



ANNUAL REPORT
2019–2020



SMIFS CAPITAL MARKETS LTD.



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 | – Independent Director |
| Mr. Ajay Kumar Kayan | – Director |
| Mr. Santosh Kumar Mukherjee | – Independent Director |
| Mrs. Ramya Hariharan | – Independent Director (Resigned on 15.10.2019) |
| Mrs. Pushpa Mishra | – Independent Director |
| Mr. Kishor Shah | – Managing Director |

Registered office address

“Vaibhav” (4F), 4, Lee Road, Kolkata-700020
Phone: (033)2290-0544/22907400
Fax no. (033)22871042/6884
Email:smifcap@gmail.com, cs.smifs@gmail.com

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 Website: www.smifscap.com

NOTICE

NOTICE is hereby given that the Thirty Seventh Annual General Meeting of the members of **SMIFS CAPITAL MARKETS LIMITED** will be held on Saturday, September 5, 2020 at 10.00 a.m. through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM") to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at March 31, 2020, 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. Ajay Kumar Kayan (DIN No.00239123), who retires by rotation and being eligible, offers himself for re-appointment.

Regd. Office:

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

The 30th day of June, 2020

By Order of the Board of Directors

Sd/-

(Poonam Bhatia)

Company Secretary-cum-Senior Manager Legal



NOTES:

- 1) In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through Video Conferencing ("VC") / Other Audio- Visual Means ("OAVM"), without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
- 2) Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Attendance Slip and Proxy Form are not annexed to this Notice.
- 3) 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.
- 4) 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) or to Registrars, M/s. Maheshwari Datamatics Pvt. Ltd., 23, R.N. Mukherjee Road, 5th Floor, Kolkata-700001 (e-mail id – mdpldc@yahoo.com).
- 5) 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) 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).
- 6) 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.
- 7) 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.
- 8) 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.
- 9) 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.

- 10) The Register of Members and Share Transfer Books of the Company shall remain closed from August 29,2020 to September 5, 2020 (both days inclusive).
- 11) 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 Ninth 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.
- 12) In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with Annual Report 2019-20 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company / Depository Participants. Members may note that the Notice and the Annual Report 2019-20 will also be available on the Company's website at www.smifscap.com, on the website of the Stock Exchanges i.e. BSE Limited at www.bseindia.com and on the website of CDSL i.e. www.evotingindia.com
- 13) Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
- 14) 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 2013, 2014, 2015, 2016 ,2017,2018 and 2019. 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.
- 15) Investor Grievance Redressal: Company has an exclusive e-mail id, viz. cs.smifs@gmail.com for investors to register their grievances if any.
- 16) 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.
- 17) In compliance with the provisions of Section 108 of the Act and the Rules framed thereunder, as amended to date and Regulation 44 of the Listing Regulations, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by CDSL, on all the resolutions set forth in this Notice. The instructions for e-voting are given herein below. The remote e-voting period commences at 10.00 A.M. on Tuesday, September 1, 2020 and ends at 5.00 P.M. on Friday, September 4, 2020. During this period, Members holding shares either in physical or de-materialized form as on the Cut-Off Date i.e., Saturday, August 29, 2020 , may cast their votes electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Those Members, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.



- 18) 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.
- 19) 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:

CDSL e-Voting System – For Remote e-voting and e-voting during AGM

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming AGM will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/ OAVM and cast their votes through e-voting.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.smifscap.com.

The Notice can also be accessed from the websites of the Stock Exchange i.e. BSE Limited. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. www.evotingindia.com.

7. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.

THE INSTRUCTIONS FOR SHAREHOLDERS FOR REMOTE E-VOTING ARE AS UNDER:

- (i) The voting period begins on September 1, 2020(10.00 a.m.) and ends on September 4, 2020 (5.00 p.m.) During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of August 29, 2020 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" module.
- (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. Shareholders 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 e-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"> • Shareholders who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated 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 (v). |



- (ix) After entering these details appropriately, click on “SUBMIT” tab.
- (x) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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 shareholders 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”. The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company/RTA email id.
2. For Demat shareholders -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to Company/RTA email id.

3. The company/RTA shall co-ordinate with CDSL and provide the login credentials to the above mentioned shareholders.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / iPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast **15 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at (company email id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **15 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at (company email id). These queries will be replied to by the company suitably by email.
6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility , then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

(xx) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.



- 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 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.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; cs.smifs@gmail.com and panigrahis7@gmail.com (designated email address by company), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

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 or call 1800225533.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call 1800225533.

Other Instructions:

- Those Members, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.
- The Members who have cast their vote by remote e-voting prior to the AGM may also attend / participate in the AGM through VC / OAVM, but shall not be entitled to cast their vote again.
- The remote e-voting period commences on September 1, 2020 (10:00 a.m.) and ends on September 4, 2020 (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 August 29, 2020(Saturday) may cast their vote by remote e-voting. The remote e-voting module shall be disabled by CDSL for voting thereafter. Those Members, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.
- 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 August 29 , 2020(Saturday)

- (E) Subject to the receipt of requisite number of votes, the Resolutions forming part of the Notice of Annual General Meeting shall be deemed to be passed on the date of the AGM i.e Saturday, September 5, 2020.
- (F) 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.
- (G) Mrs. Sudhansu Sekhar Panigrahi, Practicing Company Secretary (Membership No. 23187 and COP No.19649) has been appointed as the Scrutinizer to Scrutinizer the e-voting process in fair and transparent manner, whose e-mail address is panigrahis7@gmail.com
- (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.
- (I) The Scrutinizer shall within a period not exceeding 3 (Three) working days from the conclusion of the e-voting period unblock the votes in the presence of atleast 2 witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

20) 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 |
|----------------------------------|---------------------------|--|
| 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 |
| 2018-2019 | NIL | NIL |

21) All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection by the Members by writing an e-mail to the Company Secretary at cs.smifs@gmail.com

22) Since the AGM will be held through VC/OAVM, the Route Map is not annexed in this Notice.

Regd. Office:

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

The 30th day of June, 2020

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 Seventh Annual Report of the Company together with the audited financial statements for the year ended March 31, 2020.

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

(₹ in million)

| Particulars | Year ended 31.03.2020 | Year ended 31.03.2019 |
|--|--------------------------|--------------------------|
| Profit before Finance Charge, Depreciation & Tax | 7.99 | 13.97 |
| Less: Finance Charge | 0.35 | 0.38 |
| Profit before Depreciation & Tax | 7.64 | 13.59 |
| Less: Depreciation / Amortization | 5.54 | 6.14 |
| Profit before Tax | 2.10 | 7.45 |
| Less: Tax Expenses – Current / Earlier years | 1.02 | 3.04 |
| Less : Deferred Tax for the year | (0.25) | (1.28) |
| Profit after Tax | 1.33 | 5.69 |
| Profit brought forward from earlier year : | 106.37 | 99.45 |
| Profit transfer from OCI Reserve: | - | 7.96 |
| Profit available for Appropriation | 107.70 | 113.10 |
| APPROPRIATIONS | | |
| Dividend including Dividend Tax | - | 6.73 |
| Profit carried to Balance Sheet | 107.70 | 106.37 |

FINANCIAL AND OPERATIONAL PERFORMANCE

Operating profit (PBDIT) of the Company for the year was ₹ 7.99 million (previous year ₹ 13.97 million). Profit after tax for the year was ₹1.33 million (₹ 5.69 million in the previous year).

Net worth of the Company as on March 31, 2020 was ₹ 1027.49 million (previous year ₹ 1091.10 million).

(b) CAPITAL

The paid up Equity Share Capital as on March 31, 2020 stood at ₹ 55,850,000/- divided into 5,585,000 equity shares of ₹ 10/- each.

(c) DIVIDEND

In view of inadequacy of profits, your Board of Directors do not recommend any dividend for this year.

(e) 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 2012-13 is due for transfer to Investor Education and Protection Fund during October/ November 2020. 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 MaheshwariDatamatics 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,2020 was Rs. 3.43 million (Previous Year Rs. 3.93 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, 2020, 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 31.03.2020 | Year ended 31.03.2019 |
|---|----------------------------------|----------------------------------|
| Profit/(Loss) before Finance Charge, Depreciation & Tax | (0.50) | (0.78) |
| Less: Finance Charge | - | - |
| Profit/(Loss) before Depreciation & Tax | (0.50) | (0.78) |
| Less: Depreciation / Amortization | 0.06 | 0.10 |
| Profit/ (Loss) before Tax | (0.56) | (0.88) |
| Less : Tax Expenses | 0.04 | 0.06 |
| Profit/ (Loss) after Tax | (0.60) | (0.94) |
| Profit/(Loss) brought forward from earlier years : | (5.44) | (4.50) |
| Profit/(Loss) carried to Balance Sheet | (6.04) | (5.44) |

6. YEAR IN RETROSPECT AND FUTURE OUTLOOK

In the year 2019-20, the economy started slowing down considerably and many businesses started facing considerable stress. Credit crisis accentuated with some businesses defaulting in their obligations. This caused stress in NBFC and Banking sector and a large Private Sector Bank had to be recapitalised in March 2020. Moreover our country was stuck by the Pandemic COVID-19 starting from month of March, 2020. The COVID-19 pandemic is a humanitarian and health crisis which in turn has caused economic crisis. The actions taken by our government to contain the pandemic, such as closing of borders and lockdown restrictions, resulted in significant disruption to economy and businesses. Consequently, consumption demand and supply chains have been very badly affected, significantly increasing risk of economic recession. The pandemic has impacted, and is likely to further impact our business and our clients and our employees. This has adversely affected our operations and is expected to adversely affect our business in the financial year 2020 - 2021.

With an ambition of “Self Reliant India”, our Government announced an economic package to counter the slowdown due to COVID-19 and simultaneously introduced reforms for various sectors. The measures were focused on providing support to MSMEs & vulnerable sections of society (like poor, migrant labourers, etc.), improving farm infrastructure, deregulating agricultural sector to a certain extent, supporting NBFC's, improving financial health of power distribution companies, encouraging domestic manufacturing, etc. Fiscal impact of these measures is likely to be limited (approx. ~1% of GDP in FY21). However, these were mainly supply side measures but the need of the hour is boosting demand as national lockdown has resulted in demand destruction in many discretionary and industrial items.

Fiscal deficit in FY 21 is likely to be significantly higher (6.5% to 7% of GDP) on back of contraction in fiscal revenues because of weakness in economic activity and likely impact of announced fiscal

stimulus. The Index of Industrial Production (IIP) crashed to 56.3 in April, 2020 from 126.5 a year before, registering a record 55.5% contraction, as most units remained shut due to a COVID induced lockdown while IIP also contracted sharply by 18.3% in March 2020, despite only 7 days of March, 2020 were impacted by nationwide lockdown. This was driven by broad based fall in all sub- segments led by capital goods, infrastructure goods and consumer durables. Impact of lockdown and slow resumption of production is likely to keep IIP under pressure in near term.

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. 99.11 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 directors 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 foreseen and are of repetitive nature. The transactions entered into pursuant to the omnibus approval so granted are of 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 have 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 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 nil (previous year Rs. 1.57 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 fifty per cent of the Directors being Independent Directors. Your Board comprises of 6 (six) directors out of which 3 (three) 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 on 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 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. Ajay Kumar Kayan, Director, retires by rotation in accordance with the requirements of Companies Act, 2013 and Articles of Association of the Company. He being eligible offers himself for re-appointment.

Brief resume of Mr. Ajay Kumar Kayan, nature of his expertise in specific functional areas, names of companies in which he holds directorships and/or memberships/chairmanships of committees

of Board, his shareholdings are furnished in section on 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 Non –Executive ,Independent Directors 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. Mrs. Ramya Hariharan, Independent Director of the company resigned from the post of Directorship with effect from October 15,2019.

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 Nineth 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 operation

19. ACKNOWLEDGEMENTS

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

Regd. Office:

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

The 30th day of June, 2020

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

Our GDP for the Financial Year 2020-21 is expected to be in negative territory this year. India's gross domestic product (GDP) slowed to growth of 3.1% in January – March 2020 quarter (Q4) compared to revised growth of 4.1% in October- December 2020 quarter (Q3). For the fiscal 2020, GDP growth came in at 4.2% compared to 6.1% in fiscal 2019. The national lockdown beginning March 25, 2020, saw industrial output, as measured by the Index of Industrial Production (IIP), shrink 18.3% in March 2020. The International Monetary Fund (IMF) said that the global economic outlook has worsened since its latest forecast in April 2020 and the world can expect more waves of financial market turbulence. According to the United Nations World Economic Situation and prospects mid- 2020 report, the global economy is projected to contract sharply by 3.2% in 2020. FPI selling along with liquidation of leveraged position led to sharp correction in our stock markets in March 2020. Retail inflation data, based on Consumer Price Index (CPI) for April 2020, was not released by the Government due to limited transactions of products amidst lockdown restrictions to prevent the spread of the Covid-19 pandemic. CPI for March 2020 was, however, revised to 5.84% in March 2020, compared with 2.86% in March 2019.

The wholesale food inflation, however, declined to 3.6% in April from 5.49% a month ago. The impact of lockdown has been different on different sectors. Aviation, Hospitality, Entertainment, Retail have been hit hard. On the other hand, agri and agri- related sectors are seeing lesser impact. The demand is getting re-prioritized across the board. The resultant slowdown is likely to squeeze GDP. Early calculations suggest a monthly loss of around US\$ 125 bn assuming a 50 % drop in economic activities. Crude oil entered uncharted territory as US crude futures saw contracts trade at negative prices for the first time ever. The fall was largely technical rather than actual collapse. Rising concerns over over- supply conditions and lack of storage space globally saw crude at 20 year lows. For India, low crude prices are materially positive given that the India imports much of its crude. The Indian government has also used this fall to fill up its strategic reserves.

3. OPPORTUNITIES

Even though the lockdown of economy for more than 70 days post COVID-19 has badly affected our economy, it is expected that strong businesses will not only survive but gain market share. The interest rates are headed downwards and there is ample liquidity in the Banking system. The Monsoons are expected to be normal in the current year and the rural demand is by and large



intact which is helping agri and agri related businesses. India's foreign exchange reserves crossed all time high of \$ 500 bn for the first time in June 2020.

RBI's decision to reduce the policy repo rate by 70 bps in recent times was largely in line with market expectations. These actions along with RBI Governor's statement about benign inflation and challenging growth outlook indicates that RBI is open to take further conventional and unconventional policy measures to counter the impact on slowdown due to pandemic. Further weak oil prices, positive outlook of balance of payment, benign inflation outlook, low global rates and easing liquidity by major central bank bodes well for yields in India.

4. THREATS

The COVID-19 pandemic is a very big threat for most of the businesses in the financial year 2020 - 2021. The lockdown restrictions imposed by our government, resulted in significant disruption of businesses. Consequently, market demand and supply chains have been very adversely affected, significantly increasing risk of approximately 5 percent GDP de growth (negative growth) in FY 2021. Some Economists have forecasted that the adverse effect of pandemic on economy may even last for two to three years.

5. FUTURE OUTLOOK

Your Company is a Category-1 Merchant Banker and executes assignments in areas of Mergers and Acquisitions, Loan Syndication and Placement of Equity Shares and Bonds.

The pandemic COVID-19 has adversely affected our operations and also our clients and we could not complete execution of a large assignment which was in an advanced stage as both the financing institutions and our client went into a lockdown. Due to various defaults in the credit market, your company was also affected as it's loan syndication business considerably slowed down due to virtual stoppage in lending by NBFC's. With the expectation of contraction in GDP in the financial year 2020 - 2021 and most of the businesses affected by lockdowns, the outlook for the current year appears very challenging.

6. 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.

7. 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.

8. 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 30th day of June, 2020

For and on behalf of the Board of Directors

Sd/-

(UTSAV PAREKH)

Chairman

(DIN No. 00027642)



ANNEXURE – B

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, 2020

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 SIMFS 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 2020 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 2020 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 Disclosure 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 Discloser 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 after the resignation of one director.

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 meting

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 : 20.06.2020

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 in 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 Secretariat records. The verification was done on test basis to ensure that connect CP are reflected in Secretarial records. I believe that the process and practice 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. Where ever 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 : 20.06.2020

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

ANNEXURE – C
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 | 22.54 |
| 2 | Mr. Shreemanta Banerjee | 4.50 |
| 3 | Ms. Poonam Bhatia | 2.14 |

The Median Remuneration of all employees for 2019-20 is ₹ 3,80,903/-.

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

| Sl. No. | Name of the Director / Officer | Percentage increase in remuneration |
|----------------|---------------------------------------|--|
| 1 | Mr.Kishor Shah | 13.98 |
| 2 | Mr.Shreemanta Banerjee | 10.90 |
| 3 | Ms.Poonam Bhatia | 12.53 |

(iii) The percentage increase in the median remuneration of employees in the financial year: 7.5%

(iv) The number of permanent employees on the rolls of Company.

– There are 22 permanent employees on the rolls of the Company as on March 31, 2020.

(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, 2020 decreased by 71.75 % whereas the increase in median remuneration was 7.5 % 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 13.39 % from ₹ 98,03,572 in 2018-19 to ₹ 1,11,16,306 in 2019-20 whereas the Profit Before Tax decreased by 71.75 % to ₹ 2.10 million in 2019-20 (₹ 7.46 million in 2018-19).

(vii) a) Variations in the market capitalisation of the Company : The market capitalisation as on March 31, 2020 was ₹ 117.285 /- Million (₹ 217.815/- Million as on March 31, 2019)

b) Price Earnings Ratio of the Company was 87.94 as at March 31, 2020 and was 38.3 at March 31, 2019



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

The Company had come out with initial public offer (IPO) in 1983. An amount of Rs. 1,000 invested in the said IPO would be worth Rs. 2100/- as on March 31, 2020. 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 7.5 % whereas the increase in the managerial remuneration for the same financial year was 13.39 %.

(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 30th day of June, 2020

For and on behalf of the Board of Directors

Sd/-

(UTSAV PAREKH)

Chairman

(DIN No. 00027642)

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2019-20

[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, 2020 your Company had 6 directors with a Non-Executive Chairman and a Managing Director. Board of Directors of your Company is comprised of 5(Five) Non-Executive Directors. Among the Non-Executive Directors, 3(Three) 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) (ii) (iii) | Mr. Ramesh Maheshwari Mr. Santosh Kumar Mukherjee Mrs. Pushpa Mishra |
| (b) | Non-Executive –Non-Independent Directors | (i) (ii) | Mr. Ajay Kumar Kayan Mr. Utsav Parekh, Non-Executive Chairman |
| (c) | Executive-Non-Independent Director | (i) | Mr. Kishor Shah, Managing Director |

Mrs. Ramya Hariharan, resigned as the Director of the Company with effect from October 15, 2019.

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, 2020 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 2019 - 2020 Attendance at Board Meetings | Year 2018 - 2019 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 | Yes | 8 | 3 | 4 |
| Mr. Ramesh Maheshwari | Independent | 3 | No | 3 | 0 | 0 |
| Mrs. Ramya Hariharan* | Independent | 0 | No | 4 | 3 | 0 |
| Mr. Santosh Kumar Mukherjee | Independent | 4 | Yes | 3 | 0 | 0 |
| Mr. Ajay Kumar Kayan | Promoter Non-Independent | 4 | Yes | 2 | 0 | 0 |
| Mr. Kishor Shah | Managing Director | 4 | Yes | 2 | 1 | 0 |
| Mrs. Pushpa Mishra | Independent | 4 | Yes | 1 | 0 | 0 |

*Mrs. Ramya Hariharan, resigned as the Director of the Company with effect from October 15, 2019 .

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. 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. 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.

