office solution from TCS Ltd. The new set up is sized to handle upto 10,000 concurrent logins and offer a wider product bouquet to the clientele. In order to utilize this to the maximum, the Retail Brokerage Group will focus on expanding its New Client Acquisition team from around 115 currently to 200; this will boost acquisition of new clients and help in putting capabilities of the new Trading Portal and hardware set up to effective use.

Future Plans

Your Company is a well recognized top tier full service Investment Bank offering a bouquet of services in Capital Markets, Mergers and Acquisition and the Corporate Advisory space. We are geared to capitalize on the prevalent investment trend and scale up our capital market presence as well as boost the ancillary services of Retail and Institutional Business.

The primary and secondary market issuances in the current fiscal are likely to witness increased activity vis a vis previous year. This is primarily on account of the run up in the market valuations on the listed space, on the expectation of slew of measures to be undertaken by the government, to reform the economy. However in the medium term, there are cautious headwinds on account of derailment in expectation of reform measures and below normal monsoon while the long term view remains bullish. The pickup in overall capital raising plans of corporates is expected to continue in the coming quarters.

Going forward Capital Market group plans to generate a judicious mix of assignments that including IPOs, FPOs Rights Issues, QIPs, OFS, and Equity Advisory mandates from Private Sector, PSUs and Dept. of Disinvestment. It also plans to play proactive role in bond placements and public issues. M&A group is already working on few active mandates which are likely to get completed in the next few months.

With change in RBI Guidelines, whereby the special dispensation to lenders for restructuring of cases has been withdrawn with effect from current financial year, advisory assignments for restructuring of cases is likely to drop substantially. More focus would be laid on mandates for alternate resolutions.

In the Institutional Equity Vertical, during the previous year, several steps have been taken to reduce the cost and improve revenues. The group has scaled up the activities in terms of coverage of institutional clients. It plans to further strengthen sales and research team for immediate requirements without substantial increase in cost.

In Retail Broking, the migration to new software platform has been successfully completed during the beginning of the year. Hence your Company in a position to offer better and faster services to its clients in Retail Broking Segment. Post implementation of TCS software, your Company has also launched new products like Encash, Equity SIP and E-Margin which provides for wider choice for clients. This will help your Company to compete with other competitors in the market and will also help in increasing overall revenue

Corporate Social Responsibility (CSR)

Your Company commenced with its CSR activities in the Financial Year 2014-15. The Company adopted its CSR Policy at the Board Meeting held on August 7, 2014 in compliance with the Companies Act, 2013. The Policy covers areas across healthcare, education, rural development, livelihood generation and socio economic empowerment.

As its maiden venture, your Company had during the financial year sponsored the Life Line Express project in association with Impact India Foundation, which is India's first hospital on a train. The camp held at Palghar district provided medical facilities on the train to the rural citizens including infants. Around 555 surgeries were carried out during the course of the 20 days. Various treatments such as cataract surgeries, ear treatment and surgeries, polio treatment and treatments for cleft lip/post burn, dental ailments, paediatric and gynaecological treatment were carried out. Through this camp, your Company was able to touch the lives of more than 4500 patients.

Your Company has also under its CSR initiatives sponsored a Financial Literacy Programme conducted by Urivi Vikram Charitable Trust, which aims at providing education to needy students and unemployed youngsters in Delhi in order to help them to get employment in the financial sector.

Further, to support the Government's Swachh Bharat Abhiyan, your Company has also contributed to the "Swachha Bharat Kosh", a fund created by Central Government to mobilize resources for improving sanitation facilities in the rural and urban areas, particularly, school premises.

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 a Code of Conduct for Trading in Securities by Employees and Directors.

Risk Management

Your Company has adopted an 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. 32 in the Notes to the Accounts. Your Company uses information technology extensively in its day-to-day operations.

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 date, the Board comprises of Six Directors, including the Managing Director & CEO, two Non-Executive Directors and three 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 B K Batra retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Appointment and Resignation of Directors

During the year Mrs. Bhama Krishnamurthy was appointed as additional director w.e.f. March 25, 2015.

Further Shri M. S. Raghavan, Chairman has resigned from the Board of Directors w.e.f. June 30, 2015, upon his superannuation from IDBI Bank.

Board Meetings and Attendance of Directors

Dates & Attendance of Directors at Board Meetings held during FY 2014-15

Sr. No.	Date & Time of Meetings	Number of Directors present	Number of Directors to whom Leave of absence was granted
1	April 16, 2014	5/5	0
2	May 12, 2014	5/6	1
3	August 7, 2014	6/6	0
4	November 11, 2014	4/6	2
5	March 3, 2015	6/6	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 the Central Government has prescribed that your Company shall have minimum two Independent Directors.

In view of the above provisions, your Company has appointed three Independent Directors during the year as under:

Sr. No.	Name of the Independent Director	Date of appointment
1.	Shri S.Ravi	22/08/2014
2.	Shri P.P. Chhajed	22/08/2014
3.	Shri Sivaram Swamy	22/08/2014

The above Independent Directors meet the criteria of 'independence' prescribed under section 149(6) and have submitted a declaration to the effect that they meet with the criteria of independence as required under section 149(7) of the Companies Act, 2013.

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) comprises of five members who are appointed by your Board.

The names of the members of the Audit Committee are as under:

Sr. No.	Name of Director	Status
1	Shri S. Ravi	Chairman (upto April 22, 2014)
2	Shri P. Chhajed	Chairman (from April 22, 2014 onwards)
3	Shri B K Batra	Member
4	Shri Sivaram Swamy	Member
5	MD & CEO	Member

The Committee provides directions, monitors the functioning of the internal auditors, reviews financial statements and recommends appointment of auditors and their remuneration.

Audit Committee Meetings and Attendance of Members

Dates & Attendance of Directors at Meetings of ACB held during FY 2014-15

Sr.No.	Date of Meetings	Number of Directors present	Number of Directors to whom Leave of absence was granted
1	April 16, 2014	3/3	0
2	August 7, 2014	5/5	0
3	November 11, 2014	4/5	1
4	March 3, 2015	5/5	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. It comprises of four members who are appointed by your Board. The names of the members of the CSR Committee are as under:

Sr. No.	Name of Director	Status
1	Shri P.P. Chhajed	Chairman
2	Shri Sivaram Swamy	Member
3	Shri B.K. Batra	Member
4.	MD & CEO of the Company	Member

The Committee provides directions, monitors the functioning of the CSR activities as per Companies Act, 2013 and provides updates and report on the CSR activities of the Company before the Board of Directors on regular intervals.

CSR Committee Meetings and Attendance of Members

Dates & Attendance of Directors at Meetings of CSR Committee held during FY 2014-15

Sr.No.	Date of Meetings	Number of Directors present	Number of Directors to whom Leave of absence was granted
1	August 7, 2014	4/4	0
2	March 3, 2015	4/4	0

Nomination and Remuneration Committee(N&RC)

The Nomination and Remuneration Committee of the Board was constituted as per the provision of section 178 and other applicable provisions of the Companies Act, 2013. It comprises of three members who are appointed by your Board. The names of the members of the Nomination and Remuneration Committee are as under:

Sr. No.	Name of Director	Status
1	Shri S. Ravi	Chairman
2	Shri P.P. Chhajed	Member
3	Shri B.K. Batra	Member

The Committee identifies and recommends to the Company, persons who are qualified to become Directors, senior management and other officials of the Company, it carries out evaluation of every Director's performance and performance of all the employees of the Company. The Committee after its review provides a report to the Board.

N&RC Meetings and Attendance of Members

Dates & Attendance of Directors at Meetings of NRC held during FY 2014-15

Sr.No.	Date of Meetings	Number of Directors present	Number of Directors to whom Leave of absence was granted
1	May 12, 2014	2/3	1
2	August 7, 2014	3/3	0
3	November 11, 2014	2/3	1

Company's Policy on Directors' appointment and remuneration

The Board at its meeting held on August 7, 2014, upon the recommendation of the Nomination & Remuneration Committee has formulated its Directors' Appointment and Evaluation Policy In terms of Section 178(3) and (4) of the Companies Act, 2013, including the criteria for determining the qualifications, positive attributes and Independence of a Director, Review and Evaluation of the performance of Directors etc..

The Board also formulated the Remuneration Policy for the Directors, Key Managerial Personnel and other employees upon the recommendation of the Nomination and Remuneration Committee of the Board.

