

ANNUAL REPORT

2011 - 2012



SMIFS CAPITAL MARKETS LIMITED



SMIFS CAPITAL MARKETS LIMITED

CONTENTS

	Page No.
Notice	1-10
SMIFS CAPITAL MARKETS LIMITED	
Directors' Report	11-14
Management Discussion and Analysis	15-16
Corporate Governance Report	17-30
Auditors' Report	31-36
Balance Sheet	37
Statement of Profit & Loss	38
Significant Accounting Policies	39-41
Notes to Financial Statements	42-51
Cash Flow Statement	52
Statement Pursuant to Section 212 of the Companies Act, 1956	53
CONSOLIDATED FINANCIAL STATEMENTS	
Auditors' Report	55
Consolidated Balance Sheet	56
Consolidated Statement of Profit & Loss	57
Significant Accounting Policies	58
Notes to Consolidated Financial Statements	59-68
Consolidated Cash Flow Statement	69
SMIFS CAPITAL SERVICES LIMITED – SUBSIDIARY COMPANY	
Directors' Report	71-72
Auditors' Report	73-77
Balance Sheet	78
Statement of Profit & Loss	79
Significant Accounting Policies	80-81
Notes to Financial Statements	82-87
Cash Flow Statement	88



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

M/s. 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
Phone : 033-2290 0362/7400/01/02
Website : www.smifscap.com



SMIFS CAPITAL MARKETS LIMITED

NOTICE

NOTICE is hereby given that the Twenty-Ninth Annual General Meeting of the members of **SMIFS CAPITAL MARKETS LIMITED** will be held on Saturday, the 8th day of September, 2012 at Rangoli Banquet Hall, 'Vaibhav', 4, Lee Road, Ground Floor, Kolkata - 700 020 at 10.00 a.m. for transacting the following:

Ordinary Business

1. To receive, consider and adopt the Balance Sheet as at March 31, 2012 and Statement of Profit & Loss for the year ended on that date and the reports of the Directors and Auditors thereon.
2. To declare dividend for the year ended March 31, 2012.
3. To appoint a Director in place of Mr. Ramesh Maheshwari who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from conclusion of the Twenty-Ninth Annual General Meeting until the conclusion of the Thirtieth 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:

RE-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 or any statutory modification(s) or re-enactment thereof, approval of the members be and is hereby accorded to the re-appointment of Mr. Kishor Shah as Managing Director for a further period of 3 (Three) years with effect from April 1, 2012 at the remuneration as set out in the Explanatory Statement annexed to the notice convening the meeting and on terms and conditions as specified in the agreement entered into between the Company and Mr. Kishor Shah, Managing Director.

RESOLVED FURTHER THAT the Board of directors of the Company be and is hereby authorised to alter and vary the terms and conditions of the said appointment or remuneration or agreement so as not to exceed 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, Managing Director.

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

Regd. Office:

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

The 20th day of July, 2012

By Order of the Board

(S. C. Pal)

Company Secretary – cum - Vice President (Legal)



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-700020 not less than 48 (forty-eight) hours before the commencement of this Annual General Meeting.
2. Explanatory Statement under Section 173(2) of the Companies Act, 1956 for resolution no. 5 is annexed hereto.
3. Additional information pursuant to Clause 49 of the Listing Agreement with Stock Exchanges on re-appointment of Directors at the Annual General Meeting is appearing in the Report and Accounts.
4. Pursuant to the Circular of Ministry of Corporate Affairs No. 17/2011 dated 21-4-2011, members are requested to provide their e-mail ids to the company at its Registered Office at 'Vaibhav' 4F, 4, Lee Road, Kolkata-700 020 (e-mail id: smifscap@vsnl.com) or to Registrars, M/s. Maheshwari Datamatics Pvt. Ltd., 6, Mangoe Lane, Kolkata-700 001 (e-mail id: mdpl@vsnl.com).
5. Members are requested to notify any change in their address / mandate / bank details immediately to the Company at its Registered Office at 'Vaibhav' 4F, 4, Lee Road, Kolkata-700 020 (e-mail 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).
6. Members who have multiple accounts in identical names or joint accounts in the same order are requested to consolidate all such shareholdings into one account to facilitate better service.
7. Depository System – The Company, consequent to introduction of the Depository System, entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Members, therefore, now have the option of holding and dealing in shares of the Company in electronic form through NSDL or CDSL. With effect from 26-12-2000 trading in shares of the Company on any Stock Exchange is permitted only in dematerialized form.
8. Individual shareholders can avail the facility of nomination. The nominee shall be the person in whose name all rights of transfer and / or amount payable in respect of shares shall lie in the event of the death of the shareholder and the joint holder(s), if any. A minor can be a nominee provided the name of the guardian is given in the Nomination Form. Non-individual including Society, Trust, Body Corporate, Partnership Firm, Karta of Hindu Undivided Family, holder of Power of Attorney cannot nominate. For further detail in this regard shareholders may contact Maheshwari Datamatics Pvt. Ltd., Registrars and Transfer Agents.
9. Members are requested to quote their account / folio number and in case their shares are held in dematerialized form, they must quote their Client ID Number and DP ID Number.



10. The Register of Members and Share Transfer Books of the Company shall remain closed from 1/09/2012 (Saturday) to 08/09/2012 (Saturday) (both days inclusive).
11. Members/Proxies should bring attendance slip sent herewith duly filled in, for attending the meeting.
12. 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.
13. Unclaimed Dividend: It is observed that some Members have still not en-cashed their Dividend Warrants in respect of earlier years i.e. for the years ended 2007, 2008, 2010 and 2011. Such Members are requested to write to the Company / Registrar and obtain payment thereof.
14. Investor Grievance Redressal: Company has an exclusive e-mail id, viz. **smifscap@vsnl.com** for investor to register their grievance.
15. Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN detail to the Company/Registrar and Transfer Agents.



SMIFS CAPITAL MARKETS LIMITED

EXPLANATORY STATEMENT

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

Item No. 5

The 3 (Three) year tenure of Mr. Kishor Shah as Managing Director of the company ended on 31st March, 2012. Remuneration Committee in its Meeting held on January 31, 2012 recommended and the Board of directors in their meeting held on the even date approved, subject to the approval of the members by Special Resolution in the ensuing Annual General Meeting, the re-appointment of Mr. Kishor Shah as Managing Director for a further period of three years with effect from 1st April, 2012 at a remuneration and on such terms and conditions as specified in the agreement entered into between the Company and Mr. Kishor Shah, Managing Director and subject to such limits as mentioned 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.

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

(i)	Effective Capital as on 31.03.2012	₹ 548.51 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.	<p>(a) Profit/(loss) Before Tax ₹ in million</p> <p>31.03.12 52.55 31.03.11 62.73 31.03.10 40.20</p> <p>(b) Provision for Taxation ₹ in million</p> <p>31.03.12 13.15 31.03.11 8.25 31.03.10 (10.96)</p> <p>(c) Profit/(Loss) after Tax ₹ in million</p> <p>31.03.12 39.40 31.03.11 54.48 31.03.10 51.16</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	(a) Age : 55 Yrs (b) Qualification : B.Com(Hons), ACA, ACS (c) Profession : Service (d) Experience : Over 30 years of experience. Director of five Companies and also member of various Committees.
	2) Past Remuneration	Managerial remuneration drawn as Managing 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, Loan Syndication and other related activities being the complete range of financial services provided by us and with his profound knowledge and experience guides the company.
	5) Remuneration proposed	Given below for the financial years 1 st April, 2012 to 31 st March 2015.
	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 profit for the year 2011-2012. However, the profit for the year was adversely impacted by slowdown in economy and a substantial contraction in investment activity. 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 Schedule XIII Part II Section II 1(B) of 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 20% (average) of the present level of operating profit is expected in the ensuing 3 (Three) years.

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 with effect from April 1, 2012:

a) Remuneration:

- (i) **Salary:** ₹ 210,000/- (Rupees Two Lac Ten Thousand only) per month upto March 31, 2013 with annual increment of such amount as may be decided by the Board for the remaining two years subject to the overall limit specified herein below.
- (ii) **House Rent Allowance:** 25% (Twenty Five per cent) of the salary.
- (iii) **Contribution to Provident Fund:** 12% (Twelve percent) of the salary as per the provisions of the Employees Provident Funds and Miscellaneous Provisions Act, 1952.
- (iv) **Children Education Allowance:** ₹ 1000/- (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 the rules of the Company.
- (vii) **Personal Accident and Hospitalisation Insurance:** As per rules of the Company.
- (viii) **Leave:** Entitled for 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 incurred only for official purposes.



- (x) **Telephone and other communication facilities:** The Company will reimburse cell phone(s) expenses and provide telephone, telefax and other communication expenses at the Managing Director's Residence.
- (xi) **Club Membership:** In accordance with the rules of the Company.
- (xii) **Ex-gratia:** As decided by the Board from time to time.
- (xiii) **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 as may be applicable and perquisites as the Board may decide from time to time.

Overall Remuneration:

The aggregate salary, commission and perquisites stated in Clause IV(a)(i) to (xiii) in any financial year shall not exceed the limit prescribed from time to time 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 as in force from time to time.

Minimum Remuneration:

- (i) The remuneration and terms of appointment shall be calculated on the basis of effective capital at the end of previous financial year and the remuneration shall be restricted upto the upper limit based on the effective capital as prescribed in Schedule XIII, Part II, Section II 1(B) to the Companies Act, 1956.
- (ii) In the event of loss and inadequacy of profit in any financial year during the currency of tenure of the service the payment of salary, perquisites and other allowance 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 of contract was already circulated to the members.

Agreement dated February 24, 2012 entered into by the Company with Mr. Kishor Shah is available for inspection at the registered office of the Company between 10a.m. to 1p.m. on any working day.

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

Regd. Office:

'Vaibhav' 4F, 4 Lee Road,

Kolkata - 700 020

The 20th day of July, 2012

By Order of the Board

(S. C. Pal)

Company Secretary – cum - Vice President (Legal)



DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors have pleasure in presenting the Twenty-Ninth Annual Report of the Company together with the audited Financial Statements for the year ended March 31, 2012.

1. (a) FINANCIAL HIGHLIGHTS

(Rupees in million)

	Year ended 31.03.2012	Year ended 31.03.2011
Profit before Interest, Depreciation & Tax	56.87	66.65
Less: Interest	0.42	0.57
Profit before Depreciation & Tax	56.45	66.08
Less: Depreciation / Amortization	3.90	3.35
Profit before Tax	52.55	62.73
Less: Provision for Tax – Current / Earlier years	0.19	7.93
Less: Deferred Tax for the year	12.96	0.32
Profit after Tax	39.40	54.48
Profit brought forward from earlier year	54.76	41.31
Profit available for Appropriation	94.16	95.79
APPROPRIATIONS		
Proposed Dividend including Dividend Tax	9.08	11.03
Transfer to General Reserve	20.00	30.00
Profit carried to Balance Sheet	65.08	54.76

Financial and Operational Performance

Operating profit (PBDIT) of the Company for the year was ₹ 56.87 million (previous year ₹ 66.65 million). Profit before tax for the year stood at ₹ 52.55 million (previous year ₹ 62.73 million).

Net worth of the Company as on March 31, 2012 including revaluation reserve was ₹ 1060.06 million (previous year ₹ 739.33 million).

(b) CAPITAL

Paid up capital of the Company as on March 31, 2012 stood at ₹ 55,850,000/- divided into 5,585,000 equity shares of ₹ 10/- each.

(c) DIVIDEND

In view of the reduced profits and challenging future outlook, your Directors recommend payment of dividend of ₹ 1.40 per equity share (previous year ₹ 1.70 per share) on the paid up equity capital for the year ended March 31, 2012. Dividend will absorb a sum of ₹ 9.08 million including the dividend distribution tax thereon.



(d) TRANSFER TO GENERAL RESERVES

₹ 20 million (Previous Year: ₹ 30 million) has been transferred to the General Reserve of the Company.

(e) TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

No unpaid and unclaimed dividend as on March 31, 2012 was required to be transferred as per the provisions of Sections 205A and 205C of the Companies Act, 1956.

(f) MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis of financial condition and of operations of the Company for the year under review as required under Clause 49 of the Listing Agreement with the Stock Exchanges is given in the part on Corporate Governance elsewhere in the Annual Report.

2. SUBSIDIARY COMPANY

As on March 31, 2012, there was 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

For the Indian economy, it was a year of subdued GDP growth of 6.9% (previous year 8.5%). India's economic growth slumped in January to March 2012 to a nine year low of 5.3%. Growth rate is slated to be between 6% to 6.5 % in the year 2012-13. Due to the sovereign debt crisis in the Euro Zone, slowdown in many countries across the globe, rise in crude oil prices and policy paralysis in our country, the economy continues to be sluggish. Reserve Bank of India's tight monetary policy is geared towards taming domestic inflationary pressure. However, price spiral continues to plague the economy. Profit margin of the companies are affected due to high inflation and interest rates.

A cautious monetary policy and slowdown in economy has impacted investment and consumption growth. RBI has announced various measures to curb inflationary pressures. Investments by Foreign Institutional Investors have slowed down considerably. Stock markets remained weak on global macro-economic concerns and effect of Euro Zone crisis besides slowdown in the Indian economy. BSE Sensex was 17,404.20 as on March 31, 2012 (previous year 19,445.22). The depreciation of Indian rupee has also significantly affected Indian corporates who are net importers of goods and / or services or who have borrowed in foreign currency without resorting to hedging of currency exposure.

The financial year 2012-2013 appears to be a challenging year both for financial services industry and your Company. Your Company has chalked out an action plan to increase its client base and is taking necessary steps to achieve the same. Your Company continues to focus mainly in areas of Mergers and Acquisitions, Loan Syndication, Capital Market Operations, Placement of Equity shares and debts. Your Company obtained renewal of registration as a Category I Merchant Banker.



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 2012-13 have been paid. 97.18 per cent of the equity shares of your Company are held 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, 2012, 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, 2012 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 earning (previous year 'nil'). Foreign Exchange outgo during the year aggregated to ₹ 1.17 million (previous year ₹ 0.70 million).

7. DIRECTORS

Composition of the Board of directors of your 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.

The three-year term of Mr. Kishor Shah as Managing Director ended on 31st March 2012 and on 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, Mr. Kishor Shah has been re-appointed Managing Director of the Company with effect from April 1, 2012 for a further period of



3 (three) years. Terms of appointment include payment of managerial remuneration as per 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.

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

Brief resume of Mr. Kishor Shah and Mr. Ramesh Maheshwari, nature of their expertise in specific functional areas, names of companies in which they hold directorship and / or membership / Chairmanship of committees of the board, their shareholdings as stipulated under Clause 49 of the listing agreement are furnished in the part on Corporate Governance elsewhere in the Annual Report.

8. AUDITORS

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

M/s J. S. Vanzara & Associates, Chartered Accountants 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 valid certificate issued by the Peer Review Board of ICAI.

9. AUDITORS' QUALIFICATION

Qualifications contained in the Auditors' Report have been dealt with in the Notes to Financial Statement and are self-explanatory.

10. PARTICULARS OF EMPLOYEES

Information pursuant to Section 217(2A) of the Companies Act, 1956 read with the 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 raised the exemption limit of disclosure of salary to employees to ₹ 5 Lac per month or ₹ 60 Lac per annum. There are no employees in your company drawing remuneration more than ₹ 5 Lac per month or ₹ 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.

Regd. Office:

'Vaibhav' 4F, 4 Lee Road,

Kolkata - 700 020

The 20th day of July, 2012

On behalf of the Board of Directors

(UTSAV PAREKH)

CHAIRMAN



ANNEXURE – A

ANNEXURE TO DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS

1. FINANCIAL STATEMENTS

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

2. MACRO-ECONOMIC OVERVIEW

Financial Year 2011-12 was a challenging year. Global economy witnessed lower economic growth, primarily due to the Euro Zone Debt Crisis and worldwide recession. European economies stagnated and US witnessed a downgrade in its credit rating and the various developing nations were forced to adopt various measures to check inflation to stabilize their economies. In addition, civil unrest in Libya, Egypt and the Tsunami in Japan posed further challenges.

