

SMIFS CAPITAL MARKETS LIMITED

Board of Directors

Mr. Utsav Parekh – Chairman w.e.f. 01.04.2009
(Executive Chairman up to 31.03.2009)

Mr. Ramesh Maheshwari – Director

Mr. Ajay Kumar Kayan – Director

Mr. Chandranath Mukherjee – Director

Mr. Santosh Kumar Mukherjee – Director

Mr. Kishor Shah – Managing Director w.e.f. 01.04.2009
(Whole-Time Director up to 31.03.2009)

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 Ltd.
The Federal Bank Ltd.

Registered Office

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

DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors have pleasure in presenting the Annual Report of the Company together with the audited statement of accounts for the year ended March 31, 2010.

1(a). **FINANCIAL HIGHLIGHTS**

(Rupees in million)

	Year ended 31.03.2010	Year ended 31.03.2009
Profit / (Loss) before Interest, Depreciation & Tax	43.49	11.32
<i>Less: Interest</i>	0.65	0.92
Profit / (Loss) before Depreciation & Tax	42.84	10.40
<i>Less: Depreciation</i>	2.64	2.75
Profit / (Loss) before Tax	40.20	7.65
<i>Less: Provision for Tax – current / earlier years</i>	6.28	4.90
<i>Less : Deferred tax for the year</i>	(17.24)	(0.27)
<i>Less: Fringe Benefit Tax</i>	-	0.46
Profit / (Loss) after Tax	51.16	2.56
Profit / (Loss) Account brought forward from earlier year	109.92	107.36
Profit available for Appropriation	161.08	109.92
Proposed Dividend including Dividend Tax	9.77	-
Transfer to General Reserve	110.00	-
Profit / (Loss) carried to Balance Sheet	41.31	109.92

The operations of your Company during the year were satisfactory. Operating profit (PBDIT) of the Company for the year was Rs. 43.49 million (previous year Rs. 11.32 million) which is an increase of 284% over the previous year. Net profit before tax for the year stood at Rs. 40.20 million (previous year Rs. 7.65 million) which is an increase of 425% over the previous year.

Net worth of the Company as on March 31, 2010 was Rs. 695.89 million (previous year Rs. 654.50 million).

(b). **CAPITAL**

The paid up capital of the Company as on March 31, 2010 stood at Rs. 55,850,000/- divided into 5,585,000 equity shares of Rs. 10/- each.

(c). **DIVIDEND**

Your Directors recommend payment of dividend of Rs. 1.5/- per equity share, i.e. @ 15% on the Equity Capital for the year ended 31st March, 2010. The said equity dividend will absorb a sum of Rs. 9.77 million including the dividend distribution tax thereon.

(d). **MANAGEMENT DISCUSSION AND ANALYSIS**

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

2. **SUBSIDIARY COMPANY**

With effect from March 15, 2010, Antriksh Vyapaar Private Limited became a subsidiary of the Company. SMIFS Capital Services Limited continues to be a wholly-owned subsidiary of the Company. Statement required under Section 212 of the Companies Act, 1956 in respect of the subsidiary Companies are attached.

3. **YEAR IN RETROSPECT AND FUTURE GROWTH**

Your Company has applied to the Securities and Exchange Board of India (SEBI) for renewal of its registration as a Category I Merchant Banker. Pursuant to the SAT Order dated 24.02.2010, the application for renewal of registration filed by the Company is under consideration.

Indian economy recorded a GDP growth rate of 7.2% in 2009-10. Performance of Indian economy is considered encouraging compared to the prevailing situation in most of the developed economies.

Stock markets performed very well during the year. BSE Sensex was 17,527.77 as on March 31, 2010 against 9,709 as at 31.03.2009.

Indian financial sector is healthy and is well placed to capitalise on growth opportunities in the domestic market. Prevalent banking system is well capitalised and well placed to manage any asset quality concern.

Your Company continues to focus mainly in the areas of Mergers and Acquisitions, Loan Syndication, Capital Market operations, Placement of Equity shares and debts. Your Company is also jointly developing its property at Bondel Road, Kolkata and the project is likely to be completed in 3-4 years. It is expected that this real estate development will be highly beneficial to the company on its completion. Business outlook for the current year appears positive.

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 2010-11 have been paid. 97.04 per cent of the equity shares of your Company are dematerialized.

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, 2010, 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, 2010 and of the profit of the Company for the year ended on that date;

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

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

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

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

During the year there was no foreign exchange earnings (previous year 'nil'). Foreign Exchange outgo during the year aggregated to Rs. 2.43 million (previous year Rs. 0.93 million).

7. DIRECTORS

There was no change in the composition of Board of Directors, except that with effect from 1st April, 2009, Mr. Utsav Parekh resigned as Executive Chairman. He was appointed as a Director under Section 257 of the Companies Act, 1956 in the Annual General Meeting held on September 12, 2009. He was appointed Non-Executive Chairman of the Board in the Board Meeting held on September 14, 2009.

Three year term of Mr. Kishor Shah as Whole-Time Director ended on 31st March, 2009. On the recommendation of the Remuneration Committee and as approved by the Board of Directors and also by the members by a Special Resolution at the Annual General Meeting held on September 12, 2009, Mr. Kishor Shah was appointed Managing Director of the Company for a period of 3 (three) years. Terms of appointment including payment of managerial remuneration with effect from 1st April, 2009 as per the provisions of Section 269 read with the other applicable provisions are within the limits prescribed in Schedule XIII, Part II, Section II(B) to the Companies Act, 1956.

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

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

Brief resume of Mr. Ajay Kumar Kayan, nature of his expertise in specific functional areas, names of companies in which he holds directorship and / or membership / Chairmanship of committees of the board, his shareholdings

as stipulated under Clause 49 of the listing agreement with the Stock Exchanges, are given in the section on Corporate Governance elsewhere in the Annual Report.

8. AUDITORS

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

M/s J. S. Vanzara & Associates, Chartered Accountants have confirmed that their appointment, if made, would be within the prescribed limits under section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such appointment within the meaning of section 226 of the Companies Act, 1956 and they hold a valid certificate issued by the Peer Review Board of ICAI.

9. AUDITORS' QUALIFICATION

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

10. PARTICULARS OF EMPLOYEES

Your Directors wish to acknowledge the support and valuable contribution made by the employees at all levels. Particulars of employees as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 (as amended) are given in a separate annexure attached hereto and forms part of this report.

11. ACKNOWLEDGEMENTS

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

On behalf of the Board of Directors

Regd. Office: 'Vaibhav' 4F, 4 Lee Road,
Kolkata - 700 020
The 24th day of May, 2010

(UTSAV PAREKH)
CHAIRMAN

MANAGEMENT DISCUSSION AND ANALYSIS

1. FINANCIAL STATEMENTS

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

2. MACRO-ECONOMIC OVERVIEW

Fiscal year 2009-10 followed the difficult previous year 2008-09. There was significant slowdown in growth rate in the second half of 2008-09, due to the financial crisis that began in the developed economies and spread to the real economy across the world.

There have been few fiscal years in Indian history in which outlook at the start and at the end have been as different as the year 2009-2010. In April 2009, India seemed to be mired in an economic slowdown that had begun over a year ago in the industrialized nations that engulfed the world. During the two preceding quarters, India achieved an annualized growth rate of 5.8 per cent, much below the near 9 per cent the nation had continuously achieved for five years. A variety of stimulus packages were put in place in the second half of 2008-09, in the Interim Budget 2009-2010 and, again, three months later, in the main Budget for the year 2009-10. By the second quarter the economy showed signs of turning and now, India seems to be rapidly returning to the buoyant year preceding 2008.

With thrust on consumption, infrastructure spending and proper management of fiscal situation, the country is poised to post higher economic growth in due course.

3. CAPITAL MARKETS

Stock markets performed very well during the year. BSE Sensex was 17,527.77 as on March 31, 2010 against 9,709 as at 31.03.2009. Indian financial sector is healthy and is well placed to capitalise on growth opportunities in the domestic market.

4. OPPORTUNITIES

Companies have raised capital in recent times to expand and also to grow inorganically. Moreover, acquiring global brands, gaining access to overseas markets and leveraging new technologies for Indian markets have been the key drivers for outbound acquisitions by Indian companies. More merger and acquisition activities are envisaged in the coming years. Many large corporates have also announced their expansion cum new investment plans and are looking for opportunities to mobilise resources through equity placements with QIBs or by raising further debt. Corporates are also actively engaged in reducing cost of debt and your company is endeavoring to take up assignments in these areas to increase revenues.

5. THREATS

Indian Capital Market being interlinked to international financial markets is seriously affected by any global crisis. Your Company being a part of the market is continuously gearing itself to meet such unforeseen situations by cutting costs wherever possible.

6. FUTURE OURLOOK

Your company is actively engaged in increasing business in the areas of mergers and acquisitions, loan syndication and raising of equity capital for the companies. Outlook for the year as a whole appears positive.

In addition, the Company is in the process of jointly developing its property at Bondel Road, Kolkata and the project is likely to be completed in 3 to 4 years. It is expected that this real estate development will be highly beneficial to the company on its completion.

7. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

8. CAUTIONARY STATEMENT

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

Regd. Office: 'Vaibhav' 4F, 4 Lee Road,
Kolkata - 700 020
The 24th day of May, 2010

On behalf of the Board of Directors

(UTSAV PAREKH)
CHAIRMAN

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2009-10

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

Your Company believes that Corporate Governance is a reflection of our culture, policies, our relationship with stakeholders and commitment to value. Primary objective is to create and adhere to a corporate culture of conscience and consciousness, transparency, fairness, accountability, equity, ethical practices, develop capabilities and identify opportunities to enhance the long-term shareholder value while safeguarding the interest of all stakeholders.

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

I. Company philosophy on Corporate Governance

Your Company has implemented and is continuously improving the Corporate Governance practices for sustainable business that aims at generating long-term value to all its shareholders and other stake holders. Your directors and management take upon themselves to improve accountability and honour the responsibilities that arise from the trust placed in them by the investors. Your Company has implemented best practices for corporate governance that promote integrity, transparency and accountability with the objective of fulfilling expectation of the shareholders.

Compliance with clause 49 of the Listing Agreement

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

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

II. Board of Directors

As on March 31, 2010 the Company had 6 Directors with a Non- Executive Chairman and Managing Director. The Board of Directors of your Company comprises of 5 Non-Executive Directors. Among them, 3 are Independent Directors. Composition of the Board of your Company is in conformity with Clause 49 (as amended). Composition of the Board is given below:

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

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

** On completion of the three year term as a Whole-Time Director on 31st March, 2009, Mr. Kishor Shah was appointed Managing Director of the Company for a period of three years w.e.f. 1st April, 2009 in the Annual General Meeting held on September 12, 2009.

None of the Directors on the Board are members of more than 10 committees and Chairman of more than 5 Committees across all companies in which they are Directors. Necessary disclosures regarding Committee position in other public companies as on March 31, 2010 have been made by the Directors.

