

# **ANNUAL REPORT**

**2020-2021**

**SMC CREDITS LIMITED**

**BOARD OF DIRECTORS**

Mr. Prasaresh Arya  
Mr. Rajesh Goenka  
Mr. Harsh Priya Arya  
Smt. Jyoti Rajshree

**CHIEF FINANCIAL OFFICER**

Mr. Rajesh Goenka

**COMPANY SECRETARY  
& COMPLIANCE OFFICER**

Ms. Suma Ashish Parikh

**STATUTORY AUDITORS**

AVP & CO.  
(Chartered Accountants)

**SECRETARIAL AUDITORS**

Neeraj Arora & Associates, Company Secretaries

**REGISTRAR & SHARE TRANSFER AGENTS**

Beetal Financial & Computer Services (P) Ltd

**BANKERS**

Canara Bank  
HDFC Bank Ltd  
AU Small Finance Bank Ltd

**REGISTERED OFFICE**

24, Ashoka Chambers,  
5-B, Rajindra Park,  
Pusa Road, New Delhi-110060

## **SMC CREDITS LIMITED**

Regd. Off: 24, Ashoka Chambers, 5-B, Rajindra Park, Pusa Road, New Delhi-110060

**CIN: L65910DL1992PLC049566**

Email id: [smccorp011@gmail.com](mailto:smccorp011@gmail.com)

Ph: 011-45012880

Website: [www.smccredits.com](http://www.smccredits.com)

### **Directors' Report**

To  
The Members,

Your Directors take pleasure in presenting the 29<sup>th</sup> Directors' Report together with the Audited Financial Statements of the company for the financial year ended 31st March, 2021.

#### **1. FINANCIAL RESULTS:-**

The highlights of the financial statement of your Company for the year ended 31st March, 2021 along with the previous year's figures are given as under:

<b><u>Particulars</u></b>	<b>31st March, 2021</b>	<b>31st March, 2020</b>
	(Amount in Rs.)	(Amount in Rs.)
Profit before depreciation and taxation	302,57,130	342,93,298
Less: Depreciation	347,408	378,816
Provision for Tax		
a) Current Tax	72,00,000	2,11,6986
b) Deferred Tax	(22,25,7644)	(1,56,454)
c) prior period tax	----	----
Profit after depreciation and taxation	44,96,7366	31,95,3950

During the year under review your company achieved a profit of Rs. 44967366 as against Rs. 31953950 for the same period last year, showing an increase of 40.72%.

#### **2. DIVIDEND AND RESERVES:**

Considering the future requirements of the Company, your Board of Directors do not recommend any dividend and have not transferred any amount to reserve for the financial year ended 31st March, 2021.

### **3. DIRECTORS & KEY MANAGERIAL PERSONNEL:**

In accordance with the provisions of Section 152 of the Companies Act, 2013 (“Act”) Mr. Prasahesh Arya (DIN: 00006507), Director of the Company liable to retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, has offered himself for reappointment.

Mr. Rajesh Goenka (DIN: 00298227), Chief Financial Officer of the Company has been appointed as Additional Director designated as Whole-time Director & Chairman of the Company w.e.f 08<sup>th</sup> September, 2021 subject to the approval of shareholders in the ensuing AGM in compliance with provisions of the Companies Act, 2013. The information as required under Regulation 30 of SEBI (Listing Obligations & Disclosures Requirements) Regulations, 2015. Further Mr. Rajesh Goenka ceases to be the Manager of the company.

Appointment of Ms. Jyoti Rajshree (DIN: 0009311715) as Additional Director designated as Independent Director of the Company, and Board recommends her regularization in the ensuing AGM, in place of Ms. Sukeerti Arya (DIN: 02744569) who has resigned from the Board w.e.f 08<sup>th</sup> September, 2021.

Change in designation of Mr. Prasahesh Arya (DIN: 00006507) as Non-Executive Non Independent Director pursuant to his relinquishment of the position of Executive Director w.e.f 08<sup>th</sup> September, 2021, Chairmanship of the Company and whose office shall be liable to retire by rotation.

All the present Independent Directors of the Company have given declaration that they meet the criteria of Independence laid down under Section 149(6) of the Act and under Regulation 16(a)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR). The brief resume of the Directors proposed to be appointed/ reappointed, nature of their expertise in specific functional areas, terms of appointment and names of companies in which they hold directorships and memberships/ chairmanships of Board Committees, are provided in the Notice convening the 29<sup>th</sup> Annual General Meeting of the Company.

### **4. DIRECTORS' RESPONSIBILITY STATEMENT**

In accordance with the provisions of Section 134(3)(C) of the Companies Act, 2013 the Board to the best of their knowledge and belief and based on the representation and compliance certificate received from the Operating Management and after enquiry, pursuant to section 134(5) confirm that:—

(a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

(c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) The Directors had prepared the annual accounts on a going concern basis;

(e) The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.;  
and

(f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

## **5. DEPOSITS**

The Company has neither accepted nor renewed any deposits during the year under review. Further, there are no unclaimed or unpaid deposits lying with the Company.

## **6. AUDITORS AND AUDITORS' REPORT**

### **i) Statutory Auditors**

**M/s AVP & Co.**, (Firm Registration No. 025193N), Chartered Accountants, New Delhi were appointed as the Statutory Auditors of the Company at the Twenty Eighth Annual General Meeting of the Company held on 28<sup>th</sup> December, 2020, for a period of five years i.e. until the conclusion of the Thirty Second Annual General Meeting of the Company.

The Auditors' Report is self- explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

### **ii) Secretarial Auditors**

Pursuant to the provisions of Section 204 of the Act read with the rules made thereunder, the Company has appointed Neeraj Arora (M. No. 10781 & CP No. 16186), Company Secretaries in practice, as its Secretarial Auditors, to conduct the secretarial audit of the Company, for the financial year 2020-21. The Company has provided all assistance, facilities, documents, records and clarifications etc. to the Secretarial Auditors for the conduct of their audit. The Report of Secretarial Auditors for the FY 2020-21, is annexed as “**Annexure II**”, forming part of this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

### **iii) Cost Records**

The Company is not required to prepare and maintain cost records pursuant to Section 148(1) of the Companies Act, 2013.

## **7. REPORT AS PER SECTION 134 READ WITH RULE 8 AND SUB RULE 5 OF COMPANIES (ACCOUNTS) RULES 2014**

Change in nature of business, if any: NIL

## **8. SUBSIDIARY, ASSOCIATES COMPANIES & JOINT VENTURES**

Name of Companies which have become or ceased to be its subsidiaries, Joint Ventures or associate companies during the year: Not Applicable

## **9. DISCLOSURES**

### **a. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

The Company has not given any loans, guarantees or investments covered under the provisions of Section 186 of the Companies Act, 2013 during the year under review.

### **b. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES**

During the financial year ended on 31st March, 2021, there were no materially significant related party transactions that may have potential conflict with the interest of the Company at large. Hence, there is no requirement to furnish Form AOC -2 as per Section 188 (1) of the Companies Act, 2013. **Annexure-I**

### **c. MATERIAL CHANGES AND COMMITMENT AFFECTING FINANCIAL POSITION OF THE COMPANY**

There are no material changes and commitments, affecting the financial position which has occurred between the end of the financial year of the Company i.e. 31<sup>st</sup> March, 2021 and the date of the Board's Report.

**d. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

Information under Section 134(3)(m) of the Companies Act, 2013, read with rule 8(3) of the Companies (Accounts) Rules, 2014 is given below:

**A. Conservation of Energy**

Steps taken for Conservation of Energy	The operations of the Company are not energy-intensive. However, wherever possible, the Company endeavour to look for ways and means to achieve energy conservation in every possible way
Steps taken for utilizing alternate sources of energy	
Capital investment on energy conservation equipment	

**B. Technology Absorption**

Efforts in brief made towards technology absorption	The Company always follows a practice of upgrading equipment on an ongoing basis.       NIL
Benefits derived	
Expenditure incurred on Research and Development	
Details of technology imported, if any	
Year of import	
Whether imported technology fully absorbed	
Areas where absorption of imported technology has not taken place, if any	

**C. Foreign Exchange Earnings and Outgo - NIL**

**e. PARTICULARS OF EMPLOYEES**

None of the employee of the Company is getting the remuneration whose particulars/information is required to be furnished Pursuant to the Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

**f. Disclosure under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.**

No complaint has been filed/ received under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**g. Any Significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and Company's operation in future.**

No significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

**h. STOCK OPTIONS SCHEME**

The Company does not have any Scheme of Stock Option for its employees, Directors etc.

**i. DISCLOSURE UNDER SECTION 43(A)(II) AND SECTION 54(1)(D) OF THE COMPANIES ACT, 2013**

During the year under review, the Company has not issued any shares with differential voting rights and sweat equity shares and hence, no information as required under Section 43(a)(ii) & Section 54(1)(d) of the Companies Act, 2013 read with applicable rules is required to be disclosed

**j. DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 DURING THE YEAR ALONGWITH THEIR STATUS AS AT THE END OF THE FINANCIAL YEAR**

The Company has not filed for any application under the Insolvency and Bankruptcy Code, 2016 during the Financial year 2020-21.

**10. CORPORATE GOVERNANCE**

As per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the detailed report on Corporate Governance is given separately and forms part of Annual Report and the certificate obtained from Practicing Company Secretary confirming compliance of the conditions of corporate governance is attached to the said report. As per the new clause inserted in SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the certificate from Company Secretary in practice also forms part of Corporate Governance Report regarding none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority. The same is annexed to this report as **Annexure III**.



## **11. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

In terms of the SEBI (Listing Obligations and disclosure Requirements) Regulations, 2015 (“Listing Regulations”), the Management Discussion and Analysis Report is given separately and forming part of the Annual Report as **Annexure IV**.

## **12. PERFORMANCE EVALUATION:**

Pursuant to the applicable provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Guidance Note on Board Evaluation issued by the SEBI dated January 05, 2017, performance evaluation of the board, its committees and individual directors has been duly done. The performance of the individual directors was evaluated on parameters, such as meeting attendance, participation and contribution, responsibility towards stakeholders and independent judgment.

The statement including the manner in which the evaluation exercise was conducted, the observations of the Board and the proposed action to be taken based on the observation of the Board is included in the Corporate Governance report forming part of this annual report.

## **13. NOMINATION & REMUNERATION POLICY**

The Board has maintained the Nomination & Remuneration Policy and adhering to it.

The policy for selection of Directors and determining Directors independence may be accessed from Company’s website at the link [www.smccredits.com](http://www.smccredits.com) (<http://www.smccredits.com/details.aspx?cat=Policies>) and may be accessed from Company’s website.

## **14. BOARD MEETINGS, COMMITTEES MEETINGS AND ANNUAL GENERAL MEETING:**

During the financial year 2020-2021, 4(Four) Board meetings were held. The details of meetings including dates of meetings indicating the number of meetings attended by each director are given in the Corporate Governance Report. The particulars of meeting of all Committees held during the financial year ended 31<sup>st</sup> March, 2021 are also disclosed in the Corporate Governance report. In reference to relaxation given by Ministry of Corporate Affairs and SEBI, The intervening gap between two Board Meetings were as per timelines stipulated in such relaxation..

The 28<sup>th</sup> Annual General Meeting (AGM) of the Company was held on 28<sup>th</sup> December, 2020.

## **15. CORPORATE SOCIAL RESPONSIBILITY:**

Since the Company is not falling under any of the criteria provided under Section 135 of the Companies Act, 2013 and rules made thereunder. Hence, the provisions of Corporate Social Responsibility are not applicable to the Company.

## **16. CHANGES IN SHARE CAPITAL:**

There has been no change in the capital structure of the Company during the year under review.

## **17. PREVENTION OF INSIDER TRADING:**

The Company has maintained and adhering to the Code of Conduct for Prevention of Insider Trading in code of internal procedures and conduct for regulating, monitoring and reporting of trading by designated persons ("Code") in accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time.

## **18. CODE OF CONDUCT:**

The Board of Directors has approved a Code of Conduct which is applicable to the Members of the Board and Senior Management Personnel of the Company. The Company believes in "Zero Tolerance" against bribery, corruption and unethical dealings/ behaviors of any form and the Board has laid down the directives to counter such acts. The Code of Conduct is available on the Company's website [www.smccredits.com](http://www.smccredits.com/pdf/Code%20of%20Conduct.pdf) (<http://www.smccredits.com/pdf/Code%20of%20Conduct.pdf>).