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 and may be on deputation from IDBI Bank or as advised by IDBI Bank. 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)
 - (c) After Board's identification as above, the candidature of such person shall be submitted to the next General Meeting for approval of the appointment by following the procedure contained under Section 160 of the Companies Act, 2013. All shareholders will be eligible to elect the Independent Directors. The initial term of Independent Directors will be up to 5 consecutive years extendable to one more term of 5 consecutive years by passing a Special Resolution at the General Meeting.
 - (d) 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.
 - (e) 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 .
 - (e) In terms of Article 120 (b) (iii), the Company will ensure that atleast 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.
 - (f) 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.

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 the 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 executive 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(1)(p) 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 report of 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.

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 however, that the same shall be subject to the applicable provisions of the Companies Act, 2013.

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. 10,000/- per meeting of the Board and Audit Committee of the Board and @ Rs. 5000/- 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 a 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 Remuneration Policy for the Managing Director and CEO of the Company as at (i) above 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 Companies Employees 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 (other than the Managing Director & CEO) would be as advised by IDBI Bank from time to time and would be reimbursed to IDBI Bank 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) Upon the recommendation of the Nomination Committee of the Board, the Board of Directors formulated the Directors’ Appointment and Evaluation Policy of the Company on August 7, 2014.
- (ii) Evaluation sheets giving the parameters on which the performance of Directors needs to be evaluated were devised and approved by the Board and made part of the Directors’ Appointment and Evaluation Policy. Separate evaluation sheets were devised for Board’s evaluation of all

Directors as well as Independent Directors' Committee's evaluation of Non-Independent Directors and the Chairman of the Board.

(iii) Further, evaluation sheets for the Board of Directors and Committees of the Board have also been devised for their annual evaluation.

(iv) Independent Directors' Committee, at its meeting held on March 3, 2015 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.

(v) The Board at its meeting held on March 3, 2015 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. Messrs. Amit Ray & Co., Chartered Accountants, Mumbai, were appointed as Statutory Auditors for the FY 2014-2015. Comments of the Comptroller and Auditor General of India (C&AG) in terms of section 143 (6) of the Companies Act, 2013 are given elsewhere 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 July 30, 2015, 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.

Particulars of Employees

The statement of particulars required pursuant to Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is as follows:

Name	Designation/ Nature of duties	Remuneration(Rs.) Per Annum	Nature of employment (contractual or otherwise)	Date of commencement of employment	Age - Years	Qualification and Experience/	Last Employment Held
Mr. Girish Deshpande	Senior Vice President	Rs 66,15,000/-	On rolls	06-Jun-11	47	BE Electrical & PGDM (IIM Lucknow), Exp – 21 years	Milestone Capital

NOTES:

- The above remuneration includes salaries, allowances, arrears of salary, leave encashment, performance linked variable pay, monetary value of perquisites as per Income Tax Rules, reimbursement of Leave Travel Allowance and Medical expenses claimed during the year Company's contribution to Provident Fund and Superannuation Funds.
- Other terms and conditions of the service include Company's contribution to Gratuity Fund.
- % of shares held by the employees in the Company – NIL.
- The employee is not related to any Directors of the Company.

Public Deposits

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

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.

During the year your Company has made an investment of Rs. 26.66 Crore comprising of 2,66,60,000 Crore Equity Shares of Rs. 10 each at par in IDBI Asset Management Limited.

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 arms length transaction under third proviso thereto.

Details of contracts or arrangements or transactions not at Arm's length basis.

Name (s) of the related party & nature of relationship	Nature of contracts/arrangements/transaction	Duration of the contracts/arrangements/transaction	Salient terms of the contracts or arrangements or transaction including the value, if any	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							

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.
- Proper system has been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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 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

Sd/-
B.K. Batra
Director

Sd/-
D. C. Jain
Managing Director and CEO

August 11, 2015
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 Company's CSR policy aims at reaching out to the disadvantaged sections of society in a complete manner by focussing on healthcare, education, rural development of target communities empowerment of women and children etc. The company has a dedicated CSR budget carved out of profits for assorted but deserving CSR initiatives pan-India.

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:

Chairman: Shri P.P. Chhajed
Members: Shri Sivaram Swamy
Shri B.K Batra
Shri D. C. Jain

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 policy 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.36,01,33,333/-

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

The Company is required to spend Rs.72,02,666.67/- towards CSR.

5. Details of CSR spend for the financial year:

a. **Total amount spent for the financial year:** Rs. 64, 89,875/-

b. Amount unspent, if any: Rs 7, 15,125 /-(already committed)

c. Manner in which the amount spent during the financial year is detailed below:

Sr no.	Projects/ Activities	Sector	Location of the Project/ Programs	Amount Outlay (Budge)	Amount spent on the Project or Programs	Cumulative expenditure upto the reporting period	Amount spent through direct/implementing agency
1.	Lifeline express project to provide medical facilities to villagers, poor masses and infants.	Health Care and Medical	Thane District at Palghar village.	Rs.50,00,000/-	Rs.50,00,000/-	Rs.50,00,000/-	Through Impact India Foundation
2.	Contribution to Swachha Bharat kosh :- For building sanitation and cleaning projects	Social welfare, and Health	N.A.	Rs.7,74,750/-	Rs.7,74,750/-	Rs.7,74,750/-	Direct
3.	UVCT Financial Literacy Programme Vocational training to unemployed youth, school drop outs, placement linked skills development training to unemployed youth	Education and Employment	Delhi. At Tagore Garden and Bindapur	Rs.14,30,250/-	Rs 7,15,125 /-	Rs 7,15,125 /-	Through Urivi Vikram Charitable Trust(UVC T)

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. 7,15,125, which is a committed amount towards a project. This amount would be released after satisfying with the amount spent towards the first installment for the project.

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.

**Sd/-
P.P. Chhajed
Chairman CSR Committee**

**Sd/-
D. C. Jain
Managing Director and CEO**

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

As on financial year ended on 31.03.2015

**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 MARKET SERVICES LTD.
4.	Category/Sub-category of the Company	WHOLLY OWNED SUBSIDIARY OF IDBI BANK/ LIMITED BY SHARES
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	NON- LISTED
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	-	50% approx
2	Retail Broking	-	25% approx

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 INTECH LIMITED	U72200MH2000GOI124665	ASSOCIATE	0%	2(6)
3	IDBI TRUSTESHIP SERVICES LIMITED	U65991MH2001GOI131154	ASSOCIATE	0%	2(6)
4	IDBI ASSET MANAGEMENT LTD	U65100MH2010PLC199319	ASSOCIATE	0%	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-2014]				No. of Shares held at the end of the year[As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter s									
(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

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

B) Shareholding of Promoters

SN	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

C) 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
	At the beginning of the year	128100000	100%	128100000	100%
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	0	0%	0	0%
	At the end of the year	128100000	100%	128100000	100%

D) 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
	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the end of the year	0	0	0	0

E) Shareholding of Directors and Key Managerial Personnel:-

Directors and key Managerial Personnel's does 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 debts free Company.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		Mr. D.C. Jain (MD & CEO)	
1	<u>Gross salary:</u> (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	14,59,356/-	14,59,356/-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	9,42,504/-	9,42,504/-
	(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	60,000/-	60,000/-
	Total (A)	24,61,860/-	24,61,860/-
	Ceiling as per the Act*	-	-

* Remuneration paid In FY 2014-15 is well within the limits prescribed under Companies Act, 2013

B. Remuneration to other directors

SN.	Particulars of Remuneration	Name of Directors			Total Amount

1	Independent Directors	Shri S. Ravi	Shri P.P. Chajjed	Shri Sivaram Swamy	
	Fee for attending board committee meetings	Rs1,10,000	Rs 1,10,000	Rs 95,000	Rs 3,15,000/-
	Commission	0	0	0	
	Others, please specify	0	0	0	
	Total (1)	Rs 1,10,000	Rs 1,10,000	Rs 95,000	Rs 3,15,000/-
2	Other Non-Executive Directors	Mr. B.K. Batra			
	Fee for attending board committee meetings	Rs.80,000/-	-	-	Rs.80,000/-
	Commission	0	0	0	0
	Others, please specify	0	0	0	0
	Total (2)	Rs.80,000/-	0	0	Rs.80,000/-
	Total (B)=(1+2)	Rs.190000/-	Rs 1,10,000	Rs 95,000	Rs.3,95,000/-
	Total Managerial Remuneration	Rs.190000/-	Rs 1,10,000	Rs 95,000	Rs.3,95,000/-
	Overall Ceiling as per the Act*	-	-	-	-

* Independent Directors/ No- Executive Director are /is 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 2014-15 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(CS & Compliance officer)	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	25,89,067/-	12,83,532/-	38,72,599/-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	3,21,101/-	-	3,21,101/-
	(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	-	-	-
	Total	29,07,168/-	12,83,532/-	41,90,700/-

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		

ALWYN JAY & CO.
COMPANY SECRETARIES

Annex-103, Dimple Arcade, Asha Nagar, Kandivli (E), Mumbai 400101.

