

SMIFS CAPITAL MARKETS LIMITED

NOTICE

NOTICE IS HEREBY GIVEN that the Twenty-Eighth Annual General Meeting of the members of **SMIFS CAPITAL MARKETS LIMITED** will be held on Saturday, the 10th day of September, 2011 at the Registered Office of the Company at 'Vaibhav'(4F), 4, Lee Road, Kolkata - 700 020 at 10.00 a.m for transacting the following:

Ordinary Business

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March, 2011, the Balance Sheet as on that date and the reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. Chandranath Mukherjee who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from conclusion of the Twenty-Eighth Annual General Meeting until conclusion of the Twenty-Ninth Annual General Meeting and to authorise the Board to fix their remuneration.

Special Business

5. **To consider and if, thought fit, to pass the following resolution as Special Resolution:**

VARIATION IN TERMS OF APPOINTMENT OF MR. KISHOR SHAH AS MANAGING DIRECTOR

"RESOLVED THAT pursuant to the provisions of Sections 198,269,309,310,311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII, Part II, Section II 1(B) to the Companies Act, 1956, approval be and is hereby accorded to alter the remuneration structure payable to Mr. Kishor Shah, Managing Director, with effect from April 1, 2011 to March 31, 2012, being the last financial year in the 3(three) year tenure of appointment as Managing Director w.e.f April 1, 2009 to March 31, 2012, approved by the shareholders in the Annual General Meeting held on September 12, 2009, in accordance with the terms and conditions specified in the revised agreement to be entered into between the Company and Mr. Kishor Shah, Managing Director as per the applicable provisions of the Companies Act, 1956 read with Schedule XIII, Part II, Section II 1(B) to the Companies Act, 1956.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to alter and vary the terms and conditions of the Agreement dated March 31, 2009, varied by agreements dated 8.06.2010,30.10.2010 and 21.06.2011 respectively within the limits specified in Schedule XIII Part II, Section II 1(B) to the Companies Act, 1956 including any statutory modification(s) that may hereafter be made by the Central Government from time to time and any amendment thereto as may be agreed to between the Board of Directors and Mr. Kishor Shah.

FURTHER RESOLVED THAT the Board of Directors be authorized to take such steps as may be necessary, proper or expedient to give effect to the resolution."

By Order of the Board

(S. C. PAL)

Regd.Office : 'Vaibhav' (4F),
4, Lee Road,
Kolkata-700020
Date : May 27, 2011

Company Secretary – cum - Vice President (Legal)

SMIFS CAPITAL MARKETS LIMITED

EXPLANATORY STATEMENT

PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 5

Mr. Kishor Shah was appointed Managing Director of the company for a period of three years w.e.f April 1, 2009 in accordance with Sections 198,269,309,310,311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII, Part II, Section II 1(B) to the Companies Act,1956 including any statutory modification(s) that may be made by the Central Government from time to time and any amendment thereto .The terms and conditions of appointment of Mr. Kishor Shah as Managing Director were approved by the shareholders at the Annual General Meeting held on September 12, 2009. The remuneration and the terms and conditions of the said Agreements dated March 31, 2009 were varied vide Agreements dated 8.06.2010, 30.10.2010 and 21.06.2011 within the limits specified in Schedule XIII Part II, Section II 1(B) to the Companies Act,1956.

Your Directors propose to revise the remuneration structure payable to Mr. Kishor Shah, Managing Director within the limits specified in Sections 198,269,309,310,311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII, Part II, Section II 1(B) to the Companies Act, 1956 for the remaining one year of the three year term w.e.f April 1, 2011 ending on March 31, 2012.

Information as required by Schedule XIII, Part II, Section II 1(B) to the Companies Act, 1956 is given as under:

(i)	Effective Capital as on 31.03.2011	Rs. 497.79 million
I.	General Information:	
	1) Nature of Industry	Financial Services
	2) Expected date of commencement of commercial production.	The Company is in operation and is engaged in financial services.
	3) In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.	N.A.
	4) Financial performance based on given indicators.	(a) Profit/ (loss) Before Tax Rs. in million 31.03.11 62.73 31.03.10 40.20 31.03.09 7.65

		<p>(b) Provision for Taxation</p> <p>Rs. in million</p> <p>31.03.11 8.25</p> <p>31.03.10 (10.96)</p> <p>31.03.09 5.09</p> <p>(c) Profit/(Loss) after Tax</p> <p>Rs. in million</p> <p>31.03.11 54.48</p> <p>31.03.10 51.16</p> <p>31.03.09 2.56</p>
	5) Export performance and net foreign exchange collaborators.	NIL
	6) Foreign investments or collaborations, if any.	NIL
II.	Information about the appointee	
	1) Back ground details	<p>(a) Age : 54 Yrs.</p> <p>(b) Qualification : B.Com(Hons), ACA, ACS</p> <p>(c) Profession : Service</p> <p>(d) Experience : Over 29 years of experience. Director of five Companies and also member of various Committees.</p>
	2) Past Remuneration	Managerial remuneration drawn as Whole-Time Director of SMIFS Capital Markets Limited.
	3) Recognition and awards	NIL
	4) Job Profile and his suitability	Mr. Kishor Shah heads the Merchant and Investment Banking, Underwriting, Corporate Advisory and other related activities being the complete range of financial services and with his profound knowledge and experience guides the company.
	5) Remuneration proposed	Given below for the financial year 1 st April, 2011 to 31 st March, 2012.
	6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t the country of his origin).	Remuneration proposed is in line with the amount being paid to professionals in the same field.

	7) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.	None
III.	Other Information	
	1) Reasons for loss and inadequate profit	Company earned profits for the year 2010-2011. However, the proposed remuneration exceeds 5% of the net profits calculated pursuant to Sections 198 and 349 of the Companies Act, 1956 which is inadequate profit as per said Act for the purpose of calculation of net profit. Accordingly, remuneration is proposed pursuant to Section II 1(B) Part II of Schedule XIII to the Companies Act, 1956.
	2) Steps taken or proposed to be taken for improvement	Company is professionally managed and performance is slated to improve in the ensuing years.
	3) Expected increase in productivity and Profits in measurable terms	Increase by at least 25% (average) of the present level of operating profit is expected in the ensuing 1 (One) year.

IV. Disclosures

Pursuant to Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII, Part II, Section II 1(B) to the Companies Act, 1956 the following remuneration, if approved, will be paid to Mr. Kishor Shah for the year 2011-2012:

a) Remuneration

- (i) **Salary:** Rs. 1,65,000 (Rupees One Lac Sixty Five Thousand only) per month from 1st April, 2011 upto March 31, 2012.
- (ii) **House Rent Allowance @ 25% (Twenty-five per cent) of the salary.**
- (iii) **Contribution to Provident Fund @ 12 % (Twelve per cent) of the salary as per the provisions of the Employees Provident Funds and Miscellaneous Provisions Act, 1952.**
- (iv) **Children Education Allowance:** Rs. 1,000 (Rupees One Thousand only) per month.
- (v) **Annual Flexi Benefit:** Reimbursement of expenses towards Medical benefits for self and family, Leave Travel Assistance.
- (vi) **Gratuity:** As per rules of the Company.
- (vii) **Personal Accident and Hospitalization Insurance:** As per rules of the Company.
- (viii) **Leave:** Entitled to leave with full pay or encashment, as per the rules of the Company.
- (ix) **Conveyance Facilities:** The Company shall provide suitable conveyance facilities or in lieu of conveyance facilities, the Company shall reimburse the actual conveyance expenses only for official purposes.

(x) **Telephone and other communication facilities:** The Company will provide telephone, mobile, internet facility, telefax and other communication facilities at the Managing Director's residence.

(xi) **Club Memberships:** In accordance with the rules of the Company.

(xii) **Ex gratia Payment:** As decided by the Board of Directors from time to time.

(xiii) **Incentive Payment:** Rs. 33,000/- per month.

(xiv) **Other Perquisites:** Subject to the overall ceiling on the remuneration mentioned herein below the Managing Director may be given other allowances, benefits including stock option benefit and contribution to other retirement benefits as may be applicable and perquisites as the Board may decide from time to time.

b) Overall Remuneration:

The aggregate salary, commission, perquisites and benefits stated in clause (a)[(i) to (xiv)] in the financial year shall not exceed the limit prescribed from time to time under Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII, Part II, Section II 1(B) to the Companies Act, 1956 as in force from time to time.

c) Minimum Remuneration:

In the event of loss in any financial year during the currency of tenure of the service the payment of salary, commission, perquisites and other allowances shall be governed by the limits prescribed in Schedule XIII, Part II, Section II 1(B) to the Companies Act, 1956.

Your Directors commend the resolution as a special resolution.

This may be considered as the abstract of the terms of contract with Mr. Kishor Shah, Managing Director, pursuant to the provisions of Section 302 of the Companies Act, 1956. Earlier, the abstract of the terms dated May 27, 2011 were already circulated to the members.

The agreement dated June 21, 2011 entered into by the Company with Mr. Kishor Shah is available for inspection at the registered office of the Company between 10 a.m. to 1 p.m. on any working day.

No other Director except Mr. Kishor Shah is deemed to have interest in the said resolution.

Notes:

- 1) A Member entitled to attend and vote at this Annual General Meeting may appoint a proxy to attend and vote on a poll on his behalf. A proxy need not be a Member of the Company. Proxies, in order to be effective, must be received by the Company at its registered office at 'Vaibhav' (4F), 4, Lee Road, Kolkata - 700 020 not less than 48 (forty-eight) hours before the commencement of this Annual General Meeting.
- 2) Pursuant to the Circular of Ministry of Corporate Affairs No. 17/2011, dated 21-4-2011 members are requested to provide their email ids immediately to the company at 'Vaibhav' (4F), 4, Lee Road, Kolkata - 700 020 (email id : smifscap@vsnl.com) or to the Registrars, M/s. Maheshwari Datamatics Pvt. Ltd., 6, Mangoe Lane, Kolkata - 700 001 (e-mail id : mdpl@vsnl.com).
- 3) Members are requested to notify any change in their address / mandate / bank details immediately to the company at 'Vaibhav' (4F), 4, Lee Road, Kolkata - 700 020 (email id : smifscap@vsnl.com) or to the Registrars, M/s. Maheshwari Datamatics Pvt. Ltd., 6, Mangoe Lane, Kolkata - 700 001 (e-mail id : mdpl@vsnl.com).

- 4) Members who have multiple accounts in identical names or joint accounts in the same order are requested to consolidate all such shareholdings into one account to facilitate better service.
- 5) Depository System – The Company, consequent to introduction of the Depository System, entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Members, therefore, now have the option of holding and dealing in shares of the Company in electronic form through NSDL or CDSL. Effective 26-12-2000 trading in shares of the Company on any Stock Exchange is permitted only in dematerialized form.
- 6) Individual shareholders can avail the facility of nomination. The nominee shall be the person in whose name all rights of transfer and / or amount payable in respect of shares shall lie, in the event of the death of the shareholder and the joint holder(s), if any. A minor can be a nominee provided the name of the guardian is given in the Nomination Form. Non-individuals including Society, Trust, Body Corporate, Partnership Firm, Karta of Hindu Undivided Family, holder of Power of Attorney cannot nominate. For further details in this regard shareholders may contact Maheshwari Datamatics Pvt. Ltd., Registrars and Transfer Agents.
- 7) Members are requested to quote their account / folio numbers and in case their shares are held in dematerialized form, they must quote their Client ID Number and DP ID Number.
- 8) The Register of Members and Share Transfer Books of the Company shall remain closed from August 30, 2011 to September 10, 2011 (both days inclusive).
- 9) Members / Proxies should bring attendance slip sent herewith duly filled in, for attending the meeting.
- 10) As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to bring their copies to the Meeting.
- 11) Unclaimed Dividend: It is observed that some Members have still not encashed their Dividend Warrants in respect of earlier years i.e. for the years ended 2007, 2008 and 2010. Such Members are requested to write to the Company / its Registrar and obtain payments thereof.
- 12) Investor Grievance Redressal: The Company has an exclusive e-mail id, viz. smifscap@vsnl.com for investor to register their grievances.

By the Order of the Board

(S. C. PAL)

Company Secretary – cum – Vice President (Legal)

Regd. Office : 'Vaibhav' (4F),
4, Lee Road,
Kolkata-700020
Date : May 27, 2011



SMIFS CAPITAL MARKETS LIMITED

Regd. Office: 'Vaibhav' (4F), 4, Lee Road, Kolkata - 700 020

Attendance Slip

NAME OF THE MEMBER / PROXY*			
DP ID / CLIENT ID**		NO. OF SHARES HELD	
FOLIO NO.			

I hereby record presence at the Twenty-Eighth Annual General Meeting held at the registered office of the company on Saturday, the 10th day of September, 2011 at 10.00 a.m.

SIGNATURE OF THE SHAREHOLDER / PROXY*

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* Please strike off whichever is not applicable.

** Applicable for Members holding shares in Dematerialised form.

Note : Please handover this slip at the entrance of the Meeting Venue. Shareholder / Proxy holder desiring to attend the meeting should bring his / her copy of the Annual Report for reference at the meeting.

Tear Here

SMIFS CAPITAL MARKETS LIMITED

Regd. Office: 'Vaibhav' (4F), 4, Lee Road, Kolkata - 700020

PROXY

I/We _____ resident of _____ in the district of _____ being a Member(s) of SMIFS CAPITAL MARKETS LIMITED hereby appoint _____ resident of _____ or failing him / her _____ resident of _____ for me / us on my behalf at the Twenty-Eighth Annual General Meeting of the Company to be held on Saturday, the 10th day of September, 2011 at 10.00 a.m. and at an adjournment thereof.

Signed this _____ day of _____ 2011.

DP ID / CLIENT ID*		NO. OF SHARES HELD	
FOLIO NO.			

*Applicable for Members holding shares in Dematerialised form.

Please affix
Revenue
Stamp of
proper value.

Signature(s) of Member(s)
Across the stamp

Note : The proxy and the Power of Attorney (if any) under which it is signed or a notarially certified copy of that Power of Attorney must be deposited at the Registered Office of the Company at 'Vaibhav' (4F), 4, Lee Road, Kolkata - 700020 not less than 48 (forty-eight) hours before the time fixed for the Meeting.

SMIFS CAPITAL MARKETS LIMITED

Board of Directors

Mr. Utsav Parekh	-Chairman
Mr. Ramesh Maheshwari	-Director
Mr. Ajay Kumar Kayan	- Director
Mr. Chandranath Mukherjee	- Director
Mr. Santosh Kumar Mukherjee	- Director
Mr. Kishor Shah	- Managing Director

Company Secretary Cum Vice President (Legal)

Mr. Saibal Chandra Pal

Auditors

J.S.Vanzara & Associates
Chartered Accountants

Bankers

HDFC Bank Ltd
State Bank of India
Axis Bank
The Federal Bank Ltd.

Registered Office

Vaibhav, 4F,
4, Lee Road
Kolkata – 700 020

DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors have pleasure in presenting the Twenty Eighth Annual Report of the Company together with the audited statement of accounts for the year ended March 31, 2011.

1(a). FINANCIAL HIGHLIGHTS

(Rupees in million)

	Year ended 31.03.2011	Year ended 31.03.2010
Profit / (Loss) before Interest, Depreciation & Tax	66.00	43.49
<i>Less: Interest</i>	(0.08)	0.65
Profit / (Loss) before Depreciation & Tax	66.08	42.84
<i>Less: Depreciation</i>	3.35	2.64
Profit / (Loss) before Tax	62.73	40.20
<i>Less: Provision for Tax – current / earlier years</i>	7.93	6.28
<i>Less : Deferred tax for the year</i>	0.32	(17.24)
Profit / (Loss) after Tax	54.48	51.16
Profit / (Loss) Account brought forward from earlier year	41.31	109.92
Profit available for Appropriation	95.79	161.08
Proposed Dividend including Dividend Tax	11.03	9.77
Transfer to General Reserve	30.00	110.00
Profit / (Loss) carried to Balance Sheet	54.76	41.31

The operations of your Company during the year were satisfactory. Operating profit (PBDIT) of the Company for the year was Rs. 66.00 million (previous year Rs. 43.49 million) which is an increase of Rs 22.51 million over the previous year. Net profit before tax for the year stood at Rs. 62.73 million (previous year Rs. 40.20 million) which is an increase of 56.04% over the previous year.

Net worth of the Company as on March 31, 2011 was Rs.739.33 million (previous year Rs. 695.89 million).

(b). CAPITAL

The paid up capital of the Company as on March 31, 2011 stood at Rs. 55,850,000/- divided into 5,585,000 equity shares of Rs. 10/- each.

(c). DIVIDEND

Your Directors recommend payment of dividend of Rs. 1.70 per equity share, i.e. @ 17 % on the paid up equity capital for the year ended 31st March, 2011 as against 15% paid in the previous year. The said equity dividend will absorb a sum of Rs. 11.03 million including the dividend distribution tax thereon.

(d). MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis of financial condition and results of operations of the Company for the year under review as required under clause 49 of the listing agreement with the Stock Exchanges is given in the section on Corporate Governance elsewhere in the Annual Report.

2. SUBSIDIARY COMPANY

As on 31.03.2011 the Company had one wholly-owned subsidiary Company namely, SMIFS Capital Services Limited. Statement required under Section 212 of the Companies Act, 1956 in respect of the subsidiary Company is attached.

3. YEAR IN RETROSPECT AND FUTURE OUTLOOK

Indian economy recorded a GDP growth rate of around 8.5% in the year 2010-11 and is expected to register a growth of around 7.5% in the year 2011-12. The rate of growth has come down due to steep increase in interest rates by Reserve Bank of India leading to a slowdown in the Indian economy. Inflation continues to be high. Profit margins of companies have been impacted both due to high inflation and higher interest rates. The steep increase in oil prices is also a matter of great concern for the government. It appears that this will be a challenging year for the financial services industry including your company.

Stock markets performed well during the year and BSE Sensex was 19,445.22 as on March 31, 2011 against 17,527.77 as on March 31, 2010. Indian financial sector is healthy and is well placed to capitalise on growth opportunities in the domestic market. Prevalent banking system is well capitalised and well placed to manage asset quality concerns.

Your Company continues to focus mainly in the areas of Mergers and Acquisitions, Loan Syndication, Capital Market operations, Placement of Equity shares and debts.

4. LISTING OF SECURITIES OF THE COMPANY

Equity shares of your Company continue to be listed on the Stock Exchanges at Kolkata and Mumbai and the listing fees for the year 2011-12 have been paid. 97.14 per cent of the equity shares of your Company are held by the shareholders' in dematerialized form.

5. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (i) in the preparation of the accounts for the financial year ended March 31, 2011, the applicable Accounting Standards have been followed and that there are no material departures;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2011 and of the profit of the Company for the year ended on that date;

(iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

(iv) the Directors have prepared the annual accounts of the Company on a 'going concern' basis.

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

Particulars required under Section 217(1)(e) of the Act, read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988, under the heads (a) conservation of energy; and (b) technology absorption, are not applicable to the Company.

During the year there was no foreign exchange earnings (previous year 'nil'). Foreign Exchange outgo during the year aggregated to Rs. 0.70 million (previous year Rs. 2.44 million).

7. DIRECTORS

Composition of the Board of Directors of the Company fulfills the criteria fixed by Clause 49 of the listing agreement with fifty per cent of the Directors being independent directors. Your Board comprises of six members out of which three are independent directors.

There was no change in the composition of Board of Directors during the year. Mr. Utsav Parekh is the Non-Executive Chairman. Mr. Kishor Shah is the Managing Director of the Company being appointed for a period of 3 (Three) years w.e.f 1/04/2009 at a remuneration approved by the shareholders in the Annual general Meeting held on September 12, 2009. On the recommendation of the Remuneration Committee and approval of the Board of Directors subject to the same being ratified by the members at the ensuing Annual General Meeting by passing a special resolution, managerial remuneration paid to Mr. Kishor Shah, Managing Director is proposed to be revised within the limits prescribed under Sections 198, 269, 309, 310, 311 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII, Part II, Section II 1 (B) to the Companies Act, 1956.

Mr. Chandranath Mukherjee, Director retires by rotation in accordance with the requirement of the Companies Act, 1956 and Articles of Association of the Company and being eligible has offered himself for re-appointment.

