

# 43<sup>rd</sup> Annual Report 2018

**DSP MERRILL LYNCH LTD.**

Ground Floor, A Wing, One BKC, G Block, Bandra Kurla Complex,  
Bandra (East), Mumbai 400 051, India • [www.ml-india.com](http://www.ml-india.com)  
CIN: U74140MH1975PLC018618

**Merrill Lynch**   
A subsidiary of  
Bank of America Corporation

# 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





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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

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**Chief Financial Officer**

Mr. Dharmendra Jain

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**Compliance Officer**

Mr. Jinendra Shah

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**Company Secretary**

Mr. Samrat Sanyal

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**Auditors**

Price Waterhouse

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**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

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**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

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**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 43<sup>rd</sup> Annual Report together with the Audited Accounts of the Company for the financial year ended March 31, 2018.

### The state of the Company's affairs:

#### Financial Results:

The Financial Results of the Company for the financial year 2017-18 are summarized as under:

Particulars	Year ended March 31, 2018		Year ended March 31, 2017	
		Rs. million		Rs. million
Gross Income		6,431		7,317
Profit before depreciation and tax		3,918		4,265
Depreciation		249		246
Profit before tax		3,669		4,019
Profit after tax		2,004		3,100
<b>Surplus in statement of profit and loss</b>				
Balance at the beginning of the year		15,171		13,576
Surplus in statement of profit and loss of wholly-owned subsidiary recorded upon amalgamation*		261		Nil
Transfer from reserve under section 45-IC of Reserve Bank of India Act, 1934		3,011		Nil
Profit for the year		2,004		3,100
Less: Appropriations				
Interim dividend	8,683		1,505	
Dividend distribution tax	1,768		306	
Dividend distribution tax credit on dividend received from subsidiary	Nil		(306)	
Total appropriations		10,451		1,505
Balance at the end of the year		9,996		15,171
Earnings per share (in Rs.)		86.54		133.87

\* Wholly-owned subsidiary, DSP Merrill Lynch Capital Limited, amalgamated with the Company with effect from March 6, 2018. The appointed date for the said amalgamation was April 1, 2017.

Gross income for the year was Rs. 6,431 million, down from Rs. 7,317 million in the previous year, primarily on account of decrease in other income. Expenses reduced to Rs. 2,762 million from Rs. 3,298 million in the previous year, primarily on account of decrease in the employee costs and other expenses. The profit before tax reduced to Rs. 3,669 million from Rs. 4,019 million in the previous year. Profit after tax declined to Rs. 2,004 million from Rs. 3,100 million in the previous year.



**Transfer to Reserves:**

The Board of Directors has decided to transfer the balance in Reserve under section 45-IC of the Reserve Bank of India Act, 1934 of Rs. 3,011 million to surplus in statement of profit and loss for the financial year ended March 31, 2018.

The Board decided not to transfer any amount to general reserve from the profits of the Company for the financial year ended March 31, 2018.

**Dividend:**

The Board of Directors approved payment of interim dividend of Rs. 375 per share on 23,155,039 equity shares of Rs.10 each on November 3, 2017. The payment of said dividend entailed a dividend payout (including dividend distribution tax) of Rs. 10,451 million.

The Board does not recommend any final dividend on the equity shares of the Company for the year ended March 31, 2018.

**Significant Developments during the year:**

The Board of Directors and the Members of the Company had approved the Scheme of Amalgamation of DSP Merrill Lynch Capital Limited, a wholly owned subsidiary of the Company, with the Company, during FY2017-18, 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 Scheme of Amalgamation has been confirmed by the Regional Director, Ministry of Corporate Affairs, Mumbai, vide order dated March 6, 2018. Thus the amalgamation of DSP Merrill Lynch Capital Limited with the Company had taken effect as on March 6, 2018. The appointed date for the said amalgamation was April 1, 2017.

As a prerequisite to the amalgamation process, DSP Merrill Lynch Capital Limited surrendered its license for Non-Banking Financial Services business to Reserve Bank of India during FY2017-18.

The Company has initiated the process for surrender of its Depository license with NSDL and expects to complete the same during FY2018-19.

**Corporate Update, Operations and Future Outlook:**

Primary Capital Markets activity led by equity capital issuances had a very strong year in FY2017-18. Capital raising from Initial Public Offerings in FY2017-18 touched \$13.8 billion, the highest since the global financial crisis of 2008. Debt Capital Markets (G3) volumes increased marginally to US\$16.8 billion in FY2017-18, compared to US\$15.4 billion in FY2016-17. M&A (announced) volumes were lower at US\$68.2 billion from US\$77.4 billion in the previous year. The M&A deals in FY2017-18 were primarily in technology, financial institutions and metals sector. The Company believes that business sentiments will continue to improve and will help drive transaction volumes in the Investment Banking businesses.

During the year equities rallied, with the BSE Sensex closing 10% higher on robust foreign flows of US\$22.5 billion. Domestic investment in stocks increased with higher Domestic Institutional Investor investments into equity markets resulting in inflows of over US\$30 billion into mutual funds. India also attracted US\$31 billion of net FDI flows.

Growth held up reasonably well, notwithstanding the short-term effects from reforms like demonetization and implementation of GST. GDP growth moderated to 6.7% in FY2017-18 from 7.1% in FY2016-17. While return of higher crude oil prices could pose a macro risk, investment cycle is now showing signs of bottoming out and some improvement in capacity utilization rates could also help drive economic growth in FY2018-19.

**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 five times during the financial year April 1, 2017 to March 31, 2018. The dates on which the meetings were held are as follows:

Sr. No.	Date of Board Meeting(s)
1.	June 16, 2017
2.	July 21, 2017
3.	November 3, 2017
4.	January 19, 2018
5.	March 23, 2018

### Directors:

The details of Directors as on the date of Report:

Sr. No.	Name(s)	Designation	Director Identification Number (DIN)	Dates of Appointment
1	Ms. Ameet Parikh	Independent Director	00445583	1 <sup>st</sup> Term: March 20, 2015 up to March 19, 2016 2 <sup>nd</sup> Term: March 20, 2016 up to March 19, 2021
2	Mr. Asit Bhatia	Chairman & Non-Executive Director	05112750	November 25, 2011
3	Mr. Arbind Maheswari	Whole-time Director	07415888	January 25, 2016 to January 24, 2019
4	Ms. Charulata Sippy	Independent Director	07508021	1 <sup>st</sup> Term : June 16, 2016 up to June 15, 2017 2 <sup>nd</sup> Term: June 16, 2017 up to June 15, 2022
5	Mr. Rajnarayan Balakrishnan	Whole-time Director	06694243	1 <sup>st</sup> Term: May 28, 2015 to May 27, 2018 2 <sup>nd</sup> Term: May 28, 2018 to May 27, 2021
6	Mr. Sundararaman Ramamurthy	Non-Executive Director	05297538	March 20, 2015

### Appointment/Re-appointment/Change in Designation /Resignation of Directors till the date of the Report:

Appointment(s) / Re-appointment(s):

Mr. Rajnarayan Balakrishnan (DIN: 06694243) Director, who retired by rotation in accordance with section 152(6) of the Companies Act, 2013 at the Annual General Meeting of the Company held on September 29, 2017 was duly re-appointed at the said meeting.

In accordance with the provisions of sections 2(51), 196, 197 and 203 of the Companies Act, 2013 ('the Act') read with rule 8 of Companies (Appointment & Remuneration) Rules, 2014 and Schedule V of the Act, Mr. Rajnarayan Balakrishnan (DIN:06694243) was re-appointed as Whole-time Director, Key Managerial Personnel of the Company, by the Board of Directors of the Company, at its meeting dated March 23, 2018, for a period of 3 years with effect from May 28, 2018 till May 27, 2021, subject to approval of Members at the next General Meeting of the Company.

In accordance with the provisions of sections 149, 150, 152, read with Schedule IV of the Act read with Companies (Appointment and Qualification of Directors) Rules, 2014, Ms. Charulata Sippy was re-appointed as an Independent Director of the Company to hold office for a term of 5 years with effect from June 16, 2017 up to June 15, 2022 by the Board of Directors of the Company, at its meeting dated June 16,

2017 and by the Members of the Company at the Annual General Meeting of the Company held on September 29, 2017.

Resignation(s):

No Directors resigned from April 1, 2017 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 re-appointed as 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 June 16, 2018 till June 15, 2019.

**Directors' Responsibility Statement:**

Pursuant to section 134(5) of the Act, your Directors state that -

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) 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;
- c) 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;
- d) the Directors had prepared the annual accounts on a going concern basis;
- e) 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;
- f) 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.

**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 March 23, 2018.

The Independent Directors had following observation:

The Board is well-balanced with its members having a diverse and relevant range of skills and experiences, including international experience. The Board also possesses appropriate regulatory knowledge and is conversant with the evolving regulatory landscape. The Committees have access to the Board members and senior executives. The Board and its Committees exercise satisfactory oversight of risk; maintain high standards of corporate governance; provide timely and complete reporting of financial information and also engage in discussion of critical business issues. Therefore, the Board and its Committees are operating efficiently.

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:

- 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;
- The Board of Directors of the Company were effective in decision making;
- The Company's systems of control were effective for identifying material risks and reporting material violations of policies and law;

- The Board of Directors are effective in providing necessary advice and suggestions to the Company's management;
- The Board Chairman effectively and appropriately leads and facilitates the Board meetings and the policy and governance work of the Board;
- The Board Committees devote adequate time in discharging their duties;
- The directors encouraged open communication, meaningful participation, and timely resolution of issues, at various meetings;
- The directors have knowledge of the sector in which the Company operates.

The Board of Directors carried out the evaluation process at its meeting dated March 23, 2018 and expressed their satisfaction with the same.

**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 FY2017-18 were Rs. 464 million (Previous year Rs. 173 million) while outgoings were Rs. 152 million (Previous year Rs. 153 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.

