



IDBI CAPITAL MARKETS & SECURITIES LTD.

(Formerly IDBI CAPITAL MARKET SERVICES LIMITED)

23RD ANNUAL REPORT

2015-16

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|--|---|
| <p>Board of Directors</p> <p>Shri M. S. Raghavan <i>Chairman</i> (upto June 30, 2015)</p> <p>Shri Kishor Piraji Kharat Chairman (w.e.f. September 02, 2015)</p> <p>Shri B.K. Batra <i>Director (up to July 31, 2016)</i></p> <p>Shri Sethuratnam Ravi <i>Independent Director</i></p> <p>Shri P.P. Chhaged <i>Independent Director</i></p> <p>Shri Sivaram Swamy <i>Independent Director</i> (up to April 15, 2016)</p> <p>Smt. Bhama Krishnamurthy Director</p> <p>Shri Dharam Chand Jain <i>Managing Director & CEO</i> (up to August 31, 2015)</p> <p>Shri Nagaraj Garla <i>Managing Director & CEO</i> (w.e.f. October 23, 2015)</p> | <p>Audit Committee (as on March 31, 2016)</p> <p>Shri P.P. Chhaged (Chairman) Shri Sethuratnam Ravi Shri B. K. Batra Shri Sivaram Swamy MD & CEO</p> <p>Nomination & Remuneration Committee:</p> <p>Shri Sethuratnam Ravi (Chairman) Shri B. K. Batra Shri P.P. Chhaged</p> <p>CSR Committee: Shri P.P. Chhaged (Chairman) Shri B. K. Batra Shri Sivaram Swamy Shri Nagaraj Garla</p> |
| <p>Chief Financial Officer Shri V. Gopinath</p> <p>Company Secretary & Compliance Officer Ms. Christina D'souza</p> <p>Registered Office 3rd Floor, Mafatlal Centre, Nariman Point, Mumbai – 400 021 Tel: 43221212 Fax: 22850785 Email:info@idbicapital.com CIN: U65990MH1993GOI075578</p> | <p>Statutory Auditors Messrs. A. Sachdev & Co. Chartered Accountants</p> <p>Internal Auditors Messrs. Shah Gupta & Co. <i>Chartered Accountants</i></p> <p>Bankers IDBI Bank Limited</p> |

BOARD OF DIRECTORS



SHRI KISHOR KHARAT
CHAIRMAN
(DIN: 07266945)



SHRI S. RAVI
INDEPENDENT DIRECTOR
(DIN: 00009790)



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



SMT. BHAMA KRISHNAMURTHY
DIRECTOR
(DIN: 02196839)



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



NOTICE OF THE TWENTY THIRD (23RD) ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty Third (23rd) Annual General Meeting of the Members of IDBI Capital Markets & Securities Limited (formerly IDBI Capital Market Services Ltd) will be held on Thursday, the 29th September, 2016 at 5.00 p.m. at IDBI Capital Markets & Securities Ltd., 3rd Floor, Mafatlal Centre, Nariman Point, Mumbai 400 021, to transact the following business:

A. Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet and Profit and Loss Account of the Company for the year ended March 31, 2016 and the reports of the Directors' and Auditor's thereon.
2. To appoint a Director in place of Smt. Bhama Krishnamurthy, who retires by rotation and being eligible, seeks reappointment.
3. To appoint Auditors and fix their remuneration and, in that behalf, to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

"RESOLVED THAT pursuant to the provisions of section 139 & other applicable provisions of the Companies Act, 2013, the Board of Directors be and are hereby authorized to appoint Statutory Auditors as per the directions of the Comptroller and Auditor General of India for the Financial Year 2016-2017 and that the Auditors so appointed shall hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company and that the Board of Directors of the Company be and are hereby also authorized to decide on the remuneration payable to the Auditors as per the recommendation of Audit Committee of the Board and inform the same to the Comptroller and Auditor General of India."

B. Special Business

4. To appoint as Director of the Company Shri Kishor Kharat (DIN: 07266945) who was appointed as an Additional Director and designated as Chairman of the Company with effect from September 02, 2015 by the Board of Directors and who holds office up to the date of this Annual General Meeting of the Company under Section 161(1) of the Companies Act, 2013, and who is eligible for appointment.

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

"RESOLVED THAT Shri Kishor Kharat (DIN: 07266945), who was appointed as an Additional Director and Chairman 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, be and is hereby appointed as Director and Chairman of the Company, liable to retire by rotation."

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

5. To appoint as Director and MD & CEO of IDBI Capital Markets & Securities Limited, Shri Nagaraj Garla (DIN: 06983880) who was appointed by the Board of Directors as an Additional Director under Section 161(1) of the Companies Act, 2013 to hold office up to the date of this Annual General Meeting of the Company and who was also designated as MD& CEO of the Company with effect from October 23, 2015.

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

"RESOLVED THAT in terms of Articles 124, 129 and 130 of the Articles of Association of the Company and in terms of sections 2(94), 196, 197, 198 and 203 and other applicable provisions, if any, of the Companies Act, 2013, read with Schedule V to the Companies Act, 2013 and the Rules made thereunder (including any statutory modification or re-enactment thereon, if applicable, Shri Nagaraj Garla (DIN:06983880), who was appointed as an Additional Director of the Company and designated as Managing Director & CEO of the Company by the Board of Directors at its meeting held on October 23, 2015 pursuant to Articles 124 of the Articles of Association of the Company and Section 161 of the Companies Act, 2013, and who holds office as Additional Director up to the date of this Annual General Meeting pursuant to Section 161 (1) of the Companies Act, be and is hereby appointed as Director on the Board and as Managing Director and Chief Executive Officer (MD&CEO) of the Company, with effect from October 23, 2015 for a period of 1 year up to October 22, 2016, subject to further extension by IDBI Bank Ltd, on such terms and conditions including remuneration as contained in the Letter ref no HRD No. 10250 Deputation –IDBI Caps, dated October 21, 2015 issued by IDBI Bank Ltd and as disclosed in the Explanatory Statement to this Resolution, who shall not be liable to retire by rotation."

RESOLVED FURTHER THAT Shri Nagaraj Garla (DIN: 06983880) shall not be entitled to receive any remuneration from the Company except for all pay, allowances, perquisites and superannuation contribution as per rules stipulated by IDBI Bank and other applicable policies of IDBI Bank/IDBI Capital subject to the ceilings prescribed by the Companies Act, 2013 and applicable rules there under.

RESOLVED FURTHER THAT the Board of Directors of the Company are hereby authorized to extend the period of appointment of Shri Nagaraj Garla (DIN: 06983880), if so desired by the Board, at the expiry of the one year period from October 23, 2015.

RESOLVED FURTHER THAT that the Board of Directors of the Company be and is hereby authorized to vary the terms of appointment including remuneration within the overall limits prescribed under the Companies Act, 2013 and Schedules thereto on the basis of advice given by IDBI Bank Limited from time to time and to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this Resolution."

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

Explanatory Statement to Item No 4: Appointment of Shri Kishor Kharat As Director

Shri M.S. Raghavan vacated the office as Chairman of the Company from June 30, 2015. In terms of IDBI Bank Ltd.'s letter dated August 24, 2015, IDBI Bank has approved the induction of Shri Kishor Kharat on the Board of the Company as a Director and Chairman on the Board of the Company.

Accordingly Shri Kishor Kharat was appointed as an Additional Director of the Company and Chairman with effect from September 02, 2015 by the Board of Directors under Section 161 of the Companies Act, 2013 and Article 124 of the Company's Articles of Association and subject to the approval of BSE/NSE/SEBI and such other authorities, as applicable. In terms of Section 261 (1) of the Act, Shri Kishor Kharat, holds office only up to the date of this Annual General Meeting of the Company, but is eligible for re-appointment as a Director.

Shri Kishor Kharat has assumed charge as Managing Director & CEO of IDBI Bank on August 14, 2015. Prior to the present assignment, Shri Kharat was posted as Executive Director, Union Bank of India. Preceding to Union Bank of India, Shri Kharat had an immensely successful career experience of over 37 years at Bank of Baroda. Shri Kharat has got varied exposure across various aspects of banking, including credit, international business, information technology and general administration in India as well as overseas.

Shri Kharat to his credit has the honour of establishing a foreign subsidiary of Bank of Baroda in Trinidad & Tobago [West Indies] and headed the same as Managing Director for more than three years. His other foreign assignment was at Sharjah [UAE].

Shri Kharat has been a key driver for implementation of major financial inclusion initiatives and has worked closely with RBI as well as Government of India in this regard. Shri Kharat is a Member of the RBI Committee on Financial Inclusion, which has been given the responsibility of drawing a medium term roadmap for furthering financial inclusion in India.

The other organisations where he is Chairman / Director are::

| Organization Name | Position Held | Nature of job/ responsibilities | Period (From – to--) |
|--|---|--|------------------------------|
| IDBI Bank Ltd. | MD& CEO, | Board responsibility level | Continuing |
| Export Import Bank of India | Director and Member of Audit Committee, | Board responsibility level | Continuing |
| IDBI Trusteeship Services Ltd | Chairman | Board responsibility level | Continuing |
| Enterpreneurship Development Institute of India- | President of Government Council | Board responsibility level | Continuing |
| IDBI Asset Management Limited- | Chairman | Board responsibility level | Continuing |
| IDBI Intech Limited | Chairman | Board responsibility level | Continuing |
| Stressed Asset Stabilization Fund | Chairman and Executive Trustee. | Board responsibility level | Continuing |

Shri Kishor Kharat (DIN: 07266945) does not receive any remuneration, benefits, or commission from the Company.

Shri Kishor Kharat (DIN: 07266945) does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Shri Kishor Kharat after his appointment as Director attended the following meetings:

| Number of Meetings held after appointment | Number of Meetings Attended |
|---|-----------------------------|
| 6 | 6 |

The Board considers it desirable that the Company should receive the benefits of his valuable experience and advice and recommends his appointment.

Except Shri Kishor Kharat, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 4.

EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 102 OF THE COMPANIES ACT 2013

Explanatory Statement to Item No 5: Appointment of Shri Nagaraj Garla

IDBI Bank Limited, in terms of Articles 124, 129 and 130 of the Articles of Association of the Company, vide letter dated October 21, 2015 had advised appointment of Shri Nagaraj Garla (DIN:06983880), CGM, IDBI Bank Ltd, as MD & CEO on the Board of IDBI Capital Market Services Limited.

Accordingly, the Board of Directors at then meeting held on October 23, 2015 had appointed Shri Nagaraj Garla as an Additional Director of the Company and as the "Managing Director & CEO" of the Company for an initial period of one year but not more than 3 years subject to annual review.

Shri Garla has over 2 decades of experience in banking & finance spanning across different verticals viz. Corporate Banking, Retail Banking, MSME, Agri and Rural Credit, Trade Finance and International Banking Operations. Shri Garla's competencies include building strategies, framing business plans and successfully implementing result oriented strategies for achieving targeted growth. Shri Garla has been instrumental in escalating the Corporate Banking business at all locations. Shri Garla has spearheaded the Retail Banking Business in his zones and was responsible for substantially surpassing the budgeted targets including Direct Agri & Priority Sector targets.

Shri Garla's successful assignments include his posting as Branch Head, Madurai and Branch Head Bangalore; also Regional Head, Mid-Corporate Group, Chennai, PSG, Nagpur and CBG, Mumbai. His last assignment was as Zonal Head, Chennai South I. During his assignments, Shri Garla was instrumental in building and maintaining healthy business relationships with high net-worth, corporate and Government clients.

Shri Garla has also represented IDBI Bank at the CDR Forum. As a representative of IDBI Bank he was a Member of the IL&FS Credit Committee. Shri Garla was also on the Board of Directors of India Cements Limited and Orchid Chemicals and Pharmaceuticals Limited. Shri Garla has also been a

Member of the Zonal Credit Committees for more than 7 years. He has been appointed as MD & CEO of IDBI Capital Market Services Limited since October 23, 2015.

Shri Nagaraj Garla, does not hold by himself or for any other person on a beneficial basis, any shares in the Company nor he is related to any Director, Manager or Key Managerial Personnel of IDBI Capital in any manner.

Shri Nagaraj Garla being eligible and offering himself for appointment is proposed to be appointed as a MD & CEO of the Company.

Shri Nagaraj Garla does not hold any Directorship in other Companies. Shri Nagaraj Garla has been appointed as Member of the Trading Member Advisory Committee of NSE w.e.f. June 09, 2016.

Shri Nagaraj Garla after his appointment attended the following meetings of the Board:

| Number of Meetings held after appointment | Number of Meetings Attended |
|---|-----------------------------|
| 4 | 4 |

His memberships in the Committees of the Board are as follows:

| Name of the Committee | Member |
|---|--------|
| Corporate Social Responsibility (CSR) Committee | Member |

Memorandum and Articles of Association and the letter dated October 21, 2015 from IDBI Bank Ltd recommending appointment of Shri Nagaraj Garla are available for inspection by the Members during the business hours i.e 11 a.m. to 1 p.m. at the registered office of the Company from Monday to Friday.

Except Shri Nagaraj Garla, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 5.

For and on behalf of the Board of Directors

Place: Mumbai
Date: September 27, 2016

Sd/-
Christina D'souza
Company Secretary
IDBI Capital Markets & Securities Limited
CIN: U65990MH1993GOI075578

NOTES:

- A MEMBER ENTITLED TO ATTEND AND TO VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ON HIS BEHALF AND THAT THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORMS IN ORDER TO BE EFFECTIVE, SHOULD BE DULY COMPLETED & AFFIXED WITH REVENUE STAMP AND MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- The relevant explanatory statements pursuant to Section 102(1) of the Companies Act; 2013 in respect of business under item no. 4 and 5 is attached herewith.
- Corporate members intending to send their authorized representative(s) to attend the meeting are requested to send a certified copy of the Board Resolution.
- The quorum for the Annual General Meeting, as provided in Section 103 of the Companies Act, 2013, is five members (including a duly authorized representative of the IDBI Bank) personally present in the meeting at the commencement of business.
- Register of members shall be available for inspection at the Registered Office of the Company during office hours on all working days between 11 a.m. and 1p.m.



DIRECTORS' REPORT

To The Members

Your Company's Board of Directors hereby presents its Report on the business and operations of the Company for the year ended March 31, 2016.

FINANCIAL HIGHLIGHTS & REPORTS

The financials for the year ended March 31, 2016 with comparative figures for the previous year are given below:

| Particulars | Year ended March 31, 2016 | Year ended March 31, 2015 |
|---|------------------------------|------------------------------|
| | Rs. In lakhs | |
| Profit/ (Loss) before depreciation, tax and write-off of preliminary expenses | 1614 | 2409 |
| Depreciation | 189 | 168 |
| Preliminary Expenses written off | Nil | Nil |
| Profit before tax | 1425 | 2241 |
| Less: Provision for tax | 497 | 1091 |
| Profit/(Loss) after tax | 928 | 1150 |
| Add: Balance in Profit and Loss Account brought forward | 360 | 336 |
| Amount available for appropriation | 1288 | 1486 |
| <u>Appropriations:</u> | | |
| Transfer to General Reserve | 0 | 200 |
| Interim Dividend | 1025 | 0 |
| Tax on Interim Dividend | 208 | 0 |
| Proposed Dividend | 0 | 769 |
| Tax on Proposed Dividend | 0 | 157 |
| Balance carried to Balance Sheet | 55 | 360 |

CHANGE OF NAME:

Pursuant to the shareholders' approval obtained at the Extraordinary General Meeting, the name of the Company was changed from 'IDBI Capital Market Services Limited' to 'IDBI Capital Markets & Securities Limited' with effect from June 06, 2016.

COMPANY'S AFFAIRS:

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

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 2015-2016 (6% final dividend was paid for the previous year 2014-2015). The appropriation for dividend, including dividend distribution tax, amounted to Rs. 1233 lakhs. The dividend amount paid is Rs. 1025 lakhs and dividend tax is Rs. 208 lakhs.

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

There are no material changes and commitments, affecting the financial position of the Company which has occurred between the end of the financial year of the Company i.e. March 31, 2016 and the date of the Directors' Report.

PARTICULARS OF ASSOCIATE COMPANY:

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

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of your Company for the Financial Year 2015-16 are prepared in compliance with applicable provisions of the Companies Act, 2013 read with the Rules issued thereunder and applicable Accounting Standards.

A copy of the Audited Financial Statements of the Associate Company shall be made available for inspection at the Registered Office of the Company during business hours.

ECONOMIC REVIEW

The Indian economy saw a pick-up in GDP growth in FY16 to 7.6% from 7.2% in FY15. This was driven by a strong 7.9% growth in Q4FY16 making India the fastest growing major economy out placing China. Also, FY16 growth is the highest growth achieved since the new GDP series was launched in

2011-12. Nominal GDP grew at 10.4% in Q4FY16 higher than 9.1% in Q3FY16 as inflation in Q4FY16 increased to 2.5% against less than 2% in Q3FY16.

Agriculture grew by 1.2% in FY16, despite the impact of drought in many parts of the country. This growth was aided by a 2.3% growth in Q4FY16 which offset the impact of a 1% decline in Q3FY16. In Q4FY16, both Manufacturing and Financial sector saw a decline in growth rate. Manufacturing grew by 9.3% vs. 11.5% in Q3FY16, while Financial sector grew by 9.1% vs. 10.5% in Q3FY16. For the full year, Manufacturing grew at 9.3% and Financial sector grew at 10.3%.

IMF, in its last World Economic outlook, cut its 2016 global growth forecast for the fourth time in the past year to 3.2%, some loss of growth momentum in the advanced economies, and continuing headwinds for emerging market economies and lower-income countries. However, it has maintained its FY16 and FY17 GDP growth forecast of 7.5% for India. It continues to believe that the pick-up on India's GDP will continue to be driven by private consumption, benefiting from lower energy prices and higher real incomes. It believes that lower commodity prices, a range of supply side measures, and a relatively tight monetary stance have resulted in a faster-than-expected fall in inflation.

The Indian Government has met its fiscal deficit target 3.9% of GDP for FY16. This was slightly lower than 4% in FY15. For FY17, the Indian Government has fiscal deficit target of 3.5%.

INDIAN EQUITY MARKETS DURING FY 2015-16

Indian equity markets saw weakness in FY16 impacted by combination of 1) weakness in the global markets and 2) muted earnings growth in the domestic market. S&P BSE SENSEX declined by ~9% YoY, however, it still outperformed the Chinese benchmark index - Shanghai Shenzhen CSI 300 Index – which saw a decline of ~19% during the same period.

Foreign Institutional Investors (FIIs) saw a net outflow of ~INR177bn during FY16. While DIIs more than offset for the flows with net purchase of ~INR557bn, it would not prevent Indian markets from delivering a negative return for FY16.

Amongst leading indices only the Consumer Durables index was positive with a gain of ~10%. The IT index was flat benefiting from INR depreciation against the US\$. Even the Oil & Gas index outperformed as the government utilized falling crude prices to rationalize its subsidies. The FMCG index also saw a lower decline as it is a defensive sector. Amongst other sectors, only Auto saw a decline in single digit. Whereas sectors like Bankex (impacted by deteriorating asset quality), Healthcare and Power indexes saw a decline between 10%-20%. Further, Capital Goods, Metal and Realty indexes performed the worst and saw a decline on 20%+.

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

| Major BSE Indices | 31-Mar-15 | 31-Mar-16 | Year's Low | Change over last year | | Change over year's low | |
|-------------------|-----------|-----------|------------|-----------------------|-------|------------------------|-------|
| | | | | YoY | % | YoY | % |
| Sensex | 27,957 | 25,342 | 22,277 | 2,616 | -9.4 | 3,065 | 13.8 |
| Auto | 19,259 | 18,002 | 13,197 | 1,257 | -6.5 | 4,804 | 36.4 |
| Bankex | 20,865 | 18,392 | 14,305 | 2,473 | -11.9 | 4,087 | 28.6 |
| Capital Goods | 17,293 | 12,861 | 11,886 | 4,432 | -25.6 | 975 | 8.2 |
| Consumer Durables | 10,418 | 11,481 | 6,517 | 1,063 | 10.2 | 4,963 | 76.2 |
| Metal | 9,466 | 7,541 | 9,318 | 1,925 | -20.3 | -1,778 | -19.1 |
| FMCG | 7,775 | 7,692 | 6,564 | -82 | -1.1 | 1,128 | 17.2 |
| Health Care | 17,233 | 15,149 | 9,945 | 2,084 | -12.1 | 5,204 | 52.3 |
| IT | 11,392 | 11,388 | 8,214 | -4 | 0.0 | 3,174 | 38.6 |
| Oil & Gas | 9,312 | 9,162 | 9,123 | -150 | -1.6 | 39 | 0.4 |
| Power | 2,127 | 1,776 | 1,668 | -352 | -16.5 | 108 | 6.5 |
| Realty | 1,665 | 1,228 | 1,361 | -436 | -26.2 | -133 | -9.7 |

Source: BSE, IDBI Capital Market Services Limited

PERFORMANCE OF THE COMPANY

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

INVESTMENT BANKING

The investment Banking group consists of three sub verticals viz. Capital Market, Corporate Advisory and M&A. The primary markets saw a revival in fund raising on the back of rising Corporate and Investor confidence in economic revival. The Capital Market group completed an IPO for an Infrastructure company; two right issues, an OFs and several advisory mandates from prestigious clients such as LIC, Mangalore Refinery, Vindya Telelinks. With team being in place, the business development efforts were strengthened and mandates for Fund raising from three leading public sector Banks and an Airport Developer were bagged.

Despite the lag in pickup of economic activities, the advisory group was able to generate good amount of revenue for the year. To strengthen the efforts further in this area, two new offices at Bangalore & Coimbatore have been opened. M&A vertical has got mandates for bringing in Investors for large Power Projects, Road Projects, Oil & gas fields.