Tel: 022-28549355

Branch Office: D-003, Gr. Flr, Indraprasta, Poonam Vihar, Mira Road (E) Thane 401107.

Tel: 022-28125781; Mob: 09833402088

Email : csrondmello@gmail.com/Website:www.alwynjay.com

FORM NO. MR.3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015

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

To

The Members,

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 the IDBI Capital Market Services Limited (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 our verification of the Company's statutory books, legal papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2015, complied with the statutory provisions listed hereunder, and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed, and other records maintained, by the Company for the financial year ended on 31st March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;



- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') including their amendments:-
- (a) The Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992;
 - (b) The Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993;
 - (d) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996;
 - (e) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (f) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (g) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; and
 - (h) 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).

We have also examined compliance of the following to the extent applicable:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India; and
- (ii) General regulations including labour law, as applicable to the Company.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards mentioned above, and we have no comments to offer.

We further report that

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, 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.

The Board decisions are recorded without recording any dissent by any member of the Board, and based on the Minutes there is no reason to believe that the Board resolutions were dissented by any Board member/(s).



We further report that there are adequate systems and processes in the Company commensurate with its size and operations to monitor and ensure compliance with the applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the Company has altered its Articles of Association, with the shareholders' approval at the Annual General Meeting of the Company, such that the Articles are set in line with the provisions of the Companies Act, 2013.



A handwritten signature in black ink, appearing to read "Ronald D'Mello".

Place: Mumbai
Date: 30 July, 2015.

ALWYN JAY & CO.,
COMPANY SECRETARIES

Office Address:
Annex-103, Dimple Arcade
Asha Nagar, Kandivli East
Mumbai-400101.

(Ronald D'Mello; FCS: 3818)
Partner
Certificate of Practice No.:14353

From the MD's Desk

Dear Stakeholders,

It is with mixed feelings that I present to you the Annual Report 2014-15 of your Company. After having served the Company for 16 months and our Parent Company, IDBI Bank for over a decade I will be demitting office at the end of this month.

The past year was a path-breaking year for your Company with the Retail Broking and Institutional Broking businesses of the Company breaking even for the first time and clocking in a profit after several years of being in the red.

During the year your Company earned a revenue of 85.86 crores and made a profit after tax of Rs. 11.50 crores which has enabled us to declare a dividend of Rs. 7.69 crores.

With the new Governments at the helm in 2014-15, the Indian equity markets rallied and investor sentiment was at its peak. This coupled with the untiring efforts of our team boosted the Retail Broking business and helped garner a 43% growth in revenue as also gave a fillip to the Institutional Broking Business which displayed a growth of 20% in revenues.

During the year ended March 2015, the Primary Markets saw a revival in fund raising on the back of rising corporate and investor confidence in economic revival. The Capital Market Team is well positioned to ride the wave and has bagged prestigious IPO, QIP and Rights issue mandates. The advisory business has also been able to generate a revenue of 42.20 crores.

On the social front, your Company, this year, has initiated its CSR activities. As its maiden venture your Company sponsored the Lifeline Express Project (the world's first hospital on a train) benefitting nearly 5000 patients across a span of 20 days at Palghar. In line with our objective of promoting financial literacy, your Company has also sponsored a Financial Literacy and Life Skills course for the underprivileged youth of Delhi. Going forward, we hope to touch the lives of many more of our brethren in need and give back to society in every conceivable manner.

It has been a privilege and honour being a part of the prestigious IDBI Group and specially spearheading IDBI Capital in the last few months. As the time to bid adieu draws near I move ahead with an assurance that your Company stands at a strategic position on the growth trajectory. The team I leave behind is fully equipped to steer the Company towards the peaks of success under the shadow and guidance of our parent IDBI Bank.

I wish to thank you dear Stakeholders for your support in all the endeavours of the Company. I also wish to express my gratitude to our Chairman, DMD's and every member of the Board of Directors for their valuable guidance and support. I am also grateful to SEBI, NSE, BSE, NSDL and other Regulatory Bodies for their continued support.

D.C. Jain
Managing Director & CEO



amit ray & company
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF IDBI CAPITAL MARKET SERVICES LIMITED

Report on the Financial Statement

We have audited the accompanying financial statements of IDBI Capital Market Services Limited (the Company), which comprise the Balance Sheet as at March 31, 2015, 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 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 provision 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 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, 2015;
- (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, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2015, we give in the Annexure 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 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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with Accounting Standards referred to in section 133 of the Companies Act, 2013, 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, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of sub section (2) of section 164 of the Companies Act, 2013.



Continuation

f. With respect to the other matters included in the auditor's report in accordance with Rule 11 (g) 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:

- 1) The company has disclosed the impact of pending litigation on its financial position in its financial statement. (Refer Note No. 31 to the Financial Statement)
- 2) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
- 3) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Amit Ray & Co
Chartered Accountants
Firm's Registration No.-000483C


Pradeep Mukherjee
Partner
Membership No.-070693



Mumbai
April 22, 2015

Continuation

ADDITIONAL INFORMATION ANNEXED TO THE INDEPENDENT AUDITORS' REPORT

- (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 has been done during the financial year 2014-15. No material discrepancies were noticed on such verification.
- (ii) As the Company does not have any inventory, 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 by the management, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for purchase of fixed assets and for sale of services. The activities of the Company do not involve purchase of inventory and the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control systems.
- (v) In our opinion and according to the information and explanations given to us by the management, 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 2015 for a period of more than six months from the date they became payable. However, an amount of Rs. 4.85 lakhs being service tax liability is lying 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 receiver as per prevailing point of taxation under service tax rules during that respective year.
- (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. However, for Income tax a demand notice was received during this financial year for payment of Rs. 611.79 lakhs pertaining to A.Y. 2012-13, but the company has not paid the same and has appealed against the demand before Commissioner of Income Tax (Appeal) Mumbai which is still pending.

- (c) According to the records of the Company and as per information and explanation to us by the management, there is no amount required to be transferred to investor education and protection fund in accordance with relevant provisions of the Companies Act, 1956(1of 1956) rules made there under.
- (viii) The company has no accumulated losses and has not incurred cash losses during the financial year covered by our audit and immediately proceeding financial year.
- (ix) According to the books of account and records of the company, no amount is due to financial institutions or bank or debenture holders.
- (x) According to the information and explanation given to us by the management, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) According to the books and records of the company and as per the information and explanation given to us by the management, we report that the company has not raised any term loans during the year.
- (xii) 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.

For Amit Ray & Co
Chartered Accountants
Firm's Registration No.-000483C


Pradeep Mukherjee
Partner
Membership No.-070693



Mumbai
April 22, 2015

Continuation



amit ray & company
CHARTERED ACCOUNTANTS

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Mail- nagrao57@gmail.com

INDEPENDENT AUDITORS' REPORT

**TO THE MEMBERS OF
IDBI CAPITAL MARKET SERVICES LIMITED**

Report on the Financial Statement

We have audited the accompanying financial statements of IDBI Capital Market Services Limited (the Company), which comprise the Balance Sheet as at March 31, 2015, 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 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 provision 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.



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Also at : Bangalore, New Delhi, Kolkata

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 companies directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the 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, 2015;
- 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, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2015, we give in the Annexure 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 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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with Accounting Standards referred to in section 133 of the Companies Act, 2013, read with the rule 7 of the Companies (Accounts) Rules, 2014.

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e. On the basis of the written representations received from the directors as on March 31, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of sub section (2) of section 164 of the Companies Act, 2013.

f. With respect to the other matters included in the auditor's report in accordance with Rule 11 (g) 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:

- 1) The company has disclosed the impact of pending litigation on its financial position in its financial statement. (Refer Note No. 31 to the Financial Statement)
- 2) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
- 3) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

g. This report supersedes our report dated April 22, 2015 given by us on the financial statements of the company for the financial year ending on March 31, 2015, incorporating the directions under section 143 (5) of the Companies Act.

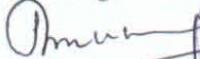
3. As required by section 143(5) of the Act, we report that:

- 1) the Company has not been selected for disinvestment.
- 2) the Company has written off doubtful debts during the year amounting to Rs 418.89 lakhs where chances of recovery do not exist in the opinion of the Management and there are no cases of waiver of interest.
- 3) there are no inventories lying with third parties and assets received as gift from Govt. or other authorities.
- 4) the age wise analysis of pending legal/arbitration cases including reasons thereof are furnished in Annexure to this report and there exists proper monitoring mechanism for expenditure on all legal cases.

