

# 21<sup>st</sup> ANNUAL REPORT 2015-16

## COMPANY INFORMATION

### BOARD OF DIRECTORS

Mr. Arun Khera, Chairman & Managing Director  
Mrs. Raman Khera  
Mr. Rajesh Chawla  
Mrs. Sangita Jain  
Mrs. Sunayana

### Company Secretary

Ms. Priyanka Sharma

### Chief Financial Officer

Mr. Uma Singh

### Auditors

Chartered Accountants  
A. Mohan & Co.  
B-32, Kirti Nagar, New Delhi-110015

### REGISTERED OFFICE

F-88, 2<sup>nd</sup> Floor, Industrial Pocket,  
District Centre, West Delhi,  
RajaGarden, New Delhi- 110027  
CIN: L74899DL1995PLC063562

### REGISTRAR AND TRANSFER AGENT

**M/s Alankit Assignments Limited**  
**1E/13, Alankit Heights, RTA Division,**  
**Jhandewalan Extension, New Delhi-110055**

# SMART FINSEC LIMITED

Registered Office:- F-88, IIND FLOOR, INDUSTRIAL POCKET,  
DISTRICT CENTRE WEST DELHI, RAJA GARDEN, NEW DELHI-110027  
Phone:-011- 25167071, Email Id:-smartfinsec@gmail.com  
CIN:- L74899DL1995PLC063562

**Notice** is hereby given that the 21<sup>st</sup> Annual General Meeting of the Company will be held on Friday 30<sup>th</sup> September, 2016 at 9.30 A.M. at F-88, IInd Floor, Industrial Pocket, District Centre, West Delhi, Raja Garden, New Delhi-110027 to transact the following businesses:

## ORDINARY BUSINESS:-

1. To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended March 31, 2016, the reports of the Board of Directors and Auditors thereon;

2. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mrs. Raman Khera (DIN: 00055728) Director, who retires by rotation and being eligible for re-appointment, be and is hereby re-appointed as a Director of the Company”.

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

“RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with rules made thereunder, as amended from time to time, M/S A. Mohan & Co., Chartered Accountants (Firm Registration No. : 017403Nbe and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company, on such remuneration as may be fixed in this behalf by the Board of Directors of the Company”.

Place: New Delhi  
Date: 02/09/2016

*For and on behalf of the Board of Directors*  
For Smart Finsec Limited

Sd/-  
(Priyanka Sharma)  
Company Secretary

## NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (AGM) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL, IF ANY, INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM DULY COMPLETED AND SIGNED MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN FORTY EIGHT (48) HOURS BEFORE THE COMMENCEMENT OF THE AGM. BLANK ATTENDANCE SLIP, PROXY FORM AND ROUTE MAP OF THE VENUE OF THE MEETING IS ATTACHED.**

) A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than (10%) ten percent of the total share capital of the Company. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

2. The Register of Members and Share Transfer Books of the Company will remain close from Monday, September 26, 2016 to September 30, 2016 (both days inclusive).

3. Shareholders seeking any information with regard to accounts are requested to write to the Company at least 10 days before the meeting so as to enable the management to keep the information ready.

#### **4. Members are requested to:**

- a. note that copies will not be distributed at the AGM and they will have to bring their copies of Annual Report;
- b. bring the Attendance Slip at the venue duly filled-in and signed for attending the meeting, as entry to venue of AGM will be strictly on the basis of the Entry Slip, which will be available at the meeting venue;
- c. quote their Folio / Client ID & DP ID Nos. in all correspondence with the Company / R&TA;
- d. Note that no gifts / coupons will be distributed at the AGM.

5. Members who hold shares in physical are requested to notify immediately the change of their address and bank particulars to the R & T Agent of the Company. In case shares held in dematerialized form, the information regarding change of address and bank particulars should be given to their respective Depository Participant.

6. Members desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 72 of the Companies Act, 2013, are requested to write to R & T Agent of the Company in Form SH-13 as prescribed in the Companies (Share Capital and Debentures) Rules, 2014. Blank Nomination form is available at the registered office of the company. In case of shares held in dematerialized form, the nomination form has to be lodged directly with the respective Depository Participant (DP)

#### 7. Process and manner for members opting for voting through Electronic means:

- i. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, Regulation 44 of SEBI (LODR) Regulation, 2015 and Secretarial Standards on General Meeting issued by ICSI, the Company is pleased to offer the facility of voting through electronic means and the business set out in the Notice above may be transacted through such electronic voting. The facility of voting through electronic means is provided through the e-voting platform of National Securities Depository Limited ("remote e voting"). Those Shareholders who do not opt to cast their vote through e-voting, may opt their ballot process at the AGM.
- ii. Members whose names are recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the Cut-off date i.e. September 23, 2016, shall be entitled to avail the facility of remote e-voting as well as voting at the AGM. Any recipient of the Notice, who has no voting rights as on the Cut-off date, shall treat this Notice as intimation only.
- iii. A person who has acquired the shares and has become a member of the Company after the dispatch of the Notice of the AGM and prior to the Cut-off date i.e. September 23, 2016, shall be entitled to exercise his/her vote either electronically i.e. remote e-voting or through the Poll Paper at the AGM by following the procedure mentioned in this part.
- iv. The remote e-voting will commence on Tuesday, September 27, 2016 at 9.00 a.m. and will end on Thursday, September 29, 2016 at 5.00 p.m. During this period, the members of the Company holding shares either in physical form or in demat form

as on the Cut-off date i.e. September 23, 2016, may cast their vote electronically. The members will not be able to cast their vote electronically beyond the date and time mentioned above and the remote e-voting module shall be disabled for voting by NSDL thereafter.

- v. Once the vote on a resolution is cast by the member, he/she shall not be allowed to change it subsequently or cast the vote again.
- vi. The facility for voting through Poll Paper would be made available at the AGM and the members attending the meeting who have not already cast their votes by remote e-voting shall be able to exercise their right at the meeting through Poll Paper. The members who have already cast their vote by remote e-voting prior to the meeting, may also attend the meeting, but shall not be entitled to cast their vote again.
- vii. The voting rights of the members shall be in proportion to their share in the paid up equity share capital of the Company as on the Cut-off date i.e. September 23, 2016.
- viii. The Company has appointed CS Pawan Kumar Mishra, Practicing Company Secretary (Membership No. FCS: 4305; CP No: 16222), to act as the Scrutinizer for conducting the remote e-voting process in a fair and transparent manner.
- ix. The procedure and instructions for remote e-voting are, as follows:

The procedure to login to e-Voting website is given below:

1. Open the attached PDF file “**e-Voting.pdf**” giving your Client ID (in case you are holding shares in demat mode) or Folio No. (In case you are holding shares in physical mode) as password, which contains your “User ID” and “Password for e-voting”. Please note that the password is an initial password. You will not receive this PDF file if you are already registered with NSDL for e-voting
2. Launch internet browser by typing the URL <https://www.evoting.nsdl.com/>
3. Click on “Shareholder - Login”.
4. Put User ID and password as initial password noted in step (1) above and Click Login. If you are already registered with NSDL for e-voting then you can use your existing user ID and password. If you forgot your password, you can reset your password by using “Forgot User Details/Password” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com)
5. Password Change Menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof.
6. Home page of remote “e-Voting” opens. Click on e-Voting: Active Voting Cycles.
7. Select “EVEN” of (**Smart Finsec Ltd.**) Members can cast their vote online from **September27, 2016 (9:00 am)**till **September29, 2016(5:00 pm)**.  
**Note: e-Voting shall not be allowed beyond said time.**
8. Now you are ready for “e-Voting” as “Cast Vote” page opens.
9. Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm”, when prompted.
10. Institutional shareholders (i.e., other than Individuals, HUF, NRI etc.) are also required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority Letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail ([pkmishra59@yahoo.com](mailto:pkmishra59@yahoo.com)) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

Please note the following:

A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.

A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of ballot paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith

Other information:

- Login to e-voting website will be disabled upon five unsuccessful attempts to key-in the correct password. In such an event, you will need to go through 'Forgot Password' option available on the site to reset the same.
- Your login id and password can be used by you exclusively for e-voting on the resolutions placed by the companies in which you are the shareholder.
- It is strongly recommended not to share your password with any other person and take utmost care to keep it confidential.
- Please note that if you have opened 3-in-1 account with ICICI Group i.e. bank account and demat account with ICICI Bank Limited and trading account with ICICI Securities Limited, you can access e-Voting website of NSDL through their website viz.; [www.icicidirect.com](http://www.icicidirect.com) for the purpose of casting your votes electronically by using your existing user ID and password used for accessing the website [www.icicidirect.com](http://www.icicidirect.com). Please note that in case you are not able to login through the ICICI direct website, you can also access the e-Voting system of NSDL by using your existing user ID and password for the evoting system of NSDL.

In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the Downloads sections of <https://www.evoting.nsdl.com> or contact NSDL at the following toll free no.: 1800-222-990.