## **19. ANNUAL RETURN:**

In accordance with Section 92(3) of the Act, the annual return in Form No. MGT-7, is available on the Company's website at [www.smccredits.com](http://www.smccredits.com).

## **20. COMPLIANCE WITH SECRETARIAL STANDARDS:**

Your Company is in Compliance with the Secretarial Standards on Meeting of the Board of Directors (SS-1) and Secretarial Standards on General Meeting (SS-2) for the financial year ended March 31, 2021.

## **21. VIGIL MECHANISM/ WHISTLE BLOWER POLICY:**

The Company promotes ethical behavior in all its business activities and has put in place a vigil mechanism for Directors, Employee and other person dealing with the

Company for reporting illegal or unethical behavior, actual or suspected fraud or violation of the company's Code of Conduct. The mechanism provides for adequate safeguards against victimization of Directors, employees or other persons who avail of the mechanism. In exceptional cases, Directors and employees have direct access to the Chairman of the Audit Committee.

The Company has formulated Vigil Mechanism/ Whistle Blower Policy to deal with instances of fraud and mismanagement, if any and the Company is adhering to the same.

The Whistle Blower Policy is available on the Company's website, which may be accessed at the link: [www.smccredits.com \(http://www.smccredits.com/pdf/Whistle-Blower-Policy\\_SMC.pdf\)](http://www.smccredits.com/pdf/Whistle-Blower-Policy_SMC.pdf)

## **22. DEVELOPMENT AND IMPLEMENTATION OF A RISK MANAGEMENT POLICY**

Pursuant to section 134(3)(n) of the Companies Act, 2013 the Company has framed Risk Management Policy which lays down the framework to define, assess, monitor and mitigate the business, operational, financial and other risks associated with the business of the Company. During the year under review, the Company has not identified any element of risk which may threaten the existence of the Company.

## **23. GREEN INITIATIVES:**

Electronic copies of the Annual Report 2020-21 and Notice of the Annual General Meeting are sent to all shareholders whose email addresses are registered with the Company. Members are requested to register their email ids with Company or RTA for receiving e-copies of Annual Report and Notice to the Annual General Meeting.

## **24. LISTING FEES:**

The Company affirms that the annual listing fees for the year 2020-21 to BSE Limited (Bombay Stock Exchange) has been paid.

## **25. ACKNOWLEDGEMENT**

Your Directors placed on record their appreciation for company's customer, suppliers, Bankers and Central and State Governments for their continued guidance, support and cooperation.

Your Directors place on the record their deep appreciation of contribution made by employees at all levels. Yours company's consistent growth was made possible by their Hard work, commitment, teamwork and loyalty.

The board of Directors of the company also expresses their gratitude to the shareholders for their valuable and un-stinted support extended to the company throughout the year.

BY ORDER OF THE BOARD

Place : New Delhi  
Date : 08.09.2021

CHAIRMAN  
(Rajesh Goenka)

**Form No. AOC-2**

**Pursuant to clause (h) of sub-section (3) of section 134 of the Act 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 arm's length transaction under third proviso thereto.

- 1. Details of contracts or arrangements or transactions not at Arm's length basis.: NIL**
  
- 2. Details of Material contracts or arrangements or transactions at Arm's length basis.: NIL**

BY ORDER OF THE BOARD

Place : New Delhi  
Dated : 08.09.2021

CHAIRMAN  
(Rajesh Goenka)  
DIN: 00298227  
Add: B-98, South City Phase – 1  
Gurgaon Haryana 122001

**SECRETARIAL AUDIT REPORT**  
FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2021

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

To,  
The Members,  
**SMC CREDITS LIMITED**  
(CIN: L65910DL1992PLC049566)  
24, Ashoka Chambers, 5-B, Rajindra Park,  
Pusa Road, New Delhi-110060.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SMC CREDITS LIMITED** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

**We report that-**

- a) Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- b) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.
- c) We have not verified the correctness and appropriateness of the financial statements of the Company.
- d) Wherever required, we have obtained the management representation about the compliances of laws, rules and regulations and happening of events etc.
- e) The compliance of the provisions of the corporate and other applicable laws, rules, regulations, standards etc. are the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
- f) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Based on our verification of the Company's 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, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2021 ("Audit Period") 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2021 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, which has been generally complied with.
- (v) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder:
- (vi) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) 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 and Disclosure Requirements) Regulations, 2009;
  - (d) \*The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - (e) \*The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
  - (g) \*The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
  - (h) \*The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and
  - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 (SEBI LODR Regulations).

\* No event took place under these regulations during the audit period.

We have also examined compliance with the applicable clauses of the Secretarial Standard on Meetings of the Board of Directors (SS-1) and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India which has been generally complied with.

During the Audit Period, the Company has generally complied with the provisions of the Act, Rules, Regulations and Guidelines to the extent applicable, as mentioned above.

- (iv) The Company is engaged in the business of carrying NBFC activities. As informed by the Management, the Reserve Bank of India Act, 1934 and rules/regulations made thereunder as applicable to the NBFC are applicable to the Company. We have also examined on test check basis the relevant documents and records maintained by the Company and the Returns filed by the Company with the Reserve Bank of India ('RBI'). The Company is generally regular in filing the Returns etc. with the RBI.

We have checked the compliance management system of the Company to obtain reasonable assurance about the adequacy of systems in place to ensure compliance of specifically applicable laws and this verification was done on test basis. We believe that the Audit evidence which we have obtained is sufficient and appropriate to provide a basis for our audit opinion. In our opinion and to the best of our information and according to explanations given to us, we believe that the compliance management system of the Company seems adequate to ensure compliance of laws specifically applicable to it, which could be further strengthened.

**We further report that** the Board of Directors of the Company was duly constituted as on March 31, 2021 with proper balance of Non-Executive Directors and Independent Director. There were no changes in the composition of the Board of Directors took place during the audit period and the changes in the KMP's that took place during the audit 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 were sent to all the directors and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting for meaningful participation at the meeting.

Board decisions are carried out with majority consent and therefore, no dissenting views were captured and recorded as part of the minutes.

**We further report that** during the audit period, pursuant to notice received from BSE Limited dated August 25, 2020, suspension in trading of equity shares of the Company has been revoked w.e.f. September 02, 2020. Further, as per the notice, entire promoter's shareholding of the Company i.e. 14,01,200 equity shares are under lock-in up to January 29, 2021.

**We further report that** during the audit period, Members of the Company at their 28th Annual General Meeting held on September 28, 2020 passed the following resolutions-

- (a) Special resolution under Section 180(1)(a) of the Companies Act, 2013 w.r.t. sell, lease or otherwise dispose of or to mortgage/ create charges on the properties of the Company;
- (b) Special resolution under Section 180(1)(c) of the Companies Act, 2013 w.r.t. fixation of borrowings limits of the Company;
- (c) Special resolution under Section 186 of the Companies Act, 2013 w.r.t. fixation of limits for the Loans and Investment by the Company.

For Neeraj Arora & Associates  
Company Secretaries  
Firm Registration No. S2019DE706400  
Firm Peer Review No. - 1189/2021

New Delhi  
August 30, 2021

Neeraj Arora  
Proprietor  
CP No.: 16186  
UDIN No.: F010781C000857495



## **Corporate Governance Report**

### **Company's philosophy on code of governance.**

Corporate Governance is the application of best management practices, continued compliances of law and adherence to highest ethical standards to achieve the objectives of the Company of enhancing stakeholder's value and its own image. An effective Corporate Governance practices constitute the strong foundation on which successful commercial enterprises are built to last.

The Company's philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behavior and fairness to all stakeholders. The Company strongly believes that sound, robust and unambiguous system of Corporate Governance practices go a long way in retaining investor trust and preserving the interest of all existing as well as prospective Stakeholder.

The Board has adopted the principles of good Corporate Governance in line with the requirements of the corporate practices enumerated in the Listing Agreement entered into by the Company with the Stock Exchanges. The Company aims to achieve greater transparency by making adequate disclosures.

A report on compliances with the Corporate Governance provisions as prescribed under Listing Regulations is given hereunder.

### **I. BOARD OF DIRECTORS**

As on March 31, 2021, the Company has an optimum combination of Executive, Non-Executive and Independent Directors.

- a.** The composition of the Board of your Company is in conformity with Regulation 17 of the Listing Regulations. The maximum tenure of Independent Directors is in compliance of the Act and the Listing Regulations. All the Independent Directors of the Company have confirmed that they meet the criteria as mention in Regulation 16(1)(b) of the Listing Regulations and Section 149 (6) of the Act.

As on 31<sup>st</sup> March, 2021, The Company's Board comprises of 1 Executive, 1 Non-Executive Non Independent Director and 2 Non Executive Independent Directors. Attendance of each Director at the Board meetings, last Annual General Meeting and number of other directorship and chairmanship/membership of committee of each Director in various companies:

Other relevant Details of Directors (Directorship as at 31<sup>st</sup> March, 2021 unless otherwise stated)

S no	Name of Directors	Relationship with other Directors	Category	No of Directorship(s)		No of Other committee(s)*		Name of the Listed Entity in which Director includig this entity	Number of Share & convertible instruments held
				Public	Private	Member	Chairman		
1.	Mr. Rajesh Goenka	NA	Chairman	4	4	0	0	1. SMC Credits Limited 2.Valour Construct ion Ltd	Nil
2.	Mr. Prashesh Arya (DIN: 00006507)	NA	Chairman	5	4	2	0	1. SMC Credits Limited 2.Valour Construct ion Ltd	Nil
3	Mr. Harsh Priya.Arya (DIN: 02771786)	NA	Independent	1	0	2	0	SMC Credits Limited	Nil
4	Ms. Jyoti Rajshree (DIN: 0009311715)	NA	Independent	1	0	2	2	SMC Credits Limited	Nil

\* Excludes directorships of private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013 and alternate directorships. Committee means Audit committee and stakeholders Relationship committee including membership held in said committee of the Company. Also refer below mentioned table to see information relating to the Board Meeting & AGM.

**b. Board Meeting held during the year**

During the year 4 (Four) meetings of the Board of Directors of the Company were held. The Board meets at least once in a quarter. In reference to relaxation given by Ministry of Corporate Affairs and SEBI, the intervening gap between two Board Meetings was as per

timelines stipulated in such relaxation. The necessary quorum was present for all the meetings. Agenda papers were circulated to the Directors in advance for each meeting. All relevant information as required under Schedule II of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 was placed before the Board from time to time. The details of Board Meetings are given below:

<b>S No.</b>	<b>Date of Board Meeting</b>	<b>Total Strength of the Board on the date of Board Meeting</b>	<b>No. of Directors present at the Board Meeting</b>
1.	31 <sup>st</sup> July,2020	4	4
2.	14 <sup>th</sup> September,2020	4	4
3.	5 <sup>th</sup> November,2020	4	4
4.	12 <sup>th</sup> February,2021	4	4

The attendance of the Directors at the meeting above was as under:

<b>Name of the Directors</b>	<b>Attendance at the Board Meetings</b>		<b>Whether attended the AGM held on 28.12.2020</b>
	<b>Held</b>	<b>Attended</b>	
Prasahesh Arya	4	4	Yes
Yashpriya Devpriya Arya	4	4	Yes
Harshpriya Arya	4	4	Yes
Sukeerti Arya	4	4	Yes

**c. Familiarization Programmes for Independent Directors:**

In accordance with the requirements of Schedule IV of the Companies Act, 2013 and Regulation 25(7) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, meetings have been conducted by the Company to make the Independent Directors understand about the business of the Company. Through these meetings and interaction, the Company has made its best effort to ensure that the Independent Directors understand their roles, rights, responsibilities. etc. in the Company etc. The Familiarisation Program for Independent Directors of the Company is available on the website of the Company i.e. [www.smccredits.com](http://www.smccredits.com) .

**d. Skills/Expertise/Competencies of Board of Directors:**

This Board skills matrix provides a guide as to the skills, knowledge, experience and other criteria identified by the Board as required for the Company's business. The Board of the Company is a skills-based Board comprising of Directors who collectively have the skills, knowledge and experience to effectively govern and direct the Company.