We have also been appointed as Advisor to National Investment & Infrastructure Fund Trustee Ltd, which is the Trustee to NIIF a 40,000 crore alternative investment fund set up by the Government of India.

Going forward, Capital Market group plans to generate a judicious mix of assignments, which includes IPOs, QIPs, Offer for sale and Buyback. Advisory group plans to explore existing relationship with its clients, banks and other Intermediaries for the Syndication and Advisory deals to boost its revenue. A senior resource has been taken on board, to strengthen the Private Equity segment, in view of the opportunities available in the market. More active coordination has been developed with the Parent Bank to improve overall synergies.

PORTFOLIO MANAGEMENT & ADVISORY SERVICES

Your Company manages funds for four corporate clients. While funds deployed through the F.Y.2015-16 stood at Rs.3,844.90 Cr. , the AUM under management at the end of the F.Y.2015-16 stands at Rs.7,547.29 Cr.

The return on the investments during the F.Y.2015-16 was 8.67% for retirement funds and 7.83% for the surplus funds. The average ten year GSEC yield stood at 7.75%.

INSTITUTIONAL BROKING:

The Institutional Broking Group made a marginal profit during the year. The brokerage income of Institutional Broking during the FY 2015-16 was Rs. 307 Lakhs vis-à-vis of Rs. 404 Lakhs during FY 2014-15. Total turnover during the year stood at Rs.44 bn compared to Rs. 60 bn during the FY 2014-15. The reduction in turnover during the year was due to negative sentiments in the market and worldwide recession. The Group continued its efforts on increasing existing client's engagement / business and was able to acquire 6 new clients during the financial year.

These initiatives will continue in FY 2016-17 to further enhance the business. Also there was turnover in the Research and Sales team. A new team has been built which is expected to generate increased revenue in FY 2016-17.

RETAIL BROKING:

The Retail Broking Group has reported gross revenue of Rs.21.86 Cr during FY2015-16 vis-a-vis Rs.21.97 Cr in the previous financial year 2014-15 with marginal drop in the revenue.

The new TCS platform launched in 2015 is well stabilized. The Mobile App is becoming popular among clients and is widely being used. There has been increase in revenue generation trend through mobile app. The mobile app channel with the introduction of feature of push message will substantially increase revenue generation channel in coming years. The name of the trading portal was changed from IDBI paisabuilder to IDBI Direct in order to increase visibility.

Retail group shall be launching Retail PMS and Currency Derivative in FY17 which will add value and will give boost in increasing the Retail Revenue.

Retail group is in the process of providing facility of end to end online Trading and Demat account opening which will help the client to open Trading account with IDBI Capital from any geographical location and without any sales personal visiting the client. This will curtail the existing TAT and will enhance acquisition of accounts manifold.

The group will also make efforts in popularizing brand image through online advertisement and would also explore opportunities through social events\gatherings.

FUTURE PLANS

With its strong brand and rich legacy, we believe that your Company has the potential to transform itself from the debt recast and NPA resolution Company to a strong, efficient, Investment banking and retail broking Company. In the present financial year your Company endeavors to focus on its key business areas by concentration on the following 10 dots for success:

- Successful transformation from CDR to SDR & S4A and association with corporates and banks at all three cycles i.e. conversion of debt into equity, management of the company and finding the right investor.
- The Company has recently bagged a prestigious mandate as Advisor to National Investment & Infrastructure Fund Trustee Ltd, which is the Trustee to NIIF a 40,000 crore alternative investment fund set up by the Government of India. Taking a cue from our experience, we plan to focus on Government business by pro-active engagement with the Central and State Governments.
- Leveraging corporate relationships of our parent to scale up revenues from Capital Market and M&A space.
- Pro-active engagement with Institutions to become preferred institutional broker.
- Tapping of possible opportunities in the private equity space by strengthening our PE talent pool.

- Focusing on System stability, sustainability and value creation.
- Focusing on HNI business and introduction of retail PMS and Currency Derivatives to scale up retail revenue stream.
- Re-designing the entire retail broking business model to cut costs and increase revenue by differentiated customer delivery models.
- Enhanced engagement with the parent to take out all business possibilities.
- Retention and growth of talent within the Company and focus on employee friendly and leadership culture. We are also assessing creation of ESOP's to attract the best talent in the industry and in this direction we are revamping our HR policy to attract the best talent.

With a view to establish an International presence, the Company is in the process of applying for a license for setting up of a branch at the Dubai International Financial Centre. We endeavour to have a global presence in the next three years across Singapore / Hongkong / UK & Middle East.

Our vision is to eventually list the shares of the Company / seek a strategic investor to add value to the stakeholder.

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 2015-16, your Company touched upon various areas like health, environment sustainability, eradication of malnutrition and disaster relief.

Your Company sponsored the setting up of a 30 K.W PV Solar Plant at Prakrit Bharati Academy, Jaipur, a library providing access to students across Jaipur, thus aiding in environmental sustainability and trying to make the world a green place.

On the health front your Company sponsored 2 Cancer Detection Camps at Kalyan for deserving and poor women from Thane and neighboring areas below poverty line like Kalyan, Bhivandi, Murbad, Sahapur, Karjat.

In December 2015, a massive flood caused mass destruction to lives & property in Chennai, your Company contributed to the "Chief Ministers Public Relief Fund (Tamil Nadu)" in the rehabilitation at Chennai.

Your Company also assisted in the nutrition program/ mid-day meal project of “Annamrita” ISKCON Food Relief Foundation” to eradicate hunger and malnutrition by sponsoring 2 vehicles to be used to transport meals to Government aided schools across Mumbai.

PREVENTION OF INSIDER TRADING

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

RISK MANAGEMENT

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

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

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

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

Further, the details of foreign exchange earnings and outgo are provided at Note No. 32 in the Notes to the Accounts. Your Company uses information technology extensively in its day-to-day operations

CHANGE IN THE NATURE OF BUSINESS, IF ANY;

During the period of review, the Company continued to carry on the business of Merchant Banking and Stock broking and there was no change in the nature of its business

DIRECTORS

Your Company’s Board of Directors is broad-based and its constitution is governed by the provisions of the Companies Act, 2013 and the Articles of Association of your Company. The Board functions

directly as well as through various Board-level Committees constituted to provide focused governance in your Company's important functional areas.

As on the date of the report, the Board comprises of Six Directors, including the Managing Director & CEO, three Non-Executive Directors and two Independent Directors.

In accordance with the requirements of the Companies Act, 2013 and the Articles of Association of the Company, one of your Directors, viz. Smt. Bhama Krishnamurthy retires by rotation at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment.

APPOINTMENT AND RESIGNATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL DURING FY 2015-16

The following table describes the changes in the Board of Directors & Key managerial Personnel during FY 2015-16.

| Name of Directors | Appointment/Resignation/Cessation | Date |
|---------------------------------------|--|--------------------|
| Shri Kishor Kharat (DIN: 07266945) | Appointed as Chairman | September 02, 2015 |
| Shri Nagaraj Garla (DIN: 06983880) | Appointed as MD/CEO | October 23, 2015. |
| Shri M.S. Raghavan (DIN:05236790) | Resigned from Board as Chairman due to superannuation from IDBI Bank Ltd | June 30, 2015 |
| Shri D C Jain | Resigned from the Board pursuant to superannuation from IDBI Bank Ltd. | August 31, 2015 |

During the year, Shri P.K. Sethi(Sr. EVP) was appointed as Chief Executive Officer of the Company on September 02, 2015 to hold office up to October 23, 2015.

Further term of Shri Sivaram Swamy as Independent Director expired on April 15, 2016 and was not renewed further.

BOARD MEETINGS AND ATTENDANCE OF DIRECTORS

DATES & ATTENDANCE OF DIRECTORS AT BOARD MEETINGS HELD DURING FY 2015-16

During the financial year 2015-16, 7 (seven) meetings of the Board of Directors were held.

Details of the attendance of Directors is given below :

| Sr. No. | Date & Time of Meetings | Number of Directors present | Number of Directors to whom Leave of absence was granted |
|---------|-------------------------|-----------------------------|--|
| 1 | April 22, 2015 | 7/7 | 0 |
| 2 | August 11, 2015 | 6/6 | 0 |
| 3 | September 02, 2015 | 5/6 | 1 |
| 4 | September 10, 2015 | 5/6 | 1 |
| 5 | October 23, 2015 | 4/6 | 2 |
| 6 | November 30, 2015 | 7/7 | 0 |
| 7 | March 16, 2016 | 7/7 | 0 |

INDEPENDENT DIRECTORS

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

As on March 31, 2016, your Company has following three Independent Directors:

| Sr. No. | Name of the Independent Director | DIN | Date of appointment |
|---------|----------------------------------|-----------------|---------------------|
| 1. | Shri S.Ravi | (DIN: 00009790) | 22/08/2014 |
| 2. | Shri P.P. Chhajed | (DIN: 03544734) | 22/08/2014 |
| 3. | Shri Sivaram Swamy | (DIN:00041775) | 22/08/2014 |

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

Further, the term of Shri Sivaram Swamy as Independent Director of the Company expired on April 15, 2016 and was not renewed further.

COMMITTEES OF THE BOARD

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

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

Audit Committee

The Audit Committee of the Board (ACB) provides direction, monitors the functioning of the Internal auditors, review financial statements and recommends appointment of auditors and their remuneration. The names of the members of the Audit Committee as on March 31, 2016 are as under:

| Sr. No. | Name of Director | Status |
|----------------|------------------------------------|---------------|
| 1 | Shri P. P. Chhajed (DIN: 03544734) | Chairman |
| 2 | Shri S. Ravi (DIN: 00009790) | Member |
| 3 | Shri B. K .Batra (DIN:00015732) | Member |
| 4 | Shri Sivaram Swamy (DIN:00041775) | Member |
| 5 | MD & CEO | Member |

AUDIT COMMITTEE MEETINGS AND ATTENDANCE OF MEMBERS

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

During the Financial Year 2015-16, four meetings of the Audit Committee of the Board were held. Details of attendance are given herein below:

| Sr.No. | Date of Meetings | Number of Directors present | Number of Directors to whom Leave of absence was granted |
|---------------|-------------------------|------------------------------------|---|
| 1 | April 22, 2015 | 5/5 | 0 |
| 2 | August 11, 2015 | 5/5 | 0 |
| 3 | November 30, 2015 | 5/5 | 0 |
| 4 | March 31, 2016 | 5/5 | 0 |

Corporate Social Responsibility (CSR) Committee

The Corporate Social Responsibility Committee of the Board (CSR) was constituted as per the provision of section 135 and other applicable provisions of the Companies Act, 2013. As on March 31, 2016, the CSR Committee comprised of four members appointed by your Board. The names of the members of the CSR Committee as on March 31, 2016 are as under:

| Sr. No. | Name of Director | Status |
|----------------|-----------------------------------|---------------|
| 1 | Shri P.P. Chhajed (DIN: 03544734) | Chairman |
| 2 | Shri Sivaram Swamy (DIN:00041775) | Member |
| 3 | Shri B.K. Batra (DIN:00015732) | Member |
| 4. | MD & CEO of the Company | Member |

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

CSR COMMITTEE MEETINGS AND ATTENDANCE OF MEMBERS

Dates & Attendance of Directors at Meetings of CSR Committee held during FY 2015-16

During the Financial Year 2015-16, one meeting of the CSR Committee of the Board were held. Details of attendance are given hereinbelow : -

| Sr.No. | Date of Meetings | Number of Directors present | Number of Directors to whom Leave of absence was granted |
|---------------|-------------------------|------------------------------------|---|
| 1 | March 16, 2015 | 4/4 | 0 |

Nomination and Remuneration Committee (N&RC)

The Nomination and Remuneration Committee of the Board was constituted as per the provision of section 178 and other applicable provisions of the Companies Act, 2013. As on March 31, 2016 it comprises of three members who are appointed by your Board. The names of the members of the Nomination and Remuneration Committee are as under:

| Sr. No. | Name of Director | Status |
|----------------|-----------------------------------|---------------|
| 1 | Shri S. Ravi (DIN: 00009790) | Chairman |
| 2 | Shri P.P. Chhajed (DIN: 03544734) | Member |
| 3 | Shri B.K. Batra (DIN:00015732) | Member |

The Committee identifies and recommends to the Company, persons who are qualified to become Directors, senior management and other officials of the Company, it carries out evaluation of every Director's performance as required under the Companies Act, 2013. The Committee after its review provides advice/recommendation to the Board.

N&RC Meetings and Attendance of Members

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

During the Financial year 2015-16 five meeting of the Nomination and Remuneration Committee of the Board were held . Details of attendance are given herein below :

| Sr.No. | Date of Meetings | Number of Directors present | Number of Directors to whom Leave of absence was granted |
|--------|-------------------|-----------------------------|--|
| 1 | May 22, 2015 | 3/3 | 0 |
| 2 | August 11, 2015 | 3/3 | 0 |
| 3 | September 02,2015 | 3/3 | 0 |
| 4 | October 23, 2015 | 2/3 | 1 |
| 5 | March 16, 2016 | 3/3 | 0 |

COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

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

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

The key features of the Policies are given hereunder:

DETAILS OF DIRECTORS APPOINTMENT AND EVALUATION POLICY

Mode of Appointment of Directors

- (1) Directors shall be appointed either by the Board or by Shareholders in a General Meeting.
- (2) The MD & CEO shall be nominated by IDBI Bank and may be on deputation from IDBI Bank or as advised by IDBI Bank. Such appointment shall be subject to approval by the Company's Board of Directors.
- (3)(a) The non rotational Independent Directors to be identified by the Board of Directors shall be appointed by the shareholders at the General Meeting. While identifying the persons to be appointed as Independent Directors, the Board will ensure that such persons possess the qualifications prescribed under Section 149(6) of the Companies Act, 2013 and are also not disqualified to be a Director under the relevant provisions of the Companies Act, 2013.
- (b) After Board's identification as above, the candidature of such person shall be submitted to the next General Meeting for approval of the appointment by following the procedure contained under Section 160 of the Companies

Act, 2013. All shareholders will be eligible to elect the Independent Directors. The initial term of Independent Directors will be up to 5 consecutive years extendable to one more term of 5 consecutive years by passing a Special Resolution at the General Meeting.

- (c) 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.
- (d) In terms of Article 120 (b) (ii) one Woman Director may be appointed on the Board in terms of Section 149(1)(b) of the Companies Act, 2013.
- (e) In terms of Article 120 (b) (iii), the Company will ensure that 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.
- (f) The intermittent vacancy of an Independent Director shall be filled up by the Board at the earliest but not later than immediate next Board Meeting or 3 months from the date of such vacancy, whichever is later.

Qualification of Directors

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

Independence of Directors

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

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

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

Appointment of Senior Management Personnel

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

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

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

Performance Evaluation of Directors by the Board

- (i) In terms of the provisions of Schedule IV (Para VIII) and Section 134(1)(p) of the Companies Act, 2013, performance evaluation of the Independent Directors and all other individual directors shall be done annually by the Board of Directors in the last month of the Financial Year.
- (ii) On the basis of the report of performance evaluation, it will be determined whether to extend or continue the term of appointment of Independent Directors.
- (iii) The performance evaluation of individual directors by the Board shall be done on the evaluation sheet as per the format given at Annexure I to the policy.

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

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

DETAILS OF REMUNERATION POLICY

Directors' Remuneration

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

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

Apart from the above, no other Remuneration would be payable to any other Director on the Board of IDBI Capital except the payment of sitting fees to Directors @ Rs. 10,000/- per meeting of the Board and Audit Committee of the Board and @ Rs. 5000/- per meeting for other Board Committee Meetings. These rates may be changed after approval of the Board but shall be subject to the ceilings prescribed by the Act and or Rules made thereunder from time to time. Apart from the sitting fees, the expenses on Travel, Transportation and Stay of Directors attending the Board and Board Committee Meetings would be borne or reimbursed by IDBI Capital.

III. Remuneration of Key Managerial Personnel

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

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

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

IV. Remuneration of Key Managerial Personnel and Employees

The Pay Scales and Remuneration structure of Companies Employees would be finalized by the Company, in accordance with the HR Policy of the Company and would

be market driven and based on the experience of the respective candidates.

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

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

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

- (i) Independent Directors, at their meeting held on March 16, 2016 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 16, 2016 evaluated the performance of all Directors on the Board, its own performance as well as the performance of committees of the Board.

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

STATUTORY AUDITORS

Your Company falls within the purview of the provisions of Section 139 (5) of the Companies Act, 2013. Statutory Auditors are therefore appointed by the Comptroller and Auditor General of India. M/s SACHDEV & Co., Chartered Accountants, Mumbai, were appointed as Statutory Auditors for the FY 2015-2016.

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 and on the Consolidated Financial Statements in terms of and Section 143 (6) (b) read with Section 129 (4) are given separately in this Report. The said Comments do not contain any adverse remark.

SECRETARIAL AUDIT

In terms of the provisions of Section 204 of the Companies Act, 2013, M/s. Alwyn Jay & Co., Company Secretaries have been appointed as Secretarial Auditors of your Company. The

Secretarial Audit Report dated July 30, 2016, is annexed to the Board's Report. The Secretarial Audit Report of the Company submitted by the Secretarial Auditors M/s. Alwyn Jay & Co. does not contain any adverse remark.

PARTICULARS OF EMPLOYEES

No employee of the Company was in receipt of the remuneration as mentioned under Rule 5 (2) (i) (ii) and (iii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time.

EXTRACT OF THE ANNUAL RETURN:

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

INTERNAL FINANCIAL CONTROLS:

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

PREVENTION OF SEXUAL HARRASMENT OF WOMEN AT WORKPLACE:

In line with the requirement of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has necessary policies on prohibition of sexual harassment at workplace. There were no cases filed of any sexual harassment by any employee including visitors or other non-employee during the financial year ended March 31, 2016.

PUBLIC DEPOSITS

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

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

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

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

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

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES ON THE PRESCRIBED FORM

In terms of Section 134(3)(h) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, the particulars of contracts or arrangements if any, with Related Parties are given in the prescribed form AOC -2 hereunder:

FORM NO. AOC -2

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

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

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

| | Nature of contracts/arrangements/transaction | Duration of the contracts/arrangements/transaction | Salient terms of the contracts or arrangements or transaction including the value, if any | Justification for entering into such contracts or arrangements or transactions | Date of approval by the Board | Amount paid as advances, if any | Date on which the special resolution was passed in General meeting as required under first proviso to section 188 |
|-----|--|--|---|--|-------------------------------|---------------------------------|---|
| Nil | | | | | | | |

2. Details of contracts or arrangements or transactions at Arm's length basis.

| | Nature of contracts/arrangements/transaction | Duration of the contracts/arrangements/transaction | Salient terms of the contracts or arrangements or transaction including the value, if any | Date of approval by the Board | Amount paid as advances, if any | |
|-----|--|--|---|-------------------------------|---------------------------------|--|
| Nil | | | | | | |

Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013, your Directors confirm that:

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

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

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

ACKNOWLEDGMENTS

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

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

On behalf of the Board of Directors

Sd/-
Kishor Kharat
Chairman
(DIN: 07266945)

Sd/-
NagarajGarla
Managing Director and CEO
(DIN: 06983880)

Date: July 26, 2016

Place: Mumbai

ANNEXURE 'A' TO BOARD'S REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

{Pursuant to Section 135 of the Companies Act 2013}

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

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

Overview of the Projects undertaken during the Financial year 2015-16

- a. The Company had sponsored the Prakritm Bharati Academy for environmental sustainability initiative by sponsoring the setting up of a 30 K.W PV Solar Plant at Prakrit Bharati Academy, Jaipur. The cost of the project is Rs. 16, 64,700/- (Rupees Sixteen lakhs sixty four thousand seven hundred only.)
- b. The Company under its CSR initiatives sponsored 2 Cancer Detection Camps at Kalyan for deserving and poor women from Thane and neighboring areas below poverty line like Kalyan, Bhivandi, Murbad, Sahapur, Karjat villages through SUADHA NGO. The total expenses for the 2 camps amounted to Rs. 1,00,000/- and around 97 underprivileged women benefited from the camp.
- c. The contribution of Rs. 25 lakhs was made to the "Chief Ministers Public Relief Fund (Tamil Nadu)" to assist the people in Chennai affected by the flood which caused massive destruction of lives and properties in Chennai.

- d. Your Company also assisted in the nutrition program/ mid-day meal project of “Annamrita” ISKCON Food Relief Foundation” to eradicate hunger and malnutrition by sponsoring 2 vehicles to be used to transport meal for the mid-day meal project.

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

2. Composition of the CSR Committee as on March 31, 2016:

Chairman: Shri P.P. Chhajed (DIN: 03544734)

Members: Shri Sivaram Swamy (DIN: 00041775)
Shri B.K Batra (DIN: 00015732)
Shri Nagaraj Garla (MD & CEO) (DIN: 06983880)

The functions of the Committee includes:-

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

3. Average net profit of the Company for last three financial years: The average net profit of the Company for the last three financial years calculated as specified by the Companies Act is Rs. 30, 82,66,667/-

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

The Company is required to spend Rs.61.65 Lakhs/- towards CSR.