### **Contact Details**

Company	SMART FINSEC LIMITED Registered Office:- F-88, IIND FLOOR, INDUSTRIAL POCKET,DISTRICT CENTRE WEST DELHI, RAJA GARDEN , NEW DELHI-110027 CIN:- L74899DL1995PLC063562 Phone:-011- 25167071 Email Id:-smartfinsec@gmail.com  55
Registrar and : Transfer Agent	Alankit Assignments Limited

	Alankit House, 2E/21, Jhandewalan Extension New Delhi-110055
e-Voting Agency	National Securities Depository Limited Trade World - A Wing, 4 <sup>th</sup> Floor Kamala Mills Compound , Lower Parel Mumbai – 400013
Scrutinizer	CS Pawan Kumar Mishra P. K. Mishra & Associates Practicing Company Secretary E-mail ID : pkmishra59@yahoo.com

Place: New Delhi  
Date: 02/09/2016

*For and on behalf of the Board of Directors*  
For Smart Finsec Limited

Sd/-  
(Priyanka Sharma)  
Company Secretary

# SMART FINSEC LIMITED

Registered Office:- F-88, IIND FLOOR, INDUSTRIAL POCKET,  
DISTRICT CENTRE WEST DELHI, RAJA GARDEN, NEW DELHI-110027  
Phone:-011- 25167071, Email Id:-smartfinsec@gmail.com  
CIN:- L74899DL1995PLC063562

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the 21<sup>st</sup> Annual Report along with the Audited Financial Statements of your Company for the Financial Year ended on March 31, 2016.

### Financial Performance:

The summarized financial highlight is depicted below:

FINANCIAL RESULTS	For the Year Ended	
	31.03.2016	31.03.2015
Income from operations:	Rs.1649862	Rs.7364053
Other Income	Rs.1500000	Rs.1508174
Depreciation :	Rs.588114	Rs.34856
Profit/(Loss) before Tax :	Rs.-1916306	Rs.774058
Profit/(Loss) after Tax :	Rs. -785498	Rs. 816929

There are no material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of this report.

### Extract of Annual Return:

The details forming part of the extract of the Annual Return in Form MGT-9, is annexed to this Report as Annexure-A.

### NUMBER OF BOARD MEETINGS

Nine meetings of the Board of Directors of your Company were held during the year under review.

### Directors' Responsibility Statement:

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, state the following:

- that in the preparation of the annual financial statements, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- that such accounting policies have been selected and applied consistently and judgment and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2016 and of the profit of the Company for the year ended on that date;

- c. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. that the annual financial statements have been prepared on a going concern basis;
- e. that proper internal financial controls were in place and that the financial control were adequate and were operating effectively;
- f. that proper systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

#### Independent Directors' Meeting:

The Independent Directors met on March 31, 2016, without the attendance of Non-Independent Directors and members of the Management. The Independent Directors reviewed the performance of non-independent directors and the Board as a whole; the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors and assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

#### Directors:-

During the year Mr.Sanjeev Soni, Director of the Company resigned from the Board of the Company w.e.f. 14/08/2016. The Board expresses its gratitude for their valuable contribution.

At the previous Annual General Meeting of the Company held on 30<sup>th</sup> day of September, 2015 the Company had appointed the existing Directors Mrs. Sangita Jain & Mrs. Sunayana as an Independent Director of the Company, Mr. ArunKhera as Managing Director of the Company and Mrs. Raman Khera& Rajesh Chawla as Director of the Company.

All the Independent Director have given declaration that they have meet the criteria of Independence as laid down under Section 149(6) of the Companies Act, 2013 and other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

#### **KEY MANAGERIAL PERSONNEL**

The following persons are Whole-Time Key Managerial Personnel ('KMP') of the Company in terms of provisions of Section 203 of the Companies Act, 2013:

- a. Mr. ArunKhera – Chairman and Managing Director
- b. Mr. Umesh Chandra Joshi– Chief Financial Officer\*
- c. Mr. Uma Singh– Chief Financial Officer\*\*
- d. Ms. Priyanka Sharma -Company Secretary

\*resigned w.e.f. 22<sup>nd</sup> August, 2016

\*\*Appointedw.e.f. 02<sup>nd</sup>September , 2016

#### DEPOSITS:

No disclosure or reporting is required in respect of deposits covered under Chapter V and other applicable provisions of the Companies Act, 2013, as there were no transactions in respect of the same during the year under review.

#### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS U/S 186**

The Company has not made any investments in securities of other body corporate(s) during the financial year 2015-16



## **CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

All related party transactions are in ordinary course of business and at arm's length, which are not material in nature. All related party transactions are with the approval of the Audit Committee and periodically placed before the Board for review.

The prescribed Form AOC-2 is enclosed as Annexure – B, and forms part of this Report. Your directors draw attention of members to Note 24 to the standalone financial statements which sets out related party disclosures.

## **BUSINESS PROSPECTS:-**

The Directors are making very hard and sincerely efforts to revive the business of the Company and are happy to inform that the company will do the business of loans and advances, acquisition and underwrite of shares/stock/bonds/debentures/securities issued by government or local authority or other securities of like marketable nature, leasing, hire-purchase, providing consultancies and assistance of conversion of share & debenture and to act as share transfer agent, managers to public issues, chit business, to hold, build, contract, establish, own, sell, buy, possess, deal, maintain and manage, construct, let or sublet on rent, erect, allot, develop, collaborate, patent, copyright, buy and sell on lease, exchange or otherwise acquire, hire purchase, finance, develop all rights in respect of free and leasehold properties, land, houses, rest houses.

## **TRANSFER TO RESERVES**

Your Company proposes not to transfer any amount to the General Reserve. The Company has Loss of Rs. -7.85 Lacs.

## **DIVIDEND :-**

Directors have not declared any dividend during the year under review due to inadequate of Profit.

## **MATERIAL CHANGES AND COMMITMENTS**

Your Company has issued 1,50,000 Non Convertible Cumulative Redeemable Preference Shares of Rs. 100/- each as on 21-03-2016 to Mr. Arun Khera, Promoter of Company.

## **Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo:**

The information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is enclosed as Annexure - E, and forms part of this Report.

## **RISK MANAGEMENT**

There is a continuous process of identifying / managing risks through a Risk Management Process. The measures used in managing the risks are also reviewed. The risks identified by the Company broadly fall in the category of operational risk, regulatory risk, financial & accounting risk & foreign currency related risks. The risk management process consists of risk identification, risk assessment, risk monitoring & risk mitigation. During the year, measures were taken for minimization of risks and the Board was informed from time to time. In the opinion of the Board, none of the said risks which have been identified may threaten the existence of the Company.

## **Corporate Social Responsibility Policy**

The Company does not fall under Section 135, of Company Act, 2013.

## **SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES**

The Company does not have any Subsidiary or an associate company within the meaning of Section 2(87) and 2(6) of the Companies Act, 2013 ("Act") respectively, as on March 31, 2016.

## **Board Evaluation:**

The Board adopted a formal mechanism for evaluating its performance and as well as that of its Committees and individual Directors, including the Chairman of the Board. The exercise was carried out through a structured evaluation process covering various aspects of the Boards functioning such as composition of the Board & committees, experience & competencies, performance of specific duties & obligations, contribution at the meetings and otherwise, independent judgment, governance issues etc.

### **Auditors & Auditors' Report:**

M/s. A. Mohan & Co., Chartered Accountants (Firm Registration No.: 017403N, the Statutory Auditors of the Company, will retire at the conclusion of the ensuing Annual General Meeting (AGM) and are eligible for re-appointment. Your Company has received letter from M/s. A. Mohan & Co., Chartered Accountants, to the effect that their appointment, if made, would be within the prescribed limits under Section 141 of the Companies Act, 2013 read with rules made thereunder and that they are not disqualified for such appointment.

Directors recommend the re-appointment of M/s. A. Mohan & Co., Chartered Accountants, as Statutory Auditors of the Company to hold office from the conclusion of this AGM and authorize the Board to fix their remuneration. Notes to the financial statements referred in the Auditors Report are self-explanatory and therefore do not call for any comments under Section 134 of the Companies Act, 2013.

### **Secretarial Audit Report:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the rules made thereunder, your Company had appointed Mr. Pawan Kumar Mishra, Practicing Company Secretary to undertake the Secretarial Audit of the Company. The Secretarial Audit Report for financial year 2015-16 is annexed, which forms part of this report as **Annexure-C**. There were no qualifications, reservation or adverse remarks in the Secretarial Audit Report of the Company.

### **Particulars of Employees:**

The information required under Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in separate annexure forming part of this Report as **Annexure-D**

The statement containing particulars of employees as required under Section 197 of the Companies Act, 2013 read with rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, will be provided upon request. In terms of Section 136 of the Companies Act, 2013, the Report and Accounts are being sent to the members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the members at the Registered Office of the Company during business hours on working days of the Company. If any member is interested in obtaining a copy thereof, such member may write to the Company Secretary in this regard.

