



## R. GOPAL & ASSOCIATES

### CHARTERED ACCOUNTANTS

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#### Independent Auditors' Report on Consolidated financial statements

##### To the Members of SMC Global Securities Limited

##### Report on the consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **SMC Global Securities Limited** (hereinafter referred to as "the Holding Company"), and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its jointly controlled entity, comprising of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2018, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

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

The Holding Company's Board of Directors are responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of jointly controlled entity are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and jointly controlled entity and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

##### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. In conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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



An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

### Opinion

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its jointly controlled entity as at 31<sup>st</sup> March, 2018, and its consolidated profit and its consolidated cash flows for the year ended on that date.

### Other Matters

- a. We did not audit the financial statements / financial information of nine subsidiaries, three step down subsidiaries and one Jointly controlled entity whose financial statements / financial information reflect total assets of ₹ 1,13,652.87 lakhs as at 31<sup>st</sup> March, 2018, total revenues of ₹ 26,385.09 lakhs and net cash outflow amounting to ₹ 2,001.59 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, step down subsidiaries and Jointly controlled entity, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, step down subsidiaries and Jointly controlled entity, are based solely on the reports of the other auditors.

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

### Report on Other Legal and Regulatory Requirements


1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.





- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards 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 of the Holding Company as on 31<sup>st</sup> March, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiaries companies, incorporated in India, none of the directors of the Group companies, are disqualified as on 31<sup>st</sup> March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- The group and Jointly controlled entity has disclosed the impact of Pending litigations on its financial position in its financial statements- Refer note 2.27 to the financial statements,
  - The Group and Jointly controlled entity did not have any material foreseeable losses on long-term contracts including derivative contracts.
  - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiaries companies incorporated in India.

**For R Gopal & Associates**  
Chartered Accountants  
Firm Registration No.: 000846C

  
S.K. Agarwal  
Partner

Membership No.: 093209



Date : 14<sup>th</sup> May, 2018  
Place : Kolkata

## **Annexure - A to the Independent Auditors' Report**

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31<sup>st</sup> March 2018, we have audited the internal financial controls over financial reporting of SMC Global Securities Limited ("the Holding Company") and its subsidiary companies which are companies incorporated in India, as of that date.

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

The Respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are 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 ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

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

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

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



## Meaning of Internal Financial Controls over Financial Reporting

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

## Inherent Limitations of Internal Financial Controls over Financial Reporting

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

## Opinion

In our opinion, the Holding Company and its subsidiary companies, which are companies 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 31<sup>st</sup> March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

## Other Matters

Our aforesaid reports u/s 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding company, insofar as it relates to eight subsidiaries and two step down subsidiaries which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

## For R Gopal & Associates

Chartered Accountants

Firm Registration No.: 000846C



S.K. Agarwal  
Partner

Membership No.: 093209



Date : 14<sup>th</sup> May, 2018

Place : Kolkata



## SMC GLOBAL SECURITIES LIMITED

## CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2018

(Amount in ₹)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2.01	22,62,68,900	22,62,68,900
Reserves and surplus	2.02	6,18,01,21,160	5,72,15,72,904
		<b>6,40,63,90,060</b>	<b>5,94,78,41,804</b>
<b>Minority Interest</b>			
		<b>1,52,02,355</b>	<b>3,14,07,164</b>
<b>Non-current liabilities</b>			
Long-term borrowings	2.03	36,38,41,016	4,17,50,515
Long-term provisions	2.04	16,38,07,631	18,44,82,113
Other long-term liabilities	2.05	10,16,87,307	2,17,87,130
		<b>62,93,35,954</b>	<b>24,80,19,758</b>
<b>Current liabilities</b>			
Short-term borrowings	2.06	4,58,50,29,076	3,26,56,76,287
Trade payables	2.07	2,80,96,76,289	2,47,91,05,539
Other current liabilities	2.08	3,80,43,44,735	3,73,35,59,917
Short-term provisions	2.09	2,69,92,996	10,36,12,435
		<b>11,22,60,43,096</b>	<b>9,58,19,54,178</b>
<b>TOTAL</b>		<b>18,27,69,71,465</b>	<b>15,80,92,22,904</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2.10	36,59,78,032	34,33,14,930
Intangible assets	2.10	3,41,03,007	7,58,30,509
Software WIP	2.10	-	3,00,000
Non-current investments	2.11	19,46,91,812	33,54,41,817
Deferred tax assets (net)	2.12	19,59,24,329	15,10,36,453
Long-term loans and advances	2.13	2,91,14,03,286	1,58,55,41,435
Trade receivables	2.14	8,89,66,954	10,63,30,742
		<b>3,79,10,67,420</b>	<b>2,59,77,95,886</b>
<b>Current assets</b>			
Current investments	2.11	12,89,26,067	55,39,76,541
Inventories	2.15	1,09,29,87,863	1,24,26,83,143
Trade receivables	2.16	4,78,99,62,659	4,27,12,71,332
Cash and bank balances	2.17	4,63,64,77,516	4,49,79,04,264
Short-term loans and advances	2.18	3,78,34,28,236	2,59,40,54,120
Other current assets	2.19	5,41,21,704	5,15,37,618
		<b>14,48,59,04,045</b>	<b>13,21,14,27,018</b>
<b>TOTAL</b>		<b>18,27,69,71,465</b>	<b>15,80,92,22,904</b>
<b>Significant accounting policies and notes to the financial statements</b>	1 & 2		

In terms of our Audit Report of even date attached

For R. Gopal &amp; Associates

Chartered Accountants

Firm Registration No.: 000846C

S.K Agarwal

Partner

Membership No.: 093209

Place: Kolkata

Date: May 14, 2018

For and on behalf of the Board

S. C. Aggarwal

Chairman &amp; Managing Director

Din : 00003267

Vinod Kumar Jamar

Group CFO

Mahesh C. Gupta

Vice-Chairman &amp; Managing Director

Din : 00003082

Suman Kumar

Company Secretary



## SMC GLOBAL SECURITIES LIMITED

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

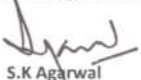
				(Amount in ₹)
Particulars	Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017	
<b>Revenue:</b>				
Revenue from operations	2.20	6,47,91,53,348	5,21,60,14,282	
Other income	2.21	9,89,09,730	12,27,61,300	
<b>Total revenue</b>		<b>6,57,80,63,078</b>	<b>5,33,87,75,582</b>	
<b>Expenses:</b>				
Exchange & other operating expenses	2.22	2,74,35,05,123	2,00,79,78,781	
Employee benefits expense	2.23	1,36,24,62,574	1,29,83,98,897	
Finance cost	2.24	46,14,21,775	28,45,01,405	
Depreciation and amortization expense	2.25	8,68,10,556	7,35,96,712	
Other expenses	2.26	1,01,70,83,534	98,97,92,517	
<b>Total expenses</b>		<b>5,67,12,83,562</b>	<b>4,65,42,68,312</b>	
<b>Profit before extraordinary item and tax</b>		<b>90,67,79,516</b>	<b>68,45,07,270</b>	
Extraordinary item	2.28	13,94,38,879		
<b>Profit before tax</b>		<b>76,73,40,637</b>	<b>68,45,07,270</b>	
<b>Tax expenses:</b>				
Current tax		32,54,60,721	24,67,82,115	
Deferred tax		(4,48,87,877)	(86,02,189)	
MAT credit entitlement		(1,99,77,867)	(57,18,374)	
Prior period tax/adjustments		(23,23,341)	15,55,109	
<b>Profit after tax for the year (before adjustment for minority interest)</b>		<b>50,90,69,001</b>	<b>45,04,90,609</b>	
Less: Share of (loss)/profit transferred to Minority Interest		(1,61,13,444)	(77,82,444)	
<b>Profit after tax for the year (after adjustment for minority interest)</b>		<b>52,51,82,445</b>	<b>45,82,73,053</b>	
<b>Profit after tax for the year (after adjustment for minority interest but before extraordinary item (net of tax))</b>		<b>61,63,64,317</b>	<b>45,82,73,053</b>	
<b>Earnings per equity share of ₹ 2 /- each</b>	2.34			
<b>Before extraordinary item</b>				
- Basic & Diluted		5.45	4.05	
<b>After extraordinary item</b>				
- Basic & Diluted		4.64	4.05	
<b>Significant accounting policies and notes to the financial statements</b>	1 & 2			