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

- i. approving corporate philosophy and vision;*
- ii. formulation of strategic and business plans;*
- iii. reviewing and approving financial plans and budgets;*
- iv. monitoring corporate performance against strategic and business plans, including overseeing operations;*
- v. ensuring ethical behavior and compliance of laws and regulations;*
- vi. reviewing and approving borrowing limits;*

- vii. *formulating exposure limits; and*
- viii. *keeping shareholders informed regarding plans, strategies and performance.*

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

Name of the Director	Category	Year 2009 – 2010 Attendance at Board Meetings	Year 2009 – 2010 Attendance at last AGM	No. of outside Directorships	No of other Board / Comm. of which he is a member	No of other Board / Committees of which he is a Chairman
*Utsav Parekh – Non Executive Chairman	Promoter Non-Executive	5	No	6	4	Nil
Ramesh Maheshwari	Independent	6	No	2	2	1**
Chandranath Mukherjee	Independent	6	Yes	1	1	Nil
Santosh Kumar Mukherjee	Independent	7	Yes	2	1	1
Ajay Kumar Kayan	Promoter Non-Independent	7	No	13	Nil	Nil
Kishor Shah ***	Managing Director	5	Yes	4	3	Nil

* Non- Executive Chairman since 1st April, 2009.

** Including Chairman of a company.

*** Managing Director since 1st April, 2009.

III. Board Meetings

Seven 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	June 29, 2009
Second	July 31, 2009, September 14, 2009
Third	October 29, 2009, December 3, 2009, December 26, 2009
Fourth	January 29, 2010

IV. Audit Committee

- (i) Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges read with Section 292A of the Companies Act, 1956.
- (ii) Audit Committee has been vested with the following powers:
- To investigate any activity within its terms of reference.
 - To seek information from any employee.
 - To obtain outside legal or other professional advice.
 - 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:
- 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 disclosed.
 - Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
 - Reviewing the financial statements, draft audit report, including quarterly / half-yearly financial information.
 - Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:
 - any change in accounting policies and practices;
 - major accounting entries based on exercise of judgment by management;
 - qualifications in draft audit report;

- (iv) significant adjustments arising out of audit;
 - (v) the going concern assumption;
 - (vi) compliance with accounting standards;
 - (vii) compliance with stock exchange and legal requirements concerning financial statements;
 - (viii) any related party transaction i.e. transaction of the Company of material nature with promoters or the management, their subsidiaries or relatives etc., that may have potential conflict with the interest of Company at large.
- e. Review of the Company's financial reporting process, the financial statements and financial / risk management policies.
 - f. Review of the adequacy of the internal control systems and functioning of the internal audit team.
 - g. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 - h. Discussion with the management and the external auditors, the audit plan for the financial year and joint post-audit review of the same.
 - i. To look into the reasons for substantial defaults in the payment to the depositors, debenture-holders, shareholders (in case of non-payment of declared dividends) and creditors.
- (iv) Audit Committee meetings are held at the registered office of the Company and are usually attended by the Director in charge of Finance, Chief Financial Officer, representatives of the Statutory Auditors and representatives of the Internal Auditors. The Company Secretary of the Company acts as Secretary of the Audit Committee.
 - (v) The composition of the Audit Committee and particulars of meetings attended by the members of the Audit Committee is given below:

Name	Category	No. of Meetings during the year 2009-10	
		Held	Attended
Mr. Chandranath Mukherjee - <i>Chairman</i>	Independent, Non-Executive	5	4
Mr. Santosh Kumar Mukherjee	Independent, Non-Executive	5	5
Mr. Utsav Parekh	Non-Independent, Non-Executive	5	4

- (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	June 29, 2009
Second	July 31, 2009
Third	October 29, 2009 , December 26, 2009
Fourth	January 29, 2010

V. Remuneration Committee

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

Name	Category	No. of Meetings during the year 2008-09	
		Held	Attended
Mr. Ramesh Maheshwari – Chairman	Independent, Non-Executive	2	1
Mr. Chandranath Mukherjee	Independent, Non-Executive	2	1
Mr. Santosh Kumar Mukherjee	Independent, Non-Executive	2	2

- (iv) Two meetings of the Remuneration Committee were held during the year on , 29th June, 2009 and 14th September, 2009.

(v) Employee Stock Option Scheme approved in the previous Annual General Meeting has been kept in abeyance for the present.

(vi) Details of Remuneration for the year ended March 31, 2010

a) Non-Executive Directors:

Name	No. of Board Meetings Attended	Sitting Fees for Board Meeting (Rs.)	No. of Audit Committee Meetings Attended	Sitting Fees for Audit Committee Meeting (Rs.)	No. of Remuneration Committee Meetings Attended	Sitting Fees for Committee Meeting (Rs.)	Commission	Total (Rs.)
Mr. Utsav Parekh	5	37,500	4	4,000	-	-	-	41,500
Mr. Ramesh Maheshwari	6	45,000	-	-	1	1,000	-	46,000
Mr. Chandranath Mukherjee	6	45,000	4	4,000	1	1,000	-	50,000
Mr. Santosh Kumar Mukherjee	7	52,500	5	5,000	2	2,000	-	59,500
Mr. Ajay Kumar Kayan	7	52,500	-	-	-	-	-	52,500

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

b) Executive Chairman and Managing Director / Whole-Time Director

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

Name	Salary, Benefits, Perquisites & Allowances	Commission	Stock Options
Mr. Kishor Shah	Rs. 2,950,355/-	NIL	NIL

Mr. Utsav Parekh, Non-Executive Chairman w.e.f. April 1, 2009 is not drawing remuneration from that date. Contract with Mr. Kishor Shah as Whole Time Director expired on 31st March, 2009. Mr. Kishor Shah has been appointed Managing Director w.e.f. April 1, 2009 and is drawing remuneration as recommended by the Remuneration Committee, Board of Directors and as approved by the shareholders at the Annual General meeting held on September 12, 2009.

VI. Shareholders / Investors Grievance Committee

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

VII. Share Transfer Committee

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

VIII. Committee of Directors

In addition to the above committees, the Board has constituted the Committee of Directors, which considers matters of extreme urgent nature. The Committee comprises of Mr. Utsav Parekh, Mr. Santosh Kumar

Mukherjee, Mr. Ajay Kumar Kayan and Mr. Kishor Shah. The Company Secretary is the Secretary of the Committee.

IX. General Body Meetings

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

YEAR	TYPE	DATE	VENUE	TIME	Whether Special Resolution passed
2008-09	AGM	12.09.2009	Registered Office: Vaibhav (4F), 4 Lee Road, Kolkata – 700 020.	10.00 A.M	Yes
2007-08	AGM	27.09.2008	Registered Office: Vaibhav (4F), 4 Lee Road, Kolkata – 700 020.	10.00 A.M	Yes
2006-2007	AGM	29.09.2007	Registered Office: Vaibhav (4F), 4 Lee Road, Kolkata – 700 020.	10.00 A.M	Yes

At the Annual General Meeting of the Company held on 29.09.2007 Special Resolution was passed for: (i) Appointment of Mr. Utsav Parekh as Executive Chairman; and (ii) Increase of Sitting Fee paid to Directors for attending Board Meeting. All resolutions were passed with requisite majority.

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

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

X. Disclosure by the Management to the Board

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

- Related party transactions viz., Promoters, Directors or the Management, their subsidiaries or relatives has been stated in Clause 11 of the Notes to Accounts in Schedule M.
- There were no significant instances of non-compliance on any matter related to the capital market, during the last three years.

XI. Subsidiary Company

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

Antriksh Vyapaar Private Limited became a subsidiary company w.e.f 15.03.2010. The Company holds 63.27% shares in Antriksh Vyapaar Private Limited.

XII. Compliance Certificate

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

XIII. Means of communication

Half-yearly report to each shareholder: Financial results of the Company are published in

Quarterly and half-yearly results:	newspapers Published in the newspapers : i) First Quarter ended June 30, 2009, unaudited results published in The Financial Express (English) and Dainik Lipi (Bengali) dated August, 2 2009. ii) Second Quarter and half-yearly results ended September 30, 2009 published in The Financial Express (English) and Dainik Lipi (Bengali) on October 31, 2009. iii) Third Quarter ended December 31, 2009 unaudited results published in The Business Standard (English) and Dainik Lipi (Bengali) on January 31, 2010. iv) Fourth Quarter ended March 31, 2010 audited results will be published as per Clause 41 of the listing Agreement.
Newspapers in which results are normally published:	The Financial Express (English), Dainik Lipi (Bengali).
Any website, where displayed:	The results are displayed on the Company's website at www.smifscap.com
Whether it also displays official news releases:	Yes. The web site also displays the official news releases.
Management's Discussions & Analysis forms part of this annual report:	Yes

XIV. General Shareholder's Information

(i) <u>Annual General Meeting</u>	
Date:	September 25,2010
Time :	10.00 a.m
Venue:	At the Registered office at 'Vaibhav' (4F), 4 Lee Road, Kolkata – 700 020
(ii) <u>Financial Calendar</u> :	April to March
(iv) <u>Dividend Payment date</u> :	If approved in the Annual General Meeting to be held on September 25, 2010 to be paid on or after September 27, 2010
(v) <u>Date of Book Closure</u> :	14.09.2010 to 25.09.2010 (both days inclusive)
(vi) <u>Listing on Stock Exchange:</u>	Equity shares of the Company are listed on The Calcutta Stock Exchange Limited and Bombay Stock Exchange Limited.
(vii) <u>Stock Code</u> :	508905 – Mumbai 29354 – Calcutta
(viii) <u>ISIN Number for NSDL / CDSL:</u>	INE641A01013

(ix) Market Price Information

The following table gives the monthly high and low prices of the Equity shares traded at BSE during the year 2009-2010:

Month	High Price	Low Price
Apr-09	37.6	31.2
May-09	33.45	27.65
Jun-09	43.5	32
Jul-09	41.3	34.75
Aug-09	39.9	35
Sep-09	40	33.65
Oct-09	45.4	33.65
Nov-09	39	32.45

Dec-09	37.4	32.1
Jan-10	43.25	33.6
Feb-10	43	39.35
Mar-10	40.9	34.4

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

(x) Registrar and Transfer Agents:

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

(xi) Corporate Filing and Dissemination System (CFDS)

Clause 51 of the Listing Agreement, which required the listed companies to file the data relating to quarterly financial results on the Electronic Data Information Filing and Retrieval (EDIFAR), has been deleted w.e.f. April 1, 2010. Instead, the companies are now required to upload the quarterly financial results under Corporate Filing and Dissemination System (CFDS) in accordance with Clause 52 of the Listing Agreement. The Company has taken necessary steps to register itself under the said system.