The aforesaid global events created negative impact on the services and financial services sectors. Despite challenges, your company performed reasonably well and its revenues grew from ₹ 258 million to ₹ 290 million. Profits After Tax (PAT) has reduced to ₹ 39.40 million (Previous year ₹ 54.48 million).

3. CAPITAL MARKETS

Stock markets remained weak globally amidst high inflationary trends and cues from global concerns, prominent being the Euro Zone crisis, during the year. As on March 31, 2012, BSE Sensex was 17,404.20 (previous year 19,445.22).

4. OPPORTUNITIES

Lesser number of companies raised capital from the market through IPO route in recent times compared to earlier years. Acquiring global brands, acquiring assets in Euro Zone that are currently available at attractive valuations and leveraging new technologies for Indian markets are the key drivers for out of bound acquisitions by Indian companies. Corporates are actively engaged in reducing cost of debt and your company is endeavoring to take up assignments in these areas to increase revenue.

5. THREATS

Indian Capital Market is linked to the international financial markets and our markets are affected by global crisis. Your Company being a part of the market is continuously



gearing itself to meet such unforeseen challenges by reducing cost and conserving resources for investment wherever possible.

6. FUTURE OUTLOOK

Indian economy recorded GDP growth of around 6.9% (previous year 8.5%). Growth rate is slated to be between 6 % to 6.5 % in the year 2012-13. Inflation continues to be a threat. Profit margins of companies have been affected both due to high inflation and lower demand. Increase in oil prices is a matter of great concern for the Government and the economy. Under the circumstances, the financial services industry is faced with a challenging year ahead.

Your company is targeting to increase business in the areas of mergers and acquisitions, loan syndication, corporate debt restructuring and raising equity capital for companies.

7. GREEN INITIATIVE

Your Company has embarked on popularizing the initiative announced by the Central Government vide its Circular No. 17/2011 dated April 21, 2011 and Circular no. 18/2011 dated April 24, 2011. Your company took measures to send all documents in electronic mode to the members who have registered their email ID's with the company / Registrar & Share Transfer Agent, a step towards achieving paperless statutory compliances.

8. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

Internal control system adopted aimed at promoting operational efficiencies and emphasizing adherence to the policies adopted by the Board of directors.

9. CAUTIONARY STATEMENT

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

Regd. Office:
'Vaibhav' 4F, 4 Lee Road,
Kolkata - 700 020
The 20th day of July, 2012

On behalf of the Board of Directors

(UTSAV PAREKH)
CHAIRMAN



ANNEXURE-B

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2011-12

(As required under Clause 49 of the Listing agreements entered into with the Stock Exchanges)

Corporate Governance is the application of best management practices, compliance of laws, rules, regulations and adherence to standards to achieve objects of the Company, enhance shareholders' value and discharge social responsibilities. Your Company believes that Corporate Governance helps to achieve commitment and goals to enhance stakeholders' value by being responsible and transparent. The core value of the Company is based on integrity and transparency in its dealings with all stakeholders.

Your Company acknowledges its responsibilities towards its stakeholders and ensures compliance with the requirements of the revised guidelines on Corporate Governance stipulated under Clause 49 of the Listing Agreement. A code of conduct is framed and adopted by the Board of directors to ensure strict management compliance. Your Company believes that sound ethical practices, transparency in operations and timely disclosure go a long way in enhancing the long-term shareholder's value while safeguarding interest of all the stakeholders. Corporate Governance is a reflection of culture, policies, relationship with stakeholders and commitment to the value.

I. Company's philosophy on Corporate Governance

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

Compliance with 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 stipulations specified in Clause 49.

II. Board of Directors

As on March 31, 2012, your Company had 6 members with a Non- Executive Chairman and a Managing Director. Board of directors of your Company is comprised of 5 Non-Executive Directors. Among the Non-Executive Directors, 3 are Independent Directors. Composition of the Board of your Company fulfills the requirement under Clause 49 (as amended) that is as under:



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 Directors	(i) Mr. Ajay Kumar Kayan (ii) Mr. Utsav Parekh, Non-Executive Chairman*
(c) Executive Non-Independent Director	(i) Mr. Kishor Shah, Managing Director**

* Mr. Utsav 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. April 1, 2009 and the same was approved in the Annual General Meeting held on September 12, 2009. The 3 (Three) year tenure of Mr. Kishor Shah as Managing Director expired on March 31, 2012. Board of directors in their meeting held on January 31, 2012 considered re-appointment of Mr. Kishor Shah as a Managing Director for a further period of 3 (Three) years with effect from April 1, 2012 at the remuneration recommended by the Remuneration Committee as per Section 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 subject to the approval of shareholders by passing a Special Resolution at the ensuing Annual General Meeting.

None of your Directors on the Board are members of more than 10 Committees and Chairman of more than 5 Committees across all companies in which they are Directors. Necessary disclosures regarding Committee position in other public companies as on March 31, 2012 have been made by the Directors.

Board members are responsible for the management of the business. Role, functions, responsibility and accountability of the Board are clearly defined. In addition to its primary role of monitoring corporate performance, functions of the Board include (i) approving corporate philosophy and vision; (ii) formulation of strategic and business plans; (iii) reviewing and approving financial plans and budgets; (iv) monitoring corporate performance against strategic and business plans, including overseeing operations; (v) ensuring ethical behavior and compliance of laws and regulations; (vi) reviewing and approving borrowing limits; (vii) formulating exposure limits; and (viii) keeping shareholders informed regarding plans, strategies and performance.

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



Name of the Director	Category	Year 2011 – 2012 Attendance at Board Meetings	Year 2010 – 2011 Attendance at the last AGM	No. of outside Directors-hips	No of other Board / Committees of which he is a member	No of other Board / Committees of which he is a Chairman
Mr. Utsav Parekh – Non Executive Chairman	Promoter Non-Independent	5	No	6	3	Nil
Mr. Ramesh Maheshwari	Independent	5	No	4	1	2
Mr. Chandranath Mukherjee	Independent	5	Yes	1	1	Nil
Mr. Santosh Kumar Mukherjee	Independent	5	Yes	2	1	Nil
Mr. Ajay Kumar Kayan	Promoter Non-Independent	5	No	2	Nil	Nil
Mr. Kishor Shah	Managing Director	5	Yes	4	1	Nil

III. Board Meetings

Five 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 27, 2011
Second	July 25, 2011
Third	October 25, 2011, November 25, 2011
Fourth	January 31, 2012

IV. Audit Committee

- (i) Audit Committee of the Company is constituted as per the provisions of Clause 49 of the Listing Agreement 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 service.
 - c. Reviewing 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. 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 default 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 2011-12	
		Held	Attended
Mr. Chandranath Mukherjee-Chairman	Independent, Non-Executive	5	5
Mr. Santosh Kumar Mukherjee	Independent, Non-Executive	5	5
Mr. Utsav Parekh	Non-Independent, Non-Executive	5	5

- (vi) Five 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 27, 2011
Second	July 25, 2011
Third	October 25, 2011, November 25, 2011
Fourth	January 31, 2012

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 Particulars of meetings attended by the members of the Remuneration Committee are given below:

Name	Category	No. of Meetings during the year 2011-12	
		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 May 27, 2011 and January 31, 2012.
- v. Details of Remuneration received by the Directors for the year ended March 31, 2012:



a) Non-Executive Directors:

Name	No. of Board Meetings Attended	Total Sitting Fees for Board Meetings Attended (₹)	No. of Audit Committee Meetings Attended	Total Sitting Fees for Audit Committee Meetings Attended (₹)	No. of Remuneration Committee Meetings Attended	Total Sitting Fees for Remuneration Committee Meetings Attended (₹)	No. of Shareholders' Grievance Committee Meetings Attended	Total Sitting Fees for Shareholders' Grievance Committee Meetings Attended (₹)	Commission	Total (₹)
Mr. Utsav Parekh	5	37500	5	5,000	-	-	-	-	-	42,500
Mr. Ramesh Maheshwari	5	37500	-	-	2	2,000	-	-	-	39,500
Mr. Chandranath Mukherjee	5	37500	5	5,000	2	2,000	1	1000	-	45,500
Mr. Santosh Kumar Mukherjee	5	37500	5	5,000	2	2,000	1	1000	-	45,500
Mr. Ajay Kumar Kayan	5	37500	-	-	-	-	-	-	-	37,500

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

Details of shares held by Non-Executive Directors as on March 31, 2012 is as follows:

Name	Category	No. of shares held	Percentage of holding
Mr. Utsav Parekh	Non-Executive-Non-Independent Director	93600	1.68
Mr. Ajay Kumar Kayan	Non-Executive-Non-Independent Director	301050	5.39
Mr. Santosh Kumar Mukherjee	Non-Executive-Independent Director	750	0.01

b) Managing Director

Managerial remuneration paid to Mr. Kishor Shah, Managing Director pursuant to compliance 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 is given as under:



Name	Salary, Benefits, Perquisites & Allowances	Commission	Stock Options
Mr. Kishor Shah	₹ 34,66,874/-*	NIL	NIL

*Computed as per Clause 2 of Part II of Schedule XIII to the Companies Act, 1956.

Mr. Kishor Shah was appointed Managing Director w.e.f. April 1, 2009 for a period of three years and his remuneration for the year was approved by the shareholders' at the Annual General Meeting held on September 12, 2009. Board of directors in their meeting held on January 31, 2012 re-appointed Mr. Kishor Shah as Managing Director w.e.f April 1, 2012 for a further period of three years at a remuneration recommended by the Remuneration Committee subject to the approval of shareholders' at the ensuing Annual General Meeting. Remuneration to be drawn by Mr. Kishor Shah, Managing Director is 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.

VI. Shareholders / Investors Grievance Committee

- 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.
- 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 Independent Directors. Mr. Santosh Kumar Mukherjee, Non-executive Independent Director is the Chairman of the Committee.
- One meeting of Shareholder's Grievance Committee was held during the year on May 27, 2011.
- The Company Secretary is the Secretary of the Committee.

VII. Share Transfer Committee

- The Company constituted a Share Transfer Committee to look into requests received for transfers, split, consolidation as well as issue of duplicate share certificates and complete the process and dispatch of the certificates well within the stipulated time.
- Share Transfer Committee comprises of Mr. Utsav Parekh, Mr. Santosh Kumar Mukherjee and Mr. Kishor Shah.
- Share Transfer Committee meetings were held from time to time to give effect to transfer of shares.
- Share Transfer Committee is prompt in dealing with all the requests received relating to transfer of shares and other related matters.
- 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 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 where last three Annual General Meetings were held:

	2008-09	2009-10	2010-11
Date	12.09.2009	25.09.2010	10.09.2011
Time	10.00A.M	10.00A.M	10.00A.M
Venue	Registered Office: 'Vaibhav' 4F, 4 Lee Road, Kolkata – 700 020.	Registered Office: 'Vaibhav' 4F, 4 Lee Road, Kolkata – 700 020.	Registered Office: 'Vaibhav' 4F, 4 Lee Road, Kolkata – 700 020.
Whether Special Resolution passed	Yes	No	Yes

At the Annual General Meeting of the Company held on 12.09.2009, Special 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.

At the Annual General Meeting held on 10.09.2011, Special Resolution was passed to approve the variation in terms of appointment of Mr. Kishor Shah as Managing Director.

X. Disclosure by the Management to the Board

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

- Related party transactions for the year being transaction with Promoters, Directors or the Management, their subsidiaries or relatives has been stated in Note 29 of Notes to Financial Statement.
- There was no significant instance 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 of your Company reviews the financial statements of the Subsidiary Company in each meeting. Minutes of the Board meetings of the subsidiary company are considered at Board meetings of your Company and at regular intervals significant transactions, arrangements are placed at the Board meetings of your Company.

XII. Compliance Certificate

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



XIII. Means of communication

Financial results of the Company are published in the newspapers as follows:	
Quarterly and half-yearly results:	<p>Published in the newspapers:</p> <p>i) First Quarter ended June 30, 2011, unaudited results published in Business Standard (English) and Dainik Lipi (Bengali) on July 27, 2011.</p> <p>ii) Second Quarter and half-yearly results ended September 30, 2011 published in The Financial Express (English) and Arthik Lipi (Bengali) on October 28, 2011.</p> <p>iii) Third Quarter ended December 31, 2011 unaudited results published in The Financial Express (English) and Arthik Lipi (Bengali) on February 1, 2012.</p> <p>iv) Fourth Quarter ended March 31, 2012 unaudited results published in The Financial Express (English) and Arthik Lipi (Bengali) on May 17, 2012.</p>
Newspapers in which results are normally published:	The Financial Express (English), Arthik 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.
Management's Discussions & Analysis forms part of this annual report:	Yes

XIV. General Shareholders' Information

(i) Annual General Meeting	
Date:	September 8, 2012
Time :	10.00 a.m
Venue:	Rangoli Banquet Hall, 'Vaibhav' Ground Floor, 4, Lee Road, Kolkata - 700 020
(ii) Financial Calendar:	April to March
(iii) Dividend Payment date:	If approved in the Annual General Meeting to be held on 8.09.2012 to be paid on or after 12.09.2012.
(iv) Date of Book Closure:	1.09.2012 (Saturday) to 8.09.2012 (Saturday) (both days inclusive)
(v) Listing on Stock Exchange:	Equity shares of the Company are listed on The BSE Limited and Calcutta Stock Exchange Limited.
(vi) Stock Code:	508905 – Mumbai 29354 – Calcutta
(vii) ISIN Number for NSDL / CDSL:	INE641A01013



(viii) Market Price Information

The following table gives the monthly high and low prices of the Equity shares traded at BSE during the year 2011-2012:

Month	High Price in ₹	Low Price in ₹
Apr-11	43.50	37.00
May-11	41.75	37.45
Jun-11	41.85	33.65
Jul-11	39.85	34.70
Aug-11	39.65	34.25
Sep-11	38.50	33.55
Oct-11	38.60	34.70
Nov-11	39.00	34.10
Dec-11	34.95	27.05
Jan-12	29.65	24.45
Feb-12	28.40	22.90
Mar-12	30.95	26.30

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

(ix) Registrar and Transfer Agents

Name & Address : Maheshwari Datamatics Pvt. Ltd.
6, Mangoe Lane, (2nd Floor),
Kolkata – 700 001
Telephone : +91 33 2243-5029, 2243-5809, 2248-2248
Fax : +91 33 2248-4787
E-mail : mdpl@cal.vsnl.net.in

(x) 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.

(xi) Share Transfer System

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



correspondence on change of address, mandates are processed by the Registrar within 15 days from the date of receipt of correspondence.

(xii) Shareholding as on March 31, 2012

(a) Category of Shareholding as on March 31, 2012

Category	No. of Shares held	% of Capital
RESIDENT INDIVIDUALS	547492	9.802
FINANCIAL INSTITUTIONS / BANK	101000	1.808
FOREIGN INSTITUTIONAL INVESTORS	550000	9.848
CORPORATE BODIES-DOMESTIC	1984452	35.533
INDIAN PROMOTERS:		
a) Individuals	847550	15.175
b) Corporate Bodies	1499650	26.851
NRIs / OVERSEAS CORP. BODIES (OCBs)	54273	0.973
CLEARING MEMBER	583	0.010
TOTAL	5585000	100

(b) Distribution of Shareholding as on March 31, 2012

No. of Shares held	No. of Shareholders	Total no. of Shares held
Upto 100	471	20999
101-500	219	66780
501-1000	89	68844
1001-2000	69	100793
2001-5000	55	183780
5001-50000	36	424195
50001-100000	7	475100
Above 100000	13	4244509
Total	959	5585000

(xiii). Reconciliation of Share Capital Audit Report

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

The said report, duly certified by a Company Secretary in Practice is submitted to the Stock Exchanges where the securities of the Company are listed within 30 days of the end



of each quarter and the certificate is also placed before the Board of directors of the Company.