6. 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 28, 2019 |
| Second | August 10, 2019 |
| Third | November 14, 2019 |
| Fourth | February 12, 2020 |

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:

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- 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:

- 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;
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
- Reviewing, with the management, the annual financial statements and Auditor's Report thereon before submission to the board for approval, with particular reference to:
 - 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
 - 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 2019-20 | |
|--|--------------------------------|---|----------|
| | | Held | Attended |
| Mr. Santosh Kumar Mukherjee – Chairman | Independent, Non-Executive | 4 | 4 |
| Mr. Utsav Parekh | Non-Independent, Non-Executive | 4 | 4 |
| Mr. Kishor Shah | Non-Independent, Executive | 4 | 4 |
| Mrs. Pushpa Mishra | Independent, Non-Executive | 4 | 4 |
| Mrs. Ramya Hariharan* | Independent, Non-Executive | 4 | 2 |

*Mrs. Ramya Hariharan, resigned as the Director of the Company with effect from October 15,2019

(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 28, 2019 |
| Second | August 10, 2019 |
| Third | November 14, 2019 |
| Fourth | February 12, 2020 |

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) Two meetings were held during the year. The composition of the Nomination and Remuneration Committee are given below:

| Name | Category | No. of Meetings during the year 2019-20` | |
|----------------------------------|----------------------------|--|----------|
| | | Held | Attended |
| Mr. Ramesh Maheshwari – Chairman | Independent, Non-Executive | 2 | 1 |
| Mr. Santosh Kumar Mukherjee | Independent, Non-Executive | 2 | 2 |
| Mrs. Ramya Hariharan* | Independent, Non-Executive | 2 | 0 |
| Mrs. Pushpa Mishra | Independent, Non-Executive | 2 | 2 |

*Mrs. Ramya Hariharan, resigned as the Director of the Company with effect from October 15,2019

The Company Secretary is the Secretary of the Committee.

(iv) Details of Remuneration received by the Directors for the year ended March 31, 2020:

(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 | 3 | 22,500 | - | - | 1 | 1000 | - | - | - | 23,500 |
| * Mrs. Ramya Hariharan | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Mr. Santosh Kumar Mukherjee | 4 | 30,000 | 4 | 4,000 | 2 | 2,000 | 1 | 1,000 | - | 37,000 |
| Mr. Ajay Kumar Kayan | 4 | 30,000 | - | - | - | - | - | - | - | 30,000 |
| Mrs. Pushpa Mishra | 4 | 30,000 | 4 | 4,000 | 2 | 2,000 | 1 | 1,000 | - | 37,000 |

*Mrs. Ramya Hariharan, resigned as the Director of the Company with effect from October 15, 2019.



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, 2020 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 | ₹ 73,32,491 | ₹ 12,52,728 | ₹ 5,91,600 |

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) One 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 12, 2020, 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:

| | 2016-2017 | 2017-2018 | 2018-2019 |
|-----------------------------------|--|--|--|
| Date | September 23, 2017 | September 22, 2018 | September 14, 2019 |
| 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 | Yes | No |

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 23, 2017 and September 14, 2019.

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:

- (a) 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.

- (b) There was no significant instance of non-compliance on any matter related to the capital market, during the last three years.
- (c) 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.
- (d) Familiarization Programme for Independent Directors- Company has formulated a Familiarization Programme for Independent Directors and the details of which are disclosed on the Company's website 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> <ul style="list-style-type: none"> i) First Quarter ended June 30, 2019, unaudited results published in Business Standard (English) and Ek Din (Bengali) on August 11, 2019. ii) Second Quarter and half-yearly results ended September 30, 2019 published in Business Standard (English) and Ek Din (Bengali) on November 15, 2019. iii) Third Quarter and nine months ended December 31, 2019 unaudited results published in Business Standard (English) and Ek Din (Bengali) on February 13, 2020. iv) Fourth Quarter and year ended March 31, 2020 audited results published in Business Standard (English) and Ek Din (Bengali) on July 1, 2020. |
| 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 5, 2020

Time : 10.00 a.m.

(ii) Venue

The Company is conducting AGM through VC / OAVM pursuant to the MCA Circular dated May 5, 2020 and as such there is no requirement to have a venue for the AGM. For details, please refer to the Notice of this AGM.

(iii) Financial Calendar :

April 1, 2019 to March 31, 2020

(iv) Date of Book Closure :

August 29, 2020 (Saturday) to September 5, 2020 (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 2019-20 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:

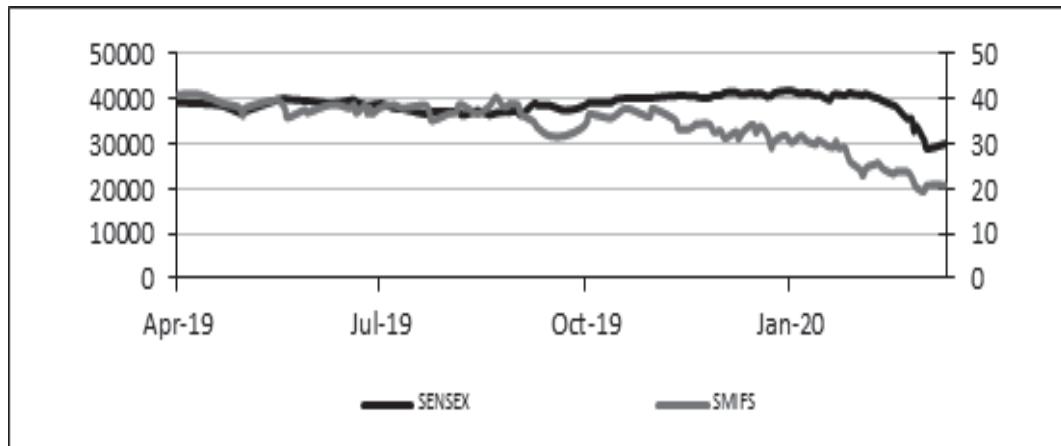
INE641A01013

(ix) Market Price Information

The following table gives the monthly high and low prices of the Equity shares traded at BSE during the year 2019-2020

| Month | Volume Traded | High Price | Low Price |
|--------|---------------|------------|-----------|
| Apr-19 | 3 | 40.95 | 40.95 |
| May-19 | 2906 | 39.7 | 36.3 |
| Jun-19 | 94196 | 39.65 | 35.9 |
| Jul-19 | 1785 | 38.8 | 36.1 |
| Aug-19 | 1026 | 38.7 | 35 |
| Sep-19 | 2474 | 40.4 | 31.9 |
| Oct-19 | 4640 | 36.75 | 31.9 |
| Nov-19 | 10214 | 38.3 | 33.4 |
| Dec-19 | 2545 | 35.05 | 29.8 |
| Jan-20 | 7520 | 34 | 28.95 |
| Feb-20 | 10748 | 31.75 | 23.1 |
| Mar-20 | 5809 | 24.95 | 18.7 |

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, 2020:

(a) Category of Shareholding as on March 31, 2020

| Category | No. of Shares held | % of Capital |
|-------------------------------------|--------------------|--------------|
| RESIDENT INDIVIDUALS | 16,44,413 | 29.45 |
| FINANCIAL INSTITUTIONS / BANK | - | - |
| FOREIGN PORTFOLIO INVESTORS | 5,50,000 | 9.85 |
| CORPORATE BODIES-DOMESTIC | 8,51,634 | 15.24 |
| INDIAN PROMOTERS: | | |
| a) Individuals | 7,84,350 | 14.04 |
| b) Corporate Bodies | 17,49,701 | 31.33 |
| NRIs / OVERSEAS CORP. BODIES (OCBs) | 4902 | 0.09 |
| TOTAL | 55,85,000 | 100 |

(b) Distribution of Shareholding as on March 31, 2020

| No. of Shares held | No. of Shareholders | Total no. of Shares held |
|--------------------|---------------------|--------------------------|
| Upto 500 | 971 | 94470 |
| 501-1,000 | 90 | 72843 |
| 1,001-2,000 | 69 | 102956 |
| 2,001-3,000 | 29 | 78652 |
| 3,001-4,000 | 18 | 65499 |
| 4,001-5,000 | 9 | 43200 |
| 5,001-10,000 | 28 | 200648 |
| 10,001 and Above | 26 | 4926732 |
| Total | 1240 | 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 2019-20.

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

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

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

| SI No. | Particulars | Nature Of Office |
|--------|---|------------------|
| | Directorship | |
| i. | Andaman Plantations & Development Corporation Pvt. Ltd. | Director |
| ii. | Pee lie Investments Pvt. Ltd. | Director |
| iii. | Satellite Inter Continental Pvt. Ltd. | Director |
| iv. | Salveo Life Sciences Limited | Director |

LIMITED LIABILITY PARTNERSHIP

| | | |
|-----|-------------------------------|---------|
| v. | Chowringhee Planners LLP | Partner |
| vi. | C. Mackertich Enterprises LLP | 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 2019-20 |
|----------------------------|------------------------|
| Statutory Audit Fees | 1,90,000 |
| Taxation matters | 15,000 |
| Limited Review Report Fees | 30,000 |
| Total | 2,35,000 |



(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, 2020 was placed before the Board of Directors of the Company in its meeting held on June 30, 2020.

Regd. Office:

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

The 30th day of June, 2020

For and on behalf of the Board of Directors

Sd/-
(UTSAV PAREKH)
Chairman
(DIN No. 00027642)

SMIFS



ANNEXURE – F

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

| | | |
|---------------------------|---|--------------------------------|
| 1. Name of the Subsidiary | : | SMIFS Capital Services Limited |
| 2. Share Capital | : | ₹ 75,000,700 |
| 3. Reserves & Surplus | : | ₹ (11,595,377) |
| 4. Total Assets | : | ₹ 65,348,242 |
| 5. Total Liabilities | : | ₹ 1,942,920 |
| 6. Investments | : | ₹ 40,257,463 |
| 7. Turnover | : | ₹ 1,827,213 |
| 8. Profit before taxation | : | ₹ (562,141) |
| 9. Tax Expense | : | ₹ 40,036 |
| 10. Profit after taxation | : | ₹ (602,177) |
| 11. % of shareholding | : | 100% |

Regd. Office:

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

The 30th day of June, 2020

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, 2020 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 | Director of Active Non Compliant Company |
|--------|----------------------------|----------|--------------------------------|--|
| 1 | Mr Utsav Parekh | 00027642 | 28/05/1990 | No |
| 2 | Mr Kishor Shah | 00170502 | 31/01/2002 | No |
| 3 | Mr Santosh Kumar Mukherjee | 00170646 | 16/09/2006 | No |
| 4 | Mr Ramesh Maheshwari | 00170811 | 10/07/1990 | No |
| 5 | Mr Ajay Kumar Kayan | 00239123 | 30/06/2007 | No |
| 6 | Ms Pushpa Mishra | 07898390 | 25/09/2017 | No |

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.

Signature:

Name: Sudhansu Sekhar Panigrahi

Membership: 23187

CP No: 19649

UDIN: A023187B000373988

Place: Kolkata
Date : 17.06.2020



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, 2020, 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, 2020.
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

Place: Kolkata

Date : 30th day of June, 2020

UDIN : 20301571AAAACU3540

CA Vivek Agarwal

Partner

Membership No: 301571

| SMIFS CAPITAL MARKETS LIMITED | | | | | | | (₹ in Million) | | | |
|-------------------------------|---------|----------|----------|----------|----------|----------|----------------|----------|----------|----------|
| | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
| Equity Capital | 55.85 | 55.85 | 55.85 | 55.85 | 55.85 | 55.85 | 55.85 | 55.85 | 55.85 | 55.85 |
| Reserves & Surplus | 683.48 | 1,004.21 | 1,001.69 | 993.87 | 993.88 | 967.71 | 995.01 | 1,050.81 | 1,035.25 | 971.64 |
| Borrowings | 5.52 | 3.24 | 3.28 | 1.83 | 0.68 | 0.75 | 2.10 | 5.18 | 3.93 | 3.43 |
| Profit/loss before tax | 62.74 | 52.55 | 13.67 | 4.62 | 10.04 | 10.99 | 9.65 | 9.36 | 7.45 | 2.10 |
| Profit/loss after tax | 54.48 | 39.40 | 10.19 | 2.09 | 9.55 | 8.49 | 8.55 | 26.39 | 5.69 | 1.33 |
| Dividend per share in ₹ | 1.70 | 1.40 | 1.40 | 1.00 | 1.00 | 0.75 | 1.00 | 1.00 | - | - |
| Net worth | 739.33 | 1,060.06 | 1,057.54 | 1,049.72 | 1,049.73 | 1,023.56 | 1,050.86 | 1106.66 | 1091.10 | 1,027.49 |
| Earnings per share (In ₹) | 9.76 | 7.05 | 1.82 | 0.37 | 1.71 | 1.52 | 1.53 | 4.73 | 1.02 | 0.24 |
| Book value per share (In ₹) | 132.38 | 189.81 | 189.35 | 187.95 | 187.95 | 183.27 | 188.16 | 198.15 | 195.36 | 183.97 |



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, 2020, 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, 2020, 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 thereunder, 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.

Emphasis of Matter

We draw attention to Note 43 to the standalone financial statements, which describes the uncertainties and potential impact of the Covid-19 pandemic on the Company's operations and results as assessed by the management. The actual results may differ from such estimates depending upon future developments. Our opinion is not modified in respect of this matter.

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 Refer Note 6 and 31 to the standalone financial statements. In the normal course of business, "Income Taxes" is the amount of income taxes payable | Our procedures included: - Control testing: - Testing the effectiveness of the controls around the recording and re-assessment of tax provisions. |

| S.No. | Key Audit Matter | Auditor's Response |
|-------|--|--|
| | <p>(recoverable) in respect of the taxable profit (tax loss) for a period.</p> <p>Management makes judgements and estimates in connection with tax issues and tax exposures resulting in the recognition of deferred tax assets and liabilities as well as the tax provisions.</p> <p>As the provision of direct taxes is highly dependent on significant management judgements,</p> <p>Accordingly, Direct Tax Provisions was considered as one of the Key Audit Matters.</p> | <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, the results of our testing were satisfactory, and we found the level of tax provisioning and the adequacy of disclosures 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 Rs. 14,82,18,218 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 Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the applicable Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 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

Place : Kolkata
Dated : 30/6/2020
UDIN : 20301571AAAACP7194

Vivek Agarwal
Partner
Membership No: 301571

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 2020. 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 sections 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.
 - (b) 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, 2020 for a period of more than six months from the date of becoming payable.
 - (c) 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.



- 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

Place : Kolkata
Dated : 30/6/2020
UDIN : 20301571AAACP7194

Vivek Agarwal
Partner
Membership No: 301571

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, 2020 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, 2020, 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

Place : Kolkata
Dated : 30/6/2020
UDIN : 20301571AAAACP7194

Vivek Agarwal
Partner
Membership No: 301571



STATEMENT OF ACCOUNT

SMIFS



SMIFS CAPITAL MARKETS LIMITED

CIN NO.: L74300WB1983PLC036342

STANDALONE BALANCE SHEET AS AT 31st MARCH, 2020

| Particulars | Note No. | Amount in ₹ | |
|-------------------------------------|-----------------|--------------------------------|------------------------------|
| | | As at 31st March 2020 ₹ | As at 31 March 2019 ₹ |
| ASSETS | | | |
| Non-current assets | | | |
| a) Property, plant and equipment | 2 | 63,697,422 | 67,908,999 |
| b) Financial assets | | | |
| i) Investments | 3 | 248,462,324 | 318,801,470 |
| ii) Loans | 4 | 684,419,146 | 668,335,980 |
| iii) Others | 5 | 9,791,453 | 9,791,453 |
| c) Deferred tax assets (Net) | 6 | 30,773,065 | 25,914,300 |
| d) Other non-current assets | 7 | — | 73,750 |
| | | 1,037,143,410 | 1,090,825,951 |
| Current assets | | | |
| a) Inventories | 8 | 251,625 | 328,464 |
| b) Financial assets | | | |
| i) Trade receivables | 9 | 1,192,675 | 512,850 |
| ii) Cash and Cash equivalents | 10 | 2,868,400 | 4,457,425 |
| iii) Other Bank Balances | 11 | 725,960 | 900,904 |
| iv) Others | 12 | 333,664 | 32,521 |
| c) Current tax asset (Net) | 13 | 6,994,719 | 4,589,190 |
| d) Other current assets | 14 | 1,551,573 | 2,471,774 |
| | | 13,918,616 | 13,293,128 |
| Total Assets | | 1,051,062,026 | 1,104,119,079 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| a) Equity Share capital | 15 | 55,850,000 | 55,850,000 |
| b) Other equity | 16 | 971,636,398 | 1,035,251,770 |
| | | 1,027,486,398 | 1,091,101,770 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| a) Financial liabilities | | | |
| i) Borrowings | 17 | 1,759,272 | 2,610,725 |
| | | 1,759,272 | 2,610,725 |
| Current liabilities | | | |
| a) Financial liabilities | | | |
| i) Trade and other payables | 18 | 7,845,362 | — |
| ii) Other financial liabilities | 19 | 6,950,803 | 2,221,079 |
| b) Other current liabilities | 20 | 4,800,209 | 4,896,380 |
| c) Provisions | 21 | 2,219,982 | 3,289,125 |
| | | 21,816,356 | 10,406,584 |
| Total Equity and liabilities | | 1,051,062,026 | 1,104,119,079 |

Significant Accounting Policies & Notes to Financial Statements **1 To 44**

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: 30th June, 2020

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 2020

| Particulars | Note No. | Year ended 31st March, 2020 | Year ended 31st March, 2019 |
|--|----------|-----------------------------|-----------------------------|
| INCOME | | | |
| I Revenue from operations | 22 | 448,077,487 | 441,877,449 |
| II Other Income | 23 | 41,041,033 | 45,730,039 |
| Total income(I+II) | | 489,118,520 | 487,607,488 |
| III EXPENDITURE | | | |
| Purchases of Stock-in-Trade | 24 | 432,375,542 | 416,942,126 |
| Changes in inventories of finished goods, work-in-progress and Stock-in-Trade | 25 | 76,839 | 256,919 |
| Employee benefits expense | 26 | 21,677,431 | 22,047,541 |
| Financial Costs | 27 | 345,735 | 384,240 |
| Depreciation and amortization expense | 28 | 5,537,213 | 6,143,830 |
| Other expenses | 29 | 27,000,875 | 34,382,405 |
| Total Expense(III) | | 487,013,635 | 480,157,061 |
| IV Profit/(loss) before exceptional items and tax | | 2,104,885 | 7,450,427 |
| V Exceptional items | | — | — |
| VI Profit/(loss) before tax | | 2,104,885 | 7,450,427 |
| VII Tax expense: | 30 | | |
| (1) Current tax | | 50,287 | 3,173,300 |
| (2) Tax adjustment for earlier years | | 971,187 | (133,511) |
| (3) Deferred tax | | (250,249) | (1,276,807) |
| VIII Profit/(loss) for the period from continuing operations | | 1,333,660 | 5,687,445 |
| 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 | | 1,333,660 | 5,687,445 |
| XII Other Comprehensive Income | | | |
| A (i) Items that will not be reclassified to profit or loss | | | |
| Remeasurement of net defined benefit liability | | 850,729 | (1,055,837) |
| Gains and losses from investments in equity instruments designated at fair value through other comprehensive income; | | (70,408,277) | (10,838,243) |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | | 4,608,516 | (2,623,036) |
| 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 | | (64,949,032) | (14,517,116) |
| XIII Total Comprehensive Income for the period (XI+XII) | | | |
| (Comprising Profit (Loss) and Other Comprehensive Income for the period) | | (63,615,372) | (8,829,671) |
| XIV Earnings per equity share: | 31 | | |
| (1) Basic | | 0.24 | 1.02 |
| (2) Diluted | | 0.24 | 1.02 |

Significant Accounting Policies & Notes to Financial Statements 1 To 44

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: 30th June, 2020

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, 2020

| 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 2019 | 55,850,000 | – | 55,850,000 |
| For the year ended 31st March 2020 | 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, 2020

| Other Equity | Reserves and Surplus | | | | | Other Comprehensive Income | | | Total Other Equity | Amount in ₹ |
|---|----------------------|----------------------------|-----------------|-------------------|---|--|---------------|--------------|--------------------|-------------|
| | Securities Premium | Capital Redemption reserve | General Reserve | Retained Earnings | Equity instruments through Other Comprehensive Income | Remeasurement of Defined Benefit Liability | | | | |
| Balance at 1 April 2018 | 433,725,000 | 40,000,000 | 390,950,734 | 99,450,486 | 87,833,648 | (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) | | | (14,517,116) | | |
| Transferred to retained earnings | | | | | 7,963,911 | | | | | |
| Total Comprehensive Income for the year | | | | | | 6,918,343 | (21,425,190) | (1,055,837) | (8,829,671) | |
| Balance at 31 March 2019 | 433,725,000 | 40,000,000 | 390,950,734 | 106,368,829 | 66,408,458 | (2,201,251) | 1,035,251,770 | | | |
| Balance at 1 April 2019 | 433,725,000 | 40,000,000 | 390,950,734 | 106,368,829 | 66,408,458 | (2,201,251) | 1,035,251,770 | | | |
| Profit for the year | | | | 1,333,660 | | | | 1,333,660 | | |
| Transferred from other comprehensive income | | | | | — | | | | | |
| Dividend Paid | | | | | — | | | | | |
| Dividend Distribution tax paid | | | | | — | | | | | |
| Other Comprehensive Income | | | | | (65,799,761) | | | 850,729 | (64,949,032) | |
| Transferred to retained earnings | | | | | | | | | | |
| Total Comprehensive Income for the year | | | | | | 1,333,660 | (65,799,761) | 850,729 | (63,615,372) | |
| Balance at 31 March 2020 | 433,725,000 | 40,000,000 | 390,950,734 | 107,702,489 | 608,697 | (1,350,522) | 971,636,398 | | | |

