



SMIFS CAPITAL MARKETS LIMITED

August 5, 2019

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

Dear Sir,

Sub: Annual Report of the Company for the year ended 2018-2019 AGM to be held on September 14, 2019

Pursuant to 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 enclosed please copy of the Annual Report of our Company for the year ended 2018-2019 .

Yours faithfully,
For SMIFS Capital Markets Limited

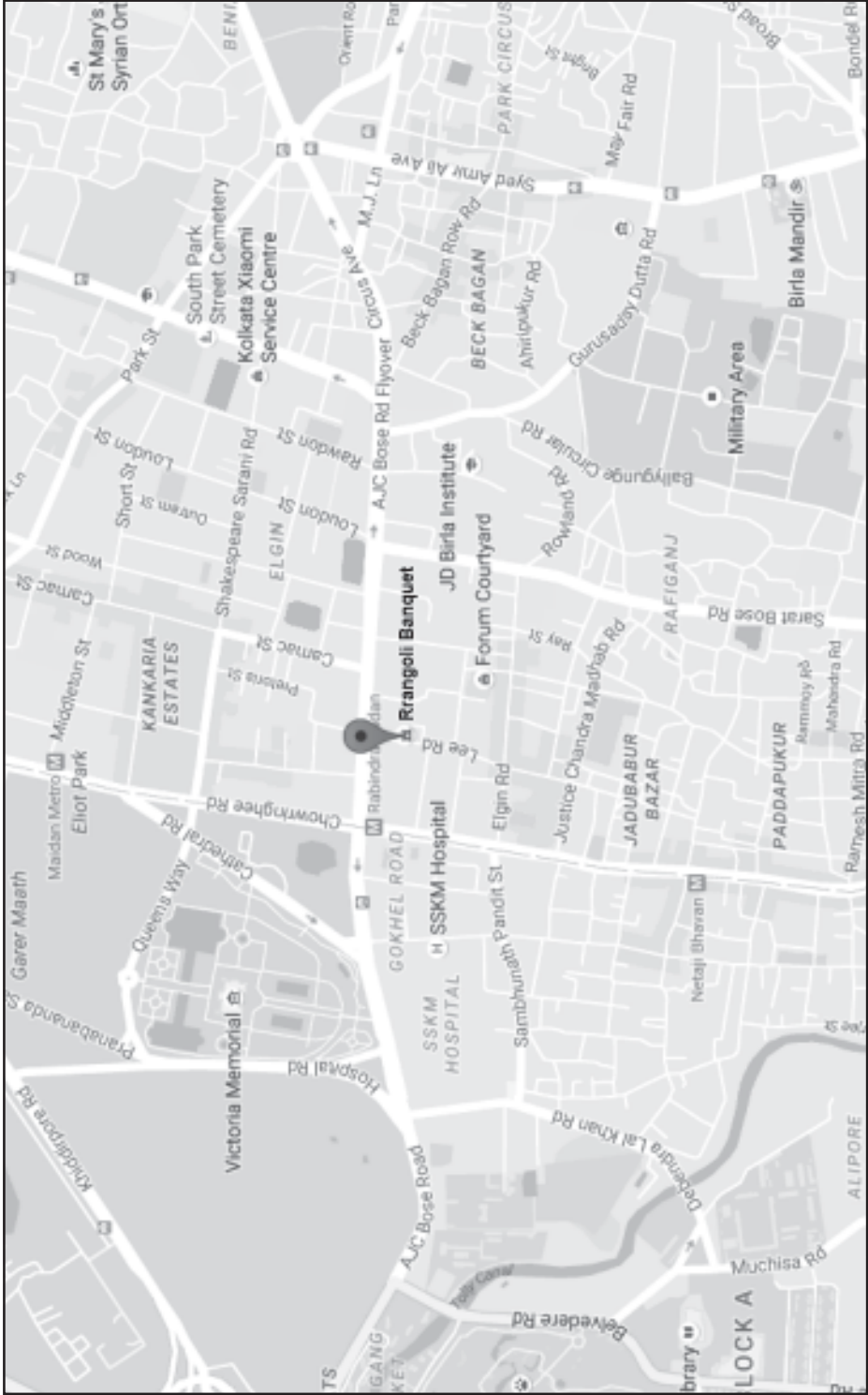
(Poonam Bhatia)
Company Secretary-cum- Senior Manager Legal

ANNUAL REPORT
2018-2019



SMIFS CAPITAL MARKETS LTD.

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



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



SMIFS CAPITAL MARKETS LIMITED

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SMIFS CAPITAL MARKETS LIMITED

(CIN NO.: 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
Mrs. Pushpa Mishra	–	Director
Mr. Kishor Shah	–	Managing Director

Company Secretary

Ms. Poonam Bhatia

Auditors

S.K. Agarwal and Co.
Chartered Accountants

Bankers

HDFC Bank Ltd
State Bank of India
ICICI Bank

Registrar & Transfer Agents

M/s. Maheshwari Datamatics Private Ltd
23, R.N. Mukherjee Road, 5th Floor
Kolkata – 700 001
Phone: (033)2243-5029/2248-2248
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: cs.smifs@gmail.com, smifcap@gmail.com Website: www.smifscap.com

NOTICE

NOTICE is hereby given that the Thirty Sixth Annual General Meeting of the members of **SMIFS CAPITAL MARKETS LIMITED** will be held on Saturday, September 14, 2019 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, 2019, 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 appoint Director in place of Mr. Utsav Parekh (DIN No.00027642), who retires by rotation and being eligible, offers himself for re-appointment.

Regd. Office:

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

The 28th day of May, 2019

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 : cs.smifs@gmail.com, smifcap@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 : cs.smifs@gmail.com, smifcap@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 7, 2019 to September 14, 2019 (both days inclusive).
- 10) Members of the Company had approved appointment of M/s S. K. Agarwal & Co., Chartered Accountants, Kolkata (Firm Registration No.: 306033E) as Statutory Auditors of the Company at the 35th Annual General Meeting of the Company held on 22nd September, 2018 for a period of 4 years from the conclusion of the Thirty Fifth Annual General Meeting till the conclusion of the Thirty Nineth Annual General Meeting of the Company subject to the ratification by the Members



at every Annual General Meeting. In view of the amendments made by Companies (Amendment) Act, 2017 the requirement of ratification of appointment of Statutory Auditors at every Annual General Meeting is no more necessary. As such resolution for seeking ratification of appointment of Statutory Auditor has not been placed before the shareholders at this Annual General Meeting.

- 11) Members / Proxies should bring attendance slip sent herewith duly filled in, for attending the meeting.
- 12) 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.
- 13) 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 2012, 2013, 2014, 2015, 2016, 2017 and 2018. Such Members are requested to write to the Company / Registrars and obtain payment thereof.

The Members/ claimants whose shares, unclaimed dividend, sale proceeds of fractional shares etc. have been transferred to IEPF may claim the shares or apply for refund by making an application to IEPF Authority in Form IEPF -5(available on www.iepf.gov.in) along with requisite fee as decided by it from time to time. The Member / claimant can file only one consolidated claim in a financial year as per the IEPF Rules.

- 14) Investor Grievance Redressal: Company has an exclusive e-mail id, viz. cs.smifs@gmail.com, smifcap@gmail.com for investors to register their grievances if any.
- 15) 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.
- 16) 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).
- 17) Members holding shares in physical form are informed that Securities and Exchange Board of India has amended SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015 which has come into force wherein except in cases of transmission or transposition of securities requests for effecting transfer of securities shall not be processed unless the securities are held in dematerialized form with a depository. Hence, members holding securities in physical form are requested to convert their holdings to dematerialised form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company's RTA for assistance in this regard.
- 18) 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 shareholders voting electronically are as under:

- (i) The voting period begins on September 10, 2019(10: 00 a.m.) and ends on September 13, 2019 (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 September 7, 2019 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.
- (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 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:

For Members holding shares in Demat Form and Physical Form	
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"> • 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. • 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.
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> <ul style="list-style-type: none"> • 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).

- (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 for the relevant SMIFS CAPITAL MARKETS LIMITED on which you choose to vote.
- (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 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.
 - 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 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, under help section or write an email to 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 10, 2019(10: 00 a.m.) and ends on September 13, 2019 (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 7, 2019(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 7, 2019(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 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.



- (l) 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.

19) 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
2013-2014	₹ 1.00/-	25th September, 2014
2014-2015	₹ 1.00/-	1st October, 2015
2015-2016	₹ 0.75/-	29th September, 2016
2016-2017	₹ 1.00/-	28th September, 2017
2017-2018	₹ 1.00/-	24th September, 2018

- 20) 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.
- 21) 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 28th day of May, 2019

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 Sixth Annual Report of the Company together with the audited financial statements for the year ended March 31, 2019.

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

(₹ in million)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Profit before Finance Charge, Depreciation & Tax	13.97	16.58
Less: Finance Charge	0.38	0.77
Profit before Depreciation & Tax	13.59	15.81
Less: Depreciation / Amortization	6.14	6.54
Profit before Tax	7.45	9.27
Less: Tax Expenses – Current / Earlier years	3.04	2.72
Less : Deferred Tax for the year	(1.28)	(19.84)
Profit after Tax	5.69	26.39
Profit brought forward from earlier year :	99.45	75.59
Profit transfer from OCI Reserve:	7.96	4.19
Profit available for Appropriation	113.10	106.17
APPROPRIATIONS		
Dividend including Dividend Tax	6.73	6.72
Profit carried to Balance Sheet	106.37	99.45

FINANCIAL AND OPERATIONAL PERFORMANCE

Operating profit (PBDIT) of the Company for the year was ₹ 13.97 million (previous year ₹ 16.58 million). Profit after tax for the year was ₹ 5.69 million (₹ 26.39 million in the previous year).

Net worth of the Company as on March 31, 2019 was ₹ 1091.10 million (previous year ₹ 1106.66 million).

(b) CAPITAL

The paid up Equity Share Capital as on March 31, 2019 stood at ₹ 55,850,000/- divided into 5,585,000 equity shares of ₹ 10/- each.

(c) DIVIDEND

The economy is going through a big slowdown and there is major turmoil in the credit markets. Further, it is expected that the first half of the current Financial Year is going to be a tough period. Therefore in view of the slowdown in the economy and virtual stoppage of



lending by some of the non banking financial companies with whom the company used to do business and also to conserve the resources, the Board of Directors of the Company do not recommend any dividend for the year (previous year Re. 1/- per share).

(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 2011-12 is due for transfer to Investor Education and Protection Fund during October/November 2019. 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. The Company's long term debt as on 31st March, 2019 was ₹ 3.93 million (Previous Year ₹ 5.18 million)

3.1 DEPOSITS

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

3.2 PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The particulars of loans, guarantees and investments have been disclosed in 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 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, 2019, there is 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)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Profit/(Loss) before Finance Charge, Depreciation & Tax	(0.78)	(1.42)
Less: Finance Charge	-	-
Profit/(Loss) before Depreciation & Tax	(0.78)	(1.42)
Less: Depreciation / Amortization	0.10	0.14
Profit/ (Loss) before Tax	(0.88)	(1.56)
Less : Tax Expenses	(0.06)	0.01
Profit/ (Loss) after Tax	(0.94)	(1.55)
Profit/(Loss) brought forward from earlier years :	(4.50)	(2.95)
Profit/(Loss) carried to Balance Sheet	(5.44)	(4.50)

6. YEAR IN RETROSPECT AND FUTURE OUTLOOK

The first half of FY 2018-19 saw GDP growth at 7.5%. However, GDP growth is estimated to have decelerated to 6.6% in third quarter of Financial Year 2018-19 and less than 6% in the fourth quarter of 2018-19. There has been severe slowdown in credit off-take. In the second half of the year 2018-19 investment as a share of GDP has been falling and private sector investment has not just stalled but declined significantly impacting growth and new job creation. The unemployment figure in end March 2018 is estimated around 6.1% is at an all time high. The Consumer Price Index (CPI) inflation was at 2.9% at the end of the year in March 2019, lower than 4.6% in April 2018. Food inflation decreased from 2.8% in April 2018 to 0.3% in March 2019. WPI inflation was at 3.2% in March 2019, lower than 3.6% in April 2018. Fiscal year 2019 ended on a positive note for Indian stock markets. In the calendar year 2018, a sharp fall in the stock markets was witnessed due to heightened volatility driven by both global macroeconomic developments and domestic events. However, a rapid recovery in first quarter of calendar year 2019 backed by investments by Foreign Institutional Investors on the hope of a stable government coming to power in the ensuing elections.

Meanwhile the US-China trade war has escalated. Tension between the US and Iran have risen to a dangerous level and this has pushed oil prices to around \$70 per barrel. Sharp rise in oil Prices & then a dramatic fall and thereafter a rebound, resolution of some large NPAs under Indian Bankruptcy Code (IBC), Policy rate hikes of 50 bps by RBI and then cut by 25 bps, NBFCs liquidity concerns, change of guard at RBI, muted inflation led by lower food prices, INR depreciation etc were key events of the year under review.

The International Monetary Fund (IMF) estimates global economic growth to slowdown to 3.3% in 2019. That's down from 4% in 2017 and 3.6% in 2018.



The Current Account Deficit increased to 2.6% of GDP in April-December 2018 from 1.8% in the corresponding period of 2017-18 due to a widening of the trade deficit. Trade deficit increased from USD 118.4 billion in April-December 2017 to USD 145.3 billion in April-December 2018.

RBI increased the policy repo rate twice during the year, from 6% to 6.25% in June 2018 and from 6.25% to 6.5% in August 2018. In February 2019, it was reduced back to 6.25%. The reverse repo rate was raised twice during the year, from 5.75% to 6% in June 2018 and from 6% to 6.25% in August 2018. In February 2019, it was reduced back to 6%.

Due to various defaults in the credit market, your company was affected as its loan syndication business slowed down due to a virtual stoppage in lending by some NBFC's and assignments which were at an advanced stage could not be completed. It appears that first half of 2019-20 could be a tough period for the economy, If government spending remains slow and liquidity shortage continues. It is expected that the newly elected stable government at centre will take immediate steps for improving credit flows and put economy firmly back on fast growth in the second half of the year.

Your Company is registered as Category I Merchant Banker and executes assignments in areas of Mergers and Acquisitions, Loan Syndication, Placement of Equity Shares and Bonds.

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 2019-20 have been paid. 99.07 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) 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.
- (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 ₹ 1.57 million (previous year ₹ 1.13 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.

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 ratification by the members at the ensuing Annual General Meeting by passing a Special Resolution, Mr. Kishor Shah has been re-appointed as the Managing Director of the Company with effect from April 1, 2018 for a further period of 3 (three) years. The same was ratified in the ensuing Annual General Meeting. 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. Utsav Parekh , Non- Executive Chairman, 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. Utsav Parekh ,nature of their expertise in specific functional areas, names of companies in which he hold his directorship and/or membership/chairmanship of committees of Board, his shareholding is furnished in Corporate Governance elsewhere in the Annual Report.

The Board of Directors had on recommendation of Nomination & Remuneration Committee held on November 10, 2018 re-appointed Mr. Ramesh Maheshwari, Mr. Santosh Kumar Mukherjee and Mrs. Ramya Hariharan as an Non –Executive ,Independent Director for another term of 5 consecutive years beginning from April 1, 2019 to March 31, 2024 by conducting a Postal Ballot the results of which were announced on January 16, 2019.

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.

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 contents of which are placed on the website of the Company at www.smifscap.com

13.3 MEETINGS

During the year four 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.

M/s S. K. Agarwal & Co., Chartered Accountants, Kolkata (Firm Registration No.: 306033E) were appointed as the Statutory Auditors of the Company for a term of 4 years from the conclusion of the Thirty Fifth Annual General Meeting until the conclusion of the Thirty Ninth Annual General Meeting of the Company subject to the ratification by the Members at every Annual General Meeting , at a remuneration to be decided by the Board of Directors.

Since, the first proviso of Section 139 has been omitted w.e.f. May 7, 2018 by the Companies (Amendment) Act, 2017 which requires companies to place the appointment of Statutory Auditors for ratification before the members at every Annual General Meeting of the Company, the

ratification of appointment of M/s S. K. Agarwal & Co., Chartered Accountants, Kolkata (Firm Registration No.: 306033E) as the Statutory Auditors of the Company will not be placed before the Members at the ensuing Annual General Meeting of the Company.

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 Mr. Sadhansu Sekhar Panigrahi, Company Secretary 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

Extract of Annual Return in Form MGT-9 is available at the website of the Company at www.smifscap.com

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 operations.

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 28th day of May, 2019

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 first half of FY 2018-19 saw GDP growth at 7.5%. However, GDP growth is estimated to have decelerated to 6.6% in third quarter of Financial Year 2018-19 and less than 6% in the fourth quarter of 2018-19. There has been severe slowdown in credit off-take. In the second half of the year 2018-19 investment as a share of GDP has been falling and private sector investment has not just stalled but declined significantly impacting growth and new job creation. The Consumer Price Index (CPI) inflation was at 2.9% at the end of the year in March 2019, lower than 4.6% in April 2018. Food inflation decreased from 2.8% in April 2018 to 0.3% in March 2019.

RBI increased the policy repo rate (rate at which RBI lends money to commercial banks) twice during the year, from 6% to 6.25% in June 2018 and from 6.25% to 6.5% in August 2018. In February 2019, it reduced Repo Rate to 6.25%. BSE Sensex was 38,672.91 as on 31st March, 2019 (Previous year 32,968.68).

3. OPPORTUNITIES

Rising incomes are driving the demand for financial services across income brackets. India benefits from a large cross utilization of channels to expand reach of financial services. Government has approved new banking licences and increased the FDI limit in insurance sector. Credit, Insurance and investment penetration is rising in rural areas. Moreover, the Association of Mutual Funds in India (AMFI) is targeting nearly five fold growth in assets under management (AUM) to Rs 95 lakh crore (US\$ 1.47 trillion) and a more than three times growth in investor accounts to 130 million by 2025. This could throw up opportunities for companies in the financial services industry.

Valuations of Indian equities are near long term average, as for now the market has confidence about high-teens earnings growth for the Indian market in FY2020, macroeconomic conditions improving and posing limited threats to India's economic and earnings growth. Inflation risks could also rise from potential El Nino effects, with early forecasts of slightly below normal monsoon which could also impact rural growth.

4. THREATS

The defaults of IL & FS group sparked panic both in the credit markets and among equity investors. The funding of most of the NBFC's and housing finance companies completely dried up as mutual funds stopped giving fresh funds to these companies after the default by IL & FS group and large repayments were due by these companies to mutual funds between September 2018 to June

2019 leading to a severe slowdown in credit markets. The housing and consumption goods sectors have been adversely impacted by the problems at NBFC's.

5. CAPITAL MARKETS

As on March 31, 2019, BSE Sensex was 38,672.91 (previous year 32,968.68).

6. STANDALONE FINANCIALS

Your Company's revenues for the year ended 31st March, 2019 was ₹ 441.88 million (Previous Year ₹ 506.20 million). Profits after Tax (PAT) was ₹ 5.69 million (Previous year ₹ 26.39 million).

7. FUTURE OUTLOOK

Although the RBI has lowered its FY20E growth projection to 7.2%, this is still relatively higher than other major economies. The economy is currently facing a severe slowdown and it is anticipated that new government will take necessary steps to put economy firmly back on path of faster growth by infusing liquidity and revive spending. With rising incomes changing the way India spends, discretionary consumption is expected to drive India's growth going forward. Initiatives like 100% electrification and universal banking, key reforms implemented by the government such as GST, IBC, recapitalization of PSU banks, RERA and affordable housing, and the planned \$1 trillion infra push on roads, dedicated freight corridors etc are likely to support India's growth. Monetary policy is easing as seen in the RBI cutting its policy rate. This should provide space for the economy to grow. Your company is hopeful of executing current assignments which will enable it to tide over the situation in the current year. In the short-run, the economy has to reckon with the cumulative effects of a slowing global economy, higher oil prices, cuts in government capital expenditure and problems at NBFCs.

Your company is hopeful of executing business in the areas of mergers and acquisitions, debt restructuring, loan syndication and raising equity capital for companies, once current slowdown in the economy is contained and economy moves back to faster growth.

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 paperless 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 28th day of May, 2019

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 of Managerial Personnel) Rules, 2014]

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

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”). 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 ended on 31st March 2019, 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 31st March 2019, according to the applicable provision of:

- (i) The Companies Act, 2013 (the act) and the rules made there under;
- (ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the regulation and Bye-laws framed there under ;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulation 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) Regulation, 2011;

- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 1992 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 Discloser Requirement) Regulations, 2009 **(The Company has neither issued nor listed any securities 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 **(The Company has neither issued nor listed any debt securities 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, **(No Equity Shares have been delisted by the Company during the audit period)** and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(No Securities have been bought back by 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) Employee's State Insurance Act 1948 and The Employee's State Insurance (Central) Rules 1950;
 - (j) Employee's 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 Obligation 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 in 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, Women Directors and Independent Directors. There is no changes in the composition of the Board of Directors during the period under review.

Adequate notice was given to all directors to schedule the Board Meeting. Agenda and details note on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaning full participation at the Meeting.

Majority of 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, the Company may adopt better system in the above connection.

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 affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

Place: Kolkata
Date : 18.05.2019

Sudhansu Sekhar Panigrahi
Practicing Company Secretaries
Membership No. : 23187
C.P No. : 19649

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 practice 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, standard 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.

Place: Kolkata
Date : 18.05.2019

Sudhansu Sekhar Panigrahi
Practicing Company Secretaries
Membership No. : 23187
C.P No. : 19649

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	24.38
2	Mr. Shreemanta Banerjee	5.00
3	Ms. Poonam Bhatia	2.35

The Median Remuneration of all employees for 2018-19 is Rs 3,08,933/-.

