



## Contents

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Directors' Report	5
Auditors' Report	15
<b>Financial Statements</b>	
Significant Accounting Policies	21
Balance Sheet	24
Profit & Loss Account	25
Notes to the Financial Statements	26
Cash Flow Statement	38





## BOARD OF DIRECTORS

### Independent Directors

Mr. B. P. Rao, Chairman,  
Prof. (Dr.) Sankarshan Basu,  
IIM, Bengaluru

### Shareholder Directors

Mr. Kumar Vinod P. Nada Gouda  
Mr. Apparao Mallavarapu  
Mrs. V. Jhansi Laxmi  
Mr. K. Ishwara Bhat  
Mr. Sanjay Sakaria  
Mr. B. S. Murthy  
Mr. R M Uday Shankar

## EXECUTIVE DIRECTOR

Mr. Manjit Singh

## AUDIT COMMITTEE

Prof. (Dr.) Sankarshan Basu, Independent Director  
(Chairman of the Audit Committee)  
Mr. B. P. Rao, Independent Director  
Mr. B. S. Murthy, Shareholder Director  
Ms. V. Jhansi Laxmi, Shareholder Director

## AUDITORS

M/s. Abarna & Ananthan  
Chartered Accountants

## LEGAL ADVISORS

M/s. Holla & Holla  
M/s. J. Sagar Associates

## REGISTRARS & SHARE TRANSFER AGENTS

M/s. BgSE Financials Limited - RTA Division  
Stock Exchange Towers  
No : 51, 1st Cross, J. C. Road, Bengaluru - 560027  
Email Id: avp\_rta@bfsi.co.in

## BANKERS

Canara Bank







## DIRECTORS' REPORT

To  
The Members,

Your Directors have pleasure in presenting their Fifty fourth Annual Report on the business and operations of the Company and the accounts for the Financial Year ended March 31, 2017.

### 1. FINANCIAL HIGHLIGHTS OF YOUR COMPANY :

(Figures in INR)

FINANCIAL HIGHLIGHTS	31-03-2017	31-03-2016
<b>Particulars</b>		
<b>INCOME:</b>	(₹)	(₹)
Rentals	1 93 08 096	1 80 88 404
Interest	2 75 75 282	2 43 41 471
Dividend	2 04 641	50 69 941
Other Operating Income	16 08 806	17 40 719
Profit on sale of investments	4 41 18 400	1 49 05 600
Provision Written Back	40 62 415	-
Other Non-operating Income	25 90 623	2 28 735
<b>Total</b>	<b>9 94 68 263</b>	<b>6 43 74 870</b>
<b>EXPENSES:</b>		
Employee Benefit Expenses	47 94 698	50 03 680
Provisions & Write Off	40 62 415	-
Other Administrative Expenses	99 88 988	1 18 39 733
<b>Total</b>	<b>188 46 101</b>	<b>1 68 43 413</b>
<b>Profit before Depreciation</b>	<b>8 06 22 162</b>	<b>4 75 31 457</b>
Depreciation for the year	23 78 372	28 33 161
<b>Profit before taxes and prior period items</b>	<b>7 82 43 790</b>	<b>4 46 98 296</b>
Less/(Add)		
Income Tax - Current Year	146 64 556	
- Earlier Years	(9 81 247)	88 04 438
<b>Deferred Tax Liabilities</b>	<b>8 23 164</b>	<b>(6 02 795)</b>
<b>Add: MAT Credit Entitlement</b>	<b>71 49 385</b>	
<b>Profit After Tax &amp; before Apportionment</b>	<b>7 08 86 702</b>	<b>3 64 96 653</b>
<b>Less: Transfer to Defaulters &amp; Escrow A/c</b>	<b>13 17 016</b>	<b>15 12 148</b>
<b>Profit/(Loss) available for Distribution</b>	<b>6 95 69 686</b>	<b>3 49 84 505</b>
<b>Balance brought forward from last year</b>	<b>3 52 711</b>	<b>12 60 154</b>
<b>Total Amount available for distribution</b>	<b>6 99 22 397</b>	<b>3 62 44 659</b>
<b>Transferred from General Reserves</b>	<b>-</b>	<b>2 93 53 480</b>
<b>Total Amount Available for Appropriation</b>	<b>6 99 22 397</b>	<b>6 55 98 139</b>
Interim Dividends paid during the year	4 40 30 220	4 58 64 813
Dividend Distribution Tax	89 63 485	83 40 259
Proposed Dividend		91 72 963
Corporate Dividend Tax		18 67 393
<b>Balance Transferred to Reserves&amp; Surplus</b>	<b>1 69 28 692</b>	<b>3 52 711</b>



Highlights of the financial performance of the Company for the period ended on March 31, 2017 compared to previous year, are as under:

- a) Revenue from operations has shown a marginal increase (5.5%) over previous year, from Rs. 1.98 crore to Rs. 2.09 crore, due to annual escalation in lease rent received from property given on lease by the company
- b) "Other income" has increased by 76 % over the previous year, from Rs. 4.45 crore to Rs. 7.85 crore, mainly due to profit of Rs. 4.41 crore from sale of investments in BgSE Financials Limited and increase in income from interest by 13.5 % over previous year i.e. from Rs. 2.43 crore to Rs. 2.76 crore
- c) Gross Revenues increase by 54.5 % during the current year compared to the previous year from Rs. 6.44 crore to Rs. 9.95 crore.
- d) Employee benefit expenses have come down by 4% during the current year from Rs. 50.03 lac to Rs. 47.95 lac.
- e) Operating expenses have gone up from Rs. 1.18 crore to Rs. 1.41 crore due to (i) write off of Bad Debts amounting to Rs. 40.62 lac, (ii) increase in property tax by Rs. 4.09 lac and (iii) increase in professional charges by Rs. 5.10 lac. The increase in expenses have been partially set off by reduction in Directors' sitting fee by Rs. 2.40 lac, Security Charges by Rs. 4.10 lac, Electricity Water Charges by Rs. 7.90 lac and Maintenance charges by Rs. 3.56 lac.
- f) Profit Before Tax has gone up from Rs. 4.47 crore to Rs. 7.82 crore during the current year showing a growth of 75%, whereas Profit after Tax has increased by 94 % from Rs. 3.65 crore to Rs. 7.09 crore.

Form No.MGT-9 given as Annexure I forms part of the Directors' Report.

## **2. Dividend:**

Your Board of Directors declared an interim dividend of Rs.1.20 per equity share of Re.1/- each for the financial year 2016-17 in the meeting held on February 23, 2017. The Board has recommended a final dividend of Rs. 0.35 per equity share of Re.1/- each for the financial year 2016-17.

The total outflow on account of the interim dividend declared on February 23, 2017 amounted to

Rs. 44,030,220 and Rs. 8,963,485 towards Dividend Distribution Tax.

After disbursement of final dividend, if approved, the P&L surplus carried forward will be a nominal amount of Rs. 14.70 lac approximately

## **3. Reserves:**

No mandatory transfer to General Reserve is required, as per the Companies (Transfer of Profits to Reserves) Rules and hence the Board of Directors has decided not to transfer any amount to the General Reserves out of the profits, during the year.

## **4. Brief description of the Company's working during the year/ state of Company's affair:**

### **(a) Sale of Stake in BgSE Financials Limited**

Pursuant to the Share Purchase Agreement of sale of stake in the erstwhile subsidiary company i.e. BgSE Financials Limited, a portion of sale consideration of Rs.8.11 per share was retained in the "Escrow Account" to provide for a contingent liability of Rs. 8 crore approximately on account of stamp duty for which a demand was raised by the District Registrar, Stamp Office, Bengaluru. This demand was challenged by the BgSE Financials Limited by filling a writ petition in the High Court of Karnataka, which was decided in its favour on August 20, 2016.

The Company received a sum of Rs.4.69 crore approximately, inclusive of interest, on February 29, 2017 from the "Escrow Account" against an indemnity executed in favour of BgSE Financials Limited on February 7, 2017 which has lapsed on the date of this Report.

Your Company declared an interim dividend of Rs.1.20/- per equity share of Re.1/- each out of the incremental profits received from the aforesaid sale of stake. The settlement of the aforesaid interim dividend was made on March 3, 2017.

### **(b) Sale of Property at Infantry Road, Bengaluru to Income Tax Department**

Your Directors gave their consent to the counter offer received from the Income Tax Department for purchase of 14,200 sq. feet land parcel at Infantry Road, Bengaluru at a consideration of Rs. 23,000 per sq. feet which is valid up to September 30, 2017. We have been



informed by the Income Tax authorities that the proposal is under active consideration of CBDT, Delhi

**(c) Sale of Property at J C Road, Bengaluru to a Public Sector Bank**

Consequent upon our persistent follow up, a leading public sector bank has shown its interest in purchase of our property at J C Road, Bengaluru. The Bank got the valuation of the property done through its empaneled valuers, undertook actual measurements of the property and got useful life of the building constructed in the property assessed through its consultants. This deal has now reached the stage of commercial negotiations.