(xii) Share Transfer System:

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

(xiii) Distribution of shareholding as on March 31st, 2010:

Category	No. of shares held	% of shareholding
RESIDENT INDIVIDUALS	533253	9.5480
FINANCIAL INSTITUTIONS / BANK	101000	1.8084
FOREIGN INSTITUTIONAL INVESTORS	550000	9.8478
CORPORATE BODY-DOMESTIC	1606030	28.7561
INDIAN PROMOTERS:		
a) Individuals	840550	15.0501
b) Corporate Bodies	1499650	26.8514
NRIs / OVERSEAS CORP. BODIES (OCBs)	454517	8.1382
TOTAL	5585000	100

(xiv). Secretarial Audit for reconciliation of Capital:

The Securities and Exchange Board of India directed vide circular no. D&CC/FITTC/CIR-16/2002 dated December 31, 2002 to all issuer companies to submit a certificate of capital adequacy, 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 said certificate, duly certified by a Company Secretary in Practice is submitted to the stock exchanges where the securities of the Company are listed within 30 days of the end of each quarter and the certificate is also placed before the Board of Directors of the Company.

(xv). Policy on Insider Trading:

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

unpublished price sensitive information in relation to the Company during certain prohibited periods. The Code is available on the Company's website.

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

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

(xvii) Plant location:

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

(xviii) Investor Correspondence:

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

Mr. S. Jhajharia
Senior Vice-President & CFO

SMIFS Capital Markets Limited

Vaibhav, 4 F, 4 Lee Road,
Kolkata – 700 020
Telephone: (033) 2290 7400/ 7401
Fax: (033) 2287 4042
E-mail: smifscap@vsnl.com

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

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

SMIFS Capital Markets Limited

Vaibhav, 4 F, 4 Lee Road,
Kolkata – 700 020
Telephone: (033) 2290 7400/ 7401
Fax: (033) 2287 4042
E-mail: smifscap@vsnl.com

(xix) Other Information:

a) Compliance

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

b) Code of Conduct

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

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

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

As the Chief Executive Officer of SMIFS Capital Markets Limited and as required by Clause (49)(I)(D)(ii) of the Indian Stock Exchange Listing Agreement, I hereby declare that all the Board members and the senior management personnel of the Company have affirmed compliance with the Company's Code of Business Conduct and ethics for the Financial Year 2009-10.

(Kishor Shah)

Date: _____

Managing Director

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

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

Mr. Ajay Kumar Kayan is a Commerce graduate from the University of Calcutta. He was appointed as Additional Director on 30.06.2007. His directorship in other companies is given below:

- (i) Andaman Plantation & Development Corporation Pvt. Ltd.
- (ii) Mackertich Consultancy Services Private Limited
- (iii) Pee Ile Investment Ltd.
- (iv) BullsEye FinAdvisors Ltd.

- (v) BullsEye Insurance Brokerage Ltd.
- (vi) BullsEye Insurance Advisors Limited
- (vii) Stewart & Mackertich Advisory and Brokers Ltd.
- (viii) Stewart & Mackertich Financial Distribution Ltd.
- (ix) Stewart & Mackertich Commodities Ltd.
- (x) Chengmari Tea Company Ltd.
- (xi) Globsyn Technologies Limited
- (xii) Netwoth Stock Broking Limited
- (xiii) Salveo Life Sciences Limited

xxi) Non – Mandatory Requirements

Whistle Blower Policy

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

On behalf of the Board of Directors

Regd. Office: ‘Vaibhav’ 4F, 4 Lee Road,
Kolkata - 700 020
The 24th day of May, 2010

(UTSAV PAREKH)
CHAIRMAN

Annexure to Directors’ Report

Information as per Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors’ Report for the year ended March 31, 2010

Sl. No.	Name	Age (years)	Designation	Gross Remuneration	Net Remuneration	Qualification	Experience (years)	Date of Joining	Previous Employment
1	Mr. Kishor Shah	53	Managing Director	2,950,355/-	2,755,955/-	B. Com (Hons), ACA, ACS ACMA (U.K.)	28	01/04/2006	Whole-Time Director of SMIFS Capital Services Ltd.

Notes:

1. The appointments are contractual for a period of 3 years each.
2. Gross Remuneration includes salary & other allowances, benefits. Employers’ Contribution to Employees Provident Fund.
3. Net Remuneration excludes Employers Contribution to Provident Fund of Rs. 194,400/-
4. In addition to above, gratuity and medical benefit are in accordance with the company rules.

On behalf of the Board of Directors

Regd. Office: ‘Vaibhav’ 4F, 4 Lee Road,
Kolkata - 700 020
The 24th day of May, 2010

(UTSAV PAREKH)
CHAIRMAN

SMIFS CAPITAL MARKETS LIMITED

Balance Sheet as at 31st March, 2010

SCH	As at	As at		
No.	Rs.	Rs.	Rs.	Rs.
	<u>31st March, 2010</u>		<u>31st March, 2009</u>	
<u>SOURCES OF FUNDS</u>				
Shareholders' Funds				
a. Share Capital	A	55,850,000	55,850,000	
b. Reserve and Surplus	B	<u>640,035,251</u>	<u>598,645,952</u>	
		695,885,251		654,495,952
Loan Funds				
a. Secured Loans	C	2,878,177	2,138,926	
b. Unsecured Loans	D	<u>21,127,520</u>	<u>20,301,320</u>	
		<u>24,005,697</u>	<u>22,440,246</u>	
		<u>719,890,948</u>	<u>676,936,198</u>	
<u>APPLICATION OF FUNDS</u>				
Fixed Assets				
a. Gross Block	E	167,354,209	167,079,190	
b. Less: Depreciation		140,229,290	138,934,467	
Lease Terminal Adjustment Account		<u>1,709,528</u>	<u>1,709,528</u>	
c. Net Block		25,415,391	26,435,194	
d. Capital Work in Progress		<u>58,905,074</u>	<u>48,337,394</u>	
		84,320,465		74,772,588
Investments				
	F	178,947,346		170,835,223
Current Assets, Loans & Advances				
a. Current Assets	G	185,505,528	44,036,202	
b. Loans & Advances		<u>328,576,624</u>	<u>461,161,894</u>	
		<u>514,082,152</u>	<u>505,198,096</u>	
Less: Current Liabilities & Provisions				
a. Current Liabilities	H	120,247,639	129,382,061	
b. Provisions		<u>26,428,280</u>	<u>16,462,358</u>	
		<u>146,675,919</u>	<u>145,844,419</u>	
Net Current Assets		367,406,233		359,353,677
Net Deferred Tax Assets		89,216,904		71,974,710
		<u>719,890,948</u>	<u>676,936,198</u>	
ACCOUNTING POLICIES AND NOTES ON ACCOUNTS				
Schedules referred to above form an integral part of the Balance Sheet				
In terms of our attached report of even date				
For and on behalf of the board of Directors				
In terms of our attached report of even date				
For J. S. VANZARA & ASSOCIATES		(Utsav Parekh)	(Kishor Shah)	
Chartered Accountants		Chairman	Managing Director	
FRN. 318143E				
(AUROBINDA PANDA)		(S. C. Pal)	(S. Jhaharia)	
Partner		Company Secretary	Senior Vice President & CFO	
Membership no. 064888		Cum Vice President (Legal)		
Kolkata				
The 24th day of May 2010				

SMIFS CAPITAL MARKETS LIMITED

Profit & Loss Account for the year ended 31st March, 2010

	SCH No.	For the year ended 31st March 2010		For the year ended 31st March 2009	
		Rs.	Rs.	Rs.	Rs.
INCOME					
Sales			278,736,722		254,473,685
Capital Market Operations			(47,153,310)		(104,121,173)
Investment Banking Operations(Net)			119,995,567		15,503,591
Other Income	I		3,899,478		39,810,897
Increase / (Decrease) in Stock	J		(2,026,785)		(374,802)
			353,451,672		205,292,197
EXPENDITURE					
Purchases			274,612,464		251,037,542
Operating & Administration Expenses	K		76,323,687		32,001,784
Interest	L		654,711		918,518
Depreciation			2,637,984		2,754,430
Provision against Investment /sub-standard assets			(40,977,774)		(89,070,893)
			313,251,072		197,641,381
PROFIT/ (LOSS) BEFORE TAX			40,200,600		7,650,816
Provision for Taxation (Including Wealth Tax & STT)		114,815		603,501	
Short / (Excess) provision of Tax for earlier years		6,169,782		4,299,741	
Fringe Benefit Tax		0		463,231	
Deferred Tax for the year		(17,242,194)		(272,647)	
			(10,957,597)		5,093,826
PROFIT / (LOSS) AFTER TAX			51,158,197		2,556,990
(Debit) / Credit balance brought forward			109,920,952		107,363,962
Amount available for Appropriation			161,079,149		109,920,952
Appropriations					
Proposed Dividend 15%			8,377,500		0
Tax on Proposed Dividend			1,391,398		0
Transferred to General Reserve			110,000,000		0
Balance Carried to Balance Sheet			41,310,251		109,920,952
			161,079,149		109,920,952
Earning Per Share (Basic & Diluted)					
(Nominal Value of shares Rs.10/-)			9.16		0.46

ACCOUNTING POLICIES AND

NOTES ON ACCOUNTS

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

For and on behalf of the board of Directors

For J. S. VANZARA & ASSOCIATES

Chartered Accountants
FRN. 318143E

(Utsav Parekh)
Chairman

(Kishor Shah)
Managing Director

(AUROBINDA PANDA)

Partner
Membership no. 064888
Kolkata
The 24th day of May 2010

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

(S. Jhajharia)
Senior Vice President & CFO

Schedules Annexed to and forming part of Accounts as at 31st March, 2010

	As at <u>31st March 2010</u>		As at <u>31st March 2009</u>	
	Rs.	Rs.	Rs.	Rs.
<u>SCHEDULE 'A'</u>				
SHARE CAPITAL				
Authorised:				
30,000,000 Equity shares of Rs. 10 each		300,000,000		300,000,000
2,000,000 Preference Shares of Rs. 100 each		<u>200,000,000</u>		<u>200,000,000</u>
		<u>500,000,000</u>		<u>500,000,000</u>
Issued, Subscribed & Paid up:				
5,585,000 Equity Shares of Rs 10 each, fully paid		55,850,000		55,850,000
Out of the above shares, 2,400,000 shares of Rs. 10 each fully paid up has been issued by way of Bonus Shares by capitalisation of General Reserves				
		<u>55,850,000</u>		<u>55,850,000</u>
<u>SCHEDULE 'B'</u>				
RESERVES & SURPLUS				
Capital Redemption Reserve				
As per last Balance Sheet		40,000,000		40,000,000
Securities Premium Account:				
As per last Balance Sheet		433,725,000		433,725,000
General Reserve:				
As per last Balance Sheet	15,000,000		15,000,000	
Add: Transferred During the year	<u>110,000,000</u>		<u>0</u>	
		125,000,000		15,000,000
Profit & Loss Account				
Transferred from Profit & Loss A/c		41,310,251		109,920,952
		<u>640,035,251</u>		<u>598,645,952</u>
<u>SCHEDULE 'C'</u>				
SECURED LOANS				
Loans from Banks				
Vehicles Loans[Payable within One year Rs.1,058,137(Rs.992,831)]		2,878,177		2,138,926
		<u>2,878,177</u>		<u>2,138,926</u>
<u>SCHEDULE 'D'</u>				
UNSECURED LOANS				
From Bodies Corporate (Short Term)		21,127,520		20,301,320
		<u>21,127,520</u>		<u>20,301,320</u>

Schedules to the Balance Sheet

SCHEDULE - 'E'