**Subsidiary Companies and Indian Fellow Subsidiary Companies:**

DSP Merrill Lynch Capital Limited, the wholly owned subsidiary of the Company was amalgamated with the Company with effect from March 6, 2018. Consequently, the Company has no subsidiary companies or Indian fellow subsidiary companies as on March 31, 2018.

**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. Ameet 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. Ameet 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. Ameet 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.

**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 September 29, 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.

**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**

**ASIT BHATIA**  
**CHAIRMAN**  
**(DIN: 05112750)**

**RAJNARAYAN BALAKRISHNAN**  
**WHOLE-TIME DIRECTOR**  
**(DIN: 06694243)**

Date : July 27, 2018  
Place : Mumbai

## ANNEXURES TO THE DIRECTORS' REPORT

### ANNEXURE-I

#### Form No. MGT-9

#### Extract of Annual Return

#### As on the financial year ended on March 31, 2018

[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)	<b>CIN</b>	U74140MH1975PLC018618
(ii)	<b>Registration Date</b>	October 23, 1975
(iii)	<b>Name of the Company</b>	DSP Merrill Lynch Limited
(iv)	<b>Category</b> <b>Sub-Category of the Company</b>	Company Limited by Shares Indian Non-Government Company
(v)	<b>Address of the registered office and contact details</b>	Ground floor, A wing, One BKC, G block, Bandra Kurla Complex, Bandra (East), Mumbai 400051, Maharashtra. Contact details: +91-2266328000 Email: dg.secretarial@baml.com Website: www.ml-india.com
(vi)	<b>Whether listed Company</b>	No
(vii)	<b>Name, Address and Contact details of Registrar and Transfer Agent, if any</b>	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 : 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	73.63%
2)	Investment Banking Services	66190	26.19%

#### 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)

#### 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	
<b>A. Promoters</b>									
<b>1. Indian</b>									
a. Individual/HUF	—	—	—	—	—	—	—	—	—
b. Central Government	—	—	—	—	—	—	—	—	—
c. State Government(s)	—	—	—	—	—	—	—	—	—
d. Bodies Corporate	—	—	—	—	—	—	—	—	—
e. Banks/FI	—	—	—	—	—	—	—	—	—
f. Any other	—	—	—	—	—	—	—	—	—
<b>Sub – Total (A) (1)</b>	—	—	—	—	—	—	—	—	—
<b>2. Foreign</b>									
a. NRI Individuals	—	—	—	—	—	—	—	—	—
b. Other Individuals	—	—	—	—	—	—	—	—	—
c. Bodies Corporate	23,143,897	8	23,143,905	99.95%	23,143,897	—	23,143,897	99.95%	0.00%
d. Banks/FI	—	—	—	—	—	—	—	—	—
e. Any other	—	—	—	—	—	—	—	—	—
<b>Sub – Total (A) (2)</b>	23,143,897	8	23,143,905	99.95%	23,143,897	—	23,143,897	99.95%	0.00%
<b>Total Shareholding of Promoter A = (A) (1) + (A) (2)</b>	23,143,897	8	23,143,905	99.95%	23,143,897	—	23,143,897	99.95%	0.00%
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
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	—	—	—	—	—	—	—	—	—
<b>Sub Total B(1)</b>	—	—	—	—	—	—	—	—	—
<b>2. Non – Institutions</b>									
<b>a. Bodies Corporate</b>									
I. Indian	1,742	2	1,744	0.01%	1,742	—	1,742	0.01%	0.00%
II. Overseas	—	—	—	—	—	—	—	—	—
<b>b. Individual</b>									
I. Individual shareholders holding nominal share capital upto Rs. 1 Lakh	5,344	3,534	8,878	0.04%	5,445	3,544	8,989	0.04%	0.00%
II. Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	—	—	—	—	—	—	—	—	—
<b>c. Others</b>	512	—	512	—	411	—	411	—	—
<b>Sub-Total (B)(2)</b>	7,598	3,536	11,134	0.05%	7,598	3,544	11,142	0.05%	0.00%
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	7,598	3,536	11,134	0.05%	7,598	3,544	11,142	0.05%	0.00%
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	—	—	—	—	—	—	—	—	—
<b>Grand Total (A+B+C)</b>	<b>23,151,495</b>	<b>3,544</b>	<b>23,155,039</b>	<b>100%</b>	<b>23,151,495</b>	<b>3,544</b>	<b>23,155,039</b>	<b>100%</b>	<b>—</b>

**(ii) Shareholding of Promoters**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	
1.	GHS Singapore Holding Pte. Ltd.	23,143,905	99.95%	—	23,143,897	99.95%	—	0.00%

**(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%
Date wise increase / decrease in Promoter's shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc)	Transferred 8 shares on July 10, 2017	0.00%	Transferred 8 shares on July 10, 2017	0.00%
At the end of the year	23,143,897	99.95%	23,143,897	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.	<b>Mr. Bhupendra Dalal</b>				
	At the beginning of the year	2,400	0.01%	2,400	0.01%
	Date wise increase/decrease in shareholding 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.	<b>J M Financial and Investment Consultancy</b>				
	At the beginning of the year	1,000	0.004%	1,000	0.004%
	Date wise increase / decrease in shareholding 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.	<b>Mr. Ajay Agarwal</b>				
	At the beginning of the year	1,000	0.004%	1,000	0.004%
	Date wise increase / decrease in shareholding 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.	<b>Mr. Vijay Bhawe</b>				
	At the beginning of the year	400	0.002%	400	0.002%
	Date wise increase / decrease in shareholding 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.	<b>Mrs. Bharati D. Thakkar</b>		0.002%	400	0.002%
	At the beginning of the year	400	0.002%	400	0.002%
	Date wise increase / decrease in shareholding 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.	<b>Mr. S. N. Rajan</b>				
	At the beginning of the year	353	0.002%	353	0.002%
	Date wise increase / decrease in shareholding 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.	<b>Mr. Brijesh Jaysinh Ved</b>				
	At the beginning of the year	250	0.001%	250	0.001%
	Date wise increase / decrease in shareholding 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.	<b>Mrs. Vijaya Jaysinh Ved</b>				
	At the beginning of the year	250	0.001%	250	0.001%
	Date wise increase/decrease in shareholding 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.	<b>Mr. Shridhar P. Iyer</b>				
	At the beginning of the year	211	0.001%	211	0.001%
	Date wise increase/decrease in shareholding 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.	<b>Mr. Piyush Dilipbhai Shah</b>				
	At the beginning of the year	200	0.001%	200	0.001%
	Date wise increase/decrease in shareholding 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 shareholding 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
<b>Indebtedness at the beginning of the financial year</b>				
(i) Principal amount	57.82	-	-	-
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>57.82</b>	-	-	-
<b>Change in Indebtedness during the financial year</b>				
• Addition	10.81	-	-	-
• Reduction	(27.81)	-	-	-
<b>Net Change</b>	<b>(17.00)</b>	-	-	-
<b>Indebtedness at the end of the financial year</b>				
(i) Principal Amount	40.82	-	-	-
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>40.82</b>	-	-	-

**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) April 1, 2017 to March 31, 2018	Mr. Arbind Maheswari (Whole-Time Director) April 1, 2017 to March 31, 2018	
1.	Gross salary a. Salary as per provisions contained in section 17(1) of Income Tax Act, 1961	78,790,268	484,15,791	127,206,059
	b. Value of perquisites under section 17(2) of Income Tax Act, 1961	7,465,605	4,086,918	11,552,523
	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)	1,372,841	1,138,180	2,511,021
	<b>Total</b>	<b>87,628,714</b>	<b>53,640,889</b>	<b>141,269,603</b>
	<b>Ceiling as per the Act</b>			<b>377,152,334</b>

## B. Remuneration to other Directors

Amount in Rs.

Sr. No.	Particulars of Remuneration	Name of Directors		Total Amount
1.	<b>Independent Directors</b>	<b>Ms. Ameer Parikh April 1, 2017 to March 31, 2018</b>	<b>Ms. Charulata Sippy April 1, 2017 to March 31, 2018</b>	
	a. Fee for attending Board / Committee meetings	9,50,000	8,50,000	1,800,000
	b. Commission	-	-	-
	c. Others, please specify	-	-	-
	<b>Total (1)</b>	<b>9,50,000</b>	<b>8,50,000</b>	<b>1,800,000</b>
2.	<b>Other Non-Executive Directors</b>	<b>Mr. Asit Bhatia April 1, 2017 to March 31, 2018</b>	<b>Mr. Sundararaman Ramamurthy April 1, 2017 to March 31, 2018</b>	<b>Total Amount</b>
	a. Fee for attending Board/ Committee meetings	-	-	-
	b. Commission	-	-	-
	c. Others, please specify	-	-	-
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total (1+2)</b>	<b>9,50,000</b>	<b>8,50,000</b>	<b>1,800,000</b>
	<b>Total Managerial Remuneration (A+B)</b>			<b>143,069,603</b>
	<b>Ceiling as per the Act</b>			<b>414,867,567</b>

## C. Remuneration to Key Managerial Personnel other than MD/Manager/WTB

Amount in Rs.

