

Quarterly Compliance Report on Corporate Governance

Name of Company: SMIFS Capital Markets Limited

Quarter Ending on: 31.03.2014

Particulars	Clause of Listing Agreement	Compliance Status (Yes/ No)	Remarks
1	2	3	4
I. Board of Directors	49 (I)		
(A) Composition of Board	49 (IA)	Yes	<p>As on March 31, 2014 the Board of Directors included the following 6(six) members :</p> <p>A. Promoter Directors - Non-Executive capacity</p> <p>1.Mr. Utsav Parekh – Non-Executive Chairman</p> <p>2. Mr. Ajay Kumar Kayan – Director</p> <p>B. Independent Directors</p> <p>1.Mr. Ramesh Maheshwari</p> <p>2.Mr. Chandranath Mukherjee</p> <p>3.Mr. Santosh Kumar Mukherjee</p> <p>C. Managing Director</p> <p>1. Mr. Kishor Shah</p>
(B) Non – Executive Directors’ compensation & disclosures	49 (IB)	Yes	<p>(a) Fees for attendance in the Board Meetings to the Non-Executive Directors is Rs. 7500/-per meeting</p> <p>(b) Audit Committee Meeting Fee - Rs. 1000/- per meeting.</p> <p>(c) Shareholders’ Grievance Committee Meeting Fee - Rs. 1000/- per meeting.</p> <p>(d) Remuneration Committee Meeting Fee - Rs. 1000/- per meeting.</p>
(C) Other Provision as to Board and Committees	49 (IC)	Yes	<p>Board Meeting during the quarter ended March 31, 2014 was held on February 08, 2014 at 11.30 a.m. Information to be placed before the Board of directors as per Annexure 1A of Clause 49 of the Listing Agreement are regularly placed before the Board of directors.</p>
(D) Code of Conduct	49 (ID)	Yes	<p>Compliance of Code of Conduct (‘Code’) was approved in the Board Meeting held on 30.12.2005. The Directors and senior management confirmed the compliance of the code on annual basis for the year 2013-14.</p> <p>Compliance of the code on annual basis for the year 2013-14 has been obtained.</p>
II. Audit Committee	49 (II)		
(A) Qualified & Independent Audit Committee	49 (IIA)	Yes	<p>As on March 31, 2014 the Audit Committee included the following 3 members :</p> <p>1. Mr. Chandranath Mukherjee – Independent Director- Chairman</p>

			<p>2. Mr. Santosh Kumar Mukherjee – Independent Director-Member</p> <p>3. Mr. Utsav Parekh – Promoter Director & Non Executive Chairman- Member</p> <p><u>Director – in – Charge of Finance</u></p> <p>1. Mr. Kishor Shah –Managing Director</p> <p>2. Mr. Anil Singhania CFO-cum-Vice President (Investment Banking).</p> <p>Clause 49(II) of the Listing Agreement has been complied.</p>
(B) Meeting of Audit Committee	49(IIB)	Yes	Audit Committee Meeting during the quarter ended March 31, 2014 was held on February 08, 2014 at 11.00 a.m.
(C) Powers of Audit Committee	49(IIC)	Yes	<p>The audit committee has the following powers :</p> <ol style="list-style-type: none"> 1. To investigate into any activity within its terms of reference. 2. To seek information from any employee. 3. To seek outside legal or other professional advice. 4. To secure attendance of outsiders with relevant expertise, if it is considered necessary.
(D) Role of Audit Committee	49(IID)	Yes	<p>The role of the audit committee includes the following:</p> <ol style="list-style-type: none"> 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. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees. 3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors. 4. Reviewing with the management the annual financial statement before submission to the Board for approval with particular reference to: <ol style="list-style-type: none"> a. Matters required to be included in the Directors Responsibility Statement to be included in the Board’s Report in terms of clause (2AA) of Sec 217 of the Companies Act, 1956. b. Changes, if any, in accounting policies and practices and reasons for the same. c. Major accounting entries involving estimation based on the exercise of judgment by management. d. Significant adjustments made in the financial statements arising out of audit findings. e. Compliance with the Listing and other legal requirement relating to financial Statements.