In terms of our Audit Report of even date attached

For R. Gopal &amp; Associates

Chartered Accountants

Firm Registration No.: 000846C



S.K. Agarwal

Partner

Membership No.: 093209

Place: Kolkata

Date: May 14, 2018

For and on behalf of the Board

S. C. Aggarwal

Chairman &amp; Managing Director

Din : 00003267


  
Vinod Kumar Jamar  
Group CFO

Mahesh C. Gupta

Vice-Chairman &amp; Managing Director

Din : 00003082


  
Suman Kumar  
Company Secretary


SMC GLOBAL SECURITIES LIMITED  
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Particulars	(Amount in ₹)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>A Cash flow from operational activities</b>		
Profit before tax	76,73,40,637	68,45,07,270
<b>Adjusted for:</b>		
Provision for doubtful debts / advances	6,80,92,835	9,23,52,224
Provision for non performing assets	1,18,55,786	2,35,47,438
Provision for standard assets	1,10,80,187	32,31,267
Provision for impairment of property, plant and equipment	45,00,000	-
Provision for diminution in value of investment	(30,00,000)	1,90,00,000
Depreciation & amortization expenses	8,68,10,556	7,35,96,712
Interest expenses	41,51,64,843	24,89,33,035
Income from investment in PMS (net)	(1,25,78,094)	(1,94,08,687)
(Profit) on sale of investment	(4,08,30,381)	(1,25,81,110)
Loss on sale of property, plant and equipment and intangible assets	3,63,04,779	7,30,410
Interest income	(2,22,13,971)	(3,29,01,721)
Dividend income	(23,91,242)	(34,63,832)
	<b>55,27,95,298</b>	<b>39,30,35,736</b>
<b>Operating profit before working capital changes*</b>	<b>1,32,01,35,935</b>	<b>1,07,75,43,006</b>
<b>*(refer Note No. 2 below of cash flow statement)</b>		
Increase / (Decrease) in liabilities and provisions	43,39,89,549	36,02,51,845
(Increase) / Decrease in trade receivables	(56,94,20,297)	(1,09,01,49,032)
(Increase) / Decrease in inventories	14,96,95,280	94,78,16,840
(Increase) / Decrease in loans & advances and other assets	(2,44,91,20,739)	(29,28,98,759)
(Increase) / Decrease in bank term deposit	(67,78,19,578)	(85,37,33,789)
	<b>(3,11,26,75,785)</b>	<b>(92,87,12,895)</b>
<b>Cash generated from operations</b>	<b>(1,79,25,39,850)</b>	<b>14,88,30,111</b>
Direct taxes paid (net of refunds)	<b>(38,56,04,748)</b>	<b>(23,03,40,459)</b>
<b>Net cash (used in) operating activities</b>	<b>A (2,17,81,44,598)</b>	<b>(8,15,10,348)</b>
<b>B Cash flow from investing activities</b>		
(Purchase) of property, plant and equipment	(12,30,21,095)	(28,83,66,192)
Sale of property, plant and equipment	1,92,70,160	30,31,046
(Purchase) of non current / current investments	(73,94,92,321)	(2,09,48,31,568)
Sale of non current / current investments	1,36,17,01,277	1,66,04,07,151
Interest income	2,22,13,971	3,06,42,725
Dividend income	23,76,592	34,63,832
Capital reserve on consolidation	(10,35,000)	-
<b>Net cash from / (used in) investing activities</b>	<b>B 54,20,13,584</b>	<b>(68,56,53,006)</b>
<b>C Cash flow from financing activities</b>		
Interest paid	(41,31,31,879)	(24,92,50,904)
Proceeds from borrowings (net)	1,64,14,43,272	1,49,13,89,927
Interim/Final dividend paid and tax thereon	(13,13,35,340)	(9,80,39,270)
<b>Net cash from financing activities</b>	<b>C 1,09,69,76,053</b>	<b>1,14,40,99,753</b>
	<b>(53,91,54,961)</b>	<b>37,69,36,399</b>
<b>Adjustment on account of change in minority interest</b>	<b>(91,365)</b>	<b>2,96,72,677</b>
<b>Net increase in cash and cash equivalents</b>	<b>(A+B+C) (53,92,46,326)</b>	<b>40,66,09,076</b>
Cash and cash equivalent at the beginning of the year	<b>1,27,60,23,550</b>	<b>86,94,14,474</b>
<b>Cash and cash equivalent at the end of the year</b>	<b>73,67,77,224</b>	<b>1,27,60,23,550</b>
<b>(refer Note No. 2.17)</b>		

Notes :

- The above Cash flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard -3 on Cash Flow Statements notified u/s 133 of the Companies Act, 2013.
- Operating profit before working capital changes ₹ 1,32,01,35,935/- is after extraordinary item ADR expense ₹ 13,94,38,879/-.
- Figures in brackets indicate cash outflow.
- The significant accounting policies and notes to the financial statement (refer note no. 1 & 2) forms an integral part of the Consolidated Cash Flow Statement.

In terms of our Audit Report of even date attached

For R. Gopal & Associates  
Chartered Accountants  
Firm Registration No.: 000846C  
  
S.K. Agarwal  
Partner  
Membership No.: 093209

For and on behalf of the Board

S. C. Aggarwal  
Chairman & Managing Director  
Din : 00003267  
  
Vinod Kumar Jamar  
Group CFO

  
Mahesh C. Gupta  
Vice-Chairman & Managing Director  
Din : 00003082  
  
Suman Kumar  
Company Secretary

Place: Kolkata  
Date: May 14, 2018





**GROUP OVERVIEW**

SMC Global Securities Limited (the "Company" or "SMC Global") is a limited liability Company incorporated in the year 1994. The Company is a trading member of the National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE") in the capital market. Further, the Company is trading and clearing member of NSE, BSE and Metropolitan Stock Exchange of India Limited ("mSXI") in the futures and options segment and currency derivative segment. The Company also have depository participants registration of Central Depository Services (India) Limited and National Securities Depository Limited, participants of NCDEX Comtrack and AMFI registered mutual fund distributor. The Company is governed by SEBI.

Its wholly owned subsidiary, SMC Comtrade Limited is a trading and clearing member of National Commodity and Derivatives Exchange Limited ("NCDEX"), Multi Commodity Exchange of India ("MCX"), Indian Commodity Exchange Limited ("ICEX") and National Multi Commodity Exchange of India Limited ("NMCE") in the commodity market. SMC Comex International, DMCC ("SMC Comex"), a wholly owned subsidiary of SMC Comtrade Limited holds trading and clearing membership for Dubai Gold Commodity Exchange ("DGEX") and SMC Insurance Brokers Private Limited is subsidiary of SMC Comtrade Limited and holds direct insurance broking license from IRDA (Insurance & Regulatory Development Authority of India) in the life and non-life insurance.

The Company is the holding Company of SMC Investments and Advisors Limited which is engaged in the business of portfolio management and wealth management & advisory services. On May 2, 2016, SMC Investments and Advisors Limited entered into a Memorandum of Understanding (MOU) with IM+ Capital Group to incorporate a Limited Liability Partnership namely SMC & IM Capitals Investment Manager LLP ("LLP") wherein both the entities will be equal business partners. The LLP was incorporated on June 30, 2016 and the required regulatory SEBI approval was obtained on October 18, 2016. Investment manager ("LLP") will be responsible for management of assets and schemes of trust, identifying and appraising investment opportunities, negotiating terms of investments and making investment decisions. The Company is also holding Company of SMC Capitals Limited, registered as Category I Merchant Banker with SEBI (Securities and Exchange Board of India) and of Moneywise Financial Services Private Limited, registered as Non-Banking financial Company with Reserve Bank of India ("RBI"). The Company has also formed a wholly owned subsidiary, Indunia Realtech Limited. The Company is holding Company of SMC Finvest Limited and Moneywise Finvest Limited engaged in the business of Financing and Investments. SMC Real Estate Advisors Private Limited, a wholly owned subsidiary of SMC Finvest Limited is engaged into real estate broking and advisory services. The Company on February 02, 2016 has also formed a subsidiary in USA named SMC Global USA Inc which is engaged in the business of investment advisory. The Company on December 08, 2016 has also formed a wholly owned subsidiary named SMC Global IFSC Private Limited to carry out Equity and Commodity Broking in India International Exchange and NSE IFSC Exchange at GIFT city, Gandhinagar, Gujarat.

The Company offers a wide range of services to meet client's needs including brokerage services, clearing member services, distribution of financial products such as mutual funds and initial public offerings financing and also engages in proprietary transactions.

**1. SIGNIFICANT ACCOUNTING POLICIES****I. ACCOUNTING CONVENTION**

The Consolidated Financial Statements (CFS) of the SMC Global Securities Limited ('the company') and its subsidiaries, step down subsidiaries and joint venture (together referred to as 'the Group') are prepared under the historical cost convention on a going concern basis, i.e. on the accrual basis of accounting, in accordance with the Generally Accepted Accounting Principles ('GAAP') in India, Accounting Standards referred to in Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rule, 2014 and the Non Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Direction, 2007 issued by the Reserve Bank of India as applicable to a subsidiary – Moneywise Financial Services Private Limited.



- II. The Consolidated Financial Statements comprise the results of the Company, its subsidiaries, step down subsidiaries and joint venture which have been listed as below:-

Name of Subsidiary	Country of Incorporation	As at March 31, 2018	As at March 31, 2017
<b>Subsidiaries of SMC Global Securities Limited</b>			
a) SMC Comtrade Limited	India	100%	100%*
b) SMC Investments and Advisors Limited	India	100%	100%
c) Moneywise Financial Services Private Limited	India	100%**	100%
d) SMC Capitals Limited	India	100%	100%
e) Indunia Realtech Limited	India	100%	100%
f) SMC Finvest Limited	India	100%	100%
g) Moneywise Finvest Limited	India	100%	100%
h) SMC Global USA Inc.	USA	50%	50% <sup>S</sup>
i) SMC Global IFSC Private Limited	India	100%	100% <sup>^</sup>
<b>Subsidiaries of SMC Comtrade Limited</b>			
j) SMC Insurance Brokers Private Limited	India	97.58%	97.58%
k) SMC Comex International DMCC	UAE	100%	100%
<b>Subsidiary of SMC Finvest Limited</b>			
l) SMC Real Estate Advisors Private Limited	India	100%	100%
<b>Joint venture of SMC Investments and Advisors Limited</b>			
m) SMC & IM Capitals Investment Manager LLP	India	50%	50% <sup>#</sup>

\* directly holds 85% and balance 15% through wholly owned subsidiary SMC Finvest Limited

\*\* directly holds 91.30% and balance 8.70% through wholly owned subsidiary SMC Finvest Limited

\$ w.e.f 01/07/2016, ^ w.e.f 06/01/2017, # w.e.f 30/06/2016

### III. CONSOLIDATION PROCEDURE

- The financial statements of the Company and its subsidiaries are combined on a line by line basis by adding together sums of like nature, comprising assets, liabilities, income and expenses (including taxes) and after eliminating intra-group balances/ transactions.
- The financial statements of foreign step down subsidiary are prepared by them on the basis of generally accepted accounting principles, local laws and regulations as prevalent in the respective country and such financial statements are considered for consolidation. The effect of adjustments on account of variance in accounting policies of such foreign step down subsidiary vis-à-vis those of the parent is not material, and accordingly, not considered.
- The financial statements of the Company and its joint venture are combined on a proportionate line by line basis by adding together sums of like nature, comprising assets, liabilities, income and expenses (including taxes) and after eliminating intra-group balances/ transactions.
- Subsidiaries are consolidated on the date on which effective control is transferred to the Group and are no longer consolidated from the date of disposal.
- The separate financial statements of the company, its subsidiaries, step-down subsidiaries and joint venture have been drawn for the period from April 1, 2017 to March 31, 2018 and have been consolidated on the basis of their audited financial statements.
- The Company's cost of its investment in its subsidiaries has been eliminated against the Company's portion of equity of each subsidiary as on the date of investment in that subsidiary. Similarly, in the case of step-down subsidiary, a subsidiary's cost of its investment in its subsidiaries has been eliminated against the subsidiary's portion of equity of each subsidiary as on the date of investment in that subsidiary. The excess/short is recognized as 'Goodwill' or 'Capital Reserve', as the case may be.
- Minority interest, if any, in the net profit of consolidated subsidiaries for the reporting period is identified and adjusted against the income of the group in order to arrive at the net income attributed to the owners of the parents; and the minority interest in the net assets of consolidated subsidiaries is identified and presented in the CFS separately from liabilities and the equity of the Company's shareholders. Minority interests in the net assets consist of:
  - the amount of equity attributable to minorities at the date on which investment in a subsidiary is made; and
  - the minorities' share of movements in equity since the date the parents – subsidiary relationship came in existence





- h) For the purpose of compilation of the CFS, the foreign currency assets, liabilities, income and expenditure are translated as per Accounting Standard (AS-11) on 'Accounting for the Effects of Changes in Foreign Exchange Rates', as notified u/s 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rule, 2014. Exchange differences arising are recognized in the Foreign Currency Fluctuation Reserve classified under Reserves and Surplus.
- i) As far as possible, the consolidated financial statements are being prepared using uniform accounting policies (except for the depreciation) for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

#### IV. USE OF ESTIMATES

The presentation of Consolidated Financial Statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities as at date of the consolidated financial statements and the reported amount of revenue and expenses during the reporting period. Actual results could differ from these estimates. Adjustment as a result of differences between actual results and estimates are recognized prospectively.