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: 30th June, 2020

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, 2020

| | Amount in ₹ | |
|---|-------------------------|-------------------------|
| | 31st March, 2020 | 31st March, 2019 |
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit before Tax | 2,104,885 | 7,450,427 |
| Adjustment for | | |
| Depreciation | 5,537,213 | 6,143,830 |
| (Profit) / Loss on sale of Investments | (471,111) | (265,244) |
| Dividend on Investment | (138) | (130) |
| Bad Debt | — | 100,000 |
| (Profit) / Loss on sale of fixed assets | (245,063) | — |
| Financial Cost | 345,735 | 384,240 |
| Revaluation in Financial Assets | 334,395 | (1,706,957) |
| Loss On Financial Asset carried at Amortised Cost | 11,418,778 | 10,523,338 |
| Other Interest Income | (30,524,156) | (43,366,730) |
| Amortised Interest Income | (9,719,088) | — |
| | <u>(23,323,437)</u> | <u>(28,187,653)</u> |
| Operating profit before Working Capital change | (21,218,552) | (20,737,226) |
| Adjustment for | | |
| Trade & Other Receivables | (16,116,408) | (63,588,063) |
| Inventories | 76,839 | 256,919 |
| Trade and Other Payables | 11,061,003 | 1,092,230 |
| | <u>(4,978,566)</u> | <u>(62,238,914)</u> |
| Cash Generated from Operations | (26,197,118) | (82,976,140) |
| Direct Tax paid | (4,229,313) | (3,018,561) |
| | <u>(4,229,313)</u> | <u>(3,018,562)</u> |
| Net Cash Flow from Operating activity | <u>(30,426,431)</u> | <u>(85,994,701)</u> |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (1,720,573) | (63,983) |
| Sale of Fixed Assets | 640,000 | — |
| Purchase of Investments | (93,348,489) | (50,215,406) |
| Sale of Investments | 93,415,650 | 93,740,899 |
| Interest Income | 30,524,156 | 43,366,730 |
| Dividend on Investment | 138 | 130 |
| | <u>29,510,882</u> | <u>86,828,370</u> |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Dividend and Dividend Distribution Tax Paid | — | (6,733,013) |
| Interest paid | (345,735) | (384,240) |
| Proceeds from long-term borrowings | (502,685) | (1,245,695) |
| | <u>(848,420)</u> | <u>(8,362,949)</u> |
| Net cash used in Financing Activities | (1,763,969) | (7,529,280) |
| Net increase in Cash & Cash Equivalents | | |
| Opening Balance of Cash & Cash Equivalents | 5,358,329 | 12,887,609 |
| Closing Balance of Cash & Cash Equivalents | <u>3,594,360</u> | <u>5,358,329</u> |
| Components of Cash and Cash Equivalents | | |
| Cash on Hand (Refer Note-10) | 619,737 | 126,707 |
| Balances with Banks- (Refer Note-10 & 11) | 2,974,623 | 5,231,622 |
| Total Cash and Cash Equivalents | <u>3,594,360</u> | <u>5,358,329</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: 30th June, 2020

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, 2020

The Company Information

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

The financial statements for the year ended March 31, 2020 were approved by the Board of Directors and authorised for issue on 30th June 2020.

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

Effective 1st April 2019, Ind AS 116 replaces the existing standard Ind AS 17 and specifies how an entity will recognise, measure, present and disclose leases. The standard provides a single lease accounting model, requiring lessees to recognise a right of use asset ("ROU asset") and a corresponding liability on the lease commencement date. It provides exemption for leases with lease term of 12 months or less or the underlying asset has a low value.

The Company has applied Ind AS 116. The Company has assessed the effect of the new standard and has concluded that the application of Ind AS 116 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 proceeding 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

As at the date of issue of financial statements, there are no new standards or amendments which have been notified by the MCA but not yet adopted by the Company. Hence, the disclosure is not applicable.

SMIFS CAPITAL MARKETS LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2020

Note : 2 Property Plant and Equipments

Amount in ₹

| Particulars | Gross Block | | | Depreciation | | | Net Block | | |
|--------------------------|-------------------|------------------|-------------------------|-------------------|-------------------|------------------|------------------|-------------------|-------------------|
| | As on 01.04.2019 | Additions | Deductions/ Adjustments | As on 31.03.2020 | As on 01.04.2019 | For the year | Adjustment | As on 31.03.2020 | As on 31.03.2019 |
| Buildings / Premises | 73,373,622 | - | - | 73,373,622 | 10,520,509 | 3,710,012 | - | 14,230,521 | 59,143,101 |
| Furniture and Fixtures | 129,018 | - | - | 129,018 | 121,361 | 5,026 | - | 126,387 | 2,631 |
| Office Equipment | 15,915 | - | - | 15,915 | 12,541 | 2,912 | - | 15,453 | 7,657 |
| Vehicles | 12,439,846 | 1,699,386 | 1,818,656 | 12,320,576 | 7,435,841 | 1,762,207 | 1,423,719 | 7,774,329 | 4,546,247 |
| Electrical Installations | 5,773 | - | - | 5,773 | 5,519 | 164 | - | 5,683 | 5,004,005 |
| Computers | 328,375 | 21,187 | - | 349,562 | 288,507 | 56,239 | - | 344,746 | 90 |
| Air Conditioners | 181,098 | - | - | 181,098 | 180,370 | 653 | - | 181,023 | 4,816 |
| Sub total | 86,473,647 | 1,720,573 | 1,818,656 | 86,375,564 | 18,564,648 | 5,537,213 | 1,423,719 | 22,678,142 | 63,697,422 |
| Previous Year | 86,409,664 | 63,983 | - | 86,473,647 | 12,420,818 | 6,143,830 | - | 18,564,647 | 67,908,999 |



SMIFS CAPITAL MARKETS LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note : 3 Non Current Investment

Amount in ₹

| Sl. No. | Particulars | As at 31st March 2020 | | As at 31 March 2019 | |
|------------|--|-----------------------|------------|---------------------|------------|
| | | 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 |
| (c) | Investment in Govt Securities 6.05% Govt of India Loan-2019 (F.V. ₹500,000) | – | – | 5,000 | 500,426 |
| 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 | 262 | 100 | 396 |
| | 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 | 660 | 300 | 375 |
| | Nicco UCO Alliance Credit Limited | 114 | 22 | 114 | 23 |
| | North Eastern Publishing & Advt Co Ltd | 4,500,000 | 41,535,000 | 4,500,000 | 43,335,000 |
| | Punsumi Foils & Components Limited | 15,800 | 15,800 | 15,800 | 15,800 |
| | Summit Securities Ltd. | 156,500 | 43,014,025 | 156,500 | 92,389,775 |
| | VCK Capital Markets Limited | 200 | 204 | 200 | 264 |
| | Unquoted, Fully paid up | | | | |
| | Antriksh Vyapar Limited | 800,000 | 13,200,000 | 800,000 | 18,512,000 |
| | Bhatpara Papers Limited | 44 | 391 | 44 | 391 |
| | Progressive Star Finance Pvt Ltd. | 60,000 | 47,441,400 | – | – |
| | Tejasri Energy Limited | 5,000 | 50,000 | 5,000 | 50,000 |
| | Gujarat Securities Limited | 20 | 200 | 20 | 200 |
| | Vaibhav Services Pvt Ltd | 4,580 | 438,169 | 4,580 | 438,169 |
| | Welquin Suppliers Pvt Ltd | 5,440 | 2,216,854 | – | – |

SMIFS CAPITAL MARKETS LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note : 3 Non Current Investment

Amount in ₹

| Sl. No. | Particulars | As at 31st March 2020 | | As at 31 March 2019 | |
|---------|--|-----------------------|--------------------|---------------------|--------------------|
| | | No. /Units | Amount ₹ | No. /Units | Amount ₹ |
| 4 | Investments measured through profit and loss | | | | |
| (a) | Investment in Mutual Funds Unquoted | | | | |
| | BAGZ Aditya Birla Sunlife'95 Fund | 1,820 | 1,120,453 | 1,605 | 1,301,658 |
| | JM High Liquidity Fund | 2,263 | 122,951 | 2,263 | 115,823 |
| | Axis Liquid Fund-Direct Growth | - | - | 5,428 | 11,265,238 |
| | Total | | 248,462,324 | | 318,801,470 |

| | | |
|--|-------------|-------------|
| Aggregate amount of unquoted Investments | 163,591,119 | 182,754,605 |
| Aggregate amount of quoted Investments | 84,871,205 | 136,046,865 |
| Aggregate market value of quoted Investments | 84,871,205 | 136,046,865 |

Note : 4 Loans

Amount in ₹

| Sl. No. | Particulars | As at 31st March 2020 | | As at 31 March 2019 | |
|---------|----------------------------------|-----------------------|-------------|---------------------|-------------|
| | | | | | |
| | Unsecured and considered good | | | | |
| 1 | Security Deposit | 788,386 | | 788,386 | |
| | | | 788,386 | | 788,386 |
| 2 | Other loans to non related party | 683,630,760 | | 667,547,593 | |
| | | | 683,630,760 | | 667,547,593 |
| | Total | 684,419,146 | | 668,335,980 | |

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 STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note : 6 Deferred tax Assets (Net)

| Sl. No. | Particulars | Amount in ₹ | |
|---------|---|--------------------------|--------------------------|
| | | As at 31st March 2020 | As at 31 March 2019 |
| 1 | Deferred tax asset | | |
| | MAT Credit Entitlement | 43,253,239 | 43,202,952 |
| | Less: Deferred tax liability | | |
| | On Disallowances under the Income Tax Act, 1961 | 472,554 | 1,232,930 |
| | On difference between wdv as per book and wdv as per Income Tax Act of fixed assets | (13,024,932) | (13,413,597) |
| | On Financial Instrument | 72,205 | (5,107,985) |
| | | <u>(12,480,174)</u> | <u>(17,288,652)</u> |
| | Total | <u>30,773,065</u> | <u>25,914,300</u> |

Note : 7 Other Non Current Assets

| | | | | |
|---|--|----------|----------|---------------|
| 1 | Other Advance | - | 73,750 | |
| | Less: Provision for advances considered doubtful | - | - | 73,750 |
| | Total | - | - | 73,750 |

Note : 8 Inventories

| Sl. No. | Particulars | As at 31st March 2020 | | As at 31 March 2019 | |
|-------------------------------|--|-----------------------|-------------|---------------------|-------------|
| | | 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 | 130 | 23 | 451 |
| | HB PORTFOLIO LTD. | 15 | 169 | 15 | 380 |
| | K.H.S.L.INDUSTRIES LTD. | 2,200 | 2,200 | 2,200 | 2,200 |
| | KILBURN OFFICE AUTOMATION LIMITED | 16,400 | 18,040 | 16,400 | 95,776 |
| | 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 | 3,998 | 680 | 2,570 |
| | 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 |

SMIFS CAPITAL MARKETS LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note : 8 Inventories

| Sl. No. | Particulars | As at 31st March 2020 | | Amount in ₹ | | |
|------------------------------------|-----------------------------------|-----------------------|----------------|---------------------|-----------------|--|
| | | Quantity Nos | Amount ₹ | As at 31 March 2019 | Quantity Nos | |
| EQUITY SHARES | | | | | | |
| PARTLY PAID SHARES: QUOTED | | | | | | |
| | (METROPOLI OVERSEAS LIMITED(₹5/-) | 29,800 | 29,800 | 29,800 | 29,800 | |
| 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 | |
| | Total | | 251,625 | | 328,464 | |

Note : 9 Trade Receivables

| Sl. No. | Particulars | As at 31st March 2020 | | As at 31 March 2019 | |
|---------|-----------------------------|-----------------------|------------------|---------------------|----------------|
| | | | | | |
| 1 | Unsecured Considered Good | | 1,192,675 | | 512,850 |
| | Less : Impairment Allowance | | - | | - |
| | Total | | 1,192,675 | | 512,850 |

Note : 10 Cash & Cash Equivalents

| | | | |
|---|--------------------|------------------|------------------|
| 1 | Balance with banks | 2,248,663 | 4,330,718 |
| 2 | Cash on hand | 619,737 | 126,707 |
| | Total | 2,868,400 | 4,457,425 |

Note : 11 Other Bank Balances

| | | | |
|---|----------------------------|----------------|----------------|
| 1 | Unclaimed Dividend account | 725,960 | 900,904 |
| | Total | 725,960 | 900,904 |

Note : 12 Other current financial assets

| | | | |
|---|------------------------------|----------------|---------------|
| 1 | Due from Subsidiary Co. | 331,210 | 21,688 |
| 2 | Interest Accrued but not due | - | 10,833 |
| 3 | Other receivables | 2,454 | - |
| | Total | 333,664 | 32,521 |

SMIFS CAPITAL MARKETS LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note No.13 Current tax asset (Net)

| Sl. No. | Particulars | Amount in ₹ | |
|---------|---------------------------------------|-----------------------|---------------------|
| | | As at 31st March 2020 | As at 31 March 2019 |
| 1 | Advance Income Tax (Net of Provision) | 6,994,719 | 4,589,190 |
| | Total | 6,994,719 | 4,589,190 |

Note : 14 Other Current Assets

| | | | |
|---|------------------------------------|------------------|------------------|
| 1 | Balance with Statutory Authorities | 557,261 | 879,642 |
| 2 | Prepaid expenses | 987,225 | 1,414,544 |
| 3 | Other Advance | 7,087 | 177,588 |
| | Total | 1,551,573 | 2,471,774 |

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 pays 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, 2020

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 | 329,310 | 5.90 | 313,940 | 5.62 |

Note : 16 Other Equity

| Sl. No. | Particulars | As at 31st March 2020 | As at 31 March 2019 |
|---------|---|---------------------------|-----------------------------|
| 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 | 106,368,829 | 99,450,486 |
| | Transferred from Other Comprehensive Income | - | 7,963,911 |
| | Profit for the Year | 1,333,660 | 5,687,445 |
| | Less: Dividend Paid | - | (5,585,000) |
| | Corporate Dividend Tax Paid | - | (1,148,013) |
| | | 107,702,489 | 106,368,829 |
| 5 | Other Comprehensive Income | | |
| | Opening OCI | 64,207,207 | 86,688,234 |
| | Add: During the year OCI | (64,949,032) | (14,517,116) |
| | Less: Transferred to Retained Earnings | - | (7,963,911) |
| | | (741,825) | 64,207,207 |
| | Total | <u>971,636,398</u> | <u>1,035,251,770</u> |

Note : 17 Borrowings

1 Secured Loans

| | | |
|-------------------------------------|-------------------------|-------------------------|
| From banks | 3,428,315 | 3,931,000 |
| Current Maturity of Long term Debt. | (1,669,043) | (1,320,275) |
| Total | <u>1,759,272</u> | <u>2,610,725</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. 474,118 431,920

b) HDFC Bank Ltd

Repayable in 60 monthly installments of ₹ 91,270/- from May 2017. 962,204 888,354

c) Yes Bank Ltd.

Repayable in 48 monthly installments of ₹ 24,930/- from June 2019 232,721 -

Total

1,669,043

1,320,275



SMIFS CAPITAL MARKETS LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note : 18 Trade & Other Payables

| Sl. No. | Particulars | Amount in ₹ | |
|---------|----------------|-----------------------|---------------------|
| | | As at 31st March 2020 | As at 31 March 2019 |
| 1 | Trade Payables | - | - |
| 2 | Other Payables | 7,845,362 | - |
| | Total | 7,845,362 | - |

Note : 19 Other Financial Liabilities

| | | | |
|---|-------------------------------------|------------------|------------------|
| 1 | Current Maturity of Long term Debt. | 1,669,043 | 1,320,275 |
| 2 | Advance Against Sale of Property | 4,555,900 | - |
| 3 | Unclaimed Dividend# | 725,860 | 900,804 |
| | Total | 6,950,803 | 2,221,079 |

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 | 1,946,666 | 1,388,680 |
| 2 | Liability for expenses | 2,853,543 | 3,507,700 |
| | Total | 4,800,209 | 4,896,380 |

Note : 21 Provisions

| | | | |
|---|---------------------------------|------------------|------------------|
| 1 | Provision For Employee Benefits | 2,219,982 | 3,289,125 |
| | Total | 2,219,982 | 3,289,125 |

Note : 22 Revenue from Operations

| Sl. No. | Particulars | Year ended 31st March, 2020 | Year ended 31st March, 2019 |
|---------|-------------------------------|-----------------------------|-----------------------------|
| | | | |
| 1 | Sale of shares and Securities | 435,575,093 | 420,253,332 |
| 2 | Investment Banking Operations | 12,502,394 | 21,624,117 |
| | Total | 448,077,487 | 441,877,449 |

Note : 23 Other Income

| | | | |
|------|--|-------------------|-------------------|
| 1 | Interest Income from Financial Assets measured at Amortised cost | | |
| i) | On loans | 28,117,330 | 43,338,421 |
| ii) | On Govt. Securities | 3,866 | 28,309 |
| iii) | Amortised Interest | 9,719,088 | - |
| iv) | Other Interest Income | 2,402,960 | - |
| 2 | Profit / Loss on Sale of Investments | 471,111 | 265,244 |
| 3 | Gain on fair valuation of financial asset | - | 1,706,957 |
| 4 | Profit on Sale of Assets | 245,063 | - |
| 5 | Dividend Income | 138 | 130 |
| 6 | Provisions no longer required | - | 297,853 |
| 7 | Other Non operative income | 81,477 | 93,125 |
| | Total | 41,041,033 | 45,730,039 |

SMIFS CAPITAL MARKETS LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note : 24 Purchases

| Sl. No. | Particulars | Amount in ₹ | |
|---------|-----------------------------------|-----------------------------|-----------------------------|
| | | Year ended 31st March, 2020 | Year ended 31st March, 2019 |
| 1 | Purchase of shares and Securities | 432,375,542 | 416,942,126 |
| | Total | 432,375,542 | 416,942,126 |

Note : 25 Change in Inventories / Stock

| Sl. No. | Particulars | | |
|---------|-------------------------------------|---------------|----------------|
| | Opening Stock-Shares and Securities | 328,464 | 585,383 |
| | Closing Stock-Shares and Securities | 251,625 | 328,464 |
| | Total | 76,839 | 256,919 |

Note : 26 Employee benefits expense

| | | | |
|---|---|-------------------|-------------------|
| 1 | Salaries and wages | 17,386,072 | 18,447,920 |
| 2 | Contribution to provident and other funds | 1,498,545 | 1,411,384 |
| 3 | Staff Welfare Expenses | 2,792,814 | 2,188,237 |
| | Total | 21,677,431 | 22,047,541 |

Note 26.1

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

| | | |
|---|-----------|-----------|
| Employer's Contribution to Provident Fund | 1,498,545 | 1,411,384 |
|---|-----------|-----------|

Note : 27 Financial Cost

| | | | |
|---|------------------------------|----------------|----------------|
| 1 | Interest Expense On loans | 345,735 | 384,240 |
| | Total | 345,735 | 384,240 |

Note : 28 Depreciation and Amortisation expense

| | | | |
|---|--------------|------------------|------------------|
| 1 | Depreciation | 5,537,213 | 6,143,830 |
| | Total | 5,537,213 | 6,143,830 |