			<p>f. Disclosure of the related party transactions.</p> <p>g. Qualifications in the draft audit report.</p> <p>5. Reviewing with the management, the quarterly financial statements before submission to the Board for approval.</p> <p>5A. Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, right 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.</p> <p>6. Reviewing with the management performance of statutory and internal auditors, adequacy of internal control systems.</p> <p>7. Reviewing the adequacy of the 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.</p> <p>8. Discussion with the internal auditors any significant findings and follow up there on.</p> <p>9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud of irregularity or a failure of internal control system of a material nature and reporting the matter to the board.</p> <p>10. Discussion with the Auditors before the audit commences, about the nature and scope of the audit as well as post audit discussion to ascertain any area of concern.</p> <p>11. To look into the reasons for substantial defaults in the payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.</p> <p>12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.</p> <p>13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.</p>
(E) Review of Information by Audit Committee	49(III)	Yes	<p>The Audit Committee mandatorily reviews the following information:</p> <p>1. Management Discussion & Analysis of financial condition and result of operations.</p>

			<p>2. Statement of significant related party transaction (as defined by the audit committee), submitted by management.</p> <p>3. Management letter/letters of the internal control weaknesses issued by the statutory auditors;</p> <p>4. Internal audit reports relating to internal control weaknesses; and</p> <p>5. The appointment, removal and term of remuneration of the Internal Auditor shall be subject to review by the audit committee.</p>
III. Subsidiary Companies	49(III)	Yes	<p>1. On March 31, 2014 the Company had one wholly-owned subsidiary company namely:</p> <p>(i) SMIFS Capital Services Limited (100% Subsidiary) (SCSL).</p> <p>(ii) Board of Directors of SCSL:</p> <p>a. Mr. Chandranath Mukherjee</p> <p>b. Mr. Kishor Shah</p> <p>c. Mr. Santosh Kumar Mukherjee</p> <p>2. Mr. Chandranath Mukherjee and Mr. Santosh Kumar Mukherjee, Independent Directors on the Board of SMIFS Capital Markets Limited are also Directors in the wholly-owned subsidiary, SMIFS Capital Services Limited.</p> <p>3. The accounts for the year ended December 31, 2013 were reviewed in the Audit Committee Meetings of SMIFS Capital Markets Ltd., the holding company held on February 08, 2014.</p> <p>4. The minutes of the Board meetings of the subsidiary company for the quarter ended March 31, 2014 was considered in the Board Meeting of the company held on February 08, 2014 at 11. 30 a.m.</p>
IV. Disclosures	49(IV)		
(A) Basis of Related Party Transaction	49(IVA)	Yes	Statement for the quarter ended March 31, 2014 was placed in the Audit Committee Meeting held on February 08, 2014 at 11.00 a.m.
(B) Disclosure of Accounting Treatment	49(IVB)	Yes	Accounting Standards as laid down are followed in the preparation of the accounts for the quarter ended March 31, 2014.
(C) Board Disclosure – Risk Management	49(IVC)	Yes	Risk assessment and minimization procedure, as laid down by the Board, has been reviewed in the Board Meeting held on February 08, 2014.
(D) Proceeds from public issue, right issue, preferential issue etc.	49(IVD)	NA	No amount has been raised on account of public, rights and preferential issues.
(E) Remuneration of Directors	49(IVE)	Yes	-
(F) Management	49(IVF)	Yes	Management Discussion and Analysis Report was the part of Annual Report for the year ended March 31, 2013 and was included in the Annual Report for the year ended March 31, 2013. Management discussion Analysis Report for the year 2013-14 shall be included in the Annual Report for the year ended March 31, 2014.

(G) Shareholders	49(IVG)	Yes	-
V. CEO/CFO Certification	49(V)	Yes	Certificate from CEO & CFO for the year ended March 31, 2014 has been obtained.
VI. Report on Corporate Governance	49(VI)	Yes	Corporate Governance Report dated May 24, 2013 for the year ended March 31, 2013 forms part of Annual Report for the year ended March 31, 2013.
VII. Compliance	49(VII)	Yes	For the year ended March 31, 2013 Compliance Certificate dated May 24, 2013 obtained from Statutory Auditor forms the part of the Annual Report for the year ended March 31, 2013.

Note:

- 1) Detail under each head is provided to incorporate all the information required as per the provision of Clause 49 of the Listing Agreement.
- 2) In the column No.3, compliance or non-compliance is indicated by Yes/No/N.A. For example, if the Board has been composed in accordance with the Clause 49 I of the Listing Agreement, "Yes" is indicated, Similarly, in case the company did not raise any proceeds from the public issue, rights issue, preferential issue etc. "N.A." is indicated against 49 (IVD).
- 3) In the remark Column, reasons for non-compliance are indicated.
- 4) Mr. Kishor Shah, Managing Director of the Company is the CEO of the Company.
- 5) Ms. Poonam Bhatia, Company Secretary-cum-Senior Manager Legal has been appointed as Company Secretary of the Company with effect from October 28, 2013.
- 6) Contribution of Rs.7, 50,000/- (Rupees Seven Lakh Fifty Thousand Only) to Dyslexia Trust of Kolkata as a Corporate Social Responsibility (CSR) activity.

For SMIFS CAPITAL MARKETS LIMITED

Place: Kolkata
Dated: April 7, 2014

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