

Contents

	Page No
Directors’ Report to the Members	7
Auditors’ Report to the Members	34
Balance Sheet	40
Statement of Profit & Loss	41
Cash Flow Statement	42
Notes to Financial Statements	43
Consolidated Financial Statements	73



A subsidiary of
Bank of America Corporation

DSP MERRILL LYNCH LIMITED

Board of Directors

Mr. Asit Bhatia
Ms. Amee Parikh
Mr. Arbind Maheswari
Ms. Charulata Sippy
Mr. Rajnarayan Balakrishnan
Mr. Sundararaman Ramamurthy

Chairman and Non-Executive Director
Independent Director
Whole-time Director
Independent Director
Whole-time Director
Non-Executive Director

Chief Financial Officer

Mr. Dharmendra Jain

Compliance Officer

Mr. Jinendra Shah

Company Secretary

Mr. Samrat Sanyal

Auditors

Price Waterhouse

Bankers

Bank of America, N.A.
Citibank, N.A.
Deutsche Bank, A.G.
HDFC Bank Limited
The Hong Kong and Shanghai Banking Corporation Limited
ICICI Bank Limited
JP Morgan Chase Bank, N.A.
Standard Chartered Bank

Registered Office

Ground Floor, A Wing, One BKC, G Block,
Bandra Kurla Complex, Bandra (East), Mumbai 400 051
CIN U74140MH1975PLC018618, **Tel** +91 22 66328000, **Fax** +91 22 66328580
Email dg.secretarial@baml.com, **Website** www.ml-india.com

Registrar and Share Transfer Agent

Link Intime India Private Limited
C-101, 247 Park, LBS Marg, Vikhroli (West), Mumbai 400 083.
Tel +91 22 49186270, **Fax** +91 22 49186060
E-mail rnt.helpdesk@linkintime.co.in, **Website** www.linkintime.co.in



A subsidiary of
Bank of America Corporation

Directors' Report to the Members

Your Directors have pleasure in presenting the 42nd Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 2017.

The State of the Company's Affairs:

Financial Results:

The Financial Results of the Company for the financial year 2016-17 are summarized as under:

Particulars	Year ended 31 st March, 2017 Rs. million		Year ended 31 st March, 2016 Rs. million	
Gross Income		7,317		19,734
Profit before depreciation and tax		4,265		16,202
Depreciation		246		192
Profit before tax		4,019		16,010
Profit after tax		3,100		13,914
(A) Continuing operations:				
Profit before tax from continuing operations	4,019		10,994	
Tax expense	919		928	
Profit after tax from continuing operations [A]	3,100		10,066	
(B) Discontinued operations:				
Profit before tax from ordinary activities	Nil		(150)	
Tax expense thereon	Nil		23	
Profit after tax from ordinary activities (i)	Nil		(173)	
Gain on disposal before tax	Nil		5,167	
Tax expense thereon	Nil		1,146	
Gain on disposal after tax (ii)	Nil		4,021	
Profit after tax from discontinued operations (i+ii) [B]	Nil		3,848	
Profit after tax [A] + [B]		3,100		13,914
Surplus in Statement of Profit and Loss				
Balance at the beginning of the year		13,576		11,927
Profit for the year		3,100		13,914
Less: Appropriations				
Interim Dividend	1,505		11,578	
Dividend distribution tax	306		2,357	
Dividend distribution tax credit on dividend received from subsidiary	(306)		(1,670)	
Total Appropriations		1,505		12,265
Balance at the end of the year		15,171		13,576
Earnings per share (in Rs.)		133.87		600.91

Gross income for the year was Rs. 7,317 million, down from Rs. 19,734 million in the previous year. The decrease was primarily due to lower dividend income from subsidiary company (current year Rs. 1,589 million vs previous year Rs. 8,200 million) and gain of Rs. 5,167 million in the previous year on disposal of wealth management business (representing the advisory and distribution services relating to the wealth management division). Expenses reduced by 12% to Rs. 3,298 million from Rs. 3,724 million in the previous year primarily on account of decrease in the employee cost and other expenses. Consequently, the profit before tax reduced to Rs. 4,019 million from Rs. 16,010 million in the previous year. Total Profit after tax declined to Rs. 3,100 million from Rs. 13,914 million in the previous year.

Profit after tax from continuing operations declined to Rs. 3,100 million from Rs. 10,066 million in the previous year primarily on account of lower dividend income from subsidiary company.

Transfer to Reserves:

The Board of Directors decided to transfer the balance in Investment Allowance Reserve of Rs. 1.19 million to General Reserve for the financial year ended 31st March 2017.

The Board of Directors decided not to transfer any amount to General Reserve from the profits of the Company for the financial year ended 31st March 2017.

Dividend:

The Board of Directors approved payment of interim dividend of Rs. 65/- per share on 23,155,039 equity shares of Rs. 10/- each on 16th March, 2017. The payment of said dividend entailed a dividend payout of Rs. 1,505 million.

The Board does not recommend any final dividend on the equity shares of the Company for the financial year ended 31st March, 2017.

Significant Developments during the year:

- Change in the Registered office of the Company:
The Board of Directors approved the shifting of the Registered office of the Company from 16th Floor, Express Towers, Nariman Point, Mumbai 400021 to Ground Floor, A Wing, One BKC, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051 with effect from 2nd July, 2016.
- Change of the Registrar and Share Transfer Agent of the Company:
The Board of Directors at its meeting dated 19th August, 2016 approved the appointment of Link Intime India Private Limited in place of Sharepro Services (India) Private Limited as the new Registrar and Share Transfer Agent of the Company.
- Surrender of Membership of all segments of Metropolitan Stock Exchange of India Ltd.:
The Metropolitan Stock Exchange of India Ltd. has acceded to the Company's request for cancellation of its dormant Currency Derivatives Membership effective 6th February, 2017.
- Scheme of Amalgamation of DSP Merrill Lynch Capital Limited, a wholly owned subsidiary of the Company, with the Company:
The Board of Directors approved the Scheme of Amalgamation of DSP Merrill Lynch Capital Limited, a wholly owned subsidiary of the Company, with the Company under the provisions of Section 233 of the Companies Act, 2013 ('the Act') read with Rule 25 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and other applicable provisions of the Act. The said scheme would provide the following benefits to the stakeholders of the both the Companies:

(i) Incremental operational and administrative synergies accruing to both DSP Merrill Lynch Limited and DSP Merrill Lynch Capital Limited and

(ii) Combination/consolidation of resources, expertise and energies.

Corporate Update, Operations and Future Outlook:

Primary Capital Markets activity saw an uptick driven by a stable macroeconomic environment and strong global liquidity. Equity capital issuances through Initial Public Offerings, in particular, nearly doubled to US\$4.4 billion, from US\$2.3 billion in the previous year. Debt Capital Markets (G3) saw volumes more than double to US\$15.7 billion in 2016-17, compared to US\$6.7 billion in 2015-16. M&A (announced) volumes grew 73 percent from US\$50.5 billion in the previous year to US\$87.5 billion driven by consolidation in telecom sector and increased cross-border activity in the Oil & Gas, E-commerce and Technology sectors. The Company believes that investor and business sentiments will continue to improve and will help drive transaction volumes in the Investment Banking businesses.

Normal monsoons, hopes of global growth recovery following US presidential elections and recovery in commodity prices aided equity markets. FII inflows rebounded to just over US\$8 billion (net) into the domestic equity markets as compared to outflow of US\$2 billion in the previous financial year. The highlight of the year was continued acceleration in domestic inflows – MFs recorded their largest net inflows of Rs.887 billion (~US\$13.2 billion) in Indian equity markets, rising from Rs.839 billion in the previous year.

Despite a stable macroeconomic environment, the expected GDP growth for 2016-17 was 7.1% as against 7.6% in the previous fiscal year. This can be attributed partly to demonetization which hit demand due to reduced liquidity. Fixed investment to GDP ratio fell to 26.6% maintaining a downward trajectory since FY12 due to stressed balance sheets of banks and firms, and sluggish utilization. On the brighter side, agriculture and allied sectors improved significantly in 2016-17 due to a normal monsoon after two consecutive years of sub-par monsoon rainfall. Consumption remained robust, particularly government final consumption, which is likely to grow 17% YoY. The 7th Pay Commission payouts boosted private consumption. Government expects GDP growth to accelerate to 7.5% in FY18.

The Current Account Deficit (CAD) has narrowed to 0.7% of GDP in Apr-Dec 2016-17 period vs. 1.4% in the corresponding period of previous year, due to decline in trade deficit on the back of benign oil prices. Software services receipts growth was marginal and financial services receipts reduced. Low oil prices also subdued the income in some gulf countries, which negatively impacted the remittances sent by Indians

working overseas, as private transfers reduced. Net FDI inflows rose by 12.3% to US\$30.6 billion, helping the balance-of-payments. Foreign exchange reserves continued to rise and stood at US\$389 billion as of 14th July 2017 from US\$360 billion at the end of FY16. INR appreciated 2% YoY by the end of FY17 aided by lower CAD and continued inflows.

Extract of Annual Return:

The Extract of Annual Return in **Form MGT-9** pursuant to Section 92(3) of the Companies Act, 2013 ('the Act') and Rule 12 of the Companies (Management and Administration) Rules, 2014 is attached as **ANNEXURE-I** to this Report.

Number of Meetings of the Board:

The Board of Directors met 5 (five) times during the financial year 1st April, 2016 to 31st March, 2017. The dates on which the meetings were held are as follows:

Sr. No.	Date of Board Meeting(s)
1.	16 th June, 2016
2.	26 th July, 2016
3.	19 th August, 2016
4.	18 th November, 2016
5.	16 th March, 2017

Directors' Responsibility Statement:

Pursuant to Section 134(5) of the Act, your Directors state that :

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- the Directors had taken proper and sufficient care for the 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 fraud and other irregularities;
- the Directors had prepared the annual accounts on a going concern basis;
- the Directors had laid down internal financial controls with reference to the financial statements to be followed by the Company and such internal financial controls are adequate and were operating effectively;
- the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

A Statement on Declaration given by Independent Directors:

The Company has received a declaration from all its Independent Directors confirming that they meet the criteria of Independence as prescribed under Section 149(6) of the Act.

Policy on Directors' Appointment and Remuneration:

The Company's policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters as prescribed under Section 178 (3) of the Act has been attached as **ANNEXURE-II** to this Report.

Secretarial Audit Report:

The Company has obtained the Secretarial Audit Report, in Form MR-3, for the year under review and the same is attached as **ANNEXURE-III** to this Report.

Explanations or Comments by the Board on Qualifications, Reservations, Adverse Remarks or Disclaimers in the Secretarial Audit Report:

There are no qualifications, reservations, adverse remarks or disclaimers in the Secretarial Audit Report.

Explanations or Comments by the Board on Qualifications, Reservations, Adverse Remarks or Disclaimers in the Statutory Auditors' Report:

There are no qualifications, reservations, adverse remarks or disclaimers in the Audit Report issued by the Statutory Auditors of the Company.

Particulars of Loans, Guarantees or Investments:

The particulars of loans given, guarantees provided or investments made under Section 186 of the Act during the year under review is attached as **ANNEXURE-IV** to this Report.

Particulars of Contracts or Arrangements with Related Parties:

The particulars of contracts or arrangements with related parties referred to in Section 188 (1) of the Act in **Form AOC-2** pursuant to Section 134 (3) (h) of the Act and Rule 8 (2) of the Companies (Accounts) Rules, 2014 is attached as **ANNEXURE- V** to this Report.

Material changes and commitments affecting the financial position of the Company after the balance sheet date till the date of the Report:

There are no material changes and commitments affecting the financial position of the Company after the balance sheet date till the date of the Report.

Conservation of Energy and Technology Absorption:

Not applicable to the Company.

Foreign Exchange Earnings and Outgo:

Foreign Exchange earnings of the Company during the year 2016-17 were Rs. 173 million (Previous year Rs. 347 million) while outgoings were Rs. 153 million (Previous year Rs. 145 million).

Risk Management Policy:

The statement indicating development and implementation of the Risk Management Policy, adopted by the Company, including identification of elements of risk, which may threaten the existence of the Company, pursuant to Section 134(3)(n) of the Act is attached as **ANNEXURE-VI** to this Report.

Corporate Social Responsibility:

The details about policy developed, contents of policy and policy implemented by the Company on Corporate Social Responsibility initiatives taken during the year under review, pursuant to Section 134(3)(o) of the Act and Rule 8 of the Companies (Corporate Social Responsibility) Rules, 2014 is attached as **ANNEXURE-VII** to this Report.

Directors:

The details of Directors as on the date of Report:

Sr. No.	Name(s)	Designation	Director Identification (DIN)	Dates of Appointment
1	Ms. Ameet Parikh	Independent Director	00445583	1 st Term: 20 th March, 2015 up to 19 th March, 2016 2 nd Term: 20 th March, 2016 up to 19 th March, 2021
2	Mr. Asit Bhatia	Chairman & Non-Executive Director	05112750	25 th November, 2011
3	Mr. Arbind Maheswari	Whole-time Director	07415888	25 th January, 2016
4	Ms. Charulata Sippy	Independent Director	07508021	1 st Term : 16 th June, 2016 upto 15 th June, 2017 2 nd Term: 16 th June, 2017 upto 15 th June, 2022
5	Mr. Rajnarayan Balakrishnan	Whole-time Director	06694243	28 th May, 2015
6	Mr. Sundararaman Ramamurthy	Non-Executive Director	05297538	20 th March, 2015

Appointment/Re-appointment/Change in Designation /Resignation of Directors till the date of the Report**Appointment(s) / Re-appointment(s):**

In accordance with the provisions of Section 196 of the Companies Act, 2013 ('the Act'), Members at the Annual General Meeting ('AGM'), held on 6th October, 2016, approved the appointment of Mr. Arbind Maheswari (DIN:07415888), as a Whole-Time Director of the Company, to hold office for a period of 3 years with effect from 25th January 2016 till 24th January, 2019;

In accordance with the provisions of Section 150 (2) of the Act, the Members at the AGM held on 6th October, 2016 approved re-appointment of Ms. Ameer Parikh (DIN: 00445583), as an Independent Director of the Company, to hold office for a further term of 5 years with effect from 20th March, 2016 till 19th March, 2021;

In accordance with the provisions of Section 150 (2) of the Act, the Members at the AGM held on 6th October, 2016, approved appointment of Ms. Charulata Sippy (DIN: 07508021), as an Independent Director of the Company, to hold office for a term of 1 year from 16th June, 2016 to 15th June, 2017. Consequent to the expiration of her term she was reappointed, as an Independent Director of the Company, to hold office for a further term of 5 years from 16th June, 2017 to 15th June, 2022;

In the last Annual General Meeting of the Company, held on 6th October, 2016, Mr. Sundararaman Ramamurthy (DIN: 05297538), retired by rotation and being eligible, was re-appointed.

Change in Designation:

Ms. Ameer Parikh (DIN:00445583), Mr. Arbind Maheswari (DIN:07415888) and Ms. Charulata Sippy (DIN: 07508021), who were appointed as Additional Directors of the Company, during the year, were regularized at the AGM of the Company held on 6th October, 2016.

Resignation(s):

No Directors resigned from 1st April, 2016 till the date of this report.

Changes in Key Managerial Personnel(s) ('KMPs') till the date of the Report:**Appointment(s):**

Mr. Dharmendra Jain was appointed the Chief Financial Officer, Key Managerial Personnel of the Company, under the provisions of Section 203 of the Act, for a period of 1 year with effect from 16th June 2017 till 15th June, 2018.

Reappointment / Resignation:

Mr. Ashish Adukia, Chief Financial Officer, Key Managerial Personnel of the Company, under the provisions of Section 203 of the Act holding office up to 19th November, 2016 was re-appointed for a further term of 1 year with effect from 18th November, 2016 to hold office up to 19th November, 2017. Mr. Ashish Adukia resigned from the Company with effect from the end of business hours of 15th May, 2017.

The Board expresses its sincere appreciation for the valuable services rendered by him during his tenure with the Company.

Subsidiary Companies and Indian Fellow Subsidiary Companies:

DSP Merrill Lynch Capital Limited continues to be a wholly owned subsidiary of the Company.

The Report on the performance and financial position of the subsidiary, in Form AOC-1 pursuant to first proviso to sub-section 3 of Section 129 of the Companies Act, 2013 and Rule 5 of Companies (Accounts) Rules, 2014 is attached as **ANNEXURE-VIII** to this Report.

Deposits:

The Company has not accepted any deposits from the public within the meaning of Section 73 of the Act, read with Companies (Acceptance of Deposits) Rules, 2014.

Material and Significant Orders passed by Regulators or Courts or Tribunals:

During the period under review, there were no material and significant orders passed by any Regulators or Courts or Tribunals against the Company impacting its status as going concern and its future operations.

Internal Financial Controls with reference to Financial Reporting:

The Company has an adequate internal financial controls system with reference to financial reporting in all material respects that is commensurate with the size and nature of its business and such internal financial controls over financial reporting are operating effectively.

Committees of the Board:**(i) Audit Committee:**

The composition of the Committee as on the date of the Report is as under:

- 1) Ms. Amee Parikh- Independent Director
- 2) Ms. Charulata Sippy-Independent Director
- 3) Mr. Sundararaman Ramamurthy

(ii) Nomination and Remuneration Committee:

The composition of the Committee as on the date of the Report is as under:

- 1) Ms. Amee Parikh- Independent Director
- 2) Ms. Charulata Sippy-Independent Director
- 3) Mr. Sundararaman Ramamurthy

(iii) Corporate Social Responsibility Committee:

The composition of the Committee as on the date of the Report is as under:

- 1) Ms. Amee Parikh- Independent Director
- 2) Mr. Asit Bhatia
- 3) Mr. Sundararaman Ramamurthy

Details of Issue of Sweat Equity Shares:

During the period under review, no Sweat Equity Shares were issued by the Company.

Details in respect of frauds reported by the Auditors under Section 143(12) of the Act, other than those reportable to the Central Government:

There were no cases of frauds reported by the auditors under Section 143(12) of the Act.

Annual Board Evaluation:

In accordance with the provisions of the Act, the performance of the Board of Directors and of its Committees and individual Directors was evaluated taking into consideration various performance related aspects.

Ms. Amee Parikh and Ms. Charulata Sippy, Independent Directors of the Company, reviewed the matters pertaining to performance evaluation of the Board, Committees and Directors as prescribed under Schedule IV of the Act at a separate meeting convened on 16th March, 2017.

The Independent Directors expressed their satisfaction in respect of the following aspects of governance:

- a) Performance of non-Independent Directors and the Board as a whole;
- b) Performance of the Chairman of the Company, taking into account the views of the executive and non-executive Directors;
- c) The quality, quantity and timeliness of flow of information between the Company's management and the Board;

The Board reviewed performance of every (i) Director (ii) Committees and (iii) Board as a whole and formed the following opinion:

- a) The information provided to directors, prior to Board meetings, meets desired expectations in terms of the flow of information, adequacy and compliance with the applicable laws;
- b) The Board of Directors of the company were effective in decision making;
- c) The Company's systems of control were effective for identifying material risks and reporting material violations of policies and law;
- d) The Board of Directors are effective in providing necessary advice and suggestions to the company's management;

e) The Board Chairman effectively and appropriately leads and facilitates the Board meetings and the policy and governance work of the Board;

f) The Board Committees devote adequate time in discharging their duties;

The Board of Directors carried out the evaluation process at its meeting dated 16th March 2017 and expressed their satisfaction with the same.

Statutory Auditors:

In accordance with Section 139 of the Act, Price Waterhouse, Chartered Accountants, were appointed by the shareholders of the Company at the AGM held on 29th September, 2014, as Statutory Auditors, for a period of 5 years to hold office until the conclusion of the 44th AGM of the Company to be held in the year 2019. In accordance with the provisions of Sections 139, 142 and other applicable provisions of the Act, and Companies (Audit and Auditors) Rules, 2014, the appointment of Statutory Auditors is required to be ratified by the shareholders at every AGM. Price Waterhouse, Chartered Accountants, have confirmed that they are eligible for having their appointment ratified as Statutory Auditors at this AGM.

Acknowledgement:

The Board places on record its appreciation for the whole hearted and sincere co-operation received by the Company during the year from the employees, clients, bankers, regulators and various government authorities at all levels.

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF
DSP MERRILL LYNCH LIMITED**

RAJNARAYAN BALAKRISHNAN
DIRECTOR
(DIN 06694243)

SUNDARARAMAN RAMAMURTHY
DIRECTOR
(DIN 05297538)

Date : 21st July, 2017

Place : Mumbai

ANNEXURES TO THE DIRECTORS' REPORT

ANNEXURE-I

Form No. MGT-9

Extract of Annual Return

As on the financial year ended on 31st March, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and other details:

(i)	CIN	U74140MH1975PLC018618
(ii)	Registration Date	23 rd October, 1975
(iii)	Name of the Company	DSP Merrill Lynch Limited
(iv)	Category Sub-Category of the Company	Company Limited by Shares Indian Non-Government Company
(v)	Address of the Registered office and contact details	Ground Floor, A Wing, One BKC, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, Maharashtra. (effective 2 nd July, 2016) 16 th Floor, Express Towers, Nariman Point, Mumbai 400021 (up to 1 st July, 2016) Contact details: +91-2266328439 Email: dg.secretarial@baml.com website: www.ml-india.com
(vi)	Whether listed Company	No
(vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited C-101, 247 Park, LBS Marg, Vikhroli (West), Mumbai 400083 Tel No : +91 22 49186270 Fax: +91 22 49186060 E-mail id : rnt.helpdesk@linkintime.co.in Website : www.linkintime.co.in

II. Principal business activities of the Company

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Sr. No.	Name and Description of main Product / Service	NIC Code of the Product/ Service	% to total turnover of the Company
1)	Securities Broking	66120	73.70%
2)	Investment Banking Services	66190	25.69%

III. Particulars of holding, subsidiary and associate companies

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable Section
1	GHS Singapore Holding Pte. Ltd. 2 Harbourfront Place, 02-01 Bank of America Merrill Lynch, Harbourfront 098499, Singapore	-	Holding Company	99.95	Section 2(46)
2	DSP Merrill Lynch Capital Limited Ground Floor, A Wing, One BKC, G Block, Bandra Kurla, Complex, Bandra (East), Mumbai 400 051, Maharashtra	U65990MH2005PLC152497	Subsidiary Company	100	Section 2(87)

IV. Shareholding pattern (equity share capital breakup as percentage of total equity)

(i) Category-wise Shareholding

Category of Shareholders	Number of Shares held at the beginning of the year				Number of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a. Individual/HUF	—	—	—	—	—	—	—	—	—
b. Central Government	—	—	—	—	—	—	—	—	—
c. State Government(s)	—	—	—	—	—	—	—	—	—
d. Bodies Corporate	—	—	—	—	—	—	—	—	—
e. Banks/FI	—	—	—	—	—	—	—	—	—
f. Any Other	—	—	—	—	—	—	—	—	—
Sub – Total (A) (1)	—	—	—	—	—	—	—	—	—
2. Foreign									
a. NRI Individuals	—	—	—	—	—	—	—	—	—
b. Other Individuals	—	—	—	—	—	—	—	—	—
c. Bodies Corporate	23,143,905	—	23,143,905	99.95%	23,143,897	8	23,143,905	99.95%	—
d. Banks/FI	—	—	—	—	—	—	—	—	—
e. Any Other	—	—	—	—	—	—	—	—	—
Sub – Total (A) (2)	23,143,905	—	23,143,905	99.95%	23,143,897	8	23,143,905	99.95%	0.00%
Total Shareholding of Promoter									
A = (A) (1) + (A) (2)	23,143,905	—	23,143,905	99.95%	23,143,897	8	23,143,905	99.95%	0.00%
B. Public Shareholding									
I. Institutions									
a. Mutual Funds/UTI	—	—	—	—	—	—	—	—	—
b. Banks / FI	—	—	—	—	—	—	—	—	—
c. Central Government	—	—	—	—	—	—	—	—	—
d. State Government (s)	—	—	—	—	—	—	—	—	—

e. Venture Capital Funds	—	—	—	—	—	—	—	—	—
f. Insurance Companies	—	—	—	—	—	—	—	—	—
g. Foreign Institutional Investors	—	—	—	—	—	—	—	—	—
h. Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	—
i. Others	—	—	—	—	—	—	—	—	—
Sub Total B(1)	—	—	—	—	—	—	—	—	—
II. Non – Institutions									
a. Bodies Corporate									
I. Indian	1,743	2	1,745	0.01%	1,742	2	1,744	0.01%	0.00%
II. Overseas	—	—	—	—	—	—	—	—	—
b. Individual									
I. Individual shareholders holding nominal share capital upto Rs. 1 Lakh	5,805	3,584	9,389	0.04%	5,344	3,534	8,878	0.04%	0.00%
II. Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	—	—	—	—	—	—	—	—	—
c. Others	—	—	—	0.00%	512	—	512	—	0.00%
Sub-total (B)(2)	7,548	3,586	11,134	0.05%	7,598	3,536	11,134	0.05%	0.00%
Total Public Shareholding (B)=(B)(1)+ (B)(2)	7,548	3,586	11,134	0.05%	7,598	3,536	11,134	0.05%	0.00%
C. Shares held by Custodian for GDRs & ADRs	—	—	—	—	—	—	—	—	—
Grand Total (A+B+C)	23,151,453	3,586	23,155,039	100%	23,151,495	3,544	23,155,039	100%	0.00%