### **Committees of Board**

Detail of Committees constituted by the board of Directors as per the provision of Company Act 2013 are given in Annexure- F

### **DISCLOSURE REQUIREMENTS**

1. Policy on materiality of related party transactions and dealing with related party transactions is available on the website of the Company.
2. The Company has formulated and published a Whistle Blower Policy to provide Vigil Mechanism for employees including directors of the Company to report genuine concerns, which is available on Company's website <http://www.smartfinsec.com/>. The provisions of this policy are in line with the provisions of Section 177(9) of the Companies Act, 2013 and the Regulation 22 of the SEBI (Listing Obligation and Disclosures Requirements) Regulation, 2015.
3. There were no significant or material orders passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
4. During the year under review, there were no cases reported under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

### **ACKNOWLEDGEMENT**

The Directors wish to acknowledge and thank the Central and State Governments and all regulatory bodies for their continued support and guidance. The Directors thank the shareholders, customers, business associates, Financial Institutions and Banks for the faith reposed in the Company and its management.

The Directors place on record their deep appreciation of the dedication and commitment of your Company's employees at all levels and look forward to their continued support in the future as well.

**Place : New Delhi**  
**Date : 02.09.2016**

**For on behalf of the Board**

**Sd/-**  
**Arun Khera**  
**Managing Director**

**Annexure - A to the Directors' Report  
Form No. MGT-9**

EXTRACT OF ANNUAL RETURN as on the financial year ended on March 31, 2016

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

**I. REGISTRATION AND OTHER DETAILS:**

- i) CIN: - : L74899DL1995PLC063562
- ii) Registration Date : May 2, 1995
- iii) Name of the Company : Smart Finsec Limited
- iv) Category/Sub-Category of the : Shares
- v) Address of the Registered office and: F-88, 11<sup>th</sup> Floor, Industrial  
Raja Garden, New Delhi-110027  
Contact -028161627/25
- vi) Whether listed company : Yes
- vii) Name, Address and Contact details of : Alankit Assignments Limited  
Registrar and Transfer Agent, if any : RTA Division, Jhandewalan  
New Delhi-110055,  
Phone No - 011-42541234 / 23451234

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated: -

S.No.	Name and Description of main products/ services	NIC Code of the Product/ service	% total turnover of the company
1	Whole income Generate from Sale of Bonds, Rent Received & Interest Income.	8030, 8049	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES : N.A**

**SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity as on March 31, 2016)**

**IV**

Category of Shareholders	No. of Shares held at the beginning of the year	No. of Shares held at the end of the year	% c h a n g e
	12		



C) Cenntralgovt	--	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-	-
g) FIIS	-	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL (B)(1):</b>	-	-	-	-	-	-	-	-	-	-
<b>(2) Non Institutions</b>										
a) Bodies corporates	-	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-	-
b) Individuals										
i) Individual shareholders holding nominal share capital upto Rs.2 lakhs	3867	180000	183867	6.13	3867	180000	183867	6.13	-	-
ii) Individuals shareholders holding nominal share capital in excess of Rs. 2 lakhs	791295	791295	791295	26.38	791295	791295	791295	26.38	-	-
c) Others (specify)	538	7300	7838	.26	538	7300	7838	.26	-	-
<b>SUB TOTAL (B)(2):</b>	795700	187300	983000	32.77	1600	983000	983000	32.77	-	-
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	795700	187300	983000	32.77	1600	983000	983000	32.77	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	2812700	3000000	3000000	100	1834500	3000000	3000000	100	-	-

## B) SHARE HOLDING OF PROMOTERS

Shareholders Name	Shareholding at the beginning of the year	Shareholding at the end of the year	% change in share holding during the year

	NO of shares	% of total shares of the company	% of shares pledged encumbered to total shares	NO of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
Jatinder Kumar Khera	418000	13.94	Nil	418000	13.94	Nil	Nil
SachitKhera	142700	4.76	Nil	142700	4.76	Nil	Nil
SunainaKhera	135700	4.52	Nil	135700	4.52	Nil	Nil
ArunKhera	377000	12.57	Nil	377000	12.57	Nil	Nil
ArunKhera HUF	372500	12.41	Nil	372500	12.41	Nil	Nil
Raman Khera	393800	13.12	Nil	393800	13.12	Nil	Nil
VimmiSachdev	177200	5.91	Nil	177200	5.91	Nil	Nil
Total	2017000	67.23	Nil	2017000	67.23	Nil	Nil

**C) CHANGE IN PROMOTERS' SHAREHOLDING ( SPECIFY IF THERE IS NO CHANGE)**

	Share holding at the beginning of the Year		Cumulative Share holding during the year	
	No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
At the beginning of the year	No Change during the year	-	-	-
Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweatequityetc)				
At the end of the year				
As on 21.03.2015 1,50,000 Non Convertible Cumulative Preference Shares at RS. 100/- each Alloted to Mr. ArunKhera, promoter of Company.	-	-	15000	4.76

**D) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)**

S. No.	Name of shareholder	Shareholding at the beginning of Year		Change in Shareholding		Shareholding at the End of Year	
		No. Of Shares	% of total shares of Company	Decrease <sup>15</sup>	Increase	No. Of Shares	% of total shares of Company
1	Upasana Gupta	128300	4.28	-	-	128300	4.28

2	PramodArora	128000	4.27	-	-	128000	4.27
3	AshaGambhir	113500	3.78	-	-	113500	3.78
4	SanjeevSethi	107200	3.57	-	-	107200	3.57
5	JogeshSachdev	93700	3.12	-	-	93700	3.12
6	Puja Sachdev	81500	2.72	-	-	81500	2.72
7	PremBabuTripathi	71700	2.39	605	-	71095	2.37
8	SubhashGambhir	68000	2.27	-	-	68000	2.27
9	GauravTandon	6800	0.23	-	-	6800	.23
10	Rajiv	4500	.15	-	-	4500	.23

#### E) Shareholding of Directors & KMP

S. No.	Name of shareholder	Shareholding at the beginning of Year		Change in Shareholding no of years		Shareholding at the End of Year	
		No. Of Shares	% of total shares of Company	Decrease	Increase	No. Of Shares	% of total shares of Company
1	ArunKhera	377000	12.57	-	-	377000	12.57
2	Raman Khera	393800	13.12	-	-	393800	13.12
3	Rajesh Chawla	-	-	-	-	-	-
4	Sangita Jain	-	-	-	-	-	-
5	sunayana	-	-	-	-	-	-
	<b>KMP</b>						
1	Priyanka Sharma	-	-	-	-	-	-
2	Umesh Chandra Joshi	-	-	-	-	-	-

#### v) INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	-	-	-
<b>Change in Indebtedness during the financial year</b>				
* Addition	-	-	-	-
* Reduction	-	-	-	-
<b>Net Change</b>			-	-
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	- 16	-	-



## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		ArunKhera ( Managing Director)	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	96,000	96,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	3,01,342	301342
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	NIL NIL	NIL
2	Stock Option	NIL	
3	Sweat Equity	NIL	
4	Commission as % of profit others, specify...	NIL	NIL
5	Others, please specify	NIL	NIL
	Total (A)	3,97,342	3,97,342
	Ceiling as per the Act		30,00,000

### B. Remuneration to other directors

SN.	Particulars of Remuneration	Name of Directors		Total Amount
		<b>Sangita Jain</b>	<b>Sunayana</b>	
1	Independent Directors	N.A.	N.A.	N.A.
	Fee for attending board committee meetings	N.A.	N.A.	N.A.
	Commission	N.A.	N.A.	N.A.
	Others, please specify	N.A.	N.A.	N.A.
	Total (1)	N.A.	N.A.	N.A.
2	Other Non-Executive Directors	<b>Raman Khera</b>	<b>Rajesh Chawla</b>	-
	Fee for attending board committee meetings	N.A.	N.A.	17

	Commission	N.A.	N.A.	N.A.
	Others, please specify	N.A.	N.A.	N.A.
	Total (2)	N.A.	N.A.	N.A.
	Total (B)=(1+2)	N.A.	N.A.	N.A.
	Total Managerial Remuneration	N.A.	N.A.	N.A.
	Overall Ceiling as per the Act	N.A.	N.A.	N.A.

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary	N.A.			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	N.A.	271121	440000	7,11,121
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	N.A.	N.A.	N.A.	N.A.
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	N.A.	N.A.	N.A.	N.A.
2	Stock Option	N.A.	N.A.	N.A.	N.A.
3	Sweat Equity	N.A.	N.A.	N.A.	N.A.
4	Commission	N.A.	N.A.	N.A.	N.A.
	- as % of profit	N.A.	N.A.	N.A.	N.A.
	others, specify...	N.A.	N.A.	N.A.	N.A.
5	Others, please specify	N.A.	N.A.	N.A.	N.A.
	Total	N.A.	2,71,121	4,40,000	7,11,121

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	N.A.	N.A.	N.A.	N.A.	N.A.
Punishment	N.A.	N.A.	N.A.	N.A.	N.A.
Compounding	N.A.	N.A.	N.A.	N.A.	N.A.
<b>B. DIRECTORS</b>					
Penalty	N.A.	N.A.	N.A.	N.A.	N.A.
Punishment	N.A.	N.A.	N.A.	N.A.	N.A.

Compounding	N.A.	N.A.	N.A.	N.A.	N.A.
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	N.A.	N.A.	N.A.	N.A.	N.A.
Punishment	N.A.	N.A.	N.A.	N.A.	N.A.
Compounding	N.A.	N.A.	N.A.	N.A.	N.A.