5. Details of CSR spend for the financial year:

- a. **Total amount spent for the financial year:** Rs. 44,54,800/-
- b. **Amount unspent, if any:** Rs. 17,10,500/- /-(already committed)
- c. **Manner in which the amount spent during the financial year is detailed below:**

| Sr No | Projects/ Activities | Sector | Location of the Project/ Programs | Amount Outlay (Budget) | Amount spent on the Project or Programs | Cumulative expenditure upto the reporting period | Amount spent through direct/implementing agency |
|-------|--|------------------------------|--------------------------------------|------------------------|---|--|---|
| 1. | Prakrit Bharati Academy For Installation of Solar Power Plant | Environmental sustainability | Jaipur, Rajasthan | Rs.16,64,700/- | Rs.16,64,700/- | Rs.16,64,700/- | Direct |
| 2. | SUADHA NGO for Undertaking camps for Cancer detections and related Checkups of underprivileged women | Social welfare and Health | Kalyan-Thane District | 1,00,000/- | 1,00,000/- | 1,00,000/- | Direct |
| 3. | Chief Minister's Public Relief Fund- Tamil Nadu outs, | Social welfare | Delhi. At Tagore Garden and Bindapur | Rs. 25,00,000/- | Rs. 25,00,000/- | Rs. 25,00,000/- | Direct |
| 4. | Annamitra ISKCON Food Relief Foundation | Social welfare | Mumbai, Maharashtra | Rs. 19,00,500 | Rs. 1,90,500/- | Rs. 1,90,500/- | Direct |

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

The Company has spent the entire amount, except a sum of Rs. 17, 10,500/-, which is a committed to "Annamrita" ISKCON Food Relief Foundation and will be disbursed upon completion of the project

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

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

Sd/-
P.P. Chhajer
Chairman CSR Committee
(DIN: 03544734)

Sd/-
NagarajGarla
Managing Director and CEO
(DIN: 06983880)

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

(Pursuant to first provision to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014) **Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures**

Part "A": Subsidiaries

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

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

Part “B”: Associates and Joint Ventures

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

| Name of Associates/Joint Ventures | | IDBI ASSET MANAGEMENT LIMITED (ASSOCIATE COMPANY) |
|--|--|---|
| 1. | Latest audited Balance Sheet Date | March 31, 2016 |
| 2. | Shares of Associate held by the company on the year end | |
| | Number of Equity Shares | 66660000 |
| | Amount of Investment in Associates (` in lacs) | 6666 |
| | Extend of Holding % | 33.33% |
| 3. | Description of how there is significant influence | The company has significant influence through holding more than 20% of the Equity Shares in the investee company in terms of Accounting Standards 23 issued by ICAI |
| 4. | Reason why the associate is not Consolidated | N.A. |
| 5. | Networth attributable to Shareholding as per latest audited Balance Sheet (` in lacs) | 9717 |
| 6. | Profit / Loss for the year (` in lacs) | |
| | i. Considered in Consolidation | 116 |
| | ii. Not Considered in Consolidation | 232 |
| | 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/-
Kishor Kharat
Chairman
DIN: 07266945

Sd/-
NagarajGarla
Managing Director & CEO
DIN: 06983880

FORM NO. MGT 9**EXTRACT OF ANNUAL RETURN****As on financial year ended on 31.03.2016****{Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company
(Management & Administration) Rules, 2014}****I. REGISTRATION & OTHER DETAILS:**

| | | |
|----|--|---|
| 1. | CIN | U65990MH1993GOI075578 |
| 2. | Registration Date | 14-Dec-1993 |
| 3. | Name of the Company | IDBI CAPITAL MARKETS & SECURITIES LIMITED (FORMERLY IDBI CAPITAL MARKET SERVICES LTD.) |
| 4. | Category/Sub-category of the Company | WHOLLY OWNED SUBSIDIARY OF IDBI BANK LIMITED/ LIMITED BY SHARES |
| 5. | Address of the Registered office & contact details | 3 RD FLOOR, MAFATLAL CENTRE, NARIMAN POINT , MUMBAI 400021. TEL: +91-22-4322 1212 FAX: +91-22-2285 0785 EMAIL : info@idbicapital.com Website: www.idbicapital.com |
| 6. | Whether listed company 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 | - | 49% approx. |
| 2 | Retail Broking | - | 32% approx. |

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

ii) Shareholding of Promoters

| S N | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholdi ng during the year |
|--------|-----------------------|--|--|--|--|--|--|---|
| | | No. of Shares | % of total Shares of the compa ny | %of Shares Pledged / encumber ed to total shares | No. of Shares | % of total Shares of the compa ny | %of Shares Pledged / encumber ed to total shares | |
| 1 | IDBI Bank Ltd | 1281000 00 | 100% | 0 | 1281000 00 | 100% | 0 | 0 |

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

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

iv) Shareholding Pattern of top ten Shareholders:

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

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

v) Shareholding of Directors and Key Managerial Personnel:-

Directors and key Managerial Personnel's does not hold any share in the Company.

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

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

| SN. | Particulars of Remuneration | Name of MD/WTD/ Manager | Total Amount |
|-----|---|--|-----------------|
| | | Shri. Nagaraj Garla (MD & CEO) (DIN: 06983880) | |
| 1 | <u>Gross salary:</u> | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | Rs. 19,70,904/- | Rs. 19,70,904/- |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | Rs.5,10,756/- | Rs.5,10,756/- |
| | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | - | - |

| | | | |
|---|--|-----------------------|-------------------------|
| 2 | Stock Option | - | - |
| 3 | Sweat Equity | - | - |
| 4 | Commission - as % of profit - others, specify... | - | - |
| 5 | Others, please specify | | |
| | Total (A) | Rs.24,81,660/- | Rs.24,81,660/-PA |
| | Ceiling as per the Act* | - | - |

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

B. Remuneration to other directors

| S N. | Particulars of Remuneration | Name of Directors | | | Total Amount |
|------|--|---|--|--|------------------------|
| | | | | --- | |
| 1 | Independent Directors | Shri S. Ravi (DIN: 00009790) | Shri P.P. Chhajed (DIN: 03544734) | Shri Sivaram Swamy (DIN: 00041775) | |
| | Fee for attending board committee meetings | Rs.2,55,000/- | Rs.2,35,000/- | Rs. 2,20,000/- | Rs.7,10,000/- |
| | Commission | 0 | 0 | 0 | |
| | Others, please specify | 0 | 0 | 0 | |
| | Total (1) | Rs.2,55,000/- | Rs.2,35,000/- | Rs. 2,20,000/- | Rs.7,10,000/- |
| 2 | Other Non-Executive Directors | Shri. B.K. Batra (DIN: 0015732) | Smt. Bhama Krishnamurthy (DIN: 02196839) | | |
| | Fee for attending board committee meetings | Rs. 2,55,000/- | Rs.70,000/-- | - | Rs.3,25,000/- |
| | Commission | 0 | 0 | 0 | 0 |
| | Others, please specify | 0 | 0 | 0 | 0 |
| | Total (2) | | | | |
| | Total (B)=(1+2) | Rs. 5,10,000/- | Rs.3,05,000/- | Rs. 2,20,000/- | Rs. 10,35,000/- |
| | Total Managerial Remuneration | Rs. 5,10,000/- | Rs.3,05,000/- | Rs. 2,20,000/- | Rs. 10,35,000/- |
| | Overall Ceiling as per the Act* | | - | - | - |

* Independent Directors/ No- Executive Director are /is paid only Sitting Fees for attending Board/Committee Meetings.

All Directors are entitled for reimbursement of expenses for attending Board/Committee Meetings. The Remuneration/Fees for FY 2015-16 is well within the limits prescribed under Companies Act, 2013.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN

MD/MANAGER/WTD

| SN | Particulars of Remuneration | Key Managerial Personnel | | |
|----|---|--------------------------|---|--------------------|
| | | Mr. V Gopinath (CFO) | Ms. Christina D'souza (Company Secretary & Compliance officer) | Total |
| 1 | Gross salary | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 26,46,595/- | 15,34,024/- | 41,80,619/- |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 3,38,009/- | - | 3,38,009/- |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - |
| 2 | Stock Option | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission | - | - | - |
| | - as % of profit | - | - | - |
| | others, specify... | - | - | - |
| 5 | Others, please specify | - | - | - |
| | Total | 29,84,604/- | 15,34,024/- | 45,18,624/- |

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

Alwyn Jay & Co.

Company Secretaries

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

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

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

FORM NO. MR.3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

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

To

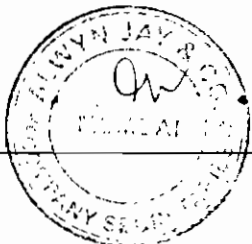
The Members,
IDBI Capital Markets & Securities Limited.
(formerly known as IDBI Capital Market Services Limited)

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

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

Based on our verification of the Company's statutory books, legal papers, minute books, forms and returns filed and other records maintained by the Company, and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed, and other records maintained by the Company for the financial year ended on 31st March, 2016 according to the provisions of:



- (i) The Companies Act, 2013 ("the Act") and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), with their respective amendments, as applicable:
 - a) The Securities and Exchange Board of India (Merchant Bankers) Rules, 1992;
 - b) The Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulations, 1992;
 - c) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996; The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (up to 14th May, 2015) and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (effective 15th May, 2015).
 - d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - e) The Securities and Exchange Board of India (Portfolio Managers) Rules and Regulations, 1993;
 - f) The Securities and Exchange Board of India (Underwriters) Regulations 1993; and
- (v) Directions, guidelines, circulars and notifications issued by the Securities and Exchange Board of India and other regulators that are applicable to the business of the Company.
- (vi) Labour law regulations and other rules applicable to the Company including Payment of Wages Act, 1965, The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and Rules thereon.
- (vii) Regulations under the Prevention of Money Laundering Act, 2002 and Rules, regulations and process of obtaining know your customer (KYC) documents and information as applicable to the business operations of the Company.

We have also examined compliance of the Secretarial Standards issued by the Institute of Company Secretaries of India.



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

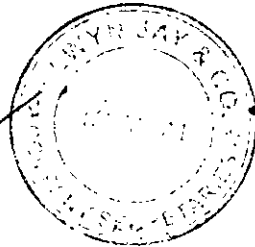
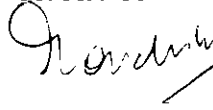
We further report that –

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

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

We further report that during the audit period no material event or action has taken place in pursuance of the above referred laws, rules, regulations, guidelines and standards except that the Company, vide shareholders' approval at the Annual General Meeting held on 24th August, 2015, altered its Articles of Association of the Company.

For ALWYN JAY & CO.,
Company Secretaries



[Ronald D'Mello]
Partner
FCS No. 3818
Certificate of Practice No. 14353

Place: Mumbai.

Date: 19.07.2016

From MD's Desk



I take immense pleasure in presenting the Annual Report of the company for FY 2015-16 after taking charge as Managing Director and CEO in October last year. Though the year gone by was a very challenging one in terms of revenue numbers, we have succeeded in achieving new things in the year. The operating results though modest, considering the market environment and regulatory changes which had an impact on our restructuring advisory business, was reasonably a good one. More importantly we have been able to achieve profitability in all business segments in which we are operating.

In the Investment Banking segment, despite the lag in pickup of economic activities, the advisory group was able to generate a good amount of revenue for the year. To strengthen the efforts further in this area, two new offices at Bangalore & Coimbatore have been opened. The Company has bagged a prestigious mandate as Advisor to National Investment & Infrastructure Fund Trustee Ltd, which is the Trustee to NIIF a 40,000 crore alternative investment fund set up by the Government of India. Due to regulatory changes, there has been a significant fall in the debt restructuring mandates. In view of this, focus was more on mandates from alternate business streams such as flexible structuring, refinancing of debt and strategic debt restructuring.

On the Broking front, our online trading has migrated to a new platform which seamlessly integrates front and back office operations and which is also capable of executing substantially higher volumes. We have launched a Mobile app for online trading in the third quarter of FY 16, which has been widely accepted by our clients. The facilities/capabilities in broking have been gradually ramping up and should enhance the product offerings and earnings of the company in the years ahead.

We were able to step up our research activities significantly during the year, gaining capability to cover important sectors and companies. Our research reports have been well received by market participants and we see our capability to deliver quality research report as an important enabler in the Institutional Equities business. This will also enhance visibility and support other lines of business. The Institutional broking vertical which was lagging behind all these years started picking momentum and is on the path to be among the preferred broker for domestic institutions.

The Indian economy saw a pick-up in GDP growth in FY16 eclipsing China as the fastest-growing economy in the world. Going forward, we believe our revenue will grow with quantum leap though there could be volatility in earnings, given the lines of business we operate in. In the coming years, it will be our endeavor to continue the work of building profitable businesses both in Investment Banking and Broking space.

Going forward, we expect the Indian economy to grow strongly, which will fuel requirement of equity and debt capital. In the Investment Banking space while we will be focusing on Capital Market and Private Equity to augment the revenue, Advisory business will continue to be the major revenue generator. With a view to establish an International presence, the Company is in the process of setting up an office at the Dubai International Financial Centre. We endeavor to have a global presence in the next three years across Singapore / Hongkong / UK & Middle East.

Retail group shall be launching Retail PMS and Currency Derivatives in FY17 which will add value and will give a boost in increasing Retail Revenues. An end to end online Trading and Demat account opening which will help the client to open Trading account with IDBI Capital is also on the anvil.

To gain capability to capitalize on the opportunities ahead, we are recruiting management graduates from premier institutes, chartered accountants and market professionals. We have set a very ambitious target in all business verticals and with a professional team in place we expect to surpass these numbers.

To summarize, we endeavour to focus on the following ten Dots:

- Successful transformation from CDR to SDR and associate with the corporates and banks at all three cycles i.e. conversion of debt into equity, management of the company and finding the right investor.
- Focus on Govt business by pro-active engagement with the Central and State Governments.
- Leverage corporate relationships of our parent to scale up revenues from Capital Market and M&A space.
- Pro-active engagement with Institutions to become preferred institutional broker.
- To tap possible opportunities in private equity space.
- Focus on System stability, sustainability and value creation.
- Focus on HNI business and introduction of retail PMS to scale up retail revenue stream.
- Enhanced engagement with the parent to take out all business possibilities.
- To re-design the entire retail broking business model to cut costs and increase our revenue by differentiated customer delivery models.
- Make every effort to support and create an environment in which employees can achieve your highest level of excellence (focus on employee friendly and leadership culture).

I would like to place on record the invaluable guidance provided by our Chairman, Shri Kishor Kharat and the entire Board of Directors. I would like to thank IDBI Bank, our 100 % stake holder for their valuable support and guidance. I am also grateful to our valued clients, SEBI, NSE, BSE, NSDL and other regulators for their continued support. Human resources being the most valuable asset in a service organization, I wish to thank each and every employee of IDBI Capital for his/her contribution to the Company's progress.

With best regards,

NAGARAJ GARLA
MANAGING DIRECTOR & CEO



भारतीय लेखा तथा लेखापरीक्षा विभाग
कार्यालय प्रधान निदेशक वाणिज्यिक लेखापरीक्षा तथा पदेन सदस्य, लेखापरीक्षा बोर्ड - I, मुम्बई

INDIAN AUDIT AND ACCOUNTS DEPARTMENT
OFFICE OF THE PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT & EX-OFFICIO MEMBER, AUDIT BOARD-I, MUMBAI
गोपनीय/शीघ्र डाक

संख्या: जी ए/सीए-1/ IDBI CM/लेखा/2015-16/ 44

सेवा में,

13 JUL 2016

Managing Director & CEO
IDBI Capital Market Services Ltd
3rd Floor, Mafatial Centre
Nariman Point
Mumbai- 400021

विषय: 31 मार्च 2016 को समाप्त वर्ष हेतु आईडीबीआई कैपिटल मार्केट सर्विसेज लिमिटेड के स्टैंडअलोन एवं समेकित वित्तीय विवरणों पर कंपनी अधिनियम 2013 की धारा 143(6)(बी) के अंतर्गत भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ।

महोदय,

31 मार्च 2016 को समाप्त वर्ष हेतु आईडीबीआई कैपिटल मार्केट सर्विसेज लिमिटेड के स्टैंडअलोन एवं समेकित वित्तीय विवरणों पर कंपनी अधिनियम 2013 की धारा 143(6)(बी) के अंतर्गत भारत के नियंत्रक एवं महालेखापरीक्षक के द्वारा दी गई टिप्पणियाँ इस पत्र के साथ संलग्न हैं। टिप्पणियों को मुद्रित वार्षिक प्रतिवेदन के विषयसूची में उचित संकेत सहित सांविधिक लेखापरीक्षक के प्रतिवेदन के आगे रखा जाये।

वार्षिक सामान्य बैठक के समापन के पश्चात, स्टैंडअलोन एवं समेकित वित्तीय विवरणों, सांविधिक लेखापरीक्षक का प्रतिवेदन तथा भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियों को अपनाते हुए सामान्य वार्षिक बैठक की कार्यवाही की एक प्रतिलिपि इस कार्यालय को अविलंब अग्रेषित की जाए। मुद्रित वार्षिक रिपोर्ट की दस प्रतियाँ भी इस कार्यालय को भेजी जायें।

कृपया इस पत्र एवं संलग्नकों की प्राप्ति की सूचना दें।

भवदीया,

(रूप राशि)

प्रधान निदेशक वाणिज्यिक लेखापरीक्षा तथा
पदेन सदस्य, लेखापरीक्षा बोर्ड -I, मुम्बई

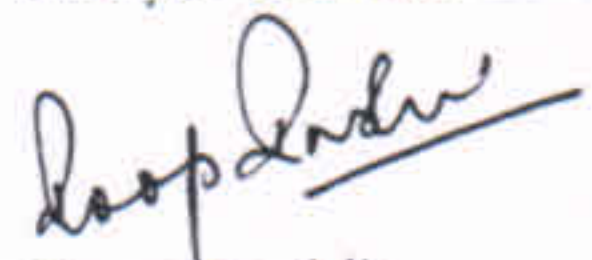
संलग्न: यथोपरि।

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE
FINANCIAL STATEMENTS OF IDBI CAPITAL MARKET SERVICES
LIMITED FOR THE YEAR ENDED 31 MARCH 2016**

The preparation of Financial Statements of IDBI Capital Market Services Limited for the year ended 31 March 2016 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 25 April 2016.

I, on behalf of the Comptroller and Auditor General of India, have conducted a Supplementary Audit under section 143(6)(a) of the Act of the Financial Statements of IDBI Capital Market Services Limited for the year ended 31 March 2016. This Supplementary Audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's Report.

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



(Roop Rashi)

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

Place : Mumbai

Date : 13 July 2016

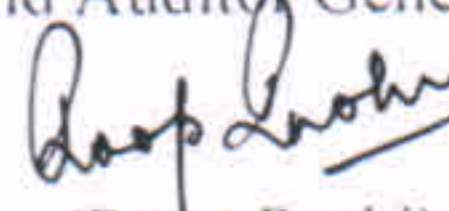
**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE
COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL
STATEMENTS OF IDBI CAPITAL MARKET SERVICES LIMITED FOR THE
YEAR ENDED 31 MARCH 2016**

The preparation of consolidated Financial Statements of IDBI Capital Market Services Limited for the year ended 31 March 2016 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) read with section 129(4) of the Act is responsible for expressing opinion on the Financial Statements under Section 143 read with section 129(4) 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 25 April 2016.

I, on behalf of the Comptroller and Auditor General of India, have conducted a Supplementary Audit under section 143(6)(a) read with section 129(4) of the Act of the consolidated Financial Statements of IDBI Capital Market Services Limited for the year ended 31 March 2016. We conducted a supplementary audit of the financial statement of IDBI Capital Market Services Limited, but did not conduct supplementary audit of the financial statements of IDBI Asset Management Limited for the year ended on that date. This Supplementary Audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's Report.

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



(Roop Rashi)

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

Place : Mumbai

Date : 13 July 2016

INDEPENDENT AUDITORS' REPORT

TO
THE MEMBERS OF
IDBI CAPITAL MARKET SERVICES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **IDBI Capital Market Services Limited** (the Company), which comprise the Balance Sheet as at March 31, 2016, 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, 2016;
- (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, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, 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 (g) of the Companies (Audit and Auditors) Rule 2014, in our opinion and to the best of our information and according to the explanation given to us:
- 1) The company has disclosed the impact of pending litigation on its financial position in its financial statement. (Refer Note No. 31 to the Financial Statements)
 - 2) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - 3) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
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. 1528.11 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.
 - d) In addition, as per sub directions issued by the office of C&AG, we report that during the year, there were no cases of waiver of fees/ reversal of accounted fees, except that the company has made one time settlement(OTS) with 3 clients as per details given below.



(Rs. In Laes)

| Sl. | Amount Due/ Receivable | Settled Amount | Amount waived/ Written off | Reasons for OTS |
|-----|---------------------------|----------------|-------------------------------|--|
| 1. | 470.52 | 175.18 | 295.34 | The client was in deep financial crunch. Amounts were very old and very little securities were available with the client to settle the dues. |
| 2. | 81.00 | 24.82 | 56.18 | --do-- |
| 3. | 56.18 | 45.00 | 11.18 | Though the company had filed winding up proceedings in the High Court, considering the long drawn process in the courts, OTS was done. |
| | 607.70 | 245.00 | 362.70 | |

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



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

Mumbai
April 25, 2016

**ANNEXEURE 'A' REFERRED TO IN THE AUDITORS' REPORT of IDBI CAPITAL
MARKET SERVICES LTD. FOR THE YEAR ENDED ON 31st MARCH 2016**

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Company does physical verification once every three years. Physical verification of fixed assets was last done during the financial year 2014-15. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) As the Company is a service company, it does not have any inventory. Accordingly, the clause (ii) (a) to (ii) (c) of the paragraph 3 of the order are not applicable to the Company.
- (iii) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act. Hence, the clause (iii) (a) and (iii) (b) of the paragraph 3 of the order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- (v) In our opinion, the Company has not accepted any deposits from the public or its members.
- (vi) To the best of our knowledge and explanation given to us by the management, the Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 for the company.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income tax, sales-tax, wealth tax, service tax, custom duty, excise duty, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities and there are no undisputed dues outstanding as on 31st March 2016 for a period of more than six months from the date they became payable.
- (b) According to the records of the Company, there are no dues of Sales Tax, Service Tax, Excise Duty, Wealth Tax, Customs Duty, value added tax or Cess which have not been deposited on the account of any dispute except for the following amounts relating to income tax.



| Name of Statute | Nature of Dues | Amount (Rs.) | Period to which the amount relates | Forum where the dispute is pending |
|---------------------|-------------------------|--------------|------------------------------------|------------------------------------|
| Income Tax Act 1961 | Income tax and Interest | 458.79 Lacs | F.Y. 2011-12 | CIT(Appeals-9), Mumbai |
| 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 given 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

Manish Agarwal
(Manish Agarwal)
Partner

Membership No.- 078628

Mumbai
April 25, 2016

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 market Services Ltd. as of 31st March 2016 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.