SMIFS CAPITAL MARKETS LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note : 29 Other expenses

| Sl. No. | Particulars | Amount in ₹ | |
|--------------|---|-----------------------------|-----------------------------|
| | | Year ended 31st March, 2020 | Year ended 31st March, 2019 |
| 1 | Telephone Expenses | 696,443 | 813,902 |
| 2 | Printing & Stationery Expenses | 242,889 | 289,270 |
| 3 | Professional, Legal & Consultancy Charges | 5,575,027 | 10,330,742 |
| 4 | Business Promotion Expenses | 119,548 | 256,248 |
| 5 | Rent | 507,390 | 507,390 |
| 6 | Repair - Plant & Machinery - Others | 148,723 374,351 | 138,958 444,910 |
| 7 | Advertisement | 388,600 | 299,500 |
| 8 | Electricity, Power & Fuel | 567,321 | 577,614 |
| 9 | Vehicle Expenses | 1,756,721 | 1,365,311 |
| 10 | Membership & Subscription Fees | 1,030,169 | 1,109,958 |
| 11 | Miscellaneous Expenses | 1,622,238 | 1,705,882 |
| 12 | Gain or Loss On Financial Asset carried at Amortised Cost | 11,418,351 | 10,521,397 |
| 13 | Loss on fair valuation of financial asset | 334,395 | - |
| 14 | Bad Debt. | - | 100,000 |
| 15 | Rates & Taxes | 486,315 | 346,014 |
| 16 | Service Tax Paid | 183,030 | - |
| 17 | Security Transaction Tax | - | 10,596 |
| 18 | Travelling Expenses | 700,929 | 4,101,304 |
| 19 | Directors Fees | 161,500 | 175,500 |
| 20 | Insurance | 275,725 | 306,244 |
| 21 | Donation | - | 25,000 |
| 22 | Sundry Balance Written Off | 176,210 | 746,665 |
| 23 | Auditors' Remuneration | 235,000 | 210,000 |
| Total | | 27,000,875 | 34,382,405 |

Note : 30 Tax expenses

| | | | |
|---|--|------------------------------------|---|
| 1 | Current Tax Provision For Taxation Income Tax Earlier Year | 50,287 971,187 1,021,474 | 3,173,300 (133,511) 3,039,789 |
| 2 | Deferred tax Less: MAT Entitlement | (199,962) (50,287) (250,249) | 1,896,493 (3,173,300) (1,276,807) |
| | Total | 771,225 | 1,762,982 |

SMIFS CAPITAL MARKETS LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Amount in ₹

Note : 31 Earnings per equity share

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

| | <u>31st March 2020</u> | <u>31st March 2019</u> |
|--|------------------------|------------------------|
| Net Profit / (Loss) attributable to equity shareholders | | |
| Profit / (Loss) after tax (₹) | 1,333,660 | 5,687,445 |
| 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 (₹) | 0.24 | 1.02 |

Note : 32 Significant accounting judgements, estimates and assumptions

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

Judgements

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

Fair value measurement of financial instruments

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

Impairment of non-financial assets

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



SMIFS CAPITAL MARKETS LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note : 33 Commitments & Contingent Liabilities

(A) Commitments

| Descriptions | 31st March 2020 | Amount in ₹ 31st March 2019 |
|---|-----------------|--------------------------------|
| Unclaimed liabilities on partly paid shares | 298,000 | 298,000 |

(B) Contingent Liabilities

Note : 34 Employee Benefit Obligations

Leave Obligations

To be Recognised in PL

| | | |
|--------------------------------------|----------------|----------------|
| Current Service Cost | 140,733 | 137,915 |
| Interest Cost on Benefits Obligation | 129,485 | 124,165 |
| Expected Return on Planned Asset | - | - |
| Actuarial Gain/Loss | (2,769) | 410,294 |
| Past Service Cost | - | - |
| Total | 267,449 | 672,374 |

Net Liability /Asset recognised in BS

| | | |
|--|--------------------|--------------------|
| Net asset/(liability) recognised in balance sheet at beginning of the period | 1,327,801 | 1,773,765 |
| Fair Value of Planned Asset | - | - |
| Funded status {Surplus/(Deficit)} | (1,327,801) | (1,773,765) |
| Effect of balance sheet asset | - | - |
| Unrecognised Past Service Cost | - | - |
| Net asset/(liability) recognised in balance sheet | (1,327,801) | (1,773,765) |

Change in the PV of DBO during the year

| | | |
|------------------------------------|------------------|------------------|
| PV of DBO at beginning of the year | 1,773,765 | 1,655,527 |
| Current Service Cost | 140,733 | 137,915 |
| Interest Cost on DBO | 129,485 | 124,165 |
| Benefits Paid from Planned Asset | (713,413) | (554,136) |
| Actuarial Loss/Gains | (2,769) | 410,294 |
| Total | 1,327,801 | 1,773,765 |

SMIFS CAPITAL MARKETS LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

| Principal Assumption | Amount in ₹ | |
|------------------------------|------------------------|------------------------|
| Description | 31st March 2020 | 31st March 2019 |
| Discount Rate | 6.20% | 7.30% |
| Rate of Increase in salaries | 5.00% | 10.00% |

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

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 | 1,327,801 | 1,773,765 |
| a) Impact due to increase of 1 % | 1,280,302 | 1,687,824 |
| b) Impact due to decrease of 1 % | 1,382,868 | 1,874,543 |
| Impact of the change in salary increase | | |
| Present value of obligation at the end of the year | 1,327,801 | 1,773,765 |
| a) Impact due to increase of 1 % | 1,387,468 | 1,877,940 |
| b) Impact due to decrease of 1 % | 1,275,608 | 1,683,256 |

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 | 449,063 | 518,632 |
| Interest Cost on Benefits Obligation | 110,621 | 19,439 |
| Expected Return on Planned Asset | - | - |
| Actuarial Gain/Loss | - | - |
| Past Service Cost | - | - |
| Total | 559,684 | 538,071 |



SMIFS CAPITAL MARKETS LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

| To be Recognised in OCI | Amount in ₹ | |
|---|------------------------|------------------------|
| Description | <u>31st March 2020</u> | <u>31st March 2019</u> |
| Actuarial Loss/Gains | (796,494) | 1,098,074 |
| Expected Return on Planned Asset | (54,235) | (42,237) |
| Re-measurement (or Actuarial (gain/loss) arising because of change in effect of asset ceiling | - | - |
| Total | (850,729) | 1,055,837 |
| Net Liability /Asset recognised in BS | | |
| PV of Defined Benefit Obligation | 9,724,904 | 10,001,853 |
| Fair Value of Planned Asset | <u>8,832,723</u> | <u>8,486,492</u> |
| Less: Unrecognised Past Service Cost | (892,181) | (1,515,361) |
| Total - Net defined Benefit | (892,181) | (1,515,361) |
| Change in the PV of DBO during the year | | |
| PV of DBO at beginning of the year | 10,001,853 | 7,800,137 |
| Current Service Cost | 449,063 | 518,632 |
| Interest Cost on DBO | 730,135 | 585,010 |
| Benefits Paid from Planned Asset | (659,653) | - |
| Actuarial Loss/Gains | (796,494) | 1,098,074 |
| Plan Amendments | - | - |
| Total | 9,724,904 | 10,001,853 |
| Change in the Fair Value of Asset during the year | | |
| Fair value of Plan Asset at beginning | 8,486,492 | 7,540,953 |
| Expected Return | 619,514 | 565,571 |
| Contribution by Employer | 332,135 | 337,731 |
| Benefits Paid | (659,653) | - |
| Actuarial Gains/Losses | 54,235 | 42,237 |
| Total | 8,832,723 | 8,486,492 |
| Principal Assumption | | |
| Discount Rate | 6.20% | 7.30% |
| Rate of Increase in salaries | 5.00% | 10.00% |

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



SMIFS CAPITAL MARKETS LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

| Sensitivity analysis for Present value of Defined Benefit obligation | | Amount in ₹ | |
|---|--|------------------------|------------------------|
| Description | | 31st March 2020 | 31st March 2019 |
| Impact of the change in discount rate | | | |
| Present value of obligation at the end of the year | | 9,724,904 | 10,001,853 |
| a) Impact due to increase of 1 % | | 9,496,557 | 9,647,885 |
| b) Impact due to decrease of 1 % | | 9,979,380 | 10,406,432 |
| Impact of the change in salary increase | | | |
| Present value of obligation at the end of the year | | 9,724,904 | 10,001,853 |
| a) Impact due to increase of 1 % | | 9,989,081 | 10,402,912 |
| b) Impact due to decrease of 1 % | | 9,483,888 | 9,643,784 |

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SMIFS CAPITAL MARKETS LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note 35 : Financial instruments by category

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

| Particulars | 31st March 2020 | | | 31st March 2019 | | | Amount in ₹ |
|------------------------------|------------------|--------------------|--------------------|-------------------|--------------------|--------------------|------------------|
| | FVTPL | FVOCI | Amortised cost | FVTPL | FVOCI | Amortised cost | |
| Financial assets | | | | | | | |
| Cash and Bank balances | - | - | 2,868,400 | - | - | - | 4,457,425 |
| Trade Receivables | - | - | 1,192,675 | - | - | - | 512,850 |
| Investments | 1,243,404 | 148,218,218 | 99,000,700 | 12,682,719 | 155,047,624 | 151,071,126 | |
| Other bank balances | - | - | 725,960 | - | - | - | 900,904 |
| Loans | - | - | 684,419,146 | - | - | - | 668,335,980 |
| Other financial assets | - | - | 10,125,117 | - | - | - | 9,823,974 |
| Total | 1,243,404 | 148,218,218 | 798,331,999 | 12,682,719 | 155,047,624 | 835,102,259 | |
| Financial liabilities | | | | | | | |
| Borrowings | - | - | 3,428,315 | - | - | - | 3,931,000 |
| Other financial liabilities | - | - | 5,281,760 | - | - | - | 900,804 |
| Total | - | - | 8,710,075 | - | - | - | 4,831,804 |

SMIFS CAPITAL MARKETS LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

(a) Fair value hierarchy

| Particulars | Financial assets and liabilities measured at fair value and amortised cost for which fair values are disclosed | | | Amount in ₹ | | |
|---------------------------------|--|-------------------|------------------|--------------------|-------------------|------------------|
| | 31st March 2020 | 31st March 2020 | 31st March 2019 | Level 1 | Level 2 | Level 3 |
| Investment in mutual funds | 1,243,404 | - | - | - | 12,682,719 | - |
| Investment in equity shares | 84,871,205 | 63,347,014 | 136,046,865 | - | 19,501,186 | - |
| Investment in preference shares | - | 24,000,000 | - | - | 24,000,000 | - |
| Investment in Debentures | - | - | - | - | 51,570,000 | - |
| Total | 86,114,608 | 87,347,014 | - | 148,729,584 | 95,071,186 | - |
| Financial liabilities | | | | | | |
| Borrowings | - | - | 3,428,315 | - | - | 3,931,000 |
| Total | - | - | 3,428,315 | - | - | 3,931,000 |

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.



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NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

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

| Particulars | 31st March 2020 | | 31st March 2019 | |
|------------------------------------|--------------------|--------------------|----------------------|----------------------|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| Financial assets | | | | |
| Carried at amortised cost | | | | |
| Cash and Bank balances | 2,868,400 | 2,868,400 | 4,457,425 | 4,457,425 |
| Trade Receivables | 1,192,675 | 1,192,675 | 512,850 | 512,850 |
| Investments | 248,462,322 | 248,462,322 | 318,801,469 | 318,801,469 |
| Other bank balances | 725,960 | 725,960 | 900,904 | 900,904 |
| Loans | 684,419,146 | 684,419,146 | 668,335,980 | 668,335,980 |
| Other financial assets | 10,125,117 | 10,125,117 | 9,823,974 | 9,823,974 |
| Total financial assets | 947,793,621 | 947,793,621 | 1,002,832,602 | 1,002,832,602 |
| Financial liabilities | | | | |
| Carried at amortised cost | | | | |
| Borrowings | 3,428,315 | 3,428,315 | 3,931,000 | 3,931,000 |
| Other financial liabilities | 5,281,760 | 5,281,760 | 900,804 | 900,804 |
| Total financial liabilities | 8,710,075 | 8,710,075 | 4,831,804 | 4,831,804 |

SMIFS CAPITAL MARKETS LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

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 carrying its borrowings primarily at fixed rate.

| Particulars | 31st March 2020 | 31st March 2019 |
|-----------------------|-----------------|-----------------|
| Fixed rate borrowings | 3,428,315 | 3,931,000 |

(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, 2020, 2019 was ₹84,871,205, ₹ 136,054,106 respectively. A 10% change in equity price as at March 31, 2020, 2019 would result in an impact of ₹ 8,487,121, ₹ 13,605,411 respectively.

(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, 2020

(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 2020 and 31 March 2019 is the carrying value as illustrated in Note 35.

(C) Liquidity risk

Liquidity risk refer to the risk that the Company may not be 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 2020 | 31st March 2019 |
|-----------------------------|-----------------|-----------------|
| Less than 1 year | | |
| Borrowings | 1,669,043 | 1,320,274 |
| Other Financial Liabilities | 5,281,760 | 900,804 |
| More than 1 year | | |
| Borrowings | 1,759,272 | 2,610,726 |

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

Relationships:

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

SMIFS Capital Services Limited (Subsidiary Company)
 Stewart & Mackertich Wealth Management Limited
 Progressive Star Finance Private Ltd
 Goodwin Builders Pvt 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 (upto 15/10/2019)
 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, 2020

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 2020 | 31st March 2019 | 31st March 2020 | 31st March 2019 | 31st March 2020 | 31st March 2019 |
| Directors' sitting fees | - | - | 161,500 | 175,500 | - | - |
| Salary & Wages | - | - | 27,29,994# | 24,35,345# | - | - |
| Directors' Remuneration | - | - | 91,76,819# | 80,80,595# | - | - |
| Purchase of Shares (Investment) | - | - | - | - | - | - |
| Payment of Brokerage | - | 21,067 | - | - | - | - |
| Advance Against sale of Immovable Property | 2,277,950 | - | - | - | - | - |
| Outstanding Balance as on 31st March 2020 | | | | | | |
| Other financial liabilities | 2,277,950 | - | - | - | - | - |
| Other current financial Assets | 331,210 | 21,688 | - | - | - | - |
| Other current asset | 2,454 | 170,426 | - | - | - | - |

This includes Employer's Contribution to Provident Fund

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 2020 | 31st March 2019 |
|--|------------------------|------------------------|
| Equity Share Capital | 55,850,000 | 55,850,000 |
| Other Equity | 971,636,398 | 1,035,251,770 |
| Total Equity (A) | 1,027,486,398 | 1,091,101,770 |
| Non Current Borrowings | 1,759,272 | 2,610,725 |
| Short term Borrowings | - | - |
| Current Maturities of long term borrowings | 1,669,043 | 1,320,275 |
| Gross Debts (B) | 3,428,315 | 3,931,000 |
| Less : Current Investments | - | - |
| Less: Cash and cash Equivalents | 3,594,360 | 5,358,329 |
| Net Debt | (166,045) | (1,427,329) |
| Gearing Ratio | (0.0002) | (0.0013) |



SMIFS CAPITAL MARKETS LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note : 39 Auditors' remuneration and expenses :

| Particulars | Amount in ₹ | |
|------------------------|------------------------|------------------------|
| | 31st March 2020 | 31st March 2019 |
| for audit matter | 190,000 | 180,000 |
| Tax Audit | - | 10,000 |
| for taxation matter | 15,000 | - |
| for certification fees | 30,000 | 20,000 |
| Total | 235,000 | 210,000 |

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 | 2,104,885 | 7,450,427 |
| Applicable tax rate (Percentage) | 26.00 | 26.00 |
| Expected income tax | 547,270 | 1,937,111 |
| Income exempt from tax | (10,618,280) | (130) |
| Non deductible expenses for tax purpose | 1,432,983 | 10,925,931 |
| Effect of unrecognised tax losses for earlier years | - | (10,251,016) |
| MAT Credit and other adjustments | 9,409,252 | (848,914) |
| Income Tax recognised in Profit and Loss account | 771,225 | 1,762,982 |

Note : 41 Expenditure in Foreign currency :

| | | |
|---------------------|----------|------------------|
| Travelling Expenses | - | 1,570,804 |
| Total | - | 1,570,804 |

SMIFS CAPITAL MARKETS LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note : 42 Segment Reporting :

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

| Particulars | Capital Market Operations | | Investment Banking Operations | | Unallocated | For the year ended 31.03.2020 | For the year ended 31.03.2019 | Total |
|----------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|---------------------|-------------------------------|-------------------------------|--------------------|
| | For the year ended 31.03.2020 | For the year ended 31.03.2019 | For the year ended 31.03.2020 | For the year ended 31.03.2019 | | | | |
| Segment Revenue | | | | | | | | |
| External Segment Revenue | 435,575,093 | 420,253,332 | 12,502,394 | 21,624,117 | 41,041,033 | 45,730,039 | 489,118,520 | 487,607,488 |
| Inter Segment Revenue | - | - | - | - | - | - | - | - |
| Total Revenue | 435,575,093 | 420,253,332 | 12,502,394 | 21,624,117 | 41,041,033 | 45,730,039 | 489,118,520 | 487,607,488 |
| Less : Inter Segment Revenue | - | - | - | - | - | - | - | - |
| Net Revenue | 435,575,093 | 420,253,332 | 12,502,394 | 21,624,117 | 41,041,033 | 45,730,039 | 489,118,520 | 487,607,488 |
| Result - Profit/ (Loss) | | | | | | | | |
| Segment Result | 3,122,712 | 3,054,287 | 12,502,394 | 21,624,117 | (13,174,487) | (16,843,737) | 2,450,620 | 7,834,667 |
| Less: Finance cost | - | - | - | - | 345,735 | 384,240 | 345,735 | 384,240 |
| Profit/ (Loss) Before Tax | 3,122,712 | 3,054,287 | 12,502,394 | 21,624,117 | (13,520,221) | (17,227,977) | 2,104,885 | 7,450,427 |





SMIFS CAPITAL MARKETS LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

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 Global Health Pandemic from COVID-19

The Novel Coronavirus (Covid -19) is a Global Pandemic and is rapidly spreading throughout our Country. Our Company was completely closed w.e.f 24/03/2020 in adherence to nationwide lockdown as declared by Government of India to prevent and contain the spread of Coronavirus outbreak. Thereafter w.e.f 26/05/2020 the Company has resumed its activities in a phased manner with limited staff strength. Due to aforesaid reasons the Company's operations were impacted in the month of March 2020 and are likely to be impacted in the current financial year as the impact of Covid-19 continues and due to the uncertainties associated with its nature and duration. The Company believes that the pandemic is not likely to impact the carrying value of its assets. However the extent to which the COVID-19 will impact the Company's future results and its assets will depend on developments which are highly uncertain. The Company will continue to closely monitor any material changes to future economic conditions.

Note : 44 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: 30th June, 2020

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

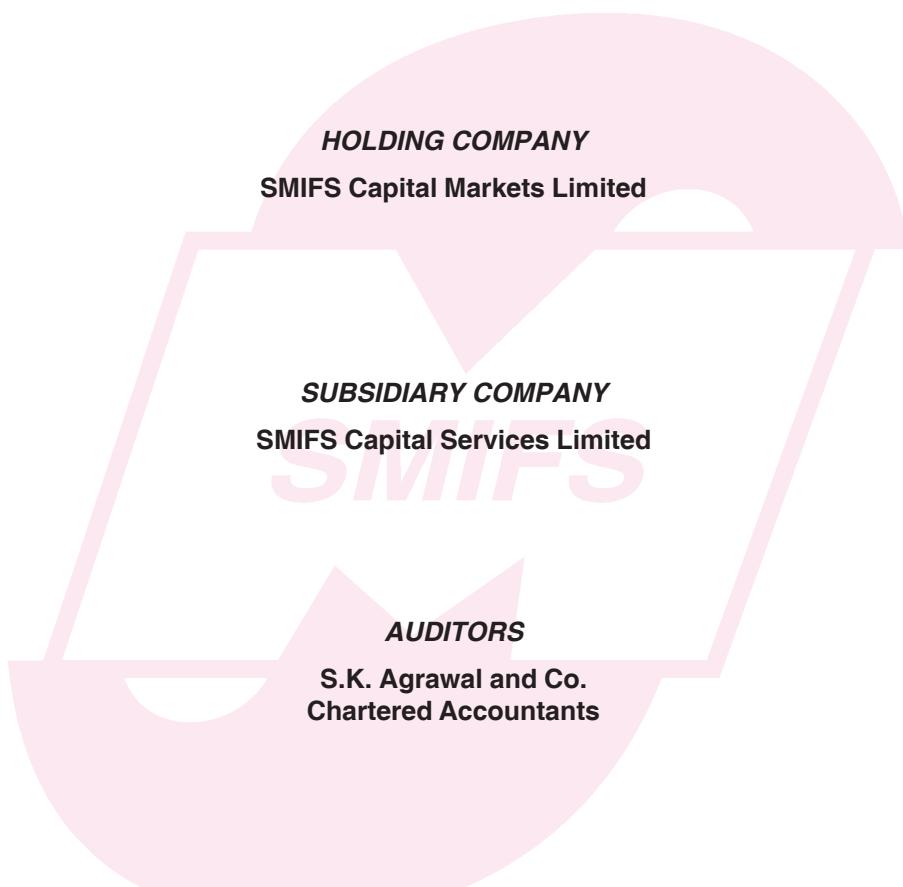
Managing Director
(DIN No. 00170502)

SHREEMANTA BANERJEE

CFO-cum Vice President
Finance & Taxation



CONSOLIDATED FINANCIAL STATEMENTS





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, 2020, 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, 2020, 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 thereunder, 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.