**Place : New Delhi**  
**Date : 02.09.2016**

**For on behalf of the Board**  
**Sd/-**  
**Arun Khara**  
**Chairman & Managing Director**  
**(DIN.: 00055694)**

Annexure -B

**Form No. AOC-2**

**(Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis:

- (a) Name(s) of the related party and nature of relationship: **SMART EQUITY BROKERS PVT. LTD., (A Pvt. Company in which Directorsare Members.)**
- (b) Nature of contracts/arrangements/transactions: **Brokerage Paid**
- (c) Duration of the contracts / arrangements/transactions: **One Year**
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: **21314/-**
- (e) Justification for entering into such contracts or arrangements or transactions:
- (f) Date(s) of approval by the Board: -
- (g) Amount paid as advances, if any: Nil
- (h) Date on which the OrdinaryResolution was passed in general meeting as required under first proviso to section 188:

2. Details of \*'material contracts or arrangement or transactions' at arm's length basis: NIL

- (a) Name(s) of the related party and nature of relationship:N.A.
- (b) Nature of contracts/arrangements/transactions:N.A.
- (c) Duration of the contracts / arrangements/transactions:N.A.
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any:N.A.
- (e) Date(s) of approval by the Board, if any:N.A.
- (f) Amount paid as advances, if any:N.A.

\*Definition of term 'material contracts or arrangement or transactions' is taken as per regulation 23 of the SEBI ( Listing Obligations and Disclosure Requirements) Regulation, 2015 with stock exchanges

**Place : New Delhi**  
**Date : 02.09.2016**

**For on behalf of the Board**  
**Sd/-**  
**Arun Khera**  
**Chairman & Managing Director**  
**(DIN.: 00055694)**



*PK MISHRA & Associates*  
*Company Secretaries*

Annexure -C

Form No. MR-3

SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016

(Pursuant to Section 204(1) of the Companies Act, 2013 and Rule no.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014)

To,

The Members,  
Smart Finsec Limited,  
F-88, IIInd Floor, Industrial Pocket,  
District Centre, West Delhi,  
Raja Garden,  
New Delhi-110027

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practice by Smart Finsec Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the company has, during the audit period covering the Financial Year ended on March 31, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Smart Finsec Limited ("the Company") for the Financial Year ended on March 31, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company: -

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital Disclosure Requirements) Regulations, 2009;  
(Not applicable to the company during the Audit period)
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefit) Regulations, 2014 (as amended up to date);  
(Not applicable to the company during the Audit period)
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;  
(Not applicable to the company during the Audit period)
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.  
(Not applicable to the company during the Audit period)
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;  
(Not applicable to the company during the Audit period)
  - (i) The company has complied with the requirements under the Equity Listing Agreements entered with the Bombay Stock Exchange Limited (BSE).
  - (j) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
  - (k) The Memorandum and Articles of Association.
- (vi) OTHER APPLICABLE ACTS,
- (a) Income Tax Act, 1961 and Indirect Tax Laws.

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

- i) Secretarial Standards issued by the Institute of Company Secretaries of India (SS-1 and SS-2) w.e.f. 01.07.2015.
- ii) The Listing Agreements entered into by the Company with the Bombay Stock Exchange Limited.

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

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda items were sent at least seven days in advance, and system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decisions are carried through while the dissenting members' views are captured and recorded as part of the minutes.

The Company has obtained all necessary approvals under the various provisions of the Act; and there was no prosecution initiated and no fines or penalties were imposed during the year under review under the Act, SEBI Act, SCRA, Depositories Act, Listing Agreement and Rules and Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the period, there were no instances of:

- (i) Public / Rights / Preferential Issue of Shares / Debentures / Sweet Equity (except 1,50,000 Non-Convertible Cumulative Redeemable Preference shares of Rs.100/- had been issued to one of the promoter on 21.03.2016 in first tranches).
- (ii) Redemption / buy-back of securities.
- (iii) Merger / amalgamation /reconstruction etc.
- (iv) Foreign technical collaboration.

FOR P.K. MISHRA & ASSOCIATES  
COMPANY SECRETARIES

Place: New Delhi  
Date: 02/09/2016

Sd/-  
PAWAN KUMAR MISHRA  
PROPRIETOR  
Membership No.FCS-4305  
COP No.16222

## Annexure - D to the Directors' Report

Information pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

**i) The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2015-16 and the percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary in the financial year 2014-15:**

Requirement of Rule 5 (1)	Details			
i) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;	ArunKhera – N.A Raman Khera – N.A SanjeevSoni – N.A. Sangita Jain – N.A. Sunayana – N.A.			
ii) the percentage increase in remuneration of each director, CFO, CEO, CS or Manager, if any, in the financial year	ArunKhera – N.A Raman Khera – N.A Sangita Jain – N.A. Sunayana – N.A. Priyanka Sharma – N.A Uma Singh – N.A			
iii) the percentage increase in the median remuneration of employees in the financial year;	NIL			
iv) the number of permanent employees on the rolls of th company	No Employee as on 10.12.2015			
v) the explanation on the relationship between average increase in remuneration and company performance;	Nil			
vi) comparison of the remuneration of the Key Mangerial Personnel against the performance of the Company;	Aggregate remuneration of Key Managerial Personnel (KMP) in FY 2015-16.			1108463
	Revenue			11157518
	Remuneration of KMPs (as % of revenue)			9.93%
	Profit before Tax (PBT)			-1916306
	Remuneration of KMP (as % of PBT)			Nil
vii) a. Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year	Particulars	March 31, 2016	March 31, 2015	%Change
	Market Capitalization (Rs. Crore)	90.00	60.00	Nil
	Price Earnings Ratio	-115.38	37.03	(78.35) Decrease



viii)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:	There was no increase in the salaries of employees other than the managerial personnel during the FY 2015-16 over FY 2014-15. There was no increase in managerial remuneration in the financial year 2015-16.			
ix)	Comparison of each remuneration of the Key Managerial Personnel against the performance of the Company		<b>ArunKhera</b>	<b>Umesh Chandra Joshi</b>	<b>Priyanka Sharma</b>
		Remuneration in FY 16	397342	440000	271121
		Revenue	11157518	11157518	11157518
		Remuneration (as % of Revenue)	3.56%	3.94%	2.42%
		Profit before Tax (PBT) (Rs. Lacs)	-1916306	-1916306	-1916306
	Remuneration (as % of PBT)				
x)	The key parameters for any variable component of remuneration availed by the directors	All employees including Managing Director and Whole Time Director's entitlement to incentive has a variable component which is based on the individual's performance and Company's financial performance.			
xi)	The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;	Not Applicable			
xii)	Affirmation that the remuneration	Remuneration paid during the year ended March 31, 2016 is as per the Remuneration Policy of the Company			

is as per the remuneration policy of the company	
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**Place : New Delhi**  
**Date : 02.09.2016**

**For on behalf of the Board**  
**Sd/-**  
**Arun Khera**  
**Chairman & Managing Director**  
**(DIN.: 00055694)**

## **ANNEXURE -E**

Information regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo pursuant to Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of Directors' Report.

### **A. CONSERVATION OF ENERGY**

Energy conservation is a very important part of energy planning and its management. This not only saves energy resources for future but also avoids wasteful utilization of energy. Energy conservation initiatives provide solution to the energy crisis, environmental degradation and pollution.

New energy initiatives give greater reliance on non-exhaustible and non-conventional resources of energy in order to conserve exhaustible & conventional resources like coal, petroleum, natural gas etc. Another aspect of energy conservation is to give greater importance on reduction in consumption of energy.

This can be achieved by inculcating change in the individual habits and adoption of latest technology available in vogue. There is a growing gap between supply and demand of electrical power. Needless to say the use of fossil fuels is accompanied with severe and several environmental damages. Due to the liberalization measures of the Government of India, the industrial sector is rapidly growing, thus increasing the energy demand enormously.

In the short run, the only solution to the growing energy deficit is to facilitate good energy saving measures through conservation of power, fuel and water. As industries are the major gutters/ consumers of these resources, the onus should lie on the industrial sector to limit & minimize its demand for energy. The need of the hour is to conserve and preserve the energy resources for future of the mankind.

Your Company is not covered in the Schedule of Industries under rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, requiring furnishing of information relating to conservation of energy. However realizing its importance, the Company has launched a concerted drive for conserving energy. Replacement of worn out wires, control of idle running of engines, and plugging of leakage were some of the measures taken. Besides the measures already taken, efforts are continuing to examine and implement fresh proposals for further conservation of energy. Positive impact of measures already taken has been observed on the costs.

### **B. TECHNOLOGY ABSORPTION**

The Company is NBFC so Technology Absorption has not been applicable here.

### **C.. FOREIGN EXCHANGE EARNINGS AND OUTGO**

The Company has not earned any income in foreign exchange nor incurred any expenditure in foreign currency during the year under review.

## Annexure-F

### AUDIT COMMITTEE

The Audit Committee of the Company consists of Mr. SanjeevSoni, Chairman, Ms. Sunayana , Mr. ArunKhera as members. The Board of Directors of your Company has revised its terms of reference to make it in line with the requirements of Section 177 of the Companies Act, 2013 .