**(d) Scheme of Arrangement**

Your Directors in their endeavor to disburse the maximum possible quantum of profits/ surplus cash to the Shareholders, filed a petition before the High Court of Karnataka vide CA No. 596 of 2016 on August 23, 2016 for approval of "Scheme of Arrangements". This is a composite scheme of reduction of capital and buy-back of shares through capital restructuring.

The Company obtained approval of share-holders in the court directed meeting held on October 5, 2016 and hearing on the matter was fixed on January 5, 2017. However, before the hearing could take place, the High Court, Karnataka transferred all matters relating to Amalgamation, Arrangement, etc., to the National Company Law Tribunal (NCLT), Bengaluru, in compliance to a Gazette notification dated December 14, 2016.

NCLT held a series of hearing on the Company's petition on February 14, 2017, March 30, 2017, April 27, 2017, May 31, 2017, June 9, 2017 and June 24, 2017 and has reserved the matter for "orders".

Your Directors shall promptly disburse the amount approved by NCLT for payment to the share-holders as soon as it receives "orders" from NCLT on the Company's petition.

**5. Material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report:**

There have been no significant changes and commitments affecting the financial position of the

Company, which have occurred between the end of the financial year, i.e. March 31, 2017 and the date of the Directors' Report, i.e. August 19, 2017.

**6. Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future:**

No such orders have been passed by the regulators or courts or tribunals in the current year and till the date of the Directors' Report which could impact the going concern status and company's operations in future:

**7. Details of Subsidiary:**

At present, your Company has no subsidiary company.

**8. Deposits:**

Your Company has not accepted any deposits which are required to be disclosed under Chapter V of the Companies Act, 2013.

**9. Statutory Auditors:**

M/s. Abarna & Ananthan, Chartered Accountants, who are the Statutory Auditors of the Company, hold office in accordance with the relevant provisions of the Companies Act, 2013 up to the conclusion of the forthcoming Annual General Meeting (AGM) and are eligible for re-appointment.

**10. Auditors' Report:**

Your Directors are pleased to inform you that there are no qualifications in the Auditors' Report of the Annual Accounts of the Company for FY 2016-17.

**11. Share Capital:**

The Share Capital of your Company consists of equity shares as follows:

Authorised Share Capital

During the year under review, the Authorized Share Capital of your Company is 10,00,00,000 Equity shares of Rupee 1 (one) each amounting to Rs.10,00,00,000 (Rupees Ten Crores).

Paid Up Share Capital

During the year under review the paid-up Equity of the Company is Rs.3,66,91,850 equity shares of Rupee 1 (one) each aggregating to Rs. 3,66,91,850 (Rupees Three Crores Sixty Six Lacs and Ninety One Thousand Eight Hundred and fifty only).

There is no increase in the share capital of the Company during the year in terms of equity shares or in any other form.



## 12. Conservation of energy, technology absorption and foreign exchange earnings and outgo:

Your Company's operations are not power or technology intensive. However, there is a continuous effort to conserve and optimize use of energy. Your Company has not entered into any transactions involving Foreign Exchange.

## 13. Directors:

Mr. B S Murthy, Share-holder Director, resigned from the Directorship of the Company on August 14, 2017. Your Directors record their appreciation to the services rendered by Mr. B S Murthy as a Director of the Company for over eight years.

Mr. Sanjay Sakaria and Mr. Uday Shankar, Share-holder Directors, are retiring by rotation at the 54th AGM and being eligible offer themselves for re-appointment.

The remaining three Share-holder Directors, Mr. Kumar Vinod P. Nada Gouda, Mr. Apparao Mallavarapu and Mrs. V. Jhansi Laxmi, were re-appointed in the 53rd AGM and are not due for retirement by rotation.

Prof. (Dr.) Sankarshan Basu shall be completing five years as a Public Interest Director and an Independent Director on the Board of the Company at the 54th AGM. Keeping in view his vast experience in the field of Mangament, Your Directors seek his re-appointment as an Independent Director for another term comprising two consecutive years.

Further, considering the fact that transactions for sale of the immovable properties are at an advanced stage, Your Directors have decided to retain the services of Mr. Manjit Singh for another year and seek his re-appointment as the Whole Time Director till September 30, 2018.

## 14. Number of meetings of the Board of Directors:

The Company held 5 (five) meetings of the Board of Directors during the year under review, i.e. from April 1, 2016 to March 31, 2017. The attendance details of the Board of Directors are as follows:

Sl. No	Name of Director	Designation	No. of Board Meetings held during the year	No. of Board Meetings attended	Directorship in other companies	Attendance in last AGM
1	Mr. B.P. Rao	Independent Director	5	5	3	Yes
2	Mr. Michael Bastian	Independent Director	2	2	2	Yes
3	Prof. (Dr.) Sankarshan Basu	Independent Director	5	4	2	No
4	Mr. B.S. Murthy	Shareholder Director	5	5	1	Yes
5	Mr. Kumar Vinod P. Nadagouda	Shareholder Director	5	4	--	Yes
6	Ms. V. Jhansi Laxmi	Shareholder Director	5	5	2	Yes
7	Mr. R.M. Uday Shankar	Shareholder Director	5	4	3	No
8	Mr. Apparao Mallavarapu	Shareholder Director	5	1	4	No
9	Mr. K. IshwaraBhat	Shareholder Director	5	5	1	Yes
10	Mr. Sanjay Sakaria	Shareholder Director	5	5	3	Yes
11	Mr. Manjit Singh	Executive Director	5	5	--	Yes



#### 15. Audit Committee:

The attendance details of the Audit Committee meetings from April 1, 2016 to March 31, 2017 are as follows:

Sl. No.	Name of Director	Designation	No. of Audit Committee Meeting held in FY 2016-17	No. of Audit Committee Meetings attended
1	Prof. (Dr.) Sankarshan Basu	Independent Director	4	4
2	Mr. Michael Bastian	Independent Director	1	1
3	Mr. B.P. Rao	Independent Director	4	4
4	Mr. B.S. Murthy	Shareholder Director	4	3
5	Ms. V. Jhansi Laxmi	Shareholder Director	4	4

#### 16. Particulars of loans, guarantees or investments under section 186 :

The Company has not given any loan or guarantee to any person or other body corporate or made any investments which are required to be disclosed under Section 186 of the Companies Act, 2013.

The Company holds a stake of 3% in the Inter Connected Stock Exchange Limited comprising 8,40,000 shares of face value of Re.1 each.

#### 17. Particulars of contracts or arrangements with related parties:

Form No.AOC-2 given as Annexure II forms part of the Directors' Report.

#### 18. Remuneration to Key Management Persons and Directors :

Mr. Manjit Singh, : Rs. 24,99,600  
Executive Director  
Remuneration (sitting fee) : Rs. 6,90,000  
to other Directors

#### 19. Particulars of Employees:

There are no employees of the Company who draw remuneration as set out in Section 179 Rule 5.

#### 20. Risk management policy:

The Company has adequate internal and audit controls to minimize the risk in its business operations.

#### 21. Directors' Responsibility Statement:

Pursuant to Section 134 (3) c) of the Companies Act, 2013, the Board of Directors confirm:

- that in the preparation of the Annual Accounts of your Company, the applicable Accounting Standards had been followed alongwith proper explanation relating to material departures;
- that 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 your Company as at March 31, 2017 and of the profits of your Company for the year ended March 31, 2017;
- that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your Company and for preventing and detecting frauds and other irregularities;
- that the Directors had prepared the annual accounts on a "going concern" basis.

#### 22. Acknowledgements:

Your Directors would like to express their appreciation and gratitude to all the Shareholders, Banks, Registrar of Companies, Government Authorities, Income Tax Department, Independent Directors, Public Representatives on various Committees, Vendors, Executives and Staff of the Company during the year under review.