The skills and expertise of the Company's Board can be broadly categorized as follows:

- Governance skills (skills directly relevant to performing the Board's key functions);
- Business skills (skills relevant to the industry or section in which the Company predominantly operates)
- Personal attributes that are generally considered desirable to be an effective Director.

**e. Declaration by Independent Directors :**

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 as well as Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

As required under Regulation 25(8) of the Listing Regulations, the Independent Directors have also confirmed that they meet the criteria of independence as provided in Regulation 16(1)(b) and are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence.

The Board is of the opinion that the independent directors have the necessary experience, expertise and integrity and are independent of the Management of the Company

**II. AUDIT COMMITTEE:**

The Audit Committee, comprises of chairman, non-executive and independent Directors viz. Ms. Jyoti Rajshree, Mr. Prasaresh Arya and Mr. Harsh Priya Arya.

Terms of Reference:

The powers and role of the Committee encompasses accounting matters, financial reporting and internal controls. The terms of reference of the Audit Committee are in line with the Section 177 of the Act and Part C of Schedule II of the Listing Regulations. In fulfilling the above role, the Audit Committee has been granted powers as prescribed under Regulation 18(2)(c) of the Listing Regulations and reviews all the information as prescribed in Part C of Schedule II of the Listing Regulations. The role of the audit committee includes the following:

- i. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- ii. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- iii. Approval of payment to statutory auditors for any other services rendered by the Statutory Auditors;

iv Reviewing, with the management, the annual financial statements and Auditor's Report thereon before submission to the board for approval, with particular reference to:

(a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;

(b) Changes, if any, in accounting policies and practices and reasons for the same;

(c) Major accounting entries involving estimates based on the exercise of judgment by management;

(d) Significant adjustments made in the financial statements arising out of audit findings;

(e) Compliance with listing and other legal requirements relating to financial statements;

(f) Disclosure of any related party transactions;

(g) Modified opinion (s) in the draft audit report;

v. Reviewing with the management, the quarterly financial statements before submission to the board for approval;

vi. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

vii. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

viii. Approval or any subsequent modification of transactions of the Company with related parties;

ix. Scrutiny of inter-corporate loans and investments;

x. Valuation of undertakings or assets of the listed entity, wherever it is necessary;

xi. Evaluation of internal financial controls and risk management systems;

xii. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;

xiii. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

xiv. Discussion with the Internal Auditors of any significant findings and follow up there on;

xv. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;

xvi. Discussion with the Statutory Auditors before the audit commences, about the nature and scope of audit as well as postaudit discussion to ascertain any area of concern;

xvii. To look into the reasons for substantial defaults in the payment to the Depositors, Debenture Holders, Shareholders (in case of non-payment of declared dividends) and Creditors;

xviii. To review the functioning of the whistle blower mechanism;

xix. Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;

xx. Carrying out any other function as is mentioned in the terms of reference of the audit committee.

xxi. Reviewing the utilization of loans and/or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/investments existing as on the date of coming into force.

Audit Committee Meetings were held during the financial year 2020-2021 on 31.07.2020, 14.09.2020, 05.11.2020 & 12.02.2021. All the committee members were present at all the meetings.

### **III. NOMINATION & REMUNERATION COMMITTEE:**

The Board has framed the Nomination and Remuneration policy for its Directors, Key Managerial Personnel and other employees which ensures that level and composition of remuneration is reasonable and meets the performance benchmarks. The Composition of Nomination and Remuneration Committee is in accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations. The Nomination

and Remuneration Committee comprises of Ms. Jyoti Rajshree (Non-Executive – Independent Director, Chairperson), Mr. Harsh Priya Arya (Non-Executive –Independent Director, Member) & Mr. Prasahesh Arya (Non-Executive – Non Independent Director, Member).This Committee meetings were held on 14<sup>th</sup> September, 2020. All the members were present in the meetings.

**a. Performance evaluation of the Board, its committees and individual Directors :**

Pursuant to the applicable provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Guidance Note on Board Evaluation issued by the SEBI dated January 05, 2017, performance evaluation of the board, its committees and individual directors has been duly done. The performance of the individual directors was evaluated on parameters, such as meeting attendance, participation and contribution, responsibility towards stakeholders and independent judgment.

A structured questionnaire including the new criteria has been prepared, covering various aspects of the functioning of the Board and its Committees, such as, adequacy of the constitution and composition of the Board and its Committees, discharge of roles and responsibilities by the Board and its Committees, succession plan for Board Members and Senior Management, frequency of the meetings, regulatory compliances and Corporate Governance, etc. Similarly, for evaluation of individual director’s performance including for independent directors, the questionnaire covers various aspects like his/ her attendance at the meetings of Board and its Committees, contribution in Board and Committee meetings, execution and performance of specific duties, obligations, regulatory compliances and governance, adequate and timely disclosures, etc. The said questionnaires are reviewed by the NRC & Board members

**Detail of remuneration and sitting fee paid to Directors during the Financial Year 2020-21**

Name of the Directors	Remuneration paid to the Director	Sitting Fees paid to the Director
Prasahesh Arya	Nil	Nil
Yashpriya Devpriya Arya	Nil	Nil
Harshpriya Arya	Nil	Nil
Sukeerti Arya	Nil	Nil

**IV. STAKEHOLDERS’ RELATIONSHIP COMMITTEE:**

The Board of Directors of the Company has constituted a Stakeholder Relationship Committee which oversees and review all matters relating to transfer/transmission of shares,

issue of duplicate share certificates (including transfer of Investor Education and Protection Fund) and also monitor redressal of the grievances of security holders of the Company including complaints related to transfer of shares, non-receipt of annual report etc. The Shareholders' Relationship Committee comprises of Ms. Jyoti Rajshree (Non-Executive – Independent Director, Chairperson), Mr. Harsh Priya Arya (Non-Executive –Independent Director, Member) & Mr. Prasahesh Arya (Non-Executive – Non Independent Director, Member). This Committee meetings was held on 14.09.2020. All the members were present at the meeting.

**Name & Address of Compliance Officer:**

Name : Suma Ashish Parikh

Address: 24, Ashoka Chambers, 5-B Rajindra Park,  
Pusa Road, New Delhi – 110060.

Email id: [smccorp011@gmail.com](mailto:smccorp011@gmail.com)

Ph: 011-45012880

**Shareholders grievances / complaints received and resolved during the year:**

- (i) Number of Shareholders complaints received during the year - Nil
- (ii) Number of complaints not resolved to the satisfaction of shareholders- Nil
- (iii) Number of complaints pending at the end of the year- Nil

**V. GENERAL BODY MEETINGS:**

The last three General Meetings of the Company were held as under:

Year	Location	Date	Time	Special Resolutions passed
2018	24, Ashoka chambers, 5-B, Rajindra Park, Pusa Road, New Delhi-110060	29 <sup>th</sup> September,2018	10.00 a.m	No special resolutions passed during the year
2019	24, Ashoka chambers, 5-B, Rajindra Park, Pusa Road, New Delhi-110060	30 <sup>th</sup> September,2019	10.30 a.m	No special resolutions passed during the year
2020	24, Ashoka chambers, 5-B, Rajindra Park, Pusa Road, New Delhi-110060	28 <sup>th</sup> December,2020	5.00 p.m	1. Authorise under Section 180(1)(a) of the Companies Act, 2013 the year. 2. Authorized to borrow in excess Section 180(1)(c) of the Companies Act, 2013. 3. Approved the limits for the



				Loans and Investment by the Company in terms of the provisions of the Section 186 of the Companies Act, 2013
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- a. No resolution was either required or passed through postal ballot in last year.
- b. As on date of this report, no resolution is proposed through postal ballot in this year;

## VI. MEANS OF COMMUNICATION:

The Company publishes unaudited quarterly/half yearly financial results and audited annual financial results reviewed by auditor, in newspapers like Financial Express and Jansatta. The said results are also informed to the Stock Exchanges where the shares of the Company are listed. The quarterly & half yearly results are not being sent separately to any of the shareholder. The Company also issues news releases on significant corporate decisions/activities and posts them on the website.

The financial results of the Company are displayed on the website of the Company i.e., [www.smccredits.com](http://www.smccredits.com). The Company does not make presentations for institutional investors or to the analysts.

### **SCORES (SEBI Complaints Redressal System)**

SEBI commenced processing of investor complaints in a centralized web based complaints redressal system i.e. SCORES. The Company supported SCORES by using it as a platform for communication between SEBI and the Company.

Corporate Filing and Dissemination System (Corp-filing) .All disclosures and communications to BSE Limited (BSE) are filed electronically through Corp-filing. The disclosures are also mailed to the exclusive e-mail IDs of these Stock Exchanges.

## VII. DISCLOSURES:

### **i. Disclosures on materially significant related party transactions that may have potential conflict with the interest of the Company at large**

The Company has not entered into any transaction of material nature with the Directors or the management, subsidiaries or relatives of Directors during the year under review that have potential conflict with the interest of the Company. Statements in summary form of the transactions with related parties both under Companies Act, 2013 and under Indian Accounting Standards – 24 are placed periodically before the Audit Committee.

Further, the details of the related party transactions of the Company during the year ended

31st March, 2021 are given in Notes on Accounts forming part of Annual Report. All related party transactions entered are on arms' length basis and in the ordinary course of business unless specifically mentioned for which the necessary approvals were obtained by the Company and are intended to further the interest of the Company. During the year all recommendation by all committees which were mandatorily required were accepted.

- ii.** The Company do not have any subsidiary company.
- iii.** Policy on dealing with Related Party Transaction is available at web link: <http://www.smccredits.com/investors.aspx>
- iv.** Whistle Blower Policy :  
In accordance with the requirement of Section 177 of the Companies Act, 2013 and the Rules made thereunder, Regulation 22 of the Listing Regulations and Regulation 9A (6) of the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has formulated a 'Vigil Mechanism/ Whistle Blower Policy' which provides a tool to the Directors and Employees of the Company to report Genuine Concerns including unethical behavior, actual or suspected fraud or violation of the Code of Conduct or Policy. No personnel of the Company is denied access to the Audit Committee. The Audit Committee reviews the functioning of Whistle Blower Mechanism periodically. The policy is available on the website of the Company.
- v.** The Company does not deal in commodities ,hence exposure to Commodity Price risk and commodity hedging activities disclosure is not required to be given.
- vi.** Disclosure under Regulation 32 (7A) is not applicable for the year ended 31.03.2021.
- vii.** The Company has a Code of Conduct for its Board and Senior Management Personnel (as per Code of Corporate Governance), which is available on the Company's website. The Company has obtained a compliance certificate from all concerned
- viii.** During the year no penalty or fines are imposed by BSE .
- ix.** Details of Compliance with mandatory requirements : The Company has fully complied with all applicable mandatory requirements of Listing Regulations

Details of Adoption of Discretionary requirements :The Company try to comply with the Discretionary requirements also, wherever applicable

- x.** All recommendations of the various committees were accepted by the Board .
- xi.** The Company is in compliance with the corporate governance requirements specified in Regulations 17 to 27 and clause (b) to (i) of Regulation 46(2) of Listing Regulations.
- xii.** Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is as follows:
  - a. Number of complaints filed during the financial year : NIL
  - b. Number of complaints disposed of during the financial year : NIL
  - c. Number of complaints pending as on end of the financial year: NIL
- xiii.** Company has obtained a certificate from a company secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.(same forms part of this report)

**xiv.** The Fees paid to the statutory auditors for all services provided by them are detailed in the Financials.

### **General shareholder information**

#### Annual General Meeting

Date and time : 30th, September, 2021 at 05:00 pm.  
Venue : 24, Ashoka Chambers, 5-B Rajindra Park, Pusa Road, New Delhi – 110060  
Financial year : 1<sup>st</sup> April,2020- 31<sup>st</sup> March,2021

#### Financial Calendar

(tentative and subject to change):

First Quarter	-	September , 2020
Second Quarter	-	November, 2020
Third Quarter	-	February, 2021
Year ending on 31 <sup>st</sup> march, 2021	-	June 2021

Stock code : 532138  
Book closure date : 24th September, 2021 to 30th September, 2021  
Dividend payment date : No dividend paid during the year.