#### V. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment (including intangible assets) are stated at cost of acquisition including taxes, duties, identifiable direct expenses and expenses on installation, and are net of cenvat credit/GST claimed thereon.

Additions to the property, plant and equipment (including intangible assets) have been accounted for on the date of installation and its use irrespective of date of invoice.

#### CAPITAL WORK IN PROGRESS

Capital work in progress comprises the cost of assets that are not yet ready for their intended use are carried at cost, comprising direct cost and related incidental expenses.

#### VI. DEPRECIATION/AMORTISATION

##### In case of the Company and its Indian Subsidiaries:

Depreciation on property, plant and equipment is computed on written down value method, except for one Indian Subsidiary namely SMC Capitals Limited, one Indian step down subsidiary SMC Insurance Brokers Private Limited, one foreign step down subsidiary SMC Comex International DMCC and one foreign subsidiary SMC Global USA Inc, where it has been computed on straight line method at such rate as computed considering useful life provided in the Schedule II of the Companies Act, 2013. Leasehold improvements are amortized over the Lease Period.

##### In case of foreign subsidiary:

Depreciation on property, plant and equipment has been provided on straight line basis as under:-

• SMC Comex International DMCC, UAE	: Office Equipments	: 20 %
	: Furniture & Fixtures	: 20 %
	: Office Building	: 2%
• SMC Global USA Inc, USA	: Computer Hardware	: 20 %

##### Intangible Assets:

Depreciation on intangible assets continues to be computed on written down value method at the following rates:-

a. Computer Software	40%
b. Trade Mark Logo	40%
c. Goodwill	25%

In case of a subsidiary SMC Investments and Advisors Limited where Goodwill is being amortized over a period of seven years starting from 15-10-2016.

#### VII. INVESTMENTS

Investments are classified into non-current investments and current investments based on the intent of management at the time of making the investments which are intended to be held for more than one year are classified as non-current and those which are intended to be held for less than one year are classified as current investments.

Non-current investments are valued at cost unless there is diminution, other than temporary, in their value. Diminution is considered other than temporary based on criteria that include the extent to which cost exceeds the market value, the duration of the market decline and the financial health of and specific prospects for the issuer. Diminution in value of long term investments when considered to be other than temporary is fully provided for.

Current investments are valued at lower of cost and market value. Market value for quoted shares is determined after adjusting quoted price of shares for management estimate of impact of market parameters affecting the actual sale value e.g. volume of sale, frequency of sale etc.





## VIII. INVENTORIES

Inventories or stock-in-trade are valued at lower of cost and market value except inventory of the Holding Company and two subsidiary companies listed at Serial No. a & b in Accounting Policy II where inventories has been valued at market value/net realizable value. Cost comprises expenditure incurred in the normal course of business in bringing such stock to their location and conditions and has been determined following the cost formula on FIFO Basis. Closing stock of shares includes stocks pledged against secured loan from banks and kept as margin/securities with stock exchange and does not include stock held on behalf of clients/constituents.

## IX. REVENUE RECOGNITION

- a) Revenue from broking activities for capital market is accounted for on the trade date of transaction and income from rendering insurance broking business is recognized on the logging in/placement of policies with the respective insurance company irrespective of the date of policy. Income from broking in real estate is recognized when right to receive is established, as per the terms with developers / builders and confirmation to raise invoice is received.
- b) Revenue on account of trading in securities and commodities is recognized on the basis of each trade executed at the stock/commodity exchange during the financial year.
- c) In respect of non delivery based transactions such as derivatives, the profit or loss is accounted for on marked to market basis on the closure of each trade except for subsidiary company listed at serial no. b in Accounting policy II where profit/loss on derivative transaction is accounted for based on the 'Announcement related to the Accounting for Derivatives' dated March 29, 2008 of the Institute of Chartered Accountants of India.
- d) Treasury income from interest on fixed deposits is recognized on accrual basis.
- e) Interest income from financing activities is recognized on accrual basis. In terms of the RBI Direction, interest income on Non-Performing assets ('NPA'), if any is recognized only when it is actually realized.
- f) Income from distribution of financial products is recognized on accrual basis.
- g) Depository income is accounted for on accrual basis.
- h) Revenue from management & advisory services is accounted for when the rendering of service under a contract is completed or substantially completed.
- i) Loan processing fees is recognized when due.
- j) Profit/loss in the case of balance in portfolio management account has been accounted for as other operating income/loss on its accrual when the transaction takes place and is on the basis of monthly statement received from portfolio manager.
- k) Interest on delay payment and margin trading has been accounted as other operating income on accrual basis.
- l) Dividend is accounted for as income when the right to receive dividend is established.
- m) In respect of other heads of income, companies follow the practice of recognizing income on accrual basis.
- n) Revenue excludes service tax & other recoverable taxes.

## X. FOREIGN CURRENCY TRANSACTIONS

Revenue and expenses are recorded at the exchange rate prevailing on the date of the transaction. Monetary items denominated in foreign currencies are restated at the exchange rate prevailing on the balance sheet date. Exchange differences arising on settlement of the transaction and on account of restatement of monetary items are recognized in the Statement of Profit & Loss. In case of holding company, exchange difference on loan receivable in foreign currency has been adjusted against specific reserve created for the purpose. Also refer to Accounting Policy III (h).

## XI. EMPLOYEE BENEFITS

- a) Provident Fund is a defined contribution scheme and the contributions as required by the statute are charged to the Statement of Profit & Loss as incurred.
- b) Gratuity Liability is a defined obligation and is non-funded except in case of the holding company and a subsidiary company listed at serial no. 'a' in Accounting policy II where it is partly funded. Companies account for liability for future gratuity benefits based on an actuarial valuation as at the Balance Sheet date except for subsidiaries listed at serial no. 'f' and step-down subsidiary listed at serial no. 'k' of accounting policy II where the liability for Gratuity is being accounted on estimated basis and for subsidiaries listed at serial no. 'e, g, h, i & m' of accounting policy II where the liability for gratuity is being accounted on payment basis wherever required by the statute, since the number of employees are below prescribed limit.
- c) The undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered by an employee is recognized during the year when the employee renders the services.



- d) Un-availed Leave Liability is a defined obligation and is not funded. Companies account for liability for future leave benefits based on an actuarial valuation as at the Balance Sheet date except for subsidiaries listed at serial no. 'f' and step-down subsidiary listed at serial no. 'k' of accounting policy II where the liability for un-availed leave is being accounted on estimated basis and for subsidiaries listed at serial no. 'e, g, h, i & m' of accounting policy II where the liability for un-availed leave is being accounted on payment basis, as either there are no employees or no leave outstanding at year end.

**XII. LEASES**

Lease rentals in respect of operating lease arrangements are charged to the Statement of Profit & Loss in accordance.

**XIII. TAXATION**

- a) Provision of current tax has been measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961.
- b) MAT Credit, if any, is recognized where there is convincing evidence that the same can be realized in future. MAT Credit is reviewed at each balance sheet date and written down to reflect the amount that is reasonably certain to be realized.
- c) Companies have provided for deferred tax charge/credit that reflects the tax differences because of timing differences between accounting income and taxation income for the year. The deferred tax charge or credit and corresponding deferred tax liability or assets are recognized using the tax rates laid down by the law, that has been enacted or substantially enacted by the balance sheet date.

**XIV. BORROWING COSTS**

Borrowing costs that are attributable to acquisition, construction or production of qualifying assets, are capitalized as part of the cost of such qualifying assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for intended use. All other borrowing costs are charged to the Statement of Profit & Loss.

**XV. EARNINGS PER SHARE**

Basic earnings per share are computed using the weighted average number of equity shares outstanding during the year. Diluted earnings per share are computed using the weighted average number of equity and dilutive potential equity equivalent shares outstanding during the year, except where the results would be anti-dilutive.

**XVI. CASH AND CASH EQUIVALENTS**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**XVII. IMPAIRMENT OF ASSETS**

Wherever events or changes in circumstances indicate that the carrying value of property, plant and equipment may be impaired, such assets are being subject to a test of recoverability based on discounted cash flows expected from use or disposal thereof. If the assets are impaired, the Group recognizes an impairment loss as a difference between the carrying value and fair value net of cost of sale in accordance with AS-28 of Impairment of Assets.

**XVIII. PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

Companies create a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognised in the consolidated financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

**XIX. RESERVE BANK OF INDIA PRUDENTIAL NORMS**

Moneywise Financials Services Private Limited, subsidiary of the Company, is registered with the Reserve Bank of India (RBI) as a Non-Banking Financial Company (NBFC) and thus complies with the prudential norms relating to income recognition, accounting standards, asset classification and the minimum provisioning for standard, sub-standard and bad and doubtful debts, specified in the directions issued by the RBI in terms of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Direction, 2007 ('Prudential Norms'), as applicable to it.

**XX. OTHER ACCOUNTING POLICIES**

Accounting policies not referred to otherwise are consistent with generally accepted accounting principles.