(xiv). 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. Board of directors 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 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.

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

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

(xvi) Plant location

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

(xvii) 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. Anil Singhania CFO-cum-Vice President (Investment Banking)	Mr. S. C. Pal Company Secretary cum Vice President (Legal)
SMIFS Capital Markets Limited	SMIFS Capital Markets Limited
'Vaibhav', 4F, 4 Lee Road, Kolkata – 700 020 Telephone: +91 33 2290 7400/ 7401 Fax: +91 33 2287 4042 E-mail: smifscap@vsnl.com	'Vaibhav', 4F, 4 Lee Road, Kolkata – 700 020 Telephone: +91 33 2290 7400/ 7401 Fax: +91 33 2287 4042 E-mail: smifscap@vsnl.com

(xviii) Other Information

a) Compliance

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

b) Code of Conduct

In order to make the employees of the Company knowledgeable and committed to follow highest level of integrity and to outline the Company's value and principles and to set out the standards of the professional and ethical behavior expected of the employees in the



organization, Board of directors of your Company have laid down Code of Business Conduct and ethics.

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

c) Annual declaration by CEO pursuant to 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 Listing Agreement, Mr. Kishor Shah, Managing Director furnished declaration to the Company that all the Board members and the senior management personnel of the Company have affirmed compliance with the Company's Code of Conduct and ethics for the Financial Year 2011-12.

(xix) Information pursuant to Clause 49 IV (G) of the Listing Agreement

(a) Details of Mr. Ramesh Maheshwari, Director who has consented to be re-appointed as Director on retirement by rotation at the ensuing Annual General Meeting:

Mr. Ramesh Maheshwari, aged about 78 years, is M.Com and L.L.B with decades of experience. Presently, he is Executive Vice Chairman of M/s. Texmaco Rail & Engineering Ltd., a premier engineering company in India, having technical collaboration and tie-up with several world-renowned companies. Mr. Maheshwari serves on the board of many prestigious companies and he was on the Board of Birla Institute of Management Technology (IMT), New Delhi and Indian Institute of Management (IIM), Bangalore. He held position of Chairman of Engineering Export Promotion Council (EEPC), National President of Confederation of Indian Industry (CII) apart from being member of the Tandon Committee to frame guidelines for bank credit. Mr. Maheshwari is an independent director on the Board of the Company within the meaning of Clause 49 of the Listing Agreement. His directorship in other Companies and membership of Committees is given below:

SL NO.	PARTICULARS	NATURE OF OFFICE
	Directorship	
i.	Lionel Edwards Limited	Director
ii.	Poddar Heritage Investment Limited	Director
iii.	Texmaco Rail & Engineering Limited	Executive Vice Chairman
iv.	Texmaco United Group Rail Private Limited	Director
v.	Adventz Investments & Holdings Limited	Director
	Committee Member	
i.	Poddar Heritage Investment Limited (a) Remuneration Committee (b) Audit Committee	Member Chairman
ii.	Texmaco Rail & Engineering Limited Audit Committee	Member
iii.	Adventz Investments & Holdings Limited (a) Remuneration Committee (b) Audit Committee	Chairman Chairman



(b) Details of Mr. Kishor Shah, Managing Director who is re-appointed as Managing Director for a further period of three years w.e.f April 1, 2012:

Mr. Kishor Shah, aged about 55 years is B.Com (H), ACA and ACS. He joined the Company in 2002 as Director and held the position of Whole-Time Director from April 2003 to March 2009. He was appointed Managing Director w.e.f April 1, 2009. Mr. Shah has over 30 years of experience in Merchant Banking including Mergers and Acquisitions, Loan Syndication, Portfolio Management, Valuation of Shares, Underwriting and Financial Advisory functions. His directorship in other Companies and membership of Committees is given below:

SL NO.	PARTICULARS	NATURE OF OFFICE
	Directorship	
i.	SMIFS Capital Services Limited	Director
ii.	Southern Online Biotechnologies Limited	Director
iii.	Bengal Aerotropolis Projects Limited	Director
iv.	Globsyn Technologies Limited	Director
v.	Shah Investment Consultants Private Limited	Director
	Committee Member	
	SMIFS Capital Services Limited Audit Committee	Member

(xx) CEO/CFO Certification pursuant to Clause 49 (V) of the Listing Agreement

Certificate from Mr. Kishor Shah, Managing Director and Mr. Anil Singhania, CFO-cum-Vice President (Investment Banking), in terms of Clause 49(V) of the Listing Agreement with the Stock Exchanges for the year ended March 31, 2012 was placed before the Board of directors of the Company in its meeting held on July 20, 2012.

(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

Regd. Office:
‘Vaibhav’ 4F, 4 Lee Road,
Kolkata - 700 020

The 20th day of July, 2012

On behalf of the Board of Directors

(UTSAV PAREKH)
CHAIRMAN



AUDITORS' REPORT ON CORPORATE GOVERNANCE

To

The Members of
SMIFS Capital Markets Limited,

We have examined the compliance of the conditions of Corporate Governance by M/s. SMIFS Capital Markets Limited for the year ended March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the said company with the Stock Exchanges.

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

In our opinion and to the best of our information and according to explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned listing Agreement.

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

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

(CA Aurobinda Panda)
Partner
Membership no. 064888

Date: 20th day of July, 2012



SMIFS CAPITAL MARKETS LIMITED

10 Years' Highlights

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Profit/loss(-) before tax	(15.05)	(132.49)	24.31	25.24	81.53	39.67	7.65	40.20	62.74	52.55
Profit/loss(-) after tax	(1.78)	(136.17)	10.15	31.36	102.56	61.02	2.56	51.16	54.48	39.40
Dividend in %	NIL	NIL	NIL	NIL	10.00	10.00	NIL	15.00	17.00	14.00
Net worth	589.29	453.12	470.07	501.43	597.46	651.94	654.50	695.89	739.33	1,060.06
Earning per share (in ₹)	(2.69)	(24.38)	1.82	5.61	18.36	10.93	0.46	9.16	9.76	7.05
Net worth per share (in ₹)	105.51	81.13	84.17	89.78	106.98	116.73	117.19	124.60	132.38	189.81



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 2012 and also the Statement of Profit and Loss 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- iv) In our opinion, the Balance Sheet, Statement of Profit and Loss 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 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2012, 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 2012;
 - b) in the case of the Statement of Profit and Loss, 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

(CA. Aurobinda Panda)
Partner
Membership no. 064888

Date: 20th day of July, 2012



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) does 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, 2012 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 (₹)	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. The Company has not incurred any cash losses during the current financial year but has incurred cash losses of ₹ 43,05,390/- during the immediately preceding 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 No 10" of the notes on financial statements.
- 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, 3rdFloor
Kolkata – 700 020

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

(CA. Aurobinda Panda)
Partner

Membership No-064888

Date: 20th day of July, 2012



SMIFS CAPITAL MARKETS LIMITED

BALANCE SHEET AS AT 31st MARCH, 2012

Particulars	Note No.	As at 31st March, 2012	As at 31st March, 2011
		₹	₹
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	1	55,850,000	55,850,000
(b) Reserves and Surplus	2	1,004,211,980	683,484,756
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	3	1,257,160	3,241,763
(b) Other Long Term Liabilities	4	9,869,021	6,097,652
(c) Long Term Provisions	5	11,262,641	11,262,641
(3) Current Liabilities			
(a) Trade Payables	6	3,367,243	3,187,497
(b) Other Current Liabilities	7	12,693,381	56,796,761
(c) Short-Term Provisions	8	10,123,006	12,173,098
Total Equity & Liabilities		1,108,634,432	832,094,168
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets	9		
(i) Gross Block		244,367,434	244,892,090
(ii) Depreciation		144,292,257	141,391,931
(iii) Less: Lease Terminal Adjustment A/c		1,709,528	1,709,528
(iv) Net Block		98,365,648	101,790,631
(b) Non-Current Investments	10	202,897,307	175,224,635
(c) Deferred Tax Assets (net)		75,935,215	88,892,297
(d) Long Term Loans and Advances	11	242,086,194	245,719,519
(e) Other Non-Current Assets	12	192,010,833	192,010,833
(2) Current Assets			
(a) Inventories	13	276,240,235	2,680,500
(b) Trade Receivables	14	913,388	8,696,363
(c) Cash and Cash Equivalents	15	16,953,718	12,362,581
(d) Short-Term Loans and Advances	16	2,356,275	4,087,810
(e) Other Current Assets	17	875,618	629,000
Total Assets		1,108,634,432	832,094,168

Significant Accounting Policies & Notes to Financial Statements 1 To 31

As Per Our Report Of Even Date

FOR J.S. VANZARA & ASSOCIATES

CHARTERED ACCOUNTANTS

Firm Reg. No.: 318143E

For and on Behalf of the Board of Directors

(UTSAV PAREKH)
Chairman

(KISHOR SHAH)
Managing Director

(CA. AUROBINDA PANDA)
Partner
Membership No. : 064888

PLACE: Kolkata
DATED: 20/07/2012

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

(ANIL SINGHANIA)
CFO-cum-Vice President
Investment Banking



SMIFS CAPITAL MARKETS LIMITED
STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2012

Particulars	Note No.	As at 31st March, 2012	As at 31st March, 2011
		₹	₹
INCOME			
Revenue from operations	18	281,291,118	257,932,757
Other Income	19	11,410,846	731,267
Total Revenue		292,701,963	258,664,024
EXPENDITURE			
Purchases	20	202,000,975	161,177,156
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	21	506,241	(1,033,909)
Employee Benefit Expense	22	15,331,915	15,063,444
Financial Costs	23	420,457	571,561
Depreciation and Amortization Expense	24	3,904,828	3,349,760
Other Administrative Expenses	25	17,987,140	16,800,537
Total Expenses		240,151,555	195,928,550
Profit before exceptional and extraordinary items and tax		52,550,408	62,735,474
Exceptional Items		-	-
Profit before extraordinary items and tax		52,550,408	62,735,474
Extraordinary Items		-	-
Profit Before Tax		52,550,408	62,735,474
Tax expense:			
(1) Current tax (Incl. STT & Wealth Tax)		194,781	376,728
(2) Short / (Excess) Provision for Tax for Earlier Years		-	7,549,888
(3) Deferred tax		12,957,082	324,607
Profit/(Loss) for the period from continuing operations		39,398,545	54,484,251
Profit/(Loss) from discontinuing operations		-	-
Tax expense of discontinuing operations		-	-
Profit/(Loss) from discontinuing operations (after Tax)		-	-
Profit/(Loss) for the period		39,398,545	54,484,251
Earning per equity share:			
(1) Basic		7.05	9.76
(2) Diluted		7.05	9.76

Significant Accounting Policies & Notes to Financial Statements 1 To 31
As Per Our Report Of Even Date

FOR J.S. VANZARA & ASSOCIATES
Chartered Accountants
Firm Reg. No.: 318143E

(CA. AUROBINDA PANDA)
Partner
Membership No. : 064888

PLACE: Kolkata
DATED: 20/07/2012

For and on Behalf of the Board of Directors

(UTSAV PAREKH)
Chairman

(KISHOR SHAH)
Managing Director

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

(ANIL SINGHANIA)
CF-cum-Vice President
Investment Banking



SMIFS CAPITAL MARKETS LIMITED

Significant Accounting Policies:

(a) Basis of preparation of financial statements

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, except for certain class of fixed assets that are revalued, in accordance with the generally accepted accounting principles in India and the provisions of Companies Act, 1956.

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 and includes amount added on revaluation 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. During the year the Company has revalued its Land and Building by ₹ 291,682,913 crediting revaluation reserve by the said amount.

(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.

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 Accounting Standard-“19 Accounting for Leases” issued by the Institute of Chartered Accountants of India. Lease Equalisation charge is accordingly accounted for.

(e) Investments

As per the Accounting Standard issued by The Institute of Chartered Accountants of India, Non-Current investments in shares and securities are carried at cost less provision for diminution, other than temporary, determined separately for each individual Investment. Current investments are carried at lower of cost or fair value.

**(f) Stock-in-trade**

i) 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.

ii) During the year the Company has converted its capital asset into stock-in-trade. Stock-in-trade includes construction work-in-progress in respect of real estate development.

(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.

Revenue from real estate development activity is recognized when all significant risk and rewards of ownership in the flats being developed are transferred to the customers and a reasonable expectation of collection of the sale consideration from the customers exists.

(h) Employee Benefits

The employees' gratuity fund scheme managed by a Trust (Life Insurance Corporation of India) is a defined benefit plan. The Present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The compensated absences are unfunded.

Short-term employee benefits are recognised as an expense in the statement of profit & loss of the year in which the related service is rendered. Provision has been made for the monetary value of the leave due to staff.

(i) Provision for Current and Deferred Tax

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 timing differences arising between taxable incomes and accounting income at currently enacted tax rates.

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of Profit and Loss as current tax. The Company recognises MAT credit as an asset only to the extent that there is convincing evidence that the Company will pay normal tax during the specified period i.e. the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the



Income Tax Act, 1961, the said assets is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement". The Company reviews the "MAT Credit Entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

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

Claims against the Company 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 Financial Statement.

(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 financial statements in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered not probable. Contingent assets are not recognised in the Accounts.