Emphasis of Matter

We draw attention to Note 44 to the consolidated financial statements, which describes the uncertainties and potential impact of the Covid-19 pandemic on the Company's operations and results as assessed by the management. The actual results may differ from such estimates depending upon future developments. Our opinion is not modified in respect of this matter.

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 Refer Note 6 and 31 to the consolidated financial statements. In the normal course of business, "Income Taxes" is the amount of income taxes payable | Our procedures included: - Control testing: - Testing the effectiveness of the controls around the recording and re-assessment of tax provisions. |

| S.No. | Key Audit Matter | Auditor's Response |
|-------|---|---|
| | <p>(recoverable) in respect of the taxable profit (tax loss) for a period.</p> <p>Management makes judgements and estimates in connection with tax issues and tax exposures resulting in the recognition of deferred tax assets and liabilities as well as the tax provisions.</p> <p>As the provision of direct taxes is highly dependent on significant management judgements,</p> <p>Accordingly, Direct Tax Provisions was considered as one of the Key Audit Matters.</p> | <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 and the adequacy of disclosures 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 consolidated 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 ₹ 178,475,681 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

The accompanying statements includes the audited financial results and other financial information in respect of one (1) subsidiary whose financial results/statements reflect total assets of Rs. 6,53,48,242 and nets assets Rs. 6,34,05,323 as on 31st March 2020, total revenue of Rs. 18,52,383 and total net loss after tax Rs. 6,02,177 total comprehensive loss Rs. 1,12,04,154 for the year ended on that date and net cash inflow of Rs. 1,07,223 for the year ended 31st March 2020 as considered in the statement which have been audited by the subsidiary auditor.

The independent auditors report on the financial statements of the subsidiary have been furnished to us by the management and our opinion on the quarterly consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary is based solely on the reports of such auditor and the procedure performed by us stated in paragraph above.

Our opinion on the statements is not modified in respect of the above matters 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, 2020 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, 2020 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

Place : Kolkata
Dated : 30/06/2020
UDIN : 20301571AAACQ3044

Vivek Agarwal
Partner
Membership No: 301571

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, 2020 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.

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 below, 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, 2020, 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

Place : Kolkata
Dated : 30/06/2020
UDIN : 20301571AAACQ3044

Vivek Agarwal
Partner
Membership No: 301571

SMIFS CAPITAL MARKETS LIMITED
 CIN NO.: L74300WB1983PLC036342
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2020

| Particulars | Note No. | As at 31st March 2020 ₹ | As at 31st March 2019 ₹ |
|-------------------------------------|----------|----------------------------|----------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| a) Property, plant and equipment | 2 | 63,842,564 | 68,120,562 |
| b) Financial assets | | | |
| i) Investments | 3 | 213,719,086 | 295,034,228 |
| ii) Loans | 4 | 684,543,224 | 668,570,875 |
| iii) Others | 5 | 9,791,453 | 9,791,453 |
| c) Deferred tax assets (Net) | 6 | 29,468,132 | 25,145,254 |
| d) Other non-current assets | 7 | - | 73,750 |
| | | 1,001,364,459 | 1,066,736,122 |
| Current assets | | | |
| a) Inventories | 8 | 251,625 | 328,464 |
| b) Financial assets | | | |
| i) Trade receivables | 9 | 1,193,197 | 513,372 |
| ii) Cash and Cash equivalents | 10 | 3,266,413 | 4,748,215 |
| iii) Other Bank Balances | 11 | 725,960 | 900,904 |
| iv) Others | 12 | 24,041,697 | 24,305,075 |
| c) Current tax asset (Net) | 13 | 7,101,161 | 4,876,942 |
| d) Other current assets | 14 | 1,828,912 | 2,542,100 |
| | | 38,408,965 | 38,215,072 |
| Total Assets | | 1,039,773,424 | 1,104,951,194 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| a) Equity Share capital | 15 | 55,850,000 | 55,850,000 |
| b) Other equity | 16 | 960,041,020 | 1,035,462,723 |
| | | 1,015,891,020 | 1,091,312,723 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| a) Financial liabilities | | | |
| i) Borrowings | 17 | 1,759,272 | 2,610,725 |
| c) Other non-current liabilities | 18 | 32,454 | 32,454 |
| | | 1,791,726 | 2,643,179 |
| Current liabilities | | | |
| a) Financial liabilities | | | |
| i) Trade and other payables | 19 | 7,845,362 | - |
| ii) Other financial liabilities | 20 | 6,950,803 | 2,221,079 |
| b) Other current liabilities | 21 | 4,980,710 | 5,241,046 |
| c) Provisions | 22 | 2,313,803 | 3,533,167 |
| | | 22,090,678 | 10,995,292 |
| Total Equity and liabilities | | 1,039,773,424 | 1,104,951,194 |

**Significant Accounting Policies & Notes to
Financial Statements**

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: 30th June, 2020

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 CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2020

| Particulars | Note No. | Year ended 31st March, 2020 | Year ended 31st March, 2019 |
|---|----------|--------------------------------|--------------------------------|
| INCOME | | | |
| I Revenue from operations | 23 | 449,904,700 | 443,707,837 |
| II Other Income | 24 | 41,066,203 | 45,749,206 |
| Total income(I+II) | | 490,970,903 | 489,457,043 |
| III EXPENDITURE | | | |
| Purchases of Stock-in-Trade | 25 | 432,375,542 | 416,942,126 |
| Changes in inventories of finished goods, work-in-progress and Stock-in-Trade | 26 | 76,839 | 256,919 |
| Employee benefits expense | 27 | 23,708,956 | 24,338,258 |
| Financial Costs | 28 | 345,735 | 384,240 |
| Depreciation and amortization expense | 29 | 5,603,634 | 6,240,647 |
| Other expenses | 30 | 27,317,455 | 34,724,488 |
| Total Expense(III) | | 489,428,161 | 482,886,678 |
| IV Profit/(loss) before exceptional items and tax | | <u>1,542,742</u> | <u>6,570,365</u> |
| V Exceptional items | | - | - |
| VI Profit/(loss) before tax | | 1,542,742 | 6,570,365 |
| VII Tax expense: | 31 | | |
| (1) Current tax | | 50,287 | 3,173,300 |
| (2) Tax adjustment for earlier years | | 971,187 | (37,628) |
| (3) Deferred tax | | (210,213) | (1,314,069) |
| VIII Profit/(loss) for the period from continuing operations | | 731,481 | 4,748,761 |
| 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 | | 731,481 | 4,748,761 |
| XII Other Comprehensive Income | | | |
| A (i) Items that will not be reclassified to profit or loss | | 1,118,420 | (1,268,065) |
| Remeasurement of net defined benefit liability | | (81,384,271) | (10,985,993) |
| Gains and losses from investments in equity instruments designated at fair value through other comprehensive income; | | 4,112,665 | (2,543,547) |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | | | |
| 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 | | (76,153,186) | (14,797,605) |
| XIII Total Comprehensive Income for the period (XI+XII)(Comprising Profit (Loss) and Other Comprehensive Income for the period) | | (75,421,705) | (10,048,844) |
| XIV Earnings per equity share: | 32 | | |
| (1) Basic | | 0.13 | 0.85 |
| (2) Diluted | | 0.13 | 0.85 |

Significant Accounting Policies & Notes to Financial Statements 1 To 45

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: 30th June, 2020

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, 2020

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 2019 | 55,850,000 | - | 55,850,000 |
| For the year ended 31st March 2020 | 55,850,000 | - | 55,850,000 |



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SMIFS CAPITAL MARKETS LIMITED

CIN NO.: L74300WB1983PLC036342

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020

| Other Equity | Amount in ₹ | | | | | |
|--|--------------------|----------------------------|-----------------|------------------------|----------------------------|---------------------------|
| | Securities Premium | Capital Redemption reserve | General Reserve | Retained Earnings | Other Comprehensive Income | Total Other Equity |
| 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 (21,498,451) | | (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 |
| Balance at 1 April 2019 | 433,725,000 | 40,000,000 | 390,950,734 | 100,929,410 | 72,290,338 | (2,432,759) 1,035,462,723 |
| Profit for the year | | | | 731,482 | | 731,482 |
| Transferred from other comprehensive income | | | | - | | |
| Dividend Paid | | | | - | | |
| Dividend Distribution tax paid | | | | - | | |
| Other Comprehensive Income | | | | - | | |
| Transferred to retained earnings | | | | - | | |
| Total Comprehensive Income for the year | | | | (77,271,606) | | 1,118,420 (76,153,186) |
| Balance at 31 March 2020 | 433,725,000 | 40,000,000 | 390,950,734 | 101,660,892 | (4,981,268) | (1,314,339) 980,041,019 |

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: 30th June, 2020

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
CEO-cum Vice President
Finance & Taxation



SMIFS CAPITAL MARKETS LIMITED

CIN NO.: L74300WB1983PLC036342

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

| | Amount in ₹ | |
|---|---------------------|---------------------|
| | 31st March, 2020 | 31st March, 2019 |
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit before Tax | 1,542,743 | 6,570,365 |
| Adjustment for | | |
| Depreciation | 5,603,634 | 6,240,647 |
| (Profit) / Loss on sale of Investments | (471,111) | (265,244) |
| Dividend on Investment | (1,206) | (550) |
| Bad Debt | - | 100,000 |
| Financial Cost | 345,735 | 384,240 |
| (Profit)/Loss on sale of Fixed Assets | (245,063) | - |
| Revaluation in Financial Assets | 334,395 | (1,706,957) |
| Gain or Loss On Financial Asset carried at Amortised Cost | 11,418,778 | 10,523,338 |
| Prior Period Items | - | (183) |
| Other Interest Income | (30,524,156) | (43,366,730) |
| Amortised Interest Income | (9,719,088) | - |
| | <u>(23,258,080)</u> | <u>(28,091,439)</u> |
| Operating profit before Working Capital change | (21,715,337) | (21,521,074) |
| Adjustment for | | |
| 1. Trade & Other Receivables | (15,358,702) | (62,760,332) |
| 2. Inventories | 76,839 | 256,919 |
| 3. Trade and Other Payables | 10,724,930 | 1,244,863 |
| | <u>(4,556,933)</u> | <u>(61,258,550)</u> |
| Cash Generated from Operations | (26,272,270) | (82,779,624) |
| Direct Tax paid | (4,048,003) | (3,200,033) |
| | <u>(4,048,003)</u> | <u>(3,200,033)</u> |
| Net Cash Flow from Operating activity | <u>(30,320,273)</u> | <u>(85,979,657)</u> |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (1,720,573) | (63,983) |
| Sale of Fixed Assets | 640,000 | - |
| Purchase of Investments | (93,348,489) | (50,215,406) |
| Sale of Investments | 93,415,650 | 93,740,899 |
| Interest Income | 30,524,156 | 43,366,730 |
| Dividend on Investment | 1,206 | 550 |
| | <u>29,511,949</u> | <u>86,828,790</u> |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Dividend and Dividend Distribution Tax Paid | - | (6,733,013) |
| Interest paid | (345,735) | (384,240) |
| Proceeds from long-term borrowings | (502,685) | (1,245,696) |
| Proceeds from short-term borrowings | - | - |
| Net cash used in Financing Activities | <u>(848,420)</u> | <u>(8,362,949)</u> |
| Net increase in Cash & Cash Equivalents | (1,656,746) | (7,513,816) |
| Opening Balance of Cash & Cash Equivalents | 5,649,119 | 13,162,935 |
| Closing Balance of Cash & Cash Equivalents | <u>3,992,373</u> | <u>5,649,119</u> |
| Components of Cash and Cash Equivalents | | |
| Cash on Hand (Refer Note-10) | 879,677 | 150,471 |
| Balances with Banks- (Refer Note-10 & 11) | 3,112,696 | 5,498,648 |
| Total Cash and Cash Equivalents | <u>3,992,373</u> | <u>5,649,119</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: 30th June, 2020

For and on Behalf of the Board of Directors

UTSAV PAREKH
Chairman
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-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, 2020

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 2020. 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, 2020 were approved by the Board of Directors and authorised for issue on 30th June 2020.

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, 2020

Adoption of new Indian Accounting Standards and interpretations

Effective 1st April 2019, Ind AS 116 replaces the existing standard Ind AS 17 and specifies how an entity will recognise, measure, present and disclose leases. The standard provides a single lease accounting model, requiring lessees to recognise a right of use asset ("ROU asset") and a corresponding liability on the lease commencement date. It provides exemption for leases with lease term of 12 months or less or the underlying asset has a low value.

The Company has applied Ind AS 116. The Company has assessed the effect of the new standard and has concluded that the application of Ind AS 116 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, 2020

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, 2020

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, 2020

I) 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, 2020

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, 2020

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, 2020

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, 2020

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

As at the date of issue of financial statements, there are no new standards or amendments which have been notified by the MCA but not yet adopted by the Company. Hence, the disclosure is not applicable.

SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note : 2 Property Plant and Equipments

Amount in ₹

| Particulars | Gross Block | | | Depreciation | | | Net Block | | |
|--------------------------|-------------------|------------------|-------------------------|-------------------|-------------------|------------------|------------------|-------------------|-------------------|
| | As on 01.04.2019 | Additions | Deductions/ Adjustments | As on 31.03.2020 | As on 01.04.2019 | For the year | Adjustment | As on 31.03.2020 | As on 31.03.2019 |
| Buildings / Premises | 73,373,622 | - | - | 73,373,622 | 10,520,509 | 3,710,012 | - | 14,230,521 | 59,143,101 |
| Furniture and Fixtures | 129,018 | - | - | 129,018 | 121,360 | 5,026 | - | 126,386 | 62,853,113 |
| Office Equipment | 15,914 | - | - | 15,914 | 12,541 | 2,912 | - | 15,453 | 7,658 |
| Vehicles | 13,002,724 | 1,699,386 | 1,818,656 | 12,883,454 | 7,787,155 | 1,828,628 | 1,423,719 | 8,192,064 | 4,691,390 |
| Electrical Installations | 5,773 | - | - | 5,773 | 5,519 | 164 | - | 5,683 | 5,215,569 |
| Computers | 328,766 | 21,187 | - | 349,953 | 288,998 | 56,239 | - | 345,137 | 90 |
| Air Conditioners | 181,098 | - | - | 181,098 | 180,371 | 653 | - | 181,024 | 4,816 |
| Sub total | 87,036,916 | 1,720,573 | 1,818,656 | 86,938,832 | 18,916,354 | 5,603,634 | 1,423,719 | 23,096,268 | 63,842,564 |
| Previous Year | 86,972,933 | 63,983 | - | 87,036,916 | 12,675,707 | 6,240,647 | - | 18,916,354 | 68,120,562 |



SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note : 3 Non Current Investment

Amount in ₹

| Sl. No. | Particulars | As at 31st March 2020 | | As at 31 March 2019 | |
|------------|--|-----------------------|-------------|---------------------|-------------|
| | | 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 |
| (c) | Investment in Govt Securities 6.05% Govt of India Loan - 2019 (F.V. ₹ 500,000) | - | - | 5,000 | 500,426 |
| 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 | 262 | 100 | 396 |
| | 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 | 660 | 300 | 375 |
| | Nicco UCO Alliance Credit Limited | 114 | 22 | 114 | 23 |
| | North Eastern Publishing & Advt Co Ltd | 4,500,000 | 41,535,000 | 4,500,000 | 43,335,000 |
| | Punsumi Foils & Components Limited | 15,800 | 15,800 | 15,800 | 15,800 |
| | Summit Securities Ltd. | 156,500 | 43,014,025 | 156,500 | 92,389,775 |
| | VCK Capital Markets Limited | 200 | 204 | 200 | 264 |
| | KEC International Ltd. | 175 | 32,463 | 175 | 52,457 |

SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note : 3 Non Current Investment

Amount in ₹

| Sl. No. | Particulars | As at 31st March 2020 | | As at 31 March 2019 | |
|----------------|---|------------------------------|--------------------|----------------------------|--------------------|
| | | No. /Units | Amount ₹ | No. /Units | Amount ₹ |
| | Unquoted, Fully paid up | | | | |
| | Andaman Plantations & Development Corporation Limited | 30,000 | 3,000,000 | 30,000 | 3,000,000 |
| | Antriksh Vyapaar Limited | 2,450,000 | 40,425,000 | 2,450,000 | 56,693,000 |
| | Bhatpara Papers Limited | 44 | 391 | 44 | 391 |
| | Progressive Star Finance Pvt Ltd. | 60,000 | 47,441,400 | - | - |
| | Tejasri Energy Limited | 5,000 | 50,000 | 5,000 | 50,000 |
| | Gujarat Securities Limited | 20 | 200 | 20 | 200 |
| | Vaibhav Services Pvt Ltd | 4,580 | 438,169 | 4,580 | 438,169 |
| | Welquin Suppliers Pvt Ltd | 5,440 | 2,216,854 | - | - |
| 3 | Investments measured through profit and loss | | | | |
| (a) | Investment in Mutual Funds | | | | |
| | Unquoted | | | | |
| | BAGZ Aditya Birla Sunlife'95 Fund | 1,820 | 1,120,453 | 1,605 | 1,301,658 |
| | JM High Liquidity Fund | 2,263 | 122,951 | 2,263 | 115,823 |
| | Axis Liquid Fund-Direct Growth | - | - | 5,428 | 11,265,238 |
| | Total | | 213,719,086 | | 295,034,228 |

Aggregate amount of unquoted Investments 128,815,418 158,934,905
 Aggregate amount of quoted Investments 84,903,668 136,099,323
 Aggregate market value of quoted Investments 84,903,668 136,099,323

Note : 4 Loans

Amount in ₹

| Sl. No. | Particulars | As at 31st March 2020 | As at 31 March 2019 |
|----------------|--|------------------------------|----------------------------|
| 1 | Unsecured and considered good Security Deposit | 846,386 | 846,386 |
| 2 | Other loans to Not Related Party | 683,696,838 | 667,724,489 |
| | Total | 683,696,838 | 667,724,489 |
| | | 684,543,224 | 668,570,875 |

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, 2020

Note : 6 Deferred tax Assets (Net)

| Sl. No. | Particulars | Amount in ₹ | |
|----------|---|--------------------------|--------------------------|
| | | As at 31st March 2020 | As at 31 March 2019 |
| 1 | Deferred tax asset | | |
| | MAT Credit Entitlement | 43,253,239 | 43,202,952 |
| | Less: Deferred tax liability | | |
| | On Disallowances under the Income Tax Act, 1961 | 427,347 | 1,351,560 |
| | On difference between wdv as per book and wdv as per Income Tax Act of fixed assets | (12,959,699) | (13,347,385) |
| | On Financial Instrument | <u>(1,252,755)</u> | <u>(6,061,873)</u> |
| | | <u>(13,785,107)</u> | <u>(18,057,698)</u> |
| | Total | <u>29,468,132</u> | <u>25,145,254</u> |

Note : 7 Other Non Current Assets

| | | | | |
|---|--|-----------------|----------------------|--------|
| 1 | Other Advance | - | 73,750 | |
| | Less: Provision for advances considered doubtful | - | - | 73,750 |
| | Total | <u>-</u> | <u>73,750</u> | |