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encum-bered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encum-bered to total shares	
1.	GHS Singapore Holding Pte Ltd.	23,143,905	99.95%	—	23,143,905	99.95%	—	Nil

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

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year	23,143,905	99.95%	23,143,905	99.95%
At the end of the year	23,143,905	99.95%	23,143,905	99.95%

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

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Mr. Bhupendra Dalal At the beginning of the year	2,400	0.01%	2,400	0.01%
	Date wise increase/decrease in share holding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer/bonus /sweat equity etc.)	-----	-----	----	----
	At the end of the year (or on the date of separation, if separated during the year)	2,400	0.01%	2,400	0.01%
2.	J M Financial and Investment Consultancy				
	At the beginning of the year	1,000	0.004%	1,000	0.004%
	Date wise increase / decrease in share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)	----	----	----	----
	At the end of the year (or on the date of separation, if separated during the year)	1,000	0.004%	1,000	0.004%
3.	Mr. Ajay Agarwal				
	At the beginning of the year	1,000	0.004%	1,000	0.004%
	Date wise increase / decrease in share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)	----	----	----	----
	At the end of the year (or on the date of separation, if separated during the year)	1,000	0.004%	1,000	0.004%
4.	Mr. Vijay Bhawe				
	At the beginning of the year	400	0.002%	400	0.002%
	Date wise increase / decrease in share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)	-----	----	----	----
	At the end of the year (or on the date of separation, if separated during the year)	400	0.002%	400	0.002%
5.	Mrs. Bharati D. Thakkar	400	0.002%	400	0.002%
	At the beginning of the year				
	Date wise increase / decrease in share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)	----	----	----	----
	At the end of the year (or on the date of separation, if separated during the year)	400	0.002%	400	0.002%

6.	Mr. S. N. Rajan				
	At the beginning of the year	353	0.002%	353	0.002%
	Date wise increase / decrease in share holding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus / sweat equity etc.)	-----	-----	-----	-----
	At the end of the year (or on the date of separation, if separated during the year)	353	0.002%	353	0.002%
7.	Mr. Brijesh Jaysinh Ved				
	At the beginning of the year	250	0.001%	250	0.001%
	Date wise increase / decrease in share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)	-----	-----	-----	-----
	At the end of the year (or on the date of separation, if separated during the year)	250	0.001%	250	0.001%
8.	Mrs. Vijaya Jaysinh Ved				
	At the beginning of the year	250	0.001%	250	0.001%
	Date wise increase/decrease in share holding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus / sweat equity etc.)	-----	-----	-----	-----
	At the end of the year (or on the date of separation, if separated during the year)	250	0.001%	250	0.001%
9.	Mr. Shridhar P. Iyer				
	At the beginning of the year	211	0.001%	211	0.001%
	Date wise increase/decrease in share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus / sweat equity etc.)	-----	-----	-----	-----
	At the end of the year (or on the date of separation, if separated during the year)	211	0.001%	211	0.001%
10.	Mr. Piyush Dilipbhai Shah				
	At the beginning of the year	200	0.001%	200	0.001%
	Date wise increase/decrease in share holding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer /bonus / sweat equity etc.)	-----	-----	-----	-----
	At the end of the year (or on the date of separation, if separated during the year)	200	0.001%	200	0.001%

(v) Shareholding of Directors and Key Managerial Personnel

Sr. No	Name of Director	Shareholding at the beginning of the year		Change in Share holding during the year		Shareholding at the End of the year	
		No. of shares	% of total shares of the Company	Increase	Decrease	No. of shares	% of total shares of the Company
NIL							

V. Indebtedness - Indebtedness of the Company including interest outstanding/accrued but not due for payment Rs. in million

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount	44.46	--	--	--
(ii) Interest due but not paid	--	--	--	--
(iii) Interest accrued but not due	--	--	--	--
Total (i+ii+iii)	44.46	--	--	--
Change in Indebtedness during the financial year				
• Addition	27.45	--	--	--
• Reduction	(21.59)	--	--	--
Net Change	5.86	--	--	--
Indebtedness at the end of the financial year				
(i) Principal Amount	50.32	--	--	--
(ii) Interest due but not paid	--	--	--	--
(iii) Interest accrued but not due	--	--	--	--
Total (i+ii+iii)	50.32	--	--	--

VI. Remuneration of Directors and Key Managerial Personnel

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

Amount in Rs.

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Mr. Rajnarayan Balakrishnan (Whole-Time Director) 1 st April, 2016 to 31 st March, 2017	Mr. Arbind Maheswari (Whole-Time Director) 1 st April, 2016 to 31 st March, 2017	
1.	Gross salary a. Salary as per provisions contained in section 17(1) of Income Tax Act, 1961	8,12,19,291	4,86,59,769	12,98,79,060
	b. Value of perquisites u/s 17(2) of Income Tax Act, 1961	4,35,264	28,800	4,64,064
	c. Profits in lieu of salary under section 17(3) of Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - Others, specify...	- -	- -	- -
5.	Others, please specify (Includes Retirals - PF, Gratuity and Leave encashment Actuarial valuation)	23,26,464	21,58,480	44,84,944
	Total	8,39,81,019	5,08,47,049	13,48,28,068
	Ceiling as per the Act			41,47,61,258

Amount in Rs.

Sr. No.	Particulars of Remuneration	Name of Directors		Total Amount
1.	Independent Directors	Ms. Ameer Parikh 1st April, 2016 to 31st March, 2017	Ms. Charulata Sippy 16th June, 2016 to 31st March, 2017	
	a. Fee for attending Board / Committee meetings	8,50,000	6,50,000	15,00,000
	b. Commission	-	-	-
	c. Others, please specify	-	-	-
	Total (1)	8,50,000	6,50,000	15,00,000
2.	Other Non-Executive Directors	Mr. Asit Bhatia 1st April, 2016 to 31st March, 2017	Mr. Sundararaman Ramamurthy 1st April, 2016 to 31st March, 2017	Total Amount
	a. Fee for attending Board/ Committee meetings	-	-	-
	b. Commission	-	-	-
	c. Others, please specify	-	-	-
	Total (2)	-	-	-
	Total (1+2)	8,50,000	6,50,000	15,00,000
	Total Managerial Remuneration (A+B)	13,63,28,068		
	Ceiling as per the Act	45,62,37,384		

Amount in Rs.

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Mr. Ashish Adukia (Chief Financial Officer) 1 st April, 2016 to 31 st March, 2017	Mr. Samrat Sanyal (Company Secretary) 1 st April, 2016 to 31 st March, 2017	
1.	Gross Salary			
	a. Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	89,02,460	43,49,750	1,32,52,210
	b. Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-
	c. Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission • as % of profit • Others, specify	-	-	-
5.	Others, please specify (Includes Retirals - PF, Gratuity and Leave encashment Actuarial valuation)	7,96,419	4,58,689	12,55,108
	Total	96,98,879	48,08,439	1,45,07,318

VII. Penalties / Punishment/ Compounding of Offences

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

ANNEXURE-II

Company's Policy on Director's Appointment by Nomination and Remuneration Committee

1. Background

The Nomination and Remuneration Committee ("the Committee") is a committee of the Board of Directors ("the Board") of the Company to exercise oversight with respect to the Company's compliance with requirements set forth under Section 178 of the Companies Act, 2013 ("the Act"). The Committee reports to the Board as required.

The Committee is authorized to investigate any activity or matter within this Charter or as authorized by the Board.

The Committee has full and unrestricted access to information as it may be reasonably required and able to obtain independent professional advice deemed necessary.

2. Scope of Duties

The Committee is responsible for exercising oversight with respect to the Company's compliance with the applicable provisions of the Act which include:

A. Nomination:

- Identification of persons who are qualified to become Directors and who may be appointed in the senior management in accordance with the criteria laid down
- Formulating the criteria for determining the qualifications, positive attributes and independence of the Directors
- Discuss the proposals for new incumbent(s) who are nominated to be Director to the Board of Directors of the Company
- Review the qualification and credentials of every person nominated to the Board
- Assess the suitability of the person so nominated to be on the Board of Directors
- Discuss and recommend to the Board that the nominated person is fit and proper person to act as Director to the Company
- Recommend to the Board of Directors of the Company removal of Directors and carry out evaluation of every Director's performance

B. Remuneration:

- Recommend to the Board a policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees
- As required by the Act, while formulating the policy the Committee shall ensure that:
 - The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully
 - The relationship of remuneration to performance is clear and meets appropriate performance benchmarks
 - The remuneration to Directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
- The review of compensation decisions for Research Analysts shall be as required by the Securities and Exchange Board of India (Research Analysts) Regulations

3. Director Remuneration

- The Company's independent director remuneration philosophy is designed to appropriately remunerate its non-management directors for the time and effort required to serve. Independent directors receive remuneration for their participation in the Board or Committees of the Board, which is based on a market analysis in order to provide competitive annual payments reflective of market practices.
- All internal directors are remunerated based on their scope of responsibility, experience, market pressures and accountability as employees of the Company. Internal Directors do not receive additional remuneration for their membership or participation in the Board or Committees of the Board.

Criteria for Independent Directors as per Section 149(6) of the Act

An Independent Director in relation to a company, means a director other than a managing director or a whole time director or a nominee director:

- a. who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- b.
 - (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;
 - (ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
- c. who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- d. none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- e. who, neither himself nor any of his relatives:
 - i. holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
 - ii. is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—
 - a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
 - any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
 - iii. holds together with his relatives two per cent or more of the total voting power of the company; or
 - iv. is a Chief Executive or Director, by whatever name called, of any nonprofit organization that receives twenty-five per cent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company; or
 - v. who possesses such other qualifications as may be prescribed.

An Independent director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the company's business.

Expectations of the Board regarding directors' qualifications:

The Board seeks members from diverse professional and personal backgrounds who combine a broad spectrum of experience and expertise with a reputation for business acumen and integrity.

Independent Directors are expected to demonstrate the following personal and professional characteristics:

- uphold ethical standards of integrity and probity;
- act objectively and constructively while exercising their duties;
- exercise their responsibilities in a bona fide manner in the interest of the Company;
- devote sufficient time and attention to their professional obligations for informed and balanced decision making;
- refrain from any action that would lead to loss of their independence;
- assist the Company in implementing the best corporate governance practices
- not allow any extraneous considerations that will vitiate their exercise of objective independent judgement in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgement of the board in its decision making;
- not to abuse their position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- where circumstances arise which make an independent director lose their independence, the independent director must immediately inform the Board accordingly;

ANNEXURE – III**Form No. MR-3****For the Financial Year ended 31st March 2017****Secretarial Audit Report****[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

To,

The Members,
DSP MERRILL LYNCH LIMITED

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by DSP MERRILL LYNCH LIMITED [CIN U74140MH1975PLC018618] (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliance and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in my/our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper board processes and compliance mechanism in place, to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowing;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011: Not applicable;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992: Not applicable;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009: Not applicable;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999: Not applicable;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008: Not applicable;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993: Not applicable;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009: Not applicable; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998: Not applicable;
- (vi) The Company is registered with the Securities and Exchange Board of India as a Stock Broker, Merchant Banker, Underwriter, Depository Participant with NSDL and Research Analyst and has complied with the applicable Regulations /Guidelines issued by the Securities and Exchange Board of India and Stock Exchange.

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

Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. All majority decisions are carried through and there have not been any instances where any member has offered dissenting views on any business.

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

Signature:	Sd/-
Name of Company Secretary in Practice:	Surendra U. Kanstiya
FCS No.:	2777
C P No.:	1744

Place: Mumbai

Date: 16th July, 2017

ANNEXURE – IV

Particulars of Loans, Guarantees and Investments

Sr. No.	Particulars	Details
1.	Nature of Transaction	NIL
2.	Date of making Loan	
3.	Name and Address of the Person/ Body Corporate to whom loan was advanced	
4.	Amount of loan advanced	
5.	Time Period for which it is given	
6.	Purpose of Loan	
7.	% of Loan to the Paid up Capital, Free Reserves and Securities Premium Account and % of Free Reserves and Securities Premium	
8.	Date of Passing of Board Resolution	
9.	Date of passing of Special Resolution, if required	
10.	For Loans: a) Rate of Interest b) Date of Maturity	

ANNEXURE- V

Particulars of Contracts or Arrangements with Related Parties

Form No. AOC-2

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

1. Details of contracts or arrangements or transactions not at arm's length basis : Nil

2. Details of material contracts or arrangement or transactions at arm's length basis *

Sr. No.	Particulars	Remarks
(a)	Name(s) of the related party and nature of relationship	Merrill Lynch Markets Singapore Pte Ltd Relationship – Subsidiary of ultimate holding company
(b)	Nature of contracts/arrangements/transactions	Broking Income of Rs. 689,209,428
(c)	Duration of the contracts / arrangements/transactions	15 th July, 2015 till date
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	To enable client to trade in securities including derivatives on various segments of BSE and NSE
(e)	Date(s) of approval by the Board, if any	Approval by Audit Committee on 26 th July, 2016
(f)	Amount paid as advances, if any	--

* Contracts or arrangement or transactions are considered as 'Material' if they exceed the limit requiring Shareholder's approval as specified in Section 188 of the Companies Act, 2013 and Rules thereunder.

ANNEXURE-VI

Relevant Extract of Risk Management Policy

The Company is an operating company engaged in activities as Stock Broker, Merchant Banker, Depository Participant and Research Analyst. It is indirectly owned by Bank of America Corporation. ('BAC')

Risk Management:

The Company's Risk Policy operates alongside BAC's global framework and encompasses the seven risk types described as below. It is noted that due to limited scope of business activities (primarily being fee based business), some of the below mentioned risks are currently not applicable to the Company:

- **Credit risk** is defined as the possibility of losses associated with diminution in the credit quality of borrowers. The losses stem from outright default due to inability or unwillingness of a customer to meet commitments on financial transactions. No lending activity is carried out under the Company. Issuer risk arises out of corporate treasury investments, Risk process in place to manage Mutual Fund investments with daily monitoring of limits. Debt & Equity Capital market underwriting activity is approved through regional committees including local risk manager representation.
- **Market risk** is the risk of loss due to changes in the market values of the entity's assets and liabilities caused by changing interest rates, currency exchange rates and security prices. Market risk is inherent in the operations and arises from corporate treasury investments (No trading activity currently undertaken). Organization uses Value at Risk ("VaR") modeling to evaluate the risks in its trading activities. The calculated VaR represents the worst loss the portfolio is expected to experience with a given level of confidence. It reflects the volatility of the positions in the portfolio and how strongly the risks are correlated. All limit excesses are communicated to senior management for review.
- **Operational risk** is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational Risk Events: inadequate or failed internal processes, people, systems and external events may result in unexpected or undesired consequences including a financial loss, an unexpected gain, a near miss and/or an opportunity cost (lost future revenue). The events associated with these unintended and/or undesired consequences are termed as operational risk events.
- **Strategic risk** including business risk is the risk that results from adverse business decisions, inappropriate business plans, ineffective business strategy execution, or failure to respond in a timely manner to changes in the macroeconomic environment, such as business cycles, competitor actions, changing customer preferences, product obsolescence, technology developments and the regulatory environment. The Company manages strategic risk through assessing earnings and risk profile throughout the year. These are periodically discussed in appropriate governance committee.
- **Liquidity risk** is the potential inability to meet contractual and contingent financial obligations on- or off-balance sheet as they become due. Sources of liquidity risk include unavailability of funding at the price or amount anticipated or credit rating downgrades. This may impact the ability to manage its asset and liability position. Virtually every financial transaction and commitment has liquidity implications.
- **Reputational risk** is the potential that negative publicity regarding an organization's business practices will adversely affect its profitability, operations or customer base or require costly litigation or other measures. It is the potential risk that negative publicity regarding an organization's conduct or business practices will adversely affect its profitability, operations or customer base, or require costly litigation or other defensive measures, is by its nature extremely difficult to quantify and lends itself to being mitigated by good governance controls.
- **Compliance risk** is the risk of legal or regulatory sanctions arising from the failure to comply with requirements of applicable laws, rules and regulations. Compliance is at the core of the Company's culture and is a key component of the risk management discipline.

ANNEXURE – VII**Corporate Social Responsibility (CSR)**

[Pursuant to clause (o) of sub-section 3 of section 134 of the Companies Act, 2013 and Rule 8 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. Brief outline of the Company's CSR policy, including overview of projects or programs undertaken:**Introduction**

Being a responsible business is integral to our success and that of the customers, shareholders and communities we serve around the world. CSR is embedded in our values and informs how we conduct business, develop products and services and deliver on our goals and commitments. As a Company, we follow responsible business practices in the communities in which we operate. We rigorously review our business practices and policies and are continuing to simplify information for customers, maintain a strong risk culture and manage our businesses to be accountable to shareholders and stakeholders.

Our CSR approach, aligned to our global strategy, will continue to focus on building strong economies, helping communities thrive, promoting arts and culture and environmental sustainability.

Objective

The CSR policy sets out the framework that would guide all CSR initiatives and activities undertaken by the Company. The policy would also ensure compliance with section 135 of the Companies Act, 2013. Any project or program that is exclusively for the benefit of the Company's employees would not be considered as CSR. The surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of the Company. The scope and ownership of this policy will be within India CSR and governed by Asia Pacific CSR and Global CSR.

Scope & Focus Areas

The scope and focus areas of the Company's CSR policy shall be in alignment with activities enumerated in Schedule VII of the Companies Act, 2013:

- 1) Eradicating hunger, poverty and malnutrition, promoting healthcare including preventive healthcare and sanitation (including contribution to the Swachh Bharat Kosh set up by the Central Government for promotion of sanitation) and making available safe drinking water;
- 2) Promoting education, including special education and employment enhancing vocation skills, especially among children, women, elderly and the differently abled and livelihood enhancement projects;
- 3) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- 4) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water;
- 5) Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
- 6) Measures for the benefit of armed forces veteran, war widows and their dependents;
- 7) Training to promote rural sports nationally recognized sports and Olympic sports;
- 8) Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- 9) Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- 10) Rural development projects and
- 11) Slum area development (the term 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force);

Currently, it shall include, inter alia:

- **Education & Skills Development** – promoting education especially among women, children and youth including skills development to enhance employability and livelihood enhancement;
- **Sanitation & Hygiene** – supporting the creation of sanitation infrastructure as well as awareness programs aimed at changing hygiene behavior to help achieve the Nation's goals of being open defecation free;
- **Arts & Culture** – promoting national heritage, arts and culture including restoration of historical sites and art works as well as supporting traditional arts and handicrafts;

- **Clean & Renewable Energy** – facilitating environmental sustainability and supporting access to energy for disadvantaged communities;

Within the scope of activities enumerated in Schedule VII of Companies Act, 2013, the scope and focus of the Policy shall be modified from time to time.

2. The Composition of the CSR Committee:

- 1) Ms. Ameet Parikh- Independent Director
- 2) Mr. Asit Bhatia
- 3) Mr. Sundararaman Ramamurthy

3. Average net profit of the company for last three financial years: Rs. 2,774.84 million

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): Rs. 55.50 million

5. Details of CSR spent during the financial year:

(a) Total amount spent for the financial year: Rs. 55.50 million

(b) Amount unspent, if any: Nil

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

Sr. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise(In Rs.)	Amount spent on the projects or programs Sub-heads: (1)Direct expenditure on projects or programs (2) Overheads (In Rs.)	Cumulative expenditure up to the reporting period(In Rs.)	Amount spent Direct or through implementing agency*
1	Supporting education for underprivileged children	Promoting Education	Maharashtra	23,600,000	23,600,000	23,600,000	Implementing Agency – The Akanksha Foundation
2	Supporting creation of sanitation infrastructure and awareness programs	Promoting sanitation & hygiene	Maharashtra & Madhya Pradesh	20,000,000	20,000,000	20,000,000	Implementing Agency – Habitat for Humanity India Trust
3	Supporting creation of renewable energy infrastructure for rural communities for energy access and livelihoods	Promoting environmental sustainability & rural development	Maharashtra	10,600,000	10,600,000	10,600,000	Implementing Agency – Wildlife Conservation Trust
4	Administrative overheads	—	—	1,300,000	1,300,000	1,300,000	Not applicable
	Total			55,500,000	55,500,000	55,500,000	

6. During the Financial year 2016-17 the Company has spent 2% of its average net profits of the last 3 financial years in CSR activities.

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

ANNEXURE - VIII**Form AOC-1**

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

Statement containing salient features of the financial statement of Subsidiaries/ Associate Companies/ Joint Ventures**Subsidiary**

Sr. No. 1

1. Name of the Subsidiary—DSP Merrill Lynch Capital Limited
2. Reporting period for the subsidiary concerned, if different from the holding company's reporting period—N.A
3. Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries—N.A
4. Share capital—
 - (i) Authorised Capital: Rs. 2,100 Million
 - (ii) Paid-up Capital: Rs. 2,050 Million
5. Reserves & Surplus—Rs. 9,516 Million
6. Total Assets—Rs. 11,672 Million
7. Total Liabilities—Rs. 106 Million
8. Investments—Nil
9. Turnover—Rs. 393 Million
10. Profit before taxation—Rs. 894 Million
11. Provision for taxation—Rs. 306 Million
12. Profit after taxation—Rs. 588 Million
13. Proposed Dividend - Nil
14. % of shareholding—100%

Names of subsidiaries which are yet to commence operations - Nil

Names of subsidiaries which have been liquidated or sold during the year - Nil

Associate Companies/ Joint Ventures - Nil

INDEPENDENT AUDITORS' REPORT**To The Members Of DSP Merrill Lynch Limited****Report on the Standalone Financial Statements**

1. We have audited the accompanying standalone financial statements of DSP Merrill Lynch Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. 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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by 'the Companies (Auditor's Report) Order, 2017', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

10. 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, 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 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 March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of 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 A.
- (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
 - i. The Company has disclosed the impact of pending litigations as at March 31, 2017 on its financial position in its standalone financial statements – Refer Note 24;
 - ii. The Company has long-term contracts as at March 31, 2017 for which there were no material foreseeable losses. There are no derivative contracts as at March 31, 2017
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2017.
 - iv. The Company did not have any holdings or dealings in Specified Bank Notes during the period from November 08, 2016 to December 30, 2016 – Refer Note 38.

For Price Waterhouse

Firm Registration Number: 301112E
Chartered Accountants

Partha Ghosh

Partner
Membership Number: 55913

Place : Mumbai
Date : June 16, 2017

Annexure A to Independent Auditors' Report

Referred to in paragraph 10 (f) of the Independent Auditors' Report of even date to the members of DSP Merrill Lynch Limited on the standalone financial statements for the year ended March 31, 2017

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

1. We have audited the internal financial controls over financial reporting of DSP Merrill Lynch Limited ("the Company") as of March 31, 2017 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

2. 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 Act.