Equity Shares Listed on : Bombay Stock Exchange Limited  
Address : Phiroz Jeejeebhoy Towers Dalal Street, Mumbai – 400001

Demat ISIN in NSDL : INE440E01012

Market price data- high, low during : Trading was suspended hence no data available each month in last financial year

performance in comparison to broad-based indices such as BSE sensex : Trading was suspended hence no data available

Registrar and Transfer Agents : M/s Beetal Financial & Computer Services (P) Ltd., Beetal House, 3<sup>rd</sup> Floor, 99, Madangir, Behind local Shopping Centre, Near Dada Harsukhdas Mandir, New Delhi-110062

Share Transfer system : Presently, the share transfers in physical form are processed and share certificates returned with in a period of 15 days from the date of receipt, subject to the documents being clear in all respects. The Company also offer transfer-cum-demat facility for the convenience of the investors.

#### Distribution of Shareholding

as on 31st March, 2021	:	<b>Category</b>	<b>%</b>
		Financial Institution/Banks/Mutual Funds	-
		NRI/OCBs	-
		Bodies Corporate	80.01%
		Others	19.99%
		<b>Total</b>	<b>100%</b>

**DEMATERIALIZATION OF SHARES & LIQUIDITY:**

The shares of the Company are in compulsory demat segment and are available for trading on BSE. As at 31st March, 2021, 57,86,600 equity shares out of 100,222,00 equity shares of the company, representing 57.74% of the Company's paid up capital are held in dematerialized form.

During the year there are no outstanding global depository receipts or american depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity.

Plant locations : 24, Ashoka Chambers, 5-B, Rajindra Park,  
Pusa Road, New Delhi-110 060

Address for correspondence : Secretarial Department  
24, Ashoka Chambers, 5-B, Rajindra Park,  
Pusa Road, New Delhi-110 060

During the year no credit ratings obtained by the Company in India or abroad.

BY ORDER OF THE BOARD

Place : New Delhi  
Dated : 08.09.2021

CHAIRMAN  
(Prasahesh Arya)  
DIN:00006507  
Add: B-98, South City Phase – 1  
Gurgaon Haryana 122001

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

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

To,

The Members,

**SMC Credits Limited**

(CIN: L65910DL1992PLC049566)

24, Ashoka Chambers, 5-B, Rajindra Park,

Pusa Road, New Delhi-110060

1. The SMC Credits Limited (CIN: L65910DL1992PLC049566) is having registered office at 24, Ashoka Chambers, 5-B, Rajindra Park, Pusa Road, New Delhi-110060 (hereinafter referred as “the Company”). The equity shares of the Company are listed on BSE Limited.
2. I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of the Company, produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para C Sub clause 10 (i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
3. As on 31<sup>st</sup> March, 2021, the Board of Directors of the Company comprises of the following directors:

<b>Sr. No.</b>	<b>Name of the Director</b>	<b>Director Identification Number (DIN)</b>
1.	Mr. Prasaresh Arya	00006507
2.	Mr. Yashpriya Devpriya Arya	00505675
3.	Mr. Harsha Priya Arya	02771786
4.	Ms. Sukeerti Arya	02744569

4. Based on verification and examination of the disclosures/ register under section 184/ 189, 170, 164, 149 of the Companies Act, 2013 (the Act) and DIN based search on MCA Portal (<http://www.mca.gov.in/mcafoportal/showEnquireDIN.do>), I certify that none of the above named Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India /Ministry of Corporate Affairs or any such statutory authority for the Financial Year ending 31<sup>st</sup> March, 2021.
5. Ensuring the eligibility of the appointment / continuity of every director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.
6. This certificate is based on the information and records available up to date of this certificate and I have no responsibility to update this certificate for the events and circumstances occurring after the date of the certificate.

**For Neeraj Arora & Associates**  
**Company Secretaries**  
**Firm Registration No. S2019DE706400**  
**Firm Peer Review No. - 1189/2021**

**New Delhi**  
**September 03, 2021**

**Neeraj Arora**  
**Proprietor**  
**CP No.- 16186**  
**UDIN No.- F010781C000889879**

**CODE OF CONDUCT COMPLIANCE CERTIFICATE FOR FINANCIAL YEAR 2020-21**

To the best of my knowledge and belief and information available with me, I hereby declare that all the Board Members and Senior Management Personnel of M/s SMC Credits Limited have complied with the code of conduct during the financial year 2020-21 (as applicable on them).

Date: 28.06.2021  
Place: New Delhi

(PRASAHESH ARYA)  
Executive Director  
DIN: 00006507  
Add: B-98, South City Phase – 1  
Gurgaon Haryana 122001

## CORPORATE GOVERNANCE CERTIFICATE

To,  
The Members,  
**SMC CREDITS LIMITED**  
(CIN: L65910DL1992PLC049566)  
24, Ashoka Chambers, 5-B, Rajindra Park,  
Pusa Road, New Delhi-110060

We have examined the compliance of conditions of Corporate Governance by SMC Credits Limited ("the Company"), for the financial year ended March 31, 2021, as stipulated under Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and Para C, D and E of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated under Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and Para C, D and E of Schedule V to the Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Neeraj Arora & Associates  
Company Secretaries  
Firm Registration No. S2019DE706400  
Firm Peer Review No. - 1189/2021

New Delhi  
September 03, 2021

Neeraj Arora  
Proprietor  
CP No.: 16186  
UDIN No.: F010781C000889881



## CEO AND CFO CERTIFICATION

The Board of Directors,  
SMC Credits Limited,  
24, Ashoka Chambers, 5-B Rajindra Park, Pusa Road,  
New Delhi-110060

28<sup>th</sup> June, 2021

Sub: Annual Certificate of Compliance for FY 2020-21

Dear Sir/Madam,

We, Prasaresh Arya, Executive Director and Rajesh Goenka, CFO of the Company hereby states that:

- a) We have reviewed financial statement and the cash flow statement for the year ended 31<sup>st</sup> March, 2021 and to the best of our knowledge and belief:
  - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) 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.

Thanking you,

(Prasaresh Arya)  
Executive Director  
DIN: 00006507  
Add: B-98, South City Phase – 1  
Gurgaon Haryana 122001

(Rajesh Goenka)  
CFO

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

**Economic Review**

**Global Economy**

The International Monetary Fund (IMF) has projected the global economy to grow 6.0 percent in calendar year 2021 and 4.9 percent in calendar year 2022. The 2021 global forecast is unchanged from the April 2021 (World Economic Outlook) WEO, but with offsetting revisions. Prospects for emerging market and developing economies have been marked down for 2021, especially for Emerging Asia.

Vaccine rollout in major world economies has raised hopes of higher economic growth. However, the bounce back will also be largely dependent on controlling the pandemic in low-income and emerging market economies. Strong international cooperation is vital for achieving these objectives, especially towards ensuring adequate worldwide vaccine production and universal distribution at affordable prices so that all countries can quickly and decisively beat back the pandemic.

The future of global economic growth will depend on three major factors: the evolution path of the health crisis, including whether the new COVID-19 strains prove susceptible to vaccines or they prolong the pandemic; the effectiveness of policy actions to limit persistent economic damage; and the evolution of financial conditions across countries and the adjustment capacity of their economies.

*COVID-19 Crisis: More Severe Economic Fallout than Anticipated*

The COVID-19 pandemic is a once in a lifetime occurrence that has brought with it unimaginable suffering to people and to almost all sections of the economy. When the pandemic struck and led to nationwide lockdowns to curtail the transmission of disease, it was natural to fear that the global economy would stay in extreme stress of the kind not seen since the Great Depression and would have a long-lasting economic impact.

To counter the crippling impact of the lockdowns on economies, the world's policymakers have resorted to fiscal and monetary measures never seen before in global economic history. It still remains to be seen if these relief measures sufficed, and whether actions taken by Governments across the globe adequately compensated for the disruptions created in the lives of people.

Fortunately, science prevailed. Multiple vaccines were found with impressive efficacy levels in less than a year — which will probably rank as among one of the most incredible achievements in science. The announcement of successful development of vaccines seemed to lift spirits around the world. Unfortunately, the advent of winter saw several countries battle second waves of COVID-19 infections, including more virulent strains leading to partial lockdowns. The race between vaccines and variants is heating up as massive vaccination drives are underway. Much depends on blocking transmission and not just the disease.

The only three preventives are masks, social distancing and vaccinations. However, to vaccinate even half of the world's population of 7.8 billion is going to take years. The production, storage

and distribution challenges require that Governments prioritise the vaccinations in a judicious manner so as to limit the human toll.

Fortunately for India, which is home to some of the largest vaccine makers in the world, the supply constraints should be limited and temporary. Moreover, our experience in implementing large scale vaccination programmes should help in vaccinating our vulnerable population. Even so, with many states in India witnessing a seriously full-blown second surge of COVID-19, the vaccination challenge is enormous.

After an estimated historic correction of (3.3%) in 2020, the International Monetary Fund (IMF) has projected the global economy to grow 6% in calendar year 2021 and 4.4% in 2022 on the back of the fiscal and monetary support provided by Governments of the world over coupled with widespread vaccination.

We know that India can ill afford another country-wide lockdown such as was imposed from March to June 2020. The impact on the economy and employment was severe in the first instance; and cannot be repeated yet again.

The lockdown that continued throughout the first quarter of the FY2021 saw India's GDP for April-June 2020 contracting by a massive 24.4%. Even the second quarter was terrible, with GDP shrinking by 7.3% in July-September 2020. Thereafter, we have seen a rebound — thanks to the resilience of our citizens, our entrepreneurs and of our economy.

The third quarter (October-December 2020) saw a small positive growth of 0.4% compared to the same period in the previous year. The second advance estimates of national income for FY2021 released by the Central Statistics Office (CSO) on 26 February 2021 anticipates the total contraction for FY2021 to be 8% — implying a significant 'V' shaped bounce-back in the second half of the year. The most recent IMF forecast has also raised India's GDP growth estimate for FY2022 from 11.5% to 12.5%. If that were to occur, it will be the most significant growth turnaround among all the major nations of the world, including China.

The only grey cloud at present is the huge surge in infections that started with the second wave beginning in early March 2021. Hopefully, a serious increase in the pace of vaccinations across the country will bring this surge down; and if we keep all enterprises and workers open for business, it should not affect the economy in any significant manner.

## **Domestic Economy**

India implemented the strictest lockdown in the world from March 25, 2020, to control the spread of COVID-19 pandemic. As a result, the first quarter FY 2020-21 registered a 24.4% contraction in the Indian GDP, which was followed by a contraction of 7.3% in the second quarter. With the economy opening up in the second half, Q3 and Q4 of FY 2020-21 saw GDP growth of 0.3% and 1.6% respectively. Overall, India saw GDP contraction of 7.3% in FY 2020-21, its first ever since FY 1980-81. While steady growth in the agricultural sector throughout the year was the silver lining for FY 2020-21, the second half was buoyed by growth in construction, manufacturing and financial services sector. The scars of the pandemic were evident in the retail, airlines, hotels and the wider hospitality industries. MSMEs faced a bigger crisis due to shortage of liquidity and supply chain disruptions.

## **Industry Structure and Developments**

NBFCs have become important constituents of the financial sector and have been recording higher credit growth than scheduled commercial banks (SCBs) over the past few years. The profitability of NBFCs dipped in the immediate aftermath of the COVID-19 in Q1:2020-21, as businesses suffered economic losses due to nation-wide lockdowns. Both return on assets (RoA) and return on equity (RoE) deteriorated in Q1:2020-21 compared to the corresponding period in 2019-20. However, the situation improved marginally in Q2: 2020-21 as NBFCs' expenditures registered a steeper fall than income. RoA and RoE improved from 1.8 and 10.3 per cent, respectively in Q2:2019-20 to 2.3 and 12.7 per cent, respectively in Q2:020-21. Profitability of the sector remained stable in Q3:2020-21.

NBFCs grew at a slower pace in Q2 and Q3:2020-21 as the economy continued to weather the headwinds of COVID-19 pandemic and muted credit demand. However, NBFCs continued to disburse credit despite disruptions caused by the pandemic, albeit at a slower pace. Sequential easing of spread of NBFCs debentures over the corresponding G-sec yield along with increased retail participation in the NBFC debenture market augured well for the market and public perception regarding the sector. The retail sector benefitted from incremental credit disbursed by the sector, aided by their low GNPA ratios and by staying tuned to customer preferences. The profitability of the NBFCs improved in Q2:2020-21 compared to the corresponding quarter of the previous year on account of steeper fall in expenditure than in income. Given the persistence of infections, the full effects of the lockdown and suspension of business on the asset quality of NBFCs will be evident gradually.

