

*Soaring to New
Heights*



ANNUAL REPORT
2017 - 18

CONTENTS

1. Board of Directors
2. Committees of the Board
3. KMPs and Auditors of the Company
4. Company Information
5. Letter from the Managing Director & CEO
6. Notice calling AGM and Explanatory Statement
7. Director's Report
8. Secretarial Audit report
9. Comments of CAG
10. Financials

BOARD OF DIRECTORS



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



SHRI NAGARAJ GARIA
MANAGING DIRECTOR & CEO
(DIN : 06983880)



SHRI RAKFSH SFTHI
INDEPENDENT DIRECTOR
(DIN: 03567831)



SHRI P.P. CHH-AJED
INDEPENDENT DIRECTOR
(DIN: 03544734)
(Up to April 15, 2018)



SMT. RUPA DEVI SINGH
Additional Director
Independent Category
(DIN: 02191543)



SHRI S. SANTHANAKRISHNAN
INDEPENDENT DIRECTOR
(DIN: 00032049)
(w.e.f. August 18, 2017)



Bhama Krishna murthy
Independent Director
(DIN: 02196839)
Up to 28.09.2017

KMPs and Auditors of the Company

Chief Financial Officer

Mr. V. Gopinath

Company Secretary & Compliance Officer

Ms. Christina D'souza

Statutory Auditors

M/s. A. Sachdev & Co.
Chartered Accountants
G-51, Shagun Arcade,
Film City Road, Malad (E),
Mumbai – 400 097

Internal Auditors

M/s. Shah Gupta & Co.
Chartered Accountants
38, Bombay Mutual Building,
2nd Floor, Dr. D. N. Road, Fort,
Mumbai – 400 001

Company Information

Bankers

IDBI Bank Limited
HDFC Bank Limited

Registered Office

3rd Floor, Mafatlal Centre,
Nariman Point,
Mumbai – 400 021

CIN: U65990MH1993GOI075578

Email id: info@idbicapital.com

Website: www.idbicapital.com

Trading Portal: www.idbidirect.in

Letter from the Managing Director & CEO

“Growth is never by mere chance, it is the result of forces working together.”

- James Cash Penney



Dear Stakeholders,

It is that time of the year again where I get the opportunity to showcase the performance of the Company.

I am pleased to share with you that 2017-18 has been another year of stellar performance by the Company when it pushed the limits even further.

As Napoleon Hill rightly stated *“Strength and growth come only through continuous effort and struggle”*, at IDBI Capital we believe in unceasing efforts to climb up the growth trajectory and have not simply rested on our laurels of the year gone by. In view of the changing market dynamics, IDBI Capital has been successful in transforming itself from primarily “NPA resolution Company” to a “Full Fledged Investment Bank” including in its offering to clients- equity capital markets, M&A, PE & syndication.

I am privileged to report that this very belief has enabled the Company to report a gross revenue of Rs. 95.57 Crores and Profit Before Tax of Rs. 20.02 Crore for the year ended March 31, 2018 registering a YoY growth of 13% and 636% respectively. All business verticals have reported a positive bottom line.

During the year ended March 2018, the Retail Broking arm of the Company has registered a Year on Year growth of 27% and 57% in Revenue and PBT respectively. In its endeavor to be a “One Stop Shop” for its customers the Group has diversified its activities & expanded its product line into Currency Derivatives and Exchange based mutual fund trading options (BSE Star MF). The Company has opened 6 new branches at Ludhiana, Jaipur and Vijayawada. We continuously strive to better the Online Trading Portal technology which has been

manifested in improved system capabilities and new features on the Portal, IOS and Android Mobile Apps including a voice base trading facility through Apple Watch Interface.

The Institutional Brokerage Group has registered a 23% YoY growth in gross revenue. The Group has focused on deepening the business and has supported the Capital Markets Group in placement of Issues.

As Portfolio Manager, the AUM under management at the end of the F.Y. 2017 – 18 stands at Rs. 7,952.65 Crore. The recently launched Equity Portfolio Management line for HNIs is gradually picking up pace and we expect to be a formidable player in the space in the years to come.

The Investment Banking Group as a whole registered a marginal growth, mainly due to fall in advisory assignments due to regulatory changes. However, the Capital Market vertical has successfully managed and completed 5 IPOs, 3 QIPs, and 3 Buybacks in Financial Year 2017 – 18. According to Prime Database the Company ranked 14 in terms of number of QIPs managed in the Financial Year 2017 – 2018 and ranked 6 in terms of number of QIPs managed in BFSI sector during the same period. The Company also continued to be among the top two merchant banks in the league table for Buyback Product (in terms of number of buyback managed) in Fiscal 2018 (Source: Prime Database). The Company has earned significant credentials in the syndication business.

The Company is also venturing into the AIF space and has been appointed as Investment Manager to the Maharashtra Defence and Aerospace Fund sponsored by the Government of Maharashtra through the Maharashtra Industrial and Development Corporation (MIDC).

The efforts of the Company have not gone unnoticed. The Company has been showered with prestigious awards like the “Financial Services Brand of the Decade – 2018” by Herald Global – ERTC Media; the “Best Investment Banking & Securities Services Company, 2017” by IBC (USA); “Asia’s Dream Company to work for – Financial Services” by World HRD Congress and “Asia’s Most Trusted Company Award” by IBC (USA) and has also been assessed as the “Most Improved Broking House-2017” by Asia Money. The accolades would not have been possible without the blessings of you our Stakeholders and the relentless efforts of the IDBI Capital Team.

The journey so far, undoubtedly been exciting & the future holds more optimism. We are committed to maintain our uphill journey on the growth trajectory with the support from IDBI Bank, our Board of Directors and the enthusiasm of our young, dynamic and energetic team. Going forward we will focus on recalibrating our businesses & product offerings, nurturing our customer relationship & maintain dynamic growth strategy – all with an aim to generate sustainable value.

I take this opportunity to acknowledge and thank my colleagues and mentors at IDBI Bank and all the Board Members for their priceless guidance and constant encouragement. The employees and the Management team have worked very hard during the year and I would like to thank them for their tireless commitment to the Company. Finally, I look forward to your continued and valuable support in the years to come.

Sd/-

With best regards,

NAGARAJ GARLA

MANAGING DIRECTOR & CEO



NOTICE OF THE TWENTY FIFTH (25th) ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty Fifth (25th) Annual General Meeting of the Members of IDBI Capital Markets & Securities Limited will be held on Friday, September 21, 2018 at 4.00 p.m. at 3rd Floor, Mafatlal Centre, Nariman Point, Mumbai – 400 021, to transact the following business:

A. Ordinary Business

1. Adoption of Audited Financial Statements

To receive, consider and adopt the Audited Balance Sheet and Profit and Loss Account of the Company for the year ended March 31, 2018 and the reports of the Board of Directors and Auditors thereon.

2. Re-appointment of a Director

To appoint a Director in the place of Mr. Gurudeo Yadwadkar (DIN: 01432796), who retires by rotation in terms of Section 152 (6) of the Companies Act, 2013 and being eligible, seeks re-appointment.

3. Appointment of Auditors and fixing their remuneration

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of section 139, 142 and other applicable provisions of the Companies Act, 2013, if any, read with the Companies (Audit & Auditors) Rules, 2014, including any statutory appointment or modification thereof, M/s. A. Sachdev & Co., Chartered Accountants, Mumbai be and is hereby appointed as Statutory Auditors as per the directions of the Comptroller and Auditor General of India (C&AG) for the Financial Year 2018 – 2019 at a remuneration of Rs. 8,00,000/- p.a. plus applicable taxes and that the Statutory 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.

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

B. Special Business:

4. TO APPOINT MS. RUPA DEVI SINGH (DIN 02191943) AS INDEPENDENT DIRECTOR OF THE COMPANY

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

“RESOLVED THAT Ms. Rupa Devi Singh (DIN 02191943), who was appointed as an Additional Director of the Company by the Board of Directors and who holds office up to the date of the Annual General Meeting under Section 161 (1) of the Companies Act, 2013, and who is eligible for appointment and has consented to act as a Director of the Company and in respect of whom the Company has received a notice in writing said under Section 160 of the Act proposing her candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 150(2), 152 and any other applicable provisions, if any, of the Companies Act, 2013 and the rules framed there under (including any statutory modification(s) or re-enactment thereof) read with Schedule IV to the Companies Act, 2013 as amended from time to time, Ms. Rupa Devi Singh (DIN: 02191943), who meets the criteria for independence as provided in Section 149(6) of the Act and who has submitted a declaration to that effect, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, for a term of 2 years commencing December 27, 2017 upto December 26, 2019.

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

NOTES:

- i.** Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business to be transacted at this AGM, is annexed.
- ii.** A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING ON HIS/HER BEHALF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- iii.** Members are requested to note that a person can act as a proxy on behalf of Members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A Member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.
- iv.** The instrument of proxy, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this Notice. Proxies submitted on behalf of limited companies, societies, etc. must be supported by appropriate resolution or authority as applicable.
- v.** Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution to the Company, authorizing their representative to attend and vote on their behalf at the meeting.
- vi.** In case of joint holders attending the meeting, only such joint holders who are higher in the order of the names will be entitled to vote.
- vii.** Members/proxies/authorized representatives are requested to bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
- viii.** Relevant documents referred to in the Notice and the accompanying Statement are open for inspection by the Members at the Registered Office of the Company during business hours on all working days, up to the date of the Annual General Meeting.
- ix.** Members desiring any information as regards the Accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready at the meeting.
- x.** Route-map of the AGM venue, pursuant to the Secretarial Standards - 2 on General Meetings, is also annexed

- xi.** The quorum for the annual general meeting, as provided in section 103 of the Companies Act, 2013, is five members, personally present in the meeting at the commencement of business.

- xii.** Section 20 of the Companies Act, 2013 permits service of documents on Members by a company through electronic mode. So in accordance with the Companies Act, 2013 read with the Rules framed thereunder, the Annual Report 2017 – 18 is being sent through electronic mode to those Members whose email addresses are registered with the Company unless any Member has requested for a physical copy of the Report. For Members who have not registered their email addresses, physical copies of the Annual Report 2017 – 18 are being sent by the permitted mode.

Place: Mumbai

Date: September 17, 2018

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

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

Registered Office:

3rd Floor, Mafatlal Centre,
Nariman Point, Mumbai – 400 021.
Tel: 91 22 4322 1212
Fax: 91 22 2285 7085
CIN: U65990MH1993GOI075578
Website: <http://www.idbicapital.com>
Email: christina.dsouza@idbicapital.com

EXPLANATORY STATEMENT

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

ITEM NO 3: Appointment of Ms. Rupa Devi Singh as Independent Director (DIN 02191943)

Ms. Rupa Devi Singh (DIN 02191943) was inducted as an Additional Director on the Board of Directors of the Company by Resolution vide Circular Resolution no. BM/6/2017 on December 27, 2017.

In terms of section 161 of the Companies Act, 2013, Ms. Rupa Devi Singh (DIN 02191943), holds office only up to the date of this Annual General Meeting of the Company, but is eligible for re-appointment as a Director. A written Notice pursuant to Section 160 of the Companies Act, 2013, has been received signifying intention to propose her as a candidate for the office of Director of the Company.

The Board has also recommended appointment of Ms. Rupa Devi Singh (DIN 02191943) as Independent Director.

Ms. Rupa Devi Singh (DIN 02191943) was the founder MD & CEO of Power Exchange India Limited (PXIL), a nation-wide Exchange for electricity trading, promoted by NSE and NCDEX. She set up PXIL from scratch in 2008 and successfully led it for close to five years until March 2013. Earlier she worked as Director with CRISIL Infrastructure Advisory for 4 years and SBI Capital Markets for 5 years. She has an overall experience of 15 years in Commercial Banking, Investment Banking and Strategic Consulting & Overseas Marketing.

The other organizations where she holds Directorship and other positions:

Her other Directorships are: Organization Name	Position Held/Nature of Interest	Shareholding	Date of which interest occurred
DCB Bank Limited	Director	Nil	22/01/2015
Acme Solar Holdings Limited	Director	Nil	27/12/2017

Ms. Rupa Devi Singh (DIN 02191943), being eligible has offered herself for appointment as Independent Director. The Nomination and Remuneration Committee has also recommended the appointment of Ms. Rupa Devi Singh (DIN 02191943) as an Independent Director to hold office upto December 26, 2019.