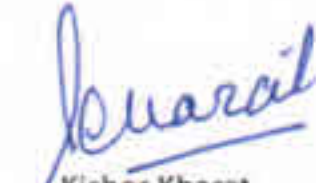

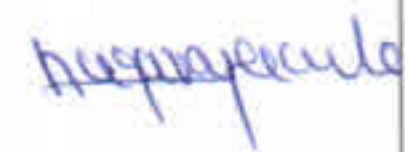



Opinion

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 2016, 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

Manish Agarwal
(Manish Agarwal)
Partner
Membership No.- 078628
Mumbai
April 25, 2016

IDBI CAPITAL MARKET SERVICES LIMITED
(CIN: U65990MH1993GOI075578)
BALANCE SHEET AS AT 31ST MARCH 2016

(Rs in lakhs)

| | Note No. | As At 31.03.2016 | As At 31.03.2015 |
|---|----------|--|----------------------|
| I. EQUITY & LIABILITIES | | | |
| (1) Shareholders' Funds | | | |
| (a) Share Capital | 2 | 12,810 | 12,810 |
| (b) Reserves and Surplus | 3 | 18,495 | 18,800 |
| | | <u>31,305</u> | <u>31,610</u> |
| (2) Current Liabilities | | | |
| (a) Trade payables | 4 | 1,459 | 532 |
| (b) Other current liabilities | 5 | 316 | 581 |
| (c) Short-term provisions | 6 | 149 | 1,063 |
| | | <u>1,924</u> | <u>2,176</u> |
| TOTAL | | <u>33,229</u> | <u>33,786</u> |
| II. ASSETS | | | |
| Non-Current Assets | | | |
| (1) (a) Fixed Assets | | | |
| (i) Tangible assets | 7 | 719 | 589 |
| (ii) Intangible assets | | 224 | 46 |
| (iii) Capital work-in-progress | | 18 | 240 |
| (iv) Intangible assets under development | | - | 207 |
| (b) Non-current investments | 8 | 8,654 | 8,559 |
| (c) Deferred tax assets (net) | 9 | 166 | 423 |
| (d) Long-term loans and advances | 10 | 198 | 198 |
| | | <u>9,979</u> | <u>10,262</u> |
| (2) Current Assets | | | |
| (a) Current investments | 11 | 456 | 462 |
| (b) Trade receivables | 12 | 8,511 | 8,416 |
| (c) Cash and Bank balances | 13 | 11,829 | 13,537 |
| (d) Short-term loans and advances | 14 | 2,284 | 909 |
| (e) Other current assets | 15 | 170 | 200 |
| | | <u>23,250</u> | <u>23,524</u> |
| TOTAL | | <u>33,229</u> | <u>33,786</u> |
| Significant Accounting Policies | 1 | | |
| Other Notes forming part of the Financial Statements | 2 to 36 | | |
| Notes referred to above form an integral part of the Financial Statements | | | |
| As per our attached report of even date | | For and on behalf of the Board | |
| For A Sachdev & Co Chartered Accountants Firm Registration No: 001307C | |  Kishor Kharat Chairman DIN: 07266945 | |
|  Manish Agarwal Partner M. No. 078628 | |  Nagaraj Garla Managing Director & CEO DIN: 06983880 | |
|  Place: Mumbai Date : 25 April 2016 | |  Christina D'souza Company Secretary | |
| | |  V. Gopinath Chief Financial Officer | |

IDBI CAPITAL MARKET SERVICES LIMITED
(CIN: U65990MH1993GOI075578)
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2016

(Rs in lakhs)

| | Note No. | For The Year Ended 31.03.2016 | For The Year Ended 31.03.2015 |
|---|----------|----------------------------------|----------------------------------|
| I. Revenue from Operations | 16 | 5,792 | 7,022 |
| II. Other Income | 17 | 1,002 | 1,564 |
| III. Total Revenue (I + II) | | 6,794 | 8,586 |
| IV. Expenses | | | |
| Employee Benefits Expense | 18 | 1,938 | 2,086 |
| Operating Expenses | 19 | 1,258 | 1,278 |
| Administrative Expenses | 20 | 1,064 | 1,124 |
| Loss on Sale of Assets | | (0) | 0 |
| Depreciation & Amortisation Expenses (Refer Note 7) | | 189 | 168 |
| Provision for Gratuity and Leave Encashment (Refer Note 27 (c)) | | 9 | 22 |
| Provision for Doubtful Debts (Refer Note 12) | | (617) | 449 |
| Provision for Long Term Investments (Refer Note 23 (a)) | | - | 1,043 |
| Bad Debts Written Off | | 1,528 | 419 |
| Total Expenses | | 5,369 | 6,589 |
| V. Profit Before Exceptional items and Tax (III-IV) | | 1,425 | 1,997 |
| VI. Exceptional items (Refer Note 7 & Note 22) | | - | (244) |
| VII. Profit Before Tax (V -VI) | | 1,425 | 2,241 |
| VIII. Tax Expense | | | |
| (1) Current Tax | | 240 | 1,209 |
| (2) Deferred Tax (Refer Note 9 & Note 22) | | 257 | (118) |
| IX. Profit for the period from continuing operations (VII -VIII) | | 928 | 1,150 |
| X. Profit for the year | | 928 | 1,150 |
| XI. Earnings per equity share [Nominal value per share Rs. 10 each] | | | |
| (1) Basic | 29 | 0.72 | 0.89 |
| (2) Diluted | | 0.72 | 0.89 |
| Significant Accounting Policies | 1 | | |
| Other Notes forming part of the Financial Statements | 2 to 36 | | |

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

As per our attached report of even date

For and on behalf of the Board

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

Manish Agarwal
Manish Agarwal
Partner
M. No. 078628



Place: Mumbai
Date : 25 April 2016

Kishor Kharat
Kishor Kharat
Chairman
DIN: 07266945

Christina D'souza
Christina D'souza
Company Secretary

Nagaraj Garla
Nagaraj Garla
Managing Director & CEO
DIN: 06983880

V. Gopinath
V. Gopinath
Chief Financial Officer

IOBI CAPITAL MARKET SERVICES LIMITED
(CIN: U65990MH1993GOI075578)
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

(Rs in lakhs)

| | For The Year Ended 31.03.2016 | For The Year Ended 31.03.2015 |
|---|----------------------------------|----------------------------------|
| Cash Flows from Operating Activities | | |
| Profit (Loss) for the period from continuing operations (before tax) | 1,425 | 1,997 |
| Adjustments for: | | |
| Depreciation | 189 | 168 |
| Provision for Gratuity & Leave encashment | 9 | 22 |
| Provision for Doubtful Debts | (617) | 449 |
| Provision for Non-current investments | - | 1,043 |
| Bad Debts written off | 1,528 | 419 |
| (Profit)/Loss on sale of Non-Current Investments | (12) | (59) |
| (Profit)/Loss on valuation of Current Investments | 11 | - |
| (Profit)/Loss on sale of Fixed Assets | (0) | 0 |
| Dividend Income | (25) | (19) |
| Interest Income | (517) | (775) |
| Operating Profit before working capital changes | 1,991 | 3,245 |
| Adjustments for working capital | | |
| (Increase)/Decrease in Trade receivables | (1,006) | (1,136) |
| (Increase)/Decrease in Other Current Assets | 30 | 151 |
| (Increase)/Decrease in Long Term Loans & Advances | - | - |
| (Increase)/Decrease in Short Term Loans & Advances | (974) | 652 |
| Increase/(Decrease) in Short Term Provisions | 12 | (10) |
| Increase/(Decrease) in Trade payables and other current liabilities | 652 | (175) |
| Net Change in working capital | (1,286) | (519) |
| Direct taxes paid (Net) | (1,006) | (1,285) |
| Net cash flow from Operating Activities (A) | (301) | 1,442 |
| Cash flow from Investing Activities | | |
| Purchase of Fixed Assets | (497) | (29) |
| Capital Advance for Software & Assets | 429 | (447) |
| Proceeds from sale of fixed assets | 0 | 0 |
| Proceeds from sale of investments | 85 | 3,768 |
| Purchase of Investments | (173) | (535) |
| Investments in Fellow Subsidiary | - | (2,666) |
| Proceeds from Maturity of Fixed Deposits | 6,897 | 5,960 |
| Deployment in Fixed Deposits | (4,955) | (7,480) |
| Dividend received | 25 | 19 |
| Net cash flow from Investing Activities (B) | 1,811 | (1,410) |
| Cash flow from Financing Activities | | |
| Dividend Paid | (1,793) | (1,281) |
| Net cash flow from Financing Activities (C) | (1,793) | (1,281) |
| Net increase/(decrease) in cash & cash equivalents (A+B+C) | (283) | (1,249) |
| Cash and Cash equivalents as at April 1, 2015 | 7,157 | 8,406 |
| Cash and Cash equivalents as at March 31, 2016 | 6,874 | 7,157 |

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

As per our attached report of even date

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

Manish Agarwal
Manish Agarwal
Partner
M. No. 078628

Place: Mumbai
Date: 25 April 2016



For and on behalf of the Board

Kishor Kharat
Kishor Kharat
Chairman
DIN: 07266945

Christina D. Souza
Christina D. Souza
Company Secretary

Nagaraj Garla
Nagaraj Garla
Managing Director & CEO
DIN: 06983880

V. Gopinath
V. Gopinath
Chief Financial Officer

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) Fixed assets and Depreciation

c.1 TANGIBLE ASSETS

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

c.2 Fixed Assets are amortised over their estimated useful life as specified in Schedule II to the Companies Act, 2013 on a straight-line method. Assets retired from active use are fully depreciated. Assets having individual value of less than Rs.5,000, in the year of acquisition and assets retired from active use are fully depreciated.

c.3 INTANGIBLE ASSETS

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

Computer Software – 3 years.

Web Trading Portal – 3 years.

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



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

d) Impairment of Assets:

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

e) Operating Leases

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

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

- f.1 Investments are classified into non-current and current investments. Securities and other financial assets acquired and held for earning income by way of dividend and interest and for the purpose of capital appreciation are classified as non-current investments and are valued at their cost of acquisition. Decline in their value other than temporary, if any, is recognized. Current investments are carried at lower of cost or market value. Securities acquired in the market making process as market maker are classified as Current Investments irrespective of the period of holding.
- f.2 Securities acquired with the intention of short-term holding and trading are considered as stock-in-trade and regarded as current assets.

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

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

g) Revenue Recognition

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



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

h) Transactions in Futures and Options

- h.1 Initial Margin payable at the time of entering into futures contract / sale of options is adjusted against the deposits with the exchanges in the form of fixed deposits, cash deposits and securities.
- h.2 Transactions in Future contracts are accounted as Purchase and Sales at the notional trade value of the contract. The open interest in futures as at the Balance Sheet date is netted by its notional value.
- h.3 The difference in the settlement price or exchange closing price of the previous day and exchange closing price of the subsequent day, paid to or received from the exchange is treated as Mark to Market Margin. The balance in the Mark to Market Margin Account represents the net amount paid or received on the basis of movement in the prices of open interest in futures contracts till the balance sheet date. Net debit balance in the Mark to Market Margin Account is charged off to revenue whereas net credit balance is shown under current liabilities.
- h.4 Premium paid or received on purchase and sale of options and the difference paid or received on exercise of options is accounted as Purchases or Sales. In case of open interest in options sold as on the balance sheet date, provision is made for the amount by which premium prevailing on the Balance Sheet date exceeds the premium received for those options. The excess of premium received over the premium prevailing on the Balance Sheet date is not recognised. Similarly, in case of options bought, provision is made for the amount by which the premium paid for the option exceeds the premium prevailing on the Balance Sheet date and the excess of premium prevailing on the Balance Sheet date over the premium paid is ignored. In case of multiple open positions, provision is made or excess premiums are ignored after netting off the balances in buy as well as sell positions.



i) Interest Rate Swaps

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

j) Foreign Currency Transactions

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

k) Turnover

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

l) Employee benefits

- 1.1 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.
- 1.2 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.
- 1.3 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.
- 1.4 The Company contributes to the Group Leave Encashment Policy with the LIC of India. Short term compensated absences are provided for based on estimates.
- 1.5 Actuarial gains/losses are immediately taken to the profit and loss account and are not deferred.

m) Earnings Per Share

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



n) Cash Flow Statement

The Cash Flow Statement is prepared by the indirect method set out in Accounting Standard 3 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities of the Company.

Cash and Cash equivalents presented in the Cash Flow Statement consist of cash on hand and demand deposits with banks.

o) Taxation

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

p) Provisions

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



NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

Note 2
SHARE CAPITAL

(Rs in lakhs)

| Share Capital | As at 31.03.2016 | | As at 31.03.2015 | |
|--|--------------------|---------------|--------------------|---------------|
| | 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 | 31.03.2016 | | 31.03.2015 | |
|---|-------------|--------|-------------|--------|
| | 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 | 31.03.2016 | | 31.03.2015 | |
|---|-------------|--------|-------------|--------|
| | 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 | 31.03.2016 | | 31.03.2015 | |
|---|-------------|--------------|-------------|--------------|
| | Number | % of holding | Number | % of holding |
| IDBI Bank Ltd (Holding Company) along with its nominees | 128,100,000 | 100% | 128,100,000 | 100% |

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

| | 31.03.2016 | 31.03.2015 | 31.03.2014 | 31.03.2013 | 31.03.2012 |
|--|------------|------------|------------|------------|------------|
| Equity Shares bought back by the company | - | - | - | - | - |



IDBI CAPITAL MARKET SERVICES LIMITED

(CIN: U65990MH1993GOI075578)

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

(Rs in lakhs)

| | As At 31.03.2016 | As At 31.03.2015 |
|--|---------------------|---------------------|
| 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 | 7,190 | 7,190 |
| b) General Reserve | | |
| Opening Balance | 11,250 | 11,086 |
| Less: Provision for Depreciation of earlier years (net of deferred tax)* | - | 36 |
| Add: Current Year Transfer | - | 200 |
| Less: Written Back in Current Year | - | - |
| Closing Balance | 11,250 | 11,250 |
| *Refer Note 7 & Note 22 | | |
| c) Surplus in Statement of Profit and Loss | | |
| Balance at the beginning of the year | 360 | 336 |
| Net Profit For the current year | 928 | 1,150 |
| (+) Transfer from Reserves | | |
| Less: Appropriations | | |
| Interim Dividend | (1,025) | - |
| Tax on Interim Dividend | (208) | - |
| Proposed Dividend | - | (769) |
| Tax on Proposed Dividend | - | (157) |
| Transfer to Reserves | - | (200) |
| Balance at the end of the year | 55 | 360 |
| TOTAL | 18,495 | 18,800 |
| Note 4 | | |
| Trade Payables* | | |
| a) Trade Payables | 316 | 137 |
| b) Others - Client's settlement dues | 1,143 | 395 |
| TOTAL | 1,459 | 532 |
| *Refer Note 21 (information required under MSMED Act 2006) | | |
| Note 5 | | |
| Other Current Liabilities | | |
| a) Sundry Deposits | 85 | 151 |
| b) Margin Money Deposits | 37 | 270 |
| c) Statutory Dues * | 54 | 26 |
| d) Others | 140 | 134 |
| TOTAL | 316 | 581 |
| *Refer Note 26 (a) | | |
| Note 6 | | |
| Short Term Provisions | | |
| a) Provision for employees benefit | 144 | 132 |
| b) Other Provisions | 5 | 5 |
| c) Proposed Dividend | - | 769 |
| d) Tax on Proposed Dividend | - | 157 |
| TOTAL | 149 | 1,063 |



IDBI CAPITAL MARKET SERVICES LIMITED

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NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

Note 7

Fixed Assets

| Particulars | Gross Block (At Cost) | | | | Depreciation | | | | Net Block | |
|--------------------------------------|-----------------------|------------|------------|---------------------|---------------------|--------------|-----------|------------|---|---------------------|
| | As at 01.04.2015 | Additions | Deductions | As at 31.03.2016 | As at 01.04.2015 | For the Year | | Deductions | As at 31.03.2016 | As at 31.03.2015 |
| | | | | | | P&L | Reserve | | Write back due to change in depreciation method from WDV to SLM | Sale |
| Tangible Assets | | | | | | | | | | |
| a) Buildings | 626 | - | - | 626 | 137 | 11 | - | - | 148 | 489 |
| b) Computers | 717 | 199 | 0 | 916 | 678 | 47 | - | 0 | 725 | 39 |
| c) Furniture & Fixtures | 79 | - | - | 79 | 47 | 6 | - | - | 53 | 32 |
| d) Office Equipments | 210 | 9 | 1 | 218 | 181 | 14 | - | 1 | 194 | 29 |
| Total | 1,632 | 208 | 1 | 1,839 | 1,043 | 78 | - | 1 | 1,120 | 589 |
| Previous Year | 1,616 | 19 | 3 | 1,632 | 1,105 | 132 | 52 | 2 | 1,043 | 589 |
| Intangible Assets | | | | | | | | | | |
| a) Web Trading Portal | 877 | - | - | 877 | 877 | - | - | - | 877 | 0 |
| b) Software | 417 | 289 | - | 706 | 394 | 106 | - | - | 500 | 23 |
| c) Stock Exchange Membership Card | 111 | - | - | 111 | 88 | 5 | - | - | 93 | 23 |
| Total | 1,405 | 289 | - | 1,694 | 1,359 | 111 | - | - | 1,470 | 46 |
| Previous Year | 1,395 | 10 | - | 1,405 | 1,323 | 36 | - | - | 1,359 | 46 |
| Grand Total | 3,037 | 497 | 1 | 3,533 | 2,402 | 189 | - | 1 | 2,590 | 635 |
| Previous Year | 3,011 | 29 | 3 | 3,037 | 2,428 | 168 | 52 | 2 | 2,402 | 635 |



IDBI CAPITAL MARKET SERVICES LIMITED
(CIN: U65990MH1993GOI075578)
NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

(Rs in lakhs)

| | Face Value Rs. | Quantity | As At 31.03.2016 | Quantity | As At 31.03.2015 |
|--|----------------|------------|---------------------|------------|---------------------|
| Note B | | | | | |
| Non-Current Investments¹ | | | | | |
| Trade Investments - Long Term | | | | | |
| Investment in Equity Instruments | | | | | |
| Equity Shares - Unquoted, Fully paid up | | | | | |
| The Bombay Stock Exchange Ltd ³ | 1 | 70,694 | 0 | 70,694 | 0 |
| Equity Shares - Quoted, Fully paid up | | | | | |
| Aban Offshore Ltd | 2 | 800 | 18 | 800 | 18 |
| (At cost less provision other than temporary diminution in value Rs. Nil (2015: Rs. 11 lacs) | | | | | |
| Bajaj Hindustan Sugar Ltd | 1 | 28,758 | 10 | 28,758 | 10 |
| (At cost less provision other than temporary diminution in value Rs. Nil (2015: Rs. 0.50 lacs) | | | | | |
| DLF Ltd | 2 | 17,140 | 96 | 17,140 | 96 |
| (At cost less provision other than temporary diminution in value Rs. Nil (2015: Rs. 54 lacs) | | | | | |
| Goldman Sachs Mutual Fund Nifty Bees ² | 10 | 0.09 | 0 | 0.09 | 0 |
| India Cement Ltd | 10 | 38,825 | 76 | 38,825 | 76 |
| (At cost less provision other than temporary diminution in value Rs. Nil (2015: Rs. 25 lacs) | | | | | |
| Mitcon Consultancy & Engineering Services Ltd | 10 | 0 | - | 40,000 | 25 |
| NHPC Ltd | 10 | 500,000 | 166 | 500,000 | 166 |
| NTPC Ltd | 10 | 15,000 | 30 | 15,000 | 30 |
| Opal Luxury Time Products Ltd | 10 | 301,000 | 391 | 301,000 | 391 |
| Punj Lloyd Ltd | 2 | 4,500 | 2 | 4,500 | 2 |
| (At cost less provision other than temporary diminution in value Rs. Nil (2015: Rs. 16 lacs) | | | | | |
| Reliance Communication Ltd | 5 | 2,000 | 7 | 2,000 | 7 |
| (At cost less provision other than temporary diminution in value Rs. Nil (2015: Rs. 4 lacs) | | | | | |
| Reliance Infrastructure Ltd | 10 | 6,000 | 80 | 6,000 | 80 |
| (At cost less provision other than temporary diminution in value Rs. Nil (2015: Rs. 31 lacs) | | | | | |
| Reliance Industries Ltd | 10 | 16,920 | 201 | 16,920 | 201 |
| Thejo Engineering Ltd | 10 | 24,600 | 50 | 24,600 | 50 |
| VTX Industries Ltd | 10 | 2,992,850 | 239 | 2,992,850 | 239 |
| (At cost less provision other than temporary diminution in value Rs. Nil (2015: Rs. 2754 lacs) | | | | | |
| Equity Index Funds -Quoted², Fully paid up | | | | | |
| IDBI Nifty Index Fund - Direct Plan - Growth | 10 | 828,350 | 120 | - | - |
| Investments in debentures or bonds | | | | | |
| Quoted, Fully paid up | | | | | |
| GOI - 7.16% GOI 2023 | 1,000,000 | 50 | 500 | 50 | 500 |
| NTPC Limited Sr-54 8.49 NCD 25MR25 FVRS12.5 | 12.50 | 15,000 | 2 | 15,000 | 2 |
| (Refer Note 24 (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 | | | 8,654 | | 8,559 |
| a Aggregate value of quoted investments | | | | | |
| Cost | | | 4,883 | | 4,788 |
| Market Value | | | 1,396 | | 1,348 |
| b Aggregate value of unquoted investments | | | | | |
| Cost | | | 6,666 | | 6,666 |
| c Aggregate provision for diminution in value of investments | | | | | |
| | | | 2,895 | | 2,895 |
| 1. All investments are stated at cost / cost less diminution in value other than temporary 2. For Mutual Funds, Net Asset Value is taken as Market Value 3. Amount is below the rounding off norms adopted by the company (Refer Note 23 & Note 25 for other details) | | | | | |