Auditors' Responsibility

3. 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 deemed to be prescribed under section 143(10) of the Act 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 ICAI. 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.
4. 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. 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

6. 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

7. 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

8. 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, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For Price Waterhouse

Firm Registration Number: 301112E

Chartered Accountants

Partha Ghosh

Partner

Membership Number: 55913

Place : Mumbai

Date : June 16, 2017

Annexure B to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of DSP Merrill Lynch Limited on the standalone financial statements as of and for the year ended March 31, 2017

- i (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
 - (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
 - (c) The Company does not own any immovable properties as disclosed in Note 11 on fixed assets to the financial statements. Therefore, the provisions of Clause 3(i)(c) of the said Order are not applicable to the Company.
- ii. As at March 31, 2017 the company had nil balance of Securities held as stock-in-trade. The securities held as stock-in-trade have been verified by the Management with the statement of holdings obtained from the National Securities Depository Limited (NSDL) at the financial year end. In our opinion, the frequency of verification is reasonable. There have been no material discrepancies between book records and statement of holdings provided by NSDL.
- iii. 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 Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, service tax and other material statutory dues, as applicable, with the appropriate authorities.
 - (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, service-tax and other material statutory dues which have not been deposited on account of any dispute.
- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.
- ix. The Company has not raised any moneys by way of initial public offer, 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. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. 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. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse

Firm Registration Number: 301112E
Chartered Accountants

Partha Ghosh

Partner
Membership Number: 55913

Place : Mumbai

Date : June 16, 2017

Balance Sheet as at 31st March, 2017

	Note	As at 31 st March, 2017 Rs. million	As at 31 st March, 2016 Rs. million
I EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	231.55	231.55
Reserves and surplus	4	27,781.96	26,187.38
		28,013.51	26,418.93
Non-current liabilities			
Long-term borrowings	5	31.95	27.00
Long-term provisions	6	171.73	183.43
Other non current liabilities	7	10.25	51.24
		213.93	261.67
Current liabilities			
Trade payables	8	-	-
Total outstanding dues of micro enterprises and small enterprises			
Total outstanding dues of creditors other than micro enterprises and small enterprises		9,870.90	11,303.02
Other current liabilities	9	307.97	437.00
Short-term provisions	10	30.68	31.99
		10,209.55	11,772.01
TOTAL		38,436.99	38,452.61
II ASSETS			
Non-current assets			
Fixed assets	11		
Tangible assets		908.32	343.97
Intangible assets		4.41	4.16
Capital work-in-progress		12.97	327.42
		925.70	675.55
Non-current investments	12	8,250.05	8,250.05
Deferred tax assets, net	33 (c)	147.95	172.83
Long-term loans and advances	13	1,689.06	1,797.24
		11,012.76	10,895.67
Current assets			
Trade receivables	14	549.08	660.84
Cash and bank balances	15	26,690.68	26,237.57
Short-term loans and advances	16	85.65	524.32
Other current assets	17	98.82	134.21
		27,424.23	27,556.94
TOTAL		38,436.99	38,452.61

The accompanying notes 1 to 41 form an integral part of the Financial Statements

This is the Balance Sheet referred to in our report of even date

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Partha Ghosh
Partner
Membership Number: 55913

For and on behalf of the Board of Directors

Asit Bhatia
Director
(DIN: 05112750)

Arbind Maheswari
Director
(DIN: 07415888)

Dharmendra Jain
Chief Financial Officer

Samrat Sanyal
Company Secretary
Membership Number: A13863

Mumbai : June 16, 2017

Mumbai : June 16, 2017

Statement of Profit and Loss for the year ended 31st March, 2017

	Note	Year Ended 31 st March, 2017 Rs. million	Year Ended 31 st March, 2016 Rs. million
Revenue from operations :			
Advisory and Transactional Services	18	3,962.08	4,109.15
Other income	19	3,354.87	15,624.80
Total Revenue		7,316.95	19,733.95
Expenses:			
Employee benefits expense	20	1,596.74	1,787.87
Finance costs	21	4.33	6.13
Depreciation and amortisation expenses	22	245.95	191.56
Other expenses	23	1,451.14	1,738.04
Total expenses		3,298.16	3,723.60
Profit before tax		4,018.79	16,010.35
Continuing operations			
Profit from continuing operations before tax		4,018.79	10,993.51
Tax expense of continuing operations	33(a)	919.13	927.31
Profit from continuing operations after tax	A	3,099.66	10,066.20
Discontinued operation			
(Loss) from ordinary activities before tax [refer note 29]		-	(149.82)
Less: Tax expense thereon	33 (b)	-	22.71
(Loss) from ordinary activities after tax [i]		-	(172.53)
Gain on disposal before tax		-	5,166.66
Less: Tax expense thereon	33 (b)	-	1,146.16
Gain on disposal after tax [ii]		-	4,020.50
Profit from discontinued operation after tax [i+ii]	B	-	3,847.97
Profit for the year	(A+B)	3,099.66	13,914.17
Earnings per equity share, in Rs. [face value of Rs. 10/-each]	32		
Basic		133.87	600.91
Diluted		133.87	600.91

The accompanying notes 1 to 41 form an integral part of the Financial Statements

This is the Statement of Profit and Loss referred to in our report of even date

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Partha Ghosh
Partner
Membership Number: 55913

For and on behalf of the Board of Directors

Asit Bhatia
Director
(DIN: 05112750)

Arbind Maheswari
Director
(DIN: 07415888)

Dharmendra Jain
Chief Financial Officer

Samrat Sanyal
Company Secretary
Membership Number: A13863

Mumbai : June 16, 2017

Mumbai : June 16, 2017

Cash flow statement for the year ended 31st March, 2017

	Year Ended 31 st March, 2017 Rs. million	Year Ended 31 st March, 2016 Rs. million
Cash flow from operating activities (including discontinued operations) :		
Profit before tax	4,018.79	16,010.35
Adjusted for :		
Depreciation / amortisation	245.95	191.56
Bad debts and advances written off	0.05	3.24
Credit balances written back	(0.64)	(5.34)
Gratuity	9.06	(101.47)
Compensated absence	(13.01)	(94.03)
Interest on bank loans	4.33	6.13
(Write-back of provision) made for bad and doubtful debts and advances, net	-	(1.10)
(Write-back of provision) for contingencies	-	(11.18)
(Write-back of provision) for diminution in value of long term investments	-	(49.00)
(Write-back of provision) for loans to subsidiary company	-	(52.50)
Loss on fixed assets sold / discarded, net	29.69	0.45
(Profit) on assets held for disposal	(6.59)	-
Operating profit before changes in operating assets and liabilities	4,287.63	15,897.11
Adjusted for :		
Decrease in other bank balances	3,858.00	1,279.99
Decrease in loans and advances	473.71	140.08
Decrease / (Increase) in trade receivables	111.71	(261.92)
Decrease in other current assets	35.01	140.48
(Decrease) in trade payables	(1,431.48)	(5,826.83)
(Decrease) / Increase in other current liabilities	(129.98)	147.12
(Decrease) / Increase in other non current liabilities	(40.99)	51.24
(Decrease) in short term provision	-	(11.18)
Cash generated from operating activities	7,163.61	11,556.09
Direct taxes (paid), net	(830.16)	(2,268.66)
Net cash generated from operating activities	(A) 6,333.45	9,287.43
Cash flow from investing activities :		
Purchase of fixed assets / capital advances	(537.21)	(394.90)
Sale / disposal of fixed assets	11.42	43.42
Proceeds from sale of assets held for disposal	7.00	-
Proceeds from non-current investment	-	49.00
Sale of current investment	-	500.00
Net cash (used in) / generated from investing activities	(B) (518.79)	197.51
Cash flow from financing activities :		
Interim dividend paid on equity shares	(1,505.08)	(11,577.52)
Dividend distribution tax paid	-	(687.58)
Loans from bank, net of repayments	5.86	(30.31)
Interest on bank loans	(4.33)	(6.13)
Net cash (used in) financing activities	(C) (1,503.55)	(12,301.54)
Net increase / (decrease) in cash and cash equivalents	(A+B+C) 4,311.11	(2,816.60)
Cash and cash equivalents as at the beginning of the year	11,475.69	14,292.29
Cash and cash equivalents as at the end of the year		
Cash on hand	-	-
Balances with scheduled banks in current accounts	1,086.80	2,055.69
Balances with scheduled banks in fixed deposit accounts	7,590.00	2,800.00
Current investments in mutual funds	7,110.00	6,620.00
	15,786.80	11,475.69
Net increase / (decrease) in cash and cash equivalents	4,311.11	(2,816.60)

The accompanying notes 1 to 41 form an integral part of the Financial Statements

This is the Cash Flow Statement referred to in our report of even date

For Price Waterhouse
Firm Registration Number.: 301112E
Chartered Accountants

Partha Ghosh
Partner
Membership Number: 55913

For and on behalf of the Board of Directors

Asit Bhatia
Director
(DIN: 05112750)

Arbind Maheswari
Director
(DIN: 07415888)

Dharmendra Jain
Chief Financial Officer

Samrat Sanyal
Company Secretary
Membership Number: A13863

Mumbai : June 16, 2017

Mumbai : June 16, 2017

Notes to Financial Statements

1. Company background :

DSP Merrill Lynch Limited ("the Company") was incorporated under the Companies Act, 1956 ("the Act") on October 23, 1975. The Company is registered with the Securities and Exchange Board of India ("SEBI") as a Stock Broker, Merchant Banker, Underwriter, Depository Participant and Research Analyst. The Company is engaged in the business of stock broking, investment banking including advice on merger and acquisition transactions and principal transactions in securities.

The Company is ultimately controlled by Bank of America Corporation ("BAC").

The prospects of merger of the wholly owned subsidiary i.e. DSP Merrill Lynch Capital Limited with the company is being evaluated by Board to increase operational and administrative synergies of the merging companies.

2. Significant accounting policies :

a. Basis of preparation of financial statements :

These financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India under the historical cost convention and comply, in all material aspects, with the Accounting Standards ("AS") prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014, Companies (Accounts) Amendment Rules, 2016, Companies (Accounting Standard) Rules, 2006, as amended and other relevant provisions of the Act. Accounting policies have been consistently applied, except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in accounting policy.

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the "Schedule III" of the Act. Based on nature of its operations, the Company has identified its operating cycle as twelve (12) months for the purpose of current and non-current classification of assets and liabilities in the Balance Sheet.

b. Use of estimates :

The preparation of financial statements in conformity with the Generally Accepted Accounting Principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and difference between the actual results and estimates are recognised in the period in which the results are known or materialise.

c. Tangible fixed assets and capital work-in-progress :

Tangible fixed assets are stated at the original cost of acquisition and related expenses less accumulated depreciation and accumulated impairment losses, if any. Assets, which are not under active use and held for disposal, are stated at lower of net book value and net realizable value. Capital work-in-progress comprises cost of fixed assets that are not yet ready for their intended use at the reporting date.

d. Intangible assets :

The Company capitalizes intangible assets, where it is reasonably estimated that the intangible asset has an enduring useful life. Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and accumulated impairment losses, if any.

e. Depreciation and amortization :

- i. Except for items forming part of (ii) and (iii) below, depreciation on tangible assets is provided, pro-rata for the period of use, by straight line method (SLM), based on management's estimate of useful lives for the fixed assets as stated in the table below:

Category	Useful Life
Buildings	40 years
Computers and Allied Equipment	
- Desktops / Printers	2 years
- Servers / Laptops	4 years
- Computer Cabling	7 years
Office Equipment	
- EPABX	5 years
- Others	3 years
Furniture and fittings	10 years
Vehicles	5 years

Notes to Financial Statements (Contd...)

- ii. Assets costing less than the rupee equivalent of USD 1,500 are fully depreciated on purchase.
- iii. Leasehold improvements are depreciated over the lease period including the renewal periods, if any. Assets associated with premises taken on lease are depreciated on straight line basis over the lease period or the useful lives stated above, whichever is shorter.
- iv. The Company has arrived at the above estimates of useful lives based on an internal assessment and technical evaluation and believes that the useful lives stated above represent the best estimate of the period over which it expects to use the assets. With the exception of Furniture and Fittings and EPABX Office Equipment, the useful lives estimated by the Company as stated in the table above are different from the useful lives prescribed under "Part C" of "Schedule II" of the Act.
- v. Intangible assets are amortized over their useful lives as estimated by the management commencing from the date the asset is available for use as stated in the table below:

Category	Useful Life
Software	3 years
BSE Membership Card	10 years

f. Impairment of assets :

In accordance with AS-28 on "Impairment of Assets", an asset is considered as impaired when at the balance sheet date there are indications of impairment and the carrying amount of the asset, or where applicable, the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e. the higher of the asset's net selling price and value-in-use). The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired based on internal/external factors. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than the carrying amount, the carrying amount is reduced to the recoverable amount and the reduction is recognised as an impairment loss in the Statement of Profit and Loss.

g. Investments :

Investments are classified as current or non-current based upon management intent at the time of acquisition. Investments that are intended to be held for not more than one year from the date of acquisition are classified as current investments. All other investments are classified as non-current investments. Current investments are stated at lower of cost and fair value. Any reduction in the carrying amount and any reversals of such reductions are charged or credited to the Statement of Profit and Loss.

Non-current investments are recorded at cost as on the date of transaction. Provision is made to recognise a decline, other than temporary, in the value of such investments.

h. Revenue recognition :

Revenue is recognised when it is earned and no significant uncertainty exists as to its realisation or collection on the following basis :

Fees from investment banking activities including issue management, mergers and acquisitions, and advisory services	On stage wise basis / as per agreement
Investment advisory	As per agreement
Brokerage on equity/debt market transactions	On trade date basis
Brokerage/marketing fees on mutual funds/new issues	Based on mobilisation and intimation received from clients/intermediaries
Trading revenues (principal transactions)	On trade date basis
Underwriting commission earned, to the extent not reduced from cost of acquisition of securities	On closure of the issue
Interest income	On time proportion basis
Dividend income	When the right to receive payment is established

Revenue excludes service tax, wherever recovered.

Notes to Financial Statements (Contd...)

i. Employee benefits :

Short-term employee benefits (benefits which are payable within twelve months after the end of the period in which the employees render services) are measured at cost. Long-term employee benefits (benefits which are payable after the end of twelve months from the end of the period in which the employees render services) and post employment benefits (benefits which are payable after completion of employment) are measured on a discounted basis by the Projected Unit Credit Method on the basis of annual independent third party actuarial valuations.

The Company has a defined contribution plan for post employment benefits in the form of Provident Fund. Under the Provident Fund Plan, the Company contributes to a Government administered provident fund on behalf of the employees. The Company has no further obligation beyond making the contributions. Contributions to Provident Fund are made in accordance with the statute, and are recognised as an expense when employees have rendered services entitling them to the contributions.

The costs of providing benefits under defined benefit plans are determined using the Projected Unit Credit Method on the basis of a third party actuarial valuation at each balance sheet date. The leave encashment and gratuity benefit obligations recognised on the balance sheet represent the present value of the obligations as reduced by the fair value of plan assets, if any. Any asset resulting from this calculation is limited to the discounted value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

j. Foreign currency transactions :

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities are reported using the exchange rate prevailing at the balance sheet date. All exchange differences are dealt with in the Statement of Profit and Loss. Non-monetary items are carried at historical cost using the exchange rates on the date of the transaction. Outstanding foreign exchange forward contracts are marked to market. Resulting losses are recognised in the Statement of Profit and Loss; gains are ignored.

k. Borrowing costs :

Borrowing costs primarily include interest and related costs of amounts borrowed for the operations of the Company. These are expensed to revenue on a time-proportionate basis.

l. Operating lease :

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the non-cancellable period of the lease term.

m. Earning per share :

The Company reports basic and diluted earnings per share (EPS) in accordance with AS-20 on "Earnings Per Share". Basic EPS is computed 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 EPS is computed 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 as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

n. Taxation :

Taxes on income are accounted for in accordance with AS-22 on "Accounting for Taxes on Income" and comprise current and deferred tax.

Current tax is measured at the amount expected to be paid in respect of taxable income for the year in accordance with the Income Tax Act, 1961.

The tax effect of timing differences that arises between taxable income and accounting income and are capable of reversal in one or more subsequent periods is recorded as a deferred tax asset or deferred tax liability. These are measured using the substantively enacted tax rates and tax regulations. Deferred tax assets arising on account of carry forward of losses and unabsorbed depreciation under tax laws are recognised only if there is virtual certainty of realisation, supported by convincing evidence. Deferred tax assets on account of other timing differences are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The carrying amount of deferred tax assets at each balance sheet date is reduced to the extent that it is no longer reasonably certain that sufficient future taxable income will be available against which the deferred tax asset can be realised.

Notes to Financial Statements (Contd...)**o. Cash flow statement :**

The cash flow statement is prepared by the indirect method set out in AS-3 on "Cash Flow Statements" and presents the cash flows by operating, investing and financing activities of the company.

Cash and cash equivalents presented in cash flow statement consist of cash on hand, deposits with banks and current investments readily convertible to known amounts of cash and subject to insignificant risk of change in value.

p. Employee stock compensation :

Liability in respect of restricted stocks and restricted units of the ultimate controlling enterprise granted to the employees of the Company in terms of the global long-term incentive compensation plans of the ultimate controlling enterprise is accounted for initially at the fair value of the awards on the date of grant. The difference between the fair value on the date of grant and fair value on the date of vesting is accounted for when the stocks vest. At the balance sheet date, liability in respect of unvested stocks is re-measured based on the fair value of the stocks on that date.

q. Contingent liabilities :

Contingent liabilities as defined in AS-29 on "Provisions, Contingent Liabilities and Contingent Assets" are disclosed by way of notes to the accounts. Disclosure is not made if the possibility of an outflow of future economic benefits is remote. Provision is made if it is probable that an outflow of future economic benefits will be required to settle the obligation.

Notes to the Financial Statements (Contd...)

3. Share capital :

Particulars	As at 31 st March, 2017 Rs. million	As at 31 st March, 2016 Rs. million
Authorised		
73,750,000 (Previous year 73,750,000) Equity shares of Rs. 10/- each	737.50	737.50
810,000,000 (Previous year 810,000,000) Cumulative redeemable preference shares of Rs. 10/- each	8,100.00	8,100.00
	8,837.50	8,837.50
Issued, subscribed and paid up		
Equity share capital		
23,155,039 (Previous year 23,155,039) Equity shares of Rs. 10/- each, fully paid up	231.55	231.55
	231.55	231.55

Reconciliation of number of shares :

Particulars	As at 31 st March, 2017		As at 31 st March, 2016	
	Number of Shares	Rs. million	Number of Shares	Rs. million
Equity Shares :				
Balance as at the beginning of the year	23,155,039	231.55	23,155,039	231.55
Add: Shares issued during the year	-	-	-	-
Less: Shares bought back during the year	-	-	-	-
Balance as at the end of the year	23,155,039	231.55	23,155,039	231.55

During the year ended March 31, 2015, the Company bought back 4,961 equity shares of face value of Rs. 10/- each for a total consideration of Rs 16.37 million. The difference of Rs. 16.32 million between amount paid for buy back and the face value of the shares bought back has been adjusted against surplus in statement of profit and loss account.

Rights, preferences and restrictions attached to shares :

Equity Shares:

The company has only one class of equity shares with a par value of Rs. 10/- each. Each shareholder is eligible for one vote per share.

Shares held by the holding company, ultimate holding company and their subsidiaries/associates are as below :

Name of Shareholder	Nature of Relationship	As at 31 st March, 2017		As at 31 st March, 2016	
		Number of Shares	Rs. million	Number of Shares	Rs. million
Equity Shares :					
GHS Singapore Holdings Pte Limited	Holding Company	23,143,905	231.44	23,143,905	231.44

Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company:

Name of Shareholder	As at 31 st March, 2017		As at 31 st March, 2016	
	Number of Shares	Rs. million	Number of Shares	Rs. million
Equity Shares :				
GHS Singapore Holdings Pte Limited	23,143,905	99.95%	23,143,905	99.95%

The company has not issued any equity shares for consideration other than cash or by way of bonus during the last five financial years.

Note:-

During the year ended March 31, 2016, Merrill Lynch Investment Holdings (Mauritius) Limited (10,738,800 shares), Merrill Lynch Holdings (Mauritius) (9,495,105 shares) and Merrill Lynch Asia Investments Limited (2,910,000 shares) have sold their shareholding to GHS Singapore Holdings Pte Ltd. There is no change in control as the Company is ultimately controlled by Bank of America Corporation

Notes to the Financial Statements (Contd...)

4. Reserves and Surplus :

Particulars	As at 31 st March, 2017 Rs. million	As at 31 st March, 2016 Rs. million
Investment allowance reserve		
Balance as at the beginning of the year	1.19	1.19
Less: Transfer to General Reserve	(1.19)	-
Balance as at the end of the year	-	1.19
Capital redemption reserve		
Balance as at the beginning of the year	8,100.05	8,100.05
Balance as at the end of the year	8,100.05	8,100.05
General reserve		
Balance as at the beginning of the year	4,509.79	4,509.79
Add: Transfer from investment allowance reserve	1.19	-
Balance as at the end of the year	4,510.98	4,509.79
Surplus in statement of profit and loss		
Balance as at the beginning of the year	13,576.35	11,927.28
Add: Profit for the year	3,099.66	13,914.17
Appropriations :		
Interim Dividend paid	(1,505.08)	(11,577.52)
Dividend Distribution tax payable on Interim Dividend	(306.40)	(2,356.91)
Dividend Distribution tax credit on Dividend received from subsidiary	306.40	1,669.33
Balance as at the end of the year	15,170.93	13,576.35
	27,781.96	26,187.38

Notes to the Financial Statements (Contd...)

5. Long-term borrowings :

Particulars	As at 31 st March, 2017 Rs. million	As at 31 st March, 2016 Rs. million
Secured		
Term loans :		
From banks	31.95	27.00
[Secured against hypothecation of vehicles]		
[Terms of repayment : Repayable in 48 equal installments from the date of respective loan with varying maturity dates till 7 th March, 2021 along with interest at rates ranging from 8.75% p.a to 10.50% p.a.]		
	31.95	27.00

6. Long-term provisions :

Particulars	As at 31 st March, 2017 Rs. million	As at 31 st March, 2016 Rs. million
Provision for employee benefits :		
Compensated absences	171.73	183.43
	171.73	183.43

7. Other non current liabilities :

Particulars	As at 31 st March, 2017 Rs. million	As at 31 st March, 2016 Rs. million
Rent equalisation	10.25	51.24
	10.25	51.24

Notes to the Financial Statements (Contd...)

8. Trade payables :

Particulars	As at 31 st March, 2017 Rs. million	As at 31 st March, 2016 Rs. million
Sundry creditors [refer note 35]		
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	9,870.90	11,303.02
	9,870.90	11,302.02

9. Other current liabilities :

Particulars	As at 31 st March, 2017 Rs. million	As at 31 st March, 2016 Rs. million
Current maturities of long-term loans [refer note 5]	18.37	17.46
Statutory dues including Provident fund, Tax deducted at source and Service tax	82.16	102.89
Salaries and bonus payable	160.37	166.59
Current portion of Rent equalisation	40.99	40.99
Other Payables [refer note 35]	6.08	109.07
	307.97	437.00

10. Short-term provisions :

Particulars	As at 31 st March, 2017 Rs. million	As at 31 st March, 2016 Rs. million
Provision for employee benefits :		
Compensated absences	30.68	31.99
	30.68	31.99

Notes to the Financial Statements (Contd...)

11. Fixed Assets

(a) Fixed Assets for the year ended March 31, 2017

Particulars	Gross block (at cost)		As at 31 st March, 2017		Depreciation / amortisation		Net block	
	As at 1 st April, 2016	As at 31 st March, 2017	As at 1 st April, 2016	As at 31 st March, 2017	For the year / (on deductions)	As at 31 st March, 2017	As at 31 st March, 2017	As at 31 st March, 2017
	Rs. million	Rs. million	Rs. million	Rs. million	Rs. million	Rs. million	Rs. million	Rs. million
<u>Tangible assets</u>								
Leasehold Improvements	276.92	334.79 (222.14)	262.61	389.57	26.29 (211.35)	77.55	312.02	
Computers and Allied Equipment	1,370.90	243.05 (757.30)	1,140.77	856.65	140.54 (747.03)	534.28	322.37	
Office Equipment	401.65	159.56 (191.24)	367.33	369.97	50.76 (187.17)	230.92	139.05	
Furniture and Fixtures	164.42	82.02 (114.01)	159.73	132.43	8.70 (110.16)	58.27	74.16	
Vehicles	109.58	30.38 (48.85)	49.06	91.11	18.05 (36.72)	30.39	60.72	
Sub-total (a)	2,323.47	849.80 (1,333.54)	1,979.50	1,839.73	244.34 (1,292.43)	931.41	908.32	
<u>Intangible assets</u>								
Software	239.66	1.86	235.50	241.52	1.61	237.11	4.41	
BSE Membership Card	25.25	-	25.25	25.25	-	25.25	-	
sub-total (b)	264.91	1.86	260.75	266.77	1.61	262.36	4.41	
Total (a+b)	2,588.38	851.66 (1,333.54)	2,240.25	2,106.50	245.95 (1,292.43)	1,193.77	912.73	

Notes to the Financial Statements (Contd...)