Ms. Rupa Devi Singh (DIN 02191943) does not receive any remuneration, benefits, or commission from the Company apart from sitting fees of meetings attended. In the opinion of the Board, Ms. Rupa Devi Singh (DIN 02191943) fulfills the conditions specified in the Companies Act, 2013 and Rules made thereunder for appointment as an Independent Director of the Company and is independent of the management.

A copy of the draft letter of appointment to be issued to Ms. Rupa Devi Singh (DIN 02191943) setting out the terms and conditions of appointment would be available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

Accordingly, the Board recommends for approval the appointment of Ms. Rupa Devi Singh (DIN 02191943), as an Independent Director.

Except Ms. Rupa Devi Singh (DIN 02191943), being an appointee, none of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 3.

Place: Mumbai

Date: September 17, 2018

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

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

Registered Office:

3rd Floor, Mafatlal Centre,
Nariman Point, Mumbai – 400 021.
Tel: 91 22 4322 1212
Fax: 91 22 2285 7085
CIN: U65990MH1993GOI075578
Website: <http://www.idbicapital.com>
Email: christina.dsouza@idbicapital.com

Route Map





IDBI Capital Markets & Securities Limited

Registered Office: 3rd Floor, Mafatlal Centre, Nariman Point,
Mumbai – 400 021.

CIN: U65990MH1993GOI075578, **Website:** www.idbicapital.com, **Tel:** +91 22 4322 1212

**Form No. MGT – 11
PROXY FORM**

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

Name of the Member(s): _____

Registered Address: _____

E-mail ID: _____ ***Folio No./DP ID and Client ID :** _____

* For details with respect to your Folio No./DP ID, Client ID and number of shares, please refer to the Attendance Slip enclosed along with the Annual Report.

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

1. Name: _____ **E-mail ID:** _____
Address: _____

Signature: _____, or failing him/her

2. Name: _____ **E-mail ID:** _____
Address: _____

Signature: _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 25th Annual General Meeting of the Company, to be held on Friday, the 21st day of September, 2018 at 4.00 p.m. at 3rd Floor, Mafatlal Centre, Nariman Point, Mumbai – 400 021 and at any adjournment thereof in respect of such resolutions and in such manner as are indicated below:

Resolution No.	Resolutions	Optional	
		For	Against
Ordinary Business			
1	Adoption of Audited Financial Statements		
2	Re-appointment of a Director		
3	Appointment of Auditors and fixing their Remuneration		

Special Business			
4	To appoint Ms. Rupa Devi Singh (DIN: 02191943) as Independent Director of the Company		

Signed this _____ day of _____ 2018.

Affix
Revenue
Stamp

Signature of Member

Signature of Proxy holder(s)

Notes:

1. A Proxy need not be a member of the Company. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total share capital of the Company. Members holding more than ten percent of the total share capital of the Company may appoint a single person as proxy, who shall not act as proxy for any other member.
2. *It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
3. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 25th Annual General Meeting of the Company.
4. This form of Proxy, to be effective, should be duly completed and deposited at the Registered Office of the Company at 3rd Floor, Mafatlal Centre, Nariman Point, Mumbai – 400 021, not later than 48 hours before the commencement of the aforesaid meeting.



IDBI Capital Markets & Securities Limited

Registered Office: 3rd Floor, Mafatlal Centre, Nariman Point,
Mumbai – 400 021.

CIN: U65990MH1993GOI075578, **Website:** www.idbicapital.com, **Tel:** +91 22 4322 1212

ATTENDANCE SLIP

25th Annual General Meeting to be held on Friday, 21st September, 2018, at 4.00 p.m.

Name of the Attending Member	
Folio No.	
No. of Shares held	
Name of Proxy (If Proxy attends instead of the Member)	

I, hereby record my presence at 25th Annual General Meeting of the Company held on Friday, 21st September, 2018 at 3rd Floor, Mafatlal Centre, Nariman Point, Mumbai – 400 021.

Signature of Member/ Proxy

DIRECTOR'S REPORT

To The Members

Your Company's Board of Directors hereby presents its Report on the business and operations of the Company for the year ended March 31, 2018.

1. FINANCIAL HIGHLIGHTS & REPORTS

The financials for the year ended March 31, 2018 with comparative figures for the previous year are presented in the table below:

Your Company has achieved a gross revenue of Rs. 95.57 Crore and Profit before Tax of Rs. 20.02 Crore for the year ended March 31, 2018 registering a Year on Year ("YoY") growth of 13% and 636% respectively. All the business verticals have registered a positive bottom line during the year under report. Retail and Institutional Broking segment has registered a YoY growth of 22 % and 36 % respectively for the year under report.

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
	Rs. In lakhs	
Gross Income		
a) Revenue from Operations	8336	7475
b) Other Income	1221	1000
Total	9557	8475
Profit/ (Loss) before depreciation, tax and write-off of preliminary expenses	2234	471
Depreciation	232	199
Profit before tax	2002	272
Less: Provision for tax	840	40
Profit/(Loss) after tax	1162	232
Add: Balance in Profit and Loss Account brought forward	287	55
Amount available for appropriation	1449	287
<u>Appropriations:</u>		
Transfer to General Reserve	0	0
Interim Dividend	1025	0
Tax on Interim Dividend	208	0
Proposed Dividend	0	0
Tax on Proposed Dividend	0	0
Balance carried to Balance Sheet	216	287

2. COMPANY'S AFFAIRS

Your Company offers a bouquet of Financial Services under one roof. Your Company is registered with the Securities and Exchange Board of India (SEBI) as a Merchant Banker, Stock Broker, Depository Participant, Portfolio Manager and Research Entity. Your Company offers to its clients services ranging from Investment Banking, Corporate Advisory services, Retail and Institutional Stock Broking, distribution of Financial Products, Portfolio Management and Research services.

3. DIVIDENDS

Your Directors after taking into consideration the profits of the Company had declared and paid an Interim Dividend of 8% during the financial year 2017 – 2018. The appropriation for dividend, including dividend distribution tax, amounted to Rs. 12.34 Crore. The Dividend amount paid is Rs. 10.25 Crore and dividend distribution tax amounted to Rs. 2.09 Crore.

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

No material changes and commitments, affecting the financial position of the Company have occurred between the end of the financial year of the Company i.e. March 31, 2018 and the date of this Directors' Report.

5. PARTICULARS OF ASSOCIATE COMPANY

The Company has one Associate Company namely, IDBI Asset Management Ltd. The Company holds 33.33% of the share capital of IDBI Asset Management Ltd. A Statement containing salient features of the financial statement and all other requisite details of the said Associate Company in the format AOC-1 is appended as **Annexure A**.

6. FINANCIAL STATEMENTS

The Financial Statements of your Company for the Financial Year 2017 – 18 are prepared in compliance with applicable provisions of the Companies Act, 2013 read with the Rules issued thereunder and applicable Accounting Standards.

7. ECONOMIC REVIEW

As per the Central Statistics Organization (CSO) and International Monetary Fund (IMF) India has emerged as the fastest growing major economy in the world and it is expected to be one of the top three economic powers of the world over the next 10-15 years. India's GDP is estimated to have increased 6.7% in 2017-18 and is expected to grow by 7.3% in 2018-19.

The Indian economy is witnessing a significant shift and is getting ready for the next phase of growth with all the structural reforms introduced in last couple of years. Amongst the various reforms, the most significant reform was the "Introduction of the Goods and Services Tax" effective from July 2017 which has integrated the country's economy. It helped to bring down the overall incidence of indirect tax by combining various tax rates to minimal tax rates. The other initiatives taken by the Government are Demonetization and the Real Estate (Regulation & Development) Act, 2016 (RERA) which helped to put the economy in high growth mode for the future.

Agriculture saw a growth of 3.3% in FY18 owing to erratic monsoon in several parts and flooding in some states which impacted performance. Also, the Government's focus on power, lower gas prices and higher imports led to 7.1% growth in electricity, gas and water supply. However, streamlining of GST implementation and tax rates took some time and created an upheaval in the first half of the last year. As a result, the manufacturing and construction segment grew just 5.7% and 5.8% during FY18. Manufacturing sub-sectors such as pharmaceuticals, electronics and transport equipment registered robust double digit growth rates, while growth in other sectors such as electrical equipment, garments and textiles slackened. The financial sector grew at a rate of 6.6% for FY18. Further, inflation (both CPI and WPI) remained under the desired rate of Reserve Bank of India which kept the Rupee almost stable during the year. Also, the fiscal deficit remained stable at 3.5% of GDP for FY18. This was slightly lower than the earlier target of 3.2% however reasonable looking at the higher energy prices and increased spending to boost economic growth. For FY19, the Indian Government has a fiscal deficit target of 3.3%.

8. INDIAN EQUITY MARKETS DURING F.Y. 2017 – 2018

Indian equity markets delivered a strong growth, driven primarily by (1) a rally in the equity market across the major economies, (2) strong domestic flows and (3) supported by earnings growth. The BSE SENSEX increased by 11.3% YoY in FY18, lower than other BRICS markets but better than the European markets.

Foreign Institutional Investors (FIIs) saw a net inflow of INR 218bn during FY18. While DIIs significantly outpaced FII flows with net purchases of INR 1,100 bn during the year. In the past years mostly FIIs set the trend of the market, however post demonetization, we have seen DIIs to be in the driving seat.

Amongst leading indexes, the Consumer Durables index gave a stellar 45.9% YoY growth followed by the Realty Index with 39.4% return. Amongst other sectors, IT, Metals and capital goods Indices have outperformed the Sensex with 16.7%, 14.1%, 12.9% and 12.3% return. Auto, Oil & Gas, Telecom and Bank indices either remain equal or under performers. Further, Healthcare and Power Indices are the only two sectors which have given a negative return with 14.1% and 6.5% negative return respectively.

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

Major BSE Indices	31-Mar-17	31-Mar-18	Year's Low	Change over last year		Change over year's low	
				YoY	%	YoY	%
Sensex	29,621	32,969	29,319	3,348	11.3	3,650	12.4
AUTO	22,013	24,057	21,827	2,045	9.3	2,230	10.2
BANKEX	24,421	27,198	24,421	2,777	11.4	2,777	11.4
CAPITAL GOODS	16,446	18,477	16,446	2,031	12.3	2,031	12.3
CONSUMER DURABLES	15,257	22,262	15,161	7,005	45.9	7,101	46.8
FMCG	9,270	10,290	9,185	1,020	11	1,105	12
Healthcare	15,312	13,158	12,730	(2,155)	-14.1	428	3.4
IT	10,366	12,101	9,619	1,735	16.7	2,482	25.8
METAL	11,804	13,322	10,833	1,518	12.9	2,489	23
OIL & GAS	13,564	14,614	13,197	1,051	7.7	1,417	10.7
POWER	2,274	2,126	2,117	(149)	-6.5	9	0.4
REALTY	1,600	2,230	1,600	630	39.4	630	39.4
Utilities	1,974	2,024	1,911	49	2.5	113	5.9
Telecom	1,241	1,322	1,230	81	6.5	92	7.5

Source: BSE, IDBI Capital Markets & Securities Limited

9. PERFORMANCE OF THE COMPANY

During the past year, your Company has endeavored to reach its objectives. The performance of your Company has been detailed in the paragraphs below:

a) INVESTMENT BANKING

In the Investment Banking space while the Capital Market vertical has registered a fourfold increase in their revenue, M&A vertical has improved their revenue by 41%. The business from restructuring transactions declined due to change in the RBI Policy. We have now consolidated our various lines of business and diversified by focusing on Mergers & Acquisition and IPOs, thus broad basing our revenue streams.

During fiscal 2018, we saw a surge in the number of initial public offerings (IPOs), qualified instructional placements (QIPs), Buybacks by corporates and divestment of PSU shares through Offer for Sale.

