

## INDEPENDENT AUDITOR'S REPORT

### To the Members of SBI Capital Markets Limited Report on the Audit of the Standalone Financial Statements

#### Opinion

1. We have audited the accompanying standalone financial statements of SBI Capital Markets Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and Notes to the Financial Statements including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind-AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its profit including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

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

#### Key Audit Matters

3. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S.No.	Key Audit Matter	Auditor's Response
i)	<b><i>Assessment of Valuation of investments measured at fair value for which no listed price in an active market is available and valued using market information and significant unobservable input:</i></b>	<b><i>Principal Audit Procedures</i></b>  We understood and tested the design and operating effectiveness of the Company's control over the assessment of valuation of investments.

	<p>The Company has certain Investments of which listed price in an active market is not available and has valued at fair value at Rs.1611.76 crore (Rs.757.59 crore as at 31.03.2019). The corresponding fair value change is recognised in Other Comprehensive Income (OCI) and deferred tax in accordance with related Accounting Standard (Ind-AS 109). In measuring these Investments, valuation methods are used based on inputs that are not directly observable from market information and certain other unobservable inputs. The Management has also used the services of an independent professional valuer. Key inputs used in the valuation of above investments are market multiples and growth rate, terminal rate, discount rate, NAV etc. The valuation of these assets is important to our audit as it is highly dependent on estimates (various assumptions and techniques used) which contain assumptions that are not observable in the market. Given the inherent subjectivity in the valuation of the above investments, relative significance of these investments to the financial statements and the nature and extent of audit procedures involved, we determined this to be a key audit matter.</p> <p><i>(Refer Note 2(vii)(b) and Note 6 (1) to the Standalone Financial Statements)</i></p>	<ul style="list-style-type: none"> <li>• We evaluated the independence, competence, capabilities and objectivity of Management's expert (independent professional valuer).</li> <li>• We evaluated together with the auditor's expert to assess the reasonableness of the valuation methodology and underlying assumptions relating to market multiples and growth rate, discount rate, NAV etc. used by the independent professional valuer to estimate the fair value of investments.</li> <li>• We validated the source data on sample basis and tested the arithmetical accuracy of the calculation of valuation of investments.</li> <li>• We assessed the adequacy of the disclosures in the financial statements.</li> </ul> <p>Based on our above audit procedures we consider that the management's assessment of the investment for which no listed price in an active market is available is reasonable.</p>
ii)	<p><b><i>Allowance for credit losses:</i></b></p> <p>The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Company considered the likelihood of increased credit risk and consequential default considering emerging situation due to COVID-19. The company closely monitors its receivables that are going through financial stress. The assessment is done in respect of receivables at Rs.92.29 crore (Gross: 151.01crore) as at 31th March 2020 after considering the allowance for credit loss of Rs.59.43 crore.</p>	<p><b><i>Principal Audit Procedures</i></b></p> <p>Our audit procedures related to the allowance for credit losses for trade receivables and other receivables included the following, among others:</p> <p>We tested the effectiveness of controls over the:</p> <p>(1) development of the methodology for the allowance for credit losses, including consideration of the current and estimated future economic conditions and</p> <p>(2) We tested the mathematical accuracy and computation of the allowances using the same input data used by the Company</p>

	We identified allowance for credit losses as a key audit matter because the Company exercises significant judgment in calculating the expected credit losses. (Refer Note 47 to the Standalone Financial Statements)	
iii)	<p><b><i>Evaluation of uncertain tax positions</i></b></p> <p>The Company has material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes. (Refer Notes 8 to the Standalone Financial Statements)</p>	<p><b><i>Principal Audit Procedures</i></b></p> <p>We evaluated the Company's processes and controls for monitoring the tax disputes.</p> <p>Obtained risk assessment of tax litigation from our internal tax expert to assess management's judgment and assumption on such matters to challenge the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. They also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions.</p>

#### **Information Other than the Standalone Financial Statements and Auditor's Report Thereon**

4. The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management discussion and Analysis, Board's Report including its annexure containing details of its subsidiaries & associate and Corporate Governance Report, but does not include the standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements**

5. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind-AS and other accounting principles generally accepted in India. 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 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

#### **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

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

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

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

evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

7. 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, and on the basis of such checks of the books and records of the Company as we considered appropriate and accounting to the information and explanations give to us, we give in the "**Annexure-I**" a statement on the matters specified in paragraphs 3 and 4 of the Order.
8. 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 purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

- d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) 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-II”**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
9. As required by Section 143(5) of the Companies Act, 2013 we give in **“Annexure-III”** our comments on the directions issued by the Comptroller and Auditor General of India.

for UMMED JAIN & CO.  
Chartered Accountants,  
FRN : 119250W

[CA AKHIL JAIN]  
Partner  
M.No. 137970

UDIN : 20137970AAAAAM4535  
Place : Jaipur  
Date : 29<sup>th</sup> April, 2020

#### **Annexure “I” to the Independent Auditor’s Report**

(Referred to in paragraph 7 under the heading ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the standalone financial statements of the SBI Capital Markets Limited for the year ended March 31, 2020 on the matters required by the Companies (Auditor’s Report) Order, 2016 (“the Order”), issued by the Central Government in terms of sub-section (11) of section 143 of the Companies Act, 2013)

i. In respect of Fixed Assets:

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) As explained to us all the fixed assets, except certain leased assets were physically verified by the management in the current year in accordance with a planned program of verifying them which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed no material discrepancies were noted on such verification.
- (c) According to the information and explanations given to us and based on our examination of the records of the Company, out of five immovable properties of the Company, the title deeds of four of the immovable property was provided for our verification and the same is in the name of the Company. ***We are informed that the title deed of one immovable property has been deposited with the Registrar; and the same could not be verified by us and hence we are not able to comment on the same.***

ii. In respect of Inventories:

The securities held as stock in trade and in custody of the Company have been verified by the management at reasonable intervals. In our opinion, the frequency of such verification is reasonable. The Company is maintaining proper records of inventory and no material discrepancies were noticed on comparing the physical securities/ statement from custodian with book records.

- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act 2013. Accordingly sub clauses (a), (b) and (c) of the Order are not applicable.
- 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 Companies Act, 2013 in respect of loans, investments, guarantees, and security.
- v. The Company has not accepted any deposits from the public. Hence this para of the Order is not applicable to the Company.
- vi. As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the Company.

vii. In respect of Statutory Dues:

- a. According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales Tax, Service Tax, Goods & Service Tax, Cess and any other statutory dues applicable to it with the



appropriate authorities. As explained to us the provisions of customs and excise are not applicable to the Company.

According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2020 for a period of more than six months from the date on when they become payable.

- b. According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, goods & service tax, outstanding on account of any dispute except as under:

Name of the statute	Nature of dues	Demand disputed (Rs. In crore)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Issue relating to disallowance of expenses	28.27	AY 1989-90 AY 1991-92 AY 2011-12 AY 2015-16 AY 2016-17 AY 2017-18	Commissioner Income Tax (Appeals)
Income Tax Act, 1961	Issue relating to disallowance of expenses	26.12	AY 1996-97 to AY 1999-00, AY 2001-02, AY 2003-04 & AY 2005-06	Income Tax Appellate Tribunal (ITAT)
Sales Tax (Central and State)	Issues relating to lease Tax	0.23	FY 1991-96	Commissioner Sales Tax

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to Bank. The Company has not taken any loans from any financial institution, Government and debenture holders. Therefore, the provisions of clause 3 (viii) of the Order are not applicable to the Company.
- ix. The Company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;



- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company.
- 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 section 177 and 188 of Companies Act, 2013 where ever applicable and the details have been disclosed in the Financial Statements as required by the applicable Indian Accounting Standards.
- xiv. According to the information and explanations given 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 under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company.
- 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 any non-cash transactions with directors or persons connected with them. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company.
- xvi. In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company.

For **UMMED JAIN & CO.**  
Chartered Accountants  
FRN: 119250W

UDIN : 20137970AAAAAM4535  
Place : Jaipur  
Date : 29<sup>th</sup> April, 2020

[ **CA AKHIL JAIN** ]  
Partner  
M.No. 137970

### **Annexure “II” to the Independent Auditor’s Report**

( Referred to in paragraph 8(f) under the heading ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the standalone financial statements of the SBI Capital Markets Limited for the year ended March 31, 2020 on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 )

We have audited the internal financial controls over financial reporting of SBI Capital Markets Limited (“the Company”) as of March 31, 2020 in conjunction with our audit of the standalone 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 March 31, 2020, 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 **UMMED JAIN & CO.**  
Chartered Accountants  
FRN: 119250W

UDIN : 20137970AAAAAM4535  
Place : Jaipur  
Date : 29<sup>th</sup> April, 2020

[ **CA Akhil Jain** ]  
Partner  
M.No. 137970

**Annexure “III” to the Independent Auditor’s Report**

( Referred to in paragraph 9 under the heading ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the standalone financial statements of the SBI Capital Markets Limited for the year ended March 31, 2020 on Directions issued by the Comptroller and Auditor General of India under section 143(5) of Companies Act, 2013)

1. Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.
  - According to the information and explanations given to us and based on our examination of the records of the company, the company has system in place to process all the accounting transactions through IT system, Oracle, which is an ERP system.
2. Whether there is any restructuring of an existing loan or cases of waiver/write-off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? if yes, the financial impact may be stated.
  - There is no case/cases of restructuring of an existing loan or cases of waiver/write off of debts / loans / interest etc. made by a lender to the company at all.
3. Whether funds received/receivable for specific schemes from central/state agencies were properly accounted for/utilized as per its term and conditions? List the cases deviation.
  - According to the information and explanations given to us and based on our examination of the records of the company, no funds have been received / receivable for specific schemes from central / state agencies.

For **UMMED JAIN & CO.**  
Chartered Accountants  
FRN: 119250W

[ **CA AKHIL JAIN** ]  
**Partner**  
M.No. 137970

UDIN : 20137970AAAAAM4535  
Place : Jaipur  
Date : 27<sup>th</sup> April, 2020



**SBI Capital Markets Limited**  
**Balance sheet as at 31st March 2020**

(Rs. in Lacs)

Particulars	Notes	As at 31-Mar-20	As at 31-Mar-19
<b>ASSETS</b>			
<b>Financial Assets</b>			
Cash and cash equivalents	3	2,075	1,995
Bank balance other than above	3	5,301	317
Securities for trade	4	82,692	62,659
Receivables			
Trade Receivables	5	9,158	10,834
Other Receivables	5	71	70
Investments	6	2,10,358	1,22,178
Other Financial assets	7	810	4,595
<b>Total Financial Assets</b>		<b>3,10,465</b>	<b>2,02,648</b>
<b>Non-financial Assets</b>			
Current tax asset (Net)	8	10,044	8,535
Investment Property	9	6,233	6,562
Property, Plant and Equipment	10	555	567
Intangible assets	11	7	11
Other non-financial assets	12	812	190
<b>Total Non - Financial Assets</b>		<b>17,651</b>	<b>15,865</b>
<b>TOTAL ASSETS</b>		<b>3,28,116</b>	<b>2,18,513</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Financial Liabilities</b>			
Payables	13		
(I) Trade Payables			
- total outstanding dues of MSME		-	-
-total outstanding dues of creditors other than MSME		705	99
(II) Other Payables			
- total outstanding dues of MSME		-	-
-total outstanding dues of creditors other than MSME		517	531
Other financial liabilities	14	3,026	2,045
<b>Total Financial Liability</b>		<b>4,248</b>	<b>2,675</b>
<b>Non-Financial Liabilities</b>			
Deferred tax Liabilities (Net)	15	34,210	21,727
Provisions	16	875	1,035
Other non-financial liabilities	17	875	1,134
<b>Total non financial Liability</b>		<b>35,960</b>	<b>23,896</b>
<b>EQUITY</b>			
Equity Share capital	18	5,803	5,803
Other Equity	19	2,82,105	1,86,139
<b>Total Equity</b>		<b>2,87,908</b>	<b>1,91,942</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>3,28,116</b>	<b>2,18,513</b>
Significant Accounting policies and notes to financial statements	1-49		
The accompanying notes forms an integral part of these financial statements			
As per our report of even date			
For Ummad Jain & Co Chartered Accountants Firm Registration No. 119250W		For and on behalf of Board of Directors	
CA Akhil Jain Partner Membership No.: 137970		Dinesh Kumar Khara Director	Arun Mehta Managing Director & CEO
Place: Jaipur		Krishnan Kutty Raghavan Senior Vice President & CFO	Amit Shah Company Secretary
		Place: Mumbai	