Brief resume of Mr. Chandranath Mukherjee, nature of his expertise in specific functional areas, names of companies in which he holds directorship and / or membership / Chairmanship of committees of the board, his shareholdings as stipulated under Clause 49 of the listing agreement with the Stock Exchanges, are given in the section on Corporate Governance elsewhere in the Annual Report.

8. AUDITORS

M/s J. S. Vanzara & Associates, Chartered Accountants, who are the statutory auditors of the Company hold office in accordance with the provisions of the Companies Act, 1956 up to the conclusion of the forthcoming Annual General Meeting.

M/s J. S. Vanzara & Associates, Chartered Accountants have confirmed that their appointment, if made, would be within the prescribed limits under section 224(1B) of the Companies Act, 1956 and that they are not disqualified

for such appointment within the meaning of section 226 of the Companies Act, 1956 and they hold a valid certificate issued by the Peer Review Board of ICAI.

9. AUDITORS' QUALIFICATION

The qualifications in the Auditors' Report have been dealt with in the Notes to Accounts and are self-explanatory.

10. PARTICULARS OF EMPLOYEES

Information pursuant to Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 forming part of the Directors' Report is not required to be annexed. MCA vide its notification dated March 31, 2011 has revised the limit of disclosure to Rs.5 Lac per month or Rs. 60 Lac per annum. There are no employees in your company drawing remuneration more than Rs.5 Lac per month or Rs. 60 Lac per annum

11. ACKNOWLEDGEMENTS

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

On behalf of the Board of Directors

Regd. Office: 'Vaibhav' 4F, 4 Lee Road,

Kolkata - 700 020

The 27th day of May, 2011

(UTSAV PAREKH)

CHAIRMAN

ANNEXURE TO DIRECTORS' REPORT

ANNEXURE – A

MANAGEMENT DISCUSSION AND ANALYSIS

1. FINANCIAL STATEMENTS

Financial Statements are in compliance with the provisions of the Companies Act, 1956 and Accounting Standards issued by ICAI still in force. Readers are cautioned that this discussion may include “forward-looking statements” that are not historical in nature. Forward looking statements may include statements relating to future results, financial condition, business prospects, plans and objectives. Statements are based on the current beliefs, assumptions, expectations, estimates and projections about the business in which the company operates. The statements do not guarantee only positive performance, which are exposed to known and unknown uncertainties, many of which are beyond the control of your Company. Uncertainty could cause results to differ materially from the forward-looking statements, which should not be construed as representation of future performance.

2. MACRO-ECONOMIC OVERVIEW

Indian economy continued on the path of rapid resurgence which began in 2009-2010 and has virtually returned to a high growth path that it had achieved during 2005-06 before the global financial crisis and economic meltdown. However, as often happens with the strong recovery coupled with high dose of liquidity, the economy faced the heat of high inflation. Inflation continues to be high even though it has come down from where it was at the beginning of the fiscal year.

It is important to note that during the past three years Indian economy has successfully withstood two shocks in rapid succession: (a) global financial crisis in 2008-09 whose ripple effects continued in 2009-10 and (b) domestically, a period of marginal growth in agriculture and allied sectors. Yet the Indian economy has grown reasonably well with resilience and strength.

Growth in the industrial sector was remarkable during the first two quarters of the year 2010-2011. Thereafter, industrial output growth started to moderate. Domestic capital markets performed well in 2010. Primary markets were reasonably buoyant. Secondary markets also performed satisfactorily. Record foreign inflows helped to support the market. Overall capital flows into India this fiscal year increased substantially mainly due to investments made by the Foreign Institutional Investors (FII).

Indian economy this year has been characterized by robust economic growth and steady fiscal consolidation. However, there are structural challenges that need to be addressed concerning economic governance, efficiency in delivery of subsidies, higher subsidy due to higher oil prices, and building up of infrastructure. Policies formulated to take care of these can help to moderate inflation, accelerate economic inclusion, boost investment and infrastructure and lead economy to a high growth path.

3. CAPITAL MARKETS

Stock markets continued to perform well during the year. BSE Sensex was 19,445.22 as on March 31, 2011 against 17,527.77 as on March 31, 2010. Indian financial sector is healthy and is well placed to capitalise on growth opportunities in the domestic market.

4. OPPORTUNITIES

The buoyant growth of economy creates opportunities and it is important to seize them so that the growth becomes sustainable. Companies have raised capital in recent times to expand and grow inorganically. Moreover, acquiring global brands, gaining access to overseas markets and leveraging new technologies for Indian markets have been the key drivers for out of bound acquisitions by Indian companies. More merger and acquisition activities are envisaged in the coming years. Some large corporates have announced their expansion cum new investment plans. Corporates are also actively engaged in reducing cost of debt and your company is endeavoring to take up assignments in these areas to increase revenues.

5. THREATS

Indian Capital Market being inter-linked to international financial markets is seriously affected by any global crisis. Your Company being a part of the market is continuously gearing itself to meet such unforeseen situations by reducing costs and conserving resources for investment wherever possible.

6. FUTURE OUTLOOK

Indian economy recorded a GDP growth rate of around 8.5% in the year 2010-11 and is expected to register a growth of around 7.5% in the year 2011-12. The rate of growth has come down due to steep increase in interest rates by Reserve Bank of India leading to a slowdown in the Indian economy. Inflation continues to be high. Profit margins of companies have been impacted both due to high inflation and higher interest rates. The steep increase in oil prices is also a matter of great concern for the government. It appears that this will be a challenging year for the financial services industry including your company.

Your company is actively engaged in increasing business in the areas of mergers and acquisitions, loan syndication and raising of equity capital for companies.

7. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

Internal control systems are aimed at promoting operational efficiencies while emphasizing adherence to the policies adopted by the Board of Directors.

8. CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing your Company's position and expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied.

On behalf of the Board of Directors

Regd. Office: 'Vaibhav' 4F, 4 Lee Road,
Kolkata - 700 020
The 27th day of May, 2011

(UTSAV PAREKH)
CHAIRMAN

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2010-11*(As required under Clause 49 of the Listing agreements entered into with the Stock Exchanges)*

Your Company believes that sound ethical practices, transparency in operations and timely disclosures go a long way in enhancing the long-term shareholder value while safeguarding the interest of all the stakeholders. Corporate Governance is a reflection of our culture, policies, our relationship with stakeholders and commitment to value.

Your company believes that for a company to be successful it must maintain global standards of corporate conduct towards its stakeholders. To that end, your company has always focused on good corporate governance, which is the key driver of sustainable corporate growth.

I. Company philosophy on Corporate Governance

Your Company has implemented and is continuously improving the Corporate Governance procedures with the objective of fulfilling expectation of the shareholders and Company's social commitments through transparency, disclosures, accountability, compliances, ethical code, stakeholders' interests. Governance practices go beyond statutory and regulatory requirements. Your company is committed to follow the spirit of good governance than mere compliance with the conditions specified by regulatory authorities.

Compliance with clause 49 of the Listing Agreement

Your Company is fully compliant with the mandatory requirements of Clause 49 of the listing agreement formulated by SEBI.

Your Board presents the report on compliance of governance conditions specified in Clause 49.

II. Board of Directors

As on March 31, 2011 the Company had 6 Directors with a Non- Executive Chairman and Managing Director. The Board of Directors of your Company comprises of 5 Non-Executive Directors. Among them, 3 are Independent Directors. Composition of the Board of your Company is in conformity with Clause 49 (as amended). Composition of the Board is given below:

Category	Particulars of Directors
(a) Non-Executive-Independent Directors	(i) Mr. Ramesh Maheshwari (ii) Mr. Chandranath Mukherjee (iii) Mr. Santosh Kumar Mukherjee
(b) Non-Executive –Non-Independent Director	(i) Mr. Ajay Kumar Kayan (ii) Mr. Utsav Parekh, Non Executive Chairman*
(c) Executive Non Independent Director	(i) Mr. Kishor Shah, Managing Director**

* Mr. Parekh was appointed Director under Section 257 of the Companies Act, 1956 in the Annual General Meeting held on September 12, 2009.

** Mr. Kishor Shah was appointed Managing Director of the Company for a period of three years w.e.f. 1st April, 2009 in the Annual General Meeting held on September 12, 2009.

None of the Directors on the Board are members of more than 10 committees and Chairman of more than 5 Committees across all companies in which they are Directors. Necessary disclosures regarding Committee position in other public companies as on March 31, 2011 have been made by the Directors.

Board members are responsible for the management of the business. Role, functions, responsibility and accountability of the Board are clearly defined. In addition to its primary role of monitoring corporate performance, functions of the Board include:

- i. approving corporate philosophy and vision;
- ii. formulation of strategic and business plans;
- iii. reviewing and approving financial plans and budgets;
- iv. monitoring corporate performance against strategic and business plans, including overseeing operations;
- v. ensuring ethical behavior and compliance of laws and regulations;
- vi. reviewing and approving borrowing limits;
- vii. formulating exposure limits; and
- viii. keeping shareholders informed regarding plans, strategies and performance.

Name and category of Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorship and Committee Chairmanship / Memberships held by them in other companies is given below. Other Directorships do not include alternate directorship, directorships of private limited companies, Section 25 companies and of companies incorporated outside India. Chairmanship / Membership of Board Committees include only Audit and Shareholders / Investors Grievance Committees.

Name of the Director	Category	Year 2010 – 2011 Attendance at Board Meetings	Year 2010 – 2011 Attendance at last AGM	No. of outside Directorships	No of other Board / Comm. of which he is a member	No of other Board / Committees of which he is a Chairman
Utsav Parekh – Non Executive Chairman	Promoter Non-Executive	2	No	6	4	Nil
Ramesh Maheshwari	Independent	3	No	5	5	3
Chandranath Mukherjee	Independent	3	Yes	1	1	Nil
Santosh Kumar Mukherjee	Independent	4	Yes	2	1	1
Ajay Kumar Kayan	Promoter Non-Independent	4	No	2	Nil	Nil
Kishor Shah	Managing Director	4	Yes	5	3	Nil

III. Board Meetings

Four Board Meetings were held during the year and the gap between two meetings did not exceed four months. Dates on which Board Meetings were held in each quarter are as follows:

Quarter	Date of Meetings
First	May 24, 2010
Second	July 30, 2010
Third	October 30, 2010
Fourth	January 28, 2011

IV. Audit Committee

- (i) Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges read with Section 292A of the Companies Act, 1956.
- (ii) Audit Committee has been vested with the following powers:
 - a. To investigate any activity within its terms of reference.
 - b. To seek information from any employee.
 - c. To obtain outside legal or other professional advice.
 - d. To secure attendance of outsiders with relevant expertise, if it considers necessary.
- (iii) The terms of reference of the Audit Committee are broadly as under:
 - a. Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
 - b. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
 - c. Reviewing the financial statements, draft audit report, including quarterly / half-yearly financial information.
 - d. Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:
 - (i) any change in accounting policies and practices;
 - (ii) major accounting entries based on exercise of judgment by management;
 - (iii) qualifications in draft audit report;
 - (iv) significant adjustments arising out of audit;
 - (v) the going concern assumption;
 - (vi) compliance with accounting standards;
 - (vii) compliance with stock exchange and legal requirements concerning financial statements;
 - (viii) any related party transaction i.e. transaction of the Company of material nature with promoters or the management, their subsidiaries or relatives etc., that may have potential conflict with the interest of Company at large.

- e. Review of the Company's financial reporting process, the financial statements and financial / risk management policies.
 - f. Review of the adequacy of the internal control systems and functioning of the internal audit team.
 - g. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 - h. Discussion with the management and the external auditors, the audit plan for the financial year and joint post-audit review of the same.
 - i. 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.
- (iv) Audit Committee meetings are held at the registered office of the Company and are usually attended by the Director in charge of Finance, Chief Financial Officer, representatives of the Statutory Auditors and representatives of the Internal Auditors. The Company Secretary of the Company acts as Secretary of the Audit Committee.
- (v) The composition of the Audit Committee and particulars of meetings attended by the members of the Audit Committee is given below:

Name	Category	No. of Meetings during the year 2010-11	
		Held	Attended
Mr. Chandranath Mukherjee - <i>Chairman</i>	Independent, Non-Executive	4	3
Mr. Santosh Kumar Mukherjee	Independent, Non-Executive	4	4
Mr. Utsav Parekh	Non-Independent, Non-Executive	4	2

- (vi) Four Audit Committee meetings were held during the year. The dates on which the said meetings were held in each quarter are as follows:

Quarter	Date of Meetings
First	May 24, 2010
Second	July 30, 2010
Third	October 30, 2010
Fourth	January 28, 2011

V. Remuneration Committee

- (i) The Company has constituted a Remuneration Committee of Directors.
- (ii) The broad terms of reference of the Remuneration Committee are as follows:
 - a) To approve the Annual Remuneration Plan of the Company.
 - b) To approve remuneration payable to Managing / Whole-Time Director for each financial year;
 - c) Determination of sitting fees payable to Directors.
 - d) Such other matters as the Board may from time to time request the Remuneration Committee to examine and recommend / approve.

- (iii) The composition of the Remuneration Committee and the details of meetings attended by the members of the Remuneration Committee are given below:

Name	Category	No. of Meetings during the year 2010-11	
		Held	Attended
Mr. Ramesh Maheshwari – Chairman	Independent, Non-Executive	2	2
Mr. Chandranath Mukherjee	Independent, Non-Executive	2	2
Mr. Santosh Kumar Mukherjee	Independent, Non-Executive	2	2

The Company Secretary is the Secretary of the Committee

- (iv) Two meetings of the Remuneration Committee were held during the year on, April 1, 2010 and October 30, 2010.
- (v) Employee Stock Option Scheme approved in the Annual General Meeting held on 27.09.2008 has lapsed as the same was not approved within one year of its approval.
- (vi) Details of Remuneration for the year ended March 31, 2011

a) Non-Executive Directors:

Name	No. of Board Meetings Attended	Sitting Fees for Board Meeting (Rs.)	No. of Audit Committee Meetings Attended	Sitting Fees for Audit Committee Meeting (Rs.)	No. of Remuneration Committee Meetings Attended	Sitting Fees for Remuneration Committee Meeting (Rs.)	No. of Shareholders' Grievance Committee Meetings Attended	Sitting Fees for Shareholders' Grievance Committee (Rs.)	Commission	Total (Rs.)
Mr. Utsav Parekh	2	15,000	2	2,000	-	-	-	-	-	17,000
Mr. Ramesh Maheshwari	3	22,500	-	-	2	2,000	-	-	-	24,500
Mr. Chandranath Mukherjee	3	22,500	3	3,000	2	2,000	-	-	-	27,500
Mr. Santosh Kumar Mukherjee	4	30,000	4	4,000	2	2,000	1	1000	-	37,000
Mr. Ajay Kumar Kayan	4	30,000	-	-	-	-	-	-	-	30,000

Pursuant to Section 310 of the Companies Act, 1956 read with Clause 49 I(B) of the Listing Agreement, the sitting fees payable to Non-Executive Directors per Board Meeting is Rs. 7,500/- per Board Meeting which is within the limits fixed by the Central Government fee of Rs. 1,000/- is paid for each committee meeting (e.g. remuneration, audit and shareholders grievance).

b) Executive Chairman and Managing Director

Managerial remuneration paid to Mr. Kishor Shah, Managing Director (earlier Whole-Time Director from April 1, 2006 to March 31, 2009) pursuant to compliance of section 269 of the Companies Act, 1956 read with Schedule XIII Part II, Section II(B) to the Companies Act, 1956 is given as under:

Name	Salary, Benefits, Perquisites & Allowances	Commission	Stock Options
Mr. Kishor Shah	Rs. 3,415,047/-	NIL	NIL

Mr. Kishor Shah was appointed Managing Director w.e.f. April 1, 2009 and is drawing remuneration as recommended by the Remuneration Committee and Board of Directors and as approved by the shareholders at the Annual General Meeting held on September 12, 2009 and varied within the limits fixed by the shareholders by the Special Resolution passed in the Annual General Meeting held on September 12, 2009.

VI. Shareholders / Investors Grievance Committee

- (i) The Company has constituted a Shareholders / Investors Grievance Committee of Directors to look into the redressal of complaint of investors such as transfer or credit of shares to demat accounts, non-receipt of dividend / notices / annual reports, etc.
- (ii) The Shareholders / Investors Grievance Committee consist of 3 Directors namely Mr. Santosh Kumar Mukherjee, Mr. Chandranath Mukherjee and Mr. Kishor Shah of which 2 are in Non-executive capacity. The Chairman is Non-executive.
- (iii) The Company Secretary is the Secretary of the Committee.

VII. Share Transfer Committee

- (i) The Company has constituted a Share Transfer Committee to look into requests received for transfers, split, consolidation as well as issue of duplicate share certificates and completes the process and despatch of the certificates, well within the stipulated time.
- (ii) Share Transfer Committee comprises of Mr. Utsav Parekh, Mr. Santosh Kumar Mukherjee and Mr. Kishor Shah.
- (iii) Share Transfer Committee meetings were held from time to time to give effect to transfer of shares.
- (iv) The Share Transfer Committee is prompt in dealing with all the requests received relating to transfer of shares and other related matters.
- (v) The Company Secretary is the Secretary of the Committee.

VIII. Committee of Directors

In addition to the above committees, the Board has constituted the Committee of Directors, which considers matters which are urgent in nature. The Committee comprises of Mr. Utsav Parekh, Mr. Santosh Kumar Mukherjee, Mr. Ajay Kumar Kayan and Mr. Kishor Shah.

The Company Secretary is the Secretary of the Committee.

IX. General Body Meetings

Location and time of general meetings held in the last 3 years:

YEAR	TYPE	DATE	VENUE	TIME	Whether Special Resolution passed
2009-10	AGM	25.09.2010	Registered Office: Vaibhav (4F), 4 Lee Road, Kolkata – 700 020.	10.00 A.M	No
2008-09	AGM	12.09.2009	Registered Office: Vaibhav (4F), 4 Lee Road, Kolkata – 700 020.	10.00 A.M	Yes
2007-08	AGM	27.09.2008	Registered Office: Vaibhav (4F), 4 Lee Road, Kolkata – 700 020.	10.00 A.M	Yes

At the Annual General Meeting of the Company held on 27.09.2008 Special Resolution was passed for item nos.5,6,7 and 8 respectively (i) amendment of 'Clause III-C' being 'Other Objects' for which the Company is established of the Memorandum of Association of the Company, (ii) authority to commence and undertake business specified in sub-clause 27 of Clause III-C being Other Objects for which the Company is established.' (iii) Issue of shares to employees under the SMIFS Capital Markets Limited Employees Stock Option Scheme -2008, (iv) Issue of shares to employees of subsidiary Company (SMIFS Capital Services Limited) under the SMIFS Capital Markets Limited Employees Stock Option Scheme - 2008. The resolutions were passed with requisite majority. The resolutions were passed by postal ballot. No. of forms received were 59 nos. and the votes cast were 3188405 votes. Number of valid Postal Ballot Forms received were 47 nos. and votes cast in favour were 3180855 votes. Number of invalid Postal Ballot Forms were 12 nos. and were for 7550 votes. Section 192A of the Companies Act, 1956 read with Companies (Postal Ballot) Rules 2001 was complied with.

At the Annual General Meeting of the Company held on 12.09.2009 resolution was passed for appointment of Mr. Kishor Shah as Managing Director.

No Special Resolution was passed at the Annual General Meeting held on 25.09.2010.

X. Disclosure by the Management to the Board

The management disclosed to the Board all material, financial and commercial transactions where they had personal interest and which may have had potential conflict of interest with the Company at large:

- Related party transactions viz., Promoters, Directors or the Management, their subsidiaries or relatives has been stated in Clause 13 of the Notes to Accounts in Schedule M.
- There were no significant instances of non-compliance on any matter related to the capital market, during the last three years.

XI. Subsidiary Company

The Company has one wholly-owned subsidiary Company, SMIFS Capital Services Limited. Two independent directors on the Board of the Company are the directors on the Board of the subsidiary Company. Audit committee comprising of three directors of the Company reviews the financial statements in each meeting. Minutes of the Board meetings of the subsidiary are placed before the Board meetings and significant transactions, arrangements are placed at the Board meetings of your Company at regular intervals.

