

# SMIFS CAPITAL MARKETS LIMITED

August 19, 2018

**The Secretary  
BSE Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai 400 001**

Dear Sir,

**Sub: Annual Report of the Company for the year ended 2017 -2018 AGM to be held on September 22, 2018**

Pursuant to 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 enclosed please find 6 (six) copies of the Annual Report of our Company for the year ended 2017 -2018.

Yours faithfully,  
**For SMIFS Capital Markets Limited**

*Poonam Bhatia*

**(Poonam Bhatia)  
Company Secretary-cum- Senior Manager Legal**



ANNUAL  
REPORT  

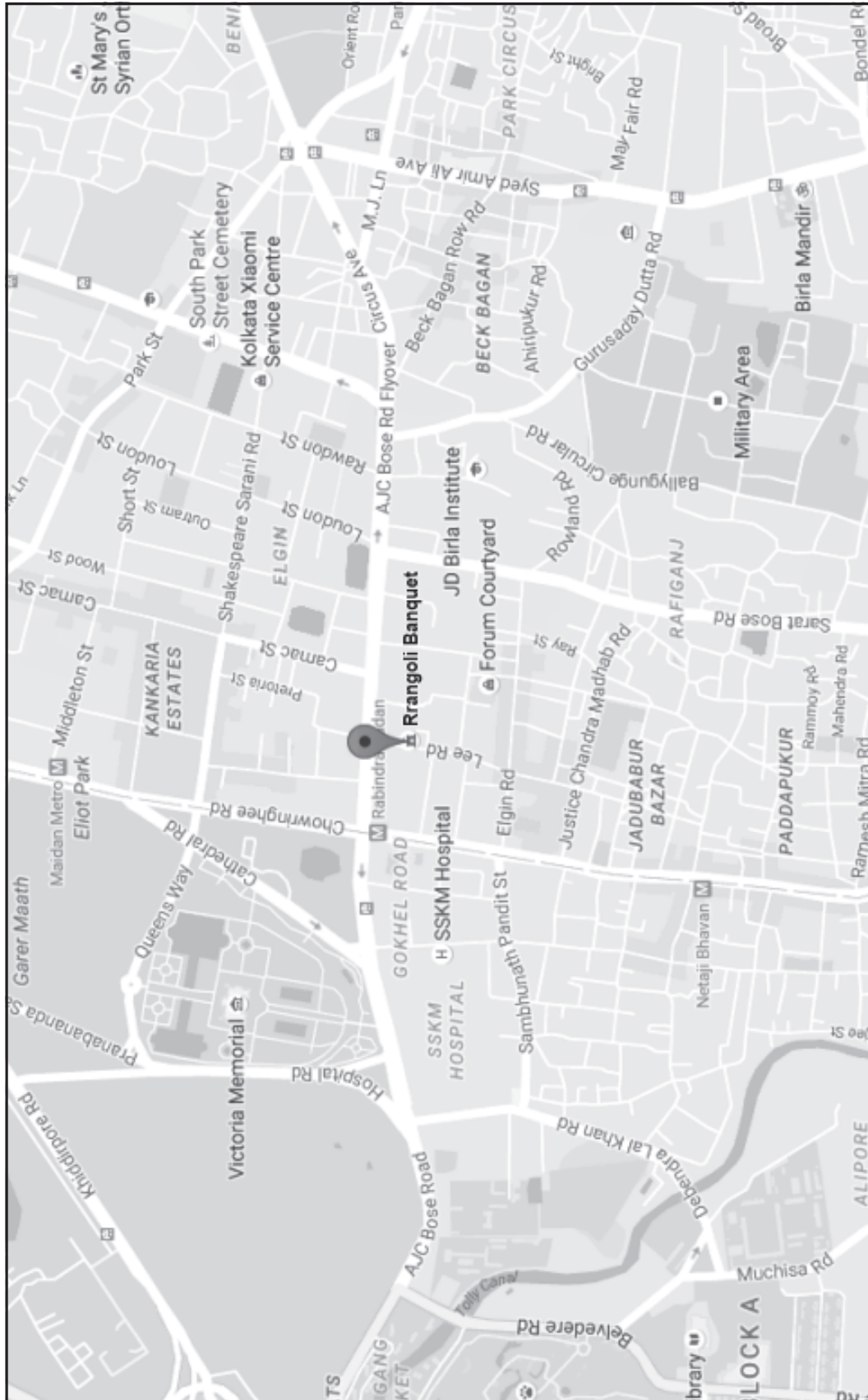
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2017-2018



**SMIFS CAPITAL MARKETS LTD.**

ROUTE MAP TO THE VENUE OF THE THIRTY FIFTH ANNUAL GENERAL MEETING



Rrangoli Banquet Hall, 'Vaibhav', 4, Lee Road, Ground Floor, Kolkata - 700 020



# SMIFS CAPITAL MARKETS LIMITED

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# SMIFS CAPITAL MARKETS LIMITED

(CIN: L74300WB1983PLC036342)

## Board of Directors

Mr. Utsav Parekh	–	Chairman
Mr. Ramesh Maheshwari	–	Director
Mr. Ajay Kumar Kayan	–	Director
Mr. Santosh Kumar Mukherjee	–	Director
Mrs. Ramya Hariharan	–	Director
Mr. Kishor Shah	–	Managing Director
Mrs. Pushpa Mishra	–	Director

## Company Secretary

Ms. Poonam Bhatia

**SMIFS**

## Auditors

S. K. Agarwal & Co.  
Chartered Accountants

## Bankers

HDFC Bank Ltd.  
State Bank of India  
ICICI Bank

## Registrar & Transfer Agents

M/s Maheshwari Datamatics Pvt. Ltd.  
23, R.N. Mukherjee Road, 5<sup>th</sup> Floor  
Kolkata – 700 001  
Phone No.:(033) 2243-5029/5809, 2248-2248  
Fax No.:(033) 2248-4787  
Email: mdpldc@yahoo.com



# SMIFS CAPITAL MARKETS LIMITED

(CIN: L74300WB1983PLC036342)

Regd Office: 'Vaibhav', 4F, 4, Lee Road, Kolkata – 700 020

Tel No. 033-2290-7400/7401/7402/0544, Fax No. 033-2287-4042, 2240-6884

E-mail: smifscap@vsnl.com, cs.smifs@gmail.com, Website: www.smifscap.com

## NOTICE

**NOTICE** is hereby given that the Thirty Fifth Annual General Meeting of the members of **SMIFS CAPITAL MARKETS LIMITED** will be held on Saturday, September 22, 2018 at Rrangoli Banquet Hall, 'Vaibhav', 4, Lee Road, Ground Floor, Kolkata - 700 020 at 10.00 a.m. for transacting the following:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at March 31, 2018, the Statement of Profit & Loss and the Cash Flow Statements for the year ended on that date and the Reports of the Board of Directors' and Auditors' thereon.
2. To declare dividend for the year ended March 31, 2018.
3. To appoint Director in place of Mr. Ajay Kumar Kayan (DIN No. 00239123), who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. S. K. Agarwal & Co., Chartered Accountants, Kolkata (Registration No.: 306033E) be and are hereby appointed as the Statutory Auditors of the Company, to hold office from the conclusion of the Thirty Fifth Annual General Meeting until the conclusion of the Thirty Ninth Annual General Meeting of the Company at such remuneration plus taxes as applicable and reimbursement of out-of pocket expenses in connection with the audit as Board of Directors may fix in this behalf.”

### SPECIAL BUSINESS:

5. **APPOINTMENT OF MRS. PUSHPA MISHRA AS AN INDEPENDENT, NON-EXECUTIVE DIRECTOR OF THE COMPANY**

To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** Mrs. Pushpa Mishra (DIN No.07898390) who was appointed by the Board of Directors as an Additional Director of the Company (and categorized as 'Independent Director')

with effect from September 25, 2017, and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 (“the Act”), and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing her candidature for the office of Director of the Company, be and is hereby appointed pursuant to the provisions of Section 149 and 152 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014, and other applicable provisions, if any, of the Act, as an Independent Director of the Company for a period of 5 years, such 5 years computed from the date September 25, 2017, subject to her compliance with the requirements as prescribed under the Act with regard to being an Independent Director and such other provisions as may be applicable, if any, from time to time, and further during the tenure of appointment, the said Independent Director shall not be liable to retire by rotation.”

#### 6. REAPPOINTMENT OF MR. KISHOR SHAH, AS MANAGING DIRECTOR OF THE COMPANY

To consider and, if thought fit, to pass with or without modification(s) the following Resolution as a **Special Resolution**:-

“**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013, the consent of the Company be and is hereby accorded to the reappointment of Mr. Kishor Shah (holding DIN 00170502) as Managing Director of the Company for a period of 3 (Three) years from April 1, 2018 to March 31, 2021 upon the terms and conditions including the remuneration to be paid in the event of loss or inadequacy of profits in any Financial Year as set out in the Explanatory Statement annexed to the Notice convening this Meeting.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to alter and vary such terms of appointment and remuneration so as to not exceed the limits specified in Schedule V to the Companies Act, 2013, as may be agreed to by the Board of Directors and Mr. Kishor Shah, Managing Director.

**RESOLVED FURTHER THAT** the Board of Directors be authorized to take such steps as may be necessary, proper or expedient to give effect to the resolution.”

**Regd. Office:**

‘Vaibhav’ (4F), 4 Lee Road,  
Kolkata - 700 020

The 30<sup>th</sup> day of May, 2018

***By Order of the Board of Directors***

Sd/-

**(Poonam Bhatia)**

*Company Secretary-cum-Senior Manager Legal*





## NOTES:

- 1) **A Member entitled to attend and vote at this Annual General Meeting may appoint a proxy to attend and vote on a poll on his behalf. A proxy need not be a Member of the Company. Proxies, in order to be effective, must be received by the Company at its registered office at 'Vaibhav' (4F), 4, Lee Road, Kolkata - 700 020 not less than 48 (forty-eight) hours before the commencement of this Annual General Meeting.**
- 2) Additional information pursuant to SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 with Stock Exchanges on appointment of Directors at the Annual General Meeting is appearing in the Corporate Governance Report.
- 3) Pursuant to the Circular of Ministry of Corporate Affairs No. 17/2011 dated 21-4-2011, members are requested to provide their email ids to the Company at its Registered Office at 'Vaibhav' (4F), 4, Lee Road, Kolkata - 700 020 (email id : smifscap@vsnl.com, cs.smifs@gmail.com ) or to Registrars, M/s. Maheshwari Datamatics Pvt. Ltd., 23, R.N. Mukherjee Road, 5th Floor, Kolkata-700001 (e-mail id – mdpldc@ yahoo.com).
- 4) Members are requested to notify any change in their address / mandate / bank details immediately to the Company at its Registered Office at 'Vaibhav' (4F), 4, Lee Road, Kolkata - 700 020 (email id : smifscap@vsnl.com, cs.smifs@gmail.com) or to the Registrars, M/s. Maheshwari Datamatics Pvt. Ltd., 23, R.N. Mukherjee Road, 5th Floor, Kolkata-700001 (e-mail id: mdpldc@yahoo.com).
- 5) Members who have multiple accounts in identical names or joint accounts in the same order are requested to consolidate all such shareholdings into one account to facilitate better service.
- 6) Depository System – The Company, consequent to introduction of the Depository System, entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Members, therefore, now have the option of holding and dealing in shares of the Company in electronic form through NSDL or CDSL. With effect from 26-12-2000 trading in shares of the Company on any Stock Exchange is permitted only in dematerialized form.
- 7) Individual shareholders can avail the facility of nomination. The nominee shall be the person in whose name all rights of transfer and / or amount payable in respect of shares shall lie in the event of the death of the shareholder and the joint holder(s), if any. A minor can be a nominee provided the name of the guardian is given in the Nomination Form. Non-individual including Society, Trust, Body Corporate, Partnership Firm, Karta of Hindu Undivided Family, holder of Power of Attorney cannot nominate. For further details in this regard shareholders may contact M/s Maheshwari Datamatics Pvt. Ltd., Registrars and Transfer Agents.
- 8) Members are requested to quote their account / folio number and in case their shares are held in dematerialized form, they must quote their Client ID Number and DP ID Number.
- 9) The Register of Members and Share Transfer Books of the Company shall remain closed from September 15, 2018 to September 22, 2018 (both days inclusive).
- 10) Members / Proxies should bring attendance slip sent herewith duly filled in, for attending the meeting.
- 11) As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to bring their copies to the Meeting.



- 12) Unclaimed Dividend: It is observed that some Members have still not encashed their Dividend Warrants in respect of earlier years i.e. for the years ended 2011, 2012, 2013, 2014, 2015, 2016 and 2017. Such Members are requested to write to the Company / Registrars and obtain payment thereof.
- 13) Investor Grievance Redressal: Company has an exclusive e-mail id, viz. smifscap@vsnl.com, cs.smifs@gmail.com for investor to register their grievance.
- 14) Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN detail to the Company/Registrars and Transfer Agents.
- 15) Voting through electronic means- In compliance with provision of Section 108 of the Companies Act, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the ensuing Annual General Meeting (AGM) by electronic means and the business may be transacted through e - voting service. The facility of casting the votes by the member using an electronic voting system from a place other than venue of the AGM ("remote e- voting") will be provided by Central Depository Services (India) Limited (CDSL).
- 16) Members who have not registered their e-mail address so far, are requested to register their e-mail address for receiving all communications including Annual Report, Notices, Circulars etc. from the Company electronically.

**The instructions for e-voting for shareholders voting electronically are as under:**

- (i) The voting period begins on September 18, 2018 (10:00 a.m.) and ends on September 21, 2018 (5:00 p.m.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of (Book Closure Date) (Saturday) may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on Shareholders.
- (v) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.



(viii) If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"><li>• Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li><li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li></ul>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <p>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</p>

- (ix) After entering these details appropriately, click on “SUBMIT” tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN against the Company name on which you choose to vote .i.e. SMIFS Capital Markets Limited.
- (xiii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.

- (xvii) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xx) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

**Other Instructions:**

- (A) The facility for voting through polling paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through polling paper.
- (B) The members who have cast their vote by remote e- voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- (C) The remote e-voting period commences on September 18, 2018 (10: 00 a.m.) and ends on September 21, 2018 (5:00 p.m.) During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of September 15, 2018 (Saturday) may cast their vote by remote e-voting. The remote e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- (D) The voting rights of the members shall be in proportion to their shares in the paid-up equity share capital of the Company as on September 15, 2018 (Saturday)



- (E) Mrs. Seema Sharma, Practicing Company Secretary (Membership No. 24610 and COP No.11210) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner, whose e-mail address is csseemasharma@gmail.com.
- (F) The Chairman shall, at the AGM at the end of discussion on the resolution on which voting is to be held, allow voting with assistance of scrutinizer, by use of polling paper for all those member who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- (G) The Scrutinizer shall after the conclusion of voting at the Annual General Meeting will first count the votes cast at the Meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- (H) The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company [www.smifscap.com](http://www.smifscap.com) and the website of CDSL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited and The Calcutta Stock Exchange Ltd.
- (I) The Scrutinizer shall within a period not exceeding 3 (Three) working days from the conclusion of the e-voting period unblock the votes in the presence of atleast 2 witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- 17) Detail of dividends declared by the Company for last 5 (Five) years:

Financial year related to	Dividend per Share	Date of Payment of the Dividend
2012-2013	₹ 1.40/-	5 <sup>th</sup> October, 2013
2013-2014	₹ 1.00/-	25 <sup>th</sup> September, 2014
2014-2015	₹ 1.00/-	1 <sup>st</sup> October, 2015
2015-2016	₹ 0.75/-	29 <sup>th</sup> September, 2016
2016-2017	₹ 1.00/-	28 <sup>th</sup> September, 2017

- 18) All documents referred to in the Notice are open for inspection at the Registered Office of the Company on all working days between 10.00 a.m. to 12.00 p.m. upto the date of the Annual General Meeting.
- 19) A route map along with prominent landmarks for easy location to reach the venue of Annual General Meeting is annexed to the Notice.

**Regd. Office:**

'Vaibhav' (4F), 4 Lee Road,  
Kolkata - 700 020

The 30<sup>th</sup> day of May, 2018

**By Order of the Board of Directors**  
Sd/-

**(Poonam Bhatia)**

*Company Secretary-cum-Senior Manager Legal*

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.

### **Item No. 5**

With effect from September 25, 2017, Mrs Pushpa Mishra (DIN No.07898390) was appointed as an Independent-cum-Additional Director of the Company under Section 161 of the Companies Act, 2013. The Company has received a notice from a member proposing Mrs. Pushpa Mishra as a candidate for the office of Director of the Company.

Mrs. Pushpa Mishra is a B. Com and B.A.LL.B with 17 years of experience as a Lawyer. Mrs. Mishra has vast experience in the field of Commercial Law, Company Law, Arbitration Laws, Constitution provisions and other allied Laws.

Mrs. Pushpa Mishra holds 150 Shares of the Company by herself and 100 Shares are held by her relatives.

The Company has received a declaration to this effect that she meets the criteria of Independent Director as provided under Section 149 (6) of the Companies Act, 2013.

In the opinion of the Board, Mrs. Pushpa Mishra fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for her appointment as an Independent Director of the Company. Copy of the draft letter for appointment of Mrs. Pushpa Mishra, as an Independent Director setting out the terms and conditions would be available for inspection, without any fees by the members at the Registered Office of the company during normal business hours on any working day.

Accordingly, the Board recommends the resolution for the appointment of Mrs Pushpa Mishra, as an Independent Director for a period of 5 years with effect from September 25, 2017 and seeks the approval of the shareholders of the Company.

Mrs. Pushpa Mishra may be deemed to be concerned or interested in the proposed Resolution in so far as it relates to her own appointment. None of the other Directors and Key Managerial Personnel of your Company or their relatives are, in any way, concerned or interested in the said Resolution.

### **Item No. 6**

The 3 (Three) years tenure of Mr. Kishor Shah as Managing Director of the Company ended on March 31, 2018. Nomination and Remuneration Committee in its Meeting held on February 3, 2018 recommended and the Board of Directors in their meeting held on the same date approved, subject to the approval of the members by a Special Resolution in the ensuing Annual General Meeting, the appointment of Mr. Kishor Shah as Managing Director for a further period of three years with effect from April 1, 2018 at a remuneration and on such terms and conditions as specified in the agreement entered into between the Company and Mr. Kishor Shah, Managing Director and subject to such limits as mentioned in Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V, Part II, Section II (A) to the Companies Act, 2013.



Information required to be furnished under Schedule V, Part II Section II (A) to the Companies Act, 2013 is given as under:

(i)	Effective Capital as on 31.03.2018	₹ 735,469,511																		
I.	General Information:																			
	1) Nature of Industry	Financial Services																		
	2) Expected date of commencement of commercial production.	The Company is in operation and is engaged in financial services.																		
	3) In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.	N.A.																		
	4) Financial performance based on given indicators.	<p>(a) Profit/ (loss) Before Tax ₹</p> <table> <tr> <td>31.03.18</td> <td>9,361,725</td> </tr> <tr> <td>31.03.17</td> <td>9,651,478</td> </tr> <tr> <td>31.03.16</td> <td>10,988,687</td> </tr> </table> <p>(b) Provision for Taxation (Including Deferred Tax) ₹</p> <table> <tr> <td>31.03.18</td> <td>(17,030,827)</td> </tr> <tr> <td>31.03.17</td> <td>1,098,492</td> </tr> <tr> <td>31.03.16</td> <td>2,497,472</td> </tr> </table> <p>(c) Profit/(Loss) after Tax ₹</p> <table> <tr> <td>31.03.18</td> <td>26,392,552</td> </tr> <tr> <td>31.03.17</td> <td>8,552,986</td> </tr> <tr> <td>31.03.16</td> <td>8,491,215</td> </tr> </table>	31.03.18	9,361,725	31.03.17	9,651,478	31.03.16	10,988,687	31.03.18	(17,030,827)	31.03.17	1,098,492	31.03.16	2,497,472	31.03.18	26,392,552	31.03.17	8,552,986	31.03.16	8,491,215
31.03.18	9,361,725																			
31.03.17	9,651,478																			
31.03.16	10,988,687																			
31.03.18	(17,030,827)																			
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31.03.16	2,497,472																			
31.03.18	26,392,552																			
31.03.17	8,552,986																			
31.03.16	8,491,215																			
	5) Foreign investments or collaborations, if any.	NIL																		
II.	Information about the appointee:																			
	1) Back ground details	<p>(a) Age : 61 Yrs</p> <p>(b) Qualification : B.Com (Hons),ACA, ACS</p> <p>(c) Profession : Service</p> <p>(d) Experience : Over 38 years of experience. Director of two Companies and also member of various Committees.</p>																		
	2) Past Remuneration	Managerial Remuneration drawn as Managing Director of SMIFS Capital Markets Limited.																		
	3) Recognition and awards	NIL																		



	4) Job Profile and his suitability	Mr. Kishor Shah heads the Merchant and Investment Banking, Underwriting, Corporate Advisory, Loan Syndication and other related activities being the complete range of financial services provided by us and with his profound knowledge and experience guides the Company. He also supervises all other activities pursued by the Company.
	5) Remuneration proposed	Given below for the financial years April 1, 2018 to March 31, 2021.
	6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t the country of his origin).	Remuneration proposed is in line with the amount being paid to the professionals in the same field.
	7) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.	None
III.	Other Information :	
	1) Reasons for loss and inadequate profit	N.A.
	2) Steps taken or proposed to be taken for improvement	Company is professionally managed and performance is slated to improve in the ensuing years.
	3) Expected increase in productivity and Profits in measurable terms	The Company expects to increase the productivity and profits by 15% approx in future years.

#### IV. Disclosures

Pursuant to Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V, Part II, Section II (A) to the Companies Act, 2013 the following remuneration, if approved, will be paid to Mr. Kishor Shah with effect from April 1, 2018:

- (i) **Salary:** ₹ 3,81,000/- (Rupees Three Lakhs and Eighty One Thousand only) per month upto March 31, 2019 with annual increment of such amount as may be decided by the Board for the remaining two years subject to the overall limit specified herein below.
- (ii) **House Rent Allowance:** 25% (Twenty Five per cent) of the salary.
- (iii) **Contribution to Provident Fund:** 12% (Twelve percent) of the salary as per the provisions of the Employees Provident Funds and Miscellaneous Provisions Act, 1952.
- (iv) **Annual Flexi Benefit:** Reimbursement of expenses towards Medical benefits for self and family, Leave Travel Assistance, etc. as per the rules of the Company.
- (v) **Gratuity:** As per the rules of the Company.





- (vi) **Personal Accident and Hospitalization Insurance:** As per rules of the Company.
- (vii) **Leave:** Entitled for leave with full pay or encashment as per the rules of the Company.
- (viii) **Conveyance facilities:** The Company shall provide suitable conveyance facilities or in lieu of conveyance facilities, the Company shall reimburse the actual conveyance expenses incurred only for official purposes.
- (ix) **Telephone and other communication facilities:** The Company will reimburse expenses incurred on mobile phones and provide telephone, telefax, broadband internet and other communication facilities at the Managing Director's Residence.
- (x) **Club Membership:** In accordance with the rules of the Company.
- (xi) **Bonus and/or Ex-gratia:** As decided by the Board from time to time.
- (xii) **Other Perquisites:** Subject to the overall ceiling on the remuneration mentioned herein below, the Managing Director may be given other allowances, benefits including stock option benefit as may be applicable and perquisites as the Board may decide from time to time.

**b) Overall Remuneration:**

The aggregate salary, commission and perquisites stated in Clause IV (a) (i) to (xii) in any financial year shall not exceed the limit prescribed from time to time under Sections 196, 197, 203 and other applicable provisions of the Companies Act, 2013 read with Schedule V, Part II, Section II (A) to the Companies Act, 2013 as in force from time to time.

**c) Minimum Remuneration:**

- (i) The remuneration and terms of appointment shall be calculated on the basis of effective capital at the end of previous financial year and the remuneration shall be restricted upto the upper limit based on the effective capital as prescribed in Schedule V, Part II, Section II (A) to the Companies Act, 2013.
- (ii) In the event of loss and inadequacy of profit in any financial year during the currency of tenure of the service the payment of salary, commission, perquisites and other allowance shall be governed by the limits prescribed in Schedule V, Part II, Section II (A) to the Companies Act, 2013.

Your Directors recommend the resolution as a Special Resolution.

This may be considered as the abstract of the terms of contract with Mr. Kishor Shah, Managing Director pursuant to the provisions of Section 190 of the Companies Act, 2013.

Agreement dated February 3, 2018 entered into by the Company with Mr. Kishor Shah is available for inspection at the registered office of the Company between 10:00 a.m. to 12:00 p.m. on any working day.

Mr. Kishor Shah may be deemed to be concerned or interested in the proposed Resolution in so far as it relates to his own appointment. None of the other Directors and Key Managerial Personnel of your Company or their relatives is, in any way, concerned or interested in the said Resolution.

**Regd. Office:**

'Vaibhav' (4F), 4 Lee Road,  
Kolkata - 700 020

The 30<sup>th</sup> day of May, 2018

**By Order of the Board of Directors**

**Sd/-**

**(Poonam Bhatia)**

*Company Secretary-cum-Senior Manager Legal*

## DIRECTORS' REPORT

### TO THE MEMBERS,

Your Directors have pleasure in presenting the Thirty Fifth Annual Report of the Company together with the audited financial statements for the year ended March 31, 2018.

### 1. (a) FINANCIAL SUMMARY OR HIGHLIGHTS/ PERFORMANCE OF THE COMPANY

(₹ in million)

	Year ended 31.03.2018	Year ended 31.03.2017
Profit before Finance Charge, Depreciation & Tax	16.68	15.75
Less: Finance Charge	0.77	0.22
Profit before Depreciation & Tax	15.91	15.53
Less: Depreciation / Amortization	6.54	5.88
<b>Profit before Tax</b>	<b>9.36</b>	<b>9.65</b>
Less: Tax Expenses – Current / Earlier years	2.81	2.50
Less : Deferred Tax for the year	(19.84)	(1.40)
<b>Profit after Tax</b>	<b>26.39</b>	<b>8.55</b>
Profit brought forward from earlier year :	75.59	72.08
Profit transfer from OCI Reserve:	4.19	0.00
<b>Profit available for Appropriation</b>	<b>106.17</b>	<b>80.63</b>
<b>APPROPRIATIONS</b>		
Proposed Dividend including Dividend Tax	6.72	5.04
<b>Profit carried to Balance Sheet</b>	<b>99.45</b>	<b>75.59</b>

### FINANCIAL AND OPERATIONAL PERFORMANCE

Operating profit (PBDIT) of the Company for the year was ₹ 16.68 million (previous year ₹ 15.75 million). Profit after tax for the year increased to ₹ 26.39 million (from ₹ 8.55 million in the previous year).

Net worth of the Company as on March 31, 2018 was ₹ 1106.66 million (previous year ₹ 1050.86 million).

### (b) CAPITAL

The paid up Equity Share Capital as on March 31, 2018 stood at ₹ 55,850,000/- divided into 5,585,000 equity shares of ₹10/- each.

### (c) DIVIDEND

Your Directors recommend payment of dividend of ₹ 1/- per equity share (previous year ₹ 1/- per share) on the paid up equity capital for the year ended March 31, 2018.



#### **(d) TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND**

Pursuant to the applicable provisions of the Companies Act, 2013 read with IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, all unpaid or unclaimed dividends are required to be transferred by the Company to the IEPF established by the Central Government, after the completion of seven years. Further, according to the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the shares in respect of which the dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall also be transferred to the demat account created by the IEPF Authority. Accordingly the Company has transferred the unclaimed and unpaid dividend and shares.

Attention is also being drawn that the unclaimed/unpaid dividend for the Financial Year 2010-11 is due for transfer to Investor Education and Protection Fund during October/November 2018. In view of this, Members of the Company, who have not yet encashed their dividend warrant(s) or those who have not claimed their dividend amounts, may write to the Company/ Company's Registrar and Transfer Agents, M/s Maheshwari Datamatics Private Limited.

### **2. MANAGEMENT DISCUSSION AND ANALYSIS**

Management Discussion and Analysis of financial condition and of operations of the Company for the year under review as required under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges is given in the part on Corporate Governance elsewhere in the Annual Report marked as "Annexure A".

### **3. FINANCE**

The Company continues to focus on judicious management of its working capital. Receivables and inventories were kept under strict control through continuous monitoring.

#### **3.1 DEPOSITS**

The Company has not accepted deposit from the public falling within the ambit of Section 73 of the Companies Act, 2013 and The Companies (Acceptance of Deposits) Rules, 2014.

#### **3.2 PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

### **4. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations.

The Internal Audit monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company and its subsidiary. Based on the report of internal auditors, corrective action is undertaken in respective areas and thereby controls are strengthened. Significant audit observations and corrective actions taken thereon are presented to the Audit Committee of the Board.

### **5. SUBSIDIARY COMPANY**

As on March 31, 2018, there was one wholly-owned subsidiary Company namely, SMIFS Capital Services Limited. Statement required under Section 129(3) of the Companies Act, 2013 in respect of the Subsidiary Company is attached herewith.

## FINANCIAL SUMMARY OR HIGHLIGHTS/PERFORMANCE OF THE SUBSIDIARY COMPANY

(₹ in million)

	Year ended 31.03.2018	Year ended 31.03.2017
Profit/(Loss) before Finance Charge, Depreciation & Tax	(1.42)	(1.32)
Less: Finance Charge	—	—
Profit/(Loss) before Depreciation & Tax	(1.42)	(1.32)
Less: Depreciation / Amortization	0.14	0.11
<b>Profit/ (Loss) before Tax</b>	<b>(1.56)</b>	<b>(1.43)</b>
Less : Tax Expenses	0.01	(0.18)
<b>Profit/ (Loss) after Tax</b>	<b>(1.55)</b>	<b>(1.25)</b>
Profit/(Loss) brought forward from earlier years :	(2.95)	(1.70)
Profit/(Loss) carried to Balance Sheet	(4.50)	(2.95)

### 6. YEAR IN RETROSPECT AND FUTURE OUTLOOK

The financial year 2017-18 was a year of two halves, which saw sharp contrast in the manner in which the economy grew in the first and second half. Transient challenges emanating from the continuing impact of 'Demonetization' and the implementation of GST slowed down the economy in the first half of the year.

However, with the last quarter of the second half of the year witnessing near complete 'Remonetization' of the economy along with smoothening of the GST architecture ,business activity revived with the country's GDP estimated to have growth at 6.7% FY18 vis-à-vis 6.1% growth seen in Apr-Sep FY18. FY18 was the year of profound economic changes on both the global and domestic front. Globally, economic recovery gathered momentum with 2017 characterizing a synchronized improvement across all regions. Domestically, economic RBI shifted monetary policy stance to 'neutral' from 'accommodative' during the course of the year. These structural policy reforms have ushered in the desirable drive of 'Formalization through Financialization' of the economy while also helping revive investments by unlocking capital stuck in the non-productive assets. This resulted in the substantial inflow of the domestic funds in the Capital Markets and BSE Sensex moved up from 29,620.50 on 31st March 2017 to 32,968.68 on 31st March, 2018 having peaked on 31st January, 2018 at 35,965.02

However the macros have worsened considerably in the current financial year. Price of Brent crude has moved upto US \$80 per barrel and 10 year bond yields have moved up to a high of 7.9 %, while rupee has depreciated to 68 against a dollar. These will considerably affect both the fiscal and current account deficit. Inflation has also moved up to 4.6% year on year in April from 4.3% year on year the previous month. Headline Core Inflation accelerated to 5.8% Year on Year and is now only slightly below the MPC target range of 2-6% Year on Year. To support the economic growth, revival of the India's banking sector will need to keep pace with it. The process of resolution of the NPA's which has got streamlined through the Insolvency and Bankruptcy Code (IBC) framework ,is witnessing good progress. This could throw up opportunities for companies in the financial services industry.



Your Company is registered as Category I Merchant Banker and executes various assignments in areas of Mergers and Acquisitions, Loan Syndication, Capital Market Operations, Placement of Equity Shares and Bonds. Your company is hopeful of executing current assignments which will enable it to post reasonable return under the circumstances in the current year.

## **7. LISTING OF THE SECURITIES OF THE COMPANY**

Equity Shares of your Company continue to be listed on BSE Limited and The Calcutta Stock Exchange Limited and the listing fees for the year 2018-19 have been paid. 98.90 per cent of the equity shares of your Company are held in dematerialized form.

## **8. DIRECTOR'S RESPONSIBILITY STATEMENT**

Pursuant to the requirement under section 134(3)(c) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (a) the preparation of the Annual Accounts the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (b) the directors have selected such accounting policies and applied them consistently and made judgement 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 the profit and loss of the company for that period.
- (c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- (d) the directors have prepared the annual accounts on a going concern basis.
- (e) the directors, have laid down internal financial control to be followed by the company and that such internal financial control are adequate and were operating effectively, and
- (f) the director have devised proper systems to ensure compliance with the provision of all applicable laws and that such system were adequate and operating effectively.

## **9. RELATED PARTY TRANSACTIONS**

All related party transactions that were entered, into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All Related Party Transactions are placed before the Audit Committee as also the Board for approval. Prior omnibus approval of the Audit Committee is obtained on a yearly basis for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted are audited and a statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors for their approval on a yearly basis. The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website. None of the Directors has any pecuniary relationship or transactions vis-à-vis the Company.

## **10. VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES**

The Company has a Vigil Mechanism to deal with instance of fraud and mismanagement, if any. The details of the Vigil Mechanism is explained in the Corporate Governance Report and also posted on the website of the Company.

## **11. DISCLOSURE OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION, REDRESSAL) ACT, 2013**

In accordance with The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 to provide for the effective enforcement of the basic human right of gender equality and the guarantee against sexual harassment and abuse, more particularly against sexual harassment at work place, your Company has a Policy on Prevention of Sexual Harassment at the Workplace duly approved by the Board of Directors.

During the year, no complaint was reported under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

## **12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO**

Particulars required under Section 134(3)(m) of the Act, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, under the heads (a) conservation of energy; and (b) technology absorption, are not applicable to the Company.

During the year there was no foreign exchange earnings (previous year nil). Foreign Exchange outgo during the year aggregated to Rs.1.13 million (previous year Rs. 2.29 million).

## **13. DIRECTORS**

Composition of the Board of Directors of your Company fulfills the criteria fixed by Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with more than fifty per cent of the Directors being Independent Directors. Your Board comprises of 7 (seven) directors out of which 4 (four) are independent directors.

There was a change in the composition of Board of Directors during the year. Mrs. Pushpa Mishra was appointed on August 9, 2017 as an Additional Director and held office till the 34<sup>th</sup> Annual General Meeting. She was again appointed as an Additional Director and designated as Independent Director, on September 25, 2017. Further in line with the provisions of the Companies Act, 2013 and other applicable laws, Mrs. Pushpa Mishra's appointment is proposed to be regularized at the ensuing AGM for a period of 5 years and the relevant disclosure for her appointment forms a part of the Notice of the 35<sup>th</sup> Annual General Meeting. Mr. Utsav Parekh is the Non- Executive Chairman. The three-year term of Mr. Kishor Shah as Managing Director ended on March 31, 2018 and on recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors in its meeting held on February 3, 2018 subject to the same being ratified by the members at the ensuing Annual General Meeting by passing a Special Resolution, Mr. Kishor Shah has been re-appointed Managing Director of the Company with effect from April 1, 2018 for a further period of 3 (three) years. Terms of appointment include payment of managerial remuneration as per the provisions of Sections 196, 197, 203 and other applicable provisions, if any, read with Schedule V, Part II, Section II (A) to the Companies Act, 2013.





Mr. Ajay Kumar Kayan, Director, retires by rotation in accordance with the requirements of Companies Act, 2013 and Articles of Association of the Company. He being eligible offered himself for re-appointment.

Brief resume of Mr. Ajay Kumar Kayan and Mrs. Pushpa Mishra, nature of their expertise in specific functional areas, names of companies in which they hold their directorship and/or membership/ chairmanship of committees of Board, their shareholding is furnished in Corporate Governance elsewhere in the Annual Report.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In accordance with the provisions of the Companies Act, 2013 and in terms of the Memorandum and Articles of Association of the Company, Mr. Ajay Kumar Kayan retires by rotation and is eligible for re-appointment.

### **13.1 ANNUAL PERFORMANCE EVALUATION OF THE BOARD**

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, the directors individually, Key Managerial Personnel (KMP), Senior Management as well as the evaluation of the working of its Audit, Nomination & Remuneration Committees and Stakeholders Relationship Committee. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

### **13.2 NOMINATION & REMUNERATION POLICY**

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Nomination and Remuneration Policy is stated in the Corporate Governance Report.

### **13.3 MEETINGS**

During the year five Board Meetings and four Audit Committee Meetings were convened and held. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

## **14. AUDITORS**

### **14.1 STATUTORY AUDITORS**

M/s S. K. Agarwal & Co., Chartered Accountants, Kolkata (Registration No.: 306033E), Statutory Auditors of the Company hold office in accordance with the provisions of the Companies Act, 2013.

The observation made in the Auditor's Report are self-explanatory and therefore, do not call for any further comments under Section 134(3)(f) of the Act.

### **14.2 SECRETARIAL AUDIT**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had



appointed M/s. Dash M & Associates, Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith as “Annexure B”.

## 15. AUDITORS’ QUALIFICATION

### (i) STATUTORY AUDITORS’ QUALIFICATIONS

Qualifications contained in the Auditors’ Report if any have been dealt with in the Notes to financial statements and are self-explanatory.

### (ii) SECRETARIAL AUDITORS’ QUALIFICATIONS

Qualifications contained in the Secretarial Auditors’ Report if any have been dealt with in the Notes to Form MR-3 and are self-explanatory.

## 16. PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197 read with Rule, 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, is given in “Annexure C”.

## 17. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as “Annexure D”.

## 18. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant material orders passed by the Regulators/Courts which would impact the going concern status of the Company and its future operation.

## 19. ACKNOWLEDGEMENTS

Your Directors express their sincere appreciation of the co-operation and assistance received from the shareholders, bankers, regulatory bodies and other business constituents during the year under review.

### Regd. Office:

‘Vaibhav’ (4F), 4 Lee Road,  
Kolkata - 700 020

The 30<sup>th</sup> day of May, 2018

*For and on behalf of the Board of Directors*

Sd/-

**(UTSAV PAREKH)**

Chairman

(DIN No. 00027642)



## ANNEXURE TO DIRECTORS' REPORT MANAGEMENT DISCUSSION AND ANALYSIS

### 1. FINANCIAL STATEMENTS

Financial Statements are in compliance with the provisions of the Companies Act, 2013 and the Accounting Standards issued by ICAI. Readers are cautioned that this discussion may include “forward-looking statements” that are not historical in nature. Forward looking statements may include statements relating to future results, financial condition, business prospects, plans and objectives. Statements are based on current beliefs, assumptions, expectations, estimates and projections on the business segment in which your company operates. The statements do not guarantee positive performance, exposed to known and unknown uncertainties, many of which are beyond the control of your Company. Uncertainty could cause results to differ from forward-looking statements, which should not be construed as representation of future performance.

### 2. MACRO-ECONOMIC OVERVIEW

The financial year 2017-18 was a year of two halves, which saw sharp contrast in the manner in which the economy grew in the first and second half. Transient challenges emanating from the lagged impact of ‘Demonetization’ and the implementation of GST slowed down the economy in the first half of the year.

However, with the last quarter of the second half of the year witnessing near complete ‘Remonetization’ of the economy along with smoothening of the GST architecture ,business activity revived with the country’s GDP estimated to have growth at 6.7% FY18 vis-à-vis 6.1% growth seen in Apr-Sep FY18. FY18 was the year of profound economic changes on both the global and domestic front. Globally economic recovery gathered momentum during the year witnessing a synchronized improvement across all regions. Domestically, RBI shifted monetary policy stance to ‘neutral’ from ‘accommodative’ during the course of the year. These structural policy reforms have ushered in the desirable drive of ‘Formalization through Financialization’ of the economy while also helping revive investments by unlocking capital stuck in the non-productive assets. This resulted in a substantial inflow of the domestic funds in the capital markets and BSE Sensex moved up from 29,620.50 on 31<sup>st</sup> March 2017 to 32,968.68 on 31<sup>st</sup> March, 2018 having peaked on 31<sup>st</sup> January, 2018 at 35,965.02.

However the macros have worsened considerably in the current financial year. Price of Brent crude has moved upto US \$80 per barrel and 10 year bonds yields have moved upto a high of 7.9 %, while rupee has depreciated to 68 against a dollar. These will considerably affect both the fiscal and current account deficit. Inflation has also moved upto 4.6% year on year in April from 4.3% year on year the previous month. Headline Core Inflation accelerated to 5.8% Year on Year and is now only slightly below the MPC target range of 2-6% Year on Year.

### 3. OPPORTUNITIES

To support the economic growth, revival of the India’s banking sector will need to keep pace with it. The process of resolution of the NPA’s which has got streamlined through the Insolvency and Bankruptcy Code (IBC) framework is witnessing good progress. This could throw up opportunities for companies in the financial services industry.

### 4. THREATS

The macros have worsened considerably in the current financial year. Price of Brent crude has moved upto US \$80 per barrel which will considerably affect both the fiscal and current account

deficit. Inflation has also moved up and 10 Year Bond yields have moved upto 7.9% raising the possibility of RBI increasing the REPO rate. This is likely to affect both consumption and investment sector of the economy.

In view of the above, it appears that 2018-19 could be a tough year for the economy. If government spending slows down, it will also slow down revival in economy and adversely affect earnings growth of Companies estimated for the current year.

## 5. CAPITAL MARKETS

As on March 31, 2018, BSE Sensex was 32,968.68 (previous year 29,620.50).

## 6. STANDALONE FINANCIALS

Your Company's revenues increased from ₹ 411.79 million to ₹ 506.20 million. Profits after Tax (PAT) has increased to ₹ 26.39 million (Previous year ₹ 8.55 million).

## 7. FUTURE OUTLOOK

India is likely to be the fastest growing economy in 2018-19. Tax reforms like GST have boosted confidence of investors and will act as a catalyst for growth of the economy.

The growth momentum in India is expected to be driven by consumption sector and increased government spending on infrastructure projects. This is expected to and lead to increased industrial and financial activity. Your company is hopeful of executing current assignments which will enable it to post reasonable return under the circumstances in the current year.

Monsoon is expected to be normal in the current year which will increase rural incomes. Your company is hopeful of increasing business in the areas of mergers and acquisitions, debt restructuring, loan syndication and raising equity capital for companies.

## 8. GREEN INITIATIVE

Your Company has endeavored to popularize the initiative announced by the Central Government vide its Circular No. 17/2011 dated April 21, 2011 and Circular no. 18/2011 dated April 24, 2011. Your company took measures to send all documents in electronic mode to the members who have registered their email ID's with the Company / Registrar & Share Transfer Agent, a step towards achieving paper less statutory compliances.

## 9. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

Internal control system adopted aimed at promoting operational efficiencies and emphasizing adherence to the policies adopted by the Board of Directors.

## 10. CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing your Company's position and expectations may be "forward looking statements" within the meaning of the applicable securities laws and regulations. Results could differ materially from the statements expressed or implied.

### Regd. Office:

'Vaibhav' (4F), 4 Lee Road,  
Kolkata - 700 020

The 30<sup>th</sup> day of May, 2018

*For and on behalf of the Board of Directors*

Sd/-

**(UTSAV PAREKH)**

Chairman

(DIN No. 00027642)



**FORM NO. MR-3**

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

**SECRETARIAL AUDIT REPORT**  
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2018

To,  
The Members,  
**SMIFS CAPITAL MARKETS LIMITED**  
CIN: L74300WB1983PLC036342

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SMIFS CAPITAL MARKETS LIMITED (CIN - L74300WB1983PLC036342)** (hereinafter called “the Company”). The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the 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, the explanations and clarifications given to me and representations made by the management, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2018 generally 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company and records made available to me for the financial year ended on 31<sup>st</sup> March, 2018 according to the applicable 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 there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (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;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2018 and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements)

Regulations, 2009 (**Not applicable to the Company during the audit period**);

- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (**Not applicable to the Company during the audit period**);
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (**Not applicable to the Company during the audit period**);
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**Not applicable to the Company during the audit period**); and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (**Not applicable to the Company during the audit period**).
- (vi) Some of other laws, as informed and certified by the management of the Company, which are specifically applicable to the Company based on its sector/industry, are:-
- (a) E-Waste (Management and Handling) Rules, 2011 (E-Waste (Management) Rules 2016);
  - (b) The Payment of Wages Act, 1936 and The Payment of Wages Rules, 1937;
  - (c) The Maternity Benefit Act, 1961;
  - (d) The Equal Remuneration Act, 1976;
  - (e) Payment of Gratuity Act 1972 & Rules;
  - (f) Protection of Women against Sexual Harassment at Workplace Act & Rules;
  - (g) The Payment Of Bonus Act, 1965 and The Payment of Bonus Rules, 1975;
  - (h) The Minimum Wages Act, 1948 and The Minimum Wages (Central) Rules, 1950;
  - (i) Employees' State Insurance Act, 1948 and Employees' State Insurance (Central) Rules, 1950;
  - (j) Employees Provident Fund and Miscellaneous Provisions Act, 1952 and Employees' Provident Fund Scheme 1952;
  - (k) The Employee's Deposit Linked Insurance Scheme, 1976 and Employee's Pension Scheme, 1995;

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

- (i) the Secretarial Standards issued by The Institute of Company Secretaries of India;
- (ii) The Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

In respect of other laws specifically applicable to the Company, I have relied information, explanations, clarification/records produced by the Company during the course of my audit and the reporting is limited to that extent.