## **SEEKING LONG-TERM GROWTH OPPORTUNITIES**

NBFCs have played a vital role in bringing the economically underprivileged sections of society to the nation's financial lifeline. FY 2020-21 was a year of 'repair and transition' for all NBFCs.

Despite significant hardship in our macro environment owing to the COVID-19 impact, we are confident of a faster rural rebound, which will augur well for our business, going forward. The government's sector-specific support measures, strong fiscal stimulus by the Reserve Bank of India (RBI), prospects of a good monsoon and harvest is expected to help revive the rural economy. Another landmark policy initiative by the Government of India that is the 'Atmanirbhar Bharat' mission, designed to strengthen our indigenous skills, reduce dependence on imports and put more emphasis on local supply channels.

## **Impact of Covid-19 on Housing Finance and Non-Bank Finance Companies**

Housing Finance companies [HFCs] and Non-Bank Finance Companies [NBFCs] have been impacted by COVID-19 by way of operational disruptions, subdued collections, and requirement of creating additional provisions to meet the post-COVID uncertainties. The financial year saw equity fund raise by all major players in the financial sector, including private sector banks, to keep up the capital adequacy cushion in the post COVID scenario. However, since opening up of the economy from August 2020 onwards, all major players have seen their collection efficiencies gradually returning to pre-COVID levels. Adapting to the restrictions of the imposed lockdowns,

Banks, NBFCs and HFCs are ramping up their digital initiatives in order to keep up the loan book growth and to attend to the customer requirements.

## **Capital Management**

While adhering to the guidelines laid down by the RBI from time to time, the Company works towards maximising the returns on capital employed through an efficient capital management strategy.

## **SWOT ANALYSIS:-**

### **Opportunities and Threats:**

#### **Strengths**

- Simplified and prompt loan request appraisals and disbursements.
- Innovative resource mobilisation techniques and prudent fund management practices.

#### **Weakness**

- Regulatory restrictions – continuously evolving government regulations may impact operations.
- Uncertain economic and political environment.

#### **Opportunities**

- Use of digital solutions for business/collections.

#### **Threats**

- High cost of funds.
- Rising Non-Performing Assets (NPAs).
- Restrictions on deposit-taking NBFCs.
- Competition from other NBFCs and banks.

## **Risks and Concerns**

The Company like any other Company is exposed to specific risks that are particular to its business and the environment within which it operates. The Company is confident of managing these risks by maintaining a conservative financial profile, and by following prudent business and risk management practices.

Your Company has a well-defined risk governance structure which includes periodic reviews and close monitoring to enable building a sustainable business that takes care of the interests of all stakeholders.

## **ENVIRONMENT, HEALTH, AND SAFETY (EHS):**

Your Company strives hard to maintain the highest standards to preserve and protect the environment and Safety, with the able support of its suppliers, customers, and stakeholders. Moreover, this is a major step of the Company towards enhancing the health and safety of its

employees and communities. The focus of the Company hinges around Environmental protection and occupational health and safety, as it strives for continuous improvement in all these parameters.

In recent times, The Company is going through COVID situation as witnessed globally. Many actions have been taken within organisation to align with expectations of management in following guidelines issued by Ministry of Home Affairs and Ministry of Health and Family Welfare. We have initiated several measures for maintaining Social Distancing, sanitization of employees & vehicles.

We are committed to follow all guidelines of government in letter and spirit.

## Outlook

India has a huge proportion of un-banked and underbanked consumers and businesses. Hence, there is a lot of potential for NBFCs, which can still be tapped for future growth. NBFCs are here to stay and play an important role in economic growth and financial inclusion. As India's economy grows, the requirement for credit will rise more than proportionately. We need both banks and NBFCs to rise to the occasion and power the economy with free flowing credit lines. NBFCs with robust business models, strong liquidity mechanisms and governance & risk management standards are poised to reap the benefit of the market opportunity.

NBFCs that are well prepared with their business continuity and contingency plans can quickly bounce back in the post COVID-19 era. With proper planning and strategic initiatives, NBFCs can limit and overcome the impact of this disruption.

## Segment wise Performance

The company's major source of earning is dividend income which comes from investments in shares and securities.

The highlights of the financial statement of your Company for the year ended 31st March, 2021 along with the previous year's figures are given as under:

<b><u>Particulars</u></b>	<b>31st March, 2021</b>	<b>31st March, 2020</b>
	(Amount in Rs.)	(Amount in Rs.)
Profit before depreciation and taxation	302,57,130	342,93,298
Less: Depreciation	347,408	378,816
Provision for Tax		
a) Current Tax	72,00,000	2,116,986
b) Deferred Tax	(22,25,764)	(1,56,454)
c) prior period tax	----	----
Profit after depreciation and taxation	4,46,19,958	3,15,75,134

During the year under review your company achieved a profit of Rs. 4,46,19,958 as against Rs. 3,15,75,134 for the same period last year, showing an increase of 28.94%.

**Operations:**

During the year under review the company had a total revenue of Rs 51,633,300/- and earned a profit (after tax for the year)of Rs. 44,967,366/-

**Internal Control Systems**

We have instituted the three lines of defence model, viz. (i) management and internal control measures, (ii) financial controls, risk management practices, security measures and compliance oversight, and (iii) a robust internal audit function providing the third level of defence.

The Company has proper and adequate system of internal controls to ensure that all its assets are safeguarded and protected against loss from unauthorized use or disposition of assets and that the transactions are recorded and reported. The Company ensures adherence to all internal control policies and procedures as well as compliance with all regulatory guidelines.

The Company has an independent internal management assurance function which is commensurate with its size and scale. It evaluates the adequacy of all internal controls and processes; and ensures strict adherence to clearly laid down processes and procedures as well as to the prescribed regulatory and legal framework

**Human Resources Policies**

We believe that our employees are our most valuable assets and we endeavour to help them realise their full potential. The Human Resource function looks after employee recruitment, training, performance management, emotional and mental wellbeing, financial wellness and stress management. We believe in employee empowerment and our efforts are focused on creating a happy and healthy work environment. Our people have been and will continue to be our core strength.

The Company has employee friendly HR policy and taking care and redressing their all concern. For this Company the people are the biggest assets and for all-round development of its employees at all levels various initiatives are taken in regular interval.

**Industrial Relations**

The company has maintained healthy industrial relations which were cordial during the period under review.

**Acknowledgement**

The Directors express their sincere thanks and gratitude for the guidance, support and co-operation extended by Banks, government authorities/ departments, and other private organizations

## **Forward Looking Statement**

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward looking statements that set out anticipated results based on the Management's plans and assumptions. We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected.



## INDEPENDENT AUDITORS' REPORT

To The Members of SMC CREDITS LIMITED (CIN L65910DL1992PLC049566)

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the Financial Statements of SMC Credits Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2021, and the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and profit/(loss) and its cash flows for the year ended on that date.

#### Basis for Opinion

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

#### Key Audit Matters

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

We have determined the matters described below to be the Key Audit Matters to be communicated:

SN	Key audit matter	Auditor's response
1.	<b>Impairment of Loan Assets</b> The company is having outstanding loan asset to corporates under its NBFC business. The company has classified such loan asset as standard asset and doubtful asset and provision thereof as per the RBI Prudential Norms on Asset Classification.	<b>Our procedure includes:</b> Review of loan agreements and management representation on recoverability of these loans.  <b>Our Results:</b> We did not find any material risk in recoverability of the loans.

#### Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the Financial Statements and our auditors' report thereon.

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

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Company's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the state of affairs, profit / loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government in terms of Section 143(11) of the Act, we give in the "Annexure – A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
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 purpose of our audit;
  - (b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
  - (d) in our opinion, the aforesaid financial statement comply with the Indian Accounting Standards specified in section 133 of the Act;
  - (e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure – B".
  - (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - (i) The Company does not have any pending litigations which would impact its financial position as on March 31, 2021.
    - (ii) The Company did not have any long-term contracts including derivative contracts for which

there were any material foreseeable losses.

- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  
- (h) With respect to the matter to be included in the Auditors' Report under section 197(16):  
In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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**For AVP & Co**  
F. R. N.: 025193N  
Chartered Accountants

**Arvind Sharma**  
M. No. : FCA 525962  
Partner  
Date : 28-06-2021  
Place : New Delhi  
ICAI UDIN 21525962AAAAFY9594

**ANNEXURE – A**

**to the independent auditors' report**

**(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

- (i) In respect of the Fixed Assets of the Company:
  - (a) The company is maintaining proper records, showing full particulars including quantitative details and situation of fixed assets.
  - (b) All the Fixed Assets have been physically verified by the Management during the year based on a phased program of verifying the assets which in our opinion is reasonable having regard to the size of the company and the nature of its Fixed Assets. No discrepancy has been noticed on such verification.
  - (c) As per the information and explanations provided to us, title deeds of immovable properties are generally in the name of the Company.
- (ii) The inventory consists of equity shares and is held in dematerialized form. The Company compares the Balances in Depository Participant Account with Books at regular interval. The inventory quantity and value has been certified by the management which has been relied upon by us. In our opinion, the frequency of verification is reasonable. On the basis of our examination of the inventory records, in our opinion the company is maintaining proper records of inventory and there is no material discrepancies noticed.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit from the public. Therefore, the provisions of clause (v) of paragraph 3 of the Order is not applicable to the Company.
- (vi) The provisions of clause (vi) of paragraph 3 of the Order are not applicable to the Company as the Company is not covered by the Companies (Cost Records and Audit) Rules, 2014.
- (vii) In respect of statutory dues:
  - (a) According to the records of the Company, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess, Goods and Services Tax and other material statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31<sup>st</sup> March, 2021 for a period of more than six months from the date of becoming payable.
  - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, sales-tax, service-tax, Goods and Service Tax, duty of customs, duty of excise, value added tax and Goods and Services Tax were in arrears, as at 31<sup>st</sup> March, 2021.
  - (c) According to the records of the Company, the dues of income tax, sales tax, service tax, duty of custom, duty of excise, value added tax, goods and services tax and cess which have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of disputed dues	Amount under dispute *	Amount paid	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	2580861	Nil	FY 2017-18	Commissioner of Income-tax (Appeals)
Income Tax Act, 1961	Income Tax	1086375	Nil	FY 2016-17	-do-

\* amount as appearing online in the income tax portal.

- (viii) In our opinion and according to information and explanation given to us Company has not defaulted in repayment of its dues from bank. The company has not taken any loan from financial institution or Government nor issued any debentures.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of paragraph 3 of the Order is not applicable.
- (x) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- (xi) The Company has not paid any managerial remuneration and hence reporting under clause (xi) of paragraph 3 of the Order is not applicable.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of paragraph 3 of the Order is not applicable.
- (xiii) The Company has no related party transaction and hence reporting under clause (xiii) of paragraph 3 of the Order is not applicable.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of paragraph 3 of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its Directors and hence provisions of Section 192 of the Act are not applicable.
- (xvi) According to the information and explanations given to us, we report that the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

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**For AVP & Co**

F. R. N.: 025193N  
Chartered Accountants

**Arvind Sharma**

M. N.: FCA 525962  
Partner

Date : 28-06-2021  
Place : New Delhi  
ICAI UDIN 21525962AAAAFY9594



## **ANNEXURE – B**

### **to the independent auditors' report**

**Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date**

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

We have audited the internal financial controls over financial reporting of SMC Credits Limited ('the Company') as of 31<sup>st</sup> March, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended and as 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 (the 'Guidance Note'). 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 Act.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act and the Guidance Note, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with the 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 auditors' judgment, including the assessment of the risks of material misstatement of the standalone 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 unauthorized 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 controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2021, 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.