11. Fixed Assets

(b) Fixed Assets for the year ended March 31, 2016

Particulars	Gross block (at cost)			Depreciation / amortisation			Net block	
	As at 1 st April, 2015	Additions/ (Deductions)	Reclassification (refer note 1)	As at 31 st March, 2016	For the year / (on deductions)	Reclassification (refer note 1)	As at 31 st March, 2016	As at 31 st March, 2016
	Rs. million	Rs. million	Rs. million	Rs. million	Rs. million	Rs. million	Rs. million	Rs. million
Tangible assets								
Buildings	1.03	-	(1.03)	-	0.02	(0.65)	-	-
Leasehold Improvements	279.14	5.22 (7.44)	-	276.92	15.28 (6.79)	-	262.61	14.31
Computers and Allied Equipment	1,386.58	35.92 (51.60)	-	1,370.90	109.37 (49.99)	-	1,140.77	230.13
Office Equipment	409.99	0.92 (9.26)	-	401.65	26.84 (7.75)	-	367.33	34.32
Furniture and Fixtures	175.20	0.83 (11.61)	-	164.42	10.47 (11.61)	-	159.73	4.69
Vehicles	175.31	29.80 (95.53)	-	109.58	28.46 (55.43)	-	49.06	60.52
Sub-total (a)	2,427.25	72.69 (175.44)	(1.03)	2,323.47	190.44 (131.57)	(0.65)	1,979.50	343.97
Intangible assets								
Software	235.43	4.23	-	239.66	1.12	-	235.50	4.16
BSE Membership Card	25.25	-	-	25.25	-	-	25.25	-
sub-total (b)	260.68	4.23	-	264.91	1.12	-	260.75	4.16
Total (a+b)	2,687.93	76.92 (175.44)	(1.03)	2,588.38	191.56 (131.57)	(0.65)	2,240.25	348.13

Note :

- 1) Office premises not under active use and held for disposal have been reclassified to other current assets during the year. The net realisable value for these premises is higher than their net book value.

Notes to the Financial Statements (Contd...)

12. Non-current investments :

Particulars	As at 31 st March, 2017		As at 31 st March, 2016	
	Quality (no.)	Rs. million	Quality (no.)	Rs. million
I. Trade Investment [valued at cost, net of provision for diminution in value]				
Unquoted				
Investment in Equity shares :				
Bombay Stock Exchange Limited [Face Value Re. 1/-]	-	-	130,000	0.01
Quoted				
Investment in Equity shares :				
Bombay Stock Exchange Limited [Face Value Re. 2/-]	65,000	0.01	-	-
Sub-total I		0.01		0.01
II. Other Investments [valued at cost, net of provision for diminution in value]				
Unquoted				
(i) Equity shares				
a. Investment in subsidiaries				
[face value of Rs. 10/-each fully paid -up]				
DSP Merrill Lynch Capital Limited	205,000,000	8,250.00	205,000,000	8,250.00
		8,250.00		8,250.00
b. Others				
[face value of Rs. 10/-each fully paid -up]				
Avon Industries Limited	21,000	0.51	21,000	0.51
Co-Nick Alloys Limited	122,500	1.79	122,500	1.79
Eastern Circuits Limited	5,100	0.06	5,100	0.06
Eastern Medikit Limited	18,000	0.54	18,000	0.54
Inland Printers Limited	16,000	0.96	16,000	0.96
Magnetix India Limited	810	0.01	810	0.01
Montari Industries Limited	36	*	36	*
Orissa Extrusions Limited	89	**	89	**
Sangam Aluminium Limited	9,000	0.17	9,000	0.17
Travancore Cements Limited	2,410	0.06	2,410	0.06
Varun Polymol Organics Limited	26	***	26	***
Wood Polymer Limited	200	0.01	200	0.01
		4.11		4.11
Less : Provision for diminution in value		(4.11)		(4.11)
		-		-
Sub-total (i) = a + b		8,250.00		8,250.00
(ii) Debentures				
9% Secured Non-Convertible Redeemable Debentures of JK Lakshmi Cement Ltd.	5,643	0.56	5,643	0.56
		0.56		0.56
Less : Provision for diminution in value		(0.56)		(0.56)
Sub-total (ii)		-		-
Quoted				
(i) Equity shares				
[face value of Rs. 4/-each fully paid -up]				
Udaipur Cement Works Limited	10,567	0.04	10,567	0.04
		0.04		0.04
Sub-total II		8,250.04		8,250.04
Total [I + II]		8,250.05		8,250.05
Summary:				
Quoted				
Aggregate of book value		0.05		0.04
Aggregate of market value		63.86		0.12
Unquoted				
Aggregate value of unquoted investments		8,250.00		8,250.01
Aggregate provision for diminution in value of investments		4.67		4.67

* Amount [Rs. 1,476/-] below rounding off norm adopted by the Company.

** Amount [Rs. 1,621/-] below rounding off norm adopted by the Company.

*** Amount [Rs. 637/-] below rounding off norm adopted by the Company.

Notes to the Financial Statements (Contd...)

13. Long-term loans and advances :

Particulars	As at 31 st March, 2017 Rs. million	As at 31 st March, 2016 Rs. million
Unsecured, considered good :		
Advance payment of taxes [net of provision for tax Rs. 19,164.60 million (previous year Rs. 18,270.36 million)]	1,439.47	1,503.55
Cash deposits placed with exchanges and depository	6.13	38.63
Deposits placed for premises and others	216.47	218.40
Gratuity over funded, net [refer note 27 (ii)]	25.94	35.00
Prepayments and others	1.05	1.66
	1,689.06	1,797.24

14. Trade receivables :

Particulars	As at 31 st March, 2017 Rs. million	As at 31 st March, 2016 Rs. million
Debts outstanding for a period exceeding six months		
Unsecured		
Considered good	-	4.18
Considered doubtful	-	-
	-	4.18
Less: Provision for doubtful debts	-	-
	-	4.18
Other debts		
Unsecured		
Considered good	549.08	656.66
Considered doubtful	-	-
	549.08	656.66
Less: Provision for doubtful debts	-	-
	549.08	656.66
	549.08	660.84

Notes to the Financial Statements (Contd...)

15. Cash and bank balances :

Particulars	As at 31 st March, 2017 Rs. million	As at 31 st March, 2016 Rs. million
Cash and cash equivalents :		
Cash on hand [refer note 38]	-	-
Bank balances :		
In current accounts	1,086.80	2,055.69
Fixed deposits with banks with original maturity less than 3 months	7,590.00	2,800.00
	8,676.80	4,855.69
Short term, highly liquid investments - Mutual Funds [refer note 40]	7,110.00	6,620.00
Cash and cash equivalents - Total	15,786.80	11,475.69
Other bank balances :		
Fixed deposits with banks under lien as collateral with stock exchange / clearing corporation*	10,273.88	10,011.88
Fixed deposits with banks with original maturity more than 3 months but less than 12 months	630.00	4,750.00
Other bank balances - Total	10,903.88	14,761.88
	26,690.68	26,237.57

*These fixed deposits are under lien with Bombay Stock Exchange Limited/ National Securities Clearing Corporation Limited towards Base and Additional Base Capital / Margins.

16. Short-term loans and advances :

Particulars	As at 31 st March, 2017 Rs. million	As at 31 st March, 2016 Rs. million
Other Loans and advances		
Unsecured, considered good :		
Cash deposits placed with exchanges	55.50	400.20
Advances	2.49	1.60
Deposits placed for premises and others	5.79	82.57
Prepayments and others	21.87	39.95
Unsecured, considered doubtful :		
Advances	0.45	0.45
Deposits placed for premises and others	0.36	0.36
Less: Provision for doubtful advances/deposits	(0.81)	(0.81)
	85.65	524.32

Notes to the Financial Statements (Contd...)

17. Other current assets :

Particulars	As at 31 st March, 2017 Rs. million	As at 31 st March, 2016 Rs. million
Interest accrued on :		
Fixed deposits	61.95	109.33
Assets held for disposal	-	0.38
Other receivables	36.87	24.50
	98.82	134.21

18. Advisory and Transactional Services :

Particulars	Year Ended 31 st March, 2017 Rs. million	Year Ended 31 st March, 2016 Rs. million
Professional fees	1,017.92	861.34
Brokerage / marketing fees	2,938.15	3,237.91
Depository participant income	6.01	9.90
	3,962.08	4,109.15

19. Other income :

Particulars	Year Ended 31 st March, 2017 Rs. million	Year Ended 31 st March, 2016 Rs. million
Profit on sale of current investments	678.29	593.04
Interest on:		
Bank deposits	1,018.91	1,454.19
Debentures	0.05	0.05
Inter-corporate deposits	-	2.13
Infrastructure and support fees recovered [refer note 34]	51.63	65.44
Secondment charges recovered [refer note 34]	7.58	20.51
Dividend income		
From Subsidiary	1,588.75	8,200.00
From other long term investments	0.85	1.11
Gain on disposal of discontinued operations [refer note 29]	-	5,166.66
Credit balances written back	0.64	5.34
Profit on sale of assets held for disposal	6.59	-
Write-back of provision for diminution in value of long term investments, net	-	49.00
Write-back of provision for loans to subsidiary	-	52.50
Write-back of provision for bad and doubtful debts & advances, net	-	1.10
Write-back of provision for contingencies	-	11.18
Miscellaneous income	1.58	2.55
	3,354.87	15,624.80

Notes to the Financial Statements (Contd...)

20. Employee benefits expense :

Particulars	Year Ended 31 st March, 2017 Rs. million	Year Ended 31 st March, 2016 Rs. million
Salaries and bonus	1,537.61	1,711.86
Contribution to provident fund [refer note 27(i)]	43.70	54.68
Gratuity [refer note 27(ii)]	12.32	1.37
Staff welfare expenses	3.11	19.96
	1,596.74	1,787.87

21. Finance costs :

Particulars	Year Ended 31 st March, 2017 Rs. million	Year Ended 31 st March, 2016 Rs. million
Interest on bank loans	4.33	6.13
	4.33	6.13

22. Depreciation and amortisation expenses :

Particulars	Year Ended 31 st March, 2017 Rs. million	Year Ended 31 st March, 2016 Rs. million
Depreciation on tangible assets [refer note 11]	244.34	190.44
Amortisation of intangible assets [refer note 11]	1.61	1.12
	245.95	191.56

23. Other expenses :

Particulars	Year Ended 31 st March, 2017 Rs. million	Year Ended 31 st March, 2016 Rs. million
Advertisement, publicity and sales promotion	1.44	15.29
Bad debts and advances written off	0.05	3.24
Brokerage, clearing charges and exchange fees	97.86	106.92
Communication costs, net	100.33	112.30
Corporate Social Responsibility expenditure [refer note 26(e)]	55.50	48.91
Data subscription costs, net	73.50	99.34
Electricity	34.43	46.69
Foreign exchange differences, net	2.43	5.57
Insurance	5.63	3.54
Infrastructure and support costs	25.26	56.75
Legal and professional fees, net	173.78	254.36
Loss on fixed assets sold / discarded, net	29.69	0.45
Printing and stationery	4.28	3.99
Rates and taxes	258.31	303.06
Rent	199.44	286.42
Repairs and maintenance :		
Building	95.00	87.64
Plant and machinery	111.93	91.88
Secondment charges incurred	68.05	58.26
Sub-brokerage, fees, commission and other direct expenses	16.78	41.93
Travelling expenses, net	80.51	88.12
Miscellaneous expenses	16.94	23.38
	1,451.14	1,738.04

Notes to the Financial Statements (Contd...)

24. Contingent liabilities :

Particulars	As at 31 st March, 2017 Rs. million	As at 31 st March, 2016 Rs. million
(a) Claims against the company not acknowledged as debt :		
- Income-tax demands disputed in appeals before the authorities to the extent not provided for and fully paid	1,039.97	991.45
(b) Others:	0.61	10.00*

*During the current year, the Company has received favorable judgment from appellate tribunal against the show cause notice received from SEBI related to disclosures in Initial Public Offer document of an issuer.

25. Commitments :

Particulars	As at 31 st March, 2017 Rs. million	As at 31 st March, 2016 Rs. million
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	19.65	241.00
	19.65	241.00

26. Additional disclosures :

a. Payment to auditors (including service tax) :

Particulars	Year ended 31 st March, 2017 Rs. million	Year ended 31 st March, 2016 Rs. million
Audit fees	4.46	5.24
For other Services [tax audit fees and certification]	1.66	4.54
	6.12	9.78

b. Earnings in foreign currency (on accrual basis) :

Particulars	Year ended 31 st March, 2017 Rs. million	Year ended 31 st March, 2016 Rs. million
Professional fees	173.03	346.97
	173.03	346.97

Notes to the Financial Statements (Contd...)

26. Additional disclosures (Contd...) :

c. Imports :

Particulars	Year ended 31 st March, 2017 Rs. million	Year ended 31 st March, 2016 Rs. million
CIF value of imports [capital goods]	43.22	23.39
CIF value of imports [others]	-	-
	43.22	23.39

d. Expenditure in foreign currency (on accrual basis) :

Particulars	Year ended 31 st March, 2017 Rs. million	Year ended 31 st March, 2016 Rs. million
Reimbursement towards restricted shares and units, net	5.31	-
Travel	23.17	19.32
Professional fees	86.81	70.15
Networking charges	7.54	1.64
Service charges	21.15	43.39
Others	8.83	10.76
	152.81	145.26

e. Corporate Social Responsibility (CSR) expenditure :

Particulars	Year ended 31 st March, 2017 Rs. million	Year ended 31 st March, 2016 Rs. million
(1) Gross amount required to spent by the Company during the year	55.50	48.94
(2) Amount spent during the year on :		
i) Construction / acquisition of any asset		
In cash	-	-
Yet to be paid in cash	-	-
ii) On any other purpose		
In cash	55.50	48.94
Yet to be paid in cash	-	-
	55.50	48.94

Notes to the Financial Statements (Contd...)

27. Employee benefits :

Disclosures in respect of Defined Contribution Plan and Defined Benefit Plan :

i. Defined Contribution Plan :

Company's contribution to provident fund **Rs. 43.70million** [Previous year Rs. 54.68 million].

ii. Defined Benefit Plan :

Liabilities recognised in Balance Sheet in respect of funded defined benefit obligations :

Particulars	As at 31 st March, 2017 Rs. million	As at 31 st March, 2016 Rs. million
Present value (PV) of funded obligation for gratuity	246.97	259.40
Fair Value of Plan Assets	(272.91)	(294.40)
Balance as on the year end	(25.94)	(35.00)
Current portion of the gratuity liability	–	–
Non-current portion of the gratuity liability (Asset)	(25.94)	(35.00)

Gratuity expenses during the year :

Particulars	Year Ended 31 st March, 2017 Rs. million	Year Ended 31 st March, 2016 Rs. million
Current service cost	33.81	49.16
Interest on defined benefit obligation	17.70	26.51
Expected return on plan asset	(20.61)	(22.14)
Net actuarial (gains) recognised	(18.58)	(52.16)
	12.32	1.37

Reconciliation of defined benefit obligations (Gratuity) during the year :

Particulars	As at 31 st March, 2017 Rs. million	As at 31 st March, 2016 Rs. million
Opening defined benefit obligation	259.40	371.89
Current service cost	33.81	49.16
Interest cost	17.70	26.51
Net actuarial (gains) recognised	(10.75)	(50.98)
(Transfer) / (Divestiture)	(3.26)	(68.83)
Benefits paid	(49.94)	(68.35)
	246.97	259.40

Notes to the Financial Statements (Contd...)

27. Employee benefits (Contd...) :

Change in fair value of assets :

Particulars	As at 31 st March, 2017 Rs. million	As at 31 st March, 2016 Rs. million
Opening fair value of plan assets	294.40	305.42
Expected return on plan assets	20.61	22.14
Actuarial gains	7.83	1.19
Contributions by employer	-	34.00
Benefits paid	(49.94)	(68.35)
	272.91	294.40

Investment pattern :

Particulars	As at 31 st March, 2017	As at 31 st March, 2016
Government of India securities	78.79%	79.17%
High quality corporate bonds (including public sector bonds)	17.58%	16.17%
Special deposit scheme	3.27%	4.38%
Others	0.36%	0.28%
	100.00%	100.00%

Principal actuarial assumptions :

Particulars	As at 31 st March, 2017	As at 31 st March, 2016
Discount rate p.a.	7.15%	7.55%
Salary escalation rate p.a.	9.00%	9.00%
Expected rate of return on assets (p.a.)	7.15%	7.65%
Attrition rate	8.50%	8.50%

Experience Adjustments :

Rs.million

Particulars	Gratuity				
	Year ended				
	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13
Defined benefit obligation	246.97	259.40	371.89	349.38	358.39
Plan assets	272.91	294.40	305.43	255.84	210.99
Surplus / (deficit)	25.94	35.00	(66.46)	(93.54)	(147.40)
Experience adjustment on plan liabilities	(10.75)	(50.98)	3.53	92.02	(15.89)
Experience adjustment on plan asset	7.83	1.19	11.12	0.50	3.73

The mortality assumptions and rates considered in assessing the Company's post retirement liabilities are as per the published rate under the Indian Assured Lives Mortality (2006-08) Ultimate table.

The estimates of future salary increase, considered in actuarial valuation, take into account the inflation, seniority, promotion and other relevant factors.

Notes to Financial Statements (Contd...)

28. Segment reporting :

The Company has identified two primary reportable business segments namely 'Advisory and Transactional Services' and 'Principal Transactions' in terms of Accounting Standard (AS) – 17 "Segment Reporting". Information in respect of reportable segments performance is given below :

No.	Particulars	Advisory and Transactional Services		Principal Transactions		Unallocable		Total	
		Current Year Rs. million	Previous Year Rs. million	Current Year Rs. million	Previous Year Rs. million	Current Year Rs. million	Previous Year Rs. million	Current Year Rs. million	Previous Year Rs. million
1	Segment Revenue	4,659.98	10,353.10	1,062.31	1,170.03	1,594.66	8,210.82	7,316.95	19,733.95
2	Segment Results	1,468.50	6,642.32	1,028.82	1,156.49	1,521.47	8,211.54	4,018.79	16,010.35
3	Segment Assets	12,892.39	13,706.81	15,575.93	14,327.36	9,968.67	10,418.44	38,436.99	38,452.61
4	Segment Liabilities	10,215.54	11,869.54	1.90	-	206.04	164.15	10,423.48	12,033.69
5	Capital Expenditure	820.74	76.02	23.11	0.54	7.81	0.36	851.66	76.92
6	Depreciation/ amortisation	237.37	187.82	5.94	2.32	2.64	1.42	245.95	191.56
7	Other significant non-cash expenses / (credits) :								
	a) Gratuity	12.05	1.35	0.17	0.01	0.10	0.01	12.32	1.37
	b) Compensated absence	1.59	(42.94)	0.01	(0.28)	0.01	(0.26)	1.61	(43.48)
	c) (Write-back of provision) for doubtful debts and advances	-	(1.10)	-	-	-	-	-	(1.10)
	d) (Write-back of provision) for contingencies	-	(11.18)	-	-	-	-	-	(11.18)
	e) (Write-back of provision) / Provision for loans to subsidiary company	-	(52.50)	-	-	-	-	-	(52.50)
	f) (Write-back of provision) for diminution in value of long- term investment	-	(49.00)	-	-	-	-	-	(49.00)

The Advisory and transactional services comprise Merchant Banking, Underwriting, Broking, Distribution of Securities and interest on fixed deposits. The Principal Transactions segment consists of earnings from transactions in securities and deployment of surplus funds.

Segment assets include all operating assets used by a segment and consist primarily of fixed assets net of provision and allowance, investments, other current assets and fixed deposits.

Segment liabilities include all operating liabilities and other payables.

Items that relate to the enterprise as a whole or at the corporate level not attributable to a particular segment including investment in subsidiaries are included under "Unallocable".

The company operates in a single reportable geographical segment.

Notes to the Financial Statements (Contd...)

29. Disclosure in respect of discontinued operation (Contd...) :

During the previous year ended March 31, 2016, the Company had transferred the wealth management (WM) business comprising of advisory and distribution services relating to the WM division as undertaken by the Company and the trust services business relating to the WM division as undertaken by DSP Merrill Lynch Trust Services Limited on September 20, 2015 for a consideration of Rs. 5,094.51 million. This transfer resulted in a pre-tax gain of Rs. 5,166.66 million which is disclosed under "Other income" in the Statement of Profit and Loss during the previous year ended March 31, 2016.

a) Description of the discontinued operation :

Advisory and distribution services relating to the WM Division of the Company.

b) Segment under which reported as per AS 17, Segment Reporting :

"Advisory and Transactional Services" business segment

c) Date of the initial disclosure event :

January 27, 2015.

d) Amount of revenue, expenses, pre-tax profit and income tax expense from ordinary activities attributable to the discontinued operation :

Particulars	As at 31 st March 2017 Rs. million	As at 31 st March 2016 Rs. million
Revenue	-	433.45
Expenses	-	583.27
(loss) before tax	-	(149.82)
Tax expense / (credit) [refer note 33 (b)]	-	22.71

e) Net cash flows from ordinary activities attributable to the discontinued operation :

Particulars	As at 31 st March 2017 Rs. million	As at 31 st March 2016 Rs. million
Net cash generated from / (used in) :		
Operating activities	-	(287.10)
Investing activities	-	4.01
Financing activities	-	(28.47)

f) Date on which the discontinuance completed :

September 19, 2015

Notes to the Financial Statements (Contd...)

30. Related party disclosures :

i. List of related parties and their relationships :

Sr no.	Name of the related party	Relationship
1	Bank of America Corporation (BAC)	Ultimate Controlling enterprise ^(a)
2	GHS Singapore Holdings Pte Limited	Holding Company ^(b)
3	DSP Merrill Lynch Capital Limited	Subsidiary
4	DSP Merrill Lynch Trust Services Limited	Subsidiary ^(c)
5	Merrill Lynch Wealth Advisors Private Limited	Subsidiary ^(d)
6	Bank of America, N.A - India Branches	Fellow Subsidiary
7	Banc of America Securities (India) Private Limited	Fellow Subsidiary ^(c)
8	Bank of America, National Association - USA	Fellow Subsidiary
9	Bank of America, N.A - Singapore Branches	Fellow Subsidiary
10	Merrill Lynch (Asia Pacific) Limited	Fellow Subsidiary
11	Merrill Lynch Australia Pty Limited	Fellow Subsidiary
12	Merrill Lynch Capital Markets Espana, S.A., S.V.	Fellow Subsidiary
13	Merrill Lynch Europe Limited	Fellow Subsidiary
14	Merrill Lynch Holdings (Mauritius)	Fellow Subsidiary ^(b)
15	Merrill Lynch International	Fellow Subsidiary
16	Merrill Lynch International Inc.	Fellow Subsidiary
17	Merrill Lynch Investment Holdings (Mauritius) Limited	Fellow Subsidiary ^(b)
18	Merrill Lynch Asia Investments Limited	Fellow Subsidiary ^(b)
19	Merrill Lynch, Pierce, Fenner & Smith Incorporated	Fellow Subsidiary
20	Merrill Lynch (Singapore) Pte Limited	Fellow Subsidiary
21	Merrill Lynch Markets Singapore Pte Limited	Fellow Subsidiary
22	Merrill Lynch Global Services Pte Limited	Fellow Subsidiary
23	Bank of America Overseas Corporation	Fellow Subsidiary
24	BankAmerica International Financial Corporation	Fellow Subsidiary
25	Mr. Avinash Gupta *, Mr. Jyotivardhan Jaipuria **, Rajnarayan Balakrishnan #, Arbind Maheswari @	Key Management Personnel (KMP)

(a) Refer Note 1 - Company background

(b) Refer Note 3 - Share capital

(c) Related party till September 19, 2015

(d) Related party till April 12, 2015

* Resigned with effect from Jan 17, 2016

** Resigned with effect from May 28, 2015

Appointed with effect from May 28, 2015

@ Appointed with effect from Jan 25, 2016

Notes to the Financial Statements (Contd...)