FIXED ASSETS

Particulars	Gross Block (Cost)				Depreciation				Lease Terminal Adjustment		Net Block	
	Rs.				Rs.						Rs.	
	As on 01.04.2009	Additions	Deductions	As on 31.03.2010	As on 01.04.2009	For the year	Adj. during the year	As on 31.03.2010	As on 31.03.2010	As on 31.03.2009	As on 31.03.2010	As on 31.03.2009
A. Assets on Lease												
Plant & Machinery	115,120,589	0	0	115,120,589	112,601,142	0	0	112,601,142	1,709,528	1,709,528	809,919	809,919
Sub Total (A)	115,120,589	0	0	115,120,589	112,601,142	0	0	112,601,142	1,709,528	1,709,528	809,919	809,919
<i>Previous Year</i>	128,762,014	0	13,641,425	115,120,589	126,106,153	0	13,505,011	112,601,142	1,709,528	0	809,919	
B. Other Assets												
Buildings	27,428,404	0	1,200,000	26,228,404	8,287,443	732,705	654,561	8,365,587	0	0	17,862,817	19,140,961
Furniture and Fixtures	6,169,002	0	0	6,169,002	5,492,960	122,364	0	5,615,324	0	0	553,679	676,043
Office Equipment	2,166,038	0	0	2,166,038	1,585,177	80,798	0	1,665,975	0	0	500,063	580,861
Vehicles	10,168,424	2,673,948	1,331,893	11,510,479	6,007,594	1,436,992	688,600	6,755,986	0	0	4,754,494	4,160,831
Electrical Installations	1,206,229	0	0	1,206,229	994,575	29,441	0	1,024,016	0	0	182,214	211,655
Computers	2,338,700	132,964	0	2,471,664	1,952,129	170,535	0	2,122,664	0	0	349,000	386,571
Air Conditioners	2,481,802	0	0	2,481,802	2,013,448	65,148	0	2,078,596	0	0	403,206	468,354
Sub Total (B)	51,958,601	2,806,912	2,531,893	52,233,620	26,333,326	2,637,984	1,343,161	27,628,148	0	0	24,605,472	25,625,275
<i>Previous Year</i>	93,838,473	7,087,226	886,990	100,038,709	22,336,546	2,709,412	452,526	24,593,431	0	0	75,445,278	
C. Capital Work-in-progress												
	48,337,394	10,567,680	0	58,905,074	0	0	0	0	0	0	58,905,074	48,337,394
Sub Total (C)	48,337,394	10,567,680	0	58,905,074	0	0	0	0	0	0	58,905,074	48,337,394
<i>Previous Year</i>	0	48,337,394	0	48,337,394	0	0	0	0	0	0	48,337,394	
Total (A+B+C)	215,416,584	13,374,592	2,531,893	226,259,283	138,934,467	2,637,984	1,343,161	140,229,290	1,709,528	1,709,528	84,320,465	74,772,589
<i>Previous Year</i>	270,937,881	17,654,906	14,528,415	274,064,372	148,442,699	2,709,412	13,957,537	137,194,573	1,709,528	0	124,592,591	

Notes :

i) Provision to the extent of Rs. 809,919 (Rs.809,919) has been made against doubtful leased assets as at 31.03.2010

Schedules Annexed to and forming part of Accounts as at 31st March, 2010

	As at 31st March 2010		As at 31st March 2009	
	Quantity Nos.	Amount Rs.	Quantity Nos.	Amount Rs.
SCHEDULE 'F'				
INVESTMENTS (at cost)				
IN BODIES CORPORATE				
Equity Shares of Rs.10 each (Unless otherwise stated)				
<u>Fully paid up : Quoted</u>				
Aravali Securities Ltd.	100	60	100	60
Asian Vegipro Industries Ltd.	300,000	300,000	300,000	300,000
Coventry Springs & Engg.Co.Ltd.	52,323	175,282	52,323	175,282
Mangalam Cement Limited	7,621	603,028	366,000	23,483,647
Melstar Information Technologies Ltd.	300	63,675	300	63,675
Moulik Finance & Resorts Ltd.	7,100	71,000	7,100	71,000
Neogem India Limited	132,800	597,600	132,800	597,600
Nicco-Uco Alliance Credit Ltd.	114	650	114	650
Punsumi Foils & Components Ltd.	15,800	19,750	15,800	19,750
PTC Industries Ltd.	1,000	16,850	1,000	16,850
Kanko Enterprises Ltd.	150,000	1,500,000	500,000	5,000,000
R.S.Software India Limited	77,150	5,014,750	77,150	5,014,750
Shez Leather Ltd.	35,900	359,000	35,900	359,000
Swad Industries & Leasing Ltd.	141	268	141	268
Texmaco Ltd.	0	0	6,810	598,173
VCK Capital Markets Services Ltd.	200	220	200	220
<u>Partly Paid up: Quoted</u>				
Malvika Steels Ltd. (Paid up Rs. 2.50 each)	91,200	912,000	91,200	912,000
<u>Fully paid up : Unquoted</u>				
Andaman Plantations.& Development Corporation Ltd.	64,880	6,488,000	64,880	6,488,000
Antriksh Vyapaar Pvt Ltd	3,359,375	107,500,000	0	0
Bhatpara Papers Limited	44	391	44	391
C. Mackertich Ltd.	4,250,000	42,500,000	4,250,000	42,500,000
Exquisite Exports Ltd.	5,000	50,000	5,000	50,000
Fortune Biotech Limited	40,000	178,000	0	0
Spencer Retails Limited	5,329	969,612	5,329	969,612
Gujarat Securities Ltd.	20	200	20	200
Kamal Overseas Ltd.	250,000	19,812,500	0	0
Manson And Summers Alcobev Pvt.Ltd.	125,000	19,500,000	0	0
North East Publising & Advertising Co.Ltd.	5,045,400	504,540	0	0
Patriot Automation Projects Ltd.(Bonus)	65,350	0	65,350	0
Patriot Automation Projects Ltd.	2,000,000	500,000	2,000,000	500,000
Sheory Digital Systems Pvt.Ltd.	590,000	129,800	590,000	129,800
Stewart & Mackertich Wealth Management Ltd.	0	0	10,300,000	103,000,000
Smifs Finance Limited	240,000	3,360,000	240,000	3,360,000
Sukhraj Vinimay Pvt.Ltd.	50,000	252,500	0	0
Vaibhav Services Pvt. Ltd.	4,580	45,800	4,580	45,800
Zoom Export Ltd.	200,000	2,000,000	200,000	2,000,000
<u>Partly Paid up: Unquoted</u>				
Smifs Finance Limited [Paid up Rs. 7.50 (Rs.7.50) each]	1,511,600	15,174,000	1,511,600	15,174,000

Schedules Annexed to and forming part of Accounts as at 31st March, 2010

	Aa at 31st March 2010		Aa at 31st March 2009	
	Quantity Nos.	Amount Rs.	Quantity Nos.	Amount Rs.
<u>Fully paid up : Unquoted</u> <u>(Wholly owned Subsidiary Company)</u>				
Smifs Capital Services Ltd.	7,500,070	75,000,700	7,500,070	75,000,700
Preference Share of Rs. 100/- each				
<u>Fully paid up : Unquoted</u>				
12% Andaman Plantations.& Development Corporation Ltd.	140,000	4,100,000	140,000	4,100,000
Non-cummulative Preference Share				
8.00% DIGJAM Ltd.	131,000	13,100,000	131,000	13,100,000
Non-cummulative Preference Share				
Sub Total :	<u>26,449,397</u>	<u>320,800,176</u>	<u>28,594,811</u>	<u>303,031,428</u>
<u>Preferential Warrant</u>				
<u>Partly paid up : Unquoted</u>				
Southern Online Biotech Ltd. (Unsecured Optionally Fully Convertible)	0	0	800,000	3,416,000
Sub Total :	<u>0</u>	<u>0</u>	<u>800,000</u>	<u>3,416,000</u>
<u>In Government Securities : Listed</u>				
	Face Value Rs.	Amount Rs.	Face Value Rs.	Amount Rs.
6.05% Govt.of India Loan - 2019 *	500,000	521,065	500,000	521,065
Sub Total :	<u>500,000</u>	<u>521,065</u>	<u>500,000</u>	<u>521,065</u>
Less:Provision For Diminution in Value of Investment		142,373,895		136,133,270
Total :	<u>26,949,397</u>	<u>178,947,346</u>	<u>29,894,811</u>	<u>170,835,223</u>
Aggregated of unquoted Investments - at book value		169,313,213		68,201,908
Aggregated of Quoted Investments - at book value		9,634,133		102,633,315
Aggregated of Quoted Investments - at market value		7,235,617		114,685,277

Schedules Annexed to and forming part of Accounts as at 31st March, 2010

	As at 31st March 2010 Rs.	Rs.	As at 31st March 2009 Rs.	Rs.
SCHEDULE 'G'				
CURRENT ASSETS, LOAN & ADVANCES				
A. CURRENT ASSETS				
Interest Accrued on Govt. Securities		10,833		10,833
Stock in trade: Shares & Securities		1,646,591		3,673,376
Sundry Debtors				
Exceeding six months				
- Considered good	28,445,910		29,281,893	
- Considered doubtful	377,723		46,096,122	
Less : Provision for doubtful debts.	<u>377,723</u>		<u>46,096,122</u>	
	28,445,910		29,281,893	
Other Debts				
- Considered Good	<u>141,337,483</u>		<u>1,140,682</u>	
		169,783,393		30,422,575
CASH & BANK BALANCES:				
Cash and Cheques on hand	268,482		2,530,410	
With Scheduled Banks				
In Current Accounts	6,918,932		1,325,613	
In Dividend Accounts	430,752		103,000	
In Deposit Accounts (Including accrued interest)	<u>6,446,545</u>		<u>5,970,395</u>	
(Certificate Pledged with Bank / Sales Tax)		14,064,711		9,929,418
		<u><u>185,505,528</u></u>		<u><u>44,036,202</u></u>
B. LOANS & ADVANCES				
LOANS				
Considered Doubtful	875,000		875,000	
Less : Provision for doubtful loans	<u>875,000</u>		<u>875,000</u>	
		0		0
To Staff (Considered Good)		1,255,490		1,525,347
[Secured by charge against property Rs.730,593 (Rs.1,102,971)]				
ADVANCES				
(Recoverable in cash or in kind or for value to be received)				
To Others				
- Considered good	98,145,223		126,886,098	
- Considered doubtful	8,500,000		10,000,000	
Less: Provision for doubtful advances	<u>8,500,000</u>		<u>10,000,000</u>	
		98,145,223		126,886,098
Income Tax Payments		34,682,547		21,661,464
Security & other deposits	3,007,241		3,093,615	
Less: Provision for doubtful advances	<u>700,000</u>		<u>700,000</u>	
		2,307,241		2,393,615
Service Tax Input Credit		186,123		1,195,369
Share Application Money paid		<u>192,000,000</u>		<u>307,500,000</u>
		<u><u>328,576,624</u></u>		<u><u>461,161,894</u></u>
		<u><u>514,082,152</u></u>		<u><u>505,198,096</u></u>
SCHEDULE 'H'				
CURRENT LIABILITIES AND PROVISIONS				
A. CURRENT LIABILITIES				
Sundry Creditors		13,842,518		6,976,235
Deposit received		140,000		608,000
Other Liabilities		18,913,150		14,764,146
Advances against Shares & Securities / Others		30,000,000		47,948,843
Advances from Subsidiary Company		56,921,219		58,981,837
Unclaimed dividend		<u>430,752</u>		<u>103,000</u>
		<u><u>120,247,639</u></u>		<u><u>129,382,061</u></u>
B. PROVISIONS				
- for Proposed Dividend		8,377,500		0
- for Tax on Proposed Dividend		1,391,398		0
- for Fringe Benefit Tax		946,615		946,615
- for Doubtful and Sub Standard assets		809,918		809,919
- for Taxes (Including for Wealth Tax)		13,776,598		13,721,818
- for Leave Salary		<u>1,126,251</u>		<u>984,007</u>
		<u><u>26,428,280</u></u>		<u><u>16,462,358</u></u>
		<u><u>146,675,919</u></u>		<u><u>145,844,419</u></u>