Note No.	Particulars	As at March 31, 2018	As at March 31, 2017
2.01	Share capital		
a	Authorised		
	16,50,50,000 (Previous Year 16,50,50,000) equity shares of ₹ 2/- each	33,01,00,000	33,01,00,000
		33,01,00,000	33,01,00,000
b	Issued, subscribed & paid up		
	11,31,34,450 (Previous Year 11,31,34,450) equity shares of ₹ 2/- each fully paid up	22,62,68,900	22,62,68,900
		22,62,68,900	22,62,68,900
	<b>Total</b>	<b>22,62,68,900</b>	<b>22,62,68,900</b>
c	Reconciliation of number of equity shares outstanding		
	Particulars	Number of Shares	Amount in ₹
	<b>As at March 31, 2018</b>		
	At the beginning of the year	11,31,34,450	22,62,68,900
	Issued during the year	-	-
	<b>At the end of the year</b>	<b>11,31,34,450</b>	<b>22,62,68,900</b>
	<b>As at March 31, 2017</b>		
	At the beginning of the year	11,31,34,450	22,62,68,900
	Issued during the year	-	-
	<b>At the end of the year</b>	<b>11,31,34,450</b>	<b>22,62,68,900</b>
d	Shares held by shareholders holding more than 5% shares		
	Name of shareholder	No. of Shares held	% of Holding
	<b>As at March 31, 2018</b>		
	ASM Pipes Pvt Ltd	1,86,67,140	16.50
	Millennium Investment And Acquisition Co. Inc.	1,15,04,690	10.17
	Mahesh C. Gupta	1,02,48,500	9.06
	Subhash Chand Aggarwal	1,00,95,500	8.92
	Sanlam International Investment Partners Ltd.	94,60,590	8.36
	Signature Global (India) Pvt Limited	88,65,885	7.84
	Hemlata Aggarwal	77,20,550	6.82
	Sushma Gupta	75,66,550	6.69
	<b>As at March 31, 2017</b>		
	ASM Pipes Pvt Ltd	1,86,67,140	16.50
	Millennium Investment And Acquisition Co. Inc.	1,22,04,690	10.79
	Mahesh C. Gupta	1,02,48,500	9.06
	Subhash Chand Aggarwal	1,00,95,500	8.92
	Sanlam International Investment Partners Ltd.	94,60,590	8.36
	Hemlata Aggarwal	77,20,550	6.82
	Sushma Gupta	75,66,550	6.69

## e Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share. The Board of Directors has proposed an equity dividend @ 24% i.e. ₹ 0.48 (P.Y. ₹ 0.48) per share for the financial year ending March 31, 2018 at their meeting held on dated May 14, 2018, which is subject to approval by the shareholders in the ensuing Annual General Meeting. The amount of per share dividend recognised as distribution to equity shareholders for Interim dividend is ₹ 0.48 (P.Y. ₹ 0.36).

In the event of Liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.





		(Amount in ₹)	
Note No.	Particulars	As at March 31, 2018	As at March 31, 2017
2.02	<b>Reserves &amp; surplus</b>		
a	<b>Securities premium reserve</b>		
	As at beginning and at the end of the year	3,44,48,90,890	3,44,48,90,890
	Closing balance	<u>3,44,48,90,890</u>	<u>3,44,48,90,890</u>
b	<b>Capital reserve (on amalgamation)</b>		
	As at beginning and at the end of the year	10,41,02,620	10,41,02,620
	Closing balance	<u>10,41,02,620</u>	<u>10,41,02,620</u>
c	<b>Capital reserve (on consolidation)</b>		
	Opening balance	3,51,14,300	3,51,14,300
	Deletion during the year	<u>(10,35,000)</u>	<u>-</u>
	Closing balance	<u>3,40,79,300</u>	<u>3,51,14,300</u>
d	<b>Capital reserve (on forfeiture)</b>		
	As at beginning and at the end of the year	12,39,98,200	12,39,98,200
	Closing balance	<u>12,39,98,200</u>	<u>12,39,98,200</u>
e	<b>Foreign currency fluctuation reserve</b>		
	Opening balance	(2,74,00,069)	3,03,54,567
	Addition during the year	3,76,489	<u>(1,00,69,139)</u>
	Deletion during the year	<u>-</u>	<u>(4,76,85,497)</u>
	Closing balance	<u>(2,70,23,580)</u>	<u>(2,74,00,069)</u>
f	<b>Statutory reserve (Reserve Fund u/s 45- IC of RBI Act 1934)</b>		
	Opening balance	6,83,73,964	4,36,01,975
	Addition during the year	<u>6,05,55,339</u>	<u>2,47,71,989</u>
	Closing balance	<u>12,89,29,303</u>	<u>6,83,73,964</u>
g	<b>General reserve</b>		
	Opening balance	71,12,97,127	68,12,97,127
	Addition during the year	<u>-</u>	<u>3,00,00,000</u>
	Closing balance	<u>71,12,97,127</u>	<u>71,12,97,127</u>
h	<b>Surplus</b>		
	Opening balance	1,26,11,95,872	97,20,74,234
	Profit for the year	<u>52,51,82,445</u>	<u>45,82,73,053</u>
	Amount available for appropriation	<u>1,78,63,78,317</u>	<u>1,43,03,47,287</u>
	<b>Less : Appropriations</b>		
	Transfer to general reserve	-	(3,00,00,000)
	Transfer to statutory reserve	(6,05,55,339)	(2,47,71,989)
	Interim dividend	(5,43,04,536)	(4,07,28,402)
	Proposed dividend*	-	(5,43,04,536)
	Tax on dividend	<u>(1,16,71,142)</u>	<u>(1,93,46,488)</u>
	Closing balance	<u>1,65,98,47,300</u>	<u>1,26,11,95,872</u>
	<b>Total</b>	<u>6,18,01,21,160</u>	<u>5,72,15,72,904</u>

\*The Board of Directors has proposed an equity dividend @ 24% i.e. ₹ 0.48 per share for the financial year ending March 31, 2018 at their meeting held on dated May 14, 2018, which is subject to approval by the shareholders in the ensuing Annual General Meeting.

In accordance with the revised Accounting Standard - 4 'Contingencies and Events occurring after the Balance Sheet Date', proposed dividend for distribution of profit in the current year's accounts ₹ 5,43,04,536 and Corporate Dividend Tax ₹ 1,14,96,811 thereon has not been recognized as a distribution of profit in the current year's accounts.

2.03	<b>Long term borrowings</b>		
	<b>Term loans (secured) *</b>		
	From banks	55,88,72,357	6,34,69,511
	From others	-	6,05,721
	Less: Current maturities disclosed under the head "other current liabilities" (refer Note No. 2.08)	<u>(19,50,31,341)</u>	<u>(2,23,24,717)</u>
	<b>Total</b>	<u>36,38,41,016</u>	<u>4,17,50,515</u>
		<u>36,38,41,016</u>	<u>4,17,50,515</u>

\* Secured against vehicles / specific book debts and / or personal guarantee of promoter directors, repayable in equated monthly instalments bearing interest @ 8.25% to 10.50% p.a.



		(Amount in ₹)	
Note No.	Particulars	As at March 31, 2018	As at March 31, 2017
2.04	<b>Long term provisions</b>		
	<b>Provision for employee benefits</b>		
	Gratuity #	5,93,34,436	10,66,43,820
	Leave encashment #	4,03,33,179	3,66,34,250
		9,96,67,615	14,32,78,070
	<b>Provision for non performing assets*</b>	4,16,85,313	2,98,29,527
	<b>Provision for standard assets</b>	2,24,54,703	1,13,74,516
	<b>Total</b>	16,38,07,631	18,44,82,113
	# refer Note No. 2.09, 2.23 & 2.35		
	* refer Note No. 2.13		
2.05	<b>Other long-term liabilities</b>		
	Security deposits received	10,16,87,307	2,17,87,130
	<b>Total</b>	10,16,87,307	2,17,87,130
2.06	<b>Short term borrowings</b>		
	<b>Secured *</b>		
	Short term loan from NBFC	1,23,95,96,525	93,43,00,000
	Short term loan from Banks	2,69,02,96,731	1,89,74,94,055
		3,92,98,93,256	2,83,17,94,055
	<b>Unsecured</b>		
	-from others	65,51,35,820	43,38,82,232
		65,51,35,820	43,38,82,232
	<b>Total</b>	4,58,50,29,076	3,26,56,76,287
	* Amount secured either against FDR / bonds / shares / commodities / book debts (on pari passu/specific basis) and / or personal guarantee of promoter directors.		
2.07	<b>Trade Payables</b>		
	- Due to micro and small enterprises*	-	-
	- Others	2,80,96,76,289	2,47,91,05,539
	<b>Total</b>	2,80,96,76,289	2,47,91,05,539
	* The group has initiated the process of identification of suppliers registered under Micro, Small and Medium Enterprise Development Act , 2006, by obtaining confirmations from all suppliers. Information has been collected only to the extent of information received as at balance sheet date. Based on the information available with the group, there are no suppliers who are registered as micro, small or medium enterprise under " The Micro, Small and Medium Enterprises Development Act 2006" as at March 31, 2018 and March 31, 2017.		
2.08	<b>Other current liabilities</b>		
	Margin received from clients	3,28,96,03,576	3,16,33,03,842
	Book overdraft from banks	11,64,50,630	43,31,15,915
	Current maturities of long term borrowings (Refer note no. 2.03)	19,50,31,341	2,23,24,717
	Security & deposits received from clients	59,15,521	8,18,481
	Employee benefits payable	5,55,60,410	4,94,00,556
	Payable to statutory authorities	11,49,39,268	4,16,30,933
	Interest accrued but not due	64,30,998	43,98,034
	Payable to related party*	2,50,000	-
	PMS payable	3,41,421	14,67,435
	Unpaid dividend	19,93,910	1,38,444
	Unearned income	1,78,27,660	1,69,61,560
	<b>Total</b>	3,80,43,44,735	3,73,35,59,917
	* refer Note No. 2.33		
2.09	<b>Short term provisions</b>		
	<b>Provision for employee benefits</b>		
	Gratuity #	39,76,535	34,26,869
	Leave encashment #	62,74,516	44,28,669
		1,02,51,051	78,55,538
	<b>Others</b>		
	For income tax	80,34,004	2,21,71,001
	(Net of Advance tax & TDS of ₹ 14,59,37,585 ; PY ₹ 20,13,59,379)		
	Provision for CSR	87,07,941	82,26,234
	Proposed dividend*	-	5,43,04,536
	Tax on dividend	-	1,10,55,126
		1,67,41,945	9,57,56,897
	<b>Total</b>	2,69,92,996	10,36,12,435
	# refer Note No. 2.04, 2.23 & 2.35		
	* refer Note No. 2.02		