30. Related party disclosures (Contd...):

ii. Transactions during the year / balances with related parties :

Sr. No.	Nature of transaction	Ultimate Controlling Enterprise	Holding Company	Subsidiaries		Fellow Subsidiaries	Key Management Personnel (KMP)
				DSP Merrill Lynch Capital Limited	DSP Merrill Lynch Trust Services Limited		
		Rs. million	Rs. million	Rs. million	Rs. million	Rs. million	Rs. million
1	Investments / stock-in-trade Balance as at 31 st March, 2017 <i>Previous year</i>	- -	- -	8,250.00 8,250.00	- -	- -	- -
2	Balance balance <i>Previous year</i>	- -	- -	- -	- -	61.92 24.35 ⁽¹⁾	- -
3	Inter-corporate deposits - placement Placed during the year <i>Previous year</i> Received back during the year <i>Previous year</i> Balance as at 31 st March, 2017 <i>Previous year</i>	- - - - -	- - - - -	- - - - -	- 216.50 (269.00) -	- - - - -	- - - - -
4	Margin deposits Received during the year <i>Previous year</i> Refunded / adjusted during the year <i>Previous year</i> Balance as at 31 st March, 2017 <i>Previous year</i>	- - - - -	- - - - -	- - - - -	- - - - -	41,870.93 ⁽³⁾ 30,095.43 41,742.95 ⁽⁴⁾ 36,541.84 (8,835.71) (8,707.72)	- - - - - -
5	Dividend Paid on Equity Shares <i>Previous year</i>	- -	1,505.08 11,571.95	- -	- -	- -	- -
6	Income from operations Advisory and transactional services <i>Previous year</i> Balance as at 31 st March, 2017 <i>Previous year</i>	- - - -	0.20 - - -	0.01 0.33 0.00 ⁽⁵⁾	- - -	1,082.81 ⁽⁶⁾ 1,108.08 34.39 162.22	- - - -
7 a)	Other income, net Infrastructure and support fees recovered <i>Previous year</i> Balance as at 31 st March, 2017 <i>Previous year</i>	- - - -	- - - -	22.79 25.75 22.31 3.23	- 1.10 - -	28.84 ⁽⁷⁾ 33.55 6.87 14.67	- - - -
b)	Interest and dividend <i>Previous year</i> Balance as at 31 st March, 2017 <i>Previous year</i>	- - - -	- - - -	1,588.75 ⁽⁸⁾ 8,200.00 -	- ⁽⁹⁾ 2.04 -	- - -	- - -
c)	Secondment charges recovered <i>Previous year</i> Balance as at 31 st March, 2017 <i>Previous year</i>	- - - -	- - - -	0.05 7.26 -	- - -	7.53 ⁽¹⁰⁾ 13.25 2.10 0.75	- - - -

Notes to the Financial Statements (Contd...)

31. Related party disclosures (Contd...):

ii. Transactions during the year / balances with related parties :

Sr. No.	Nature of transaction	Ultimate Controlling Enterprise	Holding Company	Subsidiaries		Fellow Subsidiaries	Key Management Personnel (KMP)
				DSP Merrill Lynch Capital Limited	DSP Merrill Lynch Trust Services Limited		
		Rs. million	Rs. million	Rs. million	Rs. million	Rs. million	Rs. million
8	Recovery / (Reimbursement) of amounts <i>Previous year</i> Balance as at 31 st March, 2017 <i>Previous year</i>	- - -	- - -	- - -	- - -	11.74 ⁽¹¹⁾ (56.72) 0.45 4.13	- - - -
9	Other payable Balance as at 31 st March, 2017 <i>Previous year</i>	- -	- -	- -	- (14.64)	- ⁽¹⁰⁾ -	- -
10	Payment / (recovery) in respect of retirement benefits of transferred employees, net <i>Previous year</i> Balance as at 31 st March, 2017 <i>Previous year</i>	- - -	- - -	- - -	- 3.26 ⁽¹⁰⁾ (3.26)	- -	- - -
11	Remuneration <i>Previous year</i> Balance as at 31 st March, 2017 <i>Previous year</i>	- - -	- - -	- - -	- -	- 134.83 ⁽¹²⁾ 94.75	- -
12	Infrastructure costs incurred <i>Previous year</i> Balance as at 31 st March, 2017 <i>Previous year</i>	- - -	- - -	- - -	- 25.26 ⁽¹⁰⁾ 56.75 -	- -	- -
13	Secondment charges incurred <i>Previous year</i> Balance as at 31 st March, 2017 <i>Previous year</i>	- - -	- - -	- - -	- 68.05 ⁽¹⁰⁾ 58.26 (43.34) (36.92)	- -	- -
14	Bank charges <i>Previous year</i>	- -	- -	- -	- 0.24 ⁽¹⁰⁾ 0.38	- -	- -
15 a)	Other expenses Advisory and transactional services <i>Previous year</i> Balance as at 31 st March, 2017 <i>Previous year</i>	- - -	- - -	- - -	- 17.67 ⁽¹³⁾ 40.89 (3.40) (23.18)	- -	- -
b)	Professional fees expenses <i>Previous year</i> Balance as at 31 st March, 2017 <i>Previous year</i>	- - -	- - -	- - -	- 15.80 ⁽¹⁴⁾ 2.13 (16.82) (2.10)	- -	- -

Notes to the Financial Statements (Contd...)

31. Related party disclosures (Contd...):

ii. Transactions during the year / balances with related parties :

Sr. No.	Nature of transaction	Ultimate Controlling Enterprise	Holding Company	Subsidiaries		Fellow Subsidiaries	Key Management Personnel (KMP)
				DSP Merrill Lynch Capital Limited	DSP Merrill Lynch Trust Services Limited		
		Rs. million	Rs. million	Rs. million	Rs. million	Rs. million	Rs. million
16	Reimbursement towards restricted stocks/units, net <i>Previous year</i> Balance as at 31 st March, 2017 <i>Previous year</i>	5.31 - (5.31)	- - -	- - -	- - -	- - -	- - -

Note: Figures within brackets against balance denote amounts payable by the Company to the related parties

- (1) Balance in current accounts maintained with Bank of America, N.A. India Branches.
- (2) Maximum amount outstanding during the year Rs. Nil [Previous year Rs. 54.50 million].
- (3) Margin deposits placed includes Rs. 8,390.43 million [Previous year Rs. 30,084.69 million] placed by Merrill Lynch Capital Markets Espana, S.A., S.V. and Rs. 33,480.50 million [Previous year Rs. 10.74 million] placed by Merrill Lynch Markets Singapore Pte Ltd.
- (4) Margin deposits refunded includes Rs. 17,089.02 million [Previous year Rs. 36,531.73 million] refunded to Merrill Lynch Capital Markets Espana, S.A., S.V. and Rs. 24,653.93 million [Previous year Rs. 10.11 million] refunded to Merrill Lynch Markets Singapore Pte Ltd.
- (5) Amount receivable Rs. 1,031/- below the rounding off norm adopted by the Company.
- (6) Income from advisory and transactional services includes commission income of Rs. 297.47 million [Previous year Rs. 848.26 million] from Merrill Lynch Capital Markets Espana, S.A., S.V. and Rs. 689.21 million [Previous year Rs. 0.72 million] from Merrill Lynch Markets Singapore Pte Ltd.
- (7) Include recovery of Rs. 28.84 million [Previous year Rs. 32.48 million] from Bank of America, N.A. - India Branches.
- (8) Represents dividend received from subsidiary DSP Merrill Lynch Capital Limited
- (9) Interest received from DSP Merrill Lynch Trust Services Limited for the period from April 1, 2015 to September 19, 2015.
- (10) Amount relates to Bank of America, N.A. India Branches.
- (11) Includes recovery from / (reimbursement to) Bank of America, N.A. India Branches of Rs. 10.89 million [Previous year (Rs. 60.83 million)] towards reimbursement of expenses (net) and recovery of Rs. 0.85 million [Previous year Rs. 4.11 million] from Merrill Lynch International Inc. towards reimbursement of expenses.
- (12) Includes Rs. 50.85 million [Previous year Rs. 8.25 million] pertaining to Mr. Arbind Maheswari, Rs. 83.98 million [Previous year Rs. 56.74 million] pertaining to Rajnarayan Balakrishnan, Rs. Nil [Previous year Rs. 25.64 million] pertaining to Mr. Avinash Gupta, Rs. Nil [Previous year Rs. 4.12 million] pertaining to Mr. Jyotvardhan Jaipuria.
- (13) Amount relates to Merrill Lynch International Inc.
- (14) Includes Rs. 0.89 million [Previous year Rs. 4.40 million] pertaining to Bank of America N.A. - USA, Rs. 14.91 million [Previous year Rs. Nil] pertaining to Merrill Lynch Global Services Pte Ltd. and recovery of Rs. Nil [Previous year Rs. 2.27 million] from Merrill Lynch Pierce, Fenner & Smith Incorporated.

Notes to the Financial Statements (Contd...)

31. Operating lease :

Particulars	Year ended 31 st March, 2017 Rs. million	Year ended 31 st March, 2016 Rs. million
Future minimum lease rental relating to non-cancellable operating lease		
a) Due within one year	122.98	122.98
b) Due between one and five year	30.74	153.72
c) Due beyond five years	-	-
Total	153.72	276.70

Lease rental charges (including cancellable leases) recognised in the Statement of Profit and Loss **Rs. 199.44 million** (Previous year Rs. 286.42 million)

The Company has not sub-leased any part of the above premises. There are no lease payments recognized in the Profit and Loss Account for contingent rent. The terms of renewal and escalation clauses are those normally prevalent in similar agreements. There are no undue restrictions or onerous clauses in the agreements.

32. Earnings per equity share (EPS) :

The earnings per share, computed as per the requirement under AS-20 on "Earning Per Share" is as under :

Particulars	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
Net profit / (loss) after tax attributable to equity shareholders :		
From continuing operations [Rs. million]*	3,099.66	10,066.20
From discontinued operation [Rs. million]	-	3,847.97
Total [Rs. million]	3,099.66	13,914.17
Weighted average numbers of shares outstanding during the year	23,155,039	23,155,039
Face value per share [Rs.]	10.00	10.00
Basic EPS :		
From continuing operations [Rs.]	133.87	434.73
From discontinued operations [Rs.]	-	166.18
Total [Rs.]	133.87	600.91

Note: There is no dilution to Basic EPS as there are no outstanding dilutive potential equity shares.

*Net profit after tax attributable to equity shareholders from continuing operations includes dividend income from subsidiary **Rs. 1,588.75 million** [Previous year Rs. 8,200.00 million]

33. Taxation :

a. Break-up of tax expense from continuing operations :

Particulars	Year ended 31 st March, 2017 Rs. million	Year ended 31 st March, 2016 Rs. million
Current income-tax	829.62	957.76
Deferred tax expense / (credit), net	24.88	(36.20)
Provision for tax for earlier years, net	64.63	5.75
Total	919.13	927.31

Notes to the Financial Statements (Contd...)

33. Taxation (Contd....) :

b. Break-up of tax expense from discontinued operations :

Particulars	Year Ended 31 st March, 2017 Rs. million	Year Ended 31 st March, 2016 Rs. million
Ordinary Activities :		
Current income-tax	-	(97.53)
Deferred tax expense net	-	120.24
Sub-total (i)	-	22.71
Gain on Disposal :		
Current Income-tax	-	1,146.16
Sub-total (ii)	-	1,146.16
Total (i+ii)	-	1,168.87

c. Deferred tax assets, net :

The major components of deferred tax balances on account of timing differences are set out below :

Particulars	As at 31 st March, 2017 Rs. million	As at 31 st March, 2016 Rs. million
Deferred tax assets		
- Disallowance u/s 43B of Income-tax Act, 1961	124.23	129.28
- Depreciation / amortisation, net	23.72	43.55
Deferred tax assets (a)	147.95	172.83
Deferred tax liability (b)	-	-
Deferred tax assets, net (a-b)	147.95	172.83

34. Infrastructure and support fees recovered represent amounts recovered from subsidiaries and fellow subsidiaries towards use of the Company's facilities and resources. Secondment charges represent amounts recovered from subsidiaries and fellow subsidiaries towards secondment of employees.

35. Disclosures pertaining to Micro Enterprises and Small Enterprises :

There are no delays in payments and there are no amounts due to Micro and Small Enterprises as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006.

The above information regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

Notes to the Financial Statements (Contd...)

36. Provision for contingencies represents management's best estimate of compensation payable to aggrieved (or otherwise) applicants / investors in an initial public offering of equity shares managed by the Company for one of its clients. Movement in provision is as under :

Particulars	As at 31 st March, 2017 Rs. million	As at 31 st March, 2016 Rs. million
Opening balance in provisions	-	11.18
Additions	-	-
Amount used	-	-
Unused amount reversed	-	11.18
Closing balance in provisions	-	-

37. Restricted stocks / restricted units of the Company's ultimate holding company, Bank of America Corporation (BAC), are granted to the eligible employees of the company in terms of the global long-term incentive compensation plans of the ultimate holding company. These restricted stocks / restricted units vest in three equal annual installments beginning one year from the grant date. During the year ended 31st March, 2017, **80,484 numbers** of restricted stocks / restricted units were granted (Previous Year – 178,534 numbers) and the estimated fair value per unit on the date of grant was **US\$ 24.58** (Previous year – US\$ 11.95). Employee benefits expense for the year includes **Rs. 5.31 million** [Previous year Rs. Nil] towards equity-settled awards and **Rs. 208.89 million** [Previous year – Rs. 121.15 million] towards cash-settled awards. The liability towards restricted stocks / restricted units recognised as on 31st March, 2017 is **Rs. 19.47 million** (as on 31st March, 2016 - Rs. 31.25 million).

38. Disclosures relating to Specified Bank Notes* (SBNs) held and transacted during the period from 8th November, 2016 to 30th December, 2016

Particulars	SBN*	Other Denomination notes	Total
Closing cash in hand as on 8 th November, 2016	-	-	-
Add: Permitted receipts	-	-	-
Less: Permitted payments	-	-	-
Less: Amount deposited in Banks	-	-	-
Closing cash in hand as on 30 th December, 2016	-	-	-

*Specified Bank Notes (SBNs) mean the bank notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees as defined under the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs no. S.O. 3407(E), dated the 8th November, 2016.

Notes to the Financial Statements (Contd...)

39. Disclosures in respect of derivative instruments :

- No equity index / stock futures and options were acquired by the Company during the year.
- The foreign currency exposures that are not hedged by a derivative instrument or otherwise are as follows :

Nature of transaction	As at 31 st March, 2017		As at 31 st March, 2016	
	Amount Rs. million	Transaction Value (in million)	Amount Rs. million	Transaction Value (in million)
Receivable on account of export of services	23.76	USD 0.37	78.43	USD 1.18
Payable on account of import of services	-	-	0.29	HKD 0.03
Payable on account of import of services	1.19	SGD 0.03	0.37	SDG 0.01
Payable on account of import of services	22.82	USD 0.35	33.42	USD 0.50
Payable on account of import of services	0.17	*	-	-
Payable on account of reimbursement towards restricted shares, units, stock options, net	5.31	USD 0.08	-	-

* Amount [GBP 2,147/- (Previous year Nil)] below rounding off norm adopted by the company.

- There is no option premium paid / received carried forward in the Balance Sheet.

40. Quantitative details in respect of short term highly liquid investments (mutual funds) :

Particulars	As at 31 st March, 2017		As at 31 st March, 2016	
	Quantity Number of units	Amount Rs. million	Quantity Number of units	Amount Rs. million
Birla Sun Life Cash Plus - Growth - Direct Plan	4,249,039.660	1,110.00	2,879,722.230	700.00
DSP BlackRock Liquidity Fund - Direct Plan - Growth	645,112.373	1,500.00	692,834.950	1,500.00
HDFC Liquid Fund - Direct Plan - Growth	311,838.629	1,000.00	174,049.250	520.00
ICICI Prudential Liquid - Direct Plan - Growth	6,235,562.076	1,500.00	-	-
IDFC Cash Fund - Growth - (Direct Plan)	-	-	518,960.580	950.00
Kotak Liquid Scheme Plan A - Direct Plan- Growth	-	-	310,933.193	950.00
Reliance Liquid Fund - Treasury Plan - Direct Growth Plan	504,265.455	2,000.00	270,885.224	1,000.00
UTI-Liquid Cash Plan Institutional - Direct Plan - Growth	-	-	405,264.220	1,000.00
		7,110.00		6,620.00

- Figures of the previous year have been regrouped / reclassified wherever necessary to correspond to the figures of the current year.

Signatures to notes 1 to 41

For Price Waterhouse

Firm Registration Number: 301112E
Chartered Accountants

Partha Ghosh

Partner
Membership Number: 55913

For and on behalf of the Board of Directors

Asit Bhatia

Director
(DIN: 05112750)

Arbind Maheshwari

Director
(DIN: 07415888)

Dharmendra Jain

Chief Financial Officer

Samrat Sanyal

Company Secretary
Membership Number : A13863

Mumbai : June 16, 2017

Mumbai : June 16, 2017



A subsidiary of
Bank of America Corporation



A subsidiary of
Bank of America Corporation

DSP MERRILL LYNCH LIMITED CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT
To the Members of DSP Merrill Lynch Limited**Report on the Consolidated Financial Statements**

1. We have audited the accompanying consolidated financial statements of DSP Merrill Lynch Limited ("hereinafter referred to as the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), (refer Note 28(a) to the attached consolidated financial statements), comprising of the consolidated Balance Sheet as at March 31, 2017, the consolidated Statement of Profit and Loss, the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the Consolidated Financial Statements").

Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group are in accordance with accounting principles generally accepted in India including the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of Consolidated Financial Statements. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates and jointly controlled entities respectively and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
4. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.
6. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at March 31, 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

8. We draw attention to the following emphasis of matter paragraphs included in the Audit report of DSP Merrill Lynch Capital Limited (DSPMLC), a subsidiary of the company, issued vide report dated May 16, 2017

"Without qualifying our opinion, we draw your attention to Note 24(c) to the financial statements. The Company has undertaken activities in the nature of corporate loans, investments (deployment of surplus funds into the units of mutual fund liquid schemes and government securities) and principal transactions till September 8, 2016. The aforesaid activities of the Company, other than investments (deployment of surplus funds into the units of Mutual Fund liquid schemes and government securities) and principal transactions in securities were confined to the eighteen permissible activities as stipulated in the FEMA Notification 94/2003-RE dated June 18, 2003. The ultimate outcome of the matter cannot presently be determined, for which no provision for any liability that may result has been made in the financial statements as of March 31, 2017."

[Note 24(c) of DSPMLC is reproduced as Note 29(b)(ii) to the Consolidated financial statements]

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

9. As required by Section 143(3) of the Act, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.
 - (b) In our opinion, proper books of account as required by law maintained by the Holding Company, its subsidiary included in the Group entities in India including relevant records relating to preparation of the aforesaid Consolidated financial statements have been kept so far as it appears from our examination of those books and records of the Holding Company and its subsidiary.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained by the Holding Company, its subsidiaries included in the Group entities incorporated in India including relevant records relating to the preparation of the consolidated financial statements.
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (f) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (g) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its subsidiary company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
 - (h) With respect to the other matters to be included in the Auditors' 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 consolidated financial statements disclose the impact, if any, of pending litigations as at March 31, 2017 on the consolidated financial position of the Group entities— Refer Note 29 to the consolidated financial statements.
 - ii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company, during the year ended March 31, 2017.

For Price Waterhouse

Firm Registration Number: 301112E
Chartered Accountants

Partha Ghosh

Partner
Membership Number: 55913

Mumbai
June 16, 2017

Annexure A to Independent Auditors' Report

Referred to in paragraph 9 (g) of the Independent Auditors' Report of even date to the members of DSP Merrill Lynch Limited on the consolidated financial statements for the year ended March 31, 2017

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

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of DSP Merrill Lynch Limited (hereinafter referred to as "the Holding Company") and its subsidiary company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding company, its subsidiary company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on 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 the respective 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 Act.

Auditor's Responsibility

3. 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") issued by the ICAI and the Standards on Auditing 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 ICAI. 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.
4. 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have, 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

6. 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 authorizations 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

7. 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

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

For Price Waterhouse

Firm Registration Number: 301112E

Chartered Accountants

Partha Ghosh

Partner

Membership Number : 55913

Mumbai

June 16, 2017

Consolidated Balance Sheet as at 31st March, 2017

	Note	As at 31 st March, 2017 Rs. million	As at 31 st March, 2016 Rs. million
I EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	231.55	231.55
Reserves and surplus	4	31,098.00	30,827.89
		31,329.55	31,059.44
Non-current liabilities			
Long-term borrowings	5	37.51	27.13
Long-term provisions	6	227.94	242.84
Other non-current liabilities	7	10.25	51.24
		275.70	321.21
Current liabilities			
Trade payables	8	-	-
Total outstanding dues of micro enterprises and small enterprises		9,882.34	11,315.94
Total outstanding dues of creditors other than micro enterprises and small enterprises	9	313.03	439.25
Other current liabilities	10	35.70	36.96
Short-term provisions		10,231.07	11,792.15
TOTAL		41,836.32	43,172.80
II ASSETS			
Non-current assets			
Fixed Assets	11		
Tangible assets		917.60	344.39
Intangible assets		4.41	4.16
Capital work-in-progress		12.97	327.42
		934.98	675.97
Non-current investments	12	0.05	0.05
Deferred tax assets, net	38(c)	171.62	198.45
Long-term loans and advances	13	2,599.57	2,041.92
Other non-current assets	14	43.69	43.69
		3,749.91	2,960.08
Current assets			
Inventories-Securities held as stock in trade	15	-	9,425.76
Trade receivables	16	549.08	660.84
Cash and bank balances	17	37,034.46	28,332.22
Short-term loans and advances	18	377.55	1,515.99
Other current assets	19	125.32	277.91
		38,086.41	40,212.72
TOTAL		41,836.32	43,172.80

The accompanying notes 1 to 46 form an integral part of the Consolidated Financial Statements

This is the Consolidated Balance Sheet referred to in our report of even date

For Price Waterhouse
Firm Registration Number : 301112E
Chartered Accountants

Partha Ghosh
Partner
Membership Number : 55913

For and on behalf of the Board of Directors

Asit Bhatia
Director
(DIN : 05112750)

Arbind Maheswari
Director
(DIN : 07415888)

Dharmendra Jain
Chief Financial Officer

Samrat Sanyal
Company Secretary
Membership Number : A13863

Mumbai : June 16, 2017

Mumbai : June 16, 2017

Consolidated Statement of Profit and Loss for the year ended 31st March, 2017

	Note	Year Ended 31 st March, 2017 Rs. million	Year Ended 31 st March, 2016 Rs. million
Revenue:			
Revenue from operations :			
Advisory and Transactional Services	20	3,962.07	4,111.27
Interest and other operating income	21	335.41	802.57
Profit / (Loss) on principal transactions, net	22	57.10	(12.79)
Other income	23	2,377.04	8,876.13
Total Revenue		6,731.62	13,777.18
Expenses:			
Employee benefits expense	24	1,646.44	1,855.01
Finance costs	25	4.65	6.44
Depreciation and amortisation expense	26	247.23	192.99
Other expenses	27	1,509.70	1,806.22
Total expenses		3,408.02	3,860.66
Profit before tax		3,323.60	9,916.52
Tax expense:			
Continuing operations			
Profit from continuing operations before tax		3,323.60	4,175.99
Tax expense of continuing operations	38(a)	1,224.97	1,433.84
Profit from continuing operations after tax	A	2,098.63	2,742.15
Discontinued operation			
Profit from ordinary activities before tax [refer note 34]		-	140.71
Less: Tax expense thereon	38(b)	-	128.09
Profit from ordinary activities after tax [i]		-	12.62
Gain on disposal before tax		-	5,599.82
Less: Tax expense thereon	38(b)	-	1,180.12
Gain on disposal after tax [ii]		-	4,419.70
Profit from discontinued operation after tax [i+ii]	B	-	4,432.32
Profit for the year	A + B	2,098.63	7,174.47
Earnings per equity share, in Rs. [face value of Rs.10/- each]	37		
Basic		90.63	309.84
Diluted		90.63	309.84

The accompanying notes 1 to 46 form an integral part of the Consolidated Financial Statements

This is the Consolidated Statement of Profit and Loss referred to in our report of even date

For Price Waterhouse
Firm Registration Number : 301112E
Chartered Accountants

Partha Ghosh
Partner
Membership Number : 55913

Mumbai : June 16, 2017

For and on behalf of the Board of Directors

Asit Bhatia
Director
(DIN : 05112750)

Dharmendra Jain
Chief Financial Officer

Mumbai : June 16, 2017

Arbind Maheswari
Director
(DIN : 07415888)

Samrat Sanyal
Company Secretary
Membership Number : A13863

Consolidated Cash flow statement for the year ended 31st March, 2017

	Year Ended 31 st March, 2017 Rs. million	Year Ended 31 st March, 2016 Rs. million
Cash flow from operating activities (including discontinued operations) :		
Profit before tax	3,323.60	9,916.52
Adjusted for :		
Depreciation / amortisation	247.23	192.99
Bad debts and advances written off	1.05	3.35
Credit balances written back	(0.64)	(5.34)
Gratuity	7.78	(71.31)
Compensated absence	(15.37)	(100.65)
Interest on bank loans	4.65	6.44
Interest income on long term investments [other than trade]	-	(0.39)
Interest income on current investments	(2.01)	(53.71)
(Write-back of provision) for bad and doubtful debts and advances, net	-	(1.10)
(Write-back of provision) for contingencies	-	(11.18)
Provision / (Write-back of provision) for input service tax credit	1.46	(4.91)
Contingent provision / (Write-back of contingent provision) for standard assets	0.49	(3.37)
(Write-back of provision) for restructured standard advances	-	(198.36)
(Profit) on redemption of long-term investments, net	-	(0.09)
Loss on fixed assets sold / discarded, net	29.69	0.57
(Profit) on assets held for disposal	(6.59)	-
Operating profit before changes in operating assets and liabilities	3,591.34	9,669.46
Adjusted for :		
Decrease in inventories - securities held as stock in trade	9,425.76	1,116.42
(Increase) / Decrease in other bank balances	(92.00)	1,279.99
Decrease in loans and advances	472.25	6,060.91
Decrease / (Increase) in trade receivables	111.71	(156.52)
Decrease in other current assets	152.21	309.05
(Decrease) in trade payables	(1,432.96)	(5,848.50)
(Decrease) / Increase in other current liabilities	(128.85)	147.60
(Decrease) / Increase in other non current liabilities	(40.99)	51.24
Cash generated from operating activities	12,058.47	12,629.65
Direct taxes (paid), net	(1,101.11)	(1,929.66)
Net cash generated from operating activities	(A) 10,957.36	10,699.99
Cash flow from investing activities :		
Interest received on long term investments [other than trade]	-	0.96
Interest received on current investments [other than trade]	2.01	53.71
Purchase of fixed assets / capital advances	(547.35)	(394.92)
Sale / disposal of fixed assets	11.42	48.55
Proceeds from sale of assets held for disposal	7.00	-
Redemption of long term investments	-	41.06
Sale of current investment	-	500.00
Net cash (used in) / generated from investing activities	(B) (526.92)	249.36
Cash flow from financing activities :		
Interim dividend	(1,505.08)	(11,577.52)
Dividend distribution tax	(323.43)	(2,356.91)
Loans from bank, net of repayments	12.96	(33.90)
Interest on bank loans	(4.65)	(6.44)
Net cash (used in) financing activities	(C) (1,820.20)	(13,974.77)
Net increase / (decrease) in cash and cash equivalents	(A+B+C) 8,610.24	(3,025.42)
Cash and cash equivalents as at the beginning of the year	13,570.32	16,595.74
Cash and cash equivalents as at the end of the year		
Cash on hand	-	-
Balances with scheduled banks in current accounts	1,163.56	2,065.32
Balances with scheduled banks in fixed deposit accounts	10,787.00	4,300.00
Current investments in mutual funds	10,230.00	7,205.00
	22,180.56	13,570.32
Net increase / (decrease) in cash and cash equivalents	8,610.24	(3,025.42)

The accompanying notes 1 to 46 form an integral part of the Consolidated Financial Statements

This is the Consolidated Cash Flow Statement referred to in our report of even date

For Price Waterhouse

Firm Registration Number : 301112E
Chartered Accountants

Partha Ghosh

Partner
Membership Number : 55913

Mumbai : June 16, 2017

For and on behalf of the Board of Directors

Asit Bhatia

Director
(DIN : 05112750)

Dharmendra Jain

Chief Financial Officer

Mumbai : June 16, 2017

Arbind Maheswari

Director
(DIN : 07415888)

Samrat Sanyal

Company Secretary
Membership Number : A13863

Notes to the Consolidated Financial Statements

1. Corporate Information

DSP Merrill Lynch Limited ("the Company") and its subsidiary companies [excluding the unconsolidated subsidiary – refer note 28(b)], collectively referred to as the "Group" are engaged in financial service businesses, namely stock broking, investment banking including advice on mergers and acquisition transactions, financing and lending and principal transactions in securities. The Company is ultimately controlled by Bank of America Corporation ("BAC").