Note : 8 Inventories

| Sl. No. | Particulars | Amount in ₹ | | As at 31 March 2019 Quantity Nos | As at 31 March 2019 Amount ₹ |
|------------------------------------|------------------------------------|--|--------------------------------------|--|------------------------------------|
| | | As at 31st March 2020 Quantity Nos | As at 31st March 2020 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 | 130 | 23 | 451 |
| | HB PORTFOLIO LTD. | 15 | 169 | 15 | 380 |
| | K.H.S.L.INDUSTRIES LTD. | 2,200 | 2,200 | 2,200 | 2,200 |
| | KILBURN OFFICE AUTOMATION LIMITED | 16,400 | 18,040 | 16,400 | 95,776 |
| | 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 | 3,998 | 680 | 2,570 |
| | 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 |
| EQUITY SHARES | | | | | |
| PARTLY PAID SHARES: QUOTED | | | | | |
| | METROPOLI OVERSEAS LIMITED (₹ 5/-) | 29,800 | 29,800 | 29,800 | 29,800 |
| EQUITY SHARES | | | | | |
| UNQUOTED SHARES(FULLY PAID) | | | | | |
| | PROCAM INTERNATIONAL LTD. | 19,977 | 19,977 | 19,977 | 19,977 |
| | TATA CERAMICS LIMITED | 100,000 | <u>100,000</u> | 100,000 | 100,000 |
| | Total | | <u>251,625</u> | | <u>328,464</u> |

SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note : 9 Trade Receivables

| Sl.No. | Particulars | As at 31st March 2020 | As at 31 March 2019 |
|--------|-----------------------------|-----------------------|---------------------|
| 1 | Unsecured Considered Good | 1,193,197 | 513,372 |
| | Less : Impairment Allowance | - | - |
| | Total | 1,193,197 | 513,372 |

Note : 10 Cash & Cash Equivalents

| | | | |
|---|--------------------|------------------|------------------|
| 1 | Balance with banks | 2,386,736 | 4,597,744 |
| 2 | Cash on hand | 879,677 | 150,471 |
| | Total | 3,266,413 | 4,748,215 |

Note : 11 Other Bank Balances

| | | | |
|---|----------------------------|----------------|----------------|
| 1 | Unclaimed Dividend account | 725,960 | 900,904 |
| | Total | 725,960 | 900,904 |

Note : 12 Other current financial assets

| | | | |
|---|------------------------------|-------------------|-------------------|
| 1 | Interest Accrued but not due | - | 10,833 |
| 2 | Other receivables | 24,041,697 | 24,294,242 |
| | Total | 24,041,697 | 24,305,075 |

Note No.13 Current tax asset (Net)

| | | | |
|---|---------------------------------------|------------------|------------------|
| 1 | Advance Income Tax (Net of Provision) | 7,101,161 | 4,876,942 |
| | Total | 7,101,161 | 4,876,942 |

Note : 14 Other Current Assets

| | | | |
|---|------------------------------------|------------------|------------------|
| 1 | Balance with Statutory Authorities | 557,261 | 879,642 |
| 2 | Prepaid expenses | 1,264,564 | 1,484,870 |
| 3 | Other Advance | 7,087 | 177,588 |
| | Total | 1,828,912 | 2,542,100 |

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 |



SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

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 | 329,310 | 5.90 | 313,940 | 5.62 |

Note : 16 Other Equity

| Sl. No. | Particulars | Amount in ₹ | |
|---------|---|---------------------------|-----------------------------|
| | | As at 31st March 2020 | As at 31 March 2019 |
| 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> |
| 4 | Retained Earnings : | | |
| | Balance brought forward from previous year | 100,929,411 | 94,949,751 |
| | Transferred from Other Comprehensive Income | - | 7,963,911 |
| | Profit for the Year | 731,482 | 4,748,761 |
| | Less: Dividend Paid | - | (5,585,000) |
| | Corporate Dividend Tax Paid | - | (1,148,013) |
| | | <u>101,660,893</u> | <u>100,929,410</u> |
| 5 | Other Comprehensive Income | | |
| | Opening OCI | 69,857,579 | 92,619,095 |
| | Add: During the year OCI | (76,153,186) | (14,797,605) |
| | Less: Transferred to Retained Earnings | - | (7,963,911) |
| | | <u>(6,295,607)</u> | <u>69,857,579</u> |
| | Total | <u>960,041,020</u> | <u>1,035,462,723</u> |

SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note : 17 Borrowings

| Sl. No. | Particulars | Amount in ₹ | |
|-------------|--|-----------------------|---------------------|
| | | As at 31st March 2020 | As at 31 March 2019 |
| 1 | Secured Loans | | |
| | From banks | 3,428,315 | 3,931,000 |
| | Current Maturity of Long term Debt. | (1,669,043) | (1,320,275) |
| | Total | 1,759,272 | 2,610,725 |
| 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 | 474,118 | 431,920 |
| | Repayable in 60 monthly installments of ₹41,865/- from April 2016. | | |
| b) | HDFC Bank Ltd | 962,204 | 888,354 |
| | Repayable in 60 monthly installments of ₹ 91,270/- from May 2017. | | |
| c) | Yes Bank Ltd. | 232,721 | - |
| | Repayable in 48 monthly installments of ₹ /- 24,930/- from June 2019 | | |
| | Total | 1,669,043 | 1,320,275 |

Note :18 Other Non Current Liabilities

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

Note : 19 Trade & Other Payables

| | | | |
|----------|----------------|------------------|----------|
| 1 | Trade Payables | - | - |
| 2 | Other Payables | 7,845,362 | - |
| | Total | 7,845,362 | - |

Note : 20 Other Financial Liabilities

| | | | |
|----------|-------------------------------------|------------------|------------------|
| 1 | Current Maturity of Long term Debt. | 1,669,043 | 1,320,275 |
| 2 | Advance Against Sale of Property | 4,555,900 | - |
| 3 | Unclaimed Dividend# | 725,860 | 900,804 |
| | Total | 6,950,803 | 2,221,079 |

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

Note : 21 Other Current Liabilities

| | | | |
|----------|------------------------|------------------|------------------|
| 1 | Statutory Dues | 1,971,033 | 1,401,528 |
| 2 | Liability for expenses | 3,009,677 | 3,839,518 |
| | Total | 4,980,710 | 5,241,046 |



SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note : 22 Provisions

| Sl. No. | Particulars | Amount in ₹ | |
|---------|---------------------------------|-----------------------|---------------------|
| | | As at 31st March 2020 | As at 31 March 2019 |
| 1 | Provision For Employee Benefits | 2,313,803 | 3,533,167 |
| | Total | 2,313,803 | 3,533,167 |

Note : 23 Revenue from Operations

| Sl. No. | Particulars | Year ended 31st March, 2020 | Year ended 31st March, 2019 |
|---------|-------------------------------|-----------------------------|-----------------------------|
| | | | |
| 1 | Sale of shares and Securities | 435,575,093 | 420,253,332 |
| 2 | Investment Banking Operations | 14,329,607 | 23,454,505 |
| | Total | 449,904,700 | 443,707,837 |

Note : 24 Other Income

| | | | |
|------|--|-------------------|-------------------|
| 1 | Interest Income from Financial Assets measured at Amortised cost | | |
| i) | On loans | 28,141,432 | 43,340,966 |
| ii) | On Govt. Securities | 3,866 | 28,309 |
| iii) | Amortised Interest | 9,719,088 | - |
| iv) | Other Interest Income | 2,402,960 | - |
| 2 | Profit / Loss on Sale of Investments | 471,111 | 265,244 |
| 3 | Gain on fair valuation of financial asset | - | 1,706,957 |
| 4 | Profit on Sale of Assets | 245,063 | - |
| 5 | Dividend Income | 1,206 | 550 |
| 6 | Liabilities Written Back | - | 16,019 |
| 7 | Prior Period Income | - | 183 |
| 8 | Provisions no longer required | - | 297,853 |
| 9 | Other Non operative income | 81,477 | 93,125 |
| | Total | 41,066,203 | 45,749,206 |

Note : 25 Purchases

| | | | |
|---|-----------------------------------|--------------------|--------------------|
| 1 | Purchase of shares and Securities | | |
| | Total | 432,375,542 | 416,942,126 |

Note : 26 Change in Inventories / Stock

| | | | |
|---|-------------------------------------|----------------|----------------|
| 1 | Opening Stock-Shares and Securities | | |
| | Closing Stock-Shares and Securities | 328,464 | 585,383 |
| | Total | 251,625 | 328,464 |

Note : 27 Employee benefits expense

| | | | |
|---|---|-------------------|-------------------|
| 1 | Salaries and wages | 18,952,751 | 20,289,077 |
| 2 | Contribution to provident and other funds | 1,636,236 | 1,547,105 |
| 3 | Staff Welfare Expenses | 3,119,969 | 2,502,076 |
| | Total | 23,708,956 | 24,338,258 |

Note : 27.1

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

| | | |
|---|-----------|-----------|
| Employer's Contribution to Provident Fund | 1,498,545 | 1,411,384 |
|---|-----------|-----------|

SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note : 28 Financial Cost

| Sl. No. | Particulars | Amount in ₹ | |
|---------|------------------|-----------------------------|-----------------------------|
| | | Year ended 31st March, 2020 | Year ended 31st March, 2019 |
| 1 | Interest Expense | | |
| | On loans | 345,735 | 384,240 |
| | Total | 345,735 | 384,240 |

Note : 29 Depreciation and Amortisation expense

| | | | |
|---|--------------|------------------|------------------|
| 1 | Depreciation | 5,603,634 | 6,240,647 |
| | Total | 5,603,634 | 6,240,647 |

Note : 30 Other expenses

| | | | |
|----|---|-------------------|-------------------|
| 1 | Telephone Expenses | 731,622 | 859,929 |
| 2 | Printing & Stationery Expenses | 244,889 | 289,270 |
| 3 | Professional, Legal & Consultancy Charges | 5,615,257 | 10,409,348 |
| 4 | Business Promotion Expenses | 127,912 | 267,501 |
| 5 | Rent | 507,390 | 507,390 |
| 6 | Repair - Plant & Machinery | 148,723 | 138,958 |
| | - Others | 374,351 | 444,910 |
| 7 | Advertisement | 388,600 | 299,500 |
| 8 | Electricity, Power & Fuel | 567,321 | 577,614 |
| 9 | Vehicle Expenses | 1,849,355 | 1,456,629 |
| 10 | Membership & Subscription Fees | 1,075,127 | 1,128,366 |
| 11 | Miscellaneous Expenses | 1,697,348 | 1,770,036 |
| 12 | Gain or Loss On Financial Asset carried at Amortised Cost | 11,418,351 | 10,521,397 |
| 13 | Loss on fair valuation of financial asset | 334,395 | - |
| 14 | Bad Debt. | - | 100,000 |
| 15 | Rates & Taxes | 494,115 | 353,814 |
| 16 | Service Tax Paid | 183,030 | - |
| 17 | Security Transaction Tax | - | 10,596 |
| 18 | Travelling Expenses | 700,929 | 4,101,304 |
| 19 | Directors Fees | 161,500 | 175,500 |
| 20 | Insurance | 283,987 | 315,691 |
| 21 | Donation | - | 25,000 |
| 22 | Sundry Balance Written Off | 168,253 | 751,735 |
| 23 | Auditors' Remuneration | 245,000 | 220,000 |
| | Total | 27,317,455 | 34,724,488 |

Note : 31 Tax expenses

| | | | |
|---|-------------------------|------------------|--------------------|
| 1 | Current Tax | | |
| | Provision For Taxation | 50,287 | 3,173,300 |
| | Income Tax Earlier Year | 971,187 | (37,628) |
| | | 1,021,474 | 3,135,672 |
| 2 | Deferred tax | (159,926) | 1,859,231 |
| | Less: MAT Entitlement | (50,287) | (3,173,300) |
| | | (210,213) | (1,314,069) |
| | Total | 811,261 | 1,821,603 |



SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Amount in ₹

Note : 32 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 2020</u> | <u>31st March 2019</u> |
|--|------------------------|------------------------|
| Net Profit / (Loss) attributable to equity shareholders | | |
| Profit / (Loss) after tax (₹) | 731,481 | 4,748,761 |
| 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 (₹) | 0.13 | 0.85 |

Note : 33 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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note : 34 Commitments & Contingent Liabilities

(A) Commitments

| Descriptions | 31st March 2020 | Amount in ₹ 31st March 2019 |
|---|-----------------|--------------------------------|
| Unclaimed liabilities on partly paid shares | 298,000 | 298,000 |

(B) Contingent Liabilities

| | | |
|--|-----|-----|
| | NIL | NIL |
|--|-----|-----|

Note : 35 Employee Benefit Obligations

Leave Obligations

To be Recognised in PL

| | | |
|--------------------------------------|----------------|----------------|
| Current Service Cost | 157,863 | 156,623 |
| Interest Cost on Benefits Obligation | 147,300 | 132,771 |
| Expected Return on Planned Asset | - | - |
| Actuarial Gain/Loss | (78,441) | 529,866 |
| Past Service Cost | - | - |
| Total | 226,722 | 819,260 |

Net Liability /Asset recognised in BS

| | | |
|--|--------------------|--------------------|
| Net asset/(liability) recognised in balance sheet at beginning of the period | (1,421,622) | 2,017,806 |
| Fair Value of Planned Asset | - | - |
| Funded status {Surplus/(Deficit)} | (1,421,622) | (2,017,806) |
| Effect of balance sheet asset | - | - |
| Unrecognised Past Service Cost | - | - |
| Net asset/(liability) recognised in balance sheet | (1,421,622) | (2,017,806) |

Change in the PV of DBO during the year

| | | |
|------------------------------------|------------------|------------------|
| PV of DBO at beginning of the year | 2,017,806 | 1,770,271 |
| Current Service Cost | 157,863 | 156,623 |
| Interest Cost on DBO | 147,300 | 132,771 |
| Benefits Paid from Planned Asset | (822,906) | (571,725) |
| Actuarial Loss/Gains | (78,441) | 529,866 |
| Total | 1,421,622 | 2,017,806 |



SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

| Principal Assumption | Amount in ₹ | |
|------------------------------|-----------------|-----------------|
| Description | 31st March 2020 | 31st March 2019 |
| Discount Rate | 6.20% | 7.30% |
| Rate of Increase in salaries | 5.00% | 10.00% |

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

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 | 1,421,622 | 2,017,806 |
| a) Impact due to increase of 1 % | 1,363,849 | 1,898,560 |
| b) Impact due to decrease of 1 % | 1,489,113 | 2,159,533 |

Impact of the change in salary increase

| | | |
|--|-----------|-----------|
| Present value of obligation at the end of the year | 1,421,622 | 2,017,806 |
| a) Impact due to increase of 1 % | 1,494,427 | 2,163,216 |
| b) Impact due to decrease of 1 % | 1,358,432 | 1,893,154 |

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 | 514,875 | 569,602 |
| Interest Cost on Benefits Obligation | 105,487 | 3,146 |
| Expected Return on Planned Asset | - | - |
| Actuarial Gain/Loss | - | - |
| Past Service Cost | - | - |
| Total | 620,362 | 572,748 |

To be Recognised in OCI

| | | |
|---|--------------------|------------------|
| Actuarial Loss/Gains | (1,065,173) | 1,306,663 |
| Expected Return on Planned Asset | (53,247) | (38,598) |
| Re-measurement (or Actuarial (gain/loss) arising because of change in effect of asset ceiling | - | - |
| Total | (1,118,420) | 1,268,065 |

SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

| Net Liability /Asset recognised in BS | Amount in ₹ | |
|--|--|--|
| Description | 31st March 2020 | 31st March 2019 |
| PV of Defined Benefit Obligation | 10,169,429 | 10,708,488 |
| Fair Value of Planned Asset | 9,554,587 | 9,263,453 |
| | <hr style="border-top: 1px solid black;"/> | <hr style="border-top: 1px solid black;"/> |
| (614,842) | (614,842) | (1,445,035) |
| Less: Unrecognised Past Service Cost | - | - |
| Total - Net defined Benefit | (614,842) | (1,445,035) |
| Change in the PV of DBO during the year | | |
| PV of DBO at beginning of the year | 10,708,488 | 8,216,022 |
| Current Service Cost | 514,875 | 569,602 |
| Interest Cost on DBO | 781,719 | 616,201 |
| Benefits Paid from Planned Asset | (770,480) | - |
| Actuarial Loss/Gains | (1,065,173) | 1,306,663 |
| Plan Amendments | - | - |
| Total | 10,169,429 | 10,708,488 |
| Change in the Fair Value of Asset during the year | | |
| Fair value of Plan Asset at beginning | 9,263,453 | 8,174,069 |
| Expected Return | 676,232 | 613,055 |
| Contribution by Employer | 332,135 | 437,731 |
| Benefits Paid | (770,480) | - |
| Actuarial Gains/Losses | 53,247 | 38,598 |
| Total | 9,554,587 | 9,263,453 |
| Principal Assumption | | |
| Discount Rate | 6.20% | 7.30% |
| Rate of Increase in salaries | 5.00% | 10.00% |

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

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 | 10,219,200 | 10,708,488 |
| a) Impact due to increase of 1 % | 9,899,770 | 10,279,209 |
| b) Impact due to decrease of 1 % | 10,473,676 | 11,204,999 |

Impact of the change in salary increase

| | | |
|--|------------|------------|
| Present value of obligation at the end of the year | 10,219,200 | 10,708,488 |
| a) Impact due to increase of 1 % | 10,484,391 | 11,199,441 |
| b) Impact due to decrease of 1 % | 9,885,609 | 10,275,188 |

SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note : 36 Financial instruments by category

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

| Particulars | 31st March 2020 | | | | 31st March 2019 | | Amount in ₹ |
|------------------------------|------------------|--------------------|--------------------|-------------------|--------------------|--------------------|------------------|
| | FVTPL | FVOCI | Amortised cost | FVTPL | FVOCI | Amortised cost | |
| Financial assets | | | | | | | |
| Cash and Bank balances | - | - | 3,266,413 | - | - | - | 4,748,215 |
| Trade Receivables | - | - | 1,193,197 | - | - | - | 513,372 |
| Investments | 1,243,404 | 178,475,681 | 34,000,000 | 12,682,719 | 196,281,081 | 86,070,426 | |
| Other bank balances | - | - | 725,960 | - | - | 900,904 | |
| Loans | - | - | 684,543,224 | - | - | 668,570,876 | |
| Other financial assets | - | - | 33,833,150 | - | - | 34,096,529 | |
| Total | 1,243,404 | 178,475,681 | 760,561,944 | 12,682,719 | 196,281,081 | 794,900,322 | |
| Financial liabilities | | | | | | | |
| Borrowings | - | - | 3,428,315 | - | - | - | 3,931,000 |
| Other financial liabilities | - | - | 5,281,760 | - | - | - | 900,804 |
| Total | - | - | 8,710,075 | - | - | - | 4,831,804 |

SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

(a) Fair value hierarchy

| Particulars | 31st March 2020 | | | 31st March 2019 | | |
|---------------------------------|-------------------|--------------------|------------------|--------------------|--------------------|------------------|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| Investment in mutual funds | 1,243,404 | - | - | - | 12,682,719 | - |
| Investment in equity shares | 84,903,667 | 93,572,014 | - | 136,099,322 | 60,682,186 | - |
| Investment in preference shares | - | 34,000,000 | - | - | 34,000,000 | - |
| Investment in Debentures | - | - | - | - | 51,570,000 | - |
| Total | 86,147,071 | 127,572,014 | - | 148,782,041 | 146,252,186 | - |
| Financial liabilities | | | | | | |
| Borrowings | - | - | 3,428,315 | - | - | 3,931,000 |
| Total | - | - | 3,428,315 | - | - | 3,931,000 |

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, 2020

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

| Particulars | 31st March 2020 | | 31st March 2019 | |
|------------------------------------|--------------------|--------------------|----------------------|----------------------|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| Financial assets | | | | |
| Carried at amortised cost | | | | |
| Cash and Bank balances | 3,266,413 | 3,266,413 | 4,748,215 | 4,748,215 |
| Trade Receivables | 1,193,197 | 1,193,197 | 513,372 | 513,372 |
| Investments | 213,719,085 | 213,719,085 | 295,034,227 | 295,034,227 |
| Other bank balances | 725,960 | 725,960 | 900,904 | 900,904 |
| Loans | 684,543,224 | 684,543,224 | 668,570,876 | 668,570,876 |
| Other financial assets | 33,833,150 | 33,833,150 | 34,096,529 | 34,096,529 |
| Total financial assets | 937,281,028 | 937,281,028 | 1,003,864,122 | 1,003,864,122 |
| Financial liabilities | | | | |
| Carried at amortised cost | | | | |
| Borrowings | 3,428,315 | 3,428,315 | 3,931,000 | 3,931,000 |
| Other financial liabilities | 5,281,760 | 5,281,760 | 900,804 | 900,804 |
| Total financial liabilities | 8,710,075 | 8,710,075 | 4,831,804 | 4,831,804 |

SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note : 37 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 2020 | 31st March 2019 |
|-----------------------|-----------------|-----------------|
| Fixed rate borrowings | 3,428,315 | 3,931,000 |

(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, 2020, 2019 was ₹ 84,903,667, ₹ 136,099,322 respectively. A 10% change in equity price as at March 31, 2020, 2019 would result in an impact of ₹8,490,367, ₹13,609,932 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, 2020

(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 2020 and 31 March 2019 is the carrying value as illustrated in Note 36.