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**For AVP & Co**

F. R. N.: 025193N

Chartered Accountants

**Arvind Sharma**

M. N.: FCA 525962

Partner

Date : 28-06-2021

Place : New Delhi

ICAI UDIN 21525962AAAAFY9594

Particulars	Note No	As at 31 March 2021	As at 31 March 2020
<b>ASSETS</b>			
<b>(1) Financial assets</b>			
(a) Cash and cash equivalents	2	29,98,362	5,69,80,248
(b) Receivables	3		
(I) Trade Receivables		14,49,360	2,75,012
(II) Other Receivables		-	-
(c) Loans	4	38,56,16,116	37,23,79,789
(d) Investments	5	4,68,43,46,961	2,37,90,95,465
(e) Other Financial assets	6	17,97,382	7,24,513
		<b>5,07,62,08,181</b>	<b>2,80,94,55,027</b>
<b>(2) Non-financial Assets</b>			
(a) Current tax assets (Net)	7	20,64,816	20,44,566
(b) Deferred tax Assets (Net)	8	2,36,62,877	14,05,233
(c) Property, Plant and Equipment	9	2,13,85,376	2,17,32,784
		<b>4,71,13,069</b>	<b>2,51,82,583</b>
<b>TOTAL ASSETS</b>		<b>5,12,33,21,250</b>	<b>2,83,46,37,610</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>(1) Financial Liabilities</b>			
(a) Payables	10		
(I) Trade Payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1,36,832	1,31,535
(II) Other Payables			
(i) total outstanding dues of micro enterprises and small enterprises			
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises			
(b) Borrowings (Other than Debt Securities)	11	21,08,78,341	25,67,11,440
		<b>21,10,15,173</b>	<b>25,68,42,975</b>
<b>(2) Non-Financial Liabilities</b>			
(a) Current tax liabilities (Net)	12	9,54,699	-
(b) Other non-financial liabilities	13	19,40,432	15,80,317
		<b>28,95,131</b>	<b>15,80,317</b>
<b>(3) Equity</b>			
(a) Equity share capital	14	10,02,22,000	10,02,22,000
(b) Other equity	15	4,80,91,88,946	2,47,59,92,318
		<b>4,90,94,10,946</b>	<b>2,57,62,14,318</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,12,33,21,250</b>	<b>2,83,46,37,610</b>
Significant accounting policies	1		
Notes to the financial statements	2 -34		

**In terms of our Audit Report**

**For AVP & Co**  
FRN. 025193N  
Chartered Accountants

**Arvind Sharma**  
MN. FCA 525962  
Partner

Date: 28-06-2021  
Place: New Delhi

**For and on behalf of the Board**

**Prasahesh Arya**  
DIN 00006507  
Director

**Y P Arya**  
DIN 00505675  
Director

**Rajesh Goenka**  
Chief Financial Officer

**Suma Ashish Parikh**  
Company Secretary

Particulars	Note No	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>REVENUE FROM OPERATIONS</b>			
Interest Income	16	2,25,96,990	2,68,28,414
Dividend Income	17	1,45,77,557	3,00,59,658
Net gain on fair value changes	18	47,64,814	(18,37,412)
<b>Other income</b>	19	<u>96,93,939</u>	<u>88,72,955</u>
<b>Total income</b>		<u><b>5,16,33,300</b></u>	<u><b>6,39,23,615</b></u>
<b>Expenses</b>			
Employee benefit expense	20	6,10,666	907
Financing expenses	21	1,48,85,044	2,16,02,563
Depreciation and amortization expense	22	3,47,408	3,78,816
Other expenses	23	58,80,460	80,26,847
<b>Total expenses</b>		<u><b>2,17,23,578</b></u>	<u><b>3,00,09,133</b></u>
<b>Profit before tax</b>		<b>2,99,09,722</b>	<b>3,39,14,482</b>
<b>Tax expense:</b>			
Current tax		72,00,000	21,16,986
Deferred tax		(2,22,57,644)	(1,56,454)
<b>Total tax expense</b>		<u><b>(1,50,57,644)</b></u>	<u><b>19,60,532</b></u>
<b>Profit after tax for the year</b>		<b>4,49,67,366</b>	<b>3,19,53,950</b>
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Fair value changes on equity instruments through OCI		2,28,82,14,472	(1,16,34,43,786)
Income tax impact thereon		-	-
<b>Items that will be reclassified to profit or loss</b>			
Fair value changes on debt instruments through OCI		14,790	(1,42,618)
Income tax impact thereon		-	-
<b>Total other comprehensive income</b>		<u><b>2,28,82,29,262</b></u>	<u><b>(1,16,35,86,404)</b></u>
<b>Total Comprehensive Income for the year</b>		<u><b>2,33,31,96,628</b></u>	<u><b>(1,13,16,32,454)</b></u>
<b>Earnings per equity share:</b>			
Basic	24	<b>4.49</b>	<b>3.19</b>
Diluted		<b>4.49</b>	<b>3.19</b>
Significant accounting policies	1		
Notes to the financial statements	2 -34		

**In terms of our Audit Report**

**For AVP & Co**  
FRN. 025193N  
Chartered Accountants

**Arvind Sharma**  
MN. FCA 525962  
Partner

Date: 28-06-2021  
Place: New Delhi

**For and on behalf of the Board**

**Prasahesh Arya**  
DIN 00006507  
Director

**Y P Arya**  
DIN 00505675  
Director

**Rajesh Goenka**  
Chief Financial Officer

**Suma Ashish Parikh**  
Company Secretary

Particulars	Note No	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>A Cash flows from operating activities</b>			
Profit before tax		2,99,09,722	3,39,14,482
<b>Adjustment to reconcile profit before tax to net cash flows</b>			
Depreciation		3,47,408	3,78,816
<b>Operating profit before working capital changes</b>		<b>3,02,57,130</b>	<b>3,42,93,298</b>
Movements in working capital:			
Other bank balance		-	24,00,00,000
Receivables		(11,74,348)	5,51,850
Loans		(1,32,36,327)	(27,14,26,003)
Other financial assets		(10,72,869)	78,37,897
Other non-financial assets		-	17,97,735
Trade Payable		5,297	(66,370)
Financial liabilities		(4,58,33,099)	3,17,11,440
Other financial liabilities		-	(12,91,960)
Other non-financial liabilities		3,60,115	1,06,873
<b>Cash generated from operations</b>		<b>(3,06,94,101)</b>	<b>4,35,14,760</b>
Direct taxes paid (net of refunds)		(62,65,551)	(21,63,924)
<b>Net cash flow from operating activities</b>		<b>(3,69,59,652)</b>	<b>4,13,50,836</b>
<b>B Cash flows from investing activities</b>			
Proceed from Sale/Redemption of Investments		-	9,06,69,588
Purchase of Investments (Net)		(1,70,22,234)	(7,87,99,377)
<b>Net cash flow (used in) investing activities</b>		<b>(1,70,22,234)</b>	<b>1,18,70,211</b>
<b>C Cash flows from financing activities</b>			
<b>Net cash flow from financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>		<b>(5,39,81,886)</b>	<b>5,32,21,047</b>
Cash and cash equivalents at the beginning of the year		5,69,80,248	37,59,201
<b>Cash and cash equivalents at the end of the year</b>		<b>29,98,362</b>	<b>5,69,80,248</b>
Significant accounting policies	1		
Notes to the financial statements	2 -34		

In terms of our Audit Report

For AVP & Co  
FRN. 025193N  
Chartered Accountants

Arvind Sharma  
MN. FCA 525962  
Partner

Date: 28-06-2021  
Place: New Delhi

For and on behalf of the Board

Prasahesh Arya  
DIN 00006507  
Director

Y P Arya  
DIN 00505675  
Director

Rajesh Goenka  
Chief Financial Officer

Suma Ashish Parikh  
Company Secretary

**A. Equity Share Capital**

Particulars	Amount
As at 01st April 2019	10,02,22,000
Changes in equity share capital	-
As at 31st March 2020	10,02,22,000
Changes in equity share capital	-
As at 31st March 2021	10,02,22,000

**B. Other Equity**

Particulars	Note No	Reserves and Surplus			Other Comprehensive Income		Total
		Retained Earnings	Statutory Reserves	Impairment Reserve	Equity instruments through OCI	Debt instruments through OCI	
<b>Balance as at 01st April 2019</b>		<b>23,13,94,503</b>	<b>4,98,77,522</b>	<b>46,93,180</b>	<b>3,30,78,49,753</b>	<b>(1,32,238)</b>	<b>3,59,36,82,720</b>
Profit for the year		3,19,53,950	-	-	-	-	3,19,53,950
Transfer to Statutory Reserve		(63,90,790)	63,90,790	-	-	-	-
Transfer to Impairment Reserve		(13,25,704)	-	13,25,704	-	-	-
Gain on sale/redemption of Investment		-	-	-	1,39,42,052	-	1,39,42,052
OCI for the year before income tax		-	-	-	(1,16,34,43,786)	(1,42,618)	(1,16,35,86,404)
<b>Balance as at 31st March 2020</b>		<b>25,56,31,959</b>	<b>5,62,68,312</b>	<b>60,18,884</b>	<b>2,15,83,48,019</b>	<b>(2,74,856)</b>	<b>2,47,59,92,318</b>
Profit for the year		4,49,67,366	-	-	-	-	4,49,67,366
Transfer to Statutory Reserve		(89,93,473)	89,93,473	-	-	-	-
Transfer to Impairment Reserve		(9,72,95,733)	-	9,72,95,733	-	-	-
OCI for the year before income tax		-	-	-	2,28,82,14,472	14,790	2,28,82,29,262
<b>Balance as at 31st March 2021</b>		<b>19,43,10,119</b>	<b>6,52,61,785</b>	<b>10,33,14,617</b>	<b>4,44,65,62,491</b>	<b>(2,60,066)</b>	<b>4,80,91,88,946</b>
Significant accounting policies	1						
Notes to the financial statements	2 -34						

**In terms of our Audit Report**

For AVP & Co  
FRN. 025193N  
Chartered Accountants

For and on behalf of the Board

**Arvind Sharma**  
MN. FCA 525962  
Partner

**Prasahesh Arya**  
DIN 00006507  
Director

**Y P Arya**  
DIN 00505675  
Director

Date: 28-06-2021  
Place: New Delhi

**Rajesh Goenka**  
Chief Financial Officer

**Suma Ashish Parikh**  
Company Secretary

Note No	Particulars	As at 31st March 2021	As at 31st March 2020
<b>2</b>	<b>Cash and cash equivalents</b>		
	Cash in hand	21,862	21,862
	Balances with banks		
	In current accounts	29,76,500	5,69,58,386
		<b>29,98,362</b>	<b>5,69,80,248</b>
<b>3</b>	<b>Receivables</b>		
	<b>(Unsecured, considered good, unless stated otherwise)</b>		
	Trade Receivables	14,49,360	2,75,012
		<b>14,49,360</b>	<b>2,75,012</b>
<b>4</b>	<b>Loans (at amortised cost)</b>		
<b>A</b>	Term loan	38,56,16,116	37,23,79,789
		<b>38,56,16,116</b>	<b>37,23,79,789</b>
<b>B</b>	Secured Loan	-	-
	Unsecured Loan	38,56,16,116	37,23,79,789
		<b>38,56,16,116</b>	<b>37,23,79,789</b>
<b>C</b>	<b>Loans in India</b>		
	Public Sector	-	-
	Others	38,56,16,116	37,23,79,789
		<b>38,56,16,116</b>	<b>37,23,79,789</b>
<b>5</b>	<b>Investments (other than Subsidiaries and Joint-ventures)</b>		
<b>A.</b>	<b>Investment in equity instruments (at FVTOCI)</b>		
	<b>Quoted</b>		
	<b>Fully paid up of face value ₹ 10 each</b>		
	43 shares of Reliance Power Ltd	187	54
	<b>Fully paid up of face value ₹ 5 each</b>		
	822800 shares of Jay Bharat Maruti Ltd.	18,74,33,840	8,25,26,840
	7734861 shares of JBM Auto Ltd.	3,25,13,48,821	1,07,74,66,137
		<b>3,43,87,82,848</b>	<b>1,15,99,93,031</b>
	<b>Unquoted</b>		
	<b>Fully paid up of face value ₹ 10 each</b>		
	840000 shares of A to Z securities Ltd	3,58,93,200	3,31,54,800
	233000 shares of Shuklamber Exports Ltd	3,62,05,870	3,62,05,870
	3200 shares of Gurera Udyog Ltd.	35,296	35,392
	495200 shares of Focal Leasing & Credits Ltd	2,93,60,408	2,62,95,120
	1930000 shares of Neel Metal Products Ltd.	92,88,89,700	92,81,56,300
	30000 shares of Prasha Techonologies Ltd	3,00,000	3,00,000
	85000 shares of Neel Industries Pvt Ltd	1,64,57,700	1,61,29,600
	217633 shares of JBM Industries Ltd.	14,79,96,969	14,90,19,844
	89300 shares of Shreeaumji Infrastructure & Projects Pvt. Ltd.	38,11,324	26,92,395
	<b>Fully paid up of face value ₹ 100 each</b>		
	3808 shares of NAP Investment & Leasing Pvt. Ltd	3,01,632	2,69,949
		<b>1,19,92,52,099</b>	<b>1,19,22,59,270</b>
		<b>4,63,80,34,947</b>	<b>2,35,22,52,301</b>
<b>B.</b>	<b>Investment in preference shares (at FVTOCI)</b>		
	<b>1% non cummulative redeemable preference shares of ₹ 10 each</b>		
	1287900 shares of Shreeaumji Infrastructure & Projects Pvt. Ltd.	76,10,126	69,07,133
	16469 shares of JBM Corporate Services Pvt. Ltd.	89,278	80,567
	2500000 shares of Faridabad Presswell Pvt. Ltd.	1,35,52,406	1,22,30,171
	<b>1% compulsory convertible non-cummulative redeemable preference shares of ₹ 10 each</b>		
	250000 shares of JBM Projects & Infrastructure Pvt. Ltd	13,55,241	11,30,000
		<b>2,26,07,051</b>	<b>2,03,47,871</b>