SMC GLOBAL SECURITIES LIMITED

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Particulars	Gross carrying value						Depreciation			Net carrying value		
	As at April 1, 2017		As at March 31, 2018		As at April 1, 2017		Charged for the year		As at March 31, 2018		As at March 31, 2017	
	As at April 1, 2017	Additions	Disposals	As at March 31, 2018	As at April 1, 2017	Charged for the year	On Disposals	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017		
<b>Property, plant and equipment</b>												
Office Building	20,20,06,006	4,29,31,451	-	24,49,37,457	2,45,22,903	1,10,44,853	-	3,55,67,756	20,93,69,701	17,74,83,103		
Office Equipment	12,96,58,847	88,31,972	72,55,645	13,12,35,174	10,73,78,634	84,68,984	57,24,489	11,01,23,129	2,11,12,045	2,22,80,213		
Furniture & Fixtures	21,37,18,405	1,20,79,732	85,90,550	21,72,07,587	14,70,06,214	1,96,11,305	69,86,937	15,96,30,582	5,75,77,005	6,67,12,191		
Computer Hardware	28,36,96,195	3,88,37,772	87,89,117	31,37,44,850	23,72,32,516	2,78,16,476	82,45,578	25,68,03,414	5,69,41,436	4,64,63,679		
Temporary Infrastructure	1,10,00,603	72,270	17,69,897	93,02,976	68,47,931	14,74,144	6,84,319	76,37,756	16,65,220	41,52,672		
Vehicle	5,82,02,121	10,11,185	29,82,807	5,62,30,499	3,60,49,896	66,83,669	28,10,362	3,99,23,203	1,63,07,296	2,21,52,225		
VSAT	3,68,22,236	-	-	3,68,22,236	3,27,51,389	10,65,518	-	3,38,16,907	30,05,329	40,70,847		
<b>Total (A)</b>	<b>93,51,04,413</b>	<b>10,37,64,382</b>	<b>2,93,88,016</b>	<b>1,00,94,80,779</b>	<b>59,17,89,483</b>	<b>7,61,64,949</b>	<b>2,44,51,685</b>	<b>64,35,02,747</b>	<b>36,59,78,032</b>	<b>34,33,14,930</b>		
<b>Intangible Assets</b>												
Computer Software	8,83,55,110	1,92,56,712	1,01,84,212	9,74,27,610	8,11,35,530	64,69,713	1,00,37,542	7,75,67,701	1,98,59,909	72,19,580		
Trade Mark Logo	20,000	-	-	20,000	19,756	96	-	19,852	148	244		
Goodwill	6,46,81,223	-	3,98,06,989	2,48,74,234	78,22,534	28,08,750	-	1,06,31,284	1,42,42,950	5,68,58,689		
Customer relationship	1,29,67,720	-	1,29,67,720	-	12,15,724	13,67,048	25,82,772	-	-	1,17,51,996		
<b>Total (B)</b>	<b>16,60,24,053</b>	<b>1,92,56,712</b>	<b>6,29,58,921</b>	<b>12,23,21,844</b>	<b>9,01,93,544</b>	<b>1,06,45,607</b>	<b>1,26,20,314</b>	<b>8,82,18,837</b>	<b>3,41,03,007</b>	<b>7,58,30,509</b>		
<b>Software WIP (C)</b>	<b>3,00,000</b>	<b>-</b>	<b>3,00,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,00,000</b>		
<b>Grand Total (A+B+C)</b>	<b>1,10,14,28,466</b>	<b>12,30,21,094</b>	<b>9,26,46,937</b>	<b>1,13,18,02,623</b>	<b>68,19,83,027</b>	<b>8,68,10,556</b>	<b>3,70,71,999</b>	<b>73,17,21,584</b>	<b>40,00,81,039</b>	<b>41,94,45,439</b>		
<b>Previous Year</b>	<b>84,85,06,994</b>	<b>28,89,26,192</b>	<b>(3,60,04,720)</b>	<b>1,10,14,28,466</b>	<b>64,00,69,580</b>	<b>7,35,96,712</b>	<b>(3,16,83,265)</b>	<b>68,19,83,027</b>	<b>41,94,45,439</b>	<b>20,84,37,414</b>		





## Note 2.11

Particulars	As at March 31, 2018	As at March 31, 2017
<b>A. Non-current investments</b>		
Investment in property	1,70,02,661	1,06,86,191
<b>Non-trade investments (valued at cost)</b>		
Equity instruments (Quoted)	2,42,64,206	8,14,59,618
Mutual funds (Quoted)	10,00,000	10,00,000
Bonds (Quoted)	14,83,51,795	24,12,22,858
Less: Provision for diminution in value of investment	-	(50,00,000)
	<u>17,36,16,001</u>	<u>31,86,82,476</u>
<b>Investment in equity instruments (Unquoted)</b>		
In related companies	1,00,00,000	1,00,00,000
In other companies	2,97,73,150	3,97,73,150
Less: Provision for diminution in value of investment	(3,57,00,000)	(4,37,00,000)
	<u>40,73,150</u>	<u>60,73,150</u>
<b>Total</b>	<u>19,46,91,812</u>	<u>33,54,41,817</u>
Aggregate market value of quoted equity	2,16,18,172	5,97,51,135
Aggregate book value of quoted equity	2,42,64,206	8,14,59,618
Aggregate market value of quoted mutual fund	10,44,500	10,02,200
Aggregate book value of quoted mutual fund	10,00,000	10,00,000
Aggregate market value of quoted bond	15,10,69,699	24,24,44,624
Aggregate book value of quoted bond	14,83,51,795	24,12,22,858
Aggregate book value of unquoted investment	3,97,73,150	4,97,73,150
Aggregate provision for diminution in value of quoted investment	-	50,00,000
Aggregate provision for diminution in value of unquoted investment	3,57,00,000	4,37,00,000
<b>B. Current investments (at lower of cost or fair value)</b>		
<b>Investment in Portfolio Management Service</b>		
Equity (Quoted)	11,73,79,152	14,66,14,838
Mutual funds (Unquoted)	1,07,20,378	77,94,618
Bonds (Quoted)	8,26,537	39,95,67,085
	<u>12,89,26,067</u>	<u>55,39,76,541</u>
<b>Total</b>	<u>12,89,26,067</u>	<u>55,39,76,541</u>
Aggregate market value of quoted equity	12,77,47,630	16,34,81,887
Aggregate book value of quoted equity	11,73,79,152	14,66,14,838
Aggregate net asset value of unquoted mutual fund	1,11,38,914	79,63,047
Aggregate book value of unquoted mutual fund	1,07,20,378	77,94,618
Aggregate market value of quoted bond	8,26,537	39,99,74,463
Aggregate book value of quoted bond	8,26,537	39,95,67,085



Note No.	Particulars	As at March 31, 2018	As at March 31, 2017
2.12	<b>Deferred tax assets (net)</b>		
	<b>Deferred tax assets :</b>		
	Disallowances under Income Tax Act	9,22,45,262	9,77,29,062
	Carried forward losses	8,45,51,474	4,14,55,655
	Related to fixed assets	2,58,60,502	2,41,16,378
	A	20,26,57,238	16,33,01,095
	<b>Deferred tax liabilities :</b>		
	ICDS impact	67,32,909	1,22,64,642
	B	67,32,909	1,22,64,642
	<b>Deferred tax assets (net) (A-B)</b>	19,59,24,329	15,10,36,453
2.13	<b>Long term loans and advances</b>		
	<b>Unsecured, considered good</b>		
	Security deposits	10,87,29,106	10,90,69,839
	Advances recoverable in cash or in kind	9,59,30,279	12,94,09,268
	Capital advances	3,25,00,000	6,23,30,617
	<b>Unsecured, considered doubtful</b>		
	Advances recoverable in cash or in kind	56,45,512	1,09,21,662
	Less: Provision for doubtful advances	(56,45,512)	(1,09,21,662)
	<b>Receivable under financing activities</b>		
	Secured, considered good	1,71,12,46,692	86,84,98,413
	Unsecured, considered good	61,36,82,230	12,68,41,138
	Secured, considered sub-standard*	-	5,00,02,301
	Unsecured, considered sub-standard*	1,46,897	-
	Secured, considered doubtful*	5,00,07,522	3,73,34,485
	Unsecured, considered doubtful*	3,16,69,118	1,73,62,400
		2,40,67,52,459	1,10,00,38,737
	Balance with government authorities	8,43,96,871	6,74,98,651
	Advance tax and TDS	8,69,46,264	3,55,36,246
	(Net of Provision for Income Tax of ₹ 17,14,89,132 ; P.Y. ₹ 2,32,51,735)		
	MAT credit entitlement	9,61,48,307	8,16,58,077
		26,74,91,442	18,46,92,974
	<b>Total</b>	2,91,14,03,286	1,58,55,41,435
	* refer Note No. 2.04		
2.14	<b>Trade receivables (non-current)</b>		
	<b>Outstanding for a period exceeding one year</b>		
	Secured, considered good	4,48,58,968	4,27,43,100
	Unsecured, considered good	4,41,07,986	6,35,87,642
	Unsecured, considered doubtful	8,83,41,934	12,33,05,849
	Less: Provision for doubtful debts*	(8,83,41,934)	(12,33,05,849)
	<b>Total</b>	8,89,66,954	10,63,30,742
	* refer Note No. 2.31		
2.15	<b>Inventories #</b>		
	Shares	1,03,72,13,196	70,83,15,069
	Commodities	5,48,87,832	2,77,86,582
	Bonds	8,86,835	50,65,81,492
	<b>Total</b>	1,09,29,87,863	1,24,26,83,143
	# refer accounting policy VIII of note 1		
2.16	<b>Trade receivables (current)</b>		
	<b>Debts outstanding for more than six months</b>		
	Secured, considered good	1,19,80,374	1,32,02,682
	Unsecured, considered good	7,92,05,644	10,96,91,477
		9,11,86,018	12,28,94,159
	<b>Other debts</b>		
	Secured, considered good	2,80,93,43,146	2,31,76,53,520
	Unsecured, considered good	1,88,94,33,495	1,83,07,23,653
	Unsecured, considered doubtful	-	1,77,537
	Less: Provision for doubtful debts	-	(1,77,537)
		4,69,87,76,641	4,14,83,77,173
	<b>Total</b>	4,78,99,62,659	4,27,12,71,332





		(Amount in ₹)	
Note No.	Particulars	As at March 31, 2018	As at March 31, 2017
2.17	<b>Cash and bank balances</b>		
	<b>Cash &amp; cash equivalents (A)</b>		
	Cash in hand	32,99,062	27,10,265
	<b>Bank balances</b>		
	Balance with banks in current accounts	73,14,06,016	89,46,59,299
	Cheque in hand	15,00,000	37,79,93,048
	Foreign currency in hand	5,72,146	6,60,938
		<u>73,67,77,224</u>	<u>1,27,60,23,550</u>
	<b>Other bank balances (B)*</b>		
	In fixed deposit against commitment to IRDA	12,00,000	12,00,000
	Bank Deposits with maturity more than 12 months but within one year from the reporting date	75,00,000	75,00,000
	Placed under lien with banks	3,59,02,59,404	2,94,79,53,904
	Placed under arbitration	97,80,808	1,37,83,456
	Placed with pension Fund regulatory and development authority	20,00,000	20,00,000
	Placed under lien with court	4,37,500	1,08,389
	Placed under lien with statutory authority	7,40,000	7,40,000
	Pledged with the clearing corporations and stock exchanges as margin	28,76,80,571	19,89,02,956
	Deposits in hand	1,02,009	4,96,92,009
		<u>3,89,97,00,292</u>	<u>3,22,18,80,714</u>
	<b>Total (A+B)</b>	<u>4,63,64,77,516</u>	<u>4,49,79,04,264</u>
	* refer Note No. 2.30		
2.18	<b>Short-term loans and advances</b>		
	<b>Unsecured, considered good</b>		
	Loans and advances to related party*	-	3,09,180
	Advances recoverable in cash or in kind	44,22,46,543	51,63,92,690
	<b>Unsecured, considered doubtful</b>		
	Advances recoverable in cash or in kind	6,72,752	10,51,252
	Less: Provision for doubtful advances	<u>(6,72,752)</u>	<u>(10,51,252)</u>
	<b>Loans under financing activities</b>		
	Secured, considered good	2,68,26,91,128	1,65,45,04,807
	Unsecured, considered good	60,60,55,671	41,12,89,278
		<u>3,28,87,46,799</u>	<u>2,06,57,94,085</u>
	Balance with government authorities	5,24,34,894	1,15,58,165
	<b>Total</b>	<u>3,78,34,28,236</u>	<u>2,59,40,54,120</u>
	* refer Note No. 2.33		
2.19	<b>Other current assets</b>		
	Accrued interest on FDR	2,74,45,910	2,35,28,115
	Accrued interest on bonds	17,57,884	2,16,92,895
	Accrued interest on loans	1,93,44,133	62,82,678
	Brokerage and commission receivable	55,25,197	-
	Dividend receivable	48,580	33,930
	<b>Total</b>	<u>5,41,21,704</u>	<u>5,15,37,618</u>