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NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

(Rs in lakhs)

| | As At 31.03.2016 | As At 31.03.2015 |
|---|---------------------|---------------------|
| Note 9 | | |
| Deferred tax | | |
| Deferred Tax Liability | | |
| On account of timing differences – Depreciation | 132 | 93 |
| TOTAL | 132 | 93 |
| Deferred Tax Asset | | |
| Provision for Doubtful debts | 277 | 491 |
| Provision for Gratuity & Leave Encashment | 11 | 7 |
| Depreciation on expired assets | 4 | 16 |
| Inadmissible expenses u/s 43B of I.T. Act | 6 | 2 |
| TOTAL | 298 | 516 |
| Net Deferred Tax (Assets) | 166 | 423 |
| Note 10 | | |
| Long Term Loans and Advances | | |
| Unsecured, considered good | | |
| Security Deposits* | 198 | 198 |
| TOTAL | 198 | 198 |

*Includes deposits referred in Note 24



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NOTES FORMING PART OF FINANCIAL STATEMENTS FOR PERIOD ENDED 31ST MARCH 2016

(Rs in lakhs)

| | Face Value Rs. | Quantity | As At 31.03.2016 | Quantity | As At 31.03.2015 |
|---|----------------|----------|---------------------|----------|---------------------|
| 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 | 177,600 | 341 | 201,000 | 387 |
| (Refer Note 25) | | | | | |
| Opal Luxury Time Products Ltd | 10 | 120,000 | 115 | 65,000 | 75 |
| (Refer Note 25) | | | | | |
| Total | | | 456 | | 462 |
| Aggregate value of quoted investments | | | | | |
| Cost | | | 470 | | 462 |
| Market Value | | | 456 | | 466 |




IDBI CAPITAL MARKET SERVICES LIMITED

(CIN: U65990MH1993GOI075578)

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

(Rs in lakhs)

| | As At 31.03.2016 | | As At 31.03.2015 | |
|---|---------------------|----------------------|---------------------|----------------------|
| Note 12 | | | | |
| Trade Receivables* | | | | |
| (Unsecured, Considered good) | | | | |
| Outstanding for period exceeding six months | 5,123 | | 5,677 | |
| Other Debts | <u>2,589</u> | <u>7,712</u> | <u>2,444</u> | <u>8,121</u> |
| (Unsecured, Considered doubtful) | | | | |
| Outstanding for period exceeding six months | 1,594 | | 1,712 | |
| Other Debts | 6 | | 2 | |
| Less: Provisions for Doubtful Debts | <u>(801)</u> | <u>799</u> | <u>(1,419)</u> | <u>295</u> |
| TOTAL | | <u>8,511</u> | | <u>8,416</u> |
| *Trade Receivables are subject to confirmations | | | | |
| Note 13 | | | | |
| Cash & Bank Balances | | | | |
| Cash & Cash Equivalent | | | | |
| Cash on hand | 1 | | 2 | |
| Balances with banks | <u>3,373</u> | <u>3,374</u> | <u>2,455</u> | <u>2,457</u> |
| Current Investments (Highly Liquid) | | | | |
| IDBI Liquid Fund - Growth - Direct | | 3,500 | | 4,700 |
| Units C.Y 215,791.259 (P.Y.313,549.683) | | | | |
| Other Bank Balances | | | | |
| Bank Fixed Deposits - more than 12 months | | | | |
| - Pledged with Stock Exchanges for margin | 4,575 | | 4,575 | |
| - others | <u>380</u> | <u>4,955</u> | <u>1,805</u> | <u>6,380</u> |
| TOTAL | | <u>11,829</u> | | <u>13,537</u> |
| Note 14 | | | | |
| Short Term Loans & Advances | | | | |
| (Unsecured, Considered Good) | | | | |
| Advance Recoverable in cash or kind | | | | |
| Amount recoverable from Related Parties | 1 | | 4 | |
| Sundry Deposits | 26 | | 26 | |
| Others | | | | |
| Advance to Service Providers | 24 | | 7 | |
| Others | <u>713</u> | <u>764</u> | <u>159</u> | <u>196</u> |
| Advance Tax & Tax Deducted at Source (net of provisions)* | | <u>1,520</u> | | <u>713</u> |
| TOTAL | | <u>2,284</u> | | <u>909</u> |
| * Refer Note 26 (b) | | | | |
| Note 15 | | | | |
| Other Current Assets | | | | |
| Accrued Interest on Fixed Deposits | | 157 | | 187 |
| Accrued Interest on GOI Securities | | 13 | | 13 |
| TOTAL | | <u>170</u> | | <u>200</u> |





IDBI CAPITAL MARKET SERVICES LIMITED

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NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

(Rs in lakhs)

| | For TheYear Ended 31.03.2016 | For TheYear Ended 31.03.2015 |
|---|---------------------------------|---------------------------------|
| Note 16 | | |
| Revenue From Operations | | |
| Brokerage, Commission & Fees | 5,722 | 6,951 |
| Portfolio Management Services | 16 | 15 |
| Income from Depository Services | 54 | 56 |
| TOTAL | 5,792 | 7,022 |
| Note 17 | | |
| Other Income | | |
| Dividend Income | 25 | 19 |
| Income from Mutual fund redemptions | 385 | 644 |
| Profit on Sale of Investments | 12 | 59 |
| Loss on Valuation of Current Investments | (11) | - |
| Other Non-operating Income | | |
| Interest Received on Bonds/Fixed Deposits | 517 | 519 |
| Interest / Discount on G-sec / Treasury Bills | 36 | 36 |
| Interest Received on Income Tax Refund | - | 256 |
| Miscellaneous Income | 38 | 31 |
| TOTAL | 1,002 | 1,564 |
| Note 18 | | |
| Employee Benfits Expense* | | |
| Salaries, Wages & Allowances | 1,792 | 1,941 |
| Contribution to Provident and other funds | 115 | 106 |
| Other benefits | 31 | 39 |
| TOTAL | 1,938 | 2,086 |
| *Disclosure required by AS 15 on Employee benefits- Refer Note 27 | | |
| Note 19 | | |
| Operating Expenses | | |
| Brokerage Paid | 261 | 301 |
| Operating Charges | 152 | 155 |
| Computer Maintenance Expenses | 155 | 145 |
| Marketing Expenses | 14 | 18 |
| Professional Charges | 327 | 377 |
| Franking/Stamp Expenses | 66 | 8 |
| Manpower Hire Charges | 282 | 272 |
| Loss on Error Trade | 1 | 2 |
| TOTAL | 1,258 | 1,278 |
| Note 20 | | |
| Administrative Expenses | | |
| Rent (Refer Note 28) | 570 | 568 |
| Electricity Charges | 78 | 77 |
| Rates & taxes | 14 | 38 |
| Insurance | 6 | 6 |
| Repairs & Maintenance | 58 | 59 |
| Travelling & conveyance | 95 | 91 |
| Communication Expenses | 117 | 136 |
| Printing & Stationery | 32 | 31 |
| Sitting fees to directors | 10 | 4 |
| Contribution towards CSR | 52 | 65 |
| Auditors Remuneration | | |
| Audit Fees | 8 | 6 |
| Tax Audit Fees | 1 | 1 |
| Others | - | 2 |
| Prior Period Items (Net) | 6 | 5 |
| Miscellaneous expenses | 17 | 35 |
| TOTAL | 1,064 | 1,124 |



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 disclosures, if any, relating to amounts unpaid as at the year-end together with interest paid/ payable as required under the said act have not been given. (Refer Note 4)
22. The company had revised its policy for providing depreciation on fixed assets effective from April 1, 2014. The company had changed the estimated useful life of fixed assets in line with the recommended useful life as per Part C of Schedule II to the Companies Act, 2013. Consequently, an amount of Rs 36.69 lacs (net of deferred tax of Rs. 15.71 lakhs) had been charged to the opening balance of General Reserves in respect of assets whose useful remaining life is Nil as at April 1, 2014. In respect of remaining tangible assets, the Company had with retrospective effect changed its method of providing depreciation from the 'Written Down Value' method, at the rates prescribed in Schedule XIV to the Companies Act, 1956 to 'Straight Line' method, over their estimated useful life as specified in Schedule II to Companies Act 2013. Accordingly, company had recognised an amount of Rs 243.86 lakhs in Statement of Profit & Loss being additional depreciation charged in the earlier years which had been shown as an 'Exceptional item' in the statement of profit and loss for the year ended 31.03.2015. This had resulted in higher depreciation charge for the year ended 31.03.2015 to the extent of Rs. 68.12 lakhs and the profit is lower to this extent. (Refer Note 7)
23. a) Following Non-Current Investments are carried at cost. The management estimates the diminution in the value other than temporary in respect of these non-current investments. Accordingly a provision for diminution in the value amounting to Rs. Nil lakhs (P.Y. Rs. 1043.40 lakhs) has been created by charge to the statement of profit and loss during the year. (Refer Note 8)

| Scrip Name | Qty | Cost as on 31.03.16 Rs lakhs | Market Value per share Rs | Carrying cost per share Rs | Provision for Diminution in the value other than temporary Rs lakhs | |
|-----------------------------|---------|---------------------------------|------------------------------|-------------------------------|--|---------|
| | | | | | 2015-16 | 2014-15 |
| VTX Industries Ltd | 2992850 | 2992.85 | 1.50 | 100 | - | 918.00 |
| Aban Offshore Ltd | 800 | 29.13 | 176.70 | 3640.57 | - | 10.81 |
| DLF Ltd | 17140 | 150.43 | 114.60 | 877.67 | - | 54.40 |
| India Cements Ltd | 38825 | 101.40 | 86.20 | 261.17 | - | 24.63 |
| Reliance Communications Ltd | 2000 | 11.20 | 50.00 | 560.00 | - | 4.03 |
| Reliance Infrastructure Ltd | 6000 | 111.31 | 533.60 | 1855.21 | - | 31.04 |
| Bajaj Hindustan Sugar Ltd | 28758 | 10.35 | 14.40 | 36.00 | - | 0.49 |
| Total | | | | | - | 1043.40 |



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

c) During the year 2014-15, the company had received 15000 Non-convertible Debentures from NTPC Ltd towards deemed dividend on equity shares held by the company on 1:1 ratio. The face value of the debenture is Rs. 12.50. Accordingly company had recognized the debentures in the books by crediting dividend account. (Refer Note 8).

24.

a) The Company has paid Larsen & Tubro Ltd an amount of Rs. 15.70 lakhs as an additional deposit in respect of property tax for the premises of Bhaktawar Tower, which was occupied by the company. The demand was raised by Bhrihan Mumbai Corporation for enhanced property tax on Larsen & Tubro Ltd, who has taken the matter before the Bombay High Court. Pending disposal of the case amount paid towards Company's share of tax deposited in Court has not been recognised in profit & loss account and shown as deposit under Long Term Loans and Advances (Non-Current). (Refer Note 10)

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

25.

a) The company during the financial year 2012-13 acquired 12300 fully paid Equity Shares of Rs 10 each in the IPO of Thejo Engineering Ltd at Rs 402/- per share amounting to Rs 49.44 lakhs in the Market Maker portion where IDBI Capital Market Services Ltd agreed to act as Market Maker for a period of three years from the date of listing of the shares. Further bonus shares on above totalling to 12300 were received during 2013-14. Thus 24600 shares have been treated as non-current investment. As market maker to the issue, Shares acquired from the market, outstanding as on 31.03.2016 including 86100 Bonus Shares received on 14.09.2013 is 177600 equity shares (P.Y 201000 equity shares) amounting to Rs 342.03 lakhs (P.Y 387.11 lakhs) has been treated as Current Investments. The market value of these shares as on 31.03.2016 amounts to Rs 340.99 lakhs (P.Y Rs. 391.95 lakhs). (Refer Note 8 & Note 11 of Notes to Accounts and Note 1 (f.1) of Significant Accounting Policies).

b) The company during the financial year 2013-14 acquired 301000 fully paid Equity Shares of Rs 10 each in the IPO of Opal Luxury Time Products Ltd at Rs 130/- per share amounting to Rs 391.30 lakhs in the Market Maker portion where IDBI Capital Market Services Ltd agreed to act as Market Maker for a period of three years from the date of listing of the shares. This has been treated as long term investment and accordingly classified under Non-Current investments. Further, as market maker to the issue, Shares acquired from the market, outstanding as on 31.03.2016 is 120000 equity shares (PY 65000 equity shares) amounting to 128.44 lakhs (PY Rs 74.69 lakhs) has been treated as Current Investments. The market value of these shares as on 31.03.2016 amounts to Rs 115.08 lakhs (P.Y Rs. 74.42 lakhs). (Refer Note 8 & Note 11 of Notes to Accounts and Note 1 (f.1) of Significant Accounting Policies).



26.

- a) Statutory dues under other Current liabilities include an amount Rs. 3.97 lakhs being service tax liability on bills raised before July 01, 2011. The amount is outstanding in the books as the amount is payable only on receipt of payment from the service receiver as per prevailing point of taxation under service tax rules of that respective year. (Refer Note 5).
- b) Pending receipt order giving effect to Appellate Decisions in favour of the Company for earlier assessment years, effect of adjustments/reversals if any, in respect of Income Tax provision of those years has not been reflected during the year. (Refer Note 14)

27. Employees Benefit:

a. Defined Contribution Plans:

Amount recognised and included for Contribution to Provident Fund in Note 18 "Contribution to Provident and other funds" of Profit and Loss Account is Rs. 42.50 lakhs (Previous year Rs. 50.48 lakhs)

b. Gratuity and other post-employment benefit plans:

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

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

Profit and Loss account

Net employee benefit expense (recognised in Employee Cost)

| | March 31, 2016 | March 31, 2015 | March 31, 2014 | March 31, 2013 | March 31, 2012 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Rs in lakhs | Rs in lakhs | Rs in lakhs | Rs in lakhs | Rs in lakhs |
| Current service cost | 18.28 | 18.17 | 21.40 | 15.98 | 29.67 |
| Interest cost on benefit obligation | 7.55 | 7.65 | 6.49 | 4.67 | 3.95 |
| Expected return on plan assets | (6.99) | (7.36) | (7.12) | (5.94) | (5.04) |
| Net actuarial (gain) / loss recognised in the year | (0.74) | (0.42) | (12.61) | 7.14 | (23.77) |
| Past service cost | - | - | - | - | - |
| Net benefit expense | 18.10 | 18.04 | 8.16 | 21.85 | 4.81 |
| Actual return on plan assets | 7.24 | 6.65 | 6.29 | 5.12 | 5.54 |

Balance sheet

Details of Provision for gratuity

| | March 31, 2016 | March 31, 2015 | March 31, 2014 | March 31, 2013 | March 31, 2012 |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Rs in lakhs | Rs in lakhs | Rs in lakhs | Rs in lakhs | Rs in lakhs |
| Defined benefit obligation | (105.65) | (94.58) | 82.36 | 81.18 | 58.34 |
| Fair value of plan assets | 97.13 | 87.64 | 84.61 | 81.87 | 69.10 |
| Difference | (8.52) | (6.94) | 2.25 | 0.69 | 10.76 |
| Less: Unrecognised past service cost | - | - | - | - | - |
| Plan asset / (liability) | (8.52) | (6.94) | 2.25 | 0.69 | 10.76 |



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

| | March 31, 2016 | March 31, 2015 | March 31, 2014 | March 31, 2013 | March 31, 2012 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Rs in lakhs | Rs in lakhs | Rs in lakhs | Rs in lakhs | Rs in lakhs |
| Opening defined benefit obligation | 94.58 | 82.36 | 81.18 | 58.34 | 49.43 |
| Interest cost | 7.55 | 7.65 | 6.49 | 4.67 | 3.95 |
| Current service cost | 18.28 | 18.17 | 21.40 | 15.98 | 29.67 |
| Benefits paid | (14.27) | (12.47) | (13.27) | (4.13) | (1.45) |
| Actuarial (gains) / losses on obligation | (0.49) | (1.13) | (13.44) | 6.31 | (23.26) |
| Closing defined benefit obligation | 105.65 | 94.58 | 82.36 | 81.18 | 58.34 |

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

| | March 31, 2016 | March 31, 2015 | March 31, 2014 | March 31, 2013 | March 31, 2012 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Rs in lakhs | Rs in lakhs | Rs in lakhs | Rs in lakhs | Rs in lakhs |
| Opening fair value of plan assets | 87.64 | 84.61 | 81.87 | 69.10 | 63.00 |
| Expected return | 6.99 | 7.36 | 7.12 | 5.94 | 5.04 |
| Contributions by employer | 16.52 | 8.84 | 9.72 | 11.78 | 2.01 |
| Benefits paid | (14.27) | (12.47) | (13.27) | (4.13) | (1.45) |
| Actuarial gains / (losses) | 0.25 | (0.70) | (0.83) | (0.82) | 0.50 |
| Closing fair value of plan assets | 97.13 | 87.64 | 84.61 | 81.87 | 69.10 |

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

| | March 31, 2016 | March 31, 2015 | March 31, 2014 | March 31, 2013 | March 31, 2012 |
|--------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | % | % | % | % | % |
| 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, 2016 | March 31, 2015 | March 31, 2014 | March 31, 2013 | March 31, 2012 |
|--|----------------|----------------|----------------|----------------|----------------|
| | % | % | % | % | % |
| Discount rate | 7.80 | 7.98 | 9.29 | 8.00 | 8.00 |
| Expected rate of return on Plan assets | 7.80 | 7.98 | 8.70 | 8.70 | 8.00 |
| Salary Escalation Rate | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |

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

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



- c. The Company has provided shortfall in plan assets in gratuity and leave encashment funds with projected benefit obligations as per actuarial valuation results as on 31.03.2016 in the books by debiting the statement of profit and loss amounting to Rs. 1.58 lakhs (P.Y. Rs. 6.94 lakhs and Rs. 7.68 lakhs (P.Y. Rs. 14.99 lakhs) respectively.

28. Operating Leases

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

(Rs. in Lakhs)

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|---|-------------------------|-------------------------|
| Lease payments for the year | 569.90 | 568.19 |
| Contingent rent recognized in Profit & Loss Account | - | - |

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

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

| | Year ended March 31, 2016 | Year ended March 31, 2015 |
|---|------------------------------|------------------------------|
| Profit attributable to the Equity Shareholders (Rs. in Lakhs) (A) | 928 | 1,150 |
| 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) | 0.72 | 0.89 |
| Diluted Earnings per Share (Rs.) | 0.72 | 0.89 |

Other Notes

30. Related Party Transactions:

(Disclosure required under AS 18)

I. List of related parties:

A. Related Party where control exists

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

B. Other Related Parties

Enterprises under common control of the Holding Company
IDBI Federal Life Insurance Co Ltd

C. Key Management Personnel -

D. C. Jain, Managing Director & CEO till August 31, 2015
Nagaraj Garla, Managing Director & CEO from October 23, 2015
V. Gopinath, Chief Financial Officer
Christina D'souza, Company Secretary



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

Rs. In lacs

| Name of Related Party | Nature of Transaction | During the year | | Outstanding as at | |
|-------------------------------------|--|-----------------|---------|-------------------|----------|
| | | 2015-16 | 2014-15 | 2015-16 | 2014-15 |
| IDBI Bank Ltd | Interest received | 516.97 | 625.01 | 157.16 | 186.40 |
| | Brokerage earned | 41.25 | 120.93 | - | - |
| | Rent Received | 26.40 | 26.40 | - | - |
| | Mobilisation fees | - | - | 143.04 | 143.04 |
| | Advisory Fees received | 108.50 | 27.00 | 139.84 | 66.05 |
| | Rent paid | 546.31 | 546.31 | 0.32 | 2.87 |
| | Electricity Charges paid | 1.07 | 1.07 | - | 0.29 |
| | Professional Charges paid | 22.00 | - | - | - |
| | Brokerage Paid | 111.71 | 118.81 | 219.11 | 118.84 |
| | Medical Expns Reimb. | 1.86 | 3.49 | - | - |
| | Sitting Fees | 2.55 | 0.80 | - | - |
| | Staff on deputation (in ICMS Rolls) | 17.48 | 28.80 | - | 2.39 |
| | Staff on deputation (in IDBI Rolls) | 211.08 | 276.86 | 80.05 | 80.05 |
| | Bank Balances | - | - | 32783.04 | 2311.17 |
| | Fixed Deposit | - | - | 4955.00 | 6380.00 |
| | Share Capital held by IDBI Bank | - | - | 12810.00 | 12810.00 |
| IDBI Intech Ltd | Professional Charges | 238.60 | 239.14 | - | - |
| | Manpower Hire Charges | 0.00 | 0.06 | - | - |
| IDBI Trusteeship Services Ltd | Brokerage earned | 10.51 | 3.13 | - | - |
| | Brokerage Paid | 0.08 | 1.42 | - | - |
| IDBI Federal Life Insurance Co. Ltd | Brokerage earned | 40.01 | 42.11 | - | - |
| IDBI Asset Management Ltd | Commission earned | 1.86 | 1.48 | - | - |
| | Miscellaneous Income | 0.71 | - | - | - |
| | Transfer of Fixed Asset | - | - | 1.26 | 1.26 |
| | Investment in Equity Share Capital * | - | 2666.00 | 6666.00 | 6666.00 |
| Managerial Remuneration | Remuneration to MD&CEO (includes pay, allowances and reimbursements) | 25.81 | 28.38 | - | - |
| | Pension scheme contribution | 0.62 | 0.70 | - | - |
| | Perquisites & benefits | 0.00 | 0.17 | - | - |

* During the year, the company invested nil (P.Y. 2,66,60,000) equity shares of Rs. 10 each at par amounting to Rs. nil (P.Y. Rs. 26.66 crores) in IDBI Asset Management Ltd a subsidiary of IDBI Bank Ltd. The total holding of the company as on 31.03.2016 is 33.33 % (P.Y. 33.33 %). (Refer Note 8)

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

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

1. Claims against the company not acknowledged as debt – Rs. 79.04 lakhs (PY Rs. 49.62 lakhs) including interest @ 18% amounting to Rs. 28.12 lakhs (P Y Rs. 21.30 lakhs).
2. A demand notice dated 27.01.2015 was received raising a demand for payment of income tax of Rs. 611.79 lakhs for the Asst. Year 2012-13. The notice has been contested by the company before the appropriate authorities. The Company has also



been advised by its legal counsel that the tax demand against the company is untenable and likelihood of demand being upheld is low. Accordingly no provision in respect thereof has been made.