(C) Liquidity risk

Liquidity risk refer to the risk that the Company may not be 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 2020 | 31st March 2019 |
|-----------------------------|-----------------|-----------------|
| Less than 1 year | | |
| Borrowings | 1,669,043 | 1,320,275 |
| Other Financial Liabilities | 5,281,760 | 900,804 |
| More than 1 year | | |
| Borrowings | 1,759,272 | 2,610,725 |

Note : 38 Related party disclosure (As per Ind AS-24 - Related Party Disclosures)

Relationships:

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

Stewart & Mackertich Wealth Management Limited
 Progressive Star Finance Private Ltd
 Goodwin Builders Pvt 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 (upto 15/10/2019)
 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 -cum-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, 2020

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 2020 | 31st March 2019 | 31st March 2020 | 31st March 2019 | 31st March 2020 | 31st March 2019 |
| Directors' sitting fees | - | - | 161,500 | 175,500 | - | - |
| Salary & Wages | - | - | 3,890,239# | 3,185,251# | - | - |
| Directors' Remuneration | - | - | 91,76,819# | 8,080,595# | - | - |
| Purchase of Shares (Investment) | - | - | - | - | - | - |
| Payment of Brokerage | - | 21,067 | - | - | - | - |
| Advance Against sale of Immovable Property | 2,277,950 | - | - | - | - | - |
| Outstanding Balance as on 31st March 2020 | 2,277,950 | 2,454 | 170,426 | | | |
| Other financial liabilities | | | | | | |
| Other current financial Assets | | | | | | |
| Other current asset | | | | | | |

This includes Employer's Contribution to Provident Fund

Note : 39 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 2020 | 31st March 2019 |
|--|------------------------|------------------------|
| Equity Share Capital | 55,850,000 | 55,850,000 |
| Other Equity | 960,041,020 | 1,035,462,723 |
| Total Equity (A) | 1,015,891,020 | 1,091,312,723 |
| Non Current Borrowings | 1,759,272 | 2,610,725 |
| Short term Borrowings | - | - |
| Current Maturities of long term borrowings | 1,669,043 | 1,320,275 |
| Gross Debts (B) | 3,428,315 | 3,931,000 |
| Less : Current Investments | - | - |
| Less: Cash and cash Equivalents | 3,992,373 | 5,649,119 |
| Net Debt | (564,059) | (1,718,119) |
| Gearing Ratio | (0.0006) | (0.0016) |



SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note : 40 Auditors' remuneration and expenses :

| Particulars | Amount in ₹ | |
|------------------------|------------------------|------------------------|
| | 31st March 2020 | 31st March 2019 |
| for audit matter | 200,000 | 190,000 |
| Tax Audit | - | 10,000 |
| for taxation matter | 15,000 | - |
| for certification fees | 30,000 | 20,000 |
| Total | 245,000 | 220,000 |

Note 41. Effective Tax Reconciliation

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

| | | |
|---|------------------|------------------|
| Accounting profit before income tax | 1,542,742 | 6,511,744 |
| Applicable tax rate (Percentage) | 26.00 | 26.00 |
| Expected income tax | 547,270 | 1,693,053 |
| Income exempt from tax | (10,618,280) | (550) |
| Non deductible expenses for tax purpose | 1,432,983 | 10,986,609 |
| Effect of unrecognised tax losses for earlier years | - | (10,251,016) |
| MAT Credit and other adjustments | 9,409,252 | (623,409) |
| Income Tax recognised in Profit and Loss account | 771,225 | 1,804,688 |

Note 42 : Expenditure in Foreign currency :

| | | |
|---------------------|----------|------------------|
| Travelling Expenses | - | 1,570,804 |
| Total | - | 1,570,804 |

SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note : 43 Segment Reporting :

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

| Particulars | Capital Market Operations | | Investment Banking Operations | | Unallocated | | Total | |
|---------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | For the year ended 31.03.2020 | For the year ended 31.03.2019 | For the year ended 31.03.2020 | For the year ended 31.03.2019 | For the year ended 31.03.2020 | For the year ended 31.03.2019 | For the year ended 31.03.2020 | For the year ended 31.03.2019 |
| Segment Revenue | | | | | | | | |
| External Segment Revenue | 435,575,093 | 420,253,332 | 14,329,607 | 23,454,505 | 41,066,203 | 45,749,206 | 490,970,903 | 489,457,043 |
| Inter Segment Revenue | - | - | - | - | - | - | - | - |
| Total Revenue | 435,575,093 | 420,253,332 | 14,329,607 | 23,454,505 | 41,066,203 | 45,749,206 | 490,970,903 | 489,457,043 |
| Less : Inter Segment Revenue | - | - | - | - | - | - | - | - |
| Net Revenue | 435,575,093 | 420,253,332 | 14,329,607 | 23,454,505 | 41,066,203 | 45,749,206 | 490,970,903 | 489,457,043 |
| Result - Profit/ (Loss) | | | | | | | | |
| Segment Result | 3,122,712 | 3,054,286 | 14,329,607 | 23,454,505 | (15,563,842) | (19,554,187) | 1,888,478 | 6,954,605 |
| Less: Finance cost | - | - | - | - | 345,735 | 384,240 | 345,735 | 384,240 |
| Profit/(Loss) Before Tax | 3,122,712 | 3,054,286 | 14,329,607 | 23,454,505 | (15,909,576) | (19,938,427) | 1,542,743 | 6,570,365 |

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.



SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note : 44 Global Health Pandemic from COVID-19

The Novel Coronavirus (Covid -19) is a Global Pandemic and is rapidly spreading throughout our Country. Our Company was completely closed w.e.f 24/03/2020 in adherence to nationwide lockdown as declared by Government of India to prevent and contain the spread of Coronavirus outbreak. Thereafter w.e.f 26/05/2020 the Company has resumed its activities in a phased manner with limited staff strength. Due to aforesaid reasons the Company's operations were impacted in the month of March 2020 and are likely to be impacted in the current financial year as the impact of Covid-19 continues and due to the uncertainties associated with its nature and duration. The Company believes that the pandemic is not likely to impact the carrying value of its assets. However the extent to which the COVID-19 will impact the Company's future results and its assets will depend on developments which are highly uncertain. The Company will continue to closely monitor any material changes to future economic conditions.

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: 30th June, 2020

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 SERVICES LIMITED

(CIN NO.: U65991WB2000PLC092125)

Board Of Directors

Mr. Utsav Parekh

– Director

Mr. Santosh Kumar Mukherjee

– Independent 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, 2020.

FINANCIAL RESULTS

(₹ in million)

| Particulars | Year ended 31.03.2020 | Year ended 31.03.2019 |
|---|--------------------------|--------------------------|
| Profit/(Loss) before Finance Charge, Depreciation & Tax | (0.50) | (0.78) |
| Less: Finance Charge | - | - |
| Profit/(Loss) before Depreciation & Tax | (0.50) | (0.78) |
| Less: Depreciation / Amortization | 0.06 | 0.10 |
| Profit/(Loss) before Tax | (0.56) | (0.88) |
| Less : Tax Expenses | 0.04 | 0.06 |
| Profit/(Loss) after Tax | (0.60) | (0.94) |
| Profit/(Loss) brought forward from earlier year : | (5.44) | (4.50) |
| Profit/(Loss) carried to Balance Sheet | (6.04) | (5.44) |

DIVIDEND

In view of loss incurred 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, 2020, your Company had 3 Non-Executive Directors. Mr. Kishor Shah 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 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, 2020 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

Five 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 28, 2019 |
| Second | July 1, 2019 |
| Second | August 10, 2019 |
| Third | November 14, 2019 |
| Fourth | February 12, 2020 |

Attendance of Director in respective meeting are as follows:

| Name of the Directors | Year 2019 – 2020 Attendance at Board Meetings | Year 2018 – 2019 Attendance at the last AGM |
|------------------------------|--|--|
| Mr. Kishor Shah | 5 | Yes |
| Mr. Santosh Kumar Mukherjee | 5 | Yes |
| Mr. Utsav Parekh | 5 | Yes |

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".

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 30th day of June, 2020

Sd/-

(SANTOSH KUMAR MUKHERJEE)

Director

(DIN NO. 00170646)

Sd/-

(KISHOR SHAH)

Director

(DIN NO. 00170502)

**ANNEXURE – A****FORM No. MGT-9****EXTRACT OF ANNUAL RETURN****as on the Financial Year ended on March 31, 2020**

[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, 2019) | | | | No. of Shares held at the end of the year (As on 31st March, 2020) | | | | % 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) | FIIs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (h) | Foreign Venture Capital Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (i) | Others (specify) | 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, 2019) | | | | No. of Shares held at the end of the year (As on 31st March, 2020) | | | | % 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) | | | - | - | - | - |
| 2 | At the End of the Year (or on the date of separation, if separated during the year) | | | | | 20 | 0.00 |
| | SHREEMANTA BANERJEE | | | | | | |
| | At the beginning of the year | 10 | 0.00 | | | | |
| 3 | 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 |
| | DEBASISH MUKHERJEE | | | | | | |
| 4 | 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 |
| SURENDRA NATH OHJA | | | | | | | |
| 4 | 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 |
| | For Each of the Directors and KMP | | | | | | |
| 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 lieu 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. | 805,957 | N.A. | 805,957 |
| | (b) Value of perquisites u/s 17(2) | 0 | 0 | 0 | 0 |
| | Income-Tax Act, 1961 | 0 | 0 | 0 | 0 |
| | (c) Profits in lieu 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. | 805,957 | N.A. | 805,957 |



VII. PENALITIES/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 | | | | | |
| Punishment | | | | | N.A |
| Compounding | | | | | |
| B. DIRECTOR | | | | | |
| Penalty | | | | | |
| Punishment | | | | | N.A |
| Compounding | | | | | |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | | | | | |
| Punishment | | | | | N.A |
| Compounding | | | | | |

For and on behalf of the Board of Directors

Regd. Office:

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

Date : The 30th day of June, 2020

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 financial statements of **SMIFS CAPITAL SERVICES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2020, 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.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the 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, 2020, 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 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 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 financial statements under the provisions of the Act and the Rules made thereunder, 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 financial statements.

Emphasis of Matter

We draw attention to Note 32 to the financial statements, which describes the uncertainties and potential impact of the Covid-19 pandemic on the Company's operations and results as assessed by the management. The actual results may differ from such estimates depending upon future developments. Our opinion is not modified in respect of this matter.

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. 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 Rs. 30,257,463 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 Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the applicable Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

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 Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the 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 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 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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 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 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 : 30th day of June, 2020
UDIN :20064888AAAABX8235

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 31st March 2020. 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 sections 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, 2020 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.

- 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 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.

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

Date : 30th day of June, 2020
UDIN :20064888AAAABX8235

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, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The 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

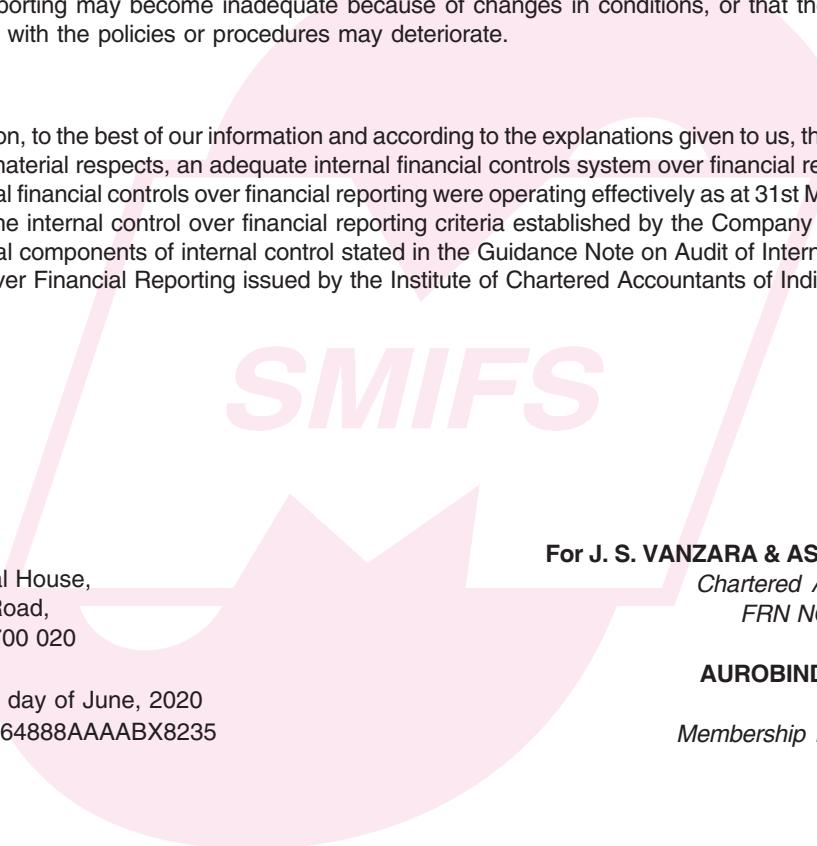
recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable 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, 2020, 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.

A large, semi-transparent watermark of the SMIFS logo is centered on the page. The logo consists of the letters 'SMIFS' in a bold, pink, sans-serif font, with a stylized pink graphic of a building or mountain shape behind it.

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

Date : 30th day of June, 2020
UDIN : 20064888AAAABX8235

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, 2020

| Particulars | Note No. | As at 31st March 2020 ₹ | As at 31st March 2019 ₹ |
|-------------------------------------|----------|----------------------------|----------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| a) Property, plant and equipment | 2 | 145,142 | 211,563 |
| b) Financial assets | | | |
| i) Investments | 3 | 40,257,463 | 51,233,457 |
| ii) Loans | 4 | 124,078 | 234,896 |
| | | 40,526,683 | 51,679,916 |
| Current assets | | | |
| a) Financial assets | | | |
| i) Trade receivables | 5 | 522 | 522 |
| ii) Cash and Cash equivalents | 6 | 398,013 | 290,790 |
| iii) Others | 7 | 24,039,243 | 24,294,243 |
| b) Current tax asset (Net) | 8 | 106,442 | 287,752 |
| c) Other current assets | 9 | 277,339 | 70,326 |
| | | 24,821,559 | 24,943,633 |
| Total Assets | | 65,348,242 | 76,623,549 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| a) Equity Share capital | 10 | 75,000,700 | 75,000,700 |
| b) Other equity | 11 | (11,595,377) | 210,954 |
| | | 63,405,323 | 75,211,654 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| a) Deferred tax liabilities (Net) | 12 | 1,304,933 | 769,046 |
| b) Other non-current liabilities | 13 | 32,454 | 32,454 |
| | | 1,337,387 | 801,500 |
| Current liabilities | | | |
| a) Other current liabilities | 14 | 511,711 | 366,354 |
| b) Provisions | 15 | 93,821 | 244,041 |
| | | 605,532 | 610,395 |
| Total Equity and liabilities | | 65,348,242 | 76,623,549 |

Significant Accounting Policies &
Notes to Financial Statements

1 To 33

As Per Our Report Of Even Date attached

For J.S. Vanzara & Associates
CHARTERED ACCOUNTANTS
Firm Reg. No.: 318143E

CA. AUROBINDA PANDA
Partner
Membership No. : 064888

Place: Kolkata
Dated: 30th June 2020

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, 2020

| Particulars | Note No. | Year ended 31st March, 2020 ₹ | Year ended 31st March, 2019 ₹ |
|--|----------|-------------------------------------|-------------------------------------|
| INCOME | | | |
| I Revenue from operations | 16 | 1,827,213 | 1,830,388 |
| II Other Income | 17 | 25,170 | 19,167 |
| Total income(I+II) | | 1,852,383 | 1,849,555 |
| III EXPENDITURE | | | |
| Employee Benefit Expenses | 18 | 2,031,525 | 2,290,717 |
| Depreciation and amortization expense | 19 | 66,421 | 96,817 |
| Other expenses | 20 | 316,578 | 342,083 |
| Total Expense(III) | | 2,414,524 | 2,729,617 |
| IV Profit/(loss) before exceptional items and tax | | (562,141) | (880,062) |
| V Exceptional items | | - | - |
| VI Profit/(loss) before tax | | (562,141) | (880,062) |
| VII Tax expense: | 21 | | |
| (1) Current tax | | - | - |
| (2) Tax adjustment for earlier years | | - | 95,883 |
| (3) Deferred tax | | 40,036 | (37,262) |
| VIII Profit/(loss) for the period from continuing operations | | (602,177) | (938,684) |
| 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 | | (602,177) | (938,684) |
| XII Other Comprehensive Income | | | |
| A (i) Items that will not be reclassified to profit or loss | | | |
| Remeasurement of net defined benefit liability | | 267,691 | (212,228) |
| Gains and losses from investments in equity instruments designated at fair value through other comprehensive income; | | (10,975,994) | (147,750) |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | | (495,851) | 79,489 |
| 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 | | (11,204,154) | (280,489) |
| XIII Total Comprehensive Income for the period (XI+XII) | | (11,806,331) | (1,219,173) |
| XIV Earning per equity share: | | | |
| (1) Basic | 22.1 | (0.08) | (0.13) |
| (2) Diluted | 22.2 | (0.08) | (0.13) |

Significant Accounting Policies & Notes to Financial Statements 1 To 33

As Per Our Report Of Even Date attached

For J.S. VANZARA & ASSOCIATES

CHARTERED ACCOUNTANTS

Firm Reg. No.: 318143E

CA. AUROBINDA PANDA

Partner

Membership No. : 064888

Place: Kolkata

Dated: 30th June 2020

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, 2020

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 2019 | 75,000,700 | - | 75,000,700 |
| For the year ended 31st March 2020 | 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 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 31st March 2019 | (5,439,419) | 5,881,880 | (231,508) | 210,954 |
| Balance at 1 April 2019 | (5,439,419) | 5,881,880 | (231,508) | 210,954 |
| Profit for the year | (602,177) | - | - | (602,177) |
| Other Comprehensive Income | - | (11,471,845) | 267,691 | (11,204,154) |
| Total Comprehensive Income for the year | (602,177) | (11,471,845) | 267,691 | (11,806,331) |
| Balance at 31st March 2020 | (6,041,596) | (5,589,965) | 36,183 | (11,595,378) |

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: 30th June 2020

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, 2020

| | Amount in ₹ | |
|--|------------------------|------------------------|
| | <u>31st March 2020</u> | <u>31st March 2019</u> |
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit before Tax | (562,141) | (880,062) |
| Adjustment for | | |
| Depreciation | 66,421 | 96,817 |
| Dividend on Investment | (1,068) | (420) |
| Prior Period Items | - | (183) |
| | <u>65,354</u> | <u>96,214</u> |
| Operating profit before Working Capital change | (496,787) | (783,848) |
| Adjustment for | | |
| Trade & Other Receivables | 426,496 | 806,043 |
| Trade & Other Payables | (4,863) | 174,321 |
| | <u>421,633</u> | <u>980,364</u> |
| Cash Generated from Operations | (75,154) | 196,516 |
| Direct Tax paid | 181,310 | (181,472) |
| | <u>181,310</u> | <u>(181,472)</u> |
| Net Cash Flow from Operating activity | 106,156 | 15,044 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | - | - |
| Sale of Fixed Assets (Net of advance received) | - | - |
| Sale of Investments | - | - |
| Dividend on Investment | 1,068 | 420 |
| Net Cash flow from Investing Activities | 1,068 | 420 |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Interest paid | - | - |
| Proceeds from long-term borrowings | - | - |
| Net cash used in Financing Activities | (0) | (0) |
| Net increase in Cash & Cash Equivalents | 107,223 | 15,464 |
| Opening Balance of Cash & Cash Equivalents | 290,790 | 275,326 |
| Closing Balance of Cash & Cash Equivalents | 398,013 | 290,790 |

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: 30th June 2020

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, 2020

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 2020 were approved by the Board of Directors and authorised for issue on 30th June 2020.