As Per Our Report Of Even Date

FOR J.S. VANZARA & ASSOCIATES

Chartered Accountants
Firm Reg. No.: 318143E

For and on Behalf of the Board of Directors

(UTSAV PAREKH)

Chairman

(KISHOR SHAH)

Managing Director

(CA. AUROBINDA PANDA)

Partner
Membership No. : 064888

(S.C. Pal)

Company Secretary
cum-Vice-President (Legal)

(ANIL SINGHANIA)

CFO-cum-Vice President
Investment Banking

Place: Kolkata
Dated: 20/07/2012



SMIFS CAPITAL MARKETS LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012

Note : 1 Share Capital

Amount in ₹

Sr. No	Particulars	As at 31st March, 2012		As at 31st March, 2011	
1	AUTHORIZED 30,000,000 Equity Shares of ₹ 10/- each. 2,000,000 Preference Shares of ₹ 100/- each.				
		300,000,000		300,000,000	
		200,000,000		200,000,000	
		500,000,000		500,000,000	
2	ISSUED, SUBSCRIBED & PAID UP 5,585,000 Equity Shares of ₹ 10/- each, Fully paid up				
		55,850,000		55,850,000	
3	The details of shareholders holding more than 5% shares	No. of shares	% held	No. of shares	% held
	Mackertich Consultancy Services Pvt Ltd	1,216,900	21.79	1,216,900	21.79
	The Indiaman Fund (Mauritius) Limited	550,000	9.85	550,000	9.85
	Progressive Star Finance Pvt Ltd	357,050	6.39	357,050	6.39
	Ajay Kumar Kayan	301,050	5.39	301,050	5.39

Note : 2 Reserves & Surplus

Sr. No	Particulars	As at 31st March, 2012		As at 31st March, 2011	
1	Capital Redemption Reserve		40,000,000		40,000,000
2	Securities Premium Reserve		433,725,000		433,725,000
3	General Reserve				
	Balance as Per Last Account	155,000,000		125,000,000	
	Add: Transferred From Profit & Loss Account	20,000,000		30,000,000	
			175,000,000		155,000,000
4	Revaluation Reserve				
	Balance as Per Last Account	-		-	
	Add: Created During the Year	291,682,913		-	
		291,682,913		-	
	Less: Transferred to Profit & Loss Account (Refer Note 9.1)	1,266,796		-	
			290,416,117		-
5	Profit & Loss Account				
	Balance brought forward from previous year	54,759,756		41,310,250	
	Less: Proposed Dividend	(7,819,000)		(9,494,500)	
	Less: Tax on Proposed Dividend	(1,268,438)		(1,540,245)	
	Less: Transfer to General Reserve	(20,000,000)		(30,000,000)	
	Add: Profit for the period	39,398,545		54,484,251	
			65,070,863		54,759,756
	Total		1,004,211,980		683,484,756

Note : 3 Long Term Borrowings

Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Term Loans - From Bank (Secured)		
		1,257,160	3,241,763
	Total	1,257,160	3,241,763

3.1	The above Term Loans are secured by hypothecation of the vehicles against which loans are taken		
3.2	Repayment Schedule:- Term Loan from banks (Secured);		
	a) HDFC Bank Ltd Repayable in 36 monthly instalments Of ₹ 31,800/- from April 2011.	363,629	696,071
	b) HDFC Bank Ltd Repayable in 36 monthly instalments Of ₹ 63,135/- from January 2011.	548,602	1,227,911
	c) HDFC Bank Ltd Repayable in 36 monthly instalments Of ₹ 31,400/- from October 2010.	184,008	530,377
	d) HDFC Bank Ltd Repayable in 48 monthly instalments Of ₹ 9,950/- from December 2009.	76,869	183,550
	e) HDFC Bank Ltd Repayable in 48 monthly instalments Of ₹ 42,600/- from June 2009.	84,053	557,520
	f) HDFC Bank Ltd Repayable in 48 monthly instalments Of ₹ 11,911/- from August 2008.	-	46,335
	Total	1,257,160	3,241,763



SMIFS CAPITAL MARKETS LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012

Amount in ₹

Note : 4 Other Long Term Liabilities

Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Interest Refundable	3,216,084	3,216,084
2	Advance Against Sale of Flats	6,652,937	-
3	Other Long Term Liabilities	-	2,881,568
	Total	9,869,021	6,097,652

Note : 5 Long Term Provisions

Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Provision for Loans & Advances considered doubtful	9,752,723	9,752,723
2	Provision for Security Deposits considered doubtful	700,000	700,000
3	Provision for doubtful receivables on leased assets	809,919	809,919
	Total	11,262,641	11,262,641

Note : 6 Trade Payables

Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Micro, Small and Medium Enterprises	-	-
2	Others	3,367,243	3,187,497
	Total	3,367,243	3,187,497

Note : 7 Other Current Liabilities

Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Current Maturities of Long Term Debt (Refer Note No 3.1 & 3.2)	1,984,603	2,279,848
2	Unclaimed Dividend#	818,648	623,675
3	Deposit	140,000	140,000
4	Advance Against Sale of Property	-	30,000,000
5	Statutory Dues	202,916	733,829
6	Due to Subsidiary Company	6,316,608	1,893,238
7	Liability for Expenses	2,808,515	4,829,773
8	Other Payables	422,090	16,296,398
	Total	12,693,381	56,796,761

These figures do not include any amount due and outstanding to be credited to Investor Education and Protection Fund

Note : 8 Short Term Provisions

Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Provision For Employees Benefit	991,091	1,086,220
2	Provision For Wealth Tax	44,477	52,133
3	Proposed Dividend (Including Tax on Proposed Dividend)	9,087,438	11,034,745
	Total	10,123,006	12,173,098



SMIFS CAPITAL MARKETS LIMITED **NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012**

Note - 'g'
FIXED ASSETS

Particulars	Gross Block ₹			Depreciation ₹			Lease Terminal Adjustment		Net Block ₹	
	As on 01.04.2011	Additions/Rev aluation	Deductions	As on 31.03.2012	As on 01.04.2011	For the year	Adj. during the year	As on 31.03.2012	As on 31.03.2011	As on 31.03.2011
Land	71,214,749	-	71,214,749	-	-	-	-	-	-	71,214,749
Buildings / Premises	26,228,404	72,444,913	-	98,673,317	9,061,674	1,918,578	-	-	-	17,176,730
Furniture and Fixtures	6,169,002	100,720	-	6,269,722	5,715,539	83,539	-	-	-	453,463
Office Equipment	2,166,038	269,745	-	2,435,783	1,735,534	74,346	-	-	-	430,504
Vehicles	17,715,989	493,358	2,829,993	15,379,354	6,941,053	2,803,700	2,101,589	-	-	10,774,937
Electrical Installations	1,206,229	-	-	1,206,229	1,049,362	21,820	-	-	-	156,868
Computers	2,521,718	293,296	192,946	2,622,068	2,154,156	204,152	169,709	-	-	367,562
Air Conditioners	2,549,370	111,000	-	2,660,370	2,143,471	65,488	-	-	-	405,899
Sub total	129,771,501	73,713,032	74,237,688	129,246,845	28,790,789	5,171,624	2,271,297	-	-	100,980,712
<i>Previous Year</i>	<i>111,138,694</i>	<i>21,443,952</i>	<i>2,811,145</i>	<i>129,771,501</i>	<i>27,628,148</i>	<i>3,349,760</i>	<i>2,187,119</i>	<i>-</i>	<i>-</i>	<i>100,980,712</i>
Assets on Lease										
Plant & Machinery	115,120,589	-	-	115,120,589	112,601,142	-	-	1,709,528	1,709,528	809,919
Sub total	115,120,589	-	-	115,120,589	112,601,142	-	-	1,709,528	1,709,528	809,919
<i>Previous Year</i>	<i>115,120,589</i>	<i>-</i>	<i>-</i>	<i>115,120,589</i>	<i>112,601,142</i>	<i>-</i>	<i>-</i>	<i>1,709,528</i>	<i>-</i>	<i>809,919</i>
Total	244,892,090	73,713,032	74,237,688	244,367,434	141,391,931	5,171,624	2,271,297	1,709,528	1,709,528	101,790,631
<i>Previous Year</i>	<i>226,259,283</i>	<i>21,443,952</i>	<i>2,811,145</i>	<i>244,892,090</i>	<i>140,229,290</i>	<i>3,349,760</i>	<i>2,187,119</i>	<i>1,709,528</i>	<i>-</i>	<i>101,790,631</i>

9.1 Gross block includes ₹ 72,444,913/- (Previous year Nil) on account of revaluation of building/premises. Consequent to the said revaluation there is an additional depreciation charge of ₹ 12,66,796/- (Previous year Nil) and an equivalent amount has been withdrawn from the Revaluation Reserve and credited to Statement of Profit & Loss. This has no impact on profit for the year



SMIFS CAPITAL MARKETS LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012

Note : 10 Non Current Investment

Amount in ₹

Sr. No	Particulars	As at 31st March, 2012		As at 31st March, 2011	
		Quantity No	Amount ₹	Quantity No	Amount ₹
1	Trade Investments				
	Investment in Equity Shares				
	Equity shares of Rs 10 each (Unless otherwise stated)				
	Fully paid up: Quoted				
	Aravali Securities & Finance Limited	100	60	100	60
	Asian Vegipro Industries Limited	300,000	300,000	300,000	300,000
	Conventry Springs & Engg. Co. Ltd	52,323	175,282	52,323	175,282
	First Leasing Company of India Ltd	59,209	4,302,909	68,750	5,079,950
	Gillander Arbutnot and Co. Ltd	9,041	120,591	9,041	120,591
	HSIL Ltd (FV ₹ 2/-)	150,000	24,610,455	390,000	54,310,279
	Intrasoft Technologies Limited	17,500	1,750,000	17,500	1,750,000
	Meistar Information Technologis Limited	300	63,675	300	63,675
	Moulik Finance & Resorts Limited	7,100	71,000	7,100	71,000
	Moving Picture (India) Limited	881,600	3,076,784	881,600	3,076,784
	Neogem India Limited	-	-	132,800	597,600
	Nicco UCO Alliance Credit Limited	114	650	114	650
	Phillips Carbon Black Limited	87,500	14,323,185	84,500	14,964,589
	Punsumi Foils & Components Limited	15,800	19,750	15,800	19,750
	PTC Industries Limited	1,000	16,850	1,000	16,850
	R.S. Software India Limited	-	-	98,752	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 Limited	200	220	200	220
	Cimmco Limited	16,353	1,705,814	-	-
	Lloyds Steels Industries Limited	50,000	1,113,152	-	-
	Southern Online Bio-Technolgies Limited	500,000	2,955,394	-	-
	Partly paid up: Quoted				
	Malvika Steels Limited (Partly Paid Up)##	91,200	912,000	91,200	912,000
	Fully paid up: Unquoted				
	Andaman Plantations & Development Corporation Limited	30,000	3,000,000	64,880	6,488,000
	Antriksh Vyapaar Limited	100,000	14,000,000	-	-
	Bhatpara Papers Limited	44	391	44	391
	C. Mackertich Limited	4,250,000	42,500,000	4,250,000	42,500,000
	Exquisite Exports Limited	5,000	50,000	5,000	50,000
	Fortune Biotech Limited	40,000	178,000	40,000	178,000
	Gujrat Securities Limited	20	200	20	200
	North East Publishing & Advt Co Ltd	5,045,400	504,540	5,045,400	504,540
	Parriot Automation Projects Limited	2,065,350	500,000	2,065,350	500,000
	SMIFS Finance Limited	-	-	240,000	3,360,000
	Sheorey Digital Systems Pvt Ltd	590,000	129,800	590,000	129,800
	Spencers Retail Limited	5,329	969,612	5,329	969,612
	Sukhraj Vinimay Pvt. Ltd.	50,000	252,500	50,000	252,500
	Vaibhav Services Pvt Ltd	4,580	45,800	4,580	45,800
	Partly paid up: Unquoted				
	SMIFS Finance Limited (Partly Paid)	-	-	1,511,600	15,174,000
	Investment in Preference Shares (Non Cumulative Rs. 100/- Each)				
	12% Andaman Plantations & Development Corporation Ltd	140,000	4,100,000	140,000	4,100,000
	8.00 % DIGJAM Limited*	106,000	10,600,000	106,000	10,600,000
2	Other Investments				
	Investment in Subsidiary Company (Wholly Owned)				
	Investment in Equity Shares of Rs 10 each				
	SMIFS Capital Services Limited	7,500,070	75,000,700	7,500,070	75,000,700
	Investment in Security Receipts	295,688	14,300,000	-	-
	Investment in Govt Securities				
	6.05% Govt of India Loan - 2019	500,000	521,065	500,000	521,065
	Less: Provision For Dimunition in Value of Investment		(19,632,339)		(71,983,270)
	Total		202,897,307		175,224,635

Aggregated of unquoted Investments - at book value(net of provision)

147,020,269

88,391,338

Aggregated of Quoted Investments - at book value

55,877,038

86,833,298

Aggregated of Quoted Investments - at market value

48,913,997

80,867,502

Aggregated amount of provision for dimunition in the value of investments

19,632,339

71,983,270

The shares have not been transferred in the name of the Company as the Company is reported to be under liquidation

#The shares have not been transferred in the name of the Company as the manner of allotment of such shares is sub-judice before the Honourable Kolkata High Court

* These preference shares have been converted into equity shares of ₹ 10 each at a price of ₹ 14.50 each resulting into allotment of 731,034 Equity shares of Digjam Limited vide Order of Hon'ble High Court of Gujarat dated May 4, 2012 in a Scheme of Arrangement u/s 391 to 393 of Companies Act, 1956 between the Company and its Shareholders.



SMIFS CAPITAL MARKETS LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012

Note : 11 Long Term Loans and Advances

Amount in ₹

Sr. No	Particulars	As at 31st March, 2012		As at 31st March, 2011	
1)	Loans & Advances				
	Unsecured and Considered Good	207,206,933		211,515,698	
	Considered Doubtful	9,752,723		9,752,723	
	(Full provision has been made in respect of doubtful Loans & Advances)		216,959,656		221,268,421
2)	Advance Income Tax (Net of provision)		22,131,021		21,448,966
3)	Security Deposit				
	Unsecured and Considered Good	2,295,518		2,302,131	
	Considered Doubtful	700,000		700,000	
	(Full provision has been made in respect of doubtful Security Deposits)		2,995,518		3,002,131
	Total		242,086,194		245,719,519

Note : 12 Other Non Current Assets

Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Share Application Money	192,000,000	192,000,000
2	Interest Accrued but Not Due	10,833	10,833
	Total	192,010,833	192,010,833

Note : 13 Inventories

Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Shares & Securities	2,174,259	2,680,500
2	Construction Work- in- progress	274,065,977	-
	Total	276,240,235	2,680,500

Note : 14 Trade Receivables

Sr. No	Particulars	As at 31st March, 2012		As at 31st March, 2011	
1	Outstanding for more than six months				
	Unsecured and Considered Good	16,015		17,930	
	Considered Doubtful	-		-	
			16,015		17,930
2	Others				
	Unsecured and Considered Good	897,373		8,678,433	
	Considered Doubtful	-		-	
			897,373		8,678,433
	Total		913,388		8,696,363

Note : 15 Cash & Cash Equivalents

Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Balances with Banks #	9,269,311	5,110,261
2	Cheques in Hand	-	120,000
3	Cash in Hand	166,257	172,695
4	Fixed Deposits with Bank ##	7,518,150	6,959,625
	Total	16,953,718	12,362,581

Balances with Banks includes Unclaimed Dividend of ₹ 818,648/- (P.Y ₹ 623,675/-)

Fixed deposits with Bank is of maturity of more than 12 months

Note :16 Short Terms Loans and Advances

Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
	Unsecured and Considered Good		
1	Advance to Parties	2,055,569	4,057,000
2	Balance With Revenue Authorities	300,706	30,810
	Total	2,356,275	4,087,810

Note :17 Other Current Assets

Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Prepaid Expenses	875,618	629,000
	Total	875,618	629,000



SMIFS CAPITAL MARKETS LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012

Note : 18 Revenue from Operations

Amount in ₹

Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Sales of shares and Securities	205,280,656	162,642,186
2	Profit / Loss on Sale of Investments	5,217,549	(16,862,376)
3	Investment Banking Operations (Net)	17,073,195	40,720,314
4	Write back of Provisions no longer required	52,350,931	70,390,625
5	Dividend Income	1,368,787	1,042,007
	Total	281,291,118	257,932,757

Note : 19 Other Income

Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Interest Received	1,179,585	651,941
2	Profit/(Loss) on Sale of Fixed Assets	6,129,358	(66,026)
3	Other Non-operating Income	4,101,902	145,351
	Total	11,410,846	731,267

Note : 20 Purchases

Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Purchase of shares and Securities	202,000,975	161,177,156
	Total	202,000,975	161,177,156

Note : 21 Change in Inventories / Stock

Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Opening Stock	2,680,500	1,646,591
2	Closing Stock	2,174,259	2,680,500
	Total	506,241	(1,033,909)

Note : 22 Employee Benefit Expenses

Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Salaries, Bonus & Allowances	12,717,859	12,483,705
2	Contribution to provident and other funds	1,033,006	990,708
3	Training, Development & Recruitment Expenses	76,850	8,455
4	Staff Welfare Expenses	1,148,238	1,063,790
5	Employees Group Gratuity	355,962	516,786
	Total	15,331,915	15,063,444

Note 22.1

As per Accounting Standard 15 " Employee Benefits", the disclosures as defined in the Accounting Standard are given below:

Defined Contribution Plans

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

	As at 31st March, 2012	As at 31st March, 2011
Employer's Contribution to Provident Fund	1,033,006	990,708



SMIFS CAPITAL MARKETS LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012

I) Reconciliation of opening and closing balances of Defined Benefit Obligation

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
Defined Benefit Obligation at beginning of year	3,223,074	2,632,511	833,222	869,403
Current Service Cost	254,803	232,193	114,128	13,914
Interest Cost	257,846	210,601	66,658	69,552
Actuarial (gain) / Loss	264,705	147,769	264,039	382,549
Benefits Paid	-	-	(478,112)	(502,196)
Defined Benefit Obligation at year end	4,000,428	3,223,074	799,935	833,222