Schedules Annexed to and forming part of Accounts as at 31st March, 2010

	For the year ended 31st March 2010		For the year ended 31st March 2009	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 'I'				
OTHER INCOME				
Miscellaneous Income		1,293,548		36,500,682
Rent		103,161		936,000
Profit on Sale of Fixed Assets		1,711,268		90,895
Dividend Income : - Investments	788,294		2,283,320	
-Trading	<u>3,207</u>		<u>0</u>	
		<u>791,501</u>		<u>2,283,320</u>
		<u>3,899,478</u>		<u>39,810,897</u>

SCHEDULE 'J'

INCREASE / (DECREASE) IN STOCK

Closing Stock		1,646,591		3,673,376
Less : Opening Stock		<u>3,673,376</u>		<u>4,048,178</u>
		<u>(2,026,785)</u>		<u>(374,802)</u>

	For the year ended 31st March 2010		For the year ended 31st March 2009	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 'K'				
OPERATING & ADMINISTRATIVE EXPENSES				
Expenses on personnel :				
Salaries, Bonus & Allowances	11,481,481		14,117,318	
Contribution to Provident & other Funds (Including Administrative Charges)	893,916		992,563	
Training, Development & Recruitment Exp.	20,423		20,650	
Staff Welfare	<u>981,123</u>		<u>1,578,080</u>	
		13,376,943		16,708,611
Group Gratuity Scheme		564,800		325,000
Telephone Charges		1,334,071		1,207,890
Printing & Stationeries		1,998,278		1,827,479
Professional, Legal & Consultancy Charges		1,282,616		1,242,216
Business Promotion Expenses		167,523		317,581
Rent		574,580		1,168,292
Repairs & Maintenance				
- Building		402,296		404,197
- Plant & Machinery		129,745		94,975
- Others		211,334		446,557
Advertisement		311,411		159,535
Electricity		380,506		287,790
Vehicle Expenses		1,039,072		1,376,834
Subscription & Membership Fees		420,518		500,269
Miscellaneous Expenses		1,336,379		1,686,586
Bad Debt.		45,361,328		0
Rates & Taxes		405,401		511,794
Travelling Expenses		6,319,703		3,257,077
Directors Fees		249,500		184,000
Insurance		72,683		110,104
Donation		200,000		0
Auditor's Remuneration		<u>185,000</u>		<u>185,000</u>
		<u>76,323,687</u>		<u>32,001,784</u>

SCHEDULE 'L'

INTEREST

<u>Interest Paid</u>				
- Banks	357,621		319,643	
- Others	918,000		1,195,376	
	<u>1,275,621</u>		<u>1,515,019</u>	
<u>Less : Received</u>				
- Debentures	0		0	
- Govt. Securities - Investments	30,250		30,250	
- Others	<u>590,660</u>		<u>566,251</u>	
	<u>620,910</u>		<u>596,501</u>	
		654,711		918,518
		<u>654,711</u>		<u>918,518</u>

SCHEDULE 'M':

A. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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

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

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

(b) Fixed Assets

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

(c) Depreciation

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

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

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

(d) Lease Equalisation Charges:

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

(e) Investments

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

(f) Stock-in-trade

Stock-in-trade consisting of shares and securities has been individually valued script wise at lower of cost and market rate, in case they are quoted. Other Stock-in-trade are valued at cost / net asset value whichever is lower or where balance sheet of investee Company is not available for past two years, value of such unquoted Stock-in-trade have been taken at rupee one per share as per prudential norms issued by the Reserve Bank of India.

(g) Revenue recognition

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

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

(h) Retirement Benefits

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

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

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(i) Income Taxes

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

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

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

(j) Contingencies

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

(k) Impairment of Assets

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

(l) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered probable. Contingent liabilities are shown by way of Notes to the accounts in respect of obligations where, based on the evidence available, their existence at the balance Sheet date is considered not probable. Contingent assets are not recognised in the Accounts.

B. NOTES FORMING PART OF THE ACCOUNTS

1. Contingent Liabilities not provided for:
 - a. Sales Tax demand net of payment under appeal Rs.91,125 (Rs. 91,125).
 - b. Wealth Tax demand raised for Assessment Years 2003-04 to 2007-08 aggregating Rs 83,773/- for which an appeal has been preferred.
 - c. Uncalled liabilities on partly paid shares Rs.6,813,000 (Rs. 6,813,000)
 - d. Employees State Insurance Rs.142,274 (Rs. 142,274).
 - e. Guarantees given to banks on behalf of others Rs.168,500,000 (Rs. 168,500,000).
2. The Company applied to the Government of West Bengal for exemption from the provision of Employees State Insurance Act, 1948, since the medical facilities / benefits provided by the Company to the Employees are superior to those covered by E.S.I. Scheme. Government of West Bengal, Labour Department in consultation with Employees State Insurance Corporation granted exemption for one year effective from 25th November, 1997. Prayer seeking exemption on permanent basis with retrospective effect is pending with the Government of West Bengal. The Employees State Insurance Corporation has raised demand for the period from June 1991 to 24th November 1997 amounting to Rs. 142,274. The Company has filed a petition against the demand before E.S.I. Court and the same has been partly heard.
3. The Company applied to the Securities and Exchange Board of India (SEBI) for renewal of its registration as a Category I Merchant Banker under SEBI (Merchant Banker) Regulations, 1992. Pursuant to the SAT Order dated 24.02.2010, application for renewal of registration as Category I Merchant Banker filed by the Company is under consideration.
4. Balances lying as sundry debtors, creditors and loans & advances are subject to confirmation to be received from the concerned parties.
5. Physical verification of investments has been done by the management and a certificate in this regard has been issued to the auditors.
6. Suitable provisions have been made against sundry debtors, loans and advances which are considered doubtful. In certain cases legal proceedings have been initiated for recovery of the dues.
7. Although legally all debtors are unsecured, the Company, in the case of debts arising from lease transactions, has recourse to the assets given to the lessees.

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8. Expenses on Personnel includes Managing Director's/Whole Time Director's Remuneration

	2009-2010	2008-2009
	<u>(Rs.)</u>	<u>(Rs.)</u>
Salaries & Allowances	2,755,955	2,525,100
Contribution to Provident Fund	194,400	140,400
Total	2,950,355	2,665,500

Note:-

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

9. Chairman/ Executive Chairman's Remuneration:

	2009-2010	2008-2009
	<u>(Rs.)</u>	<u>(Rs.)</u>
Salaries & Allowances	719,593	2,670,313
Contribution to Provident Fund	-	180,720
Total	719,593	2,851,033

Note:-

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

10. Auditor's remuneration includes:

	2009-2010	2008-2009
	<u>(Rs.)</u>	<u>(Rs.)</u>
Audit Fees	175,000	175,000
Tax Audit	10,000	10,000
Total	185,000	185,000

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

12. **Related Party Disclosures**

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

- a. Subsidiary Companies:
SMIFS Capital Services Limited
Antriksh Vyapaar Pvt Ltd
- b. Key Management Personnel:
Mr. Utsav Parekh, Chairman
Mrs Nilangi Parekh Wife of Chairman
Mr. Kishor Shah, Managing Director
Mr. Ajay Kayan, Director
- c. Entities over which Key Management Personnel / their relatives are able to exercise significant influence and where there have been actual transactions during :
Stewart & Co.
SMIFS Finance Limited

SMIFS CAPITAL MARKETS LIMITED

Stewart & Mackertich Wealth Management Ltd
S & M Advisory & Broking Pvt. Ltd.
Mackertich Consultancy Services Pvt. Ltd.
C. Mackertich Ltd.

Disclosure of transactions between the Company and related parties and their outstanding balances on 31st March 2010.

	<u>Entities where control exists (Subsidiary Companies)</u>	<u>Key Management Personnel</u>	<u>Entities where significant Influence exists</u>
Purchase of Shares & Securities	- (2,500,000)	- (-)	2,574,396 (14,488,134)
Sale of Shares & Securities	- (-)	19,440,000 (-)	42,590,868 (62,338,130)
Directors' Sitting Fee	- (-)	94,000 (-)	- (-)
Expenses Reimbursed	- (-)	- (-)	26,978 (44,818)
Director's Remuneration	- (-)	2,950,355 (2,665,500)	- (-)
Chairman's/ Executive Chairman's Remuneration	- (-)	719,593 (2,851,033)	- (-)
<u>Balance at the end of the year</u>			
- Creditors / Payables	56,921,219 (58,981,837)	- (3,026,758)	5,098,215 (5,438,666)
- Debtors / Receivable	71,671,365 (-)	- (-)	377,723 (5,321,817)
- Advances	- (-)	- (-)	12,462,871 (51,759,938)
- Investments	- (-)	- (-)	18,534,000 (18,534,000)

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13.