XII. Compliance Certificate

Compliance Certificate for Corporate Governance from Auditors of the Company is annexed herewith.

XIII. Means of communication

Half-yearly report to each shareholder:	Financial results of the Company are published in newspapers.
Quarterly and half-yearly results:	<p>Published in the newspapers :</p> <p>i) First Quarter ended June 30, 2010, unaudited results published in Business Standard (English) and Dainik Lipi (Bengali) dated August, 1 2010.</p> <p>ii) Second Quarter and half-yearly results ended September 30, 2010 published in Business Standard (English) and Dainik Lipi (Bengali) on November 1, 2010.</p> <p>iii) Third Quarter ended December 31, 2010 unaudited results published in Business Standard (English) and Dainik Lipi (Bengali) on January 30, 2011.</p> <p>iv) Fourth Quarter ended March 31, 2011 audited results published in Business Standard (English) and Dainik Lipi (Bengali) on May 29, 2011.</p>
Newspapers in which results are normally published:	Business Standard (English), Dainik Lipi (Bengali).
Any website, where displayed:	The results are displayed on the Company's website at www.smifscap.com
Whether it also displays official news releases:	Yes. The web site also displays the official news releases.
Management's Discussions & Analysis forms part of this annual report:	Yes

XIV. General Shareholder's Information

(i) Annual General Meeting

Date:	September 10, 2011
Time :	10.00 a.m
Venue:	‘Vaibhav’(4F), 4, Lee Road, Kolkata - 700 020

(ii) Financial Calendar :

April to March

(iv) Dividend Payment date :

If approved in the Annual General Meeting to be held on September 10, 2011 to be paid on or after September 12, 2011.

(v) Date of Book Closure :

August 30, 2011(Tuesday) to September 10, 2011 (Saturday)
(both days inclusive)

(vi) Listing on Stock Exchange:

Equity shares of the Company are listed on The Calcutta Stock Exchange Limited and Bombay Stock Exchange Limited.

(vii) Stock Code :

508905 – Mumbai

29354 – Calcutta

(viii) ISIN Number for NSDL / CDSL:

INE641A01013

(ix) Market Price Information

The following table gives the monthly high and low prices of the Equity shares traded at BSE during the year 2010-2011:

Month	High Price	Low Price
Apr-10	39.75	34.20
May-10	59.70	41.60
Jun-10	52.75	47.05
Jul-10	54.00	44.80
Aug-10	51.95	44.75
Sep-10	52.95	43.20
Oct-10	52.25	45.50
Nov-10	49.90	40.20
Dec-10	54.90	34.50
Jan-11	46.50	41.05
Feb-11	44.00	36.50
Mar-11	40.95	34.70

There was no trading of shares at CSE during the year.

(x) Registrar and Transfer Agents:

Name & Address : Maheshwari Datamatics Pvt. Ltd.
6, Mangoe Lane, (2nd Floor),
Kolkata – 700 001
Telephone : 2243-5029, 2243-5809, 2248-2248
Fax : (033) 2248-4787,
E-mail : mdpl@cal.vsnl.net.in

(xi) Corporate Filing and Dissemination System (CFDS)

Pursuant to Clause 52 of the Listing Agreement, Companies are now required to upload the quarterly financial results under Corporate Filing and Dissemination System (CFDS). Your Company has been duly registered under the said system and all data relating to the quarterly financial results along with corporate governance report and shareholding pattern are filed under the said system.

(xii) Share Transfer System:

Shares lodged for transfer at the Registrar's address are normally processed within 21 days from the date of lodgment, if the documents are clear in all respects. All requests for dematerialization of shares are processed and the confirmation is given to the depositories within 15 days. The Share Transfer Committee approves all transfers and transmissions. Grievances received from members, if any, and other miscellaneous correspondence on change of address, mandates are processed by the Registrar within 15 days from the date of receipt of correspondence.

(xiii) Distribution of shareholding as on March 31st, 2011:

Category	No. of shares held	% of shareholding
RESIDENT INDIVIDUALS	536709	9.6098
FINANCIAL INSTITUTIONS / BANK	101000	1.8084
FOREIGN INSTITUTIONAL INVESTORS	550000	9.8478
CORPORATE BODY-DOMESTIC	1594978	28.5582
INDIAN PROMOTERS:		
a) Individuals	847550	15.1755
b) Corporate Bodies	1499650	26.8514
NRIs / OVERSEAS CORP. BODIES (OCBs)	454517	8.1382
CLEARING MEMBER	596	0.0107
TOTAL	5585000	100

(xiv) Reconciliation of Share Capital Audit Report:

The Securities and Exchange Board of India vide circular no. CIR/MRD/DP/30/2010 dated September 6, 2010 has directed all the issuer companies to submit a Reconciliation of Share Capital Audit Report (REPORT), reconciling the total shares held in both the depositories viz., NSDL and CDSL and in physical form with the total issued /paid up capital. The report replaced the earlier Secretarial Audit Report.

The said report, duly certified by a Company Secretary in Practice is submitted to the stock exchanges where the securities of the Company are listed within 30 days of the end of each quarter and the certificate is also placed before the Board of Directors of the Company.

(xv). Policy on Insider Trading:

The Company has formulated a code of conduct for prevention of insider trading ('Code') in accordance with the guidelines specified under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended in February 20, 2002. The Board has appointed Mr. S. C. Pal, Company Secretary-cum-Vice President (Legal) as the Compliance Officer under the Code being responsible for complying with the procedures, monitoring adherence to the rules for preservation of price sensitive information, pre-clearance of trade monitoring of trades and implementation of the code of conduct under the overall supervision of the Board. The SCML Code, inter alia, prohibits purchase and / or sale of shares of the Company by an insider or by any other Company, while in possession of unpublished price sensitive information in relation to the Company during certain prohibited periods. The Code is available on the Company's website.

(xvi) Details of use of Public Fund obtained in the last three years:

No fund has been raised from the public in the last three years.

(xvii) Plant location:

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

(xviii) Investor Correspondence:

Any query relating to financial statements
of the Company may be addressed to the Chief
Financial Officer of the Company:

Investors' Correspondence may be addressed to the
Compliance Officer of the Company:

Mr. S. Jhajharia
Senior Vice-President & CFO

SMIFS Capital Markets Limited

Vaibhav, 4 F, 4 Lee Road,

Kolkata – 700 020

Telephone: (033) 2290 7400/ 7401

Fax: (033) 2287 4042

E-mail: smifscap@vsnl.com

Mr. S. C. Pal
Company Secretary cum Vice President (Legal)

SMIFS Capital Markets Limited

Vaibhav, 4 F, 4 Lee Road,

Kolkata – 700 020

Telephone: (033) 2290 7400/ 7401

Fax: (033) 2287 4042

E-mail: smifscap@vsnl.com

(xix) Other Information:

a) Compliance

Compliance Certificate for Corporate Governance from Auditors of the Company is annexed herewith.

b) Code of Conduct

In order to make the employees of the Company knowledgeable and committed to follow highest level of integrity and to outline the Company's value and principles and to set out the standards of the professional and ethical behavior expected of the employees in the organization, Board of Directors of your Company have laid down Code of Business Conduct and ethics.

Affirmation of Compliance to the code has been made by the Board members and senior management of the Company.

c) Annual declaration by CEO pursuant to Clause 49(I)(D)(ii) of Listing Agreements with Stock Exchanges

As the Chief Executive Officer of SMIFS Capital Markets Limited and as required by Clause (49)(I)(D)(ii) of the Indian Stock Exchange Listing Agreement, I hereby declare that all the Board members and the senior management personnel of the Company have affirmed compliance with the Company's Code of Business Conduct and ethics for the Financial Year 2010-11.

(xx) Information pursuant to Clause 49 VIA (C) of the Listing Agreement

(a) Details of Mr. Chandranath Mukherjee, Director who has consented to be re-appointed as Director at the ensuing Annual General Meeting:

Mr. Chandranath Mukherjee – L.L.B, M.A- (Economics). Appointed as Director on 27/10/2006 He is a Practicing Advocate with wide experience and knowledge of Financial Market & He is also a director of SMIFS Capital Services Limited.

(xxi) Non – Mandatory Requirements

Whistle Blower Policy

Your Company has established a mechanism called "Whistle Blower Scheme" for employees to report to the management instances of unethical behavior actual or suspected, fraud or violation of Company's code of conduct or ethics policy

On behalf of the Board of Directors

Regd. Office: 'Vaibhav' 4F, 4 Lee Road,
Kolkata - 700 020
The 27th day of May, 2011

(UTSAV PAREKH)
CHAIRMAN

AUDITORS' REPORT TO THE MEMBERS OF SMIFS CAPITAL MARKETS LIMITED

We have audited the attached Balance Sheet of SMIFS Capital Markets Limited, as at 31st March 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) 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 and proper returns adequate for the purpose of our audit have been received from the branches not visited by us;
- (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) On the basis of the written representations received from the directors, as on 31st March 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2011;
 - (b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - (c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For J. S. VANZARA & ASSOCIATES
Chartered Accountants
FRN.318143E

(Aurobinda Panda)
Partner
Membership no. 064888

Date: 27th day of May, 2011

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 thereof)

- i) In respect of its fixed assets:
 - a) The Company is generally maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) As explained to us, some of the fixed assets have been physically verified during the year by the management in accordance with a phase programme of verification adopted by the Company. In our opinion, the period of verification is reasonable having regard to the size of the Company and nature of its business. No material discrepancies were noticed on such verification.
 - c) Based on our scrutiny of the records of the Company, we report that the Company has disposed off some fixed assets during the year. Based on the information and explanations given by the management and on the basis of audit procedures performed by us, we are of the opinion that the sale of the said fixed assets has not affected the going concern.
- ii) As the Company provides Investment Banking Service and deals in share and securities which do not fall under the definition of inventory as clarified by The Institute of Chartered Accountants of India in its statement on CARO 2003, the requirements of reporting on physical verification of stock or maintenance of inventory records in our opinion are not applicable.
- iii)
 - a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956. As the Company has not granted any loans, secured or unsecured, to parties listed in the registers maintained under section 301 of the Companies Act, 1956 paragraphs (iii)(b), (c) and (d) of the Order, are not applicable.
 - b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956. As the Company has not taken any loans, secured or unsecured, from parties listed in the registers maintained under section 301 of the Companies Act, 1956 paragraphs (iii)(e), (f) and (g) of the Order, are not applicable.
- iv) Having regard to the nature of the Company's business and based on our scrutiny of the Company's records and according to the information and explanations given to us, we report that the Company's activities do not include purchase of inventory and sale of goods. In our opinion and according to the information and explanation received by us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and sale of services. Further, on the basis of our examination, and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control system.
- v)
 - a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the registers maintained under section 301 and exceeding the value of rupees five lakh in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi) The Company has discontinued acceptance of public deposits w.e.f. 15.07.1997. In our opinion and according to the information and explanations given to us, the Company has complied with the provision of sections 58A and 58AA of the Companies Act, 1956, and the Companies (Acceptance of Deposits) Rules, 1975 as applicable, with regards to the deposits accepted from the public. As per information and explanations given to us no order under the aforesaid sections has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company.
- vii) In our opinion, the Company has internal audit system commensurate with its size and nature of its business.
- viii) According to the information and explanations provided by the management, the Company is not engaged in production, processing, manufacturing or mining activities. Hence the provision of section 209(1)(d) do not apply to the Company. Hence, in our opinion, no comment on maintenance of cost records under section 209(1)(d) is required.
- ix) Statutory and other dues: -

- a) According to the information and explanations given to us, the Company has been regularly depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax Wealth Tax, Service Tax, Customs Duty and Excise Duty as applicable with the appropriate authorities during the year.
- b) According to the information and explanations given, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty were outstanding, as at 31st March, 2011 for a period of more than six months from the date they become payable.
- c) According to the records of the Company and the information and explanations given to us, the following are the particulars of dues on account of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty and Cess matters that have not been deposited on account of any dispute:

Name of the Statute	Nature of Due	Amount (Rs)	Forum where Dispute is pending
Uttar Pradesh Sale Tax Act	Sales Tax Due	91,125	Commissioner of Appeal Sales Tax

- x) The company doesn't have any accumulated losses at the end of the financial year and has incurred cash losses to the tune of Rs. 43,05,391/- (Rupees Forty Three Lacs Five Thousand Three Hundred Ninety One only) during the current financial year.
- xi) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank during the year.
- xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares during the year, so the requirement of maintenance of adequate documents and records is not applicable.
- xiii) In our opinion, and to the best of our information and according to the explanations provided by the management, we are of the opinion that the Company is neither a Chit Fund nor a Nidhi / Mutual benefit society. Hence, in our opinion, the provisions of any special statute as specified under paragraph 4(xiii) of the Order are not applicable to the Company.
- xiv) In our opinion and according to the information and explanation given to us, the Company has maintained proper records of transaction and contracts regarding its dealing as trading in shares, securities, debentures and other investments, and timely entries have been made therein; also the shares, securities, debentures and other investments, have been held by the Company in its own name except of the exemption granted under section 49 of the Companies Act, 1956 or the shares for which the Company held valid transfer forms or which are in the process of transfer in its name and as stated in note (B) (15) of schedule 'M'.
- xv) The Company has given guarantees in connection with loan taken by others from banks or financial institutions. In our opinion, the terms and conditions of the guarantees given are not prejudicial to the interest of the Company.
- xvi) In our opinion and according to the information and explanation given to us, the term loan obtained by the Company has been applied for the purpose for which it was obtained.
- xvii) Based on the information and explanations given to us and an overall examination of balance sheet of the Company, in our opinion, there are no funds raised on a short term basis which have been used for long term investment.
- xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956 during the year.
- xix) According to the information and explanations given to us and the records examined by us, the Company has not issued any debentures during the year.
- xx) The Company has not raised any money by public issues during the year.
- xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

ORIENTAL HOUSE, SUITE # 3A
6C, ELGIN ROAD, 3RD FLOOR
KOLKATA – 700 020.

For J. S. VANZARA & ASSOCIATES
Chartered Accountants
FRN.318143E

(Aurobinda Panda)
Partner
Membership No-064888

Date: 27th day of May, 2011

SMIFS CAPITAL MARKETS LIMITED

Balance Sheet as at 31st March, 2011

SCH	No.	As at 31st March 2011		As at 31st March 2010	
		Rs.	Rs.	Rs.	Rs.
<u>SOURCES OF FUNDS</u>					
Shareholders' Funds					
a. Share Capital	A	55,850,000		55,850,000	
b. Reserve and Surplus	B	683,484,757		640,035,251	
			739,334,757		695,885,251
Loan Funds					
a. Secured Loans	C	5,521,612		2,878,177	
b. Unsecured Loans	D	0		21,127,520	
			5,521,612		24,005,697
			744,856,369		719,890,948
<u>APPLICATION OF FUNDS</u>					
Fixed Assets					
a. Gross Block	E	244,892,090		226,259,283	
b. Less: Depreciation		141,391,931		140,229,290	
Lease Terminal Adjustment Account		1,709,528		1,709,528	
c. Net Block			101,790,631		84,320,465
Investments					
	F		175,224,636		178,947,346
Current Assets, Loans & Advances					
a. Current Assets	G	98,053,652		185,505,528	
b. Loans & Advances		371,890,059		328,576,624	
		469,943,712		514,082,152	
Less: Current Liabilities & Provisions					
a. Current Liabilities	H	63,802,062		120,247,639	
b. Provisions		27,192,845		26,428,280	
		90,994,907		146,675,919	
Net Current Assets					
			378,948,805		367,406,233
Net Deferred Tax Assets					
			88,892,297		89,216,904
			744,856,369		719,890,948

ACCOUNTING POLICIES AND

M

NOTES ON ACCOUNTS

Schedules referred to above form an integral part of the Balance Sheet
In terms of our attached report of even date

For and on behalf of the Board of Directors

In terms of our attached report of even date
For J. S. VANZARA & ASSOCIATES
Chartered Accountants
FRN. 318143E

(Utsav Parekh)
Chairman

(Kishor Shah)
Managing Director

(AUROBINDA PANDA)
Partner
Membership no. 064888
Kolkata
The 27th day of May 2011

(S. C. Pal)
Company Secretary
Cum Vice President (Legal)

(S. Jhajharia)
Senior Vice President & CFO

SMIFS CAPITAL MARKETS LIMITED

Profit & Loss Account for the year ended 31st March, 2011

	SCH No.	For the year ended <u>31st March 2011</u>		For the year ended <u>31st March 2010</u>	
		Rs.	Rs.	Rs.	Rs.
<u>INCOME</u>					
Sales			162,642,186		278,736,722
Profit/Loss on Sale of Investments			(16,862,376)		(47,153,310)
Investment Banking Operations(Net)			40,720,314		119,995,567
Other Income	I		1,121,333		3,899,478
Increase / (Decrease) in Stock	J		1,033,909		(2,026,785)
			<u>188,655,366</u>		<u>353,451,672</u>
<u>EXPENDITURE</u>					
Purchases			161,177,156		274,612,464
Operating & Administration Expenses:	K		31,863,981		76,323,687
Interest	L		(80,380)		654,711
Depreciation			3,349,760		2,637,984
Provision against Investments /sub-standard assets			(70,390,625)		(40,977,774)
			<u>125,919,892</u>		<u>313,251,072</u>
PROFIT/ (LOSS) BEFORE TAX			62,735,474		40,200,600
Provision for Taxation (Including Wealth Tax & STT)		376,728		114,815	
Short / (Excess) provision of tax for earlier years		7,549,888		6,169,782	
Deferred Tax for the year		<u>324,607</u>		<u>(17,242,194)</u>	
			8,251,223		(10,957,597)
PROFIT / (LOSS) AFTER TAX			54,484,251		51,158,197
(Debit) / Credit balance brought forward			41,310,251		109,920,952
Amount available for Appropriation			<u>95,794,502</u>		<u>161,079,149</u>
<u>Appropriations</u>					
Proposed Dividend 17%			9,494,500		8,377,500
Tax on Proposed Dividend			1,540,245		1,391,398
Transferred to General Reserve			30,000,000		110,000,000
Balance Carried to Balance Sheet			<u>54,759,757</u>		<u>41,310,251</u>
			<u>95,794,502</u>		<u>161,079,149</u>
Earning Per Share (Basic & Diluted)					
(Nominal Value of shares Rs.10/-)	M		9.76		9.16
ACCOUNTING POLICIES AND	M				
NOTES ON ACCOUNTS					

Schedules referred to above form an integral part of the Profit and Loss Account
In terms of our attached report of even date

For and on behalf of the Board of Directors

For J. S. VANZARA & ASSOCIATES
Chartered Accountants
FRN. 318143E

(Utsav Parekh)
Chairman

(Kishor Shah)
Managing Director

(AUROBINDA PANDA)
Partner
Membership no. 064888
Kolkata
The 27th day of May 2011

(S. C. Pal)
Company Secretary
Cum Vice President (Legal)

(S. Jhajharia)
Senior Vice President & CFO

Schedules Annexed to and forming part of Accounts as at 31st March 2011

	As at <u>31st March 2011</u>		As at <u>31st March 2010</u>	
<u>SCHEDULE 'A'</u>	Rs.	Rs.	Rs.	Rs.
SHARE CAPITAL				
Authorised:				
30,000,000 Equity Shares of Rs. 10 each		300,000,000		300,000,000
2,000,000 Preference Shares of Rs. 100 each		200,000,000		200,000,000
		<u>500,000,000</u>		<u>500,000,000</u>
Issued, Subscribed & Paid up:				
5,585,000 Equity Shares of Rs 10 each, fully paid		55,850,000		55,850,000
Out of the above shares, 2,400,000 shares of Rs. 10 each fully paid up has been issued by way of:				
Bonus Shares by capitalisation of General Reserve:				
		<u>55,850,000</u>		<u>55,850,000</u>
<u>SCHEDULE 'B'</u>				
RESERVES & SURPLUS				
Capital Redemption Reserve				
As per last Balance Sheet		40,000,000		40,000,000
Securities Premium Account:				
As per last Balance Sheet		433,725,000		433,725,000
General Reserve:				
As per last Balance Sheet	125,000,000		15,000,000	
Add: Transferred During the year	<u>30,000,000</u>		<u>110,000,000</u>	
		155,000,000		125,000,000
Profit & Loss Account				
Transferred from Profit & Loss A/c		54,759,757		41,310,251
		<u>683,484,757</u>		<u>640,035,251</u>
<u>SCHEDULE 'C'</u>				
SECURED LOANS				
Loans from Banks				
Vehicles Loans [Payable within one year Rs. 2,198,525 (Rs.1,058,137)]		5,521,612		2,878,177
		<u>5,521,612</u>		<u>2,878,177</u>
<u>SCHEDULE 'D'</u>				
UNSECURED LOANS				
From Bodies Corporate (Short Term)		0		21,127,520
		<u>0</u>		<u>21,127,520</u>