All the members of Audit Committee are independent directors except Mr. ArunKhera, who is Managing Director of the Company.

The terms of reference of the Audit Committee cover all areas mentioned under Clause 49(III) of the listing agreement with the stock exchanges and Section 177 of the Companies Act, 2013. The broad terms of reference of the Audit Committee, as on March 31, 2016, include, inter-alia, systematic review of accounting policies & practices, financial reporting process, adequacy of internal control systems and internal audit function, quarterly/half-yearly financial statements. It also recommends appointment of Statutory Auditors, Internal Auditors, Cost Auditors, Secretarial Auditors and fixation of their audit fees.

Representatives of Statutory Auditors attend the Audit Committee Meetings on invitation.

During the year April 01, 2015 to March 31, 2016, Audit Committee meetings have taken place on May 28, 2015, August 11, 2015, November04, 2015, February 10, 2016.

The attendance of each director at these meetings was as under:

S.No.	Name	No. of meeting during the year	No. of meeting attended
1	ArunKhera	4	4
2	SanjeevSoni	4	4
3	Sunayana	4	4

The composition and terms of reference of the Audit Committee are inconformity with the Listing Agreement and the Companies Act, 2013.

The minutes of the meetings of the Audit Committee are placed before the Board for its information.

### 4. NOMINATION AND REMUNERATION COMMITTEE

The Board of Directors of your Company has renamed and reconstituted its existing ' Remuneration Committee' as 'Nomination and Remuneration Committee' and have also revised its terms of reference to make it in line with the requirements of Section 178 of the Companies Act, 2013 and clause 49 of the listing agreement. At present, the 'Nomination and Remuneration Committee' comprised of Mr. SanjeevSoni, as Chairman, Mrs. Sangita Jain, Mrs. Sunayana, as members of the Committee.

#### Terms of Reference

The terms of reference of the Nomination and Remuneration Committee cover all areas mentioned under Clause 49(IV) of the listing agreement with the stock exchanges and Section 178 of the Companies Act, 2013. The broad terms of reference of the Nomination and Remuneration Committee inter-alia include recommending a policy relating to remuneration of directors and senior management personnel, formulation of criteria and identify persons who may be appointed as directors or senior management of the Company, Board diversity and any other matters which the Board of Directors may direct from time to time. During the year April 01, 2015 to March 31, 2015, One (1) 'Nomination and Remuneration Committee' meetings have taken place on February 14, 2015.

The attendance of each director at these meetings was as under:

S.No.	Name	No. of meeting during the year	No. of meeting attended
1	Mr. SanjeevSoni	1	1
2	Mrs. Sangita Jain	1	1
3	Mrs. Sunayana	1	1

The Remuneration Policy recommended by the Nomination and Remuneration Committee has been accepted by the Board of Directors. The Remuneration policy is enclosed as Annexure - D to the Directors Report.

During the year under review, there was no pecuniary relationship or transactions of the non-executive directors vis-à-vis the Company. Both Executive and Non- Executive Directors were paid remuneration only by way of sitting fees for attending the meetings of Board of Directors and Committees thereof.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### **Forward-Looking Statements**

Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

#### **1. Global Economy**

The global economy is still under stress for gaining momentum as many high-income countries continue to grapple with the past impacts of the global financial crisis. Emerging economies continue to remain as less vibrant than in the past. After rising slightly in 2014, to 2.6 percent, world GDP will grow by an estimated 3.0 percent in 2015 and 3.3 percent in 2016, supported by gradual recovery in high-income countries, low oil prices, and receding domestic headwinds in developing countries. Developing economies are projected to see a rise in growth from 4.4 percent in 2014 to 4.8 percent and 5.3 percent in 2015 and 2016 respectively.

(source: [www.worldbank.org](http://www.worldbank.org))

#### **2. Indian Economy**

After years of diminutive growth the reform momentum has picked up in India. Inflation has declined by over 6 percentage points since late 2013, and the current account deficit has shrunk from a peak of 6.7 percent of GDP (in Q3, 2012-13) to an estimated 1.0 percent in the coming fiscal year. Going ahead it is widely expected that a further momentum to growth will be provided by declining oil prices and increasing monetary easing facilitated by ongoing moderation in inflation. Simulating the effects of tax cuts, declining oil prices will add spending power to households, thereby boosting consumption and growth. Oil is also a significant input in production and declining prices will shore up profit margins and hence balance sheets of the corporate sector.

(source: <http://pib.nic.in/>)

#### **3 Risks and Concerns**

Financing industry has recently witnessed intense competition, falling lease rent and the entry of several big players. The Company continues to achieve cost efficiencies through the application of technology. However with the availability of financial resources, we are hopeful that the said Company will be able to take the opportunities of the expanding business opportunities. The Finance industry in which your Company is operating is subject to extensive regulation. The Company evaluates the technological obsolescence and the associated risk and makes investment according

#### **4. Internal Control Systems and their adequacy**

The Company has satisfactory internal control system.

Smart Finsec Ltd. has an adequate system of internal controls to ensure accuracy of accounting records, compliance with all laws & regulations and compliance with all rules, procedures & guidelines prescribed by the management. An extensive internal audit is carried out by independent firms of Chartered Accountants. Post audit reviews are also carried out to ensure follow up on the observations made.

#### **1. Financial Performance with respect to Operational Performance Share Capital**

The paid up equity share capital of the Company as on March 31, 2016 stands at Rs. 3,00,000,00 divided into 30,00,000 equity shares of Rs. 10/- each fully paid up and 1,50,00,000 divided into 150000 Non Convertible Cumulative Reddenable Preference Shares of Rs. 100/- each .

## **2. Opportunities and Threats**

Your Company being an Financing Company seeks opportunities in the Finance market. The business of company i.e. Smart Finsec Ltd. is affected by the sentiments prevailing in the Finance markets. Smart Finsec Ltd. is one of the reputed Financing houses. The Company is empanelled with most of the reputed domestic financial institutions including life and non insurance companies, mutual funds, foreign financial institutions and corporate, the likely increase in capital mobilization from the primary market, increase in resource mobilization by mutual funds and phenomenal growth in secondary market volumes provide significant business opportunities for the Company. Capital market activities in which most of our activities depend on is also influenced by global events and hence there is an amount of uncertainty in the near term outlook of the market.

## **3. Net Worth**

The Net Worth of the Company increased from Rs. 3.9 crore to 5.32 crore.

## **4. Total Income**

During the year under consideration total income was Rs. 1.12 Crore as against Rs. 88.72lacs in the previous year.

## **5. Tax Expense**

During the year under consideration the Tax Expense was (Rs. 11.30 Lacs) thousand from Rs. (42 thousand ) in the previous year.

**Place: New Delhi**

**Date: 02.09.2016**

**For and on behalf of the board**

**sd/-**

**Arun Khara**

**Managing Director**

**CERTIFICATE OF CHIEF FINANCIAL OFFICER**

To,  
The Board of Directors,  
**Smart Finsec Limited,**

I, **Uma Singh**, Chief Financial Officer of **Smart Finsec Limited**, on the basis of the review of the financial statements and cash flow statement for the year ended 31<sup>st</sup> March 2016 and to the best of my knowledge and belief, hereby certify that:

These statements do not contain any materially untrue statements or omits any material fact or contain statements that might be misleading.

These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year ended 31<sup>st</sup> March 2016 which, are fraudulent, illegal or in violation of the Company's Code of Conduct.

I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the Auditors' and the Audit Committee those deficiencies in the design or operations of such internal controls of which, I am aware and the steps taken and/ or proposed to be taken to rectify these deficiencies.

I have indicated to the Auditors and the Audit Committee:  
There have been no significant changes in the internal control over financial reporting during this year.  
There have been no significant changes in the accounting policies during the year.

To the best of our knowledge and belief, there is no instance of significant fraud of which I have become aware and the involvement therein, of management or an employee having significant role in the Company's internal control systems over financial reporting.

**Place: New Delhi**  
**Dated: 02.09.2016**

Sd/-  
**Uma Singh**  
**Chief Financial Officer**

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SMART FINSEC LIMITED

## Report on the Financial Statements

We have audited the accompanying financial statements of **SMART FINSEC LIMITED** ("the company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company 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. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2016
- b) In the case of the statement of Profit and Loss, of the loss for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## Report on other Legal and Regulatory Requirements



1. As required by the Companies (Auditor's Report) Order, 2015("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 'A' a statement on the matters Specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) the Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid 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 written representations received from the directors as on 31 March, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate in Annexure 'B' and
  - g) In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:
    - i. The Company does not have any pending litigations which would impact its financial position.
    - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which required to be transferred by the Company to the Investor Education and Protection Fund.