SBI Capital Markets Limited			
Statement of Profit and Loss for the year ended 31st March 2020			
			(Rs in Lacs)
Particulars	Notes	Year ended 31-Mar-20	Year ended 31-Mar-19
<b>Revenue from operations</b>			
Interest Income	20	1,305	1,084
Dividend Income	21	4,100	3,757
Fees and Commission Income	22	31,633	24,848
Net gain on fair value changes	23	5,605	3,613
<b>Total Revenue from Operations</b>		<b>42,643</b>	<b>33,302</b>
Other Income	24	1,665	5,777
<b>Total Income</b>		<b>44,308</b>	<b>39,079</b>
<b>Expenses</b>			
Finance Costs	25	20	580
Fees and Commission expenses	26	754	272
Impairment of Financial instruments	27	159	-
Employee Benefits Expenses	28	9,088	6,442
Depreciation and Amortization	29	492	560
Others expenses	30	6,239	6,965
<b>Total Expenses</b>		<b>16,752</b>	<b>14,819</b>
<b>Profit/(loss) before tax</b>		<b>27,556</b>	<b>24,260</b>
<b>Tax Expense:</b>			
(1) Current Tax	39	5,177	7,180
(2) Tax expense/(credit) of earlier years	39	(917)	-
(3) Deferred Tax	39	1,753	261
<b>Profit/(loss) after tax for the year</b>		<b>21,543</b>	<b>16,819</b>
<b>Other Comprehensive Income</b>			
<b>A Items that will not be reclassified to profit or loss</b>			
- Remeasurement of defined employee benefit plans	34	(101)	16
- Equity instruments through OCI		85,253	9,812
- Income tax relating to items that will not be reclassified to Profit or Loss	39	(10,729)	(3,429)
<b>Subtotal (A)</b>		<b>74,423</b>	<b>6,399</b>
<b>B Items that will be reclassified to profit or loss</b>			
- Income tax relating to items that will be reclassified to Profit or Loss		-	-
<b>Subtotal (B)</b>		<b>-</b>	<b>-</b>
<b>Other comprehensive income</b>		<b>74,423</b>	<b>6,399</b>
<b>Total Comprehensive Income for the year</b>		<b>95,966</b>	<b>23,218</b>
<b>Earning Per Share (face value of Rs. 10 each)</b>			
Basic in Rs.	31	37.12	28.98
Diluted in Rs.	31	37.12	28.98
Significant Accounting policies and notes to financial statements 1-49			
The accompanying notes forms an integral part of these financial statements			
As per our report of even date			
For Ummed Jain & Co Chartered Accountants Firm Registration No. 119250W		For and on behalf of Board of Directors	
CA Akhil Jain Partner Membership No.: 137970		Dinesh Kumar Khara Director	
		Arun Mehta Managing Director & CEO	
		Krishnan Kutty Raghavan Senior Vice President & CFO	
		Amit Shah Company Secretary	
Place: Jaipur		Place: Mumbai	



**SBI Capital Markets Limited**  
**Statement of changes in equity as at 31st March 2020**

**A. Equity share capital**

(Rs in Lacs)

Particulars	No. of shares (lacs)	Amount
Balance as at April 1, 2018	580	5,803
Changes in equity share capital	-	-
Balance as at March 31, 2019	580	5,803
Changes in equity share capital	-	-
Balance as at March 31, 2020	580	5,803

**B. Other Equity**

(Rs in Lacs)

Particulars	Security premium reserve	Retained earnings	General Reserve	Other Comprehensive Income	Total equity
Balance as at April 1, 2018	6,347	1,14,506	44,439	(2,371)	1,62,920
Profit for the year	-	16,819	-	-	16,819
Other comprehensive income	-	6,399	-	-	6,399
<b>Total comprehensive income for the year</b>	-	<b>23,218</b>	-	-	<b>23,218</b>
Interim Dividends paid	6,347	1,37,724	44,439	(2,371)	1,86,139
Dividend Distribution Tax	-	-	-	-	-
Inter-Reserve Transfer	-	-	-	-	-
Other Movements	-	(6,399)	-	6,399	-
<b>Balance as at March 31, 2019</b>	<b>6,347</b>	<b>1,31,325</b>	<b>44,439</b>	<b>4,028</b>	<b>1,86,139</b>
Profit/(Loss) for the year	-	21,543	-	-	21,543
Other comprehensive income for the year	-	74,423	-	-	74,423
<b>Total comprehensive income for the year</b>	-	<b>95,966</b>	-	-	<b>95,966</b>
Dividends paid	-	-	-	-	-
Inter-Reserve Transfer	-	-	-	-	-
Other Movements	-	(74,423)	-	74,423	-
<b>Balance as at March 31, 2020</b>	<b>6,347</b>	<b>1,52,868</b>	<b>44,439</b>	<b>78,451</b>	<b>2,82,105</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

As per our report of even date

For Ummed Jain & Co  
Chartered Accountants  
Firm Registration No. 119250W

CA Akhil Jain  
Partner  
Membership No.: 137970

Place: Jaipur

For and on behalf of Board of Directors

Dinesh Kumar Khara  
Director

Krishnan Kutty Raghavan  
Senior Vice President & CFO

Place: Mumbai

Arun Mehta  
Managing Director & CEO

Amit Shah  
Company Secretary



SBI Capital Markets Limited		
Cash flow statement for the year ended 31st March 2020		
	(Rs in Lacs)	
Particulars	Year ended 31-Mar-20	Year ended 31-Mar-19
<b>Cash flow from operating activities :-</b>		
Net profit before taxation	27,556	24,260
Adjustments for -		
Fair valuation gain/loss on FVTPL Financial Instrument	(1,773)	33
Interest on fair valuation of security deposit	(8)	(35)
Amortisation of prepaid rent expenses on security deposit	8	31
Impairment of Financial Instruments	159	-
Loss on disposal of subsidiaries	232	-
Provision for (written back)/doubtful debts	(3,330)	(586)
Interest on income Tax refund	-	(3,645)
Depreciation and amortisation expenses	492	560
(Profit) / Loss on sale of Property, plant and equipment (net)	2	(3)
Interest income on investment	(680)	(669)
Interest income on fixed deposit with Banks	(21)	(27)
Dividend income	(4,100)	(3,757)
Interest expenses	20	580
Provision for Gratuity	(194)	(24)
Provision for Leave encashment	(67)	(11)
<b>Operating profit before working capital changes</b>	<b>18,296</b>	<b>16,707</b>
Decrease /(increase) in trade receivables	5,006	9,921
Decrease /(increase) in other cash and bank balances	47	56
Decrease /(increase) financial asset	3,794	(3,426)
Decrease /(increase) other non-financial assets	(630)	4,260
Decrease /(increase) securities for trade	(20,033)	16,925
(Decrease)/increase payable	591	(1,583)
(Decrease)/increase other financial liability	981	(1,526)
(Decrease)/increase non-financial liability	(258)	(571)
<b>Cash generated from operations</b>	<b>7,794</b>	<b>40,763</b>
Income tax paid	(5,770)	(7,650)
<b>I. Net cash from operating activities</b>	<b>2,024</b>	<b>33,113</b>
<b>Cash flow from investing activities:-</b>		
Purchase of fixed assets	(156)	(98)
Sale of fixed assets	7	63
Interest income on investment	680	669
Interest income on fixed deposit with Banks	21	27
Dividend income	4,100	3,757
Purchase of investments	(1,661)	(8,001)
Proceeds on disposal of subsidiary	116	-
Sale of investments	-	2,507
<b>II. Net cash from investing activities</b>	<b>3,107</b>	<b>(1,076)</b>
<b>Cash flow from financing activities :-</b>		
Repayment of bank borrowing	-	(30,032)
Bank borrowing availed	-	-
Tax on dividend payment	-	(2,658)
<b>III. Net cash used in financing activities</b>	<b>(20)</b>	<b>(33,270)</b>
<b>Net change in cash &amp; cash equivalents (I+II+III)</b>	<b>5,111</b>	<b>(1,233)</b>
Cash & cash equivalents at the beginning of the year	1,964	3,197
Cash & cash equivalents at the end of the year	7,075	1,964

SBI Capital Markets Limited		
Cash flow statement for the year ended 31st March 2020		
Cash and cash equivalent included in cash flow statement comprise the following balance sheet amounts :-		
	(Rs in Lacs)	
Particulars	As at 31-Mar-20	As at 31-Mar-19
Cash on hand	-	-
Cheques on hand	648	-
Balances with scheduled banks (current & deposit accounts)	1,427	1,964
Bank Overdraft (Book Overdraft shown under Current Liabilities)	-	-
	7,075	1,964
(Excludes amounts placed as deposits with scheduled banks and lien marked with them and balances in escrow accounts)	301	348
Notes:		
The above cash flow statement has been prepared under the "Indirect method" as set out on the Indian Accounting Standard (Ind AS-7) Statement of Cash flow		
The Cash flow statement and notes to accounts form an integral part of the account.		
As per our report of even date		
For Ummed Jain & Co Chartered Accountants Firm Registration No. 119250W	For and on behalf of Board of Directors	
CA Akhil Jain Partner Membership No.: 137970	Dinesh Kumar Khara Director	Arun Mehta Managing Director & CEO
	Krishnan Kutty Raghavan Senior Vice President & CFO	Amit Shah Company Secretary
Place: Jaipur	Place: Mumbai	

## **SBI Capital Markets Limited**

### **Notes forming part of the Financial Statements as at and for the year ended March 31, 2020**

#### **1. Corporate Information**

SBI Capital Markets Limited (hereinafter referred to as "the Company") is a unlisted public limited company domiciled in India and incorporated under the provisions of the Companies Act applicable in India. The registered office of the Company is located at No.202, Maker Tower, 'E', 20th Floor Cuffe Parade, Colaba, Mumbai - 400 005, Maharashtra, India. The Company is engaged in business of Merchant Banking and corporate advisory services.

The Company is a wholly owned subsidiary and the Investment Banking arm of State Bank of India (SBI).

The Financials Statement were authorized for issue by the Company's Board of Directors on 27<sup>th</sup> April 2020.

#### **2.1 Significant Accounting Policies**

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These accounting policies have been consistently applied to all the years presented by the Company unless otherwise stated.

##### **i. Basis of Preparation**

The financial statements have been prepared in accordance with Indian Accounting Standards-1 Presentation of Financial Statements (hereinafter referred to as "Ind AS") notified under the Companies (Indian Accounting Standard) Rules, 2015 read with Section 133 of the Companies Act, 2013 (as amended from time to time).

Accounting policies have been consistently applied except where newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The financial statements are presented in Indian Rupees (INR) which is also its functional currency and all values are rounded off to nearest lacs, except when otherwise indicated.

The company presents its balance sheet in order of liquidity in compliance with the Division III of the Schedule III to the Companies Act, 2013.

With effect from 01<sup>st</sup> April 2019, Ind AS-116 Leases (Ind AS 116) supersedes Ind AS 17 Leases. The company has adopted Ind AS 116, effective annual reporting period beginning 01<sup>st</sup> April 2019 and applied the standard to its leases on prospective basis. The detail disclosure with respect to Ind AS 116 is given in Note no. 41.

The financial statements for the year ended March 31, 2020 are being authorized for issue in accordance with a resolution of the director's on April 27, 2020.

##### **ii. Use of Estimates**

The preparation of financial statements in conformity with Ind AS requires that management make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities as of the date of financial statements and the income and expenses for the reporting period. The actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The company makes certain judgements and estimates for valuation of impairment of financial instruments, useful life of property, plant and equipment, deferred tax assets/liabilities and retirement benefit obligations. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable.

**SBI Capital Markets Limited**

Notes forming part of the Financial Statements as at and for the year ended March 31, 2020

**iii. Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of trade allowances, rebates, cash discount and amounts collected on behalf of third parties.

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

**a. Fee based Income**

- **Issue Management and advisory fees** is recognised as per the terms of the agreement with the customer/client i.e. fee income is recognised only when the specific act/milestone defined in the agreement is executed/completed.
- Fees for private placement are recognised on completion of the assignment.

**b. Interest Income**

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

**c. Sale of Securities**

Gains and losses on the sale of securities are recognised on trade date basis.

**d. Dividend Income**

Dividend income from investments is recognised when the shareholder's right to receive dividend has been established

**iv. Property, Plant and Equipment****Measurement at Recognition:**

Property plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Subsequent costs are included in the asset's carrying amount.

All items of property, plant and equipment are initially recorded at cost. Cost comprises acquisition cost and directly attributable cost of bringing the asset to its working condition for the intended use. The cost of an item of property, plant and equipment is capitalized only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.

**Depreciation:**

Depreciation provided on Property, Plant and Equipment is calculated over the useful life of the fixed assets using the written down value method as per useful life of Asset as prescribed in Part C of Schedule II to the Companies Act, 2013, except in case of computers including servers, mobile phones, hand held devices wherein the management estimates the useful life to be lower i.e 3 years. Computers, mobile phones and hand held devices are depreciated over a period of three years on straight line basis.



**SBI Capital Markets Limited****Notes forming part of the Financial Statements as at and for the year ended March 31, 2020**

Management believes based on a technical evaluation that the useful lives of the assets reflect the periods over which these assets are expected to be used, which are as follows:

Description of Asset	Estimated useful lives (in years)	Depreciation Method
Buildings	60	WDV
Office Equipments (other than mobile phones)	5	WDV
Furniture & Fixtures	10	WDV
Vehicles	8	WDV
Computers	3	SLM
Mobiles phones	3	SLM
Leasehold improvements	Over the period lease	SLM

Depreciation is provided from the date the asset is ready for its intended use. In respect of assets sale/disposal, depreciation is provided upto the date of sale/disposal.

The residual values, estimated useful lives and methods of depreciation of property, plant and equipment are reviewed at the end of each financial year and changes if any, are accounted for on a prospective basis.

**Capital work-in-progress and capital advances:**

Cost of the assets not ready for intended use, as on reporting date, is shown as capital work in progress. Advances given towards acquisition of fixed assets outstanding at each reporting date are shown as other non-financial assets.

Depreciation is not recorded on capital work-in-progress until construction and installation is completed and assets are ready for its intended use.

**Derecognition:**

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is measured as the difference between net disposal proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss when the item is derecognised.

**v. Intangible Assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization.

Development expenditure on software is capitalized as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, future economic benefits are probable, and the company intends to and has sufficient resources to complete the development and to use or sell the asset. Otherwise it is recognized in the statement of profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortization.

**Amortisation:**

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their useful life of three years and is included in the depreciation and amortization expenses in the statement of profit and loss.

**vi. Investment property**

Investment properties are properties that is held for long-term rentals yields or for capital appreciation (including property under construction for such purposes) or both, and that is not occupied by the Company, is classified as investment property.

**SBI Capital Markets Limited****Notes forming part of the Financial Statements as at and for the year ended March 31, 2020**

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Investment properties are depreciated using the written down value method over their estimated useful lives. The useful life has been determined based on technical evaluation performed by the management expert.