3. A demand notice dated 21.03.2016 was received raising a demand for payment of income tax of Rs. 20.16 lakhs for the Asst. Year 2013-14. The notice has been contested by the company before the appropriate authorities. The Company has also been advised by its legal counsel that the tax demand against the company is untenable and likelihood of demand being upheld is low. Accordingly no provision in respect thereof has been made.
 4. SEBI vide order dated November 28, 2014 has imposed a penalty of Rs. 100 lakhs jointly and severally to be paid by all the 6 Merchant Bankers including IDBI Capital Market Services Ltd who acted as Book Running Lead Managers (BRLMs) in one of the IPOs which came out in December 2012. All 6 Merchant Bankers have jointly appealed before Securities and Appellate Tribunal (SAT) against the above order. Pending disposal of the appeal, amount of Rs 16.67 lakhs (the proportionate amount) has not been recognized.
 5. A show cause notice has been issued by the Service Tax Dept on 07.05.2015 citing non compliance of provisions of Rule 6(3) and Rule 6(3B) of Cenvat Credit Rules 2004 and asked the company to remit Rs. 159.56 lakhs along with interest though IDBI Capital do not fall within the meaning of a banking company and financial institution including a non-banking company as mentioned in Rule 6(3B) of Cenvat Credit Rules 2004. The matter is pending before Principal Commissioner of Service Tax. The Company has also been advised by its counsel that the service tax demand against the company is untenable and likelihood of demand being upheld is low. Accordingly no provision in respect thereof has been made.
- ii) Estimated amount of contract remaining to be executed on capital account and not provided for: Rs. Nil lakhs (PY Rs 55.33 lakhs lakhs).
 - iii) An amount of Rs.17.10 lakhs has not been recognized in respect of a project committed under Corporate Social Responsibility (CSR) activity by the company during the financial year 2015-16 as the execution of the project will be completed only during the financial year 2016-17.
32. Earnings in Foreign Currency on account of Advisory services Rs 4.31 lakhs (P.Y. - Rs. 3.73 lakhs) and Expenditure in Foreign currency on account of Travelling Rs. 3.85 lakhs (P.Y. - Rs. 5.12 lakhs).
 33. Dividend income includes dividend on non-current investment amounting to Rs 18.64 lakhs (PY Rs. 11.71 lakhs) and current investments Rs 6.44 lakhs (PY Rs 7.10 lakhs). Interest income includes interest on non-current investments amounting to Rs. 36.05 lakhs (PY Rs. 76.30 lakhs).
 34. Segment Reporting (Disclosure required under AS 17)

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



NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

Segment Reporting

Primary Segment

| | (Rs in lakhs) | | | | | | TOTAL | |
|--|-----------------------------|--------------|-----------------------|------------|----------------|--------------|---------------|---------------|
| | Investment Banking Services | | Institutional Broking | | Retail Broking | | Others * | |
| | 2015-16 | 2014-15 | 2015-16 | 2014-15 | 2015-16 | 2014-15 | 2015-16 | 2014-15 |
| Revenue | | | | | | | | |
| Segment Revenue | 3,318 | 4,419 | 307 | 405 | 2,186 | 2,198 | 982 | 1,807 |
| Less: Inter Segment | - | - | - | - | - | - | - | - |
| Total Revenue | 3,318 | 4,419 | 307 | 405 | 2,186 | 2,198 | 982 | 1,807 |
| Result | | | | | | | | |
| Segment Result | 1,828 | 1,808 | 3 | 31 | 11 | 144 | (417) | 258 |
| Less: Tax Expenses | | | | | | | | |
| Total Result | | | | | | | 928 | 1,150 |
| Assets | | | | | | | | |
| Segment Assets | - | - | - | - | - | - | 17,565 | 20,101 |
| Unallocated Assets | | | | | | | 15,664 | 13,685 |
| Total Assets | | | | | | | 33,229 | 33,786 |
| Unallocated Segment Liabilities | | | | | | | | |
| Other Information | | | | | | | | |
| Depreciation | - | - | - | - | - | - | 189 | 168 |

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



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

Signatures to Notes 1 to 36

As per our attached report of even date

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


Manish Agarwal
Partner
M. No. 078628

Place: Mumbai
Date: 25 April 2016



For and on behalf of the Board


Kishor Kharat
Chairman
DIN: 07266945


Christina D'souza
Company Secretary


Nagaraj Garla
Managing Director & CEO
DIN: 06983880


V. Gopinath
Chief Financial Officer

INDEPENDENT AUDITORS' REPORT

TO
THE MEMBERS OF
IDBI CAPITAL MARKET SERVICES LIMITED
MUMBAI

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **IDBI Capital Market Services Limited** (the Company), and its one associate which comprises of the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss and Consolidated 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 preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the Consolidated financial position, consolidated financial performance and consolidated cash flows of the Company including its Associate 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. The respective Board of Directors of the company and of its Associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safe guarding the assets of the Company and for preventing and detecting frauds and other irregularities ; the selection and application of appropriate accounting policies ; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls , that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Company, as aforesaid.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has an adequate internal financial control system over financial reporting in place and the operating effectiveness of such controls.

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 consolidated financial statements.

We believe that the audit evidence we have obtained and audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Company and its Associate as at 31st March 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

The consolidated financial statements include the Company's share of net profit of Rs 116 Lacs for the year ended 31st March 2016 as considered in the financial statements, in respect of one associate, whose financial statements / financial information have not been audited by us. These financial statements/ financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this associate, and our report in terms of sub-section (3) and (11) of Section 143 of the Act, in so far as it relates to the afore said associate, is based solely on the reports of the other auditors.



Our opinion on the consolidated financial statements, and our report on other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

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, based on the comments in the auditor's report of the Company and its associate company, 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 of the aforesaid consolidated financial statements
 - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors.
 - c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of the consolidated financial statements.
 - d. In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under 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 of the company as on March 31, 2016, taken on record by the Board of Directors, and reports of the statutory auditors of its associate company, none of the directors of the company and its associate company is disqualified as on March 31, 2016, from being appointed as a director in terms of sub section (2) of section 164 of the Act.
 - f. With respect to the other matters to be included in the auditor's report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rule 2014, in our opinion and to the best of our information and according to the explanation given to us:



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

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



Manish Agarwal
(Manish Agarwal)
Partner
Membership No - 078628

Mumbai
April 25, 2016

**ANNEXURE 'A' REFERRED TO IN THE INDEPENDENT AUDITORS' REPORT ON
THE CONSOLIDATED FINANCIAL STATEMENTS OF
IDBI CAPITAL MARKET SERVICES LTD.**

Our reporting on the Order includes an associate company incorporated in India, to which the Order is applicable, which has been audited by other auditors and our report in respect of this associate is based solely on the report of the other auditor, to the extent considered applicable for reporting under the Order in the case of the consolidated financial statements.

- (i) (a) The Company and its associate have maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) The Company and its associate does physical verification at reasonable intervals 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 and its associate are service companies, they do not have any inventory. Accordingly, the clauses (ii) (a) to (ii) (c) of the paragraph 3 of the order are not applicable to the Company.
- (iii) The company and its associates have 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 and its associate have 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 and its associate have 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 and its associate.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income tax, sales-tax, wealth tax, service tax, custom duty, excise duty, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities by the company and its associate and there are no undisputed dues outstanding as on 31st March 2016 for a period of more than six months from the date they became payable.



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

| 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 | 458.79 Lacs | F.Y. 2011-12 | CIT(Appeals-9), Mumbai |
| Income Tax Act 1961 | Income tax and Interest | 20.16 Lacs | F.Y. 2012-13 | CIT(Appeals-9), Mumbai |
| MVAT Act | VAT set off on purchases denied | 28.34 Lacs | F.Y. 2011-12 | Joint Comm. Of Sales tax(Appeals) |

- (viii) According to the books of account and records of the company and its associate, no amount is due to financial institutions or bank or debenture holders.
- (ix) The Company or its associate 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 and its associate 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 to the company or its associate being government companies.
- (xii) In our opinion and according to the information and explanations given to us, the Company or its associate are 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 and its associate, transactions with the related parties are in compliance with sections 177 and 188 of the Act where ever 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, the Company or its associate 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, the Company or its associate 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 and its associate are 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



Manish Agarwal
(Manish Agarwal)
Partner

Membership No. - 078628

Mumbai
April 25, 2016

Addendum to the Auditors' Report on Consolidated Financial Statements of IDBI Capital Market Services Limited dated April 25, 2016

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 Market Services Ltd. and its one associate as of 31st March 2016 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective Board of the Company and its associate company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting 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 and the audit evidence obtained by the other auditors are 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 and its one associate company have, 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 2016, 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.



Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one associate company is based on the corresponding report of the auditors of such company. Our opinion is not qualified in respect of this matter.

For A. Sachdev & Co.

Chartered Accountants

FRN - 001307C

Manish Agarwal

(Manish Agarwal)

Partner

Membership No.- 078628

Mumbai

July 13, 2016



IDBI CAPITAL MARKET SERVICES LIMITED
(CIN: U65990MH1993GOI075578)
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2016

(Rs in lakhs)

| | Note No. | As At 31.03.2016 | As At 31.03.2015 |
|--|----------|----------------------|----------------------|
| I. EQUITY & LIABILITIES | | | |
| (1) Shareholders' Funds | | | |
| (a) Share Capital | 2 | 12,810 | 12,810 |
| (b) Reserves and Surplus | 3 | 15,067 | 15,256 |
| | | <u>27,877</u> | <u>28,066</u> |
| (2) Current Liabilities | | | |
| (a) Trade payables | 4 | 1,459 | 532 |
| (b) Other current liabilities | 5 | 316 | 581 |
| (c) Short-term provisions | 6 | 149 | 1,063 |
| | | <u>1,924</u> | <u>2,176</u> |
| TOTAL | | <u>29,801</u> | <u>30,242</u> |
| II. ASSETS | | | |
| Non-Current Assets | | | |
| (1) (a) Fixed Assets | | | |
| (i) Tangible assets | 7 | 719 | 589 |
| (ii) Intangible assets | | 224 | 46 |
| (iii) Capital work-in-progress | | 18 | 240 |
| (iv) Intangible assets under development | | - | 207 |
| (b) Non-current investments | 8 | 5,226 | 5,015 |
| (c) Deferred tax assets (net) | 9 | 166 | 423 |
| (d) Long-term loans and advances | 10 | 198 | 198 |
| | | <u>6,551</u> | <u>6,718</u> |
| (2) Current Assets | | | |
| (a) Current investments | 11 | 456 | 462 |
| (b) Trade receivables | 12 | 8,511 | 8,416 |
| (c) Cash and Bank balances | 13 | 11,829 | 13,537 |
| (d) Short-term loans and advances | 14 | 2,284 | 909 |
| (e) Other current assets | 15 | 170 | 200 |
| | | <u>23,250</u> | <u>23,524</u> |
| TOTAL | | <u>29,801</u> | <u>30,242</u> |

Notes forming part of the Consolidated Financial Statements

1 to 37

Notes referred to above form an integral part of the Consolidated 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

Manish Agarwal
Partner
M. No. 078628

Place: Mumbai
Date : 25 April 2016



Kishor Kharat
Chairman
DIN: 07266945

Christine D'souza
Company Secretary

Nagaraj Garla
Managing Director & CEO
DIN: 06983880

V. Gopinath
Chief Financial Officer

IDBI CAPITAL MARKET SERVICES LIMITED

(CIN: U65990MH1993GOI075578)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2016

(Rs in lakhs)

| | Note No. | For The Year Ended 31.03.2016 | For The Year Ended 31.03.2015 |
|--|----------|----------------------------------|----------------------------------|
| I. Revenue from Operations | 16 | 5,792 | 7,022 |
| II. Other Income | 17 | 1,002 | 1,564 |
| III. Total Revenue (I + II) | | 6,794 | 8,586 |
| IV. Expenses | | | |
| Employee Benefits Expense | 18 | 1,938 | 2,086 |
| Operating Expenses | 19 | 1,258 | 1,278 |
| Administrative Expenses | 20 | 1,064 | 1,124 |
| Loss on Sale of Assets | | (0) | 0 |
| Depreciation & Amortisation Expenses (Refer Note 7) | | 189 | 168 |
| Provision for Gratuity and Leave Encashment (Refer Note 27 (c)) | | 9 | 22 |
| Provision for Doubtful Debts (Refer Note 12) | | (617) | 449 |
| Provision for Long Term Investments (Refer Note 23 (a)) | | - | 1,043 |
| Bad Debts Written Off | | 1,528 | 419 |
| Total Expenses | | 5,369 | 6,589 |
| V. Profit Before Exceptional Items and Tax (III-IV) | | 1,425 | 1,997 |
| VI. Exceptional Items (Refer Note 7 & Note 22) | | - | (244) |
| VII. Profit Before Tax (V -VI) | | 1,425 | 2,241 |
| VIII. Tax Expense | | | |
| (1) Current Tax | | 240 | 1,209 |
| (2) Deferred Tax (Refer Note 9 & Note 22) | | 257 | (118) |
| IX. Profit After Tax | | 928 | 1,150 |
| X. Share of Profit/(Loss) of Associates | | 116 | (691) |
| XI. Profit/(Loss) After Tax and Share of Profit/(Loss) of Associates | | 1,044 | 459 |
| XII. Earnings per equity share [Nominal value per share Rs. 10 each] | | | |
| (1) Basic | 29 | 0.81 | 0.35 |
| (2) Diluted | | 0.81 | 0.35 |
| Notes forming part of the Consolidated Financial Statements | 1 to 37 | | |

Notes referred to above form an integral part of the Consolidated 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

Manish Aggarwal
Manish Aggarwal
Partner
M. No. 078628

Place: Mumbai
Date : 25 April 2016



Kishor Kharat
Kishor Kharat
Chairman
DIN: 07266945

Christina D'souza
Christina D'souza
Company Secretary

Nagaraj Garla
Nagaraj Garla
Managing Director & CEO
DIN: 06983880

V. Gopinath
V. Gopinath
Chief Financial Officer

IDBI CAPITAL MARKET SERVICES LIMITED
(CIN: U65990MH1993001075578)
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

[Rs in lakhs]

| | For The Year Ended 31.03.2016 | For The Year Ended 31.03.2015 |
|---|----------------------------------|----------------------------------|
| Cash Flows from Operating Activities | | |
| Profit (Loss) for the period from continuing operations (before tax) | 1,425 | 1,997 |
| Adjustments for: | | |
| Depreciation | 189 | 168 |
| Provision for Gratuity & Leave encashment | 9 | 22 |
| Provision for Doubtful Debts | (617) | 449 |
| Provision for Non-current Investments | - | 1,043 |
| Bad Debts written off | 1,528 | 419 |
| (Profit)/Loss on sale of Non-Current Investments | (12) | (59) |
| (Profit)/Loss on valuation of Current Investments | 11 | - |
| (Profit)/Loss on sale of Fixed Assets | (0) | 0 |
| Dividend Income | (25) | (19) |
| Interest Income | (517) | (775) |
| Operating Profit before working capital changes | 1,991 | 3,245 |
| Adjustments for working capital | | |
| (Increase)/Decrease in Trade receivables | (1,006) | (1,136) |
| (Increase)/Decrease in Other Current Assets | 30 | 151 |
| (Increase)/Decrease in Long Term Loans & Advances | - | - |
| (Increase)/Decrease in Short Term Loans & Advances | (974) | 652 |
| Increase/(Decrease) in Short Term Provisions | 12 | (10) |
| Increase/(Decrease) in Trade payables and other current liabilities | 652 | (175) |
| Net Change in working capital | (1,286) | (519) |
| Direct taxes paid (Net) | (1,006) | (1,285) |
| Net cash flow from Operating Activities (A) | (301) | 1,442 |
| Cash flow from Investing Activities | | |
| Purchase of Fixed Assets | (497) | (29) |
| Capital Advance for Software & Assets | 429 | (447) |
| Proceeds from sale of fixed assets | 0 | 0 |
| Proceeds from sale of Investments | 85 | 3,768 |
| Purchase of Investments | (173) | (535) |
| Investments in Associate Company | - | (2,666) |
| Proceeds from Maturity of Fixed Deposits | 6,897 | 5,960 |
| Deployment in Fixed Deposits | (4,955) | (7,480) |
| Dividend received | 25 | 19 |
| Net cash flow from Investing Activities (B) | 1,811 | (1,410) |
| Cash flow from Financing Activities | | |
| Dividend Paid | (1,793) | (1,281) |
| Net cash flow from Financing Activities (C) | (1,793) | (1,281) |
| Net increase/(decrease) in cash & cash equivalents (A+B+C) | (283) | (1,249) |
| Cash and Cash equivalents as at April 1, 2015 | 7,157 | 8,406 |
| Cash and Cash equivalents as at March 31, 2016 | 6,874 | 7,157 |

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

As per our attached report of even date

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

Manish Agarwal
Partner
M. No. 078628

Place: Mumbai
Date: 25 April 2016



For and on behalf of the Board

Kishor Kharat
Chairman
DIN: 07266945

Christina D'Amore
Company Secretary

Nagaraj Garla
Managing Director & CEO
DIN: 06983880

V. Gopinath
Chief Financial Officer

IDBI CAPITAL MARKET SERVICES LTD

(CIN: U65990MH1993GOI075578)

Notes forming part of the Consolidated Financial Statements**Note 1****1. Principles of Consolidation:**

The Consolidated Financial Statements consist of IDBI Capital Market Services Ltd ("the Company") and its associate companies (collectively referred to as "the Group"). The Consolidated Financial Statements have been prepared on the following basis:

- Investment in associates where the Company holds more than 20% of equity, are accounted for using equity method as per Accounting Standard 23 – Accounting for Investments in Associates in Consolidated Financial Statements notified by Companies (Accounting Standards) Rules, 2006
- The Group accounts for its share of post acquisition changes in net assets of associates, through its Consolidated Statement of Profit and Loss, to the extent such change is attributable to the associates' Statement of Profit and Loss and through its reserves for the balance based on available information.
- The financial statements of the associates used in the consolidation are drawn up to the same reporting date as that of the Company i.e. 31st March, 2016.
- Details of associates which are included in the consolidation and the Group's holdings therein are as under:

| Name of the company | Ownership in % directly | | Country of Incorporation |
|---------------------------|-------------------------|---------|--------------------------|
| | 2015-16 | 2014-15 | |
| IDBI Asset Management Ltd | 33.33 | 33.33 | India |

2. 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) Fixed assets and Depreciation

c.1 TANGIBLE ASSETS

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

c.2 Fixed Assets are amortised over their estimated useful life as specified in Schedule II to the Companies Act, 2013 on a straight-line method. Assets retired from active use are fully depreciated. Assets having individual value of less than Rs.5,000, in the year of acquisition and assets retired from active use are fully depreciated.

c.3 INTANGIBLE ASSETS

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

Computer Software – 3 years.

Web Trading Portal – 3 years.