**For A. Mohan & Company**  
**Chartered Accountants**  
**FRN:017403N**

**Sd/-**  
**Ashwani Mohan**  
**Partner**  
**Membership No.:082632**

**Place: New Delhi**  
**Date: 20.05.2016**

**The annexure referred to our Independent Auditors' Report to the members of the company on the standalone financial statements for the year ended 31.03.2016, we report that:**

On the basis of such checks as we considered appropriate and in terms of information and explanations given to us, we state that:-

**(i) In respect of its fixed assets:**

- (a)** The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b)** As explained to us, fixed assets have been physically verified by the management during the year in accordance with the phased programme of verification adopted by the management which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c)** According to the information and explanations given to us and the records shown, the title deeds of immovable property owned by the company are in the name of company only.

**(ii) In respect of its inventory:**

- a) As explained to us company is into the business of investing and trading in shares & Bonds and its inventory consist of Listed Shares. The inventory is verified electronically by the management during the year.
- b) The procedures of electronic verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) The company is maintaining proper records of Inventory. No discrepancies were noticed on such verification between the electronically maintained stocks and the book records.

**(iii) In respect of loans, secured or unsecured, granted to the parties covered in register maintained under section 189 of the Companies Act 2013:**

- (a)** According to the information and explanations given to us, the Company has not granted any loans to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013; and therefore paragraph 3(iii) of the Order is not applicable.

**(iv) According to the information and explanations given to us, the Company does not have any loans, investments, guarantees and security referred to in Section 185 and 186 of the Companies Act, 2013. Accordingly, paragraph 3(iv) of the order is not applicable.**

**(v) The company has not received any public deposits during the year and therefore this paragraph of the Order is not applicable.**

**(vi) The Cost records are not prescribed by the central Government under sub section (1) of section 148 of the Companies Act 2013.**

**(vii)(a)** According to the records, information and explanations provided to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues as applicable to it and no undisputed amounts payable were outstanding as at March 31st, 2016 for a period of more than six months from the date they became payable.

- (b)** According to the information and explanation given to us, there are no disputed dues in respect of income tax, sales-tax, service tax, duty of customs, duty of excise and value added tax which have not been deposited with appropriate authorities.

**(viii) In our opinion and according to the information and explanations given to us, there were no dues repayable to government, financial institutions, banks and debenture holders.**

**(ix)** The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company, Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statement as required by the applicable accounting standards.
  
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has made preferential allotment of Non convertible cumulative Redeemable Preference Shares during the year. The requirement of Section 42 of the Companies act, 2013 have been complied with and the funds were used for the purpose for which it was raised.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The company is required to be registered under section 45-IA of the Reserve Bank of India Act 1934 and is Registered vide Registration No. B-14.00691.

**For A. Mohan & Company**  
**Chartered Accountants**  
**FRN:017403N**

**Sd/-**  
**Ashwani Mohan**  
**Partner**  
**Membership No.:082632**

**Place: New Delhi**  
**Date:20.05.2016**

**ANNEXURE B TO THE AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF THE SMART FINSEC LIMITED ON THE INTERNAL FINANACIAL CONTROLS UNDER CLAUSE (i) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT").**

We have audited the internal financial controls over financial reporting of **SMART FINSEC LIMITED**("the Company") as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('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.

### **Auditor's Responsibility**

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

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

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

### **Meaning of Internal Financial Controls over Financial Reporting**

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

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

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential

components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For A. Mohan & Company**  
**Chartered Accountants**  
**FRN:017403N**

**Sd/-**  
**Ashwani Mohan**  
**Partner**  
**Membership No.:082632**

**Place: New Delhi**  
**Date: 20.05.2016**

**BALANCE SHEET AS AT 31st MARCH 2016**

Particulars	Notes	As at 31st March 2016		As at 31st March 2015	
<b>EQUITY AND LIABILITIES</b>					
<b><u>Shareholder's Funds</u></b>					
Share Capital	2	45,000,000	30,000,000		
Reserves and Surplus	3	<u>8,250,572</u>	53,250,572	<u>9,036,070</u>	39,036,070
<b><u>Current Liabilities</u></b>					
Short-term provisions	4	278,194	380,695		
Other current liabilities	5	<u>750,000</u>	1,028,194	<u>750,000</u>	1,130,695
<b>Total Equity &amp; Liabilities</b>			<b><u>54,278,766</u></b>		<b><u>40,166,765</u></b>
<b>ASSETS</b>					
<b><u>Non-Current Assets</u></b>					
<b>Fixed Assets</b>					
-Tangible assets	6	17,987,396	18,528,510		
Deferred tax assets (net)	7	1,479,294	348,486		
Long term loans and advances	8	<u>334,535</u>	19,801,225	<u>303,665</u>	19,180,661



**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH 2016**

<b>Particulars</b>	<b>Notes</b>	<b>For the year ended 31st March 2016</b>	<b>For the year ended 31st March 2015</b>
<b><u>INCOME</u></b>			
Revenue from operations	13	1,649,862	7,364,053
Other Income	14	1,500,000	1,508,174
Increase/( Decrease in Stock)	15	8,007,657	-
<b>Total Revenue</b>		<b>11,157,518</b>	<b>8,872,227</b>
<b><u>EXPENSES</u></b>			
Employee benefit expenses	16	1,116,115	729,542
Other expenses	17	1,369,596	1,201,995
Purchase of Liquid Fund		10,000,000	6,000,000
<b>Total Expenses</b>		<b>12,485,711</b>	<b>7,931,537</b>
Profit before interest, tax, depreciation and amortisation expense		-1,328,192	940,690
Depreciation and amortisation expense	18	588,114	34,856
Profit before exceptional items, prior period & taxes		-1,916,306	905,834
Exceptional Items		-	-
Prior Period Expenses		-	131,776
Profit before tax		-1,916,306	774,058
<b><u>Tax expenses:</u></b>			
(1) Current tax		-	36,000
(2) Deferred tax		(1,130,808)	(78,871)
Profit for the year		39 <b>-785,498</b>	<b>816,929</b>

Earning per equity share:

(1) Basic	-	0.27
(2) Diluted	-	0.27

Significant Accounting Policies 1

The accompanying notes are an integral part of these financial statements 2-24

**Signed in terms of our report of even date**

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

**For A. Mohan & Company**  
**Chartered Accountants**  
**Firm's Registration No.: 017403N**

Sd/-  
**(Arun Khera)**  
**Managing Director**  
**DIN:00055694**

Sd/-  
**(Raman Khera)**  
**Director**  
**DIN:00055728**

**(Ashwani Mohan)**  
**Partner**

Sd/-  
**(Priyanka Sharma)**  
**Company Secretary**

Sd/-  
**(Umesh Chandra Joshi)**  
**CFO**

**Membership No. : 082632**

**New Delhi**

**Dated: 20th May, 2016**



**CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31st MARCH 2016**

<b>Particulars</b>	<b>For the year ended 31st March 2016</b>	<b>For the year ended 31st March 2015</b>
<b>A CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net profit / (loss) before taxes	(1,916,306)	774,058
<b><u>Adjustment for:</u></b>		
Depreciation	588,114	34,856
Interest Income	(1,350,304)	(945,150)
Net Purchase & Sale of Shares	10,263,940	-
Net Purchase & Sale of Liquid Fund	(283,703)	(204,905)
Income From Sale of Bonds	-	(214,593)
Profit in F&O	(256,649)	-
Profit in Jobbing	(22,698)	-
Dividend	(35,598)	-
Increase in Stock	(8,007,657)	-
<b>Operating Profit before working capital changes</b>	<b>(1,020,862)</b>	<b>(555,734)</b>
<b><u>Adjustment for:</u></b>		
Receivables and Loans & Advances	(30,870.00)	(50,720.00)
Trade payable & Other Liabilities	(102,501.00)	(138,411)
<b>Cash generated from Operations</b>	<b>(1,154,233)</b>	<b>(744,865)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase & Sale of Liquid Funds	283,703	-
Sale of Investment	-	7,875,900
Dividend	35,598	-
Purchase of Fixed Assets	(47,000)	(9,908,734)
Net of Purchase & Sale of Shares	(10,263,940)	-
Profit in Jobbing	22,698	-
Profit in F&O	256,649	-
Income From Sale of Bonds	-	214,593
Interest & Profit on Liquid Fund Received	41 1,350,304	1,150,055
<b>Net Cash used in Investing Activities</b>	<b>(8,361,987)</b>	<b>-</b>

**C. CASH FLOW FROM FINANCING ACTIVITIES:**

Unsecured loan	4,600,000	225,150
Share Capital	15,000,000	-
<b>Net Cash Flow from Financing Activities</b>	<b>19,600,000</b>	<b>225,150</b>
Net Increase in cash and cash equivalents (A) + (B) + (C)	10,083,780	(1,187,901)
Cash and cash equivalents - Opening	1,753,889	2,941,789
Cash and cash equivalents - Closing	11,837,669	1,753,889

Signed in terms of our report of even date

For and on behalf  
of the Board of  
Directors

For A. Mohan & Company  
Chartered Accountants  
Firm's Registration No.: 017403N