**I further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Woman Director 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 was 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.

Majority of the decisions at the Board and Committee Meetings are carried through unanimously as recorded in the minutes of the respective Meetings.

**I further report that** as represented by the Company and relied upon by me, there are 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. However, better system can be adopted in the above connection by the Company.

**I further report that** during the audit period, there were no instances, which the Company had entered into and had a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above for example:

- i) Public/ Right/ Preferential issue of shares/ debentures/ sweat equity;
- ii) Redemption/ buy back of securities;
- iii) Major decisions taken by the Members in pursuance to Section 180 of the Companies Act, 2013;
- iv) Merger / Amalgamation / Reconstruction, etc.
- v) Foreign technical collaborations.

For, Dash M & Associates,  
Company Secretaries

MANOJIT DASH  
Proprietor

Membership No.: ACS 21948  
C. P. No.: 15170

Place: Kolkata  
Date: 14-05-2018

Note : This Report is to be read with my letter of even date which is annexed as “Annexure A” and forms an integral part of this report.



**'Annexure A'**

To,  
The Members,  
**SMIFS CAPITAL MARKETS LIMITED**  
CIN: L74300WB1983PLC036342

My report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. I believe that the process and practices I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, I have obtained the representation of the Management about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Dash M & Associates,  
Company Secretaries

MANOJIT DASH  
Proprietor  
Membership No.: ACS 21948  
C. P. No.: 15170

Place: Kolkata  
Date: 14-05-2018



**PARTICULARS OF EMPLOYEES**
**Statement of Particulars as per Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

- (i) The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:

Sl. No.	Name of the Director / Officer	Ratio of the remuneration to the median remuneration of the employees
1	Mr. Kishor Shah	20.97
2	Mr. Shreemanta Banerjee	3.95
3	Ms. Poonam Bhatia	2.03

The Median Remuneration of all employees for 2017-18 is ₹ 312,121/-.

- (ii) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager in the financial year

Sl. No.	Name of the Director/Officer	Percentage increase in remuneration
1	Mr. Kishor Shah	13.06
2	Mr. Shreemanta Banerjee	6.49
3	Ms. Poonam Bhatia	13.99

- (iii) The percentage increase in the median remuneration of employees in the financial year: 5%
- (iv) The number of permanent employees on the rolls of Company.
- There are 25 permanent employees on the rolls of the Company as on 31<sup>st</sup> March 2018.
- (v) The explanation on the relationship between average increase in remuneration and Company performance:
- The Profit Before Tax for the financial year ended March 31, 2018 decreased by 3% whereas the increase in median remuneration was 15%. The average increase in median remuneration was in line with the performance of the Company.
- (vi) Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company
- The total remuneration of Key Managerial Personnel increased by 12.11% from ₹ 75,01,707/- in 2016-17 to ₹ 84,10,412/- in 2017-18 whereas the Profit Before Tax decreased by 3% to ₹ 9.36 million in 2017-18 (₹ 9.6 Millions in 2016-17).
- (vii) a) Variations in the market capitalisation of the Company : The market capitalisation as on March 31, 2018 was ₹ 317.228/- Million (₹ 251.325 Million as on March 31, 2017)
- b) Price Earnings Ratio of the Company was 18.04 as at March 31, 2018 and was 29.38 at March 31, 2017

- c) Percent increase over/ decrease in the market quotations of the shares of the company as compared to the rate at which the company came out with the last public offer in the year-

The Company had come out with initial public offer (IPO) in 1983. An amount of Rs. 1,000 invested in the said IPO would be worth Rs.5680/- as on March 31, 2018.This is excluding the dividend accrued thereon and effect of shares applied in Rights Issue.

- (viii) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.

- Average percentage increase made in the salaries of employees other than the managerial personnel in the financial year i.e. 2017-18 was 15%whereas the increase in the managerial remuneration for the same financial year was 12.11%.

- (ix) The key parameters for any variable component of remuneration availed by the directors.

- There is no variable component of remuneration availed by the directors.

- (x) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year. -

- Not Applicable.

- (xi) It is hereby affirmed that the Remuneration paid to Key Managerial Personnel is as per the Remuneration Policy of the Company.

**Regd. Office:**

'Vaibhav' (4F), 4 Lee Road,  
Kolkata - 700 020

The 30<sup>th</sup> day of May, 2018

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

**Sd/-**

**(UTSAV PAREKH)**

Chairman

(DIN No. 00027642)



**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]

<b>I. REGISTRATION AND OTHER DETAILS</b>	
(i)	CIN : L74300WB1983PLC036342
(ii)	Registration Date : 24.05.1983
(iii)	Name of the Company : SMIFS CAPITAL MARKETS LIMITED
(iv)	Category/Sub-Category of the Company : PUBLIC COMPANY
(v)	Address of the Registered office and contact details : "VAIBHAV" 4F, 4 LEE ROAD, KOLKATA- 700020 Telephone : 033-2290-7400/7401/7402/0544 Fax : 033-2287-4042, 2240-6884
(vi)	Whether listed company : Yes
(vii)	Name, Address and Contact details of Registrars and Transfer Agents, if any : Maheshwari Datamatics Pvt Ltd, 23, R.N. Mukherjee Road, 5th Floor , Kolkata- 700001 Telephone : 033- 22482248, Fax : 033-22484787

**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 :

<b>Sl. No.</b>	<b>Name and Description of main Product/ Services</b>	<b>NIC Code of the Product/Service</b>	<b>% to Total Turnover of the Company</b>
1.	Sale of Shares and Securities	N.A.	94.76

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

<b>Sl. No.</b>	<b>Name and Address of the Company</b>	<b>CIN/GLN</b>	<b>Holding/ Subsidiary/ Associate</b>	<b>% of Shares Held</b>	<b>Applicable Section</b>
1	SMIFS Capital Services Limited Address: "VAIBHAV" 4F, 4 Lee Road, Kolkata-700020	U65991WB2000PLC092125	Subsidiary	100%	2(87)

**IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**  
**(i) Category-wise Shareholding**

Category of Shareholders		No. of Shares held at the beginning of the year (As on 1 <sup>st</sup> April, 2017)				No. of Shares held at the end of the year (As on 31 <sup>st</sup> March, 2018)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A.</b>	<b>Promoters</b>									
<b>1</b>	<b>Indian</b>									
	(a) Individual/ HUF	643850	0	643850	11.5282	784350	0	784350	14.0439	2.5157
	(b) Central Govt	0	0	0	0	0	0	0	0	0
	(c) State Govt(s)	0	0	0	0	0	0	0	0	0
	(d) Bodies Corp.	1749701	0	1749701	31.3286	1749701	0	1749701	31.3286	0.0000
	(e) Banks/FI	0	0	0	0	0	0	0	0	0
	(f) Any other	0	0	0	0	0	0	0	0	0
	<b>Sub-total (A)(1)</b>	<b>2393551</b>	<b>0</b>	<b>2393551</b>	<b>42.8568</b>	<b>2534051</b>	<b>0</b>	<b>2534051</b>	<b>45.3725</b>	<b>2.5157</b>
<b>2</b>	<b>Foreign</b>									
	(a) NRIs – Individuals	0	0	0	0	0	0	0	0	0
	(b) Others – Individuals	0	0	0	0	0	0	0	0	0
	(c) Bodies Corp	0	0	0	0	0	0	0	0	0
	(d) Banks/FI	0	0	0	0	0	0	0	0	0
	(e) Any Others	0	0	0	0	0	0	0	0	0
	<b>Sub – Total (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total Shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>2393551</b>	<b>0</b>	<b>2393551</b>	<b>42.8568</b>	<b>2534051</b>	<b>0</b>	<b>2534051</b>	<b>45.3725</b>	<b>2.5157</b>
<b>B.</b>	<b>Public Shareholding</b>									
<b>1</b>	<b>Institutions</b>									
	(a) Mutual Fund	0	0	0	0	0	0	0	0	0
	(b) Banks/FI	0	0	0	0	0	0	0	0	0
	(c) Central Govt(s)	0	0	0	0	0	0	0	0	0
	(d) State Govt(s)	0	0	0	0	0	0	0	0	0
	(e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
	(f) Insurance Companies	0	0	0	0	0	0	0	0	0
	(g) FIIs	0	0	0	0	0	0	0	0	0
	(h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
	(i) Others (specify)									
	(a) Foreign Portfolio Investor	550000	0	550000	9.8478	550000	0	550000	9.8478	0
	(b) Alternate Investment Funds	0	0	0	0	0	0	0	0	0
	(c) Provident Funds/ Pension Funds	0	0	0	0	0	0	0	0	0
	(d) Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
	<b>Sub-total (B)(1) :-</b>	<b>550000</b>	<b>0</b>	<b>550000</b>	<b>9.8478</b>	<b>550000</b>	<b>0</b>	<b>550000</b>	<b>9.8478</b>	<b>0</b>

#### IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### (i) Category-wise Shareholding (Contd.)

Category of Shareholders		No. of Shares held at the beginning of the year (As on 1 <sup>st</sup> April, 2017)				No. of Shares held at the end of the year (As on 31 <sup>st</sup> March, 2018)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2</b>	<b>Non-Institutions</b>									
	(a) Bodies Corp									
	(i) Indian	1034643	17800	1052443	18.8441	995063	6100	1001163	17.9259	(0.9182)
	(ii) Overseas	0	0	0	0	0	0	0	0	0
	(b) Individuals									
	(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	485123	79041	564164	10.1014	549649	52390	602039	10.7796	0.6782
	(ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	961902	0	961902	17.2230	776129	0	776129	13.8967	(3.3263)
	(c) Others (specify)									
	(i) Non Resident Individual	5395	53000	58395	1.0456	2002	3000	5002	0.0896	(0.9560)
	(ii) Clearing Members	4545	0	4545	0.0814	3111	0	3111	0.0557	(0.0257)
	(iii) Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
	(iv) Custodian of Enemy Property	0	0	0	0	0	0	0	0	0
	(v) Foreign Nationals	0	0	0	0	0	0	0	0	0
	(vi) Trusts	0	0	0	0	0	0	0	0	0
	(vii) Foreign Bodies-D R	0	0	0	0	0	0	0	0	0
	(viii) Foreign Portfolio Investors	0	0	0	0	0	0	0	0	0
	(ix) NBFC's registered with RBI	0	0	0	0.0000	7500	0	7500	0.1343	0.1343
	(x) Employee Trusts	0	0	0	0	0	0	0	0	0
	(xi) Domestic Corporate Unclaimed Shares	0	0	0	0	0	0	0	0	0
	(xii) Investor Education and Protection Fund Authority	0	0	0	0.0000	106005	0	106005	1.8980	1.8980
	<b>Sub-Total(B)(2) :</b>	<b>2491608</b>	<b>149841</b>	<b>2641449</b>	<b>47.2955</b>	<b>2439459</b>	<b>61490</b>	<b>2500949</b>	<b>44.7798</b>	<b>(2.5157)</b>
	<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>3041608</b>	<b>149841</b>	<b>3191449</b>	<b>57.1433</b>	<b>2989459</b>	<b>61490</b>	<b>3050949</b>	<b>54.6276</b>	<b>(2.5157)</b>
<b>C.</b>	<b>Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Grand Total(A+B+C)</b>	<b>5435159</b>	<b>149841</b>	<b>5585000</b>	<b>100.0000</b>	<b>5523510</b>	<b>61490</b>	<b>5585000</b>	<b>100.0000</b>	<b>0.0000</b>

**(ii) Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year [As on 01/04/2017]			Shareholding at the end of the year [As on 31/03/2018]			% Change in share holding during the year	PAN
		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	MACKERTICH CONSULTANCY SERVICES PRIVATE LIMITED	1115700	19.9767	0.0000	1115700	19.9767	0.0000	0.0000	AABCM5680Q
2	AJAY KUMAR KAYAN	402250	7.2023	0.0000	402250	7.2023	0.0000	0.0000	AGGPK0892G
3	PROGRESSIVE STAR FINANCE PRIVATE LIMITED	357251	6.3966	0.0000	357251	6.3966	0.0000	0.0000	AABCP6020F
4	STEWART INVESTMENT AND FINANCIAL PRIVATE LIMITED	276750	4.9552	0.0000	276750	4.9552	0.0000	0.0000	AADCS8612C
5	LALITA KAYAN	13800	0.2471	0.0000	154300	2.7628	0.0000	2.5157	AGGPK0893H
6	NILANGI PAREKH	123000	2.2023	0.0000	123000	2.2023	0.0000	0.0000	AJPPP3852K
7	UTSAV PAREKH	96200	1.7225	0.0000	96200	1.7225	0.0000	0.0000	AGHPP4467H
8	RAHUL KAYAN	7000	0.1253	0.0000	7000	0.1253	0.0000	0.0000	AGAPK0442L
9	SUMAN BHARTIA	1500	0.0269	0.0000	1500	0.0269	0.0000	0.0000	AEEP9602B
10	PAYAL SARAF	100	0.0018	0.0000	100	0.0018	0.0000	0.0000	AFYPK7045N
	<b>TOTAL</b>	<b>2393551</b>	<b>42.8568</b>	<b>0.0000</b>	<b>2534051</b>	<b>45.3724</b>	<b>0.0000</b>	<b>0.0000</b>	

### (iii) Change in Promoter's Shareholding

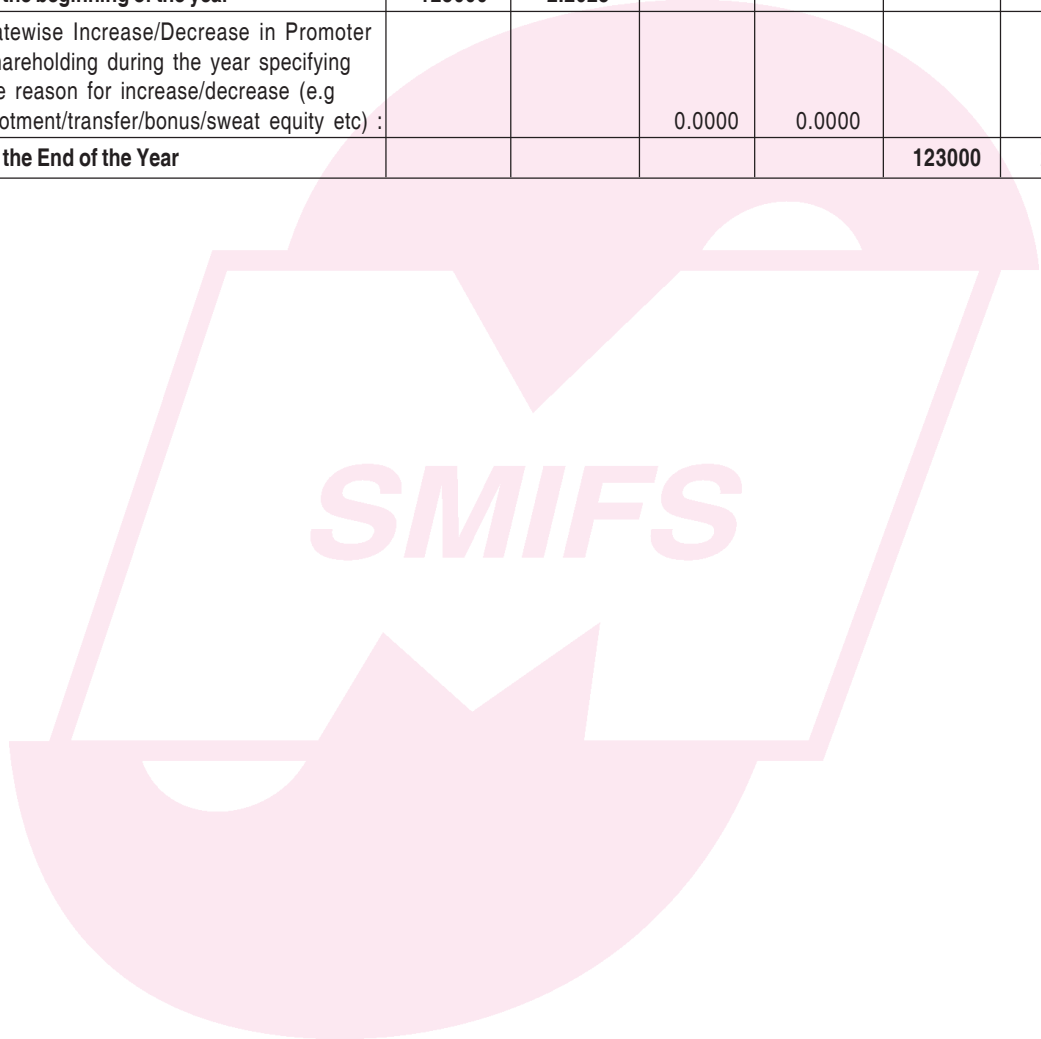
Sl. No.	Shareholder's Name	Shareholding at the beginning [01/04/17]/ end of the year [31/03/18]		Purchase / Sale during the year		Cumulative Shareholding during the year [01/04/17 to 31/03/18]	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% Change	No. of Shares	% of Total Shares of the Company
1	MACKERTICH CONSULTANCY SERVICES PRIVATE LIMITED						
	<b>At the beginning of the year</b>	<b>1115700</b>	<b>19.9767</b>				
	Datewise Increase/Decrease in Promoter Shareholding during the year specifying the reason for increase/decrease (e.g allotment/transfer/bonus/sweat equity etc):			0.0000	0.0000		
	<b>At the End of the Year</b>					<b>1115700</b>	<b>19.9767</b>
2	PROGRESSIVE STAR FINANCE PRIVATE LIMITED						
	<b>At the beginning of the year</b>	<b>357251</b>	<b>6.3966</b>				
	Datewise Increase/Decrease in Promoter Shareholding during the year specifying the reason for increase/decrease (e.g allotment/transfer/bonus/sweat equity etc):			0.0000	0.0000		
	<b>At the End of the Year</b>					<b>357251</b>	<b>6.3966</b>
3	STEWART INVESTMENT AND FINANCIAL PRIVATE LIMITED						
	<b>At the beginning of the year</b>	<b>276750</b>	<b>4.9552</b>				
	Datewise Increase/Decrease in Promoter Shareholding during the year specifying the reason for increase/decrease (e.g allotment/transfer/bonus/sweat equity etc):			0.0000	0.0000		
	<b>At the End of the Year</b>					<b>276750</b>	<b>4.9552</b>
4	SUMAN BHARTIA						
	<b>At the beginning of the year</b>	<b>1500</b>	<b>0.0269</b>				
	Datewise Increase/Decrease in Promoter Shareholding during the year specifying the reason for increase/decrease (e.g allotment/transfer/bonus/sweat equity etc):			0.0000	0.0000		
	<b>At the End of the Year</b>					<b>1500</b>	<b>0.0269</b>



Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Purchase / Sale during the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% Change	No. of Shares	% of Total Shares of the Company
5	PAYAL SARAF						
	<b>At the beginning of the year</b>	<b>100</b>	<b>0.0018</b>				
	Datewise Increase/Decrease in Promoter Shareholding during the year specifying the reason for increase/decrease (e.g allotment/transfer/bonus/sweat equity etc):			0.0000	0.0000		
	<b>At the End of the Year</b>					<b>100</b>	<b>0.0018</b>
6	RAHUL KAYAN						
	<b>At the beginning of the year</b>	<b>7000</b>	<b>0.1253</b>				
	Datewise Increase/Decrease in Promoter Shareholding during the year specifying the reason for increase/decrease (e.g allotment/transfer/bonus/sweat equity etc):			0.0000	0.0000		
	<b>At the End of the Year</b>					<b>7000</b>	<b>0.1253</b>
7	Ajay Kumar Kayan						
	<b>At the beginning of the year</b>	<b>402250</b>	<b>7.2023</b>				
	Datewise Increase/Decrease in Promoter Shareholding during the year specifying the reason for increase/decrease (e.g allotment/transfer/bonus/sweat equity etc):			0.0000	0.0000		
	<b>At the End of the Year</b>					<b>402250</b>	<b>7.2023</b>
8	LALITA KAYAN						
	<b>At the beginning of the year</b>	<b>13800</b>	<b>0.2471</b>				
	Datewise Increase/Decrease in Promoter Shareholding during the year specifying the reason for increase/decrease (e.g allotment/transfer/bonus/sweat equity etc):						
	<b>Purchase as on 05/01/2018</b>			140500	2.5157		
	<b>At the End of the Year</b>					<b>154300</b>	<b>2.7628</b>
9	UTSAV PAREKH						
	<b>At the beginning of the year</b>	<b>96200</b>	<b>1.7225</b>				
	Datewise Increase/Decrease in Promoter Shareholding during the year specifying the reason for increase/decrease (e.g allotment/transfer/bonus/sweat equity etc):			0.0000	0.0000		
	<b>At the End of the Year</b>					<b>96200</b>	<b>1.7225</b>



Sl.	Shareholder's Name	Shareholding at the		Purchase / Sale		Cumulative	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% Change	No. of Shares	% of Total Shares of the Company
10	NILANGI PAREKH						
	<b>At the beginning of the year</b>	<b>123000</b>	<b>2.2023</b>				
	Datewise Increase/Decrease in Promoter Shareholding during the year specifying the reason for increase/decrease (e.g allotment/transfer/bonus/sweat equity etc) :			0.0000	0.0000		
	<b>At the End of the Year</b>					<b>123000</b>	<b>2.2023</b>



**(IV) Shareholding Pattern of Top Ten Shareholders (other than Director, Promoters and Holders of GDRs and ADRs) :**

Sl No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Purchase / Sale during the year		Cumulative Shareholding during the year	
		No of Shares	% of Total Shares of the Company	No of Shares	% Change	No of Shares	% of Total Shares of the Company
1	THE INDIAMAN FUND (MAURITIUS) LIMITED						
	<b>At the beginning of the year</b>	<b>550000</b>	<b>9.8478</b>				
	Datewise Increase/Decrease in Shareholding during the year specifying the reason for increase/decrease (e.g allotment/transfer/bonus/sweat equity etc) :			-	-		
	<b>At the End of the Year (or on the date of separation, if separated during the year)</b>					<b>550000</b>	<b>9.8478</b>
2	MAYA TRADE LINKS LIMITED						
	<b>At the beginning of the year</b>	<b>273590</b>	<b>4.8987</b>				
	Datewise Increase/Decrease in Shareholding during the year specifying the reason for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc) :						
	Sale as on 09/06/2017			(51650)	(0.9247)	221940	3.9739
	Sale as on 23/02/2018			(49990)	(1.1232)	171950	3.8636
	Purchase as on 09/03/2018			49990	0.8951	221940	3.9739
	<b>At the End of the Year ( or on the date of separation, if separated during the year)</b>					<b>273590</b>	<b>4.8987</b>
3	BISHNAUTH INVESTMENTS LIMITED						
	<b>At the beginning of the year</b>	<b>74000</b>	<b>1.3250</b>				
	Datewise Increase/Decrease in Shareholding during the year specifying the reason for increase/decrease (e.g allotment/transfer/bonus/sweat equity etc):			-	-		
	<b>At the End of the Year (or on the date of separation, if separated during the year)</b>					<b>74000</b>	<b>1.3250</b>
4	ANTRIKSH VYAPAAR LIMITED						
	<b>At the beginning of the year</b>	<b>125000</b>	<b>2.2381</b>				
	Datewise Increase/Decrease in Shareholding during the year specifying the reason for increase/decrease (e.g allotment/transfer/bonus/sweat equity etc) :						
	Purchase as on 09/06/2017	-	-	50000	0.8953	175000	3.1334
	<b>At the End of the Year (or on the date of separation, if separated during the year)</b>					<b>175000</b>	<b>3.1334</b>

SI No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Purchase / Sale during the year		Cumulative Shareholding during the year	
		No of Shares	% of Total Shares of the Company	No of Shares	% Change	No of Shares	% of Total Shares of the Company
5	VENKATTU SRINIVASAN						
	<b>At the beginning of the year</b>	<b>84901</b>	<b>1.5202</b>				
	Datewise Increase/Decrease in Shareholding during the year specifying the reason for increase/decrease (e.g allotment/transfer/bonus/sweat equity etc) :						
	Sale as on 19/01/2017	-	-	(18000)	(0.3182)	66901	1.1825
	Purchase as on 09/03/2018	-	-	8079	0.1447	74980	1.3425
	Purchase as on 16/03/2018	-	-	2203	0.0394	77183	1.3820
	Purchase as on 23/03/2018	-	-	1298	0.0232	78481	1.4052
	Purchase as on 30/03/2018	-	-	1000	0.0179	79481	1.4231
	<b>At the End of the Year (or on the date of separation, if separated during the year)</b>					<b>79481</b>	<b>1.4231</b>
6	S N RAJAN						
	<b>At the beginning of the year</b>	<b>369323</b>	<b>6.6128</b>				
	Datewise Increase/Decrease in Shareholding during the year specifying the reason for increase/decrease (e.g allotment/transfer/bonus/sweat equity etc) :						
	Purchase as on 28/04/2017	-	-	1244	0.0223	370567	6.6350
	Purchase as on 05/05/2017	-	-	100	0.0018	370667	6.6368
	Purchase as on 12/05/2017	-	-	313	0.0056	370980	6.6424
	Purchase as on 19/05/2017	-	-	3066	0.0549	374046	6.6973
	Purchase as on 02/06/2017	-	-	401	0.0072	374447	6.7045
	Sale as on 09/06/2017	-	-	(9)	(0.0002)	374438	6.7044
	Purchase as on 30/06/2017	-	-	8796	0.1575	383234	6.8618
	Purchase as on 07/07/2017	-	-	2038	0.0365	385272	6.8983
	Sale as on 21/07/2017	-	-	(3074)	(0.0550)	382198	6.8433
	Sale as on 04/08/2017	-	-	(20000)	(0.3581)	362198	6.4852
	Purchase as on 11/08/2017	-	-	1	0.0000	362199	6.4852
	Purchase as on 18/08/2017	-	-	598	0.0107	362797	6.4959
	Purchase as on 25/08/2017	-	-	264	0.0047	363061	6.5006
	Purchase as on 01/09/2017	-	-	3000	0.0537	366061	6.5544
	Purchase as on 22/09/2017	-	-	6464	0.1157	372525	6.6701
	Purchase as on 30/09/2017	-	-	13140	0.2353	385665	6.9054
	Purchase as on 10/11/2017	-	-	764	0.0137	386429	6.9191
	Purchase as on 17/11/2017	-	-	2377	0.0426	388806	6.9616
	Purchase as on 24/11/2017	-	-	423	0.0076	389229	6.9692
	Purchase as on 08/12/2017	-	-	700	0.0125	389929	6.9817
	Purchase as on 22/12/2017	-	-	85	0.0015	390014	6.9832
	Sale as on 29/12/2017	-	-	(6516)	(0.1167)	383498	6.8666
	Sale as on 05/01/2018	-	-	(14520)	(0.2600)	368978	6.6066

Sl	For Each of the Top 10 Shareholders	Shareholding at the		Purchase / Sale		Cumulative Shareholding	
		No of	% of Total Shares of the	No of	% Change	No of	% of Total Shares of the
	Sale as on 12/01/2018	-	-	(23985)	(0.4295)	344993	6.1771
	Sale as on 19/01/2018	-	-	(50372)	(0.8903)	294621	5.2076
	Sale as on 16/02/2018	-	-	(1601)	(0.0287)	293020	5.2466
	<b>At the End of the Year ( or on the date of separation, if separated during the year)</b>					<b>293020</b>	<b>5.2466</b>
7	STEWART & MACKERTICH WEALTH MANAGEMENT LIMITED						
	<b>At the beginning of the year</b>	<b>8800</b>	<b>0.1576</b>	-	-	-	-
	Datewise Increase/Decrease in Shareholding during the year specifying the reason for increase/decrease (e.g allotment/transfer/bonus/sweat equity etc) :			-	-		
	Purchase as on 07/04/2017			6580	0.1178	15380	0.2754
	Sale as on 14/04/2017			(6580)	(0.1178)	8800	0.1576
	Purchase as on 21/04/2017			111	0.0020	8911	0.1596
	Sale as on 28/04/2017			(111)	(0.0019)	8800	0.1576
	Purchase as on 19/05/2017			387	0.0069	9187	0.1645
	Sale as on 26/05/2017			(297)	(0.0053)	8890	0.1592
	Sale as on 02/06/2017			(90)	(0.0016)	8800	0.1576
	Purchase as on 29/12/2017			140500	2.5157	149300	2.6732
	Sale as on 05/01/2018			(140500)	(2.5156)	8800	0.1576
	Sale as on 23/02/2018			(8800)	(0.1977)	0	0.0000
	Purchase as on 09/03/2018			9797	0.1754	9797	0.1754
	Sale as on 16/03/2018			(597)	(0.0107)	9200	0.1647
	Sale as on 23/03/2018			(400)	(0.0072)	8800	0.1576
	<b>At the End of the Year ( or on the date of separation, if separated during the year)</b>					<b>8800</b>	<b>0.1576</b>
8	RAKESH KUMAR JAIN						
	<b>At the beginning of the year</b>	<b>66560</b>	<b>1.1918</b>			-	-
	Datewise Increase/Decrease in Shareholding during the year specifying the reason for increase/decrease (e.g allotment/transfer/bonus/sweat equity etc) :						
	Purchase as on 30/09/2017			50	0.0009	66610	1.1927
	Sale as on 12/01/2018			(610)	(0.0109)	66000	1.1817
	Sale as on 19/01/2018			(10000)	(0.1768)	56000	0.9898
	Sale as on 23/2/2018			(56000)	(1.2583)	0	0.0000
	Purchase as on 09/03/2018			60153	1.0770	60153	1.0770
	<b>At the End of the Year ( or on the date of separation, if separated during the year)</b>					<b>60153</b>	<b>1.0770</b>

Sl No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Purchase/Sale during the year		Cumulative Shareholding during the year	
		No of Shares	% of Total Shares of the Company	No of Shares	% Change	No of Shares	% of Total Shares of the Company
9	PUNJABHAI KESHAVBHAI KADCHHA						
	<b>At the beginning of the year</b>	<b>50900</b>	<b>0.9114</b>	-	-	-	-
	Datewise Increase/Decrease in Shareholding during the year specifying the reason for increase/decrease (e.g allotment/transfer/bonus/sweat equity etc) :						
	Purchase as on 12/01/2018			2999	0.0537	53899	0.9651
	Purchase as on 19/01/2018			7001	0.1237	60900	1.0764
	<b>At the End of the Year (or on the date of separation, if separated during the year)</b>					<b>60900</b>	<b>1.0904</b>
10	SUBRAMANIAN P						
	<b>At the beginning of the year</b>	<b>174460</b>	<b>3.1237</b>	-	-	-	-
	Datewise Increase/Decrease in Shareholding during the year specifying the reason for increase/decrease (e.g allotment/transfer/bonus/sweat equity etc) :						
	Purchase as on 28/04/2014			2300	0.0412	176760	3.1649
	Purchase as on 13/10/2017			205	0.0037	176965	3.1686
	Purchase as on 20/10/2017			199	0.0036	177164	3.1721
	Purchase as on 17/11/2017			1736	0.0311	178900	3.2032
	Purchase as on 24/11/2017			698	0.0125	179598	3.2157
	Purchase as on 12/01/2018			1192	0.0213	180790	3.2371
	<b>At the End of the Year (or on the date of separation, if separated during the year)</b>					<b>180790</b>	<b>3.2371</b>
11	FINQUEST SECURITIES PVT LTD*						
	<b>At the beginning of the year</b>	<b>0</b>	<b>0</b>				
	Datewise Increase/Decrease in Shareholding during the year specifying the reason for increase/decrease (e.g allotment/transfer/bonus/sweat equity etc) :						
	Purchase as on 01/12/2017			133342	2.3875	133342	2.3875
	Sale as on 12/01/2018			(8000)	(0.1432)	125342	2.2443
	Sale as on 19/01/2018			(24926)	(0.4406)	100416	1.7749
	Purchase as on 02/02/2018			2996	0.0536	103412	1.8516
	Purchase as on 09/02/2018			14311	0.2562	117723	2.1078
	Purchase as on 16/02/2018			2440	0.0437	120163	2.1515
	Sale as on 23/02/2018			(120163)	(2.7000)	0	0.0000
	Purchase as on 09/03/2018			134499	2.4082	134499	2.4082
	Purchase as on 16/03/2018			839	0.0150	135338	2.4232
	Purchase as on 23/03/2018			1650	0.0295	136988	2.4528
	Purchase as on 30/03/2018			3271	0.0586	140259	2.5114
	<b>At the End of the Year (or on the date of separation, if separated during the year)</b>					<b>140259</b>	<b>2.5114</b>

SI No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Purchase / Sale during the year		Cumulative Shareholding during the year	
		No of Shares	% of Total Shares of the Company	No of Shares	% Change	No of Shares	% of Total Shares of the Company
12	MINAL BHARAT PATEL						
	<b>At the beginning of the year</b>	<b>23612</b>	<b>0.4228</b>				
	Datewise Increase/Decrease in Shareholding during the year specifying the reason for increase/decrease (e.g allotment/transfer/bonus/sweat equity etc) :						
	Purchase as on 7/4/2017			7839	0.1404	31451	0.5631
	Purchase as on 14/04/2017			6550	0.1173	38001	0.6804
	Purchase as on 5/5/2017			2738	0.0490	40739	0.7294
	Purchase as on 12/5/2017			925	0.0166	41664	0.7460
	Purchase as on 19/05/2017			12745	0.2282	54409	0.9742
	Purchase as on 26/05/2017			1387	0.0248	55796	0.9990
	Purchase as on 9/6/2017			5896	0.1056	61692	1.1046
	Purchase as on 23/06/2017			125	0.0022	61817	1.1068
	Purchase as on 7/7/2017			9894	0.1772	71711	1.2840
	Purchase as on 21/07/2017			1715	0.0307	73426	1.3147
	Purchase as on 4/8/2017			43582	0.7803	117008	2.0950
	Purchase as on 1/9/2017			8063	0.1444	125071	2.2394
	Purchase as on 08/09/2017			3471	0.0621	128542	2.3016
	Purchase as on 22/09/2017			4800	0.0859	133342	2.3875
	Sale as on 1/12/2017			(133342)	(2.3875)	0	0.0000
	<b>At the End of the Year (or on the date of separation, if separated during the year)</b>					<b>0</b>	<b>0.0000</b>
13	SUDHA COMMERCIAL COMPANY LIMITED #						
	<b>At the beginning of the year</b>	<b>140500</b>	<b>2.5157</b>				
	Datewise Increase/Decrease in Shareholding during the year specifying the reason for increase/decrease (e.g allotment/transfer/bonus/sweat equity etc) :						
	Sale as on 29/12/2017			(140500)	(2.5157)	0	0.0000
	<b>At the End of the Year (or on the date of separation, if separated during the year)</b>					<b>0</b>	<b>0.0000</b>



SI No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Purchase / Sale during the year		Cumulative Shareholding during the year	
		No of Shares	% of Total Shares of the Company	No of Shares	% Change	No of Shares	% of Total Shares of the Company
14	INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY MINISTRY OF CORPORATE AFFAIRS*						
	<b>At the beginning of the year</b>	<b>0</b>	<b>0.0000</b>				
	Datewise Increase/Decrease in Shareholding during the year specifying the reason for increase/decrease (e.g allotment/transfer/bonus/sweat equity etc) :						
	Purchase as on 19/01/2018			106005	1.8737	106005	1.8737
	<b>At the End of the Year (or on the date of separation, if separated during the year)</b>					<b>106005</b>	<b>1.8980</b>
15	ASTRA MERCHANDISING PRIVATE LIMITED						
	<b>At the beginning of the year</b>	<b>269509</b>	<b>4.8256</b>				
	Datewise Increase/Decrease in Shareholding during the year specifying the reason for increase/decrease (e.g allotment/transfer/bonus/sweat equity etc) :			0	0.0000		
	<b>At the End of the Year (or on the date of separation, if separated during the year)</b>					<b>269509</b>	<b>4.8256</b>

\* Not in the list of Top 10 shareholders as on 01/04/2017 The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31/03/2018.

# Ceased to be in the list of Top 10 shareholders as on 31/03/2018. The same is reflected above since the shareholder was one of the Top 10 shareholders as on 01/04/2017.

**(v) Shareholding of Directors and Key Managerial Personnel :**

Sl. No.	Particulars	Shareholding at the beginning of the year		Purchase / Sale during 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	No. of Shares	% of Total Shares of the Company
1.	MR. SANTOSH KUMAR MUKHERJEE (DIRECTOR)						
	<b>At the beginning of the year</b>	<b>750</b>	<b>0.0134</b>				
	Datewise Increase/Decrease in Promoter Shareholding during the year specifying the reason for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):			–	–		
	<b>At the End of the Year</b>					<b>750</b>	<b>0.0134</b>
2.	MR. AJAY KUMAR KAYAN (DIRECTOR)						
	<b>At the beginning of the year</b>	<b>402250</b>	<b>7.2023</b>				
	Datewise Increase/Decrease in Promoter Shareholding during the year specifying the reason for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):			–	–		
	<b>At the End of the Year</b>					<b>402250</b>	<b>7.2023</b>
3.	MR. UTSAV PAREKH (DIRECTOR)						
	<b>At the beginning of the year</b>	<b>96200</b>	<b>1.7225</b>				
	Date wise Increase/Decrease in Promoter Shareholding during the year specifying the reason for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):			–	–		
	<b>At the End of the Year</b>					<b>96200</b>	<b>1.7225</b>

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loan excluding deposits (Amount in ₹)	Unsecured Loans (Amount in ₹)	Deposit (Amount in ₹)	Total Indebtedness (Amount in ₹)
<b>Indebtedness at the beginning of the financial year.</b>				
(i) Principal Amount	2,095,860	-	-	2,095,860
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>2,095,860</b>	<b>-</b>	<b>-</b>	<b>2,095,860</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	4,500,000	-	-	4,500,000
Reduction	1,419,165	-	-	1,419,165
<b>Net Change</b>	<b>3,080,835</b>	<b>-</b>	<b>-</b>	<b>3,080,835</b>
<b>Indebtedness at the end of the financial year.</b>				
(i) Principal Amount	5,176,695	-	-	5,176,695
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	-	-
<b>Total (i + ii + iii)</b>	<b>5,176,695</b>	<b>-</b>	<b>-</b>	<b>5,176,695</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager				Total (Amount in ₹)
1	Gross salary (a) Salary as per provision contained in section 17(1) of the Income Tax Act, 1961 (b) Value of perquisites u/s 17(2) of the Income- Tax Act,1961 (c) Profit in lieu of salary under section 17(3) of the Income-Tax Act, 1961	Mr. Kishor Shah (Managing Director)				6,544,117/-*
2	Stock Option	0	0	0	0	0
3	Sweat Equity	0	0	0	0	0
4	Commission	0	0	0	0	0
5	Others	0	0	0	0	0
	<b>Total (A)</b>					6544117/-
	Ceiling as per the Act					<b>8,400,000</b>

\* These excludes Employer's Contribution to Provident Fund.

**B. Remuneration to other Directors :**

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount in (₹)
		MR. RAMESH MAHESHWARI	MR. SANTOSH KUMAR MUKHERJEE	MRS. RAMYA HARIHARAN	MRS. PUSHPA MISHRA	
<b>1.</b>	<b>Independent Director</b>					
	<input type="checkbox"/> Fees for attending Board/ Committee Meeting	24,500	36,000	17,000	27,500	105,000
	<input type="checkbox"/> Commission	-	-	-	-	-
	<input type="checkbox"/> Others	-	-	-	-	-
	<b>Total (1)</b>	<b>24,500</b>	<b>36,000</b>	<b>17,000</b>	<b>27,500</b>	<b>105,000</b>
<b>2.</b>	<b>Other Non-Executive Director</b>					
	<input type="checkbox"/> Fees for attending Board/ Committee Meeting	30,000	25,500			55,500
	<input type="checkbox"/> Commission	-	-	-	-	-
	<input type="checkbox"/> Others	-	-	-	-	-
	<b>Total (2)</b>	<b>30,000</b>	<b>25,500</b>			<b>55,500</b>
	<b>Total Managerial Remuneration Total (B) = (1+2)</b>	<b>54,500</b>	<b>61,500</b>	<b>17,000</b>	<b>27,500</b>	<b>160,500</b>
	<b>Overall Ceiling as per the</b>	<b>Act As per the Rules of the Companies Act, 2013</b>				

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD.**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount in (₹)
		CEO Amount in (₹)	Company Secretary Amount in (₹)	CFO Amount in (₹)	
<b>1</b>	<b>Gross salary</b>				
	(a) Salary as per provision contained in section 17(1) of the Income-Tax Act, 1961	NA	634,289	1,232,006	1,866,295
	(b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961	0	0	0	0
	(c) Profits in lien of salary under section 17(3) of the Income-Tax Act, 1961	0	0	0	0
<b>2</b>	<b>Stock Option</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>3</b>	<b>Sweat Equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>4</b>	<b>Commission</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>5</b>	<b>Others</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total</b>	<b>NA</b>	<b>634,289</b>	<b>1,232,006</b>	<b>1,866,295</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. DIRECTOR</b>					
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

**Regd. Office:**

'Vaibhav' (4F), 4 Lee Road,  
Kolkata - 700 020

The 30<sup>th</sup> day of May, 2018

*For and on behalf of the Board of Directors*

Sd/-

**(UTSAV PAREKH)**

Chairman

(DIN No. 00027642)

## CORPORATE GOVERNANCE REPORT FOR THE YEAR 2017-18

*[As required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered into with the Stock Exchanges]*

Transparency and accountability are the two basic tenets of Corporate Governance. Corporate Governance consists of laws, policies, procedures, and most importantly, practices that ensure the well-being of the assets of the Company, enhance shareholders' value and discharge social responsibilities.

Board of Directors of your Company is responsible for and committed to sound principles of Corporate Governance in the Company. Board plays a crucial role in overseeing how the management serves the short and long term interests of shareholders and other stakeholders. This belief is reflected in our governance practices, under which we strive to maintain an effective, informed and Independent Board. Responsible corporate conduct is integral to the way we do our business. Our actions are governed by our values and principles, which are reinforced at all levels within the Company.

Board of Directors' of your Company is committed in doing things the right way which means taking business decisions and acting in a way that is ethical and is in compliance with the applicable legislation. A Code of Conduct is framed and adopted by the Board of Directors to ensure strict management compliance.

Your Company acknowledges its responsibilities towards its stakeholders and ensures compliance with the requirements of the guidelines on Corporate Governance stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Your Company respects the rights of its shareholders and its endeavor has always been to maximize the long term value to the shareholders of the Company.

### I. Company's philosophy on Corporate Governance

Your Company has implemented and is continuously improving the Corporate Governance procedures with the objective of fulfilling expectation of the shareholders and Company's social commitment through transparency, disclosure, accountability, compliance, ethical code, stakeholders' interest. Corporate Governance practices go beyond statutory and regulatory requirements. Your Company is committed to follow the spirit of good governance than mere compliance with the conditions specified by regulatory authorities.

#### **Compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

Your Company is fully compliant with the mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Your Board presents the report on compliance of governance stipulations specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### II. Board of Directors

As on March 31, 2018 your Company had 7 directors with a Non- Executive Chairman and a Managing Director. Board of Directors of your Company is comprised of 6 (Six) Non-Executive Directors. Among the Non-Executive Directors, 4(Four) are Independent Directors. Composition of the Board of your Company fulfills the requirement under Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which is as under:

Category		Particulars of Directors	
(a)	Non-Executive-Independent Directors	(i)	Mr. Ramesh Maheshwari
		(ii)	Mrs. Ramya Hariharan
		(iii)	Mr. Santosh Kumar Mukherjee
		* (iv)	Mrs. Pushpa Mishra
(b)	Non-Executive –Non-Independent Directors	(i)	Mr. Ajay Kumar Kayan
		(ii)	Mr. Utsav Parekh, Non-Executive Chairman
(c)	Executive-Non-Independent Director	(i)	Mr. Kishor Shah, Managing Director

\* Mrs. Pushpa Mishra was appointed as the Director of the Company on September 25, 2017.

Mr. Kishor Shah was appointed Managing Director of the Company for a period of three years w.e.f. April 1, 2015 and the same was approved in the Annual General Meeting held on September 26, 2015. The 3(Three) year tenure of Mr. Kishor Shah as Managing Director expired on March 31, 2018. Board of Directors in their meeting held on February 3, 2018 reappointed Mr. Kishor Shah as Managing Director for a further period of 3 (Three) years with effect from April 1, 2018 at the remuneration recommended by the Nomination and Remuneration Committee as per Section 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 subject to the approval of shareholders by passing a Special Resolution at the ensuing Annual General Meeting of the Company.

Mrs. Pushpa Mishra was appointed as the Director of the Company on September 25, 2017.

None of your Directors on the Board are members of more than 10 (Ten) Committees and Chairman of more than 5 (Five) Committees across all Companies in which they are Directors. Necessary disclosures regarding Committee position in other Public Companies as on March 31, 2018 have been made by the Directors.

Board Members are responsible for the management of the business. Role, functions, responsibility and accountability of the Board are clearly defined. In addition to its primary role of monitoring corporate performance, functions of the Board include (i) approving corporate philosophy and vision; (ii) formulation of strategic and business plans; (iii) reviewing and approving financial plans and budgets; (iv) monitoring corporate performance against strategic and business plans, including overseeing operations; (v) ensuring ethical behavior and compliance of laws and regulations; (vi) reviewing and approving borrowing limits; (vii) formulating exposure limits; and (viii) keeping shareholders informed regarding plans, strategies and performance.