Schedules Annexed to and forming part of Accounts as at 31st March, 2011

SCHEDULE - 'E'

FIXED ASSETS

Particulars	Gross Block (Cost) Rs.				Depreciation Rs.				Lease Terminal Adjustment		Net Block Rs.	
	As on 01.04.2010	Additions	Deductions	As on 31.03.2011	As on 01.04.2010	For the year	Adj. during the year	As on 31.03.2011	As on 31.03.2011	As on 31.03.2010	As on 31.03.2011	As on 31.03.2010
Land	58,905,074	12,309,675	0	71,214,749	0	0	0	0	0	0	71,214,749	58,905,074
Buildings	26,228,404	0	0	26,228,404	8,365,587	686,087	0	9,051,674	0	0	17,176,730	17,862,816.67
Furniture and Fixtures	6,169,002	0	0	6,169,002	5,615,324	100,216	0	5,715,539	0	0	453,463	553,679
Office Equipment	2,166,038	0	0	2,166,038	1,665,975	69,559	0	1,735,534	0	0	430,504	500,063
Vehicles	11,510,479	8,825,273	2,619,763	17,715,989	6,755,986	2,191,527	2,006,460	6,941,053	0	0	10,774,937	4,754,494
Electrical Installations	1,206,229	0	0	1,206,229	1,024,016	25,346	0	1,049,362	0	0	156,868	182,214
Computers	2,471,664	241,436	191,382	2,521,718	2,122,664	212,151	180,659	2,154,156	0	0	367,562	349,000
Air Conditioners	2,481,802	67,568	0	2,549,370	2,078,596	64,875	0	2,143,471	0	0	405,899	403,206
Sub total	111,138,694	21,443,952	2,811,145	129,771,501	27,628,148	3,349,760	2,187,119	28,790,789	0	0	100,980,712	83,510,546
<i>Previous Year</i>	<i>100,295,995</i>	<i>13,374,592</i>	<i>2,531,893</i>	<i>111,138,694</i>	<i>26,333,325</i>	<i>2,637,984</i>	<i>1,343,161</i>	<i>27,628,148</i>	<i>0</i>	<i>0</i>	<i>83,510,546</i>	
<i>Assets on Lease</i>												
Plant & Machinery	115,120,589	0	0	115,120,589	112,601,142	0	0	112,601,142	1,709,528	1,709,528	809,919	809,919
Sub total	115,120,589	0	0	115,120,589	112,601,142	0	0	112,601,142	1,709,528	1,709,528	809,919	809,919
<i>Previous Year</i>	<i>115,120,589</i>	<i>0</i>	<i>0</i>	<i>115,120,589</i>	<i>112,601,142</i>	<i>0</i>	<i>0</i>	<i>112,601,142</i>	<i>1,709,528</i>	<i>0</i>	<i>809,919</i>	
Total	226,259,283	21,443,952	2,811,145	244,892,090	140,229,290	3,349,760	2,187,119	141,391,931	1,709,528	1,709,528	101,790,631	84,320,465
<i>Previous Year</i>	<i>215,416,584</i>	<i>13,374,592</i>	<i>2,531,893</i>	<i>226,259,283</i>	<i>138,934,467</i>	<i>2,637,984</i>	<i>1,343,161</i>	<i>140,229,290</i>	<i>1,709,528</i>		<i>84,320,465</i>	

Notes: Provision to the extent of Rs. 809,919 (Rs.809,919) has been made against doubtful leased assets as on 31.03.2011

Schedules Annexed to and forming part of Accounts as at 31st March, 2011

	As at <u>31st March 2011</u>		As at <u>31st March 2010</u>	
	Quantity Nos.	Amount Rs.	Quantity Nos.	Amount Rs.
<u>SCHEDULE 'F'</u>				
INVESTMENTS (at cost)				
IN BODIES CORPORATE				
Equity Shares of Rs.10 each (Unless otherwise stated)				
<u>Fully paid up : Quoted</u>				
Aravali Securities Ltd.	100	60	100	60
Asian Vegipro Industries Ltd.	300,000	300,000	300,000	300,000
Coventry Springs & Engg.Co.Ltd.	52,323	175,282	52,323	175,282
First Leasing Company of India Ltd	68,750	5,079,950	0	0
Gillander Arthbutnot & Co.Ltd.	9,041	120,591	0	0
HSIL Ltd.	390,000	54,310,279	0	0
Intrasoft Technologies Limited	17,500	1,750,000	0	0
Mangalam Cement Limited	0	0	7,621	603,028
Melstar Information Technologies Ltd.	300	63,675	300	63,675
Moulik Finance & Resorts Ltd.	7,100	71,000	7,100	71,000
Moving Picture Co. (India) Limited	881,600	3,076,784	0	0
Neogem India Limited	132,800	597,600	132,800	597,600
Nicco-Uco Alliance Credit Ltd.	114	650	114	650
Phillips Carbon Black Ltd	84,500	14,964,589	0	0
Punsumi Foils & Components Ltd.	15,800	19,750	15,800	19,750
PTC Industries Ltd.	1,000	16,850	1,000	16,850
Kanko Enterprises Ltd.	0	0	150,000	1,500,000
R.S.Software India Limited	98,752	5,014,750	77,150	5,014,750
Shez Leather Ltd.	35,900	359,000	35,900	359,000
Swad Industries & Leasing Ltd.	141	268	141	268
VCK Capital Markets Services Ltd.	200	220	200	220
<u>Partly Paid up: Quoted</u>				
Malvika Steels Ltd.	91,200	912,000	91,200	912,000
(Paid up Rs. 2.50 each)				
<u>Fully paid up : Unquoted</u>				
Andaman Plantations & Development Corporation Private Ltd	64,880	6,488,000	64,880	6,488,000
Antriksh Vyapaar Pvt Ltd	0	0	3,359,375	107,500,000
Bhatpara Papers Limited	44	391	44	391
C. Mackertich Ltd.	4,250,000	42,500,000	4,250,000	42,500,000
Exquisite Exports Ltd.	5,000	50,000	5,000	50,000
Fortune Biotech Limited	40,000	178,000	40,000	178,000
Spencer Retail Limitec	5,329	969,612	5,329	969,612
Gujarat Securities Ltd.	20	200	20	200
Kamal Overseas Ltd.	0	0	250,000	19,812,500
Manson And Summers Alcobev Pvt.Ltd.	0	0	125,000	19,500,000
North East Publisng & Advertising Co.Ltd.	5,045,400	504,540	5,045,400	504,540
Patriot Automation Projects Ltd.(Bonus)	65,350	0	65,350	0
Patriot Automation Projects Ltd.	2,000,000	500,000	2,000,000	500,000
Sheory Digital Systems Pvt.Ltd.	590,000	129,800	590,000	129,800
Smifs Finance Limited	240,000	3,360,000	240,000	3,360,000
Sukhraj Vinimay Pvt.Ltd.	50,000	252,500	50,000	252,500
Vaibhav Services Pvt. Ltd.	4,580	45,800	4,580	45,800
Zoom Export Ltd.	0	0	200,000	2,000,000
<u>Partly Paid up: Unquoted</u>				
Smifs Finance Limitec	1,511,600	15,174,000	1,511,600	15,174,000
[Paid up Rs. 7.50 (Rs.7.50) each]				

Schedules Annexed to and forming part of Accounts as at 31st March, 2011

	Aa at 31st March 2011		Aa at 31st March 2010	
	Quantity Nos.	Amount Rs.	Quantity Nos.	Amount Rs.
<u>Fully paid up : Unquoted</u>				
<u>(Wholly owned Subsidiary Company)</u>				
Smifs Capital Services Ltd	7,500,070	75,000,700	7,500,070	75,000,700
Preference Shares of Rs. 100/- each				
<u>Fully paid up : Unquoted</u>				
12% Andaman Plantations.& Development Corporation Ltd.	140,000	4,100,000	140,000	4,100,000
Non-cummulative Preference Shares				
8.00% DIGJAM Ltd.	106,000	10,600,000	131,000	13,100,000
Non-cummulative Preference Shares				
Sub Total :	23,805,394	246,686,841	26,449,397	320,800,176
<u>In Government Securities : Listed</u>				
	Face Value Rs.	Amount Rs.	Face Value Rs.	Amount Rs.
6.05% Govt.of India Loan - 2019	500,000	521,065	500,000	521,065
Sub Total :	500,000	521,065	500,000	521,065
Less:Provision For Dimunition in Value of Investments		71,983,270		142,373,895
Total :	24,305,394	175,224,636	26,949,397	178,947,346
Aggregated of unquoted Investments - at book value		88,391,338		169,313,213
Aggregated of Quoted Investments - at book value		86,833,298		9,634,133
Aggregated of Quoted Investments - at market value		80,867,502		7,235,617

Schedules Annexed to and forming part of Accounts as at 31st March, 2011

	As at <u>31st March 2011</u> Rs.	Rs.	As at <u>31st March 2010</u> Rs.	Rs.
<u>SCHEDULE 'G'</u>				
CURRENT ASSETS, LOAN & ADVANCES				
A. CURRENT ASSETS				
Interest accrued on Govt. Securities		10,833		10,833
Stock in trade: Shares & Securities		2,680,500		1,646,591
Sundry Debtors				
Exceeding six months				
- Considered good	70,295,385		28,445,910	
- Considered doubtful	377,723		377,723	
Less : Provision for doubtful debts	377,723		377,723	
	70,295,385		28,445,910	
Other Debts				
- Considered good	12,704,353		141,337,483	
		82,999,738		169,783,393
CASH & BANK BALANCES:				
Cash and Cheques in hand	292,695		268,482	
With Scheduled Banks				
In Current Accounts	4,486,586		6,918,932	
In Dividend Accounts	623,675		430,752	
In Deposit Accounts (Including accrued interest)	6,959,625		6,446,545	
(Certificate with Bank in safe custody)		12,362,581		14,064,711
		<u>98,053,652</u>		<u>185,505,528</u>
B. LOANS & ADVANCES				
LOANS				
Considered doubtful	875,000		875,000	
Less : Provision for doubtful loans	875,000		875,000	
		0		0
To Staff (Considered good)		770,627		1,255,490
[Secured by charge against property Rs.3,42,815 (Rs.730,593)]				
ADVANCES				
(Recoverable in cash or in kind or for value to be received)				
To Others				
- Considered good	141,127,696		98,145,223	
- Considered doubtful	8,500,000		8,500,000	
Less: Provision for doubtful advances	8,500,000		8,500,000	
		141,127,696		98,145,223
Income Tax Payments		35,658,795		34,682,547
Security & other deposits	3,002,131		3,007,241	
Less: Provision for doubtful advances	700,000		700,000	
		2,302,131		2,307,241
Service tax input credit		30,810		186,123
Share Application Money paid		192,000,000		192,000,000
		<u>371,890,059</u>		<u>328,576,624</u>
		<u>469,943,712</u>		<u>514,082,152</u>
<u>SCHEDULE 'H'</u>				
CURRENT LIABILITIES AND PROVISIONS				
A. CURRENT LIABILITIES				
Sundry Creditors		19,202,033		13,842,518
Deposit received		140,000		140,000
Other Liabilities		9,443,116		18,913,150
Advances against Shares & Securities / Others		32,500,000		30,000,000
Advances from Subsidiary Company		1,893,238		56,921,219
Unclaimed dividend		623,675		430,752
		<u>63,802,062</u>		<u>120,247,639</u>
B. PROVISIONS				
- for Proposed Dividend		9,494,500		8,377,500
- for Tax on Proposed Dividend		1,540,245		1,391,398
- for Fringe Benefit Tax		463,231		946,615
- for Doubtful and Sub Standard assets		809,918		809,918
- for Taxes (Including for Wealth Tax)		13,798,731		13,776,598
- for Leave Salary		1,086,220		1,126,251
		<u>27,192,845</u>		<u>26,428,280</u>
		<u>90,994,907</u>		<u>146,675,919</u>

Schedules Annexed to and forming part of Accounts as at 31st March, 2011

	For the year ended 31st March 2011		For the year ended 31st March 2010	
	Rs.	Rs.	Rs.	Rs.
<u>SCHEDULE 'I'</u>				
OTHER INCOME				
Miscellaneous Income		145,351		1,293,548
Rent		0		103,161
Profit on Sale of Fixed Assets		(66,026)		1,711,268
Dividend Income : - Investments	1,035,075		788,294	
-Trading	6,932		3,207	
		<u>1,042,007</u>		<u>791,501</u>
		<u>1,121,333</u>		<u>3,899,478</u>

SCHEDULE 'J'

INCREASE / (DECREASE) IN STOCK

Closing Stock		2,680,500		1,646,591
Less : Opening Stock		<u>1,646,591</u>		<u>3,673,376</u>
		<u>1,033,909</u>		<u>(2,026,785)</u>

	For the year ended 31st March 2011		For the year ended 31st March 2010	
	Rs.	Rs.	Rs.	Rs.
<u>SCHEDULE 'K'</u>				
OPERATING & ADMINISTRATIVE EXPENSES				
Expenses on personnel :				
Salaries, Bonus & Allowances	12,483,705		11,481,481	
Contribution to Provident & other Funds	990,708		893,916	
(Including Administrative Charges)				
Training, Development & Recruitment Exp	8,455		20,423	
Staff welfare expenses	<u>1,063,790</u>		<u>981,123</u>	
		14,546,658		13,376,943
Group Gratuity Scheme		516,786		564,800
Telephone Charges		1,486,704		1,334,071
Printing & Stationeries		2,286,239		1,998,278
Professional, Legal & Consultancy Charges		1,269,193		1,282,616
Business Promotion Expenses		615,281		167,523
Rent		515,390		574,580
Repairs & Maintenance				
- Building		562,841		402,296
- Plant & Machinery		126,551		129,745
- Others		257,751		211,334
Advertisement		265,827		311,411
Electricity		416,462		380,506
Vehicle Expenses		1,249,648		1,039,072
Subscription & Membership Fees		766,621		420,518
Miscellaneous Expenses		1,212,236		1,336,379
Bad Debts		439,710		45,361,328
Rates & Taxes		346,108		405,401
Travelling Expenses		4,455,240		6,319,703
Directors Fees		136,000		249,500
Insurance		82,735		72,683
Donation		125,000		200,000
Auditor's Remuneration		<u>185,000</u>		<u>185,000</u>
		<u>31,863,981</u>		<u>76,323,687</u>

SCHEDULE 'L'

INTEREST

<u>Interest Paid</u>				
- Banks	354,668		357,621	
- Others	<u>216,893</u>		<u>918,000</u>	
	<u>571,561</u>		<u>1,275,621</u>	
Less : <u>Received</u>				
- Govt.Securities - Investments	30,250		30,250	
- Others	<u>621,691</u>		<u>590,660</u>	
	<u>651,941</u>		<u>620,910</u>	
		<u>(80,380)</u>		<u>654,711</u>
		<u>(80,380)</u>		<u>654,711</u>

SCHEDULE 'M':

A. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared to comply, in all material respects, with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

The financial statements have been prepared under the historical cost convention on an accrual basis.

The accounting policies have been consistently applied by the Company and except for the changes in accounting policy discussed more fully below, are consistent with those used in the previous year.

(b) Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and Lease Terminal Adjustment account. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

(c) Depreciation

Depreciation on Fixed assets is provided on written down value method at the rates prescribed in Schedule XIV of the Companies Act 1956, (as amended), except for leased assets which is written off on straight-line method at the rates prescribed in Schedule XIV of the Companies Act, 1956. For lease contracts, which have become non-performing assets, depreciation has been provided at accelerated rate of depreciation calculated on principal recovery method.

Immovable property held on time-sharing basis is being proportionally depreciated over its time-sharing period contracted for.

Depreciation on Fixed assets added/disposed during the year is provided on a pro-rata basis with reference to the date of addition/disposal.

(d) Lease Equalisation Charges:

Lease rental income is recognised on accrual basis over the lease period. Except in cases where lease contracts have become non-performing assets, the cost of all leased assets is fully amortised during the lease period as per the Guidance Note issued by the Institute of Chartered Accountants of India. Lease Equalisation charge is accordingly accounted for.

(e) Investments

As per the guidelines issued by The Institute of Chartered Accountants of India, Long Term investments in shares and securities are carried at cost less provision for diminution, other than temporary, determined separately for each individual Investment.

(f) Stock-in-trade

Stock-in-trade consisting of shares and securities has been individually valued script wise at lower of cost and market rate, in case they are quoted. Other Stock-in-trade are valued at cost / net asset value whichever is lower or where balance sheet of investee Company is not

available for past two years, value of such unquoted Stock-in-trade have been taken at rupee one per share as per prudential norms issued by the Reserve Bank of India.

(g) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

In respect of lease rentals arising out of lease agreements, it is the company's policy to recognise income as per the terms of the agreements entered into with lessees. However, where lease rentals are past due for more than one year, the Company has not recognised any income as per the past practice followed by the company. Similarly, the company has not recognised any income in cases where there is a delay of more than six months in the case of income from interest.

(h) Retirement Benefits

The Company has taken an appropriate group gratuity policy with Life Insurance Corporation of India to provide for its liabilities for gratuity. Premium paid on policy is charged to revenue.

Provision has been made for the monetary value of the leave due to staff.

(i) Income Taxes

The accounting treatment for income tax in respect of the income is based on the Accounting Standards on 'Accounting for Taxes on Income' (AS 22) issued by the Institute of Chartered Accountants of India.

A provision is made for the current tax based on tax liability computed in accordance with relevant tax rates and tax laws. A provision is made for deferred tax liability / asset for all timing differences arising between taxable income and accounting income at currently enacted tax rates.

Deferred tax assets are recognized only if there is reasonable certainty that they will be realised and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

(j) Contingencies

Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and disclosed by way of notes to the accounts.

(k) Impairment of Assets

In compliance with Accounting Standard (AS) 28- "Impairment of Assets" issued by the Institute of Chartered Accountants of India, the carrying amounts of Cash Generating Units/Assets are reviewed at Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated at the higher of net selling price and value in use. Impairment loss is recognised wherever carrying amount exceeds the recoverable amount.

(l) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered probable. Contingent liabilities are shown by way of Notes to the accounts in respect of obligations where, based on the

SMIFS CAPITAL MARKETS LIMITED

evidence available, their existence at the balance Sheet date is considered not probable. Contingent assets are not recognised in the Accounts.

B. NOTES FORMING PART OF THE ACCOUNTS

1. Contingent Liabilities not provided for:
 - a. Sales Tax demand net of payment under appeal Rs.91,125 (Rs. 91,125).
 - b. Uncalled liabilities on partly paid shares Rs.6,813,000 (Rs. 6,813,000)
 - c. Employees State Insurance Rs.142,274 (Rs. 142,274).
 - d. Guarantees given Rs.310,000,000 (Rs. 168,500,000).
2. The Company applied to the Government of West Bengal for exemption from the provision of Employees State Insurance Act, 1948, since the medical facilities / benefits provided by the Company to the Employees are superior to those covered by E.S.I. Scheme. Government of West Bengal, Labour Department in consultation with Employees State Insurance Corporation granted exemption for one year effective from 25th November, 1997. Prayer seeking exemption on permanent basis with retrospective effect is pending with the Government of West Bengal. The Employees State Insurance Corporation has raised demand for the period from June 1991 to 24th November 1997 amounting to Rs. 142,274. The Company has filed a petition against the demand before E.S.I. Court and the same has been partly heard.
3. Balances lying as sundry debtors, creditors and loans & advances are subject to confirmation to be received from the concerned parties.
4. Physical verification of investments has been done by the management and a certificate in this regard has been issued to the auditors.
5. Suitable provisions have been made against sundry debtors, loans and advances which are considered doubtful. In certain cases legal proceedings have been initiated for recovery of the dues.
6. Although legally all debtors are unsecured, the Company, in the case of debts arising from lease transactions, has recourse to the assets given to the lessees.
7. Expenses on Personnel includes Managing Director's Remuneration

	<u>2010-2011</u>	<u>2009-2010</u>
	<u>(Rs.)</u>	<u>(Rs.)</u>
Salaries & Allowances	3,199,047	2,755,955
Contribution to Provident Fund	216,000	194,400
Total	<u>3,415,047</u>	<u>2,950,355</u>

Note:-

The contribution to gratuity fund has been made on a group basis and separate figure applicable in this case is not available and therefore, contribution to gratuity fund has not been taken into account in the above calculations.