The carrying amount of an item of Investment property is derecognised on disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is measured as the difference between net disposal proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss when the item is derecognised.

**vii. Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Company recognizes all the financial assets and liabilities at its fair value on initial recognition; In the case of financial assets not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset are added to the fair value on initial recognition. The financial assets are accounted on a trade date basis.

For subsequent measurement, financial assets are categorized into:

**a. Amortised cost:**

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The gains and losses resulting from fluctuations in fair value are not recognized for financial assets classified in amortised cost measurement category. A gain or loss on a financial asset which is subsequently measured at amortised cost is recognized in profit or loss when the asset is derecognised or impaired.

**b. Fair value through other comprehensive income (FVOCI):**

The Company classifies the financial assets as FVOCI if the contractual cash flows represent solely payments of principal and interest on the principal amount outstanding and the Company's business model is achieved by both collecting contractual cash flow and selling financial assets. In case of debt instruments measured at FVOCI, changes in fair value are recognised in other comprehensive income. The impairment gains or losses, foreign exchange gains or losses and interest calculated using the effective interest method are recognised in profit or loss. On de-recognition, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

In case of equity instruments irrevocably designated at FVOCI, gains / losses including relating to foreign exchange, are recognised through other comprehensive income. Further, cumulative gains or losses previously recognised in other comprehensive income remain permanently in equity and are not subsequently transferred to profit or loss on derecognition.

**c. Fair value through Profit or Loss (FVTPL):**

The financial assets are classified as FVTPL if these do not meet the criteria for classifying at amortised cost or FVOCI. Further, in certain cases to eliminate or significantly reduce a measurement or recognition inconsistency (accounting mismatch), the Company irrevocably designates certain financial instruments at FVTPL at initial recognition. In case of financial assets measured at FVTPL, changes in fair value are recognised in profit or loss.

Profit or loss on sale of investments is determined on the basis of weighted average price.

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

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

The principal market or the most advantageous markets must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable. In case of unquoted debt instruments, valuation would be done in accordance with the valuation guidelines issued by the Fixed Income Money Market and Derivatives Association of India (FIMMDA).
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Based on the company's business model for managing the investments, the company has classified its investments and securities for trade as under:

Sr. No	Particulars	Category
1	Investments-Debt Instruments	Amortised Cost
2	Investments-Equity Instruments other than subsidiary and associate	FVOCI
3	Investment in Mutual Funds and AIF Funds	FVTPL
4	Securities for trade portfolio	FVTPL

Investment in subsidiaries and associates is carried at deemed cost less impairment loss if any (previous GAAP carrying amount) as per Ind AS 27.



**SBI Capital Markets Limited****Notes forming part of the Financial Statements as at and for the year ended March 31, 2020**

Financial liabilities are carried at amortised cost using the effective interest rate method. For trade and other payables, the carrying amount approximates the fair value due to short maturity of these instruments.

**Impairment of financial assets**

In Accordance with Ind AS 109, the Company recognise impairment loss applying the expected credit loss (ECL) model on the financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual right to receive cash or other financial asset and financial guarantee not designated as at FVTPL.

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

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 months expected credit losses. At each reporting date, the Company assesses whether the loans have been impaired.

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

If the amount of an impairment loss decreases in a subsequent period, and the decrease can be related objectively to an event occurring after the impairment was recognised, the excess is written back by reducing the loan impairment allowance account accordingly. The write-back is recognised in the statement of profit and loss.

**De-recognition**

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

The rights to receive cash flows from the asset have expired, or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

**SBI Capital Markets Limited**

Notes forming part of the Financial Statements as at and for the year ended March 31, 2020

**Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Such amortisation is included as finance costs in the statement of profit and loss.

**Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**Offsetting of financial instruments**

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

**viii. Taxation**

Income tax expense comprise current and deferred tax incurred by the company.

**Current Tax:**

Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in other comprehensive income or equity, in which case it is recognized in other comprehensive income or equity respectively. Current income tax is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The Company offsets, on a year to year basis, the current tax assets and liabilities, where it is has legally enforceable right to do so and where it intends to settle such assets and liabilities on a net basis.

**Deferred taxes**

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax relating to items recognised outside the profit and loss is recognised outside profit and loss (either in other comprehensive income or in equity)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

**SBI Capital Markets Limited****Notes forming part of the Financial Statements as at and for the year ended March 31, 2020**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

**ix. Impairment of Non-Financial Assets**

The Company assesses at the reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's ("CGU") fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. Impairment losses are recognised in statement of profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset ( or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset ( or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

**x. Leases****Company as a Lessee:**

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the company uses incremental borrowing rate. For leases with reasonably similar characteristics, the company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the company is reasonably certain to

**SBI Capital Markets Limited****Notes forming part of the Financial Statements as at and for the year ended March 31, 2020**

exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the company recognises any remaining amount of the re-measurement in statement of profit and loss.

In accordance with the standard, the Company has elected not to apply the requirements of Ind AS 116 to short-term leases and leases for which the underlying asset is of low value. Lease payments for short term leases and leases for which the underlying asset is of low value are recognized as an expense on a straight-line basis over the lease term in the statement of profit or loss.

**Company as a Lessor:**

At the inception of the lease the company classifies each of its leases as either an operating lease or a finance lease. The company recognises lease payments received under operating leases as income on a straight-line basis over the lease term.

If an arrangement contains lease and non-lease components, the company applies Ind AS 115 Revenue to allocate the consideration in the contract.

**xi. Borrowing Costs**

Borrowing cost included interest expense as per the effective interest rate (EIR) and other costs incurred by the company in the company in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets that necessarily takes a substantial period of time to get ready for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in statement of profit and loss in the year in which they are incurred.

The difference between the discounted amount mobilized and redemption value of commercial papers is recognized in the statement of profit and loss over the life of the instrument using the EIR.

**xii. Equity Instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**Dividend Provision**

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

**xiii. Provisions**

Provisions are recognized when the Company has a present obligation, legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

**SBI Capital Markets Limited****Notes forming part of the Financial Statements as at and for the year ended March 31, 2020**

Provisions are determined based on management estimates required to settle the obligation at the balance sheet date, supplemented by experience of similar transactions. These are reviewed at the balance sheet date and adjusted to reflect the current management estimates.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability.

**xiv. Contingent Liabilities and assets**

A contingent liabilities are disclosed when there is a possible obligation that arises from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is termed as contingent liability. The existence of contingent liabilities is disclosed in the notes to financial statements. Payments in respect of such liabilities, if any are shown as advances.

Contingent assets are neither recognized nor disclosed.

**xv. Cash and Cash Equivalents**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), and highly liquid time deposits that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**xvi. Employee Benefits****Gratuity:**

The Company pays gratuity, a defined benefit plan, to its employees who retire or resign after a minimum period of five years of continuous service and in the case of employees at overseas locations as per rules in force in the respective countries. The Company makes contributions to the SBICAP Employees Group Gratuity Scheme which is managed by Life Insurance Corporation of India for the settlement of gratuity liability.

A defined benefit plan is a postemployment benefit plan other than a defined contribution plan. The Company's net obligation in respect of the defined benefit plan is calculated by estimating the amount of future benefit that employee has earned in exchange of their service in the current and prior periods and discounted back to the current valuation date to arrive at the present value of the defined benefit obligation. The defined benefit obligation is deducted from the fair value of plan assets, to arrive at the net asset / (liability), which need to be provided for in the books of accounts of the Company.

As required by the Ind AS19, the discount rate used to arrive at the present value of the defined benefit obligations is based on the Indian Government security yields prevailing as at the balance sheet date that have maturity date equivalent to the tenure of the obligation.

The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a net asset position, the recognized asset is limited to the present value of economic benefits available in form of reductions in future contributions.

Remeasurements arising from defined benefit plans comprises of actuarial gains and losses on benefit obligations, the return on plan assets in excess of what has been estimated and the effect of asset ceiling, if any, in case of over funded plans. The Company recognizes these items of remeasurements in other comprehensive income and all the other expenses related to defined benefit plans as employee benefit expenses in their profit and loss account.

**SBI Capital Markets Limited****Notes forming part of the Financial Statements as at and for the year ended March 31, 2020**

When the benefits of the plan are changed, or when a plan is curtailed or settlement occurs, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment or settlement, is recognized immediately in the profit or loss account when the plan amendment or when a curtailment or settlement occurs.

With respect to Oman Branch, the Company provides end of service benefits to its expatriate employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

**Provident Fund:**

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company is statutorily required to contribute a specified portion of the basic salary of an employee to a provident fund as part of retirement benefits to its employees. The contributions during the year are charged to the statement of profit and loss.

**Compensated absence:**

The employees can carry forward a portion of the unutilized accrued compensated absences and utilize it in future service periods or receive cash compensation on termination of employment. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase the entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method. Actuarial losses/gains are recognized in the statement of profit and loss as and when they are incurred.

**xvii. Segment Reporting**

The company identifies operating segments based on the internal reporting provided to the chief operating decision-maker.

The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

**xviii. Foreign Exchange Transactions**

The functional currency and the presentation currency of the Company is Indian Rupees. Transactions in foreign currency are recorded on initial recognition using the exchange rate at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date. Exchange differences arising on the settlement or translation of monetary items are recognized in the statement of profit and loss in the period in which they arise.

Assets and liabilities of foreign operations are translated at the closing rate at each reporting period. Income and expenses of foreign operations are translated at monthly average rates. The resultant exchange differences are recognized in other comprehensive income in case of foreign operation whose functional currency is different from the presentation currency and in the statement of profit and loss for other foreign operations. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

**xix. Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

## **2.2 Critical Accounting Judgements and Estimates**

The preparation of financial statements in conformity with Ind AS requires judgements, estimates and assumptions to be made that affect the reported amount of assets, liabilities, revenue, expenses, accompanying disclosures and the disclosures of contingent liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results could differ from those estimates. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future period.

Application of accounting policies that require critical accounting estimates and the use of assumptions in the financial statements are as follows:

### **▪ Defined benefit plans**

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Further details about gratuity obligations are given in Note 34.

### **▪ Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.



SBI Capital Markets Limited		
Notes forming part of the Financial Statements as at and for the year ended March 31, 2020		
<b>3 Cash and Bank Balances</b>		
(Rs in Lacs)		
Particulars	As at 31-Mar-20	As at 31-Mar-19
(a) <b>Cash and Cash equivalents</b>		
<b>Balances with banks with Scheduled banks</b>		
- In current accounts	1,427	1,964
- In current accounts-Escrow Accounts	-	31
Cheques on hand	648	-
Cash on hand	-	-
<b>Total</b>	<b>2,075</b>	<b>1,995</b>
(b) <b>Other bank balances</b>		
Deposit with original maturity Less than 12 months	5,301	312
Deposit with original maturity more than 12 months	-	5
<b>Total</b>	<b>5,301</b>	<b>317</b>
<b>3.1</b> Fixed deposit kept as collateral security deposit towards bank guarantees issued by banks amounted to Rs. 301 lacs (2019: 317 lacs).		

<b>SBI Capital Markets Limited</b> <b>Notes forming part of the Financial Statements as at and for the year ended March 31, 2020</b>				
<b>4 Securities for trade</b>				
(Rs in Lacs)				
Particulars	As at 31-Mar-2020		As at 31-Mar-2019	
	Units	Amount	Units	Amount
<b>A At fair value through profit or loss</b>				
(i) <b>Debt Securities- Bonds</b>				
8.30% Rural Electrification Corporation Ltd	-	-	4,000	40,092
8.98% Power Finance Corporation	-	-	1,000	10,010
7.03% Hindustan Petroleum Corporation Ltd	100	1,000	-	-
<b>Sub Total</b>		<b>1,000</b>		<b>50,102</b>
(ii) <b>Preference Shares (unquoted) fully paid up</b>				
0.0001% preference shares of Pasupati Fabrics Ltd of Rs.10/- each	1,40,000	-	1,40,000	-
<b>Sub Total</b>		<b>-</b>		<b>-</b>
(iii) <b>Investment in Equity Instruments (unquoted)- fully paid up</b>				
Cremica Agro Foods Ltd of Rs.10/- each	46,200	9	46,200	-
<b>Sub-total</b>		<b>9</b>		<b>-</b>
(iv) <b>Mutual Funds</b>				
- Unquoted - Investments carried at FVTPL		81,683		12,557
<b>Sub-total</b>		<b>81,683</b>		<b>12,557</b>
<b>Total (A) Gross</b>		<b>82,692</b>		<b>62,659</b>
<b>Less: Impairment Allowance</b>		<b>-</b>		<b>-</b>
<b>Total (B) - Net</b>		<b>82,692</b>		<b>62,659</b>
* Fully provided for.				