For and on behalf of the Board of Directors

Place : Bengaluru  
Date : August 19, 2017

Sd/-  
B.P. Rao  
(Chairman)





**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**

**Annexure I**

as on financial year ended on 31.03.2017  
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company  
(Management & Administration) Rules, 2014

**I REGISTRATION & OTHER DETAILS:**

i	CIN	U70102KA1937PLC001292
ii	Registration Date	28.05.1957
iii	Name of the Company	BgSE Properties and Securities Limited
iv	Category / Sub-category of the Company	Company Limited by Shares / Indian Non Government Company
v	Address of the Registered office & contact details	Stock Exchange Towers, No.51, 1st Cross, J.C.Road, Bengaluru - 560 027
vi	Whether listed company	No
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any	BgSE Financials Ltd, Stock Exchange Towers, No.51, 1st Cross, J.C. Road, Bengaluru - 560027. Ph: 41329661

**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

Sl. No.	Name & description of main products / services	NIC Code of the Product / service	% to total turnover of the Company
1	Interest from investments with Banks		35%
2	Leasing premises on Rent		25%
3	Maintenance		2%

**III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES**

NIL



## MGT - 9 Continued

## IV . (a) SHAREHOLDING PATTERN (Equity Share Capital Break up as % to total Equity)

Category of Shareholders	No. of Shares held at the beginning of the year (01.04.2016)				No. of Shares held at the end of the year (31.03.2017)			
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares
<b>A. Promoters</b>	<b>NOT APPLICABLE</b>							
<b>B. PUBLIC SHAREHOLDING</b>								
<b>(1) Institutions</b>	<b>NIL</b>							
<b>(2) Non Institutions</b>								
a) Bodies corporates								
i) Indian	8245350	1171883	9417233	25.67	8518744	1026483	9545227	26.01
ii) Overseas								
b) Individuals								
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	6353265	502043	6855308	18.68	6461871	433643	6895514	18.80
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakhs	18427086	747300	19174386	52.26	18223236	747300	18970536	51.70
c) Others - NRI's	1244923	0	1244923	3.39	1280573	0	1280573	3.49
<b>SUB TOTAL (B)(2):</b>								
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	34270624	2421226	36691850	100.00	34484424	2207426	27146623	100.00
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>								
<b>Grand Total (A+B+C)</b>	34270624	2421226	36691850	100.00	34484424	2207426	36691850	100.00

## (IV) (b) SHAREHOLDING OF PROMOTERS

Sl No.	Promoters Name	Shareholding at the beginning of the year	Shareholding at the end of the year	% change in shareholding during the year
<b>NOT APPLICABLE</b>				



## (iv) (c) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters &amp; Holders of GDRs &amp; ADRs)

Sl. No		Shareholding at the end 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
	For Each of the Top 10 Shareholders				
	At the beginning of the year	Same as at the end of year			
	Date wise increase/decrease in Promoters Shareholding during the year	No change during the year			
Sl. No	For Each of the Top 10 Shareholders at the end of year	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	RAO INSULATING COMPANY PRIVATE LIMITED	18,36,250	5.00%	18,36,250	5.00%
2	ARCADIA SHARE AND STOCK BROKERS PVT LTD	18,36,250	5.00%	18,36,250	5.00%
3	BLOOMS AND GREENS PVT LTD	18,36,000	5.00%	18,36,000	5.00%
4	VISHWAS UDAYSINGH LAD	10,86,250	2.96%	10,86,250	2.96%
5	ELIZABETH ABRAHAM	8,29,500	2.26%	8,29,500	2.26%
6	GOWRI R	8,05,750	2.20%	8,05,750	2.20%
7	AARTI ANIL LAD	7,34,500	2.00%	7,34,500	2.00%
8	ANIL H LAD	7,34,500	2.00%	7,34,500	2.00%
9	SUBRAHMANYAM GOPARAJU	5,50,875	1.50%	5,50,875	1.50%
10	GEETHA EKNATH KANNAN	5,47,250	1.49%	5,47,250	1.49%

## (IV) (d) Shareholding of Directors &amp; KMP

Sl. No		Shareholding at the end 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
	For Each of the Directors & KMP				
	At the beginning of the year			658050	1.79
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus / sweat equity etc)			NIL	
1	V. Jhansi Laxmi	250	0.0		
2	Kumar Vinod P Nadagouda	40,500	0.1		
3	Apparao Mallavarapu	3,67,150	1.0		
4	K. Ishwara Bhat	1,00,000	0.3		
5	Sanjay Sakaria	1,50,150	0.4		
	At the end of the year			6,58,050	1.79





**V INDEBTEDNESS NIL**

**VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Wholetime Director**

S.No.	Particulars	Amount (in Rs.)
1	Gross Salary	24,99,600

**B. Remuneration to other Directors**

S.No.	Name	Sitting Fee Amount (Rs.)
1	Mr. Michael Bastian	30,000
2	Prof. (Dr.) Sankarshan Basu	80,000
3	Mr. B.P. Rao	1,10,000
4	Mr. Apparao Mallavarapu	10,000
5	Mrs. V. Jhansi Laxmi	1,20,000
6	Mr. Kumar Vinod P Nadagouda	50,000
7	Mr. B.S. Murthy	80,000
8	Mr. R.M. Uday Shankar	50,000
9	Mr. K. Ishwara Bhat	90,000
10	Mr. Sanjay Sakaria	70,000
	<b>Total</b>	<b>6,90,000</b>

**VII PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES NIL**



## Form No. AOC-2

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

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

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

- (a) Name(s) of the related party and nature of relationship: NA
- (b) Nature of contracts/arrangements/transactions: NA
- (c) Duration of the contracts / arrangements/transactions: NA
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: NA
- (e) Justification for entering into such contracts or arrangements or transactions: NA
- (f) Date(s) of approval by the Board: NA
- (g) Amount paid as advances, if any: NA
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: NA

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

- (a) Name(s) of the related party and nature of relationship: **M/s Uday Shankar Associates (Advocates and Legal Counsel)**
- (b) Nature of contracts/arrangements/transactions: **Legal and Liaison services in the matter of getting approval of "Scheme of Arrangement" from the court.**
- (c) Duration of the contracts / arrangements/ transactions : **One year from filling of the application with the court.**
- (d) Salient terms of the contract or arrangement or transactions including the value, if any:
  - (i) Drafting, representation and Liaison work : Rs. 5.50 lac plus taxes
  - (ii) Preparation of Concept Note : Rs. 0.40 lac plus taxes
- (e) Date(s) of approval by the Board, if any : June 24, 2016.
- (f) Amount paid as advance, if any : Rs. 82,500



## INDEPENDENT AUDITORS' REPORT

To,  
The Members of BgSE Properties And Securities Limited,  
Bangalore.

### Report on the Financial Statements

We have audited the accompanying financial statements of BGSE PROPERTIES AND SECURITIES LIMITED, ("the Company"), which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud and error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks material misstatement of the financial statements, whether due to fraud and error. In making those risk assessments, the auditor considers internal financial control relevant to 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. but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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.

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

### Opinion

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

- a) of the state of affairs of the Company as at 31st March 2017;
- b) its **Profit** for the year ended on that date; and
- c) its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in the paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to 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 Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of this Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2017 from being appointed as a director in terms of section 164(2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure-B".
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The Company has disclosed the impact of pending litigations on its financial position in Note 19 to the financial statements.
  - (ii) The Company did not have any long-term contracts including derivative contracts for which there were material foreseeable losses.
  - (iii) There is no amount, required to be transferred, to the Investor Education and Protection Fund by the Company during the year.
  - (iv) The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 08th November 2016 to 30th December 2016 (Refer note no 36 to the financial statements). Based on audit procedures and relying on management representation we report that the disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the management.

For **ABARNA & ANANTHAN**  
**CHARTERED ACCOUNTANTS**  
Firm Regn No.: 000003S

Sd/-

**C.S.Gopalakrishna**  
Partner  
M.No. 014706

Place : Bengaluru  
Date : August 19, 2017



## “Annexure A” to the Independent Auditors' Report

### ANNEXURE A REFERRED TO IN INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE COMPANY ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017, WE REPORT THAT:

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The fixed assets have been physically verified by the management periodically to cover all the items over the year, which in our opinion, is reasonable having regard to the size of the Company and nature of its business. Pursuant to the program, all the fixed assets have been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.
- (c) The title deeds of immovable properties are held in the name of the Company.
- 2) This Clause is not applicable as the Company is not holding any inventory.
- 3) 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. Accordingly, the provisions of clause 3 (iii) (a) to (c) of the Order are not applicable to the Company and hence not commented upon.
- 4) The Company has not made any borrowing during the year; it has neither given any guarantee nor has offered its property as security for borrowings made by others. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of investments.
- 5) The Company has not accepted any deposits from the public and hence this clause is not applicable to the Company.
- 6) As informed to us, the maintenance of cost records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the Company.
- 7) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at 31st March 2017 for a period of more than six months from the date on when they become payable.
- b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute except for the following.

Name of the Statute	Nature of dues	Amount in Rs	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax Demand	18,83,456	AY 2009-10	Commissioner of Income Tax (Appeals)

- 8) The Company has not taken any loan either from banks or financial institutions or from the government and has not issued any debentures. Accordingly, the provisions of clause 3 (viii) of the Order are not applicable to the Company.
- 9) Based upon the audit procedures performed and the information and explanations given by the management, the Company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company.
- 10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- 11) In our opinion and according to the information and explanations given to us, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- 12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company.