SMIFS CAPITAL MARKETS LIMITED

8. Chairman/ Executive Chairman's Remuneration:

	<u>2010-2011</u>	<u>2009-2010</u>
	<u>(Rs.)</u>	<u>(Rs.)</u>
Salaries & Allowances	-	719,593
Contribution to Provident Fund	-	-
	<u>-</u>	<u>719,593</u>

9. Auditor's remuneration includes:

	<u>2010-2011</u>	<u>2009-2010</u>
	<u>(Rs.)</u>	<u>(Rs.)</u>
Audit Fees	175,000	175,000
Tax Audit	10,000	10,000
Total	<u>185,000</u>	<u>185,000</u>

10. Total outstanding dues of small scale industrial undertakings Rs. Nil (Nil).

11. **Related Party Disclosures**

Related party disclosures as required under Accounting Standard on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India are given below:

a. Subsidiary Companies:

SMIFS Capital Services Limited

b. Key Management Personnel:

Mr. Utsav Parekh, Chairman

Mr. Kishor Shah, Managing Director

Mr. Ajay Kayan, Director

c. Entities over which Key Management Personnel / their relatives are able to exercise significant influence:

Stewart & Co.

SMIFS Finance Limited

Stewart & Mackertich wealth Management Ltd

Mackertich Consultancy Services Pvt. Ltd.

C. Mackertich Ltd.

Disclosure of transactions between the Company and related parties and their outstanding balances on 31st March 2011.

SMIFS CAPITAL MARKETS LIMITED

	Entities where control exists (Subsidiary Companies)	Key Management <u>Personnel</u>	Entities where significant <u>Influence exists</u>
Purchase of Shares & Securities	- (-)	- (-)	- (2,574,396)
Sale of Shares & Securities	55,000,000 (-)	- (19,440,000)	- (42,590,868)
Directors' Sitting Fee	- (-)	47,000 (94,000)	- (-)
Expenses Reimbursed	- (-)	- (-)	41,894 (26,978)
Director's Remuneration	- (-)	3,415,047 (2,950,355)	- (-)
Chairman's/ Executive Chairman's Remuneration	- (-)	- (719,593)	- (-)
<u>Balance at the end of the year</u>			
- Creditors / Payables	1,893,238 (56,921,219)	- (-)	4,556,321 (5,098,215)
- Debtors / Receivable	- (71,671,365)	- (-)	377,723 (377,723)
- Advances	- (-)	- (-)	13,838,362 (12,462,871)
- Investments	- (-)	- (-)	18,534,000 (18,534,000)

SMIFS CAPITAL MARKETS LIMITED

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• Stock in trade : Shares & Securities (At Cost or market value whichever is lower)	As at 31st March,2011		As at 31st March,2010	
	Quantity No.	Amount Rs.	Quantity No.	Amount Rs.
Equity share : Quoted				
Rs. 10/- each (Un less other wise stated)				
Fully paid up				
Avon Industries Ltd.	9,800	19,600	9,800	19,600
CESC Ltd.	758	34,959	758	34,959
General Exports & Credits Ltd.	45,900	45,900	45,900	45,900
Gillander Arthbutnot & Co. Ltd	20	2117	20	8,039
H B Estate Developers Ltd.	25	451	25	451
H.B.Portfolio Ltd.	25	451	25	451
ITC Hotels Ltd.	100	5,974	100	5,974
KHSL Industries Ltd.	27,000	9,450	27,000	9,450
Kilburn Office Automation Ltd.	16,400	168,756	16,400	107,092
Lloyds Finance Ltd.	50	25	50	25
Madras Spinners Ltd.	4,000	8,000	4,000	8,000
PTC Industries Ltd.	29,000	29,000	29,000	29,000
Sellaids Publications (I) Ltd.	3,400	34,000	3,400	34,000
Siddhi Vinayak Metal Ltd.	400	500	400	500
Sinclairs Hotels & Transportation Ltd.	40	8,000	40	7,118
T & I Global Ltd.	146,100	1,461,000	146,100	879,522
ENSO Secutrack Ltd.	2,500	18,025	2,500	25,000
Vipras Corporation Ltd.	500	750	500	750
Worldlink Finance Ltd.	100	140	100	140
Partly paid up				
Metropoli Overseas Ltd (Paid up Rs. 5 each)	29,800	149,000	29,800	149,000
<i>Sub Total :</i>	315,918	1,996,098	315,918	1,364,971
Govt.Securities/ Bonds: Quoted				
Fully paid up				
07.46% Govt.of India Loan- 2017	100	10,745	100	10,745
8.37 % APSD loan-2020	5,000	503,680	1,000	100,898
<i>Sub Total :</i>	5,100	514,425	1,100	111,643

SMIFS CAPITAL MARKETS LIMITED

Unquoted:

Fully paid up Rs. 10/- each

Procam International Ltd.	19,977	19,977	19,977	19,977
Software Frontiers Ltd.	50,000	50,000	50,000	50,000
Tata Ceramics Ltd.(F.V.Rs.2/-)	100,000	100,000	100,000	100,000
<i>Sub Total :</i>	169,977	169,977	169,977	169,977
Total :	490,995	2,680,500	486,995	1,646,591

13. Particulars regarding Purchases, Sales, Opening & Closing Stocks:

	<u>Purchases</u>		<u>Sales</u>	
	Qty. (Nos.)	Rs.	Qty. (Nos.)	Rs.
Shares / Mutual Fund Units	-	-	-	-
	(-)	(-)	(-)	(-)
Bonds / Govt. Securities	-	161,174,628	-	162,631,191
	(-)	(274,612,464)	(-)	(278,683,323)
Total	-	161,174,628	-	162,631,191
	(-)	(274,612,464)	(-)	((278,683,323)
	<u>Opening Stock</u>		<u>Closing Stock</u>	
	Qty. (Nos.)	Rs.	Qty. (Nos.)	Rs.
Shares / Mutual Fund Units	485,895	1,534,948	485,895	2,166,075
	(485,963)	(1,551,913)	(485,895)	(1,534,948)
Bonds / Govt. Securities	1,100	111, 643	5,100	514,425
	(19,100)	(2,121, 463)	(1,100)	(111,643)
Total	486,995	1,646,591	490,995	2,680,500
	(505,063)	(3,673,376)	(486,995)	(1,646,591)

14. Prudential Norms:

- a) Interest for the year amounting to Rs. 140,000 (Rs. 140,000) has not been recognized as the interest has become past due for more than six months.
- b) Provision against Investment/substandard assets amounting to Rs. 70,390,625 has been reversed (Rs. 40,977,774) during the year

15. Following equity shares held as investment have not been transferred in the name of the company:

- a) 91,200 Equity Shares of Malvika Steels Limited (partly paid Rs. 2.50 per share) in which the Company has invested Rs. 912,000 have not been transferred in the name of the Company as the manner of allotment of such shares is sub-judice before the Honorable Calcutta High Court.
- b) 35,900 Equity Shares of Rs. 10 each of Shez Leather Ltd. (cost Rs. 359,000) as the Company is reported to be under liquidation.

SMIFS CAPITAL MARKETS LIMITED

16. Earning Per Share

	<u>2010-2011</u>	<u>2009-2010</u>
Net Profit / (Loss) attributable to shareholders	Rs.54,484,251	Rs.51,158,196
Weighted average number of equity shares in issue	5,585,000	5,585,000
Earning per share of Rs. 10/- each (Basic & Diluted)	Rs.9.76	Rs.9.16

17. Segment Reporting: Information about Primary Business Segments

	<u>2010-2011</u>	<u>2009-2010</u>
<u>Segment Revenue</u>		
a) Capital Market Operations	(14,363,437)	(45,055,838)
b) Investment Banking Operations	40,720,314	119,995,567
c) Others	<u>1,121,333</u>	<u>3,899,479</u>
Net Sales / Income from Operations	<u>27,478,210</u>	<u>78,839,208</u>
<u>Segment Results: Profit / (Loss) before tax & interest</u>		
a) Capital Market Operations	(14,363,437)	(45,055,838)
b) Investment Banking Operations	40,720,314	119,995,567
c) Others	<u>1,121,333</u>	<u>3,899,479</u>
Total	<u>27,478,210</u>	<u>78,839,208</u>
Less : Interest	(80,380)	654,711
Other un-allocable exp. net of un-allocable income	<u>(35,176,884)</u>	<u>37,983,898</u>
Total Profit before tax	<u>62,735,474</u>	<u>40,200,599</u>

Capital employed

Fixed Assets used in the Company's Operations or liabilities contracted have not been identified with any of the reportable segments, as the fixed assets are used interchangeably between segments. The company believes that it is currently not practicable to provide segment disclosures relating to total assets and liabilities since a meaningful segregation of data is onerous.

18. (a) Deferred tax assets on carry forward capital losses have been recognized since there is a virtual certainty of sufficient taxable income which will be available in future to realize such assets. Net Deferred Tax Liability of Rs.324,607 [(Net Deferred Tax Assets Rs. .17,242,194)] for the year ended 31.03.2011 has been recognized in the Profit & Loss Account.

(b) Major components of deferred tax arising on account of timing differences are:

	<u>As on</u> <u>31.03.2011</u>	<u>As on</u> <u>31.03.2010</u>
<u>Deferred Tax Assets</u>	Rs.	Rs.
i) Provisions for Non-Performing Assets/ Diminution	19,681,863	35,269,867
ii) Employee Benefits	360,815	374,112
iii) Carried Forward Capital Loss	<u>72,198,679</u>	<u>57,188,134</u>
	<u>92,241,357</u>	<u>92,832,113</u>

SMIFS CAPITAL MARKETS LIMITED

Less:

Deferred Tax Liabilities

i) Depreciation

3,349,060	3,615,209
<u>88,892,297</u>	<u>89,216,904</u>

19. Tax Deducted at Source on:

	<u>2010-2011</u>	<u>2009-2010</u>
Professional fee	4,714,475	12,454,941
Interest on Fixed Deposit	57,009	52,906
Rent	-	21,251
Other Receipts	<u>43,611</u>	<u>25,236</u>
	<u>4,815,095</u>	<u>12,554,334</u>

20. Expenditure in Foreign Currency:

	<u>2010-2011</u>	<u>2009-2010</u>
Traveling Expenses	695,921	2,435,824
	Nil	Nil

21. Earnings in Foreign Currency**22.** Figures in brackets pertain to the previous year.**23.** Previous year's figures have been re-arranged, regrouped & re-classified wherever necessary to confirm to this year's classification.

Signature to Schedules 'A' to 'M'

For **J. S. VANZARA & ASSOCIATES**

Chartered Accountants

FRN. 318143E

For and on behalf of the Board of Directors

(Utsav Parekh)

Chairman

(Kishor Shah)

Managing Director

(AUROBINDA PANDA)

Partner

Membership no. 064888

The 27th day of May 2011

(S. C. Pal)

Company Secretary

Cum Vice President (Legal)

(S. Jhajharia)

Senior Vice President & CFO

INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

Balance Sheet Abstract and Company's General Business Profile

Registration

I Details

Registration No.

	3	6	3	4	2
--	---	---	---	---	---

State Code

2	1
---	---

Balance Sheet

Date

3	1	0	3	2	0	1	1
---	---	---	---	---	---	---	---

Capital Raised during the year (Amount in Rs.Thousands)

Public Issue

						N	I	L
--	--	--	--	--	--	---	---	---

Rights Issue

						N	I	L
--	--	--	--	--	--	---	---	---

Bonus Issue

						N	I	L
--	--	--	--	--	--	---	---	---

Private

Placement

						N	I	L
--	--	--	--	--	--	---	---	---

III Position of Mobilisation and Deployment of Fund(Amount in Rs.Thousands)

Total Liabilities

					8	3	5	8	5	1
--	--	--	--	--	---	---	---	---	---	---

Total Assets

			8	3	5	8	5	1
--	--	--	---	---	---	---	---	---

Sources of Funds

Paid-Up Capital

					5	5	8	5	0
--	--	--	--	--	---	---	---	---	---

Reserves & Surplus

		6	8	3	4	8	5
--	--	---	---	---	---	---	---

Secured Loans

					5	5	2	2
--	--	--	--	--	---	---	---	---

Unsecured Loans

					N	I	L
--	--	--	--	--	---	---	---

Application of Funds

Net Fixed Assets

					1	0	1	7	9	1
--	--	--	--	--	---	---	---	---	---	---

Investments

		1	7	5	2	2	5
--	--	---	---	---	---	---	---

Net Current Assets

					3	7	8	9	4	9
--	--	--	--	--	---	---	---	---	---	---

Deferred Tax Asset Net

			8	8	8	9	2
--	--	--	---	---	---	---	---

Accumulated Losses

							N	I	L
--	--	--	--	--	--	--	---	---	---

Performance of Company (Amount in Rs.

IV Thousands)

Turnover (Gross Revenue)

					1	8	8	6	5	5
--	--	--	--	--	---	---	---	---	---	---

Total Expenditure

		1	2	5	9	2	0
--	--	---	---	---	---	---	---

+ -

+	
---	--

Profit / Loss Before Tax

					6	2	7	3	5
--	--	--	--	--	---	---	---	---	---

+ -

+	
---	--

Profit / Loss After Tax*

	5	4	4	8	4
--	---	---	---	---	---

+ -

+	
---	--

Earning Per Share in Rs

					9	.	7	6
--	--	--	--	--	---	---	---	---

Dividend Rate %

	1	7
--	---	---

V Generic Name of Three Principal Products/Services of Company (As per monetary Terms)

Item Code

N	I	L
---	---	---

Product

Description

F	I	N	A	N	C	I	A	L		S	E	R	V	I	C	E	S						
M	E	R	C	H	A	N	T		B	A	N	K	I	N	G								
C	A	P	I	T	A	L		M	A	R	K	E	T		O	P	E	R	A	T	I	O	N

Signature to Schedules 'A' to 'M'

For J.S. VANZARA & ASSOCIATES

Chartered Accountants

FRN. 318143E

For and on behalf of the Board of Directors

(Utsav Parekh)

Chairman

(Kishor Shah)

Managing Director

(AUROBINDA PANDA)

Partner

(S C Pal)

Company Secretary

Cum - Vice President (Legal)

(S. Jhajharia)

Senior Vice President & CFO

Kolkata

Membership No.064888

The 27th day of May, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	<u>31st March, 2011</u>	<u>31st March, 2010</u>
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax, Extra-ordinary items, interest & Loss on sale of Fixed Assets (net)	(7,669,505)	(1,833,731)
<u>Adjustment for</u>		
1. Depreciation	3,349,760	2,637,984
2. (Profit) / Loss on sale of Investments	16,862,376	47,153,310
3. Dividend on Investment	(1,042,007)	(791,501)
4. Interest on Govt. Securities	(30,250)	(30,250)
	<u>19,139,879</u>	<u>48,969,543</u>
<i>Operating profit before W/Capital change</i>	11,470,373	47,135,812
<u>Adjustment for</u>		
1. Trade & Other Receivable	44,446,468	53,463,933
2. Inventories	(1,033,909)	2,026,785
3. Trade payable	(56,445,577)	(4,631,183)
	<u>(13,033,018)</u>	<u>50,859,535</u>
<i>Cash Generated from Operations</i>	(1,562,645)	97,995,347
Interest paid	80,380	(654,711)
Direct Tax paid	(9,364,115)	(23,172,882)
FBT Paid	-	(113,256)
	<u>(9,283,735)</u>	<u>(23,940,849)</u>
<i>Cash Flow before Extra-ordinary items</i>	(10,846,379)	74,054,498
Extra-ordinary items (Prov.for Leave Salary)		
Provision for Leave Salary	(40,031)	142,244
Liabilities written Back	-	-
	<u>(40,031)</u>	<u>142,244</u>
<i>Net Cash Flow from Operating activity</i>	(10,886,411)	74,196,742
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(21,443,952)	(13,374,592)
Sale of Fixed Assets	558,000	2,900,000
Purchase of Investments	(298,836,095)	(185,607,896)
Sale of Investments	356,087,054	124,101,838
Interest received on Govt. Sec	30,250	30,250
Dividend on Investment	1,042,007	791,501
	<u>37,437,264</u>	<u>(71,158,899)</u>
<i>Net Cash flow from Investing Activities</i>	26,550,853	3,037,843
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share Capital	-	-
Dividend and Dividend Distribution Tax Paid	(9,768,898)	-
Proceeds from long-term borrowings	2,643,435	739,251
Proceeds from short-term borrowings	(21,127,520)	358,200
<i>Net cash used in Financing Activities</i>	<u>(28,252,983)</u>	<u>1,097,451</u>
<i>Net increase in Cash & Cash equivalents</i>	(1,702,130)	4,135,293
Cash & Cash equivalents as at (Opening Balance)	<u>14,064,711</u>	<u>9,929,418</u>
Cash & Cash equivalents as at (Closing Balance)	12,362,581	14,064,711

Kolkata
The 27th day of May 2011

For and on behalf of the Board of Directors

(Kishor Shah)
Managing Director

Auditors' Report

We have verified the attached Cash Flow Statement of SMIFS Capital Markets Limited, derived from the audited financial statement and the books and records maintained by the Company for the year ended 31st March, 2011 and 31st March, 2010 and found the same in agreement therewith.

For J. S. Vanzara & Associates
Chartered Accountants
FRN: 318143E

Kolkata
The 27th day of May 2011

(AUROBINDA PANDA)
Partner
Membership No. 064888

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956
RELATING TO SUBSIDIARY COMPANIES**

Name of the Subsidiary Company	SMIFS Capital Services Ltd.
	31.03.2011
1 The financial year of the subsidiary company ended on	
2 a. No. of Equity Shares held by SMIFS Capital Markets Limited and its nominees in the subsidiary on 31.3.2010	7,500,070
b. Extent of interest of SMIFS Capital Markets Limited in the capital of the Subsidiary	100%
3 Net aggregate amount of Profit / Loss of the subsidiary so far as it concerns the members of SMIFS Capital Markets Limited and is not dealt with in the company's Accounts	
a. Profit / (Loss) for the financial year ended on 31 st March, 2011 of the Subsidiary of SMIFS Capital Markets Limited	(Rs. 740,323)
b. Profit / (Loss) after tax for the previous financial years of the Subsidiary of SMIFS Capital Markets Limited.	(Rs. 168,165)
4 Net aggregate amount of Profit / (Loss) of the Subsidiary so far as dealt with or provision is made for those Profit / (Loss) in SMIFS Capital Markets Ltd. accounts:	
a. For the subsidiary's financial year ended on 31 st March, 2010.	NIL
b. For its previous financial years since it became the subsidiary of SMIFS Capital Markets Ltd.	NIL

'Vaibhav' 4F, 4 Lee Road,
Kolkata - 700 020
The 27th day of May 2011

On behalf of the Board of Directors

(Kishor Shah)
Managing Director

CONSOLIDATED FINANCIAL STATEMENTS

HOLDING COMPANY

SMIFS Capital Markets Limited

SUBSIDIARY COMPANY

SMIFS Capital Services Limited

AUDITORS

J.S.Vanzara & Associates
Chartered Accountants

Registered Office

**Vaibhav, 4F,
4, Lee Road
Kolkata – 700 020**

Auditor's Report on the Consolidated Financial Statements of SMIFS Capital Markets Limited and its Subsidiaries.