Name and nature of appointment of Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships/ Memberships held by them in other Companies is given below. Other Directorships do not include Alternate Directorships, Directorships of Private Limited Companies, Section 8 Companies and Companies Incorporated outside India. Chairmanships / Memberships of Board Committees include only Audit and Stakeholders Relationship Committees.



Name of the Directors	Category	Year 2017-18 Attendance at Board Meetings	Year 2016-17 Attendance at the last AGM	No. of outside Directorships	No. of other Board/ Committees of which he/ she is a member	No. of other Board/ Committees of which he/ she is a Chairperson
Mr. Utsav Parekh–Non Executive Chairman	Promoter Non-Independent	4	Yes	6	1	2
Mr. Ramesh Maheshwari	Independent	4	No	3	0	0
Mrs. Ramya Hariharan	Independent	3	No	6	6	0
Mr. Santosh Kumar Mukherjee	Independent	5	Yes	3	0	0
Mr. Ajay Kumar Kayan	Promoter Non-Independent	5	No	2	0	0
Mr. Kishor Shah	Managing Director	5	No	3	3	0
*Mrs. Pushpa Mishra	Independent	4	Yes	0	0	0

\* Mrs. Pushpa Mishra was appointed as the Director of the Company on September 25, 2017.

### III. Board Meetings

Five Board Meetings were held during the year and the gap between two meetings did not exceed 120 days (One Hundred and Twenty days). Dates on which Board Meetings were held in each quarter are as follows:

Quarter	Date of Meetings
First	May 23, 2017
Second	August 9, 2017, September 25, 2017
Third	December 8, 2017
Fourth	February 3, 2018

### IV. Audit Committee

- (i) Audit Committee of the Company is constituted as per the provisions of Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 177 of the Companies Act, 2013.
- (ii) Audit Committee has been vested with the following powers:
  - a. To investigate any activity within its terms of reference.
  - b. To seek information from any employee.
  - c. To obtain outside legal or other professional advice.
  - d. To secure attendance of outsiders with relevant expertise, if it considers necessary.
- (iii) The terms of reference of the Audit Committee are broadly as under:
  1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;



2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
4. Reviewing, with the management, the annual financial statements and Auditor's Report thereon before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of sub-section 3 of section 134 of the Companies Act, 2013;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgement by management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions;
  - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
6. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the Auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the Company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the Company, wherever it is necessary;
11. Evaluation of Internal Financial Controls and Risk Management Systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with Internal Auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower Mechanism;

19. Approval of appointment of CFO (i.e., the Whole-Time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee. The Company Secretary of the Company acts as Secretary of the Audit Committee.
- (iv) The composition of the Audit Committee and particulars of meetings attended by the members of the Audit Committee is given below:

Name	Category	No. of Meetings during the year 2017-18	
		Held	Attended
Mr. Santosh Kumar Mukherjee – Chairman	Independent, Non-Executive	4	4
Mr. Utsav Parekh	Non-Independent, Non-Executive	4	3
Mrs. Ramya Hariharan	Independent, Non-Executive	4	2
*Mrs. Pushpa Mishra	Independent, Non-Executive	4	4

\* Mrs. Pushpa Mishra was appointed as the Director of the Company on September 25, 2017.

- (v) Four Audit Committee meetings were held during the year. The dates on which the said meetings were held in each quarter are as follows:

Quarter	Date of Meetings
First	May 23, 2017
Second	August 9, 2017
Third	December 8, 2017
Fourth	February 3, 2018

## V. Nomination and Remuneration Committee

- (i) The Company has constituted a Nomination and Remuneration Committee of Directors.
- (ii) The broad terms of reference of the Nomination and Remuneration Committee are as follows:
- Formulate the criteria for determining qualifications, positive attributes and Independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees.
  - The Committee while formulating the policy will 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.
    - relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
    - 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.
  - Formulation of criteria for evaluation of Independent Directors and the Board.
  - Devising a policy on Board diversity.

5. Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, and recommend to the Board their appointment and removal and the Company shall disclose the Remuneration Policy and the evaluation criteria in its Annual Report.
  6. a) Recommend & Review succession plan for Managing Director  
b) Review and approve succession plan for Senior Management
  7. Such other matters as Board may from time to time request the Nomination and Remuneration Committee to examine and recommend / approve.
- (iii) One meeting was held during the year. The composition of the Nomination and Remuneration Committee are given below:

Name	Category	No. of Meetings during the year 2017-18	
		Held	Attended
Mr. Ramesh Maheshwari – Chairman	Independent, Non-Executive	3	3
Mr. Santosh Kumar Mukherjee	Independent, Non-Executive	3	3
Mrs. Ramya Hariharan	Independent, Non-Executive	3	1
Mrs. Pushpa Mishra	Independent, Non-Executive	3	2

\* Mrs. Pushpa Mishra was appointed as the Director of the Company on September 25, 2017.

The Company Secretary is the Secretary of the Committee.

- (iv) Details of Remuneration received by the Directors for the year ended March 31, 2018:

**(a) Non-Executive Directors:**

Name of the Directors	No. of Board Meetings Attended	Total Sitting Fees for Board Meetings Attended (₹)	No. of Audit Committee Meetings Attended	Total Sitting Fees for Audit Committee Meetings Attended (₹)	No. of Nomination & Remuneration Committee Meetings Attended	Total Sitting Fees for Nomination & Remuneration Committee Meetings Attended (₹)	No. of Stake-holders Relationship Committee Meetings Attended	Total Sitting Fees for Stake-holders Relationship Committee Meetings Attended (₹)	Commission (₹)	Total (₹)
Mr. Utsav Parekh	4	22,500	3	3,000	-	-	-	-	-	25,500
Mr. Ramesh Maheshwari	4	22,500	-	-	3	2,000	-	-	-	24,500
Mrs. Ramya Hariharan	3	15,000	2	2,000	1	-	-	-	-	17,000
Mr. Santosh Kumar Mukherjee	5	30,000	4	4,000	3	2,000	-	-	-	36,000
Mr. Ajay Kumar Kayan	5	30,000	-	-	-	-	-	-	-	30,000
Mrs. Pushpa Mishra	4	22,500	3	3,000	2	2,000	-	-	-	27,500

\* Mrs. Pushpa Mishra was appointed as the Director of the Company on September 25, 2017.

Pursuant to Section 197(5) of the Companies Act, 2013 read with Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, sitting fees payable to Non-Executive Directors per Board Meeting is Rs.7,500/- which is within the limits fixed by the Central Government. Fee of Rs.1,000/- is paid for each Committee Meeting (i.e., Nomination and Remuneration Committee, Audit Committee and Stakeholder's Relationship Committee)

**Details of shares held by Non-Executive Directors as on March 31, 2018 is as follows:**

Name	Category	No. of shares held	Percentage of holding
Mr. Utsav Parekh	Non-Executive –Non-Independent Director	96200	1.72
Mr. Ajay Kumar Kayan	Non-Executive –Non-Independent Director	402250	7.20
Mr. Santosh Kumar Mukherjee	Non-Executive –Independent Director	750	0.01
Mrs. Pusha Mishra	Non-Executive –Independent Director	150	0.00

**b) Managing Director**

Details of Remuneration paid to Executive Director is as follows:-

Name	Salary & Other Allowances	Bonus/Ex-Gratia	Provident Fund
Mr. Kishor Shah	₹ 5,554,429/-	₹ 989,688/-	₹ 498,240/-

Mr. Kishor Shah was appointed Managing Director w.e.f. April 1, 2015 for a period of three years and his remuneration for the year was approved by the shareholders at the Annual General Meeting held on September 26, 2015. Board of Directors in their meeting held on February 3, 2018 re-appointed Mr. Kishor Shah as Managing Director with effect from April 1, 2018 for a further period of three years at a remuneration recommended by the Nomination and Remuneration Committee subject to the approval of shareholders at the ensuing Annual General Meeting. Remuneration to be drawn by Mr. Kishor Shah, Managing Director is within the limits prescribed under Section 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 .

**NOMINATION AND REMUNERATION POLICY**

**The objective and purpose of this policy are:**

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.
- To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel.

In the context of the aforesaid criteria the following policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors at its meeting held on August 6, 2014.

**Composition of the Nomination and Remuneration Committee:**

The Nomination and Remuneration Committee shall comprise of the members as may be decided by the Board of Directors from time to time.



## Definitions

- Board means Board of Directors of the Company.
- Directors mean Directors of the Company.
- Committee means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
- Company means SMIFS Capital Markets Limited.
- Independent Director means a director referred to in Section 149 (6) of the Companies Act, 2013.
- Key Managerial Personnel (KMP) means-
  - (i) Executive Chairman and / or Managing Director;
  - (ii) Whole-time Director;
  - (iii) Manager
  - (iv) Chief Financial Officer;
  - (v) Company Secretary;
  - (vi) Such other officer as may be prescribed under the applicable statutory provisions / regulations.
- Senior Management means personnel of the Company occupying the position of Chief Executive Officer (CEO) of any unit / division or Vice President including Vice President of any unit / division of the Company. Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

## Applicability

The Policy is applicable to :

- Directors (Executive and Non-Executive)
- Key Managerial Personnel
- Senior Management Personnel

## PART – A

### **MATTERS TO BE DEALT WITH, PERUSED AND RECOMMENDED TO THE BOARD BY THE NOMINATION AND REMUNERATION COMMITTEE**

The Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

## PART – B

### **POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT**

- **Appointment criteria and qualifications:**
  1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
  2. The Company shall not appoint or continue the employment of any person as Whole-time Director/ Managing Director/ Manager who has attained the age of seventy years. The term of persons holding position may be extended beyond seventy years with shareholders' approval

- **Term/Tenure:**

1. **Managing Director/Whole-time Director/ Manager:**

- The Company shall appoint or re-appoint any person as its Managing Director, Whole time Director or Manager for a term not exceeding five years at a time.

2. **Independent Director:**

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's Report. Further, his appointment will be as per the Companies Act, 2013 and various Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- **Evaluation:**

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

- **Removal:**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said act, rules and regulations.

- **Retirement:**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

## **PART – C**

### **POLICY RELATING TO THE REMUNERATION FOR THE WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL**

- **General:**

1. The remuneration / compensation / commission etc. to the Whole-time Director, Managing Director, Manager, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
2. The remuneration and commission to be paid to the Whole-time Director/ Managing Director/ Manager, Executive Chairman shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Companies Act, 2013, and the rules made thereunder.
3. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director/ Managing Director/ Executive Chairman
4. Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated





as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

- **Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:**

1. **Fixed pay:**

The Whole-time Director / KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The break- up of the pay scale and quantum of perquisites including, employer's contribution to P.F, Pension Scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

2. **Minimum Remuneration:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.

3. **Provisions for excess remuneration:**

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

- **Remuneration to Non- Executive / Independent Director:**

1. **Remuneration / Commission:**

The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Companies Act, 2013 and the rules made thereunder.

2. **Sitting Fees:**

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed ₹100,000/- (Rupees One Lakh Only) per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

3. **Commission:**

Subject to the provisions of the section 197 of the Companies Act, 2013, any director who is in receipt of any commission from the company and who is a managing or whole-time director of the company shall not be disqualified from receiving any remuneration or commission from any holding company or subsidiary company of such company subject to its disclosure by the company in the Board's Report.

4. **Stock Options:**

An Independent Director shall not be entitled to any stock option of the Company.

- (a) **Annual Performance Evaluation of the Board**

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the

annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration Committees and Stakeholders Relationship Committee. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board's culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company and its minority shareholders etc. The entire Board carried out the performance evaluation of the Independent Directors. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Key Managerial Personnel (KMP) and the Senior Management. The Directors expressed their satisfaction with the evaluation process.

#### **VI. Stakeholders Relationship Committee**

- (i) The Company has constituted a Stakeholders Relationship Committee of Directors to look into the redressal of complaints of investors such as transfer or credit of shares to demat accounts, non-receipt of dividend / notices / annual reports, etc.
- (ii) The Stakeholders Relationship Committee consist of 4 (Four) Directors namely Mr. Santosh Kumar Mukherjee, Mrs. Ramya Hariharan, Mrs. Pushpa Mishra and Mr. Kishor Shah of which 3 (Three) are Non-Executive Independent Directors. Mr. Santosh Kumar Mukherjee, Non-Executive Independent Director is the Chairman of the Committee.
- (iii) No Meeting of Stakeholders Relationship Committee was held during the year.
- (iv) The Company Secretary is the Secretary of the Committee.

\* Mrs. Pushpa Mishra was appointed as the Director of the Company on September 25, 2017.

#### **VII. Share Transfer Committee**

- (i) The Company has constituted a Share Transfer Committee to look into requests received for transfers, split, consolidation as well as issue of duplicate share certificates and complete the process and dispatch of the certificates well within the stipulated time.
- (ii) Share Transfer Committee comprises of Mr. Utsav Parekh, Mr. Santosh Kumar Mukherjee and Mr. Kishor Shah.
- (iii) Share Transfer Committee meetings were held from time to time to give effect to transfer of shares.
- (iv) Share Transfer Committee is prompt in dealing with all the requests received relating to transfer of shares and other related matters.
- (v) The Company Secretary is the Secretary of the Committee.

#### **VIII. Independent Directors Meeting**

During the year under review, the Independent Directors met on February 3, 2018, inter alia, to discuss:

- (i) Evaluation of the performance of Non Independent Directors and the Board of Directors as a whole;
- (ii) Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors.

(iii) Evaluation of the quality content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors except Mrs. Ramya Hariharan were present at the Meeting.

#### IX. Committee of Directors

In addition to the above committees, the Board has constituted the Committee of Directors, which considers matters urgent in nature. The Committee comprises of Mr. Utsav Parekh, Mr. Santosh Kumar Mukherjee, Mr. Ajay Kumar Kayan and Mr. Kishor Shah.

The Company Secretary is the Secretary of the Committee.

#### X. General Body Meetings

Location and time where last three Annual General Meetings were held:

	2014-2015	2015-2016	2016-2017
Date	September 26, 2015	September 24, 2016	September 23, 2017
Time	10.00A.M	10.00A.M	10.00 A.M.
Venue	Rrangoli Banquet Hall, 'Vaibhav', 4, Lee Road, Ground Floor, Kolkata - 700 020	Rrangoli Banquet Hall, 'Vaibhav', 4, Lee Road, Ground Floor, Kolkata - 700 020	Rrangoli Banquet Hall, 'Vaibhav', 4, Lee Road, Ground Floor, Kolkata - 700 020
Whether Special Resolution passed	Yes	No	No

At the Annual General Meeting held on September 26, 2015 a Special Resolution was passed to approve re-appointment of Mr. Kishor Shah as Managing Director for a further period of 3 (Three) years w.e.f. April 1, 2015.

No Special Resolution was passed at the Annual General Meeting held on September 24, 2016 and September 23, 2017.

#### XI. Disclosure by the Management to the Board

The management discloses to the Board all material, financial and commercial transactions where they have personal interest and which may have potential conflict of interest with the Company at large:

- Related party transactions for the year being transactions with Promoters, Directors or Key Managerial Personnel or their Relatives has been stated in Note 31 of Notes on Financial Statements. Further, the Board has approved a policy for related party transactions which has been uploaded on the Company's website at [www.smifscap.com](http://www.smifscap.com).
- There was no significant instance of non-compliance on any matter related to the capital market, during the last three years.
- Vigil Mechanism - Your Company has established a mechanism called "Vigil Mechanism" for employees to report to the management instances of unethical behavior actual or suspected, fraud or violation of Company's code of conduct or ethics policy. The policy is available on the website of the Company at [www.smifscap.com](http://www.smifscap.com).

- (d) Familiarization Programme for Independent Directors- Company has formulated a Familiarization Programme for Independent Directors and the details of which are disclosed on the Company's website [www.smifscap.com](http://www.smifscap.com).

## XII. Subsidiary Company

The Company has one Wholly Owned Subsidiary Company, SMIFS Capital Services Limited. One Independent Director on the Board of the Company is the Director on the Board of the Subsidiary Company. Audit Committee of your Company reviews the financial statements of the Subsidiary Company in each meeting. Minutes of the Board Meetings of the Subsidiary Company are considered at Board Meetings of your Company and at regular intervals, significant transactions, arrangements entered into by the Subsidiary Company are placed at the Board Meetings of your Company.

## XIII. Compliance Certificate

Compliance Certificate on Corporate Governance from Auditors of the Company is annexed herewith.

## XIV. Means of Communication

Financial results of the Company are published in the newspapers as follows:	
Quarterly and half-yearly results:	<p>Published in the newspapers :</p> <p>i) First Quarter ended June 30, 2017, unaudited results published in Business Standard (English) and Ek Din (Bengali) on August 10, 2017.</p> <p>ii) Second Quarter and half-yearly results ended September 30, 2017 published in Business Standard (English) and Ek Din (Bengali) on December 9, 2017.</p> <p>iii) Third Quarter and nine months ended December 31, 2017 unaudited results published in Business Standard (English) and Ek Din (Bengali) on February 4, 2018.</p> <p>iv) Fourth Quarter and year ended March 31, 2018 audited results published in Business Standard (English) and Ek Din (Bengali) on May 31, 2018.</p>
Newspapers in which results are normally published:	Business Standard (English), Ek Din (Bengali).
Any website, where displayed:	The results are displayed on the Company's website at <a href="http://www.smifscap.com">www.smifscap.com</a>
Whether it also displays official news releases:	Yes
Management's Discussions & Analysis forms part of this Annual Report:	Yes



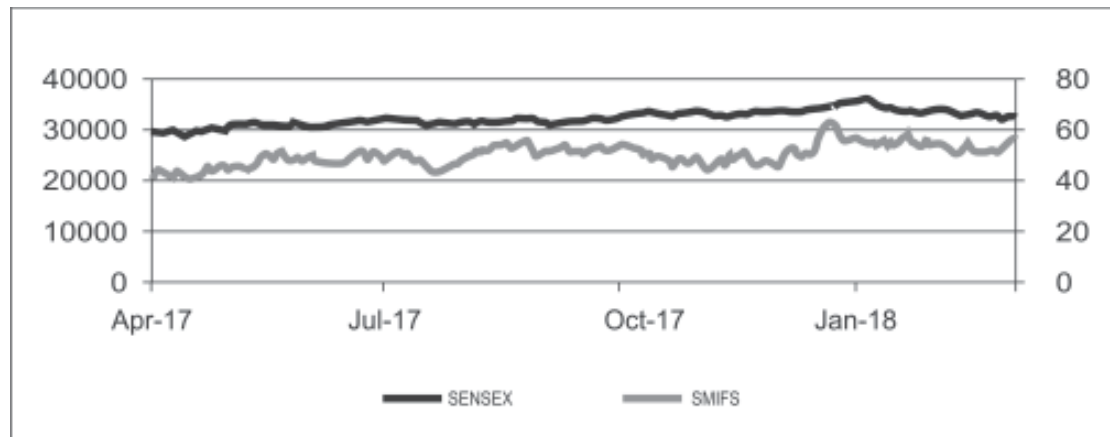
## XV. General Shareholders' Information

- (i) Annual General Meeting
- Date: September 22, 2018
- Time : 10.00 a.m.
- (ii) Venue Rrangoli Banquet Hall, "Vaibhav", 4 Lee Road Ground Floor, Kolkata- 700020
- (iii) Financial Calendar : April 1, 2017 to March 31, 2018
- (iv) Dividend Payment date : If approved in the Annual General Meeting to be held on September 22, 2018 to be paid on or after September 27, 2018
- (v) Date of Book Closure : September 15, 2018 (Saturday) to September 22, 2018 (Saturday) (both days inclusive)
- (vi) Listing on Stock Exchange: Equity shares of the Company are listed on BSE Limited (BSE) and The Calcutta Stock Exchange Limited (CSE).
- (vii) Payment of Annual Listing Fees: The Annual Listing Fees for the Financial year 2017-2018 has been paid to BSE Limited (BSE) and The Calcutta Stock Exchange Limited (CSE).
- (viii) Stock Code : 508905 – BSE  
29354 – CSE
- (ix) ISIN Number for NSDL / CDSL: INE641A01013
- (x) Market Price Information

The following table gives the monthly high and low prices of the Equity shares traded at BSE during the year 2017-2018:

Month	Volume Traded	High Price	Low Price
Apr-17	31,146	47.75	40.85
May-17	27,205	47.70	41.00
Jun-17	72,870	52.80	43.00
Jul-17	45,065	54.60	45.00
Aug-17	58,835	54.60	44.00
Sep-17	32,092	56.70	47.00
Oct-17	3,844	55.10	49.40
Nov-17	8,904	52.35	43.05
Dec-17	1,64,855	53.40	42.85
Jan-18	2,25,247	66.00	49.20
Feb-18	36,667	61.00	48.60
Mar-18	63,319	58.00	48.50

### Share price comparison chart of Equity Shares of the Company vis-à-vis BSE SENSEX



There was no trading of shares at CSE during the year.

#### (xi) Registrar and Transfer Agents:

Name & Address : M/s Maheshwari Datamatics Pvt. Ltd.  
23, R.N. Mukherjee Road (5<sup>th</sup> Floor),  
Kolkata – 700 001

Telephone : (033) 2243-5029, 2243-5809, 2248-2248

Fax : (033) 2248-4787

E-mail : mdpldc@yahoo.com

#### (xii) Corporate Filing and Dissemination System (CFDS)

Companies are now required to upload the quarterly financial results under Corporate Filing and Dissemination System (CFDS). Your Company has been duly registered under the said system and all data relating to the quarterly financial results along with corporate governance report and shareholding pattern are filed under the said system.

#### (xiii) Share Transfer System

Shares lodged for transfer at the Registrar's address are normally processed within 15 days from the date of lodgment, if the documents are clear in all respects. All requests for dematerialization of shares are processed and the confirmation is given to the depositories within 15 days. The Share Transfer Committee approves all transfers and transmissions. Grievances received from members, if any, and other miscellaneous correspondence on change of address, mandates are processed by the Registrar within 15 days from the date of receipt of correspondence.



**(xiv) Shareholding as on March 31, 2018:**

**(a) Category of Shareholding as on March 31, 2018**

Category	No. of Shares held	% of Capital
RESIDENT INDIVIDUALS	14,94,784	26.76
FINANCIAL INSTITUTIONS / BANK	–	–
FOREIGN PORTFOLIO INVESTORS	550000	9.85
CORPORATE BODIES-DOMESTIC	1001163	17.93
INDIAN PROMOTERS:		
a) Individuals	784350	14.04
b) Corporate Bodies	1749701	31.33
NRIs / OVERSEAS CORP. BODIES (OCBs)	5002	0.09
<b>TOTAL</b>	<b>5585000</b>	<b>100</b>

**(b) Distribution of Shareholding as on March 31, 2018**

No. of Shares held	No. of Shareholders	Total no. of Shares held
Upto 500	1145	102224
501-1,000	95	78771
1,001-2,000	77	114720
2,001-3,000	30	82572
3,001-4,000	20	70895
4,001-5,000	10	47340
5,001-10,000	28	204160
10,001 and Above	29	4884318
Total	1434	5585000

**(xv) Reconciliation of Share Capital Audit Report**

Securities and Exchange Board of India vide circular no. CIR/MRD/DP/30/2010 dated September 6, 2010 directed all the issuer Companies to submit a Reconciliation of Share Capital Audit Report (Report) reconciling the total shares held in both the depositories viz., NSDL and CDSL and in Physical Form with the Total Issued /Paid Up Capital. The report replaced the earlier Secretarial Audit Report.

The said report, duly certified by a Company Secretary in Practice is submitted to the Stock Exchanges where the securities of the Company are listed within 30 days of the end of each quarter and the certificate is also placed before the Board of Directors of the Company.

**(xvi) Policy on Insider Trading:**

The Company has formulated a Code of Conduct for Prevention of Insider Trading ('Code') in accordance with the guidelines specified under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended in January 30, 2015. Board of Directors has appointed Ms. Poonam Bhatia, Company Secretary as the Compliance Officer under



the Code, being responsible for complying with the procedures, monitoring adherence to the rules for preservation of price sensitive information, pre-clearance of trade, monitoring of trades and implementation of the Code of Conduct under the overall supervision of the Board. The Code, inter alia, prohibits purchase and/or sale of shares of the Company by an insider or by any other Company, while in possession of unpublished price sensitive information in relation to the Company during certain prohibited periods. The Code is available on the Company's website.

**(xvii) Details of use of Public Fund obtained in the last three years:**

No fund has been raised from the public during the last three years.

**(xviii) Plant location:**

The Company is engaged in the business of financial services and has no plant.

**(xix) Investor Correspondence**

<b>Any query relating to financial statements of the Company may be addressed to the Chief Financial Officer of the Company:</b>	<b>Investors' Correspondence may be addressed to the Compliance Officer of the Company:</b>
Mr. Shreemanta Banerjee CFO-cum- Assistant Vice President (Finance and Taxation)	Ms. Poonam Bhatia Company Secretary-cum-Senior Manager Legal
SMIFS Capital Markets Limited	SMIFS Capital Markets Limited
Vaibhav, 4F, 4 Lee Road, Kolkata – 700 020 Telephone: (033) 2290 7400/ 7401 Fax: (033) 2287 4042 E-mail: smifscap@vsnl.com	Vaibhav, 4F, 4 Lee Road, Kolkata – 700 020 Telephone: (033) 2290 7400/ 7401 Fax: (033) 2287 4042 E-mail: smifscap@vsnl.com, cs.smifs@gmail.com

**(xx) Other Information**

**a) Compliance**

Compliance Certificate on Corporate Governance from Auditors of the Company is annexed herewith.

**b) Code of Conduct**

In order to make the employees of the Company knowledgeable and committed to follow highest level of integrity and to outline the Company's value and principles and to set out the standards of the professional and ethical behavior expected of the employees in the organization, Board of Directors of your Company have laid down Code of Business Conduct and Ethics.

Affirmation of Compliance to the Code has been made by the Board Members and Senior Management of the Company.

**c) Annual declaration by CEO pursuant to Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.**

As the Chief Executive Officer of SMIFS Capital Markets Limited and as required by Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, Mr. Kishor Shah, Managing Director furnished declaration to the Company that all the Board Members and the Senior Management Personnel of the Company have affirmed compliance with the Company's Code of Conduct and ethics for the Financial Year 2017-18.

**(xxi) Information pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Details of Mr. Ajay Kumar Kayan, Director who has consented to be re-appointed as Director on retirement by rotation at the ensuing Annual General Meeting:

Mr. Ajay Kumar Kayan (DIN No. 00239123) born on April 26, 1957 is a Commerce graduate from the University of Calcutta having profound knowledge of the Securities Market in the Indian Market. He was appointed as Additional Director on June 30, 2007. His directorship in other companies is given below:

SI No.	Particulars	Nature Of Office
	<b>Directorship</b>	
i.	Andaman Plantations & Development Corporation Pvt. Ltd.	Director
ii.	Pee lie Investments Pvt. Ltd.	Director
iii.	Chengmari Tea Co Ltd.	Director
iv.	Satellite Inter Continental Pvt. Ltd.	Director
v.	Salveo Life Sciences Limited	Director

**LIMITED LIABILITY PARTNERSHIP**

vi.	Chowringhee Planners LLP	Partner
vii.	C. Mackertich Enterprises LLP	Partner

**Details of Mrs. Pushpa Mishra proposed to be appointed at the forthcoming Annual General Meeting**

Name of the Directors	Age	Date of Appointment on the Board	Qualifications	Expertise in specific field	Names of other Companies in which she holds Directorships	Chairman/ Member of the committee(s) of the Board of Directors of the Company	Chairman/ Member of the committee (s) of the Board of Directors of other Companies in which she is a Director	Shareholding in the Company
Mrs. Pushpa Mishra	45 year	September	25,2017	BA. LLB and B. Com	Experience in the fields of Commercial Law, Company Law, Arbitration Laws, Constitutional provisions and other allied Law	1. Nomination & Remuneration Committee 2. Stakeholder's Relationship Committee 3. Audit Committee	Nil	150

**(xxii) CEO/CFO Certification pursuant to Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Certificate from Mr. Kishor Shah, Managing Director and Mr. Shreemanta Banerjee, CFO-cum-Assistant Vice President (Finance and Taxation), in terms of Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the year ended March 31, 2018 was placed before the Board of Directors of the Company in its meeting held on May 30, 2018.

**Regd. Office:**

'Vaibhav' (4F), 4 Lee Road,  
Kolkata - 700 020

The 30<sup>th</sup> day of May, 2018

*For and on behalf of the Board of Directors*

Sd/-

**(UTSAV PAREKH)**

Chairman

(DIN No. 00027642)



SMIFS



## ANNEXURE – F

### STATEMENT PURSUANT TO SECTION 129 OF THE COMPANIES ACT, 2013 RELATING TO SUBSIDIARY COMPANIES

1. Name of the Subsidiary	: SMIFS Capital Services Limited
2. Share Capital	: ₹ 75,000,700
3. Reserves & Surplus	: ₹ 1,430,126
4. Total Assets	: ₹ 77,785,151
5. Total Liabilities	: ₹ 1,354,325
6. Investments	: ₹ 51,381,207
7. Turnover	: ₹ 1,829,657
8. Profit before taxation	: ₹ (1,555,878)
9. Provision for taxation	: ₹ (4,620)
10. Profit after taxation	: ₹ (1,551,258)
11. % of shareholding	: 100%

**Regd. Office:**

'Vaibhav' (4F), 4 Lee Road,  
Kolkata - 700 020

The 30<sup>th</sup> day of May, 2018

*For and on behalf of the Board of Directors*

Sd/-

**(UTSAV PAREKH)**

Chairman

(DIN No. 00027642)

## REPORT ON CORPORATE GOVERNANCE

To

The Members of

### **SMIFS Capital Markets Limited**

We have examined the compliance of conditions of Corporate Governance by SMIFS Capital Markets Ltd for the year ended on 31st March, 2018 as stipulated in Regulations 17 to 27 and Clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”).

The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have examined the books of accounts and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and Clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended 31st March, 2018.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For, S.K. Agrawal & Co.**  
Chartered Accountants

**Vivek Agarwal**  
Partner

Membership No. – 301571

Place: Kolkata  
Date: 30th May, 2018.

## SMIFS CAPITAL MARKETS LIMITED

10 Years' Highlights	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Equity Capital	55.85	55.85	55.85	55.85	55.85	55.85	55.85	55.85	55.85	55.85
Reserves & Surplus	598.65	695.89	683.48	1,004.21	1,001.69	993.87	993.88	967.71	995.01	1,050.81
Borrowings	23.05	24.01	5.52	3.24	3.28	1.83	0.68	0.75	2.10	5.18
Profit/loss before tax	7.65	40.20	62.74	52.55	13.67	4.62	10.04	10.99	9.65	9.36
Profit/loss after tax	2.56	51.16	54.48	39.40	10.19	2.09	9.55	8.49	8.55	26.39
Dividend per share in ₹	NIL	1.50	1.70	1.40	1.40	1.00	1.00	0.75	1.00	1.00
Net worth	654.50	695.89	739.33	1,060.06	1,057.54	1,049.72	1,049.73	1,023.56	1050.86	1106.66
Earnings per share (In ₹)	0.46	9.16	9.76	7.05	1.82	0.37	1.71	1.52	1.53	4.73
Book value per share (In ₹)	117.19	124.60	132.38	189.81	189.35	187.95	187.95	183.27	188.16	198.15

\* The board has recommended a Dividend @ 10% on Equity Shares subject to approval of the members in the Annual General Meeting

## INDEPENDENT AUDITORS' REPORT

To the Members of **SMIFS CAPITAL MARKETS LIMITED**

### **Report on the Standalone Financial Statements**

We have audited the accompanying Standalone Ind AS financial statements of SMIFS Capital Markets Ltd ("the Company"), which comprise the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss (including Other Comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity 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 Standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; 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 Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these Standalone Ind AS 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 Standalone Ind AS 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 of material misstatement of the Standalone Ind AS 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 Standalone Ind AS 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 Standalone Ind AS 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 Standalone Ind AS financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS 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 including the Ind AS, of the state of affairs of the Company as at 31st March, 2018, and its financial





performance including other comprehensive income, its cash flows and the change in equity for the year ended on that date.

### **Other Matters**

The comparative financial information of the Company for the year ended 31st March, 2017 and the transition date opening Balance Sheet as at 1st April, 2016 included in these Standalone Ind AS financial statements, are based on the statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the previous auditors whose report for the year ended 31st March, 2017 and 31st March, 2016 dated 23rd May, 2017 and 30th May, 2016 respectively expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Standalone Ind AS, which have been audited by us. Our opinion on the Standalone Ind AS financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of these matters.

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

- I. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- II. 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 and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder
  - (e) On the basis of the written representations received from the directors as on 31st March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 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 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 its financial statements. (Refer Note 33 to the Standalone Ind AS financial statements)
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There has been no delay in transferring amounts, which were required to be transferred to the Investor education and Protection Fund by the Company.

**For, S.K. Agrawal & Co.**  
Chartered Accountants

Place: Kolkata  
Date: 30th May, 2018.

**Vivek Agarwal**  
Partner  
Membership No. – 301571

## ANNEXURE – A TO THE INDEPENDENT AUDITOR’S REPORT

**The Annexure referred to in our report to the members of SMIFS Capital Markets Ltd(‘the Company’) for the year ended on 31st March 2018. We report that:**

- i.
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) The Company has a regular programme of physical verification of its fixed assets. In accordance with this programme, certain fixed assets were physically verified by the Management during the year and according to the information and explanations given to us, no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
  - c) According to the information and explanations given to us and the records examined by us including registered title deeds, we report that, the title deeds, comprising all the immovable properties of land and buildings are held in the name of the Company as at the Balance Sheet date.
- ii. According to the information and explanations given to us, the inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable and no material discrepancies were noticed on physical verification.
- iii. In our opinion and according to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly Clauses (iii) (a) and clause (iii) (b) and clause (iii) (c) of paragraph 3 of the order is not applicable.
- iv. Based on our audit procedure and on the basis of information and explanations given to us by the management, we are of opinion that the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013.
- v. In our opinion and according to the information and explanation given to us, the Company has not accepted any deposit from the public during the year. Accordingly, clause (v) of paragraph 3 of the order is not applicable.
- vi. According to the information and explanations provided by the management, the company is not engaged in production, processing, manufacturing or mining activities. Accordingly, clause (vi) of paragraph 3 of the order is not applicable.
- vii. According to the information and explanations given to us in respect of statutory and other dues:-
  - vii. Statutory and other dues:
    - a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees State Insurance, Income Tax, Service Tax, Sales Tax, Goods and service tax, Cess and other statutory dues with the appropriate authorities during the year. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March 2018 for a period of more than six months from the date of becoming payable.
    - b) According to the information and explanations given to us, details of dues of Sales Tax and Employee State Insurance which have not been deposited as on 31st March 2018 on account of dispute are given below:

Particulars	Name of the Statute	Period to which the amount relates	Forum where Dispute is pending	Amount
Sales Tax Due	Uttar Pradesh Sales Tax Act	Before 1994-95. No fresh notice was received.	Commissioner of Appeal Sales Tax	91,125
ESI	Employee State Insurance	June 1991 to November 1997	Commissioner of Appeal ESI	1,42,274

- viii. On the basis of the records examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to Banks and financial institution. The Company did not have any outstanding debentures during the year.
- ix. The Company did not raise any money by way of initial public offer and further public offer (including debt instrument) during the year. To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the company were applied for the purpose for which the loans were obtained.
- x. According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid or provided for managerial remuneration in accordance with requisite approvals mandated by the provisions of Sec 197 read with Schedule V to the Companies Act, 2013.
- xii. To the best of our knowledge and belief and according to the information and explanations given to us, the company is not a Nidhi Company. Accordingly, clause (xii) of paragraph 3 of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records, the Company has not made any preferential allotment or private placement of shares or fully or partially convertible debentures during the year.
- xv. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the company has not entered into non-cash transactions with the directors or persons as per section 192 of the Companies Act, 2013. Accordingly, clause (xv) of paragraph 3 of the Order is not applicable.
- xvi. According to the information and explanation given to us, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause (xvi) of paragraph 3 of the Order is not applicable.

**For, S.K. Agrawal & Co.**  
Chartered Accountants

**Vivek Agarwal**  
Partner

Membership No. – 301571

Place: Kolkata  
Date: 30th May, 2018.

## ANNEXURE - B TO THE AUDITORS' REPORT

### 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 SMIFS Capital Markets Ltd to the extent records available with us in conjunction with our audit of the standalone Ind AS financial statements of the company as of and for the year ended 31st March 2018.

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

The Company's management is responsible for establishing and maintaining internal financial controls. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors' Responsibility

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

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

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

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company.

**SMIFS**

**For, S.K. Agrawal & Co.**  
Chartered Accountants

Place: Kolkata  
Date: 30th May, 2018.

**Vivek Agarwal**  
Partner  
Membership No. – 301571

A large, light pink watermark of the SMIFS logo is centered on the page. It consists of a stylized 'M' shape with the letters 'SMIFS' inside, all enclosed within a hexagonal frame.

**STATEMENT OF ACCOUNT**



## SMIFS CAPITAL MARKETS LIMITED

### BALANCE SHEET AS AT 31st MARCH, 2018

Particulars	Note No.	Amount in ₹		
		As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2016
<b>ASSETS</b>				
Non-current assets				
a) Property, plant and equipment	2	73,988,847	74,891,660	77,842,723
b) Financial assets				
i) Investments	3	371,194,943	357,968,116	253,943,500
ii) Loans	4	122,370,493	110,608,887	3,342,607
iii) Others	5	9,791,453	9,791,453	9,813,119
c) Deferred tax assets (Net)	6	27,260,529	6,821,543	8,143,975
d) Other non-current assets	7	14,230	14,230	14,230
		<b>604,620,495</b>	<b>560,095,889</b>	<b>353,100,154</b>
Current assets				
a) Inventories	8	585,383	1,116,862	34,111,918
b) Financial assets				
i) Trade receivables	9	781,055	8,446,116	39,216,926
ii) Cash and Cash equivalents	10	11,814,770	153,906,646	9,965,217
iii) Other Bank Balances	11	1,072,840	1,120,719	1,016,288
iv) Loans	12	—	—	161,057
v) Others	13	493,691,279	333,675,803	591,089,402
c) Current tax asset (Net)	14	4,710,419	1,975,083	2,997,947
d) Other current assets	15	2,299,805	2,764,036	2,680,763
		<b>514,955,551</b>	<b>503,005,265</b>	<b>681,239,518</b>
<b>Total Assets</b>		<b>1,119,576,046</b>	<b>1,063,101,154</b>	<b>1,034,339,672</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
a) Equity Share capital	16	55,850,000	55,850,000	55,850,000
b) Other equity	17	1,050,814,454	995,014,509	967,709,435
		<b>1,106,664,454</b>	<b>1,050,864,509</b>	<b>1,023,559,435</b>
<b>LIABILITIES</b>				
Non-current liabilities				
a) Financial liabilities				
i) Borrowings	18	3,931,000	1,373,100	396,347
		<b>3,931,000</b>	<b>1,373,100</b>	<b>396,347</b>
Current liabilities				
a) Financial liabilities				
i) Other financial liabilities	19	3,764,238	4,870,847	2,032,115
b) Other current liabilities	20	3,560,827	4,594,370	6,864,072
c) Provisions	21	1,655,527	1,398,328	1,487,703
		<b>8,980,592</b>	<b>10,863,545</b>	<b>10,383,890</b>
<b>Total Equity and liabilities</b>		<b>1,119,576,046</b>	<b>1,063,101,154</b>	<b>1,034,339,672</b>

Significant Accounting Policies & Notes to Financial Statements

1 To 45

*As Per Our Report Of Even Date attached*

**FOR S. K. Agrawal & Co.**

Chartered Accountants  
Firm Reg. No.: 306033E

**Vivek Agarwal**

Partner

Membership No. : 301571

Place: Kolkata

Dated: 30<sup>th</sup> May 2018

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

**UTSAV PAREKH**

Chairman

(DIN No. 00027642)

**POONAM BHATIA**

Company Secretary

Cum - Sr.Manager Legal

**KISHOR SHAH**

Managing Director

(DIN No. 00170502)

**SHREEMANTA BANERJEE**

CFO cum Assist. Vice President

Finance & Taxation





**SMIFS CAPITAL MARKETS LIMITED**  
**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2018**

Particulars	Note No.	Amount in ₹	
		Year ended 31st March, 2018	Year ended 31st March, 2017
<b>INCOME</b>			
I Revenue from operations	22	506,195,996	411,792,054
II Other Income	23	26,880,022	51,005,160
<b>Total income(I+II)</b>		<b>533,076,018</b>	<b>462,797,214</b>
<b>III EXPENDITURE</b>			
Purchases of Stock-in-Trade	24	476,271,641	378,083,962
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	25	531,479	32,995,056
Employee benefits expense	26	19,858,088	19,074,806
Financial Costs	27	771,115	218,622
Depreciation and amortization expense	28	6,542,938	5,877,879
Other expenses	29	19,739,032	16,895,410
<b>Total Expense (III)</b>		<b>523,714,293</b>	<b>453,145,735</b>
IV Profit/(loss) before exceptional items and tax		9,361,725	9,651,479
V Exceptional items		—	—
<b>VI Profit/(loss) before tax</b>		<b>9,361,725</b>	<b>9,651,479</b>
<b>VII Tax expense:</b>	30		
(1) Current tax (Incl. STT)		2,810,338	2,388,341
(2) Tax adjustment for earlier years		—	113,352
(3) Deferred tax		(19,841,165)	(1,403,200)
VIII Profit/(loss) for the period from continuing operations		<b>26,392,552</b>	<b>8,552,986</b>
IX Profit/(loss) from discontinued operations		—	—
Tax expense from discontinued operations		—	—
X Profit/(loss) for the period from discontinued operations (after tax)		—	—
<b>XI Profit/(loss) for the period</b>		<b>26,392,552</b>	<b>8,552,986</b>
<b>XII Other Comprehensive Income</b>			
A (i) Items that will not be reclassified to profit or loss			
Remeasurement of net defined benefit liability		(681,558)	(463,856)
Gains and losses from investments in equity instruments designated at fair value through other comprehensive income;		36,213,105	26,983,071
(ii) Income tax relating to items that will not be reclassified to profit or loss		597,821	4,778,310
B (i) Items that will be reclassified to profit or loss			
(ii) Income tax relating to items that will be reclassified to profit or loss			
Other comprehensive income/(loss) for the period		36,129,368	31,297,525
<b>Total Comprehensive Income for the period (XI+XII)</b>		<b>62,521,920</b>	<b>39,850,511</b>
<b>XIII (Comprising Profit (Loss) and Other Comprehensive Income for the period)</b>			
<b>XIV Earning per equity share:</b>	31		
(1) Basic		4.73	1.53
(2) Diluted		4.73	1.53

Significant Accounting Policies & Notes to Financial Statements 1 To 45

As Per Our Report Of Even Date attached

**FOR S. K. Agrawal & Co.**

Chartered Accountants  
Firm Reg. No.: 306033E

**Vivek Agarwal**

Partner

Membership No. : 301571

Place: Kolkata

Dated: 30<sup>th</sup> May 2018

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

**UTSAV PAREKH**

Chairman

(DIN No. 00027642)

**POONAM BHATIA**

Company Secretary

Cum - Sr.Manager Legal

**KISHOR SHAH**

Managing Director

(DIN No. 00170502)

**SHREEMANTA BANERJEE**

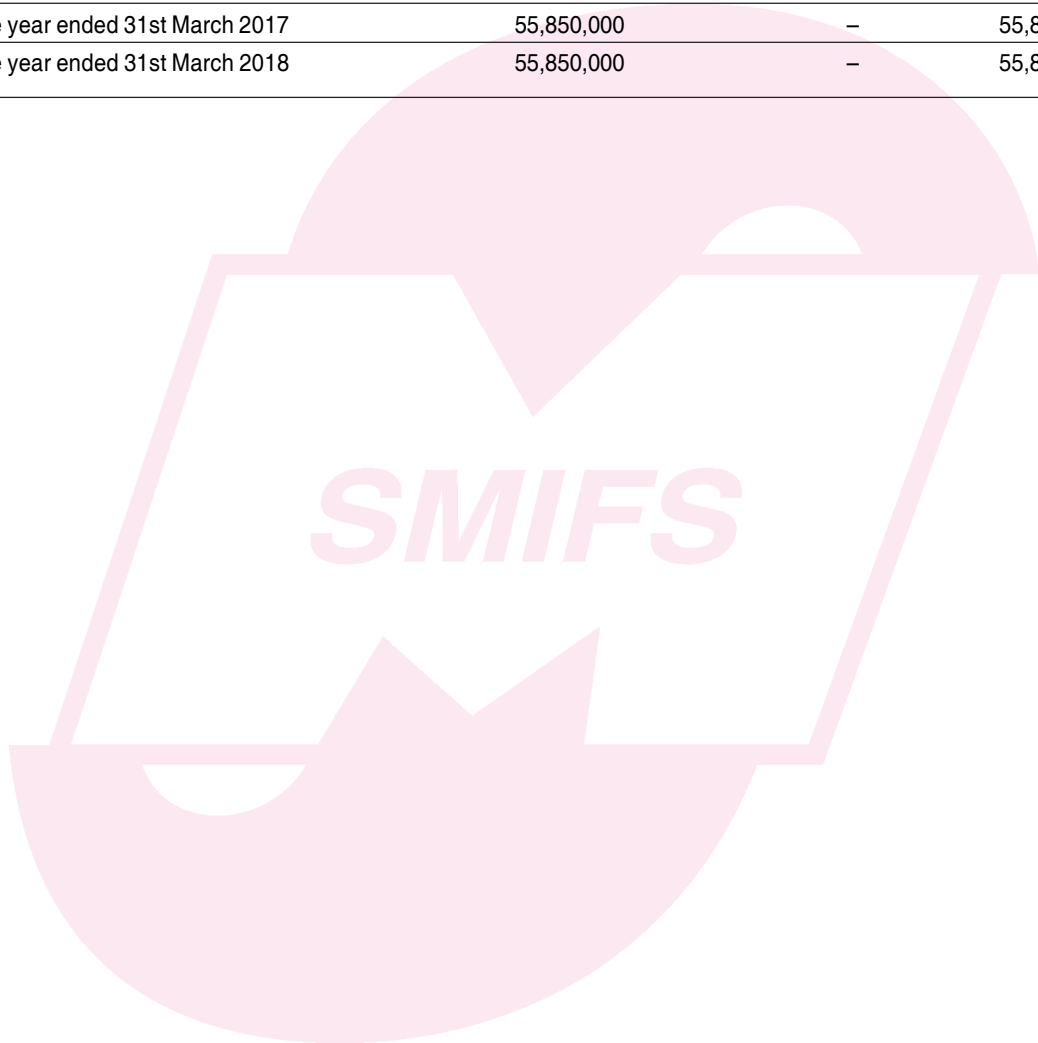
CFO cum Assist. Vice President

Finance & Taxation



**SMIFS CAPITAL MARKETS LIMITED**  
**STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018**  
**AND MARCH 31, 2017**