The Capital Market vertical successfully managed and concluded 5 equity public issuances during fiscal 2018 aggregating to Rs. 39.20 Billion, which included Housing & Urban Development Corporation Limited, Central Depository Services (India) Limited, Security and Intelligence Services (India) Limited, Bharat Dynamics Limited and Mishra Dhatu Nigam Limited. These public offerings managed by us have received a positive response from the market. According to Prime Database, the Company ranked 13 in terms of number of IPOs managed in fiscal 2018. The Capital Market vertical expanded its product offering by establishing credentials in Qualified Institutional Placements (QIP) managing 3 QIPs aggregating to Rs. 22.52 billion in fiscal 2018, which included Vijaya Bank, Dena Bank and Syndicate Bank. According to Prime Database the Company ranked 14 in terms of number of QIPs managed in fiscal 2018 and ranked 6 in terms of number of QIPs managed in BFSI sector during the same period.

The Company also continued to be among the top two merchant banks on the league table for the Buyback Product (in terms of number of buybacks managed) in fiscal 2018 (Source: Prime Database), concluding 4 Buyback Offers which included Oil India Limited, Engineers India Limited, Bharat Electronics Limited and MOIL Limited.

The vertical also concluded an offer for sale through the stock exchange mechanism for the Government of India in Rashtriya Chemicals and Fertilizers Limited. The vertical also continued to expand its product basket by placing short-term commercial paper for Muthoot Homefin (India) Limited.

The Advisory vertical has focused on proposals for syndication of working capital, refinancing of debt and alternate modes of resolution such as Flexible Structuring (5/25), SDR, Outside SDR, etc. The vertical has a strong pipeline of cases under execution.

Completion of some of the mandates was impacted significantly due to the RBI Circular of February 12, 2018, but for which revenues would have been higher.

During the year ended March 31, 2018, the Investment Banking Group as a whole earned a gross revenue of Rs. 39.46 crore and PBT of Rs. 14.11 crore.

b) PORTFOLIO MANAGEMENT SERVICES

Your Company manages funds on the debt side for four corporate clients. The Assets under Management at the end of the F.Y. 2018 stands at Rs. 7,952.65 Crore.

The return on investments during the F.Y. 2018 was 7.77% for retirement funds and 6.52% for the surplus funds. The respective benchmarks for the period stood at 6.93% and 6.09%.

Your Company launched Discretionary Equity Portfolio Management Services during F.Y. 2018. The corpus is Rs. 1.76 Crore as on 31st March, 2018. The strategy "IDBI Focus 20:20" is aimed at tapping HNI/Ultra HNI clients. We are also in the process of engaging with IDBI Bank for marketing our PMS services. This will enable us to have several touch points across the country.

c) INSTITUTIONAL EQUITIES

The Institutional Equities Group has been able to increase its Gross Revenue by 23% on YoY basis. This was mainly due to increased client's participation, deepening the business from the existing active clients and being a Buyer Broker for Buyback offers. The Group has assisted in Buy-Back mandates handled by the Capital Markets Group during FY 2018. The Sales team has also lent active support to Capital Markets Group in placing issuances by various Banks and Companies.

The Group has initiated a campaign to activate dormant Bank treasuries and DII's by arranging road shows with the top management of several corporates.

This Group earned gross revenue of Rs. 6.19 Crores and PBT of Rs 1.48 Crores during the year ended March 31, 2018.

d) RETAIL BROKING

The Retail Brokerage business has increased the topline by Rs. 6.17 Crores while the expenses have increased by Rs. 4.50 Crores, therefore increasing the profitability from Rs. 3.73 Crores in 2016-17 to Rs. 6.16 Crores in 2017-18. New client acquisition in Retail Broking has picked up momentum which registered a growth of 91%.

During the FY, the Retail Group has added over 21,000 new clients while adding segments like Currency Derivatives and BSE Star MF to the retail client offering. With a view to expand the reach of our Retail Broking services and tap the grassroots, three additional branches across India were launched by the vertical. The Group has improved system capabilities by adding new features to the web trading portal during the year under report. Implementations of E-KYC for processing demat and trading accounts is at an advanced stage. The Group has launched the BSE Star MF Facility, the online platform for mutual fund investors to purchase and redeem their MF Units directly through BSE. The Group focused on providing additional features on its IOS and Android Mobile trading apps. The IOS based app now allows voice based trading through Apple Watch interface, while Android app will soon be provided with IPO, MF access and voice based securities trading.

e) INVESTMENT MANAGEMENT – AIF

The Company is entering the Alternative Investment Fund (AIF) space by partnering with the Government of Maharashtra for floating the Maharashtra Defence and Aerospace Venture Fund sponsored by the Maharashtra Industrial and Development Corporation (MIDC). Your Company has been appointed as Investment Manager of the Fund and is awaiting regulatory clearances.

10. FUTURE PLANS

Your Company as always shall continue in its endeavor to surge ahead. The past year has stood witness to the Company's commitment to move with the trend while maintaining a healthy balance with responsibilities that it carries being a Government Company and subsidiary of IDBI Bank.

On the Investment Banking front we aim to be part of larger IPOs for building credentials and move ahead on the League Tables. Government business has reflected the trust the Ministries repose on the quality of service delivered by your Company. We will continue to closely interact with the Government and add to our credentials. We shall renew our focus on SME IPOs and Syndication business as the Capex cycle is expected to revive during the year.

With the Resolution Mechanism proceeding in full swing under the Insolvency and Bankruptcy Code, new avenues have been opened up to the Company for resolution of stressed assets and restructuring business.

Your Company has also foraged into the Alternative Investment Fund space to broad base its revenue. Our role as Investment Manager to the Maharashtra Government Defence Fund will take shape upon receipt of regulatory approvals and we expect this business avenue to flourish in future.

On the Retail Broking front your Company will continue in its endeavor to spread its reach PAN India with a special thrust on Channel Partners and a renewed focus on the Franchisee model. The foundation that we have laid in the past year for the PMS business is expected to reap benefits in the coming year. Interaction with grassroots investors will be the key to broad basing this business.

Nurturing of our two key assets (Talent and Brand) will be our constant endeavor. Towards this we will continue to focus on Talent Management and Human Capital, harnessing diversity, equal opportunity, professional development and career advancement. We will continue to equip our team to gear up to face future challenges. Brand building and propagation shall be undertaken with renewed vigour.

11. CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

Through its CSR initiatives during the FY 2018, your Company provided financial assistance to Shree Siddhivinayak Temple Trust to provide Dialysis treatment to help poor and needy people. IDBI Capital would be supporting around 3500 patients vide this project.

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

12. PREVENTION OF INSIDER TRADING

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

13. RISK MANAGEMENT

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

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

14. 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. 34 in the Notes to the Accounts. Your Company uses information technology extensively in its day-to-day operations

15. CHANGE IN THE NATURE OF BUSINESS, IF ANY;

During the period of review, the Company continued to carry on the business of Merchant Banking and Stock broking. However, as part of Company's diversification strategy, during the year, the Company has been appointed as the Investment Manager of the Maharashtra Defence and Aerospace Venture Fund, an AIF sponsored by the Maharashtra Industrial and Development Corporation (MIDC) and is awaiting regulatory clearances. There was no adverse change in the nature of its business.

16. DIRECTORS

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

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

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

17. APPOINTMENT AND RESIGNATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL DURING F.Y. 2017 – 18

The following table describes the changes in the Board of Directors & Key Managerial Personnel during F.Y. 2017 – 18.

Name of Directors	Appointment / Resignation / Cessation	Date
Mr. Santhanakrishnan Sankaran	Appointed as an Additional Director (Independent category)	August 18, 2017
Ms. Bhama Krishnamurthy	Cessation on account of expiry of term as Independent Director	September 28, 2017
Mr. Gurudeo M. Yadwadkar	Change in Designation to Director (Nominee of IDBI Bank Ltd.)	September 28, 2017
Mr. Santhanakrishnan Sankaran	Change in Designation to Independent Director	September 28, 2017
Ms. Rupa Devi Singh	Appointed as an Additional Director (Independent category)	December 12, 2017

*Mr. Prafulla Chhajed ceased to be a Director on account of expiry of Final Term as Independent Director on April 15, 2018.

18. BOARD MEETINGS AND ATTENDANCE OF DIRECTORS

During the financial year 2017 – 18, 5 (Five) meetings of the Board of Directors were held. Details of the attendance of Directors are given below:

Sr. No.	Date of Meeting	Number of Directors Present	Number of Directors to whom Leave of absence was granted
1.	April 26, 2017	4/5	1
2.	August 18, 2017	5/5	0
3.	October 26, 2017	5/5	0
4.	January 18, 2018	4/6	2
5.	March 7, 2018	6/6	0

19. INDEPENDENT DIRECTORS

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

As on March 31, 2018, your Company had the following four Independent Directors:

Sr. No.	Name of the Independent Director	DIN	Date of appointment as Independent Director
1.	Mr. Prafulla Premasukh Chhajed	03544734	16/04/2014 <i>(2nd term expired on April 15, 2018)</i>
2.	Mr. Rakesh Sethi	03567831	28/11/2016
3.	Mr. Santhanakrishnan Sankaran	00032049	18/08/2017
4.	Ms. Rupa Devi Singh	02191943	27/12/2017 <i>(appointed as Additional Director (Independent Category))</i>

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

Further, the term of Ms. Bhama Krishnamurthy as Independent Director of the Company expired on September 28, 2017 and she ceased to be a Director of the Company.

20. COMMITTEES OF THE BOARD

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

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

A) Audit Committee

The Audit Committee of the Board (ACB) provides direction, monitors the functioning of the Internal Auditors, reviews financial statements and recommends appointment of auditors and their remuneration. The names of the members of the Audit Committee as on March 31, 2018 are as under:

Sr. No	Name of Director	Status
1	Mr. P. P. Chhajed (DIN: 03544734)	Chairman of the Committee
2	Mr. Gurudeo M. Yadwadkar (DIN: 01432796)	Member
3	Mr. Rakesh Sethi (DIN: 03567831)	Member
4	Mr. Santhanakrishnan Sankaran (DIN: 00032049)	Member
5	Mr. Nagaraj Garla (DIN: 06983880)	Member

*Mr. Prafulla Chhajed ceased to be Chairman of the Audit Committee on April 15, 2018. Mr. S. Santhanakrishnan has taken over as Chairman of the Committee w.e.f. April 27, 2018 and Ms. Rupa Devi Singh has been inducted as a Member of the Committee w.e.f. April 27, 2018

Dates & Attendance of Directors at Meetings of ACB held during F.Y. 2017 – 18

During the Financial Year 2017 – 18, five meetings of the Audit Committee of the Board were held.

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

Sr. No.	Date of Meetings	Number of Directors present	Number of Directors to whom Leave of absence was granted
1	April 26, 2017	4/5	1
2	August 18, 2017	5/5	0
3	October 26, 2017	4/5	1
4	January 18, 2018	3/5	2
5	March 7, 2018	5/5	0

B) Nomination and Remuneration Committee (NRC)

The Nomination and Remuneration Committee of the Board was constituted as per the provisions of section 178 and other applicable provisions of the Companies Act, 2013. As on March 31, 2018 it comprised of three members who are appointed by your Board.

The names of the members of the Nomination and Remuneration Committee as on March 31, 2018 are as under:

Sr. No.	Name of Director	Status
1	Mr. P. P. Chhajed (DIN: 03544734)	Chairman of the Committee
2	Mr. Gurudeo M. Yadwadkar (DIN: 01432796)	Member
3	Mr. Santhanakrishnan Sankaran (DIN: 00032049)	Member

*Mr. Prafulla Chhajed ceased to be Chairman of the Audit Committee on April 15, 2018. Mr. S. Santhanakrishnan has taken over as Chairman of the Committee w.e.f. April 27, 2018 and Ms. Rupa Devi Singh has been inducted as a Member of the Committee w.e.f. April 27, 2018

The Committee, inter-alia, identifies and recommends to the Company, persons who are qualified to become Directors, Key Managerial Personnel and Senior Management of the Company.

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

During the financial year 2017 – 18, 4 (four) meetings of the Nomination and Remuneration Committee of the Board were held. Details of attendance of the Committee Members are given herein below:

Sr. No.	Date of Meetings	Number of Directors present	Number of Directors to whom Leave of absence was granted
1	April 26, 2017	2/3	1
2	August 18, 2017	3/3	0
3	October 26, 2017	3/3	0
4	March 7, 2018	3/3	0

C) Corporate Social Responsibility (CSR) Committee

The Corporate Social Responsibility Committee of the Board (CSR) was constituted as per the provisions of section 135 and other applicable provisions of the Companies Act, 2013. As on March 31, 2018, the CSR Committee comprised of four members appointed by your Board.