Note No	Particulars	As at 31st March 2021	As at 31st March 2020
<b>C.</b>	<b>Investment in debentures (at FVTOCI)</b>		
	<b>0.001% compulsory convertible debentures of ₹ 10 each</b>		
	100000 debentures of Satish Buildwell Private Limited	7,39,934	7,25,144
		<b>7,39,934</b>	<b>7,25,144</b>
<b>D.</b>	<b>Investment in units of Mutual Fund (at FVTPL)</b>		
	44.960 (PY 44.960) units of Nippon India Liquid Fund	71,747	69,339
	140.036 (PY 130.261) units of Nippon India Low Duration Fund	1,41,526	1,32,931
	<b>Investment in units of Mutual Fund (at FVTOCI)</b>		
	11402.589 (PY Nil) units of HDFC Focused 30 Fund-Growth	10,26,347	-
	127617.893 (PY Nil) units of Mirae Assets Focused Fund-Growth	20,26,572	-
	9557.682 (PY Nil) units of UTI Flexi Cap Fund-Growth	20,43,719	-
	6846.14 (PY Nil) units of UTI Mid Cap Fund-Growth	10,10,353	-
	2948.343 (PY Nil) units of UTI Ultra Short Term Fund-Growth	1,00,65,655	-
		<b>1,63,85,919</b>	<b>2,02,270</b>
<b>E.</b>	<b>Investment through PMS (at FVTPL)</b>		
	In Equity Shares	65,79,110	55,67,879
		<b>65,79,110</b>	<b>55,67,879</b>
	<b>Investment at FVTOCI</b>	<b>4,68,43,46,961</b>	<b>2,37,90,95,465</b>
	<b>Investment at FVTPL</b>	<b>4,66,15,95,205</b>	<b>2,37,35,27,586</b>
		<b>2,27,51,756</b>	<b>55,67,879</b>
<b>6</b>	<b>Other Financial assets</b>		
	Interest receivable on loans	3,68,099	-
	Security deposits	5,280	5,280
	Inventories of Stock of Shares (at FVTPL)	2,300	37,230
	Other balance with PMS	14,21,703	6,82,003
		<b>17,97,382</b>	<b>7,24,513</b>
<b>7</b>	<b>Current tax assets (Net)</b>		
	Current tax assets (Net)	-	4,53,533
	Non-Current tax assets (Net)	20,64,816	15,91,033
		<b>20,64,816</b>	<b>20,44,566</b>
<b>8</b>	<b>Deferred tax assets (net)</b>		
	<b>On account of timing difference in</b>		
	Property, plant and equipment	24,493	28,112
	Impairment reserve	2,36,38,384	13,77,121
		<b>2,36,62,877</b>	<b>14,05,233</b>
	<b>Movement in deferred tax</b>	<b>(2,22,57,644)</b>	<b>(1,56,454)</b>
	Charged to Profit and Loss Statement	(2,22,57,644)	(1,56,454)
<b>10</b>	<b>Trade payables</b>		
	Due to micro enterprises and small enterprises (also refer Note 32)	-	-
	Due to others	1,36,832	1,31,535
		<b>1,36,832</b>	<b>1,31,535</b>
<b>11</b>	<b>Borrowings (Other than Debt Securities)</b>		
	<b>Loans repayable on demand (at amortised cost)</b>		
	From bank and financial institution	4,60,71,112	4,02,87,638
	From Others	16,48,07,229	21,64,23,802
		<b>21,08,78,341</b>	<b>25,67,11,440</b>
<b>12</b>	<b>Current tax liabilities (Net)</b>		
	Current tax liabilities (Net)	9,54,699	-
		<b>9,54,699</b>	<b>-</b>
<b>13</b>	<b>Other non-financial liabilities</b>		
	Security Deposit	7,00,000	7,00,000
	Payable to statutory authorities	12,40,432	8,80,317
		<b>19,40,432</b>	<b>15,80,317</b>

Note No	Particulars	As at 31st March 2021	As at 31st March 2020
<b>14</b>	<b>Equity Share capital</b>		
<b>a</b>	<b>Authorised</b>		
	1,10,00,000 Equity Shares of ₹ 10 each	11,00,00,000	11,00,00,000
<b>b</b>	<b>Issues, subscribed and fully paid-up in cash:</b>		
	1,00,22,200 Equity Shares of ₹ 10 each	10,02,22,000	10,02,22,000
		<b>10,02,22,000</b>	<b>10,02,22,000</b>
<b>c</b>	<b>Reconciliation of Shares Outstanding</b>		
	<b>Particulars</b>	<b>Number of Shares</b>	<b>Amount in ₹</b>
	<b>Opening balance as on 01-04-2019</b>	1,00,22,200	10,02,22,000
	Issued during the financial year 2019-2020	-	-
	<b>As at 31.03.2020</b>	<b>1,00,22,200</b>	<b>10,02,22,000</b>
	Issued during the financial year 2020-2021	-	-
	<b>As at 31.03.2021</b>	<b>1,00,22,200</b>	<b>10,02,22,000</b>
<b>d</b>	<b>Equity Shares held by shareholders holding more than 5% shares</b>		
	<b>Name of Shareholder</b>	<b>No. of Shares held</b>	<b>%age of Holding</b>
	<b>As At 01.04.2020</b>		
	Shuklamber Exports Limited	14,93,300	14.90%
	Focal Leasing & Credits Limited	14,01,200	13.98%
	A To Z Securities Ltd.	14,03,100	14.00%
	Amity Infotech Pvt. Ltd.	14,03,100	14.00%
	Zeal Impex & Traders Private Limited	13,59,900	13.57%
	JBM International Ltd.	9,52,100	9.50%
	There is no change in shareholders and their shareholding during the financial year.		
<b>e</b>	<b>Terms/Rights attached to Equity Shares</b>		
	The Company has only one class of Equity Shares having a par Value of ₹ 10 per Share. In the event of Liquidation of the company, the holders of Equity Shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.		
<b>15</b>	<b>Other equity</b>		
<b>a</b>	<b>Retained Earnings/(Deficit)</b>		
	Opening Balance	25,56,31,959	23,13,94,503
	Add: Profit for the year	4,49,67,366	3,19,53,950
	Less: Transfer to Impairment Reserve	(9,72,95,733)	(13,25,704)
	Less: Transfer to Statutory Reserve	(89,93,473)	(63,90,790)
	<b>Closing Balance</b>	<b>19,43,10,119</b>	<b>25,56,31,959</b>
<b>b</b>	<b>Statutory reserve u/s 45-IC of RBI Act</b>		
	Opening Balance	5,62,68,312	4,98,77,522
	Addition during the Year	89,93,473	63,90,790
	<b>Closing Balance</b>	<b>6,52,61,785</b>	<b>5,62,68,312</b>
<b>c</b>	<b>Impairment Reserve *</b>		
	Opening Balance	60,18,884	46,93,180
	Addition during the Year	9,72,95,733	13,25,704
	<b>Closing Balance</b>	<b>10,33,14,617</b>	<b>60,18,884</b>
<b>d</b>	<b>Other reserves</b>		
	<b>Debt Instrument FVTOCI</b>		
	Opening Balance	(2,74,856)	(1,32,238)
	OCI for the year before income tax	14,790	(1,42,618)
	<b>Closing Balance</b>	<b>(2,60,066)</b>	<b>(2,74,856)</b>
	<b>Equity Instrument FVTOCI</b>		
	Opening Balance	2,15,83,48,019	3,30,78,49,753
	OCI for the year before income tax	2,28,82,14,472	(1,16,34,43,786)
	Gain on sale/redemption of Investment	-	1,39,42,052
	<b>Closing Balance</b>	<b>4,44,65,62,491</b>	<b>2,15,83,48,019</b>
		<b>4,80,91,88,946</b>	<b>2,47,59,92,318</b>

\* also refer Note No. 26



SMC Credits Limited  
CIN L65910DL1992PLC049566  
Notes to financial statements

Note No. 9: Property, plant and equipment

Amount in ₹

Current Year									
Particulars	Gross Block				Depreciaton			Net Block	
	As at 1st April, 2020	Addition	Sale	As at 31st March, 2021	As at 1st April, 2020	for the year	As at 31st March, 2021	As at 31st March, 2021	As at 31st March, 2020
<b>Tangible Assets</b>									
Land	56,38,400	-	-	56,38,400	-	-	-	56,38,400	56,38,400
Building	2,18,15,378	-	-	2,18,15,378	57,80,614	3,43,264	61,23,878	1,56,91,500	1,60,34,764
Furniture & Fixture	5,63,195	-	-	5,63,195	5,19,406	4,144	5,23,550	39,645	43,789
Office Equipment	3,16,605	-	-	3,16,605	3,00,774	-	3,00,774	15,831	15,831
<b>Total</b>	<b>2,83,33,578</b>	<b>-</b>	<b>-</b>	<b>2,83,33,578</b>	<b>66,00,794</b>	<b>3,47,408</b>	<b>69,48,202</b>	<b>2,13,85,376</b>	<b>2,17,32,784</b>
<b>Previous Year</b>	<b>2,83,33,578</b>	<b>-</b>	<b>-</b>	<b>2,83,33,578</b>	<b>62,21,978</b>	<b>3,78,816</b>	<b>66,00,794</b>	<b>2,17,32,784</b>	<b>2,21,11,600</b>

Note	Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
<b>16</b>	<b>Interest Income</b>		
	Interest on loans (at amortised cost)	2,23,33,185	1,35,71,010
	Interest on deposits with banks (at amortised cost)	2,63,805	1,32,57,404
		<b>2,25,96,990</b>	<b>2,68,28,414</b>
<b>17</b>	<b>Dividend Income</b>		
	Dividend Income	1,45,77,557	3,00,59,658
		<b>1,45,77,557</b>	<b>3,00,59,658</b>
<b>18</b>	<b>Net gain/(loss) on fair value changes</b>		
	<b>Net gain/(loss) on financial instruments at fair value through profit or loss</b>		
	On trading portfolio	11,257	(3,564)
	On financial instruments designated at FVTPL	47,53,557	(18,33,848)
		<b>47,64,814</b>	<b>(18,37,412)</b>
	<b>Fair Value changes:</b>		
	Realised	18,47,125	4,80,069
	Unrealised	29,17,689	(23,17,481)
		<b>47,64,814</b>	<b>(18,37,412)</b>
<b>19</b>	<b>Other Income</b>		
	Rent Received	96,93,939	88,44,500
	Interest on Income Tax Refund	-	28,455
		<b>96,93,939</b>	<b>88,72,955</b>
<b>20</b>	<b>Employee benefit expense</b>		
	Salaries and wages	6,09,954	-
	Staff welfare	712	907
		<b>6,10,666</b>	<b>907</b>
<b>21</b>	<b>Financing expenses</b>		
	Interest on loans	1,48,85,044	2,16,02,563
		<b>1,48,85,044</b>	<b>2,16,02,563</b>
<b>22</b>	<b>Depreciation and amortization expense</b>		
	Depreciation on tangible assets	3,47,408	3,78,816
		<b>3,47,408</b>	<b>3,78,816</b>
<b>23</b>	<b>Other expenses</b>		
	Accounting charges	-	24,000
	Travelling and conveyance	67,798	38,512
	Printing and stationery	-	1,892
	Rent	1,08,000	1,08,000
	Rates and taxes	1,99,239	98,990
	Property Tax	1,02,361	67,560
	Advertisement	28,728	21,357
	Legal and professional	12,16,780	6,48,471
	Computer & data processing expenses	4,000	4,012
	Office Repairs and maintenance	1,77,232	3,50,747
	Depository charges	25,546	2,165
	Donation	-	43,00,000
	Listing Fee	38,94,000	3,83,500
	Commission	-	17,95,575
	Brokerage	-	1,35,000
	Bank charges	6,280	4,647
	Miscellaneous	10,140	2,063
	Website expenses	14,160	14,160
	<b>Auditors remuneration</b>		
	As audit fee	26,196	26,196
		<b>58,80,460</b>	<b>80,26,847</b>