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		<b>Mr. Ashish Adukia (Chief Financial Officer) April 1, 2017 to May 15, 2017</b>	<b>Mr. Samrat Sanyal (Company Secretary) April 1, 2017 to March 31, 2018</b>	<b>Mr. Dharmendra Jain (Chief Financial Officer) June 16, 2017 to March 31, 2018</b>	
1.	<b>Gross Salary</b>	1,625,611	4,786,725	5,818,983	12,231,319
	a. Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961				
	b. Value of perquisites under section 17(2) of the Income Tax Act, 1961	-	-	17,100	17,100
	c. Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission				
	a. as % of profit	-	-	-	-
	b. Others, specify				
5.	Others, please specify (Includes Retirals - PF, Gratuity and Leave encashment Actuarial valuation)	47,484	315,926	406,254	769,664
	<b>Total</b>	<b>1,673,095</b>	<b>5,102,651</b>	<b>6,242,337</b>	<b>13,018,083</b>

## 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)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
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 Companies Act, 2013**

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
- c. who has or had no pecuniary relationship, other than remuneration as such director or having transaction not exceeding ten percent of his total income or such amount as may be prescribed, 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—
  - i. is holding any security of or interest in the company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year:  

Provided that the relative may hold security or interest in the company of face value not exceeding fifty lakh rupees or two per cent. of the paid-up capital of the company, its holding, subsidiary or associate company or such higher sum as may be prescribed;
  - ii. is indebted to the company, its holding, subsidiary or associate company or their promoters, or directors, in excess of such amount as may be prescribed during the two immediately preceding financial years or during the current financial year;
  - iii. has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, its holding, subsidiary or associate company or their promoters, or directors of such holding company, for such amount as may be prescribed during the two immediately preceding financial years or during the current financial year; or
  - iv. has any other pecuniary transaction or relationship with the company, or its subsidiary, or its holding or associate company amounting to two per cent. or more of its gross turnover or total income singly or in combination with the transactions referred to in sub-clause (i), (ii) or (iii);
- 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;  

Provided that in case of a relative who is an employee, the restriction under this clause shall not apply for his employment during preceding three financial years.
  - 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 percent or more of the gross turnover of such firm;
  - iii. holds together with his relatives two percent 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 percent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two percent or more of the total voting power of the company; or
- f. who possesses such other qualifications as may be prescribed.

**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.

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.

**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 his duties;
- exercise his responsibilities in a bona fide manner in the interest of the company;
- devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- not abuse his 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;
- refrain from any action that would lead to loss of his independence;
- where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- assist the company in implementing the best corporate governance practices.

**ANNEXURE – III****Form No. MR-3****For the Financial Year ended March 31, 2018****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, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper board processes and compliance mechanism in place, to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial 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 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 Standard 1 and 2 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.

We further report that pursuant to the provisions of section 233 of the Companies Act, 2013, a scheme of amalgamation between DSP Merrill Lynch Capital Limited (the Transferor Company) and DSP Merrill Lynch Limited (the Transferee Company) has been confirmed by the Regional Director, under the office of the Ministry of Corporate Affairs, Mumbai, vide order dated 6<sup>th</sup> March, 2018 with the appointed date as 1<sup>st</sup> April 2017.

Place: Mumbai

Date: 11<sup>th</sup> June, 2018

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

## 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 \***

<b>Sr. No.</b>	<b>Particulars</b>	<b>Remarks</b>
(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. 895,413,366
(c)	Duration of the contracts/ arrangements/transactions	July 15, 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	Audit Committee approval obtained on March 16, 2017
(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** Compliance risk is the risk of legal or regulatory sanctions, material financial loss or damage to the reputation of the Company arising from the failure of the Company to comply with the requirements of applicable laws, rules, regulations and related self-regulatory organizations' standards and codes of conduct (collectively, "applicable laws, rules and regulations"). The Company is committed to complying with applicable laws, rules and regulations governing the processes and activities of our front line units and control functions.

## 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 health care 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. Amee Parikh- Independent Director
- 2) Mr. Asit Bhatia
- 3) Mr. Sundararaman Ramamurthy

## 3. Average net profit of the Company for last three financial years: Rs. 2,831.09 million

## 4. Prescribed CSR expenditure (two per cent of the amount as in item 3 above): Rs. 56.63 million

## 5. Details of CSR spent during the financial year:

(a) Total amount spent for the financial year: Rs. 56.63 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. million)	Amount spent on the projects or programs Sub-heads: (1)Direct expenditure on projects or programs (2) Overheads (In Rs. million)	Cumulative expenditure up to the reporting period(In Rs. million)	Amount spent direct or through implementing agency*
1	Supporting education of underprivileged children	Promoting Education	Maharashtra	20.500	20.500	65.900	Implementing Agency – The Akanksha Foundation
2	Supporting creation of sanitation infrastructure and awareness programs	Promoting sanitation & hygiene	Tamil Nadu	19.085	19.085	19.085	Implementing Agency – Gramalaya
3	Supporting education and wellbeing of underprivileged children	Promoting education	Maharashtra	16.500	16.500	16.500	Implementing Agency – SOS Children's Villages of India
4	Administrative overheads	-	-	0.545	0.545	1.876	Not applicable
	<b>Total</b>			<b>56.630</b>	<b>56.630</b>	<b>103.361</b>	

6. During the Financial year 2017-18 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**

1. Name of the Subsidiary — None;
2. Reporting period for the subsidiary concerned, if different from the holding company's reporting period — Not applicable;
3. Names of subsidiaries which are yet to commence operations — None;
4. Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries — Not applicable;
5. Names of subsidiaries which have been liquidated or sold during the year — DSP Merrill Lynch Capital Limited;  
DSP Merrill Lynch Capital Limited amalgamated with the Company during the financial year 2017-18 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 Scheme of Amalgamation has been confirmed by the Regional Director under the Office of the Ministry of Corporate Affairs, Mumbai, vide order dated March 6, 2018. Thus the Amalgamation of DSP Merrill Lynch Capital Limited with the Company had taken effect as on March 6, 2018 with the appointed date as April 1, 2017;
6. Name of Associate Companies / Joint Ventures — None;

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

1. This report supersedes our report dated June 11, 2018 with reference to paragraph 10 below.
2. We have audited the accompanying financial statements of DSP Merrill Lynch Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, 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 Financial Statements**

3. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements 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**

4. Our responsibility is to express an opinion on these financial statements based on our audit.
5. 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.
6. 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.
7. 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.
8. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

**Opinion**

9. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit and its cash flows for the year ended on that date.

**Emphasis of Matter**

10. We draw attention to Note 3A to the financial statements which describes the basis for change in financial statements consequent to the correction of the number of shares held by the holding company as at March 31, 2018 which was erroneously mentioned as 23,143,905 instead of 23,143,897. We further report that our audit procedures on the subsequent events insofar as it relates to the revision to the financial statements (as amended) are restricted solely to the aforesaid matter relating to the number of shares held by

the holding company as at March 31, 2018 and no effect have been given for any other events, if any, occurring after June 11, 2018 (being the date on which the financial statements were first approved by the Board of Directors of the Company and reported upon by us by our report of that date). Our opinion is not modified in respect of this matter.

**Report on Other Legal and Regulatory Requirements**

11. 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.
12. 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, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial statements 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, 2018 on its financial position in its financial statements – Refer Note 26;
    - ii. The Company has long-term contracts as at March 31, 2018 for which there were no material foreseeable losses. There are no derivative contracts as at March 31, 2018.
    - 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, 2018.
    - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2018.

**For Price Waterhouse**

Firm Registration Number: 301112E  
Chartered Accountants

**Sharad Vasant**

Partner  
Membership Number: 101119

Place : Mumbai

Date : June 11, 2018, except as to Note 3A to Accounts, which is as of September 1, 2018

**Annexure A to Independent Auditors' Report**

Referred to in paragraph 12 (f) of the Independent Auditors' Report of even date to the members of DSP Merrill Lynch Limited on the financial statements for the year ended March 31, 2018

**Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act**

1. This report supersedes our report dated June 11, 2018 with reference to paragraph 10 of main audit report.
2. We have audited the internal financial controls with reference to financial statements of DSP Merrill Lynch Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

3. 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**

4. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements 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 with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.
5. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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.
6. 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 with reference to financial statements.

**Meaning of Internal Financial Controls with reference to financial statements**

7. A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements 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 with reference to financial statements**

8. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

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

**For Price Waterhouse**

Firm Registration Number: 301112E  
Chartered Accountants

**Sharad Vasant**

Partner  
Membership Number: 101119

Place : Mumbai

Date : June 11, 2018, except as to Note 3A to Accounts, which is as of September 1, 2018

**Annexure B to Independent Auditors' Report**

Referred to in paragraph 11 of the Independent Auditors' Report of even date to the members of DSP Merrill Lynch Limited on the financial statements for the year ended March 31, 2018

- i This report supersedes our report dated June 11, 2018 with reference to paragraph 10 of main audit report.
- ii (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.
- iii As at March 31, 2018 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 has been no material discrepancies between book records and statement of holding provided by NSDL.
- iv 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.
- v In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Act in respect of the investments made. The Company has not granted any loans or provided any guarantees or security to parties covered under Section 185 of the Act and accordingly, provisions of Clause 3(iv) of the said Order, to this extent, are not applicable to the Company.
- vi 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.
- vii 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.
- viii (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 (upto June 30, 2017), cess , goods and services tax (with effect from July 1, 2017) 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, cess and goods and services tax and other material statutory dues, as applicable which have not been deposited on account of any dispute.
- ix 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.
- x 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.