The names of the members of the CSR Committee as on March 31, 2018 are as under:

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

*Mr. Prafulla Chhajed ceased to be a Member of the Corporate Social Responsibility Committee w.e.f. April 15, 2018

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

Dates & Attendance of Directors at Meetings of CSR Committee held during F.Y. 2017 – 18

During the Financial Year 2017 – 18, 2 (Two) meetings of the CSR Committee of the Board were held.

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

Sr. No.	Date of Meetings	Number of Directors present	Number of Directors to whom Leave of absence was granted
1	April 26, 2017	3/4	1
2	March 28, 2018	3/4	1

21. COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

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

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

The key features of the Policies are given hereunder:

1. DETAILS OF DIRECTORS APPOINTMENT AND EVALUATION POLICY

Mode of Appointment of Directors

- (1)** Directors shall be appointed either by the Board or by Shareholders in a General Meeting.
- (2)** The MD & CEO shall be nominated by IDBI Bank Ltd and may be on deputation from IDBI Bank or as advised by IDBI Bank Ltd. Such appointment shall be subject to approval by the Company's Board of Directors.
- (3)** (a) The non-rotational Independent Directors to be identified by the Board of Directors shall be appointed by the shareholders at the General Meeting. While identifying the persons to be appointed as Independent Directors, the Board will ensure that such persons possess the qualifications prescribed under Section 149(6) of the Companies Act, 2013 and are also not disqualified to be a Director under the relevant provisions of the Companies Act, 2013.

(b) The initial term (1st Term) of Independent Directors shall not exceed 5 consecutive years extendable to one more term (final term/2nd term) not exceeding Five consecutive years by passing a Special Resolution at the General Meeting.

(c) A term of Independent Directors may be less than 5 years and appointment for any term (whether five years or less) is to be treated as one term. No Independent Director shall hold office for more than two consecutive terms even if the total number of years of his appointment in such two consecutive terms is less than 10 years. The person completing consecutive 2 terms (whether 10 years or less) shall be eligible for appointment only after the expiry of the requisite cooling-off period of three (3) years.

(d) The intermittent vacancy of an Independent Director shall be filled up by the Board at the earliest but not later than immediate next Board Meeting or 3 months from the date of such vacancy, whichever is later.

(e) After approval of Independent Directors' appointment, a formal appointment letter with contents prescribed under Schedule IV of the Companies Act, 2013 will be issued to the Independent Directors so appointed.

(f) In terms of Article 120 (b) (ii) one Woman Director may be appointed on the Board in terms of Section 149(1)(b) of the Companies Act, 2013.

(g) In terms of Article 120 (b) (iii), the Company will ensure that at least one of the Directors on the Board has stayed in India for total period of not less than 182 days during the previous calendar year.

Qualification of Directors

1. The candidates to be appointed on the Board should possess relevant experience as deemed fit by the Board in order to be able to guide the management of the Company.
2. Directors should not be disqualified in terms of section 164 of the Companies Act.
3. Directors should possess a valid Director Identification Number (DIN) in terms of the extant regulations.

4. Directors should have leadership and management experience

Independence of Directors

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

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

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

Appointment of Senior Management Personnel

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

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

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

Performance Evaluation of Directors by the Board

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

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

- (i) In terms of the provisions of Schedule IV (Para VII) of the Companies Act, 2013, Independent Directors shall hold an Annual Meeting in a year without the attendance of Non-Independent Directors and members of the

Management for the following purpose:

- a. review the performance of the non-independent directors and the Board as a whole
 - b. review the performance of the Chairperson of the Company, taking into account the views of the Executive Directors and Non-Executive Directors.
 - c. assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively perform its functions.
- ii) The performance review of Non-Independent Directors by Independent Directors shall be done on the review sheet as per the format given at Annexure II and that of Chairperson of the Board will be done on the format given at Annexure III.

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

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

DETAILS OF REMUNERATION POLICY

Directors' Remuneration

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

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

Apart from the above, no other Remuneration would be payable to any other Director on the Board of IDBI Capital except the payment of sitting fees to Directors @ Rs. 20,000/- per meeting of the Board and Audit Committee of the Board and @ Rs. 10000/-

per meeting for other Board Committee Meetings. These rates may be changed after approval of the Board but shall be subject to the ceilings prescribed by the Act and or Rules made thereunder from time to time. Apart from the sitting fees, the expenses on Travel, Transportation and Stay of Directors attending the Board and Board Committee Meetings would be borne or reimbursed by IDBI Capital.

III. Remuneration of Key Managerial Personnel

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

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

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

IV. Remuneration of Key Managerial Personnel and Employees

The Pay Scales and Remuneration structure of Employees of the Company would be finalized by the Company, in accordance with the HR Policy of the Company and would be market driven and based on the experience of the respective candidates.

Further, Remuneration structure to Officers on deputation from IDBI Bank Ltd (other than the Managing Director & CEO) would be as advised by IDBI Bank from time to time and would be reimbursed to IDBI Bank Ltd upon receipt of intimation from IDBI Bank.

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

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

- (i) Independent Directors, at their meeting held on March 7, 2018 evaluated the performance of all Non-Independent Directors including the Chairman of the Board as well as the performance of the Board as a whole.

- (ii) The Board at its meeting held on March 7, 2018 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.

23. STATUTORY AUDITORS

Your Company falls within the purview of the provisions of Section 139 (5) of the Companies Act, 2013. Statutory Auditors are therefore appointed by the Comptroller and Auditor General of India. M/s A. SACHDEV & Co., Chartered Accountants, Mumbai, were appointed as Statutory Auditors for the F.Y. 2018.

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

24. SECRETARIAL AUDIT

In terms of the provisions of Section 204 of the Companies Act, 2013, M/s. Aabid & Co., Company Secretaries have been appointed as Secretarial Auditors of your Company. The Secretarial Audit Report dated August 08, 2017, is annexed to the Board's Report. The Secretarial Audit Report of the Company submitted by the Secretarial Auditors M/s. Aabid & Co. does not contain any adverse remark.

25. EXTRACT OF THE ANNUAL RETURN:

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

26. INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY:

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

27. PREVENTION OF SEXUAL HARRASMENT OF WOMEN AT WORKPLACE:

In line with the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has necessary policies on prohibition of sexual harassment at workplace and has constituted an Internal Committee as required under the Act. There were no cases filed with regards to allegations of sexual harassment by any employee including visitors or other non-employee during the financial year ended March 31, 2018.

28. PUBLIC DEPOSITS

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

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

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

30. 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.

31. 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 forming part of this Report as **Annexure – D**

32. WHISTLE BLOWERS POLICY

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

33. DIRECTORS' RESPONSIBILITY STATEMENT

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the Internal, Statutory and Secretarial Auditors including audit of Internal Financial Controls over financial reporting by the Statutory Auditors and the reviews performed by Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's Internal Financial Controls were adequate and effective during the financial year 2017-18.

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

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

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

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

35. ACKNOWLEDGMENTS

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

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

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

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

**Sd/-
Gurudeo M. Yadwadkar
Director
DIN: 01432796**

Date: August 10, 2018

Place: Mumbai

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

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

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

Part "A": Subsidiaries

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

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

Part "B": Associates and Joint Ventures

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

Name of Associates/Joint Ventures	IDBI ASSET MANAGEMENT LIMITED (ASSOCIATE COMPANY)
Latest audited Balance Sheet Date	March 31, 2018
Shares of Associate held by the company on the year end	
Number of Equity Shares	66660000
Amount of Investment in Associates (Rs. in lacs)	6666
Extent of Holding %	33.33%
Description of how there is significant influence	The Company has significant influence through holding more than 20% of the Equity Shares in the investee company in terms of Accounting Standards 23 issued by ICAI
Reason why the associate is not Consolidated	Exemption under MCA notification dated July 27, 2016- Companies (Accounts) Amendment Rules , 2016
Networth attributable to Shareholding as per latest audited Balance Sheet (Rs. in lacs)	N.A
Profit / Loss for the year (Rs. in lacs)	N.A
i. Considered in Consolidation	N.A
ii. Not Considered in Consolidation	N.A
Note:	
1. Names of associates which are yet to commence operations.	N.A
2. Names of associates which have been liquidated or sold during the year.	N.A

For and on behalf of the Board

Sd/-

Gurudeo M. Yadwadkar

Director

DIN: 01432796

Sd/-

Nagaraj Garla

Managing Director & CEO

DIN: 06983880

Sd/-

Christina D'souza

Company Secretary

Sd/-

V. Gopinath

Chief Financial Officer

Place: Mumbai

Date: April 27, 2018

ANNEXURE 'A' TO THE BOARD'S REPORT
ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

{Pursuant to Section 135 of the Companies Act 2013}

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

The key areas identified under the CSR Policy for making strategic interventions are rural infrastructure, social empowerment, education, environment, community welfare, healthcare, etc. These include, but are not limited to, collaborative long-term funding for projects designed to promote income-generating activities for tribal and the underprivileged, particularly women, across various states; infrastructure support to schools & youth training centers, rural electrification through solar street lights; financial aid for socio-economic empowerment of the blind, disabled and other under-privileged sections of society. Further, we would like to extend financial and other support during natural calamities in affected states. The CSR activities have been inclusive in nature and as such the beneficiaries are spread across all sections of the community.

a) FINANCIAL SUPPORT TO SHREE SIDDHIVINAYAK GANAPATI TEMPLE TRUST:-

During the financial year 2017-18, IDBI Capital has provided Financial Assistance of Rs. 26,25,000/- to Shree Siddhi Vinayak Temple Trust, to provide subsidized dialysis treatment to poor and needy people.

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

2. Composition of the CSR Committee as on March 31, 2018:

The Corporate Social Responsibility Committee of the Board (CSR) was constituted as per the provision of the section 135 and other applicable provisions of the Companies Act, 2013. It comprises of four members who are appointed by the Board. The names of the members of the CSR Committee as on March 31, 2018 are as under:

Name of the Director	Designation
Mr. Rakesh Sethi	Chairman of the Committee (Independent Director)
Mr. Gurudeo M. Yadwadkar	Committee Member (Director)
Mr. P. P. Chhajer	Committee Member (Independent Director)
Mr. Nagaraj Garla	Committee Member (Managing Director & CEO)

The functions of the Committee includes:-

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

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

The average net profit of the Company for the last three financial years calculated as specified by the Companies Act is **Rs. 1312.67** Lakhs

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

The Company was required to spend **Rs. 26.25 Lakhs (Approx.)** towards CSR.

5. Details of CSR spend for the financial year:

- Total amount spent for the financial year:** Rs. 26.25 Lakhs
- Amount unspent, if any:** Rs. Nil
- Manner in which the amount spent during the financial year is detailed below:**

Sr. No.	Projects/ Activities	Sector	Location of the Project/ Programs	Amount Outlay (Budget) (In Lakhs)	Amount spent on the Project or Programs (In Lakhs)	Cumulative expenditure upto the reporting period (In Lakhs)	Amount spent through direct / implementing agency
1	Shree Siddhivinayak Ganapati Temple Trust	Social welfare and Health care	Mumbai, Maharashtra	26.25	26.25	26.25	Direct

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

The Company has spent the entire amount of 2% of the average net profits of the last 3 Financial years.

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/-
Rakesh Sethi
Chairman of CSR Committee
DIN: 03567831

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

Date: August 10, 2018

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on financial year ended on 31.03.2018
{Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company
(Management & Administration) Rules, 2014}

I. REGISTRATION & OTHER DETAILS:

1.	CIN	U65990MH1993GOI075578
2.	Registration Date	14 th December, 1993
3.	Name of the Company	IDBI CAPITAL MARKETS & SECURITIES LIMITED (FORMERLY KNOWN AS IDBI CAPITAL MARKET SERVICES LTD.)
4.	Category/Sub-category of the Company	Company Limited by Shares/Union Government Company
5.	Address of the Registered office & contact details	3 RD FLOOR, MAFATLAL CENTRE, NARIMAN POINT, MUMBAI – 400 021. TEL: +91-22-4322 1212 FAX: +91-22-2285 0785 EMAIL : info@idbicapital.com Website: www.idbicapital.com
6.	Whether listed company yes/no	No
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	NOT APPLICABLE

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Investment Banking	6619	41.29
2	Retail Broking	6612	40.22

e) Venture Capital Funds	-		-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-		--	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	
Sub-total (B)(1):-	0	0	0	0	0	0	0	0	0
2. Non-Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	--
i) Indian			-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-		-	-	-	-	-

C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	128100000	128100000	100%	-	128100000	128100000	100%	-

ii) Shareholding of Promoters

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

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

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

iv) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

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

v) Shareholding of Directors and Key Managerial Personnel:-

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

V) INDEBTEDNESS –

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

The Company has not availed any loan during the year and is a debt free Company.

VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

SN	Particulars of Remuneration	Name of MD / WTD / Manager	Total Amount (In Rs.)
		Mr. Nagaraj Garla MD & CEO DIN: 06983880	
1	Gross salary: (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (Including Pension)		29,84,702/-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		1,21,760/-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		0/-
2	Stock Option		0/-
3	Sweat Equity		0/-
4	Commission - as % of profit - others, specify...		2,00,000/-
5	Others, please specify		71,640/-
6	Total (A)		33,78,102/-
	Ceiling as per the Act*		

* Remuneration paid In FY 2017 – 18 is well within the limits prescribed under Companies Act, 2013

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

B. Remuneration to other directors

S N	Particulars of Remuneration	Name of Directors					Total Amount (in Rs.)
1	Independent Directors	Mr. P. P. Chhajed DIN: 03544734	Mr. Rakesh Sethi DIN: 03567831	Ms. Bhama Krishnamurthy DIN: 02196839	Mr. S. Santhana krishnan	Ms. Rupa Devi Singh	
	Fee for attending board committee meetings	2,30,000	2,20,000	1,00,000	1,00,000	40,000	6,90,000
	Commission	NII	NII	NII	NII	Nil	NII
	Others, please specify	NII	NII	NII	NII	Nil	NII
	Total (1)	2,30,000	2,20,000	1,00,000	1,00,000	40,000	6,90,000
2	Other Non- Executive Directors	Mr. G. M. Yadwadkar (IDBI Bank Ltd.) DIN : 01432796					
	Fee for attending board committee meetings	1,80,000					1,80,000
	Commission	NII					NII
	Others, please specify	NII					NII
	Total (2)	1,80,000					1,80,000
	Total (B)=(1+2)						8,70,000
	Total Managerial Remuneration						
	Overall Ceiling as per the Act*						

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

All Directors are entitled for reimbursement of expenses for attending Board/Committee Meetings. The Remuneration/Fees for F.Y. 2017 – 18 is well within the limits prescribed under Companies Act, 2013

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

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Mr. V Gopinath (CFO)	Ms. Christina D'souza (Company Secretary & Compliance officer)	Total Amt. (in Rs.)
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	28,26,108/-	17,48,364/-	45,74,472/-
	Total	28,26,108/-	17,48,364/-	45,74,472/-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	3,66,462/-	0/-	3,66,462/-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0/-	0/-	0/-
	Stock Option	0/-	0/-	0/-
	Sweat Equity	0/-	0/-	0/-
	Commission	0/-	0/-	0/-
	- as % of profit	0/-	0/-	0/-
	Others specify...	1,50,000/-	1,00,000/-	2,50,000/-
	Others, please specify	1,23,900/-	76,646/-	2,00,546/-
	Total	33,66,470/-	19,25,010/-	53,91,480/-

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		

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

Sd/-
Gurudeo M. Yadwadkar
Director
DIN: 01432796

Date: August 10, 2018

Place: Mumbai

FORM NO. AOC -2

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

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm’s length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm’s length basis for F.Y. 2017 -

2018.

1) 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							

2. Details of contracts or arrangements or transactions at Arm’s length basis for F.Y. 2017 - 2018.

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

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

Sd/-
Gurudeo M. Yadwadkar
Director
DIN: 01432796

Date: August 10, 2018
Place: Mumbai

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2018

*[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 Markets & Securities Limited,

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **IDBI Capital Markets & Securities Limited**, (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verifications of the **IDBI Capital Markets & Securities Limited**, Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Company as given in **Annexure-I** 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, 2018 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 **IDBI Capital Markets & Securities Limited**, ("the Company") for the Financial Year ended on 31st March, 2018 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'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011-**Not Applicable** ;

- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999- **Not Applicable**;
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - **Not Applicable**;
- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client- **Not Applicable**;
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009- **Not Applicable**;
- h. The Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993
- i. The Securities and Exchange Board of India (Mutual Fund) Regulations, 1996;
- j. The Securities and Exchange Board of India (Underwriters) Regulations, 1993;
- k. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998- **Not Applicable** ;
- l. Securities and Exchange Board of India (Stock Broker and Sub-Broker) Regulations, 1992;
- m. The Securities and Exchange Board of India (Research Analysts) Regulations, 1992;
- n. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996;
- o. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(vi) Other industry specific laws as specified in **Annexure II**

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India, to the extent possible.
- (ii) Since the Company is not listed on any Exchange no Compliances of the Listing Agreement are applicable to the Company.

During the period of audit of the Company there are no specific events/actions occurred having a major bearing on the Company's affairs in pursuance of the above referred Laws, Rules, Regulations, Guidelines, Standards, etc.

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.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

The Company has given all the details of specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

**For Aabid & Co.
Company Secretaries**

**Sd/-
CS Mohammed Aabid
Partner
Membership No: 6579
CoP. No: 6625**

Date: August 2, 2018

Place: Mumbai

COMMENTS OF CAG

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF IDBI CAPITAL MARKETS & SECURITIES LIMITED FOR THE YEAR ENDED 31ST MARCH, 2018

The preparation of financial statements of IDBI Capital Markets & Securities Limited for the year ended 31st March 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 27 April 2018.

I, on behalf of Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of IDBI Capital Markets & Securities Limited for the year ended 31st March 2018. 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 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 behalf of the
Comptroller and Auditor General of India**

SD/-

Roop Rashi

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

Place: Mumbai

Date: 13.07.2018

INDEPENDENT AUDITORS' REPORT

TO
THE MEMBERS OF
IDBI CAPITAL MARKETS & SECURITIES LIMITED
MUMBAI

Report on the Financial Statements

We have audited the accompanying financial statements of **IDBI Capital Markets & Securities Limited (the Company)**, which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the Financial Statements

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

AUDITORS' RESPONSIBILITY

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

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

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

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

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

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

Opinion

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

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2018;
- (b) In the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor’s Report) Order, 2016 (“the Order”), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **Annexure ‘A’**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid Financial Statements comply with the Accounting Standards referred to in section 133 of the Act, read with the rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of the written representations received from the directors as on March 31, 2018, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of sub section (2) of section 164 of the Act.
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in “**Annexure B**”, and
 - g. With respect to the other matters to be included in the auditor’s report in accordance with Rule 11 of the Companies (Audit and Auditors) Rule 2014, in our opinion and to the best of our information and according to the explanation given to us:
 - i) The company has disclosed the impact of pending litigation on its financial position in its financial statement. (Refer Note No. 33 to the Financial Statements)

ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.

iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

a) the company does not have any freehold or leasehold land.

b) During the year under consideration, the company has written off old receivables amounting to Rs. 347.92 Lacs as the possibility of their recoveries were very less.

c) There were no inventories lying with third parties. Further, no assets were received as gift/grant from Govt. or other authorities.

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

Sd/-
(Manish Agarwal)
Partner
Membership No.- 078628

Mumbai
April 27, 2018

**ANNEXEURE 'A' REFERRED TO IN THE AUDITORS' REPORT of IDBI CAPITAL MARKETS &
SECURITIES LTD. FOR THE YEAR ENDED ON 31st MARCH 2018**

- (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. Accordingly, the physical verification of fixed assets has been done during the current financial year 17-18 and no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) As the Company is a service company, it does not have any inventory. Accordingly, the clause (ii) (a) to (ii) (c) of the paragraph 3 of the order are not applicable to the Company.
- (iii) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act. Hence, the clause (iii) (a) and (iii) (b) of the paragraph 3 of the order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- (v) In our opinion, the Company has not accepted any deposits from the public or its members.
- (vi) To the best of our knowledge and explanation given to us by the management, the Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 for the company.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income tax, wealth tax, service tax, Goods and Service tax, 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 2018 for a period of more than six months from the date they became payable.

(b) According to the records of the Company, there are no dues of Sales Tax, Service Tax, Excise Duty, Wealth Tax, Goods and Service tax, Customs Duty, value added tax or Cess which have not been deposited on the account of any dispute except for the following amounts relating to income tax.

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

- (viii) According to the books of account and records of the company, no amount is due to financial institutions or bank or debenture holders.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanation given to us and as represented by the Management and based on our examination of the books and records of the company, no material fraud on or by the Company was noticed or reported during the year.
- (xi) According to the information and explanations give to us, in view of MCA circular dated 5th June, 2015, the provisions of managerial remuneration as per provisions of section 197 are not applicable in case of government company.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

**Sd/-
(Manish Agarwal)
Partner
Membership No.- 078628**

**Mumbai
April 27, 2018**

Annexure - B to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

We have audited the internal financial controls over financial reporting of **IDBI Capital Markets & Securities Ltd.** as of 31st March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

**Sd/-
(Manish Agarwal)
Partner
Membership No.- 078628
Mumbai
April 27, 2018**

IDBI CAPITAL MARKETS & SECURITIES LIMITED

(formerly IDBI CAPITAL MARKET SERVICES LIMITED)

(CIN: U65990MH1993GOI075578)

BALANCE SHEET AS AT 31st MARCH 2018

(Rs in lakhs)

	Note No.	As At 31.03.2018	As At 31.03.2017
I. EQUITY & LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2	12,810	12,810
(b) Reserves and Surplus	3	18,656	18,727
		31,466	31,537
(2) Current Liabilities			
(a) Trade payables	4		
i) Total outstanding dues of micro enterprises and small enterprises		-	-
ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		2,955	2,121
(b) Other current liabilities	5	587	413
(c) Short-term provisions	6	248	235
		3,790	2,769
TOTAL		35,256	34,306
II. ASSETS			
Non-Current Assets			
(1) (a) Fixed Assets	7		
(i) Tangible assets		731	670
(ii) Intangible assets		92	170
(iv) Intangible assets under development		22	66
(b) Non-current investments	8	8,102	8,051
(c) Deferred tax assets (net)	9	223	126
(d) Long-term loans and advances	10	185	230
		9,355	9,313
(2) Current Assets			
(a) Current investments	11	269	456
(b) Trade receivables	12	7,332	7,388
(c) Cash and Bank balances	13	13,734	12,698
(d) Short-term loans and advances	14	4,372	4,274
(e) Other current assets	15	194	177
		25,901	24,993
TOTAL		35,256	34,306
Significant Accounting Policies	1		

As per our attached report of even date

For and on behalf of the Board

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

**Sd/-
Manish Agarwal
Partner
M. No. 078628**

**Place: Mumbai
Date: 27/04/2018**

**Sd/-
Gurudeo M. Yadwadkar
Director
DIN: 01432796**

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

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

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

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

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2018

		(Rs in lakhs)		
		Note No.	For The Year Ended 31.03.2018	For The Year Ended 31.03.2017
I.	Revenue from Operations	16	8,336	7,475
II.	Other Income	17	1,221	1,000
III.	Total Revenue (I + II)		9,557	8,475
IV.	Expenses			
	Employee Benefits Expense	18	2,864	2,389
	Operating Expenses	19	2,129	1,542
	Administrative Expenses	20	1,495	1,265
	Depreciation & Amortisation Expenses (Refer Note 7)		232	199
	Provision for Doubtful Debts (Refer Note 12)		237	(184)
	Provision for Long Term Investments (Refer Note 22 (a))		250	
	Bad Debts Written Off (Refer Note 31)		348	2,992
	Total Expenses		7,555	8,203
V.	Profit Before Tax (III-IV)		2,002	272
VI.	Tax Expense			
	(1) Current Tax		840	56
	(2) Minimum Alternate Tax Credit Entitlement (Refer Note 29)		-	(56)
	(3) Tax for Previous Year		96	40
	(4) Deferred Tax (Refer Note 9)		(96)	-
VII.	Profit for the period from continuing operations (V -VI)		1,162	232
VIII.	Profit for the year		1,162	232
	Earnings per equity share [Nominal value per share Rs.			
IX.	10 each]			
	(1) Basic	28	0.91	0.18
	(2) Diluted		0.91	0.18
	Significant Accounting Policies	1		
	Other Notes forming part of the Financial Statements			2 to 38