- (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	15.10%
2	Mr.Shreemanta Banerjee	25.47%
3	Ms.Poonam Bhatia	14.43%

- (iii) The percentage increase in the median remuneration of employees in the financial year: 10%
- (iv) The number of permanent employees on the rolls of Company.
- There are 24 permanent employees on the rolls of the Company as on March 31, 2019.
- (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, 2019 decreased by 19.6% whereas the increase in median remuneration was 10%.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 16.56% from ₹ 84,10,412/- in 2017-18 to ₹ 98,03,572/- in 2018-19 whereas the Profit Before Tax decreased by 19.6% to ₹ 7.46 million in 2018-19 (₹ 9.27 million in 2017-18).
- (vii) a) Variations in the market capitalisation of the Company : The market capitalisation as on March 31, 2019 was ₹ 217.815/- Million (₹317.228/- Million as on March 31, 2018)
- b) Price Earnings Ratio of the Company was 38.3 as at March 31, 2019 and was 12.02 at March 31, 2018

- 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 ₹ 1,000 invested in the said IPO would be worth ₹ 3900 /- as on March 31, 2019. 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. 2018-19 was 10% whereas the increase in the managerial remuneration for the same financial year was 16.56%.
- (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 28th day of May, 2019

For and on behalf of the Board of Directors

Sd/-

(UTSAV PAREKH)

Chairman

(DIN No. 00027642)



CORPORATE GOVERNANCE REPORT FOR THE YEAR 2018-19

[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, 2019 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

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, 2019 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 2018 - 2019 Attendance at Board Meetings	Year 2017 - 2018 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 Chairman
Mr. Utsav Parekh–Non Executive Chairman	Promoter Non-Independent	4	No	7	1	4
Mr. Ramesh Maheshwari	Independent	2	No	3	0	0
Mrs. Ramya Hariharan	Independent	3	No	6	5	0
Mr. Santosh Kumar Mukherjee	Independent	4	Yes	2	0	0
Mr. Ajay Kumar Kayan	Promoter Non-Independent	4	No	2	0	0
Mr. Kishor Shah	Managing Director	4	Yes	2	1	0
Mrs. Pushpa Mishra	Independent	4	Yes	0	0	0



Category of Directorship in Listed Company as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Sl. No	Name of Director	Name of the Listed Entity	Category of Directorship
1.	Mr. Utsav Parekh	SMIFS Capital Markets Limited	Non-Executive - Non Independent Director
		Texmaco Infrastructure & Holdings Limited	Non-Executive - Independent Director
		Xpro India Limited	Non-Executive - Independent Director
		Texmaco Rail & Engineering Limited	Non-Executive - Independent Director
		Spencer's Retail Limited	Non-Executive - Independent Director
2.	Mr. Kishor Shah	SMIFS Capital Markets Limited	Managing Director
3.	Mr. Ajay Kumar Kayan	SMIFS Capital Markets Limited	Non-Executive - Non Independent Director
4.	Mr. Ramesh Maheshwari	SMIFS Capital Markets Limited	Non-Executive - Independent Director
5.	Mr. Santosh Kumar Mukherjee	SMIFS Capital Markets Limited	Non-Executive - Independent Director
6.	Mrs. Ramya Hariharan	SMIFS Capital Markets Limited	Non-Executive - Independent Director
		AI Champdany Industries Limited	Non-Executive - Independent Director
		Kkalpana Industries (India) Ltd	Non-Executive - Independent Director
		Tayo Rolls Limited	Non-Executive - Independent Director
7.	Mrs. Pushpa Mishra	SMIFS Capital Markets Limited	Non-Executive - Independent Director

Skills/Expertise/Competence of the Board of Directors

1. Mr. Utsav Parekh- Mr. Utsav Parekh is a Graduate in Commerce and has over 35 Years of experience in Investment Banking. He is one of the most reputed Investment Bankers in Kolkata. He serves on the Board of several leading company in the country like Texmaco Infrastructure & Holdings Limited, Texmaco Rail & Engineering Limited, Spencer's Retail Limited etc. He is also a Member of Indian Chamber of Commerce, Calcutta.
2. Mr. Ramesh Maheshwari - Mr. Ramesh Maheshwari is a Bachelor of Law and Post Graduate in Commerce. He was on the board of many prestigious companies and he was on the Board of Birla

Institute of Management Technology (IMT), New Delhi and Indian Institute of Management (IIM), Bangalore. He was also the Chairman of Engineering Export Promotion Council (EEPC), National President of Confederation of Indian Industry (CII), member of the Tandon Committee of Reserve Bank of India to frame guidelines for bank credit.

3. Mr. Ajay Kumar Kayan- Mr. Ajay Kumar Kayan is a Graduate in Commerce and has profound knowledge of the Securities Market of the country. He is on the Board of several companies.
4. Mr. Santosh Kumar Mukherjee- Mr. Santosh Kumar Mukherjee is a Graduate in Commerce and Arts. He is also a Fellow Member of The Institute of Chartered Accountants of India. He has a Profound knowledge of Securities Market of the country.
5. Mrs. Ramya Hariharan- Mrs. Ramya Hariharan is a Bachelor of Law and Associate Member of The Institute of Company Secretaries of India. She is a Corporate lawyer who specialises in mergers and acquisition, general corporate advisory, projects and banking and finance.
6. Mr. Kishor Shah- Mr. Kishor Shah is a Graduate in Commerce, Associate Member of The Institute of Chartered Accountants of India, Associate Member of The Institute of Company Secretaries of India .He was previously the Managing Director of C.D.Capital Markets Ltd., (for over eight years) who are Category I Merchant Banker. He heads activities related to mergers & acquisitions, demergers, public & rights issues, private placements, loan syndication and distribution of various financial products.
7. Mrs. Pushpa Mishra- Mrs. Pushpa Mishra is a Bachelor of Law. She has over 17 years of experience in legal profession. Mrs. Mishra has vast experience in the fields of Commercial Law, Company Law, Arbitration Laws, Constitutional provisions and other allied law.

III. Board Meetings

Four 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 30, 2018
Second	August 10, 2018
Third	November 10, 2018
Fourth	February 9, 2019

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 2018-19	
		Held	Attended
Mr. Santosh Kumar Mukherjee – Chairman	Independent, Non-Executive	4	4
Mr. Utsav Parekh	Non-Independent, Non-Executive	4	4
Mrs. Ramya Hariharan	Independent, Non-Executive	4	3
Mrs. Pushpa Mishra	Independent, Non-Executive	4	4

- (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 30, 2018
Second	August 10, 2018
Third	November 10, 2018
Fourth	February 9, 2019

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:
1. 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.
 2. The Committee while formulating the policy will ensure that—
 - a) 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.
 - b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - c) 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.
 3. Formulation of criteria for evaluation of Independent Directors and the Board.
 4. 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 2018-19	
		Held	Attended
Mr. Ramesh Maheshwari – Chairman	Independent, Non-Executive	1	0
Mr. SantoshKumar Mukherjee	Independent, Non-Executive	1	1
Mrs. Ramya Hariharan	Independent, Non-Executive	1	1
Mrs. Pushpa Mishra	Independent, Non-Executive	1	1

The Company Secretary is the Secretary of the Committee.

(iv) Details of Remuneration received by the Directors for the year ended March 31, 2019:

(a) Non-Executive Directors

Name	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 Stakeholders Relationship Committee Meetings Attended	Total Sitting Fees for Stakeholders Relationship Committee Meetings Attended (₹)	Commission (₹)	Total (₹)
Mr. Utsav Parekh	4	30,000	4	4,000	-	-	-	-	-	34,000
Mr. Ramesh Maheshwari	2	15,000	-	-	0	-	-	-	-	15,000
Mrs. Ramya Hariharan	3	22,500	3	3,000	1	1,000	-	-	-	26,500
Mr. Santosh Kumar Mukherjee	4	30,000	4	4,000	1	1,000	-	-	-	35,000
Mr. Ajay Kumar Kayan	4	30,000	-	-	-	-	-	-	-	30,000
Mrs. Pushpa Mishra	4	30,000	4	4,000	1	1,000	-	-	-	35,000

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 ₹ 7,500/- which is within the limits fixed by the Central Government. Fee of ₹ 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, 2019 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. Pushpa Mishra	Non-Executive-Independent Director	150	0.00

b) Managing Director

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

Name	Salary & Other Allowances	Bonus/Ex-Gratia	Provident Fund
Mr. Kishor Shah	₹ 63,94,307	₹ 11,37,648	₹ 5,48,640



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. The Policy is made available on the Company's website at www.smifscap.com

• **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 3(Three) Directors namely Mr. Santosh Kumar Mukherjee, Mrs. Pushpa Mishra and Mr. Kishor Shah of which 2 (Two) 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.

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 9, 2019, 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 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:

	2015-2016	2016-2017	2017-2018
Date	September 24, 2016	September 23, 2017	September 22, 2018
Time	10.00 A.M.	10.00A.M	10.00A.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	No	No	Yes

At the Annual General Meeting held on September 22, 2018 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, 2018.

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.
- 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.
- 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 at 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, 2018, unaudited results published in Business Standard (English) and Ek Din (Bengali) on August 11, 2018.</p> <p>ii) Second Quarter and half-yearly results ended September 30, 2018 published in Business Standard (English) and Ek Din (Bengali) on November 11, 2018.</p> <p>iii) Third Quarter and nine months ended December 31, 2018 unaudited results published in Business Standard (English) and Ek Din (Bengali) on February 10, 2019.</p> <p>iv) Fourth Quarter and year ended March 31, 2019 audited results published in Business Standard (English) and Ek Din (Bengali) on May 29, 2019.</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 www.smifscap.com
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 14, 2019
- Time : 10.00 a.m.
- (ii) Venue Rrangoli Banquet Hall, "Vaibhav", 4 Lee Road Ground Floor, Kolkata- 700020
- (iii) Financial Calendar : April 1, 2018 to March 31, 2019
- (iv) Date of Book Closure : September 7, 2019 (Saturday) to September 14, 2019 (Saturday) (both days inclusive)
- (v) Listing on Stock Exchange: Equity shares of the Company are listed on BSE Limited (BSE) and The Calcutta Stock Exchange Limited (CSE).

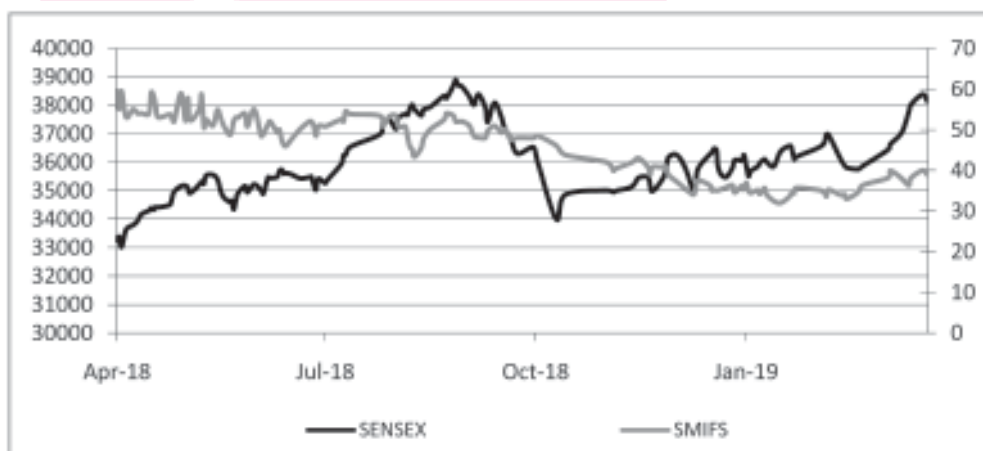


- (vi) Payment of Annual Listing Fees: The Annual Listing Fees for the Financial year 2018-2019 has been paid to BSE Limited (BSE) and The Calcutta Stock Exchange Limited (CSE).
- (vii) Stock Code : 508905 – BSE
29354 – CSE
- (viii) ISIN Number for NSDL / CDSL: INE641A01013
- (ix) Market Price Information

The following table gives the monthly high and low prices of the Equity shares traded at BSE during the year 2018-2019

Month	Volume Traded	High Price	Low Price
Apr-18	18,282	59.55	49.15
May-18	26,807	59.85	45.75
Jun-18	15,335	57.00	46.00
Jul-18	1,799	54.55	50.75
Aug-18	7,917	55.90	43.35
Sep-18	23,197	51.30	45.60
Oct-18	2,993	49.00	43.80
Nov-18	9,145	43.00	37.20
Dec-18	8,411	38.95	32.35
Jan-19	10,393	38.35	30.50
Feb-19	11,779	36.35	33.00
Mar-19	7,433	40.00	34.50

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.

(x) Registrar and Transfer Agents:

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

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

Fax : (033) 2248-4787

E-mail : mdpldc@yahoo.com

(xi) 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.

(xii) 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.

(xiii) Shareholding as on March 31, 2019:

(a) Category of Shareholding as on March 31, 2019

Category	No. of Shares held	% of Capital
RESIDENT INDIVIDUALS	16,35,860	29.29
FINANCIAL INSTITUTIONS / BANK	-	-
FOREIGN PORTFOLIO INVESTORS	5,50,000	9.85
CORPORATE BODIES-DOMESTIC	8,60,087	15.40
INDIAN PROMOTERS:		
a) Individuals	7,84,350	14.04
b) Corporate Bodies	17,49,701	31.33
NRIs / OVERSEAS CORP. BODIES (OCBs)	5,002	0.09
TOTAL	55,85,000	100



(b) Distribution of Shareholding as on March 31, 2019

No. of Shares held	No. of Shareholders	Total no. of Shares held
Upto 500	976	98149
501-1,000	92	74282
1,001-2,000	74	110360
2,001-3,000	31	83924
3,001-4,000	17	60650
4,001-5,000	6	29050
5,001-10,000	27	189348
10,001 and Above	28	4939237
Total	1251	5585000

(xiv) 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.

(xv) 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. Further the same was amended vide SEBI Circular No. SEBI/LAD/NRO/GN/2018/59 dated December 31, 2018. 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.

(xvi) 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.

(xvii) Plant location:

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

(xviii) Investor Correspondence

Any query relating to financial statements of the Company may be addressed to the Chief Financial Officer of the Company:	Investors' Correspondence may be addressed to the Compliance Officer of the Company:
Mr. Shreemanta Banerjee CFO-cum- 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: smifcap@gmail.com	Vaibhav, 4F, 4 Lee Road, Kolkata – 700 020 Telephone: (033) 2290 7400/ 7401 Fax: (033) 2287 4042 E-mail: cs.smifs@gmail.com, smifcap@gmail.com

(xix) 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 2018-19.

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

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

Mr. Utsav Parekh(DIN NO. 00027642), aged about 62 years, is B.Com (H) with more than three decades of experience. He started his illustrious career by entering into stock broking and received exposure in various aspects of the stock market as a partner of Stewart & Company. He is today acknowledged as one of the most reputed Investment Bankers in Kolkata. He serves on the Board of several leading Corporates in the Country.

Sl No.	Particulars	Nature Of Office
	Directorship	
i.	Bengal Aerotropolis Projects Limited	Director
ii.	Nexome Real Estates Private Limited	Director
iii.	Texmaco Infrastructure & Holdings Limited	Director
iv.	Wizcraft International Entertainment Private Limited	Director
v.	XPRO India Limited	Director
vi.	Lend Lease Company (India) Limited	Director
vii.	SMIFS Capital Services Limited	Director
viii.	Texmaco Rail & Engineering Limited	Director
ix.	Spencer's Retail Limited	Director
x.	AAR Indamer Technics Private Limited	Director

SECTION 8 COMPANY

xi.	Indian Chamber of Commerce	Member
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LIMITED LIABILITY PARTNERSHIP

xii.	Catch 22 Infomatics LLP	Designated Partner
xiii.	Nexome Realty LLP	Designated Partner
xiv.	Nexome Sports LLP	Designated Partner

(xxi) Details of total fees paid to Statutory Auditors

The details of total fees for all services paid by the Company on a consolidated basis, to the Statutory Auditor are as follows:

(Amount in ₹)

Type of Service	Financial Year 2018-19
Statutory Audit Fees	1,75,000
Tax Audit Fees	15,000
Limited Review Report Fees	15,000
Certification Fees	5,000
Total	2,10,000

(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- 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, 2019 was placed before the Board of Directors of the Company in its meeting held on May 28, 2019.

Regd. Office:

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

The 28th day of May, 2019

For and on behalf of the Board of Directors

Sd/-

(UTSAV PAREKH)

Chairman

(DIN No. 00027642)

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	:	₹ 210,953
4. Total Assets	:	₹ 76,623,548
5. Total Liabilities	:	₹ 1,411,895
6. Investments	:	₹ 51,233,457
7. Turnover	:	₹ 1,830,388
8. Profit before taxation	:	₹ (880,062)
9. Tax Expense	:	₹ 58,621
10. Profit after taxation	:	₹ (938,683)
11. % of shareholding	:	100%

Regd. Office:

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

The 28th day of May, 2019

For and on behalf of the Board of Directors

Sd/-

(UTSAV PAREKH)

Chairman

(DIN No. 00027642)



CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To
The Members of
SMIFS Capital Markets Ltd
Vaibhav, 4F, 4 Lee Road,
Kolkata – 700 020

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of SMIFS Capital Markets Limited having CIN L74300WB1983PLC036342 and having registered office at Vaibhav, 4F, 4 Lee Road, Kolkata – 700 020 (hereinafter referred to as “the Company”), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No	Name of Director	DIN	Date of Appointment in Company
1	Mr. Utsav Parekh	00027642	28/05/1990
2	Mr. Kishor Shah	00170502	31/01/2002
3	Mr. Santosh Kumar Mukherjee	00170646	16/09/2006
4	Mr. Ramesh Maheshwari	00170811	10/07/1990
5	Mr. Ajay Kumar Kayan	00239123	30/06/2007
6	Mrs. Ramya Hariharan	06928511	20/09/2014
7	Mrs. Pushpa Mishra	07898390	25/09/2017

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Kolkata
Date : 22.05.2019

Signature:
Name: Sudhansu Sekhar Panigrahi
Membership: 23187
CP No: 19649

INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE TO THE MEMBERS OF SMIFS CAPITAL MARKETS LIMITED

1. We have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31st March, 2019, 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, as amended (the Listing Regulations).

Managements' Responsibility

2. 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.

Auditor's Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of account 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.
5. 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.
6. 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.

Opinion

7. 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, 2019.
8. 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 and Co.
Chartered Accountants
Firm's Registration No: 306033E

Vivek Agarwal
Partner
Membership No: 301571

Date : 28th day of May, 2019

SMIFS CAPITAL MARKETS LIMITED

10 Years' Highlights	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Equity Capital	55.85	55.85	55.85	55.85	55.85	55.85	55.85	55.85	55.85	55.85
Reserves & Surplus	695.89	683.48	1,004.21	1,001.69	993.87	993.88	967.71	995.01	1,050.81	1035.25
Borrowings	24.01	5.52	3.24	3.28	1.83	0.68	0.75	2.10	5.18	3.93
Profit/loss before tax	40.20	62.74	52.55	13.67	4.62	10.04	10.99	9.65	9.36	7.45
Profit/loss after tax	51.16	54.48	39.40	10.19	2.09	9.55	8.49	8.55	26.39	5.69
Dividend per share in ₹	-	1.50	1.70	1.40	1.40	1.00	1.00	0.75	1.00	1.00
Net worth	695.89	739.33	1,060.06	1,057.54	1,049.72	1,049.73	1,023.56	1050.86	1106.66	1,091.10
Earnings per share (In ₹)	9.16	9.76	7.05	1.82	0.37	1.71	1.52	1.53	4.73	1.02
Book value per share (In ₹)	124.60	132.38	189.81	189.35	187.95	187.95	183.27	188.16	198.15	195.36

(₹ in Million)

INDEPENDENT AUDITOR'S REPORT

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

Report on the audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of SMIFS CAPITAL MARKETS LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2019, profit and total comprehensive loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

S. No.	Key Audit Matter	Auditor's Response
1.	<p>Direct Tax provision</p> <p>In the normal course of business, "Income Taxes" as the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period</p>	<p>Our procedures included: -</p> <p>Control testing:</p> <ul style="list-style-type: none"> - Testing the effectiveness of the controls around the recording and re-assessment of tax provisions. <p>Our tax expertise:</p> <ul style="list-style-type: none"> - Use of our own tax specialists to perform an assessment of the related correspondence, to consider the computation of tax provisions.

S. No.	Key Audit Matter	Auditor's Response
		<p>- Challenging the assumptions using our own expectations based on our knowledge, considering relevant judgments passed by authorities, as well as assessing relevant opinions from third parties.</p> <p>Assessing disclosures:</p> <p>Considering the adequacy of the disclosures in respect of tax and uncertain tax positions. Our results</p> <p>The results of our testing were satisfactory, and we found the level of tax provisioning to be acceptable</p>
2.	<p>Valuation of investment in certain equity interests of listed and unlisted company</p> <p>Refer note 3 to the standalone financial statements</p> <p>The investment in certain equity interests of an listed and unlisted company (the 'investment') are to be measured at fair value at each reporting date, and same has been measured at fair value through other comprehensive income.</p> <p>With reference to the valuation, management had estimated the fair value of the Investment at ₹ 155,047,624 at year end.</p> <p>In consideration of the Investment is operating in an emerging industry and its fair value is highly dependent on significant management judgements. Accordingly, the valuation of the Investment was considered as one of the key audit matters</p>	<p>Based on the audit procedures performed, we found the assumptions made by management in relation to the valuation were supported by available evidence.</p>

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexure to Board's Report and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. 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; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are



inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 "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, based on our audit 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 including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- (h) 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:

- (i) The Company does not have any pending litigation which would impact its financial position in its standalone 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 are required to be transferred to Investor Education and Protection Fund by the Company.