For Amit Ray & Co.

Chartered Accountants

Firm's Registration No.-000483C



Pradeep Mukherjee

Partner

Membership No.-070693

Mumbai

June 04, 2015



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**ADDITIONAL INFORMATION ANNEXED TO THE INDEPENDENT
AUDITORS' REPORT**

- (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 has been done during the financial year 2014-15. No material discrepancies were noticed on such verification.
- (ii) As the Company does not have any inventory, 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 by the management, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for purchase of fixed assets and for sale of services. The activities of the Company do not involve purchase of inventory and the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control systems.
- (v) In our opinion and according to the information and explanations given to us by the management, 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 2015 for a period of more than six months from the date they became payable. However, an amount of Rs. 4.85 lakhs being service tax liability is lying 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 receiver as per prevailing point of taxation under service tax rules during that respective year.
- (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. However, for Income tax a demand notice was received during this financial year for payment of Rs. 611.79 lakhs pertaining to A.Y. 2012-13, but the company has not paid the same and has appealed against the demand before Commissioner of Income Tax (Appeal) Mumbai which is still pending.

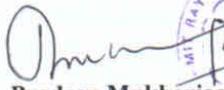
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(c) According to the records of the Company and as per information and explanation to us by the management, there is no amount required to be transferred to investor education and protection fund in accordance with relevant provisions of the Companies Act, 1956(1of 1956) rules made there under.

- (viii) The company has no accumulated losses and has not incurred cash losses during the financial year covered by our audit and immediately proceeding financial year.
- (ix) According to the books of account and records of the company, no amount is due to financial institutions or bank or debenture holders.
- (x) According to the information and explanation given to us by the management, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) According to the books and records of the company and as per the information and explanation given to us by the management, we report that the company has not raised any term loans during the year.
- (xii) 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.

For Amit Ray & Co.
Chartered Accountants
Firm's Registration No.-000483C


Pradeep Mukherjee
Partner
Membership No.-070693

Mumbai
June 04, 2015

AMIT RAY & CO.



amit ray & company
CHARTERED ACCOUNTANTS

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Mail- nagrao57@gmail.com

Age wise analysis of legal / arbitration cases pending against the company as on 31st March 2015

Sr. No.	Name of the Party	Nature of dispute	Pending at	Year of filing	Age	Reasons for pending
High Court						
1.	Shanti Kumar Sharma ex-employee of IDBI Capital filed Writ Petition against the Company	Shanti Kumar Sharma ex-employee of IDBI Capital filed Writ Petition against the Company, challenging his termination of services from Company	Pending at Hon'ble High Court, New Delhi	2013-14	> 1 year < 2 years	The Matter is being heard by the High Court. Next Hearing is schedule for 3 rd July, 2015
2.	Ravi Kant Sharma ex-employee of IDBI Capital filed Writ Petition against the Company	Ravi Kant Sharma ex-employee of IDBI Capital filed Writ Petition against the Company, challenging his termination of services from Company	Pending at Hon'ble High Court, New Delhi	2013-14	> 1 year < 2 years	The Matter is being heard by the High Court. Next Hearing is schedule for 3 rd July, 2015
3.	Kamal Kant Singh ex-employee of IDBI Capital filed Writ Petition against the Company	Kamal Kant Singh ex-employee of IDBI Capital filed a Writ Petition against the Company, alleging non receipt of relieving letter.	Pending at Hon'ble High Court, Indore	2014-15	> 6 months < 1 year	Awaiting next date of hearing

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Also at : Bangalore, New Delhi, Kolkata



District Consumer Forum (pertaining to Retail Broking Services)						
4.	Filed by Ms. Shakuntala Jain against IDBI Capital Market Services Ltd.	Client has alleged that there has been unauthorized trading been done in her account and to get credit for the shares sold in her account.	Pending at State Consumer Court, Jaipur	2014-15	> 6 months < 1 year	Awaiting next date of hearing
5.	Filed by Client Sanjay Das against the IDBI Capital Market Services Ltd.	The Client has alleged delay in processing of DIS.	Pending at District Consumer Disputes Redressal Forum, Guwahati	2010-11	> 4 years < 5 years	Awaiting next date of hearing
6.	Filed by Ajay Jaiswal Against IDBI Capital Market Services Limited at Indore.	Mr. Ajay Jaiswal retail Broking Client of the Company has filed an appeal u/s 34 of Arbitration & Conciliation Act against the order passed by NSE arbitration dept. before XV Additional District Judge, Indore	Pending before XV Additional District Judge, Indore	2014-15	< 6 months	Awaiting next date of hearing
Securities Appellate Tribunal						
7.	Securities and Exchange Board of India	SEBI has initiated adjudication proceedings for alleged violations of the SEBI ICDR Regulations 2009, against all 6 Book Running Lead Managers in one of the IPOs. SEBI vide	Pending before Securities Appellate Tribunal	2014-15	< 6 months	Next Date of Hearing is 26 th June, 2015

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		order dated November 28, 2014 has imposed a penalty of Rs. 1,00,00,000/- (Rupees One Crore) on all the 6 Merchant Brokers jointly and severally to be paid within a period of 45 days from the date of order. A joint appeal has been filed before Securities Appellate Tribunal (SAT), Mumbai on 14 th January 2015.				
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AMIT RAY & CO.



भारतीय लेखा तथा लेखापरीक्षा विभाग
कार्यालय प्रधान निदेशक वाणिज्यिक लेखापरीक्षा तथा पदेन सदस्य, लेखापरीक्षा बोर्ड - I, मुम्बई
INDIAN AUDIT AND ACCOUNTS DEPARTMENT
OFFICE OF THE PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT & EX-OFFICIO MEMBER, AUDIT BOARD I, MUMBAI

Confidential

No. GA/R-I/ACs/IDBICMS/2014-15/23

To

17 JUN 2015

Managing Director & CEO
IDBI Capital Market Services Limited
3rd floor, Mafatlal Centre,
Nariman Point,
Mumbai 400 021

Sub: Comments of the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the accounts of IDBI Capital Market Services Limited for the year ended 31 March 2015

Sir,

Please find enclosed the comments of the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the accounts of IDBI Capital Market Services Limited for the year ended 31 March 2015. The comments may be placed next to the Statutory Auditor's report with a proper indication in the list of contents in the printed Annual Report.

A copy of the proceedings of the Annual General Meeting (AGM) adopting the certified accounts, Statutory Auditor's report and comments of the Comptroller and Auditor General of India may be forwarded to this office immediately after conclusion of the AGM.

Ten copies of the printed Annual Report may also be sent to this office.

Receipt of this letter and the enclosures may please be acknowledged.

Yours faithfully,

(Roop Rashi)

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

Encl.: As above

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 MARKET SERVICES LIMITED FOR THE YEAR ENDED 31 MARCH 2015

The preparation of financial statements of IDBI Capital Market Services Limited for the year ended 31 March 2015 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 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 22 April 2015.

I, on the 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 Market Services Limited for the year ended 31 March 2015. 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 : 17 June 2015

IDBI CAPITAL MARKET SERVICES LIMITED

BALANCE SHEET AS AT 31ST MARCH 2015

(Rs in lakhs)

	Note No.	As At 31.03.2015	As At 31.03.2014
I. EQUITY & LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2	12,810	12,810
(b) Reserves and Surplus	3	18,800	18,612
		31,610	31,422
(2) Current Liabilities			
(a) Trade payables	4	532	672
(b) Other current liabilities	5	581	595
(c) Short-term provisions	6	1,063	1,646
		2,176	2,913
TOTAL		33,786	34,335
II. ASSETS			
Non-Current Assets			
(1) (a) Fixed Assets	7		
(i) Tangible assets		589	511
(ii) Intangible assets		46	72
(iii) Capital work-in-progress		240	-
(iv) Intangible assets under development		207	-
(b) Non-current investments	8	8,559	10,144
(c) Deferred tax assets (net)	9	423	289
(d) Long-term loans and advances	10	198	198
		10,262	11,214
(2) Current Assets			
(a) Current investments	11	462	429
(b) Trade receivables	12	8,416	8,148
(c) Cash and Bank balances	13	13,537	12,491
(d) Short-term loans and advances	14	909	1,702
(e) Other current assets	15	200	351
		23,524	23,121
TOTAL		33,786	34,335
Significant Accounting Policies	1		
Other Notes forming part of the Financial Statements	2 to 36		
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 Amit Ray & Co			
Chartered Accountants			
Firm Registration No: 000483C	sd/-		sd/-
	M. S. Raghavan		D. C. Jain
	Chairman		Managing Director & CEO
sd/-			
Pradeep Mukherjee			
Partner	sd/-		sd/-
M. No.070693	Christina D'souza		V. Gopinath
	Company Secretary		Chief Financial Officer
Place: Mumbai			
Date : 22nd April 2015			