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

Effective 1st April 2019, Ind AS 116 replaces the existing standard Ind AS 17 and specifies how an entity will recognise, measure, present and disclose leases. The standard provides a single lease accounting model, requiring lessees to recognise a right of use asset (“ROU asset”) and a corresponding liability on the lease commencement date. It provides exemption for leases with lease term of 12 months or less or the underlying asset has a low value.

The Company has applied Ind AS 116. The Company has assessed the effect of the new standard and has concluded that the application of Ind AS 116 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, 2020

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 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) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction



SMIFS CAPITAL SERVICES LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

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.

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

SMIFS CAPITAL SERVICES LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

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.

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.



SMIFS CAPITAL SERVICES LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

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.

SMIFS CAPITAL SERVICES LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

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.

(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.



SMIFS CAPITAL SERVICES LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

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 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

As at the date of issue of financial statements, there are no new standards or amendments which have been notified by the MCA but not yet adopted by the Company. Hence, the disclosure is not applicable.

SMIFS CAPITAL SERVICES LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note : 2 Property Plant and Equipments

| Particulars | Gross Block | | | Depreciation | | | Net Block |
|----------------------|---------------------|---|---------------------|---------------------|-------------------------------------|---------------------|----------------|
| | As on 01.04.2019 | Additions Deductions/ Adjustments | As on 31.03.2020 | As on 01.04.2019 | As on For the year Adjustment | As on 31.03.2020 | |
| Vehicles | 562,878 | - | 562,878 | 351,315 | 66,421 | - | 417,736 |
| Computers | 391 | - | 391 | 391 | - | - | 391 |
| Sub total | 563,269 | - | 563,269 | 351,706 | 66,421 | - | 418,127 |
| Previous year | 563,269 | - | 563,269 | 254,889 | 96,817 | - | 351,706 |
| | | | | | | | 211,563 |

SMIFS CAPITAL SERVICES LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note : 3 Investments

| Sl. No. | Particulars | As at 31st March 2020 | | As at 31 March 2019 | | Amount in ₹ |
|------------|--|----------------------------|-----------------------------------|----------------------------|-----------------------------------|-------------|
| | | 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 18% Andaman Plantations & Development Corporation Pvt.Ltd | 60,000 40,000 | 6,000,000 4,000,000 | 60,000 40,000 | 6,000,000 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. (b) Fully paid up: Unquoted Antriksh Vyapaar Limited Andaman Plantations & Development Corporation Pvt.Ltd | 175 1,650,000 30,000 | 32,463 27,225,000 3,000,000 | 175 1,650,000 30,000 | 52,457 38,181,000 3,000,000 | |
| | Total | | 40,257,463 | | 51,233,457 | |
| | Aggregate book value of unquoted Investments | | 40,225,000 | | 51,181,000 | |
| | Aggregate book value of quoted Investments | | 32,463 | | 52,457 | |
| | Aggregate market value of quoted Investments | | 32,463 | | 52,457 | |

Note : 4 Loans

| Sl. No. | Particulars | As at 31st March 2020 | | As at 31 March 2019 | | Amount in ₹ |
|---------|------------------|-----------------------|----------------|---------------------|----------------|-------------|
| | | | | | | |
| 1 | Security Deposit | | 58,000 | | 58,000 | |
| 2 | Others | | 66,078 | | 176,896 | |
| | Total | | 124,078 | | 234,896 | |

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 | 138,073 | 267,026 |
| 2 | Cash on hand | 259,940 | 23,764 |
| | Total | 398,013 | 290,790 |

SMIFS CAPITAL SERVICES LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note : 7 Others

| Sl.No. | Particulars | Amount in ₹ | |
|--------|--|-----------------------|---------------------|
| | | As at 31st March 2020 | As at 31 March 2019 |
| | Short term Loans & Advances | | |
| 1 | Other Advances | 24,039,243 | 24,294,243 |
| | Total | 24,039,243 | 24,294,243 |

Note : 8 Current tax asset (Net)

| | | | |
|---|---------------------------------------|----------------|----------------|
| 1 | Advance Income Tax (Net of Provision) | 106,442 | 287,752 |
| | Total | 106,442 | 287,752 |

Note : 9 Other Current Assets

| | | | |
|---|------------------|----------------|---------------|
| 1 | Others | - | - |
| 2 | Prepaid Expenses | 277,339 | 70,326 |
| | Total | 277,339 | 70,326 |

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 |
| 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 2020 | | As at 31 March 2019 | |
|--------|--|-----------------------|-------------|---------------------|----------------|
| | | | | | |
| 1 | Retained Earnings | | | | |
| | Balance brought forward from previous year (5,439,418) | | | (4,500,735) | |
| | Profit for the Year | (602,177) | | (938,684) | |
| | | | (6,041,595) | | (5,439,418) |
| 2 | Opening OCI | 5,650,372 | | 5,930,861 | |
| | Add: During the year OCI | (11,204,154) | | (280,489) | |
| | | | (5,553,782) | | 5,650,372 |
| | Total | (11,595,377) | | | 210,954 |



SMIFS CAPITAL SERVICES LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note : 12 Deferred tax liabilities (Net) Amount in ₹

| Sl. No. | Particulars | As at 31st March 2020 | As at 31 March 2019 |
|----------|---|-----------------------|---------------------|
| 1 | Deferred tax liability | | |
| | Deffered Tax Assets | | |
| | On Disallowances under the Income Tax Act, 1961 | 45,206 | (118,630) |
| | On difference between wdv as per book and wdv as per Income Tax Act of fixed assets | (65,233) | (66,212) |
| | Deferred tax liability | 1,324,960 | 953,888 |
| | On Financial Instrument | 1,304,933 | 769,046 |
| | Total | 1,304,933 | 769,046 |

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 | 24,367 | 12,848 |
| 2 | Liability for expenses | 156,134 | 331,818 |
| 3 | Due to Holding Company | 331,210 | 21,688 |
| | Total | 511,711 | 366,354 |

Note : 15 Provisions

| | | | |
|----------|----------------------------------|---------------|----------------|
| 1 | Provision for employees benefits | 93,821 | 244,041 |
| | Total | 93,821 | 244,041 |

Note : 16 Revenue from Operations

| Sl. No. | Particulars | Year ended 31st March, 2020 | Year ended 31st March, 2019 |
|----------|-------------------------------------|-----------------------------|-----------------------------|
| 1 | Investment Banking Operations (Net) | 1,827,213 | 1,830,388 |
| | Total | 1,827,213 | 1,830,388 |

Note : 17 Other Income

| | | | |
|----------|--------------------------|---------------|---------------|
| 1 | Interest Received | 24,102 | 2,545 |
| 2 | Liabilities Written Back | - | 16,019 |
| 3 | Prior Period Income | - | 183 |
| 4 | Dividend Income | 1,068 | 420 |
| | Total | 25,170 | 19,167 |

SMIFS CAPITAL SERVICES LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note : 18 Employee Benefit Expenses Amount in ₹

| Sl. No. | Particulars | Year ended 31st March, 2020 | Year ended 31st March, 2019 |
|---------|---|-----------------------------|-----------------------------|
| 1 | Salaries, Bonus & Allowances | 1,566,679 | 1,841,157 |
| 2 | Contribution to provident and other funds | 137,691 | 135,721 |
| 3 | Staff Welfare Expenses | 327,155 | 313,839 |
| | Total | 2,031,525 | 2,290,717 |

Note : 19 Depreciation & Amortised Cost

| | | | |
|---|--------------|---------------|---------------|
| 1 | Depreciation | 66,421 | 96,817 |
| | Total | 66,421 | 96,817 |

Note : 20 Other expenses

| | | | |
|----|---|----------------|----------------|
| 1 | Telephone Expenses | 35,179 | 46,027 |
| 2 | Printing & Stationery Expenses | 2,000 | - |
| 3 | Professional, Legal & Consultancy Charges | 40,230 | 78,606 |
| 4 | Business Promotion Expenses | 8,363 | 11,253 |
| 5 | Vehicle Expenses | 92,633 | 91,318 |
| 6 | Membership & Subscription Fees | 44,958 | 18,408 |
| 7 | Miscellaneous Expenses | 75,110 | 64,154 |
| 8 | Sundry Balance W/off | (7,957) | 5,070 |
| 9 | Rates & Taxes | 7,800 | 7,800 |
| 10 | Insurance | 8,262 | 9,447 |
| 11 | Auditors' Remuneration | 10,000 | 10,000 |
| | Total | 316,578 | 342,083 |

Note : 21 Tax expenses

| | | | |
|---|--|---------------|-----------------------|
| 1 | Current Tax Provision For Taxation Income Tax Earlier Year | - - - | - 95,883 95,883 |
| 2 | Deferred tax | 40,036 | (37,262) |
| | Total | 40,036 | 58,621 |

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: 30th June 2020

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, 2020

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.

| | 31st March 2020 | 31st March 2019 |
|--|------------------------|------------------------|
| Net Profit / (Loss) attributable to equity shareholders | | |
| Profit / (Loss) after tax | (602,177) | (938,683) |
| 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 (₹) | (0.08) | (0.13) |

Note : 23 Significant accounting judgements, estimates and assumptions

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

Judgements

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

Fair value measurement of financial instruments

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

Impairment of non-financial assets

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

SMIFS CAPITAL SERVICES LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

| <u>Note : 24 Employee Benefit Obligations</u> | <u>Amount in ₹</u> | | | |
|--|------------------------|------------------------|--|--|
| Leave Obligations | | | | |
| To be Recognised in PL | | | | |
| Descriptions | 31st March 2020 | 31st March 2019 | | |
| Current Service Cost | 17,130 | 18,708 | | |
| Interest Cost on Benefits Obligation | 17,815 | 8,606 | | |
| Expected Return on Planned Asset | - | - | | |
| Actuarial Gain/Loss | (75,672) | 119,572 | | |
| Past Service Cost | - | - | | |
| Total | (40,727) | 146,886 | | |
| Net Liability /Asset recognised in BS | | | | |
| Net asset/(liability) recognised in balance sheet at beginning of the period | 93,821 | 244,041 | | |
| Fair Value of Planned Asset | - | - | | |
| Funded status {Surplus/(Deficit)} | (93,821) | (244,041) | | |
| Effect of balance sheet asset | - | - | | |
| Unrecognised Past Service Cost | - | - | | |
| Net asset/(liability) recognised in balance sheet | (93,821) | (244,041) | | |
| Change in the PV of DBO during the year | | | | |
| PV of DBO at beginning of the year | 244,041 | 114,744 | | |
| Current Service Cost | 17,130 | 18,708 | | |
| Interest Cost on DBO | 17,815 | 8,606 | | |
| Benefits Paid from Planned Asset | (109,493) | (17,589) | | |
| Actuarial Loss/Gains | (75,672) | 119,572 | | |
| Total | 93,821 | 244,041 | | |
| Principal Assumption | | | | |
| Discount Rate | 6.20% | 7.30% | | |
| Rate of Increase in salaries | 5.00% | 10.00% | | |

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



SMIFS CAPITAL SERVICES LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

| Sensitivity analysis for Present value of Defined Benefit obligation | | Amount in ₹ |
|--|------------------------|------------------------|
| Descriptions | 31st March 2020 | 31st March 2019 |
| Impact of the change in discount rate | | |
| Present value of obligation at the end of the year | 93,821 | 244,041 |
| a) Impact due to increase of 1 % | 83,547 | 210,736 |
| b) Impact due to decrease of 1 % | 106,245 | 284,990 |
| Impact of the change in salary increase | | |
| Present value of obligation at the end of the year | 93,821 | 244,041 |
| a) Impact due to increase of 1 % | 106,959 | 285,276 |
| b) Impact due to decrease of 1 % | 82,824 | 209,898 |
| 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 | 65,812 | 50,970 |
| Interest Cost on Benefits Obligation | (5,134) | (16,293) |
| Expected Return on Planned Asset | - | - |
| Actuarial Gain/Loss | - | - |
| Past Service Cost | - | - |
| Total | 60,678 | 34,677 |
| To be Recognised in OCI | | |
| Actuarial Loss/Gains | (268,679) | 208,589 |
| Expected Return on Planned Asset | 988 | 3,639 |
| Re-measurement (or Actuarial (gain/loss) arising because of change in effect of asset ceiling | - | - |
| Total | (267,691) | 212,228 |
| Net Liability /Asset recognised in BS | | |
| PV of Defined Benefit Obligation | 444,525 | 706,635 |
| Fair Value of Planned Asset | 721,864 | 776,961 |
| | 277,339 | 70,326 |
| Less: Unrecognised Past Service Cost | - | - |
| Total - Net defined Benefit | 277,339 | 70,326 |

SMIFS CAPITAL SERVICES LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

| Change in the PV of DBO during the year | | Amount in ₹ | |
|--|--|------------------------|------------------------|
| Descriptions | | 31st March 2020 | 31st March 2019 |
| PV of DBO at beginning of the year | | 706,635 | 415,885 |
| Current Service Cost | | 65,812 | 50,970 |
| Interest Cost on DBO | | 51,584 | 31,191 |
| Benefits Paid from Planned Asset | | (110,827) | - |
| Actuarial Loss/Gains | | (268,679) | 208,589 |
| Plan Amendments | | - | - |
| Total | | 444,525 | 706,635 |
| Change in the Fair Value of Asset during the year | | | |
| Fair value of Plan Asset at beginning | | 776,961 | 633,116 |
| Expected Return | | 56,718 | 47,484 |
| Contribution by Employer | | - | 100,000 |
| Benefits Paid | | (110,827) | - |
| Actuarial Gains/Losses | | (988) | (3,639) |
| Total | | 721,864 | 776,961 |
| Principal Assumption | | | |
| Discount Rate | | 6.20% | 7.30% |
| Rate of Increase in salaries | | 5.00% | 10.00% |

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

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 | 494,296 | 706,635 |
| a) Impact due to increase of 1 % | 403,213 | 631,324 |
| b) Impact due to decrease of 1 % | 494,296 | 798,567 |

Impact of the change in salary increase

| | | |
|--|---------|---------|
| Present value of obligation at the end of the year | 494,296 | 706,635 |
| a) Impact due to increase of 1 % | 495,310 | 796,529 |
| b) Impact due to decrease of 1 % | 401,721 | 631,404 |

SMIFS CAPITAL SERVICES LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note : 25 Financial instruments by category

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

Amount in ₹

| Particulars | 31st March 2020 | | | 31st March 2019 | | |
|------------------------------|-----------------|------------|----------------|-----------------|------------|----------------|
| | FVTPL | FVOCI | Amortised cost | FVTPL | FVOCI | Amortised cost |
| Financial assets | | | | | | |
| Trade receivables | - | - | 522 | - | - | 522 |
| Loans | - | - | 124,078 | - | - | 234,896 |
| Cash and cash equivalents | - | - | 398,013 | - | - | 290,790 |
| Investments | - | 27,257,463 | 13,000,000 | - | 38,233,457 | 13,000,000 |
| Other financial assets | - | - | 24,039,243 | - | - | 24,294,243 |
| Total | - | 27,257,463 | 37,561,856 | - | 38,233,457 | 37,820,451 |
| 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, 2020

(a) Fair value hierarchy

| Particulars | 31st March 2020 | | | 31st March 2019 | | |
|--|-----------------|-------------------|---------|-----------------|-------------------|---------|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| Financial assets and liabilities measured at fair value and amortised cost for which fair values are disclosed | | | | | | |
| Investment in equity shares | 32,463 | 30,225,000 | - | 52,457 | 41,181,000 | - |
| Investment in preference shares | - | 10,000,000 | - | - | 10,000,000 | - |
| Total financial assets | 32,463 | 40,225,000 | - | 52,457 | 51,181,000 | - |
| 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, 2020

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

| Particulars | 31st March 2020 | | 31st March 2019 | |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| Financial assets | | | | |
| Carried at amortised cost | | | | |
| Cash and Bank balances | 398,013 | 398,013 | 290,790 | 290,790 |
| Trade Receivables | 522 | 522 | 522 | 522 |
| Investments | 40,257,463 | 40,257,463 | 51,233,457 | 51,233,457 |
| Loans | 124,078 | 124,078 | 234,896 | 234,896 |
| Other financial assets | 24,039,243 | 24,039,243 | 24,294,243 | 24,294,243 |
| Total financial assets | 64,819,318 | 64,819,318 | 76,053,908 | 76,053,908 |
| Financial liabilities | | | | |
| Carried at amortised 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, 2020

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, 2020 and 2019 was ₹ 32,463 and ₹52,457 respectively. A 10% change in equity price as at March 31, 2020 and 2019 would result in an impact of ₹ 3,246 and ₹ 5,245 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 activites, 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 Utsav Parekh- Director

Mr. Santosh Kumar Mukherjee - Director

Mrs Priti Saraf - Company Secretary -cum- 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, 2020

(a) Transaction with related parties

Amount in ₹

| Particulars | Enterprise described in (a) above | | Key Management Personnel | | Relatives of Key Management Personnel | |
|-----------------------------|--|-----------------|-------------------------------------|-----------------|--|-----------------|
| | 31st March 2020 | 31st March 2019 | 31st March 2020 | 31st March 2019 | 31st March 2020 | 31st March 2019 |
| Salary & Wages | - | - | 860,245 | 749,906 | - | - |
| Other financial liabilities | 331,210 | 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 | Amount in ₹ | |
|--|------------------------|------------------------|
| | 31st March 2020 | 31st March 2019 |
| Equity Share Capital | 75,000,700 | 75,000,700 |
| Other Equity | (11,595,377) | 210,954 |
| Total Equity (A) | 63,405,323 | 75,211,654 |
| Non Current Borrowings | - | - |
| Short term Borrowings | - | - |
| Current Maturities of long term borrowings | - | - |
| Gross Debts (B) | - | - |
| Less : Current Investments | | |
| Less: Cash and cash Equivalents | 398,013 | 290,790 |
| Net Debt | 398,013 | 290,790 |
| Gearing Ratio | (0.0063) | (0.0039) |

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 | (562,141) | (880,062) |
| Applicable tax rate (Percentage) | 26.00 | 26.00 |
| Expected income tax | - | - |
| Income exempt from tax | (1,068) | (420) |
| Non deductible expenses for tax purpose | 60,678 | 77,593 |
| Effect of unrecognised tax losses for earlier years | - | - |
| Other adjustments | (19,575) | (18,552) |
| Income Tax recognised in Profit and Loss account | 40,036 | 58,621 |

Note : 30 Auditors' remuneration and expenses :

| | | |
|------------------|--------|--------|
| for audit matter | 10,000 | 10,000 |
|------------------|--------|--------|

SMIFS CAPITAL SERVICES LIMITED

NOTES ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note : 31 Segment Reporting :

| Particulars | Amount in ₹ | |
|--|------------------------|------------------------|
| | 31st March 2020 | 31st March 2019 |
| Segment Revenue | | |
| Capital Market Operations | - | - |
| Investment Banking Operations | 1,827,213 | 1,830,388 |
| Others | 25,170 | 19,167 |
| Net Revenue | 1,852,383 | 1,849,555 |
| Result - Profit/ (Loss) | | |
| Capital Market Operations | - | - |
| Investment Banking Operations | 1,827,213 | 1,830,388 |
| Others | 25,170 | 19,167 |
| Total | 1,852,383 | 1,849,555 |
| Less: Interest | - | - |
| Other unallocable expenses net of unallocable income | 2,414,524 | 2,729,617 |
| Profit/ (Loss) Before Tax | (562,142) | (880,062) |

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) Global Health Pandemic from COVID-19

The Novel Coronavirus (Covid -19) is a Global Pandemic and is rapidly spreading throughout our Country. Our Company was completely closed w.e.f 24/03/2020 in adherence to nationwide lockdown as declared by Government of India to prevent and contain the spread of Coronavirus outbreak. Thereafter w.e.f 26/05/2020 the Company has resumed its activities in a phased manner with limited staff strength. Due to aforesaid reasons the Company's operations were impacted in the month of March 2020 and are likely to be impacted in the current financial year as the impact of Covid-19 continues and due to the uncertainties associated with its nature and duration. The Company believes that the pandemic is not likely to impact the carrying value of its assets. However the extent to which the COVID-19 will impact the Company's future results and its assets will depend on developments which are highly uncertain. The Company will continue to closely monitor any material changes to future economic conditions.

Note : 33 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: 30th June 2020

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

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