- xi. 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.
- xii. 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.
- xiii. 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.
- xiv. 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 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.
- xv. 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.
- xvi. The Company has not entered into any non-cash transactions with its directors or persons connected with them. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvii. 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

**Sharad Vasant**

Partner  
Membership Number: 101119

Place : Mumbai

Date : June 11, 2018, except as to Note 3A to Accounts, which is as of September 1, 2018



## Balance Sheet as at March 31, 2018

	Note	As at March 31, 2018 Rs. million	As at March 31, 2017 Rs. million
<b>I EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	231.55	231.55
Reserves and surplus	4	22,651.06	27,781.96
		22,882.61	28,013.51
<b>Non-current liabilities</b>			
Long-term borrowings	5	24.43	31.95
Long-term provisions	6	159.04	171.73
Other non current liabilities	7	-	10.25
		183.47	213.93
<b>Current liabilities</b>			
Trade payables	8	-	-
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		9,646.72	9,870.90
Other current liabilities	9	321.58	307.97
Short-term provisions	10	35.42	30.68
		10,003.72	10,209.55
<b>TOTAL</b>		33,069.80	38,436.99
<b>II ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	11		
Tangible assets		701.34	908.32
Intangible assets		9.72	4.41
Capital work-in-progress		91.50	12.97
		802.56	925.70
Non-current investments	12	205.97	8,250.05
Deferred tax assets, net	36	194.12	147.95
Long-term loans and advances	13	1,606.09	1,689.06
Other non-current assets	14	-	-
		2,808.74	11,012.76
<b>Current assets</b>			
Current Investments	15	469.23	-
Trade receivables	16	641.41	549.08
Cash and bank balances	17	28,845.63	26,690.68
Short-term loans and advances	18	85.91	85.65
Other current assets	19	191.88	98.82
		30,261.06	27,424.23
<b>TOTAL</b>		33,069.80	38,436.99

The accompanying notes 1 to 43 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

**Sharad Vasant**  
Partner  
Membership Number: 101119  
Mumbai : June 11, 2018

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

**Asit Bhatia**  
Director  
(DIN: 05112750)

**Dharmendra Jain**  
Chief Financial Officer

Mumbai : June 11, 2018

**Rajnarayan Balakrishnan**  
Director  
(DIN: 06694243)

**Samrat Sanyal**  
Company Secretary  
Membership Number: A13863

## Statement of Profit and Loss for the year ended March 31, 2018

	Note	Year Ended March 31, 2018 Rs. million	Year Ended March 31, 2017 Rs. million
Revenue from operations :			
Advisory and Transactional Services	20	3,940.03	3,962.08
Other income	21	2,490.90	3,354.87
<b>Total Revenue</b>		<b>6,430.93</b>	<b>7,316.95</b>
<b>Expenses:</b>			
Employee benefits expense	22	1,449.98	1,596.74
Finance costs	23	5.04	4.33
Depreciation and amortisation expenses	24	249.40	245.95
Other expenses	25	1,058.00	1,451.14
<b>Total expenses</b>		<b>2,762.42</b>	<b>3,298.16</b>
<b>Profit before tax</b>		<b>3,668.51</b>	<b>4,018.79</b>
<b>Tax expenses:</b>			
Current tax		1,259.36	829.62
Provision for tax for earlier years, net		427.74	64.63
Deferred tax		(22.50)	24.88
		<b>1,664.60</b>	<b>919.13</b>
<b>Profit for the year</b>		<b>2,003.91</b>	<b>3,099.66</b>
<b>Earnings per equity share, in Rs. [face value of Rs. 10/- each]</b>	35		
Basic		86.54	133.87
Diluted		86.54	133.87

## The accompanying notes 1 to 43 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

### Sharad Vasant

Partner  
Membership Number: 101119  
Mumbai : June 11, 2018

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

### Asit Bhatia

Director  
(DIN: 05112750)

### Dharmendra Jain

Chief Financial Officer

Mumbai : June 11, 2018

### Rajnarayan Balakrishnan

Director  
(DIN: 06694243)

### Samrat Sanyal

Company Secretary  
Membership Number: A13863

## Cash flow statement for the year ended March 31, 2018

	Year Ended March 31, 2018 Rs. million	Year Ended March 31, 2017 Rs. million
<b>Cash flow from operating activities:</b>		
<b>Profit before tax</b>	<b>3,668.51</b>	4,018.79
<b>Adjusted for :</b>		
Depreciation / amortisation	249.40	245.95
Bad debts and advances written off	12.47	0.05
Credit balances written back	(3.98)	(0.64)
Gratuity	(10.51)	9.06
Compensated absence	(14.29)	(13.01)
Dividend income From Subsidiary	-	(1,588.75)
Dividend income From other long term investments	(1.82)	(0.85)
Interest on bank loans	5.04	4.33
(Write-back of provision) made for bad and doubtful advances, net	(34.79)	-
(Write-back of provision) for contingencies	(3.47)	-
(Profit) on sale / Maturity of long term investments [other than trade]	(2.71)	-
(Profit) on sale of Trade investments	(48.37)	-
Loss on fixed assets sold / discarded, net	2.45	29.69
(Profit) on assets held for disposal	-	(6.59)
<b>Operating profit before changes in operating assets and liabilities</b>	<b>3,817.93</b>	2,698.03
<b>Adjusted for :</b>		
Decrease in other bank balances	2,134.52	3,858.00
Decrease in loans and advances	7.70	473.71
(Increase) / Decrease in trade receivables	(102.34)	111.71
(Increase) / Decrease in other current assets	(45.03)	35.01
(Decrease) in trade payables	(250.47)	(1,431.48)
Increase / (Decrease) in other current liabilities	12.48	(129.98)
(Decrease) in other non current liabilities	(10.25)	(40.99)
<b>Cash generated from operating activities</b>	<b>5,564.54</b>	5,574.01
Direct taxes (paid), net	(1,368.92)	(830.16)
<b>Net cash generated from operating activities</b>	<b>(A) 4,195.62</b>	4,743.85
<b>Cash flow from investing activities :</b>		
Purchase of fixed assets / capital advances	(125.58)	(537.21)
Sale / disposal of fixed assets	6.11	11.42
Proceeds from sale of assets held for disposal	-	7.00
Proceeds from non-current investment	340.60	-
Dividend income From Subsidiary	-	1,588.75
Dividend income From other long term investments	1.82	0.85
<b>Net cash generated from investing activities</b>	<b>(B) 222.95</b>	1,070.81
<b>Cash flow from financing activities :</b>		
Interim dividend paid on equity shares	(8,683.14)	(1,505.08)
Dividend distribution tax paid	(1,767.68)	-
Loans from bank, net of repayments	(17.02)	5.86
Interest on bank loans	(5.04)	(4.33)
<b>Net cash (used in) financing activities</b>	<b>(C) (10,472.88)</b>	(1,503.55)
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(A+B+C) (6,054.31)</b>	4,311.11
<b>Cash and cash equivalents as at the beginning of the year</b>	<b>15,786.80</b>	11,475.69
<b>Add: Cash and cash equivalents acquired on amalgamation of wholly owned subsidiary</b>	<b>6,393.76</b>	-
<b>Cash and cash equivalents as at the end of the year</b>	<b>-</b>	-
Cash on hand	-	-
Cash in Transit	0.21	-
Balances with scheduled banks in current accounts*	1,286.04	1,086.80
Balances with scheduled banks in fixed deposit accounts	4,410.00	7,590.00
Current investments in mutual funds	10,430.00	7,110.00
* including balances in dividend bank account Rs. 0.04 million (Previous year Rs. 0.04 Million)		
	<b>16,126.25</b>	15,786.80
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(6,054.31)</b>	4,311.11

## The accompanying notes 1 to 43 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

**Sharad Vasant**  
Partner  
Membership Number: 101119  
Mumbai : June 11, 2018

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

**Asit Bhatia**  
Director  
(DIN: 05112750)

**Rajnarayan Balakrishnan**  
Director  
(DIN: 06694243)

**Dharmendra Jain**  
Chief Financial Officer

**Samrat Sanyal**  
Company Secretary  
Membership Number: A13863

Mumbai : June 11, 2018

## 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").

### 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
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 Goods and service tax / 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 compensated absences 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. Finance costs:

Finance 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 & Provisions :**

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.

Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.



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

### 3. Share capital :

Particulars	As at March 31, 2018 Rs. million	As at March 31, 2017 Rs. million
<b>Authorised</b>		
283,750,000 (Previous year 73,750,000) Equity shares of Rs. 10/- each [refer note 32]	<b>2,837.50</b>	737.50
810,000,000 (Previous year 810,000,000) Cumulative redeemable preference shares of Rs. 10/- each	<b>8,100.00</b>	8,100.00
	<b>10,937.50</b>	8,837.50
<b>Issued, subscribed and paid up</b>		
<b>Equity share capital</b>		
23,155,039 (Previous year 23,155,039) Equity shares of Rs. 10/- each, fully paid up	<b>231.55</b>	231.55
	<b>231.55</b>	231.55

### Reconciliation of number of shares :

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number of Shares	Rs. million	Number of Shares	Rs. million
<b>Equity Shares :</b>				
Balance as at the beginning of the year	<b>23,155,039</b>	<b>231.55</b>	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	<b>23,155,039</b>	<b>231.55</b>	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.

### 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 (refer Note 3A):

Name of Shareholder	Nature of Relationship	As at March 31, 2018		As at March 31, 2017	
		Number of Shares	Rs. million	Number of Shares	Rs. million
<b>Equity Shares :</b>					
GHS Singapore Holdings Pte Limited	Holding Company	<b>23,143,897</b>	<b>231.44</b>	23,143,905	231.44

### Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company (refer Note 3A):

Name of Shareholder	As at March 31, 2018		As at March 31, 2017	
	Number of Shares	Rs. million	Number of Shares	Rs. million
<b>Equity Shares :</b>				
GHS Singapore Holdings Pte Limited	<b>23,143,897</b>	<b>99.95%</b>	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.

**3A.** The number of shares held by Holding Company as at March 31, 2018 in the approved financial statements dated June 11, 2018 was erroneously mentioned as 23,143,905 shares instead of 23,143,897 shares, which has been amended above and approved by the Board of Directors vide resolution dated August 31, 2018. Apart from the above, there are no other changes to the approved financial statements dated June 11, 2018.