- 13) In our opinion, all transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- 14) Based upon the audit procedures performed and the information and explanations given by the management, 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.
- 15) Based upon the audit procedures performed and the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company.
- 16) In our opinion, the Company is not required to be registered under Section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company.

For **ABARNA & ANANTHAN**  
**CHARTERED ACCOUNTANTS**

Firm Regn No.: 000003S

Sd/-

**C.S.Gopalakrishna**

Partner

M.No. 014706

Place : Bengaluru

Date : August 19, 2017





## “ANNEXURE B” TO THE INDEPENDENT AUDITORS’ REPORT

### ANNEXURE B REFERRED TO IN INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE COMPANY ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

#### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of BgSE Properties & Securities Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the "Guidance Note on Audit of Internal Financial Controls Over Financial Reporting" issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors' Responsibility

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

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

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

#### Meaning of Internal Financial Controls over Financial Reporting

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



### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For **ABARNA & ANANTHAN**  
**CHARTERED ACCOUNTANTS**

Firm Regn No.: 000003S

Sd/-

**C.S.Gopalakrishna**

Partner

M.No. 014706

Place : Bengaluru

Date : August 19, 2017





## 1.1 BACKGROUND

BgSE Properties and Securities Ltd (formerly known as Bangalore Stock Exchange Limited) was incorporated under the Companies Act, 1956 on 29th May 1957 as a Limited Company.

The Company commenced business as an Exchange on 28th May 1963. It soon became one of the premier Stock exchanges of India and largest in the Southern India. It is managed by a Governing Board, which presently comprises of two Independent Directors, seven Shareholder Directors and an Executive Director.

The Company received permission to "Exit" as a Stock Exchange from SEBI vide Exit order no: WTM/RKA/MRD/165/2014 dated December 26, 2014. Consequently, the Company discontinued the stock exchange business. However, it is continuing as a Public Limited company with change in business objects and with change in name to BgSE Properties and Securities Ltd. Pursuant to change in name, the Registrar of Companies, Bangalore issued a new certificate of incorporation to the Company on May 14, 2015.

The Company has also disinvested its stake of 55% in its Subsidiary Company i.e. BgSE Financials Limited during the previous year.

## 1.2 SIGNIFICANT ACCOUNTING POLICIES

### a) Accounting Assumption

"The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year."

Pursuant to Clause 11(d) of SEBI Exit order no: WTM/RKA/MRD/165/2014 dated December 26, 2014; the Company changed its name, stopped Stock Exchange related functions and changed its main business to renting out and maintaining the premises and income from investments. Hence the Financial Statements as on the Balance Sheet date have been prepared on a "Going Concern" basis.

### b) Use of estimates

The preparation of the financial statements, in conformity with GAAP, requires the management of the Company (Management) to make estimates and assumptions that affect the reported amounts of revenue and expenses of the year, reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as of the date of the financial statements. Actual results could differ from these estimates.

### c) Revenue/Expenditure recognition

- i) The Company derives its revenue primarily from rental income from the tenants, maintenance of premises and interest income from investment of surplus funds. Rental income is recognized on accrual basis.
- ii) Income earned on the investments made out of Escrow Accounts and Defaulter Members' Assets is accumulated to the respective Funds.
- iii) Dividend Income is recognised when the shareholders' right to receive payment is established by the balance sheet date.
- iv) Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

### d) Fixed Assets

Fixed assets, except those revalued, are stated at their cost of acquisition, including taxes, duties, freight and other incidental cost relating to acquisition and installation of the assets concerned. The cost of application software customized for trading and settlement has been capitalized as an integral part of the Company's computer systems.



#### **e) Depreciation**

Depreciation on Fixed Assets has been provided on pro-rata basis from the date of installation or date of completion of asset as the case may be, under the written down value method over the useful life of assets prescribed in Schedule II to the Companies Act, 2013 with effect from 01-04-2014. Accordingly; i). Depreciation is charged on time proportionate basis on all assets purchased or sold during the year. ii). Individual assets costing less than Rs.5,000 are depreciated in full in the year of purchase.

#### **f) Investments**

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as non-current investments. Non Current investments are stated at cost except where there is a diminution in value other than temporary, in which case the carrying value is reduced to recognize the decline. Current investments are valued at lower of cost and fair value determined on an individual investment basis.

#### **g) Taxes on Income**

Provision for income tax comprises current taxes and deferred taxes. Current tax is determined on the amount of tax payable in respect of taxable income for the year.

The deferred tax liability on account of timing differences between the book profits and taxable profits for the year is accounted by applying the tax rates as applicable as on the balance sheet date.

Deferred Tax Assets arising from timing differences are recognized to the extent there is reasonable certainty that the assets can be realized in future. Deferred Tax Assets are re-assessed for the appropriateness of their carrying value at each Balance Sheet date.

#### **h) Provisions**

A provision is recognized when an enterprise has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions, other than employee benefits, are not discounted to their present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

#### **i) Earnings / (Loss) per share**

The basic earnings / (loss) per share are computed by dividing the net profit/(loss) after tax for the period by the weighted average number of equity shares outstanding during the period. Diluted earnings / (loss) per share, if any, are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period except when the results would be anti-dilutive.

#### **j) Impairment of Assets**

Consideration is given at the balance sheet date to determine whether there is any indication of impairment in the carrying amount of the Company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds the recoverable amount. The recoverable amount is the greater of the net selling price and value in use.

#### **k) Retirement benefits to employees**

##### **i) Defined Contribution Plans**

Contributions paid/payable to defined contribution plans comprising of provident fund and pension fund are charged on accrual basis. The Company makes monthly contributions and has no further obligations under the plan beyond its contributions.



## **ii) Defined Benefit Plan**

Gratuity for employees is covered under a scheme of Life Insurance Corporation of India and contributions in respect of such scheme are recognised in the Statement of Profit and Loss. The liability as at the Balance Sheet date is provided for based on the actuarial valuation, based on Projected Unit Credit Method at the balance sheet date, carried out by an Actuary independent of LIC. Actuarial Gains and Losses comprise experience adjustments and the effect of changes in the actuarial assumptions and are recognised immediately in the Statement of Profit and Loss as income or expense.

## **iii) Short term employee benefits**

Short term employee benefits, including accumulated compensated absences as at the Balance Sheet date, are recognized as an expense as per Company's schemes based on the expected obligation on an undiscounted basis.

## **l) Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.



## Balance Sheet

(Amount in Rupees)

Particulars	Note No.	As at 31st March, 2017 Audited	As at 31st March, 2016 Audited
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	3,66,91,850	3,66,91,850
Reserves and Surplus	3	68,79,31,122	67,13,55,141
<b>Non-Current Liabilities</b>			
Deferred Tax Liabilities (net)	4	41,65,508	33,42,344
Other Long-Term Liabilities	5	2,92,16,245	8,74,52,050
<b>Current Liabilities</b>			
Other Current Liabilities	6	1,05,32,973	2,04,26,008
Short-Term Provisions	7	12,61,192	10,89,176
<b>TOTAL</b>		<b>76,97,98,890</b>	<b>82,03,56,569</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets	8	46,12,30,884	46,31,26,779
Non-Current Investments	9	42,000	42,000
Long - Term Loans and Advances	10	24,41,642	30,45,534
Other Non-Current Assets	11	6,54,404	5,05,027
<b>Current Assets</b>			
Cash and Cash Equivalents	12	28,71,02,651	33,91,65,828
Trade Receivables	13	11,50,993	20,01,108
Short-Term Loans and Advances	14	1,71,76,316	1,24,70,293
<b>TOTAL</b>		<b>76,97,98,890</b>	<b>82,03,56,569</b>
<b>Significant accounting policies</b>	1		
<b>Notes to the financial statements</b>	19 to 37		

for **Abarna & Ananthan**  
Chartered Accountants  
Firm registration number : 000003S

**CS Gopalakrishna**  
Partner  
Membership No. 014706

Place : Bengaluru  
Date : August 19, 2017

for **BgSE Properties and Securities Limited**  
(formerly known as Bangalore Stock Exchange Limited)

**Manjit Singh**  
Executive Director  
DIN No : 03563281

**Sankarshan Basu**  
Director  
DIN No : 06466594

**B P Rao**  
Chairman  
DIN No : 00467226

**K Ishwara Bhat**  
Director  
DIN No : 00597166



## Statement of Profit and Loss

(Amount in Rupees)