Equity Share Capital	Amount in ₹		
Particulars	Balance at the beginning of the reporting year	Changes during the reporting year	Balance at the end of the reporting year
For the year ended 31st March 2017	55,850,000	–	55,850,000
For the year ended 31st March 2018	55,850,000	–	55,850,000



**SMIFS CAPITAL MARKETS LIMITED**  
STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018  
AND MARCH 31, 2017



Other Equity	Reserves and Surplus				Other Comprehensive Income			Amount in ₹
	Securities Premium	Capital Redemption reserve	General Reserve	Retained Earnings	Equity instruments through Comprehensive Income	Remeasurement of Defined Benefit Liability	Total Other Equity	
<b>Balance as at 1st April 2016</b>	433,725,000	40,000,000	390,950,734	72,081,471	30,952,230		<b>967,709,435</b>	
Profit for the year				8,552,987			8,552,987	
Dividend Paid				4,188,750				
Dividend Distribution tax paid				852,746				
Other Comprehensive Income					24,257,439	(463,856)	23,793,583	
Total Comprehensive Income for the year				3,511,491	24,257,439	(463,856)	27,305,074	
<b>Balance at 31st March 2017</b>	433,725,000	40,000,000	390,950,734	75,592,962	55,209,669	(463,856)	<b>995,014,509</b>	
<b>Balance at 1 April 2017</b>	433,725,000	40,000,000	390,950,734	75,592,962	55,209,669	(463,856)	<b>995,014,509</b>	
Profit for the year				26,392,552			26,392,552	
Transferred from other comprehensive income				4,186,947				
Dividend Paid				5,585,000				
Dividend Distribution tax paid				1,136,975				
Other Comprehensive Income					36,810,926	(681,558)	36,129,368	
Transferred to retained earnings					4,186,947			
Total Comprehensive Income for the year				23,857,524	32,623,979	(681,558)	62,521,920	
<b>Balance at 31 March 2018</b>	433,725,000	40,000,000	390,950,734	99,450,486	87,833,648	(1,145,414)	<b>1,050,814,454</b>	

As Per Our Report Of Even Date

**FOR S. K. Agrawal & Co.**

Chartered Accountants

Firm Reg. No.: 306033E

**Vivek Agarwal**

Partner

Membership No. : 301571

Place: Kolkata

Dated: 30<sup>th</sup> May 2018

For and on Behalf of the Board of Directors

**UTSAV PAREKH**

Chairman  
(DIN No. 00027642)

**KISHOR SHAH**

Managing Director  
(DIN No. 00170502)

**POONAM BHATIA**

Company Secretary  
Cum - Sr.Manager Legal

**SHREEMANTA BANERJEE**

CFO cum Assist. Vice President  
Finance & Taxation



**SMIFS CAPITAL MARKETS LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2018**

	<u>31st March, 2018</u>	<u>31st March, 2017</u>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax	9,361,725	9,651,478
<b>Adjustment for</b>		
Depreciation	6,542,939	5,877,879
(Profit) / Loss on sale of Investments	(474,367)	(39,487,719)
Dividend on Investment	(333,117)	(305,562)
Provisions no longer required	-	(412,838)
Financial Cost	771,115	218,622
(Profit)/Loss on sale of Fixed Assets	-	(1,025,855)
Revaluation in Financial Assets	(106,024)	(549,893)
Amortisation Expenses	1,836	1,721
Interest Income	(25,339,125)	(9,585,806)
	<u>(18,936,743)</u>	<u>(45,269,451)</u>
Operating profit before Working Capital change	(9,575,018)	(35,617,973)
Adjustment for		
Trade & Other Receivables	(164,329,348)	180,966,562
Inventories	531,479	32,995,056
Trade and Other Payables	(2,405,888)	105,580
	<u>(166,203,757)</u>	<u>214,067,198</u>
Cash Generated from Operations	(175,778,775)	178,449,225
Direct Tax paid	(5,545,675)	(1,478,829)
	<u>(5,545,675)</u>	<u>(1,478,829)</u>
Net Cash Flow from Operating activity	<b><u>(181,324,450)</u></b>	<b><u>176,970,396</u></b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(5,640,125)	(3,911,962)
Sale of Fixed Assets (Net of advance received)	-	2,011,001
Purchase of Investments	(121,560,534)	(289,445,518)
Sale of Investments	145,125,368	252,439,866
Interest Income	25,339,125	9,585,806
Dividend on Investment	333,117	305,562
Net Cash flow from Investing Activities	<b><u>43,596,951</u></b>	<b><u>(29,015,245)</u></b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend and Dividend Distribution Tax Paid	(6,721,975)	(5,041,496)
Interest paid	(771,115)	(218,622)
Proceeds from long-term borrowings	3,080,834	1,350,827
Net cash used in Financing Activities	<b><u>(4,412,256)</u></b>	<b><u>(3,909,291)</u></b>
Net increase in Cash & Cash Equivalents	(142,139,755)	144,045,860
Opening Balance of Cash & Cash Equivalents	155,027,365	10,981,505
Closing Balance of Cash & Cash Equivalents	<b><u>12,887,610</u></b>	<b><u>155,027,365</u></b>

*As Per Our Report Of Even Date*

**FOR S. K. Agrawal & Co.**

Chartered Accountants  
Firm Reg. No.: 306033E

**Vivek Agarwal**

Partner

Membership No. : 301571

Place: Kolkata

Dated: 30<sup>th</sup> May 2018

*For and on Behalf of the Board of Directors*

**UTSAV PAREKH**

Chairman

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Managing Director

(DIN No. 00170502)

**SHREEMANTA BANERJEE**

CFO cum Assist. Vice President

Finance & Taxation

# SMIFS CAPITAL MARKETS LIMITED

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

### The Company Information

Smifs Capital markets Limited (the “Company”) is a public limited company incorporated and domiciled in India and has its registered office at Vaibhav, 4F, 4, Lee Road, Kolkata - 700 020, India. The Company is listed on the BSE Limited and Calcutta Stock Exchange Limited. The company is engaged mainly in merchant banking and trading in government securities and shares.

The financial statements for the year ended March 31, 2018 were approved by the Board of Directors and authorised for issue on 30th May 2018.

### Note: 1 Significant accounting policies

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

#### a) Statement of Compliance

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under the companies (Indian Accounting Standards) Rules, 2015 as amended by companies (Indian Accounting Standards) (Amendment) Rules, 2016, the relevant provisions of Companies Act, 2013 (“the Act”)

The financial statements up to year ended 31 March 2017 were prepared in accordance with the accounting standards notified under the section 133 of the Companies Act, 2013 read together with Rule 7 of Companies (Accounts) rule 2014, (Indian GAAP).

The transition from Previous GAAP to Ind AS has been accounted for in accordance with Ind AS 101 “First Time Adoption of Indian Accounting Standard” with April 1, 2016 being the transition date.

In accordance with Ind AS 101 “First Time Adoption of Indian Accounting Standard” the Company has presented a reconciliation from the presentation of final statements under accounting standards notified under the Companies Accounting Standard Rules, 2006 i.e. “Previous GAAP” to Ind AS of total equity as at April 1, 2016 and March 31, 2017, total comprehensive income and cash flow for the year ended March 31, 2017.

The financial statements are presented in Indian Rupees except otherwise indicated.

#### b) Basis of Preparation

The Financial Statements of the Company have been prepared on historical cost convention under accrual method of accounting and as a going concern concept except for certain assets and liabilities which are measured at fair values as required by Ind AS.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities have been classified as per the Company’s normal operating cycle and the other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. The Company has ascertained its operating cycle as 12 months for the purpose of current and noncurrent classification of assets and liabilities.

### c) Use of estimates

In preparation of the financial statements, the Company makes judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and the associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, and future periods affected.

### d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation/amortization and impairment, if any. Freehold land is disclosed at cost less impairment, if any. Cost comprises of purchase price and directly attributable cost of acquisition/ bringing the asset to its working condition for its intended use (net of credit availed, if any). Capital work in progress, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

On transition to Ind AS, the entity has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1st April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

An item of property, plant and equipment and any significant part initially recognised is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

#### Depreciation

Depreciation is the systematic allocation of the depreciable amount of PPE over its useful life and is provided on a written down value basis over the useful lives as prescribed under Schedule II to the Companies Act, 2013.

Depreciable amount for PPE is the cost of PPE less its estimated residual value. The useful life of PPE is the period over which PPE is expected to be available for use by the Company, or the number of production or similar units expected to be obtained from the asset by the Company.

Depreciation on additions is provided on a pro-rata basis from the month of installation or acquisition. Depreciation on deductions/disposals is provided on a pro-rata basis up to the month preceding the month of deduction/disposal.

### e) Impairment of Non-financial assets

The Company assesses at each reporting date whether there is any indication that any property, plant and equipment and intangible assets or group of assets, called cash generating unit may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the balance sheet date there is an indication that if a



previously assessed impairment loss no longer exists, the recoverable amount is reassessed, and the asset is reflected at the recoverable amount.

**f) Inventories**

Inventories consisting of shares and securities has been individually valued script wise at lower of cost and market rate, in case they are quoted. Other stock-in-trade are valued at cost/ net asset value whichever is lower or where balance sheet of investee Company is not available for past two years, value of such unquoted Stock-in-trade have been taken at rupee one per share as per prudential norms issued by the Reserve Bank of India.

Inventories includes construction work-in-progress in respect of real estate development.

**g) Borrowing costs**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale and borrowing costs are being incurred. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

**h) Provisions, Contingent liabilities and Contingent Assets**

Provisions are recognised when there is a present obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at each Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the best current estimate.

A present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non -occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent assets are not recognised in financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

**i) Revenue recognition**

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity. The company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and specifics of each arrangement. Revenue is measured at the fair value of the consideration received or receivables.

The measurement of contract revenue is affected by a variety of uncertainties that depend on the outcome of future events. The estimates often need to be revised as events occur and uncertainties resolve. Therefore, the amount of contract revenue may increase or decrease from one period to the next.

When the outcome of construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract shall be recognized as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period. An expected loss on construction contract shall be recognized as an expense immediately.





The recognition of revenue and expenses by reference to the stage of completion of a contract is often referred to as the percentage of completion method. Under this method contract revenue is matched with the contract costs incurred in reaching the stage of completion, resulting in the reporting of revenue, expenses and profit which can be attributed to the proportion of work completed.

#### **Interest Income**

Income from interest on deposits, loan and interest bearing securities is recognised on a time proportion basis taking into account the underlying interest rate.

#### **Dividend income**

Dividend income is recognised at the time when right to receive the payment is established, which is generally, when the shareholders approve the dividend.

### **j) Income Tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities (including MAT) attributable to temporary differences and to unused tax losses.

Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose at reporting date. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. MAT is recognised as deferred tax assets in the Balance Sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

### **k) Cash flow statement**

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

### **l) Financial instruments**

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

#### *Financial Assets*

#### **Initial Recognition**

All financial assets and liabilities are recognized at fair value on initial recognition, except for

trade receivables which are initially measured at transaction price. Transaction cost that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition.

### **Classification and Subsequent Measurement: Financial Assets**

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”) on the basis of following:

- entity’s business model for managing the financial assets and
- contractual cash flow characteristics of the financial asset.

### **Debt Instruments**

#### **Amortised Cost**

A financial asset is subsequently measured at amortise cost, if the financial asset is held within a business model, whose objective is to hold the asset in order to collect contractual cash flow and the contractual term of financial asset give rise on specified date to cash flow that are solely payment of principal and interest on principal amount outstanding.

#### **Fair Value through Other Comprehensive Income**

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognised in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to ‘other income’ in the Statement of Profit and Loss.

#### **Fair Value through Profit or Loss**

A financial asset is classified and measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through OCI.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

### **Equity Instruments**

All investments in equity instruments classified under financial assets are measured at fair value. The company in respect of equity investments, which are not held for trading, made an irrevocable election based on its judgment to present in other comprehensive income subsequent changes in the fair value (FVOCI) of such equity instrument. The Company makes such election on an instrument-by-instrument basis. Fair value changes on an equity instrument is recognised as other income in the Statement of Profit and Loss unless the Company has elected to measure such instrument at FVOCI. Fair value changes excluding dividends, on an equity instrument measured at FVOCI are recognised in OCI. Amounts recognised in OCI are not subsequently reclassified to the Statement of Profit and Loss. Dividend income on the investments in equity instruments are recognised as ‘other income’ in the Statement of Profit and Loss.

### **Financial Liabilities**

#### **Initial Recognition**

Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss. In case of trade payables, they are initially recognised at fair value and subsequently, these liabilities are held at amortised cost, using the



effective interest method.

### **Classification and Subsequent Measurement: Financial liabilities**

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

### **Impairment of financial assets**

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. The Company recognises a loss allowance for expected credit losses on financial asset. In case of trade receivables, the Company follows the simplified approach permitted by Ind AS 109 – Financial Instruments for recognition of impairment loss allowance. The application of simplified approach does not require the Company to track changes in credit risk. The Company calculates the expected credit losses on trade receivables using a provision matrix on the basis of its historical credit loss experience.

### **Derecognition of financial instruments**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the contractual rights to receive the cash flows from the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

### **Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

## **m) Fair value measurements**

The Company measures financial instruments at fair value at each balance sheet date.

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole;

Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

**n) Employee benefits**

**Defined contributions plan**

Contributions to defined contribution schemes such as employees' state insurance, labour welfare fund, superannuation scheme, employee pension scheme etc. are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. Company's provident fund contribution, in respect of certain employees, is made to a government administered fund and charged as an expense to the Statement of Profit and Loss. The above benefits are classified as Defined Contribution Schemes as the Company has no further defined obligations beyond the monthly contributions.

**Defined benefit plans**

The Company's Liabilities on account of Gratuity and Earned Leave on retirement of employees are determined at the end of each financial year on the basis of actuarial valuation certificates obtained from Registered Actuary in accordance with the measurement procedure as per Indian Accounting Standard (Ind AS) -19., 'Employee Benefits' The gratuity liability is covered through a policy taken by a trust established under the group gratuity scheme with Life Insurance Corporation of India (LIC). The costs of providing benefits under these plans are also determined on the basis of actuarial valuation at each year end. Actuarial gains and losses for defined benefit plans are recognized through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

The Defined Benefit Plan can be short term or Long terms which are defined below:

**(i) Short term Employee benefit**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefits obligations in the balance sheet.

**(ii) Long term Employee benefits**

Compensated absences which are not expected to occur within 12 months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the balance sheet date.

**o) Segment reporting**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the company's chief operating decision maker to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 108, the chief operating decision maker evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments.

**p) Borrowings**

Borrowings are measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of

the borrowings using effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

**q) Earnings per share**

Basic earnings per share is computed by dividing the net profit for the period attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

**r) Investment in subsidiary**

Investment in subsidiary is shown at deemed cost. Further where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the Statement of Profit and Loss, if any. On disposal of investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of profit and loss, if any.

**s) Business Combinations**

Business combinations have been accounted for using the acquisition method under the provisions of Ind AS 103, Business Combinations. The Cost of acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition, which is the date on which control is transferred to the Company. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

**t) Recent accounting pronouncements**

Ind AS 12 - Income Taxes: The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1 April 2018. These amendments are not expected to have any impact on the Company as the Company has no deductible temporary differences or assets that are in the scope of the amendments.

**Ind AS 115- Revenue from Contract with Customers:** On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

**Retrospective approach** - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors;

**Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)** The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

*As Per Our Report Of Even Date*

**FOR S. K. Agrawal & Co.**

Chartered Accountants  
Firm Reg. No.: 306033E

**Vivek Agarwal**

Partner

Membership No. : 301571

Place: Kolkata

Dated: 30<sup>th</sup> May 2018

*For and on Behalf of the Board of Directors*

**UTSAV PAREKH**

Chairman

(DIN No. 00027642)

**POONAM BHATIA**

Company Secretary

Cum - Sr.Manager Legal

**KISHOR SHAH**

Managing Director

(DIN No. 00170502)

**SHREEMANTA BANERJEE**

CFO cum Assist. Vice President

Finance & Taxation



# SMIFS CAPITAL MARKETS LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

## Note : 2 Property Plant and Equipments

Amount in ₹

Particulars	Gross Block			Depreciation			Net Block	
	As on 01.04.2017	Additions	Deductions/ Adjustments	As on 31.03.2018	As on 01.04.2017	For the year	As on 31.03.2018	As on 31.03.2017
Buildings / Premises	73,373,622	-	-	73,373,622	3,392,656	3,181,624	6,574,280	69,980,966
Furniture and Fixtures	129,018	-	-	129,018	63,104	43,510	106,614	65,914
Office Equipment	237	-	-	237	223	13	236	14
Vehicles	6,863,411	5,576,435	-	12,439,846	2,188,303	3,136,394	5,324,697	4,675,108
Electrical Installations	5,773	-	-	5,773	3,735	1,319	5,054	2,038
Computers	216,380	63,690	-	280,070	119,946	116,073	236,019	96,434
Air Conditioners	181,098	-	-	181,098	109,912	64,006	173,918	71,186
<b>Sub total</b>	<b>80,769,539</b>	<b>5,640,125</b>	<b>-</b>	<b>86,409,664</b>	<b>5,877,879</b>	<b>6,542,938</b>	<b>12,420,817</b>	<b>74,891,660</b>

Particulars	Gross Block			Depreciation			Net Block	
	Deemed Cost As on 01.04.2016	Additions	Deductions/ Adjustments	As on 31.03.2017	As on 01.04.2016	For the year	As on 31.03.2017	As on 31.03.2016
Buildings / Premises	73,373,622	-	-	73,373,622	-	3,392,656	3,392,656	73,373,622
Furniture and Fixtures	7,674	121,344	-	129,018	-	63,104	63,104	7,674
Office Equipment	237	-	-	237	-	223	223	237
Vehicles	4,404,099	3,444,458	985,146	6,863,411	-	2,188,303	2,188,303	4,404,099
Electrical Installations	5,773	-	-	5,773	-	3,735	3,735	5,773
Computers	26,470	189,910	-	216,380	-	119,946	119,946	26,470
Air Conditioners	24,848	156,250	-	181,098	-	109,912	109,912	24,848
<b>Sub total</b>	<b>77,842,723</b>	<b>3,911,962</b>	<b>985,146</b>	<b>80,769,539</b>	<b>-</b>	<b>5,877,879</b>	<b>5,877,879</b>	<b>77,842,723</b>



# SMIFS CAPITAL MARKETS LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

**Note : 3 Non Current Investment**

Amount in ₹

Sl. No.	Particulars	As at 31 March 2018		As at 31 March 2017		As at 1st April 2016	
		Quantity No.	Amount ₹	Quantity No.	Amount ₹	Quantity No.	Amount ₹
<b>1</b>	<b>Investments measured at amortized cost</b>						
(a)	<b>Investment in Preference Shares (Non Cumulative ₹ 100/- Each)</b>						
	<b>Unquoted, fully paid up</b>						
	12% Andaman Plantations & Development Corporation Pvt.Ltd	40,000	4,000,000	40,000	4,000,000	40,000	4,000,000
	7% Non Cumulative Redeemable Pref.Share Maya Tradelinks Ltd.	200,000	20,000,000	200,000	20,000,000	-	-
(b)	<b>Investment in Debentures (₹ 100/- Each)</b>						
	<b>Unquoted, fully paid up</b>						
	Zero% Compulsory Convertible Debenture I Care Learning Pvt.Ltd.	517,500	51,570,000	515,700	51,570,000	-	-
(c)	<b>Investment in Govt Securities</b>						
	6.05% Govt of India Loan - 2019 (F.V. ₹ 500,000)	5,000	502,368	5,000	504,204	5,000	505,925
<b>2</b>	<b>Investment carried at cost</b>						
(a)	<b>Investment in Subsidiary Company (Wholly Owned)</b>						
	<b>Unquoted</b>						
	Investment in Equity Shares of ₹ 10 each SMIFS Capital Services Limited	7,500,070	75,000,700	7,500,070	75,000,700	7,500,070	75,000,700
<b>3</b>	<b>Investments measured at fair value through Other comprehensive Income</b>						
(a)	<b>Investment in Equity Shares</b>						
	Equity shares of ₹ 10 each (Unless otherwise stated)						
	<b>Quoted, Fully paid up</b>						
	Aravali Securities & Finance Limited	100	340	100	370	100	440
	Aditya Birla Capital Ltd	50,000	7,297,500	-	-	-	-
	Asian Vegipro Industries Limited	300,000	300,000	300,000	300,000	300,000	300,000
	Coventry Springs & Engg. Co. Ltd	52,323	5,233	52,323	5,232	52,323	5,232
	ECE Industries Ltd.	-	-	-	-	384,500	46,765,963
	Cholamandalam Finance Ltd.	-	-	4,000	3,860,200	-	-
	Gillanders Arbuthnot & Co. Ltd	-	-	9,041	588,569	9,041	574,104



# SMIFS CAPITAL MARKETS LIMITED

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

Amount in ₹

Sl. No.	Particulars	As at 31 March 2018		As at 31 March 2017		As at 1st April 2016	
		Quantity No.	Amount ₹	Quantity No.	Amount ₹	Quantity No.	Amount ₹
	Hindustan Petroleum Corporation Ltd.	-	-	10,000	5,256,500	-	-
	Melstar Information Technologies Limited	300	975	300	1,149	300	1,623
	Moulik Finance & Resorts Limited	7,100	7,100	7,100	7,100	7,100	7,100
	Moving Picture (India) Limited	881,600	528,960	881,600	528,960	881,600	819,888
	Maruti Suzuki India Limited	-	-	1,000	6,015,700	-	-
	Nicco UCO Alliance Credit Limited	114	42	114	44	114	233
	Mangalam Timber Products Ltd.	-	-	106,628	3,060,224	106,628	1,860,659
	Punsumi Foils & Components Limited	15,800	15,800	15,800	15,800	15,800	15,800
	Reliance Industries Ltd.	-	-	-	-	3,000	3,402,926
	PTC Industries Ltd.	-	-	14,858	4,264,246	-	-
	Summit Securities Ltd.	156,500	123,642,825	156,500	84,048,325	156,500	44,336,450
	Swad Industries & Leasing Ltd	141	141	141	141	141	141
	Southern Online Bio-Technologies Limited	-	-	-	-	424,586	2,509,689
	T & I Global Ltd.	49,000	3,361,400	-	-	-	-
	VCK Capital Markets Limited	200	220	200	210	200	306
	<b>Unquoted, Fully paid up</b>						
	Antriksh Vyapaar Limited	800,000	18,576,000	2,450,000	58,173,679	1,500,000	34,958,390
	Bhatpara Papers Limited	44	391	44	391	44	391
	I Care Learning Pvt.Ltd.	775,000	775,000	775,000	775,000	-	-
	Tejasri Energy Limited	5,000	50,000	5,000	50,000	5,000	50,000
	Gujarat Securities Limited	20	200	20	200	20	200
	North Eastern Publishing & Advt Co Ltd	4,500,000	42,075,000	2,500,000	23,363,830	2,500,000	23,363,830
	Patriot Automation Projects Limited	2,065,350	500,000	2,065,350	500,000	2,065,350	500,000
	Sheorey Digital Systems Pvt Ltd	590,000	9,699,600	590,000	10,044,348	590,000	10,044,348
	Vaibhav Services Pvt Ltd	4,580	424,017	4,580	373,736	4,580	373,736
<b>4</b>	<b>Investments measured through profit and loss</b>						
<b>(a)</b>	<b>Investment in Mutual Funds</b>						
	<b>Unquoted</b>						
	Birla Sunlife'95 Fund	1,394	1,084,696	1,194	836,990	959.69	545,427
	JM High Liquidity Fund	2,263	107,638	2,263	100,717	-	-
	Sundaram Mutual Fund	-	-	-	-	191,171.69	4,000,000
	DSP Mutual Fund	-	-	396,512	4,721,551	-	-
	Franklin Mutual Fund	4,490	11,668,797	-	-	-	-
	<b>Total</b>		<b>371,194,943</b>		<b>357,968,116</b>		<b>253,943,500</b>

Aggregate amount of unquoted Investments

235,532,039

249,511,142

152,837,022

Aggregate amount of quoted Investments

135,160,536

107,952,770

100,600,553

Aggregate market value of quoted Investments

135,160,536

107,952,770

100,600,553

# SMIFS CAPITAL MARKETS LIMITED

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

Amount in ₹

<u>Note : 4 Loans</u>	<u>As at 31 March 2018</u>	<u>As at 31 March 2017</u>	<u>As at 1st April 2016</u>
Unsecured and considered good			
1 Security Deposit	1,205,764	1,205,764	2,256,563
	-	-	-
	1,205,764	1,205,764	2,256,563
2 Other loans	121,164,729	109,403,123	1,086,044
	121,164,729	109,403,123	1,086,044
<b>Total</b>	<b>122,370,493</b>	<b>110,608,887</b>	<b>3,342,607</b>

### Note : 5 Other non current financial assets

1 Receivable from Leased Assets	397,081	397,081	809,919
Less: Provision for doubtful	(397,081)	(397,081)	(809,919)
	-	-	-
2 Other Receivable *	9,791,453	9,791,453	9,813,119
<b>Total</b>	<b>9,791,453</b>	<b>9,791,453</b>	<b>9,813,119</b>

\* Other receivable includes fixed deposit . The entire amount which is receivable from Central Bank of India , has been deposited by the Bank with the Prothonotary and Senior master pending disposal of our claim as per the direction of the Hon'ble High Court, Bombay.

### Note : 6 Deferred tax Assets (Net)

1 Deferred tax asset			
MAT Credit Entitlement	40,029,652	37,314,483	34,927,966
Less: Deferred tax liability			
On Disallowances under the Income Tax Act, 1961	611,120	729,574	895,621
On difference between wdv as per book and wdv as per Income Tax Act of fixed assets	(11,194,737)	(28,315,087)	(18,873,480)
On Financial Instrument	(2,185,506)	(2,907,427)	(8,806,132)
	(12,769,123)	(30,492,940)	(26,783,991)
<b>Total</b>	<b>27,260,529</b>	<b>6,821,543</b>	<b>8,143,975</b>

### Note : 7 Other Non Current Assets

1 Other Advance	312,083	312,083	312,083
Less: Provision for advances considered doubtful	(297,853)	(297,853)	(297,853)
	14,230	14,230	14,230
<b>Total</b>	<b>14,230</b>	<b>14,230</b>	<b>14,230</b>



# SMIFS CAPITAL MARKETS LIMITED

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

Amount in ₹

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April 2016
<b>Note : 8 Inventories</b>			
1 Shares and Securities	585,383	1,116,862	504,166
2 Construction Work in Progress	-	-	33,607,752
<b>Total</b>	<b>585,383</b>	<b>1,116,862</b>	<b>34,111,918</b>
<b>Note : 9 Trade Receivables</b>			
1 Unsecured Considered Good	781,055	8,538,771	39,309,581
Less : Impairment Allowance	-	92,655	92,655
<b>Total</b>	<b>781,055</b>	<b>8,446,116</b>	<b>39,216,926</b>
<b>Note : 10 Cash &amp; Cash Equivalents</b>			
1 Balance with banks	6,706,491	153,609,188	9,500,444
2 Cash on hand	108,279	297,458	178,253
3 Cheques on hand	-	-	286,520
4 Fixed Deposit With Bank	5,000,000	-	-
<b>Total</b>	<b>11,814,770</b>	<b>153,906,646</b>	<b>9,965,217</b>
<b>Note : 11 Other Bank Balances</b>			
1 Unclaimed Dividend account	1,072,840	1,120,719	1,016,288
<b>Total</b>	<b>1,072,840</b>	<b>1,120,719</b>	<b>1,016,288</b>
<b>Note : 12 Loans</b>			
Loans			
1 Other Loans	-	-	161,057
<b>Total</b>	<b>-</b>	<b>-</b>	<b>161,057</b>
<b>Note : 13 Other current financial assets</b>			
1 Interest Accrued but not due	10,833	10,833	10,833
2 Other receivables	493,680,446	333,664,970	591,078,569
<b>Total</b>	<b>493,691,279</b>	<b>333,675,803</b>	<b>591,089,402</b>
<b>Note : 14 Current tax asset (Net)</b>			
1 Advance Income Tax (Net of Provision)	4,710,419	1,975,083	2,997,947
<b>Total</b>	<b>4,710,419</b>	<b>1,975,083</b>	<b>2,997,947</b>
<b>Note : 15 Other Current Assets</b>			
1 Balance with Statutory Authorities	95,346	103,240	66,487
2 Prepaid expenses	1,778,279	2,192,799	1,946,252
3 Other Advance	426,180	467,997	668,024
<b>Total</b>	<b>2,299,805</b>	<b>2,764,036</b>	<b>2,680,763</b>



# SMIFS CAPITAL MARKETS LIMITED

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

Amount in ₹

Note : 16 Equity Share Capital	As at 31 March 2018	As at 31 March 2017	As at 1st April 2016
<b>1 AUTHORIZED</b>			
3,00,00,000 (3,00,00,000) Equity Shares of ₹ 10/- each.	300,000,000	300,000,000	300,000,000
20,00,000 (20,00,000) Preference Shares of ₹ 100/- each.	200,000,000	200,000,000	200,000,000
	<b>500,000,000</b>	<b>500,000,000</b>	<b>500,000,000</b>
<b>2 ISSUED, SUBSCRIBED &amp; PAID UP</b>			
55,85,000 (55,85,000) Equity Shares of ₹ 10/- each, Fully paid up	55,850,000	55,850,000	55,850,000
	<b>55,850,000</b>	<b>55,850,000</b>	<b>55,850,000</b>

### 3 Reconciliation of shares at the beginning and at the end of the reporting period

Particulars	No. of shares		No. of shares		No. of shares	
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
At the beginning of the reporting period	5,585,000	55,850,000	5,585,000	55,850,000	5,585,000	55,850,000
Change during the year	-	-	-	-	-	-
At the closing of the reporting period	5,585,000	55,850,000	5,585,000	55,850,000	5,585,000	55,850,000

### 4 Terms and Rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pay dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend. In the event of liquidation, the Equity Shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

### 5 Shareholders holding more than 5% shares in the Company

Particulars	No. of shares	% held	No. of shares	% held	No. of shares	% held
Mackertich Consultancy Services Pvt Ltd	1,115,700	19.98	1,115,700	19.98	1,216,900	21.79
The Indiaman Fund (Mauritius) Limited	550,000	9.85	550,000	9.85	550,000	9.85
Progressive Star Finance Pvt Ltd	357,251	6.40	357,251	6.40	357,251	6.40
Ajay Kumar Kayan	402,250	7.20	402,250	7.20	301,050	5.39
Maya Trade Links Ltd	-	-	-	-	398,590	7.14
S N Rajan	293,020	5.25	369,323	6.61	-	-



# SMIFS CAPITAL MARKETS LIMITED

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

Amount in ₹

Note : 17 Other Equity	As at 31 March 2018	As at 31 March 2017	As at 1st April 2016
1 Securities Premium	433,725,000	433,725,000	433,725,000
2 Capital Redemption Reserve	40,000,000	40,000,000	40,000,000
3 General Reserve	390,950,734	390,950,734	390,950,734
	390,950,734	390,950,734	390,950,734
4 Retained Earnings :			
Balance brought forward from previous year	75,592,962	72,081,471	70,312,231
Transferred from Other Comprehensive Income	4,186,947	-	-
Profit for the Year	26,392,552	8,552,987	8,491,215
Less: Dividend Paid	(5,585,000)	(4,188,750)	(5,585,000)
Corporate Dividend Tax Paid	(1,136,975)	(852,746)	(1,136,975)
	99,450,486	75,592,962	72,081,471
5 Other Comprehensive Income			
Opening OCI	54,745,813	30,952,230	30,952,230
Add: During the year OCI	36,129,368	23,793,583	-
Less: Transferred to Retained Earning	(4,186,947)	-	-
	86,688,234	54,745,813	30,952,230
<b>Total</b>	<b>1,050,814,454</b>	<b>995,014,509</b>	<b>967,709,435</b>

Note : 18 Borrowings	As at 31 March 2018	As at 31 March 2017	As at 1st April 2016
1 Secured Loans			
From banks	5,176,695	2,095,860	745,033
Current Maturity of Long term Debt.	(1,245,695)	(722,760)	(348,686)
<b>Total</b>	<b>3,931,000</b>	<b>1,373,100</b>	<b>396,347</b>

18.1 The above Term Loans are secured by hypothecation of the vehicles against which loans are taken

### 18.2 Repayment Schedule:-

Term Loan (Secured):

a) HDFC Bank Ltd

Repayable in 60 monthly installments of ₹ 41,865/- from April 2016.

947,577

1,341,055

-

b) HDFC Bank Ltd

Repayable in 60 monthly installments of ₹ 91,270/- from May 2017.

2,983,422

-

-

c) HDFC Bank Ltd

Repayable in 36 monthly installments of ₹ 32,315/- from April 2015.

-

32,045

396,347

**Total**

**3,931,000**

**1,373,100**

**396,347**

# SMIFS CAPITAL MARKETS LIMITED

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2017

	Amount in ₹		
Note : 19 Other Financial Liabilities	As at 31 March 2018	As at 31 March 2017	As at 1st April 2016
1 Current Maturity of Long term Debt.	1,245,695	722,760	348,686
2 Due to Subsidiary Co.	1,445,803	3,027,368	667,141
3 Unclaimed Dividend#	1,072,740	1,120,719	1,016,288
<b>Total</b>	<b><u>3,764,238</u></b>	<b><u>4,870,847</u></b>	<b><u>2,032,115</u></b>

# This does not include any amount due and outstanding to be credited to Investor Education and Protection Fund

### Note : 20 Other Current Liabilities

1 Statutory Dues	445,793	864,747	1,022,005
2 Liability for expenses	3,115,034	3,729,623	5,842,067
<b>Total</b>	<b><u>3,560,827</u></b>	<b><u>4,594,370</u></b>	<b><u>6,864,072</u></b>

### Note : 21 Provisions

1 Provision For Employee Benefits	1,655,527	1,398,328	1,487,703
<b>Total</b>	<b><u>1,655,527</u></b>	<b><u>1,398,328</u></b>	<b><u>1,487,703</u></b>





# SMIFS CAPITAL MARKETS LIMITED

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

	Amount in ₹	
	Year ended 31st March, 2018	Year ended 31st March, 2017
<b>Note : 22 Revenue from Operations</b>		
1 Sale of shares and Securities	480,436,145	379,228,645
2 Sale of Flats	-	26,949,000
3 Investment Banking Operations	25,759,851	5,201,572
4 Provisions no longer required	-	412,837
<b>Total</b>	<b>506,195,996</b>	<b>411,792,054</b>
<b>Note : 23 Other Income</b>		
1 Interest Income		
i) On loans	25,310,711	9,555,183
ii) On Govt. Securities	28,414	30,623
2 Profit / Loss on Sale of Investments	474,367	39,487,719
3 Gain on fair valuation of financial asset	106,024	549,893
4 Dividend Income	333,117	305,562
5 Profit on Sale of Fixed Assets	-	1,025,855
6 Other Non operative income	627,389	50,325
<b>Total</b>	<b>26,880,022</b>	<b>51,005,160</b>
<b>Note : 24 Purchases</b>		
1 Purchase of shares and Securities	476,271,641	378,083,962
<b>Total</b>	<b>476,271,641</b>	<b>378,083,962</b>
<b>Note : 25 Change in Inventories / Stock</b>		
1 Opening Stock-Shares and Securities	1,116,862	504,166
Closing Stock-Shares and Securities	585,383	1,116,862
	(A) 531,479	(612,696)
2 Opening Stock-Construction Work-in-Progress	-	33,607,752
Closing Stock-Construction Work-in-Progress	-	-
	(B) -	33,607,752
<b>Total</b>	<b>(A+B) 531,479</b>	<b>32,995,056</b>

# SMIFS CAPITAL MARKETS LIMITED

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

	Amount in ₹	
	Year ended 31st March, 2018	Year ended 31st March, 2017
<b>Note : 26 Employee benefits expense</b>		
1 Salaries and wages	16,566,339	15,832,360
2 Contribution to provident and other funds	1,260,215	1,240,792
3 Staff Welfare Expenses	2,031,534	2,001,654
<b>Total</b>	<b>19,858,088</b>	<b>19,074,806</b>
<b>Note 26.1</b>		
Contribution to Defined Contribution Plans, recognised as expense for the year is as under:		
Employer's Contribution to Provident Fund	1,260,215	1,240,792
<b>Note :27 Financial Cost</b>		
1 Interest Expense		
On loans	771,115	218,622
<b>Total</b>	<b>771,115</b>	<b>218,622</b>
<b>Note : 28 Depreciation and Amortisation expense</b>		
1 Depreciation	6,542,938	5,877,879
<b>Total</b>	<b>6,542,938</b>	<b>5,877,879</b>



# SMIFS CAPITAL MARKETS LIMITED

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

	Amount in ₹	
	Year ended 31st March, 2018	Year ended 31st March, 2017
<b>Note : 29 Other expenses</b>		
1 Telephone Expenses	886,857	941,385
2 Printing & Stationery Expenses	240,448	242,089
3 Professional, Legal & Consultancy Charges	6,809,162	2,086,335
4 Business Promotion Expenses	514,469	293,429
5 Rent	507,390	507,390
6 Repair & Maintenance - Plant & Machinery	143,312	135,751
- Others	570,474	783,463
7 Advertisement	292,700	315,872
8 Electricity, Power & Fuel	549,021	510,830
9 Vehicle Expenses	1,616,043	1,652,367
10 Membership & Subscription Fees	1,394,425	1,116,807
11 Miscellaneous Expenses	1,632,487	1,631,275
12 Brokerage on Sale of Flats	-	5,520
13 Rates & Taxes	395,552	362,800
14 Travelling Expenses	3,593,036	4,266,790
15 Directors Fees	160,500	157,500
16 Insurance	168,156	229,379
17 Donation	75,000	142,000
18 Sundry Balance Written Off	-	1,329,428
19 Auditors' Remuneration	190,000	185,000
<b>Total</b>	<b>19,739,032</b>	<b>16,895,410</b>
<b>Note : 30 Tax expenses</b>		
1 Current Tax		
Provision For Taxation(Including S.T.T)	2,810,338	2,388,341
Income Tax Earlier Year	-	113,352
	2,810,338	2,501,693
2 Deferred tax	(17,125,996)	983,317
Less: MAT Entitlement	(2,715,169)	(2,386,517)
	(19,841,165)	(1,403,200)
<b>Total</b>	<b>(17,030,827)</b>	<b>1,098,493</b>



# SMIFS CAPITAL MARKETS LIMITED

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

Amount in ₹

### Note : 31 Earnings per equity share

The Company's Earnings Per Share ('EPS') is determined based on the net profit / (loss) attributable to the shareholders' of the . Basic earnings per share is computed using the weighted average number of shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the year.

	<u>31st March 2018</u>	<u>31st March 2017</u>
<b>Net Profit / (Loss) attributable to equity shareholders</b>		
Profit / (Loss) after tax (₹)	26,392,552	8,552,986
Nominal value of equity share (₹)	10	10
Weighted-average number of equity shares for basic & Diluted EPS	5,585,000	5,585,000
<b>Basic &amp; Diluted earnings per share (₹)</b>	<b>4.73</b>	<b>1.53</b>

### Note : 32 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### **Judgements**

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

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

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

#### **Impairment of non-financial assets**

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.



# SMIFS CAPITAL MARKETS LIMITED

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

<b>Note: 33 Commitments &amp; Contingent Liabilities</b>	<b>Amount in ₹</b>	
	<b>31st March 2018</b>	<b>31st March 2017</b>
<b>(A) Commitments</b>		
Unclaimed liabilities on partly paid shares	298,000	298,000

### **(B) Contingent Liabilities**

- i) Sale Tax demand net of payment under appeal is ₹ 91,125/- ( 91,125/-)
- ii) Demand under Employees' State Insurance under appeal is ₹ 142,274/- (142,274/-)

The company had applied to the Government of West Bengal for an exemption, from the provisions of Employees State Insurance Act, 1948, since the medical facilities/ benefits provided by the Company to the employees are superior to those covered by E.S.I Scheme.Government of West Bengal - Labour Department in consultation with Employees State Insurance Corporation had granted exemption for one year effective from 25th November, 1997. Prayer seeking exemption on permanent basis with retrospective effect is pending with the Government of West Bengal. The Employee State Insurance Corporation has raised demand for the period from June 1991 to 24th November 1997 amounting to ₹142,274/- . The Company has filed a petition against the demand before E.S.I Court and the same has been partly heard.

<b>Note : 34 Employee Benefit Obligations</b>	<b>31st March 2018</b>	<b>31st March 2017</b>
<b>Leave Obligations</b>		
<b>To be Recognised in PL</b>		
Current Service Cost	137,877	124,709
Interest Cost on Benefits Obligation	100,680	115,297
Expected Return on Planned Asset	-	-
Actuarial Gain/Loss	392,608	295,510
Past Service Cost	-	-
<b>Total</b>	<b>631,165</b>	<b>535,516</b>

### **Net Liability /Asset recognised in BS**

Net asset/(liability) recognised in balance sheet at beginning of the period	1,655,527	1,398,327
Fair Value of Planned Asset	-	-
Funded status {Surplus/(Deficit)}	(1,655,527)	(1,398,327)
Effect of balance sheet asset	-	-
Unrecognised Past Service Cost	-	-
<b>Net asset/(liability) recognised in balance sheet</b>	<b>(1,655,527)</b>	<b>(1,398,327)</b>

# SMIFS CAPITAL MARKETS LIMITED

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

	Amount in ₹	
	31st March 2018	31st March 2017
<b>Change in the PV of DBO during the year</b>		
PV of DBO at beginning of the year	1,398,327	1,487,703
Current Service Cost	137,877	124,709
Interest Cost on DBO	100,680	115,297
Benefits Paid from Planned Asset	(373,965)	(624,892)
Actuarial Loss/Gains	392,608	295,510
<b>Total</b>	<b>1,655,527</b>	<b>1,398,327</b>

### Principal Assumption

Discount Rate	7.50%	7.20%
Rate of Increase in salaries	7.50%	10.00%

These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds of relevant economic markets and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience.

### Gratuity

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service.

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

### To be Recognised in PL

Current Service Cost	613,487	359,615
Interest Cost on Benefits Obligation	(26,694)	(56,350)
Expected Return on Planned Asset	-	-
Actuarial Gain/Loss	-	-
Past Service Cost	-	-
<b>Total</b>	<b>586,793</b>	<b>303,265</b>

### To be Recognised in OCI

Actuarial Loss/Gains	634,813	464,671
Expected Return on Planned Asset	46,745	(815)
Re-measurement ( or Actuarial (gain/loss) arising because of change in effect of asset ceiling	-	-
<b>Total</b>	<b>681,558</b>	<b>463,856</b>



# SMIFS CAPITAL MARKETS LIMITED

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

	Amount in ₹	
	31st March 2018	31st March 2017
<b>Net Liability /Asset recognised in BS</b>		
PV of Defined Benefit Obligation	7,800,137	6,177,360
Fair Value of Planned Asset	7,540,953	6,511,037
	(259,184)	333,677
Less: Unrecognised Past Service Cost	-	-
<b>Total - Net defined Benefit</b>	<b>(259,184)</b>	<b>333,677</b>
<b>Change in the PV of DBO during the year</b>		
PV of DBO at beginning of the year	6,177,360	5,857,832
Current Service Cost	613,487	359,615
Interest Cost on DBO	494,189	468,627
Benefits Paid from Planned Asset	(119,712)	(973,385)
Actuarial Loss/Gains	634,813	464,671
Plan Amendments	-	-
<b>Total</b>	<b>7,800,137</b>	<b>6,177,360</b>
<b>Change in the Fair Value of Asset during the year</b>		
Fair value of Plan Asset at beginning	6,511,037	6,562,209
Expected Return	520,883	524,977
Contribution by Employer	675,490	396,422
Benefits Paid	(119,712)	(973,385)
Actuarial Gains/Losses	(46,745)	815
<b>Total</b>	<b>7,540,953</b>	<b>6,511,038</b>
<b>Principal Assumption</b>		
Discount Rate	8.00%	8.00%
Rate of Increase in salaries	2.00%	2.00%
<p>These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds of relevant economic markets and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience.</p>		
<b>Sensitivity analysis for Present value of Defined Benefit obligation</b>		
<b>Impact of the change in discount rate</b>		
Present value of obligation at the end of the year	7,800,137	6,177,360
a) Impact due to increase of 1 %	75,74,239	60,71,576
b) Impact due to decrease of 1 %	80,53,928	62,94,263
<b>Impact of the change in salary increase</b>		
Present value of obligation at the end of the year	7,800,137	6,177,360
a) Impact due to increase of 1 %	80,60,611	65,95,760
b) Impact due to decrease of 1 %	75,64,368	60,68,575



**SMIFS CAPITAL MARKETS LIMITED**  
**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018**

**Note : 35 Financial instruments by category**

For amortised cost instruments, carrying value represents the best estimate of fair value.