For S K Agrawal and Co.
Chartered Accountants
Firm's Registration No: 306033E

Vivek Agarwal
Partner
Membership No: 301571

Date : 28th day of May, 2019

SMIFS



ANNEXURE - A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of SMIFS CAPITAL MARKETS LIMITED of even date)

The Annexure referred to in our Independent Auditor's Report to the members of **SMIFS CAPITAL MARKETS LIMITED** ('the Company') for the year ended on 31st March 2019. We report that:

- i.
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) The property, plant and equipment were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the property, plant and equipment at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - c) According to 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. As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on such physical verification.
- iii. In our opinion and according to the information and explanations 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 clause (iii) (a), clause (iii) (b) and clause (iii) (c) of paragraph 3 of the Order are not applicable.
- iv. Based on our audit procedure and on the basis of information and explanations given to us, we are of the 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 explanations given to us, the Company has not accepted any deposits 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) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees State Insurance, Income Tax, Duty of Customs, Goods and Services 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, 2019 for a period of more than six months from the date of becoming payable.
 - (b) According to the records of the Company, there are no dues of Income Tax, Goods and Services Tax and Cess 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 instruments) 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 year.
- 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 section 197 read with Schedule V to the Companies Act, 2013.
- xii. In our opinion 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 related parties are in compliance with sections 177 and 188 of the Companies Act, 2013, where applicable, and details of such transactions have been disclosed in the standalone financial statements, as required by the applicable Indian 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 partly convertible debentures during the year. Accordingly, clause (xiv) of paragraph 3 of the Order is not applicable.
- 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 explanations 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 and Co.
Chartered Accountants
Firm's Registration No: 306033E

Vivek Agarwal
Partner
Membership No: 301571

Date : 28th day of May, 2019

ANNEXURE - B TO THE AUDITORS' REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of SMIFS CAPITAL MARKETS LIMITED of even date)

Report on the Internal Financial Controls Over Financial Reporting 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 LIMITED ("the Company") as of 31st March, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

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, to the best of our information and according to the explanations given to us, 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 31st March, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

 SMIFS

For S K Agrawal and Co.
Chartered Accountants
Firm's Registration No: 306033E

Vivek Agarwal
Partner
Membership No: 301571

Date : 28th day of May, 2019



STATEMENT OF ACCOUNT



SMIFS CAPITAL MARKETS LIMITED
CIN NO.: L74300WB1983PLC036342
STANDALONE BALANCE SHEET AS AT 31st MARCH, 2019

Particulars	Note No.	Amount in ₹	
		As at 31st March 2019 ₹	As at 31 March 2018 ₹
ASSETS			
Non-current assets			
a) Property, plant and equipment	2	67,908,999	73,988,847
b) Financial assets			
i) Investments	3	318,801,470	371,194,943
ii) Loans	4	114,562,470	122,370,493
iii) Others	5	9,791,453	9,791,453
c) Deferred tax assets (Net)	6	25,914,300	27,260,529
d) Other non-current assets	7	73,750	14,230
		537,052,442	604,620,495
Current assets			
a) Inventories	8	328,464	585,383
b) Financial assets			
i) Trade receivables	9	512,850	781,055
ii) Cash and Cash equivalents	10	4,457,425	11,814,770
iii) Other Bank Balances	11	900,904	1,072,840
iv) Others	12	553,806,030	493,691,279
c) Current tax asset (Net)	13	4,589,190	4,710,419
d) Other current assets	14	2,471,774	2,558,989
		567,066,637	515,214,735
Total Assets		1,104,119,079	1,119,835,230
EQUITY AND LIABILITIES			
EQUITY			
a) Equity Share capital	15	55,850,000	55,850,000
b) Other equity	16	1,035,251,770	1,050,814,454
		1,091,101,770	1,106,664,454
LIABILITIES			
Non-current liabilities			
a) Financial liabilities			
i) Borrowings	17	2,610,725	3,931,000
		2,610,725	3,931,000
Current liabilities			
a) Financial liabilities			
i) Other financial liabilities	18	2,221,079	3,764,238
b) Other current liabilities	19	4,896,380	3,560,827
c) Provisions	20	3,289,125	1,914,711
		10,406,584	9,239,776
Total Equity and liabilities		1,104,119,079	1,119,835,230

Significant Accounting Policies & Notes to Financial Statements 1 To 43

As Per Our Report Of Even Date attached

FOR S. K. Agrawal and Co.

Chartered Accountants

Firm Reg. No.: 306033E

Vivek Agarwal

Partner

Membership No. : 301571

Place: Kolkata

Dated: 28th May, 2019

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 Vice President

Finance & Taxation



SMIFS CAPITAL MARKETS LIMITED

CIN NO.: L74300WB1983PLC036342

STATEMENT OF STANDALONE PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2019

Particulars	Note No.	Year ended 31st March, 2019 ₹	Year ended 31st march, 2018 ₹
INCOME			
I Revenue from operations	21	441,877,449	506,195,996
II Other Income	22	45,730,039	26,880,022
Total income(I+II)		487,607,488	533,076,018
III EXPENDITURE			
Purchases of Stock-in-Trade	23	416,942,126	476,271,641
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	24	256,919	531,479
Employee benefits expense	25	22,047,541	19,858,088
Financial Costs	26	384,240	771,115
Depreciation and amortization expense	27	6,143,830	6,542,938
Other expenses	28	34,382,405	19,834,201
Total Expense(III)		480,157,061	523,809,462
IV Profit/(loss) before exceptional items and tax		7,450,427	9,266,556
V Exceptional items		-	-
VI Profit/(loss) before tax		7,450,427	9,266,556
VII Tax expense:	29		
(1) Current tax		3,173,300	2,715,169
(2) Tax adjustment for earlier years		(133,511)	-
(3) Deferred tax		(1,276,807)	(19,841,165)
VIII Profit/(loss) for the period from continuing operations		5,687,445	26,392,552
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		5,687,445	26,392,552
XII Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss			
Remeasurement of net defined benefit liability		(1,055,837)	(681,558)
Gains and losses from investments in equity instruments designated at fair value through other comprehensive income;		(10,838,243)	36,213,105
(ii) Income tax relating to items that will not be reclassified to profit or loss		(2,623,036)	597,821
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		(14,517,116)	36,129,368
XIII Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit (Loss) and Other Comprehensive Income for the period)		(8,829,671)	62,521,920
XIV Earning per equity share:	30		
(1) Basic		1.02	4.73
(2) Diluted		1.02	4.73

Significant Accounting Policies & Notes to Financial Statements 1 To 43

As Per Our Report Of Even Date attached

FOR S. K. Agrawal and Co.

Chartered Accountants

Firm Reg. No.: 306033E

Vivek Agarwal

Partner

Membership No. : 301571

Place: Kolkata

Dated: 28th May, 2019

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 Vice President

Finance & Taxation

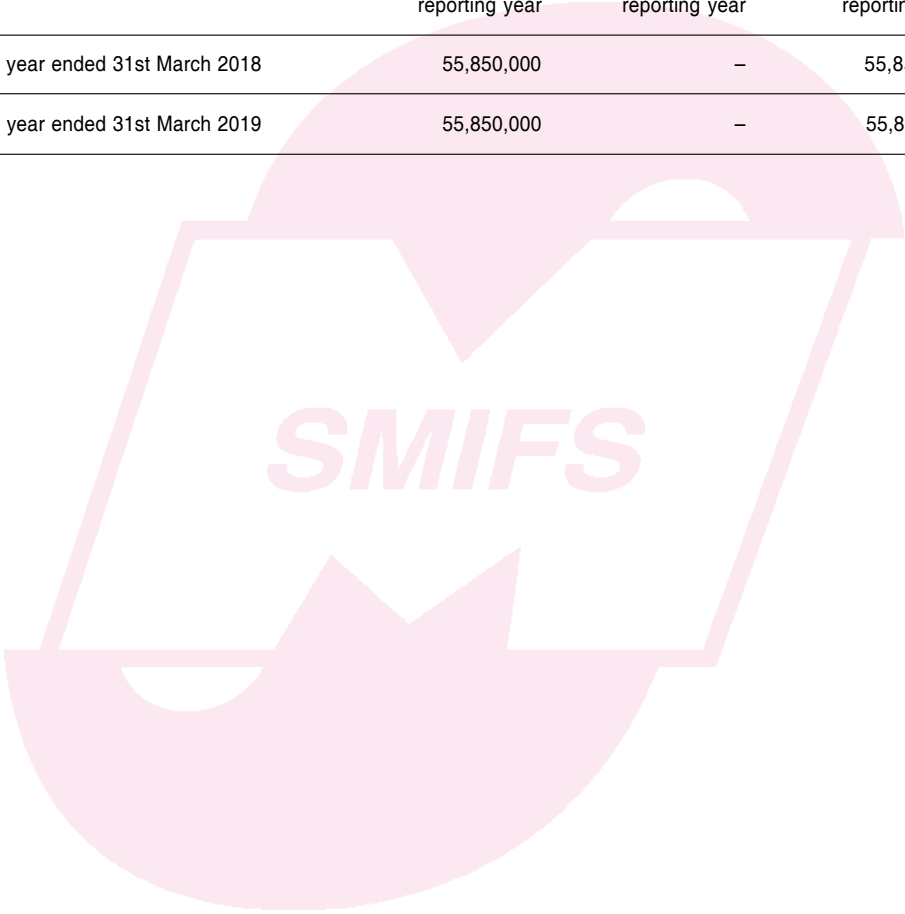


SMIFS CAPITAL MARKETS LIMITED

CIN NO.: L74300WB1983PLC036342

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2019

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 2018	55,850,000	–	55,850,000
For the year ended 31st March 2019	55,850,000	–	55,850,000





SMIFS CAPITAL MARKETS LIMITED

CIN NO.: L74300WB1983PLC036342

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2019

Other Equity

Amount in ₹

	Reserves and Surplus			Other Comprehensive Income		Total Other Equity
	Securities Premium	Capital Redemption reserve	General Reserve	Equity instruments through Comprehensive Income	Remeasurement of Defined Benefit Liability	
Balance at 1 April 2017	433,725,000	40,000,000	390,950,734	75,592,962	(463,856)	995,014,509
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	(681,558)	62,521,920
Balance at 31 March 2018	433,725,000	40,000,000	390,950,734	99,450,486	(1,145,414)	1,050,814,454
Balance at 1 April 2018	433,725,000	40,000,000	390,950,734	99,450,486	(1,145,414)	1,050,814,454
Profit for the year				5,687,445		5,687,445
Transferred from other comprehensive income				7,963,911		
Dividend Paid				5,585,000		
Dividend Distribution tax paid				1,148,013		
Other Comprehensive Income				(13,461,279)	(1,055,837)	(14,517,116)
Transferred to retained earnings				7,963,911		
Total Comprehensive Income for the year				6,918,343	(1,055,837)	(8,829,671)
Balance at 31 March 2019	433,725,000	40,000,000	390,950,734	106,368,829	(2,201,251)	1,035,251,770

As Per Our Report Of Even Date attached

FOR S. K. Agrawal and Co.

Chartered Accountants
Firm Reg. No.: 306033E

Vivek Agarwal
Partner

Membership No. : 301571

Place: Kolkata

Dated: 28th May, 2019

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 Vice President
Finance & Taxation



SMIFS CAPITAL MARKETS LIMITED

CIN NO.: L74300WB1983PLC036342

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2019

	Amount in ₹	
	31st March, 2019	31st March, 2018
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	7,450,427	9,266,556
Adjustment for		
Depreciation	6,143,830	6,542,939
(Profit) / Loss on sale of Investments	(265,244)	(474,367)
Dividend on Investment	(130)	(333,117)
Bad Debt	100,000	-
Financial Cost	384,240	771,115
'Revaluation in Financial Assets	(1,706,957)	(106,024)
Gain or Loss On Financial Asset carried at Amortised Cost	10,523,338	1,836
Interest Income	(43,366,730)	(25,339,125)
	<u>(28,187,653)</u>	<u>(18,936,743)</u>
Operating profit before Working Capital change	(20,737,226)	(9,670,187)
Adjustment for		
Trade & Other Receivables	493,202,592	(164,588,532)
Inventories	256,919	531,479
Trade and Other Payables	1,092,230	(2,146,704)
	<u>494,551,741</u>	<u>(166,203,758)</u>
Cash Generated from Operations	473,814,515	(175,873,945)
Direct Tax paid	(3,018,561)	(5,450,505)
	<u>(3,018,561)</u>	<u>(5,450,505)</u>
Net Cash Flow from Operating activity	<u>470,795,954</u>	<u>(181,324,450)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(63,983)	(5,640,125)
Purchase of Investments	(50,215,406)	(121,560,534)
Sale of Investments	93,740,899	145,125,368
Interest Income	43,366,730	25,339,125
Dividend on Investment	130	333,117
Net Cash flow from Investing Activities	<u>86,828,370</u>	<u>43,596,951</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend and Dividend Distribution Tax Paid	(6,733,013)	(6,721,975)
Interest paid	(384,240)	(771,115)
Proceeds from long-term borrowings	(1,245,696)	3,080,834
Net cash used in Financing Activities	<u>(8,362,949)</u>	<u>(4,412,256)</u>
Net increase in Cash & Cash Equivalents	549,261,375	(142,139,756)
Opening Balance of Cash & Cash Equivalents	12,887,609	155,027,365
Closing Balance of Cash & Cash Equivalents	<u>562,148,984</u>	<u>12,887,609</u>

As Per Our Report Of Even Date attached

FOR S. K. Agrawal and Co.

Chartered Accountants
Firm Reg. No.: 306033E

Vivek Agarwal
Partner
Membership No. : 301571
Place: Kolkata
Dated: 28th May, 2019

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 Vice President
Finance & Taxation



SMIFS CAPITAL MARKETS LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

The Company Information

Smifs Capital markets 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 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, 2019 were approved by the Board of Directors and authorised for issue on 28th May 2019.

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 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.

Adoption of new Indian Accounting Standards and interpretations

Ind AS 115 “Revenue from Contracts with Customers”, that replaces Ind AS 18 “Revenue” and related interpretations, introduce one single new model for recognition of revenue which includes a 5-step approach and detailed guidelines. Among other, such guidelines are on allocation of revenue to performance obligations within multi-element arrangements, measurement and recognition of variable consideration and the timing of revenue recognition. The Company has assessed the effect of the new standard and has concluded that the application of Ind AS 115 has not had significant effect on recognition and measurement of revenue.

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.

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 have 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.

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**

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is measured at the fair value of the consideration received or receivable, net of returns, discounts, volume rebates, and goods and service tax. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company regardless of when the payment is being made.

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

a. Recent accounting pronouncements

Ind AS 116: Leases

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

- Full retrospective: Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- Modified retrospective: Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application. Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:
 - Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application, or
 - An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application.

Certain practical expedients are available under both the methods.

The Company is in the process of evaluating the impact of such amendment.

Ind AS 12 Appendix C: Uncertainty over Income Tax Treatments

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The standard permits two possible methods of transition:

- i) **Full retrospective approach:** Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight, and
- ii) **Retrospectively with cumulative effect** of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives. The Company is in the process of evaluating the impact of such amendment.

Amendment to Ind AS 12: Income taxes

On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company is in the process of evaluating the impact of such amendment.

Amendment to Ind AS 19: Employee Benefits

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The Company is in the process of evaluating the impact of such amendment.

Amendment to Ind AS 103: Business Combinations and Ind AS 111: Joint Arrangement

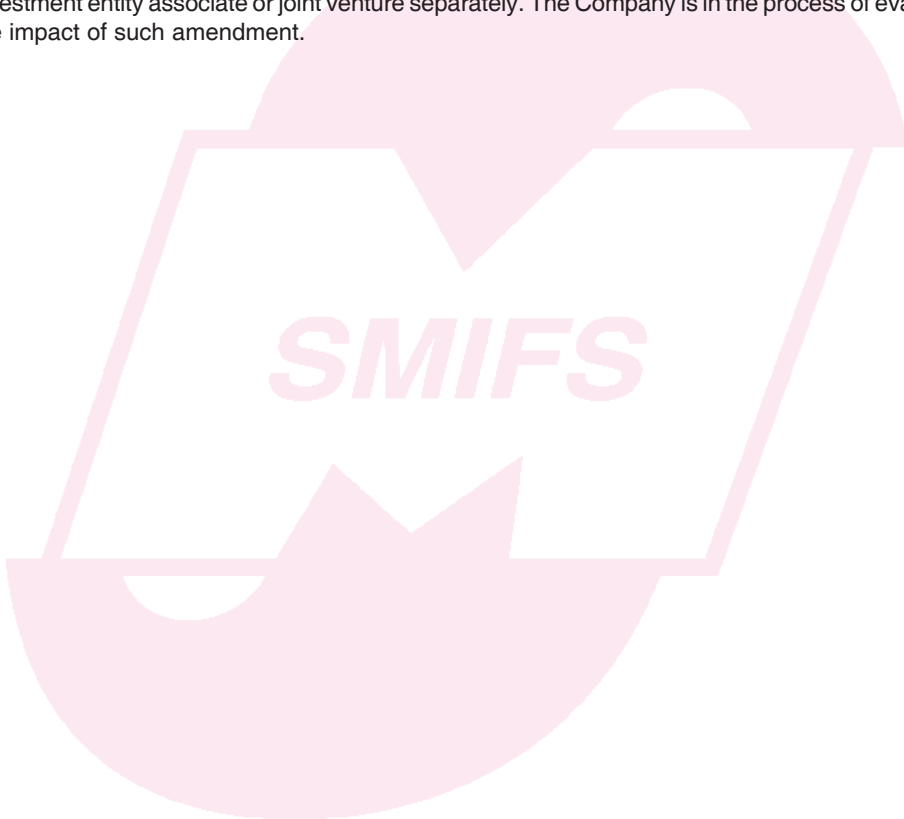
This interpretation clarifies how an entity accounts for increasing its interest in a joint operation that meets the definition of business. The Company is in the process of evaluating the impact of such amendment.

Amendments to Ind AS 23: Borrowing Costs

The amendment clarifies that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction. The Company is in the process of evaluating the impact of such amendment.

Amendments to Ind AS 28: Investments in Associates and Joint Ventures

When applying the equity method, a non-investment entity that has an interest in an investment entity associate or joint venture can elect to retain the fair value accounting applied by the associate or joint venture to its subsidiaries. Venture capital and other qualifying organizations can elect to measure investments in associates or joint ventures at fair value through profit or loss instead of applying the equity method. The amendments clarify that both these elections apply for each investment entity associate or joint venture separately. The Company is in the process of evaluating the impact of such amendment.



SMIFS CAPITAL MARKETS LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2019

Note : 2 Property Plant and Equipments

Particulars	Gross Block				Depreciation			Net Block		Amount in ₹
	As on 01.04.2018	Additions	Deductions/ Adjustments	As on 31.03.2019	As on 01.04.2018	For the year	Adjustment	As on 31.03.2019	As on 31.03.2018	
Buildings / Premises	73,373,622	-	-	73,373,622	6,574,280	3,946,229	-	10,520,509	66,799,342	
Furniture and Fixtures	129,018	-	-	129,018	106,614	14,746	-	121,360	22,404	
Office Equipment	237	15,678	-	15,914	236	12,305	-	12,541	3,373	
Vehicles	12,439,846	-	-	12,439,846	5,324,697	2,111,144	-	7,435,840	5,004,006	
Electrical Installations	5,773	-	-	5,773	5,054	465	-	5,519	254	
Computers	280,070	48,305	-	328,375	236,019	52,488	-	288,507	39,868	
Air Conditioners	181,098	-	-	181,098	173,918	6,452	-	180,371	727	
Sub total	86,409,664	63,983	-	86,473,647	12,420,818	6,143,830	-	18,564,647	67,908,999	73,988,847
Previous Year	80,769,539	5,640,125	-	86,409,664	5,877,879	6,542,938	-	12,420,817	73,988,847	

SMIFS CAPITAL MARKETS LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note : 3 Non Current Investment

Amount in ₹

Sl. No.	Particulars	As at 31st March 2019		As at 31 March 2018	
		No. /Units	Amount ₹	No. /Units	Amount ₹
1	Investments measured at amortized cost				
(a)	Investment in Preference Shares (Non Cumulative ₹ 100/- Each) Unquoted , fully paid up				
	12% Andaman Plantations & Development Corporation Pvt.Ltd	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)	Investment in Debentures (₹ 100/- Each) Unquoted, fully paid up				
	Zero% Compulsory Convertible Debenture I Care Learning Pvt.Ltd.	517,500	51,570,000	517,500	51,570,000
(c)	Investment in Govt Securities				
	6.05% Govt of India Loan - 2019(F.V. ₹ 500,000)	5,000	500,426	5,000	502,368
2	Investment carried at cost				
(a)	Investment in Subsidiary Company (Wholly Owned) Unquoted				
	Investment in Equity Shares of ₹ 10 each SMIFS Capital Services Limited	7,500,070	75,000,700	7,500,070	75,000,700
3	Investments measured at fair value through Other comprehensive Income				
(a)	Investment in Equity Shares				
	Equity shares of ₹ 10 each (Unless otherwise stated)				
	Quoted, Fully paid up				
	Aravali Securities & Finance Limited	100	396	100	340
	Aditya Birla Capital Ltd	-	-	50,000	7,297,500
	Asian Vegpro Industries Limited	300,000	300,000	300,000	300,000
	Coventry Springs & Engg. Co. Ltd	52,323	5,233	52,323	5,233
	Melstar Information Technologies Limited	300	375	300	975
	Moulik Finance & Resorts Limited	-	-	7,100	7,100
	Moving Picture (India) Limited	-	-	881,600	528,960
	Nicco UCO Alliance Credit Limited	114	23	114	42
	North Eastern Publishing & Advt Co Ltd	4,500,000	43,335,000	4,500,000	42,075,000
	Punsumi Foils & Components Limited	15,800	15,800	15,800	15,800
	Summit Securities Ltd.	156,500	92,389,775	156,500	123,642,825
	Swad Industries & Leasing Ltd	-	-	141	141
	T & I Global Ltd.	-	-	49,000	3,361,400
	VCK Capital Markets Limited	200	264	200	220
	Unquoted, Fully paid up				
	Antriksh Vyapaar Limited	800,000	18,512,000	800,000	18,576,000
	Bhatpara Papers Limited	44	391	44	391
	I Care Learning Pvt.Ltd.	-	-	775,000	775,000



SMIFS CAPITAL MARKETS LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note : 3 Non Current Investment

Amount in ₹

Sl. No.	Particulars	As at 31st March 2019		As at 31 March 2018	
		No. /Units	Amount ₹	No. /Units	Amount ₹
	Tejasri Energy Limited	5,000	50,000	5,000	50,000
	Gujarat Securities Limited	20	200	20	200
	Patriot Automation Projects Limited	-	-	2,065,350	500,000
	Sheorey Digital Systems Pvt Ltd	-	-	590,000	9,699,600
	Vaibhav Services Pvt Ltd	4,580	438,169	4,580	424,017
4	Investments measured through profit and loss				
(a)	Investment in Mutual Funds				
	Unquoted				
	Birla Sunlife '95 Fund	1,605	1,301,658	1,394	1,084,696
	JM High Liquidity Fund	2,263	115,823	2,263	107,638
	Axis Liquid Fund-Direct Growth	5,428	11,265,238	-	-
	Franklin Mutual Fund	-	-	4,490	11,668,797
	Total		318,801,470		371,194,943

Aggregate amount of unquoted Investments	182,754,605	193,959,407
Aggregate amount of quoted Investments	136,046,865	177,235,535
Aggregate market value of quoted Investments	136,046,865	177,235,535

Note : 4 Loans

Amount in ₹

Sl. No.	Particulars	As at 31st March 2019	As at 31 March 2018
	Unsecured and considered good		
1	Security Deposit	788,386	1,205,764
		788,386	1,205,764
2	Other loans	113,774,084	121,164,729
		113,774,084	121,164,729
	Total	114,562,470	122,370,493

Note : 5 Other non current financial assets

1	Receivable from Leased Assets	397,081	397,081
	Less: Provision for doubtful	(397,081)	-
2	Other Receivable *	9,791,453	9,791,453
	Total	9,791,453	9,791,453

* 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.