**SBI Capital Markets Limited**
**Notes forming part of the Financial Statements as at and for the year ended March 31, 2020**
**5 Receivables**

(Rs in Lacs)

Particulars	As at 31-Mar-20	As at 31-Mar-19
<b>(a) Trade Receivables</b>		
(i) Receivables- Unsecured, Considered good	13,726	17,527
(ii) Receivable from related parties	1,375	2,582
Less : Allowance for expected credit loss	(5,943)	(9,275)
<b>Total (a)</b>	<b>9,158</b>	<b>10,834</b>
<b>(b) Other Receivables</b>		
(i) Receivables- Unsecured, Considered good	16	19
(ii) Receivable from related parties	57	51
Less : Allowance for expected credit loss	(2)	-
<b>Total (b)</b>	<b>71</b>	<b>70</b>
<b>Total (a+b)</b>	<b>9,229</b>	<b>10,904</b>

**5.1 Movement in allowance for expected credit loss**

Particulars	As at 31-Mar-20	As at 31-Mar-19
Balance at the beginning of the year	9,275	9,861
Add: Allowance for the year	(3,330)	(586)
<b>Total</b>	<b>5,945</b>	<b>9,275</b>

**SBI Capital Markets Limited**  
**Notes forming part of the Financial Statements as at and for the year ended March 31, 2020**

**6 Investments**

(Rs in Lacs)				
Particulars	As at		As at	
	31-Mar-2020		31-Mar-2019	
	Units	Amount	Units	Amount
<b>I Investments carried at fair value through statement of other comprehensive income (FVOCI)</b>				
<b>(a) Investment in Equity instruments - Unquoted</b>				
National Stock Exchange of India Ltd of Re.1 each	2,14,50,000	1,58,001	2,14,50,000	72,745
OTC Exchange of India of Rs. 10 each	11,00,000	*-	11,00,000	*-
Investor Services India Ltd of Rs. 10 each (company under voluntary liquidation)	5,35,768	-	5,35,768	-
India SME Technology Services Ltd of Rs. 10 each (company under voluntary liquidation)	22,000	42	-	-
ONGC Mittal Energy Ltd of USD 1 each	10,00,000	*-	10,00,000	*-
Receivable Exchange of India Ltd of Rs. 10 each	15,25,000	176	15,25,000	260
Receivable Exchange of India Ltd of Rs. 10 each (partly paid up Rs.5)	15,25,000	88		
SBI Home Finance Ltd of Rs. 10 each (Company under liquidation)	10,32,500	*-	10,32,500	*-
<b>Sub-total</b>		<b>1,58,307</b>		<b>73,005</b>
<b>(b) Investment in Equity Instruments - Parent's Subsidiaries (unquoted)</b>				
SBI DFHI Ltd of Rs. 100 each (formerly known as SBI Gilts Ltd) (Percentage holding in the Company is 3.12%)	5,95,295	2,869	5,95,295	2,754
State Bank of India Servicos Limitada Brazil* (0.01% contribution)	1	-	1	-
SBI Foundation Ltd of Rs 10 each* (Percentage holding in the Company is 0.1%)	1,001	-	1,001	-
<b>Sub-total</b>		<b>2,869</b>		<b>2,754</b>
<b>Total</b>		<b>1,61,176</b>		<b>75,759</b>

SBI Capital Markets Limited				
Notes forming part of the Financial Statements as at and for the year ended March 31, 2020				
6 Investments				
(Rs in Lacs)				
Particulars	As at		As at	
	31-Mar-2020		31-Mar-2019	
	Units	Amount	Units	Amount
<b>II Investments carried at cost</b>				
<b>(a). Investment in Equity Instruments - Associates (unquoted)</b>				
SBI Pension Funds Pvt Ltd of Rs 10 each (Percentage holding in the Company is 20%)	60,00,000	600	60,00,000	600
<b>Sub-total</b>		<b>600</b>		<b>600</b>
<b>(b). Investment in Equity Instruments - wholly owned subsidiaries (unquoted)</b>				
SBICAP Securities Ltd of Rs. 10 each	9,68,75,000	12,500	9,68,75,000	12,500
SBICAP UK Ltd of GBP 1 each (Company under liquidation)	-	-	2,00,000	172
SBICAP Trustee Company Ltd of Rs. 10 each	10,00,000	5	10,00,000	5
SBICAP Ventures Ltd of Rs. 10 each	60,37,79,170	6,038	4,99,77,917	4,998
SBICAP Singapore Ltd of SGD 1 each	1,30,00,000	6,178	1,30,00,000	6,178
<b>Sub-total</b>		<b>24,721</b>		<b>23,853</b>
Less: Impairment loss allowance		159		-
<b>Sub-total</b>		<b>24,562</b>		<b>23,853</b>
<b>Total</b>		<b>25,162</b>		<b>24,453</b>
<b>III Investments carried at fair value through Fair Value through Profit and Loss (FVTPL)</b>				
<b>(a) Investments in AIF units - unquoted</b>				
Stellaris Ventures Partners India I Fund	512	935	431	432
SBI Special Situation Fund I	2,500	253	-	-
<b>Sub Total</b>		<b>1,188</b>		<b>432</b>
<b>(b) Investments in Mutual funds - Unquoted</b>				
<b>Sub Total</b>		<b>14,526</b>		<b>13,228</b>
<b>Total</b>		<b>15,714</b>		<b>13,660</b>

SBI Capital Markets Limited				
Notes forming part of the Financial Statements as at and for the year ended March 31, 2020				
<b>6 Investments</b>				
(Rs in Lacs)				
Particulars	As at		As at	
	31-Mar-2020		31-Mar-2019	
	Units	Amount	Units	Amount
<b>IV Investment carried at amortised cost</b>				
<b>Investments in debentures or bonds -Quoted</b>				
8.20% bonds of National Highway Authority of India Ltd (Taxfree) of Rs. 1,000/- each	54,876	549	54,876	549
8.20% Power Finance Corporation Ltd (Taxfree) of Rs. 1,000/- each	71,197	712	71,197	712
8.10% bonds of India Railways Finance Corporation Ltd (Taxfree) of Rs. 1,000/- each (300000 units pledged to SBI for loan of a subsidiary)	3,04,510	3,045	3,04,510	3,045
7.38% Rural Electrification Corporation Ltd (Taxfree) of Rs. 1,000/- each (100000 units pledged to SBI for loan of a subsidiary)	1,00,000	1,000	1,00,000	1,000
7.34 % Indian Railways Finance Corporation Ltd (Taxfree) of Rs. 1,000/- each (100000 units pledged to SBI for loan of a subsidiary)	1,00,000	1,000	1,00,000	1,000
8.63% Rural Electrification Corporation Ltd(Taxfree) of Rs. 1000/- each	1,00,000	1,000	1,00,000	1,000
8.55% India Infrastructure Finance Company Ltd (Taxfree) of Rs. 1000/- each	1,00,000	1,000	1,00,000	1,000
<b>Total</b>		<b>8,306</b>		<b>8,306</b>
<b>Total Non-current Investment</b>		<b>2,10,358</b>		<b>1,22,178</b>
* Fully provided for.				
<b>6.1</b>	Investments in bonds of Rs. 5000 lacs (2019: Rs. 5000 lacs) is kept as collateral security against bank overdraft facility for the Wholly owned subsidiary Company SBICAP Securities Limited.			
<b>6.2</b>	Category wise Investments			
Particulars	As at		As at	
	31-Mar-20		31-Mar-19	
<b>Financial Assets</b>				
- Amortised Cost		8,306		8,306
- Cost		25,162		24,453
- Fair value through other comprehensive income		1,61,176		75,759
- Fair value through profit or loss		15,714		13,660
<b>Total</b>		<b>2,10,358</b>		<b>1,22,178</b>

**SBI Capital Markets Limited****Notes forming part of the Financial Statements as at and for the year ended March 31, 2020****7 Other financial assets**

(Rs in Lacs)		
Particulars	As at 31-Mar-20	As at 31-Mar-19
<b>Unsecured, Considered good</b>		
<b>Deposits</b>		
- Security deposits for leased premises	327	335
- Other deposits	139	109
Loans to employees	40	27
Accrued interest	290	356
Accrued income from services	14	44
Interest receivable on income tax refund	-	3,639
Other Advances	-	85
<b>Total</b>	<b>810</b>	<b>4,595</b>

**8 Income Tax Asset (Net)**

(Rs in Lacs)		
Particulars	As at 31-Mar-20	As at 31-Mar-19
Advance tax and TDS (Net of provision for tax of Rs. 1,60,642 Lacs (2019: Rs.1,56,382 Lacs))	10,044	8,535
<b>Total</b>	<b>10,044</b>	<b>8,535</b>



**SBI Capital Markets Limited**

Notes forming part of the Financial Statements as at and for the year ended March 31, 2020

**9 Investment Property**

(Rs in Lacs)

Particulars	Investment Property
<b>A. <u>Gross carrying amount</u></b>	
Opening balance as at April 1, 2018	7,917
Additions	-
Disposals	-
<b>Balance as at March 31, 2019</b>	<b>7,917</b>
Additions	-
Disposals	-
<b>Balance as at March 31, 2020</b>	<b>7,917</b>
<b>B. <u>Accumulated depreciation</u></b>	
Opening balance as at April 1, 2018	1,010
Depreciation charge for the year	345
Disposals	-
<b>Balance as at March 31, 2019</b>	<b>1,355</b>
Depreciation charge for the year	328
Disposals	-
<b>Balance as at March 31, 2020</b>	<b>1,683</b>
<b>C. <u>Net carrying value</u></b>	
Net carrying amount as at March 31, 2020	6,233
Net carrying amount as at March 31, 2019	6,562

**9.1** Fair value of investment property as at March 2020 is Rs. 9,422 lacs

**SBI Capital Markets Limited**  
Notes forming part of the Financial Statements as at and for the year ended March 31, 2020

## 10 Property Plant and equipment

[illegible]

**SBI Capital Markets Limited****Notes forming part of the Financial Statements as at and for the year ended March 31, 2020****11 Intangible assets**

(Rs in Lacs)

Particulars	Computer Software
<b>A. Gross carrying amount</b>	
Balance as at April 1, 2018	740
Addition	1
Disposals	-
Balance as at March 31, 2019	741
Addition	4
Disposals	-
Balance as at March 31, 2020	745
<b>B. Accumulated amortisation</b>	
Balance as at April 1, 2018	716
Addition	14
Disposals	-
Balance as at March 31, 2019	730
Addition	8
Disposals	-
Balance as at March 31, 2020	738
<b>C. Net carrying value</b>	
Net carrying amount as at March 31, 2020	7
Net carrying amount as at March 31, 2019	11

**11.1** All Intangible assets held by the company are purchased and not internally generated.

SBI Capital Markets Limited		
Notes forming part of the Financial Statements as at and for the year ended March 31, 2020		
<b>12 Other non-financial assets</b>		
(Rs in Lacs)		
Particulars	As at 31-Mar-20	As at 31-Mar-19
Service Tax refund receivable	3	4
Advances for expenses	160	-
Advances rentals for lease premises	475	-
Prepaid expenses	105	124
Other advances	69	62
<b>Total</b>	<b>812</b>	<b>190</b>
<b>13 Payables</b>		
(Rs in Lacs)		
Particulars	As at 31-Mar-20	As at 31-Mar-19
<b>(I) Trade Payables</b>		
-total outstanding dues of micro enterprises and small enterprises	-	-
-total outstanding dues of creditors other than micro enterprises and small enterprises	705	99
<b>Total (I)</b>	<b>705</b>	<b>99</b>
<b>(II) Other Payables</b>		
-total outstanding dues of micro enterprises and small enterprises		
-total outstanding dues of creditors other than micro enterprises and small enterprises	517	531
<b>Total (II)</b>	<b>517</b>	<b>531</b>
<b>Total (I+II)</b>	<b>1,222</b>	<b>630</b>
<b>14 Other financial liabilities</b>		
(Rs in Lacs)		
Particulars	As at 31-Mar-20	As at 31-Mar-19
Incentive payable	2,300	1,737
Payable for expenses	663	229
<b>Deposits</b>		
-Lease deposits	35	46
-Other deposits	28	33
<b>Total</b>	<b>3,026</b>	<b>2,045</b>
<b>15 Deferred Tax Liability/ (Asset)</b>		
(Rs in Lacs)		
Particulars	As at 31-Mar-20	As at 31-Mar-19
Deferred Tax Liability	34,210	21,727
(Refer note no. 39)		
<b>Total</b>	<b>34,210</b>	<b>21,727</b>

**SBI Capital Markets Limited**

Notes forming part of the Financial Statements as at and for the year ended March 31, 2020

**16 Provisions**

(Rs in Lacs)

Particulars	As at 31-Mar-20	As at 31-Mar-19
<b>Non -Current</b>		
Provision for compensated absences	683	750
Provision for Gratuity	192	285
<b>Total</b>	<b>875</b>	<b>1,035</b>

**17 Other non-financial liabilities**

(Rs in Lacs)

Particulars	As at 31-Mar-20	As at 31-Mar-19
<b>Current</b>		
Income received in advance	31	74
Statutory liabilities	844	1,060
<b>Total</b>	<b>875</b>	<b>1,134</b>

SBI Capital Markets Limited					
Notes forming part of the Financial Statements as at and for the year ended March 31, 2020					
<b>18</b>	<b>Equity Share Capital</b>				
					(Rs in Lacs)
	Particulars	As at		As at	
		31-Mar-20		31-Mar-19	
<b>A. Authorised</b>					
	10,00,000 Preference Shares of Rs.100 each		1,000		1,000
	10,00,00,000 Equity Shares of Rs.10 each		10,000		10,000
	<b>Total</b>		<b>11,000</b>		<b>11,000</b>
<b>B. Issued, subscribed and fully paid- up</b>					
	5,80,33,711 Equity Shares of Rs.10 each, fully paid		5,803		5,803
	<b>Total issued, subscribed and Fully paid-up share capital</b>		<b>5,803</b>		<b>5,803</b>
<b>C. Reconciliation of shares at the beginning and at the end of the each reporting year</b>					
		March 31, 2020		March 31, 2019	
	Equity Shares	No of Shares	Amount	No of Shares	Amount
	At the beginning of the year	5,80,33,711	5,803	5,80,33,711	5,803
	At the end of the year	5,80,33,711	5,803	5,80,33,711	5,803
<b>D. Terms/rights attached to equity shares</b>					
	The company has issued only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled for one vote per share. The dividend proposed (if any) by the Board of Director's is subject to the approval of shareholders in the ensuing Annual General Meeting, except in the case of interim dividend.				
	In the event if liquidation of the company, the holder of equity share 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 shareholders.				
<b>E. Pattern of shareholding</b>					
	Details of shares held by shareholders holding more than 5% of the aggregate shares in the company:				
		March 31, 2020		March 31, 2019	
	Shareholder	No of Shares	% of Holding	No of Shares	% of Holding
	State Bank of India & Its nominees	5,80,33,711	100%	5,80,33,711	100%
	<b>Total</b>	<b>5,80,33,711</b>	<b>100%</b>	<b>5,80,33,711</b>	<b>100%</b>
<b>F. Other details of equity shares for a period of five years immediately preceding March 31, 2020:</b>					
	Particulars	2019	2018	2017	2016
	Aggregate no of shares allotted as fully paid up pursuant to contracts without payment being received in cash	-	-	-	-
	Aggregate no of shares allotted as fully paid bonus shares	-	-	-	-
	Aggregate no of shares bought back	-	-	-	-
<b>G. Capital Management :</b>					
	The company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the company. The company determines the capital requirement based on annual operating plans and long term and other strategic investment plans. The funding requirements are met through cash flows generated from operations.				