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

As per our attached report of even date

For and on behalf of the Board

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

**Sd/-
Manish Agarwal
Partner
M. No. 078628**

Place: Mumbai
Date: 27/04/2018

**Sd/-
Gurudeo M. Yadwadkar
Director
DIN: 01432796**

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

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

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

IDBI CAPITAL MARKETS & SECURITIES LIMITED
(formerly IDBI CAPITAL MARKET SERVICES LIMITED)
(CIN: U65990MH1993GOI075578)
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2018

(Rs in
lakhs)

	For The Year Ended 31.03.2018	For The Year Ended 31.03.2017
<u>Cash Flows from Operating Activities</u>		
Profit (Loss) for the period from continuing operations(before tax)	2,002	272
Adjustments for:		
Depreciation	232	199
Provision for Gratuity & Leave encashment	35	22
Provision for Doubtful Debts	237	(184)
Recovery from written off accounts	(93)	
Provision for Non-current Investments	250	-
Bad Debts written off	348	2,992
(Profit)/Loss on sale of Non-Current Investments	(260)	(239)
(Profit)/Loss on sale of Fixed Assets	1	-
Dividend Income	(20)	(23)
Interest Income	(531)	(370)
Operating Profit before working capital changes	2,201	2,669
Adjustments for working capital		
(Increase)/Decrease in Trade receivables	(436)	(1,685)
(Increase)/Decrease in Other Current Assets	(17)	(7)
(Increase)/Decrease in Long Term Loans & Advances	44	(32)
(Increase)/Decrease in Short Term Loans & Advances	16	(1,114)
Increase/(Decrease) in Short Term Provisions	(22)	85
Increase/(Decrease) in Trade payables and other current liabilities	1,008	738
Net Change in working capital	593	(2,015)
Direct taxes paid (Net)	(1,259)	(876)
Net cash flow from Operating Activities (A)	1,535	

		(222)
<u>Cash flow from Investing Activities</u>		
Purchase of Fixed Assets	(217)	(97)
Capital Advance for Software & Assets	44	(48)
Proceeds from sale of fixed assets	2	1
Proceeds from sale of Investments	187	1,334
Purchase of Investments	(41)	(492)
Proceeds from Maturity of Fixed Deposits	5,797	4,825
Deployment in Fixed Deposits	(8,715)	(4,898)
Dividend received	20	23
Net cash flow from Investing Activities (B)	(2,923)	648
<u>Cash flow from Financing Activities</u>		
Dividend Paid	(1,025)	-
Net cash flow from Financing Activities (C)	(1,025)	-
Net increase/(decrease) in cash & cash equivalents(A+B+C)	(2,413)	426
Cash and Cash equivalents as at April 1,2017	7,300	6,874
Cash and Cash equivalents as at March 31,2018	4,887	7,300
Note:		
1. The above cash flow statement has been prepared by using the indirect method set out in Accounting Standard 3 - 'Cash Flow Statement' specified under section 133 of the Companies Act 2013 read with rule 7 of the companies (Accounts) Rules,2014.		
2. Cash and Cash Equivalents consist of cash on hand, bank balances with banks.		

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

Notes forming part of the Financial Statements

Note 1

Significant Accounting Policies

a) Accounting Convention

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

b) Use of estimates

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

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

c) Property, plant and equipment

c.1 TANGIBLE ASSETS

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

Buildings – 60 years

Computers – 3 years

Furniture & Fixtures – 10 years

Office Equipment – 5 years

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

c.2 INTANGIBLE ASSETS

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

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

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

Computer Software -3 years

Web Trading Portal – 3 years

Bombay Stock Exchange Card – 21 years

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

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

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

d) Impairment of Assets:

d.1 The carrying amount of assets, is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, recoverable amount of the assets is estimated.

d.2 An Impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in the use, which is determined, based on the estimated future cash flows discounted to their present values. All impairment losses are recognized in the profit and loss account.

d.3 An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount and is recognized in the profit and loss account.

e) Operating Leases

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

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

f.1 Investments are classified into non-current and current investments. Securities and other financial assets acquired and held for earning income by way of dividend and interest and for the purpose of capital appreciation are classified as non-current investments and are valued at their cost of acquisition. Decline in their value other than temporary, if any, is recognized. Current investments are carried at lower of cost or market value. Securities acquired in the market making process as market maker are classified as Current Investments irrespective of the period of holding.

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

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

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

g) Revenue Recognition

g.1 Total consideration paid or received on purchase or sale, on outright basis, of coupon-bearing debt securities is identified separately as principal consideration and accrued interest. Amount paid as accrued interest on purchase, and received on sale, of such securities is netted and reckoned as expense or income by way of interest.

g.2 Interest on fixed coupon debt securities, held as on the Balance Sheet date, is accrued for the broken period at the coupon rate. Interest on floating rate securities is accrued at rates determined as per the terms of the issue.

g.3 Profit on Sale of Investments is recognized on the settlement date. It represents the excess of Sale / Redemption proceeds over the acquisition cost. Cost is determined on a weighted average basis. Profit on sale of Investments is netted with loss on sale of Investments.

g.4 Devolvement of equity shares in respect of issues underwritten by the company are treated as investments. Underwriting income on these issues are credited to profit and loss account and not netted against the value of investments.

g.5 Brokerage and commission earned on secondary market operations is recognized on the basis of trade dates. Brokerage on online portal operations is recognized on the basis of trade dates. Brokerage and commission in respect of issue marketing and resource mobilization are accrued to the extent of availability of information. Depository, Portfolio Management and other fees are accounted for on accrual basis. Dividend is recognised when the company's right to receive payment is established by the balance sheet date. Revenue excludes Service Tax/GST, wherever recovered. Revenue from issue management, loan syndication and financial advisory services is recognised as per terms of agreement with the client.

h) Transactions in Futures and Options

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

h.2 Transactions in Future contracts are accounted as Purchase and Sales at the notional trade value of the contract. The open interest in futures as at the Balance Sheet date is netted by its notional value.

h.3 The difference in the settlement price or exchange closing price of the previous day and exchange closing price of the subsequent day, paid to or received from the exchange is treated as Mark to Market Margin. The balance in the Mark to Market Margin Account represents the net amount paid or received on the basis of movement in the prices of open interest in futures contracts till the balance sheet date. Net debit balance in the Mark to Market Margin Account is charged off to revenue whereas net credit balance is shown under current liabilities.

h.4 Premium paid or received on purchase and sale of options and the difference paid or received on exercise of options is accounted as Purchases or Sales. In case of open interest in options sold as on the balance sheet date, provision is made for the amount by which premium prevailing on the Balance Sheet date exceeds the premium received for those options. The excess of premium received over the premium prevailing on the Balance Sheet date is not recognised. Similarly, in case of options bought, provision is made for the amount by which the premium paid for the option exceeds the premium prevailing on the Balance Sheet date and the excess of premium prevailing on the Balance Sheet date over the premium paid is ignored. In case of multiple open positions, provision is made or excess premiums are ignored after netting off the balances in buy as well as sell positions.

i) Interest Rate Swaps

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

j) Foreign Currency Transactions

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

k) Turnover

Purchases and sales of dated government securities, treasury bills and other securities in the nature of stock in trade 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 is written off fully.

IDBI CAPITAL MARKETS & SECURITIES LIMITED

(formerly IDBI CAPITAL MARKET SERVICES LIMITED)

(CIN: U65990MH1993GOI075578)

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Note 2

SHARE CAPITAL

(Rs in lakhs)

Share Capital	As at 31.03.2018		As at 31.03.2017	
	Number	Amount	Number	Amount
Authorised Equity Shares of Rs. 10 each	200,000,000	20,000	200,000,000	20,000
Issued Equity Shares of Rs. 10 each	128,100,000	12,810	128,100,000	12,810
Subscribed & Paid up Equity Shares of Rs. 10 each fully Paid up	128,100,000	12,810	128,100,000	12,810
Total	128,100,000	12,810	128,100,000	12,810

Note 2(a)

Reconciliation of Number of Shares

(Rs in lakhs)

Equity Shares	31.03.2018		31.03.2017	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	128,100,000	12,810	128,100,000	12,810
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	128,100,000	12,810	128,100,000	12,810

Note 2(b)

Equity Shares

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

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

Note 2(c)

Out of Equity shares issued by the company, shares held by its Holding company are as follows:

(Rs in lakhs)

Equity Shares	31.03.2018		31.03.2017	
	Number	Amount	Number	Amount
IDBI Bank Ltd (Holding Company) along with its nominees	128,100,000	12,810	128,100,000	12,810

Note 2(d)

Details of Shareholders holding more than 5% shares in the company

Equity Shares of Rs 10 each fully paid up	31.03.2018		31.03.2017	
	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:

	31.03.2018	31.03.2017	31.03.2016	31.03.2015	31.03.2014
Equity Shares bought back by the company	-	-	-	-	-

IDBI CAPITAL MARKETS & SECURITIES LIMITED

(formerly IDBI CAPITAL MARKET SERVICES LIMITED)

(CIN: U65990MH1993GOI075578)

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

(Rs in lakhs)

	As At 31.03.2018	As At 31.03.2017
Note 3		
Reserves and Surplus		
a) Capital Redemption Reserve		
Opening Balance	7,190	7,190
Add: Current Year Transfer	-	-
Less: Written Back in Current Year	-	-
Closing Balance	<u>7,190</u>	<u>7,190</u>
b) General Reserve		
Opening Balance	11,250	11,250
Add: Current Year Transfer	-	-
Less: Written Back in Current Year	-	-
Closing Balance	<u>11,250</u>	<u>11,250</u>
c) Surplus in Statement of Profit and Loss		
Balance at the beginning of the year	287	55
Net Profit For the current year	1,162	232
(+) Transfer from Reserves		
Less: Appropriations		
Interim Dividend	(1,025)	-
Tax on Interim Dividend	(208)	-
Balance at the end of the year	<u>216</u>	<u>287</u>
TOTAL	<u>18,656</u>	<u>18,727</u>
Note 4		
Trade Payables*		
a) Trade Payables		
i) Total outstanding dues of micro enterprises and small enterprises	-	-
ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	672	412
b) Others - Client's settlement dues	<u>2,283</u>	<u>1,709</u>
TOTAL	<u>2,955</u>	<u>2,121</u>
*Refer Note 21 (information required under MSMED Act 2006)		

Note 5**Other Current Liabilities**

a) Sundry Deposits	88	83
b) Margin Money Deposits	31	32
c) Statutory Dues *	240	94
d) Others	228	204
TOTAL	587	413

*Refer Note 25 (a)

Note 6**Short Term Provisions**

a) Provision for employees benefit	197	209
b) Other Provisions	51	26
TOTAL	248	235

IDBI CAPITAL MARKETS & SECURITIES LIMITED

(formerly IDBI CAPITAL MARKET SERVICES LIMITED)

(CIN: U65990MH1993GOI075578)

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Note 7

Fixed Assets

(Rs in lakhs)

Particulars	Gross Block (At Cost)				Depreciation					Net Block		
	As at 01.04.2017	Additions	Deductions	As at 31.03.2018	As at 01.04.2017	For the Year		Deductions	Deductions	As at 31.03.2018	As at 01.04.2017	As at 31.03.2018
Tangible Assets												
a) Buildings	626	-	-	626	158	11	-	-	-	169	468	457
b) Computers	935	131	9	1,057	772	64	-	-	8	828	163	229
c) Furniture & Fixtures	80	0	1	79	59	5	-	-	0	64	21	15
d) Office Equipments	222	13	2	233	204	8	-	-	2	210	18	23
e) Motor Car	-	8	-	8		1				1	-	7
Total	1,863	152	12	2,003	1,193	89	-	-	10	1,272	670	731
Previous Year	1,839	27	3	1,863	1,120	75	-	-	2	1,193	719	670
Intangible Assets												
a) Web Trading Portal	877	-	-	877	877	-	-	-	-	877	-	0
b) Software	776	65		841	619	138	-	-	-	757	157	84
c) Stock Exchange Membership Card	111	-	-	111	98	5	-	-	-	103	13	8
Total	1,764	65	-	1,829	1,594	143	-	-	-	1,737	170	92
Previous Year	1,694	70	-	1,764	1,470	124	-	-	-	1,594	224	170
Grand Total	3,627	217	12	3,832	2,787	232	-	-	10	3,009	840	823
Previous Year	3,533	97	3	3,627	2,590	199	-	-	2	2,787	943	840