IDBI CAPITAL MARKET SERVICES LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2015

(Rs in lakhs)

	Note No.	For TheYear Ended 31.03.2015	For TheYear Ended 31.03.2014	
I.	Revenue from Operations	16	7,022	7,878
II.	Other Income	17	1,564	1,491
III.	Total Revenue (I + II)		8,586	9,369
IV.	Expenses			
	Employee Benefits Expense	18	2,086	2,331
	Operating Expenses	19	1,278	1,282
	Administrative Expenses	20	1,124	1,087
	Loss on Sale of Assets		0	10
	Depreciation & Amortisation Expenses (Refer Note 7)		168	125
	Provision for Gratuity and Leave Encashment (Refer Note 27 (c))		22	-
	Provision for Doubtful Debts (Refer Note 12)		449	479
	Provision for Long Term Investments (Refer Note 23 (a))		1,043	934
	Bad Debts Written Off		419	-
	Total Expenses		6,589	6,248
V.	Profit Before Exceptional items and Tax (III-IV)		1,997	3,121
VI.	Exceptional items (Refer Note 7 & Note 22)		(244)	-
VII.	Profit Before Tax (V -VI)		2,241	3,121
VIII.	Tax Expense			
	(1) Current Tax		1,209	1,551
	(2) Deferred Tax (Refer Note 9 & Note 22)		(118)	(176)
IX.	Profit for the period from continuing operations (VII -VIII)		1,150	1,746
X.	Profit for the year		1,150	1,746
XI.	Earnings per equity share [Nominal value per share Rs. 10 each]			
	(1) Basic	29	0.89	1.36
	(2) Diluted		0.89	1.36
	Significant Accounting Policies	1		
	Other Notes forming part of the Financial Statements	2 to 36		

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 Amit Ray & Co
Chartered Accountants
Firm Registration No: 000483C

sd/-
M. S. Raghavan
Chairman

sd/-
D. C. Jain
Managing Director & CEO

sd/-
Pradeep Mukherjee
Partner
M. No.070693

sd/-
Christina D'souza
Company Secretary

sd/-
V. Gopinath
Chief Financial Officer

Place: Mumbai

Date : 22nd April 2015

IDBI CAPITAL MARKET SERVICES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015

(Rs in lakhs)

	For TheYear Ended 31.03.2015	For TheYear Ended 31.03.2014
Cash Flows from Operating Activities		
Profit (Loss) for the period from continuing operations(before tax)	1,997	3,121
Adjustments for:		
Depreciation	168	125
Provision for Gratuity & Leave encashment	22	-
Provision for Doubtful Debts	449	479
Provision for Long Term Investments	1,043	934
Bad Debts written off	419	-
(Profit)/Loss on sale of Investments	(59)	(8)
(Profit)/Loss on sale of Fixed Assets	0	10
Dividend Income	(19)	(16)
Interest Income	(775)	(1,007)
Operating Profit before working capital changes	3,245	3,638
Adjustments for working capital		
(Increase)/Decrease in Trade receivables	(1,136)	(2,413)
(Increase)/Decrease in Other Current Assets	151	24
(Increase)/Decrease in Long Term Loans & Advances	-	16
(Increase)/Decrease in Short Term Loans & Advances	652	(423)
Increase/(Decrease) in Short Term Provisions	(10)	(175)
Increase/(Decrease) in Trade payables and other current liabilities	(175)	247
Net Change in working capital	(519)	(2,724)
Direct taxes paid (Net)	(1,285)	(1,717)
Net cash flow from Operating Activities (A)	1,442	(802)
Cash flow from Investing Activities		
Purchase of Fixed Assets	(29)	(53)
Capital Advance for Software & Assets	(447)	5
Proceeds from sale of fixed assets	0	3
Proceeds from sale of Investments	1,726,368	1,044,498
Purchase of Investments	(1,723,135)	(1,045,497)
Investments in Fellow Subsidiary	(2,666)	-
Proceeds from Maturity of Fixed Deposits	5,960	9,415
Deployment in Fixed Deposits	(7,480)	(4,060)
Dividend received	19	16
Net cash flow from Investing Activities (B)	(1,410)	4,326
Cash flow from Financing Activities		
Dividend Paid	(1,281)	(1,921)
Net cash flow from Financing Activities (C)	(1,281)	(1,921)
Net increase/(decrease) in cash & cash equivalents(A+B+C)	(1,249)	1,603
Cash and Cash equivalents as at April 1,2014	8,406	6,803
Cash and Cash equivalents as at March 31,2015	7,157	8,406
Note: 1. The above cash flow statement has been prepared by using the indirect method setout 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 Amit Ray & Co		
Chartered Accountants		
Firm Registration No: 000483C	sd/-	sd/-
	M. S. Raghavan	D. C. Jain
	Chairman	Managing Director & CEO
sd/-		
Pradeep Mukherjee		
Partner	sd/-	sd/-
M. No.070693	Christina D'souza	V. Gopinath
	Company Secretary	Chief Financial Officer
Place: Mumbai		
Date : 22nd April 2015		

IDBI CAPITAL MARKET SERVICES LTD
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, except for the change in accounting policy explained below.

i. Change in accounting policy

In line with change in statute, the company has revised its policy for providing depreciation on fixed assets effective from April 1, 2014 to fall in line with Schedule II to Companies Act 2013. The Company has with retrospective effect changed its method of providing depreciation on tangible assets from the 'Written Down Value' method, at the rates prescribed in Schedule XIV to the Companies Act, 1956 to 'Straight Line' method, over their estimated useful life as specified in Schedule II to Companies Act 2013. Management believes that this change will result in more appropriate presentation and will give a systematic basis of depreciation charge, representative of the time pattern in which the economic benefits will be derived from the use of these assets.

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) Fixed assets and Depreciation

c.1 TANGIBLE ASSETS

Fixed Assets are valued at original cost less accumulated depreciation and impairment losses.

c.2 Fixed Assets are amortised over their estimated useful life as specified in Schedule II to the Companies Act, 2013 on a straight-line method. Assets retired from active use

are fully depreciated. 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 INTANGIBLE ASSETS

Intangible assets are measured at cost of acquisition/development and amortised over their estimated economic life on a straight-line method.

Computer Software – 3 year.

Web Trading Portal – 3 year.

Stock Exchange Membership Card - at 4.75% p.a.

- c.4 Management estimates the economic value of Bombay Stock Exchange Trading Rights based on the value in use. The company amortises it over 21 years unless there is evidence that its useful life is shorter.

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, Investment Banking 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.

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

- I.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.
- I.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.
- I.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.
- I.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.
- I.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 shall be written off.

IDBI Capital Market Services Ltd.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

Note 2					
SHARE CAPITAL					
(Rs in lakhs)					
Share Capital	As at 31.03.2015		As at 31.03.2014		
	Number	Amount (Rs.)	Number	Amount (Rs.)	
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					
(Rs in lakhs)					
Equity Shares	31.03.2015		31.03.2014		
	Number	Amount (Rs.)	Number	Amount (Rs.)	
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:					
(Rs in lakhs)					
Equity Shares	31.03.2015		31.03.2014		
	Number	Amount (Rs.)	Number	Amount (Rs.)	
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	31.03.2015		31.03.2014		
	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 preceding the reporting date:					
	31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
Equity Shares bought back by the company	-	-	-	-	-

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

(Rs in lakhs)

	As At 31.03.2015	As At 31.03.2014
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	11,086	10,986
Less: Provision for Depreciation of earlier years (net of deferred tax)*	36	-
Add: Current Year Transfer	200	100
Less: Written Back in Current Year	-	-
Closing Balance	<u>11,250</u>	<u>11,086</u>
*Refer Note 7 & Note 22		
c) Surplus in Statement of Profit and Loss		
Balance at the beginning of the year	336	188
Net Profit For the current year	1,150	1,746
(+) Transfer from Reserves		
Less: Appropriations		
Proposed Dividend	(769)	(1,281)
Tax on Proposed Dividend	(157)	(217)
Transfer to Reserves	(200)	(100)
Balance at the end of the year	<u>360</u>	<u>336</u>
TOTAL	<u>18,800</u>	<u>18,612</u>
Note 4		
Trade Payables*		
a) Trade Payables	137	61
b) Others - Client's settlement dues	395	611
TOTAL	<u>532</u>	<u>672</u>
*Refer Note 21 (information required under MSMED Act 2006)		
Note 5		
Other Current Liabilities		
a) Sundry Deposits	151	163
b) Margin Money Deposits	270	279
c) Statutory Dues *	26	57
d) Others	134	96
TOTAL	<u>581</u>	<u>595</u>
*Refer Note 26 (a)		
Note 6		
Short Term Provisions		
a) Provision for employees benefit	132	144
b) Other Provisions	5	4
c) Proposed Dividend	769	1,281
d) Tax on Proposed Dividend	157	217
TOTAL	<u>1,063</u>	<u>1,646</u>