**SBI Capital Markets Limited****Notes forming part of the Financial Statements as at and for the year ended March 31, 2020****19 Other Equity**

		(Rs in Lacs)	
<b>Reservers &amp; Surplus</b>		<b>As at 31-Mar-20</b>	<b>As at 31-Mar-19</b>
<b>A General Reserve</b>	Balance as per the last financial statements	44,439	44,439
	Add : addition during the year	-	-
	<b>Closing Balance</b>	<b>44,439</b>	<b>44,439</b>
<b>B Securities Premium Account</b>	Balance as per the last financial statements	6,347	6,347
	Add : addition during the year	-	-
	<b>Closing Balance</b>	<b>6,347</b>	<b>6,347</b>
<b>C Retained Earnings</b>	Balance as per the last financial statements	1,31,325	1,14,506
	Profit for the year	21,543	16,819
	Add/Less : Appropriations/ Adjustments	-	-
	Total appropriations	-	-
	<b>Closing Balance</b>	<b>1,52,868</b>	<b>1,31,325</b>
<b>D Other Comprehensive Income (OCI)</b>	Balance as per the last financial statements	4,028	(2,371)
	Add : addition during the year	74,423	6,399
	<b>Closing Balance</b>	<b>78,451</b>	<b>4,028</b>
	<b>Total</b>	<b>2,82,105</b>	<b>1,86,139</b>

**SBI Capital Markets Limited**
**Notes forming part of the Financial Statements as at and for the year ended March 31, 2020**
**20 Interest Income**

(Rs in Lacs)		
Particulars	Year ended 31-Mar-20	Year ended 31-Mar-19
<b>A Interest income on financial assets measured at amortised cost:</b>		
- Investments	670	669
- Fixed deposit with banks	21	27
<b>B. Interest income on financial assets measured at fair value through profit or loss:</b>		
- AIF Funds	10	-
- Securities held for trade	604	388
<b>C. Interest income on financial assets measured at fair value through OCI</b>	-	-
<b>Total</b>	<b>1,305</b>	<b>1,084</b>

**21 Dividend Income**

(Rs in Lacs)		
Particulars	Year ended 31-Mar-20	Year ended 31-Mar-19
- Others	4,100	3,757
<b>Total</b>	<b>4,100</b>	<b>3,757</b>

**22 Fees and Comission Income**

(Rs in Lacs)		
Particulars	Year ended 31-Mar-20	Year ended 31-Mar-19
Issue management Fees	1,508	652
Arranger's fees	1,317	1,610
Advisory fees	28,808	22,586
<b>Total</b>	<b>31,633</b>	<b>24,848</b>

SBI Capital Markets Limited		
Notes forming part of the Financial Statements as at and for the year ended March 31, 2020		
<b>23 Net gain on fair value changes</b>		
(Rs in Lacs)		
Particulars	Year ended 31-Mar-20	Year ended 31-Mar-19
Net gain/loss on financial instruments at fair value through profit or loss		
- Profit/loss on securities held for trade	3,832	3,583
- Profit/(loss) on sale of investments (net)	1,773	30
<b>Total</b>	<b>5,605</b>	<b>3,613</b>
<b>23.1 Fair value changes</b>		
(Rs in Lacs)		
Particulars	Year ended 31-Mar-20	Year ended 31-Mar-19
-Realised	3,597	2,762
- Unrealised	2,008	851
<b>Total</b>	<b>5,605</b>	<b>3,613</b>
<b>24 Other Income</b>		
(Rs in Lacs)		
Particulars	Year ended 31-Mar-20	Year ended 31-Mar-19
Rental Income	1,239	1,042
Bad debts recovered	148	159
Interest on Income Tax refund	-	3,645
Exchange differences (net)	115	93
Exchange differences on disposal of subsidiary	8	-
Profit on sale of Property, plant and equipment	-	3
Others	23	817
<b>Write back of Provisions</b>		
- Leave Encashment	67	10
- Others	65	8
<b>Total</b>	<b>1,665</b>	<b>5,777</b>

SBI Capital Markets Limited		
Notes forming part of the Financial Statements as at and for the year ended March 31, 2020		
<b>25 Finance costs</b>		
(Rs in Lacs)		
Particulars	Year ended 31-Mar-20	Year ended 31-Mar-19
Interest expense	-	538
Other borrowing cost	20	42
<b>Total</b>	<b>20</b>	<b>580</b>
<b>26 Fees and commission expenses</b>		
(Rs in Lacs)		
Particulars	Year ended 31-Mar-20	Year ended 31-Mar-19
Fees and commission expenses	754	272
<b>Total</b>	<b>754</b>	<b>272</b>
<b>27 Impairment on Financial Instruments</b>		
(Rs in Lacs)		
Particulars	Year ended 31-Mar-20	Year ended 31-Mar-19
Investments in subsidiary (Refer Note: 46)	159	-
<b>Total</b>	<b>159</b>	<b>-</b>
<b>28 Employee Benefits Expenses</b>		
(Rs in Lacs)		
Particulars	Year ended 31-Mar-20	Year ended 31-Mar-19
Salaries, wages and bonus	8,492	5,653
Contribution to provident and other funds	368	293
Contribution to Superannuation	26	180
Contribution to gratuity (Refer note 34)	72	179
Staff welfare expenses	130	137
<b>Total</b>	<b>9,088</b>	<b>6,442</b>
<b>29 Depreciation, amortization and impairment</b>		
(Rs in Lacs)		
Particulars	Year ended 31-Mar-20	Year ended 31-Mar-19
Depreciation and amortisation expense	492	560
<b>Total</b>	<b>492</b>	<b>560</b>

SBI Capital Markets Limited		
Notes forming part of the Financial Statements as at and for the year ended March 31, 2020		
<b>30</b>	<b>Other expenses</b>	
	(Rs in Lacs)	
Particulars	Year ended 31-Mar-20	Year ended 31-Mar-19
Legal & Professional Fees	700	581
Conveyance & Travelling	782	671
Rental charges	609	837
Rates & Taxes	164	113
Royalty Expenses	336	489
Bad Debts Written off	4,540	2,335
Write back of Provision for Doubtful Debts	(3,330)	(586)
Postage, telephone and telex	66	96
Advertisement Expenses	10	5
Printing & Stationery	75	60
Electricity Expenses	66	84
Repairs & Maintenance Building	104	112
Repairs & Maintenance Others	118	111
Insurance	113	132
Auditor's Remuneration (Refer note 33)	30	21
Director's Sitting Fees	23	14
Office Maintenance	90	80
Training Charges	369	195
Membership & Subscription	203	240
Filing Fees & Other Charges	32	345
Corporate Social Responsibility expenses (Refer note 37)	595	728
Penalty paid to SEBI	17	-
Provision for Long Term Investments	-	50
Provision for Current investment	-	-
Loss on disposal of subsidiary (Refer note 45)	232	-
Loss on sale of Property, plant and equipment	2	-
Miscellaneous expenses	293	251
<b>Total</b>	<b>6,239</b>	<b>6,965</b>

**SBI Capital Markets Limited**  
**Notes forming part of the Financial Statements as at and for the year ended March 31, 2020**

**31 Earnings per equity share (EPS)**

The computation of basic and diluted earnings per share is given below:

Particulars	(Rs in Lacs)	
	Year ended March-20	Year ended March-19
Profit after tax	21,543	16,819
<b>Weighted average number of equity shares:</b>		
- For Basic EPS (No.)	5,80,33,711	5,80,33,711
- For Diluted EPS (No.)	5,80,33,711	5,80,33,711
Nominal value per share (Rs.)	10	10
<b>Earnings per share</b>		
- Basic in Rs.	37.12	28.98
- Diluted in Rs.	37.12	28.98

**32 CONTINGENT LIABILITIES AND COMMITMENTS**

Particulars	(Rs in Lacs)	
	As at March-20	As at March-19
<b>A Contingent Liabilities</b>		
<b>Claims against the Company/disputed liabilities not acknowledged as debts</b>		
- (i) For income tax matters	4,993	5,125
- (ii) For other matters	181	314
- Performance Guarantees	239	302
<b>B Commitments</b>		
- Capital Commitments	38	600
- Uncalled liability on shares and investments partly paid	76	-
- Other commitments- Investments	1,238	-

**33 Auditor's Remuneration**

Particulars	(Rs in Lacs)	
	Year ended March-20	Year ended March-19
- Audit Fees	14	14
- Tax audit	1	1
- Limited Review	4	3
- Other services (certification)	10	2
- Out-of-pocket expenses	1	1
<b>Total</b>	<b>30</b>	<b>21</b>

**SBI Capital Markets Limited**  
**Notes forming part of the Financial Statements as at and for the year ended March 31, 2020**

**34 Employee Benefits**

**A. Gratuity**

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. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

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 for the respective plans.

**Reconciliation of Defined benefit obligation**  
**Changes in defined benefit obligation**

Particulars	Year ended	
	31st March 2020	31st March 2019
Opening of defined benefit obligation	666	891
Current service cost	59	93
Interest on defined benefit obligation	47	65
Remeasurements due to :		
- Actuarial loss/(gain) arising from change in financial assumptions	29	(49)
- Actuarial loss/(gain) arising from change in demographic assumptions	43	-
- Actuarial loss/(gain) arising on account of experience changes	32	27
Benefits paid	(78)	(361)
<b>Closing of defined benefit obligation</b>	<b>798</b>	<b>666</b>

**Movement in plan Assets**

Particulars	Year ended	
	31st March 2020	31st March 2019
Opening fair value of plan assets	445	566
Employer contributions	201	203
Interest on plan assets	34	43
Remeasurements due to :		
- Actual return on plan assets less interest on plan assets	4	(6)
Benefits paid	(78)	(361)
<b>Closing fair value of plan assets</b>	<b>607</b>	<b>445</b>

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

Particulars	Year ended	
	31st March 2020	31st March 2019
Investments with insurer	100%	100%

**Balance sheet**

**Net asset/(liability) recognised in the balance sheet:**

Particulars	Year ended	
	31st March 2020	31st March 2019
Present value of the funded defined benefit obligation	798	666
Fair value of plan assets at the end of the year	607	445
<b>Liability recognized in the balance sheet (i-ii)</b>	<b>192</b>	<b>221</b>

**Statement of profit & loss**

**Expenses recognised in the Statement of profit and loss:**

Particulars	Year ended	
	31st March 2020	31st March 2019
Current service cost	59	93
Past service cost	-	-
Expected return on plan assets	13	21
<b>Total expense charged to profit and loss account</b>	<b>72</b>	<b>114</b>

**SBI Capital Markets Limited**  
**Notes forming part of the Financial Statements as at and for the year ended March 31, 2020**  
**Statement of other Comprehensive Income (OCI)**

Particulars	(Rs in Lacs)	
	Year ended	
	31st March 2020	31st March 2019
Opening amount recognized in OCI outside profit and loss account	(21)	(5)
Remeasurements during the year due to:		
<i>Changes in financial assumptions</i>	29	(49)
<i>Changes in demographic assumptions</i>	43	(0)
<i>Experience adjustment</i>	32	27
Actual return on plan assets less interest on plan assets	(4)	6
Adjustment to recognized the effect of asset ceiling		-
Closing amount recognized in OCI outside profit and loss account	79	(21)

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

Particulars	Year ended	
	31st March 2020	31st March 2019
	%	%
Discount rate	7.03	7.65
Salary Escalation rate	8.00	8.00

**Sensitivity Analysis**

The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarizes the change in defined benefit obligation and impact in percentage terms compared with the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 50 basis points

Particulars	(Rs in Lacs)	
	Discount Rate	Salary Escalation Rate
Defined Benefit obligation on increase in 50 bps	775	823
Impact of increase in 50 bps on DBO	-2.95%	3.07%
Defined Benefit obligation on decrease in 50 bps	823	775
Impact of decrease in 50 bps on DBO	3.12%	-2.93%

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analyses.

**Investment details of plan assets**

**Projected plan cash flow:**

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date:

Maturity Profile	Rs in Lacs
Expected benefits for year 1	127.93
Expected benefits for year 2	88.37
Expected benefits for year 3	109.84
Expected benefits for year 4	92.52
Expected benefits for year 5	87.93
Expected benefits for year 6	94.50
Expected benefits for year 7	84.46
Expected benefits for year 8	69.86
Expected benefits for year 9	89.68
Expected benefits for year 10	493.57

The weighted average duration to the payment of these cash flows is 6.90 years



**SBI Capital Markets Limited**  
**Notes forming part of the Financial Statements as at and for the year ended March 31, 2020**

**B. Compensated Absence**

The liability towards compensated absences for the year ended March 31, 2019 is based on actuarial valuation carried out by using the projected unit credit method.