Note	Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
<b>24</b>	<b>Earning Per Share</b>		
	Net profits attributable to Equity Shareholders (₹)	4,49,67,366	3,19,53,950
	Weighted Average No. of Equity Shares		
	For Basic EPS	1,00,22,200	1,00,22,200
	For Diluted EPS	1,00,22,200	1,00,22,200
	Nominal Value per share (₹)	10	10
	<b>Basic EPS (₹)</b>	<b>4.49</b>	<b>3.19</b>
	<b>Diluted EPS (₹)</b>	<b>4.49</b>	<b>3.19</b>

- 25 (A) **Statement in pursuance of NBFC Auditor's Report (Reserve Bank) Directions, 2016:**
- a) The Company has obtained a Certificate of Registration (CoR) from the Reserve Bank of India.
- b) The Company has financial assets and financial income more than 50% of total assets and total income respectively and therefore it is entitled to continue to hold CoR.
- c) The Company has meet the requirement of minimum Net Owned Fund (NFO) of Rs. 2 crore.
- d)(i) The Board of Directors has passed a resolution for the non-acceptance of any public deposits.
- (ii) The Company has not accepted any public deposit during the year and
- (iii) The Company has complied with the prudential norms relating to income recognition, accounting standard, assets classification and provisioning for bad and doubtful debts as applicable to it.
- (B) **Schedule in terms of paragraph 13 of Non-Banking Financial (Non - Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007**

Particulars		Amount in ₹	
<b>Liabilities Side;</b>		<b>Amount Outstanding</b>	<b>Amount Overdue</b>
(1)	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid :		
a)	Debentures		
	: Secured	Nil	Nil
	: Unsecured	Nil	Nil
	(other than falling within the meaning of public deposits )		
b)	Deferred credits	Nil	Nil
c)	Term loans	Nil	Nil
d)	Inter-corporate loans & borrowings	16,48,07,229	Nil
e)	Commercial paper	Nil	Nil
f)	Public deposits	Nil	Nil
g)	Other loans –		
	i) Working capital loans from banks	Nil	Nil
	ii) Security deposit for corporate guarantee	Nil	Nil
	iii) Unsecured loans	4,60,71,112	Nil
(2)	Break-up of (1)(f) above (outstanding public deposits inclusive of interest accrued thereon but not paid ) :		
a)	In the form of unsecured debentures :	Nil	Nil
b)	In the form of partly secured debentures i.e., debentures where there is a shortfall in the value of security	Nil	Nil
c)	Other public deposits	Nil	Nil
<b>Assets Side;</b>		<b>Amount Outstanding</b>	
(3)	Break-up of Loans and advances including bills receivables [other than those included in (4) below :]		
a)	Secured	Nil	
b)	Unsecured	38,56,16,116	
(4)	Break up of Leased Assets and stock on hire and other assets counting towards AFC activities		
i)	Lease assets including lease rentals under sundry debtors		
a)	Financial lease	Nil	
b)	Operating lease	Nil	
ii)	Stock on hire including hire charges under sundry debtors :		
a)	Assets on hire	Nil	
b)	Repossessed assets	Nil	
iii)	Hypothecation loans counting towards EL / HP activities		
a)	Loans where assets have been repossessed	Nil	
b)	Loans other than (a) above	Nil	

Particulars	Amount in ₹
<b>(5) Break-up of Investments :</b>	
1. Quoted:	
i) Shares:	
a) Equity	3,43,87,82,848
b) Preference	Nil
ii) Debentures and Bonds	Nil
iii) Units of mutual funds	1,63,85,919
iv) Government Securities	Nil
v) Others (please specify)	
PMS	65,79,110
2. Unquoted	
i) Shares:	
a) Equity	1,19,92,52,099
b) Preference	2,26,07,051
ii) Debentures and Bonds	7,39,934
iii) Units of mutual funds	Nil
iv) Government Securities	Nil
v) Others (please specify)	Nil

(6) Borrower group-wise classification of all leased assets, stock-on hire and loans and advances			Amount net of provisions
Category	Secured	Unsecured	Total
1. Related Parties			
a) Subsidiaries	Nil	Nil	Nil
b) Companies in the same group	Nil	Nil	Nil
c) Other related parties	Nil	Nil	Nil
2. Other than related parties		38,56,16,116	38,56,16,116
<b>Total</b>	<b>Nil</b>	<b>38,56,16,116</b>	<b>38,56,16,116</b>

(7) Investor group-wise classification of all investments in shares and securities ( both quoted and unquoted )			
Category	Market Value / Break up or fair	Book value (net of provision)	
<b>1. Related Parties</b>			
a) Subsidiaries		Nil	Nil
b) Companies in the same group		Nil	Nil
c) Other related parties		Nil	Nil
2. Other than related parties	2,37,90,95,465	2,37,90,95,465	2,37,90,95,465
<b>Total</b>	<b>2,37,90,95,465</b>	<b>2,37,90,95,465</b>	<b>2,37,90,95,465</b>

(8) Other Information		Amount
Particulars		
i) Gross Non-Performing Assets		
a) Related parties		Nil
b) Other than related parties		Nil
ii) Net Non-Performing Assets		
a) Related parties		Nil
b) Other than related parties		Nil
iii) Assets acquired in satisfaction of debt		Nil

- 26 The Company has recognised impairment loss on loans and other financial assets based on the expected credit loss (ECL) model as required by Ind AS 109 read with notification RBI/2019-20/170 DOR (NBFC),CC.PD.No.109/22.10.106/ 2019-20 Dated 13 March 2020 issued by Reserve Bank of India on Implementation of Indian Accounting Standards. Vide para 2(b) of annexure to the notification, where impairment allowance under Ind AS 109 is lower than the provisioning required under IRACP (including standard asset provisioning), NBFCs/ARCs shall appropriate the difference from their net profit or loss after tax to a separate 'Impairment Reserve'. Consequently, loans and other financial assets have been stated at fair value adjusted with impairment loss, if any, and short/excess amount has been debited/credited to Impairment Reserve.

**Comparison between provisions required under Income recognition, asset classification and provisioning (IRACP) and impairment allowances as per Ind AS 109 'Financial instruments' as of 31 March 2021**

Asset classification as per RBI Norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss allowance (Provisions) as required under Ind AS 109	Net carrying amount	Provision required as per IRACP norms	Difference between Ind AS 109 provision and IRACP norms
(1)	(2)	(3)	(4)	(5) = (3) - (4)	(6)	(7) = (4) - (6)
<b>(a) Performing Assets</b>						
Standard	Stage 1	28,34,35,240	-	28,34,35,240	11,33,741	(11,33,741)
<b>(b) Non Performing Assets (NPA)</b>						
Doubtful upto 1 year	Stage 1	10,21,80,876	-	10,21,80,876	10,21,80,876	(10,21,80,876)
<b>Total (a+b)</b>		<b>38,56,16,116</b>	<b>-</b>	<b>38,56,16,116</b>	<b>10,33,14,617</b>	<b>(10,33,14,617)</b>

- 27 Contingent liabilities and commitments (to the extent not provided for):-

Particulars	As at 31 March 2021	As at 31 March 2020
Income Tax matters	42,14,184	42,14,184

- 28 **Fair values**

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The management assessed that investments, cash and cash equivalents, trade receivables, short term borrowings, trade payables and short term financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

- 29 **Financial risk management objectives and policies**

The Company's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include cash and cash equivalents that derive directly from its operations.

The Company is exposed to various financial risk such as market risk, credit risk and liquidity risk. The Company's senior management has assigned the responsibility to oversee the management of these risks to its treasury team. The treasury team assesses the financial risks and takes appropriate action to mitigate those risks. The treasury team provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

**a. Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk include loans and borrowings and security deposits.

The sensitivity analyses in the following sections relate to the position as at 31 March 2021 and 31 March 2020.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity, other post-retirement obligations and other provisions.

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2021 and 31 March 2020.

**b. Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have any obligations with floating rate of interest. Accordingly, the Company is not exposed to interest rate risks.

**c. Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency). The Company do not have any significant exposure to foreign currency risks as there are no significant foreign currency denominated assets / liabilities.

**d. Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its financing activities, including deposits with banks and financial institutions and other financial instruments.

**Balances with banks**

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the balance sheet at 31 March 2021 and 31 March 2020 is the carrying amounts of balances with banks.

**e. Liquidity risk**

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of long term bank loans, short term borrowings and finance leases etc. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

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

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
<b>Trade payables</b>						
Year ended 31 Mar 2021	-	1,36,832	-	-	-	1,36,832
Year ended 31 Mar 2020	-	1,31,535	-	-	-	1,31,535
<b>Borrowings</b>						
Year ended 31 Mar 2021	21,08,78,341	-	-	-	-	21,08,78,341
Year ended 31 Mar 2020	25,67,11,440	-	-	-	-	25,67,11,440

**30 Capital management**

For the purpose of the Company's capital management, capital includes issued equity capital and other equity attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximize the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a debt-equity ratio, which is net debt divided by total equity. The Company includes within net debt, interest bearing loans and borrowings less cash and cash equivalents.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2021 and 31 March 2020.

**31 Related Party Transactions**

There is no transaction done with related parties as defined in the Ind AS 24 "Related Party Disclosures".

**A. List of Related Parties**

**Key management personnel**

Prasahesh Arya  
Yashpriya Devpriya Arya  
Sukeerti Arya  
Harsh Priya Arya  
Suma Ashish Parikh  
Rajesh Goenka

**32** The company has initiated the process of identification of suppliers registered under Micro, Small and Medium Enterprise Development Act, 2006, by obtaining confirmations from all suppliers. Information has been collected only to the extent of information received as at balance sheet date. Based on the information available with the company, there are no suppliers who are registered as micro, small or medium enterprise under "The Micro, Small and Medium Enterprises Development Act 2006" as at 31 March, 2021.

**33 Significant accounting judgements, estimates and assumptions**

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. These include recognition and measurement of financial instruments, estimates of useful lives and residual value of Property, Plant and Equipment and intangible assets, valuation of inventories, measurement of recoverable amounts of cash-generating units, measurement of employee benefits, actuarial assumptions, provisions etc.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The Company continually evaluates these estimates and assumptions based on the most recently available information. Revisions to accounting estimates are recognized prospectively in the Statement of Profit and Loss in the period in which the estimates are revised and in any future periods affected.

**Judgments**

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

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**34** Previous year's figures have been rearranged and re-grouped wherever found necessary to make comparable with those of the current year and the figures has been rounded off to the nearest to rupee.

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**In terms of our Audit Report**

**For AVP & Co**  
FRN. 025193N  
Chartered Accountants

**Arvind Sharma**  
MN. FCA 525962  
Partner

Date: 28-06-2021  
Place: New Delhi

**For and on behalf of the Board**

**Prasahesh Arya**  
DIN 00006507  
Director

**Rajesh Goenka**  
Chief Financial Officer

**Y P Arya**  
DIN 00505675  
Director

**Suma Ashish Parikh**  
Company Secretary