The Board of Directors of the wholly owned subsidiary company, DSP Merrill Lynch Capital Limited ("DSPMLC") at its meeting held on 13th January, 2017 passed a resolution to discontinue its operations as a non-banking financial company ("NBFC"). The Board of DSPMLC at its subsequent meeting held on 20th February, 2017 authorized DSPMLC to apply to the Reserve Bank of India (RBI) for a voluntary surrender/cancellation of the Certificate of Registration (COR) obtained under Section 45-IA of the RBI Act. Pursuant to Board authorization, DSPMLC has made an application to RBI on 6th March, 2017 for voluntary surrender/cancellation of the COR. The application is currently under RBI review. As a pre-requisite for submission of the application for voluntary surrender/cancellation of the COR, DSPMLC was required to bring down the proportion of its financial assets to less than 50% of the total assets. As at 31st March, 2017, the financial assets continued to be less than 50% of the total assets of DSPMLC.

The prospects of merger of the wholly owned subsidiary, DSPMLC with the Company is being evaluated by the Board of both the companies to increase operational and administrative synergies of the merging companies.

2. Significant accounting policies:

a. Basis of preparation of financial statements:

The accompanying consolidated financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India and comply in all material aspects with the Accounting Standards ("AS") prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014, Companies (Accounts) Amendment Rules, 2016, Companies (Accounting Standard) Rules, 2006 and other relevant provisions of the Act. The consolidated financial statements have been prepared under the historical cost convention on accrual basis, except for certain financial instruments measured at fair value through profit or loss. Accounting policies have been consistently applied, except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in accounting policy.

All assets and liabilities have been classified as current or non-current as per the operating cycle and other criteria set out in "Schedule III" of the Act. Based on the nature of its business, the Group has identified its operating cycle as twelve (12) months for the purpose of current and non-current classification of assets and liabilities in the Balance Sheet.

b. Principles of consolidation:

The financial statements of the subsidiary companies (refer note 28) used in the consolidation are drawn up to the same reporting date as that of the Company. The consolidated financial statements have been prepared on the following basis:

- i. The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Inter-company balances and transactions along with unrealized profits or losses have been fully eliminated.
- ii. The excess of the cost to the parent of its investments in a subsidiary company over the parent's portion of equity at the date on which investment in the subsidiary is made, is recognised as 'Goodwill (on consolidation)'. When the cost to the parent of its investment in a subsidiary is less than the parent's portion of equity of the subsidiary at the date on which investment in the subsidiary is made, the difference is treated as 'Capital Reserve (on consolidation)' in the consolidated financial statements.
- iii. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

c. Use of estimates:

The preparation of financial statements in conformity with the Generally Accepted Accounting Principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and difference between the actual results and estimates are recognised in the period in which the results are known or materialise.

d. Tangible fixed assets and capital work-in-progress:

Tangible fixed assets are stated at the original cost of acquisition and related expenses less accumulated depreciation and accumulated impairment losses, if any. Assets, which are not under active use and held for disposal, are stated at lower of net book value and net realizable value. Capital work-in-progress comprises costs incurred on fixed assets that are not yet ready for their intended use as at the reporting date.

Notes to the Consolidated Financial Statements (Contd...)

e. Intangible assets:

Intangible assets are capitalized, where it is reasonably estimated that the intangible asset has an enduring useful life. Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Category	Useful life
Software	3 years
BSE Membership Card	10 years

f. Depreciation and amortization:

- i. Except for items forming part of (ii) and (iii) below, depreciation on tangible assets is provided, pro-rata for the period of use, by straight line method (SLM), based on management's estimate of useful lives for the fixed assets as given in the table below:

Category	Useful life
Buildings	40 years
Computers and Allied Equipment	
- Desktops / Printers	2 years
- Servers / Laptops	4 years
- Computer Cabling	7 years
Office Equipment	
- EPABX	5 years
- Others	3 years
Furniture and Fixtures	10 years
Vehicles	5 years

- ii. Assets costing less than the rupee equivalent of USD 1,500 are fully depreciated on purchase.
- iii. Leasehold improvements are depreciated over the lease period including the renewal periods, if any. Assets associated with premises taken on lease are depreciated on straight line basis over the lease period including the renewal periods or the useful lives stated above, whichever is shorter.
- iv. The management has arrived at the above estimates of useful lives based on an internal assessment and technical evaluation and believes that the useful lives stated above represent its best estimate of the period over which it expects to use the assets. The useful lives estimated by the management as stated in the table above are different from the useful lives prescribed under "Part C" of "Schedule II" of the Act with the exception of Furniture and Fixtures and EPABX Office Equipment.
- v. Intangible assets are amortized over their useful lives estimated by the management as stated in the table below, commencing from the date the asset is available for use:

g. Impairment of assets:

In accordance with AS-28 on "Impairment of Assets", an asset is considered as impaired when at the balance sheet date there are indications of impairment and the carrying amount of the asset, or where applicable, the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e. the higher of the asset's net selling price and value-in-use). The management of the Group assesses at each balance sheet date whether there is any indication that an asset may be impaired based on internal/external factors. If any such indication exists, the management estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than the carrying amount, the carrying amount is reduced to the recoverable amount and the reduction is recognised as an impairment loss in the Statement of Profit and Loss.

h. Allowance for bad / doubtful debts and advances :

Allowance for bad and doubtful debts and advances is made and disclosed in accordance with the applicable prudential norms prescribed by the regulators. In cases where management estimates a higher risk of recovery, allowance is made at amounts higher than those prescribed under the prudential norms.

i. Investments:

Investments are classified as current or non-current based upon management intent at the time of acquisition. Investments that are intended to be held for not more than one year from the date of acquisition are classified as current investments. All other investments are classified as non-current investments. Current investments are stated at lower of cost and fair value. Any reduction in the carrying amount and any reversals of such reductions are charged or credited to the Statement of Profit and Loss.

Non-current investments are recorded at cost as on the date of transaction. Provision is made to recognise a decline, other than temporary, in the value of such investments.

j. Inventories

Securities held as stock-in-trade are valued at lower of cost and market value by category of security held.

Notes to the Consolidated Financial Statements (Contd...)

k. Revenue recognition:

Revenue is recognised when it is earned and no significant uncertainty exists as to its realization or collection on the following basis:

- i. Brokerage from equity / debt market transactions is recognised on trade date basis.
- ii. Fees from investment banking activities including issue management, mergers and acquisitions, and advisory services are recognised on stage wise basis / as per agreement.
- iii. Underwriting commission earned, to the extent not reduced from cost of acquisition of securities is accounted on closure of the issue.
- iv. Income from financing and lending activities is recognised on a time proportionate basis and is primarily in the nature of interest on loans, advances, debentures and bonds and upfront fees and commission. Interest on loans classified as non-performing assets is recognised in accordance with the applicable prudential norms as prescribed by the regulators.
- v. Income from principal transactions are accounted on trade date basis and comprises gains and losses on securities and fair value gains or losses
- vi. Brokerage / marketing fees on mutual funds / new issues are accounted based on mobilization and intimation received from clients / intermediaries.
- vii. Investment advisory income is accounted as per agreement.
- viii. Interest on bank deposits is accounted on accrual basis.
- ix. Dividend income is recognised when the right to receive payment is established.
- x. Revenue excludes service tax, wherever recovered.

l. Employee benefits:

Short-term employee benefits (benefits which are payable within twelve months after the end of the period in which the employees render services) are measured at cost. Long-term employee benefits (benefits which are payable after the end of twelve months from the end of the period in which the employees render services) and post employment benefits (benefits which are payable after completion of employment) are measured on a discounted basis by the Projected Unit Credit Method on the basis of annual independent third party actuarial valuations.

The Group has defined contribution plans for post employment benefits in the form of Provident Fund. Under the plan, contributions are made to a Government administered provident fund on behalf of the employees and the Group has no further obligation beyond making the contributions. Contributions to Provident Fund are made in accordance with the statute, and are recognised as an expense when employees have rendered services entitling them to the contributions.

The costs of providing benefits under defined benefit plans are determined using the Projected Unit Credit Method on the basis of a third party actuarial valuation at each balance sheet date. The leave encashment and gratuity benefit obligations recognised on the balance sheet represent the present value of the obligations as reduced by the fair value of plan assets, if any. Any asset resulting from this calculation is limited to the discounted value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

m. Foreign currency transactions:

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities are reported using the exchange rate prevailing at the balance sheet date. All exchange differences are dealt with in the Statement of Profit and Loss. Non-monetary items are carried at historical cost using the exchange rates on the date of the transaction. Outstanding foreign exchange forward contracts are marked to market. Resulting losses are recognised in the Statement of Profit and Loss; gains are ignored.

n. Borrowing costs:

Borrowing costs primarily include interest and related costs of amounts borrowed for the operations of the Company. These are expensed to revenue on a time-proportionate basis.

o. Operating lease:

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the non-cancellable period of the lease term.

p. Earning per share:

Basic and diluted earnings per share (EPS) are reported in accordance with Accounting Standard 20 on "Earnings Per Share". Basic EPS is computed by dividing the net profit or loss for the year attributable

Notes to the Consolidated Financial Statements (Contd...)

to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

q. Taxation:

Taxes on income are accounted for in accordance with Accounting Standard 22 on "Accounting for Taxes on Income" and comprise current and deferred tax.

Current tax is measured at the amount expected to be paid in respect of taxable income for the year in accordance with the Income Tax Act, 1961.

The tax effect of timing differences that arise between taxable income and accounting income and are capable of reversal in one or more subsequent periods is recorded as a deferred tax asset or deferred tax liability. These are measured using the substantively enacted tax rates and tax regulations. Deferred tax assets arising on account of carry forward of losses and unabsorbed depreciation under tax laws are recognised only if there is virtual certainty of realisation, supported by convincing evidence. Deferred tax assets on account of other timing differences are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The carrying amount of deferred tax assets at each balance sheet date is reduced to the extent that it is no longer reasonably certain that sufficient future taxable income will be available against which the deferred tax asset can be realised.

r. Cash flow statement:

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

Cash and cash equivalents presented in cash flow statement comprise cash on hand, deposits with banks and current investments readily convertible to known amounts of cash and subject to insignificant risk of change in value.

s. Employee stock compensation:

Liability in respect of restricted stocks and restricted units of the ultimate controlling enterprise granted to the employees of the Group in terms of the global long-

term incentive compensation plans of the ultimate controlling enterprise is accounted for initially at the fair value of the awards on the date of grant. The difference between the fair value on the date of grant and fair value on the date of vesting is accounted for when the stocks vest. At the balance sheet date, liability in respect of unvested stocks is re-measured based on the fair value of the stocks on that date.

t. Contingent liabilities:

Contingent liabilities as defined in Accounting Standard 29 on "Provisions, Contingent Liabilities and Contingent Assets" are disclosed by way of notes to the accounts. Disclosure is not made if the possibility of an outflow of future economic benefits is remote. Provision is made if it is probable that an outflow of future economic benefits will be required to settle the obligation.

Notes to the Consolidated Financial Statements (Contd...)

3. Share capital :

Particulars	As at 31 st March, 2017 Rs. million	As at 31 st March, 2016 Rs. million
Authorised		
73,750,000 (Previous year 73,750,000) Equity shares of Rs. 10/- each	737.50	737.50
810,000,000 (Previous year 810,000,000) Cumulative redeemable preference shares of Rs. 10/- each	8,100.00	8,100.00
	8,837.50	8,837.50
Issued, subscribed and paid up		
Equity share capital		
23,155,039 (Previous year 23,155,039) Equity shares of Rs. 10/- each, fully paid up	231.55	231.55
	231.55	231.55

Reconciliation of number of shares :

Particulars	As at 31 st March, 2017		As at 31 st March, 2016	
	Number of Shares	Rs. million	Number of Shares	Rs. million
Equity Shares :				
Balance as at the beginning of the year	23,155,039	231.55	23,155,039	231.55
Add: Shares issued during the year	-	-	-	-
Less: Shares bought back during the year	-	-	-	-
Balance as at the end of the year	23,155,039	231.55	23,155,039	231.55

During the year ended March 31, 2015, the Company bought back 4,961 equity shares of face value of Rs. 10/- each for a total consideration of Rs 16.37 million. The difference of Rs. 16.32 million between amount paid for buy back and the face value of the shares bought back has been adjusted against surplus in statement of profit and loss account.

Rights, preferences and restrictions attached to shares :

Equity Shares:

The company has only one class of equity shares with a par value of Rs. 10/- each. Each shareholder is eligible for one vote per share.

Shares held by the holding company, ultimate holding company and their subsidiaries/associates are as below :

Name of Shareholder	Nature of Relationship	As at 31 st March, 2017		As at 31 st March, 2016	
		Number of Shares	Rs. million	Number of Shares	Rs. million
Equity Shares :					
GHS Singapore Holdings Pte Limited	Holding Company	23,143,905	231.44	23,143,905	231.44

Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company:

Name of Shareholder	As at 31 st March, 2017		As at 31 st March, 2016	
	Number of Shares	Rs. million	Number of Shares	Rs. million
Equity Shares :				
GHS Singapore Holdings Pte Limited	23,143,905	99.95%	23,143,905	99.95%

The company has not issued any equity shares for consideration other than cash or by way of bonus during the last five financial years.

Note:-

During the year ended March 31, 2016, Merrill Lynch Investment Holdings (Mauritius) Limited (10,738,800 shares), Merrill Lynch Holdings (Mauritius) (9,495,105 shares) and Merrill Lynch Asia Investments Limited (2,910,000 shares) have sold their shareholding to GHS Singapore Holdings Pte Ltd. There is no change in control as the Company is ultimately controlled by Bank of America Corporation

Notes to the Consolidated Financial Statements (Contd...)

4. Reserves and Surplus :

Particulars	As at 31 st March, 2017 Rs. million	As at 31 st March, 2016 Rs. million
Investment allowance reserve		
Balance as at the beginning of the year	1.19	1.19
Less: Transfer to General Reserve	(1.19)	-
Balance as at the end of the year	-	1.19
Securities premium account		
Balance as at the beginning of the year	44.28	44.28
Balance as at the end of the year	44.28	44.28
Capital redemption reserve		
Balance as at the beginning of the year	8,100.05	8,100.05
Balance as at the end of the year	8,100.05	8,100.05
General reserve		
Balance as at the beginning of the year	4,509.79	4,509.79
Add: Transfer from investment allowance reserve	1.19	-
Balance as at the end of the year	4,510.98	4,509.79
Reserve under Section 45-IC of the Reserve Bank of India Act, 1934		
Balance as at the beginning of the year	2,893.12	2,604.20
Transfer from profit for the current year	117.54	288.92
Balance as at the end of the year	3,010.66	2,893.12
Surplus in statement of profit and loss		
Balance as at the beginning of the year	15,279.45	22,328.34
Add: Profit for the year	2,098.63	7,174.47
Appropriations:		
Transfer to reserve under section 45-IC of the Reserve Bank of India Act, 1934	(117.54)	(288.92)
Interim dividend	(1,505.08)	(11,577.52)
Dividend distribution tax	(323.43)	(2,356.91)
Balance as at the end of the year	15,432.03	15,279.45
	31,098.00	30,827.89

5. Long-term borrowings :

Particulars	As at 31 st March, 2017 Rs. million	As at 31 st March, 2016 Rs. million
Secured		
Term loans :		
From banks	37.51	27.13
[Secured against hypothecation of vehicles]		
	37.51	27.13

Notes to the Consolidated Financial Statements (Contd...)

6. Long-term provisions :

Particulars	As at 31 st March, 2017 Rs. million	As at 31 st March, 2016 Rs. million
Provision for employee benefits :		
Gratuity [refer note 32 (ii)]	7.14	8.31
Compensated absences	177.11	190.84
Loan loss provision	43.69	43.69
	227.94	242.84

7. Other non current liabilities :

Particulars	As at 31 st March, 2017 Rs. million	As at 31 st March, 2016 Rs. million
Rent equalisation	10.25	51.24
	10.25	51.24

8. Trade payables :

Particulars	As at 31 st March, 2017 Rs. million	As at 31 st March, 2016 Rs. million
Sundry creditors [refer note 39]		
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	9,882.34	11,315.94
	9,882.34	11,315.94

9. Other current liabilities :

Particulars	As at 31 st March, 2017 Rs. million	As at 31 st March, 2016 Rs. million
Current maturities of long-term loans [refer note 5]	20.32	17.74
Statutory dues including Provident fund, Tax deducted at source and Service tax	85.27	104.86
Salaries and bonus payable	160.37	166.59
Current portion of Rent equalisation	40.99	40.99
Other payables [refer note 39]	6.08	109.07
	313.03	439.25

10. Short-term provisions :

Particulars	As at 31 st March, 2017 Rs. million	As at 31 st March, 2016 Rs. million
Provision for employee benefits :		
Gratuity [refer note 32(ii)]	0.61	0.72
Compensated absences	31.62	33.26
Others :		
Contingent provisions against standard assets	3.47	2.98
	35.70	36.96

Notes to the Consolidated Financial Statements (Contd...)

11 Fixed Assets

(a) Fixed Assets for the year ended March 31, 2017 :

Particulars	Gross block (at cost)		As at 31 st March, 2017 Rs. million	Depreciation / amortisation		Net block	
	As at 1 st April, 2016 Rs. million	Additions/ (Deductions) Rs. million		As at 1 st April, 2016 Rs. million	For the year / (on deductions) Rs. million	As at 31 st March, 2017 Rs. million	As at 31 st March, 2017 Rs. million
Tangible assets							
Leasehold Improvements	276.92	334.79 (222.14)	389.57	262.61	26.29 (211.35)	77.55	312.02
Computers and Allied Equipment	1,373.57	243.05 (759.76)	856.86	1,143.45	140.54 (749.49)	534.50	322.36
Office Equipment	402.82	159.57 (191.26)	371.13	368.51	50.77 (187.19)	232.09	139.04
Furniture and Fixtures	164.48	82.02 (114.01)	132.49	159.80	8.70 (110.16)	58.34	74.15
Vehicles	110.56	40.51 (48.85)	102.22	49.59	19.32 (36.72)	32.19	70.03
sub-total (a)	2,328.35	859.94 (1,336.02)	1,852.27	1,983.96	245.62 (1,294.91)	934.67	917.60
Intangible assets							
Software	249.11	1.86	250.97	244.95	1.61	246.56	4.41
BSE Membership Card	25.25	-	25.25	25.25	-	25.25	-
sub-total (b)	274.36	1.86	276.22	270.20	1.61	271.81	4.41
Total (a + b)	2,602.71	861.80 (1,336.02)	2,128.49	2,254.16	247.23 (1,294.91)	1,206.48	922.01

Notes to the Consolidated Financial Statements (Contd...)

11. Fixed Assets

(b) Fixed Assets for the ended March 31, 2016

Particulars	Gross block (at cost)			As at 31 st March, 2016 Rs. million	Depreciation/amortisation			Net block	
	As at 1 st April, 2015 Rs. million	Additions/ (Deductions) Rs. million	Reclassification (refer note 1) Rs. million		As at 1 st April, 2015 Rs. million	For the year / (on deductions) Rs. million	Reclassification (refer note 1) Rs. million	As at 31 st March, 2016 Rs. million	As at 31 st March, 2016 Rs. million
<u>Tangible assets</u>									
Buildings	1.03	-	(1.03)	-	0.63	0.02	(0.65)	-	-
Leasehold Improvements	279.14	5.22 (7.44)	-	276.92	254.12	15.28 (6.79)	-	262.61	14.31
Computers and Allied Equipment	1,390.03	35.92 (52.38)	-	1,373.57	1,084.73	109.49 (50.77)	-	1,143.45	230.12
Office Equipment	411.44	0.93 (9.55)	-	402.82	349.68	26.86 (8.03)	-	368.51	34.31
Furniture and Fixtures	175.28	0.83 (11.63)	-	164.48	160.96	10.47 (11.63)	-	159.80	4.68
Vehicles	186.89	29.80 (106.13)	-	110.56	82.19	29.69 (62.29)	-	49.59	60.97
sub-total (a)	2,443.81	72.70 (187.13)	(1.03)	2,328.35	1,932.31	191.81 (139.51)	(0.65)	1,983.96	344.39
<u>Intangible assets</u>									
Software	263.71	4.23 (18.83)	-	249.11	261.95	1.18 (18.18)	-	244.95	4.16
BSE Membership Card	25.25	-	-	25.25	25.25	-	-	25.25	-
sub-total (b)	288.96	4.23 (18.83)	-	274.36	287.20	1.18 (18.18)	-	270.20	4.16
Total (a + b)	2,732.77	76.93 (205.96)	(1.03)	2,602.71	2,219.51	192.99 (157.69)	(0.65)	2,254.16	348.55

Note:

1) Office premises not under active use and held for disposal have been reclassified to other current assets during the year. The net realisable value for these premises is higher than their net book value.

Notes to the Consolidated Financial Statements (Contd...)