IDBI CAPITAL MARKETS & SECURITIES LIMITED						
(formerly IDBI CAPITAL MARKET SERVICES LIMITED)						
(CIN: U65990MH1993GOI075578)						
NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018						
						(Rs in lakhs)
	Face Value Rs.	Quantity	As At 31.03.2018	Quantity	As At 31.03.2017	
Note 8						
Non-Current Investments¹						
Trade Investments - Long Term						
Investment in Equity Instruments						
Equity Shares - Quoted, Fully paid up						
Aban Offshore Ltd	2	800	15	800	18	
(At cost less provision other than temporary diminution in value Rs. 13.44 lakhs (PY Rs. 10.81 lakhs)						
Bajaj Hindustan Sugar Ltd	1	28,758	8	28,758	10	
(At cost less provision other than temporary diminution in value Rs. 2.47 lakhs (PY Rs. 0.50 lakhs)						-
BSE Ltd ³	2	10,347	0	10,347	0	
DLF Ltd	2	17,140	96	17,140	96	
(At cost less provision other than temporary diminution in value Rs. 54 lakhs (PYRs. 54 lacs)						
Larsen & Toubro Infotech Ltd	1	-	-	2,286	16	
NHPC Ltd	10	500,000	166	500,000	166	
NTPC Ltd	10	15,000	30	15,000	30	
Opal Luxury Time Products Ltd	10	301,000	391	301,000	391	
Punj Lloyd Ltd	2	4,500	2	4,500	2	
(At cost less provision other than temporary diminution in value Rs. 16 lakhs (PY Rs. 16 lacs)						
Reliance Communication Ltd	5	2,000	6	2,000	7	
(At cost less provision other than temporary diminution in value Rs. 5 kahs (PY Rs. 4 lacs)						
Reliance ETF Nifty BeES ³	10	0.09	0	0.09	-	
Reliance Infrastructure Ltd	10	6,000	74	6,000	80	
(At cost less provision other than temporary diminution in value Rs. 36 lakhs (PY: Rs. 31 lacs)						
Reliance Industries Ltd	10	20,884	124	16,920	201	
The India Cements Ltd	10	38,825	77	38,825	77	
(At cost less provision other than temporary diminution in value Rs. 25 lakhs (PY: Rs. 25 lacs)						
Thejo Engineering Ltd	10	24,600	50	24,600	50	
VTX Industries Ltd	10	2,992,850	-	2,992,850	239	

	(At cost less provision other than temporary diminution in value Rs. 2993 lakhs (PY: Rs. 2754 lacs))					
						-
	Equity Index Funds -Quoted², Fully paid up					
	IDBI Nifty Index Fund - Direct Plan - Growth	10	719,904.19	135	-	-
	IDBI Gilt Fund - Direct Plan - Growth	10	508,874.12	75	-	-
	DSP BLACKROCK OPPORTUNITIES FUND -REGULAR - GROWTH	10	29,119.34	65	-	-
	HDFC EQUITY FUND - REGULAR PLAN - GROWTH	10	9,280.53	60	-	-
	KOTAK SELECT FOCUS FUND-GROWTH	10	180,455.70	60	-	-
	Investments in debentures or bonds					
	Quoted, Fully paid up					
	NTPC Limited Sr-54 8.49 NCD 25MR25 FVRS12.5	12.50	15,000	2	15,000	2
	(Refer Note 22 (c))					
	Investment in Associate Company					
	Unquoted, Fully paid up					
	IDBI Asset Management Ltd	10	66,660,000	6,666	66,660,000	6,666
	(Extent of Holding: C.Y. 33.33% (P.Y. 33.33%) of total paid up equity share capital)					
	(Refer Note 30)					
	Total			8,102		8,051
a	Aggregate value of quoted investments					
	Cost			4,580		4,280
	Market Value			1,373		1,052
b	Aggregate value of unquoted investments					
	Cost			6,666		6,666
c	Aggregate provision for diminution in value of investments			3,146		2,895
	1. All Investments are stated at cost / cost less diminution in value other than temporary					
	2. For Mutual Funds, Net Asset Value is taken as Market Value					
	3. Amount is below the rounding off norms adopted by the company					
	(Refer Note 22 & Note 24 for other details)					

	As At 31.03.2018		As At 31.03.2017
Note 9			
Deferred tax			
Deferred Tax Liability			
On account of timing differences – Depreciation	121		134
TOTAL	121		134
Deferred Tax Asset			
Provision for Doubtful debts	298		214
Provision for Gratuity & Leave Encashment	31		18
Loss carried forward	-		22
Depreciation on expired assets	1		1
Inadmissible expenses u/s 43B of I.T. Act	14		5
TOTAL	344		260
Net Deferred Tax (Assets)	223		126
Note 10			
Long Term Loans and Advances			
Unsecured, considered good			
Security Deposits*	185		230
TOTAL	185		230
*includes deposits referred in Note 23(b)			

IDBI CAPITAL MARKETS & SECURITIES LIMITED

(formerly IDBI CAPITAL MARKET SERVICES LIMITED)

(CIN: U65990MH1993GOI075578)

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

(Rs in lakhs)

	Face Value Rs.	Quantity	As At 31.03.20 18	Quantity	As At 31.03.20 17
Note 11					
Current Investments					
Trade Investments - Short Term					
Investment in Equity Instruments					
(At lower of cost or market value)					
Quoted, Fully paid up					
Thejo Engineering Ltd	10	72,600	140	174,000	335
(Refer Note 24)					
Opal Luxury Time Products Ltd	10	121,000	129	122,000	121
(Refer Note 24)					
Total			<u>269</u>		<u>456</u>
Aggregate value of quoted investments					
Cost			269		465
Market Value			475		450

Note 12					
Trade Receivables*					
(Unsecured, Considered good)					
Outstanding for period exceeding six months		2,239		1,624	
Other Debts		3,328	5,567	<u>4,035</u>	5,659
(Unsecured, Considered doubtful)					
Outstanding for period exceeding six months		2,602		2,345	
Other Debts		18		1	
Less: Provisions for Doubtful Debts		(855)	1,765	<u>(617)</u>	1,729
TOTAL			<u>7,332</u>		<u>7,388</u>

*Trade Receivables are subject to confirmations

Note 13

Cash & Bank Balances

Cash & Cash Equivalent

Cash on hand	8		3	
Balances with banks	<u>2,979</u>	2,987	<u>3,297</u>	3,300
Current Investments (Highly Liquid)				
IDBI Liquid Fund - Growth - Direct		1,900		4,000
Units C.Y.102221.653 (P.Y.229,808.164)				
Other Bank Balances				
Bank Fixed Deposits - more than 12 months				
- Pledged with Stock Exchanges for margin	8,198		4,749	
- others	<u>649</u>	8,847	<u>649</u>	5,398
TOTAL		<u>13,734</u>		<u>12,698</u>
Note 14				
Short Term Loans & Advances				
(Unsecured, Considered Good)				
Advance Recoverable in cash or kind				
Sundry Deposits	59		31	
Advance to Service Providers	25		6	
Others	<u>1,573</u>	1,657	<u>1,319</u>	1,356
Advance Tax & Tax Deducted at Source (net of provisions)*		2,715		2,862
Minimum Alternate Tax Credit Entitlement**		<u>-</u>		<u>56</u>
TOTAL		<u>4,372</u>		<u>4,274</u>
* Refer Note 25 (a)				
** Refer Note 29				
Note 15				
Other Current Assets				
Accrued Interest on Fixed Deposits		<u>194</u>		<u>177</u>
TOTAL		<u>194</u>		<u>177</u>

IDBI CAPITAL MARKETS & SECURITIES LIMITED

(formerly IDBI CAPITAL MARKET SERVICES LIMITED)

(CIN: U65990MH1993GOI075578)

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

(Rs in lakhs)

	For The Year Ended 31.03.2018	For The Year Ended 31.03.2017
Note 16		
Revenue From Operations		
Brokerage, Commission & Fees	8,258	7,387
Portfolio Management Services	21	18
Income from Depository Services	57	70
TOTAL	8,336	7,475
Note 17		
Other Income		
Dividend Income	20	23
Income from Mutual fund redemptions	303	316
Profit on Sale of Investments	260	232
Profit on Sale of Assets	1	-
Loss on Valuation of Current Investments	-	7
Other Non-operating Income		
Interest Received on Bonds/Fixed Deposits	498	370
Interest / Discount on G-sec / Treasury Bills	0	19
Interest Received on Income Tax Refund	33	-
Recovery from Written off Accounts	93	-
Miscellaneous Income	13	33
TOTAL	1,221	1,000
Note 18		
Employee Benefits Expense*		
Salaries, Wages & Allowances	2,596	2,177
Contribution to Provident and other funds	194	155
Provision for Gratuity and Leave Encashment (Refer Note 26 (c))	35	22
Other benefits	39	35
TOTAL	2,864	2,389
*Disclosure required by AS 15 on Employee benefits- Refer Note 26		
Note 19		
Operating Expenses		
Brokerage Paid	391	290
Operating Charges	470	322
Computer Maintenance Expenses	184	174
Marketing Expenses	74	51
Professional Charges	459	319
Franking/Stamp Expenses	115	71

Manpower Hire Charges	435	313
Loss on Error Trade	1	2
TOTAL	2,129	1,542
Note 20		
Administrative Expenses		
Rent (Refer Note 27)	541	551
Electricity Charges	63	72
Rates & taxes	85	54
Insurance	11	9
Repairs & Maintenance	66	61
Travelling & Conveyance	207	126
Communication Expenses	163	176
Printing & Stationery	107	55
Sitting fees to directors	9	9
Legal Expenses	111	56
Contribution towards CSR	49	41
Payment to Auditors		
Audit Fees	8	8
Tax Audit Fees	1	1
Others	1	1
Miscellaneous expenses	73	45
TOTAL	1,495	1,265

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

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 on the basis of the information and records available with the management, the following disclosures are made for the amounts due to the Micro, Small and Medium enterprises, which have registered with the competent authorities. (Refer Note 4)

	Particulars	2017-18	2016-17
a	Principal amount remaining unpaid to any supplier as at the year end	-	-
b	Interest due on (a)		
c	Amount of interest paid by the Company in terms of section 16, of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during the accounting year	-	-
d	Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act	-	-
e	Amount of interest accrued and remaining unpaid at the end of the accounting year;	-	-
f	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of dis allowance as a deductible expenditure under section 23.	-	-

22.

a) Following Non-Current Investments are carried at cost less provision other than temporary diminution. Accordingly a provision for diminution in the value amounting to Rs.3145.73 lakhs (P.Y. Rs. 2895.40 lakhs) is held in the books against respective investments and the same is netted from the cost. During the year, a provision for diminution in the value amounting to Rs. 250.33 lakhs (P.Y. Rs. Nil lakhs) has been created by charge to the statement of profit and loss. (Refer Note 8)

Scrip Name	Qty	Cost as on 31.03.18 Rs lakhs	Market Value per share as on 31.03.18 Rs	Carrying cost per share Rs	Cumulative Provision for Diminution in the value other than temporary Rs lakhs	
					2017-18	2016-17
Aban Offshore Ltd	800	29.13	159.25	3640.57	13.44	10.81
Bajaj Hindustan Sugar Ltd	28758	10.35	9.49	36.00	2.47	0.49
DLF Ltd	17140	150.43	201.55	877.67	54.41	54.41
India Cements Ltd	38825	101.40	141.65	261.17	24.63	24.63
Punj Lloyd	4500	17.64	17.05	17.64	15.99	15.99
Reliance Communications Ltd	2000	11.20	21.75	560.00	5.18	4.03
Reliance Infrastructure Ltd	6000	111.31	426.75	1855.21	36.76	31.04
VTX Industries Ltd	2992850	2992.85	-	100.00	2992.85	2754.00
Total					3145.73	2895.40

b) After conversion of Bombay Stock Exchange (BSE) membership rights into trading rights of Bombay Stock Exchange Ltd (BSEL) and shares of BSEL, the Company continues to carry trading rights at historic cost and shares at face value. However this accounting treatment is not in accordance with the Opinion given by Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India (ICAI). EAC recommends that accounting standard does not envisage historical cost based accounting treatment in case of transactions involving exchange of assets. (Refer Note 8 of Notes to Accounts and Note 1 (f.1) of Significant Accounting Policies).