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

### 4. Reserves and Surplus :

Particulars	As at March 31, 2018 Rs. million	As at March 31, 2017 Rs. million
<b>Capital reserve</b>		
Balance as at the beginning of the year	-	-
Add: Created upon amalgamation of wholly-owned subsidiary [refer note 32]	2,050.00	-
Less: Cost of investment in wholly-owned subsidiary, adjusted to the extent of capital reserve [refer note 32]	(2,050.00)	-
Balance as at the end of the year	-	-
<b>Investment allowance reserve</b>		
Balance as at the beginning of the year	-	1.19
Less: Transfer to General Reserve	-	(1.19)
Balance as at the end of the year	-	-
<b>Capital redemption reserve</b>		
Balance as at beginning of the year	8,100.05	8,100.05
Balance as at the end of the year	8,100.05	8,100.05
<b>Securities premium account</b>		
Balance as at the beginning of the year	-	-
Add: securities premium account of wholly-owned subsidiary recorded upon amalgamation [refer note 32]	6,244.28	-
Less: balance cost of investment in wholly-owned subsidiary adjusted [refer note 32]	(6,200.00)	-
Balance as at the end of the year	44.28	-
<b>Reserve under Section 45-IC of the Reserve Bank of India Act, 1934</b>		
Balance as at the beginning of the year	-	-
Add: Reserve of wholly-owned subsidiary recorded upon amalgamation [refer note 32]	3,010.66	-
Less: Transfer to Surplus in statement of profit and loss [refer note 33]	(3,010.66)	-
Balance as at the end of the year	-	-
<b>General reserve</b>		
Balance as at the beginning of the year	4,510.98	4,509.79
Add: Transfer from investment allowance reserve	-	1.19
Balance as at the end of the year	4,510.98	4,510.98
<b>Surplus in statement of profit and loss</b>		
Balance as at the beginning of the year	15,170.93	13,576.35
Add: Surplus in statement of profit and loss of wholly-owned subsidiary recorded upon amalgamation [refer note 32]	261.07	-
Add: Transfer from Reserve under Section 45-IC of the Reserve Bank of India Act, 1934 [refer note 33]	3,010.66	-
Add: Profit for the year	2,003.91	3,099.66
<b>Appropriations:</b>		
Interim Dividend paid	(8,683.14)	(1,505.08)
Dividend Distribution tax payable on Interim Dividend	(1,767.68)	(306.40)
Dividend Distribution tax credit on Dividend received from subsidiary	-	306.40
Balance as at the end of the year	9,995.75	15,170.93
	22,651.06	27,781.96

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

### 5. Long-term borrowings :

Particulars	As at March 31, 2018 Rs. million	As at March 31, 2017 Rs. million
<b>Secured</b>		
Term loans :		
From banks	24.43	31.95
[Secured against hypothecation of vehicles]		
[Terms of repayment : Repayable in 48 equal installments from the date of respective loan with varying maturity dates till 5 <sup>th</sup> July, 2021 along with interest at rates ranging from 8.75% p.a to 10.50% p.a.]		
	24.43	31.95

### 6. Long-term provisions :

Particulars	As at March 31, 2018 Rs. million	As at March 31, 2017 Rs. million
Provision for employee benefits :		
Compensated absences	159.04	171.73
	159.04	171.73

### 7. Other non current liabilities :

Particulars	As at March 31, 2018 Rs. million	As at March 31, 2017 Rs. million
Rent equalisation	-	10.25
	-	10.25

### 8. Trade payables :

Particulars	As at March 31, 2018 Rs. million	As at March 31, 2017 Rs. million
Sundry creditors [refer note 38]		
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	9,646.72	9,870.90
	9,646.72	9,870.90

### 9. Other current liabilities :

Particulars	As at March 31, 2018 Rs. million	As at March 31, 2017 Rs. million
Current maturities of long-term loans [refer note 5]	16.39	18.37
Statutory dues including Provident fund, Tax deducted at source, Goods and Service tax	128.58	82.16
Salaries and bonus payable	150.62	160.37
Current portion of Rent equalisation	10.25	40.99
Other Payables [refer note 38]	15.74	6.08
	321.58	307.97

### 10. Short-term provisions :

Particulars	As at March 31, 2018 Rs. million	As at March 31, 2017 Rs. million
Provision for employee benefits :		
Compensated absences	35.42	30.68
	35.42	30.68

Notes to the Financial Statements (Contd...)

11. Fixed Assets

(a) Fixed Assets for the year ended March 31, 2018

Particulars	Gross block (at cost)				As at March 31, 2018 Rs. million (E=A+B+C-D)	Depreciation / amortisation				As at March 31, 2018 Rs. million (J=F+G+H-I) (K=E-J)	Net block As at March 31, 2018 Rs. million (K=E-J)
	As at April 1, 2017 Rs million (A)	Amalgamation* Rs. million (B)	Additions Rs. million (C)	Deductions Rs. million (D)		As at April 1, 2017 Rs million (F)	Amalgamation* Rs. million (G)	For the year Rs. million (H)	Deductions Rs. million (I)		
<b><u>Tangible assets</u></b>											
Leasehold Improvements	389.57	-	5.49	28.05	<b>367.01</b>	77.55	-	30.74	28.05	<b>80.24</b>	<b>286.77</b>
Computers and Allied Equipment	856.65	0.21	11.47	0.05	<b>868.28</b>	534.28	0.21	141.55	0.05	<b>675.99</b>	<b>192.29</b>
Office Equipment	369.97	1.18	2.86	63.47	<b>310.54</b>	230.92	1.18	44.22	63.47	<b>212.85</b>	<b>97.69</b>
Furniture and Fixtures	132.43	0.07	1.80	0.61	<b>133.69</b>	58.27	0.07	8.65	0.61	<b>66.38</b>	<b>67.31</b>
Vehicles	91.11	11.03	16.74	16.13	<b>102.75</b>	30.39	1.82	20.83	7.57	<b>45.47</b>	<b>57.28</b>
<b>Sub-total (a)</b>	<b>1,839.73</b>	<b>12.49</b>	<b>38.36</b>	<b>108.31</b>	<b>1,782.27</b>	<b>931.41</b>	<b>3.28</b>	<b>245.99</b>	<b>99.75</b>	<b>1,080.93</b>	<b>701.34</b>
<b><u>Intangible assets</u></b>											
Software	241.52	9.45	8.72	0.22	<b>259.47</b>	237.11	9.45	3.41	0.22	<b>249.75</b>	<b>9.72</b>
BSE Membership Card	25.25	-	-	25.25	-	25.25	-	-	25.25	-	-
<b>sub-total (b)</b>	<b>266.77</b>	<b>9.45</b>	<b>8.72</b>	<b>25.47</b>	<b>259.47</b>	<b>262.36</b>	<b>9.45</b>	<b>3.41</b>	<b>25.47</b>	<b>249.75</b>	<b>9.72</b>
<b>Total (a+b)</b>	<b>2,106.50</b>	<b>21.94</b>	<b>47.08</b>	<b>133.78</b>	<b>2,041.74</b>	<b>1,193.77</b>	<b>12.73</b>	<b>249.40</b>	<b>125.22</b>	<b>1,330.68</b>	<b>711.06</b>

\* also refer note 32

Notes to the Financial Statements (Contd...)

11. Fixed Assets

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

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

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

### 12. Non-current investments :

Particulars	As at March 31, 2018		As at March 31, 2017	
	Quality (no.)	Rs. million	Quality (no.)	Rs. million
<b>I. Trade Investment [valued at cost, net of provision for diminution in value]</b>				
<b>Quoted</b>				
<b>Investment in Equity shares :</b>				
Bombay Stock Exchange Limited [Face Value Rs. 2/-]	-	-	65,000	0.01
<b>Sub-total I</b>		-		0.01
<b>II. Other Investments [valued at cost, net of provision for diminution in value]</b>				
<b>Unquoted</b>				
<b>(i) Equity shares</b>				
<b>a. Investment in subsidiaries</b>				
[face value of Rs. 10/-each fully paid -up]				
DSP Merrill Lynch Capital Limited	-	-	205,000,000	8,250.00
		-		8,250.00
<b>b. Others</b>				
[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
		(4.11)		(4.11)
		-		-
<b>Sub-total (i) = a + b</b>		-		8,250.00
<b>(ii) Debentures, secured [refer note 15]</b>				
9% Non-Convertible Redeemable Debentures of JK Lakshmi Cement Ltd.	5,643	0.38	5,643	0.56
[face value of Rs. 10 each]				
17.75% Non-Convertible Redeemable Debentures of Orris Infrastructure Private Limited [face value of Rs. 10 million each]	56	115.34	-	-
17.75% Non-Convertible Redeemable Debentures of Cranes Developers Private Limited [face value of Rs. 10 million each]	44	90.63	-	-
		206.35		0.56
		(0.38)		(0.56)
		205.97		-
<b>Sub-total (ii)</b>				
<b>Quoted</b>				
<b>(i) Equity shares</b>				
[face value of Rs. 4/-each fully paid -up]				
Udaipur Cement Works Limited	-	-	10,567	0.04
		-		0.04
<b>Sub-total II</b>		205.97		8,250.04
<b>Total [ I + II]</b>		205.97		8,250.05
<b>Summary:</b>				
<b>Quoted</b>				
Aggregate of book value		-		0.04
Aggregate of market value		-		63.86
<b>Unquoted</b>				
Aggregate value of unquoted investments		205.97		8,250.01
Aggregate provision for diminution in value of investments		4.48		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.

# Units represents the total number of units held, book value of which has been classified in current investments and non-current investment basis terms of repayment.

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

### 13. Long-term loans and advances :

Particulars	As at March 31, 2018 Rs. million	As at March 31, 2017 Rs. million
<b>Unsecured, considered good :</b>		
Advance payment of taxes [net of provision for tax Rs. 26,854.02 million (previous year Rs. 19,164.60 million)]	<b>1,332.03</b>	1,439.47
Cash deposits placed with exchanges and depository	<b>37.13</b>	6.13
Deposits placed for premises and others	<b>207.67</b>	216.47
Gratuity over funded, net [refer note 29 (ii)]	<b>28.70</b>	25.94
Prepayments and others	<b>0.56</b>	1.05
	<b>1,606.09</b>	1,689.06

### 14. Other non-current assets

Particulars	As at March 31, 2018 Rs. million	As at March 31, 2017 Rs. million
Interest receivable on loans	<b>43.69</b>	-
Less: Provision for Interest receivable on loans	<b>(43.69)</b>	-
	-	-

### 15. Current investments:

Particulars	As at March 31, 2018 Rs. million	As at March 31, 2017 Rs. million
<b>Current portion of Non-current investment [valued at cost, net of provision for diminution in value]</b>		
<b>Unquoted</b>		
<b>Debentures, Secured [refer note 12]</b>		
5,643 units of 9% Non-Convertible Redeemable Debentures of JK Lakshmi Cement Limited*	<b>0.19</b>	-
56 units of 17.75% Non-Convertible Redeemable Debentures of Orris Infrastructure Private Limited*	<b>277.89</b>	-
44 units of 17.75% Non-Convertible Redeemable Debentures of Cranes Developers Private Limited*	<b>218.34</b>	-
	<b>496.42</b>	-
Less: provision for diminution in value	<b>(0.19)</b>	-
	<b>496.23</b>	-

\* Units represents the total number of units held, book value of which has been classified in current investments and non-current investments basis terms of repayment.