Note No.	Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
<b>2.20</b>	<b>Revenue from operations</b>		
	Income from brokerage	2,69,12,64,409	1,89,64,64,294
	Income from proprietary trading	1,42,94,26,961	1,60,82,95,020
	Treasury income	25,16,59,342	20,89,31,697
	Interest income from financing activities	70,29,87,477	38,64,27,510
	Income from distribution of financial products (net)	89,06,46,088	77,26,62,325
	Income from depository business	5,57,50,387	3,06,53,647
	Income from management and advisory services	3,68,39,229	3,54,28,723
	Income from reverse book building	-	1,50,000
	Dividend income	88,59,476	65,37,090
	Interest earned	38,15,000	-
		<b>6,07,12,48,369</b>	<b>4,94,55,50,306</b>
	<b>Other operating income</b>		
	Profit/ (Loss) on sale of investment	-	(12,98,986)
	Loan processing fees	6,38,37,882	1,46,59,311
	Income from investment in PMS (net)	1,25,78,094	1,94,08,687
	Income from research support services	99,63,750	2,20,51,871
	Dividend on investment	23,91,242	34,63,832
	Income from exchange	31,98,643	-
	Interest on delay payment and margin trading	31,59,35,368	21,21,79,261
		<b>40,79,04,979</b>	<b>27,04,63,976</b>
	<b>Total</b>	<b>6,47,91,53,348</b>	<b>5,21,60,14,282</b>
<b>2.21</b>	<b>Other income</b>		
	Interest income	2,22,13,971	3,29,01,721
	Profit on sale of investment	4,08,30,381	1,38,80,096
	Liability no longer required written back	2,40,47,915	1,11,02,949
	Miscellaneous income	1,18,17,463	6,48,76,534
	<b>Total</b>	<b>9,89,09,730</b>	<b>12,27,61,300</b>





Note No.	Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
<b>2.22</b>	<b>Exchange and other operating expenses</b>		
	Client introduction charges	1,28,65,50,744	61,49,91,778
	Expense for distribution of financial products	58,56,38,700	50,95,65,846
	Exchange & other regulatory charges	45,55,13,459	44,76,89,853
	Securities & commodities transaction tax	38,33,24,373	40,52,30,573
	VPN, leaseline, internet & VSAT expenses (net)	3,24,77,847	3,05,00,731
	<b>Total</b>	<b>2,74,35,05,123</b>	<b>2,00,79,78,781</b>
<b>2.23</b>	<b>Employee benefits expense *</b>		
	Salaries and incentives	1,23,44,70,588	1,18,58,97,634
	Employers' contributions to provident & other funds	5,78,52,344	4,71,59,939
	Gratuity	2,96,14,986	2,91,66,873
	Staff welfare	4,05,24,656	3,61,74,451
	<b>Total</b>	<b>1,36,24,62,574</b>	<b>1,29,83,98,897</b>
	* refer Note No. 2.04, 2.09 & 2.35		
<b>2.24</b>	<b>Finance cost</b>		
	Interest to bank (term loan)	2,29,33,774	22,91,225
	Interest to bank (others)	17,90,79,776	6,83,43,341
	Interest - others	21,31,51,293	17,82,98,469
	Other charges	4,62,56,932	3,55,68,370
	<b>Total</b>	<b>46,14,21,775</b>	<b>28,45,01,405</b>
<b>2.25</b>	<b>Depreciation and amortization expense</b>		
	Depreciation on property, plant and equipment	7,61,64,949	6,72,10,316
	Amortization of intangible assets	1,06,45,607	63,86,396
	<b>Total</b>	<b>8,68,10,556</b>	<b>7,35,96,712</b>
<b>2.26</b>	<b>Other expenses</b>		
	Advertisement	19,74,81,309	15,51,82,563
	Bank charges	1,03,58,365	34,90,142
	Business promotion	17,83,88,021	19,84,36,586
	Communication expenses	4,31,70,000	3,88,57,457
	Computer repair & maintenance	3,69,18,971	2,69,57,595
	Conveyance & traveling expenses	4,59,48,087	3,79,16,114
	CSR expenses	1,06,56,707	75,88,467
	Directors' sitting fees	29,75,000	37,15,000
	Electricity & water charges	5,69,50,253	5,70,13,067
	Insurance expenses	36,86,557	44,76,110
	Legal & professional charges	5,17,28,333	4,01,71,298
	Loss on sale of property, plant and equipment and intangible assets	3,63,04,779	7,30,410
	Meeting & conference expenses	2,14,936	4,43,076
	Membership fees & subscription	27,44,026	17,09,290
	Miscellaneous expenses	1,80,22,325	2,00,58,551
	Office repair & maintenance	4,57,68,785	4,82,65,934
	Printing and stationery	2,52,26,004	2,08,65,024
	Provision for diminution in value of investment	(30,00,000)	1,90,00,000
	Provision for doubtful debts/advances #	6,80,92,835	9,23,52,224
	Provision for non performing assets	1,18,55,786	2,35,47,438
	Provision for standard assets	1,10,80,187	32,31,267
	Provision for impairment of property, plant and equipment	45,00,000	-
	Preliminary expenses	-	41,44,982
	Rent	14,03,52,971	15,52,37,485
	Rates & taxes	64,26,638	22,27,191
	Research expenses	27,12,421	24,20,087
	Stamp & other expenses	29,755	86,815
	Irrecoverable balance written off	-	1,26,89,437
	Vehicle running & maintenance	45,72,101	45,75,808
	<b>Auditor's remuneration:</b>		
	As statutory auditor	29,33,882	36,39,449
	As tax auditor	4,47,500	3,99,750
	As fees for other services	5,37,000	3,63,900
	<b>Total</b>	<b>1,01,70,83,534</b>	<b>98,97,92,517</b>
	# refer Note No. 2.31		



SMC GLOBAL SECURITIES LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2.27 a) Contingent liabilities	Particulars	(Amount in ₹)	
		As at March 31, 2018	As at March 31, 2017
	1. Corporate Guarantee executed by the holding company for credit facility extended to subsidiaries	1,91,00,00,000	1,01,00,00,000
	2. ESI demand in dispute (Total amount paid under protest ₹ 12,42,581/- (P.Y. ₹ 12,42,581/-)	31,06,450	31,06,450
	3. Service Tax Demand	9,63,79,122	6,74,73,978
	4. Provident Fund	-	-
	5. Stamp Duty	-	-
	6. Income Tax demand	1,19,13,818	92,30,664

**Note:**

- 1 The holding company has given counter guarantee towards credit facility of subsidiaries, SMC Comtrade Limited and Moneywise Financial Services Private Limited.
- 2 An ESI demand is being agitated by the holding company before Additional Senior Civil Judge, Tis Hajari Court, Delhi.
- 3 Service Tax demand of ₹ 45,65,609/- is being agitated by the Company before Commissioner of Service Tax, Audit 1, Delhi and of ₹ 9,18,13,513/- is being agitated by the Company before Additional Director General of Directorate General of GST Intelligence, Delhi Zonal Unit.
- 4 PF matter related to holding company is pending before High Court and amount is not quantifiable.
- 5(a) The holding company has received a notice dated 21.11.2014 from the Collector of Stamp (HQ) Delhi on account of verification of records pertaining to Stamp duty chargeable on the basis of broker's Note for the Period 2010 to 21/11/2014. Matter is sub-judice and has been stayed by jurisdictional High Court at Delhi vide its order dated 09/12/2014 until further order.
- 5(b) One of the subsidiary company SMC Comtrade Limited has received a notice dated 05/01/2015 from the Office of The Collector of Stamps, Delhi, on account of levy of stamp duty on commodity transactions. The matter is sub-judice and has been stayed by jurisdictional High Court at Delhi vide its order dated 19/01/2015 in the matter of WP/C/516/2015 and matter was adjourned to 17th May, 2018. In view of the legal opinion of the counsel, the amount of contingent liability in this regard is: Nil
- 6 Income Tax demand has been agitated by the Companies as per details:

Name of Company	Amount (₹)	Amount paid under protest	Assessment Year	Forum where agitated
SMC Global Securities Limited	31,46,625	31,46,625	2013-14	Commissioner of Income Tax (Appeals)
SMC Global Securities Limited	56,81,359	56,81,359	2014-15	Commissioner of Income Tax (Appeals)
SMC Global Securities Limited	27,50,524	10,00,000	2015-16	Commissioner of Income Tax (Appeals)
Moneywise Financial Services (P) Limited	47,710	-	2008-09	Commissioner of Income Tax (Appeals) I, Kolkata
Moneywise Financial Services (P) Limited	2,87,600	-	2010-11	Commissioner of Income Tax (Appeals) I, Kolkata

Assessment u/s 143(3) for the A.Y 2013-14, 2014-15 & 2015-16 has completed and disallowance made on account of section 14A for which appeal filed before the Commissioner of Income Tax (Appeals) in Holding Company. In Moneywise Financial Services (P) Limited assessment u/s 143(3) for the A.Y 2008-09 & 2010-11 has completed and application for rectification for short credit of TDS filed, not yet disposed off.

**b) Other litigations**

- 1 Title of the property located at Office no 205, 2<sup>nd</sup> Floor, Plot no 4A, Community Centre, 21<sup>st</sup> Century Plaza, Sector 8, Rohini, New Delhi having book value of ₹ 46,12,060/- is under dispute and sealed due to the allegation of acquisition of the said property from the funds of Ganga Yamuna Finvest Pvt. Ltd, which is under liquidation.
- 2 The Companies are subject to legal proceedings and claims, which have arisen in the ordinary course of business. The company's management do not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the company's results of operations and financial condition.