Stock in trade : Shares & Securities (At Cost or market value whichever is lower)	As at 31st March,2010		As at 31 st March,2009	
	Quantity	Amount	Quantity	Amount
	No.	Rs.	No.	Rs.
Equity share : Quoted				
Rs. 10/- each (Un less other wise stated)				
Fully paid up				
Avon Industries Ltd.	9,800	19,600	9,800	19,600
CESC Ltd.	758	34,959	758	34,959
General Exports & Credits Ltd.	45,900	45,900	45,900	45,900
Gillanders Arbutnot Limited	88	8,039	88	7,071
H B Estate Developers Ltd.	25	451	25	451
H.B.Portfolio Ltd.	25	451	25	451
ITC Hotels Ltd.	100	5,974	100	5,974
KHSL Industries Ltd.	27,000	9,450	27,000	9,450
Kilburn Office Automation Ltd.	16,400	107,092	16,400	53,792
Lloyds Finance Ltd.	50	25	50	25
Madras Spinners Ltd.	4,000	8,000	4,000	98,000
PTC Industries Ltd.	29,000	29,000	29,000	29,000
Sellalids Publications (I) Ltd.	3,400	34,000	3,400	16,592
Siddhi Vinayak Metal Ltd.	400	500	400	500
Sinclairs Hotels & Transportation Ltd.	40	7,118	40	5,760
T & I Global Ltd.	146,100	879,522	146,100	879,522
ENSO Secutrack Ltd.(Tyche Peripherals Ltd.)	2,500	25,000	2,500	25,000
Vipras Corporation Ltd.	500	750	500	750
Worldlink Finance Ltd.	100	140	100	140
Partly paid up				
Metropoli Overseas Ltd *	29,800	149,000	29,800	149,000
(Paid up Rs. 5 each)				
<i>Sub Total :</i>	315,986	1,364,971	315,986	1,381,936
Govt.Securities/ Bonds: Quoted				
Fully paid up				
07.46% Govt.of India Loan- 2017	100	10,745	100	10,745
07.77% MSDL - 2015	0	0	11,000	1,157,179
10.47% Govt.of India Loan - 2015	0	0	8,000	953,539
8.36 % Tamilnadu State loan-2019	1,000	100,898	0	0
<i>Sub Total :</i>	1,100	111,643	19,100	2,121,463

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Unquoted:

Fully paid up Rs. 10/- each

Procam International Ltd.	19,977	19,977	19,977	19,977
Software Frontiers Ltd.	50,000	50,000	50,000	50,000
Tata Ceramics Ltd.(F.V.Rs.2/-)	100,000	100,000	100,000	100,000
<i>Sub Total :</i>	<u>169,977</u>	<u>169,977</u>	<u>169,977</u>	<u>169,977</u>
Total :	487,063	1,646,591	505,063	3,673,376

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

	<u>Purchases</u>		<u>Sales</u>	
	Qty. (Nos.)	Rs.	Qty. (Nos.)	Rs.
Shares / Mutual Fund Units	-	-	-	-
	(100,800)	(2,855,304)	(106,778)	(3,362,317)
Bonds / Govt. Securities	-	248,182,238	-	250,964,137
	(-)	(248,182,238)	(-)	(250,964,137)
Total	-	274,612,464	-	278,683,323
	(100,800)	(251,037,542)	(106,778)	(254,326,454)

	<u>Opening Stock</u>		<u>Closing Stock</u>	
	Qty. (Nos.)	Rs.	Qty. (Nos.)	Rs.
Shares / Mutual Fund Units	485,963	1,551,913	485,963	1,534,948
	(491,941)	(1,619,278)	(485,963)	(1,551,913)
Bonds / Govt. Securities	19,100	2,121,463	1,100	111,643
	(12,351)	(2,428,900)	(19,100)	(2,121,463)
Total	505,063	3,673,376	487,063	1,646,591
	(504,292)	(4,048,178)	(505,063)	(3,673,376)

15. Prudential Norms:

- a) Interest for the year amounting to Rs. 140,000 (Rs. 140,000) has not been recognized as the interest has become past due for more than six months.
- b) Provision against Investment/substandard assets amounting to Rs.40,977,774 has been reversed (Rs. 89,070,893) during the year

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

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

SMIFS CAPITAL MARKETS LIMITED

17. Earning Per Share

	<u>2009-2010</u>	<u>2008-2009</u>
Net Profit / (Loss) attributable to shareholders	Rs.51,158,196	Rs. 2,556,990
Weighted average number of equity shares in issue	5,585,000	5,585,000
Earning per share of Rs. 10/- each (Basic & Diluted)	Rs.9.16	Rs. .0.46

18. Segment Reporting: Information about Primary Business Segments

	<u>2009-2010</u>	<u>2008-2009</u>
<u>Segment Revenue</u>		
a) Capital Market Operations	(45,055,838)	(101,059,832)
b) Investment Banking Operations	119,995,567	15,503,591
c) Others	<u>3,899,479</u>	<u>39,810,897</u>
Net Sales / Income from Operations	<u>78,839,208</u>	<u>(45,745,344)</u>
<u>Segment Results: Profit / (Loss) before tax & interest</u>		
a) Capital Market Operations	(45,055,838)	(101,059,832)
b) Investment Banking Operations	119,995,567	15,503,591
c) Others	<u>3,899,479</u>	<u>39,810,897</u>
Total	78,839,208	(45,745,344)
Less : Interest	654,711	918,518
Other un-allocable exp. net of un-allocable income	<u>37,983,898</u>	<u>(54,314,679)</u>
Total Profit before tax	<u>40,200,599</u>	<u>7,650,816</u>

Capital employed

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

19. (a) Deferred tax assets on carry forward capital losses have been recognized since there is a virtual certainty of sufficient taxable income which will be available in future to realize such assets. Net Deferred Tax Asset of Rs.17,242,194 [(Net Deferred Tax Assets Rs. 272,647)] for the year ended 31.03.2010 has been recognized in the Profit & Loss Account.

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

	<u>As on</u> <u>31.03.2010</u>	<u>As on</u> <u>31.03.2009</u>
	Rs.	Rs.
<u>Deferred Tax Assets</u>		
i) Provisions for Non-Performing Assets/ Diminution	35,269,867	50,725,505
ii) Employee Benefits	374,112	334,464
iii) Carried Forward Capital Loss	57,188,134	24,935,353
	<u>92,832,113</u>	<u>75,995,322</u>
Less:		
<u>Deferred Tax Liabilities</u>		
i) Depreciation	3,615,209	4,020,612
	<u>89,216,904</u>	<u>71,974,710</u>

SMIFS CAPITAL MARKETS LIMITED

20. Tax Deducted at Source on:

	<u>2009-2010</u>	<u>2008-2009</u>
Professional fee	12,454,941	2,570,617
Interest on Fixed Deposit	52,906	50,063
Rent	21,251	192,816
Other Receipts	<u>25,236</u>	<u>229,193</u>
	<u>12,554,334</u>	<u>3,042,689</u>

21. Expenditure in Foreign Currency:

	<u>2009-2010</u>	<u>2008-2009</u>
Membership Subscription	-	123,374
Traveling Expenses	2,435,824	809,803

22. Earnings in Foreign Currency

Nil Nil

23. Figures in brackets pertain to the previous year.

24. Previous year's figures have been re-arranged, regrouped & re-classified wherever necessary to confirm to this year's classification.

Signature to Schedules 'A' to 'M'

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

For and on behalf of the Board

(Utsav Parekh)
Chairman

(Kishor Shah)
Managing Director

(AUROBINDA PANDA)
Partner
Membership no. 064888
The 24th day of May 2010

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

(S. Jhajharia)
Senior Vice President & CFO

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

Balance Sheet Abstract and Company's General Business Profile

I Registration Details

Registration No.

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

State Code

	2	1
--	---	---

Balance Sheet

Date

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

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

Public Issue

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

Rights Issue

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

Bonus Issue

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

Private Placement

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

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

Total Liabilities

					8	6	6	5	6	7
--	--	--	--	--	---	---	---	---	---	---

Total Assets

					8	6	6	5	6	7
--	--	--	--	--	---	---	---	---	---	---

Sources of Funds

Paid-Up Capital

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

Reserves & Surplus

					6	4	0	0	3	5
--	--	--	--	--	---	---	---	---	---	---

Secured Loans

					2	8	7	8
--	--	--	--	--	---	---	---	---

Unsecured Loans

					2	1	1	2	8
--	--	--	--	--	---	---	---	---	---

Application of Funds

Net Fixed Assets

					8	4	3	2	0
--	--	--	--	--	---	---	---	---	---

Investments

					1	7	8	9	4	7
--	--	--	--	--	---	---	---	---	---	---

Net Current Assets

					3	6	7	4	0	6
--	--	--	--	--	---	---	---	---	---	---

Deferred Tax Asset Net

					8	9	2	1	7
--	--	--	--	--	---	---	---	---	---

Accumulated Losses

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

IV Performance of Company (Amount in Rs. Thousands)

Turnover (Gross Revenue)

					3	5	3	4	5	2
--	--	--	--	--	---	---	---	---	---	---

Total Expenditure

					3	1	3	2	5	1
--	--	--	--	--	---	---	---	---	---	---

+ -

Profit / Loss Before Tax

					4	0	2	0	1
--	--	--	--	--	---	---	---	---	---

+ -

Profit / Loss After Tax*

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

+ -

Earning Per Share in Rs

					9	.	1	6
--	--	--	--	--	---	---	---	---

Dividend Rate

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

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

Item Code

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

Product

Description

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

Signature to Schedules 'A' to 'M'

For J.S. VANZARA & ASSOCIATES

Chartered Accountants
FRN. 318143E

For and on behalf of the Board of Directors

(Utsav Parekh)

Chairman

(AUROBINDA PANDA)

Partner

(S C Pal)

Company Secretary
Cum - Vice President (Legal)

(S. Jhajharia)

Senior Vice President & CFO

(Kishor Shah)

Managing Director

Kolkata

Membership No.064888

The 24th day of May, 2010

SMIFS CAPITAL MARKETS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	<u>31st March, 2010</u>	<u>31st March, 2009</u>
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax, Extra-ordinary items, interest & Loss on sale of Fixed Assets (net)	(1,833,731)	(80,562,204)
Adjustment for		
1. Depreciation	2,637,984	2,754,430
2. (Profit) / Loss on sale of Investments	47,153,310	104,121,173
3. Dividend on Investment	(791,501)	(2,283,320)
4. Interest on Govt. Securities	(30,250)	(30,250)
	48,969,543	104,562,033
<i>Operating profit before W/Capital change</i>	47,135,812	23,999,829
Adjustment for		
1. Trade & Other Receivable	53,463,933	(220,680)
2. Inventories	2,026,785	374,802
3. Trade payable	(4,631,183)	(25,251,537)
	50,859,535	(25,097,415)
<i>Cash Generated from Operations</i>	97,995,347	(1,097,586)
Interest paid	(654,711)	(948,768)
Direct Tax paid	(23,172,882)	(3,223,446)
FBT Paid	(113,256)	(539,975)
	(23,940,849)	(4,712,189)
<i>Cash Flow before Extra-ordinary items</i>	74,054,498	(5,809,775)
Extra-ordinary items (Prov.for Leave Salary)		
Provision for Leave Salary	142,244	(178,191)
Liabilities written Back	-	-
	142,244	(178,191)
<i>Net Cash Flow from Operating activity</i>	74,196,742	(5,987,966)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(13,374,592)	(1,590,927)
Sale of Fixed Assets	2,900,000	410,000
Purchase of Investments	(185,607,896)	(44,913,971)
Sale of Investments	124,101,838	61,158,387
Interest received on Govt. Sec	30,250	30,250
Dividend on Investment	791,501	2,283,320
	(71,158,899)	17,377,059
<i>Net Cash flow from Investing Activities</i>	3,037,843	11,389,094
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share Capital	-	-
Dividend and Dividend Distribution Tax Paid	-	(6,534,171)
Proceeds from long-term borrowings	739,251	(787,882)
Proceeds from short-term borrowings	358,200	(15,238,226)
	1,097,451	(22,560,279)
<i>Net cash used in Financing Activities</i>	4,135,293	(11,171,185)
Cash & Cash equivalents as at (Opening Balance)	9,929,418	21,100,603
Cash & Cash equivalents as at (Closing Balance)	14,064,711	9,929,418

Kolkata
The 24th day of May 2010

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, 2010 and 31st March, 2009 and found the same in agreement therewith.