Sd/-  
(Arun Khera)  
Managing Director  
DIN:00055694

Sd/-  
(Raman Khera)  
Director  
DIN:00055728

(Ashwani Mohan)  
Partner  
Membership No. : 082632

Sd/-

Sd/-

New Delhi

(Priyanka Sharma)  
Company Secretary

(Umesh  
Chandra Joshi)  
CFO

Dated: 20th May, 2016

The accompanying notes are an integral part of these financial statements

Particulars	As at 31st March 2016	As at 31st March 2015
<b><u>NOTE-2: SHARE CAPITAL</u></b>		
<b><u>AUTHORIZED CAPITAL</u></b>		
32,00,000 Equity Shares of Rs. 10/- each.		
(Previous Year Rs 32,00,000 Equity Shares)	32,000,000	32,000,000
4,80,000- 2% Non Convertible Cumulative Redeemable Preference		
Shares of Rs. 100/- each (Previous Year NIL)	48,000,000	-
	<b>80,000,000</b>	<b>32,000,000</b>
<b><u>ISSUED , SUBSCRIBED &amp; PAID UP CAPITAL</u></b>		
30,00,000 Equity Shares of Rs. 10/- each, fully paid up		
(Previous Year 30,00,000 Equity Shares)	30,000,000	30,000,000
1,50,000- 2% Non Convertible Cumulative Redeemable Preference		
Shares of Rs. 100/- each, fully paid up (Previous Year NIL)	15,000,000	-
	<b>45,000,000</b>	<b>30,000,000</b>

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

**2.2 Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the reporting period.**

Balance at the commencement of the year	3,000,000	3,000,000
Additions during the year	1,500,000	-
Balance at the end of the year	4,500,000	3,000,000

**2.3 During the five reporting periods immediately preceding the reporting period no shares have been issued for consideration other than cash.**

**NOTE-3: RESERVES & SURPLUS**

(A) Statutory Reserve	43	
Balance brought forward from previous year	1,558,750	1,395,365

(+) Transfer from Statement of profit & loss	-	1,558,750	163,386	1,558,750
<b>(B) Surplus in statement of profit &amp; loss</b>				
Balance brought forward from previous year	7,477,319		6,823,776	
(+) Net Profit /(Net loss) for the current year	-785,498		816,929	
(-) Transfer to statutory reserve for this year	-		163,386	
Closing Balance		6,691,821		7,477,319
<b>Total</b>		<b>8,250,572</b>		<b>9,036,070</b>

**NOTE-4: SHORT TERM PROVISIONS**

Expenses Payable	89,194	145,114
Provision for Taxation	189,000	189,000
Contigent Provision against Standard Assets	-	46,581
<b>Total</b>	<b>278,194</b>	<b>380,695</b>

**NOTE-5: OTHER CURRRENT LIABILITIES**

Security deposit against rent	750,000	750,000
<b>Total</b>	<b>750,000</b>	<b>750,000</b>

The accompanying notes are an integral part of these financial statements

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
<b><u>Note-13: REVENUE FROM OPERATIONS</u></b>		
Purchase of Shares	17,243,620	-
Trading Expense	35,151	595
<b>Total (A)</b>	<b>17,278,770.97</b>	<b>595.00</b>

Interest

	1,350,304	945,150
Sale of Shares	6,979,680	-
Sale of Liquid Fund	10,283,703	6,204,905
Profit in F&O	256,649	-
Profit in Jobbing	22,698	-
Income From Sale of Bonds	-	214,593
Dividend	35,598	
<b>Total (B)</b>	<b>18,928,633</b>	<b>7,364,648</b>
<b>Total (B-A))</b>	<b>1,649,862</b>	<b>7,364,053</b>

**Note-14: OTHER INCOME**

Rental Income	1,500,000	1,500,000
Interest on Income Tax Refund	-	8,174
<b>Total</b>	<b>1,500,000</b>	<b>1,508,174</b>

**Note-15: INCREASE/(DECREASE) IN STOCK**

Opening Stock	-	-
Closing Stock	8,007,656.90	-
	<b>8,007,656.90</b>	

**Note-16: EMPLOYEE BENEFITS EXPENSES**

Salaries, Wages, Bonus etc	1,020,115	537,542
Directors Remuneration	96,000	192,000
<b>Total</b>	<b>1,116,115</b>	<b>729,542</b>

**Note-17: OTHER EXPENSES**

Fees & Subscription		
Maintenanace Expenses	1,900	31,840
Communication costs	-	5,493
Rent	5,641	10,987
Insurance	68,336	67,416
Auditor's Remuneration	5,089 <sup>5</sup>	5,672

	25,000	11,400
Annual Custody Fees		
Advertising and sales promotion	20,610	13,482
Listing Fee	60,210	37,800
Postage Courier	251,900	636,675
Printing & Stationery	29,097	-
Professional Charges	10,160	-
Property Tax	399,000	227,720
ROC Charges	30,479	33,429
RTA Charges	445,800	9,500
Miscellaneous Expenses	-	67,416
Vehicle Maintenance	2,405	-
Provision against Standard Assets	57,000	46,000
	(46,581)	(19,689)
Website Expenses	3,550	16,854
<b>Total</b>	<b>1,369,596</b>	<b>1,201,995</b>

**Note-18: DEPRECIATION & AMORTISATION EXPENSES**

Depreciation on tangible assets	588,114	577,553
<b>Total</b>	<b>588,114</b>	<b>577,553</b>

**Note-19: SEGMENT INFORMATION**

**Segment Reporting**

	Real Estate		NBFC Activities	
	Previous Year	Current Year	Previous Year	
Revenue from segment	1,504,087	18,928,633	7,368,735	
Segment Result	427,895	(1,841,992.00)	346,164	
<i>Other Information</i>				
Segment Assets	10,275,584	4,645,947,466	29,239,031	
Segment Liabilities	845,848	139,097	95,848	

Net	9,429,736	45,808,369	29,143,183
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**Note-20: VALUE OF IMPORTS ON CIF BASIS**

NIL

**Note-21: EXPENDITURE IN FOREIGN CURRENCY**

NIL

**Note-22: EARNING IN FOREIGN CURRENCY**

NIL

**Note-23: EARNINGS PER SHARE**

Earnings per share is calculated by dividing the profit attributable to equity shareholders by the weighted average number of equity shares outstanding during the year as under.

Profit/(Loss) for the after taxes before Exceptional / Prior period items.	(785,498)	948,705
Basic and diluted Earning per Share - Number of equity shares outstanding during the year	3,000,000	3,000,000
- Earning per share ( ` )	-	0.32

**Note-24: RELATED PARTY  
DISCLOURES**

**(I) Related Party Disclosures Under Accounting Standard -18**

(A) Enterprises in which the Company has control	N.A.	N.A.
(B) Parties in respect of which the company is a joint venture	N.A.	N.A.
© Key Management Personnel		
Managing Director	Mr. Arun Khera	Mr. Arun Khera
Director	Mrs. Raman Khera	Mrs. Raman Khera
Director	Mr. Rajesh Chawla	Mr. Rajesh Chawla
Director	Ms. Sangita Jain	Ms. Sangita Jain
Director	Mr. Sanjeev Soni	Mr. Sanjeev Soni
Director	Ms. Sunayana	Ms. Sunayana
CFO	Mr. Umesh Chandra Joshi	Mr. Umesh Chandra Joshi
Company Secretary	Ms. Priyanka Sharma	Ms. Priyanka Sharma

**(II) Transactions with and outstanding balances of related  
parties during the year**

**Name of the Company/Firm/Indl.**

Smart Equity Brokers Private Limited	21,314	-
Mr. Arun Khera	96,000	192,000

Mr. Arun Khera	68,336	67,416
Mr. Arun Khera	301,342	-

(D) Enterprises over which key management personnel and their relatives are able to exercise significant influences.

NIL NIL

**(III) Auditor's Remuneration**

25,000 11,400

**NOTE-6: FIXED ASSETS**

Sr. No	Particulars	Gross Block				Depreciaton			
		Value at the beginning	Addition during the year	Deduction during the year	Value at the end	Value at the beginning	Addition during the year	De du cti on du rin g the year	Value the e
	<b><u>Tangible Assets</u></b>								
1	- Car	850,689	-	-	850,689	679,151	32,364		711,515
2	Furniture & Fixture	5,787,435	-	-	5,787,435	47,129	545,189		592,318
3	Office Equipments	86,680		-	86,680	82,346	-		82,
4	Land & Building	10,412,332	-	-	10,412,332	-	-		
5	Property At Sainik Farms	2,200,000	-	-	2,200,000	-	-		
6	Computer	-	47,000	-	47,000	-	10,561		10,
	-								
	<b>Total Figures for the Current Year</b>	19,337,136	47,000	-	19,384,136	808,626	588,114	-	1,396,7
			48						
	<b>Total Figures for the Previous Year</b>	<b>9,428,402</b>	<b>9,908,734</b>	-	<b>19,337,136</b>	<b>773,770</b>	<b>34,856</b>	-	<b>808,0</b>



## NOTES ON ACCOUNTS

### (A) SIGNIFICANT ACCOUNTING POLICIES

)

#### **1 METHOD OF ACCOUNTING**

- 1.1 The financial statements have been prepared and presented in accordance with the generally accepted accounting principles (GAPP) in India under historical cost convention on accrual basis and comply in all material aspects with the accounting standards and the relevant provisions prescribed in Companies Act 2013, besides the guidelines of the Institute of Chartered Accountants of India, except otherwise stated.
- 1.2 The Company generally, recognises income and expenditure on an accrual basis except those with significant uncertainties.