II) Reconciliation of Opening and Closing balances of Fair Value of Plan Assets

	Gratuity (Funded)	
	As at 31st March, 2012	As at 31st March, 2011
Fair Value of Plan Assets at beginning of Year	3,980,204	3,014,861
Expected Return on Plan Assets	372,902	502,528
Actuarial gain / (loss)	-	-
Employer Contribution	328,788	462,815
Benefits Paid	-	-
Fair Value of Plan Assets at year end	4,681,894	3,980,204

III) Reconciliation of fair value of assets and obligations

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
Fair value of Plan Assets	4,681,894	3,980,204	-	-
Present Value of Obligation	4,000,428	3,223,074	799,935	833,222
Amount recognised in Balance Sheet	(681,466)	(757,130)	799,935	833,222

IV) Expenses Recognised during the year

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
Current Service Cost	254,803	232,193	114,128	13,914
Interest Cost	257,846	210,601	66,658	69,552
Expected Return on Plan Assets	(372,902)	(502,528)	-	-
Actuarial (gain) / loss	264,705	147,769	264,039	382,549
Net Cost	404,452	88,035	444,825	466,015

V) Actuarial Assumptions

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
Mortality Table (LIC)	1994-96	1994-96	1994-96	1994-96
Discount Rate (per Annum)	8.00%	8.00%	8.00%	8.00%
Expected Rate of Return on Plan Assets (per Annum)	9.15%	9.15%	-	-
Rate of Escalation in Salary (per Annum)	5.00%	5.00%	5.00%	5.00%

The Estimates of rate of Escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

SMIFS CAPITAL MARKETS LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012



Note :23 Financial Cost

Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Interest Expense	420,457	549,315
2	Other Borrowing Cost	-	22,246
	Total	420,457	571,561

Note : 24 Depreciation & Amortised Cost

Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Depreciation	5,171,624	3,349,760
	Less: Transferred from Revaluation Reserve	1,266,796	-
	Total	3,904,828	3,349,760

Amount in ₹

Note : 25 Other Administrative Expenses

Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Telephone Expenses	1,311,866	1,486,704
2	Printing & Stationery Expenses	2,292,097	2,286,239
3	Professional, Legal & Consultancy Charges	1,335,153	1,269,193
4	Business Promotion Expenses	748,628	615,281
5	Rent	516,390	515,390
6	Repair & Maintenance - Building	581,345	562,841
	- Plant & Machinery	134,682	126,551
	- Others	1,060,496	257,751
7	Advertisement	299,004	265,827
8	Electricity, Power & Fuel	447,930	416,462
9	Vehicle Expenses	1,475,452	1,249,648
10	Membership & Subscription Fees	731,100	766,621
11	Miscellaneous Expenses	1,226,834	1,212,236
12	Bad Debts	-	439,710
13	Rates & Taxes	346,637	346,108
14	Travelling Expenses	4,927,738	4,455,240
15	Directors Fees	210,500	136,000
16	Insurance	156,288	82,735
17	Donation	-	125,000
18	Auditors' Remuneration	185,000	185,000
	Total	17,987,140	16,800,537

25.1	Auditors' Remuneration includes:	As at 31st March, 2012	As at 31st March, 2011
	Audit Fees	175,000	175,000
	Tax Audit	10,000	10,000
		185,000	185,000

25.2	Expenditure in Foreign Currency:	As at 31st March, 2012	As at 31st March, 2011
	Travelling Expenses	1,168,880	695,921
		1,168,880	695,921

25.3	Earning in Foreign Currency:	As at 31st March, 2012	As at 31st March, 2011
		Nil	Nil

Note :26 Earning per share (EPS)		As at 31st March, 2012	As at 31st March, 2011
	Net Profit/(Loss) attributable to shareholders	39,398,545	54,484,251
	Weighted average no. of equity shares in issue	5,585,000	5,585,000
	Earning per share of ₹ 10 each (Basic & Diluted)	7.05	9.76



SMIFS CAPITAL MARKETS LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012

Note : 27 Segment Reporting	As at 31st March, 2012	As at 31st March, 2011
<u>Segment Revenue</u>		
Capital Market Operations	205,280,656	162,642,186
Investment Banking Operations	17,073,195	40,720,314
Others	58,937,267	54,570,256
Net sales/Income from Operations	281,291,118	257,932,757
<u>Segment Results: Profit/(Loss) before Interest & Tax</u>		
Capital Market Operations	2,773,440	2,498,939
Investment Banking Operations	17,073,195	40,720,314
Others	58,937,267	54,570,256
Total	78,783,902	97,789,510
Less: Interest	420,457	571,561
Other unallocable expenses net of unallocable income	25,813,037	34,482,475
Total Profit Before Tax	52,550,408	62,735,474

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 not possible.

Note : 28 Deferred Tax Assets		Amount in ₹	
Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Deferred Tax Liability:		
	On difference between wdv as per book and wdv as per Income Tax Act of fixed assets	(2,806,624)	(3,349,060)
2	Deferred Tax Assets:		
	On Disallowances under the Income Tax Act, 1961	8,222,198	20,042,678
	On Brought forward capital losses	70,519,640	72,198,679
	Total	75,935,215	88,892,297

Note : 29 Related Party Disclosures

Related party disclosures as required under Accounting Standard 18 on "Related Party disclosures" are given below:

List of Related Parties where control exists and related parties with whom transaction have taken place and relationship-

Subsidiary Company

SMIFS Capital Services Limited

Key Management Personnel

Mr Utsav Parekh- Chairman
Mr Kishor Shah - Managing Director
Mr Ajay Kumar Kayan -Director

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

Stewart & Mackertich Wealth Management Limited
Mackertich Consultancy Services Private Limited
C Mackertich Ltd
SMIFS Finance Limited

Disclosures of transactions between the Company and related parties and their outstanding balances on 31/03/2012:

	Entities where control exists (Subsidiary Co)	Key Management personnel	Entities where significant influence exists
<u>Transaction (Excluding reimbursement of expenses)</u>			
Purchase of shares and securities	423,200	-	14,000,000
	(-)	(-)	(-)
Sale of shares and securities	-	-	3,913,500
	(55,000,000)	(-)	(-)
Payment of Brokerage	-	-	217,627
	(-)	(-)	(398,575)
Directors' sitting fees	-	80,000	-
	(-)	(47,000)	(-)
Directors' remuneration	-	37,04,474#	-
	(-)	(34,15,047)#	(-)
<u>Balance at the end of the year</u>			
Other payables	6,316,608	-	1,128,042
	(1,893,238)	(-)	(4,556,321)
Loans & Advances	-	-	377,723
	(-)	(-)	(377,723)
Investment	-	-	-
	(-)	(-)	(18,534,000)

This includes ₹ 2,37,600/- (P.Y ₹ 2,16,000/-) towards Employer's Contribution to Provident Fund.



SMIFS CAPITAL MARKETS LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012

Note :30

Contingent Liabilities and Commitments

Contingent liabilities not provided for:

1) Sale Tax demand net of payment under appeal is ₹ 91,125/- (P.Y ₹ 91,125/-)

2) Demand under Employees' State Insurance under appeal is ₹ 142,274/- (P.Y ₹ 142,274/-)

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 for the period from June 1991 to 24th November 1997 amounting to ₹142,274/- . The Company has filed a petition against the demand before E.S.I Court and the same has partly heard.

3) Guarantees given Nil (P.Y ₹ 310,000,000/-)

Commitments:

1) Uncalled liabilities on partly paid shares is ₹ 3,034,000/- (P.Y ₹ 6,813,000/-)

Note:31

The revised schedule VI has become effective from 1st April 2011, for the preparation of financial statements. The disclosure and presentation has been made in the financial statements as per the revised schedule VI. Previous year figures have been regrouped and reclassified, wherever necessary, to correspond with the current year's classification/ disclosure.

As Per Our Report Of Even Date
FOR J.S. VANZARA & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Reg. No.: 318143E

(CA. AUROBINDA PANDA)
Partner
Membership No. : 064888

PLACE: Kolkata
DATED: 20/07/2012

For and on Behalf of the Board of Directors

(UTSAV PAREKH)
Chairman

(KISHOR SHAH)
Managing Director

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

(ANIL SINGHANIA)
CF@-cum-Vice President
Investment Banking



SMIFS CAPITAL MARKETS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	Amount in ₹			
	31st March, 2012		31st March, 2011	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Tax		52,550,408		62,735,474
Adjustment for				
1. Depreciation	3,904,828		3,349,760	
2. (Profit) / Loss on sale of Investments	(5,217,549)		16,862,376	
3. Dividend on Investment	(1,368,787)		(1,042,007)	
4. Write back of Provisions no longer required	(52,350,931)		(70,390,625)	
5. Financial Cost	420,457		571,561	
6. (Profit)/Loss on sale of Fixed Assets	(6,129,358)		66,026	
7. Interest Income	(1,179,585)		(651,941)	
		(61,920,926)		(51,234,851)
<i>Operating profit before Working Capital change</i>		(9,370,518)		11,500,624
Adjustment for				
1. Trade & Other Receivables	13,583,272		44,446,468	
2. Inventories	(6,856,987)		(1,033,909)	
3. Trade and Other Payables	(9,952,150)		(56,485,608)	
		(3,225,865)		(13,073,049)
<i>Cash Generated from Operations</i>		(12,596,383)		(1,572,426)
Direct Tax paid	(884,492)		(9,364,115)	
		(884,492)		(9,364,115)
<i>Net Cash Flow from Operating activity</i>		(13,480,875)		(10,936,541)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(1,268,119)		(21,443,952)	
Sale of Fixed Assets (Net of advance received)	631,000		558,000	
Purchase of Investments	(212,162,760)		(298,836,095)	
Sale of Investments	242,058,568		356,087,054	
Interest Income	1,179,585		651,941	
Dividend on Investment	1,368,787		1,042,007	
<i>Net Cash flow from Investing Activities</i>		31,807,062		38,058,955
C. CASH FLOW FROM FINANCING ACTIVITIES				
Dividend and Dividend Distribution Tax Paid	(11,034,745)		(9,768,898)	
Interest paid	(420,457)		(571,561)	
Proceeds from long-term borrowings	(2,279,848)		2,643,435	
Proceeds from short-term borrowings	-		(21,127,520)	
<i>Net cash used in Financing Activities</i>		(13,735,050)		(28,824,544)
<i>Net increase in Cash & Cash Equivalents</i>		4,591,137		(1,702,130)
Opening Balance of Cash & Cash Equivalents		12,362,581		14,064,711
Closing Balance of Cash & Cash Equivalents		16,953,718		12,362,581

Kolkata
The 20th day of July 2012

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, 2012 and 31st March, 2011 and found the same in agreement therewith.

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

Kolkata
The 20th day of July 2012

(CA. 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.
1. The financial year of the subsidiary company ended on	31.03.2012
2 a. No. of Equity Shares held by SMIFS Capital Markets Limited and its nominees in the subsidiary on 31.3.2012	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, 2012 of the Subsidiary of SMIFS Capital Markets Limited	₹ 372,186
b. Profit / (Loss) after tax for the previous financial years since it became Subsidiary of SMIFS Capital Markets Limited.	(₹ 346,776)
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, 2012.	NIL
b. For its previous financial years since it became the subsidiary of SMIFS Capital Markets Ltd.	NIL

For On behalf of the Board of Directors

'Vaibhav' 4F, 4 Lee Road,
Kolkata - 700 020
The 20th day of July 2012

(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



Auditors' Report on the Consolidated Financial Statements of SMIFS Capital Markets Limited and its Subsidiary.

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 2012, the consolidated Statement of Profit & Loss and the consolidated Cash Flow statement for the year ended on that date.

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 subsidiary 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 subsidiary, 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 2012;
- b. in the case of the Consolidated Statement of Profit and Loss, 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

(CA. Aurobinda Panda)
Partner
Membership No.064888

Date: The 20th day of July, 2012



SMIFS CAPITAL MARKETS LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2012

Particulars	Note No.	As at 31st March, 2012	As at 31st March, 2011
		₹	₹
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	1	55,850,000	55,850,000
(b) Reserves and Surplus	2	1,004,237,390	683,137,980
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	3	1,257,160	3,285,120
(b) Other Long Term Liabilities	4	9,869,021	6,097,652
(c) Long Term Provisions	5	11,262,641	11,262,641
(3) Current Liabilities			
(a) Trade Payables	6	3,367,243	3,187,497
(b) Other Current Liabilities	7	7,027,982	55,597,513
(c) Short-Term Provisions	8	10,151,543	12,190,201
Total Equity & Liabilities		1,103,022,980	830,608,604
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets	9		
(i) Gross Block		244,985,833	245,510,489
(ii) Depreciation		144,767,697	141,816,782
(iii) Less: Lease Terminal Adjustment A/c		1,709,528	1,709,528
(iv) Net Block		98,508,608	101,984,179
(b) Non-Current Investments	10	159,643,442	171,890,770
(c) Deferred Tax Assets (net)		75,967,415	88,917,238
(d) Long Term Loans and Advances	11	242,434,912	246,125,808
(e) Other Non-Current Assets	12	192,010,833	192,010,833
(2) Current Assets			
(a) Inventories	13	276,240,235	2,680,500
(b) Trade Receivables	14	2,655,442	9,718,417
(c) Cash and Cash Equivalents	15	17,187,682	12,552,435
(d) Short-Term Loans and Advances	16	2,373,793	4,099,424
(e) Other Current Assets	17	36,000,618	629,000
Total Assets		1,103,022,980	830,608,604

Significant Accounting Policies & Notes to Financial Statements 1 To 34

As Per Our Report Of Even Date

FOR J.S. VANZARA & ASSOCIATES

CHARTERED ACCOUNTANTS

Firm Reg. No.: 318143E

For and on Behalf of the Board of Directors

(UTSAV PAREKH)
Chairman

(KISHOR SHAH)
Managing Director

(CA. AUROBINDA PANDA)
Partner
Membership No. : 064888

PLACE: Kolkata
DATED: 20/07/2012

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

(ANIL SINGHANIA)
CFO-cum-Vice President
Investment Banking

SMIFS CAPITAL MARKETS LIMITED



COSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2012

Particulars	Note No.	As at 31st March, 2012	As at 31st March, 2011
		₹	₹
INCOME			
Revenue from operations	18	282,877,799	258,035,716
Other Income	19	11,413,861	734,031
Total Revenue		294,291,659	258,769,747
EXPENDITURE			
Purchases	20	202,000,975	161,177,156
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	21	506,241	(1,033,909)
Employee Benefit Expense	22	16,012,568	15,454,923
Financial Costs	23	431,981	595,167
Depreciation and Amortization Expense	24	3,955,416	3,418,501
Other Administrative Expenses	25	18,399,419	17,170,835
Total Expenses		241,306,600	196,782,675
Profit before exceptional and extraordinary items and tax		52,985,059	61,987,072
Exceptional Items		-	-
Profit before extraordinary items and tax		52,985,059	61,987,072
Extraordinary Items		-	-
Profit Before Tax		52,985,059	61,987,072
Tax expense:			
(1) Current tax (Incl. STT & Wealth Tax)		264,505	376,728
(2) Short / (Excess) Provision for Tax for Earlier Years		-	7,549,888
(3) Deferred tax		12,949,823	316,528
Profit(Loss) for the period from continuing operations		39,770,731	53,743,928
Profit/(Loss) from discontinuing operations		-	-
Tax expense of discontinuing operations		-	-
Profit/(Loss) from discontinuing operations (after Tax)		-	-
Profit/(Loss) for the period		39,770,731	53,743,928
Earning per equity share:			
(1) Basic		7.12	9.62
(2) Diluted		7.12	9.62

Significant Accounting Policies & Notes to Financial Statements
As Per Our Report Of Even Date

1 To 34

FOR J.S. VANZARA & ASSOCIATES

Chartered Accountants

Firm Reg. No.: 318143E

For and on Behalf of the Board of Directors

(UTSAV PAREKH)
Chairman

(KISHOR SHAH)
Managing Director

(CA. AUROBINDA PANDA)

Partner

Membership No. : 064888

PLACE: Kolkata

DATED: 20/07/2012

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

(ANIL SINGHANIA)
CFO-cum-Vice President
Investment Banking



SMIFS CAPITAL MARKETS LIMITED

Significant Accounting Policies:

(a) Basis of preparation of financial statements

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, except for certain class of fixed assets which are revalued, in accordance with the generally accepted accounting principles in India and the provisions of Companies Act, 1956. The accounts of the parent Company and the Subsidiary Company 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 under Significant Accounting Policies for financial Statements of the respective companies that are enclosed.