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

Kolkata
The 24th day of May 2010

(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.	Antriksh Vyapaar Pvt.Ltd.
1 The financial year of the subsidiary company ended on	31.03.2010	31.03.2010
2 a. No. of Equity Shares held by SMIFS Capital Markets Limited and its nominees in the subsidiary on 31.3.2010	7,500,070	3,359,375
b. Extent of interest of SMIFS Capital Markets Limited in the capital of the Subsidiary	100%	63.27%
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, 2010 of the Subsidiary of SMIFS Capital Markets Limited	(Rs. 168,165)	Rs. 6,802,250
b. Profit / (Loss) after tax for the previous financial years of the Subsidiary of SMIFS Capital Markets Limited.	(Rs399,376)	N.A.
4 Net aggregate amount of Profit / (Loss) of the Subsidiary so far as dealt with or provision is made for those Profit / (Loss) in SMIFS Capital Markets Ltd. accounts:		
a. For the subsidiary's financial year ended on 31 st March, 2010.	NIL	NIL
b. For its previous financial years since it became the subsidiary of SMIFS Capital Markets Ltd.	NIL	NIL

'Vaibhav' 4F, 4 Lee Road,
Kolkata - 700 020
The 24th day of May 2010

On behalf of the Board of Directors

(Kishor Shah)
Managing Director

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

We have examined the attached Consolidated Balance Sheet of SMIFS Capital Markets Limited (the company) and its subsidiaries SMIFS Capital Services Limited and Antriksh Vyapaar Private Limited as at 31st March 2010, the consolidated Profit & Loss Account and the consolidated Cash Flow statement for the year then ended.

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

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

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

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company and its subsidiaries as at 31st March 2010;
- (b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Company and its subsidiaries 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 subsidiaries for the year then ended.

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

Aurobinda Panda
Partner
Membership No.064888

Date: The 24th day of May, 2010

SMIFS CAPITAL MARKETS LIMITED

Consolidated Balance Sheet as at 31st March '2009

SCH NO	As at 31st March, 2009		As at 31st March, 2008	
	Rs.	Rs.	Rs.	Rs.
<u>SOURCES OF FUNDS</u>				
Shareholders' Funds				
a. Capital	A	55,850,000		55,850,000
b. Reserve and Surplus	B	599,207,664		597,050,050
		655,057,664		652,900,050
Loan Funds				
a. Secured Loans	C	2,435,017		2,926,808
b. Unsecured Loans	D	20,909,320		36,147,546
		23,344,337		39,074,354
		678,402,001		691,974,404
<u>APPLICATION OF FUNDS</u>				
Fixed Assets				
a. Gross Block	E	215,197,589		215,362,573
b. Less: Depreciation		139,197,012		137,377,578
Lease Terminal Adjustment Account		1,709,528		1,709,528
c. Net Block			74,291,048	76,275,467
d. Capital Work in Progress			837,394	-
Investments				
	F		234,741,582	357,617,402
Current Assets, Loans & Advances				
a. Current Assets	G	61,786,203		65,455,256
b. Loans & Advances		462,744,727		425,507,534
		524,530,930		490,962,790
Less: Current Liabilities & Provisions				
a. Current Liabilities	H	74,151,262		97,527,356
b. Provisions		153,826,678		207,052,910
		227,977,940		304,580,267
Net Current Assets				
			296,552,990	186,382,524
Net Deferred Tax Asset / (Liabilities)				
			71,978,986	71,699,011
		678,402,001		691,974,404

ACCOUNTING POLICIES AND
NOTES ON ACCOUNTS
Schedules referred to above form an integral part of the Balance Sheet
In terms of our attached report of even date

M

For and on behalf of the Board of Directors

For J. S. VANZARA & ASSOCIATES
Chartered Accountants

(Utsav Parekh)
Chairman

(Kishor Shah)
Managing Director

(AUROBINDA PANDA)
Partner
Membership no. 064888
Kolkata
The 29th day of June 2009

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

(S. Jhajharia)
Senior Vice President & CFO

SMIFS CAPITAL MARKETS LIMITED

Consolidated Profit & Loss Account for the year ended 31st March, 2009

	SCH NO	For the year ended 31st March' 2009		For the year ended 31st March' 2008	
		Rs.	Rs.	Rs.	Rs.
INCOME					
Sales			254,473,685		739,774,980
Capital Market Operations			(103,454,453)		119,302,499
Investment Banking Operations			15,503,591		20,517,344
Other Income	I		39,812,061		15,040,824
Increase / (Decrease) in Stock	J		(374,802)		(6,206,078)
			205,960,081		888,429,569
EXPENDITURE					
Purchases			251,037,542		719,757,961
Operating & Administration Expenses	K		32,959,596		32,082,916
Interest	L		940,086		2,861,631
Depreciation			2,833,970		2,722,081
Provision against Investment /sub-standard assets			(89,070,893)		93,027,229
			198,700,301		850,451,818
PROFIT/ (LOSS) BEFORE TAX			7,259,780		37,977,751
Provision for Taxation (Including Wealth Tax)		604,349		4,522,004	
Deferred Tax credit / (charge) for the year		(279,974)		(26,259,186)	
Fringe Benefit Tax		478,049		489,477	
Short / (Excess) provision of Tax for earlier year		4,299,741		60	
			5,102,165		(21,247,645)
PROFIT / (LOSS) AFTER TAX			2,157,615		59,225,396
(Debit) / Credit balance brought forward			108,325,050		60,633,826
Amount available for Appropriation			110,482,665		119,859,222
Appropriation					
Proposed Dividend 10%			-		5,585,000
Tax on Proposed Dividend			-		949,171
Transferred to General Reserve			-		5,000,000
Balance Carried to Balance Sheet			110,482,665		108,325,051
			110,482,665		119,859,222
Earning Per Share(Basic & Diluted) (Nominal Value of shares Rs.10/-)	M		0.39		10.60

ACCOUNTING POLICIES AND
NOTES ON ACCOUNTS
Schedules referred to above form an integral part of the Profit & Loss Account
In terms of our attached report of even date

For and on behalf of the Board of Directors

For J. S. VANZARA & ASSOCIATES
Chartered Accountants

(Utsav Parekh)
Chairman

(Kishor Shah)
Managing Director

(AUROBINDA PANDA)
Partner
Membership no. 064888
Kolkata
The 29th day of June 2009

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

(S. Jhajharia)
Senior Vice President & CFO

Schedules to the Consolidated Balance Sheet

SCHEDULE 'A'

SHARE CAPITAL

	<u>As at</u>		<u>As at</u>	
	<u>31st March, 2009</u>		<u>31st March, 2008</u>	
	Rs.	Rs.	Rs.	Rs.
Authorised:				
30,000,000 Equity shares of Rs. 10 each		300,000,000		300,000,000
2,000,000 Preference Shares of Rs. 100 each		<u>200,000,000</u>		<u>200,000,000</u>
		<u>500,000,000</u>		<u>500,000,000</u>
Issued, Subscribed & Paid up:				
5,585,000 Equity Shares of Rs 10 each, fully paid		55,850,000		55,850,000
Out of the above shares, 2,400,000 shares of Rs. 10 each fully paid up has been issued by way of Bonus Shares by capitalisation of General Reserves				
		<u>55,850,000</u>		<u>55,850,000</u>

SCHEDULE 'B'

RESERVES & SURPLUS

Capital Redemption Reserve				
As per last Balance Sheet		40,000,000		40,000,000
Securities Premium Account:				
As per last Balance Sheet		433,725,000		433,725,000
General Reserve:				
As per last Balance Sheet	15,000,000		10,000,000	
Add : Transferred during the Year	<u>-</u>		<u>5,000,000</u>	
		15,000,000		15,000,000
Profit & Loss Account				
Transferred from Profit & Loss A/c		<u>110,482,664</u>		<u>108,325,050</u>
		<u>599,207,664</u>		<u>597,050,050</u>

SCHEDULE 'C'

SECURED LOANS

Loans from Banks / Others

Secured by hypothecation of vehicles [Payable within one year Rs. 1,168,917 (Rs.913,556)]		2,435,017		2,926,808
		<u>2,435,017</u>		<u>2,926,808</u>

SCHEDULE 'D'

UNSECURED LOANS

From Bodies Corporate (Short Term)		20,301,320		35,428,854
Fixed Deposits Matured but not claimed [Including Interest due Rs NIL (Rs 54,692)]		-		110,692
Deposits from Customers		<u>608,000</u>		<u>608,000</u>
		<u>20,909,320</u>		<u>36,147,546</u>

Schedules to the Consolidated Balance Sheet

SCHEDULE - 'G'

FIXED ASSETS

Particulars	Gross Block (Cost) Rs.				Depreciation Rs.				Lease Terminal Adjustment		Net Block Rs.	
	As on 01.04.2009	Additions	Deductions	As on 31.03.2010	As on 01.04.2009	For the year	Adj. during the year	As on 31.03.2010	As on 31.03.2010	As on 31.03.2009	As on 31.03.2010	As on 31.03.2009
A. Assets on Lease												
Plant & Machinery	115,120,589.07	0.00	0.00	115,120,589.07	112,601,141.71	0.00	0.00	112,601,141.71	1,709,528.00	1,709,528.00	809,919.36	809,919.36
Sub Total (A)	115,120,589.07	0.00	0.00	115,120,589.07	112,601,141.71	0.00	0.00	112,601,141.71	1,709,528.00	1,709,528.00	809,919.36	809,919.36
<i>Previous Year</i>	<i>115,120,589.07</i>	<i>0.00</i>	<i>0.00</i>	<i>115,120,589.07</i>	<i>112,601,141.71</i>	<i>0.00</i>	<i>0.00</i>	<i>112,601,141.71</i>	<i>1,709,528.00</i>	<i>0.00</i>	<i>809,919.36</i>	
B. Other Assets												
Goodwill	8,068,281.00	0.00	0.00	8,068,281.00	0.00	0.00	0.00	0.00	0.00	0.00	8,068,281.00	8,068,281.00
Buildings	27,428,404.15	0.00	1,200,000.00	26,228,404.15	8,287,442.85	732,705.35	654,561.00	8,365,587.20	0.00	0.00	17,862,816.95	19,140,961.30
Furniture and Fixtures	6,176,097.58	0.00	0.00	6,176,097.58	5,498,502.70	122,644.63	0.00	5,621,147.33	0.00	0.00	554,950.25	677,594.88
Office Equipment	2,166,038.08	0.00	0.00	2,166,038.08	1,585,177.76	80,797.73	0.00	1,665,975.49	0.00	0.00	500,062.59	580,860.32
Vehicles	10,583,549.57	2,673,948.00	1,331,893.00	11,925,604.57	6,079,441.73	1,525,866.86	688,600.44	6,916,708.15	0.00	0.00	5,008,896.42	4,504,107.84
Electrical Installations	1,206,229.43	0.00	0.00	1,206,229.43	994,575.23	29,441.20	0.00	1,024,016.43	0.00	0.00	182,213.00	211,654.20
Computers	2,534,881.00	132,964.00	0.00	2,667,845.00	2,137,284.36	174,945.27	0.00	2,312,229.63	0.00	0.00	355,615.37	397,596.64
Air Conditioners	2,481,802.00	0.00	0.00	2,481,802.00	2,013,447.91	65,148.02	0.00	2,078,595.93	0.00	0.00	403,206.07	468,354.09
Sub Total (B)	60,645,282.81	2,806,912.00	2,531,893.00	60,920,301.81	26,595,872.54	2,731,549.06	1,343,161.44	27,984,260.16	0.00	0.00	32,936,041.65	34,049,410.27
C. Capital Work-in-progress	48,337,394.47	10,567,680.00	0.00	58,905,074.47	0.00	0.00	0.00	0.00	0.00	0.00	58,905,074.47	48,337,394.47
Sub Total (C)	48,337,394.47	10,567,680.00	0.00	58,905,074.47	0.00	0.00	0.00	0.00	0.00	0.00	58,905,074.47	48,337,394.47
<i>Previous Year</i>	<i>100,241,985.41</i>	<i>1,168,657.00</i>	<i>1,333,641.00</i>	<i>100,077,001.41</i>	<i>24,776,438.54</i>	<i>2,833,970.00</i>	<i>1,014,536.00</i>	<i>26,595,872.54</i>	<i>0.00</i>		<i>73,481,128.87</i>	
Total (A+B)	224,103,266.35	13,374,592.00	2,531,893.00	234,945,965.35	139,197,014.25	2,731,549.06	1,343,161.44	140,585,401.87	1,709,528.00	1,709,528.00	92,651,035.48	83,196,724.10
<i>Previous Year</i>	<i>215,362,574.48</i>	<i>1,168,657.00</i>	<i>1,333,641.00</i>	<i>215,197,590.48</i>	<i>137,377,580.25</i>	<i>2,833,970.00</i>	<i>1,014,536.00</i>	<i>139,197,014.19</i>	<i>1,709,528.00</i>		<i>74,291,048.23</i>	