#### **2 USES OF ESTIMATES**

- 2.1 The Preparation of financial statements in conformity with generally accepted accounting principles requires management to estimate and assumption to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The actual outcome may be different from the estimates. Differences between actual results and estimates are recognised in the period in which the results are known or materialise.

#### **2.2 Current & Non-Current Classification**

All assets and liabilities are classified into current and non-current.

#### **2.2. Assets**

1

An asset is classified as current when it satisfies any of the following criteria:

- (a) it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is expected to be realised within 12 months after the reporting date; or
- (d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

#### **Liabilities**

An liability is classified as current when it satisfies any of the following criteria:

- (a) it is expected to be settled in the company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is due to be settled within 12 months after the reporting date; or
- (d) The company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include the current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

#### **Operating cycle**

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

### **3 FIXED ASSETS**

- 3.1 Fixed assets (Tangible and Intangible) are stated at original cost including relevant taxes (other than those subsequently recoverable from tax authorities), duties freight and other incidental expenses related to acquisition/ installation of the respective assets.

### **4 DEPRECIATION**

- 4.1 Depreciation on Fixed Assets is provided on straight line method basis as per rates prescribed under Schedule II to the companies Act, 2013 as prevailing except in case of certain assets such as depreciation has been provided at higher rates based on useful life as determined by the management.
- 4.2 To comply with the provisions of Schedule-II to the Companies Act, 2013 in respect of depreciation on the fixed assets, the company has reworked the calculation of depreciation for this year onwards which is based on the useful life of assets as mentioned in the said schedule. The scrap value of all the assets at the end of useful time period would be equal to 5% of the original cost of that asset.
- 4.3 In respect of fixed assets added/disposed off during the year depreciation is provided on pro-rata basis with reference to the month of addition/deduction, however, in case of new projects the depreciation from the date of commencing of such project is changed to the statement of profit and loss.
- 5 Revenue from Property is recognised when legal title passes to the buyer. Rental income & income from NBFC activities are recognised as per terms of contract/ agreement.

### **BORROWING**

#### **6 COSTS**

Borrowing Costs that are attributable to acquisition, construction or production of qualifying assets are capitalised as part of cost of such assets. A qualifying assets is an assets that necessarily takes a substantial period of time to get ready for intended use. All other borrowing costs are charged to the profit and loss account.

### **TAXES ON**

#### **7 INCOME**

- 7.1 Provision for Current Tax is made on the basis of estimated taxable income for the current accounting period and in accordance with the provisions as per Income Tax Act, 1961.
- 7.2 Deferred tax resulting from "timing difference" between book and taxable profit for the year is accounted for using the tax rates and laws that have been enacted or substantially enacted as on the balance sheet date. The deferred tax asset is recognised only to the extent that there is reasonable certainty that sufficient future taxable profits will be available against which such deferred tax can be realised. Deffered tax assets & liabilities are measured using the tax rates & tax laws that have been enacted or substantially enacted by the Balance Sheet date.

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

Sd/-  
(Arun Khara)  
Managing Director  
DIN:00055694

Sd/-  
(Raman Khara)  
Director  
DIN:00055728

Sd/-  
(Priyanka Sharma)  
Company Secretary

Sd/-  
(Umesh Chandra Joshi)  
CFO

# SMART FINSEC LIMITED

Registered Office:- F-88, IIND FLOOR, INDUSTRIAL POCKET,  
 DISTRICT CENTRE WEST DELHI, RAJA GARDEN  
 NEW DELHI-110027  
 CIN:- L74899DL1995PLC063562  
 Phone:-011- 25167071  
 Email Id:-smartfinsec@gmail.com

## Form MGT – 11 PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014)

21<sup>st</sup> Annual General Meeting – September 30, 2016

Name of Member(s)	
Registered Address	
Email Id	
Folio No.	
DP ID.	
Client ID	

I/ We, being the member(s) of Smart Finsec Limited holding..... shares hereby appoint:

1.	Name		
	Address		
	E – Mail id		
	Or failing him		
		Signature	
2	Name		
	Address		
	E – Mail id		
	Or failing him		
		Signature	
3	Name		
	Address		
	E – Mail id		
	Or failing him		
		Signature	
4	Name		
	Address		
	E – Mail id		
	Or failing him		
		Signature	

As my/ our proxy to attend and vote ( on poll) for me/ us and on my/ our behalf at the 21<sup>st</sup> Annual General Meeting of the company to be held on September 30, 2016 at 9:30 AM, at F-88, IInd Floor, Industrial Pocket, District Centre, West Delhi, Raja Garden, New Delhi-110027 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolutions	Optional	
		For	Against
	51		
1	Adoption of Audited Balance Sheet as at March 31, 2016, the		

	Profit and Loss Account for the year ended on that date with the reports of the Board of Directors and Auditors thereon.		
2	Appointment of M/s A. Mohan & Co. , Chartered Accountants, (Firm Registration No. 017403N)		
3	Mr. Rajesh Chawla (DIN: 03633735) Director, who retires by rotation and being eligible for re-appointment, be and is hereby re-appointed as a Director of the Company ”.		

Signed this..... day of.....2016

Affix Revenue Stamp not less than Rs. 0.15
--

.....  
Signature of Member

.....  
Signature of Proxy Holder(s)

- Note.: 1. This form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.  
2. For Resolutions and Notes, please refer to the Notice of 21<sup>st</sup> th Annual General Meeting of the Company.  
3. It is Optional to put 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the, 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.  
4. Please complete all details including details of Member(s) in above box before submission.

# SMART FINSEC LIMITED

Registered Office:- F-88, IIND FLOOR, INDUSTRIAL POCKET,  
DISTRICT CENTRE WEST DELHI, RAJA GARDEN

NEW DELHI-110027

CIN:- L74899DL1995PLC063562

Phone:-011- 25167071

Email Id:-smartfinsec@gmail.com

## ATTENDANCE SLIP

(To be surrendered at the time of entry to the venue)

21st Annual General Meeting on Friday, 30<sup>th</sup> September, 2016, at 9:30 AM at F-88, IIND FLOOR INDUSTRIAL POCKET, DISTRICT CENTRE WEST DELHI, RAJA GARDEN NEW DELHI-110027.

Name	
Address	
DP ID	
Client ID	
Regd. Folio No.	
No. of Shares held	

I certify that I am a member / proxy for the member(s) of the Company

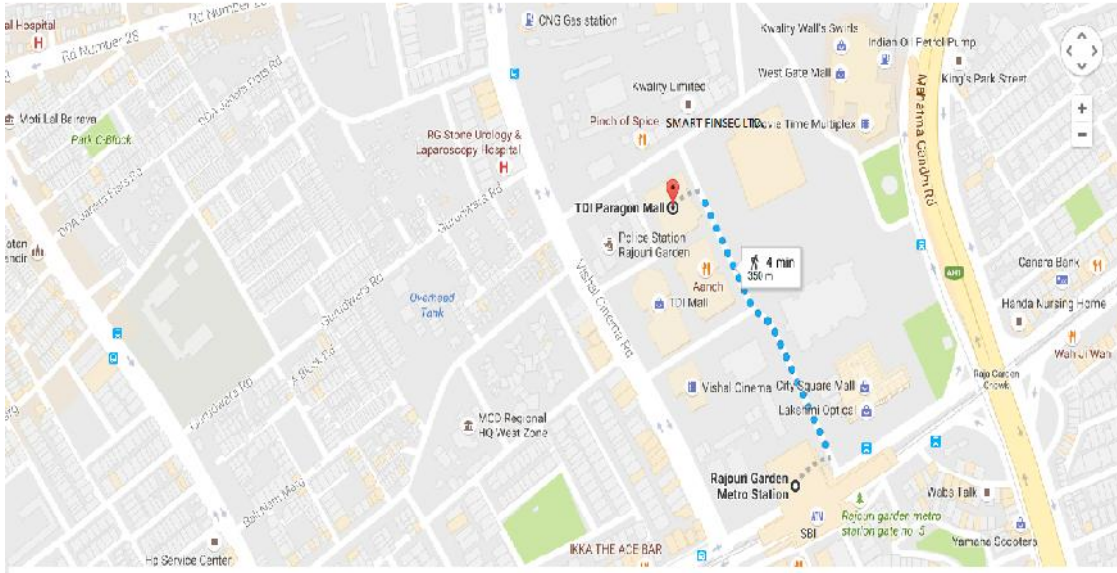
I hereby record my presence at the 21st Annual General Meeting of the company to be held on September 30, 2016 at 9:30 AM, at F-88, IIND FLOOR INDUSTRIAL POCKET, DISTRICT CENTRE WEST DELHI, RAJA GARDEN NEW DELHI-110027.

.....  
Member's/Proxy's name in block letters

.....  
Signature of Member / Proxy

- Note.:
1. Only Member/ Proxy holder can attend the meeting.
  2. Members are requested to bring their copies of the Annual Report to the meeting.

## Route Map



**Land Mark: TDI Paragon Mall**