IDBI Capital Market Services Ltd.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

Note 7

Fixed Assets

(Rs in lakhs)

Particulars	Gross Block (At Cost)				Depreciation						Net Block	
	As at 01.04.2014	Additions	Deductions	As at 31.03.2015	As at 01.04.2014	For the Year		Deductions		As at 31.03.2015	As at 31.03.2014	As at 31.03.2015
						P&L	Reserve	Write back due to change in depreciation method from WDV to SLM	Sale			
Tangible Assets												
a) Buildings	626	-	-	626	298	11	-	(172)	-	137	328	489
b) Computers	711	8	2	717	638	64	19	(41)	2	678	73	39
c) Furniture & Fixtures	79	0	-	79	51	6	2	(12)	-	47	28	32
d) Office Equipments	200	11	1	210	118	51	31	(19)	0	181	82	29
Total	1,616	19	3	1,632	1,105	132	52	(244)	2	1,043	511	589
Previous Year	1,637	16	37	1,616	1,046	83	-	-	24	1,105	511	
Intangible Assets												
a) Web Trading Portal	877	-	-	877	877	-	-	-	-	877	0	0
b) Software	407	10	-	417	364	30	-	-	-	394	43	23
c) Stock Exchange Membership Card	111	-	-	111	82	6	-	-	-	88	29	23
Total	1,395	10	-	1,405	1,323	36	-	-	-	1,359	72	46
Previous Year	1,358	37	-	1,395	1,281	42	-	-	-	1,323	72	
Grand Total	3,011	29	3	3,037	2,428	168	52	(244)	2	2,402	583	635
Previous Year	2,995	53	37	3,011	2,327	125	-	-	24	2,428	583	

	Face Value	Quantity	As At 31.03.2015	Quantity	As At 31.03.2014
Note 8					
Non-Current Investments¹					
Trade Investments - Long Term					
Investment in Equity Instruments					
Equity Shares - Unquoted, Fully paid up					
The Bombay Stock Exchange Ltd ⁴	1	70,694	0	70,694	0
Equity Shares - Quoted, Fully paid up					
Aban Offshore Ltd	2	800	18	800	29
(At cost less provision other than temporary diminution in value Rs. 11 lacs (2014: Rs. Nil))					
ABB India Ltd	2	-	-	3,200	39
Bharti Airtel Ltd	5	-	-	8,400	33
Bajaj Hindustan Sugar Ltd	1	28,758	10	28,758	10
(At cost less provision other than temporary diminution in value Rs. 0.50 lacs (2014: Rs. Nil))					
DLF Ltd	2	17,140	96	17,140	150
(At cost less provision other than temporary diminution in value Rs. 54 lacs (2014: Nil))					
Goldman Sachs Mutual Fund Nifty Bees ⁴	10	0.09	0	0.09	0
India Cement Ltd	10	38,825	76	38,825	101
(At cost less provision other than temporary diminution in value Rs. 25 lacs (2014: Rs. Nil))					
Mitcon Consultancy & Engineering Services Ltd	10	40,000	25	40,000	25
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
Powergrid Corporation of India Ltd	10	-	-	53,868	72
Punj Lloyd Ltd	2	4,500	2	4,500	2
(At cost less provision other than temporary diminution in value Rs. 16 lacs (2014: Rs. 16 lacs))					
Reliance Communication Ltd	5	2,000	7	2,000	11
(At cost less provision other than temporary diminution in value Rs. 4 lacs (2014: Rs. Nil))					
Reliance Infrastructure Ltd	10	6,000	80	6,000	111
(At cost less provision other than temporary diminution in value Rs. 31 lacs (2014: Rs. Nil))					
Reliance Industries Ltd	10	16,920	201	16,920	201
Thejo Engineering Ltd ³	10	24,600	50	24,600	50
Usher Agro Ltd	10	-	-	105,010	16
VTX Industries Ltd	10	2,992,850	239	2,992,850	1,157
(At cost less provision other than temporary diminution in value Rs. 2754 lacs (2014: Rs. 1836 lacs))					
Equity Index Funds -Quoted², Fully paid up					
IDBI Diversified Equity Fund Direct Plan- Growth	10	-	-	500,000	50
Investments in debentures or bonds					
Quoted, Fully paid up					
GOI - 7.16% GOI 2023	1,000,000	50	500	50	500
Rural Electrification Corporation Ltd	1,000,000	-	-	300	3,000
NTPC Limited Sr-54 8.49 NCD 25MR25 FVRS12.5	12.50	15,000	2	-	-
(Refer Note 24 (c))					
Investment in Fellow Subsidiary					
Unquoted, Fully paid up					
IDBI Asset Management Ltd	10	66,660,000	6,666	40,000,000	4,000
(Extent of Holding: C.Y. 33.33% (P.Y. 34.79%) of total paid up equity share capital)					
(Refer Note 30)					
Total			8,559		10,144
a	Aggregate value of quoted investments				
	Cost		4,788		7,996
	Market Value		1,348		4,105
b	Aggregate value of unquoted investments				
	Cost		6,666		4,000
c	Aggregate provision for diminution in value of investments		2,895		1,852
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. During the year 2013-14, the company received 12300 Bonus Shares from Thejo Engineering Ltd					
4. Amount is below the rounding off norms adopted by the company (Refer Note 23 & Note 25 for other details)					

IDBI Capital Market Services Ltd.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

(Rs in lakhs)

	As At 31.03.2015	As At 31.03.2014
Note 9		
Deferred tax		
Deferred Tax Liability		
On account of timing differences – Depreciation	93	42
TOTAL	93	42
Deferred Tax Asset		
Provision for Doubtful debts	491	329
Provision for Gratuity & Leave Encashment	7	
Depreciation on expired assets	16	
Inadmissible expenses u/s 43B of I.T. Act	2	2
TOTAL	516	331
Net Deferred Tax (Assets)	423	289
Note 10		
Long Term Loans and Advances		
Unsecured, considered good		
Security Deposits*	198	198
TOTAL	198	198

*includes deposits referred in Note 24

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

(Rs in lakhs)

	Face Value Rs.	Quantity	As At 31.03.2015	Quantity	As At 31.03.2014
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 ¹	10	201,000	387	201,600	388
(Refer Note 25)					
Opal Luxury Time Products Ltd	10	65,000	75	34,000	41
(Refer Note 25)					
	Total		462		429
Aggregate value of quoted investments					
Cost			462		429
Market Value			466		457
1. During the year 2013-14, the company received 86100 Bonus Shares from Thejo Engineering Ltd					

IDBI Capital Market Services Ltd.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

(Rs in lakhs)

	As At 31.03.2015		As At 31.03.2014	
Note 12				
Trade Receivables*				
(Unsecured, Considered good)				
Outstanding for period exceeding six months	5,677		4,088	
Other Debts	<u>2,444</u>	8,121	<u>3,823</u>	7,911
(Unsecured, Considered doubtful)				
Outstanding for period exceeding six months	1,712		1,202	
Other Debts	2		4	
Less: Provisions for Doubtful Debts	<u>(1,419)</u>	295	<u>(969)</u>	237
TOTAL		<u>8,416</u>		<u>8,148</u>
*Trade Receivables are subject to confirmations				
Note 13				
Cash & Bank Balances				
Cash & Cash Equivalent				
Cash on hand	2		0	
Balances with banks	<u>2,455</u>	2,457	<u>5,506</u>	5,506
Current Investments (Highly Liquid)				
IDBI Liquid Fund - Growth - Direct		4,700		2,900
Units C.Y 313,549.683 (P.Y. 211,096.422)				
Other Bank Balances				
Bank Fixed Deposits - more than 12 months				
- Pledged with Stock Exchanges for margin	4,575		4,085	
- others	<u>1,805</u>	6,380	<u>-</u>	4,085
TOTAL		<u>13,537</u>		<u>12,491</u>
Note 14				
Short Term Loans & Advances				
(Unsecured, Considered Good)				
Advance Recoverable in cash or kind				
Amount recoverable from Related Parties	4		4	
Sundry Deposits	26		24	
Others				
Advance to Service Providers	7		4	
Others	<u>159</u>	196	<u>212</u>	244
Advance Tax & Tax Deducted at Source (net of provisions)*		<u>713</u>		1,458
TOTAL		<u>909</u>		<u>1,702</u>
* Refer Note 26 (b)				
Note 15				
Other Current Assets				
Accrued Interest on Investments		-		191
Accrued Interest on Fixed Deposits		187		147
Accrued Interest on GOI Securities		13		13
TOTAL		<u>200</u>		<u>351</u>