We have examined the attached Consolidated Balance Sheet of SMIFS Capital Markets Limited (the company) and its subsidiary SMIFS Capital Services Limited as at 31st March 2011, the consolidated Profit & Loss Account and the consolidated Cash Flow statement for the year then ended.

These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amount and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India, and on the basis of the separate audited financial statements of the company and its subsidiaries included in the consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company and its aforesaid subsidiaries, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company and its subsidiary as at 31st March 2011;
- (b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Company and its subsidiary for the year then ended; and
- (c) in the case of the consolidated Cash Flow Statement, of the consolidated cash flow of the Company and its subsidiary for the year then ended.

For J. S. Vanzara & Associates
Chartered Accountants
FRN.318143E

Aurobinda Panda
Partner
Membership No.064888

Date: The 27th day of May, 2011

SMIFS CAPITAL MARKETS LIMITED

Consolidated Balance Sheet as at 31st March '2011

SCH NO	As at 31st March, 2011		As at 31st March, 2010	
	Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS				
1) Shareholders' Funds				
a. Capital	A	55,850,000	55,850,000	
b. Reserve and Surplus	B	683,137,981	640,629,247	
		738,987,981		696,479,247
2) Minority Interest				
a. Equity	C	-	57,720,778	
b. Non Equity	D	-	116,367	
		-		57,837,145
Loan Funds				
a. Secured Loans	E	5,660,116	3,100,475	
b. Unsecured Loans	F	-	27,776,806	
		5,660,116		30,877,281
		744,648,097	785,193,673	
APPLICATION OF FUNDS				
Fixed Assets				
a. Gross Block	G	245,510,491	234,945,963	
b. Less: Depreciation		141,816,785	140,585,400	
Lease Terminal Adjustment Account		1,709,528	1,709,528	
c. Net Block		101,984,178		92,651,035
Investments				
	H	171,890,771		96,417,360
Current Assets, Loans & Advances				
a. Current Assets	I	99,265,561	136,157,990	
b. Loans & Advances		373,520,874	495,078,988	
		472,786,435	631,236,978	
Less: Current Liabilities & Provisions				
a. Current Liabilities	J	62,507,666	96,283,908	
b. Provisions		28,422,859	28,061,559	
		90,930,525	124,345,467	
Net Current Assets		381,855,910		506,891,511
Net Deferred Tax Asset				
		88,917,238		89,233,766
		744,648,097	785,193,673	

ACCOUNTING POLICIES AND

NOTES ON ACCOUNTS

Schedules referred to above form an integral part of the Balance Sheet

In terms of our attached report of even date

For and on behalf of the Board of Directors

For J. S. VANZARA & ASSOCIATES

Chartered Accountants

FRN 318143E

(Utsav Parekh)

Chairman

(Kishor Shah)

Managing Director

(AUROBINDA PANDA)

Partner

Membership no. 064888

Kolkata

The 27th day of May 2011

(S. C. Pal)

Company Secretary

Cum Vice President (Legal)

(S. Jhajharia)

Senior Vice President & CFO

SMIFS CAPITAL MARKETS LIMITED

Consolidated Profit & Loss Account for the year ended 31st March, 2011

	SCH	For the year ended		For the year ended	
	NO	31st March' 2011		31st March' 2010	
		Rs.	Rs.	Rs.	Rs.
<u>INCOME</u>					
Sales			162,642,186		276,244,524
Profit/Loss on Sale of Investments			(17,582,376)		(44,236,321)
Investment Banking Operation:			41,526,753		119,995,567
Other Income	K		1,137,853		4,395,480
Increase / (Decrease) in Stock	L		1,033,909		(2,026,785)
			188,758,325		354,372,464
<u>EXPENDITURE</u>					
Purchases			161,177,156		274,612,464
Operating & Administration Expenses	M		32,625,759		77,166,227
Interest	N		(59,538)		721,182
Depreciation			3,418,501		2,731,549
Provision against Investment /sub-standard assets			(70,390,625)		(41,210,651)
			126,771,253		314,020,772
PROFIT/ (LOSS) BEFORE TAX			61,987,072		40,351,691
Provision for Taxation (Including Wealth Tax		376,728		125,294	
Short / (Excess) provision of tax for earlier year:		7,549,888		6,174,329	
Deferred Tax credit / (charge) for the yea		316,528		(17,254,780)	
			8,243,144		(10,955,156)
PROFIT / (LOSS) AFTER TAX			53,743,928		51,306,848
Minority Interest			-		116,367
(Debit) / Credit balance brought forward			41,703,798		110,482,664
Amount available for Appropriation			95,447,726		161,673,145
<u>Appropriation</u>					
Proposed Dividend 17%			9,494,500		8,377,500
Tax on Proposed Dividend			1,540,245		1,391,398
Transferred to General Reserv			30,000,000		110,000,000
Balance Carried to Balance Sheet			54,412,981		41,904,247
			95,447,726		161,673,145
Earning Per Share(Basic & Diluted)					
(Nominal Value of shares Rs.10/-)	O		9.62		9.19
ACCOUNTING POLICIES AND	O				
NOTES ON ACCOUNTS					
Schedules referred to above form an integral part of the Profit & Loss Account					
In terms of our attached report of even date					For and on behalf of the Board of Directors
For J. S. VANZARA & ASSOCIATES					
Chartered Accountants		(Utsav Parekh)		(Kishor Shah)	
FRN 318143E		Chairman		Managing Director	
(AUROBINDA PANDA)					
Partner					
Membership no. 064888		(S. C. Pal)		(S. Jhajharia)	
Kolkata		Company Secretary		Senior Vice President & CFO	
The 27th day of May 2011		Cum Vice President (Legal)			

Schedules to the Consolidated Balance Sheet

SCHEDULE 'A'

SHARE CAPITAL

	As at 31st March, 2011		As at 31st March, 2010	
	Rs.	Rs.	Rs.	Rs.
Authorised:				
30,000,000 Equity shares of Rs. 10 each		300,000,000		300,000,000
2,000,000 Preference Shares of Rs. 100 each		200,000,000		200,000,000
		500,000,000		500,000,000
Issued, Subscribed & Paid up:				
5,585,000 Equity Shares of Rs 10 each, fully paid		55,850,000		55,850,000
Out of the above shares, 2,400,000 shares of Rs. 10 each fully paid up has been issued by way of Bonus Shares by capitalisation of General Reserve:				
		55,850,000		55,850,000

SCHEDULE 'B'

RESERVES & SURPLUS

Capital Redemption Reserve				
As per last Balance Sheet		40,000,000		40,000,000
Securities Premium Account:				
As per last Balance Sheet		433,725,000		433,725,000
General Reserve:				
As per last Balance Sheet	125,000,000		15,000,000	
Add : Transferred during the Year	30,000,000		110,000,000	
		155,000,000		125,000,000
Profit & Loss Account				
Transferred from Profit & Loss A/c		54,412,981		41,904,247
		683,137,981		640,629,247

SCHEDULE 'C'

Minority Interest in Equity

Antriksh Vyapaar Pvt Limited				
(P Y 1,950,000 Equity Shares held by minority interest)		-		57,720,778
		-		57,720,778

SCHEDULE 'D'

Minority Interest in Non- Equity

Share of Profit / (Loss) for the year		-		116,367
		-		116,367

SCHEDULE 'E'

SECURED LOANS

Loans from Banks / Others

Secured by hypothecation of vehicles [Payable within one year Rs.2,293,673 (Rs.1,141,930)]		5,660,116		3,100,475
		5,660,116		3,100,475

SCHEDULE 'F'

UNSECURED LOANS

From Bodies Corporate (Short Term)		-		26,747,218
From Shareholders		-		1,029,588
		-		27,776,806

Schedules to the Consolidated Balance Sheet

SCHEDULE - 'G'

FIXED ASSETS

Particulars	Gross Block (Cost) Rs.				Depreciation Rs.				Lease Terminal Adjustment		Net Block Rs.	
	As on 01.04.2010	Additions	Deductions/Adj stments	As on 31.03.2011	As on 01.04.2010	For the year	Adj. during the year	As on 31.03.2011	As on 31.03.2011	As on 31.03.2010	As on 31.03.2011	As on 31.03.2010
Goodwill	8,068,281	0	8,068,281	0	0	0	0	0	0	0	0	8,068,281
Land	58,905,074	12,309,675	0	71,214,749	0	0	0	0	0		71,214,749	58,905,074
Buildings	26,228,404	0	0	26,228,404	8,365,587	686,087	0	9,051,674	0	0	17,176,730	17,862,817
Furniture and Fixtures	6,176,098	0	0	6,176,098	5,621,147	100,446	0	5,721,593	0	0	454,504	554,950
Office Equipment	2,166,038	0	0	2,166,038	1,665,975	69,559	0	1,735,534	0	0	430,504	500,063
Vehicles	11,925,605	8,825,273	2,619,763	18,131,115	6,916,708	2,257,392	2,006,460	7,167,640	0	0	10,963,474	5,008,896
Electrical Installations	1,206,229	0	0	1,206,229	1,024,016	25,346	0	1,049,362	0	0	156,867	182,213
Computers	2,667,845	241,436	191,382	2,717,899	2,312,230	214,797	180,659	2,346,368	0	0	371,531	355,615
Air Conditioners	2,481,802	67,568	0	2,549,370	2,078,596	64,875	0	2,143,471	0	0	405,899	403,206
Sub total	119,825,376	21,443,952	10,879,426	130,389,902	27,984,260	3,418,502	2,187,119	29,215,643	0	0	101,174,259	91,841,116
<i>Previous Year</i>	108,982,677	13,374,592	2,531,893	119,825,376	26,595,873	2,731,549	1,343,161	27,984,260			91,841,116	
<i>Assets on Lease</i>												
Plant & Machinery	115,120,589	0	0	115,120,589	112,601,142	0	0	112,601,142	1,709,528	1,709,528	809,919	809,919
Sub total	115,120,589	0	0	115,120,589	112,601,142	0	0	112,601,142	1,709,528	1,709,528	809,919	809,919
<i>Previous Year</i>	115,120,589	0	0	115,120,589	112,601,142	0	0	112,601,142	1,709,528	0	809,919	
Total	234,945,965	21,443,952	10,879,426	245,510,491	140,585,402	3,418,502	2,187,119	141,816,785	1,709,528	1,709,528	101,984,178	92,651,035
<i>Previous Year</i>	224,103,266	13,374,592	2,531,893	234,945,965	139,197,015	2,731,549	1,343,161	140,585,402	1,709,528		92,651,035	

Note: Provision to the extent of Rs. 809,919 (Rs.809,919) has been made against doubtful leased assets as on 31.03.2011

Schedules to the Consolidated Balance Sheet

SCHEDULE 'H'

INVESTMENTS (at cost)

IN BODIES CORPORATE

Equity Shares of Rs.10 each
(Unless otherwise stated)

Fully paid up : Quoted

	As at 31st March, 2011		As at 31st March, 2010	
	Quantity Nos.	Amount Rs.	Quantity Nos.	Amount Rs.
Aravali Securities & Finance Ltd	100	60	100	60
Asian Vegipro Ltd.	300,000	300,000	300,000	300,000
Andaman Timber & Industries Ltd	-	-	360,000	360,000
ARM Polymers Ltd.	-	-	150,000	37,500
Bolton Properties Ltd.	-	-	20,500	2,562,500
Cambridge Solutions Ltd.	-	-	658	16,420
Coventry Springs & Engg Ltc	52,323	175,282	52,323	175,282
First Leasing Company of India Ltd	68,750	5,079,950	-	-
Gillander Arthbutnot & Co.Ltd.	9,041	120,591	-	-
HSIL Ltd.	390,000	54,310,279	-	-
Intrasoft Technologies Limitec	17,500	1,750,000	-	-
KEC International Ltd.	35	16,835	700	16,835
Kanko Enterprises Ltd.	-	-	150,000	1,500,000
Mangalam Cement Limited	-	-	7,621	603,028
Maya Agro products Ltd	-	-	300,000	150,000
Melstar Information Technologies Ltd	300	63,675	300	63,675
Moving Picture Company India Ltd	881,600	3,076,784	881,600	13,224,000
MSL Industries Ltd.	-	-	400,000	800,000
Moulik Finance Ltd.	7,100	71,000	7,100	71,000
Neogem India Ltc	132,800	597,600	132,800	597,600
Nicco-Uco Alliance Credit Ltd	114	650	114	650
Punsumi Foils & Compounets Ltd.	15,800	19,750	15,800	19,750
PTC Industries Ltd.	1,000	16,850	1,000	16,850
Phillips Carbon Black Ltd.	84,500	14,964,589	-	-
R.S.Software India Limitec	98,752	5,014,750	77,150	5,014,750
Shez Leather Ltd.	35,900	359,000	35,900	359,000
Swad Industries Ltd.	141	268	141	268
Universal Cables Ltd	-	-	407,185	19,834,182
VCK Capital Markets Ltd.	200	220	200	220
Vidya Telelinks Ltd.	-	-	370,376	49,312,676

Partly Paid up: Quoted

Malvika Steels Ltd.	91,200	912,000	91,200	912,000
(paid up Rs. 2.50 each)				

Fully paid up : Unquoted

Andaman Plantations.& Development Corporation Ltd	64,880	6,488,000	64,880	6,488,000
Advance Inbosal Pvt.Ltd	-	-	22,500	2,250
Apnaloan.com Pvt.Ltd	-	-	100,603	201,206
Bhatpara Papers Limited	44	391	44	391
Boss Profiles Ltd.	-	-	100,000	3,070,700
Bijco Holdings Ltd.	69,730	6,973,000	-	-
C. Mackertich Ltd.	4,250,000	42,500,000	4,250,000	42,500,000
Current Electronics Ltd.	-	-	763,400	76,340
Exquisite Exports Ltd	5,000	50,000	5,000	50,000
Global Ingologicistic Ltd.	-	-	20,000	5,000
Global Stock Pvt.Ltd.	-	-	90,500	90,500
Fortune Biotech Limited	40,000	178,000	40,000	178,000
Gujarat Securities Ltd.	20	200	20	200

Schedules to the Consolidated Balance Sheet

	As at		As at	
	31st March,2011		31st March,2010	
	Quantity Nos.	Amount Rs.	Quantity Nos.	Amount Rs.
Kamal Overseas Ltd	250,000	20,000,000	250,000	19,812,500
Manson And Summers Alcobev Pvt.Ltd	125,000	35,000,000	125,000	19,500,000
Manphool Exports Ltd.	11,908	1,190,800		
Mediline Equipment Ltd.	-	-	4,000	4,000
Merlin Securities Pvt.Ltd.	-	-	1,000	10,000
North East Publisig & Advertising Co.Ltd.	5,045,400	504,540	5,045,400	504,540
Nachmo Knitex Limitec	1,499,000	5,609,200		
Nangalia Hydrocarbon Ltd	-	-	90,000	90,000
New Millenium Ltd.	-	-	100,000	10,000
Patriot Automation Projects Ltd.	2,000,000	500,000	2,000,000	500,000
Patriot Automation Projects Ltd.(Bonus)	65,350	-	65,350	-
Pyramid Cybreware Ltd	-	-	666	666
Spencer Retails Limited	5,329	969,612	5,329	969,612
Sheory Digital Systems Pvt.Ltc	590,000	129,800	590,000	129,800
Shah Investment & Consultants Pvt.Ltd	-	-	25,000	2,500,000
Smifs Finance Limited	240,000	3,360,000	240,000	3,360,000
Quest Finance Services.Ltd.	30,000	2,877,000	-	-
Sukhraj Vinimay Pvt.Ltd	50,000	252,500.00	50,000	252,500
Teamasia Semiconductors (I) Ltd	0	0.00	257,500	5,304,500
Techno Pulp & Paper Board Prod.Ltd.	0	0.00	2,100,000	210,000
Utpal Vincom Pvt.Ltd	0	0.00	4,000	4,000
Vaibhav Securities (P) Ltd	4,580	45,800	4,580	45,800
Welquin Suppliers Pvt.Ltd.	-	-	5,440	5,440
Zoom Export Ltd.	-	-	200,000	2,000,000
<u>Partly Paid up: Unquoted</u>				
Smifs Finance Limited	1,511,600	15,174,000	1,511,600	15,174,000
[Paid up Rs. 7.50 (Rs.7.50) each]				
Preference Shares of Rs. 100/- each				
<u>Fully paid up : Unquoted</u>				
12% Non-cummulative Preference Shares				
Andaman Plant. & Dev. Corp. Ltd	140,000	4,100,000	140,000	4,100,000
8.00% DIGJAM Ltd.	106,000	10,600,000	131,000	13,100,000
Non-cummulative Preference Share				
Sub Total :	18,290,997	243,352,976	22,165,580	236,198,190
<u>Warrant</u>				
<u>Partly paid up : Unquoted</u>				
Southern Online Biotech Ltd.	-	-	800,000	2,072,000
(Unsecured Optionally Fully Convertible)				
Sub Total :	-	-	800,000	2,072,000
<u>In Government Securities: Listed</u>				
	Face Value Rs.	Amount Rs.	Face Value Rs.	Amount Rs.
5.05% Govt. of India Loan - 2019	500,000	521,065	500,000	521,065
Sub Total :-	500,000	521,065	500,000	521,065
Less:Provision For Dimunition in Value of Investment		71,983,270		142,373,895
Total :		171,890,771		96,417,360
Aggregated of unquoted Investments - at book valu		13,390,638		94,312,513
Aggregated of Quoted Investments - at book valu		158,500,133		10,450,968
Aggregated of Quoted Investments - at market valu		80,870,390		7,714,629

Schedules to the Consolidated Balance Sheet

	As at		As at	
	31st March,2011		31st March,2010	
	Rs.	Rs.	Rs.	Rs.
<u>SCHEDULE 'I'</u>				
CURRENT ASSETS, LOAN & ADVANCES				
A. CURRENT ASSETS				
Interest accrued on Securities		10,833		10,833
Stock in trade: Shares & Securities		2,680,500		1,676,591
Sundry Debtors				
Exceeding six months				
- Considered good	71,317,440		(25,553,401)	
- Considered doubtful	377,723		509,861,857	
Less: Provision for doubtful debts.	377,723		509,861,857	
	71,317,440		(25,553,401)	
Other Debts - Considered good	12,704,353		145,327,483	
		84,021,793		119,774,082
CASH & BANK BALANCES:				
Cash and Cheques on hand	312,375		529,466	
With Scheduled Banks				
In Current Accounts	4,656,759		7,289,721	
In Dividend Accounts	623,675		430,752	
In Deposit Accounts	6,959,625		6,446,545	
(Certificate with Bank in safe custody)		12,552,435		14,696,484
	99,265,561		136,157,990	
B. LOANS & ADVANCES				
(Unsecured)				
LOANS				
To Others [Considered good]	-		31,042,089	
Considered Doubtful	971,512		875,000	
Less : Provision for doubtful Loans	875,000		875,000	
		96,512		31,042,089
To Staff (Considerd good)		770,627		1,378,102
[Secured by charge against property Rs.3,42,815 (Rs.730,593)]				
ADVANCES				
(Recoverable in cash or in kind or for value to be received)				
To Others				
- Considered good	141,139,311		216,429,852	
- Considered doubtful	8,500,000		25,300,000	
Less : Provision for doubtful advances:	8,500,000		11,080,000	
		141,139,311		230,649,852
Income Tax Payment:		37,156,484		37,437,631
Considered Good -				
Security & other deposits	3,027,131		3,062,241	
Less : Provision for doubtful advances:	700,000		700,000	
		2,327,131		2,362,241
Service Tax input credit		30,810		209,072
Share Application Money Paid		192,000,000		192,000,000
	373,520,874		495,078,988	
	472,786,435		631,236,978	
<u>SCHEDULE 'J'</u>				
CURRENT LIABILITIES AND PROVISIONS				
A. CURRENT LIABILITIES				
Sundry Creditors		19,602,033		44,753,922
Other Liabilities		9,641,958		20,959,234
Advances from Parties:		140,000		140,000
Advances Against Shares & Securities / Other:		32,500,000		30,000,000
Unclaimed dividend		623,675		430,752
		62,507,666		96,283,908
B. PROVISIONS				
for Proposed Dividend		9,494,500		8,377,500
for Tax on Proposed Dividend		1,540,245		1,391,398
for Fringe Benefit Tax		484,142		968,626
for Sub Standard advances and Doubtful assets		809,918		809,918
for Taxes (Including for Wealth Tax		14,990,731		15,373,598
for Leave Salary		1,103,323		1,140,519
	28,422,859		28,061,559	
	90,930,525		124,345,467	