Particulars	Year ended	
	31st March 2020	31st March 2019
	%	%
Interest rate	7.03	7.65
Salary Escalation rate	8.00	8.00

**35 SEGMENTAL REPORTING**

**- Primary Segment**

The Company's operations falls under a single business segment of Financial services. The Company is engaged in providing Investment banking, Merchant banking and corporate advisory services. As per the views of the Company's chief operating decision maker, business activities primarily falls within a single operating segment, no additional disclosure is to be provided under IND AS 108 - Operating Segments, other than those already provided in the financial statements.

**- Geographical Segment**

The Company operates in one geographic segment namely "within India" and hence no separate information for geographic segment wise disclosure is required.

**36 RELATED PARTY DISCLOSURES**

As per Indian Accounting Standard on related party disclosures (Ind AS 24), the names of the related parties of the Company are as follows:

**A. Related party where control exists irrespective whether transactions have occurred or not**

a. Holding Company	State Bank of India
b. Subsidiary:	SBICAP Securities Limited SBICAPS Ventures Limited SBICAP Trustee Company Limited SBICAP (UK) Limited SBICAP Singapore Ltd

**B. Other related parties where transactions have occurred during the year**

a. Fellow Subsidiaries & Associates	SBI DFHI Limited SBI Funds Management Pvt. Limited SBI Life Insurance Company Limited SBI Cards & Payment Services Pvt. Limited SBI General Insurance Co Ltd SBI Foundation Limited State Bank of India Servicos Limitada Brazil SBI Home Finance Limited SBI Pension Funds Private Limited
b. Staff Welfare Fund	SBICAPS Employee's Provident Fund
c. Directors and Key Management Personnel of the Company	
Managing Director & CEO	Shri Arun Mehta (from 21st January 2020 onwards) Shri Sanjiv Chadha (from 21st February 2019 to 20th January 2020) Shrimati Varsha Purandare (upto 31st December 2018)
Whole Time Director	Shrimati Uma Shanmukhi Sistla (from 12th July 2018 onwards) Shri Biswa Ketan Das (upto 15th June 2018)
Non-Executive Independent Director	Shri Narayan K Seshadri Shri Ananth Narayanan G. Smt. Aruna Jayanthi (upto 27th September 2018)
Non-Executive Director	Smt. Bharati Rao Shri T.P. Palani Kumar Shri Sharad Sharma (from 6th September 2019 onwards)

**SBI Capital Markets Limited**  
Notes forming part of the Financial Statements as at and for the year ended March 31, 2020

**36.1 Managerial Remuneration**

Particulars	(Rs in Lacs)	
	Year ended March-20	Year ended March-19
<b>Shri. Sanjiv Chadha</b>		
Short term employee benefits	27	4
Post employee benefits	4	1
<b>Shri. Arun Mehta</b>		
Short term employee benefits	7	-
Post employee benefits	1	-
<b>Shrimati Varsha Purandare</b>		
Short term employee benefits	-	32
Post employee benefits	-	4
<b>Shri. Biswa Ketan Das</b>		
Short term employee benefits	-	6
Post employee benefits	-	1
<b>Shrimati Uma Shanmukhi Sistla</b>		
Short term employee benefits	38	26
Post employee benefits	5	4
<b>Total</b>	<b>83</b>	<b>77</b>

SBI Capital Markets Limited									
Notes forming part of the Financial Statements as at and for the year ended March 31, 2020									
36.2 The following transactions were carried out with the related parties in the ordinary course of business:									
Particulars	Holding Company		Subsidiaries		Fellow Subsidiaries and Associates		Directors and Key Managerial Personnel		(Rs in Lacs)
	Mar-20	Mar-19	Mar-20	Mar-19	Mar-20	Mar-19	Mar-20	Mar-19	
Income and Expense Items: (For the year ended)									
Income during the year ended									
Issue Management Fees									
SBI Cards and Payment Services Limited	-	-	-	-	643	-	-	-	
Arranger Fees	695	831	-	-	-	-	-	-	
SBICAP Securities Limited	-	-	-	7	-	-	-	-	
SBI Cards and Payment Services Limited	-	-	-	-	25	19	-	-	
Advisory fees	7,172	4,662	-	-	-	-	-	-	
Interest Income	21	27							
SBI Cards and Payment Services Limited	-	-	-	-	116	-	-	-	
Net Profit on sale securities									
SBI Cards and Payment Services Limited	-	-	-	-	65	-	-	-	
Rent Income									
SBICAP Securities Limited	-	-	1,239	1,042	-	-	-	-	
Dividend received									
SBI DFHI Limited	-	-	-	-	60	-	-	-	
Miscellaneous Income									
SBICAP Securities Limited	-	-	2	9	-	-	-	-	

**SBI Capital Markets Limited**
**Notes forming part of the Financial Statements as at and for the year ended March 31, 2020**
**36.2 The following transactions were carried out with the related parties in the ordinary course of business:**

Particulars	Holding Company		Subsidiaries		Fellow Subsidiaries and Associates		Directors and Key Managerial Personnel	
	Mar-20	Mar-19	Mar-20	Mar-19	Mar-20	Mar-19	Mar-20	Mar-19
<b>Expenses during the year ended</b>								
<b>Deputation of Employees<sup>#</sup></b>								
	288	280						
<b>Ex-gratia paid</b>								
Shri Arun Mehta							4	-
Shri Sanjiv Chadha							12	1
Shrimati Varsha Purandare							-	9
Shrimati Uma Shammukhi Sistla							9	7
Shri Biswa Ketan Das							-	2
<b>Director's Sitting Fees</b>								
Smt. Bharati Rao							6	4
Shri T.P. Palani Kumar							4	2
Shri Sharad Sharma							2	-
Shri Narayan K Seshadri							7	6
Shri Ananth Narayanan G.							5	1
Smt. Aruna Jayanthi							-	1
<b>Interest Expenses</b>		538						
<b>Other Borrowing cost</b>	20	42						
<b>Fees &amp; Commission</b>								
SBICAP Securities Limited			753	215				
<b>Royalty Expense</b>	336	489						
<b>Insurance Expense</b>								
SBI Life Insurance Company Limited					18	23		
SBI General Insurance Company Limited					87	111		
<b>Loss on disposal of subsidiary</b>								
SBICAP (UK) Limited			232	-				
<b>Rent Expense</b>	58	51						

(Rs in Lacs)

SBI Capital Markets Limited									
Notes forming part of the Financial Statements as at and for the year ended March 31, 2020									
36.2 The following transactions were carried out with the related parties in the ordinary course of business:									
Particulars	Holding Company		Subsidiaries		Fellow Subsidiaries and Associates		Directors and Key Managerial Personnel		(Rs in Lacs)
	Mar-20	Mar-19	Mar-20	Mar-19	Mar-20	Mar-19	Mar-20	Mar-19	
Brokerage Expenses									
SBICAP Securities Limited			13	-					
Contribution towards CSR									
SBI Foundation Limited					470	400			
Bank & Other Charges									
SBICAP Securities Limited	5	2							
SBICAP Trustee Company Limited			0*	0*					
Business Promotion Expenses									
SBICAP (UK) Limited			10	-					
SBICAP Singapore Limited			4	2					
Bad Debts written off	103	230							
Other expenses									
SBICAP Trustee Company Limited	1	-							
SBI Cards and Payment Services Limited			0*	-	0*	-			
Balance Sheet Items:									
(Outstanding As on)									
Share Capital									
	5,803	5,803							
Balance payable as at									
Payables									
SBICAP Securities Limited	-	2	672	48					
SBICAP Singapore Limited			-	1					
SBICAP UK Limited			-	1					
SBICAP Trustee Company Limited			0*	-					
SBI General Insurance Company Limited					0*	-			

**SBI Capital Markets Limited**
**Notes forming part of the Financial Statements as at and for the year ended March 31, 2020**
**36.2 The following transactions were carried out with the related parties in the ordinary course of business:**

Particulars	Holding Company		Subsidiaries		Fellow Subsidiaries and Associates		Directors and Key Managerial Personnel	
	Mar-20	Mar-19	Mar-20	Mar-19	Mar-20	Mar-19	Mar-20	Mar-19
<b>Balance receivable as at</b>								
<b>Bank Balance</b>	1,427	1,995						
<b>Deposit with Banks</b>	5,301	317						
<b>Receivables</b>	643	2,582						
SBICAP Securities Limited			26	21				
SBICAP Trustee Company Limited			1					
SBICAP Ventures Limited			3	-				
SBI Cards and Payment Services Limited			-	-	759	15		
<b>Investments</b>								
SBICAP Securities Limited			12,500	12,500				
SBICAP Ventures Limited			6,038	4,998				
SBICAP Trustee Company Limited			5	5				
SBICAP UK Limited			-	172				
SBICAP Singapore Limited			6,019	6,178				
SBI Pension Funds Private Limited					601	601		
SBI DFHI Limited					2,869	2,754		
SBICAP Home Finance Limited®					-	-		
SBI Foundation Limited					0*	0*		
State Bank of India Servicos Limitada Brazil®					-	0*		
<b>Accrued interest on Deposit with Banks</b>	33	33						

(Rs in Lacs)

SBI Capital Markets Limited									
Notes forming part of the Financial Statements as at and for the year ended March 31, 2020									
36.2 The following transactions were carried out with the related parties in the ordinary course of business:									
Particulars	Holding Company		Subsidiaries		Fellow Subsidiaries and Associates		Directors and Key Managerial Personnel		
	Mar-20	Mar-19	Mar-20	Mar-19	Mar-20	Mar-19	Mar-20	Mar-19	Mar-19
Others transactions during the year ended									
Investments in equity shares of subsidiary									
SBICAP Ventures Limited			1,040	1,070					
SBICAP (UK) Limited			177	-					
Winding up of Company									
SBICAP (UK) Limited	-	-	349	-	-	-	-	-	-
Investment in Bonds									
SBI Cards & Payment Services Private Limited <sup>\$</sup>	-	-	-	-	82,500	-	-	-	-
Sale of securities	1,20,015	-	-	-	-	-	-	-	-
SBI General Insurance Company Limited	-	-	-	-	50,028	77,886	-	-	-
SBI DFHL Limited	-	-	-	-	75,202	1,456	-	-	-
SBI Life Insurance Company Limited	-	-	-	-	89,058	15,521	-	-	-
SBI Funds Management Private Limited	-	-	-	-	40,015	-	-	-	-
Guarantees	239	301	-	-	-	-	-	-	-
Expenses shared	37	82	-	-	-	-	-	-	-
SBICAP Securities Limited	-	-	127	80	-	-	-	-	-
SBICAP Ventures Limited	-	-	19	2	-	-	-	-	-
SBICAP Trustee Company Limited	-	-	2	3	-	-	-	-	-

#. Included in expenses relating to deputation of employees are amounts aggregating to Rs. 117 (2018: Rs. 105) pertaining to salaries paid to key management personnel.

\* Insignificant amount.

\* Insignificant amount.

@Fully provided

\$Outstanding as at 31st March 2020 is Nil.

The Company has contributed Rs. 722 Lacs (March 31, 2019: 542 Lacs) to SBICAPS Employee's Provident Fund during the year.

The Company has sold securities of Rs. 151 Lacs (March 31, 2019: Nil) to SBICAPS Employee's Provident Fund during the year.



**SBI Capital Markets Limited**  
**Notes forming part of the Financial Statements as at and for the year ended March 31, 2020**

**37 Statement of corporate social responsibility expenditure**

(Rs in Lacs)		
Particulars	Year ended March-20	Year ended March-19
a Gross amount required to be spent during the year	594	725
b Amount spent during the year on		
- (i) Construction/acquisition of any asset	-	-
- (ii) On purposes other than (i) above - in cash	595	728
Out of the above, contribution made to related party is as below		
SBI Foundation Limited	470	400
(For Inclusive growth)		

**38 Micro and small enterprises**

There are no micro, small and medium enterprises, to which company owes dues, as at March 31, 2020. This information is required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 that has been determined to the extent such parties have been identified on the basis of information available with the Company.

**39 Income taxes**

**A. The major components of income tax expense for the year are as under:**

Particulars	Year ended March-20	Year ended March-19
<b>Current Tax</b>		
In respect of current year	5,177	7,180
In respect of earlier year	(917)	-
<b>Total (A)</b>	4,260	7,180
<b>Deferred tax</b>		
Origination of reversal of temporary differences	1,531	261
Impact of change in tax rate	223	-
<b>Total (B)</b>	1,753	261
<b>Income Tax recognised in the statement of Profit and Loss (A+B)</b>	6,013	7,441
<b>Income tax expenses recognized in OCI</b>		
Income tax relating to items that will not be classified to profit or loss	10,729	3,429
<b>Total</b>	10,729	3,429

**B. Movement of tax expenses and the accounting profit for the year is as under:**

Particulars	Year ended March-20	Year ended March-19
Profit before tax	27,556	24,260
Enacted tax rates in India	25.168	34.944
Income tax expenses	6,935	8,478
Income taxable on Receipt basis	917	-
Tax on expenses not tax deductible	374	360
Tax on income from exempt income	(3,049)	(1,658)
<b>Total Tax expenses as per statement of profit and loss</b>	5,177	7,180

The applicable Indian corporate statutory tax rate for the year ended March 31, 2020 and March 31, 2019 is 25.168% and 34.944% respectively. The reduction in corporate statutory tax rate to 25.168% is consequent to Introduction of section 115BAA in Income Tax Act, 1961

SBI Capital Markets Limited					
Notes forming part of the Financial Statements as at and for the year ended March 31, 2020					
<b>C</b>	<b>Movement of Deferred tax assets and Liabilities</b>				
<b>i</b>	<b>As at March 31, 2020</b>	(Rs in Lacs)			
		<b>As at April 1, 2019</b>	<b>Credit/(Charge) in the statement of profit and loss</b>	<b>Credit/(Charge) in other comprehensive income</b>	<b>As at March 31, 2020</b>
	<b>Movement during the year ended March 31, 2020</b>				
	Difference between book and tax depreciation	360	(306)		54
	Allowances for doubtful debts and advances	3,212	(1,715)		1,496
	Fair value gain/(loss) on investments	(26,386)	(295)	(10,729)	(37,411)
	Provision for post retirement benefits	359	(139)		220
	Other temporary differences	728	702		1,430
	<b>Net deferred tax assets/(Liabilities)</b>	<b>(21,727)</b>	<b>(1,753)</b>	<b>(10,729)</b>	<b>(34,210)</b>
<b>ii</b>	<b>As at March 31, 2019</b>	(Rs in Lacs)			
		<b>As at April 1, 2018</b>	<b>Credit/(Charge) in the statement of profit and loss</b>	<b>Credit/(Charge) in other comprehensive income</b>	<b>As at March 31, 2019</b>
	<b>Movement during the year ended March 31, 2020</b>				
	Difference between book and tax depreciation	410	(50)	-	360
	Allowances for doubtful debts and advances	3,412	(200)	-	3,212
	Fair value gain/(loss) on investments	(22,957)	-	(3,429)	(26,386)
	Provision for post retirement benefits	376	(17)	-	359
	Other temporary differences	721	7	-	728
	<b>Net deferred tax assets/(Liabilities)</b>	<b>(18,038)</b>	<b>(261)</b>	<b>(3,429)</b>	<b>(21,727)</b>

**SBI Capital Markets Limited**  
**Notes forming part of the Financial Statements as at and for the year ended March 31, 2020**

**40 Financial Instruments**

Refer to financial instruments by category table below for the disclosure on carrying value and fair value of financial assets and liabilities. For financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to the short maturity of these instruments.