Amount in ₹

Particulars	31st March 2018			31st March 2017			1st April 2016		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
<b>Financial assets</b>									
Cash and Bank balances	-	-	11,814,770	-	-	153,906,646	-	-	9,965,217
Trade Receivables	-	-	781,055	-	-	8,446,116	-	-	39,216,926
Investments	12,861,132	207,260,743	151,073,068	5,659,258	201,233,953	151,074,904	4,545,427	169,891,448	79,506,625
Loans	-	-	122,370,493	-	-	110,608,887	-	-	3,503,664
Other financial assets	-	-	503,482,732	-	-	343,467,256	-	-	600,902,521
<b>Total</b>	<b>12,861,132</b>	<b>207,260,743</b>	<b>789,522,118</b>	<b>5,659,258</b>	<b>201,233,953</b>	<b>767,503,809</b>	<b>4,545,427</b>	<b>169,891,448</b>	<b>733,094,953</b>
<b>Financial liabilities</b>									
Borrowings	-	-	3,931,000	-	-	1,373,100	-	-	396,348
Other financial liabilities	-	-	3,764,238	-	-	4,870,847	-	-	2,032,115
<b>Total</b>	<b>-</b>	<b>-</b>	<b>7,695,238</b>	<b>-</b>	<b>-</b>	<b>6,243,947</b>	<b>-</b>	<b>-</b>	<b>2,428,463</b>

**SMIFS CAPITAL MARKETS LIMITED**  
**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018**

(a) Fair value hierarchy Amount in ₹

Financial assets and liabilities measured at fair value and amortised cost for which fair values are disclosed	31st March 2018			31st March 2017			1st April 2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Particulars									
Investment in mutual funds	-	12,861,132	-	-	5,659,258	-	-	4,545,427	-
Investment in equity shares	135,160,536	147,100,907	-	107,952,770	168,281,883	-	100,600,553	144,291,595	-
Investment in preference shares	-	24,000,000	-	-	24,000,000	-	-	4,000,000	-
Investment in Debentures	-	51,570,000	-	-	51,570,000	-	-	-	-
<b>Total</b>	<b>135,160,536</b>	<b>235,532,039</b>	<b>-</b>	<b>107,952,770</b>	<b>249,511,142</b>	<b>-</b>	<b>100,600,553</b>	<b>152,837,022</b>	<b>-</b>
Financial liabilities									
Derivative financial liabilities	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

# SMIFS CAPITAL MARKETS LIMITED

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

**(b) Fair value of financial assets and liabilities measured at amortised cost and FVTPL** Amount in ₹

Particulars	As at 31 March 2018		As at 31 March 2017		As at 1st April 2016	
	Carrying	Fair value	Carrying	Fair value	Carrying	Fair value
<b>Financial assets</b>						
<b>Carried at amortised cost</b>						
Cash and Bank balances	11,814,770	11,814,770	164,818,818	153,906,646	20,772,958	9,965,217
Trade Receivables	781,055	781,055	8,538,771	8,446,116	39,309,581	39,216,926
Investments	371,194,943	371,194,943	290,681,922	357,968,116	214,188,550	253,943,500
Derivatives	-	-	-	-	-	-
Loans	122,370,493	122,370,493	484,480,799	110,608,887	633,610,461	3,503,664
Other financial assets	503,482,732	503,482,732		343,467,256	-	600,902,521
<b>Total financial assets</b>	<b>1,009,643,992</b>	<b>1,009,643,992</b>	<b>948,520,310</b>	<b>974,397,020</b>	<b>907,881,550</b>	<b>907,531,828</b>
<b>Financial liabilities</b>						
<b>Carried at ammortised cost</b>						
Borrowings	3,931,000	3,931,000	1,373,100	1,373,100	396,348	396,348
Other financial liabilities	3,764,238	3,764,238	4,870,847	4,870,847	2,032,115	2,032,115
<b>Total financial liabilities</b>	<b>7,695,238</b>	<b>7,695,238</b>	<b>6,243,947</b>	<b>6,243,947</b>	<b>2,428,463</b>	<b>2,428,463</b>



# SMIFS CAPITAL MARKETS LIMITED

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

### Note : 36 Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans and borrowings and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's financial assets include Investment in equity instruments, Investment in preference shares, Investment in debentures, trade and other receivables, and cash & cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The company's senior management oversees the management of these risks. The company's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. This financial risk committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedure and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each risk, which are summarised as below:

#### (A) Market risk

"Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risks. The value of a financial instrument may change as a result of changes in the interest rates, equity price fluctuations and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

##### i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long term debt obligations with fixed interest rates. The Company is carry its borrowings primarily at fixed rate.

Particulars	31st March 2018	31st March 2017	1st April 2016
Fixed rate borrowings	5,176,695	2,095,860	745,034

##### (ii) Equity Price risk

Equity Price Risk is related to the change in market reference price of the investments in equity securities. The fair value of Company's investment in quoted equity securities as at March 31, 2018, 2017 and April 1, 2016 was ₹ 13,51,60,236, ₹10,79,52,770 and ₹10,06,00,553 respectively. A 10% change in equity price as at March 31, 2018, 2017 and April 1,2016 would result in an impact of ₹ 1,35,16,023, ₹ 1,07,95,277and ₹ 1,06,00,055, respectively."(Note: The impact is indicated on equity before consequential tax impact, if any).

#### B) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument leading to a financial loss. The Company is exposed to credit risk from its financing activities, investment in mutual funds and other financial instruments.

##### (i) Trade receivables

Customer credit risk is managed by each business location subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed and individual credit limits are defined in accordance with the assessment both in terms of number of days and amount. Any Credit risk is curtailed with arrangements with third parties .

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 09. The Company does not hold collateral as security.

##### (ii) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investment of surplus funds are made only with approved counterparties . The Company's maximum exposure to credit risk for the components of the balance sheet at 31 March 2017 and 31 March 2016 is the carrying value as illustrated in Note 35.

#### (C) Liquidity risk

Liquidity risk refer to the risk that the Company may not able to meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per the requirement. . The Company maintains its surplus funds, if any, in deposits / balances which carry low market risk. The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

# SMIFS CAPITAL MARKETS LIMITED

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

Amount in ₹

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments -

Particulars	31st March 2018	31st March 2017	1st April 2016
<b>Less than 1 year</b>			
Borrowings	1,245,695	722,760	348,686
Other Financial Liabilities	2,518,543	4,148,087	1,683,429
<b>More than 1 year</b>			
Borrowings	3,931,000	1,373,100	396,348

**Note : 37 Related party disclosure (As per Ind AS-24 - Related Party Disclosures)**

Relationships:

**(a) Entities where Key management personnel and their relatives are able to exercise significant influence**

SMIFS Capital Services Limited (Subsidiary Company)

Stewart & Mackertich Wealth Management Limited

Progressive Star Finance Private Ltd

**(b) Key Management Personnel:**

Mr Utsav Parekh- Chairman

Mr Ajay Kumar Kayan -Director

Mr Kishor Shah - Managing Director

Mr. Santosh Kumar Mukherjee - Director

Mr. Ramesh Maheshwari - Director

Mrs.Ramya Hariharan - Director

Mrs. Pushpa Mishra - Director

Mr. Shreemanta Banerjee - CFO. Cum Assist. Vice President (Finance & Taxation)

Ms. Poonam Bhatia - Company Secretary Cum- Sr. Manager Legal

**(c) Relatives to Key Management Personnel:**

Relative's Name

Relation

Mitesh Bhatia

Son In Law of Mr Ajay Kayan

Disclosure of Related Party Transactions provides the information about the Company's structure. The following tables provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

**Terms and conditions of transactions with related parties:**

The sales and purchase from related parties are made on terms equivalent to those that prevail in arm's length transactions. The assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.



# SMIFS CAPITAL MARKETS LIMITED

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

### (a) Transaction with related parties

Amount in ₹

	Enterprise described in (a) above		Key Management Personnel		Relatives of Key Management Personnel	
	31st March 2018	31st March 2017	31st March 2018	31st March 2017	31st March 2018	31st March 2017
Directors' sitting fees	-	-	160,500	157,500	-	-
Salary & Wages	-	-	2,004,391	1,832,884	-	245,000
Directors' Remuneration	-	-	7,042,357	6,221,783	-	-
Purchase of Shares (Investment)	-	67,496,250	-	-	-	-
Payment of Brokerage	166,093	227,672	-	-	-	-
<b>Outstanding Balance as on 31st March 2018</b>						
Other financial liabilities	1,445,803	3,027,368	-	-	-	-
Other current asset	160,218	164,220	-	-	-	-

### Note : 38 Capital Management :

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

Particulars	31st March, 2018	31st March, 2017	1st April, 2016
Equity Share Capital	55,850,000	55,850,000	55,850,000
Other Equity	1,050,814,454	995,014,508	967,709,435
<b>Total Equity (A)</b>	<b>1,106,664,454</b>	<b>1,050,864,508</b>	<b>1,023,559,435</b>
Non Current Borrowings	3,931,000	1,373,100	396,348
Short term Borrowings	-	-	-
Current Maturities of long term borrowings	1,245,695	722,760	348,686
<b>Gross Debts (B)</b>	<b>5,176,695</b>	<b>2,095,860</b>	<b>745,034</b>
Less : Current Investments	-	-	-
Less: Cash and cash Equivalments	11,814,770	153,906,646	9,965,217
<b>Net Debt</b>	<b>(6,638,075)</b>	<b>(151,810,786)</b>	<b>(9,220,183)</b>
<b>Gearing Ratio Net debt to Equity</b>	<b>(0.0060)</b>	<b>(0.1445)</b>	<b>(0.0090)</b>

### Note : 39 First time adoption of Ind AS

These standalone financial statements of Smifs Capital Market Ltd. For the year ended March 31, 2018 have been prepared in accordance with Ind AS. For the purposes of transition to Ind-AS, the company has followed the guidance prescribed in Ind AS 101 First-Time Adoption of Indian Accounting Standards, with April 1, 2016 as the transition date and IGAAP as the previous GAAP.

The transition to Ind-AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out have been applied in preparing the standalone financial statements for the year end 31st March, 2018 and the comparative information.

# SMIFS CAPITAL MARKETS LIMITED

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

### Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

#### a) Ind AS Optional exemptions

##### Deemed Cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

Accordingly, the company elected to measure all of its property, plant and equipment and other intangible assets at their previous GAAP carrying value.

#### b) Ind AS Mandatory exceptions

##### Designation of previously recognised financial instruments

Ind AS 101 permits entity to designate particular equity investments (other than equity investments in subsidiaries, associates and joint arrangements) as at fair value through other comprehensive income (FVTOCI) based on facts and circumstances at the date of transition to Ind AS (rather than at initial recognition). Other equity investments are classified in fair value through profit or loss (FVTPL)

##### Defined benefit liabilities

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. The entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Remeasurement gains/ losses on defined benefit plans has been recognized in the OCI net of tax.

#### c) Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

#### Disclosure required by Ind AS 101 - First time adoption of Ind AS





# SMIFS CAPITAL MARKETS LIMITED

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

### Reconciliation of Equity as at April 01, 2016 and March 31, 2017:

Amount in ₹

Particulars	As at 1st April 2016			As at 31st March 2017		
	IGAAP	Ind AS adjustments	Ind AS	IGAAP	Ind AS adjustments	Ind AS
<b>ASSETS</b>						
Non-current assets						
a) Property, plant and equipment	78,652,642	(809,919)	77,842,723	75,288,740	(397,081)	74,891,660
b) Financial assets	-	-	-	-	-	-
i) Investments	214,188,550	39,754,949	253,943,500	290,681,922	67,286,194	357,968,116
ii) Loans	633,269,806	(629,927,199)	3,342,607	483,877,559	(373,268,672)	110,608,887
iii) Others	-	9,813,119	9,813,119	-	9,791,453	9,791,453
c) Deferred tax assets (Net)	44,414,127	(36,270,152)	8,143,975	42,807,418	(35,985,875)	6,821,543
d) Other non-current assets	10,833	3,397	14,230	10,833	3,397	14,230
<b>Total non-current assets</b>	<b>970,535,958</b>	<b>(617,435,805)</b>	<b>353,100,154</b>	<b>892,666,472</b>	<b>(332,570,584)</b>	<b>560,095,889</b>
Current assets						
a) Inventories	34,111,918	-	34,111,918	1,116,862	-	1,116,862
b) Financial assets	-	-	-	-	-	-
i) Trade Receivables	39,309,581	(92,655)	39,216,926	8,538,771	(92,655)	8,446,116
ii) Cash and cash equivalents	20,772,958	(10,807,741)	9,965,217	164,818,818	(10,912,172)	153,906,646
iii) Other Bank Balances	-	1,016,288	1,016,288	-	1,120,719	1,120,719
iv) Loans	340,655	(179,598)	161,057	603,240	(603,240)	-
v) Others	-	591,089,402	591,089,402	-	333,675,803	333,675,803
c) Current Tax Assets (Net)	-	2,997,947	2,997,947	-	1,975,083	1,975,083
d) Other current assets	1,946,252	734,511	2,680,763	2,192,799	571,237	2,764,036
<b>Total current assets</b>	<b>96,481,364</b>	<b>584,758,154</b>	<b>681,239,518</b>	<b>177,270,490</b>	<b>325,734,776</b>	<b>503,005,265</b>
<b>Total assets</b>	<b>1,067,017,322</b>	<b>(32,677,651)</b>	<b>1,034,339,672</b>	<b>1,069,936,962</b>	<b>(6,835,808)</b>	<b>1,063,101,154</b>
<b>EQUITY AND LIABILITIES</b>						
a) Equity Share capital	55,850,000	-	55,850,000	55,850,000	-	55,850,000
b) Other equity	994,237,816	(26,528,381)	967,709,434	994,433,407	581,101	995,014,508
<b>Total equity</b>	<b>1,050,087,816</b>	<b>(26,528,381)</b>	<b>1,023,559,434</b>	<b>1,050,283,407</b>	<b>581,101</b>	<b>1,050,864,508</b>
<b>LIABILITIES</b>						
Non-current liabilities						
a) Financial liabilities						
i) Borrowings	396,348	-	396,348	1,373,100	-	1,373,100
b) Provisions	1,107,772	(1,107,772)	-	694,935	(694,935)	-
<b>Total non-current liabilities</b>	<b>1,504,120</b>	<b>(1,107,772)</b>	<b>396,348</b>	<b>2,068,035</b>	<b>(694,935)</b>	<b>1,373,100</b>
Current liabilities						
a) Financial liabilities						
i) Others	1,683,429	348,686	2,032,115	4,148,087	722,760	4,870,847
b) Provisions	6,529,199	(5,041,496)	1,487,703	8,120,303	(6,721,975)	1,398,328
c) Other current liabilities	7,212,758	(348,686)	6,864,072	5,317,130	(722,760)	4,594,370
<b>Total current liabilities</b>	<b>15,425,386</b>	<b>(5,041,496)</b>	<b>10,383,890</b>	<b>17,585,520</b>	<b>(6,721,975)</b>	<b>10,863,545</b>
<b>Total Equity and liabilities</b>	<b>1,067,017,322</b>	<b>(32,677,651)</b>	<b>1,034,339,672</b>	<b>1,069,936,962</b>	<b>(6,835,808)</b>	<b>1,063,101,154</b>

# SMIFS CAPITAL MARKETS LIMITED

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

### Reconciliation of Total comprehensive income for the year ended March 31,2017

Amount in ₹

Particulars	GAAP	Ind AS adjustments	Ind AS
Revenue from operations	451,585,336	(39,793,281)	411,792,054
Other income	10,663,707	40,341,453	51,005,160
<b>Total income (I)</b>	<b>462,249,043</b>	<b>548,172</b>	<b>462,797,214</b>
Expenses			
Purchases of Stock-in-Trade	378,083,962	-	378,083,962
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	32,995,056	-	32,995,056
Employee benefit expense	19,538,662	(463,856)	19,074,806
Finance cost	218,622	-	218,622
Depreciation and amortisation expense	2,980,211	2,897,668	5,877,879
Other expense	16,895,410	-	16,895,410
<b>Total expense (II)</b>	<b>450,711,923</b>	<b>2,433,812</b>	<b>453,145,735</b>
<b>Profit before exceptional item and tax expense</b>	<b>11,537,120</b>	<b>(1,885,640)</b>	<b>9,651,479</b>
Exceptional items	-	-	-
<b>Profit before tax expense</b>	<b>11,537,120</b>	<b>(1,885,640)</b>	<b>9,651,479</b>
Tax expenses:			
Current tax	2,388,341	-	2,388,341
Tax adjustment for earlier years	113,352	-	113,352
Deferred tax	1,606,709	(3,009,910)	(1,403,201)
<b>Total</b>	<b>4,108,402</b>	<b>(3,009,910)</b>	<b>1,098,492</b>
<b>Profit for the year</b>	<b>7,428,718</b>	<b>1,124,270</b>	<b>8,552,987</b>
Other comprehensive income			
A (i) Items that will not be reclassified to profit and loss			
Remeasurement of net defined benefit liability	-	(463,856)	(463,856)
Gains and losses from investments in equity instruments designated at fair value through other comprehensive income;	-	26,983,071	26,983,071
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	4,778,310	4,778,310
<b>Other comprehensive income for the year</b>	<b>-</b>	<b>31,297,525</b>	<b>31,297,525</b>
<b>Total Other comprehensive income for the year</b>	<b>7,428,718</b>	<b>32,421,794</b>	<b>39,850,511</b>

### Reconciliation of Equity as at April 01, 2015 and March, 31, 2016:

Amount in ₹

Particulars	31st March, 2017	1st April 2016
Equity as reported under previous GAAP	1,050,283,408	1,050,087,816
Adjustments:		
Fair value of financial instruments	67,286,194	39,754,951
Impairment loss on financial assets	(126,709)	(126,709)
Provision of Proposed dividend including CDT	6,721,975	5,041,496
Tax effect on above items	(73,300,360)	(71,198,118)
<b>Equity as per INDAS</b>	<b>1,050,864,508</b>	<b>1,023,559,435</b>



# SMIFS CAPITAL MARKETS LIMITED

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

### Adjustment to statement of cash flow statement

There were no material differences between the Statement of Cash Flows presented under Ind AS and the previous GAAP.

### Notes to first-time adoption:

#### Note : 1 Non Current Investments

Under previous GAAP, non-current investments were stated at cost less any impairment that was other than temporary. Under Ind AS, financial assets in equity instruments other than investments in subsidiaries have been classified as Fair Value Through Other Comprehensive Income (FVTOCI). At the date of transition to Ind AS, difference between the fair value of investment and IGAAP carrying amount has been recognised in Retained Earnings. Investments in Mutual funds has been classified as Fair Value through Profit and Loss.

#### Note : 2 Loans/Other Financial assets/ Other Current assets

As per Schedule III, Security Deposits are to be classified under Loans or Other Non-current/Current Assets respectively. Accordingly, Security Deposits which are financial in nature are classified under Loans and other deposits are classified under Non-current/ Current Assets respectively.

Under IGAAP, Loans and Advances were shown together under Loans and Advances. However, as per Schedule III, Advances are classified under other Non-current/Current Assets.

#### Note : 3 Impairment of Financial Assets

Impairment for receivables from leased assets and trade receivable is measured in Ind AS based on life time expected credit losses. Expected credit loss allowance is measured based on historical credit loss experience, defaults, bankruptcy and forward looking information where relevant adjusted for probability of recovery. Under Previous GAAP, provision for trade receivable is measured based on factors such as age of receivables, defaults etc. adjusted for probability of recovery.

#### Note : 4 Defined benefit liabilities

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. The entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI.

#### Note : 5 Deferred Tax

Under Previous GAAP, deferred taxes were recognised for the tax effect of timing differences between accounting profit and taxable profit for the year using the income statement approach. Under Ind AS, deferred taxes are recognised using the balance sheet for future tax consequences of temporary differences between the carrying value of assets and liabilities and their respective tax bases. The above difference, together with the consequential tax impact of the other Ind AS transitional adjustments lead to temporary differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or through other comprehensive income.

#### Note : 40 Auditors' remuneration and expenses :

Particulars	Amount in ₹	
	31st March, 2018	31st March, 2017
for audit matter	180,000	175,000
for taxation matter	10,000	10,000
<b>Total</b>	<b>190,000</b>	<b>185,000</b>

# SMIFS CAPITAL MARKETS LIMITED

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

### Note : 41 Effective Tax Reconciliation

The major components of income tax expense and the reconciliation of expense based on the domestic effective tax rate and the reported tax expense in profit or loss are as follows :-

Particulars	Amount in ₹	
	31st March, 2018	31st March, 2017
Accounting profit before income tax	9,361,725	9,651,479
<b>Applicable tax rate (Percentage)</b>	26	31
Expected income tax	2,434,049	2,982,307
Income exempt from tax	(333,117)	(102,821)
Non deductible expenses for tax purpose	440,050	782,031
Effect of unrecognised tax losses for earlier years	(12,823,974)	-
MAT Credit and other adjustments	(6,747,835)	-2,563,024
<b>Income Tax recognised in Profit and Loss account</b>	<b>(17,030,827)</b>	<b>1,098,493</b>

### Note : 42 Expenditure in Foreign currency :

Particulars	Amount in ₹	
	31st March, 2018	31st March, 2017
Travelling Expenses	1,137,202	2,291,883
<b>Total</b>	<b>1,137,202</b>	<b>2,291,883</b>

### Note : 43 Details of Contract Revenue and costs :

In accordance with Guidance Note on Accounting for Real Estate Transaction ( Revised 2012 ) , details of contract revenue and cost is as under :

Particulars	Amount in ₹	
	31st March, 2018	31st March, 2017
Contract revenue recognised during the year	-	26,949,000
Aggregate of contract costs incurred upto the year-end	-	33,613,272
Aggregate of recognised profits upto the year-end	-	6,664,272
Retention money for contracts in progress	-	-
Amount due from customers for contract work	109,061	7,718,386

## SMIFS CAPITAL MARKETS LIMITED

### NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

**Note : 44 Segment Reporting :**

Amount in ₹

The Company has identified its business segment as its primary reportable segment comprising of Capital market operations, investment banking operations and real estate business

Particulars	Capital Market Operations		Investment Banking Operations		Real Estate Business		Unallocated		Total	
	For the year ended 31.03.2018	For the year ended 31.03.2017	For the year ended 31.03.2018	For the year ended 31.03.2017	For the year ended 31.03.2018	For the year ended 31.03.2017	For the year ended 31.03.2018	For the year ended 31.03.2017	For the year ended 31.03.2018	For the year ended 31.03.2017
<b>Segment Revenue</b>										
External Segment Revenue	480,436,145	379,228,645	25,759,851	5,201,572	-	26,949,000	26,880,022	51,417,997	533,076,019	462,797,214
Inter Segment Revenue	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue</b>	<b>480,436,145</b>	<b>379,228,645</b>	<b>25,759,851</b>	<b>5,201,572</b>	<b>-</b>	<b>26,949,000</b>	<b>26,880,022</b>	<b>51,417,997</b>	<b>533,076,019</b>	<b>462,797,214</b>
Less : Inter Segment Revenue	-	-	-	-	-	-	-	-	-	-
<b>Net Revenue</b>	<b>480,436,145</b>	<b>379,228,645</b>	<b>25,759,851</b>	<b>5,201,572</b>	<b>-</b>	<b>26,949,000</b>	<b>26,880,022</b>	<b>51,417,997</b>	<b>533,076,019</b>	<b>462,797,214</b>
<b>Result - Profit/(Loss)</b>										
Segment Result	3,633,025	1,757,377	25,759,851	5,201,572	-	-6,664,271	-19,260,037	9,575,420	10,132,840	9,870,098
Less: Finance cost	-	-	-	-	-	-	771,115	218,622	771,115	218,622
<b>Profit/(Loss) Before Tax</b>	<b>3,633,025</b>	<b>1,757,377</b>	<b>25,759,851</b>	<b>5,201,572</b>	<b>-</b>	<b>(6,664,271)</b>	<b>(20,031,152)</b>	<b>9,356,798</b>	<b>9,361,725</b>	<b>9,651,476</b>

# SMIFS CAPITAL MARKETS LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

## Segment Assets and Liabilities:

Fixed Assets used in the Company's operations or liabilities contracted cannot be identified with any of the reportable segments as the fixed assets are used interchangeably between segments. The Company believes that it is currently not practicable to provide segment disclosures relating to total assets and liabilities since a meaningful segregation of data is not possible.

Note : 45 Previous year figures have been reclassified / regrouped / rearranged wherever necessary.

*As Per Our Report Of Even Date*

**FOR S. K. Agrawal & Co.**

Chartered Accountants  
Firm Reg. No.: 306033E

**Vivek Agarwal**

Partner

Membership No. : 301571

Place: Kolkata

Dated: 30<sup>th</sup> May 2018

*For and on Behalf of the Board of Directors*

**UTSAV PAREKH**

Chairman

(DIN No. 00027642)

**KISHOR SHAH**

Managing Director

(DIN No. 00170502)

**POONAM BHATIA**

Company Secretary

Cum - Sr.Manager Legal

**SHREEMANTA BANERJEE**

CFO cum Assist. Vice President

Finance & Taxation



## **CONSOLIDATED FINANCIAL STATEMENTS**

### ***HOLDING COMPANY***

**SMIFS Capital Markets Limited**

### ***SUBSIDIARY COMPANY***

**SMIFS Capital Services Limited**

### ***AUDITORS***

**S. K. Agrawal & Co.  
Chartered Accountants**

### ***REGISTERED OFFICE***

**'Vaibhav' (4F)  
4, Lee Road  
Kolkata - 700 020**



## INDEPENDENT AUDITORS' REPORT

### To the Members of SMIFS CAPITAL MARKETS LIMITED

#### Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of SMIFS Capital Markets Ltd (hereinafter referred to as "the Holding Company"), its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") comprising the Consolidated Balance Sheet as at 31st March 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

#### Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding 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 consolidated Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued thereunder. The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; 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 respective standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the preparation of the consolidated Ind AS financial statements by the Board of Directors of the Holding Company, as aforesaid.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS 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 consolidated Ind AS 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 of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on standalone or consolidated financial statements, as applicable, and on the other financial information of the subsidiary, the aforesaid consolidated Ind AS 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 including the Ind AS, of the consolidated financial position of the Group as at 31st March, 2018, and their consolidated financial performance (including other comprehensive income), their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.



## Other Matters

We did not audit the financial statements/financial information of subsidiary whose financial statements reflect total assets of Rs.777.85 lakhs as at 31st March 2018, total revenue of Rs.18.42 lakhs and net cash outflow of Rs. 0.26 lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. The Consolidated Ind AS financial statements also include the Group's share of net profit of Rs. 248.41 lakhs for the year ended 31st March 2018, as considered in the consolidated Ind AS financial statements, in respect of a subsidiary, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditors.

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

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit and the other financial information of subsidiary as noted in the Other Matters paragraph, we report to the extent applicable, that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
  - (b) In our opinion proper books of account as required by law have been kept by the group so far as it appears from our examination of those books;
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this report are in agreement with the books of account maintained for the purpose of preparation of consolidated financial statements;
  - (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder;
  - (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March 2018 taken on record by the Board of Directors of the Holding Company, and the reports of the statutory auditors of its subsidiary, none of the directors of the Group Companies are disqualified as on 31st March 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on standalone or consolidated financial statements, as applicable, as also the other financial information of the subsidiary as noted in the Other Matters paragraph:
    - i. The Consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. (Refer Note 34 to the consolidated Ind AS financial statements)
    - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There has been no delay in transferring amounts, which were required to be transferred to the Investor education and Protection Fund by the Group.
  - (g) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A".

**FOR S. K. Agrawal & Co.**  
Chartered Accountants  
Firm Reg. No.: 306033E

**Vivek Agarwal**  
Partner

Membership No. : 301571

Place: Kolkata  
Dated: 30<sup>th</sup> May, 2018

## ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT

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

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In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31st March 2018, we have audited the internal financial controls over financial reporting of SMIFS Capital Markets Ltd("the Holding Company"), which is companies incorporated in India, as of that date. We have not audited the internal financial controls of its subsidiary company, which is company incorporated in India, as of that date.

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

The Respective Board of Directors of the Holding Company and its subsidiary company which is company incorporated in India, are responsible for establishing and maintaining internal financial controls. 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 respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor of the subsidiary companies which is company incorporated in India, in terms of their reports referred to in the Other Matters paragraph, is sufficient and appropriate to provide a basis for our audit opinion on the Group 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 the respective standalone Ind AS financial statements in accordance with generally accepted accounting principles, including Ind AS 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.

### **Other Matters**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to its subsidiary, which is a company incorporated in India, is based solely on the corresponding report of the auditor of such company incorporated in India.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph above, the Holding Company and its subsidiary have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2018, based on the internal control over financial reporting criteria established by the Company.

Our opinion is not modified in respect of the above matters.

**SMIFS**

**FOR S. K. Agrawal & Co.**  
Chartered Accountants  
Firm Reg. No.: 306033E

**Vivek Agarwal**  
Partner  
Membership No. : 301571

Place: Kolkata  
Dated: 30<sup>th</sup> May, 2018



# SMIFS CAPITAL MARKETS LIMITED

## CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2018

Particulars	Note No.	As at 31st March, 2018	As at 31st March, 2017	Amount in ₹ As at 1st April, 2016
<b>ASSETS</b>				
Non-current assets				
a) Property, plant and equipment	2	74,297,227	75,341,170	78,028,487
b) Financial assets				
i) Investments	3	347,575,449	342,296,798	241,390,074
ii) Loans	4	122,504,978	110,811,708	3,540,780
iii) Others	5	9,791,453	9,791,453	9,813,119
c) Deferred tax assets (Net)	6	26,374,732	4,900,878	5,965,817
d) Other non-current assets	7	14,230	14,230	14,230
		<b>580,558,069</b>	<b>543,156,237</b>	<b>338,752,507</b>
Current assets				
a) Inventories	8	585,383	1,116,862	34,111,918
b) Financial assets				
i) Trade receivables	9	781,577	8,446,906	39,218,839
ii) Cash and Cash equivalents	10	12,090,096	154,207,934	10,036,320
iii) Other Bank Balances	11	1,072,840	1,120,719	1,016,288
iv) Loans	12	-	-	161,057
v) Others	13	517,491,496	350,206,021	608,269,619
c) Current tax asset (Net)	14	4,912,400	2,232,897	3,328,041
d) Other current assets	15	2,537,036	2,982,364	2,841,139
		<b>539,470,828</b>	<b>520,313,703</b>	<b>698,983,221</b>
<b>Total Assets</b>		<b>1,120,028,897</b>	<b>1,063,469,940</b>	<b>1,037,735,728</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
a) Equity Share capital	16	55,850,000	55,850,000	55,850,000
b) Other equity	17	1,052,244,580	997,875,922	970,894,762
		<b>1,108,094,580</b>	<b>1,053,725,922</b>	<b>1,026,744,762</b>
<b>LIABILITIES</b>				
Non-current liabilities				
a) Financial liabilities				
i) Borrowings	18	3,931,000	1,373,100	396,347
b) Other non-current liabilities	19	32,454	32,454	432,454
		<b>3,963,454</b>	<b>1,405,554</b>	<b>828,801</b>
Current liabilities				
a) Financial liabilities				
i) Other financial liabilities	20	2,318,435	1,843,479	1,364,974
b) Other current liabilities	21	3,882,157	4,989,604	7,242,488
c) Provisions	22	1,770,271	1,505,381	1,554,703
		7,970,863	8,338,464	10,162,165
<b>Total Equity and liabilities</b>		<b>1,120,028,897</b>	<b>1,063,469,940</b>	<b>1,037,735,728</b>

Significant Accounting Policies & Notes to Financial Statements 1 To 48

As Per Our Report Of Even Date attached

**FOR S. K. Agrawal & Co.**

Chartered Accountants

Firm Reg. No.: 306033E

**Vivek Agarwal**

Partner

Membership No. : 301571

Place: Kolkata

Dated: 30<sup>th</sup> May 2018

*For and on Behalf of the Board of Directors*

**UTSAV PAREKH**

Chairman

(DIN No. 00027642)

**POONAM BHATIA**

Company Secretary

Cum - Sr. Manager Legal

**KISHOR SHAH**

Managing Director

(DIN No. 00170502)

**SHREEMANTA BANERJEE**

CFO cum Assist. Vice President

Finance & Taxation



# SMIFS CAPITAL MARKETS LIMITED

## CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2018

Amount in ₹

Particulars	Note No.	Year ended 31st March, 2018	Year ended 31st March, 2017
<b>INCOME</b>			
I Revenue from operations	23	508,025,653	411,847,449
II Other Income	24	26,892,731	51,717,463
<b>Total income(I+II)</b>		<b>534,918,384</b>	<b>463,564,912</b>
<b>III EXPENDITURE</b>			
Purchases of Stock-in-Trade	25	476,271,641	378,083,962
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	26	531,479	32,995,056
Employee benefits expense	27	21,892,292	20,829,123
Financial Costs	28	771,115	218,622
Depreciation and amortization expense	29	6,684,068	5,991,638
Other expenses	30	20,961,943	17,226,036
<b>Total Expense(III)</b>		<b>527,112,538</b>	<b>455,344,437</b>
IV Profit/(loss) before exceptional items and tax		7,805,846	8,220,475
V Exceptional items		—	—
VI Profit/(loss) before tax		<b>7,805,846</b>	<b>8,220,475</b>
VII Tax expense:	31		
(1) Current tax (Incl. STT)		2,810,338	2,392,641
(2) Tax adjustment for earlier years		—	113,352
(3) Deferred tax		(19,845,785)	(1,589,916)
VIII Profit/(loss) for the period from continuing operations		<b>24,841,293</b>	<b>7,304,398</b>
IX Profit/(loss) from discontinued operations		—	—
Tax expense from discontinued operations		—	—
X Profit/(loss) for the period from discontinued operations (after tax)		—	—
XI Profit/(loss) for the period		<b>24,841,293</b>	<b>7,304,398</b>
XII Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss			
Remeasurement of net defined benefit liability		(693,659)	(472,067)
Gains and losses from investments in equity instruments designated at fair value through other comprehensive income;		35,314,929	27,845,179
(ii) Income tax relating to items that will not be reclassified to profit or loss		1,628,069	4,849,087
B (i) Items that will be reclassified to profit or loss		—	—
(ii) Income tax relating to items that will be reclassified to profit or loss		—	—
Other comprehensive income/(loss) for the period		<b>36,249,339</b>	<b>32,222,199</b>
XIII Total Comprehensive Income for the period (XI+XII) (Comprising Profit (Loss) and Other Comprehensive Income for the period)		<b>61,090,632</b>	<b>39,526,598</b>
<b>XIV Earning per equity share:</b>			
	32		
(1) Basic		4.45	1.31
(2) Diluted		4.45	1.31

Significant Accounting Policies & Notes to Financial Statements 1 To 48

As Per Our Report Of Even Date

**FOR S. K. Agrawal & Co.**

Chartered Accountants  
Firm Reg. No.: 306033E

**Vivek Agarwal**

Partner  
Membership No. : 301571

Place: Kolkata  
Dated: 30<sup>th</sup> May 2018

*For and on Behalf of the Board of Directors*

**UTSAV PAREKH**

Chairman  
(DIN No. 00027642)

**POONAM BHATIA**

Company Secretary  
Cum - Sr.Manager Legal

**KISHOR SHAH**

Managing Director  
(DIN No. 00170502)

**SHREEMANTA BANERJEE**

CFO cum Assist. Vice President  
Finance & Taxation





**SMIFS CAPITAL MARKETS LIMITED**  
**STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018**  
**AND MARCH 31, 2017**

**Equity Share Capital**

Amount in ₹

Particulars	Balance at the beginning of the reporting year	Changes during the reporting year	Balance at the end of the reporting year
For the year ended 31st March 2017	55,850,000	–	55,850,000
For the year ended 31st March 2018	55,850,000	–	55,850,000





**SMIFS CAPITAL MARKETS LIMITED**  
**STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018**  
**AND MARCH 31, 2017**

Other Equity	Reserves and Surplus				Other Comprehensive Income			Total Other Equity
	Securities Premium	Capital Redemption reserve	General Reserve	Retained Earnings	Equity instruments through Comprehensive Income	Remeasurement of Defined Benefit Liability		
<b>Balance as at 1st April 2016</b>	<b>433,725,000</b>	<b>40,000,000</b>	<b>390,950,734</b>	<b>72,081,471</b>	<b>30,952,230</b>		<b>967,709,435</b>	
Profit for the year				7,304,399			7,304,399	
Dividend Paid				4,188,750				
Dividend Distribution tax paid				852,746				
Other Comprehensive Income					24,257,439	(463,856)	23,793,583	
Total Comprehensive Income for the year				22,62,903	24,257,439	(463,856)	26,056,486	
<b>Balance at 31st March 2017</b>	<b>433,725,000</b>	<b>40,000,000</b>	<b>390,950,734</b>	<b>74,344,374</b>	<b>55,209,669</b>	<b>(463,856)</b>	<b>993,765,921</b>	
<b>Balance at 1 April 2017</b>	<b>433,725,000</b>	<b>40,000,000</b>	<b>390,950,734</b>	<b>74,344,374</b>	<b>55,209,669</b>	<b>(463,856)</b>	<b>993,765,921</b>	
Profit for the year				24,841,294			24,841,294	
Transferred from other comprehensive income				4,186,947				
Dividend Paid				5,585,000				
Dividend Distribution tax paid				1,136,975				
Other Comprehensive Income					36,810,926	(681,558)	36,129,368	
Transferred to retained earnings					4,186,947			
Total Comprehensive Income for the year				22,306,266	32,623,979	(681,558)	60,970,662	
<b>Balance at 31 March 2018</b>	<b>433,725,000</b>	<b>40,000,000</b>	<b>390,950,734</b>	<b>96,650,640</b>	<b>87,833,648</b>	<b>(1,145,414)</b>	<b>1,048,014,608</b>	

As Per Our Report Of Even Date

**FOR S. K. Agrawal & Co.**

Chartered Accountants

Firm Reg. No.: 306033E

**Vivek Agarwal**

Partner

Membership No. : 301571

Place: Kolkata

Dated: 30<sup>th</sup> May 2018

*For and on Behalf of the Board of Directors*

**UTSAV PAREKH**

Chairman  
(DIN No. 00027642)

**KISHOR SHAH**

Managing Director  
(DIN No. 00170502)

**POONAM BHATIA**

Company Secretary  
Cum - Sr. Manager Legal

**SHREEMANTA BANERJEE**

CFO cum Assist. Vice President  
Finance & Taxation



# SMIFS CAPITAL MARKETS LIMITED

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2018

	Amount in ₹	
	31st March, 2018	31st March, 2017
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax	7,805,847	8,220,475
<b>Adjustment for</b>		
Depreciation	6,684,069	5,991,638
(Profit) / Loss on sale of Investments	(474,367)	(39,792,445)
Dividend on Investment	(333,117)	(305,737)
Provisions no longer required	-	(412,838)
Financial Cost	771,115	218,622
(Profit)/Loss on sale of Fixed Assets	-	(1,026,486)
Revaluation in Financial Assets	(106,024)	(549,893)
Amortisation Expenses	1,836	1,721
Interest Income	(25,339,125)	(9,585,806)
	<u>(18,795,613)</u>	<u>(45,461,222)</u>
Operating profit before Working Capital change	(10,989,766)	(37,240,747)
<b>Adjustment for</b>		
1. Trade & Other Receivables	(168,534,379)	182,214,014
2. Inventories	531,479	32,995,056
3. Trade and Other Payables	(3,917,904)	(3,264,917)
	<u>(171,920,804)</u>	<u>211,944,153</u>
Cash Generated from Operations	(182,910,570)	174,703,406
Direct Tax paid	(5,489,841)	(1,410,849)
	<u>(5,489,841)</u>	<u>(1,410,849)</u>
Net Cash Flow from Operating activity	<u>(188,400,411)</u>	<u>173,292,557</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(5,640,125)	(4,449,837)
Sale of Fixed Assets	-	2,172,001
Purchase of Investments	(121,560,534)	(289,445,518)
Sale of Investments	152,175,368	256,724,591
Interest Income	25,339,125	9,585,806
Dividend on Investment	333,117	305,737
Net Cash flow from Investing Activities	<u>50,646,951</u>	<u>(25,107,220)</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend and Dividend Distribution Tax Paid	(6,721,975)	(5,041,496)
Interest paid	(771,115)	(218,622)
Proceeds from long-term borrowings	3,080,834	1,350,827
Net cash used in Financing Activities	<u>(4,412,256)</u>	<u>(3,909,291)</u>
Net increase in Cash & Cash Equivalents	(142,165,717)	144,276,046
Opening Balance of Cash & Cash Equivalents	155,328,653	11,052,607
Closing Balance of Cash & Cash Equivalents	<u>13,162,936</u>	<u>155,328,653</u>

As Per Our Report Of Even Date

**FOR S. K. Agrawal & Co.**

Chartered Accountants  
Firm Reg. No.: 306033E

**Vivek Agarwal**  
Partner  
Membership No. : 301571

Place: Kolkata  
Dated: 30<sup>th</sup> May 2018

*For and on Behalf of the Board of Directors*

**UTSAV PAREKH**  
Chairman  
(DIN No. 00027642)  
**POONAM BHATIA**  
Company Secretary  
Cum - Sr.Manager Legal

**KISHOR SHAH**  
Managing Director  
(DIN No. 00170502)  
**SHREEMANTA BANERJEE**  
CFO cum Assist. Vice President  
Finance & Taxation



# SMIFS CAPITAL MARKETS LIMITED

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

### Corporate Information

The Consolidated financial statements comprise financial statements of SMIFS Capital Markets Ltd (the “Company”) and its subsidiary (collectively, “the Group”) for the year ended 31st March 2018. The Company is a public limited company incorporated and domiciled in India and has its registered office at Vaibhav, 4F, 4, Lee Road, Kolkata - 700 020, India. The Company is listed on the BSE Limited and Calcutta Stock Exchange Limited. The company is engaged mainly in merchant banking and trading in government securities and shares.

The financial statements for the year ended March 31, 2018 were approved by the Board of Directors and authorised for issue on 30th May 2018.

### Note: 1 Significant accounting policies

#### a) Statement of Compliance

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under the companies (Indian Accounting Standards) Rules, 2015 as amended by companies (Indian Accounting Standards) (Amendment) Rules, 2016, the relevant provisions of Companies Act, 2013 (“the Act”)

The financial statements up to year ended 31 March 2017 were prepared in accordance with the accounting standards notified under the section 133 of the Companies Act, 2013 read together with Rule 7 of Companies (Accounts) rule 2014, (Indian GAAP).

The transition from Previous GAAP to Ind AS has been accounted for in accordance with Ind AS 101 “First Time Adoption of Indian Accounting Standard” with April 1, 2016 being the transition date.

In accordance with Ind AS 101 “First Time Adoption of Indian Accounting Standard” the Group has presented a reconciliation from the presentation of financial statements under accounting standards notified under the Companies Accounting Standard Rules, 2006 i.e. “Previous GAAP” to Ind AS of total equity as at April 1, 2016 and March 31, 2017, total comprehensive income and cash flow for the year ended March 31, 2017.

The Financial statements are presented in Indian Rupees except otherwise indicated.

#### b) Basis of preparation of financial statements

The Consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) 110- “Consolidated Financial statements” issued by the Institute of Chartered Accountants of India.

The Financial Statements of the Group have been prepared on historical cost convention under accrual method of accounting and as a going concern concept except for certain assets and liabilities which are measured at fair values as required by Ind AS.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities have been classified as per the Group’s normal operating cycle and the other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. The Group has ascertained its operating cycle as 12 months for the purpose of current and noncurrent classification of assets and liabilities.

# SMIFS CAPITAL MARKETS LIMITED

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

### c) Basis of Consolidation

The consolidated financial statements relate to the SMIFS Capital Markets Limited ('the Company') and its wholly owned subsidiary Company.

The financial statements of the Company and its subsidiary Company have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, incomes and expenses, after fully eliminating inter-company balances and transactions including unrealized profits or losses.

The consolidated financial statements are prepared by adopting uniform accounting policies for like transactions and events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.

### d) Use of estimates

In preparation of the financial statements, the Group makes judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and the associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, and future periods affected.

### e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation/amortization and impairment, if any. Freehold land is disclosed at cost less impairment, if any. Cost comprises of purchase price and directly attributable cost of acquisition/ bringing the asset to its working condition for its intended use (net of credit availed, if any). Capital work in progress, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

On transition to Ind AS, the entity has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1st April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

An item of property, plant and equipment and any significant part initially recognised is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.



# SMIFS CAPITAL MARKETS LIMITED

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

### Depreciation

Depreciation is the systematic allocation of the depreciable amount of PPE over its useful life and is provided on a written down value basis over the useful lives as prescribed under Schedule II to the Companies Act, 2013.