Schedules to the Consolidated Profit & Loss Account

<u>SCHEDULE 'K'</u>	For the year ended		For the year ended	
	31st March' 2011		31st March' 2010	
	Rs.	Rs.	Rs.	Rs.
OTHER INCOME				
Miscellaneous Income		161,661		1,293,548
Profit/(Loss) on Sale of Fixed Assets		(66,026)		1,711,268
Rent		-		103,161
Dividend Income : Investment	1,035,285		1,284,296	-
Trading	6,932	1,042,217	3,207	1,287,503
		1,137,853		4,395,480
<u>SCHEDULE 'L'</u>				
INCREASE / (DECREASE) IN STOCK				
Closing Stock		2,680,500		1,646,591
Less : Opening Stock		1,646,591		3,673,376
		1,033,909		(2,026,785)
<u>SCHEDULE 'M'</u>				
OPERATING & ADMINISTRATIVE EXPENSES				
Expenses on personnel :				
Salaries, Bonus & Allowances	12,787,817		11,821,147	
Contribution to Provident & other Funds	1,011,780		916,076	
(Including administrative Charges				
Training, Development & Recruitment Exp	8,455		20,423	
Staff welfare expenses	1,117,085		1,027,741	
		14,925,137		13,785,388
Group Gratuity Scheme		529,786		600,842
Telephone Charges		1,525,105		1,368,894
Printing & Stationery		2,286,239		1,998,278
Professional, Legal & Consultancy Charges		1,272,502		1,367,115
Business Promotion Expenses		618,460		169,743
Rent		635,390		694,580
Repairs & Maintenance				
- Building		562,841		402,296
- Plant & Machinery		126,551		129,745
- Others		288,001		213,881
Advertisements		265,827		311,411
Electricity		416,462		380,506
Vehicle Expenses		1,378,530		1,135,782
Subscription & Membership Fees		776,171		430,068
Miscellaneous Expenses		1,231,413		1,363,932
Bad Debt.		439,710		45,362,106
Rates & Taxes		353,658		413,073
Travelling Expenses		4,455,240		6,319,703
Directors Fees		136,000		249,500
Insurance		82,735		72,683
Donation		125,000		200,000
Auditor's Remuneration		195,000		196,700
		32,625,759		77,166,227
<u>SCHEDULE 'N'</u>				
INTEREST				
<u>Interest Paid</u>				
- Banks	378,275		391,228	
- Others	216,893		953,218	
	595,168		1,344,446	
Less: <u>Received</u>				
- Debentures	-		-	
- Govt. Securities - Investment	30,250		30,250	
- Others	624,455		593,013	
	654,705		623,263	
		(59,538)		721,182
		(59,538)		721,182

SCHEDULE ‘O’

A. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The Consolidated financial statements have been prepared in accordance with Accounting Standard 21 – “Consolidated Financial Statements” issued by the Institute of Chartered Accountants of India.

The financial statements have been prepared under the historical cost convention and on the accrual basis of accounting. The accounts of the parent Company and the subsidiary have been prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India, and generally accepted accounting principles.

(b) Principles of Consolidation

The consolidated financial statements relate to the SMIFS Capital Markets Limited (‘the Company’) and its wholly owned subsidiary Company.

The financial statements of the Company and its subsidiary Company have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, incomes and expenses, after fully eliminating inter-company balances and transactions including unrealized profits or losses.

The consolidated financial statements are prepared by adopting uniform accounting policies for like transactions and events in similar circumstances and are presented to the extent possible, in the same manner as the Company’s separate financial statements.

(c) Other Significant Accounting Policies

These are set out in the Notes to Accounts under Significant Accounting Policies for financial statements of the respective companies which are enclosed.

B. NOTES FORMING PART OF THE ACCOUNTS

1. During the year Antriksh Vyapaar Pvt Ltd has ceased to be the subsidiary of the Company. Previous year’s figures are not comparable to that extent.
2. The Consolidated Financial Statements represent consolidation of accounts of SMIFS Capital Markets Limited, the parent company and its subsidiary, SMIFS Capital Services Limited wherein the parent company holds an ownership interest of 100% as at 31st March, 2011.
3. As on 31st March, 2011 the parent company holds 7,500,070 Equity shares of Rs. 10 each, fully paid-up in SMIFS Capital Services Limited. For consolidation purposes, the investments in the subsidiary are being reported at NIL value
4. The parent company and its subsidiary end their respective financial years on the same date i.e. 31st March, 2011.
5. **Contingent liabilities not provided for**
 - i. Sales Tax demand net of payment under appeal Rs. 91,125 (Rs. 91,125).
 - ii. Uncalled liabilities on partly paid shares Rs. 6,813,000 (Rs. 6,813,000)
 - iii. Employees State Insurance Rs. 142,274 (Rs. 142,274)
 - iv. Guarantees given Rs. 310,000,000 (Rs.168,500,000)
6. **Related Party Disclosures**

Related party disclosures as required under Accounting Standard on “Related Party Disclosures” issued by the Institute of Chartered Accountants of India are given below:

i) Key Management Personnel

In Parent Company

Mr. Utsav Parekh, Chairman

Mr. Kishor Shah, Managing Director

Mr. Ajay Kayan, Director

In Subsidiary Companies
Nil

ii) **Entities over which Key Management Personnel / their relatives are able to exercise significant influence :**

Stewart & Co.
SMIFS Finance Limited
Stewart & Mackertich Wealth management ltd
Mackertich Consultancy Services Pvt. Ltd.
C. Mackertich Ltd.

Disclosure of transactions between the Company and related parties and their outstanding balances as on 31st March 2011

	<u>Key Management Personnel</u>	<u>Entities where control exists</u>
Purchase of Shares & Securities	- (-)	- (2,574,396)
Sale of Shares & Securities	- (19,440,000)	- (42,590,868)
Directors' Sitting Fee	47,000 (94,000)	- (-)
Expenses Reimbursed	719,593 (-)	41,894 (26,978)
Director's Remuneration	3,415,047 (2,950,355)	- (-)
Chairman's /Executive Chairman's Remuneration	- (719,593)	- (-)
<u>Balance at the end of the year</u>		
- Creditors / Payables	- (-)	4,556,321 (5,098,215)
- Debtors / Receivable	- (-)	377,723 (377,723)
- Advances	- (-)	13,838,362 (12,462,871)
- Investments	- (-)	18,534,000 (18,534,00)

7. **Segment Reporting: Information about Primary Business Segments**

	<u>2010-2011</u>	<u>2009-2010</u>
<u>Segment Revenue</u>	<u>Rs.</u>	<u>Rs.</u>
a) Capital Market Operations	(15,083,437)	(44,631,047)
b) Investment Banking Operations	44,943,064	119,995,567
c) Others	<u>1,121,543</u>	<u>4,395,480</u>
Net Sales / Income from Operations	<u>30,981,170</u>	<u>79,759,999</u>
<u>Segment Results : Profit / (Loss) before tax & interest</u>		
a) Capital Market Operations	(15,083,437)	(44,631,047))
b) Investment Banking Operations	44,943,064	119,995,567
c) Others	<u>1,121,543</u>	<u>4,395,480</u>

Total	<u>30,981,170</u>	<u>79,759,999</u>
Less : Interest	(59,538)	721,182
Other un-allocable exp. net of un-allocable income	<u>(30,946,365)</u>	<u>38,687,126</u>
Total Profit before tax	<u>61,987,072</u>	<u>40,351,691</u>

Capital employed

Fixed Assets used in the Company's Operations or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets are used interchangeably between segments. The Company believes that it is currently not practicable to provide segment disclosures relating to total assets and liabilities since a meaningful segregation of data is onerous.

8. **Earnings Per Share**

	<u>2010-2011</u>	<u>2009-2010</u>
Net Profit / (Loss) attributable to shareholders	Rs.53,743,928	Rs. 51,190,481
Weighted average number of equity shares in issue	5,585,000	5,585,000
Earnings per share of Rs. 10/- each (Basic & Diluted)	Rs.9.62	Rs.9.19

9. Figures in brackets pertain to the previous year.

10. Previous year figures has been re-arranged, regrouped & re-classified whether necessary to confirm to this year's classification.

Signature to Schedules 'A' to 'O'

**For J. S. VANZARA &
ASSOCIATES**
Chartered Accountants
FRN: 318143E

(UTSAV PAREKH)
Chairman

(KISHOR SHAH)
Managing Director

(AUROBINDA PANDA)
Partner
Membership no. 064888
The 27th day of May 2011

(S. C. PAL)
Company Secretary
Cum Vice President
(Legal)

(S. JHAJHARIA)
Senior Vice President & CFO

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	<u>31st March, 2011</u>	<u>31st March, 2010</u>
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax, Extra-ordinary items, interest & Loss on sale of Fixed Assets (net)	(8,397,065)	2,475,660
<u>Adjustment for</u>		
1. Depreciation	3,418,501	2,731,549
2. (Profit) / Loss on sale of Investments	17,582,376	44,236,321
3. Interest on Govt. Securities	(30,250)	(30,250)
4. Dividend Income	(1,042,217)	(1,922,867)
5. Misc. Expenditure Written Off	-	-
	<u>19,928,410</u>	<u>45,014,753</u>
<i>Operating profit before W/Capital change</i>	11,531,345	47,490,413
<u>Adjustment for</u>		
1. Trade & Other Receivable	116,191,353	52,900,317
2. Inventories	(1,033,909)	2,026,785
3. Trade payable	<u>(56,472,127)</u>	<u>(53,764,872)</u>
	58,685,317	1,162,230
<i>Cash Generated from Operations</i>	70,216,662	48,652,642
Interest paid	59,538	(3,019,975)
Direct Tax paid	(9,444,115)	(23,261,364)
FBT Paid	-	(115,916)
	<u>(9,384,577)</u>	<u>(26,397,255)</u>
<i>Cash Flow before Extra-ordinary items</i>	60,832,085	22,255,387
Extra-ordinary items (Prov.for Leave Salary)		
Provision for Leave Salary	(37,196)	138,373
	<u>(37,196)</u>	<u>138,373</u>
<i>Net Cash Flow from Operating activity</i>	60,794,889	22,393,760
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(21,443,952)	(13,374,592)
Sale of Fixed Assets	558,000	2,900,000
Purchase of Investments	(370,486,095)	(264,433,961)
Sale of Investments	356,167,054	166,314,177
Interest received on Govt. Sec	30,250	30,250
Dividend Income	<u>1,042,217</u>	<u>1,922,867</u>
	(34,132,526)	(106,641,259)
<i>Net Cash flow from Investing Activities</i>	26,662,363	(84,247,499)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share Capital	-	107,500,000
Dividend and Dividend Distribution Tax Paid	(9,768,898)	-
Proceeds from long-term borrowings	2,559,642	(19,302,916)
Proceeds from short-term borrowings	<u>(21,127,520)</u>	<u>358,200</u>
<i>Net cash used in Financing Activities</i>	(28,336,776)	88,555,284
<i>Net increase in Cash & Cash equivalents</i>	(1,674,414)	4,307,785
Cash & Cash equivalents as at (Opening Balance)	<u>14,226,849</u>	<u>10,388,700</u>
Cash & Cash equivalents as at (Closing Balance)	<u>12,552,435</u>	<u>14,696,485</u>

Kolkata

For and on behalf of the Board of Directors

The 27th day of May 2011

(Kishor Shah)
Managing Director

Auditors' Report

We have verified the attached Consolidated Cash Flow Statement of SMIFS Capital Markets Limited, derived from the audited financial statement and the books and records maintained by the Company for the year ended 31st March, 2011 and 31st March, 2010 and found the same in agreement therewith.

For J. S. Vanzara & Associates
Chartered Accountants
FRN: 318143E

Kolkata
The 27th day of May 2011

(AUROBINDA PANDA)
Partner
Membership No. 064888

SMIFS CAPITAL SERVICES LIMITED

Board Of Directors

Mr. Santosh Kumar Mukherjee - Director
Mr. Chandranath Mukherjee - Director
Mr. Kishor Shah - Director

Company Secretary

Ms. Neha Doshi (upto May 31, 2011)
Ms. Priti Chowdhary (w.e.f June 1, 2011)

Bankers

Hdfc Bank Ltd

Auditors

J.S.Vanzara & Associates
Chartered Accountants

Registered Office

**Vaibhav, 4F,
4, Lee Road
Kolkata – 700 020**

DIRECTORS' REPORT

To the members of SMIFS Capital Services Limited

Your Directors have pleasure in presenting the Annual Report and the Audited Accounts for the year ended 31st March, 2011.

FINANCIAL RESULTS

(Rupees in million)

	Year ended 31.03.2011	Year ended 31.03.2010
Profit / (Loss) before Interest & Depreciation	(0.66)	(0.06)
Less: Interest	0.02	0.03
Profit / (Loss) before Depreciation	(0.68)	(0.09)
Less: Depreciation	0.07	0.09
Profit / (Loss) before Tax	(0.75)	(0.18)
Less: Provision for Tax	(0.01)	(0.01)
Profit / (Loss) after Tax	(0.74)	(0.17)
Add: (Debit) / Credit balance brought forward	0.39	0.56
Profit / (Loss) Carried to Balance Sheet	(0.35)	0.39

DIVIDEND

In view of the loss during the year, no dividend has been recommended on the equity shares.

YEAR IN RETROSPECT AND FUTURE GROWTH

Your Company is a wholly – owned subsidiary of SMIFS Capital Markets Limited. Your Company is engaged in Corporate Advisory and Loan Syndication Services. Your Company is currently exploring other avenues for increasing business.

DIRECTORS' RESPONSIBILITY STATEMENT AS REQUIRED UNDER SECTION 217(2AA) OF THE COMPANIES ACT, 1956

Pursuant to the provisions Section 217(2AA) of the Companies Act, 1956 the Directors hereby confirm that:

1. In the preparation of the annual accounts for the year ended March 31, 2011 the applicable accounting standards have been followed along with the proper explanations relating to material departures.
2. The Directors had adopted such accounting policies and applied them consistently and have 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 loss of the Company for that period.
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Directors have prepared the Annual Accounts on a going concern basis.

DIRECTORS

During the year there was no change in the Board of Directors. Mr. Kishor Shah retires by rotation and being eligible offers himself for re-appointment.

AUDIT COMMITTEE

The Audit Committee under Section 292A of the Companies Act, 1956 comprised of Mr. Santosh Kumar Mukherjee, Chairman, Mr. Chandranath Mukherjee and Mr. Kishor Shah.

AUDITORS

M/s J.S. Vanzara & Associates, Chartered Accountants retire at the conclusion of the Annual General Meeting and being eligible offer themselves for re-appointment.

PARTICULARS OF EMPLOYEES

Information pursuant to Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 forming part of the Directors' Report is not required to be annexed. MCA vide its notification dated March 31, 2011 revised the limit of disclosure to 5 Lac per month or Sixty Lac per annum. There are no employees in our company drawing remuneration more than 5 Lac per month or Sixty Lac per annum

STATUTORY INFORMATION

Information in terms of Section 217(1)(e) of the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 forming part of the report of Board of Directors is given below :

(a) **Conservation of Energy**

Though the operation of the Company is not energy intensive, regular and preventive maintenance of all equipments is undertaken by the Company.

(b) **Technology Absorption**

In view of the nature of business in which the Company is engaged, no Research and Development expenditure has been incurred.

(c) **Foreign Exchange Earnings and Outgoings**

During the year there has been no foreign exchange earning and outgo.

ACKNOWLEDGEMENT

Your Directors wish to place on record their sincere appreciation for the services rendered by all the employees of the company.

On behalf of the Board of Directors

**(SANTOSH KUMAR
MUKHERJEE)**
DIRECTOR

(KISHOR SHAH)
DIRECTOR

Place: Kolkata

Date: May 27, 2011

AUDITORS' REPORT TO THE MEMBERS OF SMIFS CAPITAL SERVICES LIMITED

We have audited the attached Balance Sheet of SMIFS Capital Services Limited, as at 31st March 2011 and also the Profit and Loss Account for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) 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 and proper returns adequate for the purpose of our audit have been received from the branches not visited by us;
- (iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) On the basis of the written representations received from the directors, as on 31st March 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2011;
 - (b) in the case of the Profit and Loss Account, of the Loss for the year ended on that date.; and
 - (c) in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

For J. S. Vanzara & Associates
Chartered Accountants

FRN:318143E

(Aurobinda Panda)
Partner
Membership no. 064888

Date: The 27th day of May , 2011

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 thereof)

- i) In respect of its fixed assets :
 - a) The Company is generally maintaining proper records showing full particulars including quantitative details and situation of fixed assets. As explained to us, the fixed assets have been physically verified during the year by the management. To the best of our knowledge, no material discrepancies were noticed on such verification.
 - b) Based on our scrutiny of the records of the Company, we report that the Company has not disposed off fixed assets during the year.
- ii) As the Company has not purchased shares and securities during the year and also Company have no stocks during the year, so the requirements of reporting on physical verification of stock or maintenance of inventory records in our opinion are not applicable.
- iii) a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956. As the Company has not granted any loans, secured or unsecured, to parties listed in the registers maintained under section 301 of the Companies Act, 1956 paragraphs (iii)(b), (c) and (d) of the Order, are not applicable.
- b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956. As the Company has not taken any loans, secured or unsecured, to parties listed in the registers maintained under section 301 of the Companies Act, 1956 paragraphs (iii)(e), (f) and (g) of the Order, are not applicable.
- iv) Having regard to the nature of the Company's business and based on our scrutiny of the Company's records and according to the information and explanations given to us, we report that the Company's activities do not include purchase of inventory and sale of goods. In our opinion and according to the information and explanation received by us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and sale of services. Further, on the basis of our examination, and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control system.
- v) In respect of transactions entered in the register maintained in pursuance of section 301 of the Companies Act, 1956.
 - a) To the best of our knowledge and belief and according to the information and explanations given to us, transactions required to be entered into the register have been so entered.
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the registers maintained under section 301 and exceeding the value of rupees five lakh in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time
- vi) Based on our scrutiny of the Company's records and according to the information and explanations provided by the management, in our opinion, the Company has not accepted any public deposit so far upto 31st March 2011.
- vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.
- viii) According to the information and explanations provided by the management, the Company is not engaged in production, processing, manufacturing or mining activities. Hence the provision of section 209(1)(d) do not apply to the Company. Hence, in our opinion, no comment on maintenance of cost records under section 209(1) (d) is required.
- ix) Statutory and other dues : -
 - a) According to the information and explanations given to us, the Company has been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax Wealth Tax, Service tax, Customs Duty and Excise Duty as applicable with the appropriate authorities during the year.
 - b) According to the information and explanations given, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty were outstanding, as at 31st March, 2011 for a period of more than six months from the date they become payable.

- c) According to the records of the Company, there are no dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty and Cess which have not been deposited on account of any dispute.
- x) The accumulated loss of the Company at the end of financial year amounted to ` 3,46,776/- and has incurred cash losses ` 6,79,661/- during the current financial year and ` 87,186/- in the immediately preceding financial year .
- xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution or bank during the year.
- xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
- xiii) In our opinion, and to the best of our information and according to the explanations provided by the management, we are of the opinion that the Company is neither a Chit Fund nor a Nidhi / Mutual benefit society. Hence, in our opinion, the requirements of para 4 (xiii) of the Order do not apply to the Company.
- xiv) In our opinion and according to the information and explanation given to us, the Company has maintained proper records of transaction and contracts regarding its dealing in investments, and timely entries have been made therein.
- xv) According to the records of the Company and the information and explanations provided by the management, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi) According to the records of the Company, the Company has not obtained any term loans. Hence, comments under the para 4 (xvi) of the Order are not applicable.
- xvii) According to the information and explanations given to us and an overall examination of balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
- xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956 during the year.
- xix) According to the information and explanations given to us and the records examined by us, the Company has not issued any debentures during the year.
- xx) The Company has not raised any money by public issues during the year covered by our audit report.
- xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

ORIENTAL HOUSE, SUITE # 3A
6C, ELGIN ROAD, 3RD FLOOR
KOLKATA – 700 020.