As Per Our Report of Even Date

FOR J.S. VANZARA & ASSOCIATES

Chartered Accountants

Firm Reg. No.: 318143E

For and on Behalf of the Board of Directors

(UTSAV PAREKH)
Chairman

(KISHOR SHAH)
Managing Director

(CA. AUROBINDA PANDA)
Partner
Membership No. : 064888

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

(ANIL SINGHANIA)
CFO-cum-Vice President
Investment Banking

PLACE: Kolkata
DATED: 20/07/2012



SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012

Note : 1 Share Capital

Amount in ₹

Sr. No	Particulars	As at 31st March, 2012		As at 31st March, 2011	
1	AUTHORIZED 30,000,000 Equity Shares of ₹ 10/- each. 2,000,000 Preference Shares of ₹ 100/- each.				
		300,000,000		300,000,000	
		200,000,000		200,000,000	
		500,000,000		500,000,000	
2	ISSUED , SUBSCRIBED & PAID UP 5,585,000 Equity Shares of ₹ 10/- each, Fully paid up				
		55,850,000		55,850,000	
3	The details of shareholders holding more than 5% shares	No. of shares	% held	No. of shares	% held
	Mackertich Consultancy Services Pvt Ltd	1,216,900	21.79	1,216,900	21.79
	The Indiaman Fund (Mauritius) Limited	550,000	9.85	550,000	9.85
	Progressive Star Finance Pvt Ltd	357,050	6.39	357,050	6.39
	Ajay Kumar Kayan	301,050	5.39	301,050	5.39

Note : 2 Reserves & Surplus

Sr. No	Particulars	As at 31st March, 2012		As at 31st March, 2011	
1	Capital Redemption Reserve		40,000,000		40,000,000
2	Securities Premium Reserve		433,725,000		433,725,000
3	General Reserve				
	Balance as Per Last Account	155,000,000		125,000,000	
	Add: Transferred From Profit & Loss Account	20,000,000		30,000,000	
			175,000,000		155,000,000
4	Revaluation Reserve				
	Balance as Per Last Account	-		-	
	Add: Created During the Year	291,682,913		-	
		291,682,913		-	
	Less: Transferred to Profit & Loss Account (Refer Note 9.1)	1,266,796		-	
			290,416,117		-
5	Profit & Loss Account				
	Balance brought forward from previous year	54,412,980		41,703,797	
	Less: Proposed Dividend	(7,819,000)		(9,494,500)	
	Less: Tax on Proposed Dividend	(1,268,438)		(1,540,245)	
	Less: Transfer to General Reserve	(20,000,000)		(30,000,000)	
	Add: Profit for the period	39,770,731		53,743,928	
			65,096,273		54,412,980
	Total		1,004,237,390		683,137,980

Note : 3 Long Term Borrowings

Sr. No	Particulars	As at 31st March, 2012		As at 31st March, 2011	
1	Term Loans - From Bank (Secured)		1,257,160		3,285,120
	Total		1,257,160		3,285,120

3.1	The above Term Loans are secured by hypothecation of the vehicles against which loans are taken			
3.2	Repayment Schedule:- Term Loan from banks (Secured):			
	a) HDFC Bank Ltd Repayable in 36 monthly instalments Of ₹ 31,800/- from April 2011.	363,629		696,071
	b) HDFC Bank Ltd Repayable in 36 monthly instalments Of ₹ 63,135/- from January 2011.	548,602		1,227,911
	c) HDFC Bank Ltd Repayable in 36 monthly instalments Of ₹ 31,400/- from October 2010.	184,008		530,377
	d) HDFC Bank Ltd Repayable in 48 monthly instalments Of ₹ 9,950/- from December 2009.	76,869		183,550
	e) HDFC Bank Ltd Repayable in 48 monthly instalments Of ₹ 42,600/- from June 2009.	84,053		557,520
	f) HDFC Bank Ltd Repayable in 48 monthly instalments Of ₹ 11,911/- from August 2008.	-		46,335
	g) HDFC Bank Ltd Repayable in 48 monthly instalments Of ₹ 8,950/- from September 2008.	-		43,356
	Total	1,257,160		3,285,120



SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012

Amount in ₹

Note : 4 Other Long Term Liabilities

Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Interest Refundable	3,216,084	3,216,084
2	Advance Against Sale of Flats	6,652,937	-
3	Other Long Term Liabilities	-	2,881,568
	Total	9,869,021	6,097,652

Note : 5 Long Term Provisions

Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Provision for Loans & Advances considered doubtful	9,752,723	9,752,723
2	Provision for Security Deposits considered doubtful	700,000	700,000
3	Provision for doubtful receivables on leased assets	809,919	809,919
	Total	11,262,641	11,262,641

Note : 6 Trade Payables

Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Micro, Small and Medium Enterprises	-	-
2	Others	3,367,243	3,187,497
	Total	3,367,243	3,187,497

Note : 7 Other Current Liabilities

Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Current maturities of long term debt (Refer Note No 3.1 & 3.2)	2,027,959	2,374,996
2	Unclaimed Dividend#	818,648	623,675
3	Deposit	140,000	140,000
4	Advance Against Sale of Property	-	30,000,000
5	Statutory Dues	315,684	844,649
6	Liability for Expenses	2,903,600	4,917,795
7	Other Payables	822,090	16,696,398
	Total	7,027,982	55,597,513

These figures do not include any amount due and outstanding to be credited to Investor Education and Protection Fund

Note : 8 Short Term Provisions

Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Provision For Employees Benefit	1,019,628	1,103,323
2	Provision For Wealth Tax	44,477	52,133
3	Proposed Dividend (Including Tax on Proposed Dividend)	9,087,438	11,034,745
	Total	10,151,543	12,190,201

SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012

Note - '9' FIXED ASSETS

Particulars	Gross Block ₹			Depreciation ₹			Lease Terminal Adjustment		Net Block ₹	
	As on 01.04.2011	Additions/R evaluation	Deductions	As on 31.03.2012	For the year	Adj. during the year	As on 31.03.2012	As on 31.03.2011	As on 31.03.2012	As on 31.03.2011
Land	71,214,749	0	71,214,749	0	0	0	0	0	0	71,214,749
Buildings/Premises	26,228,404	72,444,913	0	98,673,317	1,918,578.21	0	0	0	87,703,065	17,176,730
Furniture & Fixtures	6,176,097	100,720	0	6,276,817	83,727.59	0	0	0	471,496	454,504
Office Equipments	2,166,038	269,745	0	2,435,783	74,346.00	0	0	0	625,903	430,504
Vehicles	18,131,113	493,358	2,829,993	15,794,478	2,852,512.48	2,101,589	0	0	7,875,916	10,963,475
Electrical Installations	1,206,229	0	0	1,206,229	21,820.31	0	0	0	135,047	156,868
Computers	2,717,898	293,296	192,946	2,818,248	205,739.33	169,709	0	0	435,850	371,531
Air Conditioners	2,549,370	111,000	0	2,660,370	65,488.32	0	0	0	451,410	405,899
Sub total	130,389,900	73,713,032	74,237,688	129,865,244	5,222,212	2,271,297	0	0	97,698,689	101,174,260
Previous Year	111,757,093	21,443,952	2,811,145	130,389,900	3,418,501	2,187,119	0	0	101,174,260	
Assets on Lease										
Plant & Machinery	115,120,589	0	0	115,120,589	0	0	1,709,528	1,709,528	809,919	809,919
Sub total	115,120,589	0	0	115,120,589	0	0	1,709,528	1,709,528	809,919	809,919
Previous Year	115,120,589	0	0	115,120,589	0	0	1,709,528	0	809,919	
Total	245,510,489	73,713,032	74,237,688	244,985,833	5,222,212.24	2,271,297	1,709,528	1,709,528	98,508,608	101,984,179
Previous Year	226,877,682	21,443,952	2,811,145	245,510,489	3,418,501	2,187,119	1,709,528		101,984,179	

9.1 Gross block includes ₹ 72,444,913/- (Previous year Nil) on account of revaluation of building/premises. Consequent to the said revaluation there is an additional depreciation charge of ₹ 12,66,796/- (Previous year Nil) and an equivalent amount has been withdrawn from the Revaluation Reserve and credited to Statement of Profit & Loss. This has no impact on profit for the year.



SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012

Note : 10 Non Current Investment

Sr. No	Particulars	Amount in ₹			
		As at 31st March, 2012		As at 31st March, 2011	
		Quantity No	Amount ₹	Quantity No	Amount ₹
1	Trade Investments				
	Investment in Equity Shares				
	Equity shares of Rs 10 each (Unless otherwise stated)				
	Fully paid up: Quoted				
	Aravali Securities & Finance Limited	100	60	100	60
	Asian Vegipro Industries Limited	300,000	300,000	300,000	300,000
	Bijco Holdings Ltd.	60,530	6,053,000	69,730	6,973,000
	Coventry Springs & Engg. Co. Ltd	52,323	175,282	52,323	175,282
	First Leasing Company of India Ltd	59,209	4,302,909	68,750	5,079,950
	Gillander Arbutnot and Co. Ltd	9,041	120,591	9,041	120,591
	HSIL Ltd (FV ₹.2/-)	150,000	24,610,455	390,000	54,310,279
	Intrasoft Technologies Limited	17,500	1,750,000	17,500	1,750,000
	KEC International Ltd.	36	16,835	36	16,835
	Melstar Information Technologis Limited	300	63,675	300	63,675
	Mouluk Finance & Resorts Limited	7,100	71,000	7,100	71,000
	Moving Picture (India) Limited	881,600	3,076,784	881,600	3,076,784
	Nachmo Knitex Limited	1,499,000	5,609,200	1,499,000	5,609,200
	Neogem India Limited	-	-	132,800	597,600
	Nicco UCO Alliance Credit Limited	114	650	114	650
	Philips Carbon Black Limited	87,500	14,323,185	84,500	14,964,589
	Punsumi Foils & Components Limited	15,800	19,750	15,800	19,750
	PTC Industries Limited	1,000	16,850	1,000	16,850
	R.S. Software India Limited	-	-	98,752	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 Limited	200	220	200	220
	Cimmco Limited	16,353	1,705,814	-	-
	Lloyds Steels Industries Limited	50,000	1,113,152	-	-
	Southern Online Bio-Technolgies Limited	500,000	2,955,394	-	-
	Partly paid up: Quoted				
	Malvika Steels Limited (Partly Paid Up)##	91,200	912,000	91,200	912,000
	Fully paid up: Unquoted				
	Andaman Plantations & Development Corporation Limited	30,000	3,000,000	64,880	6,488,000
	Antriksh Vyapaar Limited	100,000	14,000,000	-	-
	Bhatpara Papers Limited	44	391	44	391
	C. Mackertich Limited	4,250,000	42,500,000	4,250,000	42,500,000
	Exquisite Exports Limited	5,000	50,000	5,000	50,000
	Fortune Biotech Limited	40,000	178,000	40,000	178,000
	Gujrat Securities Limited	20	200	20	200
	Kamal Overseas Ltd.	200,000	16,000,000	250,000	20,000,000
	Manphool Exports Ltd.	11,908	1,190,800	11,908	1,190,800
	Mason and Summers Alcobev Pvt.Ltd.	-	-	125,000	35,000,000
	North East Publishing & Advt Co Ltd	5,045,400	504,540	5,045,400	504,540
	Quest Finance Services Ltd.	30,000	2,877,000	30,000	2,877,000
	Parriot Automation Projects Limited	2,065,350	500,000	2,065,350	500,000
	SMIFS Finance Limited	-	-	240,000	3,360,000
	Sheorey Digital Systems Pvt Ltd	590,000	129,800	590,000	129,800
	Spencers Retail Limited	5,329	969,612	5,329	969,612
	Sukhraj Vinimay Pvt. Ltd.	50,000	252,500	50,000	252,500
	Vaibhav Services Pvt Ltd	4,580	45,800	4,580	45,800
	Partly paid up: Unquoted				
	SMIFS Finance Limited (Partly Paid)	-	-	1,511,600	15,174,000
	Investment in Preference Shares (Non Cumulative Rs. 100/- Each)				
	12% Andaman Plantations & Development Corporation Ltd	140,000	4,100,000	140,000	4,100,000
	8.00 % DIGJAM Limited*	106,000	10,600,000	106,000	10,600,000
2	Other Investments				
	Investment in Security Receipts	295,688	14,300,000	-	-
	Investment in Govt Securities				
	6.05% Govt of India Loan - 2019	500,000	521,065	500,000	521,065
	Less: Provision For Dimunition in Value of Investment		(19,632,339)		(71,983,270)
	Total		159,643,442		171,890,770

Aggregated of unquoted Investments - at book value(net of provision)

92,087,369

72,458,438

Aggregated of Quoted Investments - at book value

67,556,073

99,432,333

Aggregated of Quoted Investments - at market value

52,511,803

84,465,308

Aggregated amount of provision for dimunition in the value of investments

19,632,339

71,983,270

The shares have not been transferred in the name of the Company as the Company is reported to be under liquidation

The shares have not been transferred in the name of the Company as the manner of allotment of such shares is sub-judice

before the Honourable Kolkata High Court

* These preference shares have been converted into equity shares of ₹ 10 each at a price of ₹ 14.50 each resulting into allotment of 731,034 Equity shares of Digjam Limited vide Order of Hon'ble High Court of Gujarat dated May 4, 2012 in a Scheme of Arrangement u/s 391 to 393 of Companies Act, 1956 between the Company and its Shareholders.



SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012

Note : 11 Long Term Loans and Advances

Amount in ₹

Sr. No	Particulars	As at 31st March, 2012		As at 31st March, 2011	
1)	Loans & Advances				
	Unsecured and Considered Good	207,247,597		211,612,210	
	Considered Doubtful	9,752,723		9,752,723	
	(Full provision has been made in respect of doubtful Loans & Advances)		217,000,320		221,364,933
2)	Advance Income Tax (Net of provision)		22,426,075		21,733,744
3)	Security Deposit				
	Unsecured and Considered Good	2,308,518		2,327,131	
	Considered Doubtful	700,000		700,000	
	(Full provision has been made in respect of doubtful Security Deposits)		3,008,518		3,027,131
	Total		242,434,912		246,125,808

Note : 12 Other Non Current Assets

Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Share Application Money	192,000,000	192,000,000
2	Interest Accrued but Not Due	10,833	10,833
	Total	192,010,833	192,010,833

Note : 13 Inventories

Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Shares & Securities	2,174,259	2,680,500
2	Construction Work- in- progress	274,065,977	-
	Total	276,240,235	2,680,500

Note : 14 Trade Receivables

Sr. No	Particulars	As at 31st March, 2012		As at 31st March, 2011	
1	Outstanding for more than six months				
	Unsecured and Considered Good	1,398,069		1,039,984	
	Considered Doubtful	-		-	
			1,398,069		1,039,984
2	Others				
	Unsecured and Considered Good	1,257,373		8,678,433	
	Considered Doubtful	-		-	
			1,257,373		8,678,433
	Total		2,655,442		9,718,417

Note : 15 Cash & Cash Equivalents

Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Balances with Banks #	9,487,845	5,280,434
2	Cheques in Hand	-	120,000
3	Cash in Hand	181,687	192,376
4	Fixed Deposits with Bank ##	7,518,150	6,959,625
	Total	17,187,682	12,552,435

Balances with Banks includes Unclaimed Dividend of ₹ 818,648/- (P.Y ₹ 623,675/-)

Fixed deposit with Bank is of maturity of more than 12 months

Note : 16 Short Terms Loans and Advances

Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
	Unsecured and Considered Good		
1	Advance to Parties	2,073,087	4,068,614
2	Balance With Revenue Authorities	300,706	30,810
	Total	2,373,793	4,099,424

Note : 17 Other Current Assets

Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Prepaid Expenses	875,618	629,000
2	Other Receivables	35,125,000	-
	Total	36,000,618	629,000



SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012

Note : 18 Revenue from Operations

Amount in ₹

Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Sales of shares and Securities	205,280,656	162,642,186
2	Profit / Loss on Sale of Investments	5,995,749	(17,582,376)
3	Investment Banking Operations (Net)	17,881,676	41,543,064
4	Write back of Provisions no longer required	52,350,931	70,390,625
5	Dividend Income	1,368,787	1,042,217
	Total	282,877,799	258,035,716

Note : 19 Other Income

Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Interest Received	1,182,600	654,705
2	Profit/(Loss) on Sale of Fixed Assets	6,129,358	(66,026)
3	Other Non-operating Income	4,101,902	145,351
	Total	11,413,861	734,031

Note : 20 Purchases

Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Purchase of shares and Securities	202,000,975	161,177,156
	Total	202,000,975	161,177,156

Note : 21 Change in Inventories / Stock

Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Opening Stock	2,680,500	1,646,591
2	Closing Stock	2,174,259	2,680,500
	Total	506,241	(1,033,909)

Note : 22 Employee Benefit Expenses

Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Salaries, Bonus & Allowances	13,245,411	12,787,817
2	Contribution to provident and other funds	1,077,666	1,011,780
3	Training, Development & Recruitment Expenses	77,150	8,455
4	Staff Welfare Expenses	1,242,879	1,117,085
5	Employees Group Gratuity	369,462	529,786
	Total	16,012,568	15,454,923

Note 22.1

As per Accounting Standard 15 " Employee Benefits", the disclosures as defined in the Accounting Standard are given below:

Defined Contribution Plans

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

	As at 31st March, 2012	As at 31st March, 2011
Employer's Contribution to Provident Fund	1,077,666	1,011,780



SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012

I) Reconciliation of opening and closing balances of Defined Benefit Obligation

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
Defined Benefit Obligation at beginning of year	3,223,074	2,632,511	833,222	869,403
Current Service Cost	254,803	232,193	114,128	13,914
Interest Cost	257,846	210,601	66,658	69,552
Actuarial (gain) / Loss	264,705	147,769	264,039	382,549
Benefits Paid	-	-	(478,112)	(502,196)
Defined Benefit Obligation at year end	4,000,428	3,223,074	799,935	833,222

II) Reconciliation of Opening and Closing balances of Fair Value of Plan Assets

	Gratuity (Funded)	
	As at 31st March, 2012	As at 31st March, 2011
Fair Value of Plan Assets at beginning of Year	3,980,204	3,014,861
Expected Return on Plan Assets	372,902	502,528
Actuarial gain / (loss)	-	-
Employer Contribution	328,788	462,815
Benefits Paid	-	-
Fair Value of Plan Assets at year end	4,681,894	3,980,204

III) Reconciliation of fair value of assets and obligations

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
Fair value of Plan Assets	4,681,894	3,980,204	-	-
Present Value of Obligation	4,000,428	3,223,074	799,935	833,222
Amount recognised in Balance Sheet	(681,466)	(757,130)	799,935	833,222

IV) Expenses Recognised during the year

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
Current Service Cost	254,803	232,193	114,128	13,914
Interest Cost	257,846	210,601	66,658	69,552
Expected Return on Plan Assets	(372,902)	(502,528)	-	-
Actuarial (gain) / loss	264,705	147,769	264,039	382,549
Net Cost	404,452	88,035	444,825	466,015

V) Actuarial Assumptions

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
Mortality Table (LIC)	1994-96	1994-96	1994-96	1994-96
Discount Rate (per Annum)	8.00%	8.00%	8.00%	8.00%
Expected Rate of Return on Plan Assets (per Annum)	9.15%	9.15%	-	-
Rate of Escalation in Salary (per Annum)	5.00%	5.00%	5.00%	5.00%

The Estimates of rate of Escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.



SMIFS CAPITAL MARKETS LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012

Note :23 Financial Cost

Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Interest Expense	431,981	572,921
2	Other Borrowing Cost	-	22,246
	Total	431,981	595,167

Note : 24 Depreciation & Amortised Cost

Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Depreciation	5,222,212	3,418,501
	Less: Transferred from Revaluation Reserve	1,266,796	-
	Total	3,955,416	3,418,501

Note : 25 Other Administrative Expenses

Amount in ₹

Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Telephone Expenses	1,342,897	1,525,105
2	Printing & Stationery Expenses	2,293,557	2,286,239
3	Professional, Legal & Consultancy Charges	1,341,153	1,272,502
4	Business Promotion Expenses	749,637	618,460
5	Rent	653,390	635,390
6	Repair & Maintenance - Building	581,345	562,841
	- Plant & Machinery	134,682	126,551
	- Others	1,061,679	288,001
7	Advertisement	299,004	265,827
8	Electricity, Power & Fuel	447,930	416,462
9	Vehicle Expenses	1,659,579	1,378,530
10	Membership & Subscription Fees	740,650	776,171
11	Miscellaneous Expenses	1,250,454	1,231,413
12	Bad Debts	-	439,710
13	Rates & Taxes	353,937	353,658
14	Travelling Expenses	4,927,738	4,455,240
15	Directors Fees	210,500	136,000
16	Insurance	156,288	82,735
17	Donation	-	125,000
18	Auditor's Remuneration	195,000	195,000
	Total	18,399,419	17,170,835

25.1 Auditors' Remuneration includes:

	As at 31st March, 2012	As at 31st March, 2011
Audit Fees	185,000	185,000
Tax Audit	10,000	10,000
	195,000	195,000

25.2 Expenditure in Foreign Currency:

	As at 31st March, 2012	As at 31st March, 2011
Travelling Expenses	1,168,880	695,921
	1,168,880	695,921

25.3 Earning in Foreign Currency:

	As at 31st March, 2012	As at 31st March, 2011
	Nil	Nil

Note :26 Earning per share (EPS)

	As at 31st March, 2012	As at 31st March, 2011
Net Profit/(Loss) attributable to shareholders	39,398,545	54,484,251
Weighted average no. of equity shares in issue	5,585,000	5,585,000
Earning per share of ₹ 10 each (Basic & Diluted)	7.05	9.76

Note :27 Segment Reporting

	As at 31st March, 2012	As at 31st March, 2011
Segment Revenue		
Capital Market Operations	205,280,656	162,642,186
Investment Banking Operations	17,881,676	41,543,064
Others	59,715,467	53,850,466
Net sales/Income from Operations	282,877,799	258,035,716
Segment Results: Profit/(Loss) before Interest & Tax		
Capital Market Operations	2,773,440	2,498,939
Investment Banking Operations	17,881,676	41,543,064
Others	59,715,467	53,850,466
Total	80,370,583	97,892,469
Less: Interest	431,981	595,167
Other unallocable expenses net of unallocable income	26,953,542	35,310,229
Total Profit Before Tax	52,985,059	61,987,072



SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012

Note : 28 Deferred Tax Assets			
Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Deferred Tax Liability:		
	On difference between wdv as per book and wdv as per Income Tax Act of fixed assets	(2,783,242)	(3,329,404)
2	Deferred Tax Assets:		
	On Disallowances under the Income Tax Act, 1961	8,231,016	20,047,963
	On Brought forward capital losses	70,519,640	72,198,679
	Total	75,967,415	88,917,238

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 not possible.

Note :29 Related Party Disclosures

Related party disclosures as required under Accounting Standard 18 on "Related Party disclosures" are given below:

List of Related Parties where control exists and related parties with whom transaction have taken place and relationship-

Key Management Personnel

Mr Utsav Parekh- Chairman
Mr Kishor Shah - Managing Director
Mr Ajay Kumar Kayan -Director

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

Stewart and Mackertich Wealth Management Limited
Mackertich Consultancy Services Private Limited
C Mackertich Ltd
SMIFS Finance Limited

Disclosures of transactions between the Company and related parties and their outstanding balances on 31/03/2012:

	Key Management personnel	Entities where significant influence exists
<u>Transaction (Excluding reimbursement of expenses)</u>		
Purchase of shares and securities	-	14,000,000
	(-)	(-)
Sale of shares and securities	-	3,913,500
	(-)	(-)
Payment of Brokerage	-	217,627
	(-)	(398,575)
Directors' sitting fees	80,000	-
	(47,000)	(-)
Directors' remuneration	37,04,474#	-
	(34,15,047)#	(-)
<u>Balance at the end of the year</u>		
Other payables	-	1,128,042
	(-)	(4,556,321)
Loans & Advances	-	377,723
	(-)	(377,723)
Investment	-	-
	(-)	(18,534,000)

This includes ₹ 2,37,600/- (P.Y ₹ 2,16,000/-) towards Employer's Contribution to Provident Fund.



SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012

Note :30

Contingent Liabilities and Commitments

Contingent liabilities not provided for:

1) Sale Tax demand net of payment under appeal is ₹ 91,125/- (P.Y ₹ 91,125/-)

2) Demand under Employees' State Insurance under appeal is ₹ 142,274/- (P.Y ₹ 142,274/-)

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 ₹142,274/- . The Company has filed a petition against the demand before E.S.I Court and the same has partly heard.

3) Guarantees given Nil (P.Y ₹ 310,000,000/-)

Commitments:

1) Uncalled liabilities on partly paid shares is ₹ 3,034,000/- (P.Y ₹ 6,813,000/-)

Note:31

The revised Schedule VI has become effective from 1st April 2011, for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year figures have been regrouped and reclassified, wherever necessary, to correspond with the current year's classification/ disclosure.

Note:32

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, 2012.

Note:33

As on 31st March, 2012 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

Note:34

The parent company and its subsidiary end their respective financial years on the same date i.e. 31st March, 2012

As Per Our Report Of Even Date
FOR J.S. VANZARA & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Reg. No.: 318143E

For and on Behalf of the Board of Directors

(CA. AUROBINDA PANDA)
Partner
Membership No. : 064888

(UTSAV PAREKH)
Chairman

(KISHOR SHAH)
Managing Director

PLACE: Kolkata
DATED: 20/07/2012

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

(ANIL SINGHANIA)
CFO-cum-Vice President
Investment Banking

SMIFS CAPITAL MARKETS LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012



	Amount in ₹	
	31st March, 2012	31st March, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	52,985,059	61,987,072
Adjustment for		
1. Depreciation	3,955,416	3,418,501
2. (Profit) / Loss on sale of Investments	(5,995,749)	17,582,376
3. Dividend on Investment	(1,368,787)	(1,042,217)
4. Write back of Provisions no longer required	(52,350,931)	(70,390,625)
5. Financial Cost	431,981	592,404
6. (Profit)/Loss on sale of Fixed Assets	(6,129,358)	66,026
7. Interest Income	(1,179,585)	(651,941)
	(62,637,013)	(50,425,477)
Operating profit before Working Capital change	(9,651,954)	11,561,595
Adjustment for		
1. Trade & Other Receivables	(22,199,784)	116,191,353
2. Inventories	(6,856,987)	(1,033,909)
3. Trade and Other Payables	(14,355,075)	(56,509,323)
	(43,411,846)	58,648,121
Cash Generated from Operations	(53,063,800)	70,209,716
Direct Tax paid	(964,492)	(9,444,115)
	(964,492)	(9,444,115)
Net Cash Flow from Operating activity	(54,028,292)	60,765,601
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1,268,119)	(21,443,952)
Sale of Fixed Assets	631,000	558,000
Purchase of Investments	(212,162,760)	(370,486,095)
Sale of Investments	282,756,768	356,167,054
Interest Income	1,179,585	651,941
Dividend on Investment	1,368,787	1,042,217
Net Cash flow from Investing Activities	72,505,262	(33,510,835)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend and Dividend Distribution Tax Paid	(11,034,745)	(9,768,898)
Interest paid	(431,981)	(592,404)
Proceeds from long-term borrowings	(2,374,997)	2,559,642
Proceeds from short-term borrowings	-	(21,127,520)
Net cash used in Financing Activities	(13,841,723)	(28,929,180)
Net increase in Cash & Cash Equivalents	4,635,247	(1,674,414)
Opening Balance of Cash & Cash Equivalents	12,552,435	14,226,849
Closing Balance of Cash & Cash Equivalents	17,187,682	12,552,435

Kolkata
The 20th day of July 2012

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, 2012 and 31st March, 2011 and found the same in agreement therewith.

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

Kolkata
The 20th day of July 2012

(CA. 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)

SMIFS

BANKERS

HDFC Bank Ltd.

AUDITORS

J.S.Vanzara & Associates
Chartered Accountants

REGISTERED OFFICE

'Vaibhav', 4F,
4, Lee Road
Kolkata – 700 020
Phone : 033-2282 8934



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 March 31, 2012.

FINANCIAL RESULTS

(Rupees in million)

	Year ended 31.03.2012	Year ended 31.03.2011
Profit / (Loss) before Interest & Depreciation	0.49	(0.66)
Less: Interest	0.01	0.02
Profit / (Loss) before Depreciation	0.48	(0.68)
Less: Depreciation	0.05	0.07
Profit / (Loss) before Tax	0.43	(0.75)
Less: Provision for Tax	0.06	(0.01)
Profit / (Loss) after Tax	0.37	(0.74)
Add: (Debit) / Credit balance brought forward	(0.35)	0.39
Profit / (Loss) Carried to Balance Sheet	0.02	(0.35)

DIVIDEND

Due to inadequacy of profits during the year, no dividend is recommended.

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, 2012 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 profit 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. Chandranath Mukherjee 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 ₹ 60 Lac per annum. There are no employees in our company drawing remuneration more than ₹ 5 Lac per month or ₹ 60 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, the Company undertakes regular and preventive maintenance of all equipment's.

(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

Place: Kolkata

Date: 19.7.2012

(SANTOSH KUMAR MUKHERJEE)
DIRECTOR

(KISHOR SHAH)
DIRECTOR



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 2012 and also the Statement of Profit and Loss 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 Statement of Profit and Loss dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet and Statement of Profit and Loss 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 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2012 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 2012;
 - b. in the case of the Statement of Profit and Loss, of the Profit of the Company for the year ended on that date; and
 - c. in the case of the Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date.