Depreciable amount for PPE is the cost of PPE less its estimated residual value. The useful life of PPE is the period over which PPE is expected to be available for use by the Group, or the number of production or similar units expected to be obtained from the asset by the Group.

Depreciation on additions is provided on a pro-rata basis from the month of installation or acquisition. Depreciation on deductions/disposals is provided on a pro-rata basis up to the month preceding the month of deduction/disposal.

### f) Impairment of Non-financial assets

The Group assesses at each reporting date whether there is any indication the any property, plant and equipment and intangible assets or group of assets, called cash generating unit may be impaired. If any such indication exists the Group estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed, and the asset is reflected at the recoverable amount.

### g) Inventories

Inventories consisting of shares and securities has been individually valued script wise at lower of cost and market rate, in case they are quoted. Other stock-in-trade are valued at cost/ net asset value whichever is lower or where balance sheet of investee Company is not available for past two years, value of such unquoted Stock-in-trade have been taken at rupee one per share as per prudential norms issued by the Reserve Bank of India.

### h) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale and borrowing costs are being incurred. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

### i) Provisions, Contingent liabilities and Contingent Assets

Provisions are recognised when there is a present obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at each Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the best current estimate.

# SMIFS CAPITAL MARKETS LIMITED

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

A present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent assets are not recognised in financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

### j) Revenue recognition

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and specifics of each arrangement. Revenue is measured at the fair value of the consideration received or receivables.

The measurement of contract revenue is affected by a variety of uncertainties that depend on the outcome of future events. The estimates often need to be revised as events occur and uncertainties resolve. Therefore, the amount of contract revenue may increase or decrease from one period to the next.

When the outcome of construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract shall be recognized as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period. An expected loss on construction contract shall be recognized as an expense immediately.

The recognition of revenue and expenses by reference to the stage of completion of a contract is often referred to as the percentage of completion method. Under this method contract revenue is matched with the contract costs incurred in reaching the stage of completion, resulting in the reporting of revenue, expenses and profit which can be attributed to the proportion of work completed.

### Interest Income

Income from interest on deposits, loan and interest bearing securities is recognised on a time proportion basis taking into account the underlying interest rate.

### Dividend income

Dividend income is recognised at the time when right to receive the payment is established, which is generally, when the shareholders approve the dividend.

### k) Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities (including MAT) attributable to temporary differences and to unused tax losses.





# SMIFS CAPITAL MARKETS LIMITED

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose at reporting date. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. MAT is recognised as deferred tax assets in the Balance Sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

### l) Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

### m) Financial instruments

Financial assets and financial liabilities are recognised when a Group becomes a party to the contractual provisions of the instruments.

#### Financial Assets

##### Initial Recognition

All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction cost that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition

##### Classification and Subsequent Measurement: Financial Assets

The Group classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL") on the basis of following:

- entity's business model for managing the financial assets and
- contractual cash flow characteristics of the financial asset.



# SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

## Debt Instruments

### Amortised Cost

A financial asset is subsequently measured at amortised cost, if the financial asset is held within a business model, whose objective is to hold the asset in order to collect contractual cash flow and the contractual term of financial asset give rise on specified date to cash flow that are solely payment of principal and interest on principal amount outstanding.

### Fair Value through Other Comprehensive Income

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognised in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss.

### Fair Value through Profit or Loss

A financial asset is classified and measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through OCI.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

## Equity Instruments

All investments in equity instruments classified under financial assets are measured at fair value. The Group, in respect of equity investments, which are not held for trading, made an irrevocable election based on its judgment to present in other comprehensive income subsequent changes in the fair value (FVOCI) of such equity instrument. The Group makes such election on an instrument-by-instrument basis. Fair value changes on an equity instrument is recognised as other income in the Statement of Profit and Loss unless the Group has elected to measure such instrument at FVOCI. Fair value changes excluding dividends, on an equity instrument measured at FVOCI are recognised in OCI. Amounts recognised in OCI are not subsequently reclassified to the Statement of Profit and Loss. Dividend income on the investments in equity instruments are recognised as 'other income' in the Statement of Profit and Loss.

## Financial Liabilities

### Initial Recognition

Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss. In case of trade payables, they are initially recognised at fair value and subsequently, these liabilities are held at amortised cost, using the effective interest method.

### Classification and Subsequent Measurement: Financial liabilities

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.



# SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

## Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. The Group recognises a loss allowance for expected credit losses on financial asset. In case of trade receivables, the Group follows the simplified approach permitted by Ind AS 109 – Financial Instruments for recognition of impairment loss allowance. The application of simplified approach does not require the Group to track changes in credit risk. The Group calculates the expected credit losses on trade receivables using a provision matrix on the basis of its historical credit loss experience.

## Derecognition of financial instruments

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the contractual rights to receive the cash flows from the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

## Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

## n) Fair value measurements

The Group measures financial instruments at fair value at each balance sheet date.

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

- In the principal market for the asset or liability.

Or

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole;

Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

# SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

## o) Employee benefits

### Defined contributions plan

Contributions to defined contribution schemes such as employees' state insurance, labour welfare fund, superannuation scheme, employee pension scheme etc. are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. Group's provident fund contribution, in respect of certain employees, is made to a government administered fund and charged as an expense to the Statement of Profit and Loss. The above benefits are classified as Defined Contribution Schemes as the Group has no further defined obligations beyond the monthly contributions.

### Defined benefit plans

The Group's Liabilities on account of Gratuity and Earned Leave on retirement of employees are determined at the end of each financial year on the basis of actuarial valuation certificates obtained from Registered Actuary in accordance with the measurement procedure as per Indian Accounting Standard (Ind AS) -19., 'Employee Benefits' The gratuity liability is covered through a policy taken by a trust established under the group gratuity scheme with Life Insurance Corporation of India (LIC). The costs of providing benefits under these plans are also determined on the basis of actuarial valuation at each year end. Actuarial gains and losses for defined benefit plans are recognized through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

The Defined Benefit Plan can be short term or Long terms which are defined below:

#### (i) Short term Employee benefit

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefits obligations in the balance sheet.

#### (ii) Long term Employee benefits

Compensated absences which are not expected to occur within 12 months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the balance sheet date.

## p) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 108, the chief operating decision maker evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments.



# SMIFS CAPITAL MARKETS LIMITED

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

### q) Borrowings

Borrowings are measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

### r) Earnings per share

Basic earnings per share is computed by dividing the net profit for the period attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

### s) Business Combinations

Business combinations have been accounted for using the acquisition method under the provisions of Ind AS 103, Business Combinations. The Cost of acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition, which is the date on which control is transferred to the Group. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

### t) Recent accounting pronouncements

Ind AS 12 - Income Taxes: The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate),

## SMIFS CAPITAL MARKETS LIMITED

### NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1 April 2018. These amendments are not expected to have any impact on the Group as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

Ind AS 115- Revenue from Contract with Customers: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors;

Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach) The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

*As Per Our Report Of Even Date*

**FOR S. K. Agrawal & Co.**

Chartered Accountants  
Firm Reg. No.: 306033E

**Vivek Agarwal**

Partner

Membership No. : 301571

Place: Kolkata

Dated: 30<sup>th</sup> May 2018

*For and on Behalf of the Board of Directors*

**UTSAV PAREKH**

Chairman

(DIN No. 00027642)

**POONAM BHATIA**

Company Secretary  
Cum - Sr.Manager Legal

**KISHOR SHAH**

Managing Director

(DIN No. 00170502)

**SHREEMANTA BANERJEE**

CFO cum Assist. Vice President  
Finance & Taxation

## SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

### Note : 2 Property Plant and Equipments

Particulars	Gross Block					Depreciation			Net Block	
	As on 01.04.2017	Additions	Deductions/ Adjustments	As on 31.03.2018	As on 01.04.2017	For the year	Adjustment	As on 31.03.2018	As on 31.03.2018	As on 31.03.2017
Buildings / Premises	73,373,622	-	-	73,373,622	3,392,656	3,181,624	-	6,574,280	66,799,342	69,980,966
Furniture and Fixtures	129,018	-	-	129,018	63,104	43,510	-	106,614	22,404	65,914
Office Equipment	237	-	-	237	223	13	-	236	0	14
Vehicles	7,426,289	5,576,435	-	13,002,724	2,301,680	3,277,516	-	5,579,196	7,423,528	5,124,609
Electrical Installations	5,773	-	-	5,773	3,735	1,319	-	5,054	719	2,038
Computers	216,771	63,690	-	280,461	120,328	116,081	-	236,409	44,053	96,443
Air Conditioners	181,098	-	-	181,098	109,912	64,006	-	173,918	7,180	71,186
<b>Sub total</b>	<b>81,332,808</b>	<b>5,640,125</b>	<b>-</b>	<b>86,972,933</b>	<b>5,991,638</b>	<b>6,684,068</b>	<b>-</b>	<b>12,675,706</b>	<b>74,297,227</b>	<b>75,341,170</b>

Particulars	Gross Block					Depreciation			Net Block	
	Deemed Cost As on 01.04.2016	Additions	Deductions/ Adjustments	As on 31.03.2017	As on 01.04.2016	For the year	Adjustment	As on 31.03.2017	As on 31.03.2017	As on 31.03.2016
Buildings / Premises	73,373,622	-	-	73,373,622	-	3,392,656	-	3,392,656	69,980,966	73,373,622
Furniture and Fixtures	7,674	121,344	-	129,018	-	63,104	-	63,104	65,914	7,674
Office Equipment	237	-	-	237	-	223	-	223	14	237
Vehicles	4,589,472	3,982,333	1,145,516	7,426,289	-	2,301,680	-	2,301,680	5,124,609	4,589,472
Electrical Installations	5,773	-	-	5,773	-	3,735	-	3,735	2,038	5,773
Computers	26,861	189,910	-	216,771	-	120,328	-	120,328	96,443	26,861
Air Conditioners	24,848	156,250	-	181,098	-	109,912	-	109,912	71,186	24,848
<b>Sub total</b>	<b>78,028,487</b>	<b>4,449,837</b>	<b>1,145,516</b>	<b>81,332,808</b>	<b>-</b>	<b>5,991,638</b>	<b>-</b>	<b>5,991,638</b>	<b>75,341,170</b>	<b>78,028,487</b>



# SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

**Note : 3 Non Current Investment**

Amount in ₹

SI. No.	Particulars	As at 31 March 2018		As at 31 March 2017		As at 1st April 2016	
		Quantity No.	Amount ₹	Quantity No.	Amount ₹	Quantity No.	Amount ₹
<b>1</b>	<b>Investments measured at amortized cost</b>						
<b>(a)</b>	<b>Investment in Preference Shares (Non Cumulative ₹ 100/- Each)</b>						
	<b>Unquoted, fully paid up</b>						
	12% Andaman Plantations & Development Corporation Pvt.Ltd	40,000	4,000,000	40,000	4,000,000	40,000	4,000,000
	15% Andaman Plantations & Development Corporation Pvt.Ltd	60,000	6,000,000	60,000	6,000,000	60,000	6,000,000
	18% Andaman Plantations & Development Corporation Pvt.Ltd	40,000	4,000,000	40,000	4,000,000	40,000	4,000,000
	7% Non Cumulative Redeemable Pref.Share Maya Tradelinks Ltd.	200,000	20,000,000	200,000	20,000,000	-	-
<b>(b)</b>	<b>Investment in Debentures (₹ 100/- Each)</b>						
	<b>Unquoted, fully paid up</b>						
	Zero% Compulsory Convertible Debenture I Care Learning Pvt.Ltd.	517,500	51,570,000	515,700	51,570,000	-	-
<b>(c)</b>	<b>Investment in Govt Securities</b>						
	6.05% Govt of India Loan - 2019 (F.V. ₹ 500,000)	5,000	502,368	5,000	504,204	5,000	505,925
<b>3</b>	<b>Investments measured at fair value through Other comprehensive Income</b>						
<b>(a)</b>	<b>Investment in Equity Shares</b>						
	Equity shares of ₹ 10 each (Unless otherwise stated)						
	<b>Quoted, Fully paid up</b>						
	Aravali Securities & Finance Limited	100	340	100	370	100	440
	Aditya Birla Capital Ltd	50,000	7,297,500	-	-	-	-
	Asian Vegipro Industries Limited	300,000	300,000	300,000	300,000	300,000	300,000
	Coventry Springs & Engg. Co. Ltd	52,323	5,233	52,323	5,232	52,323	5,232
	ECE Industries Ltd.	-	-	-	-	384,500	46,765,963
	Cholamandalam Finance Ltd.	-	-	4,000	3,860,200	-	-
	Gillanders Arbuthnot & Co. Ltd	-	-	9,041	588,569	9,041	574,104
	Hindustan Petroleum Corporation Ltd.	-	-	10,000	5,256,500	-	-
	Melstar Information Technologies Limited	300	975	300	1,149	300	1,623





# SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

Amount in ₹

Sl. No.	Particulars	As at 31 March 2018		As at 31 March 2017		As at 1st April 2016	
		Quantity No.	Amount ₹	Quantity No.	Amount ₹	Quantity No.	Amount ₹
	Moulik Finance & Resorts Limited	7,100	7,100	7,100	7,100	7,100	7,100
	Moving Picture (India) Limited	881,600	528,960	881,600	528,960	881,600	819,888
	Maruti Suzuki India Limited	-	-	1,000	6,015,700	-	-
	KEC International Ltd.	175	68,207	175	36,383	175	21,367
	Nicco UCO Alliance Credit Limited	114	42	114	44	114	233
	Mangalam Timber Products Ltd.	-	-	106,628	3,060,224	106,628	1,860,659
	Punsumi Foils & Components Limited	15,800	15,800	15,800	15,800	15,800	15,800
	Reliance Industries Ltd.	-	-	-	-	3,000	3,402,926
	PTC Industries Ltd.	-	-	14,858	4,264,246	20,000	39,80,000
	Summit Securities Ltd.	156,500	123,642,825	156,500	84,048,325	156,500	44,336,450
	Swad Industries & Leasing Ltd	141	141	141	141	141	141
	Southern Online Bio-Technologies Limited	-	-	-	-	424,586	2,509,689
	T & I Global Ltd.	49,000	3,361,400	-	-	-	-
	VCK Capital Markets Limited	200	220	200	210	200	306
	<b>Unquoted, Fully paid up</b>						
	Andaman Plantations & Development Corporation Limited	30,000	3,000,000	30,000	3,000,000	30,000	3,000,000
	Antriksh Vyapaar Limited	1,600,000	56,889,000	4,400,000	104,466,679	3,450,000	80,404,297
	Bhatpara Papers Limited	44	391	44	391	44	391
	I Care Learning Pvt.Ltd.	775,000	775,000	775,000	775,000	-	-
	Tejasri Energy Limited	5,000	50,000	5,000	50,000	5,000	50,000
	Gujarat Securities Limited	20	200	20	200	20	200
	North Eastern Publishing & Advt Co Ltd	4,500,000	42,075,000	2,500,000	23,363,830	2,500,000	23,363,830
	Patriot Automation Projects Limited	2,065,350	500,000	2,065,350	500,000	2,065,350	500,000
	Sheorey Digital Systems Pvt Ltd	590,000	9,699,600	590,000	10,044,348	590,000	10,044,348
	Vaibhav Services Pvt Ltd	4,580	424,017	4,580	373,736	4,580	373,736
<b>3</b>	<b>Investments measured through profit and loss</b>						
<b>(a)</b>	<b>Investment in Mutual Funds</b>						
	<b>Unquoted</b>						
	Birla Sunlife'95 Fund	1,394	1,084,696	1,194	836,990	960	545,427
	JM High Liquidity Fund	2,263	107,638	2,263	100,717	-	-
	Sundaram Mutual Fund	-	-	-	-	191,172	4,000,000
	DSP Mutual Fund	-	-	396,512	4,721,551	-	-
	Franklin Mutual Fund	4,490	11,668,797	-	-	-	-
	<b>Total</b>		<b>347,575,449</b>		<b>342,296,798</b>		<b>241,390,074</b>

Aggregate amount of unquoted Investments	211,844,339	233,803,442	136,282,229
Aggregate amount of quoted Investments	135,228,742	107,989,153	104,601,920
Aggregate market value of quoted Investments	135,228,742	107,989,153	104,601,920

# SMIFS CAPITAL MARKETS LIMITED

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

Amount in ₹

<u>Note : 4 Loans</u>	<u>As at 31 March 2018</u>	<u>As at 31 March 2017</u>	<u>As at 1st April 2016</u>
Unsecured and considered good			
1 Security Deposit	1,218,764	1,218,764	2,269,563
	1,218,764	1,218,764	2,269,563
2 Other loans	121,286,214	109,592,944	1,271,217
	121,286,214	109,592,944	1,271,217
<b>Total</b>	<b>122,504,978</b>	<b>110,811,708</b>	<b>3,540,780</b>

### Note : 5 Other non current financial assets

1 Receivable from Leased Assets	397,081	397,081	809,919
Less: Provision for doubtful	(397,081)	(397,081)	(809,919)
2 Other Receivable *	9,791,453	9,791,453	9,813,119
<b>Total</b>	<b>9,791,453</b>	<b>9,791,453</b>	<b>9,813,119</b>

\* Other receivable includes fixed deposit . The entire amount which is receivable from Central Bank of India , has been deposited by the Bank with the Prothonotary and Senior master pending disposal of our claim as per the direction of the Hon'ble High Court, Bombay.

### Note : 6 Deferred tax Assets (Net)

1 Deferred tax asset			
MAT Credit Entitlement	40,029,652	37,314,483	34,927,966
Less: Deferred tax liability			
On Disallowances under the Income Tax Act, 1961	644,099	757,989	916,649
On difference between wdv as per book and wdv as per Income Tax Act of fixed assets	(11,132,169)	(28,253,607)	(18,809,588)
On Financial Instrument	(3,166,850)	(4,917,987)	(11,069,210)
	(13,654,920)	(32,413,605)	(28,962,149)
<b>Total</b>	<b>26,374,732</b>	<b>4,900,878</b>	<b>5,965,817</b>

### Note : 7 Other Non Current Assets

1 Other Advance	312,083	312,083	312,083
Less: Provision for advances considered doubtful	(297,853)	14,230	(297,853)
<b>Total</b>	<b>14,230</b>	<b>14,230</b>	<b>14,230</b>



# SMIFS CAPITAL MARKETS LIMITED

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

Amount in ₹

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>Note : 8 Inventories</b>			
1 Shares and Securities	585,383	1,116,862	504,166
2 Construction Work in Progress	-	-	33,607,752
<b>Total</b>	<b>585,383</b>	<b>1,116,862</b>	<b>34,111,918</b>
<b>Note : 9 Trade Receivables</b>			
1 Unsecured Considered Good	781,577	8,539,561	39,311,494
Less : Impairment Allowance	-	92,655	92,655
<b>Total</b>	<b>781,577</b>	<b>8,446,906</b>	<b>39,218,839</b>
<b>Note : 10 Cash &amp; Cash Equivalents</b>			
1 Balance with banks	6,955,243	153,879,236	9,569,074
2 Cash on hand	134,853	328,698	180,726
3 Cheques on hand	-	-	286,520
4 Fixed Deposit With Bank	5,000,000	-	-
<b>Total</b>	<b>12,090,096</b>	<b>154,207,934</b>	<b>10,036,320</b>
<b>Note : 11 Other Bank Balances</b>			
1 Unclaimed Dividend account	1,072,840	1,120,719	1,016,288
<b>Total</b>	<b>1,072,840</b>	<b>1,120,719</b>	<b>1,016,288</b>
<b>Note : 12 Loans</b>			
Loans			
1 Other Loans	-	-	161,057
<b>Total</b>	<b>-</b>	<b>-</b>	<b>161,057</b>
<b>Note : 13 Other current financial assets</b>			
1 Interest Accrued but not due	10,833	10,833	10,833
2 Other receivables	517,480,663	350,195,188	608,258,786
<b>Total</b>	<b>517,491,496</b>	<b>350,206,021</b>	<b>608,269,619</b>
<b>Note : 14 Current tax asset (Net)</b>			
1 Advance Income Tax (Net of Provision)	4,912,400	2,232,897	3,328,041
<b>Total</b>	<b>4,912,400</b>	<b>2,232,897</b>	<b>3,328,041</b>
<b>Note : 15 Other Current Assets</b>			
1 Balance with Statutory Authorities	95,346	103,240	66,487
2 Prepaid expenses	1,995,510	2,358,283	1,990,096
3 Other Advance	446,180	520,841	784,556
<b>Total</b>	<b>2,537,036</b>	<b>2,982,364</b>	<b>2,841,139</b>



# SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

Amount in ₹

Note : 16 Equity Share Capital	As at 31 March 2018	As at 31 March 2017	As at 1st April 2016
<b>1 AUTHORIZED</b>			
3,00,00,000 (3,00,00,000) Equity Shares of ₹ 10/- each.	300,000,000	300,000,000	300,000,000
20,00,000 (20,00,000) Preference Shares of ₹ 100/- each.	200,000,000	200,000,000	200,000,000
	<b>500,000,000</b>	<b>500,000,000</b>	<b>500,000,000</b>
<b>2 ISSUED, SUBSCRIBED &amp; PAID UP</b>			
55,85,000 (55,85,000) Equity Shares of ₹ 10/- each, Fully paid up	55,850,000	55,850,000	55,850,000
	<b>55,850,000</b>	<b>55,850,000</b>	<b>55,850,000</b>

### 3 Reconciliation of shares at the beginning and at the end of the reporting period

Particulars	No. of shares		Amount (₹)		No. of shares		Amount (₹)	
At the beginning of the reporting period	5,585,000	55,850,000	5,585,000	55,850,000	5,585,000	55,850,000		
Change during the year	-	-	-	-	-	-		
At the closing of the reporting period	5,585,000	55,850,000	5,585,000	55,850,000	5,585,000	55,850,000		

### 4 Terms and Rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pay dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend. In the event of liquidation, the Equity Shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

### 5 Shareholders holding more than 5% shares in the Company

Particulars	No. of shares		% held		No. of shares		% held	
Mackertich Consultancy Services Pvt Ltd	1,115,700	19.98	1,115,700	19.98	1,216,900	21.79		
The Indiaman Fund (Mauritius) Limited	550,000	9.85	550,000	9.85	550,000	9.85		
Progressive Star Finance Pvt Ltd	357,251	6.40	357,251	6.40	357,251	6.40		
Ajay Kumar Kayan	402,250	7.20	402,250	7.20	301,050	5.39		
Maya Trade Links Ltd	-	-	-	-	398,590	7.14		
S N Rajan	293,020	5.25	369,323	6.61	-	-		



# SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

Amount in ₹

<b>Note : 17 Other Equity</b>	<b>As at 31 March 2018</b>	<b>As at 31 March 2017</b>	<b>As at 1st April 2016</b>
1 Securities Premium	433,725,000	433,725,000	433,725,000
2 Capital Redemption Reserve	40,000,000	40,000,000	40,000,000
3 General Reserve	390,950,734	390,950,734	390,950,734
	390,950,734	390,950,734	390,950,734
4 Retained Earnings :			
Balance brought forward from previous year	72,643,485	70,380,582	68,588,550
Transferred from Other Comprehensive Income	4,186,947	-	-
Profit for the Year	24,841,294	7,304,399	8,514,007
Less: Dividend Paid	(5,585,000)	(4,188,750)	(5,585,000)
Corporate Dividend Tax Paid	(1,136,975)	(852,746)	(1,136,975)
	94,949,751	72,643,485	70,380,582
5 Other Comprehensive Income			
Opening OCI	60,556,703	35,838,446	35,838,446
Add: During the year OCI	36,249,339	24,718,257	-
Less: Transferred to Retained Earning	(4,186,947)	-	-
	92,619,095	60,556,703	35,838,446
<b>Total</b>	<b>1,052,244,580</b>	<b>997,875,922</b>	<b>970,894,762</b>

<b>Note : 18 Borrowings</b>	<b>As at 31 March 2018</b>	<b>As at 31 March 2017</b>	<b>As at 1st April 2016</b>
1 Secured Loans			
From banks	5,176,695	2,095,860	745,033
Current Maturity of Long term Debt.	(1,245,695)	(722,760)	(348,686)
<b>Total</b>	<b>3,931,000</b>	<b>1,373,100</b>	<b>396,347</b>

18.1 The above Term Loans are secured by hypothecation of the vehicles against which loans are taken

## 18.2 Repayment Schedule:-

Term Loan (Secured):

a) HDFC Bank Ltd

Repayable in 60 monthly installments of ₹ 41,865/- from April 2016.

947,577

1,341,055

-

b) HDFC Bank Ltd

Repayable in 60 monthly installments of ₹ 91,270/- from May 2017.

2,983,422

-

-

c) HDFC Bank Ltd

Repayable in 36 monthly installments of ₹ 32,315/- from April 2015.

-

32,045

396,347

**Total**

**3,931,000**

**1,373,100**

**396,347**

# SMIFS CAPITAL MARKETS LIMITED

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

	Amount in ₹		
<u>Note : 19 Other Non Current Liabilities</u>	<u>As at 31 March 2018</u>	<u>As at 31 March 2017</u>	<u>As at 1st April 2016</u>
1 Advance from party	32,454	32,454	432,454
<b>Total</b>	<b>32,454</b>	<b>32,454</b>	<b>432,454</b>
<u>Note : 20 Other Financial Liabilities</u>			
1 Current Maturity of Long term Debt.	1,245,695	722,760	348,686
2 Unclaimed Dividend#	1,072,740	1,120,719	1,016,288
<b>Total</b>	<b>2,318,435</b>	<b>1,843,479</b>	<b>1,364,974</b>
#	This does not include any amount due and outstanding to be credited to Investor Education and Protection Fund		
<u>Note : 21 Other Current Liabilities</u>			
1 Statutory Dues	457,081	983,880	1,141,042
2 Liability for expenses	3,425,076	4,005,724	6,101,446
<b>Total</b>	<b>3,882,157</b>	<b>4,989,604</b>	<b>7,242,488</b>
<u>Note : 22 Provisions</u>			
1 Provision For Employee Benefits	1,770,271	1,505,381	1,554,703
<b>Total</b>	<b>1,770,271</b>	<b>1,505,381</b>	<b>1,554,703</b>



# SMIFS CAPITAL MARKETS LIMITED

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

	Year ended 31st March, 2018	Amount in ₹ Year ended 31st March, 2017
<b>Note : 23 Revenue from Operations</b>		
1 Sale of shares and Securities	480,436,145	379,228,645
2 Sale of Flats	-	26,949,000
3 Investment Banking Operations	27,589,508	5,256,967
4 Provisions no longer required	-	412,837
<b>Total</b>	<b><u>508,025,653</u></b>	<b><u>411,847,449</u></b>
<b>Note : 24 Other Income</b>		
1 Interest Income		
i) On loans	25,315,094	9,561,955
ii) On Govt. Securities	28,414	30,623
2 Profit / Loss on Sale of Investments	474,367	39,792,445
3 Gain on fair valuation of financial asset	106,024	549,893
4 Dividend Income	333,117	305,737
5 Profit on Sale of Fixed Assets	-	1,026,486
6 Other Non operative income	635,715	450,325
<b>Total</b>	<b><u>26,892,731</u></b>	<b><u>51,717,463</u></b>
<b>Note : 25 Purchases</b>		
1 Purchase of shares and Securities	476,271,641	378,083,962
<b>Total</b>	<b><u>476,271,641</u></b>	<b><u>378,083,962</u></b>
<b>Note : 26 Change in Inventories / Stock</b>		
1 Opening Stock-Shares and Securities	1,116,862	504,166
Closing Stock-Shares and Securities	585,383	1,116,862
	(A) 531,479	(612,696)
2 Opening Stock-Construction Work-in-Progress	-	33,607,752
Closing Stock-Construction Work-in-Progress	-	-
	(B) -	33,607,752
<b>Total</b>	<b>(A+B) <u>531,479</u></b>	<b><u>32,995,056</u></b>



# SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

	Year ended 31st March, 2018	Amount in ₹ Year ended 31st March, 2017
<b>Note : 27 Employee benefits expense</b>		
1 Salaries and wages	18,179,301	17,199,068
2 Contribution to provident and other funds	1,383,655	1,345,132
3 Staff Welfare Expenses	2,329,336	2,284,923
<b>Total</b>	<b>21,892,292</b>	<b>20,829,123</b>
<b>Note : 27.1</b>		
Contribution to Defined Contribution Plans, recognised as expense for the year is as under:		
Employer's Contribution to Provident Fund	1,383,655	1,345,132
<b>Note : 28 Financial Cost</b>		
1 Interest Expense		
On loans	771,115	218,622
<b>Total</b>	<b>771,115</b>	<b>218,622</b>
<b>Note : 29 Depreciation and Amortisation expense</b>		
1 Depreciation	6,684,068	5,991,638
<b>Total</b>	<b>6,684,068</b>	<b>5,991,638</b>



# SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

	Amount in ₹	
	Year ended 31st March, 2018	Year ended 31st March, 2017
<b>Note : 30 Other expenses</b>		
1 Telephone Expenses	910,536	989,049
2 Printing & Stationery Expenses	244,898	243,464
3 Professional, Legal & Consultancy Charges	6,825,662	2,100,261
4 Business Promotion Expenses	523,686	311,312
5 Rent	507,390	507,390
6 Repair & Maintenance - Plant & Machinery	143,312	135,751
- Others	570,974	783,463
7 Advertisement	294,700	315,872
8 Electricity, Power & Fuel	549,021	510,830
9 Vehicle Expenses	1,735,503	1,767,593
10 Membership & Subscription Fees	1,415,720	1,132,087
11 Miscellaneous Expenses	1,691,171	1,724,088
12 Brokerage on Sale of Flats	-	5,520
13 Bad Debt.	890,948	-
14 Rates & Taxes	448,829	370,100
15 Travelling Expenses	3,593,036	4,275,949
16 Directors Fees	160,500	157,500
17 Insurance	181,056	229,379
18 Donation	75,000	142,000
19 Sundry Balance Written Off	-	1,329,428
20 Auditors' Remuneration	200,000	195,000
<b>Total</b>	<b><u>20,961,943</u></b>	<b><u>17,226,036</u></b>

## **Note : 31 Tax expenses**

1 Current Tax		
Provision For Taxation(Including S.T.T)	2,810,338	2,392,641
Income Tax Earlier Year	-	113,352
	<u>2,810,338</u>	<u>2,505,993</u>
2 Deferred tax	(17,130,617)	796,600
Less: MAT Entitlement	(2,715,169)	(2,386,517)
	<u>(19,845,786)</u>	<u>(1,589,917)</u>
<b>Total</b>	<b><u>(17,035,448)</u></b>	<b><u>916,076</u></b>

# SMIFS CAPITAL MARKETS LIMITED

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

Amount in ₹

### Note : 32 Earnings per equity share

The Group's Earnings Per Share ('EPS') is determined based on the net profit / (loss) attributable to the shareholders' of the group's. Basic earnings per share is computed using the weighted average number of shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the year.

	31st March 2018	31st March 2017
<b>Net Profit/(Loss) attributable to equity shareholders</b>		
Profit/(Loss) after tax (₹)	24,841,294	7,304,398
Nominal value of equity share (₹)	10	10
Weighted-average number of equity shares for basic & Diluted EPS	5,585,000	5,585,000
<b>Basic &amp; Diluted earnings per share (₹)</b>	4.45	1.31

### Note : 33 Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

#### Fair value measurement of financial instruments

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

#### Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.



# SMIFS CAPITAL MARKETS LIMITED

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

	Amount in ₹	
	<u>31st March 2018</u>	<u>31st March 2017</u>
<b>Note: 34 Commitments &amp; Contingent Liabilities</b>		
<b>(A) Commitments</b>		
<b>Descriptions</b>		
Unclaimed liabilities on partly paid shares	298,000	298,000
<b>(B) Contingent Liabilities</b>		
i) Sale Tax demand net of payment under appeal is ₹ 91,125/- ( 91,125/-)		
ii) Demand under Employees' State Insurance under appeal is ₹ 142,274/- (142,274/-)		

The Holding company had applied to the Government of West Bengal for an exemption, from the provisions of Employees State Insurance Act, 1948, since the medical facilities/ benefits provided by the Company to the employees are superior to those covered by E.S.I Scheme. Government of West Bengal - Labour Department in consultation with Employees State Insurance Corporation had granted exemption for one year effective from 25th November, 1997. Prayer seeking exemption on permanent basis with retrospective effect is pending with the Government of West Bengal. The Employee State Insurance Corporation has raised demand for the period from June 1991 to 24th November 1997 amounting to ₹142,274/- . The Company has filed a petition against the demand before E.S.I Court and the same has been partly heard.

	Amount in ₹	
	<u>31st March 2018</u>	<u>31st March 2017</u>
<b>Note : 35 Employee Benefit Obligations</b>		
<b>Leave Obligations</b>		
<b>To be Recognised in PL</b>		
Current Service Cost	153,766	137,600
Interest Cost on Benefits Obligation	107,509	120,490
Expected Return on Planned Asset	-	-
Actuarial Gain/Loss	418,934	319,557
Past Service Cost	-	-
<b>Total</b>	<b><u>680,209</u></b>	<b><u>577,647</u></b>
<b>Net Liability /Asset recognised in BS</b>		
Net asset/(liability) recognised in balance sheet at beginning of the period	1,770,271	1,493,173
Fair Value of Planned Asset	-	-
Funded status {Surplus/(Deficit)}	(1,770,271)	(1,493,173)
Effect of balance sheet asset	-	-
Unrecognised Past Service Cost	-	-
<b>Net asset/(liability) recognised in balance sheet</b>	<b><u>(1,770,271)</u></b>	<b><u>(1,493,173)</u></b>



# SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

	Amount in ₹	
	31st March 2018	31st March 2017
<b>Change in the PV of DBO during the year</b>		
PV of DBO at beginning of the year	1,493,173	1,554,703
Current Service Cost	153,766	137,600
Interest Cost on DBO	107,509	120,490
Benefits Paid from Planned Asset	(403,111)	(639,177)
Actuarial Loss/Gains	418,934	319,557
<b>Total</b>	<b>1,770,271</b>	<b>1,493,173</b>
<b>Principal Assumption</b>		
Discount Rate	7.50%	7.20%
Rate of Increase in salaries	7.50%	10.00%
<p>These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds of relevant economic markets and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience.</p>		
<b>Gratuity</b>		
<p>The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service.</p>		
<p>The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:</p>		
	31.3.18	31.3.17
<b>To be Recognised in PL</b>		
Current Service Cost	661,554	396,963
Interest Cost on Benefits Obligation	(38,609)	(65,381)
Expected Return on Planned Asset	-	-
Actuarial Gain/Loss	-	-
Past Service Cost	-	-
<b>Total</b>	<b>622,945</b>	<b>331,582</b>
<b>To be Recognised in OCI</b>		
Actuarial Loss/Gains	646,699	474,851
Expected Return on Planned Asset	46,960	(2,784)
Re-measurement ( or Actuarial (gain/loss) arising because of change in effect of asset ceiling	-	-
<b>Total</b>	<b>693,659</b>	<b>472,067</b>



# SMIFS CAPITAL MARKETS LIMITED

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

Descriptions	Amount in ₹	
	31st March 2018	31st March 2017
<b>Net Liability /Asset recognised in BS</b>		
PV of Defined Benefit Obligation	8,216,022	6,509,386
Fair Value of Planned Asset	8,174,069	7,008,547
Less: Unrecognised Past Service Cost	-	-
<b>Total - Net defined Benefit</b>	<b>(41,953)</b>	<b>499,161</b>
<b>Change in the PV of DBO during the year</b>		
PV of DBO at beginning of the year	6,509,386	6,121,867
Current Service Cost	661,554	396,963
Interest Cost on DBO	518,095	489,090
Benefits Paid from Planned Asset	(119,712)	(973,385)
Actuarial Loss/Gains	646,699	474,851
Plan Amendments	-	-
<b>Total</b>	<b>8,216,022</b>	<b>6,509,386</b>
<b>Change in the Fair Value of Asset during the year</b>		
Fair value of Plan Asset at beginning	7,008,547	6,942,776
Expected Return	556,704	554,471
Contribution by Employer	775,490	481,902
Benefits Paid	(119,712)	(973,385)
Actuarial Gains/Losses	(46,960)	2,784
<b>Total</b>	<b>8,174,069</b>	<b>7,008,548</b>
<b>Principal Assumption</b>		
Discount Rate	8.00%	8.00%
Rate of Increase in salaries	2.00%	2.00%
These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds of relevant economic markets and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience.		
<b>Sensitivity analysis for Present value of Defined Benefit obligation</b>		
<b>Impact of the change in discount rate</b>		
Present value of obligation at the end of the year	8,216,022	6,509,386
a) Impact due to increase of 1 %	7,954,216	63,71,865
b) Impact due to decrease of 1 %	85,13,083	6,664,824
<b>Impact of the change in salary increase</b>		
Present value of obligation at the end of the year	8,216,022	6,509,386
a) Impact due to increase of 1 %	85,20,615	69,66,670
b) Impact due to decrease of 1 %	7,942,994	63,67,977

# SMIFS CAPITAL MARKETS LIMITED

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

### Note : 36 Financial instruments by category

For amortised cost instruments, carrying value represents the best estimate of fair value.

Particulars	31st March 2018			31st March 2017			1st April 2016			Amount in ₹
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost	
<b>Financial assets</b>										
Cash and Bank balances	-	-	12,090,096	-	-	154,207,934	-	-	-	10,036,320
Trade Receivables	-	-	781,577	-	-	8,446,906	-	-	-	39,218,839
Investments	12,861,132	248,641,950	161,073,068	5,659,258	250,563,336	161,074,904	4,545,427	222,338,722	89,506,625	
Loans	-	-	122,504,978	-	-	110,811,708	-	-	-	3,701,837
Other financial assets	-	-	528,728,752	-	-	363,024,842	-	-	-	618,749,879
<b>Total</b>	<b>12,861,132</b>	<b>248,641,950</b>	<b>825,178,471</b>	<b>5,659,258</b>	<b>250,563,336</b>	<b>797,566,294</b>	<b>4,545,427</b>	<b>222,338,722</b>	<b>761,213,500</b>	
<b>Financial liabilities</b>										
Borrowings	-	-	3,931,000	-	-	1,373,100	-	-	-	396,348
Other financial liabilities	-	-	3,764,238	-	-	4,870,847	-	-	-	2,032,115
<b>Total</b>	<b>-</b>	<b>-</b>	<b>7,695,238</b>	<b>-</b>	<b>-</b>	<b>6,243,947</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,428,463</b>



## SMIFS CAPITAL MARKETS LIMITED

### NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

Financial assets and liabilities measured at fair value and amortised cost for which fair values are disclosed	Amount in ₹											
	31st March 2018			31st March 2017			1st April 2016					
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Particulars</b>												
Investment in mutual funds	-	12,861,132	-	-	5,659,258	-	-	4,545,427	-	-	-	-
Investment in equity shares	135,228,743	188,413,907	-	107,989,152	217,574,883	-	104,601,920	192,737,502	-	-	-	-
Investment in preference shares	-	34,000,000	-	-	34,000,000	-	-	14,000,000	-	-	-	-
Investment in Debentures	-	51,570,000	-	-	51,570,000	-	-	-	-	-	-	-
<b>Total financial assets</b>	<b>135,228,743</b>	<b>286,845,039</b>	<b>-</b>	<b>107,989,152</b>	<b>308,804,142</b>	<b>-</b>	<b>104,601,920</b>	<b>211,282,929</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>												
Derivative financial liabilities	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Level 1 : Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2 : The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3 : If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

# SMIFS CAPITAL MARKETS LIMITED

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

**(b) Fair value of financial assets and liabilities measured at amortised cost and FVTPL** Amount in ₹

Particulars	As at 31 March 2018		As at 31 March 2017		As at 1st April 2016	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>						
Carried at amortised cost						
Cash and Bank balances	12,090,096	12,090,096	165,120,106	154,207,934	20,844,061	10,036,320
Trade Receivables	781,577	781,577	8,539,561	8,446,906	39,311,494	39,218,839
Investments	371,194,943	422,576,149	342,183,757	417,297,498	268,480,385	316,390,774
Derivatives	-	-	-	-	-	-
Loans	122,504,978	122,504,978	484,683,620	110,811,708	633,808,634	3,701,837
Other financial assets	528,728,752	528,728,752	19,557,586	363,024,842	17,847,358	618,749,879
<b>Total financial assets</b>	<b>1,035,300,346</b>	<b>1,086,681,552</b>	<b>1,020,084,630</b>	<b>1,053,788,888</b>	<b>980,291,932</b>	<b>988,097,649</b>
<b>Financial liabilities</b>						
Carried at ammortised cost						
Borrowings	3,931,000	3,931,000	1,373,100	1,373,100	396,348	396,348
Other financial liabilities	3,764,238	3,764,238	4,870,847	4,870,847	2,032,115	2,032,115
<b>Total financial liabilities</b>	<b>7,695,238</b>	<b>7,695,238</b>	<b>6,243,947</b>	<b>6,243,947</b>	<b>2,428,463</b>	<b>2,428,463</b>



# SMIFS CAPITAL MARKETS LIMITED

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

Amount in ₹

### Note : 37 Financial risk management objectives and policies

The Group principal financial liabilities comprise loans and borrowings and other payables. The main purpose of these financial liabilities is to finance the Group operations and to support its operations. The Group financial assets include Investment in equity instruments, Investment in preference shares, Investment in debentures, trade and other receivables, and cash & cash equivalents that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group senior management oversees the management of these risks. The Group senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Group. This financial risk committee provides assurance to the Group senior management that the Group financial risk activities are governed by appropriate policies and procedure and that financial risks are identified, measured and managed in accordance with the Group policies and risk objectives. The Board of Directors reviews and agrees policies for managing each risk, which are summarised as below:

#### (A) Market risk

"Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risks. The value of a financial instrument may change as a result of changes in the interest rates, equity price fluctuations and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

##### i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group exposure to the risk of changes in market interest rates relates primarily to the Group long term debt obligations with fixed interest rates. The Group is carryg its borrowings primarily at fixed rate.

Particulars	31st March 2018	31st March 2017	1st April 2016
Fixed rate borrowings	5,176,695	2,095,860	745,034

##### (ii) Equity Price risk

Equity Price Risk is related to the change in market reference price of the investments in equity securities. The fair value of Group investment in quoted equity securities as at March 31, 2018, 2017 and April 1, 2016 was ₹ 1,35,26,023 , ₹ 1,07,98,955 and ₹1,04,60,192 respectively. A 10% change in equity price as at March 31, 2018, 2017 and April 1,2016 would result in an impact of ₹1,35,16,023 , ₹1,07,95,277and ₹1,06,00,055, respectively."(Note: The impact is indicated on equity before consequential tax impact, if any).

#### B) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument leading to a financial loss. The Group is exposed to credit risk from its financing activities, investment in mutual funds and other financial instruments.

##### (i) Trade receivables

Customer credit risk is managed by each business location subject to the Group established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed and individual credit limits are defined in accordance with the assessment both in terms of number of days and amount. Any Credit risk is curtailed with arrangements with third parties .

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 36. The Company does not hold collateral as security.

##### (ii) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group treasury department in accordance with the Company's policy. Investment of surplus funds are made only with approved counterparties. The Group maximum exposure to credit risk for the components of the balance sheet at 31 March 2017 and 31 March 2016 is the carrying value as illustrated in Note 36.

#### (C) Liquidity risk

Liquidity risk refer to the risk that the Group may not able to meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per the requirement. The Group maintains its surplus funds, if any, in deposits / balances which carry low market risk. The Group believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

# SMIFS CAPITAL MARKETS LIMITED

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

Amount in ₹

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments -

Particulars	31st March 2018	31st March 2017	1st April 2016
<b>Less than 1 year</b>			
Borrowings	1,245,695	722,760	348,686
Other Financial Liabilities	2,518,543	4,148,087	1,683,429
<b>More than 1 year</b>			
Borrowings	3,931,000	1,373,100	396,348

**Note : 38 Related party disclosure (As per Ind AS-24 - Related Party Disclosures)**

Relationships:

**(a) Entities where Key management personnel and their relatives are able to exercise significant influence**

Stewart & Mackertich Wealth Management Limited

Progressive Star Finance Private Ltd

**(b) Key Management Personnel:**

Mr Utsav Parekh- Chairman

Mr Ajay Kumar Kayan -Director

Mr Kishor Shah - Managing Director

Mr. Santosh Kumar Mukherjee - Director

Mr. Ramesh Maheshwari - Director

Mrs. Ramya Hariharan - Director

Mrs. Pushpa Mishra - Director

Mr. Shreemanta Banerjee - CFO. Cum Assist. Vice President (Finance & Taxation)

Ms. Poonam Bhatia - Company Secretary Cum- Sr. Manager Legal

Mrs Priti Saraf - Company Secretary Sr. Manager

**(c) Relatives to Key Management Personnel:**

**Relative's Name**

**Relation**

Mitesh Bhatia

Son In Law of Mr Ajay Kayan

Disclosure of Related Party Transactions provides the information about the Group structure. The following tables provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

**Terms and conditions of transactions with related parties:**

The sales and purchase from related parties are made on terms equivalent to those that prevail in arm's length transactions. The assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.