Details	Note No.	For the year ended 31st March 2017 <b>Audited</b>	For the year ended 31st March 2016 <b>Audited</b>
Revenue			
Revenue from Operations	15	2,09,16,902	1,98,29,123
Other Income	16	7,85,51,361	4,45,45,747
		<b>9,94,68,263</b>	<b>6,43,74,870</b>
<b>Expenditure</b>			
Employee benefits expense	17	47,94,697	50,03,680
Depreciation and amortization expense	8	23,78,372	28,33,161
Operating Expenses	18	1,40,51,404	1,18,39,733
		<b>2,12,24,473</b>	<b>1,96,76,574</b>
<b>Profit before tax</b>		<b>7,82,43,790</b>	<b>4,46,98,296</b>
Less: Tax expense			
Income Tax			
- Current Year		1,51,00,000	93,04,400
- Transferred from Escrow 1		-	(86,399)
- Transferred from Escrow 2		-	(36,501)
- Transferred from Defaulters Account		(4,35,444)	(3,77,062)
- Previous Year		(9,81,247)	-
Add: MAT Credit Entitlement		71,49,385	-
Less: Deferred Tax		8,23,164	(6,02,795)
<b>Profit after tax</b>		<b>7,08,86,702</b>	<b>3,64,96,653</b>
<b>Less: Transfer to Funds</b>			
(i) Escrow Account 1		-	2,61,315
(ii) Escrow Account 2		-	1,10,398
(iii) Defaulter's a/c		13,17,016	11,40,435
		13,17,016	15,12,148
<b>Profit for the period</b>		<b>6,95,69,686</b>	<b>3,49,84,505</b>
<b>Earnings per share (value : Re 1 each)</b>	26		
- Basic		1.90	0.95
- Diluted		1.90	0.95
<b>Significant accounting policies</b>	1		
<b>Notes to the financial statements</b>	19 to 37		

The notes referred to above form an integral part of the statement of profit and loss  
As per our report of even date attached

for **Abarna & Ananthan**  
Chartered Accountants  
Firm registration number : 000003S

**CS Gopalakrishna**  
Partner  
Membership No. 014706

Place : Bengaluru  
Date : August 19, 2017

for **BgSE Properties and Securities Limited**  
(formerly known as Bangalore Stock Exchange Limited)

**Manjit Singh**  
Executive Director  
DIN No : 03563281

**Sankarshan Basu**  
Director  
DIN No : 06466594

**B P Rao**  
Chairman  
DIN No : 00467226

**K Ishwara Bhat**  
Director  
DIN No : 00597166



(Amount in Rupees)

**2 Share Capital****Authorised**

Equity shares

100,000,000 (Previous Year 100,000,000) equity shares of Re. 1 each

Issued

36,691,850 (Previous Year 36,691,850) equity shares of Re. 1 each

Subscribed and paid up

36,691,850 (Previous Year 36,691,850) equity shares of Re. 1 each, fully paid up

As at 31st March, 2017	As at 31st March, 2016
10,00,00,000	10,00,00,000
<b>10,00,00,000</b>	<b>10,00,00,000</b>
3,66,91,850	3,66,91,850
<b>3,66,91,850</b>	<b>3,66,91,850</b>
3,66,91,850	3,66,91,850
<b>3,66,91,850</b>	<b>3,66,91,850</b>

**Notes:****(a) Details of shareholders' holding more than 5 percent shares:**

	As at 31st March 2017		As at 31st March 2016	
	No. of shares	Amount	No. of shares	Amount
Equity shares	NIL		NIL	

**(b) Reconciliation of the number of shares outstanding at the beginning and at the end of the year :**

	As at 31st March 2017		As at 31st March 2016	
Equity Shares	No. of shares	Amount	No. of shares	Amount
Outstanding at the beginning of the year	36,691,850	36,691,850	36,691,850	36,691,850
Movement during the reporting period	-	-	-	-
Closing balance at the end of the reporting period	<b>36,691,850</b>	<b>36,691,850</b>	<b>36,691,850</b>	<b>36,691,850</b>

**( c ) Other Information pertaining to previous 5 years**

	As at 31st March 2017	As at 31st March 2016
Bonus Shares Issued	Nil	Nil
Shares issued for consideration other than cash	Nil	Nil
Shares bought back	Nil	Nil

**(d) Rights attached to the equity shares:**

The Company has only one class of equity shares having par value of Re. 1 each. All equity shares carry similar voting rights and dividend entitlements.

In the event of liquidation of the Company, the entitlement to receive surplus if any by the equity shareholders will be only after the distribution of all the preferential creditors. The distribution will be in proportion to the number of equity shares held by the shareholders.



(Amount in Rupees)

**3 Reserves and Surplus**

	As at 31st March, 2017	As at 31st March, 2016
<b>Capital Reserve</b>	<b>13,500</b>	<b>13,500</b>
<b>Securities Premium Reserve</b>	<b>7,72,60,138</b>	<b>7,72,60,138</b>
<b>Revaluation Reserve</b>		
Opening Balance	36,67,44,750	65,65,05,052
Less: Reversal of Revaluation Reserve on Buildings*	-	(28,97,60,302)
<b>Closing Balance</b>	<b>36,67,44,750</b>	<b>36,67,44,750</b>
* NOTE: Please refer to Fixed Assets Note No: 8		
<b>General Reserve</b>		
Opening Balance	6,45,94,704	9,43,12,473
Less: Transferred to SGF Initial Contribution payable	-	(3,64,289)
Add: Transferred from Building, Development and Contingency Reserve	16,23,89,338	-
Less: Transferred to Surplus for Payment of Dividend	-	(2,93,53,480)
<b>Closing Balance</b>	<b>22,69,84,042</b>	<b>6,45,94,704</b>
<b>Building, Development and Contingency Reserve</b>		
Opening Balance	16,23,89,338	16,23,89,338
Less: Transferred to General Reserve	(16,23,89,338)	-
<b>Closing Balance</b>	<b>-</b>	<b>16,23,89,338</b>
<b>Surplus</b>		
Opening Balance	3,52,711	12,60,154
Add: Profit for the year	6,95,69,686	3,49,84,505
Add: Transfer from General Reserve	-	2,93,53,480
<b>Amount available for appropriation</b>	<b>6,99,22,397</b>	<b>6,55,98,139</b>
Less: 1st Interim Dividend paid during the year	4,40,30,220	91,72,963
Less: Dividend Distribution Tax paid on the above	89,63,485	18,67,393
Less: 2nd Interim Dividend paid during the year	-	3,66,91,850
Less: Dividend Distribution Tax paid on the above	-	64,72,866
Less: Proposed Final Dividend for the year	-	91,72,963
Less: Dividend Distribution Tax payable on the above	-	18,67,393
<b>Closing Balance</b>	<b>1,69,28,692</b>	<b>3,52,711</b>
<b>Total</b>	<b>68,79,31,122</b>	<b>67,13,55,141</b>





(Amount in Rupees)

	As at 31st March, 2017	As at 31st March, 2016
<b>4 Deferred Tax Liabilities (net)</b>		
Opening Balance	33,42,344	39,45,139
Reduction in Liability	5,19,992	5,70,959
Reduction in Assets	13,43,156	31,836
<b>Closing Balance</b>	<b>41,65,508</b>	<b>33,42,344</b>
<b>5 Other Long Term Liabilities</b>		
Defaulter Members	1,72,08,162	1,64,92,189
Rent Deposit	88,35,956	88,00,088
Disputed Stamp Duty Liability - Escrow 1 [Please refer to Note no: 21]	-	4,41,18,400
Disputed Stamp Duty Liability - Escrow 2 [Please refer to Note no: 21]	-	1,46,66,124
Accumulated Interest on Escrow Account 1 after tax	-	1,74,916
Accumulated Interest on Escrow Account 2 after tax	-	73,897
Long Term Liabilities - Others	31,72,127	31,26,436
<b>Total</b>	<b>2,92,16,245</b>	<b>8,74,52,050</b>
<b>6 Other Current Liabilities</b>		
Disputed Stamp Duty Liability - Escrow 2 [Please refer to Note no: 21]	16,11,457	-
Accumulated Interest on Escrow Account 2 after tax	2,34,558	-
For Expenses	8,28,466	8,73,912
Unclaimed Dividends	22,66,676	1,15,33,035
Base Minimum Capital	31,08,401	38,53,616
Tax Deducted at Source	18,340	3,245
Statutory Liabilities	23,556	18,90,715
Rent Deposit	2,10,000	-
Other Liabilities	22,31,520	22,71,485
<b>Total</b>	<b>1,05,32,973</b>	<b>2,04,26,008</b>
<b>7 Short Term Provisions</b>		
Provision for VRS and Gratuity	10,89,176	10,89,176
Provision for Income Tax (net)	1,72,016	-
<b>Total</b>	<b>12,61,192</b>	<b>10,89,176</b>