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

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

d) Impairment of Assets:

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

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

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

e) Operating Leases

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



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

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

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

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

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

g) Revenue Recognition

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

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

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

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

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



h) Transactions in Futures and Options

- h.1 Initial Margin payable at the time of entering into futures contract / sale of options is adjusted against the deposits with the exchanges in the form of fixed deposits, cash deposits and securities.
- h.2 Transactions in Future contracts are accounted as Purchase and Sales at the notional trade value of the contract. The open interest in futures as at the Balance Sheet date is netted by its notional value.
- h.3 The difference in the settlement price or exchange closing price of the previous day and exchange closing price of the subsequent day, paid to or received from the exchange is treated as Mark to Market Margin. The balance in the Mark to Market Margin Account represents the net amount paid or received on the basis of movement in the prices of open interest in futures contracts till the balance sheet date. Net debit balance in the Mark to Market Margin Account is charged off to revenue whereas net credit balance is shown under current liabilities.
- h.4 Premium paid or received on purchase and sale of options and the difference paid or received on exercise of options is accounted as Purchases or Sales. In case of open interest in options sold as on the balance sheet date, provision is made for the amount by which premium prevailing on the Balance Sheet date exceeds the premium received for those options. The excess of premium received over the premium prevailing on the Balance Sheet date is not recognised. Similarly, in case of options bought, provision is made for the amount by which the premium paid for the option exceeds the premium prevailing on the Balance Sheet date and the excess of premium prevailing on the Balance Sheet date over the premium paid is ignored. In case of multiple open positions, provision is made or excess premiums are ignored after netting off the balances in buy as well as sell positions.

i) Interest Rate Swaps

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

j) Foreign Currency Transactions

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

k) Turnover

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



l) Employee benefits

- l.1 The Company's contribution on account of retirement benefits in the form of Provident Fund and Superannuation Fund is charged to revenue. The gratuity and leave encashment liability of the company are covered under the scheme with Life Insurance Corporation of India and the yearly contribution is paid to LIC.
- l.2 Provident Fund is a defined contribution scheme and the contributions are charged to the Profit & Loss Account of the year when the contributions to the respective funds are due.
- l.3 The Company contributes to an approved Group Gratuity Policy with the LIC of India. Gratuity liability are defined benefit obligations and are provided for on the basis of an actuarial valuation as per AS 15 (Revised) made at the end of each financial year based on the projected unit credit method.
- l.4 The Company contributes to the Group Leave Encashment Policy with the LIC of India. Short term compensated absences are provided for based on estimates.
- l.5 Actuarial gains/losses are immediately taken to the profit and loss account and are not deferred.

m) Earnings Per Share

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

n) Cash Flow Statement

The Cash Flow Statement is prepared by the indirect method set out in Accounting Standard 3 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities of the Company.

Cash and Cash equivalents presented in the Cash Flow Statement consist of cash on hand and demand deposits with banks.

o) Taxation

- o.1 Current tax is measured at the amount expected to be paid/ recovered from the tax authorities, in accordance with the Income Tax Act.
- o.2 The tax effect of the timing differences that result between taxable income and accounting income and are capable of reversal in one or more subsequent periods are recorded as a deferred tax asset or deferred tax liability. Deferred tax assets and liabilities are recognized for future tax consequences attributable to timing differences. They are measured using the enacted or substantively enacted tax rates and tax regulations as at the balance sheet date.
- o.3 Deferred tax assets are recognised and carried forward only to the extent there is reasonable certainty that sufficient taxable income will be available in future, against which the deferred tax assets can be realized; however where there is unabsorbed depreciation and carried forward losses, deferred tax assets is created only if there is virtual certainty of realization of assets.



- o.4 The carrying amount of deferred tax assets at each balance sheet date is reduced to the extent that it is no longer reasonably certain that sufficient future taxable income will be available against which the deferred tax asset can be realized.
- o.5 Tax credit is recognized in respect of Minimum Alternate Tax (MAT) as per the provisions of Section 115JAA of the Income tax Act, 1961 based on convincing evidence that the Company will pay normal income tax within the statutory time frame and is reviewed at each balance sheet date.

p) Provisions

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



IDBI Capital Market Services Ltd.

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NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

Note 2
SHARE CAPITAL

(Rs in lakhs)

| Share Capital | As at 31.03.2016 | | As at 31.03.2015 | |
|--|--------------------|---------------|--------------------|---------------|
| | 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 | 31.03.2016 | | 31.03.2015 | |
|---|-------------|--------|-------------|--------|
| | 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 | 31.03.2016 | | 31.03.2015 | |
|---|-------------|--------|-------------|--------|
| | 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 | 31.03.2016 | | 31.03.2015 | |
|---|-------------|--------------|-------------|--------------|
| | Number | % of holding | Number | % of holding |
| IDBI Bank Ltd (Holding Company) along with its nominees | 128,100,000 | 100% | 128,100,000 | 100% |

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

| | 31.03.2016 | 31.03.2015 | 31.03.2014 | 31.03.2013 | 31.03.2012 |
|--|------------|------------|------------|------------|------------|
| Equity Shares bought back by the company | - | - | - | - | - |



IDBI CAPITAL MARKET SERVICES LIMITED

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NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

(Rs in lakhs)

| | As At 31.03.2016 | As At 31.03.2015 |
|--|---------------------|---------------------|
| 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 | 7,190 | 7,190 |
| b) General Reserve | | |
| Opening Balance | 11,250 | 11,086 |
| Less: Provision for Depreciation of earlier years (net of deferred tax)* | - | 36 |
| Add: Current Year Transfer | - | 200 |
| Less: Written Back in Current Year | - | - |
| Closing Balance | 11,250 | 11,250 |
| *Refer Note 7 & Note 22 | | |
| c) Surplus in Statement of Profit and Loss | | |
| Balance at the beginning of the year | (3,184) | (2,517) |
| Net Profit For the current year | 1,044 | 459 |
| (+) Transfer from Reserves | - | - |
| Less: Appropriations | - | - |
| Interim Dividend | (1,025) | - |
| Tax on Interim Dividend | (208) | - |
| Proposed Dividend | - | (769) |
| Tax on Proposed Dividend | - | (157) |
| Transfer to Reserves | - | (200) |
| Balance at the end of the year | (3,373) | (3,184) |
| TOTAL | 15,067 | 15,256 |
| Note 4 | | |
| Trade Payables* | | |
| a) Trade Payables | 316 | 137 |
| b) Others - Client's settlement dues | 1,143 | 395 |
| TOTAL | 1,459 | 532 |
| *Refer Note 21 (information required under MSMED Act 2006) | | |
| Note 5 | | |
| Other Current Liabilities | | |
| a) Sundry Deposits | 85 | 151 |
| b) Margin Money Deposits | 37 | 270 |
| c) Statutory Dues * | 54 | 26 |
| d) Others | 140 | 134 |
| TOTAL | 316 | 581 |
| *Refer Note 26 (a) | | |
| Note 6 | | |
| Short Term Provisions | | |
| a) Provision for employees benefit | 144 | 132 |
| b) Other Provisions | 5 | 5 |
| c) Proposed Dividend | - | 769 |
| d) Tax on Proposed Dividend | - | 157 |
| TOTAL | 149 | 1,063 |



IDBI CAPITAL MARKET SERVICES LIMITED

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NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

Note 7

Fixed Assets

| Particulars | Gross Block (At Cost) | | | | Depreciation | | | | Net Block | |
|--------------------------------------|-----------------------|------------|------------|---------------------|---------------------|--------------|-----------|---|---------------------|---------------------|
| | As at 01.04.2015 | Additions | Deductions | As at 31.03.2016 | As at 01.04.2015 | For the Year | | Deductions | As at 31.03.2016 | As at 31.03.2015 |
| | | | | | | P&L | Reserve | Write back due to change in depreciation method from WDV to SLM | | |
| Tangible Assets | | | | | | | | | | |
| a) Buildings | 626 | - | - | 626 | 137 | 11 | - | - | 148 | 489 |
| b) Computers | 717 | 199 | 0 | 916 | 678 | 47 | - | - | 725 | 39 |
| c) Furniture & Fixtures | 79 | - | - | 79 | 47 | 6 | - | - | 53 | 32 |
| d) Office Equipments | 210 | 9 | 1 | 218 | 181 | 14 | - | - | 194 | 29 |
| Total | 1,632 | 208 | 1 | 1,839 | 1,043 | 78 | - | - | 1,120 | 589 |
| Previous Year | 1,616 | 19 | 3 | 1,632 | 1,105 | 132 | 52 | (244) | 1,043 | 589 |
| Intangible Assets | | | | | | | | | | |
| a) Web Trading Portal | 877 | - | - | 877 | 877 | - | - | - | 877 | 0 |
| b) Software | 417 | 289 | - | 706 | 394 | 106 | - | - | 500 | 23 |
| c) Stock Exchange Membership Card | 111 | - | - | 111 | 88 | 5 | - | - | 93 | 23 |
| Total | 1,405 | 289 | - | 1,694 | 1,359 | 111 | - | - | 1,470 | 46 |
| Previous Year | 1,395 | 10 | - | 1,405 | 1,323 | 36 | - | - | 1,359 | 46 |
| Grand Total | 3,037 | 497 | 1 | 3,533 | 2,402 | 189 | - | - | 2,590 | 635 |
| Previous Year | 3,011 | 29 | 3 | 3,037 | 2,428 | 168 | 52 | (244) | 2,402 | 635 |



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NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

(Rs in lakhs)

| | As At | | As At | |
|--|-----------------------------|----------------------------|--|---|
| | Face Value Rs. | Quantity | 31.03.2016 | Quantity |
| | | | | 31.03.2015 |
| Note 8 | | | | |
| Non-Current Investments¹ | | | | |
| Trade Investments - Long Term | | | | |
| Investment in Equity Instruments | | | | |
| Equity Shares - Unquoted, Fully paid up | | | | |
| The Bombay Stock Exchange Ltd ³ | 1 | 70,694 | 0 | 70,694 |
| Equity Shares - Quoted, Fully paid up | | | | |
| Aban Offshore Ltd. | 2 | 800 | 18 | 800 |
| (At cost less provision other than temporary diminution in value Rs. Nil (2015: Rs. 11 lacs) | | | | |
| Bajaj Hindustan Sugar Ltd | 1 | 28,758 | 10 | 28,758 |
| (At cost less provision other than temporary diminution in value Rs. Nil (2015: Rs. 0.50 lacs) | | | | |
| DLF Ltd | 2 | 17,140 | 96 | 17,140 |
| (At cost less provision other than temporary diminution in value Rs. Nil (2015: Rs. 54 lacs) | | | | |
| Goldman Sachs Mutual Fund Nifty Bees ² | 10 | 0.09 | 0 | 0.09 |
| India Cement Ltd | 10 | 38,825 | 76 | 38,825 |
| (At cost less provision other than temporary diminution in value Rs. Nil (2015: Rs. 25 lacs) | | | | |
| Mitcon Consultancy & Engineering Services Ltd | 10 | 0 | - | 40,000 |
| NHPC Ltd | 10 | 500,000 | 166 | 500,000 |
| NTPC Ltd | 10 | 15,000 | 30 | 15,000 |
| Opal Luxury Time Products Ltd | 10 | 301,000 | 391 | 301,000 |
| Punj Lloyd Ltd | 2 | 4,500 | 2 | 4,500 |
| (At cost less provision other than temporary diminution in value Rs. Nil (2015: Rs. 16 lacs) | | | | |
| Reliance Communication Ltd | 5 | 2,000 | 7 | 2,000 |
| (At cost less provision other than temporary diminution in value Rs. Nil (2015: Rs. 4 lacs) | | | | |
| Reliance Infrastructure Ltd | 10 | 6,000 | 80 | 6,000 |
| (At cost less provision other than temporary diminution in value Rs. Nil (2015: Rs. 31 lacs) | | | | |
| Reliance Industries Ltd | 10 | 16,920 | 201 | 16,920 |
| Thejo Engineering Ltd | 10 | 24,600 | 50 | 24,600 |
| VTX Industries Ltd | 10 | 2,992,850 | 239 | 2,992,850 |
| (At cost less provision other than temporary diminution in value Rs. Nil (2015: Rs. 2754 lacs) | | | | |
| Equity Index Funds - Quoted², Fully paid up | | | | |
| IDBI Nifty Index Fund - Direct Plan - Growth | 10 | 828,350 | 120 | - |
| Investments in debentures or bonds | | | | |
| Quoted, Fully paid up | | | | |
| GOI - 7.16% GOI 2023 | 1,000,000 | 50 | 500 | 50 |
| NTPC Limited Sr-54 8.49 NCD 25MR25 FVRS12.5 | 12.50 | 15,000 | 2 | 15,000 |
| (Refer Note 24 (c)) | | | | |
| Investment in Associate Company | | | | |
| Unquoted, Fully paid up | | | | |
| IDBI Asset Management Ltd | 10 | 66,660,000 | 3,238 | 66,660,000 |
| (Extent of Holding: C.Y. 33.33% (P.Y. 33.33%) of total paid up equity share capital) | | | | |
| (Refer Note 30) | | | | |
| Total | | | 5,226 | 5,015 |
| a Aggregate value of quoted investments | | | | |
| Cost | | | 4,882 | 4,788 |
| Market Value | | | 1,396 | 1,348 |
| b Aggregate value of unquoted investments | | | | |
| Cost | | | 3,238 | 3,122 |
| c Aggregate provision for diminution in value of investments | | | | |
| | | | 2,895 | 2,895 |
| d Equity Accounted Associates | | | | |
| (i) Cost of investment | | | 6,666 | 6,666 |
| (ii) Share of post acquisition profit / (loss) | | | (3,428) | (3,544) |
| | | | 3,238 | 3,122 |
| e Details of Equity accounted associates as follows | | | | |
| | Rs. in lacs | | | |
| | Original Cost of Investment | Goodwill / Capital Reserve | Accumulated Profit / (loss) as at 31.03.2016 | Carrying amount of investments as on 31.03.2016 |
| IDBI Asset Management Ltd | 6,666 | - | (3,428) | 3,238 |

- All investments are stated at cost / cost less diminution in value other than temporary
 - For Mutual Funds, Net Asset Value is taken as Market Value
 - Amount is below the rounding off norms adopted by the company
- (Refer Note 23, Note 25 & Note 31 for other details)



IDBI CAPITAL MARKET SERVICES LIMITED

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NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

(Rs in lakhs)

| | As At 31.03.2016 | As At 31.03.2015 |
|---|---------------------|---------------------|
| Note 9 | | |
| Deferred tax | | |
| Deferred Tax Liability | | |
| On account of timing differences – Depreciation | 132 | 93 |
| TOTAL | 132 | 93 |
| Deferred Tax Asset | | |
| Provision for Doubtful debts | 277 | 491 |
| Provision for Gratuity & Leave Encashment | 11 | 7 |
| Depreciation on expired assets | 4 | 16 |
| Inadmissible expenses u/s 43B of I.T. Act | 6 | 2 |
| TOTAL | 298 | 516 |
| Net Deferred Tax (Assets) | 166 | 423 |
| Note 10 | | |
| Long Term Loans and Advances | | |
| Unsecured, considered good | | |
| Security Deposits* | 198 | 198 |
| TOTAL | 198 | 198 |

*includes deposits referred in Note 24



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NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

(Rs in lakhs)

| | | As At | | As At | |
|--|----|----------------|------------|------------|---------------------|
| | | Face Value Rs. | Quantity | 31.03.2016 | Quantity 31.03.2015 |
| 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 | 177,600 | 341 | 201,000 | 387 |
| (Refer Note 25) | | | | | |
| Opal Luxury Time Products Ltd | 10 | 120,000 | 115 | 65,000 | 75 |
| (Refer Note 25) | | | | | |
| Total | | | 456 | | 462 |
| Aggregate value of quoted investments | | | | | |
| Cost | | | 470 | | 462 |
| Market Value | | | 456 | | 466 |



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NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

(Rs in lakhs)

| | As At 31.03.2016 | | As At 31.03.2015 | |
|---|---------------------|----------------------|---------------------|----------------------|
| Note 12 | | | | |
| Trade Receivables* | | | | |
| (Unsecured, Considered good) | | | | |
| Outstanding for period exceeding six months | 5,123 | | 5,677 | |
| Other Debts | <u>2,589</u> | <u>7,712</u> | <u>2,444</u> | <u>8,121</u> |
| (Unsecured, Considered doubtful) | | | | |
| Outstanding for period exceeding six months | 1,594 | | 1,712 | |
| Other Debts | 6 | | 2 | |
| Less: Provisions for Doubtful Debts | <u>(801)</u> | <u>799</u> | <u>(1,419)</u> | <u>295</u> |
| TOTAL | | <u>8,511</u> | | <u>8,416</u> |
| *Trade Receivables are subject to confirmations | | | | |
| Note 13 | | | | |
| Cash & Bank Balances | | | | |
| Cash & Cash Equivalent | | | | |
| Cash on hand | 1 | | 2 | |
| Balances with banks | <u>3,373</u> | <u>3,374</u> | <u>2,455</u> | <u>2,457</u> |
| Current Investments (Highly Liquid) | | | | |
| IDBI Liquid Fund - Growth - Direct | | 3,500 | | 4,700 |
| Units C.Y 215,791.259 (P.Y.313,549.683) | | | | |
| Other Bank Balances | | | | |
| Bank Fixed Deposits - more than 12 months | | | | |
| - Pledged with Stock Exchanges for margin | 4,575 | | 4,575 | |
| - others | <u>380</u> | <u>4,955</u> | <u>1,805</u> | <u>6,380</u> |
| TOTAL | | <u>11,829</u> | | <u>13,537</u> |
| Note 14 | | | | |
| Short Term Loans & Advances | | | | |
| (Unsecured, Considered Good) | | | | |
| Advance Recoverable in cash or kind | | | | |
| Amount recoverable from Related Parties | 1 | | 4 | |
| Sundry Deposits | 26 | | 26 | |
| Others | | | | |
| Advance to Service Providers | 24 | | 7 | |
| Others | <u>713</u> | <u>764</u> | <u>159</u> | <u>196</u> |
| Advance Tax & Tax Deducted at Source (net of provisions)* | | <u>1,520</u> | | <u>713</u> |
| TOTAL | | <u>2,284</u> | | <u>909</u> |
| * Refer Note 26 (b) | | | | |
| Note 15 | | | | |
| Other Current Assets | | | | |
| Accrued Interest on Fixed Deposits | | 157 | | 187 |
| Accrued Interest on GOI Securities | | <u>13</u> | | <u>13</u> |
| TOTAL | | <u>170</u> | | <u>200</u> |



IDBI CAPITAL MARKET SERVICES LIMITED

(CIN: U65990MH1993GOI075578)

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

(Rs in lakhs)

| | For The Year Ended 31.03.2016 | For The Year Ended 31.03.2015 |
|--|----------------------------------|----------------------------------|
| Note 16 | | |
| Revenue From Operations | | |
| Brokerage, Commission & Fees | 5,722 | 6,951 |
| Portfolio Management Services | 16 | 15 |
| Income from Depository Services | 54 | 56 |
| TOTAL | 5,792 | 7,022 |
| Note 17 | | |
| Other Income | | |
| Dividend Income | 25 | 19 |
| Income from Mutual fund redemptions | 385 | 644 |
| Profit on Sale of Investments | 12 | 59 |
| Loss on Valuation of Current Investments | (11) | - |
| Other Non-operating Income | | |
| Interest Received on Bonds/Fixed Deposits | 517 | 519 |
| Interest / Discount on G-sec / Treasury Bills | 36 | 36 |
| Interest Received on Income Tax Refund | - | 256 |
| Miscellaneous Income | 38 | 31 |
| TOTAL | 1,002 | 1,564 |
| Note 18 | | |
| Employee Benefits Expense* | | |
| Salaries, Wages & Allowances | 1,792 | 1,941 |
| Contribution to Provident and other funds | 115 | 106 |
| Other benefits | 31 | 39 |
| TOTAL | 1,938 | 2,086 |
| *Disclosure required by AS 15 on Employee benefits- Refer Note 27. | | |
| Note 19 | | |
| Operating Expenses | | |
| Brokerage Paid | 261 | 301 |
| Operating Charges | 152 | 155 |
| Computer Maintenance Expenses | 155 | 145 |
| Marketing Expenses | 14 | 18 |
| Professional Charges | 327 | 377 |
| Franking/Stamp Expenses | 66 | 8 |
| Manpower Hire Charges | 282 | 272 |
| Loss on Error Trade | 1 | 2 |
| TOTAL | 1,258 | 1,278 |
| Note 20 | | |
| Administrative Expenses | | |
| Rent (Refer Note 28) | 570 | 568 |
| Electricity Charges | 78 | 77 |
| Rates & taxes | 14 | 38 |
| Insurance | 6 | 6 |
| Repairs & Maintenance | 58 | 59 |
| Travelling & conveyance | 95 | 91 |
| Communication Expenses | 117 | 136 |
| Printing & Stationery | 32 | 31 |
| Sitting fees to directors | 10 | 4 |
| Contribution towards CSR | 52 | 65 |
| Auditors Remuneration | | |
| Audit Fees | 8 | 6 |
| Tax Audit Fees | 1 | 1 |
| Others | - | 2 |
| Prior Period Items (Net) | 6 | 5 |
| Miscellaneous expenses | 17 | 35 |
| TOTAL | 1,064 | 1,124 |



IDBI CAPITAL MARKET SERVICES LIMITED

(CIN: U65990MH1993GOI075578)

Notes forming part of the Consolidated Financial Statements

21. The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year-end together with interest paid/ payable as required under the said act have not been given. (Refer Note 4)
22. The company had revised its policy for providing depreciation on fixed assets effective from April 1, 2014. The company had changed the estimated useful life of fixed assets in line with the recommended useful life as per Part C of Schedule II to the Companies Act, 2013. Consequently, an amount of Rs 36.69 lacs (net of deferred tax of Rs. 15.71 lakhs) had been charged to the opening balance of General Reserves in respect of assets whose useful remaining life is Nil as at April 1, 2014. In respect of remaining tangible assets, the Company had with retrospective effect changed its method of providing depreciation from the 'Written Down Value' method, at the rates prescribed in Schedule XIV to the Companies Act, 1956 to 'Straight Line' method, over their estimated useful life as specified in Schedule II to Companies Act 2013. Accordingly, company had recognised an amount of Rs 243.86 lakhs in Statement of Profit & Loss being additional depreciation charged in the earlier years which has been shown as an 'Exceptional item' in the statement of profit and loss for the year ended 31.03.2015. This had resulted in higher depreciation charge for the year ended 31.03.2015 to the extent of Rs. 68.12 lakhs and the profit is lower to this extent. (Refer Note 7)
23. a) Following Non-Current Investments are carried at cost. The management estimates the diminution in the value other than temporary in respect of these non-current investments. Accordingly a provision for diminution in the value amounting to Rs. Nil lakhs (P.Y. Rs. 1043.40 lakhs) has been created by charge to the statement of profit and loss during the year. (Refer Note 8)

| Scrip Name | Qty | Cost as on 31.03.16 Rs lakhs | Market Value per share Rs | Carrying cost per share Rs | Provision for Diminution in the value other than temporary Rs lakhs | |
|-----------------------------|---------|---------------------------------|------------------------------|-------------------------------|--|---------|
| | | | | | 2015-16 | 2014-15 |
| VTX Industries Ltd | 2992850 | 2992.85 | 1.50 | 100 | - | 918.00 |
| Aban Offshore Ltd | 800 | 29.13 | 176.70 | 3640.57 | - | 10.81 |
| DLF Ltd | 17140 | 150.43 | 114.60 | 877.67 | - | 54.40 |
| India Cements Ltd | 38825 | 101.40 | 86.20 | 261.17 | - | 24.63 |
| Reliance Communications Ltd | 2000 | 11.20 | 50.00 | 560.00 | - | 4.03 |
| Reliance Infrastructure Ltd | 6000 | 111.31 | 533.60 | 1855.21 | - | 31.04 |
| Bajaj Hindustan Sugar Ltd | 28758 | 10.35 | 14.40 | 36.00 | - | 0.49 |
| Total | | | | | - | 1043.40 |



- b) After conversion of Bombay Stock Exchange (BSE) membership rights into trading rights of Bombay Stock Exchange Ltd (BSEL) and shares of BSEL, the Company continues to carry trading rights at historic cost and shares at face value. However this accounting treatment is not in accordance with the Opinion given by Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India (ICAI). EAC recommends that accounting standard does not envisage historical cost based accounting treatment in case of transactions involving exchange of assets. (Refer Note 8).
- c) During the year 2014-15, the company had received 15000 Non-convertible Debentures from NTPC Ltd towards deemed dividend on equity shares held by the company on 1:1 ratio. The face value of the debenture is Rs. 12.50. Accordingly company had recognized the debentures in the books by crediting dividend account. (Refer Note 8).