For J. S. Vanzara & Associates
Chartered Accountants

FRN:318143E
(CA. Aurobinda Panda)
Partner
Membership no. 064888

Date: The 19th day of July, 2012



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 has 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 2012.
- 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) does 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, 2012 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 Company does not have accumulated losses. The Company has not incurred any cash losses during the current financial year but has incurred cash losses of ₹ 6,79,661/- during 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

(CA. Aurobinda Panda)
Partner

Membership No-064888

Date: The 19th day of July 2012



SMIFS CAPITAL SERVICES LIMITED

BALANCE SHEET AS AT 31st MARCH, 2012

Particulars	Note No.	As at 31st March, 2012	As at 31st March, 2011
		₹	₹
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	75,000,700	75,000,700
(b) Reserves and Surplus	2	25,410	(346,776)
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	3	-	43,356
(3) Current Liabilities			
(a) Other Current Liabilities	4	651,209	693,990
(b) Short-Term Provisions	5	28,537	17,103
Total Equity & Liabilities		75,705,856	75,408,374
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets	6		
(i) Gross Block		618,399	618,399
(ii) Depreciation		475,440	424,851
(iv) Net Block		142,959	193,548
(b) Non-Current Investments	7	31,746,835	71,666,835
(c) Deferred Tax Assets (net)		32,200	24,941
(d) Long Term Loans and Advances	8	348,718	406,290
(2) Current Assets			
(a) Trade Receivables	9	1,742,054	1,022,054
(b) Cash and Cash Equivalents	10	233,964	189,854
(c) Short-Term Loans and Advances	11	6,334,126	1,904,852
(d) Other Current Assets	12	35,125,000	-
Total Assets		75,705,856	75,408,374

Significant Accounting Policies & Notes to Financial Statements 1 To 23

As Per Our Report Of Even Date

FOR J.S. VANZARA & ASSOCIATES

CHARTERED ACCOUNTANTS

Firm Reg. No.: 318143E

For and on Behalf of the Board of Directors

(SANTOSH KUMAR MUKHERJEE)
Director

(KISHOR SHAH)
Director

(CA. AUROBINDA PANDA)
Partner

Membership No. : 064888

(PRITI CHOWDHARY)
Company Secretary

PLACE: Kolkata
DATED: 19/07/2012



SMIFS CAPITAL SERVICES LIMITED

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2012

Particulars	Note No.	As at 31st March, 2012	As at 31st March, 2011
		₹	₹
INCOME			
Revenue from operations	13	1,586,681	102,959
Other Income	14	3,015	2,764
Total Revenue		1,589,696	105,723
EXPENDITURE			
Employee Benefit Expense	15	680,653	391,479
Financial Costs	16	11,525	23,607
Depreciation and Amortization Expense	17	50,589	68,741
Other Administrative Expenses	18	412,279	370,299
Total Expenses		1,155,045	854,125
Profit before exceptional and extraordinary items and tax		434,651	(748,402)
Exceptional Items		-	-
Profit before extraordinary items and tax		434,651	(748,402)
Extraordinary Items		-	-
Profit Before Tax		434,651	(748,402)
Tax expense:			
(1) Current tax		69,724	-
(2) Deferred tax		(7,259)	(8,079)
Profit(Loss) for the period from continuing operations		372,186	(740,323)
Profit/(Loss) from discontinuing operations		-	-
Tax expense of discontinuing operations		-	-
Profit/(Loss) from discontinuing operations (after Tax)		-	-
Profit/(Loss) for the period		372,186	(740,323)
Earning per equity share:			
(1) Basic		0.05	(0.10)
(2) Diluted		0.05	(0.10)

Significant Accounting Policies & Notes to Financial Statements
As Per Our Report Of Even Date

1 To 23

FOR J.S. VANZARA & ASSOCIATES
Chartered Accountants
Firm Reg. No.: 318143E

For and on Behalf of the Board of Directors

(CA. AUROBINDA PANDA)
Partner
Membership No. : 064888

(SANTOSH KUMAR MUKHERJEE)
Director

(KISHOR SHAH)
Director

PLACE: Kolkata
DATED: 19/07/2012

(PRITI CHOWDHARY)
Company Secretary



SMIFS CAPITAL SERVICES LIMITED

Significant Accounting Policies:

(a) Basis of preparation of financial statements

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 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, Non-Current 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) Employee Benefits

The employees' gratuity fund scheme managed by a Trust (Life Insurance Corporation of India) is a defined benefit plan. The Present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method that recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The compensated absences are unfunded.

Short-term employee benefits are recognised as an expense in the statement of profit & loss account of the year in which the related service is rendered. Provision has been made for the monetary value of the leave due to staff.



(g) Provision for Current and Deferred Tax

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 incomes 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

Claims against the company 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 Financial Statement.

(i) 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.

(J) 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 Financial Statement in respect of obligations where, based on the evidence available, their existence at the balance Sheet date is considered not probable. Contingent assets are not recognised in the Accounts.

As Per Our Report Of Even Date
FOR J.S. VANZARA & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Reg. No.: 318143E

For and on Behalf of the Board of Directors

(SANTOSH KUMAR MUKHERJEE)
Director

(KISHOR SHAH)
Director

(CA. AUROBINDA PANDA)
Partner
Membership No.: 064888
Place: Kolkata
Date: 19/07/2012

(PRITI CHOWDHARY)
Company Secretary



SMIFS CAPITAL SERVICES LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2012

Note : 1 Share Capital

Amount in ₹

Sr. No	Particulars	As at 31st March, 2012		As at 31st March, 2011	
1	AUTHORIZED 15,000,000 Equity Shares of ₹ 10/- each.	150,000,000		150,000,000	
2	ISSUED , SUBSCRIBED & PAID UP 7,500,070 Equity Shares of ₹ 10/- each, Fully paid up	75,000,700		75,000,700	
3	The details of shareholders holding more than 5% shares SMIFS Capital Markets Limited	No. of shares	% held	No. of shares	% held
		7,500,070	100.00	7,500,070	100.00

Note : 2 Reserves & Surplus

Sr. No	Particulars	As at 31st March, 2012		As at 31st March, 2011	
1	Profit & Loss Account Balance brought forward from previous year Add: Profit for the period	(346,776)		393,547	
		372,186	25,410	(740,323)	(346,776)
	Total	25,410		(346,776)	

Note : 3 Long Term Borrowings

Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Term Loan - From Bank	-	43,356
	Total	-	43,356

3.1	The above Term Loans are secured by hypothecation of the vehicles against which loans are taken		
3.2	Repayment Schedule:- HDFC Bank Ltd Repayable in 48 monthly instalments of ₹ 8,950/- from September 2008.	-	43,356
		-	43,356

Note : 4 Other Current Liabilities

Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Current maturities of long term debt (Refer Note No 3.1 & 3.2)	43,356	95,148
2	Statutory Dues	112,768	110,820
3	Liability for Expenses	95,085	88,022
4	Other Payables	400,000	400,000
	Total	651,209	693,990

Note : 5 Short Term Provisions

Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Provision For Employees Benefit	28,537	17,103
	Total	28,537	17,103

SMIFS CAPITAL SERVICES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2012

Note: 6 Fixed Assets

PARTICULARS	G R O S S B L O C K			D E P R E C I A T I O N			N E T B L O C K	
	AS AT 01-04-2011 ₹	ADDITION DURING THE YEAR ₹	AS AT 31-03-2012 ₹	AS AT 01-04-2011 ₹	FOR THE YEAR ENDED ON 31.03.2012 ₹	AS AT 31.03.2012 ₹	AS AT 31.03.2012 ₹	AS AT 31-03-2011 ₹
Computers & Peripherals	196,180	-	196,180	192,211	1,588	193,799	2,381	3,969
Furniture & Fixtures	7,095	-	7,095	6,054	188	6,242	853	1,041
Vehicles	415,124	-	415,124	226,586	48,812	275,399	139,725	188,538
Total	618,399	-	618,399	424,851	50,589	475,440	142,959	193,548
<i>Previous year</i>	618,399	-	618,399	356,110	68,741	424,851	193,548	





SMIFS CAPITAL SERVICES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2012

Note : 7 Non Current Investment

Amount in ₹

Sr. No	Particulars	As at 31st March, 2012		As at 31st March, 2011	
		Quantity No	Amount ₹	Quantity No	Amount ₹
1	Trade Investments				
	Investment in Equity Shares				
	Equity shares of Rs 10 each (Unless otherwise stated)				
	Fully paid up: Quoted				
	KEC International Ltd	36	16,835	36	16,835
	Bijco Holdings Ltd	60,530	6,053,000	69,730	6,973,000
	Nachmo Knitex Limited	1,499,000	5,609,200	1,499,000	5,609,200
	Fully paid up: Unquoted				
	Kamal Overseas Ltd.	200,000	16,000,000	250,000	20,000,000
	Manphool Exports Ltd.	11,908	1,190,800	11,908	1,190,800
	Mason and Summers Alcobev Pvt.Ltd.	-	-	125,000	35,000,000
	Quest Finance Services.Ltd.	30,000	2,877,000	30,000	2,877,000
2	Other Investments	-	-	-	-
	Total		31,746,835		71,666,835

Aggregated of unquoted Investments - at book value	20,067,800	59,067,800
Aggregated of Quoted Investments - at book value	11,679,035	12,599,035
Aggregated of Quoted Investments - at market value	3,597,806	3,597,806

Note : 8 Long Term Loans and Advances

Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1)	Loans & Advances		
	Unsecured and Considered Good	40,664	96,512
2)	Advance Income Tax (Net of provision)	295,054	284,778
3)	Security Deposit	13,000	25,000
	Total	348,718	406,290

Amount in ₹

Note : 9 Trade Receivables

Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Outstanding for more than six months		
	Unsecured and Considered Good	1,382,054	1,022,054
2	Others		
	Unsecured and Considered Good	360,000	-
	Total	1,742,054	1,022,054

Note : 10 Cash & Cash Equivalents

Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Balances with Banks	218,533	170,173
2	Cash in Hand	15,430	19,680
	Total	233,964	189,854

Note : 11 Short Terms Loans and Advances

Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
	Unsecured and Considered Good		
1	Advance to Parties	17,518	11,614
2	Due from Holding Company	6,316,608	1,893,238
	Total	6,334,126	1,904,852

Note : 12 Other Current Assets

Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Other Receivables	35,125,000	-
	Total	35,125,000	-



SMIFS CAPITAL SERVICES LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2012

Note : 13 Revenue from Operations

Amount in ₹

Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Profit / Loss on Sale of Investments	778,200	(720,000)
2	Investment Banking Operations (Net)	808,481	822,749
3	Dividend Income	-	210
	Total	1,586,681	102,959

Note : 14 Other Income

Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Interest Received	3,015	2,764
	Total	3,015	2,764

Note : 15 Employee Benefit Expenses

Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Salaries, Bonus & Allowances	527,552	304,112
2	Contribution to provident and other funds	44,660	21,072
3	Training, Development & Recruitment Expenses	300	-
4	Staff Welfare Expenses	94,641	53,295
5	Employees Group Gratuity	13,500	13,000
	Total	680,653	391,479

Note :16 Financial Cost

Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Interest Expense	11,525	23,607
	Total	11,525	23,607

Note : 17 Depreciation & Amortised Cost

Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Depreciation	50,589	68,741
	Total	50,589	68,741

Note : 18 Other Administrative Expenses

Sr. No	Particulars	As at 31st March, 2012	As at 31st March, 2011
1	Telephone Expenses	31,030	38,401
2	Printing & Stationery Expenses	1,460	-
3	Professional, Legal & Consultancy Charges	6,000	3,309
4	Business Promotion Expenses	1,009	3,179
5	Rent	137,000	120,000
6	Repair & Maintenance	1,183	30,250
7	Vehicle Expenses	184,127	128,882
8	Membership & Subscription Fees	9,550	9,550
9	Miscellaneous Expenses	23,620	19,177
10	Rates & Taxes	7,300	7,550
11	Auditors' Remuneration	10,000	10,000
	Total	412,279	370,299

18.1	Auditors' Remuneration includes:	As at 31st March, 2012	As at 31st March, 2011
	Audit Fees	10,000	10,000
		10,000	10,000

18.2	Expenditure in Foreign Currency:	As at 31st March, 2012	As at 31st March, 2011
		Nil	Nil

18.3	Earning in Foreign Currency:	As at 31st March, 2012	As at 31st March, 2011
		Nil	Nil



SMIFS CAPITAL SERVICES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2012

Amount in ₹

Note :19 Earning per share (EPS)	As at 31st March, 2012	As at 31st March, 2011
Net Profit / (Loss) attributable to shareholders	372,186	(740,323)
Weighted average no. of equity shares in issue	7,500,070	7,500,070
Earning per share of ₹ 10 each (Basic & Diluted)	0.05	(0.10)

Note :20 Segment Reporting	As at 31st March, 2012	As at 31st March, 2011
Segment Revenue		
Capital Market Operations	778,200	(720,000)
Investment Banking Operations	808,481	822,749
Others	-	210
Net sales/Income from Operations	1,586,681	102,959
Segment Results: Profit/(Loss) before Interest & Tax		
Capital Market Operations	778,200	(720,000)
Investment Banking Operations	808,481	822,749
Others	-	210
Total	1,586,681	102,959
Less: Interest	11,525	23,607
Other unallocable expenses net of unallocable income	1,140,506	827,755
Total Profit Before Tax	434,651	(748,402)

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 not possible.

Note : 21 Deferred Tax Assets	As at 31st March, 2012	As at 31st March, 2011
Deferred Tax Assets:		
On difference between of fixed assets w.d.v. as per book and w.d.v. as per Income Tax Act of fixed assets.	23,382	19,656
On Disallowances under the Income Tax Act, 1961	8,818	5,285
Total	32,200	24,941

**Note :22****Related Party Disclosures**

Related party disclosures as required under accounting standard 18 on "Related Party disclosures" are given below:

List of Related Parties where control exists and related parties with whom transaction have taken place and relationship-

Holding Company

SMIFS Capital Markets Limited

Key Management Personnel

NIL

Disclosures of transactions between the Company and related parties and their outstanding balances on 31/03/2012:

	Holding Company	Key Management personnel	Entities where significant influence exists
<u>Transaction (Excluding reimbursement of expenses)</u>			
Purchase of shares and securities	- (55,000,000)	- (-)	- (-)
Sale of shares and securities	423,200 (-)	- (-)	- (-)
<u>Balance at the end of the year</u>			
Short term Loans & Advances	6,316,608 (1,893,238)	- (-)	- (-)

Note :23**Contingent Liabilities and Commitments**

As at 31st March, 2012 As at 31st March, 2011

Nil

Nil

As Per Our Report Of Even Date
FOR J.S. VANZARA & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Reg. No.: 318143E

For and on Behalf of the Board of Directors

(SANTOSH KUMAR MUKHERJEE)
Director

(KISHOR SHAH)
Director

(CA. AUROBINDA PANDA)
Partner
Membership No. : 064888
PLACE Kolkata
DATED: 19/07/2012

(PRITI CHOUDHURY)
Company Secretary



SMIFS CAPITAL SERVICES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

Amount in ₹

	31st March 2012		31st March 2011	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Tax		434,651		(748,402)
Adjustment for				
1. Depreciation	50,589		68,741	
2. (Profit) / Loss on sale of Investments	(778,200)		720,000	
3. Dividend Income	-		(210)	
4. Financial Cost	11,525		20,843	
		(716,087)		809,374
Operating profit before Working Capital change		(281,436)		60,972
Adjustment for				
1. Trade & Other Receivables	(40,206,426)		71,744,885	
2. Trade & Other Payables	20,445		(23,715)	
		(40,185,981)		71,721,170
Cash Generated from Operations		(40,467,417)		71,782,142
Direct Tax paid	(80,000)		(80,000)	
		(80,000)		(80,000)
Net Cash Flow from Operating activity		(40,547,417)		71,702,142
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Investments	-		(71,650,000)	
Sale of Investments	40,698,200		80,000	
Dividend Income	-		210	
Net Cash flow from Investing Activities		40,698,200		(71,569,790)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Interest paid	(11,525)		(20,843)	
Proceeds from long-term borrowings	(95,148)		(83,793)	
Net cash used in Financing Activities		(106,673)		(104,636)
Net increase in Cash & Cash Equivalents		44,110		27,716
Opening Balance of Cash & Cash Equivalents		189,854		162,138
Closing Balance of Cash & Cash Equivalents		233,964		189,854

Kolkata
The 19th day of July 2012

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, 2012 and 31st March, 2011 and found the same in agreement therewith.

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

Kolkata
The 19th day of July 2012

(CA. AUROBINDA PANDA)
Partner
Membership No. 064888

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