12. Non-current investments :

Particulars	As at 31 st March, 2017		As at 31 st March, 2016	
	Quantity (no.)	Rs. million	Quantity (no.)	Rs. million
I Trade Investment [valued at cost, net of provision for diminution in value]				
Unquoted				
Investment in Equity shares:				
Bombay Stock Exchange Limited [Face Value Re. 1/-]	-	-	130,000	0.01
Quoted				
Investment in Equity shares:				
Bombay Stock Exchange Limited [Face Value Rs. 2/-]	65,000	0.01	-	-
Sub-total I		0.01		0.01
II Other Investments [valued at cost, net of provision for diminution in value]				
Unquoted				
i) Equity shares [face value of Rs. 10/-each fully paid -up]				
Avon Industries Limited	21,000	0.51	21,000	0.51
Co-Nick Alloys Limited	122,500	1.79	122,500	1.79
Eastern Circuits Limited	5,100	0.06	5,100	0.06
Eastern Medikit Limited	18,000	0.54	18,000	0.54
Inland Printers Limited	16,000	0.96	16,000	0.96
Magnetix India Limited	810	0.01	810	0.01
Montari Industries Limited	36	*	36	*
Orissa Extrusions Limited	89	**	89	**
Sangam Aluminium Limited	9,000	0.17	9,000	0.17
Travancore Cements Limited	2,410	0.06	2,410	0.06
Varun Polymol Organics Limited	26	***	26	***
Wood Polymer Limited	200	0.01	200	0.01
		4.11		4.11
Less : Provision for diminution in value		(4.11)		(4.11)
		-		-
ii) Debentures 9% Secured Non-Convertible Redeemable Debentures of JK Lakshmi Cement Ltd.	5,643	0.56	5,643	0.56
		0.56		0.56
Less : Provision for diminution in value		(0.56)		(0.56)
		-		-
Sub-total - A (i + ii)		-		-
Quoted				
Equity shares [face value of Rs. 4/-each fully paid -up]				
Udaipur Cement Works Limited	10,567	0.04	10,567	0.04
		0.04		0.04
Less : Provision for diminution in value		-		-
Sub-total - B		0.04		0.04
Sub-total II [A+B]		0.04		0.04
Total [I+II]		0.05		0.05
Summary :				
Quoted				
Aggregate of book value		0.05		0.04
Aggregate of market value		63.86		0.12
Unquoted				
Aggregate value of unquoted investments		-		0.01
Aggregate provision for diminution in value of investments		4.67		4.67

* Amount [Rs. 1,476/-] below rounding off norm adopted by the Company.

** Amount [Rs. 1,621/-] below rounding off norm adopted by the Company.

*** Amount [Rs. 637/-] below rounding off norm adopted by the Company.

Notes to the Consolidated Financial Statements (Contd...)

13. Long-term loans and advances :

Particulars	As at 31 st March, 2017 Rs. million	As at 31 st March, 2016 Rs. million
Secured, considered good:		
Debentures (unlisted)	699.77	-
Unsecured, considered good:		
Advance payment of taxes [net of provision for tax Rs. 25,169.08 million (previous year Rs. 23,970.59 million)]	1,650.21	1,748.23
Cash deposits placed with exchanges and depository	6.13	38.63
Deposits placed for premises and others	216.47	218.40
Gratuity over funded, net [refer note 32(ii)]	25.94	35.00
Prepayments and others	1.05	1.66
	2,599.57	2,041.92

14. Other non-current assets :

Particulars	As at 31 st March, 2017 Rs. million	As at 31 st March, 2016 Rs. million
Interest receivable on loans	43.69	43.69
	43.69	43.69

Notes to the Consolidated Financial Statements (Contd...)

15. Inventories - Securities held as stock in trade :

Particulars	As at 31 st March, 2017		As at 31 st March, 2016	
	Quantity (no.)	Rs. million	Quantity (no.)	Rs. million
I Quoted				
Debentures and bonds [valued at lower of costs and market value]				
[Face value Rs. 1,000,000/- each unless otherwise stated]				
7.98% Power Finance Corporation Limited - Maturity April 21, 2017	-	-	750	750.00
9.75% Aditya Birla Finance Limited - Maturity May 26, 2017	-	-	500	502.62
8.27% Export Import Bank of India - Maturity May 7, 2018	-	-	500	502.92
8.25% Export Import Bank of India - Maturity May 9, 2018	-	-	500	502.74
8.17% Power Finance Corporation Limited - Maturity August 18, 2018	-	-	250	250.68
8.05% Small Industries Development Bank of India - Maturity January 28, 2019	-	-	750	750.00
8.20% Export Import Bank of India - Maturity February 18, 2019	-	-	250	250.34
7.92% National Housing Bank - Maturity March 21, 2019	-	-	1,250	1,250.00
8.37% Rural Electrification Corporation Limited - Maturity August 14, 2020	-	-	100	100.70
		-		4,860.00
Less: Provision for mark-to-market loss		-		-
Total Quoted		-		4,860.00
Aggregate amount of book value		-		4,860.00
Aggregate of market value		-		4,865.30
II Unquoted				
Certificate of deposits [valued at lower of costs and market value]				
[Face value Rs. 100,000/- each]				
IDBI Bank - Maturity February 7, 2017	-	-	10,000	933.20
Export Import Bank of India - Maturity February 10, 2017	-	-	2,500	231.81
Corporation Bank - Maturity March 2, 2017	-	-	7,500	695.01
Canara Bank - Maturity March 7, 2017	-	-	5,000	465.57
ICICI Bank - Maturity March 9, 2017	-	-	7,500	694.29
Corporation Bank - Maturity March 10, 2017	-	-	5,000	464.26
Corporation Bank - Maturity March 14, 2017	-	-	4,000	370.20
Canara Bank - Maturity March 16, 2017	-	-	7,500	697.36
		-		4,551.70
Add: Accretion of Interest		-		14.06
		-		4,565.76
Less: Provision for mark-to-market loss		-		-
Total Unquoted		-		4,565.76
Total [I + II]				9,425.76
Summary:				
Quoted				
Aggregate of book value		-		4,860.00
Aggregate of market value		-		4,865.30
Unquoted				
Aggregate of book value		-		4,565.76

Notes to the Consolidated Financial Statements (Contd...)

16. Trade receivables :

Particulars	As at 31 st March, 2017 Rs. million	As at 31 st March, 2016 Rs. million
Debts outstanding for a period exceeding six months		
Unsecured		
Considered good	-	4.18
Considered doubtful	-	-
	-	4.18
Less: Provision for doubtful debts	-	-
	-	4.18
Other debts		
Unsecured		
Considered good	549.08	656.66
Considered doubtful	-	-
	549.08	656.66
Less: Provision for doubtful debts	-	-
	549.08	656.66
	549.08	660.84

17. Cash and bank balances :

Particulars	As at 31 st March, 2017 Rs. million	As at 31 st March, 2016 Rs. million
Cash and cash equivalents :		
Cash on hand [refer note 44]	-	-
Bank balances :		
In current accounts	1,163.56	2,065.32
Fixed deposits with banks with original maturity less than 3 months	10,787.00	4,300.00
	11,950.56	6,365.32
Short term, highly liquid investments - Mutual Funds [refer note 43]	10,230.00	7,205.00
Cash and cash equivalents - Total	22,180.56	13,570.32
Other bank balances :		
Fixed deposits with banks under lien as collateral with stock exchange/Clearing corporation*	10,273.88	10,011.88
Fixed deposits with banks with original maturity more than 3 months but less than 12 months	4,580.00	4,750.00
Other bank balances **	0.02	0.02
Other bank balances - Total	14,853.90	14,761.90
	37,034.46	28,332.22

*These fixed deposits are under lien with Bombay Stock Exchange Limited/ National Securities Clearing Corporation Limited towards Base and Additional Base Capital/ Margins.

** Represents fixed deposit of Rs. 0.02 million lien-marked in favour of Commercial Tax Officer, Sales Tax Office, Indore.

Notes to the Consolidated Financial Statements (Contd...)

18. Short-term loans and advances :

Particulars	As at 31 st March, 2017 Rs. million	As at 31 st March, 2016 Rs. million
Loans and advances		
Secured, considered good :		
Debentures (unlisted)	291.90	991.67
Unsecured, considered good :		
Cash deposits placed with exchanges	55.50	400.20
Advances	2.49	1.60
Deposits placed for premises and others	5.79	82.57
Prepayments and others	21.87	39.95
Unsecured, considered doubtful :		
Advances	0.45	0.45
Deposits placed for premises and others	0.36	0.36
Service tax input credit	35.96	34.50
	36.77	35.31
Less: Allowance	(36.77)	(35.31)
	-	-
	377.55	1,515.99

19. Other current assets :

Particulars	As at 31 st March, 2017 Rs. million	As at 31 st March, 2016 Rs. million
Interest accrued on:		
Fixed deposits	110.68	115.93
Securities held as stock-in-trade	-	140.33
Assets held for disposal	-	0.38
Other receivables	14.64	21.27
	125.32	277.91

20. Advisory and Transactional Services :

Particulars	Year Ended 31 st March, 2017 Rs. million	Year Ended 31 st March, 2016 Rs. million
Professional fees	1,017.92	861.34
Brokerage / marketing fees	2,938.15	3,237.59
Depository participant income	6.00	9.89
Others	-	2.45
	3,962.07	4,111.27

Notes to the Consolidated Financial Statements (Contd...)

21. Interest and other operating income :

Particulars	Year Ended 31 st March, 2017 Rs. million	Year Ended 31 st March, 2016 Rs. million
Interest income :		
Interest on loans and advances	177.50	220.96
Interest on securities held as stock-in-trade	157.91	546.52
Other operating income	-	35.09
	335.41	802.57

22. Profit/(Loss) on principal transactions; net :

Particulars	Year Ended 31 st March, 2017 Rs. million	Year Ended 31 st March, 2016 Rs. million
Debentures/Bonds/Certificate of Deposits/ Commercial Papers:		
Sales / redemptions	17,781.58	29,640.22
Less : Cost of sales		
Opening stock	9,425.76	10,542.18
Add : Purchases	8,251.75	28,430.59
Add : Accretion of Interest	46.97	106.00
	17,724.48	39,078.77
Less: Closing stock	-	9,425.76
Cost of sales	17,724.48	29,653.01
Total	57.10	(12.79)

23. Other income :

Particulars	Year Ended 31 st March, 2017 Rs. million	Year Ended 31 st March, 2016 Rs. million
Profit on sale/redemption of current investments, net (includes mutual fund units)	1,111.80	1,170.18
Profit on sale of long term investments [other than trade]	-	0.09
Interest on:		
Bank deposits	1,216.63	1,770.93
Debentures	0.05	0.05
Inter-corporate deposits	-	0.09
Long term investments [other than trade]	-	0.39
Current investments [other than trade]	2.01	53.71
Infrastructure and support fees recovered	29.36	38.59
Secondment charges recovered	7.53	14.33
Dividend income on other long term investments	0.85	1.11
Gain on disposal of discontinued operations	-	5,599.82
Credit balances written back	0.64	5.34
Profit on sale of assets held for disposal	6.59	-
Write-back of provision for input service tax credit	-	4.91
Write-back of contingent provision for standard assets	-	3.37
Write-back of contingent provision for restructured standard assets	-	198.36
Write-back of provision for contingencies	-	11.18
Write-back of provision for bad and doubtful debts & advances, net	-	1.10
Miscellaneous income	1.58	2.58
	2,377.04	8,876.13

Notes to the Consolidated Financial Statements (Contd...)

24. Employee benefits expense

Particulars	Year Ended 31 st March, 2017 Rs. million	Year Ended 31 st March, 2016 Rs. million
Salaries and bonus	1,584.28	1,774.54
Contribution to provident fund [refer note 32(i)]	45.38	56.87
Gratuity [refer note 32(ii)]	13.44	3.05
Staff welfare expenses	3.34	20.55
	1,646.44	1,855.01

25. Finance costs :

Particulars	Year Ended 31 st March, 2017 Rs. million	Year Ended 31 st March, 2016 Rs. million
Interest on Bank Loans	4.65	6.44
	4.65	6.44

26. Depreciation and amortisation expenses

Particulars	Year Ended 31 st March, 2017 Rs. million	Year Ended 31 st March, 2016 Rs. million
Depreciation on tangible assets [refer note 11]	245.62	191.81
Amortisation of intangible assets [refer note 11]	1.61	1.18
	247.23	192.99

27. Other expenses

Particulars	Year Ended 31 st March, 2017 Rs. million	Year Ended 31 st March, 2016 Rs. million
Advertisement, publicity and sales promotion	1.44	15.29
Bad debts and advances written off	1.05	3.35
Brokerage, clearing charges and exchange fees	97.86	106.61
Communication costs, net	100.50	112.66
Corporate Social Responsibility expenditure [refer note 31(e)]	93.60	87.37
Contingent provisions against standard assets	0.49	-
Data subscription costs, net	77.90	102.58
Electricity	34.43	46.69
Foreign exchange differences, net	2.58	5.48
Insurance	5.87	3.93
Infrastructure and support costs	25.26	56.62
Legal and professional fees, net	180.86	271.69
Loss on fixed assets sold / discarded, net	29.69	0.57
Printing and stationery	4.28	3.99
Provision for service tax input credit	1.46	-
Rates and taxes	262.58	310.80
Rent	199.44	286.42
Repairs and maintenance:		
Building	95.00	87.64
Plant and machinery	111.93	96.94
Secondment charges incurred	68.05	51.00
Sub-brokerage, fees, commission and other direct expenses	16.78	41.96
Travelling expenses, net	81.62	90.50
Miscellaneous expenses	17.03	24.13
	1,509.70	1,806.22

Notes to the Consolidated Financial Statements (Contd...)

28. a. Particulars of subsidiaries whose accounts have been considered for the consolidated financial statements:

Name of the Company	Country of Incorporation	Percentage of voting power as at 31 st March, 2017	Percentage of voting power as at 31 st March, 2016
DSP Merrill Lynch Capital Limited	India	100%	100%
DSP Merrill Lynch Trust Services Limited	India	-	-*

*DSP Merrill Lynch Trust Services Limited was sold to Julius Baer Group on 19th September, 2015

b. Particulars of subsidiary whose accounts have not been considered for the consolidated financial statements ("Unconsolidated Subsidiary")

Name of the Unconsolidated Subsidiary: Merrill Lynch Wealth Advisors Private Limited.

The Company had promoted a wholly owned subsidiary company, Merrill Lynch Wealth Advisors Private Limited ["MLWA"], in order to facilitate transition of Wealth Management business ["WM business"] to Julius Baer Group ["JBG"]. The transfer of the share capital held by the Company in MLWA to the two JB Group entities, viz. Julius Baer Group Ltd. and Julius Baer Investment Ltd. was completed on April 13, 2015.

Given the temporary nature of control, MLWA was excluded from the scope of consolidated financial statements in line with Accounting Standard 21 on "Consolidated Financial Statements".

29. Contingent liabilities :

Particulars	As at 31 st March, 2017 Rs. million	As at 31 st March, 2016 Rs. million
(a) Claims against the group not acknowledged as debt :-		
- Income-tax demands disputed in appeals before the authorities to the extent not provided for and fully paid ,	1,039.97	997.83
(b) (i) Others:	0.61	10.00*

* During the current year, the Company has received favorable judgment from appellate tribunal against the show cause notice received from SEBI related to disclosures in Initial Public Offer document of an issuer.

- (ii) The wholly owned subsidiary company, DSP Merrill Lynch Capital Limited (DSPMLC) has undertaken activities in the nature of corporate loans, investments (deployment of surplus funds into the units of mutual fund liquid schemes and government securities) and principal transactions during the period April 1, 2016 to September 8, 2016, which in the it's view, are covered under the head "Leasing & Finance" in the list of the eighteen activities permitted for NBFCs with Foreign Direct Investment (FDI) under the automatic route in terms of the FDI policy of the Government of India. Further the FDI norms were modified to include under 'Other Financial Services' all financial services activities regulated by financial services regulators under the automatic route vide Notification No. FEMA. 375/ 2016-RB Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) (Thirteenth Amendment) Regulations, 2016 dated September 09, 2016 issued by the Reserve Bank of India (RBI), and accordingly the activities undertaken by DSPMLC during the period September 09, 2016 to March 31, 2017 were regulated by RBI.

With reference to activities covered under the "Leasing & Finance" category till September 8, 2016, DSPMLC had sought a clarification from the Foreign Investment Promotion Board (FIPB) with respect to its principal transactions on 16th June, 2010. DSPMLC received a response (dated 31st October, 2011) from the FIPB stating that proprietary trading should not be allowed in NBFCs, which are set up by or are group companies of Banks (either Indian or foreign) with or without physical presence in India. DSPMLC, vide letter dated 25th January, 2012, has written to FIPB clarifying that it undertakes activities, which involve trading, but do not constitute proprietary trading since these are undertaken to facilitate treasury operations, liquidity management, hedging activity for risk management purposes, buying / subscribing and selling / syndication of debentures and corporate bonds to provide financing to clients and market making for clients for their investments in bonds / debentures. DSPMLC has sent a reminder letter dated 11th October, 2012 and is awaiting response. The ultimate outcome of the matter cannot presently be determined and hence no provision for potential liability, if any has been made in the financial statements as of 31st March, 2017

Notes to the Consolidated Financial Statements (Contd...)

30. Commitments :

Particulars	As at 31 st March, 2017 Rs. million	As at 31 st March, 2016 Rs. million
(a) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	19.65	241.00
	19.65	241.00

31. Additional disclosures:

a. Payment to auditors (including service tax) :

Particulars	Year ended 31 st March, 2017 Rs. million	Year ended 31 st March, 2016 Rs. million
Audit fees	6.59	7.89
For other Services [tax audit fees and certification)	2.65	5.38
	9.24	13.27

b. Earnings in foreign currency (on accrual basis) :

Particulars	Year ended 31 st March, 2017 Rs. million	Year ended 31 st March, 2016 Rs. million
Professional fees	173.03	346.97
	173.03	346.97

c. Imports

Particulars	Year ended 31 st March, 2017 Rs. million	Year ended 31 st March, 2016 Rs. million
CIF value of imports [capital goods]	43.23	23.39
	43.23	23.39

d. Expenditure in foreign currency (on accrual basis) :

Particulars	Year ended 31 st March, 2017 Rs. million	Year ended 31 st March, 2016 Rs. million
Reimbursement towards restricted shares and units, net	5.44	-
Travel	23.17	19.32
Professional fees	86.86	70.27
Networking charges	7.54	1.64
Service charges	21.15	43.39
Others	8.83	10.76
	152.99	145.38

Notes to the Consolidated Financial Statements (Contd...)

31. Additional disclosures (contd....) :

e. Corporate Social Responsibility (CSR) expenditure

Particulars	Year ended 31 st March, 2017 Rs. million	Year ended 31 st March, 2016 Rs. million
(1) Gross amount required to spent by the group during the year	93.60	87.40
(2) Amount spent during the year on:		
i) Construction / acquisition of any asset		
In cash	-	-
Yet to be paid in cash	-	-
ii) On any other purpose		
In cash	93.60	87.40
Yet to be paid in cash	-	-
	93.60	87.40

32. Employee benefits :

Disclosures in respect of Defined Contribution Plan and Defined Benefit Plan :

i. Defined Contribution Plan :

Group's contribution to provident fund **Rs. 45.38 million** [Previous year Rs. 56.87 million].

ii. Defined Benefit Plan :

Liabilities recognized in Balance Sheet in respect of funded and unfunded defined benefit obligations:

Particulars	Funded As at 31 st March, 2017 Rs. million	Unfunded As at 31 st March, 2017 Rs. million	Consolidated As at 31 st March, 2017 Rs. million
Present value (PV) of obligation for gratuity	246.97	7.75	254.72
Fair Value of Plan Assets	(272.91)	-	(272.91)
Balance as on the year end	(25.94)	7.75	(18.19)
Current portion of the gratuity liability	-	0.61	0.61
Non-current portion of the gratuity liability	(25.94)	7.14	(18.80)

Liabilities recognized in Balance Sheet in respect of funded and unfunded defined benefit obligations:

Particulars	Funded As at 31 st March, 2016 Rs. million	Unfunded As at 31 st March, 2016 Rs. million	Consolidated As at 31 st March, 2016 Rs. million
Present value (PV) of obligation for gratuity	259.40	9.03	268.43
Fair Value of Plan Assets	(294.40)	-	(294.40)
Balance as on the year end	(35.00)	9.03	(25.97)
Current portion of the gratuity liability	-	0.72	0.72
Non-current portion of the gratuity liability	(35.00)	8.31	(26.69)

Notes to the Consolidated Financial Statements (Contd...)

32. Employee benefits (contd....) :

Gratuity expenses during the year :

Particulars	Funded Year ended 31 st March, 2017 Rs. million	Unfunded Year ended 31 st March, 2017 Rs. million	Consolidated Year ended 31 st March, 2017 Rs. million
Current service cost	33.81	1.44	35.25
Interest on defined benefit obligation	17.70	0.65	18.35
Expected return on plan asset	(20.61)	-	(20.61)
Net actuarial (gains) recognised	(18.58)	(0.97)	(19.55)
	12.32	1.12	13.44

Gratuity expenses during the year :

Particulars	Funded Year ended 31 st March, 2016 Rs. million	Unfunded Year ended 31 st March, 2016 Rs. million	Consolidated Year ended 31 st March, 2016 Rs. million
Current service cost	49.16	2.51	51.67
Interest on defined benefit obligation	26.51	0.96	27.47
Expected return on plan asset	(22.14)	(1.79)	(23.93)
Net actuarial (gains) recognised	(52.16)	-	(52.16)
	1.37	1.68	3.05

Reconciliation of defined obligations (Gratuity) during the year:

Particulars	Funded As at 31 st March, 2017 Rs. million	Unfunded As at 31 st March, 2017 Rs. million	Consolidated As at 31 st March, 2017 Rs. million
Opening defined benefit obligation	259.40	9.03	268.43
Current service cost	33.81	1.44	35.25
Interest cost	17.70	0.65	18.35
Net actuarial (gains) recognised	(10.75)	(1.61)	(12.36)
(Transfer) / (Divesture)	(3.26)	(0.78)	(4.04)
Benefits paid	(49.94)	(0.98)	(50.92)
	246.97	7.75	254.71

Reconciliation of defined benefit obligations (Gratuity) during the year :

Particulars	Funded As at 31 st March, 2016 Rs. million	Unfunded As at 31 st March, 2016 Rs. million	Consolidated As at 31 st March, 2016 Rs. million
Opening defined benefit obligation	371.89	13.88	385.77
Current service cost	49.16	2.51	51.67
Interest cost	26.51	0.96	27.47
Net actuarial (gains) recognised	(50.98)	(4.48)	(55.46)
(Transfer) / (Divesture)	(68.83)	(2.05)	(70.88)
Benefits paid	(68.35)	(1.79)	(70.14)
	259.40	9.03	268.43

Notes to the Consolidated Financial Statements (Contd...)

32. Employee benefits (contd....) :

Change in fair value of assets :

Particulars	Funded As at 31 st March, 2017 Rs. million	Unfunded As at 31 st March, 2017 Rs. million	Consolidated As at 31 st March, 2017 Rs. million
Opening fair value of plan assets	294.40	-	294.40
Expected return on plan assets	20.61	-	20.61
Actuarial gains	7.83	-	7.83
Contributions by employer	-	-	-
Benefits paid	(49.94)	-	(49.94)
	272.91	-	272.91

Change in fair value of assets :

Particulars	Funded As at 31 st March, 2016 Rs. million	Unfunded As at 31 st March, 2016 Rs. million	Consolidated As at 31 st March, 2016 Rs. million
Opening fair value of plan assets	305.42	-	305.42
Expected return on plan assets	22.14	-	22.14
Actuarial gains	1.19	-	1.19
Contributions by employer	34.00	-	34.00
Benefits paid	(68.35)	-	(68.35)
	294.40	-	294.40

Investment pattern :

Particulars	As at 31 st March, 2017	As at 31 st March, 2016
Government of India securities	78.79%	79.17%
High quality corporate bonds (including public sector bonds)	17.58%	16.17%
Special deposit scheme	3.27%	4.38%
Others	0.36%	0.28%
	100.00%	100.00%

Principal actuarial assumptions :

Particulars	As at 31 st March, 2017	As at 31 st March, 2016
Discount rate p.a.	7.15%	7.55%
Salary escalation rate p.a.	9.00%	9.00%
Expected rate of return on assets p.a.	7.15%	7.65%
Attrition rate	8.50%	8.50%

Experience Adjustments :

Rs. million

Particulars	Gratuity				
	Year ended				
	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13
Defined benefit obligation	254.72	268.43	385.76	361.11	366.82
Plan assets	272.91	294.40	305.43	255.84	210.99
Surplus / (deficit)	18.19	25.97	(80.33)	(105.27)	(155.83)
Experience adjustment on plan liabilities	(11.73)	(52.76)	1.86	91.22	(15.77)
Experience adjustment on plan asset	7.83	1.19	11.12	0.50	3.73

The mortality assumptions and rates considered in assessing the Company's post retirement liabilities are as per the published rate under the Indian Assured Lives Mortality (2006-08) Ultimate table.