### 16. Trade receivables:

Particulars	As at March 31, 2018 Rs. million	As at March 31, 2017 Rs. million
Debts outstanding for a period exceeding six months	-	-
Other debts [Unsecured, considered good]	<b>641.41</b>	549.08
	<b>641.41</b>	549.08

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

### 17. Cash and bank balances :

Particulars	As at March 31, 2018 Rs. million	As at March 31, 2017 Rs. million
Cash and cash equivalents :		
Cash on hand [refer note 40]	-	-
Cash in transit	0.21	-
Bank balances :		
In current accounts*	1,286.04	1,086.80
Fixed deposits with banks with original maturity less than 3 months	4,410.00	7,590.00
	5,696.04	8,676.80
Short term, highly liquid investments - Mutual Funds [refer note 42]	10,430.00	7,110.00
Cash and cash equivalents - Total	16,126.25	15,786.80
Other bank balances :		
Fixed deposits with banks under lien as collateral with stock exchange / clearing corporation**	10,089.38	10,273.88
Fixed deposits with banks with original maturity more than 3 months but less than 12 months	2,630.00	630.00
Other bank balances - Total	12,719.38	10,903.88
	28,845.63	26,690.68

\* Including balances in dividend bank account Rs. 0.04 million (Previous year Rs. 0.04 million)

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

### 18. Short-term loans and advances :

Particulars	As at March 31, 2018 Rs. million	As at March 31, 2017 Rs. million
<b>Other Loans and advances</b>		
Unsecured, considered good :		
Cash deposits placed with exchanges	4.00	55.50
Advances	3.00	2.49
Deposits placed for premises and others	10.20	5.79
Prepayments and others	68.71	21.87
Unsecured, considered doubtful :		
Advances	3.32	0.45
Deposits placed for premises and others	-	0.36
Less: Provision for doubtful advances/deposits	(3.32)	(0.81)
	85.91	85.65

#### 19. Other current assets:

Particulars	As at March 31, 2018 Rs. million	As at March 31, 2017 Rs. million
Interest accrued on Fixed deposits	185.71	61.95
Other receivables	6.98	36.87
	192.69	98.82
Less: Provision	(0.81)	-
	191.88	98.82

#### 20. Advisory and Transactional Services :

Particulars	Year Ended March 31, 2018 Rs. million	Year Ended March 31, 2017 Rs. million
Professional fees	1,032.03	1,017.92
Brokerage / marketing fees	2,902.56	2,938.15
Depository participant income	5.44	6.01
	3,940.03	3,962.08

#### 21. Other income :

Particulars	Year Ended March 31, 2018 Rs. million	Year Ended March 31, 2017 Rs. million
Profit on sale of current investments	901.19	678.29
Interest on:		
Bank deposits	1,301.78	1,018.91
Debentures	152.11	0.05
Infrastructure and support fees recovered [refer note 37]	29.58	51.63
Secondment charges recovered [refer note 37]	8.38	7.58
Dividend income		
From Subsidiary	-	1,588.75
From other long term investments	1.82	0.85
Profit on sale / maturity of long term investments [other than trade]	2.71	-
Profit on sale of trade investments	48.37	-
Credit balances written back	3.98	0.64
Profit on sale of assets held for disposal	-	6.59
Write-back of provision for bad and doubtful debts & advances, net	34.79	-
Write-back of provision for contingencies	3.47	-
Miscellaneous income	2.72	1.58
	2,490.90	3,354.87



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

### 22. Employee benefits expense :

Particulars	Year Ended March 31, 2018 Rs. million	Year Ended March 31, 2017 Rs. million
Salaries and bonus	1,399.34	1,537.61
Contribution to provident fund [refer note 29(i)]	43.64	43.70
Gratuity [refer note 29(ii)]	(10.68)	12.32
Staff welfare expenses	17.68	3.11
	1,449.98	1,596.74

### 23. Finance costs :

Particulars	Year Ended March 31, 2018 Rs. million	Year Ended March 31, 2017 Rs. million
Interest on bank loans	5.04	4.33
	5.04	4.33

### 24. Depreciation and amortisation expenses :

Particulars	Year Ended March 31, 2018 Rs. million	Year Ended March 31, 2017 Rs. million
Depreciation on tangible assets [refer note 11]	245.99	244.34
Amortisation of intangible assets [refer note 11]	3.41	1.61
	249.40	245.95

### 25. Other expenses :

Particulars	Year Ended March 31, 2018 Rs. million	Year Ended March 31, 2017 Rs. million
Advertisement, publicity and sales promotion	26.49	1.44
Bad debts and advances written off	12.47	0.05
Brokerage, clearing charges and exchange fees	96.65	97.86
Communication costs, net	71.66	100.33
Corporate Social Responsibility expenditure [refer note 28(e)]	56.63	55.50
Data subscription costs, net	75.62	73.50
Electricity	31.97	34.43
Foreign exchange differences, net	1.76	2.43
Infrastructure and support costs	-	25.26
Insurance	4.31	5.63
Legal and professional fees, net	126.53	173.78
Loss on fixed assets sold / discarded, net	2.45	29.69
Printing and stationery	2.47	4.28
Rates and taxes	143.45	258.31
Rent	157.71	215.23
Repairs and maintenance :		
Building	82.27	79.21
Plant and machinery	81.68	111.93
Secondment charges incurred	13.30	68.05
Sub-brokerage, fees, commission and other direct expenses	2.20	16.78
Travelling expenses, net	57.68	80.51
Miscellaneous expenses	10.70	16.94
	1,058.00	1,451.14

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

### 26. Contingent liabilities :

Particulars	As at March 31, 2018 Rs. million	As at March 31, 2017 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	865.94	1,039.97
(b) Others:	0.61	0.61

### 27. Commitments :

Particulars	As at March 31, 2018 Rs. million	As at March 31, 2017 Rs. million
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	8.32	19.65
	8.32	19.65

### 28. Additional disclosures :

#### a. Payment to auditors (including Goods and services tax / service tax) :

Particulars	Year ended March 31, 2018 Rs. million	Year ended March 31, 2017 Rs. million
Audit fees	5.96	4.46
For other Services [tax audit fees and certification]	1.89	1.66
	7.85	6.12

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

Particulars	Year ended March 31, 2018 Rs. million	Year ended March 31, 2017 Rs. million
Professional fees	463.92	173.03
	463.92	173.03

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

### 26. Additional disclosures (Contd...) :

#### c. Imports :

Particulars	Year ended March 31, 2018 Rs. million	Year ended March 31, 2017 Rs. million
CIF value of imports [capital goods]	1.66	43.22
CIF value of imports [others]	-	-
	1.66	43.22

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

Particulars	Year ended March 31, 2018 Rs. million	Year ended March 31, 2017 Rs. million
Reimbursement towards restricted shares and units, net	60.73	5.31
Travel	29.50	23.17
Professional fees	40.25	86.81
Networking charges	4.63	7.54
Service charges	-	21.15
Others	16.60	8.83
	151.71	152.81

#### e. Corporate Social Responsibility (CSR) expenditure :

Particulars	Year ended March 31, 2018 Rs. million	Year ended March 31, 2017 Rs. million
(1) Gross amount required to spent by the Company during the year	56.63	55.50
(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	56.63	55.50
Yet to be paid in cash	-	-
	56.63	55.50

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

### 29. Employee benefits :

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

##### i. Defined Contribution Plan :

Company's contribution to provident fund **Rs. 43.64 million** [Previous year Rs. 43.70 million].

##### ii. Defined Benefit Plan :

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

Particulars	As at March 31, 2018 Rs. million	As at March 31, 2017 Rs. million
Present value (PV) of funded obligation for gratuity	234.41	246.97
Fair Value of Plan Assets	(263.11)	(272.91)
Balance as on the year end	(28.70)	(25.94)
Current portion of the gratuity liability	-	-
Non-current portion of the gratuity (Asset)	(28.70)	(25.94)

#### Gratuity expenses during the year :

Particulars	Year Ended March 31, 2018 Rs. million	Year Ended March 31, 2017 Rs. million
Current service cost	29.61	33.81
Interest on defined benefit obligation	17.01	17.70
Expected return on plan asset	(18.87)	(20.61)
Past service cost	8.21	-
Net actuarial (gains) recognised	(46.64)	(18.58)
	(10.68)	12.32

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

Particulars	As at March 31, 2018 Rs. million	As at March 31, 2017 Rs. million
Opening defined benefit obligation	246.97	259.40
Current service cost	29.61	33.81
Interest cost	17.01	17.70
Past service cost	8.21	-
Net actuarial (gains) recognised	(57.31)	(10.75)
Acquisition / (Transfer)	7.92	(3.26)
Benefits paid	(18.00)	(49.94)
	234.41	246.97

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

### 29. Employee benefits (Contd...) :

#### Change in fair value of assets :

Particulars	As at March 31, 2018 Rs. million	As at March 31, 2017 Rs. million
Opening fair value of plan assets	272.91	294.40
Expected return on plan assets	18.87	20.61
Actuarial gains	(10.67)	7.83
Contributions by employer	-	-
Benefits paid	(18.00)	(49.94)
	263.11	272.91

#### Investment pattern :

Particulars	As at March 31, 2018	As at March 31, 2017
Government of India securities	75.23%	78.79%
High quality corporate bonds (including public sector bonds)	21.35%	17.58%
Special deposit scheme	2.29%	3.27%
Others	1.13%	0.36%
	100.00%	100.00%

#### Principal actuarial assumptions :

Particulars	As at March 31, 2018	As at March 31, 2017
Discount rate p.a.	7.60%	7.15%
Salary escalation rate p.a.	9.00%	9.00%
Expected rate of return on assets (p.a.)	7.59%	7.15%
Attrition rate	8.50%	8.50%

#### Experience Adjustments :

Rs.million

Particulars	Gratuity				
	Year ended				
	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Defined benefit obligation	234.41	246.97	259.40	371.89	349.38
Plan assets	263.11	272.91	294.40	305.43	255.84
Surplus / (deficit)	28.70	25.94	35.00	(66.46)	(93.54)
Experience adjustment on plan liabilities	57.31	(10.75)	(50.98)	3.53	92.02
Experience adjustment on plan asset	(10.67)	7.83	1.19	11.12	0.50

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...)