**BgSE Properties and Securities Limited**  
(formerly known as Bangalore Stock Exchange Limited)

## 8. Fixed Assets

(Amount in Rupees)

Particulars	Gross Block				Depreciation			Net Block	
	As at 1st April 2016	Additions	Disposal / Reversal of Revaluation Reserve	As at 31 March 2017	As at 1st April 2016	Revaluation Reserve (-) / Withdrawn	For the Year	As at 31 March 2017	As at 31 March 2016
<b>Land</b>									
Land - Infantry Road	21,31,60,000	-	-	21,31,60,000	-	-	-	-	21,31,60,000
Land - JC Road	22,81,60,000	-	-	22,81,60,000	-	-	-	-	22,81,60,000
<b>Building</b>									
Building at JC Road*	6,19,05,097	-	-	6,19,05,097	4,08,78,639	-	20,18,540	4,28,97,179	2,10,26,458
<b>Other</b>									
Office Equipments	15,12,327	34,900	-	15,47,227	14,89,385	-	17,841	15,07,226	22,942
Electrical Installations	1,56,54,515	4,47,577	-	1,61,02,092	1,56,04,381	-	1,28,992	1,57,33,373	50,134
Electronic Equipments	1,64,601	-	-	1,64,601	1,33,586	-	10,371	1,43,957	31,015
Computer Systems	1,51,21,041	-	-	1,51,21,041	1,50,75,082	-	26,015	1,51,01,097	45,959
Vehicles	8,47,322	-	-	8,47,322	2,73,390	-	1,59,570	4,32,960	5,73,932
Furniture & Fixtures	1,46,47,973	-	-	1,46,47,973	1,45,91,634	-	17,043	1,46,08,677	56,339
<b>Total</b>	<b>55,11,72,876</b>	<b>4,82,477</b>	<b>-</b>	<b>55,16,55,353</b>	<b>8,80,46,097</b>	<b>-</b>	<b>23,78,372</b>	<b>9,04,24,469</b>	<b>46,31,26,779</b>
<b>Previous Year</b>	<b>97,22,40,732</b>	<b>75,032</b>	<b>(42,11,42,888)</b>	<b>55,11,72,876</b>	<b>21,65,94,055</b>	<b>(13,13,81,119)</b>	<b>28,33,161</b>	<b>8,80,46,097</b>	<b>46,31,26,779</b>

\* During the previous year (FY 2015-16), the revaluation reserve on Buildings has been reversed to the extent of Rs.28,97,60,302 (net of depreciation) as per Board's decision dated 19-02-2016.



(Amount in Rupees)

**9 Non Current Investments at Cost - Unquoted**

- (a) Trade Investments
- (b) Other Investments
- (i) Inter-Connected Stock Exchange of India

(i) Total holding is 840,000 Equity shares, (PY 840,000) of Face value of Rs 1/-; during January 2012, 798,000 bonus shares were issued.

**10 Long - Term Loans and Advances**

- Advance Tax and Tax deducted at source (net)
- Other Receivables - Security Deposits

**11 Other Non - Current assets**

- Gratuity Plan Assets

**12 Cash and Cash Equivalents**

- Balances with Banks - Current Accounts
- Cash on Hand
- Earmarked balances with banks (Unpaid Dividend)
- Balances with Banks - Fixed Deposits of less than 3 months\*

**Other Bank Balances**

- Bank Deposits of more than 3 months\*
- Fixed Deposits in 1st Escrow Account
- Fixed Deposits in 2nd Escrow Account

\*Deposits to the extent of Rs.14,63,69,232 (Previous Year Rs 9,15,88,822) have been earmarked as given in Note 28.

**13 Trade Receivables**

- Receivables from Tenants
- Receivables from BgSE Financials Ltd

**14 Short - Term Loans and Advances**

**Unsecured Considered Good**

- Considered Doubtful
- Less : Provision for doubtful advances

Mat Credit Entitlement

**Secured, considered good**

- Loans and Advances to staff
- Service Tax Receivables
- Interest Accrued
- Interest Accrued -1st Escrow FD A/c
- Interest Accrued -2nd Escrow FD A/c

As at 31st March, 2017	As at 31st March, 2016
-	-
42,000	42,000
<b>42,000</b>	<b>42,000</b>
-	6,03,892
24,41,642	24,41,642
<b>24,41,642</b>	<b>30,45,534</b>
6,54,404	5,05,027
<b>6,54,404</b>	<b>5,05,027</b>
11,50,375	3,73,018
1,478	1,724
25,04,499	25,52,202
5,95,01,364	3,84,44,868
22,22,94,936	23,90,09,616
-	4,41,18,400
16,50,000	1,46,66,000
<b>28,71,02,651</b>	<b>33,91,65,828</b>
11,50,993	17,93,059
-	2,08,049
<b>11,50,993</b>	<b>20,01,108</b>
1,14,655	4,36,706
-	40,62,415
-	(40,62,415)
1,14,655	4,36,706
71,49,385	-
-	-
-	5,000
1,02,321	3,29,116
97,19,923	1,13,64,930
-	2,35,184
90,032	99,357
<b>1,71,76,316</b>	<b>1,24,70,293</b>



	(Amount in Rupees)	
	For the year ended 31st March 2017	For the year ended 31st March 2016
<b>15 Revenue from Operations</b>		
Lease Rent	1,93,08,096	1,80,88,404
Other Operating Income	16,08,806	17,40,719
	<b>2,09,16,902</b>	<b>1,98,29,123</b>
<b>16 Other Income</b>		
Interest Income (Gross)	2,75,75,282	2,43,41,471
Dividend Income: From Subsidiary	-	48,96,000
: Mutual Fund Investments	2,04,641	1,73,941
Other Non-operating Income	25,90,623	2,28,735
Provisions Written Back	40,62,415	-
Profit on Sale of Investments	4,41,18,400	1,49,05,600
	<b>7,85,51,361</b>	<b>4,45,45,747</b>
<b>17 Employee Benefits Expense</b>		
Salaries and Wages	38,16,581	39,73,707
Contribution to Provident and other funds	5,58,944	6,32,236
Staff welfare expenses	4,19,173	3,97,737
	<b>47,94,698</b>	<b>50,03,680</b>
<b>18 Operating Expenses</b>		
Advertisement	1,17,374	65,324
Auditors' Remuneration: For Statutory Audit	1,00,000	1,00,000
For Tax Audit	10,000	10,000
Bad Debts Written Off	40,62,415	-
Bank Charges	3,148	-
BFSL Stake Sale Expenses	-	1,05,885
Computer Maintenance	31,350	22,905
Directors Sitting Fees	6,90,000	9,30,000
Electricity & Water Charges	3,55,658	11,44,336
Office Maintenance	11,71,712	12,36,280
Security Charges	13,06,333	17,16,680
Repairs and Maintenance: Buildings	1,01,465	2,51,618
Electrical Installations	13,00,636	15,35,700
Others & AMCs	1,52,008	5,18,935
Rates and Taxes	20,91,478	16,82,074
Website Maintenance Expenses	50,000	50,000
Insurance	64,174	1,66,607
Communication Expenses	1,46,103	1,70,977
Printing and Stationery	1,16,539	1,78,641
Internal Audit Fees	40,000	40,000
Professional Charges	13,49,556	8,39,851
Travelling and conveyance	4,41,532	4,70,740
Meeting and Seminar Expenses	32,074	1,77,494
Miscellaneous Expenses	3,17,850	3,17,686
Prime Minister's Relief Fund	-	1,08,000
	<b>1,40,51,404</b>	<b>1,18,39,733</b>



(Amount in Rupees)

**Note 19 - Contingent Liabilities & Commitments****Claims against the company not acknowledged as debt**

1. Devendran Mahadevan & Others
2. SEBI fee dues from Stock Brokers where SEBI has made appeal to Hon'ble Supreme Court
3. Income Tax liability in respect of AY 2009-10
4. Pending Legal Cases / Misc. Claims
5. Indemnity to BgSE Financials Ltd (expiring on 20.08.2017)

As at 31st March, 2017	As at 31st March, 2016
54,33,730	53,89,245
99,42,350	99,42,350
33,79,052	33,79,052
2,97,71,275	3,55,58,734
4,69,79,943	
<b>9,55,06,350</b>	<b>5,42,69,381</b>