The carrying value of financial instruments by categories as of March 31, 2020 is as follows:

(Rs in Lacs)					
Particulars	Amortised Cost	Fair Value through P&L	Fair Value through OCI	Total Carrying Value	Total Fair Value
<b>ASSETS:</b>					
Cash and cash equivalents	2,075	-	-	2,075	2,075
Other balances with banks	5,301	-	-	5,301	5,301
Securities for trade	-	82,692	-	82,692	82,692
Trade Receivables	9,229	-	-	9,229	9,229
Investments excluding Subsidiary and Associate	8,306	15,714	1,61,176	1,85,196	1,85,196
Other Financial Assets	810	-	-	810	810
<b>Total</b>	<b>25,720</b>	<b>98,406</b>	<b>1,61,176</b>	<b>2,85,302</b>	<b>2,85,302</b>
<b>LIABILITIES:</b>					
Trade Payables	1,222	-	-	1,222	1,222
Other financial liabilities	3,026	-	-	3,026	3,026
<b>Total</b>	<b>4,248</b>	<b>-</b>	<b>-</b>	<b>4,248</b>	<b>4,248</b>

The carrying value of financial instruments by categories as of March 31, 2019 is as follows:

(Rs in Lacs)					
Particulars	Amortised Cost	Fair Value through P&L	Fair Value through OCI	Total Carrying Value	Total Fair Value
<b>ASSETS:</b>					
Cash and cash equivalents	1,995	-	-	1,995	1,995
Other balances with banks	317	-	-	317	317
Securities for trade	62,659	-	-	62,659	62,659
Trade Receivables	10,904	-	-	10,904	10,904
Investments excluding Subsidiary and Associate	8,306	13,660	75,759	97,724	97,724
Other Financial Assets	4,595	-	-	4,595	4,595
<b>Total</b>	<b>88,776</b>	<b>13,660</b>	<b>75,759</b>	<b>1,78,195</b>	<b>1,78,195</b>
<b>LIABILITIES:</b>					
Trade Payables	630	-	-	630	630
Other financial liabilities	2,045	-	-	2,045	2,045
<b>Total</b>	<b>2,675</b>	<b>-</b>	<b>-</b>	<b>2,675</b>	<b>2,675</b>

**Fair Value Hierarchy:**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

The investments included in level 1 of fair value hierarchy have been valued using quoted prices for instruments in an active market. The investments included in level 2 of fair value hierarchy have been valued using valuation techniques based on observable market data. The investments included in Level 3 of fair value hierarchy have been valued using the income approach and break-up value to arrive at their fair value. There is no movement from between Level 1, Level 2 and Level 3. There is no change in Inputs use for measuring Level 3 fair value.

**SBI Capital Markets Limited**  
**Notes forming part of the Financial Statements as at and for the year ended March 31, 2020**

The following table summarises financial instruments measured at fair value on recurring basis:

(Rs in Lacs)				
As at March 31, 2020	Level 1	Level 2	Level 3	Total
<b>Financial Instruments</b>				
<b>Securities for trade</b>				
- Debt Securities	1,000	-	-	1,000
- Equity Shares	-	-	9	9
- Mutual Funds	81,683	-	-	81,683
<b>Sub total</b>	<b>82,683</b>	<b>-</b>	<b>9</b>	<b>82,692</b>
<b>Investments</b>				
- Equity Shares	-	-	1,61,176	1,61,176
- Mutual Funds	14,526	-	-	14,526
- AIF Funds	-	-	1,188	1,188
<b>Sub total</b>	<b>14,526</b>	<b>-</b>	<b>1,62,363</b>	<b>1,76,890</b>
<b>Total</b>	<b>97,210</b>	<b>-</b>	<b>1,62,372</b>	<b>2,59,582</b>

(Rs in Lacs)				
As at March 31, 2019	Level 1	Level 2	Level 3	Total
<b>Financial Instruments</b>				
<b>Securities for trade</b>				
- Debt Securities	50,102	-	-	50,102
- Equity Shares	-	-	-	-
- Mutual Funds	12,557	-	-	12,557
<b>Sub total</b>	<b>62,659</b>	<b>-</b>	<b>-</b>	<b>62,659</b>
<b>Investments</b>				
- Equity Shares	-	-	75,759	75,759
- Mutual Funds	13,228	-	-	13,228
- AIF Funds	-	-	432	432
<b>Sub total</b>	<b>13,228</b>	<b>-</b>	<b>76,191</b>	<b>89,419</b>
<b>Total</b>	<b>75,887</b>	<b>-</b>	<b>76,191</b>	<b>1,52,078</b>

**Movements in Level 3 Financial instruments measured at fair value**

The Following table shows a reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities which are recorded at fair value.

(Rs in Lacs)		
Particulars	As at March-20	As at March-19
Opening Balance	76,190	65,997
Add: Purchase	444	431
Less: Sales	-	-
Add: Fair Value Gain/(Loss)	85,737	9,762
<b>Closing Balance</b>	<b>1,62,372</b>	<b>76,190</b>

**Financial assets subject to offsetting, netting arrangements**

There are no instruments which are eligible for netting and not netted off.

**Financial Risk Management  
Risk Management Framework**

The Company has established a comprehensive system for risk management and internal controls for all its businesses to manage the risks that it is exposed to. The objective of its risk management framework is to ensure that various risks are identified, measured and mitigated and also that policies, procedures and standards are established to address these risks and ensure a systematic response in the case of crystallisation of such risks.

The Company has exposure to the following risk arising from financial instruments:

- a) Credit Risk
- b) Liquidity Risk
- c) Market Risk

The Company has formulated various policies with respect to such risks, mitigation strategies and internal controls to be implemented. The Board oversees the Company's risk management and has constituted a Risk Management Committee ("RMC"), which frames and reviews risk management processes and controls.

**a) Credit Risk**

It is risk of financial loss that the Company will incur a loss because its customer or counterparty to the financial instruments fails to meet its contractual obligation.

The Company's financial assets comprise of Cash and bank balance, Securities for trade, Trade receivables, Loans, Investments and Other financial assets which comprise mainly of deposits.

The maximum exposure to credit risk at the reporting date is primarily from Company's trade receivable, Debt instruments in Securites for trade and investment portfolio.

Following provides exposures to credit risk for trade receivables, securities for trade and Investments:

(Rs in Lacs)		
Particulars	As at March-20	As at March-19
Trade Receivables	9,229	10,904
Debt Instruments in Securites for trade and Investment portfolio	9,306	58,407
<b>Total</b>	<b>18,534</b>	<b>69,312</b>

**Trade Receivables**

The Company has followed simplified method of ECL in case of Trade receivables and the Company recognises lifetime expected losses for all trade receivables that do not constitute a financing transaction. At each reporting date, the Company assesses the impairment requirements.

The expected credit loss rates are based on the payment profiles over a period of 24 months before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macro economic factors affecting the ability of the customers to settle the receivables.

Following table provides information about rate Expected credit loss for trade receivables under simplified approach:

(Rs in Lacs)				
As at March 31, 2020:				
Age of Trade Receivables	Expected Credit Loss Rate	Gross Carrying Amount	Expected Credit Loss	Net Carrying Amount
0-3 Months	5%	7,332	357	6,974
3-6 Months	10%	617	62	555
6-9 Months	20%	691	138	553
9-12 Months	30%	592	177	414
12-15 Months	40%	677	271	406
15-18 Months	55%	192	106	86
18-21 Months	70%	438	307	131
21-24 Months	90%	376	338	38
24 Months and above	100%	3,270	3,270	-
Doubtful receivables	100%	917	917	-
<b>Total</b>		<b>15,101</b>	<b>5,943</b>	<b>9,158</b>



**SBI Capital Markets Limited**  
**Notes forming part of the Financial Statements as at and for the year ended March 31, 2020**

As at March 31, 2019:

(Rs in Lacs)

Age of Trade Receivables	Expected Credit Loss Rate	Gross Carrying Amount	Expected Credit Loss	Net Carrying Amount
0-3 Months	5%	6,535	322	6,213
3-6 Months	10%	1,151	115	1,036
6-9 Months	20%	2,215	443	1,772
9-12 Months	30%	966	290	676
12-15 Months	40%	873	349	524
15-18 Months	55%	1,143	629	514
18-21 Months	70%	181	126	55
21-24 Months	90%	442	398	44
24 Months and above	100%	6,603	6,603	-
<b>Total</b>		<b>20,109</b>	<b>9,275</b>	<b>10,834</b>

The gross carrying amount of trade receivables is Rs. 15,101 (2019: Rs. 20,109)

During the year company made write off of Rs. 4540 lacs (2019: Rs. 2335 lacs) it does not expect to receive future cash flows or recoveries from collection of cash flows previously written off

**Debt Instruments in Securites for trade and Investment Portfolio:**

All of the entity's debt investments are considered to have low credit risk. Management considers instruments to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

**Other Financial Assets considered to have low risk:**

Credit risk on cash and cash equivalents is limited to the current account and deposit account balance with banks with high credit ratings assigned by International and domestic credit rating agencies. Investments comprised of Equity Instruments, Mutual Funds and commercial papers which are market tradeable. Other financial assets include deposits for assets acquired on lease, deposit with electricity department and interest accrued on securities but not due.

**b) Liquidity Risk**

Liquidity represents the ability of the Company to generate sufficient cash flow to meet its financial obligations on time, both in normal and in stressed conditions, without having to liquidate assets or raise funds at unfavourable terms thus compromising its earnings and capital.

Liquidity risk is the risk that the Company may not be able to generate sufficient cash flow at reasonable cost to meet expected and / or unexpected claims. It arises in the funding of lending, trading and investment activities and in the management of trading positions.

The Company aims to maintain the level of its cash and cash equivalents and other highly marketable investments at an amount in excess of expected cash outflow on financial liabilities.

**SBI Capital Markets Limited**  
**Notes forming part of the Financial Statements as at and for the year ended March 31, 2020**

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

(Rs in Lacs)				
Particulars	Less than 1 year	1-5 years	Greater than 5 years	Total
<b>Assets</b>				
Cash and bank balance	7,293	83	-	7,376
Securities for trade	82,692	-	-	82,692
Receivables	9,229	-	-	9,229
Investments	7,802	7,985	1,94,571	2,10,358
Other Financial assets	341	469	-	810
<b>Total</b>	<b>1,07,356</b>	<b>8,537</b>	<b>1,94,571</b>	<b>3,10,465</b>
<b>Liabilities</b>				
Payables	1,222	-	-	1,222
Other financial liabilities	3,026	-	-	3,026
<b>Total</b>	<b>4,248</b>	<b>-</b>	<b>-</b>	<b>4,248</b>
<b>Net Excess/(shortfall)</b>	<b>1,03,108</b>	<b>8,537</b>	<b>1,94,571</b>	<b>3,06,216</b>

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities as at March 31, 2019:

(Rs in Lacs)				
Particulars	Less than 1 year	1-5 years	Greater than 5 years	Total
<b>Assets</b>				
Cash and bank balance	2,306	5	-	2,311
Securities for trade	62,659	-	-	62,659
Receivables	10,886	19	-	10,904
Investments	7,103	7,388	1,07,686	1,22,178
Other Financial assets	4,183	413	-	4,595
<b>Total</b>	<b>87,137</b>	<b>7,824</b>	<b>1,07,686</b>	<b>2,02,648</b>
<b>Liabilities</b>				
Payables	630	-	-	630
Other financial liabilities	1,966	79	-	2,045
<b>Total</b>	<b>2,596</b>	<b>79</b>	<b>-</b>	<b>2,675</b>
<b>Net Excess/(shortfall)</b>	<b>84,542</b>	<b>7,745</b>	<b>1,07,686</b>	<b>1,99,973</b>

**C. Market Risk**

Market risk arises when movements in market factors (foreign exchange rates, interest rates, credit spreads and equity prices) impact the Company's income or the market value of its portfolios. The Company, in its course of business, is exposed to market risk due to change in equity prices and interest rates. The objective of market risk management is to maintain an acceptable level of market risk exposure while aiming to maximize returns. The Company classifies exposures to market risk into either trading or non-trading portfolios. Both the portfolios are managed using the following sensitivity analyses:

**i) Interest rate risk**

The company's investments are primarily in fixed rate interest/ dividend bearing instruments. Accordingly there is no significant risk exposure to interest rate risk.