24.

- a) The Company has paid Larsen & Tubro Ltd an amount of Rs. 15.70 lakhs as an additional deposit in respect of property tax for the premises of Bhaktawar Tower, which was occupied by the company. The demand was raised by Bhrihan Mumbai Corporation for enhanced property tax on Larsen & Tubro Ltd, who has taken the matter before the Bombay High Court. Pending disposal of the case amount paid towards Company's share of tax deposited in Court has not been recognised in profit & loss account and shown as deposit under Long Term Loans and Advances (Non-Current). (Refer Note 10)
- b) Initial margin placed with the exchanges towards capital in the form of cash Rs.147.59 lakhs (P.Y. Rs. 147.59 lakhs). (Refer Note 10).

25.

- a) The company during the financial year 2012-13 acquired 12300 fully paid Equity Shares of Rs 10 each in the IPO of Thejo Engineering Ltd at Rs 402/- per share amounting to Rs 49.44 lakhs in the Market Maker portion where IDBI Capital Market Services Ltd agreed to act as Market Maker for a period of three years from the date of listing of the shares. Further bonus shares on above totalling to 12300 were received during 2013-14. Thus 24600 shares have been treated as non-current investment. As market maker to the issue, Shares acquired from the market, outstanding as on 31.03.2016 including 86100 Bonus Shares received on 14.09.2013 is 177600 equity shares (P.Y 201000 equity shares) amounting to Rs 342.03 lakhs (P.Y 387.11 lakhs) has been treated as Current Investments. The market value of these shares as on 31.03.2016 amounts to Rs 340.99 lakhs (P.Y Rs. 391.95 lakhs). (Refer Note 8 & Note 11 of Notes to Accounts and Note 1 (f.1) of Significant Accounting Policies).
- b) The company during the financial year 2013-14 acquired 301000 fully paid Equity Shares of Rs 10 each in the IPO of Opal Luxury Time Products Ltd at Rs 130/- per share amounting to Rs 391.30 lakhs in the Market Maker portion where IDBI Capital Market Services Ltd agreed to act as Market Maker for a period of three years from the date of listing of the shares. This has been treated as long term investment and accordingly classified under Non-Current investments. Further, as market maker to the issue, Shares acquired from the market, outstanding as on 31.03.2016 is 120000 equity shares (PY 65000 equity shares) amounting to 128.44 lakhs (PY Rs 74.69 lakhs) has been treated as Current Investments. The market value of these shares as on 31.03.2016 amounts to Rs 115.08 lakhs (P.Y Rs. 74.42 lakhs). (Refer Note 8 & Note 11 of Notes to Accounts and Note 1 (f.1) of Significant Accounting Policies).



26.

- a) Statutory dues under other Current liabilities include an amount Rs. 3.97 lakhs being service tax liability on bills raised before July 01, 2011. The amount is outstanding in the books as the amount is payable only on receipt of payment from the service receiver as per prevailing point of taxation under service tax rules of that respective year. (Refer Note 5).
- b) Pending receipt order giving effect to Appellate Decisions in favour of the Company for earlier assessment years, effect of adjustments/reversals if any, in respect of Income Tax provision of those years has not been reflected during the year. (Refer Note 14)

27. Employees Benefit:

a. Defined Contribution Plans:

Amount recognised and included for Contribution to Provident Fund in Note 18 "Contribution to Provident and other funds" of Profit and Loss Account is Rs. 42.50 lakhs (Previous year Rs. 50.48 lakhs)

b. Gratuity and other post-employment benefit plans:

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

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

Profit and Loss account

Net employee benefit expense (recognised in Employee Cost)

| | March 31, 2016 | March 31, 2015 | March 31, 2014 | March 31, 2013 | March 31, 2012 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Rs in lakhs | Rs in lakhs | Rs in lakhs | Rs in lakhs | Rs in lakhs |
| Current service cost | 18.28 | 18.17 | 21.40 | 15.98 | 29.67 |
| Interest cost on benefit obligation | 7.55 | 7.65 | 6.49 | 4.67 | 3.95 |
| Expected return on plan assets | (6.99) | (7.36) | (7.12) | (5.94) | (5.04) |
| Net actuarial (gain) / loss recognised in the year | (0.74) | (0.42) | (12.61) | 7.14 | (23.77) |
| Past service cost | - | - | - | - | - |
| Net benefit expense | 18.10 | 18.04 | 8.16 | 21.85 | 4.81 |
| Actual return on plan assets | 7.24 | 6.65 | 6.29 | 5.12 | 5.54 |

Balance sheet

Details of Provision for gratuity

| | March 31, 2016 | March 31, 2015 | March 31, 2014 | March 31, 2013 | March 31, 2012 |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Rs in lakhs | Rs in lakhs | Rs in lakhs | Rs in lakhs | Rs in lakhs |
| Defined benefit obligation | (105.65) | (94.58) | 82.36 | 81.18 | 58.34 |
| Fair value of plan assets | 97.13 | 87.64 | 84.61 | 81.87 | 69.10 |
| Difference | (8.52) | (6.94) | 2.25 | 0.69 | 10.76 |
| Less: Unrecognised past service cost | - | - | - | - | - |
| Plan asset / (liability) | (8.52) | (6.94) | 2.25 | 0.69 | 10.76 |



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

| | March 31, 2016 | March 31, 2015 | March 31, 2014 | March 31, 2013 | March 31, 2012 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Rs in lakhs | Rs in lakhs | Rs in lakhs | Rs in lakhs | Rs in lakhs |
| Opening defined benefit obligation | 94.58 | 82.36 | 81.18 | 58.34 | 49.43 |
| Interest cost | 7.55 | 7.65 | 6.49 | 4.67 | 3.95 |
| Current service cost | 18.28 | 18.17 | 21.40 | 15.98 | 29.67 |
| Benefits paid | (14.27) | (12.47) | (13.27) | (4.13) | (1.45) |
| Actuarial (gains) / losses on obligation | (0.49) | (1.13) | (13.44) | 6.31 | (23.26) |
| Closing defined benefit obligation | 105.65 | 94.58 | 82.36 | 81.18 | 58.34 |

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

| | March 31, 2016 | March 31, 2015 | March 31, 2014 | March 31, 2013 | March 31, 2012 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Rs in lakhs | Rs in lakhs | Rs in lakhs | Rs in lakhs | Rs in lakhs |
| Opening fair value of plan assets | 87.64 | 84.61 | 81.87 | 69.10 | 63.00 |
| Expected return | 6.99 | 7.36 | 7.12 | 5.94 | 5.04 |
| Contributions by employer | 16.52 | 8.84 | 9.72 | 11.78 | 2.01 |
| Benefits paid | (14.27) | (12.47) | (13.27) | (4.13) | (1.45) |
| Actuarial gains / (losses) | 0.25 | (0.70) | (0.83) | (0.82) | 0.50 |
| Closing fair value of plan assets | 97.13 | 87.64 | 84.61 | 81.87 | 69.10 |

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

| | March 31, 2016 | March 31, 2015 | March 31, 2014 | March 31, 2013 | March 31, 2012 |
|--------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | % | % | % | % | % |
| Investments with insurer | 100 | 100 | 100 | 100 | 100 |

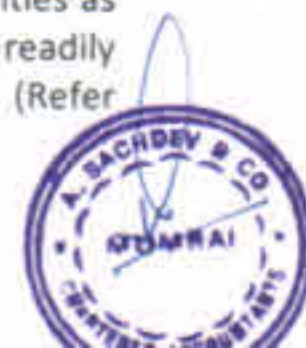
The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

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

| | March 31, 2016 | March 31, 2015 | March 31, 2014 | March 31, 2013 | March 31, 2012 |
|--|----------------|----------------|----------------|----------------|----------------|
| | % | % | % | % | % |
| Discount rate | 7.80 | 7.98 | 9.29 | 8.00 | 8.00 |
| Expected rate of return on Plan assets | 7.80 | 7.98 | 8.70 | 8.70 | 8.00 |
| Salary Escalation Rate | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |

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

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



- c. The Company has provided shortfall in plan assets in gratuity and leave encashment funds with projected benefit obligations as per actuarial valuation results as on 31.03.2016 in the books by debiting the statement of profit and loss amounting to Rs. 1.58 lakhs (P.Y. Rs. 6.94 lakhs and Rs. 7.68 lakhs (P.Y. Rs. 14.99 lakhs) respectively.

28. Operating Leases

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

(Rs. In Lakhs)

| Particulars | As at March 31, 2016 | As at March 31, 2015 |
|---|-------------------------|-------------------------|
| Lease payments for the year | 569.90 | 568.19 |
| Contingent rent recognized in Profit & Loss Account | - | - |

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

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

| | Year ended March 31, 2016 | Year ended March 31, 2015 |
|--|------------------------------|------------------------------|
| Profit/(Loss) after tax, and share of profit / (loss) of associates (Rs. in Lakhs) (A) | 1044 | 459 |
| 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) | 0.81 | 0.35 |
| Diluted Earnings per Share (Rs.) | 0.81 | 0.35 |

Other Notes

30. Related Party Transactions:

(Disclosure required under AS 18)

i. List of related parties:

A. Related Party where control exists

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

B. Other Related Parties

Enterprises under common control of the Holding Company

IDBI Federal Life Insurance Co Ltd

C. Key Management Personnel -

D. C. Jain, Managing Director & CEO till August 31, 2015
Nagaraj Garla, Managing Director & CEO from October 23, 2015
V. Gopinath, Chief Financial Officer
Christina D'souza, Company Secretary



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

Rs. In lacs

| Name of Related Party | Nature of Transaction | During the year | | Outstanding as at | |
|-------------------------------------|--|-----------------|---------|-------------------|----------|
| | | 2015-16 | 2014-15 | 2015-16 | 2014-15 |
| IDBI Bank Ltd | Interest received | 516.97 | 625.01 | 157.16 | 186.40 |
| | Brokerage earned | 41.25 | 120.93 | - | - |
| | Rent Received | 26.40 | 26.40 | - | - |
| | Mobilisation fees | - | - | 143.04 | 143.04 |
| | Advisory Fees received | 108.50 | 27.00 | 139.84 | 66.05 |
| | Rent paid | 546.31 | 546.31 | 0.32 | 2.87 |
| | Electricity Charges paid | 1.07 | 1.07 | - | 0.29 |
| | Professional Charges paid | 22.00 | - | - | - |
| | Brokerage Paid | 111.71 | 118.81 | 219.11 | 118.84 |
| | Medical Expns Reimb. | 1.86 | 3.49 | - | - |
| | Sitting Fees | 2.55 | 0.80 | - | - |
| | Staff on deputation (in ICMS Rolls) | 17.48 | 28.80 | - | 2.39 |
| | Staff on deputation (in IDBI Rolls) | 211.08 | 276.86 | 80.05 | 80.05 |
| | Bank Balances | - | - | 32783.04 | 2311.17 |
| | Fixed Deposit | - | - | 4955.00 | 6380.00 |
| | Share Capital held by IDBI Bank | - | - | 12810.00 | 12810.00 |
| IDBI Intech Ltd | Professional Charges | 238.60 | 239.14 | - | - |
| | Manpower Hire Charges | 0.00 | 0.06 | - | - |
| IDBI Trusteeship Services Ltd | Brokerage earned | 10.51 | 3.13 | - | - |
| | Brokerage Paid | 0.08 | 1.42 | - | - |
| IDBI Federal Life Insurance Co. Ltd | Brokerage earned | 40.01 | 42.11 | - | - |
| IDBI Asset Management Ltd | Commission earned | 1.86 | 1.48 | - | - |
| | Miscellaneous Income | 0.71 | - | - | - |
| | Transfer of Fixed Asset | - | - | 1.26 | 1.26 |
| | Investment in Equity Share Capital * | - | 2666.00 | 6666.00 | 6666.00 |
| Managerial Remuneration | Remuneration to MD&CEO (includes pay, allowances and reimbursements) | 25.81 | 28.38 | - | - |
| | Pension scheme contribution | 0.62 | 0.70 | - | - |
| | Perquisites & benefits | 0.00 | 0.17 | - | - |

* During the year, the company invested nil (P.Y. 2,66,60,000) equity shares of Rs. 10 each at par amounting to Rs. nil (P.Y. Rs. 26.66 crores) in IDBI Asset Management Ltd a subsidiary of IDBI Bank Ltd. The total holding of the company as on 31.03.2016 is 33.33 % (P.Y. 33.33 %). (Refer Note 8)



31. Statement of Net Assets and Profit or Loss attributable to owners

| | | | | | Rs. In Lakhs |
|---|--------------------|---------------------------------|---|-------------------------------------|---------------------------|
| Name of the Entity | Reporting Currency | As % of consolidated net assets | Net Assets ie. Total assets minus total liabilities | As % of consolidated profit or loss | Share in profit or (loss) |
| A. Parent | | | | | |
| IDBI Capital Market Services Ltd | INR | 100% | 31305 | 100% | 928 |
| B. Associates | | | | | |
| IDBI Asset Management Ltd | INR | - | 3238 | - | 116 |
| Consolidated Net Asset / Profit after Tax | | | 27877 | | 1044 |

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

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

1. Claims against the company not acknowledged as debt – Rs. 79.04 lakhs (PY Rs. 49.62 lakhs) including interest @ 18% amounting to Rs. 28.12 lakhs (P Y Rs. 21.30 lakhs).
2. A demand notice dated 27.01.2015 was received raising a demand for payment of income tax of Rs. 611.79 lakhs for the Asst. Year 2012-13. The notice has been contested by the company before the appropriate authorities. The Company has also been advised by its legal counsel that the tax demand against the company is untenable and likelihood of demand being upheld is low. Accordingly no provision in respect thereof has been made.
3. A demand notice dated 21.03.2016 was received raising a demand for payment of income tax of Rs. 20.16 lakhs for the Asst. Year 2013-14. The notice has been contested by the company before the appropriate authorities. The Company has also been advised by its legal counsel that the tax demand against the company is untenable and likelihood of demand being upheld is low. Accordingly no provision in respect thereof has been made.
4. SEBI vide order dated November 28, 2014 has imposed a penalty of Rs. 100 lakhs jointly and severally to be paid by all the 6 Merchant Bankers including IDBI Capital Market Services Ltd who acted as Book Running Lead Managers (BRLMs) in one of the IPOs which came out in December 2012. All 6 Merchant Bankers have jointly appealed before Securities and Appellate Tribunal (SAT) against the above order. Pending disposal of the appeal, amount of Rs 16.67 lakhs (the proportionate amount) has not been recognized.
5. A show cause notice has been issued by the Service Tax Dept on 07.05.2015 citing non compliance of provisions of Rule 6(3) and Rule 6(3B) of Cenvat Credit Rules 2004 and asked the company to remit Rs. 159.56 lakhs along with interest though IDBI Capital do not fall within the meaning of a banking company and financial institution including a non-banking company as mentioned in Rule 6(3B) of Cenvat Credit Rules 2004. The matter is pending before Principal Commissioner of Service Tax. The Company has also been advised by its counsel that the service tax demand against



the company is untenable and likelihood of demand being upheld is low. Accordingly no provision in respect thereof has been made.

- ii) Estimated amount of contract remaining to be executed on capital account and not provided for: Rs. Nil lakhs (PY Rs 55.33 lakhs lakhs).
 - iii) An amount of Rs.17.10 lakhs has not been recognized in respect of a project committed under Corporate Social Responsibility (CSR) activity by the company during the financial year 2015-16 as the execution of the project will be completed only during the financial year 2016-17.
33. Earnings in Foreign Currency on account of Advisory services Rs 4.31 lakhs (P.Y. - Rs. 3.73 lakhs) and Expenditure in Foreign currency on account of Travelling Rs. 3.85 lakhs (P.Y. - Rs. 5.12 lakhs).
34. Dividend income includes dividend on non-current investment amounting to Rs 18.64 lakhs (PY Rs. 11.71 lakhs) and current investments Rs 6.44 lakhs (PY Rs 7.10 lakhs). Interest income includes interest on non-current investments amounting to Rs. 36.05 lakhs (PY Rs. 76.30 lakhs).
35. Segment Reporting (Disclosure required under AS 17)

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



NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

Segment Reporting

Primary Segment

(Rs in lakhs)

| | Investment Banking Services | | Institutional Broking | | Retail Broking | | Others * | | TOTAL | |
|--|-----------------------------|--------------|-----------------------|------------|----------------|--------------|------------|--------------|---------------|---------------|
| | 2015-16 | 2014-15 | 2015-16 | 2014-15 | 2015-16 | 2014-15 | 2015-16 | 2014-15 | 2015-16 | 2014-15 |
| Revenue | | | | | | | | | | |
| Segment Revenue | 3,318 | 4,419 | 307 | 405 | 2,186 | 2,198 | 982 | 1,807 | 6,794 | 8,830 |
| Less: Inter Segment | - | - | - | - | - | - | - | - | - | - |
| Total Revenue | 3,318 | 4,419 | 307 | 405 | 2,186 | 2,198 | 982 | 1,807 | 6,794 | 8,830 |
| Result | | | | | | | | | | |
| Segment Result | 1,828 | 1,808 | 3 | 31 | 11 | 144 | (417) | 258 | 1,425 | 2,241 |
| Less: Tax Expenses | | | | | | | | | 497 | 1,091 |
| Total Result | | | | | | | | | 928 | 1,150 |
| Assets | | | | | | | | | | |
| Segment Assets | - | - | - | - | - | - | 14,138 | 20,101 | 14,138 | 20,101 |
| Unallocated Assets | | | | | | | | | 15,664 | 13,685 |
| Total Assets | | | | | | | | | 29,801 | 33,786 |
| Unallocated Segment Liabilities | | | | | | | | | | |
| Other Information | | | | | | | | | 465 | 719 |
| Depreciation | - | - | - | - | - | - | - | - | 189 | 168 |

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



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

Signatures to Notes 1 to 37

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

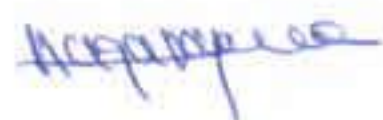

Manish Agarwal
Partner
M. No. 078628



Place: Mumbai
Date: 25 April 2016


Kishor Kharat
Chairman
DIN: 07266945


Christina D'souza
Company Secretary



Nagaraj Garla
Managing Director & CEO
DIN: 06983880


V. Gopinath
Chief Financial Officer

Form AOC-I

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

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

Part "A": Subsidiaries

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

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

Part "B": Associates and Joint Ventures

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

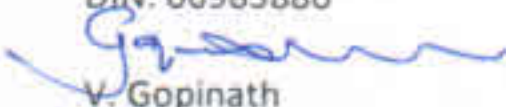
| Name of Associates/Joint Ventures | | IDBI ASSET MANAGEMENT LIMITED (ASSOCIATE COMPANY) |
|--|---|---|
| 1. | Latest audited Balance Sheet Date | March 31, 2016 |
| 2. | Shares of Associate held by the company on the year end | |
| | Number of Equity Shares | 66660000 |
| | Amount of Investment in Associates (₹ in lacs) | 6666 |
| | Extend of Holding % | 33.33% |
| 3. | Description of how there is significant influence | The company has significant influence through holding more than 20% of the Equity Shares in the investee company in terms of Accounting Standards 23 issued by ICAI |
| 4. | Reason why the associate is not Consolidated | N.A. |
| 5. | Networth attributable to Shareholding as per latest audited Balance Sheet (₹ in lacs) | 9717 |
| 6. | Profit / Loss for the year (₹ in lacs) | |
| | i. Considered in Consolidation | 116 |
| | i. Not Considered in Consolidation | 232 |
| 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


Kishor Kharat
Chairman
DIN: 07266945

Christina D'souza
Company Secretary


Nagaraj Garla
Managing Director & CEO
DIN: 06983880


V. Gopinath
Chief Financial Officer