# SMIFS CAPITAL MARKETS LIMITED

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

### (a) Transaction with related parties

Amount in ₹

Sl. No. Particulars	Enterprise described in (a) above		Key Management Personnel		Relatives of Key Management Personnel	
	31st March 2018	31st March 2017	31st March 2018	31st March 2017	31st March 2018	31st March 2017
Directors' sitting fees	-	-	160,500	157,500	-	-
Salary & Wages	-	-	2,683,111	2,428,632	-	245,000
Directors' Remuneration	-	-	7,042,357	6,221,783	-	-
Purchase of Shares (Investment)	-	67,496,250	-	-	-	-
Payment of Brokerage	166,093	227,672	-	-	-	-
<b>Outstanding Balance as on 31st March 2018</b>						
Other financial liabilities	-	-	-	-	-	-
Other current asset	160,218	164,220	-	-	-	-

### Note : 39 Capital Management :

For the purpose of the Group capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

Particulars	31st March, 2018	31st March, 2017	1st April, 2016
Equity Share Capital	55,850,000	55,850,000	55,850,000
Other Equity	1,052,244,580	997,875,922	970,894,762
<b>Total Equity (A)</b>	<b>1,108,094,580</b>	<b>1,053,725,922</b>	<b>1,026,744,762</b>
Non Current Borrowings	3,931,000	1,373,100	396,348
Short term Borrowings	-	-	-
Current Maturities of long term borrowings	1,245,695	722,760	348,686
<b>Gross Debts (B)</b>	<b>5,176,695</b>	<b>2,095,860</b>	<b>745,034</b>
Less : Current Investments	-	-	-
Less: Cash and cash Equivalments	12,090,096	154,207,934	10,036,320
<b>Net Debt</b>	<b>(6,913,401)</b>	<b>(152,112,074)</b>	<b>(9,291,286)</b>
<b>Net debt to Equity</b>	<b>(0.0062)</b>	<b>(0.1444)</b>	<b>(0.0090)</b>

### Note : 40 First time adoption of Ind AS

These consolidated financial statements of Smifs Capital Markets Ltd and Smifs Capital Services Ltd. For the year ended March 31, 2018 have been prepared in accordance with Ind AS. For the purposes of transition to Ind-AS, the group has followed the guidance prescribed in Ind AS 101 First-Time Adoption of Indian Accounting Standards, with April 1, 2016 as the transition date and IGAAP as the previous GAAP.

The transition to Ind-AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out have been applied in preparing the consolidated financial statements for the year end 31st March, 2018 and the comparative information.

# SMIFS CAPITAL MARKETS LIMITED

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

Amount in ₹

### Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

#### a) Ind AS Optional exemptions

##### Deemed Cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

Accordingly, the group elected to measure all of its property, plant and equipment and other intangible assets at their previous GAAP carrying value.

#### b) Ind AS Mandatory exceptions

##### Designation of previously recognised financial instruments

Ind AS 101 permits entity to designate particular equity investments (other than equity investments in subsidiaries, associates and joint arrangements) as at fair value through other comprehensive income (FVTOCI) based on facts and circumstances at the date of transition to Ind AS (rather than at initial recognition). Other equity investments are classified in fair value through profit or loss (FVTPL)

##### Defined benefit liabilities

Both under Indian GAAP and Ind AS, the group recognised costs related to its post-employment defined benefit plan on an actuarial basis. The entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Remeasurement gains/ losses on defined benefit plans has been recognized in the OCI net of tax.

#### c) Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

Disclosure required by Ind AS 101 - First time adoption of Ind AS



# SMIFS CAPITAL MARKETS LIMITED

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

Reconciliation of Equity as at April 01, 2016 and March 31, 2017:

Amount in ₹

Particulars	As at 1st April 2016			As at 31st March 2017		
	IGAAP	Ind AS adjustments	Ind AS	IGAAP	Ind AS adjustments	Ind AS
<b>ASSETS</b>						
Non-current assets						
a) Property, plant and equipment	78,838,406	(809,919)	78,028,487	75,738,250	(397,081)	75,341,170
b) Financial assets	-	-	-	-	-	-
i) Investments	193,479,685	43,930,388	237,410,074	267,183,057	75,113,741	342,296,798
ii) Loans	633,798,073	(630,257,293)	3,540,780	484,338,194	(373,526,486)	110,811,708
iii) Others	-	9,813,119	9,813,119	-	9,791,453	9,791,453
c) Deferred tax assets (Net)	44,499,047	(38,533,230)	5,965,817	42,895,199	(37,994,321)	4,900,878
d) Other non-current assets	10,833	3,397	14,230	10,833	3,397	14,230
<b>Total non-current assets</b>	<b>950,626,044</b>	<b>(615,853,538)</b>	<b>334,772,507</b>	<b>870,165,533</b>	<b>(327,009,297)</b>	<b>543,156,237</b>
Current assets						
a) Inventories	34,111,918	-	34,111,918	1,116,862	-	1,116,862
b) Financial assets	-	-	-	-	-	-
i) Investments	-	3,980,000	3,980,000	-	-	-
ii) Trade Receivables	39,311,494	(92,655)	39,218,839	8,539,561	(92,655)	8,446,906
iii) Cash and cash equivalents	20,844,061	(10,807,741)	10,036,320	165,120,106	(10,912,172)	154,207,934
iv) Other Bank Balances	-	1,016,288	1,016,288	-	1,120,719	1,120,719
v) Loans	384,499	(223,442)	161,057	656,084	(656,084)	-
vi) Others	-	608,269,619	608,269,619	-	353,233,389	350,206,021
c) Current Tax Assets (Net)	-	3,328,041	3,328,041	-	2,232,897	2,232,897
d) Other current assets	19,126,469	(16,285,330)	2,841,139	18,723,017	(15,740,653)	2,982,364
<b>Total current assets</b>	<b>113,778,441</b>	<b>589,184,780</b>	<b>702,963,221</b>	<b>194,155,630</b>	<b>329,185,441</b>	<b>520,313,703</b>
<b>Total assets</b>	<b>1,064,404,485</b>	<b>(26,668,757)</b>	<b>1,037,735,728</b>	<b>1,064,321,164</b>	<b>2,176,144</b>	<b>1,063,469,940</b>
<b>EQUITY AND LIABILITIES</b>						
a) Equity Share capital	55,850,000	-	55,850,000	55,850,000	-	55,850,000
b) Other equity	991,416,618	(20,521,856)	970,894,762	991,319,964	6,555,957	997,875,922
<b>Total equity</b>	<b>1,047,266,618</b>	<b>(20,521,856)</b>	<b>1,026,744,762</b>	<b>1,047,169,964</b>	<b>6,555,957</b>	<b>1,053,725,922</b>
<b>LIABILITIES</b>						
Non-current liabilities						
a) Financial liabilities						
i) Borrowings	396,348	-	396,348	1,373,100	-	1,373,100
b) Provisions	1,107,772	(1,107,772)	-	694,935	(694,935)	-
c) Other non-current liabilities	432,454	-	432,454	32,454	-	32,454
<b>Total non-current liabilities</b>	<b>1,936,574</b>	<b>(1,107,772)</b>	<b>828,802</b>	<b>2,100,489</b>	<b>(694,935)</b>	<b>1,405,554</b>
Current liabilities						
a) Financial liabilities						
i) Others	1,683,429	318,455	1,364,974	4,148,087	(2,304,608)	1,843,479
b) Provisions	6,593,831	(5,039,128)	1,554,703	8,217,627	(6,712,246)	1,505,381
c) Other current liabilities	6,924,033	(318,454)	7,242,487	2,684,996	2,304,608	4,989,604
<b>Total current liabilities</b>	<b>15,201,293</b>	<b>(5,039,127)</b>	<b>10,162,164</b>	<b>15,050,710</b>	<b>(6,712,247)</b>	<b>8,338,464</b>
<b>Total Equity and liabilities</b>	<b>1,064,404,485</b>	<b>(26,668,755)</b>	<b>1,037,735,728</b>	<b>1,064,321,164</b>	<b>(851,224)</b>	<b>1,063,469,940</b>



# SMIFS CAPITAL MARKETS LIMITED

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2018

### Reconciliation of Total comprehensive income for the year ended March 31, 2017

Amount in ₹

Particulars	IGAAP	Ind AS adjustments	Ind AS
Revenue from operations	453,135,631	-41,288,182	411,847,449
Other income	11,071,109	40,646,354	51,717,463
<b>Total income (I)</b>	<b>464,206,740</b>	<b>-641,828</b>	<b>463,564,912</b>
Expenses			
Purchases of Stock-in-Trade	378,083,962	-	378,083,962
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	32,995,056	-	32,995,056
Employee benefit expense	21,342,781	-513,658	20,829,123
Finance cost	218,622	-	218,622
Depreciation and amortisation expense	3,093,970	2,897,668	5,991,638
Other expense	17,226,036	-	17,226,036
<b>Total expense (II)</b>	<b>452,960,427</b>	<b>2,384,010</b>	<b>455,344,437</b>
Profit before exceptional item and tax expense	11,246,314	-3,025,838	8,220,475
Exceptional items	-	-	-
Profit before tax expense	11,246,314	-3,025,838	8,220,475
Tax expenses:			
– Current tax	2,392,641	-	2,392,641
– Tax adjustment for earlier years	113,352	-	113,352
– Deferred tax	(782,669)	(807,247)	(1,589,916)
<b>Total</b>	<b>1,723,324</b>	<b>(807,247)</b>	<b>916,977</b>
Profit for the year	<b>9,522,990</b>	<b>(2,218,591)</b>	<b>7,304,398</b>
Other comprehensive income			
A (i) Items that will not be reclassified to profit and loss			
Remeasurement of net defined benefit liability	-	(472,067)	(472,067)
Gains and losses from investments in equity instruments designated at fair value through other comprehensive income;	-	27,845,179	27,845,179
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	4,849,087	4,849,087
Other comprehensive income for the year	-	32,222,199	32,222,199
<b>Total Other comprehensive income for the year</b>	<b>9,522,990</b>	<b>30,003,608</b>	<b>39,526,597</b>

### Reconciliation of Equity as at April 01, 2015 and March, 31, 2016:

Amount in ₹

Particulars	31st March, 2017	1st April 2016
Equity as reported under previous GAAP	1,047,169,965	1,047,266,618
Adjustments:		
Fair value of financial instruments	75,113,742	47,910,390
Impairment loss on financial assets	(126,709)	(126,709)
Remesurement of defined benefit liability	155,755	114,164
Provision of Proposed dividend including CDT	6,721,975	5,041,496
Tax effect on above items	(75,308,806)	(73,461,196)
<b>Equity as per INDAS</b>	<b>1,053,725,922</b>	<b>1,026,744,762</b>



# SMIFS CAPITAL MARKETS LIMITED

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

### Adjustment to statement of cash flow statement

Amount in ₹

There were no material differences between the Statement of Cash Flows presented under Ind AS and the previous GAAP.

### Notes to first-time adoption:

#### Note : 1 Non Current Investments

Under previous GAAP, non-current investments were stated at cost less any impairment that was other than temporary. Under Ind AS, financial assets in equity instruments other than investments in subsidiaries have been classified as Fair Value Through Other Comprehensive Income (FVTOCI). At the date of transition to Ind AS, difference between the fair value of investment and IGAAP carrying amount has been recognised in Retained Earnings. Investments in Mutual funds has been classified as Fair Value through Profit and Loss.

#### Note : 2 Loans/Other Financial assets/ Other Current assets

As per Schedule III, Security Deposits are to be classified under Loans or Other Non-current/Current Assets respectively. Accordingly, Security Deposits which are financial in nature are classified under Loans and other deposits are classified under Non-current/ Current Assets respectively.

Under IGAAP, Loans and Advances were shown together under Loans and Advances. However, as per Schedule III, Advances are classified under other Non-current/Current Assets.

#### Note : 3 Impairment of Financial Assets

Impairment for receivables from leased assets and trade receivable is measured in Ind AS based on life time expected credit losses. Expected credit loss allowance is measured based on historical credit loss experience, defaults, bankruptcy and forward looking information where relevant adjusted for probability of recovery. Under Previous GAAP, provision for trade receivable is measured based on factors such as age of receivables, defaults etc. adjusted for probability of recovery.

#### Note : 4 Defined benefit liabilities

Both under Indian GAAP and Ind AS, the group recognised costs related to its post-employment defined benefit plan on an actuarial basis. The entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI.

#### Note : 5 Deferred Tax

Under Previous GAAP, deferred taxes were recognised for the tax effect of timing differences between accounting profit and taxable profit for the year using the income statement approach. Under Ind AS, deferred taxes are recognised using the balance sheet for future tax consequences of temporary differences between the carrying value of assets and liabilities and their respective tax bases. The above difference, together with the consequential tax impact of the other Ind AS transitional adjustments lead to temporary differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or through other comprehensive income.

#### Note : 41 Auditors' remuneration and expenses :

Amount in ₹

Particulars	31st March, 2018	31st March, 2017
for audit matter	190,000	185,000
for taxation matter	10,000	10,000
<b>Total</b>	<b>200,000</b>	<b>195,000</b>

# SMIFS CAPITAL MARKETS LIMITED

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

### Note : 42 Effective Tax Reconciliation

The major components of income tax expense and the reconciliation of expense based on the domestic effective tax rate and the reported tax expense in profit or loss are as follows :-

Particulars	Amount in ₹	
	31st March, 2018	31st March, 2017
Accounting profit before income tax	7,810,467	8,402,891
Applicable tax rate (Percentage)	26	31
Expected income tax	2,030,721	2,596,493
Income exempt from tax	(333,117)	(102,996)
Non deductible expenses for tax purpose	437,781	798,647
Effect of unrecognised tax losses for earlier years	(12,823,974)	(373,127)
MAT Credit and other adjustments	(6,750,186)	(2,388,785)
<b>Income Tax recognised in Profit and Loss account</b>	<b>(17,438,775)</b>	<b>530,232</b>

### Note : 43 Expenditure in Foreign currency :

Particulars	Amount in ₹	
	31st March, 2018	31st March, 2017
Travelling Expenses	1,137,202	2,291,883
<b>Total</b>	<b>1,137,202</b>	<b>2,291,883</b>

### Note : 44 Details of Contract Revenue and costs :

In accordance with Guidance Note on Accounting for Real Estate Transaction ( Revised 2012 ), details of contract revenue and cost is as under :

Particulars	Amount in ₹	
	31st March, 2018	31st March, 2017
Contract revenue recognised during the year	-	26,949,000
Aggregate of contract costs incurred upto the year-end	-	33,613,272
Aggregate of recognised profits upto the year-end	-	6,664,272
Retention money for contracts in progress	-	-
Amount due from customers for contract work	109,061	7,718,386

## SMIFS CAPITAL MARKETS LIMITED

### NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

**Note : 45 Segment Reporting :**

The Company has identified its business segment as its primary reportable segment comprising of Capital market operations, investment banking operations and real estate business

Amount in ₹

Particulars	Capital Market Operations		Investment Banking Operations		Real Estate Business		Unallocated		Total	
	For the year ended	For the year ended	For the year ended	For the year ended	For the year ended	For the year ended	For the year ended	For the year ended	For the year ended	For the year ended
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
<b>Segment Revenue</b>										
External Segment Revenue	480,436,145	379,228,645	27,589,508	5,256,967	-	26,949,000	26,892,731	52,130,300	534,918,385	463,564,912
Inter Segment Revenue	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue</b>	<b>480,436,145</b>	<b>379,228,645</b>	<b>27,589,508</b>	<b>5,256,967</b>	<b>-</b>	<b>26,949,000</b>	<b>26,892,731</b>	<b>52,130,300</b>	<b>534,918,385</b>	<b>463,564,912</b>
Less : Inter Segment Revenue	-	-	-	-	-	-	-	-	-	-
<b>Net Revenue</b>	<b>480,436,145</b>	<b>379,228,645</b>	<b>27,589,508</b>	<b>5,256,967</b>	<b>-</b>	<b>26,949,000</b>	<b>26,892,731</b>	<b>52,130,300</b>	<b>534,918,385</b>	<b>463,564,912</b>
<b>Result - Profit/(Loss)</b>										
Segment Result	3,633,025	1,757,377	27,589,508	5,256,967	-	(6,664,271)	(22,645,572)	8,089,024	8,576,962	8,439,097
Less: Finance cost	-	-	-	-	-	-	771,115	218,622	771,115	218,622
<b>Profit/(Loss) Before Tax</b>	<b>3,633,025</b>	<b>1,757,377</b>	<b>27,589,508</b>	<b>5,256,967</b>	<b>-</b>	<b>(6,664,271)</b>	<b>(23,416,687)</b>	<b>7,870,402</b>	<b>7,805,847</b>	<b>8,220,475</b>

**Segment Assets and Liabilities:**

Fixed Assets used in the Company's operations or liabilities contracted cannot be identified with any of the reportable segments as the fixed assets are used interchangeably between segments. The Company believes that it is currently not practice to provide segment disclosures relating to total assets and liabilities since a meaningful segregation of data is not possible.

**Note : 46 List of Subsidiary included in the Consolidated Financial Statements are as under :**

Name of Companies	Country of Incorporation	As at 31 March 2018	As at 31 March 2017	As at 1st April 2016
Smifs Capital Services Limited	India	100%	100%	100%

# SMIFS CAPITAL MARKETS LIMITED

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

### Note 47 - Statement containing salient features, pursuant to, Schedule III of the Companies Act 2013:

Particulars	Reporting Currency	Net Assets (total assets minus total liabilities)		Share in Profit or (loss)		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
		As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated comprehensive income	Amount
<b>PARENT</b>									
Smifs Capital Markets Limited	INR	93.10%	1,031,663,754	106.24%	26,392,552	99.67%	36,129,368	102.34%	62,521,920
<b>SUBSIDIARIES</b>									
Smifs Capital Services Limited	INR	6.90%	76,430,826	(6.24)%	(1,551,258)	0.33%	119,971	(2.34)%	(1,431,287)
Total		100.00%	1,108,094,580	100.00%	24,841,294	100.00%	36,249,339	100.00%	61,090,633

Note : 48 Previous year figures have been reclassified / regrouped / rearranged wherever necessary.

As Per Our Report Of Even Date

**FOR S. K. Agrawal & Co.**

Chartered Accountants

Firm Reg. No.: 306033E

**Vivek Agarwal**

Partner

Membership No. : 301571

Place: Kolkata

Dated: 30<sup>th</sup> May 2018

For and on Behalf of the Board of Directors

**UTSAV PAREKH**

Chairman

(DIN No. 00027642)

**POONAM BHATIA**

Company Secretary

Cum - Sr.Manager Legal

**KISHOR SHAH**

Managing Director

(DIN No. 00170502)

**SHREEMANTA BANERJEE**

CFO cum Assist. Vice President

Finance & Taxation





# **SMIFS CAPITAL SERVICES LIMITED**

(CIN: U65991WB2000PLC092125)

## **Board of Directors**

Mr. Santosh Kumar Mukherjee – Director  
Mr. Utsav Parekh – Director  
Mr. Kishor Shah – Director

## **Company Secretary**

Mrs. Priti Saraf

## **Bankers**

HDFC Bank Ltd.

## **Auditors**

M/s. J.S.Vanzara & Associates  
Chartered Accountants

## **Registered Office**

'Vaibhav' (4F),  
4, Lee Road  
Kolkata – 700 020

## DIRECTORS' REPORT

### To the members of SMIFS Capital Services Limited

Your Directors have pleasure in presenting the Annual Report and the Audited Financial Statements for the year ended March 31, 2018.

### FINANCIAL RESULTS

(₹ in million)

	Year ended 31.03.2018	Year ended 31.03.2017
Profit/(Loss) before Finance Charge, Depreciation & Tax	(1.42)	(1.32)
Less: Finance Charge	0	0
Profit/(Loss) before Depreciation & Tax	(1.42)	(1.32)
Less: Depreciation / Amortization	0.14	0.11
Profit/(Loss) before Tax	(1.56)	(1.43)
Less : Tax Expenses	0.01	(0.18)
Profit/(Loss) after Tax	(1.55)	(1.25)
Profit/(Loss) brought forward from earlier year :	(2.95)	(1.70)
Profit/(Loss) carried to Balance Sheet	(4.50)	(2.95)

### DIVIDEND

Due to inadequacy of profits during the year, no dividend is recommended.

### DEPOSITS

The Company has not accepted any deposit from the public falling within the ambit of Section 73 of the Companies Act, 2013 and The Companies (Acceptance of Deposits) Rules, 2014.

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

### YEAR IN RETROSPECT AND FUTURE GROWTH

Your Company is a wholly – owned subsidiary of SMIFS Capital Markets Limited. Your Company is engaged in Corporate Advisory Business. Your Company is currently exploring other avenues for increasing business.





## **DIRECTORS' RESPONSIBILITY STATEMENT AS REQUIRED UNDER SECTION 134(3)(c) OF THE COMPANIES ACT, 2013**

The Directors hereby confirm that:

- (a) In the preparation of the Annual Accounts the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (b) the Directors have selected such accounting policies and applied them consistently and made judgement 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 the profit and loss of the company for that period.
- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- (d) the Directors have prepared the annual accounts on a going concern basis, and
- (e) the Director have devised proper systems to ensure compliance with the provision of all applicable laws and that such system were adequate and operating effectively.

### **RELATED PARTY TRANSACTIONS**

All related party transactions that were entered, into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

### **BOARD OF DIRECTORS**

As on March 31, 2018, your Company had 3 Non- Executive Directors. Mr. Kishor Shah retires by rotation and being eligible offers himself for re-appointment.

None of your Directors on the Board are members of more than 10 Committees and Chairman of more than 5 Committees across all Companies in which they are Directors. Necessary disclosures regarding position in Committees of other Public Companies as on March 31, 2018 have been made by the Directors.

Board Members are responsible for the management of the business. Role, functions, responsibility and accountability of the Board are clearly defined. In addition to its primary role of monitoring corporate performance, functions of the Board include (i) approving corporate philosophy and vision; (ii) formulation of strategic and business plans; (iii) reviewing and approving financial plans and budgets; (iv) monitoring corporate performance against strategic and business plans, including overseeing operations; (v) ensuring ethical behavior and compliance of laws and regulations; (vi) reviewing and approving borrowing limits; (vii) formulating exposure limits; and (viii) keeping shareholders informed regarding plans, strategies and performance.

## **Board Meetings**

Four Board Meetings were held during the year and the gap between two Meetings did not exceed 120 days. Dates on which Board Meetings were held in each quarter are as follows:

<b>Quarter</b>	<b>Date of Meetings</b>
First	May 23, 2017
Second	August 9, 2017
Third	December 8, 2017
Fourth	February 3, 2018

Attendance of Director in respective meeting are as follows:

<b>Name of the Directors</b>	<b>Year 2017 – 2018 Attendance at Board Meetings</b>	<b>Year 2016 – 2017 Attendance at the last AGM</b>
Mr. Kishor Shah	4	Yes
Mr. Santosh Kumar Mukherjee	4	Yes
Mr. Utsav Parekh	3	Yes

## **AUDITORS**

M/s J.S. Vanzara & Associates, Chartered Accountants retire at the conclusion of the Annual General Meeting and being eligible offer themselves for re-appointment.

### **AUDITORS QUALIFICATION:**

Qualifications contained in the Auditors' Report if any have been dealt with in the Notes to financial statements and are self-explanatory.

## **PARTICULARS OF EMPLOYEES**

The information required pursuant to Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. In terms of Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

## **EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as "Annexure A".



## **STATUTORY INFORMATION**

Information in terms of Section 217(1)(e) of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 forming part of the report of Board of Directors is given below :

### **(a) Conservation of Energy**

Though the operation of the Company is not energy intensive, regular and preventive maintenance of all equipments is undertaken by the Company.

### **(b) Technology Absorption**

In view of the nature of business in which the Company is engaged, no Research and Development expenditure has been incurred.

### **(c) Foreign Exchange Earnings and Outgoings**

During the year there has been no foreign exchange earning and outgo.

## **ACKNOWLEDGEMENT**

Your Directors wish to place on record their sincere appreciation for the services rendered by all the employees of the Company.

**SMIFS**

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

Place : Kolkata

Date : The 30<sup>th</sup> day of May, 2018

**Sd/-**

**(SANTOSH KUMAR MUKHERJEE)**

*Director*

*(DIN No. 00170646)*

**Sd/-**

**(KISHOR SHAH)**

*Director*

*(DIN No. 00170502)*

**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]

<b>I. REGISTRATION AND OTHER DETAILS</b>			
(i)	CIN	:	U65991WB2000PLC092125
(ii)	Registration Date	:	11.07.2000
(iii)	Name of the Company	:	SMIFS CAPITAL SERVICES LIMITED
(iv)	Category/Sub-Category of the Company	:	Public Company
(v)	Address of the Registered office and contact details	:	"VAIBHAV" 4F, 4 Lee Road, Kolkata - 700020 Telephone:033-2290-7400/7401/7402/0544 Fax: 033-2287-4042, 2240-6884
(vi)	Whether listed company	:	No
(vii)	Name, Address and Contact details of Registrars and Transfer Agents, if any	:	N.A.

**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 and Description of main Product/Services	NIC Code of the Product/Service	% to Total Turnover of the Company
1	Investment Banking Operations	–	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1	SMIFS Capital Markets Limited Address: "VAIBHAV" 4F, 4 Lee Road, Kolkata-700020	L74300WB1983PLC036342	Holding	100%	2(46)

#### IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### (i) Category-wise Share Holding

Category of Shareholders		No. of Shares held at the beginning of the year (As on 1 <sup>st</sup> April, 2017)				No. of Shares held at the end of the year (As on 31 <sup>st</sup> March, 2018)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A.</b>	<b>Promoters</b>									
<b>1.</b>	<b>Indian</b>									
	(a) Individual/HUF	0	20	20	0.00	0	20	20	0.00	0
	(b) Central Govt	0	0	0	0	0	0	0	0	0
	(c) State Govt(s)	0	0	0	0	0	0	0	0	0
	(d) Bodies Corp.	0	7500000	7500000	99.99	0	7500000	7500000	99.99	0
	(e) Banks/FI	0	0	0	0	0	0	0	0	0
	(f) Any Other	0	0	0	0	0	0	0	0	0
	<b>Sub- Total (A)(1)</b>	<b>0</b>	<b>7500020</b>	<b>7500020</b>	<b>99.99</b>	<b>0</b>	<b>7500020</b>	<b>7500020</b>	<b>99.99</b>	<b>0</b>
<b>2</b>	<b>Foreign</b>									
	(a) NRIs – Individuals	0	0	0	0	0	0	0	0	0
	(b) Others – Individuals	0	0	0	0	0	0	0	0	0
	(c) Bodies Corp	0	0	0	0	0	0	0	0	0
	(d) Banks/FI	0	0	0	0	0	0	0	0	0
	(e) Any Others	0	0	0	0	0	0	0	0	0
	<b>Sub – Total (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total Shareholding of Promoter(A)=(A)(1)+(A)(2)</b>	<b>0</b>	<b>7500020</b>	<b>7500020</b>	<b>99.99</b>	<b>0</b>	<b>7500020</b>	<b>7500020</b>	<b>99.99</b>	<b>0</b>
<b>B.</b>	<b>Public Shareholding</b>									
<b>1</b>	<b>Institutions</b>									
	(a) Mutual Fund	0	0	0	0	0	0	0	0	0
	(b) Banks/FI	0	0	0	0	0	0	0	0	0
	(c) Central Govt(s)	0	0	0	0	0	0	0	0	0
	(d) State Govt(s)	0	0	0	0	0	0	0	0	0
	(e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
	(f) Insurance Companies	0	0	0	0	0	0	0	0	0
	(g) FII's	0	0	0	0	0	0	0	0	0
	(h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
	(i) Others (specify)	0	0	0	0	0	0	0	0	0
	<b>Sub Total B(1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**  
**(i) Category-wise Share Holding (Contd.)**

Category of Shareholders		No. of Shares held at the beginning of the year (Ason 1 <sup>st</sup> April, 2017)				No. of Shares held at the end of the year (Ason 31 <sup>st</sup> March, 2018)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2</b>	<b>Non-Institutions</b>									
	(a) Bodies Corp									
	(i) Indian	0	0	0	0	0	0	0	0	0
	(ii) Overseas	0	0	0	0	0	0	0	0	0
	(b) Individuals									
	(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	0	50	50	0.00	0	50	50	0.00	0
	(ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	0	0	0	0	0	0	0	0	0
	(c) Others (specify)									
	(i) Non Resident Individual	0	0	0	0	0	0	0	0	0
	(ii) Clearing Member	0	0	0	0	0	0	0	0	0
	<b>Sub-Total(B)(2) :</b>	0	50	50	0.00	0	50	50	0.00	0
	<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	0	50	50	0.00	0	50	50	0.00	0
C.	Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
	<b>Grand Total(A+B+C)</b>	<b>0</b>	<b>7500070</b>	<b>7500070</b>	<b>100</b>	<b>0</b>	<b>7500070</b>	<b>7500070</b>	<b>100</b>	<b>0</b>

**(ii) Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in Share holding 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	SMIFS Capital Markets Limited	7500000	99.99	—	7500000	99.99	—	0
2	Mr. Utsav Parekh	10	0.00	—	10	0.00	—	0
3	Mr. Saharsh Parekh	10	0.00	—	10	0.00	—	0

**(iii) Change in Promoter's Shareholding (please specify, if there is no change)**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Purchase/Sale during 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	No. of Shares	% of Total Shares of the Company
				NIL	NIL		



**(IV) Shareholding Pattern of Top Ten Shareholders (other than Director, Promoters and Holders of GDRs and ADRs) :**

Sl No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Purchase/Sale/ Transfer during the year		Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% Change	No. of Shares	% of Total Shares of the Company
1.	<b>SUBRATA DAS</b>						
	At the beginning of the year	20	0.00				
	Datewise Increase/Decrease in Shareholding during the year specifying the reason 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)					20	0.00
2.	<b>SHREEMANTA BANERJEE</b>						
	At the beginning of the year	10	0.00				
	Datewise Increase/Decrease in Shareholding during the year specifying the reason 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)					10	0.00
3.	<b>DEBASISH MUKHERJEE</b>						
	At the beginning of the year	10	0.00				
	Datewise Increase/Decrease in Shareholding during the year specifying the reason 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)					10	0.00
4.	<b>SURENDRA NATH OJHA</b>						
	At the beginning of the year	10	0.00				
	Datewise Increase/Decrease in Shareholding during the year specifying the reason 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)					10	0.00

**(v) Shareholding of Directors and Key Managerial Personnel :**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Purchase / Sale during 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	No. of Shares	% of Total Shares of the Company
1	MR. UTSAV PAREKH						
	<b>At the beginning of the year</b>	<b>10</b>	<b>0.00</b>				
	Date wise Increase/Decrease in Promoter Shareholding during the year specifying the reason for increase/decrease (e.g allotment/transfer/bonus/sweat equity etc):						
	<b>At the End of the Year</b>					<b>10</b>	<b>0.00</b>

**V. INDEBTEDNESS**

**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

	Secured Loan excluding deposits (Amount in ₹)	Unsecured Loans (Amount in ₹)	Deposit (Amount in ₹)	Total Indebtedness (Amount in ₹)
<b>Indebtedness at the beginning of the financial year.</b>				
(i) Principal Amount	0	0	0	0
(ii) Interest due but not paid	0	0	0	0
(iii) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	0	0	0	0
Reduction				
<b>Net Change</b>				
<b>Indebtedness at the end of the financial year.</b>				
(i) Principal Amount	0	0	0	0
(ii) Interest due but not paid	0	0	0	0
(iii) Interest accrued but not due	0	0	0	0
<b>Total (i + ii + iii)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total (Amount in ₹)
1	Gross salary (a) Salary as per provision contained in section 17(1) of the Income Tax Act, 1961 (b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961 (c) Profit in lieu of salary under Section 17(3) of the Income-Tax Act, 1961	Nil	
2	Stock Option		
3	Sweat Equity		
4	Commission – as % of profit		
5	Others, please specify		
	<b>Total (A)</b>		
	Ceiling as per the Act		

### B. Remuneration to other Directors :

Sl. No.	Particulars of Remuneration	Name of Director	Total Amount in (₹)
1.	<b>Independent Director</b>	NIL	
	<input type="checkbox"/> Fees for attending Board/ Committee Meeting		
	<input type="checkbox"/> Commission		
	<input type="checkbox"/> Others, please specify		
	<b>Total (1)</b>	NIL	
2.	<b>Other Non-Executive Director</b>		
	<input type="checkbox"/> Fees for attending Board/ Committee Meeting		
	<input type="checkbox"/> Commission		
	<input type="checkbox"/> Others, please specify		
	<b>Total (2)</b>	NIL	
	<b>Total (B) = (1+2)</b>	NIL	
	<b>Total Managerial Remuneration</b>		
	<b>Overall Ceiling as per Act</b>		

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD.**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount in (₹)
		CEO Amount in (₹)	Company Secretary Amount in (₹)	CFO Amount in (₹)	
1	Gross salary				
	(a) Salary as per provision contained in section 17(1) of the Income-Tax Act, 1961	N.A.	633,072	N.A.	633,072
	(b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961	0	0	0	0
	(c) Profits in lieu of salary under Section 17(3) of the Income-Tax Act, 1961	0	0	0	0
2	Stock Option	0	0	0	0
3	Sweat Equity	0	0	0	0
4	Commission-as % of profit	0	0	0	0
5	Others, please specify	0	0	0	0
	<b>Total Amount in (₹)</b>	<b>N.A.</b>	<b>633,072</b>	<b>N.A.</b>	<b>633,072</b>

SMIFS

**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	N.A.			
	Punishment				
	Compounding				
<b>B. DIRECTORS</b>					
	Penalty	N.A.			
	Punishment				
	Compounding				
<b>C. OTHER OFFICERS IN DEFAULT</b>					
	Penalty	N.A.			
	Punishment				
	Compounding				

**Regd. Office:**

'Vaibhav' (4F), 4 Lee Road,  
Kolkata - 700 020

*For and on behalf of the Board of Directors*

The 30<sup>th</sup> day of May, 2017

**Sd/-**  
**(SANTOSH KUMAR MUKHERJEE)**  
*Director*  
(DIN No. 00170646)

**Sd/-**  
**(KISHOR SHAH)**  
*Director*  
(DIN No. 00170502)



# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SMIFS CAPITAL SERVICES LIMITED

## Report on the Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of SMIFS Capital Services Ltd ("the Company"), which comprise the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss (including Other Comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity 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 Standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; 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 Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone Ind AS 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 Standalone Ind AS 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 of material misstatement of the Standalone Ind AS 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 Standalone Ind AS 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 Standalone Ind AS 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 Standalone Ind AS financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS 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 including the Standalone Ind AS, of the state of affairs of the Company as at 31st March, 2018, and its financial performance including other comprehensive income, its cash flows and the change in equity for the year ended on that date.

## Other Matters

The comparative financial information of the Company for the year ended 31st March, 2017 and the transition date opening Balance Sheet as at 1st April, 2016 included in these Standalone Ind AS financial statements, are based on the statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by us report for the year ended 31st March, 2017 and 31st March, 2016 dated 23rd May, 2017 and 30th May, 2016 respectively expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Standalone Ind AS, which have been audited by us. Our opinion on the Standalone Ind AS financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of these matters.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder;
  - (e) On the basis of the written representations received from the directors as on 31st March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 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 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 did not have any pending litigation as on 31st March 2018 which would impact its financial position ;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There has been no delay in transferring amounts, which were required to be transferred to the Investor education and Protection Fund by the Company.

**3A, Oriental House,  
6C, Elgin Road,  
Kolkata – 700 020**

**For J. S. VANZARA & ASSOCIATES  
Chartered Accountants  
FRN NO: 318143E**

**AUROBINDA PANDA  
Partner  
Membership No.064888**

This is the 30<sup>th</sup> Day of May 2018.





## ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in our report to the members of SMIFS Capital Services Ltd ('the Company') for the year ended on 31st March 2018. We report that:

- i)
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) The Company has a regular programme of physical verification of its fixed assets. In accordance with this programme, certain fixed assets were physically verified by the Management during the year and according to the information and explanations given to us, no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
  - c) Based on our audit procedures and the information and explanation received by us, we report that the company does not have immovable properties held as fixed assets. Hence the question of commenting on title deed becomes not applicable.
- ii) The Company doesn't have any Inventories. Hence, clause (ii) to paragraph 3 of the Order is not applicable to the company.
- iii. In our opinion and according to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly Clauses (iii) (a) and clause (iii) (b) and clause (iii) (c) of paragraph 3 of the order is not applicable.
- iv. Based on our audit procedure and on the basis of information and explanations given to us by the management, we are of opinion that the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013.
- v. In our opinion and according to the information and explanation given to us, the Company has not accepted any deposit from the public during the year. Accordingly, clause (v) of paragraph 3 of the order is not applicable.
- vi. According to the information and explanations provided by the management, the company is not engaged in production, processing, manufacturing or mining activities. Accordingly, clause (vi) of paragraph 3 of the order is not applicable.
- vii. According to the information and explanations given to us in respect of statutory and other dues:-
  - a) According to the information and explanations given to us and on the basis of our examination of the books and account, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Employee's State Insurance, Income Tax, Sales-Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues as applicable with the appropriate authorities during the year. According to the information and explanations given, no undisputed dues as above were outstanding as at 31st March, 2018 for a period of more than six months from date they become payable.
  - b) According to the records of the Company, there are no dues of Income Tax, Sales-Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax with the appropriate authorities which has not been deposited on account of any dispute.
- viii) On the basis of the records examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to Banks and financial institution. The Company did not have any outstanding debentures during the year.

- ix. The Company did not raise any money by way of initial public offer and further public offer (including debt instrument) and term loans during the period covered by our audit report. Hence, clause (ix) to paragraph 3 of the Order is not applicable to the company.
- x. According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid or provided for managerial remuneration in accordance with requisite approvals mandated by the provisions of Sec 197 read with Schedule V to the Companies Act, 2013.
- xii. To the best of our knowledge and belief and according to the information and explanations given to us, the company is not a Nidhi Company. Accordingly, clause (xii) of paragraph 3 of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records, the Company has not made any preferential allotment or private placement of shares or fully or partially convertible debentures during the year.
- xv. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the company has not entered into non-cash transactions with the directors or persons as per section 192 of the Companies Act, 2013. Accordingly, clause (xv) of paragraph 3 of the Order is not applicable.
- xvi. According to the information and explanation given to us, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause (xvi) of paragraph 3 of the Order is not applicable.

**3A, Oriental House,  
6C, Elgin Road,  
Kolkata – 700 020**

**For J. S. VANZARA & ASSOCIATES  
Chartered Accountants  
FRN NO: 318143E**

**AUROBINDA PANDA  
Partner  
Membership No.064888**

This is the 30<sup>th</sup> Day of May 2018.

## ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

### 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 SMIFS Capital Services Ltd to the extent records available with us in conjunction with our audit of the financial statements of the company as of and for the year ended 31st March 2018.

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

The Company's management is responsible for establishing and maintaining internal financial controls. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors' Responsibility

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

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

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

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

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

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

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company.

**3A, Oriental House,  
6C, Elgin Road,  
Kolkata – 700 020**

**For J. S. VANZARA & ASSOCIATES  
Chartered Accountants  
FRN NO: 318143E**

**SMIFS**

This is the 30<sup>th</sup> Day of May 2018.

**AUROBINDA PANDA  
Partner  
Membership No.064888**



# SMIFS CAPITAL SERVICES LIMITED

## BALANCE SHEET AS AT 31st MARCH, 2018

Particulars	Note No.	As at 31st March, 2018 ₹	As at 31st March, 2017 ₹	As at 31st March, 2016 ₹
<b>ASSETS</b>				
Non-current assets				
a) Property, plant and equipment	2	308,380	449,510	185,764
b) Financial assets				
i) Investments	3	51,381,207	59,329,382	62,447,274
ii) Loans	4	134,485	202,821	198,173
		<b>51,824,072</b>	<b>59,981,713</b>	<b>62,831,211</b>
Current assets				
a) Financial assets				
i) Trade receivables	5	522	790	1,913
ii) Cash and Cash equivalents	6	275,326	301,288	71,103
iii) Others	7	25,246,020	19,557,586	17,847,358
b) Current tax asset (Net)	8	201,980	257,814	330,094
c) Other current assets	9	237,231	218,328	160,376
		<b>25,961,079</b>	<b>20,335,806</b>	<b>18,410,844</b>
<b>Total Assets</b>		<b>77,785,151</b>	<b>80,317,519</b>	<b>81,242,055</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
a) Equity Share capital	10	75,000,700	75,000,700	75,000,700
b) Other equity	11	1,430,126	2,861,413	3,185,327
		<b>76,430,826</b>	<b>77,862,113</b>	<b>78,186,027</b>
<b>LIABILITIES</b>				
Non-current liabilities				
a) Deferred tax liabilities (Net)	12	885,797	1,920,665	2,178,158
b) Other non-current liabilities	13	32,454	32,454	432,454
		<b>918,251</b>	<b>1,953,119</b>	<b>2,610,612</b>
Current liabilities				
a) Other current liabilities	14	321,330	395,234	378,416
b) Provisions	15	114,744	107,053	67,000
		<b>436,074</b>	<b>502,287</b>	<b>445,416</b>
<b>Total Equity and liabilities</b>		<b>77,785,151</b>	<b>80,317,519</b>	<b>81,242,055</b>
Significant Accounting Policies & Notes to Financial Statements	1 To 33			

As Per Our Report Of Even Date attached

**For J.S. VANZARA & ASSOCIATES**  
CHARTERED ACCOUNTANTS  
Firm Reg. No.: 318143E

**CA. AUROBINDA PANDA**  
Partner  
Membership No. : 064888

**Place: Kolkata**  
**Dated: 30<sup>th</sup> May 2018**

*For and on Behalf of the Board of Directors*

**SANTOSH KUMAR MUKHERJEE**  
Director  
(DIN No. 00170646)

**KISHOR SHAH**  
Director  
(DIN No. 00170502)

**PRITI SARAF**  
Company Secretary Cum - Sr.Manager



**SMIFS CAPITAL SERVICES LIMITED**  
STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2018

Particulars	Note No.	Amount in ₹	
		Year ended 31st March, 2018	Yearended 31st March, 2017
<b>INCOME</b>			
I Revenue from operations	16	1,829,657	55,395
II Other Income	17	12,709	712,303
<b>Total income(I+II)</b>		<b>1,842,366</b>	<b>767,698</b>
<b>III EXPENDITURE</b>			
Employee Benefit Expenses	18	2,034,204	1,754,317
Depreciation and amortization expense	19	141,130	113,759
Other expenses	20	1,222,910	330,626
<b>Total Expense(III)</b>		<b>3,398,244</b>	<b>2,198,702</b>
IV Profit/(loss) before exceptional items and tax		<b>(1,555,878)</b>	<b>(1,431,004)</b>
V Exceptional items		-	-
VI Profit/(loss) before tax		<b>(1,555,878)</b>	<b>(1,431,004)</b>
VII Tax expense:	21		
(1) Current tax ( Incl. STT )		-	4,300
(2) Deferred tax		(4,620)	(186,716)
VIII Profit/(loss) for the period from continuing operations		<b>(1,551,258)</b>	<b>(1,248,588)</b>
IX Profit/(Loss) from discontinuing operations		-	-
Tax expense from discontinued operations		-	-
X Profit/(loss) for the period from discontinued operations (after tax)		-	-
XI Profit/(loss) for the period		<b>(1,551,258)</b>	<b>(1,248,588)</b>
XII Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss			
Remeasurement of net defined benefit liability		(12,101)	(8,211)
Gains and losses from investments in equity instruments designated at fair value through other comprehensive income;		(898,176)	862,108
(ii) Income tax relating to items that will not be reclassified to profit or loss		1,030,248	70,777
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
Other comprehensive income/(loss) for the period		<b>119,971</b>	<b>924,674</b>
XIII Total Comprehensive Income for the period (XI+XII) (Comprising Profit (Loss) and Other Comprehensive Income for the period)		<b>(1,431,287)</b>	<b>(323,913)</b>
<b>XIV Earning per equity share:</b>			
(1) Basic	22.1	(0.21)	(0.17)
(2) Diluted	22.2	(0.21)	(0.17)

Significant Accounting Policies & Notes to Financial Statements 1 To 33

As Per Our Report Of Even Date attached

**For J.S. VANZARA & ASSOCIATES**

CHARTERED ACCOUNTANTS

Firm Reg. No.: 318143E

**CA. AUROBINDA PANDA**

Partner

Membership No. : 064888

Place: Kolkata

Dated: 30<sup>th</sup> May 2018

*For and on Behalf of the Board of Directors*

**SANTOSH KUMAR MUKHERJEE**

Director

(DIN No. 00170646)

**KISHOR SHAH**

Director

(DIN No. 00170502)

**PRITI SARAF**

Company Secretary Cum - Sr.Manager



# SMIFS CAPITAL SERVICES LIMITED

## STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018 AND MARCH 31, 2017

### Equity Share Capital

Amount in ₹

Particulars	Balance at the beginning of the reporting year	Changes during the reporting year	Balance at the end of the reporting year
For the year ended 31st March 2017	75,000,700	-	75,000,700
For the year ended 31st March 2018	75,000,700	-	75,000,700

### Other Equity

	Reserves and Surplus	Other Comprehensive Income		Total Other Equity
	Retained Earnings	Equity instruments through Other Comprehensive Income	Remeasurement of Defined Benefit Liability	
<b>Balance as at 1st April 2016</b>	(1,700,889)	4,886,216	-	3,185,327
Profit for the year	(1,248,588)	-	-	(1,248,588)
Other Comprehensive Income	-	932,885	(8,211)	924,674
Total Comprehensive Income for the year	(1,248,588)	932,885	(8,211)	(323,914)
<b>Balance at 31st March 2017</b>	<b>(2,949,477)</b>	<b>5,819,101</b>	<b>(8,211)</b>	<b>2,861,413</b>
Balance at 1 April 2017	(2,949,477)	5,819,101	(8,211)	2,861,413
Profit for the year	(1,551,258)	-	-	(1,551,258)
Other Comprehensive Income	-	131,040	(11,069)	119,971
Total Comprehensive Income for the year	(1,551,258)	131,040	(11,069)	(1,431,287)
<b>Balance at 31 March 2018</b>	<b>(4,500,735)</b>	<b>5,950,141</b>	<b>(19,280)</b>	<b>1,430,126</b>

As Per Our Report Of Even Date attached

**For J.S. VANZARA & ASSOCIATES**

CHARTERED ACCOUNTANTS

Firm Reg. No.: 318143E

**CA. AUROBINDA PANDA**

Partner

Membership No. : 064888

Place: Kolkata

Dated: 30<sup>th</sup> May 2018

*For and on Behalf of the Board of Directors*

**SANTOSH KUMAR MUKHERJEE**

Director

(DIN No. 00170646)

**KISHOR SHAH**

Director

(DIN No. 00170502)

**PRITI SARAF**

Company Secretary Cum - Sr.Manager





# SMIFS CAPITAL SERVICES LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2018

	Amount in ₹	
	31st March, 2018	31st March, 2017
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax	(1,555,878)	(1,431,004)
<b>Adjustment for</b>		
Depreciation	141,130	113,759
(Profit) / Loss on sale of Investments	-	(304,725)
Dividend on Investment	-	(175)
(Profit)/Loss on sale of Fixed Assets	-	(631)
	<u>141,130</u>	<u>(191,772)</u>
Operating profit before Working Capital change	(1,414,748)	(1,622,776)
<b>Adjustment for</b>		
Trade & Other Receivables	(5,650,834)	(1,779,916)
Trade & Other Payables	(66,213)	(343,129)
	<u>(5,717,047)</u>	<u>(2,123,045)</u>
Cash Generated from Operations	(7,131,795)	(3,745,821)
Direct Tax paid	55,833	67,980
	<u>55,833</u>	<u>67,980</u>
Net Cash Flow from Operating activity	<b>(7,075,962)</b>	<b>(3,677,841)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	-	(537,875)
Sale of Fixed Assets (Net of advance received)	-	161,000
Sale of Investments	7,050,000	4,284,726
Dividend on Investment	-	175
<b>Net Cash flow from Investing Activities</b>	<b>7,050,000</b>	<b>3,908,026</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	-	-
Proceeds from long-term borrowings	-	-
Net cash used in Financing Activities	-	-
Net increase in Cash & Cash Equivalents	(25,962)	230,185
Opening Balance of Cash & Cash Equivalents	301,288	71,103
Closing Balance of Cash & Cash Equivalents	<u>275,326</u>	<u>301,288</u>

As Per Our Report Of Even Date attached

**For J.S. VANZARA & ASSOCIATES**

CHARTERED ACCOUNTANTS

Firm Reg. No.: 318143E

**CA. AUROBINDA PANDA**

Partner

Membership No. : 064888

Place: Kolkata

Dated: 30<sup>th</sup> May 2018

*For and on Behalf of the Board of Directors*

**SANTOSH KUMAR MUKHERJEE**

Director

(DIN No. 00170646)

**KISHOR SHAH**

Director

(DIN No. 00170502)

**PRITI SARAF**

Company Secretary Cum - Sr.Manager



# SMIFS CAPITAL SERVICES LIMITED

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

### The Company Information

Smifs Capital Services Limited (the “Company”) isa public limited company incorporated and domiciled in India and has its registered office at Vaibhav, 4F, 4, Lee Road, Kolkata - 700 020, India.