SMIFS CAPITAL MARKETS LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note : 6 Deferred tax Assets (Net)

Sl. No.	Particulars	Amount in ₹	
		As at 31st March 2019	As at 31 March 2018
1	Deferred tax asset		
	MAT Credit Entitlement	43,202,952	40,029,652
	Less: Deferred tax liability		
	On Disallowances under the Income Tax Act, 1961	1,232,930	611,120
	On difference between wdv as per book and wdv as per		
	Income Tax Act of fixed assets	(13,413,597)	(11,194,737)
	On Financial Instrument	(5,107,985)	(2,185,506)
		(17,288,652)	(12,769,123)
	Total	25,914,300	27,260,529

Note : 7 Other Non Current Assets

1	Other Advance	73,750	312,083
	Less: Provision for advances considered doubtful	-	(297,853)
	Total	73,750	14,230

Note : 8 Inventories

Sl. No.	Particulars	Amount in ₹			
		As at 31st March 2019		As at 31 March 2018	
		Quantity Nos	Amount ₹	Quantity Nos	Amount ₹
	Quoted : Fully Paid Up				
	AVON INDUSTRIES LTD.	9,800	9,800	9,800	9,800
	GENERAL EXPORTS & CREDITS LIMITED	45,900	45,900	45,900	45,900
	HB ESTATE DEVELOPERS LTD.	23	451	25	451
	HB PORTFOLIO LTD.	15	380	25	451
	K.H.S.L.INDUSTRIES LTD.	2,200	2,200	2,200	2,200
	KILBURN OFFICE AUTOMATION LIMITED	16,400	95,776	16,400	112,340
	LLOYDS FINANCE LTD.	50	25	50	25
	MADRAS SPINNERS LTD.	4,000	4,000	4,000	4,000
	STELLANT SECURITIES (I) LTD.SELLAID PUBLICATION (I) LTD.	680	2,570	680	2,448
	SIDHI VINAYAK LIMITED	400	400	400	400
	SINCLAIRS HOTELS LTD.	23	760	23	760
	ENSO SECUTRACK LTD.	2,500	15,925	2,500	15,925
	VIPRAS CORPN.LTD.	500	500	500	500
	WORLDLINK FINANCE LTD.	-	-	100	100



SMIFS CAPITAL MARKETS LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note : 8 Inventories

Amount in ₹

Sl. No.	Particulars	As at 31st March 2019		As at 31 March 2018	
		Quantity Nos	Amount ₹	Quantity Nos	Amount ₹
EQUITY SHARES					
PARTLY PAID SHARES: QUOTED					
	*METROPOLI OVERSEAS LIMITED(₹5/-)	29,800	29,800	29,800	29,800
Government Securities / Bonds :Quoted					
Fully paid up					
	07.46% GOVT.OF INDIA LOAN - 2017	-	-	100	10,745
	07.78% TAMILNADU UDAY LOAN -2023	-	-	500	50,270
	07.95% GOI FERTILISER LOAN-2026	-	-	1,250	129,292
EQUITY SHARES					
UNQUOTED SHARES(FULLY PAID)					
	PROCAM INTERNATIONAL LTD.	19,977	19,977	19,977	19,977
	TATA CERAMICS LIMITED	100,000	100,000	100,000	100,000
	SOFTWARE FRONTIERS LTD.	-	-	50,000	50,000
	Total		328,464		585,383

Note : 9 Trade Receivables

Sl. No.	Particulars	As at 31st March 2019	As at 31 March 2018
1	Unsecured Considered Good	512,850	781,055
	Less : Impairment Allowance	-	-
	Total	512,850	781,055

Note : 10 Cash & Cash Equivalents

1	Balance with banks	4,330,718	6,706,491
2	Cash on hand	126,707	108,279
3	Fixed Deposit With Bank	-	5,000,000
	Total	4,457,425	11,814,770

Note : 11 Other Bank Balances

1	Unclaimed Dividend account	900,904	1,072,840
	Total	900,904	1,072,840

Note : 12 Other current financial assets

1	Due from Subsidiary Co.	21,688	-
2	Interest Accrued but not due	10,833	10,833
3	Other receivables	553,773,509	493,680,446
	Total	553,806,030	493,691,279

SMIFS CAPITAL MARKETS LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note No.13 Current tax asset (Net)

Amount in ₹

Sl. No.	Particulars	As at 31st March 2019	As at 31 March 2018
1	Advance Income Tax (Net of Provision)	4,589,190	4,710,419
	Total	4,589,190	4,710,419

Note : 14 Other Current Assets

1	Balance with Statutory Authorities	879,642	95,346
2	Prepaid expenses	1,414,544	2,037,463
3	Other Advance	177,588	426,180
	Total	2,471,774	2,558,989

Note : 15 Equity Share Capital

1 AUTHORIZED

3,00,00,000 (3,00,00,000) Equity Shares of ₹ 10/- each.	300,000,000	300,000,000
20,00,000 (20,00,000) Preference Shares of ₹ 100/- each.	200,000,000	200,000,000
	500,000,000	500,000,000

2 ISSUED , SUBSCRIBED & PAID UP

55,85,000 (55,85,000) Equity Shares of ₹ 10/- each, Fully paid up	55,850,000	55,850,000
	55,850,000	55,850,000

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
Change during the year	-	-	-	-
At the closing of the reporting period	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.



SMIFS CAPITAL MARKETS LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

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
The Indiaman Fund (Mauritius) Limited	550,000	9.85	550,000	9.85
Progressive Star Finance Pvt Ltd	357,251	6.40	357,251	6.40
Ajay Kumar Kayan	402,250	7.20	402,250	7.20
S N Rajan	313,940	5.62	293,020	5.25

Note : 16 Other Equity

Sl. No.	Particulars	As at 31st March 2019	As at 31 March 2018
1	Securities Premium	433,725,000	433,725,000
2	Capital Redemption Reserve	40,000,000	40,000,000
3	General Reserve	<u>390,950,734</u>	<u>390,950,734</u>
		390,950,734	390,950,734
4	Retained Earnings :		
	Balance brought forward from previous year	99,450,486	75,592,962
	Transferred from Other Comprehensive Income	7,963,911	4,186,947
	Profit for the Year	5,687,445	26,392,552
	Less: Dividend Paid	(5,585,000)	(5,585,000)
	Corporate Dividend Tax Paid	<u>(1,148,013)</u>	<u>(1,136,975)</u>
		106,368,829	99,450,486
5	Other Comprehensive Income		
	Opening OCI	86,688,234	54,745,813
	Add: During the year OCI	(14,517,116)	36,129,368
	Less: Transferred to Retained Earning	<u>(7,963,911)</u>	<u>(4,186,947)</u>
		64,207,207	86,688,234
	Total	<u>1,035,251,770</u>	<u>1,050,814,454</u>

Note : 17 Borrowings

1 Secured Loans

From banks	3,931,000	5,176,695
Current Maturity of Long term Debt.	<u>(1,320,275)</u>	<u>(1,245,695)</u>
Total	<u>2,610,725</u>	<u>3,931,000</u>

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

17.2 Repayment Schedule:-

Term Loan (Secured):

a) HDFC Bank Ltd

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

515,657 947,577

b) HDFC Bank Ltd

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

2,095,068 2,983,422

Total

2,610,725

3,931,000

SMIFS CAPITAL MARKETS LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note : 18 Other Financial Liabilities

Amount in ₹

Sl. No.	Particulars	As at 31st March 2019	As at 31 March 2018
1	Current Maturity of Long term Debt.	1,320,275	1,245,695
2	Due to Subsidiary Co.	-	1,445,803
3	Unclaimed Dividend#	900,804	1,072,740
	Total	2,221,079	3,764,238

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

Note : 19 Other Current Liabilities

1	Statutory Dues	1,388,680	445,793
2	Liability for expenses	3,507,700	3,115,034
	Total	4,896,380	3,560,827

Note : 20 Provisions

1	Provision For Employee Benefits	3,289,125	1,914,711
	Total	3,289,125	1,914,711

Note : 21 Revenue from Operations

Sl. No.	Particulars	Year ended 31st March, 2019	Year ended 31st march, 2018
1	Sale of shares and Securities	420,253,332	480,436,145
2	Investment Banking Operations	21,624,117	25,759,851
	Total	441,877,449	506,195,996

Note : 22 Other Income

1	Interest Income		
	i) On loans	43,338,421	25,310,711
	ii) On Govt. Securities	28,309	28,414
2	Profit / Loss on Sale of Investments	265,244	474,367
3	Gain on fair valuation of financial asset	1,706,957	106,024
4	Dividend Income	130	333,117
5	Provisions no longer required	297,853	-
6	Other Non operative income	93,125	627,389
	Total	45,730,039	26,880,022

Note : 23 Purchases

1	Purchase of shares and Securities	416,942,126	476,271,641
	Total	416,942,126	476,271,641



SMIFS CAPITAL MARKETS LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note : 24 Change in Inventories / Stock

Amount in ₹

Sl. No.	Particulars	Year ended 31st March, 2019	Year ended 31st march, 2018
1	Opening Stock-Shares and Securities	585,383	1,116,862
	Closing Stock-Shares and Securities	328,464	585,383
	Total	256,919	531,479

Note : 25 Employee benefits expense

1	Salaries and wages	18,447,920	16,566,339
2	Contribution to provident and other funds	1,411,384	1,260,215
3	Staff Welfare Expenses	2,188,237	2,031,534
	Total	22,047,541	19,858,088

Note 25.1

Contribution to Defined Contribution Plans, recognised as expense for the year is as under:

Employer's Contribution to Provident Fund	1,411,384	1,260,215
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Note : 26 Financial Cost

1	Interest Expense On loans	384,240	771,115
	Total	384,240	771,115

Note : 27 Depreciation and Amortisation expense

1	Depreciation	6,143,830	6,542,938
	Total	6,143,830	6,542,938

SMIFS CAPITAL MARKETS LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note : 28 Other expenses

Sl. No.	Particulars	Amount in ₹	
		Year ended 31st March, 2019	Year ended 31st march, 2018
1	Telephone Expenses	813,902	886,857
2	Printing & Stationery Expenses	289,270	240,448
3	Professional, Legal & Consultancy Charges	10,330,742	6,524,162
4	Business Promotion Expenses	256,248	514,469
5	Rent	507,390	507,390
6	Repair - Plant & Machinery	138,958	143,312
	- Others	444,910	570,474
7	Advertisement	299,500	292,700
8	Electricity, Power & Fuel	577,614	549,021
9	Vehicle Expenses	1,365,311	1,616,043
10	Membership & Subscription Fees	1,109,958	1,394,425
11	Miscellaneous Expenses	1,705,882	1,632,487
12	Gain or Loss On Financial Asset carried at Amortised Cost	10,521,397	-
13	Bad Debt.	100,000	-
14	Rates & Taxes	346,014	395,552
15	Security Transaction Tax	10,596	95,169
16	Travelling Expenses	4,101,304	3,593,036
17	Directors Fees	175,500	160,500
18	Insurance	306,244	168,156
19	Donation	25,000	75,000
20	Sundry Balance Written Off	746,665	-
21	Auditors' Remuneration	210,000	475,000
	Total	34,382,405	19,834,201

Note : 29 Tax expenses

1	Current Tax		
	Provision For Taxation	3,173,300	2,715,169
	Income Tax Earlier Year	(133,511)	-
		3,039,789	2,715,169
2	Deferred tax	1,896,493	(17,125,996)
	Less: MAT Entitlement	(3,173,300)	(2,715,169)
		(1,276,807)	(19,841,165)
	Total	1,762,982	(17,125,996)



SMIFS CAPITAL MARKETS LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Amount in ₹

Note : 30 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 2019</u>	<u>31st March 2018</u>
Net Profit / (Loss) attributable to equity shareholders		
Profit / (Loss) after tax (₹)	5,687,445	26,392,552
Nominal value of equity share (₹)	10	10
Weighted-average number of equity shares for basic & Diluted EPS	5,585,000	5,585,000
Basic & Diluted earnings per share (₹)	1.02	4.73

Note : 31 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 STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note : 32 Commitments & Contingent Liabilities

(A) Commitments	Amount in ₹	
Descriptions	31st March 2019	31st March 2018
Unclaimed liabilities on partly paid shares	298,000	298,000
(B) Contingent Liabilities		
i) Sale Tax demand net of payment under appeal is Nil(₹91,125/-)		
ii) Demand under Employees' State Insurance under appeal is Nil (₹142,274/-)		

Note : 33 Employee Benefit Obligations

Leave Obligations

To be Recognised in PL

Current Service Cost	137,915	137,877
Interest Cost on Benefits Obligation	124,165	100,680
Expected Return on Planned Asset	-	-
Actuarial Gain/Loss	410,294	392,608
Past Service Cost	-	-
Total	672,374	631,165

Net Liability /Asset recognised in BS

Net asset/(liability) recognised in balance sheet at beginning of the period	1,773,765	1,655,527
Fair Value of Planned Asset	-	-
Funded status {Surplus/(Deficit)}	(1,773,765)	(1,655,527)
Effect of balance sheet asset	-	-
Unrecognised Past Service Cost	-	-
Net asset/(liability) recognised in balance sheet	(1,773,765)	(1,655,527)

Change in the PV of DBO during the year

PV of DBO at beginning of the year	1,655,527	1,398,327
Current Service Cost	137,915	137,877
Interest Cost on DBO	124,165	100,680
Benefits Paid from Planned Asset	(554,136)	(373,965)
Actuarial Loss/Gains	410,294	392,608
Total	1,773,765	1,655,527



SMIFS CAPITAL MARKETS LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Principal Assumption

Description	Amount in ₹	
	31st March 2019	31st March 2018
Discount Rate	7.30%	7.50%
Rate of Increase in salaries	10.00%	7.50%

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	1,773,765	1,655,527
a) Impact due to increase of 1 %	1,687,824	1,609,144
b) Impact due to decrease of 1 %	1,874,543	1,708,474

Impact of the change in salary increase

Present value of obligation at the end of the year	1,773,765	1,655,527
a) Impact due to increase of 1 %	1,877,940	1,712,960
b) Impact due to decrease of 1 %	1,683,256	1,604,470

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	518,632	613,487
Interest Cost on Benefits Obligation	19,439	(26,694)
Expected Return on Planned Asset	-	-
Actuarial Gain/Loss	-	-
Past Service Cost	-	-
Total	538,071	586,793

SMIFS CAPITAL MARKETS LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

To be Recognised in OCI	Amount in ₹	
Description	31st March 2019	31st March 2018
Actuarial Loss/Gains	1,098,074	634,813
Expected Return on Planned Asset	(42,237)	46,745
Re-measurement (or Actuarial (gain/loss) arising because of change in effect of asset ceiling	-	-
Total	1,055,837	681,558
Net Liability /Asset recognised in BS		
PV of Defined Benefit Obligation	10,001,853	7,800,137
Fair Value of Planned Asset	8,486,492	7,540,953
	(1,515,361)	(259,184)
Less: Unrecognised Past Service Cost	-	-
Total - Net defined Benefit	(1,515,361)	(259,184)
Change in the PV of DBO during the year		
PV of DBO at beginning of the year	7,800,137	6,177,360
Current Service Cost	518,632	613,487
Interest Cost on DBO	585,010	494,189
Benefits Paid from Planned Asset	-	(119,712)
Actuarial Loss/Gains	1,098,074	634,813
Plan Amendments	-	-
Total	10,001,853	7,800,137
Change in the Fair Value of Asset during the year		
Fair value of Plan Asset at beginning	7,540,953	6,511,037
Expected Return	565,571	520,883
Contribution by Employer	337,731	675,490
Benefits Paid	-	(119,712)
Actuarial Gains/Losses	42,237	(46,745)
Total	8,486,492	7,540,953
Principal Assumption		
Discount Rate	7.30%	7.50%
Rate of Increase in salaries	10.00%	7.50%

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.



SMIFS CAPITAL MARKETS LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Description	Sensitivity analysis for Present value of Defined Benefit obligation		Amount in ₹
	31st March 2019	31st March 2018	31st March 2018
Impact of the change in discount rate			
Present value of obligation at the end of the year	10,001,853		7,800,137
a) Impact due to increase of 1 %	9,647,885		7,574,239
b) Impact due to decrease of 1 %	10,406,432		8,053,928
Impact of the change in salary increase			
Present value of obligation at the end of the year	10,001,853		7,800,137
a) Impact due to increase of 1 %	10,402,912		8,060,611
b) Impact due to decrease of 1 %	9,643,784		7,564,368

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SMIFS CAPITAL MARKETS LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note 34 : Financial instruments by category

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

Particulars	31st March 2019			31st March 2018			Amount in ₹
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost	
Financial assets							
Cash and Bank balances	-	-	4,457,425	-	-	11,814,770	
Trade Receivables	-	-	512,850	-	-	781,055	
Investments	12,682,719	155,047,624	76,070,426	12,861,132	207,260,743	76,072,368	
Other bank balances	-	-	900,904	-	-	1,072,840	
Loans	-	-	114,562,470	-	-	122,370,493	
Other financial assets	-	-	563,597,483	-	-	503,482,732	
Total	12,682,719	155,047,624	760,101,559	12,861,132	207,260,743	715,594,258	
Financial liabilities							
Borrowings	-	-	3,931,000	-	-	5,176,695	
Other financial liabilities	-	-	900,804	-	-	2,518,543	
Total	-	-	4,831,804	-	-	7,695,238	

SMIFS CAPITAL MARKETS LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

(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 2019			31st March 2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Particulars						
Investment in mutual funds	-	12,682,719	-	-	12,861,132	-
Investment in equity shares	136,046,865	19,501,186	-	177,235,535	30,527,576	-
Investment in preference shares	-	24,000,000	-	-	24,000,000	-
Investment in Debentures	-	51,570,000	-	-	51,570,000	-
Total	136,046,865	107,753,905	-	177,235,535	118,958,707	-
Financial liabilities						
Borrowings	-	-	3,931,000	-	-	5,176,695
Total	-	-	3,931,000	-	-	5,176,695

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 STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

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

Particulars	31st March 2019		31st March 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Carried at amortised cost				
Cash and Bank balances	4,457,425	4,457,425	11,814,770	11,814,770
Trade Receivables	512,850	512,850	781,055	781,055
Investments	243,800,770	243,800,770	296,194,243	296,194,243
Other bank balances	900,904	900,904	1,072,840	1,072,840
Loans	114,562,470	114,562,470	122,370,493	122,370,493
Other financial assets	563,597,483	563,597,483	503,482,732	503,482,732
Total financial assets	927,831,902	927,831,902	935,716,132	935,716,132
Financial liabilities				
Carried at ammortised cost				
Borrowings	3,931,000	3,931,000	5,176,695	5,176,695
Other financial liabilities	900,804	900,804	2,518,543	2,518,543
Total financial liabilities	4,831,804	4,831,804	7,695,238	7,695,238



SMIFS CAPITAL MARKETS LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note : 35 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 carrying its borrowings primarily at fixed rate.

Particulars	31st March 2019	31st March 2018
Fixed rate borrowings	3,931,000	5,176,695

(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, 2019, 2018 was ₹136,054,106, ₹ 177,235,535 respectively. A 10% change in equity price as at March 31, 2019, 2018 would result in an impact of ₹ 13,605,411, ₹ 17,723,554 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.

SMIFS CAPITAL MARKETS LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

(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 2019 and 31 March 2018 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.

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

Particulars	31st March 2019	31st March 2018
Less than 1 year		
Borrowings	1,320,274	1,245,695
Other Financial Liabilities	900,804	2,518,543
More than 1 year		
Borrowings	2,610,726	3,931,000

Note : 36 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- Vice President (Finance & Taxation)

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

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.



SMIFS CAPITAL MARKETS LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

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.

(a) Transaction with related parties

Amount in ₹

Particulars	Enterprise described in (a) above		Key Management Personnel		Relatives of Key Management Personnel	
	31st March 2019	31st March 2018	31st March 2019	31st March 2018	31st March 2019	31st March 2018
Directors' sitting fees	-	-	175,500	160,500	-	-
Salary & Wages	-	-	24,35,345#	20,04,391#	-	-
Directors' Remuneration	-	-	8,080,595	7,042,357	-	-
Purchase of Shares (Investment)	-	-	-	-	-	-
Payment of Brokerage	21,067	166,093	-	-	-	-
Outstanding Balance as on 31st March 2019						
Other financial liabilities	-	1,445,803	-	-	-	-
Other current financial Assets	21,688	-	-	-	-	-
Other current asset	170,426	160,218	-	-	-	-

This includes Employer's Contribution to Provident Fund

Note : 37 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 2019	31st March 2018
Equity Share Capital	55,850,000	55,850,000
Other Equity	1,035,251,770	1,050,814,454
Total Equity (A)	1,091,101,770	1,106,664,454
Non Current Borrowings	2,610,725	3,931,000
Short term Borrowings	-	-
Current Maturities of long term borrowings	1,320,275	1,245,695
Gross Debts (B)	3,931,000	5,176,695
Less : Current Investments	-	-
Less: Cash and cash Equivalments	4,457,425	11,814,770
Net Debt	(526,425)	(6,638,075)
Gearing Ratio	(0.0005)	(0.0060)

SMIFS CAPITAL MARKETS LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note : 38 Auditors' remuneration and expenses :

Amount in ₹

Particulars	31st March 2019	31st March 2018
for audit matter	180,000	180,000
for taxation matter	10,000	10,000
for certification fees	20,000	285,000
Total	210,000	475,000

Note : 39 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 :-

Accounting profit before income tax	7,450,427	9,266,556
Applicable tax rate (Percentage)	26.00	26.00
Expected income tax	1,937,111	2,434,048
Income exempt from tax	(130)	(333,117)
Non deductible expenses for tax purpose	10,925,931	440,050
Effect of unrecognised tax losses for earlier years	(10,251,016)	(12,823,974)
MAT Credit and other adjustments	(848,914)	(6,747,835)
Income Tax recognised in Profit and Loss account	1,762,982	(17,030,827)

Note : 40 Expenditure in Foreign currency :

Travelling Expenses	1,570,804	1,137,202
Total	1,570,804	1,137,202

Note : 41 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 :

Contract revenue recognised during the year	-	-
Aggregate of contract costs incurred upto the year-end	-	-
Aggregate of recognised profits upto the year-end	-	-
Retention money for contracts in progress	-	-
Amount due from customers for contract work	-	109,061

SMIFS CAPITAL MARKETS LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note : 42 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		Unallocated		Total	
	For the year ended 31.03.2019	For the year ended 31.03.2018	For the year ended 31.03.2019	For the year ended 31.03.2018	For the year ended 31.03.2019	For the year ended 31.03.2018	For the year ended 31.03.2019	For the year ended 31.03.2018
Segment Revenue								
External Segment Revenue	420,253,332	480,436,145	21,624,117	25,759,851	45,730,039	26,880,022	487,607,488	533,076,019
Inter Segment Revenue	-	-	-	-	-	-	-	-
Total Revenue	420,253,332	480,436,145	21,624,117	25,759,851	45,730,039	26,880,022	487,607,488	533,076,019
Less : Inter Segment Revenue	-	-	-	-	-	-	-	-
Net Revenue	420,253,332	480,436,145	21,624,117	25,759,851	45,730,039	26,880,022	487,607,488	533,076,019
Result - Profit/ (Loss)								
Segment Result	3,054,287	3,633,025	21,624,117	25,759,851	(16,843,737)	(19,355,205)	7,834,667	10,037,671
Less: Finance cost	-	-	-	-	384,240	771,115	384,240	771,115
Profit/ (Loss) Before Tax	3,054,287	3,633,025	21,624,117	25,759,851	(17,227,977)	(20,126,321)	7,450,427	9,266,556



SMIFS CAPITAL MARKETS LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

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

As Per Our Report Of Even Date attached

FOR S. K. Agrawal and Co.