1. In the case of Devendran Mahadevan & Others, the Company has filed a RFA contesting the Lower Court order. Presently the case is pending before the High Court of Karnataka and no provision has been made in the books pertaining to a claim on ABB India Ltd. Shares worth Rs. 52,46,565 (Previous Year Rs. 52,33,650) i.e. 4,100 shares at Rs. 1,279.65 per share based on the market price as on 31st March 2017 and Dividend up to 31st March 2017 of Rs. 1,70,765 (Previous Year Rs 1,55,595).
2. As per the Exit order dated 26th December 2014, the demand by SEBI for the payment of registration fees amounting to Rs.99,42,350/- in respect of 10 stock brokers of BgSE was set aside by the Hon'ble Securities Appellate Tribunal (SAT). SEBI has filed an appeal before the Hon'ble Supreme Court impugning the said orders of the Hon'ble Securities Appellate Tribunal. As the matter is subjudice contingent liability has been recognised.
3. During 2012-13, the Income Tax Department had reopened the assessment of AY 2009-10 and recomputed the figures under section 115JB of the Act by adding the withdrawals from Revaluation Reserves to the Book Profits and raised a demand for Rs.33,79,052 in terms of its Order dated 21.8.2013. Further, contrary to the facts, IT Department has disallowed expenditure on electrical maintenance to the extent of Rs.11,10,674/- by wrongly treating the same as capital expenditure and 'Write off' of Deferred Revenue Expenditure of Rs.4,91,203/- by stating that it has not been passed through P&L. The Company has filed an appeal against the demand and the management is reasonably confident of a favorable decision.
4. a). There are 7 legal cases filed against the Company, where the Company is a sole respondent/ joint respondent alongwith members of the erstwhile Stock Exchange and the cases are pending in the Courts at various stages. It has been estimated that the total liability shall be approximately Rs. 2,96,94,493 (PY 3,55,58,734/-) in case the Court decision is against the Company. However, the Company has filed counters in all the cases and is confident that the judgements will be in its favour in all the cases. b). Apart from the above, there are another 3 cases filed impleading the Company as one of the defendants, wherein the Company does not foresee any liability in all the cases. Refer point no 28.

**Note 20 - Depreciation on Fixed Assets**

Schedule II of the Companies Act 2013 is applicable to the Company from 1st April 2014. Consequent to this the Management during the year ending 31st March 2015, based on internal and external technical evaluation, reassessed the remaining useful life of assets, primarily consisting of buildings with effect from 1st April 2014. Accordingly, the useful lives of assets required a change from the previous estimates.



The useful lives as per Schedule II and the evaluation by Company are as below :

Category of Assets	Useful Life As per Schedule II (in Years)	Current Useful Life (in Years)
Building	60	50
Office & Electronic equipment	5	5
Electrical equipment	10	10
Computers	3	3
Furniture & Fixtures	10	10
Vehicles	8	8

The Company has provided Rs 0.24 crore [Previous Year: Rs 0.28 crore] towards depreciation for the year ended March 31, 2017.

#### Note 21 - Disputed Stamp Duty Liability of BgSE Financials Ltd (erstwhile Subsidiary Company):

A tripartite Share Purchase Agreement was entered on 20th August 2015 with Mr. Pramod G Jain and Other Persons Acting in Concert by the Company on its own behalf and on behalf of 88 share holders of the erstwhile Subsidiary Company. Pursuant to this agreement the Company had sold 54,40,000 shares and had facilitated the share holders of the erstwhile Subsidiary Company to sell 18,08,400 shares during the year 2015-16 at a price of Rs.21.75 (cum dividend of Re 0.90) per share. The erstwhile Subsidiary Company had filed a writ petition against the Stamp Duty demand made by the District Registrar of Stamps regarding contract notes relating to the period from 1st April 2003 to 31st Jan 2007, in the High Court. Accordingly, the prorata amount of Rs 8.11 per share amounting to Rs 4.41 crores (excluding Accrued Interest) and Rs 1.47 crores (excluding Accrued Interest) was kept in two Escrow Accounts till such time the case or any appeal thereto is decided by the High/ Apex Court. During the current year the case was decided by the Karnataka High Court in favour of the BgSE Financials Ltd; as the District Registrar of Stamp Duty may go for an appeal against the order of High Court, the Purchaser of BgSE Financials Ltd. requested the Company to execute an indemnity bond as a precondition to release the funds from the Escrow account. The Company has executed the indemnity bond of Rs.4,69,79,943 which will be expiring on August 20, 2017.

An amount of Rs 18,46,015 is due to the shareholders of erstwhile Subsidiary who were part of the above arrangement. An amount equivalent to the said liability has been earmarked for settling the dues.

(Amount in Rupees)

#### Note 22 - Contribution to Employee Benefit plans

##### i. Defined Contribution Plans

- (a) Employee Provident Fund
- (b) Employee State Insurance
- (c) Family Pension Fund
- (d) GSLI
- (e) Superannuation Fund

As at 31st March, 2017	As at 31st March, 2016
2,60,595	2,59,660
12,544	19,309
14,933	21,230
480	680
27,083	24,860
<b>3,15,635</b>	<b>3,25,739</b>

##### ii. Defined Benefit Plan :

##### Gratuity plan

The Company has a gratuity plan, which is a defined benefit scheme. Every employee who has completed 5 years or more of service is eligible for gratuity on separation, which is worked out at One month's Basic Pay plus DA upto 30th September, 2006 and at 10% of annual Basic Pay plus DA (last drawn salary) from 1st October 2006 onwards for each completed year of service. The Company provides the gratuity benefit through annual contribution to a fund managed by the Life Insurance Corporation of India (LIC). Under this plan, the settlement obligation remains with the Company, although the LIC administers the plan and determines the contribution premium required to be paid by the Company.



(Amount in Rupees)

	As at 31st March, 2017	As at 31st March, 2016
<b>Reconciliation of the projected benefit obligations</b>		
Change in projected benefit obligations		
Obligations at beginning of the year	8,12,801	9,17,683
Service cost	1,78,285	2,31,656
Interest cost	65,024	73,415
Benefits paid	-	(4,25,477)
Actuarial (gain) / loss	(22,758)	15,524
<b>Obligations at year end</b>	<b>10,33,352</b>	<b>8,12,801</b>
<b>Change in plan assets</b>		
Plan assets at beginning of the year, at fair value	13,17,828	14,99,230
Expected return on plan assets	1,15,060	1,21,465
Actuarial gain	14,033	-
Contributions	2,40,835	1,22,610
Benefits paid	-	(4,25,477)
<b>Plan assets at year end, at fair value</b>	<b>16,87,756</b>	<b>13,17,828</b>
<b>Reconciliation of present value of obligation and fair value of plans assets</b>		
Present value of defined benefit obligation at the end of the year	10,33,352	8,12,801
Fair value of the plan assets at the end of the year	16,87,756	13,17,828
<b>Assets recognised in the balance sheet</b>	<b>6,54,404</b>	<b>5,05,027</b>
<b>Gratuity cost for the year</b>		
Service cost	1,78,285	2,31,656
Interest cost	65,024	73,415
Expected return on plan assets	(1,15,060)	(1,21,465)
Actuarial (gain) / loss	(36,791)	15,524
<b>Net gratuity cost</b>	<b>91,458</b>	<b>1,99,130</b>
<b>Assumptions</b>		
<b>Interest rate</b>	8.00%	8.00%
Expected rate of return on plan assets	8.00%	8.00%
Rate of increase in compensation cost	7.00%	7.00%
Attrition rate	3-2-1%	3-2-1%
Retirement age (in years)	60	60

**Note:**

The estimates of future salary increases considered in actuarial valuation, takes account of inflation, seniority, promotion, and other several factors such as supply and demand factor in the employment market. Employee turnover varies based on various age groups.



(Amount in Rupees)

**Note 23 - Auditors' Remuneration (excluding Service Tax)**

Statutory Audit Fees  
Tax Audit Fees

For the year ending 31st March 2017	For the year ending 31st March 2016
1,00,000	1,00,000
10,000	10,000
<b>1,10,000</b>	<b>1,10,000</b>

**Note 24 - Related Party Disclosures**

**I Relationships**

(a) Parties where control exists

- Subsidiary company

(b) Key Management Personnel

M/s. BgSE Financials Limited - till 10th March 2016

Mr. Manjit Singh, Executive Director,

Mr. R.M Uday Shankar, Shareholder Director

(Amount in Rs.)

**II Related party transactions**

**BgSE Financials Limited**

Rent & Maintenance and  
Electricity Charges

Dividend Income

Reimbursement of Expenses\*

Payment of RTA Charges\*

Payment of Support charges and  
reimbursement of expenses\*

\*including Service Tax component

Reimbursement of Salary to COO

**Manjit Singh**

Remuneration

**Uday Shankar**

Legal Charges\*

\*including Service Tax component

For the year ending 31st March 2017	For the year ending 31st March 2016
-	54,67,895
-	48,96,000
-	4,07,054
-	44,611
-	1,00,292
-	-
-	8,81,288
24,99,600	27,22,200
5,68,850	-

**Note 25 - Segment Reporting**

The main source of income of the Company is 'renting & maintenance of immovable properties' and is only operating in 'India'.