Pending completion of the legal process the impact of liability, if any, cannot be ascertained at this stage, however, management believes that, based on legal advice, the outcome of these contingencies will be favourable and that outflow of economic resources is not probable.





**2.28 Extraordinary item**

The holding company had started making efforts for proposed ADR issue in USA for expansion of business in the year 2015, however, the same has been called off during the year due to regulatory issues with Ministry of Finance, Government of India and accordingly ADR expenses incurred in all these years starting from October 2015 till the end of March 2018 ₹ 13,94,38,879/- has been charged to statement of profit & loss for the year.

**2.29** The holding company has converted investment in property amounting to ₹ 1,06,86,191/- and current / non-current (quoted) investment (excluding investment in portfolio management service) amounting to ₹ 6,52,77,154/- into building under the head property plant & equipment and inventories respectively during the year at book value and one of its subsidiary Moneywise Financial Services (P) Limited has also converted inventories amounting to ₹ 36,41,76,696/- into current (quoted) investment during the year at book value.

**2.30** Fixed deposit with scheduled bank includes ₹ 3,59,02,59,404/- (PY ₹ 2,94,79,53,904/-) under lien in favour of the bank as margin deposit for the guarantees issued of ₹ 7,06,93,40,000/- (PY ₹ 5,89,46,29,000/-)/credit facilities or otherwise, ₹ 7,40,000/- (PY ₹ 7,40,000/-) under lien with sales tax authorities, ₹ 28,76,80,571/- (PY ₹ 19,89,02,956/-) pledged with stock and commodity exchanges as margin, which does not include margins paid by client constituents on their own behalf, ₹ 4,37,500/- (PY ₹ 1,08,389/-) pledged with Court, ₹ 20,00,000/- (PY ₹ 20,00,000/-) pledged with pension fund regulatory and development authority to become POP of NPS, and ₹ 97,80,808/- (PY ₹ 1,37,83,456/-) pledged with exchange for arbitration. Also included in fixed deposits is an amount of ₹ 12,00,000/- (PY ₹ 12,00,000/-) in one of the step down subsidiary namely SMC Insurance Brokers Private Limited where lien has been marked in favour of Insurance Regulatory and Development Authority.

**2.31** Unsecured Non-Current trade receivables (considered good) includes amount due from parties including on whom legal action initiated for recovery and are net of doubtful portion, disclosed separately and necessary provision made thereof.

**2.32 Commitments****(Amount in ₹)**

Particulars	As at March 31, 2018	As at March 31, 2017
Contracts remaining to be executed on account of capital (net of advances)	1,75,00,000	2,64,78,283

**2.33 Related party disclosures**

The following are the details of transactions with related parties as defined in the Accounting Standard - 18 on Related Party Disclosures notified u/s 133 of the Companies Act, 2013, read with rule 7 of Companies (Accounts) Rules, 2014.

**A. Name of related parties and description of relationship:**

Nature of relationship		Name of related parties
Key managerial personnel	Whole Time Directors	Mr. Subhash Chand Aggarwal
		Mr. Mahesh Chand Gupta
		Mr. D.K Aggarwal
		Mr. Ajay Garg
		Mr. Anurag Bansal
		Mr. Himanshu Gupta
		Mr. Pravin Kumar Aggarwal
		Mr. Shyam Sunder Bansal
		Ms. Akanksha Gupta
		Mr. Pranay Aggarwal (w.e.f May 22, 2017)
		Ms. Shruti Aggarwal (w.e.f June 16, 2017)
		Mr. Ayush Aggarwal
		Executive Officers
Mr. Suman Kumar		
Mr. Manoj Kumar		
Mr. Jai Gopal		
Mr. Deepak Aggarwal (w.e.f August 11, 2017)		
Mr. Vishwanath Bansal		
Ms. Sakshi Mehta		
Mr. Shamsher Ansari		
Ms. Vaishali Gupta		
Ms. Vandana Jhinjheria		
Ms. Jyoti Kumari		
Mr. Kashish Bhatia		
Ms. Saniya Hussain		



Nature of relationship	Name of related parties
Relatives of key managerial personnel	Ms. Sushma Gupta Ms. Hemlata Aggarwal Ms. Reema Garg Ms. Shilpi Ms. Archana Aggarwal Ms. Anuradha Goel Ms. Priyanka Gupta Ms. Meetu Goel Mr. Amit Sharma Ms. Nidhi Bansal
Jointly controlled entity	SMC & IM Capitals Investment Manager LLP
Other related parties in which key managerial personnel are able to exercise significant influence:	Pulin Investments Private Limited SMC Share Brokers Limited

Note: Related party relationship is as identified by the company and relied upon by auditor.

**B. Significant transactions with related parties \***

Particulars of transactions	(Amount in ₹)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Expenses: Remuneration</b>		
Whole Time Directors	5,32,79,411	7,16,95,012
Executive officers	2,05,40,993	1,78,37,619
Relatives of KMP	1,69,49,169	1,61,68,458
<b>Income: Advisory services</b>		
Mr. D. K. Aggarwal	16,535	13,516
<b>Interest expense (net)</b>		
Pulin Investments Private Limited	33,361	2,87,763
SMC Share Brokers Limited	79,929	1,56,673

\* Note: Transactions with KMPs and their relatives through stock exchanges / depositories in the normal course of business have not been disclosed as the same have been transacted at prevailing market prices under online trade mechanism and not material in nature.

**C. Balance Outstanding**

Party Name	Included in	(Amount in ₹)	
		As at March 31, 2018	As at March 31, 2017
SMC & IM Capitals Investment Manager LLP	Other current liabilities	2,50,000	Nil
Pulin Investments Private Limited	Short term loans & advances	Nil	3,09,180

**2.34 Earnings per share (EPS)**

In accordance with AS-20 "Earning per Share", notified under section 133 of the Companies Act, 2013, read with rule 7 of Companies (Accounts) Rules, 2015, the basic & diluted earnings per share is being calculated as under:-

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Net profit attributable to equity shareholders before extraordinary item (net of tax)	61,63,64,317	45,82,73,053
Net profit attributable to equity shareholders after extraordinary item (net of tax)	52,51,82,445	45,82,73,053
Weighted Average No. of Equity Shares		
- For basic & diluted EPS	11,31,34,450	11,31,34,450
Nominal Value per share (₹)	2	2
Basic & Diluted EPS before extraordinary items (₹)	5.45	4.05
Basic & Diluted EPS after extraordinary items (₹)	4.64	4.05





2.35 The details of gross liability, contributions, value of funds and provisions for gratuity & leave encashment as under:  
(refer Note No. 2.04, 2.09 & 2.23)

A. Gratuity (partly funded)		(Amount in ₹)	
Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017	
<b>a. Change in present value of obligation</b>			
<b>As per actuarial report</b>			
Present value of the obligation at the beginning of the year	11,86,35,385	9,64,86,516	
Interest cost	74,63,266	81,20,552	
Current service cost	2,09,42,229	1,76,69,398	
Past service cost	1,31,62,264	-	
Benefits paid	(1,25,92,164)	(91,66,070)	
Actuarial (gain)/loss on obligations	(91,68,184)	31,29,215	
<b>(A)</b>	<b>13,84,42,796</b>	<b>11,62,39,611</b>	
<b>As per management estimation</b>			
Provision for the year	4,94,160	26,71,585	
Foreign currency fluctuation reserve	37,148	(2,75,811)	
<b>(B)</b>	<b>5,31,308</b>	<b>23,95,774</b>	
<b>Present value of the obligation at the end of the year</b>	<b>(A + B)</b>	<b>13,89,74,104</b>	<b>11,86,35,385</b>
<b>b. Change in fair value of plan assets</b>			
Fair value of plan assets at the beginning of the year	85,64,696	91,70,639	
Expected return on plan assets	30,35,591	10,92,561	
Contributions	6,86,83,943	50,52,096	
Benefits paid	(48,64,255)	(80,81,916)	
Actuarial gain/(loss) on plan assets	2,43,158	13,31,316	
<b>Fair value of plan assets at the end of the year</b>	<b>7,56,63,133</b>	<b>85,64,696</b>	
<b>Total actuarial (gain)/loss to be recognized</b>	<b>(94,11,342)</b>	<b>17,97,899</b>	
<b>Actual return on plan assets</b>			
Expected return on plan assets	30,35,591	10,92,561	
Actuarial gain/(loss) on plan assets	2,43,158	13,31,316	
<b>Actual return on plan assets</b>	<b>32,78,749</b>	<b>24,23,877</b>	
<b>c. Amount recognized in the Balance Sheet</b>			
Present value of the obligation at the end of the year	13,89,74,104	11,86,35,385	
Fair value of plan assets at the end of the year	(7,56,63,133)	(85,64,696)	
<b>Net liability recognized in balance sheet</b>	<b>6,33,10,971</b>	<b>11,00,70,689</b>	
<b>d. Amount recognized in the statement of profit and loss</b>			
<b>As per actuarial report</b>			
Interest cost	74,63,266	81,20,552	
Current service cost	2,09,42,229	1,76,69,398	
Expected return on plan assets	(30,35,591)	(10,92,561)	
Past service cost	1,31,62,264	-	
Actuarial (gain)/loss on obligations	(94,11,342)	17,97,899	
<b>(A)</b>	<b>2,91,20,826</b>	<b>2,64,95,288</b>	
<b>As per management estimation</b>			
Provision for the year	4,94,160	26,71,585	
<b>(B)</b>	<b>4,94,160</b>	<b>26,71,585</b>	
<b>Total expense recognized in the statement of profit and loss</b>	<b>(A+B)</b>	<b>2,96,14,986</b>	<b>2,91,66,873</b>
<b>e. Reconciliation of balance sheet</b>			
<b>As per actuarial report</b>			
Present value of the obligation at the beginning of the year	11,86,35,385	9,64,86,516	
Total expense recognized in the statement of profit and loss	2,91,20,826	2,64,95,288	
Actual return on plan assets	32,78,749	24,23,877	
Benefits paid	(1,25,92,164)	(91,66,070)	
<b>(A)</b>	<b>13,84,42,796</b>	<b>11,62,39,611</b>	



Particulars		For the year ended March 31, 2018	For the year ended March 31, 2017
As per management estimation	(B)	5,31,308	23,95,774
Present value of the obligation at the end of the year	(A+B)	13,89,74,104	11,86,35,385
Less: Fair value of plan assets at the end of the year		(7,56,63,133)	(85,64,696)
Net liability		6,33,10,971	11,00,70,689

f. Bifurcation of present value of the obligation at the end of the year			
Non-current liability		13,49,97,569	11,52,08,516
Less: Fair value of plan assets at the end of the year		(7,56,63,133)	(85,64,696)
	(A)	5,93,34,436	10,66,43,820
Current liability		39,76,535	34,26,869
Less: Fair value of plan assets at the end of the year		-	-
	(B)	39,76,535	34,26,869
Total	(A+B)	6,33,10,971	11,00,70,689

B. Leave Encashment (unfunded)			
Particulars		For the year ended March 31, 2018	For the year ended March 31, 2017
a. Bifurcation of present value of the obligation at the end of the year			
Non-current liability		4,03,33,179	3,66,34,250
Current liability		62,74,516	44,28,669
Total		4,66,07,695	4,10,62,919

## 2.36 Segment reporting

### Business Segment:

The Group has three reportable segments, as described below, which are the Group's Lines of Business (LoBs). The LoBs offer different products and services, and are managed separately because the nature of products and method used to distribute the services are different.