Chartered Accountants
Firm Reg. No.: 306033E

Vivek Agarwal

Partner
Membership No. : 301571
Place: Kolkata
Dated: 28th May, 2019

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 Vice President
Finance & Taxation



CONSOLIDATED FINANCIAL STATEMENTS

HOLDING COMPANY

SMIFS Capital Markets Limited

SUBSIDIARY COMPANY

SMIFS Capital Services Limited

AUDITORS

**S.K. Agrawal and 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 audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of SMIFS CAPITAL MARKETS LIMITED ("the Company") and its subsidiary (the Company and its subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2019, the consolidated profit, consolidated total comprehensive loss, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

S. No.	Key Audit Matter	Auditor's Response
1.	<p>Direct Tax provision</p> <p>In the normal course of business, "Income Taxes" as the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period</p>	<p>Our procedures included: -</p> <p>Control testing:</p> <ul style="list-style-type: none"> - Testing the effectiveness of the controls around the recording and re-assessment of tax provisions.

S. No.	Key Audit Matter	Auditor's Response
		<p>Our tax expertise:</p> <ul style="list-style-type: none"> - Use of our own tax specialists to perform an assessment of the related correspondence, to consider the computation of tax provisions. - Challenging the assumptions using our own expectations based on our knowledge, considering relevant judgments passed by authorities, as well as assessing relevant opinions from third parties. <p>Assessing disclosures:</p> <p>Considering the adequacy of the disclosures in respect of tax and uncertain tax positions.</p> <p>The results of our testing were satisfactory, and we found the level of tax provisioning to be acceptable</p>
2.	<p>Valuation of investment in certain equity interests of listed and unlisted company</p> <p>Refer note 3 to the standalone financial statements</p> <p>The investment in certain equity interests of a listed and unlisted company (the 'investment') are to be measured at fair value at each reporting date, and same has been measured at fair value through other comprehensive income.</p> <p>With reference to the valuation, management had estimated the fair value of the Investment at ₹ 196,281,081 at year end.</p> <p>In consideration of the Investment is operating in an emerging industry and its fair value is highly dependent on significant management judgements. Accordingly, the valuation of the Investment was considered as one of the key audit matters.</p>	<p>Based on the audit procedures performed, we found the assumptions made by management in relation to the valuation were supported by available evidence.</p>

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexure to Board's Report and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes 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; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiary company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We did not audit the financial statements/financial information of Smifs Capital Services Limited, a subsidiary included in the consolidated financial results, whose financial statements reflect total assets of ₹ 76,623,548 and net assets of ₹ 75,211,654 as at 31st March, 2019, and total revenue of ₹ 18,49,555 and net cash outflow of ₹ 75,13,816 for the year ended on that date, as considered in the consolidated financial results. These financial statements / financial information have been audited by other auditor whose report have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-section (3) 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 auditor.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of this matter with respect to our reliance on the work done by and the report of the other auditor.

Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, 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.
 - (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 including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors of the Company and its subsidiary incorporated in India and the report of the statutory auditor of its subsidiary company incorporated in India, none of the directors of the Group companies is disqualified as on 31st March, 2019 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 Group and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditor's reports of the Company and its subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- (h) 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. There were no pending litigations which would impact the consolidated financial position of the Group.
 - 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 are required to be transferred to Investor Education and Protection Fund by the Company and its subsidiary company incorporated in India.

For S K Agrawal and Co.
Chartered Accountants
Firm's Registration No: 306033E

CA Vivek Agarwal
Partner
Membership No: 301571

Date : 28th day of May, 2019



ANNEXURE - A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of SMIFS CAPITAL MARKETS LIMITED of even date)

Report on the Internal Financial Controls Over Financial Reporting 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 LIMITED** ('the Company') and its subsidiary company, which is company incorporated in India as of 31st March, 2019 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company and its subsidiary company, which is incorporated in India, is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 internal financial controls over financial reporting of the Company and its subsidiary company, which is incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditor of the subsidiary company, which is incorporated in India, 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 internal financial controls system over financial reporting of the Company and its subsidiary company, which is incorporated in India.

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.

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 company incorporated in India, is based solely on the corresponding report of the auditor of such company incorporated in India.

Opinion

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of the other auditor referred to in the Other Matters paragraph above, the Company and its subsidiary company, which is incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S K Agrawal and Co.
Chartered Accountants
Firm's Registration No: 306033E

CA Vivek Agarwal
Partner
Membership No: 301571

Date : 28th day of May, 2019



SMIFS CAPITAL MARKETS LIMITED

CIN NO.: L74300WB1983PLC036342

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2019

Particulars	Note No.	As at 31st March 2019 ₹	As at 31st March 2018 ₹
ASSETS			
Non-current assets			
a) Property, plant and equipment	2	68,120,562	74,297,227
b) Financial assets			
i) Investments	3	295,034,228	347,575,449
ii) Loans	4	114,797,366	122,504,978
iii) Others	5	9,791,453	9,791,453
c) Deferred tax assets (Net)	6	25,145,254	26,374,732
d) Other non-current assets	7	73,750	14,230
		512,962,613	580,558,069
Current assets			
a) Inventories	8	328,464	585,383
b) Financial assets			
i) Trade receivables	9	513,372	781,577
ii) Cash and Cash equivalents	10	4,748,215	12,090,096
iii) Other Bank Balances	11	900,904	1,072,840
iv) Others	12	578,078,584	517,491,496
c) Current tax asset (Net)	13	4,876,942	4,912,399
d) Other current assets	14	2,542,100	2,796,220
		591,988,581	539,730,012
Total Assets		1,104,951,194	1,120,288,081
EQUITY AND LIABILITIES			
EQUITY			
a) Equity Share capital	15	55,850,000	55,850,000
b) Other equity	16	1,035,462,723	1,052,244,579
		1,091,312,723	1,108,094,579
LIABILITIES			
Non-current liabilities			
a) Financial liabilities			
i) Borrowings	17	2,610,726	3,931,000
b) Other non-current liabilities	18	32,454	32,454
		2,643,180	3,963,454
Current liabilities			
a) Financial liabilities			
i) Other financial liabilities	19	2,221,078	2,318,435
b) Other current liabilities	20	5,241,046	3,882,157
c) Provisions	21	3,533,167	2,029,455
		10,995,291	8,230,047
Total Equity and liabilities		1,104,951,194	1,120,288,081

Significant Accounting Policies & Notes to Financial Statements 1 To 48

As Per Our Report Of Even Date attached

FOR S. K. Agrawal and Co.

Chartered Accountants

Firm Reg. No.: 306033E

Vivek Agarwal

Partner

Membership No. : 301571

Place: Kolkata

Dated: 28th May, 2019

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 Vice President

Finance & Taxation



SMIFS CAPITAL MARKETS LIMITED

CIN NO.: L74300WB1983PLC036342

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2019

Particulars	Note No.	Year ended	Year ended
		31st March, 2019	31st March, 2018
		₹	₹
INCOME			
I Revenue from operations	22	443,707,837	508,025,653
II Other Income	23	45,749,206	26,892,731
Total income(I+II)		489,457,043	534,918,384
III EXPENDITURE			
Purchases of Stock-in-Trade	24	416,942,126	476,271,641
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	25	256,920	531,479
Employee benefits expense	26	24,338,258	21,892,292
Financial Costs	27	384,240	771,115
Depreciation and amortization expense	28	6,240,647	6,684,068
Other expenses	29	34,724,487	21,057,112
Total Expense(III)		482,886,678	527,207,707
IV Profit/(loss) before exceptional items and tax		6,570,365	7,710,677
V Exceptional items		-	-
VI Profit/(loss) before tax		6,570,365	7,710,677
VII Tax expense:	30		
(1) Current tax		3,173,300	2,715,169
(2) Tax adjustment for earlier years		(37,628)	-
(3) Deferred tax		(1,314,069)	(19,845,785)
VIII Profit/(loss) for the period from continuing operations		4,748,762	24,841,293
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		4,748,762	24,841,293
XII Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss			
Remeasurement of net defined benefit liability		(1,268,065)	(693,659)
Gains and losses from investments in equity instruments designated at fair value through other comprehensive income;		(10,985,993)	35,314,929
(ii) Income tax relating to items that will not be reclassified to profit or loss		(2,543,547)	1,628,069
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		(14,797,605)	36,249,339
XIII Total Comprehensive Income for the period (XIII+XIV)(Comprising Profit (Loss) and Other Comprehensive Income for the period)		(10,048,843)	61,090,633
XIV Earning per equity share:	31		
(1) Basic		0.85	4.45
(2) Diluted		0.85	4.45

Significant Accounting Policies & Notes to Financial Statements 1 To 48

As Per Our Report Of Even Date attached

FOR S. K. Agrawal and Co.

Chartered Accountants

Firm Reg. No.: 306033E

Vivek Agarwal

Partner

Membership No. : 301571

Place: Kolkata

Dated: 28th May, 2019

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 Vice President

Finance & Taxation



SMIFS CAPITAL MARKETS LIMITED

CIN NO.: L74300WB1983PLC036342

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2019

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 2018	55,850,000	-	55,850,000
For the year ended 31st March 2019	55,850,000	-	55,850,000



SMIFS

SMIFS CAPITAL MARKETS LIMITED

CIN NO.: L74300WB1983PLC036342

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2019

Amount in ₹

Other Equity	Reserves and Surplus				Other Comprehensive Income			Total Other Equity
	Securities Premium	Capital Redemption reserve	General Reserve	Retained Earnings	Equity instruments through Other Comprehensive Income	Remeasure-ment of Defined Benefit Liability		
Balance at 1 April 2017	433,725,000	40,000,000	390,950,734	72,643,485	61,028,770	(472,067)	997,875,922	
Profit for the year				24,841,293			24,841,293	
Transferred from other comprehensive income				4,186,947				
Dividend Paid				5,585,000				
Dividend Distribution tax paid				1,136,975				
Other Comprehensive Income					36,941,966	(692,627)	36,249,339	
Transferred to retained earnings					4,186,947			
Total Comprehensive Income for the year				22,306,265	32,755,019	(692,627)	61,090,632	
Balance at 31 March 2018	433,725,000	40,000,000	390,950,734	94,949,750	93,783,789	(1,164,694)	1,052,244,579	
Balance at 1 April 2018	433,725,000	40,000,000	390,950,734	94,949,750	93,783,789	(1,164,694)	1,052,244,579	
Profit for the year				4,748,762			4,748,762	
Transferred from other comprehensive income				7,963,911				
Dividend Paid				5,585,000				
Dividend Distribution tax paid				1,148,013				
Other Comprehensive Income					(13,529,540)	(1,268,065)	(14,797,605)	
Transferred to retained earnings					7,963,911			
Total Comprehensive Income for the year				5,979,660	(21,493,451)	(1,268,065)	(10,048,843)	
Balance at 31 March 2019	433,725,000	40,000,000	390,950,734	100,929,410	72,290,338	(2,432,759)	1,035,462,723	

As Per Our Report Of Even Date attached

FOR S. K. Agrawal and Co.

Chartered Accountants
Firm Reg. No.: 306033E

Vivek Agarwal
Partner

Membership No. : 301571

Place: Kolkata

Dated: 28th May, 2019

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 Vice President
Finance & Taxation



SMIFS CAPITAL MARKETS LIMITED

CIN NO.: L74300WB1983PLC036342

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019

	31st March, 2019	31st March, 2018
Amount in ₹		
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	6,570,365	7,710,677
Adjustment for		
Depreciation	6,240,647	6,684,069
(Profit) / Loss on sale of Investments	(265,244)	(474,367)
Dividend on Investment	(550)	(333,117)
Bad Debt	100,000	-
Financial Cost	384,240	771,115
(Profit)/Loss on sale of Fixed Assets	-	-
Revaluation in Financial Assets	(1,706,957)	(106,024)
Gain or Loss On Financial Asset carried at Amortised Cost	10,523,338	1,836
Prior Period Items	(183)	-
Interest Income	(43,366,730)	(25,339,125)
	<u>(28,091,439)</u>	<u>(18,795,613)</u>
Operating profit before Working Capital change	<u>(21,521,074)</u>	<u>(11,084,935)</u>
Adjustment for		
1. Trade & Other Receivables	(62,760,332)	(168,793,563)
2. Inventories	256,919	531,479
3. Trade and Other Payables	1,244,863	(3,658,720)
	<u>(61,258,550)</u>	<u>(171,920,805)</u>
Cash Generated from Operations	<u>(82,779,624)</u>	<u>(183,005,741)</u>
Direct Tax paid	(3,200,033)	(5,394,672)
	<u>(3,200,033)</u>	<u>(5,394,672)</u>
Net Cash Flow from Operating activity	<u>(85,979,657)</u>	<u>(188,400,412)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(63,983)	(5,640,125)
Sale of Fixed Assets	-	-
Purchase of Investments	(50,215,406)	(121,560,534)
Sale of Investments	93,740,899	152,175,368
Interest Income	43,366,730	25,339,125
Dividend on Investment	550	333,117
Net Cash flow from Investing Activities	<u>86,828,790</u>	<u>50,646,950</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend and Dividend Distribution Tax Paid	(6,733,013)	(6,721,975)
Interest paid	(384,240)	(771,115)
Proceeds from long-term borrowings	(1,245,696)	3,080,834
Proceeds from short-term borrowings	-	-
Net cash used in Financing Activities	<u>(8,362,949)</u>	<u>(4,412,256)</u>
Net increase in Cash & Cash Equivalents	<u>(7,513,816)</u>	<u>(142,165,718)</u>
Opening Balance of Cash & Cash Equivalents	13,162,935	155,328,652
Closing Balance of Cash & Cash Equivalents	<u>(5,649,119)</u>	<u>13,162,934</u>

As Per Our Report Of Even Date attached

FOR S. K. Agrawal and Co.

Chartered Accountants
Firm Reg. No.: 306033E

Vivek Agarwal
Partner

Membership No. : 301571

Place: Kolkata

Dated: 28th May, 2019

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 Vice President
Finance & Taxation

SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

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 2019. 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, 2019 were approved by the Board of Directors and authorised for issue on 28th May 2019.

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 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.

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.



SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Adoption of new Indian Accounting Standards and interpretations

Ind AS 115 “Revenue from Contracts with Customers”, that replaces Ind AS 18 “Revenue” and related interpretations, introduce one single new model for recognition of revenue which includes a 5-step approach and detailed guidelines. Among other, such guidelines are on allocation of revenue to performance obligations within multi-element arrangements, measurement and recognition of variable consideration and the timing of revenue recognition. The Company has assessed the effect of the new standard and has concluded that the application of Ind AS 115 has not had significant effect on recognition and measurement of revenue.

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.

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.

SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

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.

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.



SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

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

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is measured at the fair value of the consideration received or receivable, net of returns, discounts, volume rebates, and goods and service tax. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company regardless of when the payment is being made.

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.

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.

SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

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.

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 valuethrough OCI.



SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

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.

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.

SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

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.

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.



SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

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.

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.

SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

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 116: Leases

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

- **Full retrospective:** Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- **Modified retrospective:** Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application. Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:
 - Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application, or
 - An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application.

Certain practical expedients are available under both the methods.

The Company is in the process of evaluating the impact of such amendment.

Ind AS 12 Appendix C: Uncertainty over Income Tax Treatments

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing



SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The standard permits two possible methods of transition:

- i) Full retrospective approach: Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight, and
- ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives. The Company is in the process of evaluating the impact of such amendment.

Amendment to Ind AS 12: Income taxes

On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company is in the process of evaluating the impact of such amendment.

Amendment to Ind AS 19: Employee Benefits

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The Company is in the process of evaluating the impact of such amendment.

Amendment to Ind AS 103: Business Combinations and Ind AS 111: Joint Arrangement

This interpretation clarifies how an entity accounts for increasing its interest in a joint operation that meets the definition of business. The Company is in the process of evaluating the impact of such amendment.

Amendments to Ind AS 23: Borrowing Costs

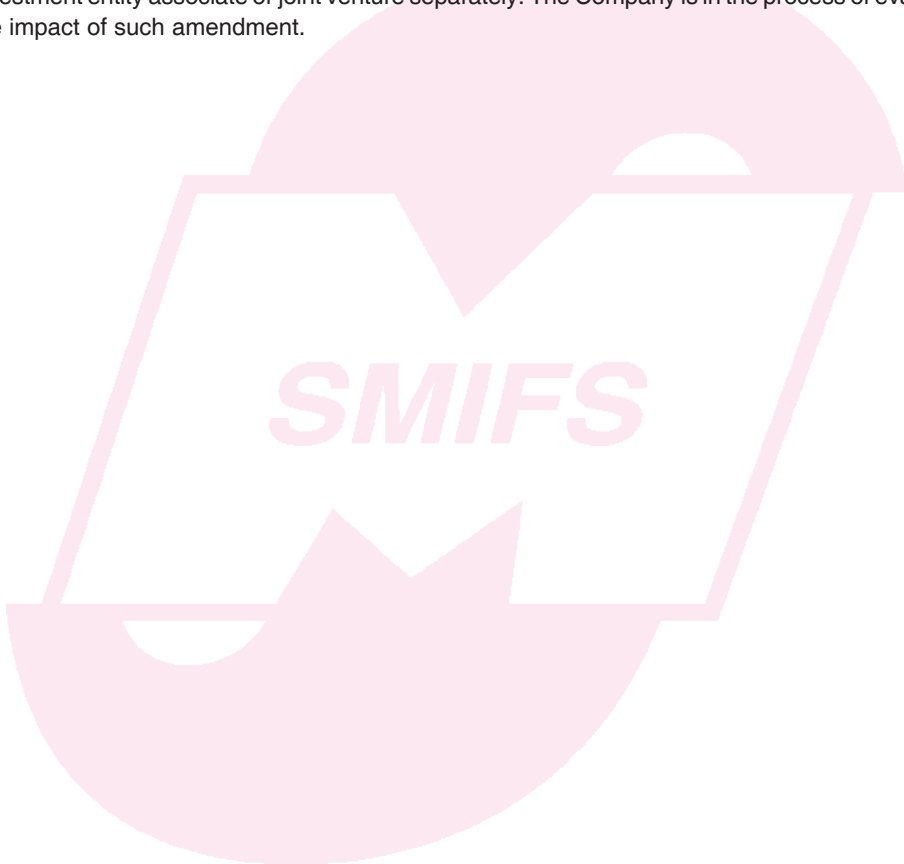
The amendment clarifies that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction. The Company is in the process of evaluating the impact of such amendment.

SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Amendments to Ind AS 28: Investments in Associates and Joint Ventures

When applying the equity method, a non-investment entity that has an interest in an investment entity associate or joint venture can elect to retain the fair value accounting applied by the associate or joint venture to its subsidiaries. Venture capital and other qualifying organizations can elect to measure investments in associates or joint ventures at fair value through profit or loss instead of applying the equity method. The amendments clarify that both these elections apply for each investment entity associate or joint venture separately. The Company is in the process of evaluating the impact of such amendment.



SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note : 2 Property Plant and Equipments

Particulars	Gross Block					Depreciation			Net Block		Amount in ₹
	As on 01.04.2018	Additions	Deductions/ Adjustments	As on 31.03.2019	As on 01.04.2018	For the year	Adjustment	As on 31.03.2019	As on 31.03.2019	As on 31.03.2018	
Buildings / Premises	73,373,622	-	-	73,373,622	6,574,280	3,946,229	-	10,520,509	62,853,113	66,799,342	
Furniture and Fixtures	129,018	-	-	129,018	106,614	14,747	-	121,360	7,658	22,404	
Office Equipment	237	15,678	-	15,914	236	12,305	-	12,541	3,373	-	
Vehicles	13,002,724	-	-	13,002,724	5,579,196	2,207,960	-	7,787,155	5,215,569	7,423,528	
Electrical Installations	5,773	-	-	5,773	5,054	465	-	5,519	254	719	
Computers	280,461	48,305	-	328,766	236,409	52,489	-	288,898	39,868	44,053	
Air Conditioners	181,098	-	-	181,098	173,918	6,452	-	180,371	727	7,180	
Sub total	86,972,933	63,983	-	87,036,916	12,675,707	6,240,647	-	18,916,354	68,120,562	74,297,227	
Previous Year	81,332,808	5,640,125	-	86,972,933	5,991,638	6,684,068	-	12,675,706	74,297,227		

SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note : 3 Non Current Investment

Amount in ₹

Sl. No.	Particulars	As at 31st March 2019		As at 31 March 2018	
		No. /Units	Amount ₹	No. /Units	Amount ₹
1	Investments measured at amortized cost				
(a)	Investment in Preference Shares (Non Cumulative ₹ 100/- Each) Unquoted, fully paid up				
	12% Andaman Plantations & Development Corporation Pvt.Ltd	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
	18% Andaman Plantations & Development Corporation Pvt.Ltd	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)	Investment in Debentures (₹ 100/- Each) Unquoted, fully paid up				
	Zero% Compulsory Convertible Debenture I Care Learning Pvt.Ltd.	517,500	51,570,000	517,500	51,570,000
(c)	Investment in Govt Securities				
	6.05% Govt of India Loan - 2019(F.V. ₹ 500,000)	5,000	500,426	5,000	502,368
2	Investments measured at fair value through Other comprehensive Income				
(a)	Investment in Equity Shares				
	Equity shares of ₹ 10 each (Unless otherwise stated)				
	Quoted, Fully paid up				
	Aravali Securities & Finance Limited	100	396	100	340
	Aditya Birla Capital Ltd	-	-	50,000	7,297,500
	Asian Vegpro Industries Limited	300,000	300,000	300,000	300,000
	Coventry Springs & Engg. Co. Ltd	52,323	5,233	52,323	5,233
	Melstar Information Technologies Limited	300	375	300	975
	Moulik Finance & Resorts Limited	-	-	7,100	7,100
	Moving Picture (India) Limited	-	-	881,600	528,960
	KEC International Ltd.	175	52,457	175	68,207
	Nicco UCO Alliance Credit Limited	114	23	114	42
	North Eastern Publishing & Advt Co Ltd	4,500,000	43,335,000	4,500,000	42,075,000
	Punsumi Foils & Components Limited	15,800	15,800	15,800	15,800
	Summit Securities Ltd.	156,500	92,389,775	156,500	123,642,825
	Swad Industries & Leasing Ltd	-	-	141	141
	T & I Global Ltd.	-	-	49,000	3,361,400
	VCK Capital Markets Limited	200	264	200	220



SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note : 3 Non Current Investment

Amount in ₹

Sl. No.	Particulars	As at 31st March 2019		As at 31 March 2018	
		No. /Units	Amount ₹	No. /Units	Amount ₹
	Unquoted, Fully paid up				
	Andaman Plantations & Development Corporation Pvt.Ltd	30,000	3,000,000	30,000	3,000,000
	Antriksh Vyapaar Limited	2,450,000	56,693,000	2,450,000	56,889,000
	Bhatpara Papers Limited	44	391	44	391
	I Care Learning Pvt.Ltd.	-	-	775,000	775,000
	Tejasri Energy Limited	5,000	50,000	5,000	50,000
	Gujarat Securities Limited	20	200	20	200
	Patriot Automation Projects Limited	-	-	2,065,350	500,000
	Sheorey Digital Systems Pvt Ltd	-	-	590,000	9,699,600
	Vaibhav Services Pvt Ltd	4,580	438,169	4,580	424,017
4	Investments measured through profit and loss				
(a)	Investment in Mutual Funds				
	Unquoted				
	Birla Sunlife'95 Fund	1,605	1,301,658	1,394	1,084,696
	JM High Liquidity Fund	2,263	115,823	2,263	107,638
	Axis Liquid Fund-Direct Growth	5,428	11,265,238	-	-
	Franklin Mutual Fund	-	-	4,490	11,668,797
	Total		295,034,228		347,575,449

Aggregate amount of unquoted Investments	158,934,905	170,271,707
Aggregate amount of quoted Investments	136,099,323	177,303,742
Aggregate market value of quoted Investments	136,099,323	177,303,742

Note : 4 Loans

Amount in ₹

Sl. No.	Particulars	As at 31st March 2019	As at 31 March 2018
	Unsecured and considered good		
1	Security Deposit	846,386	1,218,764
		846,386	1,218,764
2	Other loans	113,950,980	121,286,214
		113,950,980	121,286,214
	Total	114,797,366	122,504,978

Note : 5 Other non current financial assets

1	Receivable from Leased Assets	397,081	397,081
	Less: Provision for doubtful	(397,081)	(397,081)
2	Other Receivable *	9,791,453	9,791,453
	Total	9,791,453	9,791,453

* 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.

SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note : 6 Deferred tax Assets (Net)

Amount in ₹

Sl. No.	Particulars	As at 31st March 2019	As at 31 March 2018
1	Deferred tax asset		
	MAT Credit Entitlement	43,202,952	40,029,652
	Less: Deferred tax liability		
	On Disallowances under the	1,351,560	644,099
	Income Tax Act, 1961		
	On difference between wdv as per		
	book and wdv as per		
	Income Tax Act of fixed assets	(13,347,385)	(11,132,169)
	On Financial Instrument	(6,061,873)	(3,166,850)
		<u>(18,057,698)</u>	<u>(13,654,920)</u>
	Total	<u>25,145,254</u>	<u>26,374,732</u>

Note : 7 Other Non Current Assets

1	Other Advance	73,750	312,083
	Less: Provision for advances considered doubtful	-	(297,853)
	Total	<u>73,750</u>	<u>14,230</u>

Note : 8 Inventories

Amount in ₹

Sl. No.	Particulars	As at 31st March 2019		As at 31 March 2018	
		Quantity Nos	Amount ₹	Quantity Nos	Amount ₹
	Quoted : Fully Paid Up				
	AVON INDUSTRIES LTD.	9,800	9,800	9,800	9,800
	GENERAL EXPORTS & CREDITS LIMITED	45,900	45,900	45,900	45,900
	HB ESTATE DEVELOPERS LTD.	23	451	25	451
	HB PORTFOLIO LTD.	15	380	25	451
	K.H.S.L.INDUSTRIES LTD.	2,200	2,200	2,200	2,200
	KILBURN OFFICE AUTOMATION LIMITED	16,400	95,776	16,400	112,340
	LLOYDS FINANCE LTD.	50	25	50	25
	MADRAS SPINNERS LTD.	4,000	4,000	4,000	4,000
	STELLANT SECURITIES (I) LTD.				
	SELLAID PUBLICATION (I) LTD.	680	2,570	680	2,448
	SIDHI VINAYAK LIMITED	400	400	400	400
	SINCLAIRS HOTELS LTD.	23	760	23	760
	ENSO SECUTRACK LTD.	2,500	15,925	2,500	15,925
	VIPRAS CORPN.LTD.	500	500	500	500
	WORLDLINK FINANCE LTD.	-	-	100	100
	EQUITY SHARES				
	PARTLY PAID SHARES: QUOTED				
	*METROPOLI OVERSEAS LIMITED(₹5/-)	29,800	29,800	29,800	29,800



SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note : 8 Inventories

Sl. No.	Particulars	As at 31st March 2019		As at 31 March 2018	
		Quantity Nos	Amount ₹	Quantity Nos	Amount ₹
Government Securities / Bonds : Quoted					
Fully paid up					
	07.46% GOVT.OF INDIA LOAN - 2017	-	-	100	10,745
	07.78% TAMILNADU UDAY LOAN -2023	-	-	500	50,270
	07.95% GOI FERTILISER LOAN-2026	-	-	1,250	129,292
EQUITY SHARES					
UNQUOTED SHARES(FULLY PAID)					
	PROCAM INTERNATIONAL LTD.	19,977	19,977	19,977	19,977
	TATA CERAMICS LIMITED	100,000	100,000	100,000	100,000
	SOFTWARE FRONTIERS LTD.	-	-	50,000	50,000
	Total		328,464		585,383

Note : 9 Trade Receivables

Sl. No.	Particulars	As at 31st March 2019	As at 31 March 2018
1	Unsecured Considered Good	513,372	781,577
	Less : Impairment Allowance	-	-
	Total	513,372	781,577

Note : 10 Cash & Cash Equivalents

1	Balance with banks	4,597,744	6,955,243
2	Cash on hand	150,471	134,853
3	Fixed Deposit With Bank	-	5,000,000
	Total	4,748,215	12,090,096

Note : 11 Other Bank Balances

1	Unclaimed Dividend account	900,904	1,072,840
	Total	900,904	1,072,840

Note : 12 Other current financial assets

1	Interest Accrued but not due	10,833	10,833
2	Other receivables	578,067,751	517,480,663
	Total	578,078,584	517,491,496

Note No.13 Current tax asset (Net)

1	Advance Income Tax (Net of Provision)	4,876,942	4,912,399
	Total	4,876,942	4,912,399

SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note : 14 Other Current Assets

Amount in ₹

Sl. No.	Particulars	As at 31st March 2019	As at 31 March 2018
1	Balance with Statutory Authorities	879,642	95,346
2	Prepaid expenses	1,484,870	2,254,694
3	Other Advance	177,588	446,180
	Total	2,542,100	2,796,220

Note : 15 Equity Share Capital

1 AUTHORIZED

3,00,00,000 (3,00,00,000) Equity Shares of ₹ 10/- each.	300,000,000	300,000,000
20,00,000 (20,00,000) Preference Shares of ₹ 100/- each.	200,000,000	200,000,000
	500,000,000	500,000,000

2 ISSUED , SUBSCRIBED & PAID UP

55,85,000 (55,85,000) Equity Shares of ₹ 10/- each, Fully paid up	55,850,000	55,850,000
	55,850,000	55,850,000

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
Change during the year	-	-	-	-
At the closing of the reporting period	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
The Indiaman Fund (Mauritius) Limited	550,000	9.85	550,000	9.85
Progressive Star Finance Pvt Ltd	357,251	6.40	357,251	6.40
Ajay Kumar Kayan	402,250	7.20	402,250	7.20
S N Rajan	313,940	5.62	293,020	5.25



SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note : 16 Other Equity

Amount in ₹

Sl. No.	Particulars	As at 31st March 2019	As at 31 March 2018
1	Securities Premium	433,725,000	433,725,000
2	Capital Redemption Reserve	40,000,000	40,000,000
3	General Reserve	<u>390,950,734</u>	<u>390,950,734</u>
		390,950,734	390,950,734
4	Retained Earnings :		
	Balance brought forward from previous year	94,949,750	72,643,485
	Transferred from Other Comprehensive Income	7,963,911	4,186,947
	Profit for the Year	4,748,762	24,841,294
	Less: Dividend Paid	(5,585,000)	(5,585,000)
	Corporate Dividend Tax Paid	<u>(1,148,013)</u>	<u>(1,136,975)</u>
		100,929,410	94,949,750
5	Other Comprehensive Income		
	Opening OCI	92,619,095	60,556,703
	Add: During the year OCI	(14,797,605)	36,249,339
	Less: Transferred to Retained Earning	<u>(7,963,911)</u>	<u>(4,186,947)</u>
		69,857,579	92,619,095
	Total	<u>1,035,462,723</u>	<u>1,052,244,579</u>

Note : 17 Borrowings

1 Secured Loans

From banks	3,931,000	5,176,695
Current Maturity of Long term Debt.	<u>(1,320,274)</u>	<u>(1,245,695)</u>
Total	<u>2,610,726</u>	<u>3,931,000</u>

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

17.2 Repayment Schedule:-

Term Loan (Secured):

a) HDFC Bank Ltd

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

515,657 947,577

b) HDFC Bank Ltd

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

2,095,068 2,983,422

Total

2,610,726

3,931,000

Note :18 Other Non Current Liabilities

1 Advance from party	32,454	32,454
Total	<u>32,454</u>	<u>32,454</u>

SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note : 19 Other Financial Liabilities

Amount in ₹

Sl. No.	Particulars	As at 31st March 2019	As at 31 March 2018
1	Current Maturity of Long term Debt.	1,320,274	1,245,695
2	Unclaimed Dividend#	900,804	1,072,740
	Total	2,221,078	2,318,435

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	1,401,528	457,081
2	Liability for expenses	3,839,518	3,425,076
	Total	5,241,046	3,882,157

Note : 21 Provisions

1	Provision For Employee Benefits	3,533,167	2,029,455
	Total	3,533,167	2,029,455

Note : 22 Revenue from Operations

Sl. No.	Particulars	Year ended 31st March, 2019	Year ended 31st march, 2018
1	Sale of shares and Securities	420,253,332	480,436,145
2	Investment Banking Operations	23,454,505	27,589,508
	Total	443,707,837	508,025,653

Note : 23 Other Income

1	Interest Income		
	i)On loans	43,340,966	25,315,094
	ii)On Govt.Securities	28,309	28,414
2	Profit / Loss on Sale of Investments	265,244	474,367
3	Gain on fair valuation of financial asset	1,706,957	106,024
4	Dividend Income	550	333,117
5	Provisions no longer required	297,853	-
6	Liabilities Written Back	16,019	8,326
7	Prior Period Income	183	-
8	Other Non operative income	93,125	627,389
	Total	45,749,206	26,892,731

Note : 24 Purchases

1	Purchase of shares and Securities	416,942,126	476,271,641
	Total	416,942,126	476,271,641

Note : 25 Change in Inventories / Stock

1	Opening Stock-Shares and Securities	585,383	1,116,862
	Closing Stock-Shares and Securities	328,464	585,383
	Total	256,920	531,479



SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note : 26 Employee benefits expense

Amount in ₹

Sl. No.	Particulars	As at 31st March 2019	As at 31 March 2018
1	Salaries and wages	20,289,077	18,179,301
2	Contribution to provident and other funds	1,547,105	1,383,655
3	Staff Welfare Expenses	2,502,076	2,329,336
	Total	24,338,258	21,892,292

Note : 26.1

Contribution to Defined Contribution Plans, recognised as expense for the year is as under:

Employer's Contribution to Provident Fund	1,547,105	1,383,655
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Note : 27 Financial Cost

1	Interest Expense On loans	384,240	771,115
	Total	384,240	771,115

Note : 28 Depreciation and Amortisation expense

1	Depreciation	6,240,647	6,684,068
	Total	6,240,647	6,684,068

Note : 29 Other expenses

1	Telephone Expenses	859,929	910,536
2	Printing & Stationery Expenses	289,270	244,898
3	Professional, Legal & Consultancy Charges	10,409,348	6,540,662
4	Business Promotion Expenses	267,501	523,686
5	Rent	507,390	507,390
6	Repair - Plant & Machinery - Others	138,958 444,910	143,312 570,974
7	Advertisement	299,500	294,700
8	Electricity, Power & Fuel	577,614	549,021
9	Vehicle Expenses	1,456,629	1,735,503
10	Membership & Subscription Fees	1,128,366	1,415,720
11	Miscellaneous Expenses	1,770,036	1,691,171
12	Gain or Loss On Financial Asset carried at Amortised Cost	10,521,397	-
13	Bad Debt.	100,000	890,948
14	Rates & Taxes	353,814	448,829
15	Security Transaction Tax	10,596	95,169
16	Travelling Expenses	4,101,304	3,593,036
17	Directors Fees	175,500	160,500
18	Insurance	315,691	181,056
19	Donation	25,000	75,000
20	Sundry Balance Written Off	751,734	-
21	Auditors' Remuneration	220,000	485,000
	Total	34,724,487	21,057,112

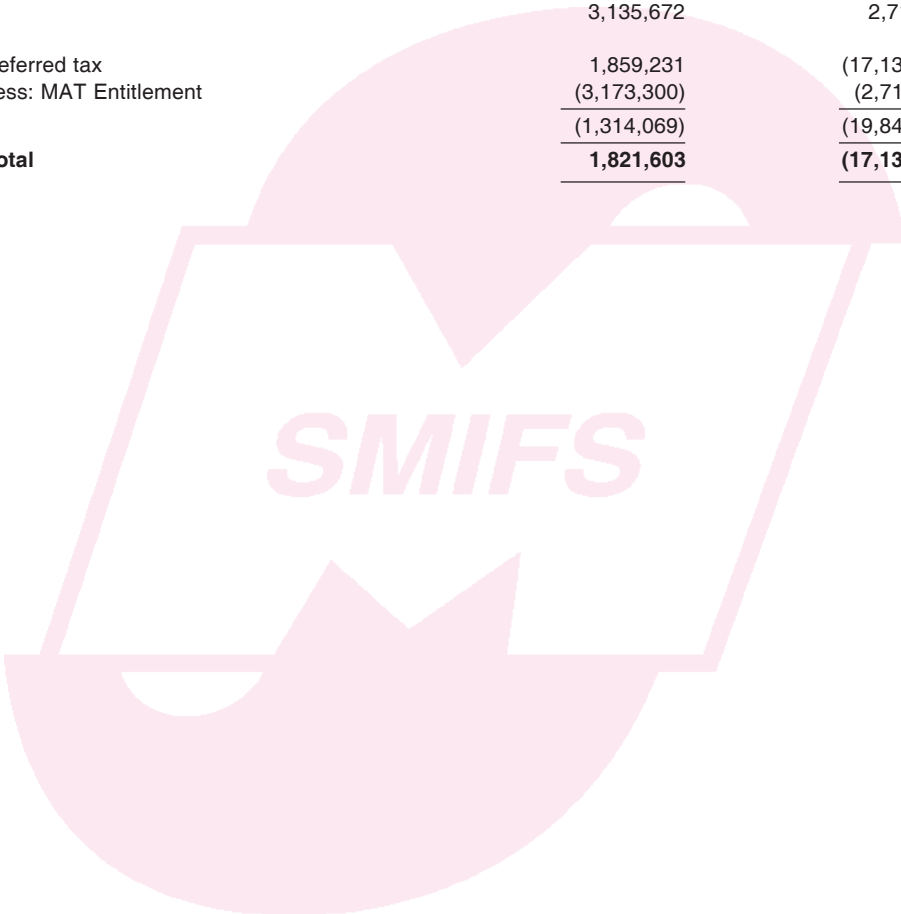
SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note : 30 Tax expenses

Amount in ₹

Sl. No.	Particulars	<u>As at 31st March 2019</u>	<u>As at 31 March 2018</u>
1	Current Tax		
	Provision For Taxation	3,173,300	2,715,169
	Income Tax Earlier Year	(37,628)	-
		<u>3,135,672</u>	<u>2,715,169</u>
2	Deferred tax	1,859,231	(17,130,616)
	Less: MAT Entitlement	(3,173,300)	(2,715,169)
		<u>(1,314,069)</u>	<u>(19,845,785)</u>
	Total	<u>1,821,603</u>	<u>(17,130,616)</u>





SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

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 shareholder's 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 2019</u>	<u>31st March 2018</u>
Net Profit / (Loss) attributable to equity shareholders		
Profit / (Loss) after tax (₹)	4,748,762	24,841,293
Nominal value of equity share (₹)	10	10
Weighted-average number of equity shares for basic & Diluted EPS	5,585,000	5,585,000
Basic & Diluted earnings per share (₹)	0.85	4.45

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 instruments.

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, 2019

Note : 33 Commitments & Contingent Liabilities

(A) Commitments	Amount in ₹	
	31st March 2019	31st March 2018
Descriptions		
Unclaimed liabilities on partly paid shares	298,000	298,000
(B) Contingent Liabilities		
i) Sale Tax demand net of payment under appeal is Nil(₹ 91,125/-)		
ii) Demand under Employees' State Insurance under appeal is Nil (₹ 142,274/-)		

Note : 34 Employee Benefit Obligations

Leave Obligations

To be Recognised in PL

Current Service Cost	156,623	153,766
Interest Cost on Benefits Obligation	132,771	107,509
Expected Return on Planned Asset	-	-
Actuarial Gain/Loss	529,866	418,934
Past Service Cost	-	-
Total	819,260	680,209

Net Liability /Asset recognised in BS

Net asset/(liability) recognised in balance sheet at beginning of the period	2,017,806	1,770,271
Fair Value of Planned Asset	-	-
Funded status {Surplus/(Deficit)}	(2,017,806)	(1,770,271)
Effect of balance sheet asset	-	-
Unrecognised Past Service Cost	-	-
Net asset/(liability) recognised in balance sheet	(2,017,806)	(1,770,271)

Change in the PV of DBO during the year

PV of DBO at beginning of the year	1,770,271	1,493,173
Current Service Cost	156,623	153,766
Interest Cost on DBO	132,771	107,509
Benefits Paid from Planned Asset	(571,725)	(403,111)
Actuarial Loss/Gains	529,866	418,934
Total	2,017,806	1,770,271



SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Principal Assumption

Description	Amount in ₹	
	31st March 2019	31st March 2018
Discount Rate	7.30%	7.50%
Rate of Increase in salaries	10.00%	7.50%

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	2,017,806	1,770,271
a) Impact due to increase of 1 %	1,898,560	1,711,000
b) Impact due to decrease of 1 %	2,159,533	1,838,993

Impact of the change in salary increase

Present value of obligation at the end of the year	2,017,806	1,770,271
a) Impact due to increase of 1 %	2,163,216	1,844,310
b) Impact due to decrease of 1 %	1,893,154	1,705,447

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	569,602	661,554
Interest Cost on Benefits Obligation	3,146	(38,609)
Expected Return on Planned Asset	-	-
Actuarial Gain/Loss	-	-
Past Service Cost	-	-
Total	572,748	622,945

SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

To be Recognised in OCI	Amount in ₹	
Description	31st March 2019	31st March 2018
Actuarial Loss/Gains	1,306,663	646,699
Expected Return on Planned Asset	(38,598)	46,960
Re-measurement (or Actuarial (gain/loss) arising because of change in effect of asset ceiling	-	-
Total	1,268,065	693,659
Net Liability /Asset recognised in BS		
PV of Defined Benefit Obligation	10,708,488	8,216,022
Fair Value of Planned Asset	9,263,453	8,174,069
	(1,445,035)	(41,953)
Less: Unrecognised Past Service Cost	-	-
Total - Net defined Benefit	(1,445,035)	(41,953)
Change in the PV of DBO during the year		
PV of DBO at beginning of the year	8,216,022	6,509,386
Current Service Cost	569,602	661,554
Interest Cost on DBO	616,201	518,095
Benefits Paid from Planned Asset	-	(119,712)
Actuarial Loss/Gains	1,306,663	646,699
Plan Amendments	-	-
Total	10,708,488	8,216,022
Change in the Fair Value of Asset during the year		
Fair value of Plan Asset at beginning	8,174,069	7,008,547
Expected Return	613,055	556,704
Contribution by Employer	437,731	775,490
Benefits Paid	-	(119,712)
Actuarial Gains/Losses	38,598	(46,960)
Total	9,263,453	8,174,069
Principal Assumption		
Discount Rate	7.30%	8.00%
Rate of Increase in salaries	10.00%	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.



SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Sensitivity analysis for Present value of Defined Benefit obligation Amount in ₹

Description	<u>31st March 2019</u>	<u>31st March 2018</u>
Impact of the change in discount rate		
Present value of obligation at the end of the year	10,708,488	8,216,022
a) Impact due to increase of 1 %	10,279,209	7,954,216
b) Impact due to decrease of 1 %	11,204,999	8,513,083
Impact of the change in salary increase		
Present value of obligation at the end of the year	10,708,488	8,216,022
a) Impact due to increase of 1 %	11,199,441	8,520,615
b) Impact due to decrease of 1 %	10,275,188	7,942,994

SMIFS

SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note : 35 Financial instruments by category

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

Amount in ₹

Particulars	31st March 2019			31st March 2018		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Cash and Bank balances	-	-	4,748,215	-	-	12,090,096
Trade Receivables	-	-	513,372	-	-	781,577
Investments	12,682,719	196,281,081	86,070,426	12,861,132	248,641,950	86,072,368
Other bank balances	-	-	900,904	-	-	1,072,840
Loans	-	-	114,797,366	-	-	122,504,978
Other financial assets	-	-	587,870,037	-	-	527,282,949
Total	12,682,719	196,281,081	794,900,321	12,861,132	248,641,950	749,804,808
Financial liabilities						
Borrowings	-	-	3,931,000	-	-	5,176,695
Other financial liabilities	-	-	900,804	-	-	1,072,740
Total	-	-	4,831,804	-	-	6,249,435

SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

(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 2019			31st March 2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Particulars						
Investment in mutual funds	-	12,682,719	-	-	12,861,132	-
Investment in equity shares	136,099,321	60,682,186	-	177,303,742	71,840,576	-
Investment in preference shares	-	34,000,000	-	-	34,000,000	-
Investment in Debentures	-	51,570,000	-	-	51,570,000	-
Total	136,099,321	158,934,905	-	177,303,742	170,271,707	-
Financial liabilities						
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 MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

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

Particulars	31st March 2019		31st March 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Carried at amortised cost				
Cash and Bank balances	4,748,215	4,748,215	12,090,096	12,090,096
Trade Receivables	513,372	513,372	781,577	781,577
Investments	295,034,226	295,034,226	347,575,449	347,575,449
Other bank balances	900,904	900,904	1,072,840	1,072,840
Loans	114,797,366	114,797,366	122,504,978	122,504,978
Other financial assets	587,870,037	587,870,037	527,282,949	527,282,949
Total financial assets	1,003,864,121	1,003,864,121	1,011,307,889	1,011,307,889
Financial liabilities				
Carried at ammortised cost				
Borrowings	3,931,000	3,931,000	5,176,695	5,176,695
Other financial liabilities	900,804	900,804	1,072,740	1,072,740
Total financial liabilities	4,831,804	4,831,804	6,249,435	6,249,435



SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

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 carryg its borrowings primarily at fixed rate.

Particulars	31st March 2019	31st March 2018
Fixed rate borrowings	3,931,000	5,176,695

(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, 2019, 2018 was ₹136,106,563, ₹ 177,303,742 respectively. A 10% change in equity price as at March 31, 2019, 2018 would result in an impact of ₹ 13,610,656, ₹ 17,730,374 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.

SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

(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 2019 and 31 March 2018 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.

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

Particulars	31st March 2019	31st March 2018
Less than 1 year		
Borrowings	1,320,274	1,245,695
Other Financial Liabilities	900,804	1,072,740
More than 1 year		
Borrowings	2,610,726	3,931,000

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

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 Vice President (Finance & Taxation)
Ms. Poonam Bhatia - Company Secretary Cum- Sr. Manager Legal
Mrs. Priti Saraf - Company Secretary Sr. Manager

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.



SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

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.

(a) Transaction with related parties

Amount in ₹

Particulars	Enterprise described in (a) above		Key Management Personnel		Relatives of Key Management Personnel	
	31st March 2019	31st March 2018	31st March 2019	31st March 2018	31st March 2019	31st March 2018
Directors' sitting fees	-	-	175,500	160,500	-	-
Salary & Wages	-	-	3,185,251	2,683,111	-	-
Directors' Remuneration	-	-	8,080,595	7,042,357	-	-
Purchase of Shares (Investment)	-	-	-	-	-	-
Payment of Brokerage	21,067	166,093	-	-	-	-
Outstanding Balance as on 31st March						
Other financial liabilities	-	-	-	-	-	-
Other current asset	170,426	160,218	-	-	-	-

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 2019	31st March 2018
Equity Share Capital	55,850,000	55,850,000
Other Equity	1,035,462,723	1,052,244,579
Total Equity (A)	1,091,312,723	1,108,094,579
Non Current Borrowings	2,610,726	3,931,000
Short term Borrowings	-	-
Current Maturities of long term borrowings	1,320,274	1,245,695
Gross Debts (B)	3,931,000	5,176,695
Less : Current Investments	-	-
Less: Cash and cash Equivalments	4,748,215	12,090,096
Net Debt	(817,215)	(6,913,401)
Gearing Ratio	(0.0007)	(0.0062)

SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note : 39 Auditors' remuneration and expenses :

Particulars	Amount in ₹	
	31st March 2019	31st March 2018
for audit matter	190,000	190,000
for taxation matter	10,000	10,000
for certification fees	20,000	285,000
Total	220,000	485,000

Note 40. 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 :-

Accounting profit before income tax	6,511,744	7,715,297
Applicable tax rate (Percentage)	26.00	26.00
Expected income tax	1,693,053	2,005,977
Income exempt from tax	(550)	(333,117)
Non deductible expenses for tax purpose	11,003,524	437,781
Effect of unrecognised tax losses for earlier years	(10,251,016)	(12,823,974)
MAT Credit and other adjustments	(623,409)	(6,417,283)
Income Tax recognised in Profit and Loss account	1,821,603	(17,130,616)

Note 41 : Expenditure in Foreign currency :

Travelling Expenses	1,570,804	1,137,202
Total	1,570,804	1,137,202

Note : 42 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 :

Contract revenue recognised during the year	-	-
Aggregate of contract costs incurred upto the year-end	-	-
Aggregate of recognised profits upto the year-end	-	-
Retention money for contracts in progress	-	-
Amount due from customers for contract work	-	109,061

SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note : 43 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		Unallocated		Total	
	For the year ended 31.03.2019	For the year ended 31.03.2018	For the year ended 31.03.2019	For the year ended 31.03.2018	For the year ended 31.03.2019	For the year ended 31.03.2018	For the year ended 31.03.2019	For the year ended 31.03.2018
Segment Revenue								
External Segment Revenue	420,253,332	480,436,145	23,454,505	27,589,508	45,749,206	26,892,731	489,457,043	534,918,385
Inter Segment Revenue	-	-	-	-	-	-	-	-
Total Revenue	420,253,332	480,436,145	23,454,505	27,589,508	45,749,206	26,892,731	489,457,043	534,918,385
Less : Inter Segment Revenue	-	-	-	-	-	-	-	-
Net Revenue	420,253,332	480,436,145	23,454,505	27,589,508	45,749,206	26,892,731	489,457,043	534,918,385
Result - Profit/ (Loss)								
Segment Result	3,054,286	3,633,025	23,454,505	27,589,508	(19,554,187)	(22,740,741)	6,954,605	8,481,793
Less: Finance cost	-	-	-	-	384,240	771,115	384,240	771,115
Profit/ (Loss) Before Tax	3,054,286	3,633,025	23,454,505	27,589,508	(19,938,426)	(23,511,856)	6,570,365	7,710,678

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 : 44 List of Subsidiary included in the Consolidated Financial Statements are as under :

Name of Companies	Country of Incorporation	As at 31st March 2019	As at 31st March 2018
Smifs Capital Services Limited	India	100%	100%

SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note : 45 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		Amount in ₹
		As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount	
PARENT										
Smifs Capital Markets Limited	INR	93.11%	1,016,101,070	119.77%	5,687,445	98.10%	(14,517,116)	98.10%	(14,517,116)	
SUBSIDIARIES										
Smifs Capital Services Limited	INR	6.89%	75,211,654	(19.77%)	(938,683)	1.90%	(280,489)	1.90%	(280,489)	
		100.00%	1,091,312,724	100.00%	4,748,762	100.00%	(14,797,605)	100.00%	(14,797,605)	

Note : 48 Previous year figures have been reclassified / regrouped / rearranged wherever necessary.

As Per Our Report Of Even Date attached

FOR S. K. Agrawal and Co.

Chartered Accountants

Firm Reg. No.: 306033E

Vivek Agarwal

Partner

Membership No. : 301571

Place: Kolkata

Dated: 28th May, 2019

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 Vice President
Finance & Taxation





SMIFS CAPITAL SERVICES LIMITED

(CIN NO.: 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, 2019.

FINANCIAL RESULTS

(₹ in million)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Profit/(Loss) before Finance Charge, Depreciation & Tax	(0.78)	(1.42)
Less: Finance Charge	-	-
Profit/(Loss) before Depreciation & Tax	(0.78)	(1.42)
Less: Depreciation / Amortization	0.10	0.14
Profit/(Loss) before Tax	(0.88)	(1.56)
Less : Tax Expenses	(0.06)	0.01
Profit/(Loss) after Tax	(0.94)	(1.55)
Profit/(Loss) brought forward from earlier year :	(4.50)	(2.95)
Profit/(Loss) carried to Balance Sheet	(5.44)	(4.50)

DIVIDEND

Due to inadequacy of profits during the year, no dividend is recommended.

DEPOSITS

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The particulars of loans, guarantees and investments have been disclosed in 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 and is exploring 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 Directors have devised proper systems to ensure compliance with the provision of all applicable laws and that such systems 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, 2019, your Company had 3 Non- Executive Directors. Mr. Utsav Parekh retires by rotation and being eligible offers himself for re-appointment. Further, Mr. Santosh Kumar Mukherjee was re-appointed as an Independent, Non-Executive Director of the Company w.e.f. April 1, 2019 to March 31, 2024 for a further period of 5 years by passing a Special Resolution by way of conducting an Extra-Ordinary Annual General Meeting.

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, 2019 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:

Quarter	Date of Meetings
First	May 30, 2018
Second	August 10, 2018
Third	November 10, 2018
Fourth	February 9, 2019

Attendance of Director in respective meeting are as follows:

Name of the Directors	Year 2018 – 2019 Attendance at Board Meetings	Year 2017 – 2018 Attendance at the last AGM
Mr. Kishor Shah	4	Yes
Mr. Santosh Kumar Mukherjee	4	Yes
Mr. Utsav Parekh	4	No

AUDITORS

Members of the Company had approved M/s J.S Vanzara & Associates, Chartered Accountants, Kolkata (Firm Registration No. 318143E) as the Statutory Auditors of the Company at the 18th Annual General Meeting of the Company held on 20th September, 2018 for a period of 4 years from the conclusion of Eighteenth Annual General Meeting until conclusion of the Twenty Second Annual General Meeting of the Company subject to the ratification by the Members at every Annual General Meeting. In view of the Companies (Amendment) Act, 2017 the requirement of ratification of appointment of Statutory Auditors at every Annual General Meeting has been done away with. As such resolution for seeking ratification of appointment of Statutory Auditor has not been placed before the shareholders at this Annual General Meeting.

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".

EXTRA ORDINARY GENERAL MEETING CONDUCTED DURING THE YEAR

The shareholders approval was obtained by way of Special Resolution on 6th December, 2018 by holding an Extra-Ordinary General Meeting for Re-Appointment of Mr. Santosh Kumar Mukherjee as an Independent, Non- Executive Director of the Company and for changing the Main Objects Clause of the Memorandum Of Association of the Company .

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.

For and on behalf of the Board of Directors

Place : Kolkata

Date : The 28th day of May, 2019

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, 2019

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

I. REGISTRATION AND OTHER DETAILS			
(i)	CIN	:	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 Registrar and Transfer Agent, 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 :

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	-	100.00%

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 1st April, 2018)				No. of Shares held at the end of the year (As on 31st March, 2019)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	Promoters									
1	Indian									
	(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
	Sub- Total (A)(1)	0	7500020	7500020	99.99	0	7500020	7500020	99.99	0
2	Foreign									0
	(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
	Sub – Total (A) (2)	0	0	0	0	0	0	0	0	0
	Total shareholding of Promoter (A) = (A)(1)+(A)(2)	0	7500020	7500020	99.99	0	7500020	7500020	99.99	0
B.	Public Shareholding									
1	Institutions									
	(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) FIs	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
	Sub Total B(1)	0	0	0	0	0	0	0	0	0

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 (As on 1st April, 2018)				No. of Shares held at the end of the year (As on 31st March, 2019)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2	Non- Institutions									
	(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 share capital upto ₹ 1 lakh	0	50	50	0.00	0	50	50	0.00	0
	(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	0	0	0	0	0	0	0	0	0
	(c) Others (specify)	0	0	0	0	0	0	0	0	0
	(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
	Sub-Total(B)(2) :	0	50	50	0.00	0	50	50	0.00	0
	Total Public Shareholding (B)=(B)(1)+(B)(2)	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
	Grand Total(A+B+C)	0	7500070	7500070	100	0	7500070	7500070	100	0

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Purchase / Sale during 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	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						

(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 at the end of 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	SUBRATA DAS						
	At the beginning of the year	20	0.00				
	Date wise 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	SHREEMANTA BANERJEE						
	At the beginning of the year		10	0.00			
	Date wise 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	DEBASISH MUKHERJEE						
	At the beginning of the year	10	0.00				
	Date wise 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	SURENDRA NATH OHJA						
	At the beginning of the year	10	0.00				
	Date wise 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	UTSAV PAREKH						
	At the beginning of the year	10	0.00				
	Date wise Increase/Decrease in Promoter Shareholding during the year specifying the reason for increase/decrease (e.g allotment/ transfer/bonus/sweat equity etc) :			-	-		
	At the End of the Year					10	0.00

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 ₹)
Indebtedness at the beginning of the financial year.				
(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
Total (i+ii+iii)	0	0	0	0
Change in Indebtedness during the financial year				
Addition				
Reduction	0	0	0	0
Net Change				
Indebtedness at the end of the financial year.				
(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
Total (i + ii + iii)	0	0	0	0

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	Nil	
	(b) Value of perquisites u/s 17(2) Income- tax Act,1961		
	(c) Profit in lien of salary under section 17(3) Income-tax Act, 1961		
2	Stock Option		
3	Sweat Equity		
4	Commission -as % of profit		
5	Other, please specify		
	Total (A)		
	Ceiling as per the Act		

B. Remuneration to other Directors :

Sl. No.	Particulars of Remuneration	Name of Director	Total Amount in (₹)
1	Independent Director	Nil	
	<input type="checkbox"/> Fee for attending Board/ Committee Meeting		
	<input type="checkbox"/> Commission		
	<input type="checkbox"/> Others, please specify		
	Total (1)		
2	Other Non-Executive Director	Nil	
	<input type="checkbox"/> Fee for attending Board/ Committee meeting		
	<input type="checkbox"/> Commission		
	<input type="checkbox"/> Other, please specify		
	Total (2)	Nil	
	Total (B) = (1+2)	Nil	
	Total Managerial Remuneration		
	Overall Ceiling as per the Act		

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO Amount in (₹)	Company Secretary Amount in (₹)	CFO Amount in (₹)	Total Amount in (₹)
1	Gross salary				
	(a) Salary as per provision contained in section 17(1) of the Income-Tax Act, 1961	N.A.	699,650	N.A.	699,650
	(b) Value of perquisites u/s 17(2) Income-Tax Act, 1961	0	0	0	0
	(c) Profits in lien of salary under section 17(3) 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
	Total (Amount in ₹)	N.A.	699,650	N.A.	699,650

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)
A. COMPANY					
Penalty			N.A		
Punishment					
Compounding					
B. DIRECTOR					
Penalty			N.A		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			N.A		
Punishment					
Compounding					

For and on behalf of the Board of Directors

Regd. Office:

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

Date : The 28th day of May, 2019

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 audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **SMIFS CAPITAL SERVICES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2019, profit and total comprehensive loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

S. No.	Key Audit Matter	Auditor's Response
1.	Direct Tax provision In the normal course of business, "Income Taxes" as the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period	Our procedures included: - Control testing: - Testing the effectiveness of the controls around the recording and re-assessment of tax provisions. Our tax expertise: - Use of our own tax specialists to perform an assessment of the related correspondence, to consider the computation of tax provisions.

S. No.	Key Audit Matter	Auditor's Response
		<p>- Challenging the assumptions using our own expectations based on our knowledge, considering relevant judgments passed by authorities, as well as assessing relevant opinions from third parties.</p> <p>Assessing disclosures:</p> <p>Considering the adequacy of the disclosures in respect of tax and uncertain tax positions. Our results</p> <p>The results of our testing were satisfactory, and we found the level of tax provisioning to be acceptable</p>
2.	<p>Valuation of investment in certain equity interests of listed and unlisted company</p> <p>Refer note 3 to the standalone financial statements</p> <p>The investment in certain equity interests of a listed and unlisted company (the 'investment') are to be measured at fair value at each reporting date, and same has been measured at fair value through other comprehensive income.</p> <p>With reference to the valuation, management had estimated the fair value of the Investment at ₹ 5,12,33,457/- at year end.</p> <p>In consideration of the Investment is operating in an emerging industry and its fair value is highly dependent on significant management judgements. Accordingly, the valuation of the Investment was considered as one of the key audit matters.</p>	<p>Based on the audit procedures performed, we found the assumptions made by management in relation to the valuation were supported by available evidence.</p>

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexure to Board's Report and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.



If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. 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; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the

audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 "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, based on our audit 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 including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.



- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- (h) 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company does not have any pending litigation which would impact its financial position in its standalone 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 are required to be transferred to Investor Education and Protection Fund by the Company.

3A, Oriental House,
6C, Elgin Road,
Kolkata – 700 020

Date : 28th day of May, 2019

SMIFS

For J. S. VANZARA & ASSOCIATES

Chartered Accountants

FRN NO: 318143E

AUROBINDA PANDA

Partner

Membership No. 064888

ANNEXURE – A TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1 under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of SMIFS CAPITAL SERVICES LIMITED of even date)

The Annexure referred to in our Independent Auditor's Report to the members of **SMIFS CAPITAL SERVICES LIMITED** (‘the Company’) for the year ended on 31stMarch 2019. We report that:

- i. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The property, plant and equipment were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the property, plant and equipment at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- c) According to 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. As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on such physical verification.
- iii. In our opinion and according to the information and explanations 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 clause (iii) (a), clause (iii) (b) and clause (iii) (c) of paragraph 3 of the Order are not applicable.
- iv. Based on our audit procedure and on the basis of information and explanations given to us, we are of the 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 explanations given to us, the Company has not accepted any deposits 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) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees State Insurance, Income Tax, Duty of Customs, Goods and Services 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 31stMarch, 2019 for a period of more than six months from the date of becoming payable.
 - (b) According to the records of the Company, there are no dues of Income Tax, Goods and Services Tax and Cess 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 instruments) 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 year.
- 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 section 197 read with Schedule V to the Companies Act, 2013.
- xii. In our opinion 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 related parties are in compliance with sections 177 and 188 of the Companies Act, 2013, where applicable, and details of such transactions have been disclosed in the standalone financial statements, as required by the applicable Indian Accounting Standards.
- xiv. According to the information and explanations give 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 partly convertible debentures during the year. Accordingly, clause (xiv) of paragraph 3 of the Order is not applicable.
- 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 explanations 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

Date : 28th day of May, 2019

For J. S. VANZARA & ASSOCIATES

*Chartered Accountants
FRN NO: 318143E*

AUROBINDA PANDA

*Partner
Membership No. 064888*

ANNEXURE - B TO THE AUDITORS' REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of SMIFS CAPITAL SERVICES LIMITED of even date)

Report on the Internal Financial Controls Over Financial Reporting 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 LIMITED ("the Company") as of 31st March, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

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, to the best of our information and according to the explanations given to us, 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 31st March, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

3A, Oriental House,
6C, Elgin Road,
Kolkata – 700 020

Date : 28th day of May, 2019

SMIFS

For J. S. VANZARA & ASSOCIATES

Chartered Accountants

FRN NO: 318143E

AUROBINDA PANDA

Partner

Membership No. 064888



SMIFS CAPITAL SERVICES LIMITED
STANDALONE BALANCE SHEET AS AT 31ST MARCH, 2019

Particulars	Note No.	As at 31st March 2019 ₹	As at 31st March 2018 ₹
ASSETS			
Non-current assets			
a) Property, plant and equipment	2	211,563	308,380
b) Financial assets			
i) Investments	3	51,233,457	51,381,207
ii) Loans	4	234,896	134,485
		51,679,916	51,824,071
Current assets			
a) Financial assets			
i) Trade receivables	5	522	522
ii) Cash and Cash equivalents	6	290,790	275,326
iii) Others	7	24,294,243	25,246,020
b) Current tax asset (Net)	8	287,752	201,980
c) Other current assets	9	70,326	237,231
		24,943,633	25,961,079
Total Assets		76,623,548	77,785,151
EQUITY AND LIABILITIES			
EQUITY			
a) Equity Share capital	10	75,000,700	75,000,700
b) Other equity	11	210,954	1,430,126
		75,211,654	76,430,826
LIABILITIES			
Non-current liabilities			
a) Deferred tax liabilities (Net)	12	769,046	885,797
b) Other non-current liabilities	13	32,454	32,454
		801,500	918,251
Current liabilities			
a) Other current liabilities	14	366,354	321,330
b) Provisions	15	244,041	114,744
		610,395	436,074
Total Equity and liabilities		76,623,549	77,785,151

Significant Accounting Policies & Notes to Financial Statements 1 To 32

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: 28th May 2019

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

STANDALONE STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2019

Particulars	Note No.	Year ended 31st March, 2019 ₹	Year ended 31st March, 2018 ₹
INCOME			
I Revenue from operations	16	1,830,388	1,829,657
II Other Income	17	19,167	12,709
Total income(I+II)		1,849,555	1,842,366
EXPENDITURE			
Employee Benefit Expenses	18	2,290,717	2,034,204
Depreciation and amortization expense	19	96,817	141,130
Other expenses	20	342,083	1,222,910
Total Expense(III)		2,729,617	3,398,244
IV Profit/(loss) before exceptional items and tax		(880,062)	(1,555,878)
V Exceptional items		-	-
VI Profit/(loss) before tax		(880,062)	(1,555,878)
VII Tax expense:	21		
(1) Current tax		-	-
(2) Tax adjustment for earlier years		95,883	-
(3) Deferred tax		(37,262)	(4,620)
VIII Profit/(loss) for the period from continuing operations		(938,683)	(1,551,258)
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		(938,683)	(1,551,258)
XII Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss			
Remeasurement of net defined benefit liability		(212,228)	(12,101)
Gains and losses from investments in equity instruments designated at fair value through other comprehensive income;		(147,750)	(898,176)
(ii) Income tax relating to items that will not be reclassified to profit or loss		79,489	1,030,248
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		(280,489)	119,971
XIII Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit (Loss) and Other Comprehensive Income for the period)		(1,219,172)	(1,431,287)
XIV Earning per equity share:			
(1) Basic	22.1	(0.13)	(0.21)
(2) Diluted	22.2	(0.13)	(0.21)

Significant Accounting Policies & Notes to Financial Statements 1 To 32

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: 28th May 2019

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 31ST MARCH, 2019

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 2018	75,000,700	-	75,000,700
For the year ended 31st March 2019	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	
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)
Balance at 31st March 2018	(4,500,735)	5,950,141	(19,280)	1,430,126
Balance at 1 April 2018	(4,500,735)	5,950,141	(19,280)	1,430,126
Profit for the year	(938,683)	-	-	(938,683)
Other Comprehensive Income	-	(68,261)	(212,228)	(280,489)
Total Comprehensive Income for the year	(938,683)	(68,261)	(212,228)	(1,219,172)
Balance at 31 March 2019	(5,439,419)	5,881,880	(231,508)	210,953

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: 28th May 2019

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

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019

	Amount in ₹	
	31st March 2019	31st March 2018
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	(880,062)	(1,555,878)
Adjustment for		
Depreciation	96,817	141,130
Dividend on Investment	(420)	-
Prior Period Items	(183)	-
	<u>96,214</u>	<u>141,130</u>
Operating profit before Working Capital change	(783,848)	(1,414,748)
Adjustment for		
Trade & Other Receivables	806,043	(5,650,834)
Trade & Other Payables	174,321	(66,213)
	<u>980,364</u>	<u>(5,717,047)</u>
Cash Generated from Operations	196,516	(7,131,795)
Direct Tax paid	(181,472)	55,833
	<u>(181,472)</u>	<u>55,833</u>
Net Cash Flow from Operating activity	15,044	(7,075,962)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Investments	-	7,050,000
Dividend on Investment	420	-
Net Cash flow from Investing Activities	420	7,050,000
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	-	-
Proceeds from long-term borrowings	-	-
Net cash used in Financing Activities	-	-
Net increase in Cash & Cash Equivalents	15,464	(25,962)
Opening Balance of Cash & Cash Equivalents	275,326	301,288
Closing Balance of Cash & Cash Equivalents	290,790	275,326

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: 28th May 2019

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 STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

The Company Information

SMIFS CAPITAL SERVICES 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 financial statements for the year ended March 31 2019 were approved by the Board of Directors and authorised for issue on 28th May 2019.