### 30. 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	4,789.38	4,659.98	1,640.74	1,062.31	0.81	1,594.66	6,430.93	7,316.95
2	Segment Results	2,151.76	1,468.50	1,535.89	1,028.82	(19.14)	1,521.47	3,668.51	4,018.79
3	Segment Assets	12,743.16	12,892.39	18,605.19	15,575.93	1,721.45	9,968.67	33,069.80	38,436.99
4	Segment Liabilities	9,987.66	10,215.54	16.88	1.90	182.65	206.04	10,187.19	10,423.48
5	Capital Expenditure	45.94	820.74	1.14	23.11	-	7.81	47.08	851.66
6	Depreciation/ amortisation	239.77	237.37	9.63	5.94	-	2.64	249.40	245.95
7	Other significant non-cash expenses / (credits) :								
	a) Gratuity	(10.48)	12.05	(0.20)	0.17	-	0.10	(10.68)	12.32
	b) Compensated absence	(6.69)	1.59	(0.88)	0.01	-	0.01	(1.57)	1.61
	c) (Write-back of provision) for doubtful debts and advances	(32.62)	-	(1.36)	-	(0.81)	-	(34.79)	-
	d) (Write-back of provision) for contingencies	-	-	(3.47)	-	-	-	(3.47)	-
	e) Bad debts and advances written off	11.60	0.05	0.05	-	0.82	-	12.47	0.05

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...)

### 31. 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 <sup>(a)</sup>
2	GHS Singapore Holdings Pte Limited	Holding Company <sup>(b)</sup>
3	DSP Merrill Lynch Capital Limited	Subsidiary <sup>(c)</sup>
4	Bank of America, N.A - India Branches	Fellow Subsidiary
5	Bank of America, National Association - USA	Fellow Subsidiary
6	Bank of America, N.A - Singapore Branches	Fellow Subsidiary
7	Merrill Lynch Capital Markets Espana, S.A., S.V.	Fellow Subsidiary
8	Merrill Lynch International, LLC	Fellow Subsidiary <sup>(d)</sup>
9	Merrill Lynch Markets Singapore Pte Limited	Fellow Subsidiary
10	Merrill Lynch Global Services Pte Limited	Fellow Subsidiary
11	Bacna Singapore Holdings Private Limited	Fellow Subsidiary
12	Rajnarayan Balakrishnan, Arbind Maheshwari	Key Management Personal (KMP)

(a) Refer Note 1 - Company background

(b) Refer Note 3 - Share capital

(c) Subsidiary company, DSP Merrill Lynch Capital Limited merged with the Company w.e.f April 1, 2017 [refer note 32]

(d) Formerly known as Merill Lynch International inc.

## 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)
		Rs. million		DSP Merrill Lynch Capital Limited (refer note 32)	Rs. million		
1	<b>Investments / stock-in-trade</b> Balance as at March 31, 2018 <i>Previous year</i>	- -	- -	- 8,250.00	- -	- -	- -
2	<b>Balance balance</b> <i>Previous year</i>	- -	- -	- -	33.58 <sup>(1)</sup> 61.92	- -	- -
3	<b>Margin deposits</b> Received during the year <i>Previous year</i> Refunded / adjusted during the year <i>Previous year</i> Balance as at March 31, 2018 <i>Previous year</i>	- - - - - -	- - - - - -	- - - - - -	42,350.55 <sup>(2)</sup> 41,870.93 42,813.50 <sup>(3)</sup> 41,742.95 (8,372.76) (8,835.71)	- - - - - -	- - - - - -
4	<b>Dividend Paid on Equity Shares</b> <i>Previous year</i>	- -	8,678.96 1,505.08	- -	- -	- -	- -
5	<b>Income from operations</b> Advisory and transactional services <i>Previous year</i> Balance as at March 31, 2018 <i>Previous year</i>	- - - -	0.20 0.20 0.24 -	- 0.01 - -	967.40 <sup>(4)</sup> 1,082.81 8.19 34.39	- - - -	- - - -
6 a)	<b>Other income, net</b> <b>Infrastructure and support fees recovered</b> <i>Previous year</i> Balance as at March 31, 2018 <i>Previous year</i>	- - - -	- - - -	- 22.79 - 22.31	29.58 <sup>(5)</sup> 28.84 2.80 6.87	- - - -	- - - -
b)	<b>Interest and dividend</b> <i>Previous year</i> Balance as at March 31, 2018 <i>Previous year</i>	- - - -	- - - -	- 1,588.75 <sup>(6)</sup> - -	- - - -	- - - -	- - - -
c)	<b>Secondment charges recovered</b> <i>Previous year</i> Balance as at March 31, 2018 <i>Previous year</i>	- - - -	- - - -	- 0.05 - -	8.38 <sup>(5)</sup> 7.53 1.01 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)
		Rs. million	Rs. million	DSP Merrill Lynch Capital Limited (refer note 32)	Rs. million	Rs. million
7	<b>Recovery of amounts</b> <i>Previous year</i> Balance as at March 31, 2018 <i>Previous year</i>	- - -	- - -	- - -	1.49 <sup>(7)</sup> 11.74 -	- - -
8	<b>Payment / (recovery) in respect of retirement benefits of transferred employees, net</b> <i>Previous year</i> Balance as at March 31, 2018 <i>Previous year</i>	- - -	- - -	- - -	(0.17) <sup>(5)</sup> 3.26 (0.12) (3.26)	- - -
9	<b>Remuneration</b> <i>Previous year</i> Balance as at March 31, 2018 <i>Previous year</i>	- - -	- - -	- - -	- - -	141.27 <sup>(8)</sup> 134.83 -
10	<b>Infrastructure costs incurred</b> <i>Previous year</i> Balance as at March 31, 2018 <i>Previous year</i>	- - -	- - -	- - -	- 25.26 -	- - -
11	<b>Secondment charges incurred</b> <i>Previous year</i> Balance as at March 31, 2018 <i>Previous year</i>	- - -	- - -	- - -	13.30 <sup>(5)</sup> 68.05 (1.38) (43.34)	- - -
12	<b>Bank charges</b> <i>Previous year</i>	- -	- -	- -	0.38 <sup>(5)</sup> 0.24	- -
13 a)	<b>Other expenses</b> <b>Advisory and transactional services</b> <i>Previous year</i> Balance as at March 31, 2018 <i>Previous year</i>	- - -	- - -	- - -	- 17.67 (0.06) (3.40)	- - -
b)	<b>Professional fees expenses</b> <i>Previous year</i> Balance as at March 31, 2018 <i>Previous year</i>	- - -	- - -	- - -	9.35 <sup>(10)</sup> 15.80 (9.35) (16.82)	- - -

## 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)
		Rs. million	Rs. million	DSP Merrill Lynch Capital Limited (refer note 32)	Rs. million	Rs. million
14	Receivable towards with-holding tax (TDS) recovered from employees on stock compensation, etc.. <i>Previous year</i>	22.33 -	- -	- -	- -	- -
15	Reimbursement towards restricted stock/units. net <i>Previous year</i> Balance as at March 31, 2018 <i>Previous year</i>	60.73 5.31 (66.03) (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) Margin deposits placed includes Rs. 42,350.38 million [Previous year Rs. 33,480.50 million placed by Merrill Lynch Markets Singapore Pte Limited and Rs. 0.17 million [Previous year Rs. 8,390.43 million] placed by Merrill Lynch Capital Markets Espana, S.A., S.V.
- (3) Margin deposits refunded includes Rs. 42,804.82 million [Previous year Rs. 24,653.93 million] refunded to Merrill Lynch Markets Singapore Pte Limited and Rs. 8.68 million [Previous year Rs. 17,089.02 million respectively] refunded to Merrill Lynch Capital Markets Espana, S.A., S.V.
- (4) Income from advisory and transactional services includes commission income of Rs. 895.41 million [Previous year Rs. 689.21 million] from Merrill Lynch Markets Singapore Pte Limited and Rs. 9.54 million [Previous year Rs. 297.47 million] from Merrill Lynch Capital Markets Espana, S.A., S.V.
- (5) Amount relates to Bank of America, N.A - India Branches
- (6) Represents dividend received from subsidiary DSP Merrill Lynch Capital Limited
- (7) Represents recovery of Rs. 1.49 million [Previous year Rs. 0.85 million] from Merrill Lynch International LLC. and Rs. Nil [Previous year Rs. 10.89 million] from Bank of America, N.A. India Branches towards reimbursement of expenses.
- (8) Represents Rs. 53.64 million [Previous year Rs. 50.85 million] pertaining to Mr. Arbind Maheswari and Rs. 87.63 million [Previous year Rs. 83.98 million] pertaining to Rajnarayan Balakrishnan
- (9) Amount relates to Merrill Lynch International, LLC.
- (10) Includes Rs. 2.34 million [Previous year Rs. 0.89 million] pertaining to Bank of America N.A. - USA and Rs 7.01 million [Previous year Rs. 14.91 million] pertaining to Merrill Lynch Global Services pte Limited.