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

(Rs in lakhs)

	For TheYear Ended 31.03.2015	For TheYear Ended 31.03.2014
Note 16		
Revenue From Operations		
Brokerage, Commission & Fees	6,951	7,802
Portfolio Management Services	15	15
Income from Depository Services	56	61
TOTAL	7,022	7,878
Note 17		
Other Income		
Dividend Income	19	16
Income from Mutual fund redemptions	644	393
Profit on Sale of Investments	59	8
Other Non-operating Income		
Interest Received on Bonds/Fixed Deposits	519	1,007
Interest / Discount on G-sec / Treasury Bills	36	31
Interest Received on Income Tax Refund	256	-
Miscellaneous Income	31	36
TOTAL	1,564	1,491
Note 18		
Employee Benefits Expense*		
Salaries, Wages & Allowances	1,941	2,153
Contribution to Provident and other funds	106	127
Other benefits	39	51
TOTAL	2,086	2,331
*Disclosure required by AS 15 on Employee benefits- Refer Note 27		
Note 19		
Operating Expenses		
Brokerage Paid	301	180
Operating Charges	155	156
Computer Maintenance Expenses	145	164
Marketing Expenses	18	26
Professional Charges	377	358
Franking/Stamp Expenses	8	31
Manpower Hire Charges	272	366
Loss on Error Trade	2	1
TOTAL	1,278	1,282
Note 20		
Administrative Expenses		
Rent (Refer Note 28)	568	598
Electricity Charges	77	75
Rates & taxes	38	17
Insurance	6	6
Repairs & Maintenance	59	66
Travelling & conveyance	91	88
Communication Expenses	136	148
Printing & Stationery	31	42
Sitting fees to directors	4	1
CSR Expenditure	65	-
Auditors Remuneration		
Audit Fees	6	6
Tax Audit Fees	1	1
Others	2	2
Prior Period Items (Net)	5	3
Miscellaneous expenses	35	34
TOTAL	1,124	1,087

IDBI CAPITAL MARKET SERVICES LTD
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. The company has revised its policy for providing depreciation on fixed assets effective from April 1, 2014. The company has changed the estimated useful life of fixed assets in line with the recommended useful life as per Part C of Schedule II to the Companies Act, 2013. Consequently, an amount of Rs 36.69 lacs (net of deferred tax of Rs. 15.71 lakhs) has been charged to the opening balance of General Reserves in respect of assets whose useful remaining life is Nil as at April 1, 2014. In respect of remaining tangible assets, the Company has with retrospective effect changed its method of providing depreciation from the 'Written Down Value' method, at the rates prescribed in Schedule XIV to the Companies Act, 1956 to 'Straight Line' method, over their estimated useful life as specified in Schedule II to Companies Act 2013. Accordingly, company has recognised an amount of Rs 243.86 lakhs in Profit & Loss Statement being additional depreciation charged in the earlier years which has been shown as an 'Exceptional item' in the statement of profit and loss. This has resulted in higher depreciation charge during the year to the extent of Rs. 68.12 lakhs and the profit is lower to this extent. (Refer Note 7)
23. a) Following Non-Current Investments are carried at cost. The management estimates the diminution in the value other than temporary in respect of these non-current investments. Accordingly a provision for diminution in the value amounting to Rs. 1043.40 lakhs (P.Y. Rs. 933.99 lakhs) has been created by charge to the statement of profit and loss during the year. (Refer Note 8)

Scrip Name	Qty	Cost as on 31.03.15 Rs lakhs	Market Value per share Rs	Carrying cost per share Rs	Provision for Diminution in the value other than temporary Rs lakhs	
					2014-15	2013-14
VTX Industries Ltd	2992850	2992.85	3.20	100	918.00	918.00
Punj Lloyd Ltd	4500	17.64	29.65	391.89	-	15.99
Aban Offshore Ltd	800	29.13	425.70	3640.57	10.81	-
DLF Ltd	17140	150.43	158.25	877.67	54.40	-
India Cements Ltd	38825	101.40	86.45	261.17	24.63	-
Reliance Communications Ltd	2000	11.20	59.30	560.00	4.03	-
Reliance Infrastructure Ltd	6000	111.31	432.75	1855.21	31.04	-
Bajaj Hindustan Sugar Ltd	28758	10.35	14.40	36.00	0.49	-
Total					1043.40	933.99

- 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, the company has 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 has recognized the debentures in the books by crediting dividend account. (Refer Note 8).

24.

- 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.147.59 lakhs (P.Y. Rs. 147.59 lakhs). (Refer Note 10).

25.

- 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 31.03.2015 including 86100 Bonus Shares received on 14.09.2013 is 201000 equity shares (P.Y 201600 equity shares) amounting to Rs 387.11 lakhs (P.Y 388.05 lakhs) has been treated as Current Investments. The market value of these shares as on 31.03.2015 amounts to Rs 391.95 lakhs (P.Y Rs. 413.28 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 31.03.2015 is 65000 equity shares (PY34000 equity shares) amounting to 74.69 lakhs (PY Rs 40.55 lakhs) has been treated as Current Investments. The market value of these shares as on 31.03.2015 amounts to Rs 74.42 lakhs (P.Y Rs. 43.59 lakhs). (Refer Note 8 & Note 11 of Notes to Accounts and Note 1 (f.1) of Significant Accounting Policies).

26.

- a) Statutory dues under other Current liabilities include an amount Rs. 4.85 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)

27. 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. 50.48 lakhs (Previous year Rs. 62.93 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, 2015	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011
	Rs in lakhs				
Current service cost	18.17	21.40	15.98	29.67	15.67
Interest cost on benefit obligation	7.65	6.49	4.67	3.95	2.73
Expected return on plan assets	(7.36)	(7.12)	(5.94)	(5.04)	3.88
Net actuarial (gain) / loss recognised in the year	(0.42)	(12.61)	7.14	(23.77)	(5.91)
Past service cost	-	-	-	-	0.28
Net benefit expense	18.04	8.16	21.85	4.81	8.90
Actual return on plan assets	6.65	6.29	5.12	5.54	4.54

Balance sheet

Details of Provision for gratuity

	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011
	Rs in lakhs				
Defined benefit obligation	94.58	82.36	81.18	58.34	49.43
Fair value of plan assets	87.64	84.61	81.87	69.10	63.00
Difference	6.94	2.25	0.69	10.76	13.57
Less: Unrecognised past service cost	-	-	-	-	-
Plan asset / (liability)	(6.94)	2.25	0.69	10.76	13.57

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

	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011
	Rs in lakhs				
Opening defined benefit obligation	82.36	81.18	58.34	49.43	36.51
Interest cost	7.65	6.49	4.67	3.95	2.73
Current service cost	18.17	21.40	15.98	29.67	15.67
Benefits paid	(12.47)	(13.27)	(4.13)	(1.45)	(0.23)
Actuarial (gains) / losses on obligation	(1.13)	(13.44)	6.31	(23.26)	(5.25)
Closing defined benefit obligation	94.58	82.36	81.18	58.34	49.43

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

	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011
	Rs in lakhs				
Opening fair value of plan assets	84.61	81.87	69.10	63.00	48.44
Expected return	7.36	7.12	5.94	5.04	3.88
Contributions by employer	8.84	9.72	11.78	2.01	10.54
Benefits paid	(12.47)	(13.27)	(4.13)	(1.45)	(0.52)
Actuarial gains / (losses)	(0.70)	(0.83)	(0.82)	0.50	0.66
Closing fair value of plan assets	87.64	84.61	81.87	69.10	63.00

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

	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011
	%	%	%	%	%
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, 2015	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011
	%	%	%	%	%
Discount rate	7.98	9.29	8.00	8.00	8.00
Expected rate of return on Plan assets	7.98	8.70	8.70	8.00	8.00
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 31.03.2015 in the books by debiting the statement of profit and loss amounting to Rs. 6.94 lakhs and Rs. 14.99 lakhs respectively.