**Note 26 - Earnings per Share**

Net profit after tax attributable to equity shareholders

Weighted average number of equity shares of Re. 1  
each used for calculation of basic earnings per share

Basic/Diluted earning/(loss) per share

As at 31st March, 2017	As at 31st March, 2016
6,95,69,686	3,49,84,505
3,66,91,850	3,66,91,850
<b>1.90</b>	<b>0.95</b>



**Note 27 - Dues to Micro, Small and Medium Enterprises**

The Company did not have any dealings with Micro, Small and Medium Enterprises in the current year as confirmed by the Management. [Previous Year : Nil].

**Note 28 - Undertaking to SEBI**

As part of the exit process, the erstwhile Stock Exchange was asked to submit an undertaking to SEBI confirming that it does not have any third party liabilities or undisclosed liabilities other than available in the balance sheet and other financial records submitted to SEBI. The liabilities disclosed to SEBI as per the records and outstanding as at the year ended March 2017 are stated below:

- Liabilities to Members of erstwhile Stock Exchange amounting to Rs. 46,58,189. [Previous Year : Rs 54,51,941]
- Liabilities towards staff amounting to Rs. 13,61,780. [Previous Year 13,61,780]
- Contingent liabilities amounting to Rs. 9,55,06,350 [Previous Year Rs 5,42,69,381] reported under Note No: 19.
- Other liability amounting to Rs. 3,26,77,464 [Previous Year Rs. 3,05,05,720] excluding employee recoveries, TDS deducted and Trade Creditors.

The Company has undertaken to clear all the above liabilities amounting to Rs. 13,42,03,783 (Previous Year Rs 9,15,88,822) and/or to set aside an equivalent amount to meet these liabilities before distribution of assets to the shareholders of the Company. For the said purpose, the Company has earmarked FDs for an amount of Rs. 14,63,69,252 (previous year Rs. 9,15,88,822) to adequately cover the outstanding liability.

(Amount in Rupees)

<b>Note 29 - Movement of Provisions</b>	<b>Provision for Doubtful Debts</b>	<b>VRS &amp; Gratuity</b>	<b>Expenses</b>	<b>Total</b>
Balance at the beginning - April 2015	40,62,415	10,89,176	10,95,511	62,47,102
Provisions utilised during the FY 2015-16	-	-	2,21,599	2,21,599
Balance at the end - March 2016	<b>40,62,415</b>	<b>10,89,176</b>	<b>8,73,912</b>	<b>60,25,503</b>
Provisions created during FY 2016-17	-	-	8,28,466	8,28,466
Provisions utilised during FY 2016-17	40,62,415	-	(8,73,912)	31,88,503
<b>Balance at the end - March 2017</b>	<b>-</b>	<b>10,89,176</b>	<b>8,28,466</b>	<b>19,17,642</b>

**Note 30 - Deferred Tax Asset/Liabilities**

The components of Tax Effect on Deferred Tax Asset/ Deferred Tax Liability are as follows:

(Amount in Rupees)

<b>Particulars</b>	<b>As at 31st March 2017</b>	<b>As at 31st March 2016</b>
<b>Deferred Tax Asset</b>		
VRS	3,60,114	3,60,114
Doubtful Debts	-	13,43,156
	<b>3,60,114</b>	<b>17,03,270</b>
<b>Deferred Tax Liability</b>		
Depreciation	45,25,622	50,45,614
<b>Net Deferred Tax Liability</b>	<b>41,65,508</b>	<b>33,42,344</b>





**Note 31-** The Company has not incurred any expenditure in foreign currency during the year (Previous year: Rs. Nil)

**Note 32-** Commitments for Capital expenditure not provided for Rs. Nil (previous year : Rs Nil)

**Note 33-** The Company did not have any imports during the year (previous year: Rs. Nil)

**Note 34-** The Company did not have any earnings in foreign currency during the year (previous year: Rs. Nil)

**Note 35-** Since the Company meets the criteria specified in Section 135 of the Companies Act, 2013 during the FY 2016-17, the Company has to constitute a CSR Committee.

**Note 36-** Disclosure regarding the details of Specified Bank Notes(SBN) held and transacted during 8th November 2016 to 30th December 2016 in terms of notification dated 30th March 2017 issued by Ministry of Corporate Affairs is provided in the table below:

Particulars	SBN	Other denomination Notes	Grand Total
Closing cash in hand on 08.11.2016	500	1,712	2,212
(+) Permitted Receipts	-	1,11,957	1,11,957
(-) Permitted Payments	-	30,830	30,830
(-) Amount deposited in Banks	500	76,597	77,097
Closing cash in hand on 30.12.2016	-	6,242	6,242

**Note 37 -** The Company has reclassified the previous year figures to conform to current year's classification.

**As per our report attached**

for **Abarna & Ananthan**  
Chartered Accountants  
Firm registration number : 000003S

**CS Gopalakrishna**  
Partner  
Membership No. 014706

Place : Bengaluru  
Date : August 19, 2017

for **BgSE Properties and Securities Limited**  
(formerly known as Bangalore Stock Exchange Limited)

**Manjit Singh**  
Executive Director  
DIN No : 03563281

**Sankarshan Basu**  
Director  
DIN No : 06466594

**B P Rao**  
Chairman  
DIN No : 00467226

**K Ishwara Bhat**  
Director  
DIN No : 00597166



**Cash Flow Statement for the Year Ended 31st March 2017**

(Amount in Rs.)

	<b>2016-17</b>		<b>2015-16</b>	
	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
Cash flows from operating activities				
Profit before taxation		7,82,43,790		4,46,98,296
Adjustments for:				
Depreciation and amortization expense	23,78,372		28,33,161	
Profit on sale of Fixed Assets	-		(16,303)	
Profit on Sale of Investments	(4,41,18,400)		(1,49,05,600)	
Interest received	(2,32,21,807)		(2,28,29,323)	
Dividends received	(2,04,641)		(50,69,941)	
Provision for Bonus	-		(54,505)	
Provision for Wealth Tax	-		-	
		(6,51,66,476)		(4,00,42,511)
		1,30,77,313		<b>46,55,785</b>
(Increase)/ decrease in Assets	(4,97,63,340)		(4,89,88,702)	
Increase/ (decrease) in liabilities	6,81,28,840	1,83,65,500	4,57,49,174	(32,39,528)
		3,14,42,814		14,16,257
Income taxes paid		(1,44,59,217)		(97,08,645)
<b>Net cash from Operating Activities</b>		<b>1,69,83,597</b>		<b>(82,92,388)</b>
Cash Flows from Investing Activities				
Purchase of property, plant and equipment	(4,82,477)		(75,032)	
Disposal of Fixed Assets	-		17,770	
Sale / (Purchase) of investments	4,41,18,400		6,93,05,600	
Interest received	2,32,21,807		2,28,29,323	
Dividends received	2,04,641		50,69,941	
<b>Net cash from Investing Activities</b>		<b>6,70,62,371</b>		<b>9,71,47,602</b>
Cash Flows from Financing Activities				
SGF - Securities Dep recd	-		-	
SGF - Deposits repaid	-		(3,64,289)	
Interest received - SGF	-		-	
Miscellaneous Expenses - SGF	-		-	
Dividend & Corporate Dividend Tax	(6,22,60,064)		(6,30,10,676)	
<b>Net cash from financing activities</b>		<b>(6,22,60,064)</b>		<b>(6,33,74,965)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2,17,85,904</b>		<b>2,54,80,249</b>
Cash and cash equivalents at beginning of reporting period		4,13,71,812		1,58,91,563
<b>Cash and cash equivalents at end of reporting period</b>		<b>6,31,57,716</b>		<b>4,13,71,812</b>
Cash & Cash equivalents:				
Cash and cash equivalents consist of cash on hand and balances with banks, and investments in money market instruments. Cash and cash equivalents included in the statement of cash flows comprise the following amounts in the balance sheet:				
Cash on hand and bank balances		6,31,57,716		4,13,71,812
Effect on exchange rate changes		-		-
<b>Cash and cash equivalents as restated</b>		<b>6,31,57,716</b>		<b>4,13,71,812</b>

As per our report of even date attached

for **Abarna & Ananthan**  
Chartered Accountants  
Firm registration number : 000003S

**CS Gopalakrishna**  
Partner  
Membership No. 014706

Place : Bengaluru  
Date : Auguat 19, 2017

for **BgSE Properties and Securities Limited**  
(formerly known as Bangalore Stock Exchange Limited)

**Manjit Singh**  
Executive Director  
DIN No : 03563281

**Sankarshan Basu**  
Director  
DIN No : 06466594

**B P Rao**  
Chairman  
DIN No : 00467226

**K Ishwara Bhat**  
Director  
DIN No : 00597166