The estimates of future salary increase, considered in actuarial valuation, take into account the inflation, seniority, promotion and other relevant factors.

Notes to the Consolidated Financial Statements (Contd...)

33 Segment reporting

The Group has identified three primary reportable business segments namely 'Advisory and Transactional Services', 'Financing Lending' and 'Principal Transactions' in terms of AS – 17 "Segment Reporting". Information in respect of reportable segments performance is given below:

No.	Particulars	Advisory and Transactional Services		Financing - Lending		Principal Transactions		Unallocable		Total	
		Current Year Rs. million	Previous Year Rs. million	Current Year Rs. million	Previous Year Rs. million	Current Year Rs. million	Previous Year Rs. million	Current Year Rs. million	Previous Year Rs. million	Current Year Rs. million	Previous Year Rs. million
1	Segment Revenue	4,637.62	10,320.12	177.50	686.32	1,911.08	2,754.92	5.42	15.82	6,731.62	13,777.18
2	Segment Results	1,446.14	6,606.54	135.19	633.61	1,849.11	2,702.24	(106.84)	(25.87)	3,323.60	9,916.52
3	Segment Assets	12,892.39	13,703.58	1,054.55	1,035.38	25,955.06	25,990.47	1,934.32	2,443.37	41,836.32	43,172.80
4	Segment Liabilities	10,215.54	11,866.31	57.93	58.80	14.56	8.04	218.74	180.21	10,506.77	12,113.36
5	Capital Expenditure	820.74	76.02	-	-	33.25	0.55	7.81	0.36	861.80	76.93
6	Depreciation/amortisation	237.37	187.98	0.20	0.42	6.72	2.61	2.94	1.98	247.23	192.99
7	Other significant non-cash expenses / (credits) :										
a)	Gratuity	12.05	1.41	0.20	0.60	0.29	0.39	0.90	0.65	13.44	3.05
b)	Compensated absence	1.59	(43.51)	0.19	(1.29)	(2.84)	(1.04)	0.58	(1.38)	(0.48)	(47.22)
c)	Contingent provision against standard assets / (write-back of provision) for contingencies	-	(11.18)	0.49	(3.37)	-	-	-	-	0.49	(14.55)
d)	(Write-back of provision) for restructured standard advances	-	-	-	(198.36)	-	-	-	-	-	(198.36)
e)	(Write-back of provision) for doubtful debts and advances	-	(1.10)	-	-	-	-	-	-	-	(1.10)

Notes:

- 1 The Advisory and transactional services comprise Merchant Banking, Underwriting, Broking, Distribution of Securities and interest on fixed deposits. The Financing-Lending segment comprises activity of lending operations. The Principal Transactions segment consists of earnings from transactions in securities and deployment of surplus funds.
- 2 Segment assets include all operating assets used by a segment and consist primarily of fixed assets net of provision and allowance, investments, other current assets and fixed deposits.
- 3 Segment liabilities include all operating liabilities and other payables.
- 4 Items that relate to the enterprise as a whole or at the corporate level not attributable to a particular segment are included under "Unallocable".
- 5 The Group operates in a single reportable geographical segment.

Notes to the Consolidated Financial Statements (Contd...)

34. Disclosure in respect of discontinued operation :

During the previous year ended March 31, 2016, the Group had transferred its lending business relating to the Wealth Management (WM) Division undertaken by DSP Merrill Lynch Capital Limited (Company's wholly owned subsidiary), advisory and distribution services relating to the WM division as undertaken by the Company and the trust services business relating to the WM division as undertaken by DSP Merrill Lynch Trust Services Limited for a consideration of Rs. 9,946.51 million. This transfer resulted in a pre-tax gain of Rs. 5,599.82 million which is disclosed under "Other income" in the Statement of Profit and Loss during the previous year ended March 31, 2016.

a) Description of the discontinued operation and Segment under which reported as per AS 17, Segment Reporting:

Advisory & distribution services and the trust services business relating to WM Division reported under the "Advisory & Transactional Services" business segment and the Lending business relating to WM Division reported under "Financing - Lending" business segment of the Group.

b) Date of the initial disclosure event:

January 27, 2015.

c) Amount of revenue, expenses, pre-tax profit and income tax expense from ordinary activities attributable to the discontinued operation

Particulars	Year ended 31 st March, 2017 Rs. million	Year ended 31 st March, 2016 Rs. million
Revenue	-	742.50
Expenses	-	601.79
Profit before tax	-	140.71
Tax expense [refer note 38(b)]	-	128.09

d) Net cash flows attributable to the discontinuing operation :

Particulars	Year ended 31 st March, 2017 Rs. million	Year ended 31 st March, 2016 Rs. million
Net cash generated from / (used in) :		
Operating activities	-	7,002.05
Investing activities	-	4.87
Financing activities	-	(32.44)

e) Date on which Discontinuance completed

September 19, 2015

Notes to the Consolidated Financial Statements (Contd...)

35. Related party disclosures :

i. List of related parties and their relationships :

Sr no.	Name of the related party	Relationship
1	Bank of America Corporation (BAC)	Ultimate Controlling enterprise ^(a)
2	GHS Singapore Holdings Pte Limited	Holding Company ^(b)
3	DSP Merrill Lynch Capital Limited	Subsidiary
4	DSP Merrill Lynch Trust Services Limited	Subsidiary ^(c)
5	Merrill Lynch Wealth Advisors Private Limited	Subsidiary ^(d)
6	Bank of America, N.A - India Branches	Fellow Subsidiary
7	Banc of America Securities (India) Private Limited	Fellow Subsidiary ^(c)
8	Bank of America, N.A.- USA	Fellow Subsidiary
9	Bank of America, N.A - Singapore Branches	Fellow Subsidiary
10	Merrill Lynch (Asia Pacific) Limited	Fellow Subsidiary
11	Merrill Lynch Australia Pty Limited	Fellow Subsidiary
12	Merrill Lynch Capital Markets Espana, S.A., S.V.	Fellow Subsidiary
13	Merrill Lynch Europe Limited	Fellow Subsidiary
14	Merrill Lynch Holdings (Mauritius)	Fellow Subsidiary
15	Merrill Lynch International	Fellow Subsidiary
16	Merrill Lynch International Inc.	Fellow Subsidiary
17	Merrill Lynch Investment Holdings (Mauritius) Limited	Fellow Subsidiary ^(b)
18	Merrill Lynch Asia Investments Limited	Fellow Subsidiary ^(b)
19	Merrill Lynch, Pierce, Fenner & Smith Incorporated	Fellow Subsidiary
20	Merrill Lynch (Singapore) Pte Limited	Fellow Subsidiary
21	Merrill Lynch Markets Singapore Pte Limited	Fellow Subsidiary
22	Merrill Lynch Global Services Pte Limited	Fellow Subsidiary
23	Bank of America Overseas Corporation	Fellow Subsidiary
24	Bankamerica International Financial Corporation	Fellow Subsidiary
25	Mr. Avinash Gupta *, Mr. Jyotivardhan Jaipuria **, Rajnarayan Balakrishnan #, Arbind Maheswari @	Key Management Personnel (KMP)

(a) Refer Note 1 - Company background

(b) Refer Note 3 - Share capital

(c) Related party till September 19, 2015

(d) Related party till April 12, 2015

* Resigned with effect from Jan 17, 2016

** Resigned with effect from May 28, 2015

Appointed with effect from May 28, 2015

@ Appointed with effect from Jan 25, 2016

Notes to the Consolidated Financial Statements (Contd...)

35. Related party disclosures (Contd...)

ii. Transactions during the year / balances with related parties :

Sr. no.	Nature of transaction	Ultimate Controlling Enterprise	Holding Company	Fellow Subsidiaries	Key Management Personnel (KMP)
		Rs. million	Rs. million	Rs. million	Rs. million
1	Bank balance				
	<i>Previous year</i>	-	-	66.16 ⁽¹⁾	-
		-	-	28.12	-
2	Transfer of lending business relating to WM Division [refer note 34]				
	<i>Previous year</i>	-	-	-	-
	Balance as at 31 st March, 2017	-	-	4,852.00 ⁽²⁾	-
	<i>Previous year</i>	-	-	-	-
3	Transfer of net assets of lending business relating to WM Division [refer note 34]				
	<i>Previous year</i>	-	-	-	-
	Balance as at 31 st March, 2017	-	-	4,521.46 ⁽²⁾	-
	<i>Previous year</i>	-	-	-	-
4	Margin deposits				
	Received during the year	-	-	41,870.93 ⁽³⁾	-
	<i>Previous year</i>	-	-	30,095.43	-
	Refunded / adjusted during the year	-	-	41,742.95 ⁽⁴⁾	-
	<i>Previous year</i>	-	-	36,541.84	-
	Balance as at 31 st March, 2017	-	-	(8,835.71)	-
	<i>Previous year</i>	-	-	(8,707.72)	-
5	Dividend Paid on Equity Shares				
	<i>Previous year</i>	-	1,505.08	-	-
		-	11,571.95	-	-
6	Income from operations				
	Advisory and transactional services	-	0.20	1,082.81 ⁽⁵⁾	-
	<i>Previous year</i>	-	-	1,108.08	-
	Balance as at 31 st March, 2017	-	-	34.39	-
	<i>Previous year</i>	-	-	162.22	-
7	Interest income on loans and advances				
	<i>Previous year</i>	-	-	-	-
	Balance as at 31 st March, 2017	-	-	62.72 ⁽⁶⁾	-
	<i>Previous year</i>	-	-	-	-
8	Other income, net				
a)	Infrastructure and support fees recovered				
	<i>Previous year</i>	-	-	29.36 ⁽⁷⁾	-
	Balance as at 31 st March, 2017	-	-	33.55	-
	<i>Previous year</i>	-	-	6.98	-
		-	-	14.67	-
b)	Secondment charges recovered				
	<i>Previous year</i>	-	-	7.53 ⁽⁸⁾	-
	Balance as at 31 st March, 2017	-	-	14.33	-
	<i>Previous year</i>	-	-	2.10	-
		-	-	0.75	-

Notes to the Consolidated Financial Statements (Contd...)

35. Related party disclosures (Contd...)

ii. Transactions during the year / balances with related parties :

Sr. no.	Nature of transaction	Ultimate Controlling Enterprise	Holding Company	Fellow Subsidiaries	Key Management Personnel (KMP)
		Rs. million	Rs. million	Rs. million	Rs. million
9	Recovery / (Reimbursement) of amounts	-	-	11.74 ⁽⁹⁾	-
	<i>Previous year</i>	-	-	(56.72)	-
	Balance as at 31 st March, 2017	-	-	0.45	-
	<i>Previous year</i>	-	-	4.13	-
10	Other payables	-	-	-	-
	Balance as at 31 st March, 2017	-	-	(14.64) ⁽⁸⁾	-
	<i>Previous year</i>	-	-	-	-
11	Payment / (recovery) in respect of retirement benefits of transferred employees, net	-	-	4.87	-
	<i>Previous year</i>	-	-	-	-
	Balance as at 31 st March, 2017	-	-	(4.87)	-
	<i>Previous year</i>	-	-	-	-
12	Remuneration	-	-	-	134.83 ⁽¹⁰⁾
	<i>Previous year</i>	-	-	-	94.75
	Balance as at 31 st March, 2017	-	-	-	-
	<i>Previous year</i>	-	-	-	-
13	Infrastructure costs incurred	-	-	25.26 ⁽⁸⁾	-
	<i>Previous year</i>	-	-	56.75	-
	Balance as at 31 st March, 2017	-	-	-	-
	<i>Previous year</i>	-	-	(19.93)	-
14	Secondment charges incurred	-	-	68.05 ⁽⁸⁾	-
	<i>Previous year</i>	-	-	58.26	-
	Balance as at 31 st March, 2017	-	-	(43.34)	-
	<i>Previous year</i>	-	-	(36.92)	-
15	Bank charges	-	-	0.27 ⁽⁸⁾	-
	<i>Previous year</i>	-	-	0.49	-
16	Other expenses	-	-	-	-
(a)	Advisory and transactional services	-	-	17.67 ⁽¹¹⁾	-
	<i>Previous year</i>	-	-	40.89	-
	Balance as at 31 st March, 2017	-	-	(3.40)	-
	<i>Previous year</i>	-	-	(23.18)	-
(b)	Professional fees expenses	-	-	15.85 ⁽¹²⁾	-
	<i>Previous year</i>	-	-	2.25	-
	Balance as at 31 st March, 2017	-	-	(16.94)	-
	<i>Previous year</i>	-	-	(2.24)	-
17	Reimbursement towards restricted stocks/units, net	5.44	-	-	-
	<i>Previous year</i>	-	-	-	-
	Balance as at 31 st March, 2017	(5.44)	-	-	-
	<i>Previous year</i>	-	-	-	-

Notes to the Consolidated Financial Statements (Contd...)

Note: Figures within brackets against balance denote amounts payable by the Company to the related parties

- (1) Balance in current accounts maintained with Bank of America, N.A. - India Branches.
- (2) Lending business relating to WM division was sold to Banc of America Securities (India) Private Limited
- (3) Margin deposits placed includes Rs. 8,390.43 million [Previous year Rs. 30,084.69 million] placed by Merrill Lynch Capital Markets Espana, S.A., S.V. and Rs. 33,480.50 million [Previous year Rs. 10.74 million] placed by Merrill Lynch Markets Singapore Pte Ltd.
- (4) Margin deposits refunded includes Rs. 17,089.02 million [Previous year Rs. 36,531.73 million respectively] refunded to Merrill Lynch Capital Markets Espana, S.A., S.V. and Rs. 24,653.93 million [Previous year Rs. 10.11 million] refunded to Merrill Lynch Markets Singapore Pte Ltd.
- (5) Income from advisory and transactional services includes commission income of Rs. 297.47 million [Previous year Rs. 848.26 million] from Merrill Lynch Capital Markets Espana, S.A., S.V. and Rs. 689.21 million [Previous year Rs. 0.72 million] from Merrill Lynch Markets Singapore Pte Ltd.
- (6) Interest received from Banc of America Securities (India) Private Limited for the period from June 6, 2015 to September 19, 2015.
- (7) Includes recovery of Rs. 28.84 million [Previous year 32.48 million] from Bank of America, N.A. - India Branches.
- (8) Amount relates to Bank of America, N.A. - India Branches
- (9) Includes recovery from / (reimbursement to) Bank of America, N.A. India Branches of Rs. 10.89 million [Previous year (Rs. 60.83 million)] towards reimbursement of expenses (net) and recovery of Rs. 0.85 million [Previous year Rs. 4.11 million] from Merrill Lynch International Inc. towards reimbursement of expenses.
- (10) Includes Rs. 50.85 million [Previous year Rs. 8.25 million] pertaining to Mr. Arbind Maheswari, Rs. 83.98 million [Previous year Rs. 56.74 million] pertaining to Rajnarayan Balakrishnan, Rs. Nil [Previous year Rs. 25.64 million] pertaining to Mr. Avinash Gupta, Rs. Nil [Previous year Rs. 4.12 million] pertaining to Mr. Jyotivardhan Jaipuria.
- (11) Amount relates to Merrill Lynch International Inc.
- (12) Includes Rs. 0.85 million [Previous year Rs. 4.40 million] pertains to Bank of America N.A. - USA and Rs 14.91 million [Previous year Rs. Nil] pertains to Merrill Lynch Global Services Pte Limited and recovery of Rs Nil from Merrill Lynch, Pierce, Fenner & Smith Incorporated [Previous year Rs. 2.27 million]

Notes to the Consolidated Financial Statements (Contd...)

36. Operating lease :

Particulars	As at 31 st March, 2017 Rs. million	As at 31 st March, 2016 Rs. million
Future minimum lease rental relating to non-cancellable operating lease		
a) Due within one year	122.98	122.98
b) Due between one and five year	30.74	153.72
c) Due beyond five years	-	-
Total	153.72	276.70

Lease rental charges (including cancellable leases) recognised in the Statement of Profit and Loss **Rs. 199.44 million** (Previous year Rs. 286.42 million).

The Company has not sub-leased any part of the above premises. There are no lease payments recognized in the Statement of Profit and Loss for contingent rent. The terms of renewal and escalation clauses are those normally prevalent in similar agreements. There are no undue restrictions or onerous clauses in the agreements.

37. Earnings per equity share (EPS) :

The earnings per share, computed as per the requirement under AS-20 on "Earning Per Share" is as under:

Particulars	Year Ended 31 st March, 2017	Year Ended 31 st March, 2016
Net profit after tax attributable to equity shareholders:		
From continuing operations [Rs. million]	2,098.63	2,742.15
From discontinued operation [Rs. million]	-	4,432.32
Total [Rs. million]	2,098.63	7,174.47
Weighted average numbers of shares outstanding during the year	23,155,039	23,155,039
Face value per share [Rs.]	10.00	10.00
Basic EPS:		
From continuing operations [Rs.]	90.63	118.42
From discontinued operations [Rs.]	-	191.42
Total [Rs.]	90.63	309.84

Note: There is no dilution to Basic EPS as there are no outstanding dilutive potential equity shares.

38. Taxation :

a. Break-up of tax expenses from continuing operations :

Particulars	Year Ended 31 st March, 2017 Rs. million	Year Ended 31 st March, 2016 Rs. million
Current income-tax	1,137.58	1,457.41
Deferred tax expense / (credit), net	26.83	(33.06)
Provision for tax for earlier years, net	60.56	9.49
Total	1,224.97	1,433.84

Notes to the Consolidated Financial Statements (Contd...)

38. Taxation (Contd....)

b. Break-up of tax expense from discontinuing operations :

Particulars	Year ended 31 st March, 2017 Rs. million	Year ended 31 st March, 2016 Rs. million
Current income-tax	-	(65.95)
Deferred tax expense, net	-	194.04
sub-total (i)	-	128.09
Gain on disposal :		
Current income-tax	-	1,180.12
sub-total (ii)	-	1,180.12
Total (i + ii)	-	1,308.21

c. The major components of deferred tax balances on account of timing difference are set out below :

Particulars	As at 31 st March, 2017 Rs. million	As at 31 st March, 2016 Rs. million
Deferred tax assets		
- Disallowance u/s 43B of Income-tax Act, 1961	130.18	137.13
- Provision for loan losses	15.12	15.12
- Contingent provision against standard assets	1.20	1.03
- Depreciation / amortisation, net	25.12	45.17
Deferred tax assets, net	171.62	198.45

39. Disclosures pertaining to Micro Enterprises and Small Enterprises :

There are no delays in payments and there are no amounts due to Micro and Small Enterprises as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006.

The above information regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

40. Provision for contingencies represents management's best estimate of compensation payable to aggrieved (or otherwise) applicants / investors in an initial public offering of equity shares managed by the Company for one of its clients. Movement in provision is as under:

Particulars	As at 31 st March, 2017 Rs. million	As at 31 st March, 2016 Rs. million
Opening balance in provisions	-	11.18
Additions	-	-
Amount used	-	-
Unused amount reversed	-	(11.18)
Closing balance in provisions	-	-

41. Restricted stocks / restricted units of the Company's ultimate holding company, Bank of America Corporation (BAC), are granted to the eligible employees of the company in terms of the global long-term incentive compensation plans of the ultimate holding company. These restricted stocks / restricted units vest in three equal annual installments beginning one year from the grant date. During the year ended 31st March, 2017, **82,588 numbers** of restricted stocks / restricted units were granted (Previous Year – 188,866 numbers) and the estimated fair value per unit on the date of grant was **US\$ 24.58** (Previous year – US\$ 11.95). Employee benefits expense includes **Rs. 5.44 million** [Previous year Rs. Nil] towards equity-settled awards and **Rs. 216.55 million** towards cash-settled awards (Previous year Rs. 126.06 million). The liability towards restricted stocks / restricted units recognised as on 31st March, 2017 is **Rs. 20.35 million** (as on 31st March 2016 – Rs. 32.12 million).

Notes to the Consolidated Financial Statements (Contd...)

42. Disclosures in respect of derivative instruments

- a. No equity index / stock futures and options were acquired by the Company during the year.
- b. The foreign currency exposures that are not hedged by a derivative instrument or otherwise are as follows:

Particulars	As at 31 st March, 2017		As at 31 st March, 2016	
	Amount Rs. million	Transaction Value Rs. million	Amount Rs. million	Transaction Value (in million)
Receivable on account of export of services	23.76	USD 0.37	78.43	USD 1.18
Payable on account of import of services	-	-	0.29	HKD 0.03
Payable on account of import of services	1.19	SGD 0.03	0.37	SGD 0.01
Payable on account of import of services	22.94	USD 0.35	33.56	USD 0.50
Payable on account of import of services	0.17	GBP 0.002	-	-
Payable on account of reimbursement towards restricted shares, units, stock options, net	5.44	USD 0.08	-	-

- c. There is no option premium paid / received carried forward in the Balance Sheet.

43. Quantitative details in respect of short term highly liquid investments (mutual funds):

Particulars	As at 31 st March, 2017		As at 31 st March, 2016	
	Quantity Number of units	Amount Rs. million	Quantity Number of units	Amount Rs. million
Birla Sunlife Cash Plus - Growth - Direct Plan	8,269,138.623	2,160.00	3,969,902.789	965.00
DSP Black Rock Liquidity Fund - Direct Plan - Growth	890,255.075	2,070.00	692,834.950	1,500.00
HDFC Liquid Fund - Direct Plan - Growth	311,838.629	1,000.00	174,049.250	520.00
ICICI Prudential Liquid - Direct Plan - Growth	6,235,562.076	1,500.00	-	-
IDFC Cash Fund - Growth - (Direct Plan)	253,316.585	500.00	518,960.580	950.00
Kotak Liquid Direct Plan Growth	151,787.956	500.00	-	-
Kotak Liquid Scheme Plan A - Direct Plan - Growth	-	-	310,933.193	950.00
Reliance Liquid Fund - Treasury Plan - Direct - Growth Plan	504,265.455	2,000.00	270,885.224	1,000.00
SBI Premier Liquid fund - Direct Plan - Growth	-	-	134,575.538	320.00
UTI-Liquid Cash Plan Institutional - Direct Plan - Growth	187,930.961	500.00	405,264.220	1,000.00
		10,230.00		7,205.00

44. Disclosures relating to Specified Bank Notes* (SBNs) held and transacted during the period from 8th November, 2016 to 30th December, 2016

Particulars	SBN*	Other denomination notes	Total
Closing cash in hand as on 8 th November, 2016	-	-	-
Add: Permitted receipts	-	-	-
Less: permitted payments	-	-	-
Less: Amount deposited in Banks	-	-	-
Closing cash in hand as on 30 th December, 2016	-	-	-

*Specified Bank Notes (SBNs) mean the bank notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees as defined under the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs no. S.O. 3407(E), dated the 8th November, 2016.

Notes to the Consolidated Financial Statements (Contd...)

45. Statement of Net Assets and Profit or Loss Attributable to owners and minority interest.

Name of the entity	Net Assets i.e. total assets minus total liabilities		Share in profit or loss	
	As a % of consolidated net assets	Amount Rs. million	As a % of consolidated net profit or loss	Amount Rs. million
DSP Merrill Lynch Limited	70.78%	28,013.51	84.06%	3,099.66
Subsidiaries (refer note 28)				
DSP Merrill Lynch Capital Limited	29.22%	11,566.00	15.94%	587.72
Total (A)	100.00%	39,579.51	100.00%	3,687.38
(a) Adjustment arising out of consolidations		(8,249.96)		(1,588.75)
(b) Minority interest		-	-	-
Total (B)		(8,249.96)		(1,588.75)
Consolidated Net Assets / Profit after ax (A + B)		31,329.55		2,098.63

For details of unconsolidated subsidiary refer note 28(b)

46. The figures pertaining to subsidiary companies have been reclassified, wherever required to bring them in line with the consolidated financial statements..

Signatures to notes 1 to 46

For Price Waterhouse

Firm Registration Number : 301112E
Chartered Accountants

Partha Ghosh

Partner
Membership Number : 55913

Mumbai : June 16, 2017

For and on behalf of the Board of Directors

Asit Bhatia

Director
(DIN : 05112750)

Dharmendra Jain

Chief Financial Officer

Mumbai : June 16, 2017

Arbind Maheswari

Director
(DIN : 07415888)

Samrat Sanyal

Company Secretary
Membership Number : A13863

[illegible]

NOTES

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.