The financial statements for the year ended March 31 2018 were approved by the Board of Directors and authorised for issue on 30th May 2018.

### Note: 1 Significant accounting policies

#### a) Statement of Compliance

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under the companies (Indian Accounting Standards) Rules, 2015 as amended by companies (Indian Accounting Standards) (Amendment) Rules, 2016, the relevant provisions of Companies Act, 2013 (“the Act”)

The financial statements up to year ended 31 March 2017 were prepared in accordance with the accounting standards notified under the section 133 of the Companies Act, 2013 read together with Rule 7 of Companies (Accounts) rule 2014, (Indian GAAP).

The transition from Previous GAAP to Ind AS has been accounted for in accordance with Ind AS 101 “First Time Adoption of Indian Accounting Standard” with April 1, 2016 being the transition date.

In accordance with Ind AS 101 “First Time Adoption of Indian Accounting Standard” the Company has presented a reconciliation from the presentation of final statements under accounting standards notified under the Companies Accounting Standard Rules,2006 i.e “Previous GAAP” to Ind AS of total equity as at April 1, 2016 and March 31, 2017, total comprehensive income and cash flow for the year ended March 31, 2017.

The Financial statements are presented in Indian Rupees except otherwise indicated.

#### b) Basis of Preparation

The Financial Statements of the Company have been prepared on historical cost convention under accrual method of accounting and as a going concern concept except for certain assets and liabilities which are measured at fair values as required by Ind AS.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities have been classified as per the Company’s normal operating cycle and the other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. The Company has ascertained its operating cycle as 12 months for the purpose of current and noncurrent classification of assets and liabilities.

#### c) Use of estimates

In preparation of the financial statements, the Company makes judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from

# SMIFS CAPITAL SERVICES LIMITED

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

other sources. The estimates and the associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods affected.

### d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation/amortization and impairment, if any. Freehold land is disclosed at cost less impairment, if any. Cost comprises of purchase price and directly attributable cost of acquisition/ bringing the asset to its working condition for its intended use (net of credit availed, if any). Capital work in progress, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

On transition to Ind AS, the entity has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1st April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

An item of property, plant and equipment and any significant part initially recognised is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

### Depreciation

Depreciation is the systematic allocation of the depreciable amount of PPE over its useful life and is provided on a written down value basis over the useful lives as prescribed under Schedule II to the Companies Act, 2013.

Depreciable amount for PPE is the cost of PPE less its estimated residual value. The useful life of PPE is the period over which PPE is expected to be available for use by the Company, or the number of production or similar units expected to be obtained from the asset by the Company.

Depreciation on additions is provided on a pro-rata basis from the month of installation or acquisition. Depreciation on deductions/disposals is provided on a pro-rata basis up to the month preceding the month of deduction/disposal.

### e) Impairment of Non-financial assets

The Company assesses at each reporting date whether there is any indication that any property,



# SMIFS CAPITAL SERVICES LIMITED

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

plant and equipment and intangible assets or group of assets, called cash generating unit may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

### f) **Borrowing costs**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale and borrowing costs are being incurred. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

### g) **Provisions, Contingent liabilities and Contingent Assets**

Provisions are recognised when there is a present obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at each Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the best current estimate.

A present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non -occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent assets are not recognised in financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

### h) **Revenue recognition**

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity. The company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and specifics of each arrangement. Revenue is measured at the fair value of the consideration received or receivables.

### (i) **Interest Income**

Income from interest on deposits, loan and interest bearing securities is recognised on a time proportion basis taking into account the underlying interest rate.

# SMIFS CAPITAL SERVICES LIMITED

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

### (j) Dividend income

Dividend income is recognised at the time when right to receive the payment is established, which is generally when the shareholders approve the dividend.

### (k) Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities (including MAT) attributable to temporary differences and to unused tax losses.

Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose at reporting date. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. MAT is recognised as deferred tax assets in the Balance Sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

### (l) Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

### (m) Financial instruments

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

#### Financial Assets

#### Initial Recognition

All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction cost that are



# SMIFS CAPITAL SERVICES LIMITED

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition

### **Classification and Subsequent Measurement: Financial Assets**

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL") on the basis of following:

- entity's business model for managing the financial assets and
- contractual cash flow characteristics of the financial asset.

### **Debt Instruments**

#### **Amortised Cost**

A financial asset is subsequently measured at amortised cost, if the financial asset is held within a business model, whose objective is to hold the asset in order to collect contractual cash flow and the contractual term of financial asset give rise on specified date to cash flow that are solely payment of principal and interest on principal amount outstanding.

#### **Fair Value through Other Comprehensive Income**

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognised in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss.

#### **Fair Value through Profit or Loss**

A financial asset is classified and measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through OCI.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

### **Equity Instruments**

All investments in equity instruments classified under financial assets are measured at fair value. The company in respect of equity investments, which are not held for trading made an irrevocable election based on its judgment to present in other comprehensive income subsequent changes in the fair value (FVOCI) of such equity instrument. The Company makes such election on an instrument-by-instrument basis. Fair value changes on an equity instrument is recognised as other income in the Statement of Profit and Loss unless the Company has elected to measure such instrument at FVOCI. Fair value changes excluding dividends, on an equity instrument measured at FVOCI are recognised in OCI. Amounts recognised in OCI are not subsequently reclassified to the Statement of Profit and Loss. Dividend income on the investments in equity instruments are recognised as 'other income' in the Statement of Profit and Loss.



# **SMIFS CAPITAL SERVICES LIMITED**

## **NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018**

### **Financial Liabilities**

#### **Initial Recognition**

Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss. In case of trade payables, they are initially recognised at fair value and subsequently, these liabilities are held at amortised cost, using the effective interest method.

#### **Classification and Subsequent Measurement: Financial liabilities**

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

#### **Impairment of financial assets**

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. The Company recognises a loss allowance for expected credit losses on financial asset. In case of trade receivables, the Company follows the simplified approach permitted by Ind AS 109 – Financial Instruments for recognition of impairment loss allowance. The application of simplified approach does not require the Company to track changes in credit risk. The Company calculates the expected credit losses on trade receivables using a provision matrix on the basis of its historical credit loss experience.

#### **Derecognition of financial instruments**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the contractual rights to receive the cash flows from the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

#### **Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

### **(n) Fair value measurements**

The Company measures financial instruments at fair value at each balance sheet date.

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





# SMIFS CAPITAL SERVICES LIMITED

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

- In the principal market for the asset or liability.

Or

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole;

Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

### (o) Employee benefits

#### Defined contributions plan

Contributions to defined contribution schemes such as employees' state insurance, labour welfare fund, superannuation scheme, employee pension scheme etc. are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. Company's provident fund contribution, in respect of certain employees, is made to a government administered fund and charged as an expense to the Statement of Profit and Loss. The above benefits are classified as Defined Contribution Schemes as the Company has no further defined obligations beyond the monthly contributions.

#### Defined benefit plans

The Company's Liabilities on account of Gratuity and Earned Leave on retirement of employees are determined at the end of each financial year on the basis of actuarial valuation certificates obtained from Registered Actuary in accordance with the measurement procedure as per Indian Accounting Standard (Ind AS) -19., 'Employee Benefits.' The costs of providing benefits under these plans are also determined on the basis of actuarial valuation at each year end. Actuarial gains and losses for defined benefit plans are recognized through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

The Defined Benefit Plan can be short term or Long terms which are defined below:

#### (i) Short term Employee benefit

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render

# SMIFS CAPITAL SERVICES LIMITED

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefits obligations in the balance sheet.

### (ii) Long term Employee benefits

Compensated absences which are not expected to occur within 12 months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the balance sheet date.

### (p) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the company's chief operating decision maker to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 108, the chief operating decision maker evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments.

### (q) Earnings per share

Basic earnings per share is computed by dividing the net profit for the period attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

### (r) Recent accounting pronouncements

Ind AS 12 - Income Taxes: The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1 April 2018. These amendments are not expected to have any impact on the Company as the Company has no deductible temporary differences or assets that are in the scope of the amendments.



## SMIFS CAPITAL SERVICES LIMITED

### NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

Ind AS 115- Revenue from Contract with Customers: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors;

Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach) The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

*As Per Our Report Of Even Date attached*

**For J.S. VANZARA & ASSOCIATES**  
CHARTERED ACCOUNTANTS  
Firm Reg. No.: 318143E

**CA. AUROBINDA PANDA**  
Partner  
Membership No. : 064888

**Place: Kolkata**  
**Dated: 30<sup>th</sup> May 2018**

*For and on Behalf of the Board of Directors*

**SANTOSH KUMAR MUKHERJEE**  
Director  
(DIN No. 00170646)

**KISHOR SHAH**  
Director  
(DIN No. 00170502)

**PRITI SARAF**  
Company Secretary Cum - Sr.Manager

**SMIFS CAPITAL SERVICES LIMITED**  
**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018**

**Note : 2 Property Plant and Equipments**

Amount in ₹

Particulars	Gross Block				Depreciation			NetBlock	
	Ason 01.04.2017	Additions	Deductions/ Adjustments	Ason 31.03.2018	Ason 01.04.2017	For the year	Adjustment	Ason 31.03.2018	Ason 31.03.2017
Vehicles	562,878	-	-	562,878	113,377	141,122	-	254,499	449,501
Computers	391	-	-	391	382	8	-	390	9
<b>Sub total</b>	<b>563,269</b>	<b>-</b>	<b>-</b>	<b>563,269</b>	<b>113,759</b>	<b>141,130</b>	<b>-</b>	<b>254,889</b>	<b>449,510</b>

Particulars	Gross Block				Depreciation			NetBlock	
	Deemed Cost Ason 01.04.2016	Additions	Deductions/ Adjustments	As on 31.03.2017	Ason 01.04.2016	For the year	Adjustment	Ason 31.03.2017	Ason 31.03.2016
Vehicles	185,373	537,875	160,370	562,878	-	113,377	-	113,377	185,373
Computers	391	-	-	391	-	382	-	382	391
<b>Sub total</b>	<b>185,764</b>	<b>537,875</b>	<b>160,370</b>	<b>563,269</b>	<b>-</b>	<b>113,759</b>	<b>-</b>	<b>113,759</b>	<b>185,764</b>



# SMIFS CAPITAL SERVICES LIMITED

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

Amount in ₹

### Note : 3 Investments

Sl. No.	Particulars	As at 31 March 2018		As at 31 March 2017		As at 1st April 2016	
		Quantity No.	Amount ₹	Quantity No.	Amount ₹	Quantity No.	Amount ₹
1	<b>Investments measured at amortized cost</b> <b>Investment in Preference Shares (Non Cumulative ₹100/- Each)</b>						
	15% Andaman Plantations & Development Corporation Pvt.Ltd	60,000	6,000,000	60,000	6,000,000	60,000	6,000,000
	18% Andaman Plantations & Development Corporation Pvt.Ltd	40,000	4,000,000	40,000	4,000,000	40,000	4,000,000
2	<b>Investment measured through Other Comprehensive Income</b> <b>Investment in Equity Shares</b> Equity shares of ₹ 10 each (Unless otherwise stated)						
(a)	<b>Fully paid up: Quoted</b>						
	KEC International Ltd.	175	68,207	175	36,383	175	21,367
	PTC Industries Ltd.	-	-	-	-	20,000	3,980,000
(b)	<b>Fully paid up: Unquoted</b>						
	Antriksh Vyapaar Limited	800,000	38,313,000	1,950,000	46,293,000	1,950,000	45,445,907
	Andaman Plantations & Development Corporation Pvt.Ltd	30,000	3,000,000	30,000	3,000,000	30,000	3,000,000
	<b>Total</b>		<b>51,381,207</b>		<b>59,329,383</b>		<b>62,447,274</b>

Aggregate book value of unquoted Investments 51,313,000 59,293,000 58,445,907

Aggregate book value of quoted Investments 68,207 36,383 4,001,367

Aggregate market value of quoted Investments 68,207 36,383 4,001,367



# SMIFS CAPITAL SERVICES LIMITED

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

Amount in ₹

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>Note : 4 Loans</b>			
1 Security Deposit	13,000	13,000	13,000
2 Others	121,485	189,821	185,173
<b>Total</b>	<b>134,485</b>	<b>202,821</b>	<b>198,173</b>
<b>Note : 5 Trade Receivables</b>			
1 Unsecured Considered Good	522	790	1,913
<b>Total</b>	<b>522</b>	<b>790</b>	<b>1,913</b>
<b>Note : 6 Cash &amp; Cash Equivalents</b>			
1 Balance with banks			
Current Account Balances	248,752	270,048	68,630
2 Cash on hand	26,574	31,240	2,473
<b>Total</b>	<b>275,326</b>	<b>301,288</b>	<b>71,103</b>
<b>Note : 7 Others</b>			
<b>Short term Loans &amp; Advances</b>			
1 Other Advances	23,800,217	16,530,218	17,180,217
2 Due from Holding Company	1,445,803	3,027,368	667,141
<b>Total</b>	<b>25,246,020</b>	<b>19,557,586</b>	<b>17,847,358</b>
<b>Note : 8 Current tax asset (Net)</b>			
1 Advance Income Tax (Net of Provision)	201,980	257,814	330,094
<b>Total</b>	<b>201,980</b>	<b>257,814</b>	<b>330,094</b>
<b>Note : 9 Other Current Assets</b>			
1 Others	20,000	52,844	116,532
2 Prepaid Expenses	217,231	165,484	43,844
<b>Total</b>	<b>237,231</b>	<b>218,328</b>	<b>160,376</b>



# SMIFS CAPITAL SERVICES LIMITED

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

Amount in ₹

<u>Note : 10 Equity Share Capital</u>	<u>As at 31 March 2018</u>		<u>As at 31 March 2017</u>		<u>As at 1st April 2016</u>	
1 AUTHORIZED						
1,50,00,000 Equity Shares of ₹ 10/- each	150,000,000		150,000,000		150,000,000	
	<u>150,000,000</u>		<u>150,000,000</u>		<u>150,000,000</u>	
2 ISSUED, SUBSCRIBED & PAID UP						
7,500,070 Equity Shares of ₹ 10/- each, Fully paid up	75,000,700		75,000,700		75,000,700	
3 The details of shareholders holding more than 5% shares	No. of shares	% held	No. of shares	% held	No. of shares	% held
SMIFS Capital Markets Limited	7,500,070	100	7,500,070	100	7,500,070	100

### Note : 11 Other Equity

1 Retained Earnings						
Balance brought forward from previous year	(2,949,477)		(1,700,889)		(1,723,681)	
Profit for the Year	<u>(1,551,258)</u>		<u>(1,248,588)</u>		<u>22,792</u>	
	(4,500,735)		(2,949,477)		(1,700,889)	
2 Opening OCI	5,810,890		4,886,216		4,886,216	
Add: During the year OCI	<u>119,971</u>		<u>924,674</u>		<u>-</u>	
	5,930,861		5,810,890		4,886,216	
<b>Total</b>	<u><b>1,430,126</b></u>		<u><b>2,861,413</b></u>		<u><b>3,185,327</b></u>	

### Note : 12 Deferred tax liabilities (Net)

1 <b>Deferred tax liability</b>						
Deffered Tax Assets						
On Disallowances under the Income Tax Act, 1961	32,979		28,415		21,028	
On difference between wdv as per book and wdv as per Income Tax Act of fixed assets	62,568		61,480		63,892	
Deffered tax liability						
On Financial Instrument	<u>981,344</u>		<u>2,010,560</u>		<u>2,263,078</u>	
	885,797		1,920,665		2,178,158	
<b>Total</b>	<u><b>885,797</b></u>		<u><b>1,920,665</b></u>		<u><b>2,178,158</b></u>	



# SMIFS CAPITAL SERVICES LIMITED

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

Amount in ₹

<u>Note :13 Other Non Current Liabilities</u>	<u>As at 31 March 2018</u>	<u>As at 31 March 2017</u>	<u>As at 1st April 2016</u>
1 Advance from party	32,454	32,454	432,454
<b>Total</b>	<b>32,454</b>	<b>32,454</b>	<b>432,454</b>
<u>Note : 14 Other Current Liabilities</u>			
Other current liabilities			
1 Statutory Dues	11,288	119,133	119,037
2 Liability for expenses	310,042	276,101	259,379
<b>Total</b>	<b>321,330</b>	<b>395,234</b>	<b>378,416</b>
<u>Note : 15 Provisions</u>			
1 Provision for employees benefits	114,744	107,053	67,000
<b>Total</b>	<b>114,744</b>	<b>107,053</b>	<b>67,000</b>

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# SMIFS CAPITAL SERVICES LIMITED

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

Amount in ₹

	Year ended 31st March, 2018	Year ended 31st March, 2017
<b>Note : 16 Revenue from Operations</b>		
1 Investment Banking Operations (Net)	1,829,657	55,395
<b>Total</b>	<b>1,829,657</b>	<b>55,395</b>
<b>Note : 17 Other Income</b>		
1 Interest Received	4,383	6,772
2 Profit/(Loss) on Sale of Fixed Assets	-	631
3 Liabilities Written Back	8,326	-
4 Liabilities No Longer Required	-	400,000
5 Profit / Loss on Sale of Investments	-	304,725
6 Dividend Income	-	175
<b>Total</b>	<b>12,709</b>	<b>712,303</b>
<b>Note : 18 Employee Benefit Expenses</b>		
1 Salaries, Bonus & Allowances	1,612,962	1,366,708
2 Contribution to provident and other funds	123,440	104,340
3 Staff Welfare Expenses	297,802	283,269
<b>Total</b>	<b>2,034,204</b>	<b>1,754,317</b>
<b>Note : 19 Depreciation &amp; Amortised Cost</b>		
1 Depreciation	141,130	113,759
<b>Total</b>	<b>141,130</b>	<b>113,759</b>



# SMIFS CAPITAL SERVICES LIMITED

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

Amount in ₹

	<u>Year ended 31st March, 2018</u>	<u>Year ended 31st March, 2017</u>
<b>Note : 20 Other expenses</b>		
1 Telephone Expenses	23,679	47,664
2 Printing & Stationery Expenses	4,450	1,375
3 Professional, Legal & Consultancy Charges	16,500	13,926
4 Business Promotion Expenses	9,217	17,883
5 Repair & Maintenance - Others	500	-
6 Advertisement	2,000	-
7 Vehicle Expenses	119,460	115,226
8 Membership & Subscription Fees	21,296	15,280
9 Miscellaneous Expenses	58,684	92,813
10 Bad Debt.	890,948	-
11 Rates & Taxes	53,276	7,300
12 Travelling Expenses	-	9,159
13 Insurance	12,900	-
14 Auditors' Remuneration	10,000	10,000
<b>Total</b>	<b><u>1,222,910</u></b>	<b><u>330,626</u></b>

### **Note : 21 Tax expenses**

1 Current Tax		
Provision For Taxation(Including S.T.T)	-	4,300
2 Deferred tax	(4,620)	(186,716)
<b>Total</b>	<b><u>(4,620)</u></b>	<b><u>(182,416)</u></b>

### **Note :22 Earnings per equity share**

The Company's Earnings Per Share ('EPS') is determined based on the net profit / (loss) attributable to the shareholders' of the Company. Basic earnings per share is computed using the weighted average number of shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the year.

	<u>31st March, 2018</u>	<u>31st March, 2017</u>
<b>Net Profit / (Loss) attributable to equity shareholders</b>		
Profit / (Loss) after tax	(1,551,258)	(1,248,588)
Nominal value of equity share (₹)	10	10
Weighted-average number of equity shares for basic & Diluted EPS	7,500,070	7,500,070
<b>Basic &amp; Diluted earnings per share (₹)</b>	<b>(0.21)</b>	<b>(0.17)</b>



# SMIFS CAPITAL SERVICES LIMITED

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

Amount in ₹

### **Note : 23 Significant accounting judgements, estimates and assumptions**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### **Judgements**

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

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

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

#### **Impairment of non-financial assets**

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Amount in ₹

### **Note : 24 Employee Benefit Obligations**

**31st March 2018**

**31st March 2017**

#### **Leave Obligations**

##### **To be Recognised in PL**

Current Service Cost	15,889	12,891
Interest Cost on Benefits Obligation	6,829	5,193
Expected Return on Planned Asset	-	-
Actuarial Gain/Loss	26,326	24,047
Past Service Cost	-	-
<b>Total</b>	<b>49,044</b>	<b>42,131</b>

# SMIFS CAPITAL SERVICES LIMITED

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

	Amount in ₹	
Net Liability /Asset recognised in BS	31st March 2018	31st March 2017
Net asset/(liability) recognised in balance sheet at beginning of the period	114,744	94,846
Fair Value of Planned Asset	-	-
Funded status {Surplus/(Deficit)}	(114,744)	(94,846)
Effect of balance sheet asset	-	-
Unrecognised Past Service Cost	-	-
<b>Net asset/(liability) recognised in balance sheet</b>	<b>(114,744)</b>	<b>(94,846)</b>
<b>Change in the PV of DBO during the year</b>		
PV of DBO at beginning of the year	94,846	67,000
Current Service Cost	15,889	12,891
Interest Cost on DBO	6,829	5,193
Benefits Paid from Planned Asset	(29,146)	(14,285)
Actuarial Loss/Gains	26,326	24,047
<b>Total</b>	<b>114,744</b>	<b>94,846</b>
<b>Principal Assumption</b>		
Discount Rate	7.50%	7.20%
Rate of Increase in salaries	7.50%	7.50%
<p>These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds of relevant economic markets and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience.</p>		
<b>Gratuity</b>		
<p>The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service.</p>		
<p>The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:</p>		
<b>To be Recognised in PL</b>		
Current Service Cost	48,067	37,348
Interest Cost on Benefits Obligation	(11,915)	(9,031)
Expected Return on Planned Asset	-	-
Actuarial Gain/Loss	-	-
Past Service Cost	-	-
<b>Total</b>	<b>36,152</b>	<b>28,317</b>



# SMIFS CAPITAL SERVICES LIMITED

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

	Amount in ₹	
<u>Note : 24 Employee Benefit Obligations</u>	<u>31st March 2018</u>	<u>31st March 2017</u>
<b>To be Recognised in OCI</b>		
Actuarial Loss/Gains	11,886	10,180
Expected Return on Planned Asset	215	(1,969)
Re-measurement ( or Actuarial (gain/loss) arising because of change in effect of asset ceiling	-	-
<b>Total</b>	<b><u>12,101</u></b>	<b><u>8,211</u></b>
 <b>Net Liability /Asset recognised in BS</b>		
PV of Defined Benefit Obligation	415,885	332,026
Fair Value of Planned Asset	633,116	497,510
	<u>217,231</u>	<u>165,484</u>
Less: Unrecognised Past Service Cost	-	-
<b>Total - Net defined Benefit</b>	<b><u>217,231</u></b>	<b><u>165,484</u></b>
 <b>Change in the PV of DBO during the year</b>		
PV of DBO at beginning of the year	332,026	264,035
Current Service Cost	48,067	37,348
Interest Cost on DBO	23,906	20,463
Benefits Paid from Planned Asset	-	-
Actuarial Loss/Gains	11,886	10,180
Plan Amendments	-	-
<b>Total</b>	<b><u>415,885</u></b>	<b><u>332,026</u></b>
 <b>Change in the Fair Value of Asset during the year</b>		
Fair value of Plan Asset at beginning	497,510	380,567
Expected Return	35,821	29,494
Contribution by Employer	100,000	85,480
Benefits Paid	-	-
Actuarial Gains/Losses	(215)	1,969
<b>Total</b>	<b><u>633,116</u></b>	<b><u>497,510</u></b>
 <b>Principal Assumption</b>		
Discount Rate	7.50%	7.20%
Rate of Increase in salaries	2.00%	2.00%

# SMIFS CAPITAL SERVICES LIMITED

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

Amount in ₹

These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds of relevant economic markets and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience.

### Sensitivity analysis for Present value of Defined Benefit obligation

#### Impact of the change in discount rate

Present value of obligation at the end of the year	415,885	332,026
a) Impact due to increase of 1 %	10.40%	11.61%
b) Impact due to decrease of 1 %	(8.63)%	(9.56)%

#### Impact of the change in salary increase

Present value of obligation at the end of the year	415,885	332,026
a) Impact due to increase of 1 %	10.61%	11.71%
b) Impact due to decrease of 1 %	(8.96)%	(9.83)%

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**SMIFS CAPITAL SERVICES LIMITED**  
**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018**

**Note : 25 Financial instruments by category**

For amortised cost instruments, carrying value represents the best estimate of fair value.

Particulars	31st March 2018			31st March 2017			1st April 2016		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
<b>Financial assets</b>									
Trade receivables	-	-	522	-	-	790	-	-	1,913
Loans	-	-	134,485	-	-	202,821	-	-	198,173
Cash and cash equivalents	-	-	275,326	-	-	301,288	-	-	71,103
Investments	-	41,381,207	10,000,000	-	49,329,383	10,000,000	-	52,447,274	10,000,000
Other financial assets	-	-	25,246,020	-	-	19,557,586	-	-	17,847,358
<b>Total</b>	-	<b>41,381,207</b>	<b>35,656,353</b>	-	<b>49,329,383</b>	<b>30,062,485</b>	-	<b>52,447,274</b>	<b>28,118,547</b>
<b>Financial liabilities</b>									
Borrowings	-	-	-	-	-	-	-	-	-
Trade payable	-	-	-	-	-	-	-	-	-
Security deposit	-	-	-	-	-	-	-	-	-
Other financial liabilities	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-	-

**SMIFS CAPITAL SERVICES LIMITED**  
**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018**

(a) Fair value hierarchy

Financial assets and liabilities measured at fair value and amortised cost for which fair values are disclosed	31st March 2018			31st March 2017			1st April 2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	<b>Particulars</b>								
Investment in equity shares	68,207	41,313,000	-	36,382	49,293,000	-	4,001,367	48,445,907	-
Investment in preference shares	-	10,000,000	-	-	10,000,000	-	-	10,000,000	-
<b>Total financial assets</b>	<b>68,207</b>	<b>51,313,000</b>	<b>-</b>	<b>36,382</b>	<b>59,293,000</b>	<b>-</b>	<b>4,001,367</b>	<b>58,445,907</b>	<b>-</b>
<b>Financial liabilities</b>									
Derivative financial liabilities	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-

**Level 1 :** Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

**Level 2 :** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

**Level 3 :** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.



# SMIFS CAPITAL SERVICES LIMITED

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

### (b) Fair value of financial assets and liabilities measured at amortised cost and FVTPL

Particulars	As at 31 March 2018		As at 31 March 2017		As at 1st April 2016	
	Carrying	Fair value	Carrying	Fair value	Carrying	Fair value
<b>Financial assets</b>						
<b>Carried at amortised cost</b>						
Cash and Bank balances	275,326	275,326	301,288	301,288	71,103	71,103
Trade Receivables	522	522	790	790	1,913	1,913
Investments	-	51,381,207	51,501,835	59,329,383	54,291,835	62,447,274
Loans	134,485	134,485	202,821	202,821	198,173	198,173
Other financial assets	25,246,020	25,246,020	19,557,586	19,557,586	17,847,358	17,847,358
<b>Total financial assets</b>	<b>25,656,353</b>	<b>77,037,560</b>	<b>71,564,320</b>	<b>79,391,868</b>	<b>72,410,382</b>	<b>80,565,821</b>
<b>Financial liabilities</b>						
<b>Carried at ammortised cost</b>						
Borrowings	-	-	-	-	-	-
Trade payable	-	-	-	-	-	-
Security deposit	-	-	-	-	-	-
Other financial liabilities	-	-	-	-	-	-
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Note : 26 Financial risk management objectives and policies

In the Course of its business, the Company is exposed to a variety of financial risk, which may adversely impact the fair value of its financial instruments. The Company has a risk management policy to cover financial risk : Market risk, Credit risk and Liquidity risk associated with financial assets and liabilities. The risk management policies is reviewed by Board of Director periodically and required mitigation steps are taken.

#### (A) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risks. The value of a financial instrument may change as a result of changes in the interest rates, equity price fluctuations and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

#### (i) Equity Price risk

Equity Price Risk is related to the change in market reference price of the investments in equity securities. The fair value of Company's investment in quoted equity securities as at March 31, 2018, 2017 and April 1, 2016 was ₹ 68,207, ₹ 36,383 and ₹ 40,01,367, respectively. A 10% change in equity price as at March 31, 2018, 2017 and April 1, 2016 would result in an impact of ₹6,820, ₹ 3,638 and ₹4,00,136, respectively.

(Note: The impact is indicated on equity before consequential tax impact, if any).

#### (B) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument leading to a financial loss. The Company is exposed to credit risk from its financing activities, investment in mutual funds and other financial instruments.

# SMIFS CAPITAL SERVICES LIMITED

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

### (C) Liquidity risk

The Company monitors its risk of a shortage of funds by estimating the future cash flows. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, cash credit facilities and bank loans. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low

### Note: 27 Related party disclosure (As per Ind AS-24 - Related Party Disclosures)

Relationships:

#### (a) Entities where Key management personnel and their relatives are able to exercise significant influence

SMIFS Capital Markets Limited (Holding Company)

#### (b) Key Management Personnel:

Mr Kishor Shah - Director

Mr. Santosh Kumar Mukherjee - Director

Mrs Priti Saraf - Company Secretary Sr. Manager

#### (c) Relatives to Key Management Personnel:

Disclosure of Related Party Transactions provides the information about the Company's structure. The following tables provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

#### (a) Transaction with related parties

Particulars	Enterprise described in (a) above		Key Management Personnel		Relatives of Key Management Personnel	
	31st March 2018	31st March 2017	31st March 2018	31st March 2017	31st March 2018	31st March 2017
Salary & Wages	-	-	678,720	595,748	-	-
Other financial liabilities	-	-	1,445,803	3,027,368	-	-

### Note : 28 Capital Management :

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.



# SMIFS CAPITAL SERVICES LIMITED

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

Particulars	31st March, 2018	31st March, 2017	1st April, 2016
Equity Share Capital	75,000,700	75,000,700	75,000,700
Other Equity	1,430,126	2,861,413	3,185,327
<b>Total Equity (A)</b>	<b>76,430,826</b>	<b>77,862,113</b>	<b>78,186,027</b>
Non Current Borrowings	-	-	-
Short term Borrowings	-	-	-
Current Maturities of long term borrowings	-	-	-
<b>Gross Debts (B)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Less : Current Investments	-	-	-
Less: Cash and cash Equivalments	275,326	301,288	71,103
<b>Net Debt</b>	<b>(275,326)</b>	<b>(301,288)</b>	<b>(71,103)</b>
<b>Gearing Ratio</b>	<b>-0.0036</b>	<b>-0.0039</b>	<b>-0.0009</b>

### **Note : 29 First time adoption of Ind AS**

These standalone financial statements of Smifs Capital Services Ltd. For the year ended March 31, 2018 have been prepared in accordance with Ind AS. For the purposes of transition to Ind-AS, the company has followed the guidance prescribed in Ind AS 101 First-Time Adoption of Indian Accounting Standards, with April 1, 2016 as the transition date and IGAAP as the previous GAAP.

The transition to Ind-AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out have been applied in preparing the standalone financial statements for the year end 31st March, 2018 and the comparative information.

### **Exemptions and exceptions available**

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

#### **a) Ind AS Optional exemptions**

##### **Deemed Cost**

Ind AS 101 permits a first- time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

Accordingly, the company elected to measure all of its property, plant and equipment and other intangible assets at their previous GAAP carrying value.

#### **b) Ind AS Mandatory exceptions**

##### **Designation of previously recognised financial instruments**

Ind AS 101 permits entity to designate particular equity investments (other than equity investments in subsidiaries, associates and joint arrangements) as at fair value through other comprehensive income (FVTOCI) based on facts and circumstances at the date of transition to Ind AS (rather than at initial recognition). Other equity invest-

# SMIFS CAPITAL SERVICES LIMITED

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

ments are classified in fair value through profit or loss (FVTPL)

### Defined benefit liabilities

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. The entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Remeasurement gains/ losses on defined benefit plans has been recognized in the OCI net of tax.

### c) Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

Disclosure required by Ind AS 101 - First time adoption of Ind AS



SMIFS



# SMIFS CAPITAL SERVICES LIMITED

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

### Reconciliation of Equity as at April 01, 2016 and March 31, 2017:

Particulars	As at 1st April 2016			As at 31st March 2017		
	IGAAP	Ind AS adjustments	Ind AS	IGAAP	Ind AS adjustments	Ind AS
<b>ASSETS</b>						
Non-current assets						
a) Property, plant and equipment	185,764	-	185,764	449,510	-	449,510
b) Financial assets	-	-	-	-	-	-
i) Investments	54,291,835	4,175,439	58,467,274	51,501,835	7,827,548	59,329,383
ii) Trade Receivables	-	-	-	-	-	-
iii) Loans	528,267	(330,094)	198,173	460,635	(257,814)	202,821
iv) Others	-	-	-	-	-	-
c) Deferred tax assets (Net)	84,920	(84,920)	-	87,781	(87,781)	-
d) Other non-current assets	-	-	-	-	-	-
<b>Total non-current assets</b>	<b>55,090,786</b>	<b>3,760,425</b>	<b>58,851,211</b>	<b>52,499,761</b>	<b>7,481,953</b>	<b>59,981,714</b>
Current assets						
a) Inventories	-	-	-	-	-	-
b) Financial assets						
i) Investments	-	3,980,000	3,980,000	-	-	-
ii) Trade receivables	1,913	-	1,913	790	-	790
iii) Cash and cash equivalents	71,103	-	71,103	301,288	-	301,288
iv) Loans	710,985	(710,985)	-	3,080,212	(3,080,212)	-
v) Others	-	17,847,358	17,847,358	-	19,557,586	19,557,586
c) Current Tax Assets (Net)	-	330,094	330,094	-	257,814	257,814
d) Other current assets	17,180,217	(17,019,841)	160,376	16,530,218	(16,311,890)	218,328
<b>Total current assets</b>	<b>17,964,218</b>	<b>4,426,626</b>	<b>22,390,844</b>	<b>19,912,508</b>	<b>423,298</b>	<b>20,335,806</b>
<b>Total assets</b>	<b>73,055,004</b>	<b>8,187,051</b>	<b>81,242,055</b>	<b>72,412,269</b>	<b>7,905,250</b>	<b>80,317,519</b>
<b>EQUITY AND LIABILITIES</b>						
a) Equity Share capital	75,000,700	-	75,000,700	75,000,700	-	75,000,700
b) Other equity	(2,821,198)	6,006,525	3,185,327	(3,113,443)	5,974,856	2,861,413
<b>Total equity</b>	<b>72,179,502</b>	<b>6,006,525</b>	<b>78,186,027</b>	<b>71,887,257</b>	<b>5,974,856</b>	<b>77,862,113</b>
<b>LIABILITIES</b>						
Non-current liabilities						
a) Deferred tax liabilities (Net)	-	2,178,158	2,178,158	-	1,920,665	1,920,665
b) Other non-current liabilities	432,454	-	432,454	32,454	-	32,454
<b>Total non-current liabilities</b>	<b>432,454</b>	<b>2,178,158</b>	<b>2,610,612</b>	<b>32,454</b>	<b>1,920,665</b>	<b>1,953,119</b>
Current liabilities						
a) Provisions	64,632	2,368	67,000	97,324	9,729	107,053
b) Other current liabilities	378,416	-	378,416	395,234	-	395,234
<b>Total current liabilities</b>	<b>443,048</b>	<b>2,368</b>	<b>445,416</b>	<b>492,558</b>	<b>9,729</b>	<b>502,287</b>
<b>Total Equity and liabilities</b>	<b>73,055,004</b>	<b>8,187,051</b>	<b>81,242,055</b>	<b>72,412,269</b>	<b>7,905,250</b>	<b>80,317,519</b>





# SMIFS CAPITAL SERVICES LIMITED

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

### Reconciliation of Total comprehensive income for the year ended March 31, 2017

Amount in ₹

Particulars	IGAAP	Ind AS adjustments	Ind AS
Revenue from operations	1,550,295	(1,494,900)	55,395
Other income	407,403	304,900	712,303
<b>Total income (I)</b>	<b>1,957,698</b>	<b>(1,190,000)</b>	<b>767,698</b>
Expenses			
Employee benefit expense	1,804,119	(49,802)	1,754,317
Depreciation and amortisation expense	113,759	-	113,759
Other expense	330,626	-	330,626
<b>Total expense (II)</b>	<b>2,248,504</b>	<b>(49,802)</b>	<b>2,198,702</b>
Profit before exceptional item and tax expense	(290,806)	(1,140,198)	(1,431,004)
Exceptional items	-	-	-
Profit before tax expense	(290,806)	(1,140,198)	(1,431,004)
Tax expenses:			
Current tax	4,300	-	4,300
Deferred tax	(2,861)	(183,855)	(186,716)
Total	1,439	(183,855)	(182,416)
Profit for the year	<b>(292,245)</b>	<b>(956,343)</b>	<b>(1,248,588)</b>
Other comprehensive income			
A (i) Items that will not be reclassified to profit and loss			
Remeasurement of net defined benefit liability	-	(8,211)	(8,211)
Gains and losses from investments in equity instruments designated at fair value through other comprehensive income;	-	862,108	862,108
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	70,777	70,777
Other comprehensive income for the year	-	924,674	924,674
<b>Total Other comprehensive income for the year</b>	<b>(292,245)</b>	<b>(31,669)</b>	<b>(323,913)</b>

### Reconciliation of Equity as at April 01, 2015 and March, 31, 2016:

Amount in ₹

Particulars	31st March, 2017	1st April 2016
Equity as reported under previous GAAP	71,887,257	72,179,502
Adjustments:		
Fair value of financial instruments	7,827,548	8,155,439
Remesurement of defined benefit liability	155,755	114,164
Tax effect on above items	(2,008,446)	(2,263,078)
<b>Equity as per INDAS</b>	<b>77,862,113</b>	<b>78,186,027</b>



# SMIFS CAPITAL SERVICES LIMITED

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

### Adjustment to statement of cash flow statement

There were no material differences between the Statement of Cash Flows presented under Ind AS and the previous GAAP.

### Notes to first-time adoption:

#### Note : 1 Non Current Investments

Under previous GAAP, non-current investments were stated at cost less any impairment that was other than temporary. Under Ind AS, financial assets in equity instruments other than investments in subsidiaries have been classified as Fair Value Through Other Comprehensive Income (FVTOCI). At the date of transition to Ind AS, difference between the fair value of investment and IGAAP carrying amount has been recognised in Retained Earnings. Investments in Mutual funds has been classified as Fair Value through Profit and Loss.

#### Note : 2 Loans/Other Financial assets/ Other Current assets

As per Schedule III, Security Deposits are to be classified under Loans or Other Non-current/Current Assets respectively. Accordingly, Security Deposits which are financial in nature are classified under Loans and other deposits are classified under Non-current/ Current Assets respectively. Under IGAAP, Loans and Advances were shown together under Loans and Advances. However, as per Schedule III, Advances are classified under other Non-current/Current Assets.

#### Note : 3 Defined benefit liabilities

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. The entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI.

#### Note : 4 Deferred Tax

Under Previous GAAP, deferred taxes were recognised for the tax effect of timing differences between accounting profit and taxable profit for the year using the income statement approach. Under Ind AS, deferred taxes are recognised using the balance sheet for future tax consequences of temporary differences between the carrying value of assets and liabilities and their respective tax bases. The above difference, together with the consequential tax impact of the other Ind AS transitional adjustments lead to temporary differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or through other comprehensive income.



# SMIFS CAPITAL SERVICES LIMITED

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

### Note : 30 Effective Tax Reconciliation

The major components of income tax expense and the reconciliation of expense based on the domestic effective tax rate and the reported tax expense in profit or loss are as follows :-

Particulars	Amount in ₹	
	31st March, 2018	31st March, 2017
Accounting profit before income tax	(1,551,258)	(1,248,588)
Applicable tax rate (Percentage)	26.00	25.75
Expected income tax	-	-
Income exempt from tax	-	(175)
Non deductible expenses for tax purpose	(2,269)	16,616
Effect of unrecognised tax losses for earlier years	-	(373,127)
Other adjustments	(2,351)	174,240
<b>Income Tax recognised in Profit and Loss account</b>	<b>(4,620)</b>	<b>(182,446)</b>

### Note : 31 Auditors' remuneration and expenses :

for audit matter	10,000	10,000
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### Note : 32 Segment Reporting

#### Segment Revenue

Capital Market Operations	-	-
Investment Banking Operations	1,829,657	55,395
Real Estate Business	-	-
Others	12,709	712,303
<b>Net Revenue</b>	<b>1,842,366</b>	<b>767,698</b>
<b>Result - Profit/(Loss)</b>		
Capital Market Operations	-	-
Investment Banking Operations	1,829,657	55,395
Real Estate Business	-	-
Others	12,709	712,303
Total	<b>1,842,366</b>	<b>767,698</b>
Less: Interest	-	-
Other unallocable expenses net of unallocable income	3,398,244	2,198,702
<b>Profit/(Loss) Before Tax</b>	<b>(1,555,878)</b>	<b>(1,431,004)</b>



# SMIFS CAPITAL SERVICES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2018

**Capital employed:**

Fixed Assets used in the Company's operations or liabilities contracted cannot be identified with any of the reportable segments as the fixed assets are used interchangeably between segments. The Company believes that it is currently not practicable to provide segment disclosures relating to total assets and liabilities since a meaningful segregation of data is not possible.

**Note : 33 Previous year figures have been reclassified / regrouped / rearranged wherever necessary.**

*As Per Our Report Of Even Date*

**For J.S. VANZARA & ASSOCIATES**  
CHARTERED ACCOUNTANTS  
Firm Reg. No.: 318143E

**CA. AUROBINDA PANDA**  
Partner  
Membership No. : 064888

**Place: Kolkata**  
**Dated: 30<sup>th</sup> May 2018**

*For and on Behalf of the Board of Directors*

**SANTOSH KUMAR MUKHERJEE**  
Director  
(DIN No. 00170646)

**KISHOR SHAH**  
Director  
(DIN No. 00170502)

**PRITI SARAF**  
Company Secretary Cum - Sr.Manager

**SMIFS**

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