The following summary describes the operations in each of the Group's reportable segments:

#### 1. Trading and distribution primarily comprises

- Brokerage on dealing in shares, commodities, derivatives and other securities on behalf of customers;
- Proprietary trading in shares, commodities, derivatives and other securities;
- Clearing services;
- Depository services rendered as depository participant;
- Distribution of third party financial products and
- Insurance broking services

2. Advisory services primarily comprises portfolio and wealth management, mortgage and loan advisory, real estate broking and investment banking services.

3. Financing services primarily comprises business of providing loans.

For these LoBs, the Group's Leadership Team comprising of Chairman, Vice-Chairman, Group Chief Operating Officer and Group Chief Financial Officer, reviews internal management reports. Accordingly, the Leadership Team is construed to be the Chief Operating Decision Maker (CODM).

### Geographical Segment:

The geographical segments have been identified by the location of the customers and business operations of the group and the same have been considered as secondary segments viz within India and Outside India.

Segment Information is annexed and marked as Annexure – I



- 2.37 Based on the nature of the services / activities of the company and the normal time between acquisition of assets and their realization in cash and cash equivalents, the company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.
- 2.38 Previous year's figures have been rearranged and re-grouped wherever found necessary to make comparable with those of the current year and the figures have been rounded off to the nearest rupee.

In terms of our Audit Report of even date attached

**For R Gopal & Associates**

Chartered Accountants

Firm Registration No.: 000846C



**S.K. Agarwal**  
Partner

Membership No.: 093209

Place: Kolkata

Date: May 14, 2018

**For and on behalf of the Board**



**S. C. Aggarwal**  
Chairman & Managing Director  
Din : 00003267



**Vinod Kumar Jamar**  
Group CFO



**Mahesh C. Gupta**  
Vice-Chairman & Managing Director  
Din : 00003082



**Suman Kumar**  
Company Secretary







**SMC GLOBAL SECURITIES LIMITED**  
Annexure I to Note No. 2.36 of Notes forming part of the consolidated financial statements  
Information about Segment:

Descriptions	Trading And Distribution		Advisory		Financing		Elimination		Total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
<b>I. Primary Segment-Business</b>										
<b>Revenue</b>										
External revenue	5,49,21,76,641	4,52,28,75,243	29,02,85,123	41,79,72,121	79,56,01,314	39,79,28,218	(21,32,87,728)	(17,62,45,242)	6,57,80,63,078	5,33,87,75,582
Inter segment revenue	14,72,24,642	12,89,09,668	3,70,05,026	1,07,17,685	2,90,58,060	3,66,18,489	(21,32,87,728)	(17,62,45,242)	6,57,80,63,078	5,33,87,75,582
<b>Total</b>	<b>5,63,94,01,283</b>	<b>4,65,17,84,911</b>	<b>32,72,90,149</b>	<b>42,86,89,806</b>	<b>82,46,59,374</b>	<b>43,45,46,707</b>	<b>(21,32,87,728)</b>	<b>(17,62,45,242)</b>	<b>6,57,80,63,078</b>	<b>5,33,87,75,582</b>
<b>Expenses</b>										
Stock Exchange & Other Regulatory Expenses	2,69,51,94,315	1,97,51,52,334	5,03,39,934	4,70,62,073	2,87,86,955	1,01,95,448	(3,08,16,081)	(2,44,21,074)	2,74,35,05,123	2,00,79,76,781
Employee benefits expense	1,08,43,05,547	1,04,21,70,087	23,30,95,631	23,30,95,631	4,28,45,849	2,31,33,179	-	-	1,36,24,62,574	1,29,83,98,897
Finance costs	37,87,81,722	27,54,27,378	1,92,25,028	2,42,27,793	23,48,95,838	12,59,23,605	(17,14,80,813)	(14,11,02,371)	46,14,21,775	28,45,01,405
Depreciation and amortization expense	7,70,79,295	6,29,32,070	71,24,463	82,14,199	26,06,798	24,50,443	-	-	8,68,10,556	7,35,96,712
Other expenses	80,98,20,236	79,97,36,659	14,70,94,077	14,41,50,323	7,11,60,055	5,66,27,332	(1,09,90,834)	(1,07,21,797)	1,01,70,83,534	99,97,92,517
Segment Expense	5,04,51,81,115	4,15,54,43,528	45,90,94,680	45,67,50,019	38,02,95,495	21,83,20,007	(21,32,87,728)	(17,62,45,242)	5,67,12,83,562	4,65,42,68,312
Segment Profit/(Loss) [before extraordinary item and tax]	59,42,20,168	49,63,40,783	(13,18,04,531)	(2,80,60,213)	44,43,63,879	21,62,26,700	-	-	90,67,79,516	68,45,07,270
Extra ordinary item	-	-	-	-	-	-	-	-	13,94,38,879	-
Segment Profit/(Loss) [before tax]	-	-	-	-	-	-	-	-	76,73,40,637	68,45,07,270
<b>Other information</b>										
Segment assets	11,96,01,20,171	11,53,94,98,251	30,77,91,069	46,88,75,945	5,81,31,35,896	3,64,98,12,255	-	-	18,08,10,47,136	15,65,81,86,451
Other unallocated assets	-	-	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>11,96,01,20,171</b>	<b>11,53,94,98,251</b>	<b>30,77,91,069</b>	<b>46,88,75,945</b>	<b>5,81,31,35,896</b>	<b>3,64,98,12,255</b>	<b>-</b>	<b>-</b>	<b>18,08,10,47,136</b>	<b>15,65,81,86,451</b>
Segment liabilities	9,71,93,67,150	8,51,24,22,813	9,79,31,618	11,17,56,158	2,05,32,82,637	1,23,72,02,129	-	-	11,87,05,81,405	9,86,13,81,100
Other unallocated liabilities	-	-	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>9,71,93,67,150</b>	<b>8,51,24,22,813</b>	<b>9,79,31,618</b>	<b>11,17,56,158</b>	<b>2,05,32,82,637</b>	<b>1,23,72,02,129</b>	<b>-</b>	<b>-</b>	<b>11,87,05,81,405</b>	<b>9,86,13,81,100</b>
<b>II. Secondary Segment-Geographical</b>										
<b>Revenue</b>										
External revenue	6,47,77,27,738	5,19,36,96,781	10,03,35,340	14,50,78,801	-	-	(21,32,87,728)	(17,62,45,242)	6,57,80,63,078	5,33,87,75,582
Inter segment revenue	21,32,87,728	17,62,45,242	-	-	-	-	(21,32,87,728)	(17,62,45,242)	-	-
<b>Total</b>	<b>6,69,10,15,466</b>	<b>5,36,99,42,023</b>	<b>10,03,35,340</b>	<b>14,50,78,801</b>	<b>-</b>	<b>-</b>	<b>(21,32,87,728)</b>	<b>(17,62,45,242)</b>	<b>6,57,80,63,078</b>	<b>5,33,87,75,582</b>
<b>Expenses</b>										
Stock Exchange & Other Regulatory Expenses	2,71,99,73,527	1,97,52,00,061	5,43,47,677	5,71,99,794	5,43,47,677	5,71,99,794	(3,08,16,081)	(2,44,21,074)	2,74,35,05,123	2,00,79,76,781
Employee benefits expense	1,32,65,49,239	1,24,27,25,882	3,59,13,335	5,56,73,015	3,59,13,335	5,56,73,015	-	-	1,36,24,62,574	1,29,83,98,897
Finance costs	59,78,64,400	38,75,73,067	3,90,30,709	3,80,30,709	3,90,30,709	3,80,30,709	(17,14,80,813)	(14,11,02,371)	46,14,21,775	28,45,01,405
Depreciation and amortization expense	8,17,21,027	7,00,04,287	50,89,529	35,92,425	50,89,529	35,92,425	-	-	8,68,10,556	7,35,96,712
Other expenses	97,93,20,595	98,09,14,384	4,87,53,773	1,95,99,930	4,87,53,773	1,95,99,930	(1,09,90,834)	(1,07,21,797)	1,01,70,83,534	99,97,92,517
Segment Expense	5,70,54,28,788	4,65,64,17,681	17,91,42,502	17,40,95,873	17,91,42,502	17,40,95,873	(21,32,87,728)	(17,62,45,242)	5,67,12,83,562	4,65,42,68,312
Segment Profit/(Loss) [before extraordinary item and tax]	98,55,86,678	71,35,24,442	(7,88,07,162)	(2,90,17,072)	(7,88,07,162)	(2,90,17,072)	-	-	90,67,79,516	68,45,07,270
Extra ordinary item	-	-	-	-	-	-	-	-	13,94,38,879	-
Segment Profit/(Loss) [before tax]	-	-	-	-	-	-	-	-	76,73,40,637	68,45,07,270
<b>Other information</b>										
Segment assets	16,92,01,47,343	14,63,63,41,508	1,16,08,99,793	1,02,18,44,943	-	-	-	-	18,08,10,47,136	15,65,81,86,451
Other unallocated assets	-	-	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>16,92,01,47,343</b>	<b>14,63,63,41,508</b>	<b>1,16,08,99,793</b>	<b>1,02,18,44,943</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,08,10,47,136</b>	<b>15,65,81,86,451</b>
Segment liabilities	10,83,44,59,317	9,02,45,28,152	1,03,61,22,088	83,68,52,948	-	-	-	-	11,87,05,81,405	9,86,13,81,100
Other unallocated liabilities	-	-	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>10,83,44,59,317</b>	<b>9,02,45,28,152</b>	<b>1,03,61,22,088</b>	<b>83,68,52,948</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,87,05,81,405</b>	<b>9,86,13,81,100</b>