23.

a) The Company had 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. During the year 2017-18 Larsen & Tubro Ltd has settled the matter with Bhrihan Mumbai Corporation and cases filed before courts have been withdrawn. In view of the above company has recognized an amount of Rs 34.71 lakhs including the advance of Rs 15.70 lakhs in the Profit & Loss Account

- b) Initial margin placed with the exchanges towards capital in the form of cash Rs.150.59 lakhs (P.Y. Rs. 180.59 lakhs). (Refer Note 10).

24. Company has acquired equity shares of Thejo Engineering Ltd (12300 shares- further bonus shares totalling to 12300 were received during 2013-14) and Opal Luxury Time Products Ltd (301000 shares) in the Market Maker portion during the IPO in FY 2012-13 and FY 2013-14 amounting to Rs 49.44 lakhs and Rs 391.30 lakhs respectively. These have been treated as long term investment and accordingly classified under Non-Current investments.

Further as Market Maker to the respective issues, Shares acquired from the market, have been treated as Current Investments. The cost and market value of these current investments as on 31.03.2018 were as follows.

	No. of Shares		Carrying cost		Market Value	
	CY	PY	CY	PY	CY	PY
Thejo Engineering Ltd	72600	174000	139.82	335.11	345.07	368.88
Opal Luxury Time Products Ltd	121000	121000	129.11	121.00	129.47	121.00

(Refer Note 8 & Note 11 of Notes to Accounts and Note 1 (f.1) of Significant Accounting Policies).

25.

- a) Pending receipt of order giving effect to Appellate Decisions in favour of the Company for earlier assessment years, effect of adjustments/reversals if any, in respect of Income Tax provision of those years has not been reflected during the year. (Refer Note 14)

26. **Employees Benefit:**

a. Defined Contribution Plans:

Amount recognised and included for Contribution to Provident Fund in Note 18 "Contribution to Provident and other funds" of Profit and Loss Account is Rs. 71.24 lakhs (Previous year Rs. 55.37 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. 20,00,000.

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, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
Current service cost	24.64	17.87	18.28	18.17	21.40
Interest cost on benefit obligation	10.20	8.24	7.55	7.65	6.49
Expected return on plan assets	(8.89)	(7.58)	(6.99)	(7.36)	(7.12)
Net actuarial (gain) / loss recognised in the year	3.01	15.61	(0.74)	(0.42)	(12.61)
Past service cost	-	-	-	-	-
Net benefit expense	28.95	34.14	18.10	18.04	8.16
Actual return on plan assets	9.40	7.52	7.24	6.65	6.29

Balance sheet

Details of Provision for gratuity

	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
Defined benefit obligation	158.87	141.50	105.65	94.58	82.36
Fair value of plan assets	154.18	123.42	97.13	87.64	84.61
Difference	(4.69)	(18.08)	(8.52)	(6.94)	2.25
Less: Unrecognised past service cost		-	-	-	-
Plan asset / (liability)	(4.69)	(18.08)	(8.52)	(6.94)	2.25

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

	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
	Rs in lakhs	Rs in lakhs	Rs in lakhs	Rs in lakhs	Rs in lakhs
Opening defined benefit obligation	141.50	105.65	94.58	82.36	81.18
Interest cost	10.20	8.24	7.55	7.65	6.49
Current service cost	24.63	17.87	18.28	18.17	21.40
Benefits paid	(20.98)	(5.80)	(14.27)	(12.47)	(13.27)
Actuarial (gains) / losses on obligation	3.51	15.54	(0.49)	(1.13)	(13.44)
Closing defined benefit obligation	158.87	141.50	105.65	94.58	82.36

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

	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
	Rs in lakhs	Rs in lakhs	Rs in lakhs	Rs in lakhs	Rs in lakhs
Opening fair value of plan assets	123.42	97.13	87.64	84.61	81.87
Expected return	8.89	7.58	6.99	7.36	7.12
Contributions by employer	42.35	24.57	16.52	8.84	9.72
Benefits paid	(20.98)	(5.80)	(14.27)	(12.47)	(13.27)
Actuarial gains / (losses)	0.50	(0.06)	0.25	(0.70)	(0.83)
Closing fair value of plan assets	154.18	123.42	97.13	87.64	84.61

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

	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
	%	%	%	%	%
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, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
	%	%	%	%	%
Discount rate	7.50	7.21	7.80	7.98	9.29
Expected rate of return on Plan assets	7.50	7.21	7.80	7.98	8.70
Salary Escalation Rate	5.00	5.00	5.00	5.00	5.00

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

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

- c. The Company has provided shortfall in plan assets in gratuity and leave encashment funds with projected benefit obligations as per actuarial valuation results as on 31.03.2018 in the books by debiting the statement of profit and loss amounting to Rs. 35.55 lakhs (P.Y. Rs 21.84 lakhs) .

27. Operating Leases

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

Particulars	(Rs. In Lakhs)	
	As at March 31, 2018	As at March 31, 2017
Lease payments for the year	540.62	550.68
Contingent rent recognized in Profit & Loss Account	-	-

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

	Year ended March 31, 2018	Year ended March 31, 2017
Profit attributable to the Equity Shareholders (Rs. in Lakhs) (A)	1162	232
Calculation of weighted average number of equity shares (B)		
- No. of shares at the beginning of the period	12,81,00,000	12,81,00,000
- No. of shares issued during the period	-	-
- Total No. of shares outstanding at the period	12,81,00,000	12,81,00,000
- Nominal value of Equity Shares (Rs.)	10	10
- Paid up value of the equity share (Rs.)	10	10
Weighted average no. of shares	12,81,00,000	12,81,00,000
Basic Earnings per Share (Rs.) (A/B)	0.91	0.18
Diluted Earnings per Share (Rs.)	0.91	0.18

29. The company has recognized Minimum Alternate Tax Credit Entitlements of Rs. Nil lakhs (P.Y. Rs. 56 lacs) in the current year. During the year an amount of Rs. 56 lacs has been utilised from Minimum Alternate Tax Credit Entitlements A/c. The balance outstanding in Minimum Alternate Tax Credit Entitlements is Rs. Nil lacs (P.Y. Rs. 56 lakhs). (Refer Note 14).

30. The Company has created Deferred Tax Assets on the timing differences in taxable income and accounting income arising on the Balance Sheet date. However Deferred Tax Asset relating to provision for losses on valuation of long term Investments has not been recognised as there is no reasonable certainty of having taxable gains in the future.

31. The Company has during the year written off receivables outstanding for more than three years amounting to Rs 347.92 lakhs (P.Y Rs 2992.16 lakhs) in respect of advisory services wherein recoveries were not forthcoming despite best efforts.

Other Notes

32. Related Party Transactions:

(Disclosure required under AS 18)

I. List of related parties:

A. Related Party where control exists

IDBI Bank Ltd. - Holding Company
IDBI Intech Limited – Fellow Subsidiary
IDBI Asset Management Ltd – Associate
IDBI Trusteeship Services Limited – Fellow Subsidiary

B. Other Related Parties

Enterprises under common control of the Holding Company

IDBI Federal Life Insurance Co Ltd

C. Key Management Personnel -

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

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

Rs. in lacs

Name of Related Party	Nature of Transaction	During the year		Outstanding as at	
		2017-18	2016-17	2017-18	2016-17
IDBI Bank Ltd	Interest received	65.08	224.60	9.62	46.21
	Brokerage earned	34.53	39.98	-	-
	Rent Received	4.4	26.40	-	4.40
	Mobilisation fees	-	-	143.04	143.04
	Advisory Fees Income	163.95	389.50	537.22	461.05
	Rent paid	466.25	518.83	2.12	7.89
	Electricity Charges paid	0.81	1.90	-	0.26
	Professional Charges paid	-	5.50	-	-
	Brokerage Paid	244.36	198.06	635.64	403.50
	Medical Expns. Reimb.	1.33	5.29	-	-
	Sitting Fees	1.70	2.50	-	-
	Other Expenses	0.99	14.26	-	1.09
	Staff on deputation (in IDBI Rolls)	123.71	199.84	7.81	80.05
	Bank Balances	-	-	2733.12	3192.52
	Fixed Deposit	-	-	99.00	699.00
	Share Capital held by IDBI Bank	-	-	12810.00	12810.00

IDBI Intech Ltd	Professional Charges	239.52	237.95	6.67	-
IDBI Trusteeship Services Ltd	Brokerage earned	30.23	4.94	-	-
	Brokerage Paid	0.24	0.27	-	-
	Professional charges paid		7.16	-	-
IDBI Federal Life Insurance Co. Ltd	Brokerage earned	40.56	60.37	-	-
IDBI Asset Management Ltd	Brokerage earned	10.29	1.31	-	-
	Miscellaneous Income	-	1.38	-	-
	Investment in Equity Share Capital *		-	6666.00	6666.00
Managerial Remuneration	Remuneration to Key Management Personnel (includes pay, allowances and reimbursements)	77.59	74.33	-	-
	Pension scheme contribution	2.72	2.56	-	-
	Perquisites & benefits	4.88	3.45	-	-

* In IDBI Asset Management Ltd, a subsidiary of IDBI Bank Ltd, the total holding of the company as on 31.03.2018 is 33.33 % (P.Y. 33.33 %). (Refer Note 8)

33. 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. 5.43 lakhs (PY Rs. 13.37 lakhs) including interest @ 18% amounting to Rs. 1.33 lakhs (P Y Rs. 6.25 lakhs).

2.

a) Disputed Income Tax Matters

Financial Year	Disputed Tax Amount (Rs in lakhs)	
	CY	PY
2011-12	843.11	843.11
2012-13	25.23	25.23
2013-14	21.56	21.56

b) Disputed Service Tax Matters

Show cause notice has been issued for Financial Year 2012-13 citing non-compliance of provisions of Rule 6(3) and Rule 6(3B) of Cenvat Credit Rules 2004 amounting to Rs. 159.56 lakhs.

Disputed Income Tax/Service Tax matters are pending before various Appellate Authorities. The Company has also been advised by its legal counsel that the tax demand against the company is untenable and likelihood of demand being upheld is low. Accordingly no provision in respect thereof has been made

ii) Estimated amount of contract remaining to be executed on capital account and not provided for: Rs 25.50 lakhs (PY Rs 49.15 lakhs).

34. Earnings in Foreign Currency on account of Advisory services Rs. 36.86 lakhs (P.Y. - Rs. 38.71 lakhs) and Expenditure in Foreign currency on account of Travelling Rs 40.53 lakhs (P.Y. - Rs. 9.95 lakhs).

35. Dividend income includes dividend on non-current investment amounting to Rs. 12.98 lakhs (PY Rs. 16.49 lakhs) and current investments Rs. 6.87 lakhs (PY Rs 6.95 lakhs). Interest income includes interest on non-current investments amounting to Rs. 0.16 lakhs (PY Rs. 18.58 lakhs).

36. Segment Reporting (Disclosure required under AS 17)

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

37. The additional Information pursuant to Schedule III to the Companies Act, 2013 are either Nil or Not Applicable.

38. Previous year figures have been grouped, regrouped, arranged and rearranged wherever necessary and possible.

Signatures to Notes 1 to 38

As per our attached report of even date **For and on behalf of the Board**

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

Sd/-
GurudeoM. Yadwadkar
Director
DIN: 01432796

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

Sd/-
Manish Agarwal
Partner
M. No. 078628

Sd/-
Christina D'souza
Company Secretary

Sd/-
V. Gopinath
Chief Financial Officer

Place: Mumbai

Date: 27/04/2018