## Notes to Financial Statements (Contd...)

### 32. Amalgamation of wholly-owned subsidiary:

DSP Merrill Lynch Capital Limited (DSPMLC), a wholly owned subsidiary of the Company, was incorporated on April 7, 2005 under the Companies Act, 1956 and was registered as Non-deposit taking Non-Banking Financial Company (NBFC) with the Reserve Bank of India (RBI). It was primarily engaged in financing and lending activities. It also undertook principal transactions in securities, and other financial products including in units of mutual fund schemes and government securities.

The Board of Directors of DSPMLC at its meeting held on January 13, 2017 passed a resolution to discontinue its operations as a NBFC. Subsequently, an application for voluntary surrender /cancellation of Certificate of Registration ("COR") to carry on business of NBFC was submitted to RBI on March 6, 2017. RBI passed an order dated August 10, 2017 to cancel the Certificate of Registration.

The Board of Directors of the Company at its meeting held on July 21, 2017 approved the amalgamation of DSPMLC (hereinafter referred to as the Transferor Company) with the Company. Necessary application was made to the Regional Director ("RD") under the office of the Ministry of Corporate Affairs, Mumbai on October 4, 2017. The RD approved the scheme of amalgamation on March 6, 2018 (the effective date) with the appointed date of amalgamation as April 1, 2017. The certified copy of the RD order was filed with the Registrar of Companies by DSPMLC and the Company on March 8, 2018 and March 9, 2018 respectively.

Pursuant to the scheme of amalgamation, the entire undertaking including all assets and liabilities of the Transferor Company have been transferred to and vested in the Company with effect from April 1, 2017. No shares have been issued by the Company since the Transferor Company was a wholly owned subsidiary of the Company.

The authorized share capital of the Transferor Company of Rs. 2,100.00 million comprising of 210,000,000 equity shares of Rs. 10 each has been added to the authorized share capital of the Company.

The amalgamation has been accounted for under the "Pooling of Interest" method as prescribed by the Accounting Standard (AS) 14 "Accounting for Amalgamations" subject to any specific provisions mentioned in the approved scheme of amalgamation. Accordingly, the accounting treatment has been given as under:

1. The assets, liabilities and reserves of the Transferor Company have been recorded in the books of the Company at their respective book values and in the same form as appearing in the books of the Transferor Company as at the close of business on March 31, 2017.
2. 205,000,000 equity shares of Rs. 10 each fully paid in the Transferor Company held as investment by the Company along with its nominee shareholders have been cancelled
3. The excess of the value of assets over the value of liabilities and reserves of the Transferor Company as appearing in the books of the Transferor Company as at the close of business on March 31, 2017 has been recorded as Capital Reserve.

Balances as at March 31, 2017 in the transferor Company

Particulars	Rs. million
(a) Total Assets	11,671.60
(b) Reserves	9,516.00
(c) Total Liabilities	105.60
<b>(d) Net balance transferred to Capital reserve on amalgamation (a-b-c)</b>	<b>2,050.00</b>

4. The Company's cost of investment in the Transferor Company, Rs. 8,250.00 million as appearing in the Company's books as at the close of business on March 31, 2017 has been first adjusted against the Capital Reserve as created above to the extent of Rs. 2,050.00 million. The balance cost of Rs. 6,200.00 million has been adjusted against the Securities premium account vested in the Company in accordance with the provisions of the approved scheme of amalgamation.

## Notes to Financial Statements (Contd...)

### 32. Amalgamation of wholly-owned subsidiary (Contd...):

5. There is a net accretion of Rs. 3,316.01 million to the reserves of the Company on account of the amalgamation as below:

Particulars	Rs. million
Securities premium account	44.28
Reserve under section 45-IC of the Reserve Bank of India Act, 1934	3,010.66
Surplus in statement of profit and loss	261.07
<b>Total</b>	<b>3,316.01</b>

6. The expenses of amalgamation have been charged to the Statement of Profit and Loss of the Company.  
7. The significant accounting policies of the two companies are consistent.

### 33. Reserve under Section 45-IC of the Reserve Bank of India Act, 1934

Consequent to the cancellation of Certificate of Registration as NBFC of DSP Merrill Lynch Capital Limited by RBI on August 10, 2017, the reserve fund created under section 45-IC of the Reserve Bank of India Act, 1934, aggregating to Rs. 3,010.66 million has been transferred to Surplus in statement of profit and loss.

### 34. Operating lease:

Particulars	Year ended March 31, 2018 Rs. million	Year ended March 31, 2017 Rs. million
Future minimum lease rental relating to non-cancellable operating lease		
a) Due within one year	30.74	122.98
b) Due between one and five year	-	30.74
c) Due beyond five years	-	-
<b>Total</b>	<b>30.74</b>	<b>153.72</b>

Lease rental charges (including cancellable leases) recognised in the Statement of Profit and Loss **Rs. 157.71 million** (Previous year Rs. 215.23 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.

### 35. 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 March 31, 2018	Year ended March 31, 2017
Net profit after tax: attributable to equity shareholders [Rs. million]*	2,003.91	3,099.66
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 [Rs.]	86.54	133.87

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 included dividend income from subsidiary **Rs. Nil** [Previous year Rs. 1,588.75million]

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

### 36. Deferred tax assets, net:

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

Particulars	Year ended March 31, 2018 Rs. million	Year ended March 31, 2017 Rs. million
<b>Deferred tax assets</b>		
- Disallowance u/s 43B of Income-tax Act, 1961	120.57	124.23
- Depreciation / amortisation, net	55.22	23.72
- Provision for Interest receivable on loans	15.27	-
- Amortisation cost of restricted stock/units	2.26	-
- Others	0.80	-
<b>Deferred tax assets (a)</b>	<b>194.12</b>	<b>147.95</b>
<b>Deferred tax liability (b)</b>	<b>-</b>	<b>-</b>
<b>Deferred tax assets, net (a-b)</b>	<b>194.12</b>	<b>147.95</b>

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

### 38. 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.

39. 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 / four equal annual installments beginning one year from the grant date. The fair value of restricted stocks/ restricted units were determined based on the price of BAC common stock at the date of grant. During the year ended March 31, 2018, **69,605 numbers** of restricted stocks / restricted units were granted (Previous year – 80,484 numbers) and the average estimated fair value per unit on the date of grant was **US\$ 32.16** (Previous year – US\$ 24.58). Employee benefits expense for the year includes **Rs. 60.73 million** [Previous year Rs. 5.31 million] towards equity-settled awards and **Rs. 136.43 million** [Previous year – Rs. 208.89 million] towards cash-settled awards. The liability towards restricted stocks / restricted units recognised as on March 31, 2018 is **Rs. 76.29 million** (as on March 31, 2017 - Rs. 19.47 million).

### 40. Disclosures relating to Specified Bank Notes\* (SBNs):

- The disclosure relating to SBN is not applicable to the company during the year.
- In previous year, the Company did not hold and transact in Specified Bank Notes ("SBN") during the period November 08, 2016 to December 30, 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, 2017.

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

### 41. 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 expenses that are not hedged by a derivative instrument or otherwise are as follows:

Nature of transaction	As at March 31, 2018		As at March 31, 2017	
	Amount Rs. million	Transaction Value (in million)	Amount Rs. million	Transaction Value (in million)
Cash in Transit	0.21	*	-	-
Receivable on account of export of services	404.73	USD 6.22	23.76	USD 0.37
Payable on account of import of services	0.48	SGD 0.01	1.19	SGD 0.03
Payable on account of import of services	14.35	USD 0.22	22.82	USD 0.35
Payable on account of import of services	-	-	0.17	**
Payable on account of reimbursement towards restricted shares, units, stock options, net	66.03	USD 1.36	5.31	USD 0.08
Receivable towards with-holding tax (TDS) recovered from employees in stock compensation, etc..	22.33	USD 0.34	-	-

\* Amount USD 3,303/- (Previous year Nil)] below rounding off norm adopted by the Company.

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

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

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

Particulars	As at March 31, 2018		As at March 31, 2017	
	Quantity Number of units	Amount Rs. million	Quantity Number of units	Amount Rs. million
Aditya Birla Sun Life Cash Plus - Growth Direct Plan	6,527,315.824	1,820.00	4,249,039.660	1,110.00
DSP BlackRock Liquidity Fund - Direct Plan - Growth	504,179.719	1,250.00	645,112.373	1,500.00
HDFC Liquid Fund - Direct Plan - Growth Option	292,554.879	1,000.00	311,838.629	1,000.00
ICICI Prudential Liquid - Direct Plan - Growth	5,342,646.958	1,370.00	6,235,562.076	1,500.00
IDFC Cash Fund - Growth - (Direct Plan)	227,878.667	480.00	-	-
Kotak Liquid Direct Plan Growth	142,184.691	500.00	-	-
Reliance Liquid Fund - Treasury Plan - Direct Growth Plan - Growth Option	293,192.437	1,240.00	504,265.455	2,000.00
SBI Premier Liquid Fund - Direct Plan - Growth	474,296.390	1,290.00	-	-
UTI-Liquid Cash Plan Institutional - Direct Plan - Growth	521,393.589	1,480.00	-	-
		10,430.00		7,110.00

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

### Signatures to notes 1 to 43

#### For Price Waterhouse

Firm Registration Number: 301112E  
Chartered Accountants

#### Shard Vasant

Partner  
Membership Number: 10112E  
Mumbai : June 11, 2018

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

#### Asit Bhatia

Director  
(DIN: 05112750)

#### Dharmendra Jain

Chief Financial Officer

Mumbai : June 11, 2018

#### Rajnarayan Balakrishnan

Director  
(DIN: 06694243)

#### Samrat Sanyal

Company Secretary  
Membership Number : A13863

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## NOTES

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## NOTES

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