**SBI Capital Markets Limited****Notes forming part of the Financial Statements as at and for the year ended March 31, 2020****ii) Price Risk**

Price risk is the risk that value of the financial instrument will fluctuate as a result of change in market prices and related market variables including interest rate for investment in mutual funds and debt securities, whether caused by factors specific to an individual investment, its issuer and markets. The company's exposure to price risk arises from investments in unquoted equity securities, debt securities units of mutual funds and alternative investment funds which are classified as financial assets either at fair value through other comprehensive income or at fair values through profit and loss.

(Rs in Lacs)		
Particulars	As at March-20	As at March-19
Securities for trade	82,692	62,659
Investments	1,76,890	89,419
<b>Total</b>	<b>2,59,582</b>	<b>1,52,078</b>

**Sensitivity Analysis**

The table below set out the effect on profit or loss and equity due to reasonable possible weakening/strengthening in prices of 10%

(Rs in Lacs)		
Particulars	Year ended March-20	Year ended March-19
<b>Effect on Profit and loss</b>		
10% increase in prices	7,400	5,130
10% decrease in prices	(7,400)	(5,130)
<b>Effect on Equity</b>		
10% increase in prices	12,430	5,843
10% decrease in prices	(12,430)	(5,843)

**SBI Capital Markets Limited**  
**Notes forming part of the Financial Statements as at and for the year ended March 31, 2020**

**41 Leases**

**41.1 Transition to Ind AS-116**

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, prospectively. Accordingly, the company has not restated comparative information of the previous year.

**41.2 As a Lessee**

For transition, the company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The company has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to exclusion of the commitments for the leases to which the company has chosen to apply the practical expedient or exemptions as per the standard.

**41.3 As a Lessor**

The company is not required to make any adjustments on transition to Ind AS 116 for leases in which it acts as a lessor.

**41.4** The company has taken certain premises on short term leases and leases of low value and lease rent charged in respect of same have been charged under Rent expenses in Note. 30 to the statement of Profit and Loss. Lease rent amounting to Rs. 609 lacs (2019: 837 lacs) has been debited to statement of profit and loss during the year ended March 31, 2020.

**42 Revenue from contracts with customers**

The Company is engaged in the business of investment banking and corporate advisory services in accordance with Ind AS 115, Revenue from Contracts with Customers, the revenue is accounted in the following manner.

The Company provides investment banking services to its customers and earns revenue in the form of advisory fees on issue management services, mergers and acquisitions, debt syndication, corporate advisory services etc.

In case of these advisory transactions, the performance obligation and its transaction price is enumerated in contract with the customer. For arrangements with a fixed term, the Company may commit to deliver services in the future. Revenue associated with these remaining performance obligations typically depends on the occurrence of future events or underlying asset values, and is not recognized until the outcome of those events or values are known. In case of contracts, which have a component of success fee or variable fee, the same is considered in the transaction price when the uncertainty regarding the consideration is resolved.

The Company has used practical expedient and have not disclosed the amount of remaining performance obligations since its contract with customers have duration of less than one year.

Contract Liability relates to payments received in advance of performance under the contract. Contract Liabilities are recognized as revenue on completing the performance obligation.

**Reconciliation of amount of revenue recognised in the statement of profit and loss with the contracted price:**

Particulars	Year ended March-20	Year ended March-19
Revenue from the contracts (as per contract)	31,664	24,923
Adjustment for Contract Liabilities	31	74
Revenue from the Contracts (as per Statement of Profit and Loss)	31,633	24,848

**SBI Capital Markets Limited**  
**Notes forming part of the Financial Statements as at and for the year ended March 31, 2020**

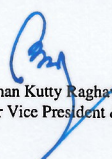
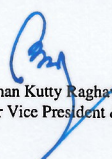
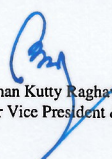
**43 Maturity Analysis**

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

	As at March-20	Within 12 months	After 12 months	As at March-19	Within 12 months	After 12 months
<b>ASSETS</b>						
<b>Financial Assets</b>						
Cash and cash equivalents	2,075	2,075	-	1,995	1,995	-
Bank balance other than above	5,301	5,218	83	317	312	5
Securities for trade	82,692	82,692	-	62,659	62,659	-
Receivables	-	-	-	-	-	-
Trade Receivables	9,158	9,158	-	10,834	10,834	-
Other Receivables	71	71	-	70	51	19
Investments	2,10,358	7,802	2,02,556	1,22,178	7,103	1,15,074
Other Financial assets	810	341	469	4,595	4,183	413
<b>Total Financial Assets</b>	<b>3,10,465</b>	<b>1,07,356</b>	<b>2,03,108</b>	<b>2,02,648</b>	<b>87,137</b>	<b>1,15,511</b>
<b>Non-financial Assets</b>						
Deferred tax Assets (Net)	-	-	-	-	-	-
Current tax asset (Net)	10,044	(0)	10,045	8,535	-	8,535
Investment Property	6,233	-	6,233	6,562	-	6,562
Property, Plant and Equipment	555	-	555	567	-	567
Capital work in progress	-	-	-	-	-	-
Intangible assets	7	-	7	11	-	11
Other non-financial assets	812	812	-	190	145	45
<b>Total Non - Financial Assets</b>	<b>17,651</b>	<b>812</b>	<b>16,839</b>	<b>15,865</b>	<b>145</b>	<b>15,720</b>
<b>TOTAL ASSETS</b>	<b>3,28,116</b>	<b>1,08,169</b>	<b>2,19,947</b>	<b>2,18,513</b>	<b>87,282</b>	<b>1,31,230</b>
<b>LIABILITIES</b>						
<b>Financial Liabilities</b>						
Payables	1,222	753	470	531	531	-
Borrowings	-	-	-	-	-	-
Other financial liabilities	3,026	3,026	-	2,045	1,966	79
<b>Total Financial Liability</b>	<b>4,248</b>	<b>3,779</b>	<b>470</b>	<b>2,576</b>	<b>2,497</b>	<b>79</b>
<b>Non-Financial Liabilities</b>						
Deferred tax Liabilities (Net)	34,210	-	34,210	21,727	-	21,727
Provisions	875	391	484	1,035	100	935
Other non-financial liabilities	875	875	-	1,134	1,134	-
<b>Total non financial Liability</b>	<b>35,960</b>	<b>1,267</b>	<b>34,693</b>	<b>23,896</b>	<b>1,234</b>	<b>22,663</b>
<b>Total Liabilities</b>	<b>40,208</b>	<b>5,046</b>	<b>35,163</b>	<b>26,472</b>	<b>3,730</b>	<b>22,742</b>
<b>Net</b>	<b>2,87,907</b>	<b>1,03,123</b>	<b>1,84,784</b>	<b>1,92,041</b>	<b>83,552</b>	<b>1,08,489</b>

SBI Capital Markets Limited Notes forming part of the Financial Statements as at and for the year ended March 31, 2020																				
<b>44</b>	<b>Significant Investment in Subsidiaries and Associates</b>																			
	<table> <tr> <th>Name of the Company Principal place of business</th><th>Subsidiary/ Associate</th><th>% of shares held</th></tr> <tr> <td>SBICAP Securities Ltd, 191, Maker Tower Cuffe Parade, Mumbai, 400 005</td><td>Wholly- Owned Subsidiary</td><td>100.00%</td></tr> <tr> <td>SBICAP Trustee Company Ltd, 202, Maker Tower Cuffe Parade Mumbai, 400 005</td><td>Wholly- Owned Subsidiary</td><td>100.00%</td></tr> <tr> <td>SBICAP Ventures Ltd, 202, Maker Tower Cuffe Parade Mumbai, 400 005</td><td>Wholly- Owned Subsidiary</td><td>100.00%</td></tr> <tr> <td>SBICAP (Singapore) Ltd, 63 Markets Street, 10 01 A, Bank of Singapore Centre, Singapore</td><td>Wholly- Owned Subsidiary</td><td>100.00%</td></tr> <tr> <td>SBI Pension Funds Private Limited 32, 3rd Floor, Maker Chambers III, Nariman Point, Mumbai 400021</td><td>Associate</td><td>20.00%</td></tr> </table>	Name of the Company Principal place of business	Subsidiary/ Associate	% of shares held	SBICAP Securities Ltd, 191, Maker Tower Cuffe Parade, Mumbai, 400 005	Wholly- Owned Subsidiary	100.00%	SBICAP Trustee Company Ltd, 202, Maker Tower Cuffe Parade Mumbai, 400 005	Wholly- Owned Subsidiary	100.00%	SBICAP Ventures Ltd, 202, Maker Tower Cuffe Parade Mumbai, 400 005	Wholly- Owned Subsidiary	100.00%	SBICAP (Singapore) Ltd, 63 Markets Street, 10 01 A, Bank of Singapore Centre, Singapore	Wholly- Owned Subsidiary	100.00%	SBI Pension Funds Private Limited 32, 3rd Floor, Maker Chambers III, Nariman Point, Mumbai 400021	Associate	20.00%	
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SBI Pension Funds Private Limited 32, 3rd Floor, Maker Chambers III, Nariman Point, Mumbai 400021	Associate	20.00%																		
<b>45</b>	<b>Disposal of Subsidiary SBICAP (UK) Limited (SUL)</b>  <p>The Board of Directors of the company in their meeting held on July 19, 2019 have approved the winding up of Wholly owned subsidiary company SUL. Subsequently voluntary winding up proceedings have been initiated for SUL.</p> <p>During the year under review company has received Rs. 116 lacs (GBP 1,35,065). Consequently the proceeds received from SUL has been considered as proceeds on disposal, and further no proceeds are to be received hence loss of Rs. 232 lacs has been charged to statement of profit and loss for the year ended March 31, 2020</p>																			
<b>46</b>	<b>Impairment of Financial Instruments</b>  <p>SBICAP (Singapore) Ltd, the wholly owned subsidiary of the Company has been incurring losses at Earnings Before Interest, Tax and Depreciation and Profit after tax level. The Company had hence reviewed the carrying value of investment in SBICAP (Singapore) Ltd.</p> <p>Accordingly, The Company has estimated recoverable value of Investment in SBICAP (Singapore) Ltd at Rs. 6,019 lacs as per net asset value method under the cost approach. Impairment loss has been calculated as difference in carrying value of investment and recoverable value of investment amounting to Rs. 159 lacs is charged in the statement of profit and loss for the year ended March 31, 2020.</p>																			
<b>47</b>	<b>Impact of COVID-19 (Global Pandemic)</b>  <p>The SARS-CoV-2 virus responsible for COVID-19 continues to spread across the globe and India, which has contributed to a significant decline and volatility in global and Indian financial markets and a significant decrease in global and local economic activities. On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. Numerous Governments and companies, including the Company, have introduced variety of measures to contain the spread of the virus. On March 24, 2020, the Indian government announced strict 21-day lockdown which was further extended by 19 days across the country to contain the spread of the virus. The extent to which the COVID-19 pandemic will impact the Company's performance will depend on future developments, which are highly uncertain, including among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government mandated or elected by the company.</p> <p>Financial instruments carried at fair value as at March 31, 2020 is Rs. 259,582 lacs and financial instruments carried at amortised cost as at March 31, 2020 is Rs. 25,720 lacs. The fair value of these assets is marked to an market which factors the uncertainties arising out of COVID-19. The financial assets carried at fair value by the Company are mainly Investments in liquid debt securities and unquoted equities and accordingly, any material volatility is not expected.</p> <p>Financial assets of 25,720 lacs as at March 31, 2020 carried at amortised cost is in the form of cash and cash equivalents, bank deposits where the Company has assessed the counterparty credit risk. Trade receivables of Rs. 9229 lacs (net of provision) as at March 31, 2020 forms a significant part of the financial assets carried at amortised cost, which is valued considering provision for allowance using expected credit loss method. In addition to the historical pattern of credit loss, we have considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19. The Company closely monitors its receivables who are going through financial stress. The assessment is done in respect of receivables of Rs. 9229 lacs as at March 31, 2020 while arriving at the level of provision that is required. Basis this assessment, the allowance for doubtful trade receivables of Rs. 5943 lacs as at March 31, 2020 is considered adequate.</p>																			



SBI Capital Markets Limited Notes forming part of the Financial Statements as at and for the year ended March 31, 2020														
48	Events occurring after the balance sheet date													
There have been no events after the reporting date that require disclosure in these financial statements.														
49	The figures for the corresponding previous year have been regrouped / reclassified wherever necessary, to make them comparable.													
<table><tr><td>As per our report of even date</td><td colspan="2">For and on behalf of Board of Directors</td></tr><tr><td>For Ummed Jain &amp; Co Chartered Accountants Firm Registration No. 119250W</td><td>Dinesh Kumar Khara Director</td><td>Arun Mehta Managing Director &amp; CEO</td></tr><tr><td>CA Akhil Jain Partner Membership No.: 137970</td><td> Krishnan Kutty Raghavan Senior Vice President &amp; CFO</td><td>Amit Shah Company Secretary</td></tr><tr><td>Place: Jaipur</td><td colspan="2">Place: Mumbai</td></tr></table>			As per our report of even date	For and on behalf of Board of Directors		For Ummed Jain & Co Chartered Accountants Firm Registration No. 119250W	Dinesh Kumar Khara Director	Arun Mehta Managing Director & CEO	CA Akhil Jain Partner Membership No.: 137970	 Krishnan Kutty Raghavan Senior Vice President & CFO	Amit Shah Company Secretary	Place: Jaipur	Place: Mumbai	
As per our report of even date	For and on behalf of Board of Directors													
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