28. 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	Asat	Asat
	March 31, 2015	March 31, 2014
Lease payments for the year	568.19	597.64
Contingent rent recognized in Profit & Loss Account	-	-

The above includes payment made to IDBI Bank Ltd (Holding Company) amounting to Rs. 538.81 lacs (P.Y.Rs. 538.81 lacs) towards Rent for Corporate Office (3rd floor, Mafatlal Centre) for which no formal lease agreement is executed. The Company is in the process of finalising the agreement for operating lease. (Refer Note 20 – Administrative Expenses)

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

	Year ended	Year ended
	March 31, 2015	March 31, 2014
Profit attributable to the Equity Shareholders (Rs. in Lakhs) (A)	1,144	1,746
Basic/Weighted average number of Equity Shares outstanding during the year (B)	12,81,00,000	12,81,00,000
Nominal value of Equity Shares (Rs.)	10	10
Basic Earnings per Share (Rs.) (A/B)	0.89	1.36

Other Notes

30. 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 – Fellow Subsidiary
- 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 -

- Abhay Bongirwar, Managing Director & CEO up to May 12, 2014

- D. C. Jain, Managing Director & CEO from May 12, 2014

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

Rs. In lacs

Name of Related Party	Nature of Transaction	During the year		Outstanding as at	
		2014-15	2013-14	2014-15	2013-14
IDBI Bank Ltd	Interest received	625.01	771.90	186.40	147.33
	Brokerage earned	120.93	19.90	-	-
	Rent Received	26.40	17.60		4.40
	Mobilisation fees	-	9.68	143.04	143.04
	Advisory Fees received	27.00	30.00	66.05	32.00
	Rent paid	546.31	549.13	2.87	2.46
	Electricity Charges paid	1.07	1.04	0.29	-
	Professional Charges paid	-	3.75	-	-
	Communication Expens	-	4.34	-	-
	Brokerage Paid	118.81	75.21	118.84	19.09
	Medical Expns Reimb.	3.49	10.01	-	0.81
	Sitting Fees	0.80	0.60	-	-
	Staff on deputation (in ICMS Rolls)	28.80	15.44	2.39	2.32
	Staff on deputation (in IDBI Rolls)	276.86	350.77	80.05	37.86
	Bank Balances	-	-	2311.17	5,392.78
	Fixed Deposit	-	-	6380.00	4085.00
Share Capital held by IDBI Bank	-	-	12810.00	12810.00	
IDBI Intech Ltd	Professional Charges	239.14	245.33	-	-
	Manpower Hire Charges	0.06	111.89	-	-
	Other Operating Charges	0.00	0.03	-	-
IDBI Trusteeship Services Ltd	Brokerage earned	3.13	5.82	-	-
	Brokerage Paid	1.42	0.13	-	-
IDBI Federal Life Insurance Co. Ltd	Brokerage earned	42.11	62.50	-	-
IDBI Asset Management Ltd	Brokerage earned	4.35	5.79	-	-
	Commission earned	1.48	-	-	-
	Transfer of Fixed Asset	-	-	-	1.26
	Investment in Equity Share Capital *	2666.00	-	6666.00	4,000.00
Key Management Personnel	Remuneration (includes pay, allowances and reimbursements)	28.38	32.19		-
	Pension scheme contribution	0.70	2.28		-
	Perquisites & benefits	0.17	-		-

* During the year, the company invested 2,66,60,000 (P.Y. nil) equity shares of Rs. 10 each at par amounting to Rs.26.66 crores (P.Y. Rs. Nil) in IDBI Asset Management Ltd a subsidiary of IDBI Bank Ltd. The total holding of the company as on 31.03.2015 is 33.33 % (P.Y. 34.79%). The total holding of the company has decreased due to introduction of fresh capital. (Refer Note 8)

31. 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. 49.62 lakhs (PY Rs. 45.59 lakhs) including interest @ 18% amounting to Rs. 21.30 lakhs (P Y Rs. 16.55 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 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.
3. SEBI vide order dated November 28, 2014 has imposed a penalty of Rs. 100 lakhs jointly and severally to be paid by all the 6 Merchant Bankers including IDBI Capital Market Services Ltd who acted as Book Running Lead Managers (BRLMs) in one of the IPOs which came out in December 2012. All 6 Merchant Bankers have jointly appealed before Securities and Appellate Tribunal (SAT) against the above order. Pending disposal of the appeal, amount of Rs 16.67 lakhs (the proportionate amount) has not been recognized.

ii) Estimated amount of contract remaining to be executed on capital account and not provided for: Rs.55.33 lakhs (PY Rs. 468.59 lakhs).

iii) An amount of Rs. 7.15 lakhs has not been recognized in respect of a project committed under Corporate Social Responsibility (CSR) activity by the company during the financial year 2014-15 as the execution of the project will be completed only during the financial year 2015-16.

32. Earnings in Foreign Currency on account of Advisory services Rs 3.73 lakhs (P.Y. – Rs. 9.09 lakhs) and Expenditure in Foreign currency on account of Travelling Rs. 5.12 lakhs (P.Y. - Rs. 0.79 lakhs).

33. Dividend income includes dividend on long-term investment amounting to Rs 11.71 lakhs (PY Rs. 11.94 lakhs) and current investments Rs 7.10 lakhs (PY Rs 3.95 lakhs). Interest income includes interest on long-term investments amounting to Rs. 76.30 lakhs (PY Rs. 261.65 lakhs).

34. 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.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

Segment Reporting

Primary Segment

(Rs in lakhs)

	Proprietary Trading		Investment Banking Services		Institutional Broking		Retail Broking		Treasury		Others *		TOTAL	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Revenue														
Segment Revenue	-	-	4,419	5,882	405	336	2,198	1,536	1,563	1,581	244	33	8,830	9,369
Less: Inter Segment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	-	-	4,419	5,882	405	336	2,198	1,536	1,563	1,581	244	33	8,830	9,369
Result														
Segment Result	-	-	1,808	3,525	31	(193)	144	(545)	14	311	244	23	2,241	3,121
Less: Tax Expenses													1,091	1,375
Total Result													1,150	1,746
Assets														
Segment Assets	-	-	-	-	-	-	-	-	20,101	17,557	-	-	20,101	17,557
Unallocated Assets													13,685	16,778
Total Assets													33,786	34,335
Unallocated Segment Liabilities													719	742
Other Information														
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	168	125

*Figures shown in others are unallocated figures and exceptional items

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

Signatures to Notes 1 to 36

As per our attached report of even date

For and on behalf of the Board

For Amit Ray & Co
Chartered Accountants
Firm Registration No: 000483C

Sd/-
M.S. Raghavan
Chairman

Sd/-
D. C. Jain
Managing Director & CEO

Sd/-
Pradeep Mukherjee
Partner
M. No. 070693

Sd/-
Christina D'souza
Company Secretary

Sd/-
V. Gopinath
Chief Financial Officer

Place: Mumbai

Date: 22nd April 2015

IDBI CAPITAL MARKET SERVICES LTD
Balance sheet Abstract and Company's General Business Profile

I. Registration Details

Registration Number	75578	State Code	11
Balance sheet date	31.03.2015		

II. Capital raised during the year (Rs.'000s)

Public issue	Nil	Bonus issue	Nil
Rights Issue	Nil	Private Placement	Nil

III. Position of mobilisation and deployment of funds (Rs.'000s)

Total Liabilities	3378606	Total assets	3378606
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Sources of funds

Paid up capital	1281000	Reserves and Surplus	1880018
Secured Loan	Nil	Unsecured Loans	Nil
Deferred Tax Liabilities	0		

Application of funds

Net Fixed assets	63492	Investments	902069
Net current Assets	2134770	Misc. Expenditure	Nil
Accumulated Losses	Nil		

IV. Performance of the Company (Rs.'000s)

Total Income	858608	Total Expenditure	658932
Profit before tax	199676	Profit after tax	114982
Earnings per Share (Rs)	0.89	Dividend Rate %	6%

**V. Generic Names of Five Principal Services of the Company
(As per monetary terms)**

Item Code No. (ITC Code)	Product Description
NA	1) Investment Banking Services
NA	2) Equity Secondary market Broking Services
NA	3) Portfolio Management Services
NA	4) Equity Proprietary Trading
NA	5) Financial Products Distribution Services

For and on behalf of the Board

sd/-
M. S. Raghavan
Chairman

sd/-
D. C. Jain
Managing Director & CEO

sd/-
Christina D'souza
Company Secretary

sd/-
V. Gopinath
Chief Financial Officer

Place: Mumbai
Date : 22nd April 2015