For J. S. VANZARA & ASSOCIATES
Chartered Accountants
FRN: 318143E

(Aurobinda Panda)
Partner
Membership No-064888

Date: The 27th day of May , 2011

SMIFS CAPITAL SERVICES LIMITED

Balance Sheet as at 31st March '2011

	Schedule	As at		As at	
		31st March, 2011		31st March, 2010	
	No.	Rs.	Rs.	Rs.	Rs.
<u>SOURCE OF FUND</u>					
Shareholders' Fund					
Share Capital	A		75,000,700		75,000,700
Reserve and Surplus	B		-		393,547
Loan Funds					
Secured Loans	C		138,504		222,298
			<u>75,139,204</u>		<u>75,616,545</u>
<u>APPLICATION OF FUND</u>					
Fixed Assets					
a. Gross Block	D	618,399		618,399	
b. Less: Depreciation		<u>424,851</u>		<u>356,110</u>	
c. Net Block			193,548		262,289
Investments	E		71,666,835		816,835
Current Assets, Loans & Advances					
Current Assets	F	1,211,907		17,834,192	
Loans & Advances		<u>3,524,053</u>		<u>58,538,938</u>	
		<u>4,735,960</u>		<u>76,373,130</u>	
Less: Current Liabilities & Provisions	G	<u>1,828,856</u>		<u>1,852,571</u>	
Net Current Assets			2,907,104		74,520,559
Net Deferred Tax Assets			24,941		16,862
Profit & Loss Account Debit Balance	B		346,776		-
			<u>75,139,204</u>		<u>75,616,545</u>
NOTES TO THE ACCOUNTS	H				

The schedules referred to above form an integral part of the Balance Sheet
In terms of our attached report of even date

For and on behalf of the Board of Directors

For J.S.VANZARA & ASSOCIATES
Chartered Accountants
FRN 318143E

(AUROBINDA PANDA)
Partner
Membership no. 064888
Place Kolkata
The 27th day of May 2011

SANTOSH KUMAR MUKHERJEE)
Director

(KISHOR SHAH)
Director

(NEHA DOSHI)
Company Secretary

SMIFS CAPITAL SERVICES LIMITED

Profit & Loss Account for the period ended 31st March, 2011

	For the Year ended		For the Year ended	
	Schedule	31st March, 2011	31st March, 2010	
	No.	Rs.	Rs.	Rs.
<u>INCOME</u>				
Brokerage & Commission Received			6,439	-
Service Charges Received			800,000	-
Insurance Commission Received			16,310	-
Sundry Balances Written back			-	-
Profit / (Loss) on Sale of Investment			(720,000)	303,045
Dividend			210	464,964
Interest			2,764	2,353
			105,723	770,362
<u>EXPENSES</u>				
Salary Bonus & Allowances		304,112		328,118
Contribution to Provident Fund		21,072		22,160
Gratuity		13,000		36,042
Staff Welfare Expenses		53,295		46,618
Telephone Expenses		38,401		34,823
Rent		120,000		120,000
Repair & Maintenance		30,250		2,547
Professional & Legal Charges		3,309		80,249
Membership Fees & Subscription		9,550		9,550
Vehicle Expenses		128,882		96,710
Audit Fees		10,000		10,000
Business Promotion Expenses		3,179		2,220
Filing Fees		3,060		1,500
Miscellaneous Expenses		16,117		26,053
Rates & Taxes		7,550		7,350
Depreciation		68,741		93,565
Interest		23,607		33,607
			854,125	951,113
PROFIT / (LOSS) BEFORE TAX			(748,402)	(180,751)
Provision for Tax - Current			-	-
Deferred Tax for the year			(8,079)	(12,586)
PROFIT / (LOSS) AFTER TAX			(740,323)	(168,165)
(Debit) / Credit balance brought forward from earlier year			393,547	561,712
Balance Carried to Balance Sheet .			(346,776)	393,547

NOTES TO THE ACCOUNTS

H

The schedules referred to above form an integral part of the Profit and Loss Account
In terms of our attached report of even date

For and on behalf of the Board of Directors

For J.S.VANZARA & ASSOCIATES

Chartered Accountants

FRN 318143E

(AUROBINDA PANDA)

Partner

Membership no. 064888

Place Kolkata

The 27th day of May 2011

(SANTOSH KUMAR MUKHERJEE)

Director

(KISHOR SHAH)

Director

(NEHA DOSHI)

Company Secretary

SMIFS CAPITAL SERVICES LIMITED

Schedules annexed to and forming part of Accounts as at 31st March, 2011

	As at		As at	
	31st March 2010		31st March 2010	
	Rs.	Rs.	Rs.	Rs.
<u>SCHEDULE 'A'</u>				
<u>SHARE CAPITAL</u>				
Authorised:				
15,000,000 Equity Shares of Rs. 10/- each		<u>150,000,000</u>		<u>150,000,000</u>
Issued, Subscribed & Paid up:				
7,500,070 Equity Shares of Rs. 10/- each fully paid up in cash		<u>75,000,700</u>		<u>75,000,700</u>
<u>SCHEDULE 'B'</u>				
<u>RESERVES & SURPLUS</u>				
Profit & Loss Account		(346,776)		393,547
		<u>(346,776)</u>		<u>393,547</u>
<u>SCHEDULE 'C'</u>				
<u>SECURED LOANS</u>				
Loan from Bank				
Vehicle Loan [Payable within		138,504		222,298
one year Rs.95,148 (Rs.83,793)]		<u>138,504</u>		<u>222,298</u>

Schedule Annexed to and forming part of Accounts as at 31st March, 2011

SCHEDULE - 'D'

FIXED ASSETS

PARTICULARS	G R O S S B L O C K			DEPRECIATION			N E T B L O C K	
	AS AT	Addition	AS AT	AS AT	FOR THE YEAR	AS AT	AS AT	AS AT
	01-04-2010 Rs.	Rs.	31-03-2011 Rs.	01-04-2010 Rs.	ENDED ON 31.03.2011 Rs.	31.03.2011 Rs.	31.03.2011 Rs.	31-03-2010 Rs.
Computers & Peripherals	196,180	0	196,180	189,565	2,646	192,211	3,969	6,615
Furniture & Fixtures	7,095	0	7,095	5,824	230	6,054	1,041	1,271
Vehicles	415,124	0	415,124	160,721	65,865	226,586	188,538	254,403
Total	618,399	0	618,399	356,110	68,741	424,851	193,548	262,289
<i>Previous year</i>	618,399	-	618,399	262,545	93,565	356,110	262,289	

SMIFS CAPITAL SERVICES LIMITED

Schedules annexed to and forming part of Accounts as at 31st March, 2011

SCHEDULE 'E'

INVESTMENTS

	As at		As at	
	31st March, 2011		31st March, 2010	
	Quantity Nos.	Amount Rs.	Quantity Nos.	Amount Rs.
Long Term - Other than Trade				
Equity Shares of Rs. 10/- each				
Fully paid up: Quoted				
KEC International Ltd.	35	16,835	700	16,835
MSL Industries Ltd.	-	-	400,000	800,000
	35	16,835	400,700	816,835
Fully paid up: Unquoted				
Bijco Holdings Ltd.	69,730	6,973,000	-	-
Kamal Overseas Ltd.	250,000	20,000,000	-	-
Manphool Exports Ltd.	11,908	1,190,800	-	-
Mason and Summers Alcobev Pvt.Ltd.	125,000	35,000,000	-	-
Nachmo Knitex Limited	1,499,000	5,609,200	-	-
Quest Finance Services.Ltd.	30,000	2,877,000	-	-
	1,985,638	71,650,000	-	-
Total		71,666,835		816,835
Market Value of quoted Investments Rs. 2,888 (previous year Rs. 479,012)				

SCHEDULE 'F'

CURRENT ASSETS, LOANS & ADVANCES

A. CURRENT ASSETS

Sundry Debtors

(Unsecured, considered good)

exceeding six months

other debts

1,022,054

17,672,054

-

-

1,022,054

17,672,054

Cash & Bank Balances

Cash in hand

19,680

20,976

Bank Balances with Scheduled bank

in current account

170,173

141,161

189,853

162,138

1,211,907

17,834,192

B. LOANS & ADVANCES

LOANS

Loan to Employees (Considered Good)

96,512

122,612

ADVANCES

(Recoverable in cash or in kind or for value to be received)

Income Tax Payment

1,497,689

1,417,689

Due from Holding Company

1,893,238

56,921,219

Advances

11,614

22,418

Deposit to others

25,000

55,000

3,524,053

58,538,938

4,735,960

76,373,130

SCHEDULE 'G'

CURRENT LIABILITIES AND PROVISIONS

CURRENT LIABILITIES

Sundry Creditors

400,000

400,000

Liabilities for expenses

198,842

225,392

598,842

625,392

PROVISIONS

Provision for Tax

1,192,000

1,192,000

Provision for Fringe Benefit Tax

20,911

20,911

Provision for Leave Salary

17,103

14,268

1,230,014

1,227,179

1,828,856

1,852,571

SCHEDULE – H:

A. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

The financial statements have been prepared under the historical cost convention on an accrual basis.

The accounting policies have been consistently applied by the Company and except for the changes in accounting policy discussed more fully below, are consistent with those used in the previous year.

(b) Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation. Cost comprises of the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

(c) Depreciation

Depreciation on Fixed assets is provided on written down value method at the rates prescribed in Schedule XIV of the Companies Act 1956, (as amended).

Depreciation on Fixed assets added / disposed during the year is provided on a pro-rata basis with reference to the date of addition / disposal.

(d) Investments

As per the guidelines issued by The Institute of Chartered Accountants of India, Long Term investments in shares and securities are carried at cost less provision for diminution, other than temporary, determined separately for each individual Investment.

(e) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(f) Retirement Benefits

The Company has taken an appropriate group gratuity policy with Life Insurance Corporation of India to provide for its liabilities for gratuity. Premium paid on policy is charged to revenue.

Provision has been made for the monetary value of the leave due to staff.

(g) Income Taxes

The accounting treatment for income tax in respect of the income is based on the Accounting Standards on 'Accounting for Taxes on Income' (AS-22) issued by the Institute of Chartered Accountants of India.

A provision is made for the current tax based on tax liability computed in accordance with relevant tax rates and tax laws. A provision is made for deferred tax liability / asset for all timing differences arising between taxable income and accounting income at currently enacted tax rates.

Deferred tax assets are recognized only if there is reasonable certainty that they will be realised and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

(h) Contingencies

Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and disclosed by way of notes to the accounts.

B. NOTES FORMING PART OF THE ACCOUNTS

SMIFS CAPITAL SERVICES LIMITED

1. Contingent Liabilities: Nil (Nil).
2. Balances lying as sundry debtors, creditors and loans & advances are subject to confirmation to be received from the concerned parties.
3. Physical verification of investments has been done by the management and a certificate in this regard has been issued to the auditors.
4. Auditor's remuneration includes:

	<u>2010-2011</u>	<u>2009-2010</u>
	<u>(Rs.)</u>	<u>(Rs.)</u>
Audit Fees	10,000	10,000
Tax Audit Fees	-	
	<u>10,000</u>	<u>10,000</u>

5. Total outstanding dues to small scale industrial undertakings Rs. Nil (Nil).

6. **Related Party Disclosures**

Related party disclosures as required under Accounting Standard on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India are given below:

Holding Company

SMIFS Capital Markets Limited

Key Management Personnel

Nil

Disclosure of transactions between the Company and related parties and their outstanding balances as on 31st March 2011.

	Holding Company	Key Management Personnel	Entities where control exists
	Rs.	Rs.	Rs.
Purchase of Shares / Securities	55,000,000	-	-
	(-)	(-)	(-)
<u>Balances at the end of the year</u>			
Debtors / Receivables	1,893,238	-	-
	(56,921,219)	(-)	(22,054)

7. **Segment Reporting:** Information about Primary Business Segments

	Year ended <u>31.03.2011</u>	Year ended <u>31.03.2010</u>
	<u>Rs.</u>	<u>Rs.</u>
<u>Segment Revenue:</u>		
a) Capital Market Operations	(720,000)	303,045
b) Investment Banking Operation	806,439	-
c) Others	19,284	467,317
Net Sales / Income from Operations	<u>105,723</u>	<u>770,362</u>
<u>Segment Results:</u>		
<u>Profit / (Loss) before tax & interest</u>		
a) Capital Market Operations	(720,000)	303,045
b) Investment Banking Operation	806,439	-
c) Others	19,284	467,317
Total	<u>105,723</u>	<u>770,362</u>
Less: Interest	23,607	33,607
Other un-allocable expenditure net of in-allocable income	830,518	917,506
Total Profit/(Loss) before tax	<u>(748,402)</u>	<u>(180,751)</u>
<u>Capital employed</u>		

SMIFS CAPITAL SERVICES LIMITED

Fixed Assets used in the Company's Operations or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets are used interchangeably between segments. The Company believes that it is currently not practicable to provide segment disclosures relating to total assets and liabilities since a meaningful segregation of data is onerous.

8. (a) Deferred tax asset for the year amounting to Rs.8,079 (Rs 12,586) has been recognised in the Profit & Loss Account.

(b) Major component of deferred tax arising on account of timing differences are:

	<u>As on</u> <u>31.03.2011</u> (Rs.)	<u>As on</u> <u>31.03.2010</u> (Rs.)
<u>Deferred Tax Assets</u>		
(i) Employer Benefit	5,285	4,409
(ii) Depreciation	19,656	12,454
	<u>24,941</u>	<u>16,863</u>

9. Expenditure in foreign currency – Rs. Nil (Previous year – Rs. Nil).
10. Earning in foreign currency Rs. Nil (Previous year – Rs. Nil).
11. Figures in brackets pertain to the previous year.
12. Previous year's figures have been regrouped where necessary to confirm to this year's classification.

Signature to Schedules 'A' to 'H'

For **J. S. VANZARA & ASSOCIATES**
Directors
Chartered Accountant
FRN. 318143E

For and on behalf of the Board of

(**SANTOSH KUMAR MUKHERJEE**)
Director

(**KISHOR SHAH**)
Director

(**AUROBINDA PANDA**)
Partner
Membership no. 64888
The 27th day of May 2011

(**NEHA DOSHI**)
Company Secretary

INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

Balance Sheet Abstract and Company's General Business Profile

Registration

I Details

Registration No.

	9	2	1	2	5
--	---	---	---	---	---

State Code

2	1
---	---

Balance Sheet

Date

3	1	0	3	2	0	1	1
---	---	---	---	---	---	---	---

Capital Raised during the year (Amount in
II Rs.Thousands)

Public Issue

						N	I	L
--	--	--	--	--	--	---	---	---

Bonus Issue

						N	I	L
--	--	--	--	--	--	---	---	---

Rights Issue

						N	I	L
--	--	--	--	--	--	---	---	---

Private Placement

						N	I	L
--	--	--	--	--	--	---	---	---

III Position of Mobilisation and Deployment of Fund(Amount in Rs.Thousands)

Total Liabilities

						7	6	9	6	8
--	--	--	--	--	--	---	---	---	---	---

Sources of Funds

Paid-Up Capital

						7	5	0	0	1
--	--	--	--	--	--	---	---	---	---	---

Secured Loans

								1	3	9
--	--	--	--	--	--	--	--	---	---	---

Application of
Funds

Net Fixed Assets

								1	9	4
--	--	--	--	--	--	--	--	---	---	---

Net Current Assets

						2	9	0	7
--	--	--	--	--	--	---	---	---	---

Accumulated Losses

							N	I	L
--	--	--	--	--	--	--	---	---	---

Total Assets

						7	6	9	6	8
--	--	--	--	--	--	---	---	---	---	---

Reserves & Surplus

							N	I	L
--	--	--	--	--	--	--	---	---	---

Unsecured Loans

							N	I	L
--	--	--	--	--	--	--	---	---	---

Investments

						7	1	6	6	7
--	--	--	--	--	--	---	---	---	---	---

Deferred Tax Asset Net

								2	5
--	--	--	--	--	--	--	--	---	---

Performance of Company (Amount in Rs.
IV Thousands)

Turnover (Gross
Revenue)

								1	0	6
--	--	--	--	--	--	--	--	---	---	---

+	-
	-

Profit / Loss Before Tax

								7	4	8
--	--	--	--	--	--	--	--	---	---	---

+	-
	-

Earning Per Share in Rs

+	-
-	

						0	.	0	0
--	--	--	--	--	--	---	---	---	---

Total Expenditure

								8	5	4
--	--	--	--	--	--	--	--	---	---	---

Profit / Loss After Tax*

								7	4	0
--	--	--	--	--	--	--	--	---	---	---

DividendRate %

N	I	L
---	---	---

V Generic Name of Three Principal Products/Services of Company (As per monetary Terms)

Item Code

N	I	L
---	---	---

Product

Description

F	I	N	A	N	C	I	A	L		S	E	R	V	I	C	E	S
---	---	---	---	---	---	---	---	---	--	---	---	---	---	---	---	---	---

Signature to Schedules 'A' to 'H'

For J.S. VANZARA & ASSOCIATES

Chartered Accountants

FRN 318143E

(AUROBINDA PANDA)

Partner

Kolkata

Membership No. 64888

The 27th day of May 2011

For and on behalf of the Board of Directors

(SANTOSH KUMAR MUKHERJEE)

Director

(KISHOR SHAH)

Director

(NEHA DOSHI)

Company Secretary

SMIFS CAPITAL SERVICES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	31st March 2011		31st March 2010	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Tax, Extra-ordinary items, interest & Loss on sale of Fixed Assets (net)		(727,559)		(149,497)
Adjustment for				
1. Depreciation	68,741		93,565	
2. (Profit) / Loss on sale of Investments	720,000		(303,045)	
3. Dividend Income	(210)		(464,964)	
4. Misc. Expenditure Written Off	-		-	
		788,531		(674,444)
<i>Operating profit before W/Capital change</i>		60,972		(823,941)
Adjustment for				
1. Trade & Other Receivable	71,744,885		2,030,893	
2. Inventories	-		-	
3. Trade payable	(26,550)		(3,733,646)	
		71,718,335		(1,702,753)
<i>Cash Generated from Operations</i>		71,779,307		(2,526,694)
Interest paid	(20,843)		(31,254)	
Direct Tax paid	(80,000)		(2,500)	
FBT paid	-		(2,660)	
		(100,843)		(36,414)
<i>Cash Flow before Extra-ordinary items</i>		71,678,464		(2,563,108)
Extra-ordinary items (Prov.for Leave Salary)		2,835		(3,871)
<i>Net Cash Flow from Operating activity</i>		71,681,299		(2,566,979)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	-		-	
Sale of Fixed Assets	-		-	
Purchase of Investments	(71,650,000)		-	
Sale of Investments	80,000		2,260,000	
Dividend Income	210		464,964	
		(71,569,790)		2,724,964
<i>Net Cash flow from Investing Activities</i>		111,509		157,985
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of Share Capital	-		-	
Proceeds from long-term borrowings	(83,793)		(73,793)	
Proceeds from short-term borrowings				
<i>Net cash used in Financing Activities</i>		(83,793)		(73,793)
Net increase in Cash & Cash equivalents		27,716		84,192
Cash & Cash equivalents as at (Opening Balance)		162,138		77,946
Cash & Cash equivalents as at (Closing Balance)		189,854		162,138

Kolkata
The 27th Day of May 2011

For and on behalf of the Board of Directors

(Kishor Shah)
Director

Auditors' Report

We have verified the attached Cash Flow Statement of SMIFS Capital Services Limited, derived from the audited financial statement and the books and records maintained by the Company for the year ended 31st March, 2011 and 31st March, 2010 and found the same in agreement therewith.

For J. S. Vanzara & Associates
Chartered Accountants
FRN: 318143E

(AUROBINDA PANDA)
Partner
Membership No. 064888

Kolkata
The 27th Day of May 2011

REGISTERED AND CORPORATE OFFICE

“Vaibhav” 4F
4 Lee Road
Kolkata 700 020
Phone No.:(033) 2290-0362, 2290-7400/01/02
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E-mail:smifscap@vsnl.com

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