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 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.

Adoption of new Indian Accounting Standards and interpretations

Ind AS 115 “Revenue from Contracts with Customers”, that replaces Ind AS 18 “Revenue” and related interpretations, introduce one single new model for recognition of revenue which includes a 5-step approach and detailed guidelines. Among other, such guidelines are on allocation of revenue to performance obligations within multi-element arrangements, measurement and recognition of variable consideration and the timing of revenue recognition. The Company has assessed the effect of the new standard and has concluded that the application of Ind AS 115 has not had significant effect on recognition and measurement of revenue.

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.



SMIFS CAPITAL SERVICES LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

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 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.

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.

SMIFS CAPITAL SERVICES LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

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

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is measured at the fair value of the consideration received or receivable, net of returns, discounts, volume rebates, and goods and service tax. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company regardless of when the payment is being made.

(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.

(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.



SMIFS CAPITAL SERVICES LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

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 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.

SMIFS CAPITAL SERVICES LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

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.

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 SERVICES LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

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:

- 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.

SMIFS CAPITAL SERVICES LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

(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 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



SMIFS CAPITAL SERVICES LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

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 116: Leases

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

- Full retrospective: Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- Modified retrospective: Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application. Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:
 - Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application, or
 - An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application.

Certain practical expedients are available under both the methods.

The Company is in the process of evaluating the impact of such amendment.

Ind AS 12 Appendix C: Uncertainty over Income Tax Treatments

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or

SMIFS CAPITAL SERVICES LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The standard permits two possible methods of transition:

- i) **Full retrospective approach:** Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight, and
- ii) **Retrospectively with cumulative effect** of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives. The Company is in the process of evaluating the impact of such amendment.

Amendment to Ind AS 12: Income taxes

On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company is in the process of evaluating the impact of such amendment.

Amendment to Ind AS 19: Employee Benefits

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The Company is in the process of evaluating the impact of such amendment.

Amendment to Ind AS 103: Business Combinations and Ind AS 111: Joint Arrangement

This interpretation clarifies how an entity accounts for increasing its interest in a joint operation that meets the definition of business. The Company is in the process of evaluating the impact of such amendment.

Amendments to Ind AS 23: Borrowing Costs

The amendment clarifies that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction. The Company is in the process of evaluating the impact of such amendment.

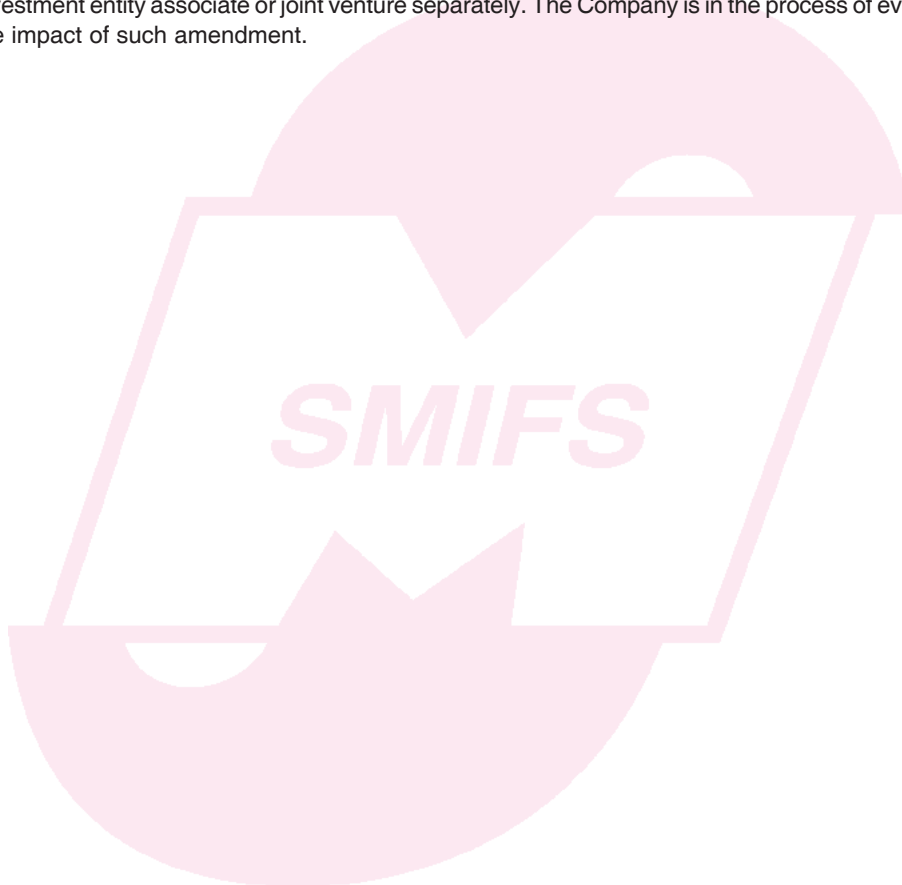


SMIFS CAPITAL SERVICES LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Amendments to Ind AS 28: Investments in Associates and Joint Ventures

When applying the equity method, a non-investment entity that has an interest in an investment entity associate or joint venture can elect to retain the fair value accounting applied by the associate or joint venture to its subsidiaries. Venture capital and other qualifying organizations can elect to measure investments in associates or joint ventures at fair value through profit or loss instead of applying the equity method. The amendments clarify that both these elections apply for each investment entity associate or joint venture separately. The Company is in the process of evaluating the impact of such amendment.



SMIFS CAPITAL SERVICES LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note : 2 Property Plant and Equipments Amount in ₹

Particulars	Gross Block				Depreciation				Net Block	
	As on 01.04.2018	Additions	Deductions/ Adjustments	As on 31.03.2019	As on 01.04.2018	For the year	Adjustment	As on 31.03.2019	As on 31.03.2019	As on 31.03.2018
Vehicles	562,878	-	-	562,878	254,499	96,816	-	351,315	211,563	308,379
Computers	391	-	-	391	390	1	-	391	-	1
Sub total	563,269	-	-	563,269	254,889	96,817	-	351,706	211,563	308,380
Previous year	563,269	-	-	563,269	113,759	141,130	-	254,889	308,380	



SMIFS CAPITAL SERVICES LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note : 3 Investments

Amount in ₹

Sl. No.	Particulars	As at 31st March 2019		As at 31 March 2018	
		Quantity No.	Amount ₹	Quantity No.	Amount ₹
1	Investments measured at amortized cost				
	Investment in Preference Shares (Non Cumulative ₹ 100/- Each)				
	15% Andaman Plantations & Development Corporation Pvt.Ltd	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
2	Investment measured through Other Comprehensive Income				
	Investment in Equity Shares				
	Equity shares of ₹ 10 each (Unless otherwise stated)				
(a)	Fully paid up: Quoted				
	KEC International Ltd.	175	52,457	175	68,207
(b)	Fully paid up: Unquoted				
	Antriksh Vyapaar Limited	1,650,000	38,181,000	1,650,000	38,313,000
	Andaman Plantations & Development Corporation Pvt.Ltd	30,000	3,000,000	30,000	3,000,000
	Total		51,233,457		51,381,207

Aggregate book value of unquoted Investments

51,181,000

51,313,000

Aggregate book value of quoted Investments

52,457

68,207

Aggregate market value of quoted Investments

52,457

68,207

Note : 4 Loans

Amount in ₹

Sl. No.	Particulars	As at 31st March 2019	As at 31 March 2018
1	Security Deposit	58,000	13,000
2	Others	176,896	121,485
	Total	234,896	134,485

Note : 5 Trade Receivables

1	Unsecured Considered Good	522	522
	Total	522	522

Note : 6 Cash & Cash Equivalents

1	Balance with banks #		
	Current Account Balances	267,026	248,752
2	Cash on hand	23,764	26,574
	Total	290,790	275,326

SMIFS CAPITAL SERVICES LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note : 7 Others

Amount in ₹

Sl. No.	Particulars	As at 31st March 2019	As at 31 March 2018
Short term Loans & Advances			
1	Other Advances	24,294,243	23,800,217
2	Due from Holding Company	-	1,445,803
	Total	24,294,243	25,246,020

Note : 8 Current tax asset (Net)

1	Advance Income Tax (Net of Provision)	287,752	201,980
	Total	287,752	201,980

Note : 9 Other Current Assets

1	Others	-	20,000
2	Prepaid Expenses	70,326	217,231
	Total	70,326	237,231

Note : 10 Equity Share Capital

1 AUTHORIZED					
	1,50,00,000 Equity Shares of ₹10/- each	150,000,000		150,000,000	
		150,000,000		150,000,000	
2 ISSUED , SUBSCRIBED & PAID UP					
	7,500,070 Equity Shares of ₹ 10/- each, Fully paid up	75,000,700		75,000,700	
3 The details of shareholders holding more than 5% shares					
Particulars	No. of shares	% held	No. of shares	% held	
SMIFS Capital Markets Limited	7,500,070	100.00	7,500,070	100.00	

Note : 11 Other Equity

Sl. No.	Particulars	As at 31st March 2019	As at 31 March 2018
1	Retained Earnings		
	Balance brought forward from previous year	(4,500,735)	(2,949,477)
	Profit for the Year	(938,683)	(1,551,258)
		(5,439,418)	(4,500,735)
2	Opening OCI	5,930,861	5,810,890
	Add: During the year OCI	(280,489)	119,971
		5,650,372	5,930,861
	Total	210,954	1,430,126



SMIFS CAPITAL SERVICES LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note : 12 Deferred tax liabilities (Net)

Amount in ₹

Sl. No.	Particulars	As at 31st March 2019	As at 31 March 2018
1	Deferred tax liability		
	Deffered Tax Assets		
	On Disallowances under the Income Tax Act, 1961	118,630	32,979
	On difference between wdv as per book and wdv as per Income Tax Act of fixed assets	66,212	62,568
	Deferred tax liability On Financial Instrument	953,888	981,344
		<u>769,046</u>	<u>885,797</u>
	Total	769,046	885,797

Note : 13 Other Non Current Liabilities

1	Advance from party	32,454	32,454
	Total	32,454	32,454

Note : 14 Other Current Liabilities

Other current liabilities			
1	Statutory Dues	12,848	11,288
2	Liability for expenses	331,818	310,042
3	Due to Holding Company	21,688	-
	Total	366,354	321,330

Note : 15 Provisions

1	Provision for employees benefits	244,041	114,744
	Total	244,041	114,744

Note : 16 Revenue from Operations

Sl. No.	Particulars	Year ended 31st March, 2019	Year ended 31st march, 2018
1	Investment Banking Operations (Net)	1,830,388	1,829,657
	Total	1,830,388	1,829,657

Note : 17 Other Income

1	Interest Received	2,545	4,383
2	Liabilities Written Back	16,019	8,326
3	Prior Period Income	183	-
4	Dividend Income	420	-
	Total	19,167	12,709

SMIFS CAPITAL SERVICES LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note : 18 Employee Benefit Expenses

Amount in ₹

Sl. No.	Particulars	Year ended 31st March, 2019	Year ended 31st march, 2018
1	Salaries, Bonus & Allowances	1,841,157	1,612,962
2	Contribution to provident and other funds	135,721	123,440
3	Staff Welfare Expenses	313,839	297,802
	Total	2,290,717	2,034,204

Note : 19 Depreciation & Amortised Cost

1	Depreciation	96,817	141,130
	Total	96,817	141,130

Note : 20 Other expenses

1	Telephone Expenses	46,027	23,679
2	Printing & Stationery Expenses	-	4,450
3	Professional, Legal & Consultancy Charges	78,606	16,500
4	Business Promotion Expenses	11,253	9,217
5	Repair - Others	-	500
6	Advertisement	-	2,000
7	Vehicle Expenses	91,318	119,460
8	Membership & Subscription Fees	18,408	21,296
9	Miscellaneous Expenses	64,154	58,684
10	Sundry Balnce W/off	5,070	-
11	Bad Debt.	-	890,948
12	Rates & Taxes	7,800	53,276
13	Insurance	9,447	12,900
14	Auditors' Remuneration	10,000	10,000
	Total	342,083	1,222,910

Note : 21 Tax expenses

1	Current Tax	-	-
	Provision For Taxation	-	-
	Income Tax Earlier Year	95,883	-
		95,883	-
2	Deferred tax	(37,262)	(4,620)
	Total	58,621	(4,620)



SMIFS CAPITAL SERVICES LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Amount in ₹

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 2019</u>	<u>31st March 2018</u>
Net Profit / (Loss) attributable to equity shareholders		
Profit / (Loss) after tax	(938,683)	(1,551,258)
Nominal value of equity share (₹)	10	10
Weighted-average number of equity shares for basic & Diluted EPS	7,500,070	7,500,070
Basic & Diluted earnings per share (₹)	(0.13)	(0.21)

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 instruments.

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 SERVICES LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note : 24 Employee Benefit Obligations

Amount in ₹

Leave Obligations

To be Recognised in PL

Descriptions	31st March 2019	31st March 2018
Current Service Cost	18,708	15,889
Interest Cost on Benefits Obligation	8,606	6,829
Expected Return on Planned Asset	-	-
Actuarial Gain/Loss	119,572	26,326
Past Service Cost	-	-
Total	146,886	49,044

Net Liability /Asset recognised in BS

Net asset/(liability) recognised in balance sheet at beginning of the period	244,041	114,744
Fair Value of Planned Asset	-	-
Funded status {Surplus/(Deficit)}	(244,041)	(114,744)
Effect of balance sheet asset	-	-
Unrecognised Past Service Cost	-	-
Net asset/(liability) recognised in balance sheet	(244,041)	(114,744)

Change in the PV of DBO during the year

PV of DBO at beginning of the year	1,14,744	94,846
Current Service Cost	18,708	15,889
Interest Cost on DBO	8,606	6,829
Benefits Paid from Planned Asset	(17,589)	(29,146)
Actuarial Loss/Gains	1,19,572	26,326
Total	2,44,041	1,14,744

Principal Assumption

Discount Rate	7.30%	7.50%
Rate of Increase in salaries	10.00%	7.50%

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.



SMIFS CAPITAL SERVICES LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Sensitivity analysis for Present value of Defined Benefit obligation Amount in ₹

Descriptions	31st March 2019	31st March 2018
Impact of the change in discount rate		
Present value of obligation at the end of the year	244,041	114,744
a) Impact due to increase of 1 %	210,736	101,856
b) Impact due to decrease of 1 %	284,990	130,519
Impact of the change in salary increase		
Present value of obligation at the end of the year	244,041	114,744
a) Impact due to increase of 1 %	285,276	131,350
b) Impact due to decrease of 1 %	209,898	100,977

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	50,970	48,067
Interest Cost on Benefits Obligation	(16,293)	(11,915)
Expected Return on Planned Asset	-	-
Actuarial Gain/Loss	-	-
Past Service Cost	-	-
Total	34,677	36,152

To be Recognised in OCI

Actuarial Loss/Gains	208,589	11,886
Expected Return on Planned Asset	3,639	215
Re-measurement (or Actuarial (gain/loss) arising because of change in effect of asset ceiling	-	-
Total	212,228	12,101

Net Liability /Asset recognised in BS

PV of Defined Benefit Obligation	706,635	415,885
Fair Value of Planned Asset	776,961	633,116
	70,326	217,231
Less: Unrecognised Past Service Cost	-	-
Total - Net defined Benefit	70,326	217,231

SMIFS CAPITAL SERVICES LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Change in the PV of DBO during the year

Amount in ₹

Descriptions	31st March 2019	31st March 2018
PV of DBO at beginning of the year	415,885	332,026
Current Service Cost	50,970	48,067
Interest Cost on DBO	31,191	23,906
Benefits Paid from Planned Asset	-	-
Actuarial Loss/Gains	208,589	11,886
Plan Amendments	-	-
Total	706,635	415,885

Change in the Fair Value of Asset during the year

Fair value of Plan Asset at beginning	633,116	497,510
Expected Return	47,484	35,821
Contribution by Employer	100,000	100,000
Benefits Paid	-	-
Actuarial Gains/Losses	(3,639)	(215)
Total	776,961	633,116

Principal Assumption

Discount Rate	7.30%	7.50%
Rate of Increase in salaries	10.00%	7.50%

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	706,635	415,885
a) Impact due to increase of 1 %	631,324	379,977
b) Impact due to decrease of 1 %	798,567	459,155

Impact of the change in salary increase

Present value of obligation at the end of the year	706,635	415,885
a) Impact due to increase of 1 %	796,529	460,004
b) Impact due to decrease of 1 %	631,404	378,626

SMIFS CAPITAL SERVICES LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note : 25 Financial instruments by category

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

Amount in ₹

Particulars	31st March 2019			31st March 2018		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Trade receivables	-	-	522	-	-	522
Loans	-	-	234,896	-	-	134,485
Cash and cash equivalents	-	-	290,790	-	-	275,326
Investments	-	38,233,457	13,000,000	-	38,381,207	13,000,000
Other financial assets	-	-	24,294,243	-	-	25,246,020
Total	-	38,233,457	37,820,451	-	38,381,207	38,656,353
Financial liabilities						
Borrowings	-	-	-	-	-	-
Trade payable	-	-	-	-	-	-
Security deposit	-	-	-	-	-	-
Other financial liabilities	-	-	-	-	-	-
Total	-	-	-	-	-	-

SMIFS CAPITAL SERVICES LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

(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 2019			31st March 2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Particulars						
Investment in equity shares	52,457	41,181,000	-	68,207	41,313,000	-
Investment in preference shares	-	10,000,000	-	-	10,000,000	-
Total financial assets	52,457	51,181,000	-	68,207	51,313,000	-
Financial liabilities						
Derivative financial liabilities	-	-	-	-	-	-
Total	-	-	-	-	-	-

Level 1 : Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, mutual funds 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 STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

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

Particulars	31st March 2019		31st March 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Carried at amortised cost				
Cash and Bank balances	290,790	290,790	275,326	275,326
Trade Receivables	522	522	522	522
Investments	51,233,457	51,233,457	51,381,207	51,381,207
Loans	234,896	234,896	134,485	134,485
Other financial assets	24,294,243	24,294,243	25,246,020	25,246,020
Total financial assets	76,053,907	76,053,907	77,037,560	77,037,560
Financial liabilities				
Carried at ammortised cost				
Borrowings	-	-	-	-
Trade payable	-	-	-	-
Security deposit	-	-	-	-
Other financial liabilities	-	-	-	-
Total financial liabilities	-	-	-	-

SMIFS CAPITAL SERVICES LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

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, 2019 and 2018 was ₹ 52,457 and ₹ 68,207 respectively. A 10% change in equity price as at March 31, 2019 and 2018 would result in an impact of ₹ 5,245 and ₹ 6,820 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.

(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.



SMIFS CAPITAL SERVICES LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

(a) Transaction with related parties

Amount in ₹

Particulars	Enterprise described in (a) above		Key Management Personnel		Relatives of Key Management Personnel	
	31st March 2019	31st March 2018	31st March 2019	31st March 2018	31st March 2019	31st March 2018
Salary & Wages	-	-	749,906	678,720	-	-
Other Current Assets	-	-	-	1,445,803	-	-
Other financial liabilities	-	-	21,688	-	-	-

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.

Particulars	31st March 2019	31st March 2018
Equity Share Capital	75,000,700	75,000,700
Other Equity	210,954	1,430,126
Total Equity (A)	75,211,654	76,430,826
Non Current Borrowings	-	-
Short term Borrowings	-	-
Current Maturities of long term borrowings	-	-
Gross Debts (B)	-	-
Less : Current Investments	-	-
Less: Cash and cash Equivalments	290,790	275,326
Net Debt	(290,790)	(275,326)
Gearing Ratio	(0.0039)	(0.0036)

Note : 29 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 :-

Accounting profit before income tax	(938,683)	(1,551,258)
Applicable tax rate (Percentage)	26.00	26.00
Expected income tax	-	-
Income exempt from tax	(420)	-
Non deductible expenses for tax purpose	77,593	(2,269)
Effect of unrecognised tax losses for earlier years	-	-
Other adjustments	(1,015,857)	(2,351)
Income Tax recognised in Profit and Loss account	(938,683)	(4,620)

SMIFS CAPITAL SERVICES LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note : 30 Auditors' remuneration and expenses :

Amount in ₹

Particulars	31st March 2019	31st March 2018
for audit matter	10,000	10,000

Note : 31 Segment Reporting :

Segment Revenue

Investment Banking Operations	1,830,388	1,829,657
Others	19,167	12,709

Net Revenue	1,849,555	1,842,366
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Result - Profit/ (Loss)

Investment Banking Operations	1,830,388	1,829,657
Others	19,167	12,709

Total	1,849,555	1,842,366
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Less: Interest	-	-
Other unallocable expenses net of unallocable income	2,729,617	3,398,244

Profit/ (Loss) Before Tax	(880,062)	(1,555,878)
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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 : 32 Previous year figures have been reclassified / regrouped / rearranged wherever necessary.

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: 28th May 2019

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



REGISTERED OFFICE

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