Notes :

i) Provision to the extent of Rs. 809,919 (Rs.809,919) has been made against doubtful leased assets as at 31.03.2010

Schedules to the Consolidated Balance Sheet

SCHEDULE 'F'

INVESTMENTS (at cost)	As at <u>31st March, 2009</u>		As at <u>31st March, 2008</u>	
	Quantity Nos.	Amount Rs.	Quantity Nos.	Amount Rs.
IN BODIES CORPORATE				
Equity Shares of Rs.10 each (Unless otherwise stated)				
<u>Fully paid up : Quoted</u>				
Aravali Securities & Finance Ltd.	100	60	100	60
Asian Vegipro Ltd.	300,000	300,000	300,000	300,000
BSL Industries Ltd.	100,100	1,956,955	100,100	1,956,955
Birla VXL Limited	-	-	17	170
Cambridge Solutions Ltd.(Formerly Scandent Solutions Ltd.)	-	-	70,097	2,510,230
Coventry Springs & Engg Ltd	52,323	175,282	52,323	175,282
Mangalam Cement Limited #	366,000	23,483,647	367,307	28,475,701
Melstar Information Technologies Ltd.	300	63,675	300	63,675
MSL Industries Ltd.	400,000	800,000	400,000	800,000
Moulik Finance Ltd.	7,100	71,000	7,100	71,000
Neogem India Ltd	132,800	597,600	132,800	597,600
Nicco-Uco Alliance Credit Ltd.	114	650	114	650
Punsumi Foils & Compounets Ltd.	15,800	19,750	15,800	19,750
PTC Industries Ltd.	1,000	16,850	1,000	16,850
RPG Cables Ltd.	700	16,835	700	16,835
KEC International Ltd.(formly RPG Transmission Ltd.)	-	-	88,887	65,104,264
R.S.Software India Limited	77,150	5,014,750	77,150	5,014,750
Shez Leather Ltd.	35,900	359,000	35,900	359,000
Swad Industries Ltd.	141	268	141	268
Sujana Universal Limited	-	-	-	-
Texmaco Ltd.	6,810	598,173	681	20,430
Titagarh Steels Ltd.	-	-	185	1,644
VCK Capital Markets Ltd.	200	220	200	220
<u>Partly Paid up: Quoted</u>				
Malvika Steels Ltd. (paid up Rs. 2.50 each)	91,200	912,000	91,200	912,000
<u>Fully paid up : Unquoted</u>				
Andaman Plantations.& Development Corporation Ltd.	64,880	6,488,000	64,880	6,488,000
Bhatpara Papers Limited	44	391	44	391
C. Mackertich Ltd.	4,250,000	42,500,000	4,250,000	42,500,000
Data2 Information Com Pvt.Ltd.	-	-	100,000	1,500,000
Exquisite Exports Ltd	5,000	50,000	5,000	50,000
Spence Retails Ltd.(Formly Great Wholesale Ltd.)	5,329	969,612	5,329	969,612
Gujarat Securities Ltd.	20	200	20	200
Kanco Enterprises Limited	500,000	5,000,000	500,000	5,000,000
Pilot Consultants Ltd.	-	-	200,000	53,200,000

Schedules to the Consolidated Balance Sheet

	As at		As at	
	<u>31st March,2009</u>		<u>31st March,2008</u>	
	Quantity Nos.	Amount Rs.	Quantity Nos.	Amount Rs.
Patriot Automation Projects Ltd.	2,000,000	500,000	2,000,000	500,000
Patriot Automation Projects Ltd.(Bonus)	65,350	-	65,350	-
Sheory Digital Systems Pvt.Ltd	590,000	129,800	-	-
Silver Cross Ltd			13,000	1,300,000
Smifs Finance Limited	240,000	3,360,000	240,000	3,360,000
Smifs Securities Ltd.	10,300,000	103,000,000	10,300,000	103,000,000
Tarkeshwar Properties Pvt.Ltd.	0	0.00	42,500	8,075,000
Vaibhav Securities (P) Ltd	4,580	45,800	4,580	45,800
Zoom Export Ltd.(MDC Infoway Ltd.)	200,000	2,000,000	200,000	2,000,000
<u>Partly Paid up: Unquoted</u>				
Smifs Finance Limited	1,511,600	15,174,000	1,511,600	15,174,000
[Paid up Rs. 7.50 (Rs.7.50) each]				
<u>Units of Mutual Fund</u>				
<u>Fully paid up : Quoted</u>				
Unit Trust of India - Unit 64	-	-	-	-
(Paid up Rs. 10 each)				
<u>Preference Share</u> of Rs. 100/- each				
<u>Fully paid up : Unquoted</u>				
12% Non-cumulative Preference Shares				
Andaman Plant. & Dev. Corp. Ltd.	140,000	4,100,000	140,000	4,100,000
8.00% DIGJAM Ltd.	131,000	13,100,000	-	-
Non-cumulative Preference Share				
Sub Total :	21,595,541	230,804,518	21,384,405	353,680,337
<u>Warrant</u>				
<u>Partly paid up : Unquoted</u>				
Southern Online Biotech Ltd.	800,000	3,416,000	800,000	3,416,000
(Unsecured Optionally Fully Convertible)				
Sub Total :	800,000	3,416,000	800,000	3,416,000
<u>In Government Securities: Listed</u>				
	Face Value	Amount	Face Value	Amount
	Rs.	Rs.	Rs.	Rs.
5.05% Govt. of India Loan - 2019*	500,000	521,065	500,000	521,065
Sub Total :-	500,000	521,065	500,000	521,065
Total :		234,741,582		357,617,402
Aggregated of unquoted Investments - at book value		200,354,867		251,200,067
Aggregated of Quoted Investments - at book value		34,386,715		106,417,335
Aggregated of Quoted Investments - at market value		24,479,072		117,670,442

Schedules to the Consolidated Balance Sheet

	As at		As at	
	31st March,2009		31st March,2008	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 'G'				
CURRENT ASSETS, LOAN & ADVANCES				
A. CURRENT ASSETS				
Interest Accrued on Securities		10,833		10,833
Stock in trade: Shares & Securities		3,673,376		4,048,178
Sundry Debtors				
Exceeding six months				
- Considered good	46,953,947		17,672,054	
- Considered doubtful	46,096,122		87,177,015	
Less: Provision for doubtful debts.	<u>46,096,122</u>		<u>87,177,015</u>	
	46,953,947		17,672,054	
Other Debts - Considered Good	<u>1,140,682</u>		<u>22,484,896</u>	
		48,094,629		40,156,950
CASH & BANK BALANCES:				
Cash and Cheques on hand	2,547,497		335,313	
With Scheduled Banks				
In Current Accounts	1,386,472		15,316,561	
In Dividend Accounts	103,000		53,000	
In Deposit Accounts	<u>5,970,395</u>		<u>5,534,420</u>	
(Certificates pledged with Bank / Sales Tax)		10,007,363		21,239,294
		<u>61,786,202</u>		<u>65,455,255</u>
B. LOANS & ADVANCES				
(Unsecured)				
LOANS				
Considered Doubtful	875,000		875,000	
Less : Provision for doubtful Loans	<u>875,000</u>		<u>875,000</u>	
		-		-
To Staff (Considerd Good)		1,623,311		2,129,045
To Staff (Considered Good)				
ADVANCES				
(Recoverable in cash or in kind or for value to be received)				
To Others				
- Considered good	126,886,098		293,212,976	
- Considered doubtful	10,000,000		10,000,000	
Less : Provision for doubtful advances	<u>10,000,000</u>		<u>10,000,000</u>	
		126,886,098		293,212,976
Income Tax Payments		23,073,993		19,679,889
Considered Good -				
Capital Advances		-		-
Security & other deposits	3,148,615		3,191,084	
Less : Provision for doubtful advances	<u>700,000</u>		<u>1,200,000</u>	
		2,448,615		1,991,084
Service Tax Input Credit		1,212,710		994,540
Share Application Money Paid		307,500,000		107,500,000
		<u>462,744,727</u>		<u>425,507,534</u>
		<u>524,530,929</u>		<u>490,962,789</u>
SCHEDULE 'H'				
CURRENT LIABILITIES AND PROVISIONS				
A. CURRENT LIABILITIES				
Sundry Creditors		7,376,234.85		8,492,491
Other Liabilities		18,723,183.83		15,581,563
Advances Against Shares & Securities / Others		47,948,843.47		73,400,302
Unclaimed dividend (06-07)		103,000.00		53,000
		<u>74,151,262</u>		<u>97,527,356</u>
B. PROVISIONS				
for Proposed Dividend		-		5,585,000
for Tax on Proposed Dividend		-		949,171
for Fringe Benefit Tax		967,526		489,477
for Diminution in the Value of Investments		136,133,270		183,623,270
for Sub Standard advances and Doubtful assets		809,919		809,919
for Taxes (Including for Wealth Tax)		14,913,818		14,427,630
for Leave Salary		1,002,145		1,168,444
		<u>153,826,678</u>		<u>207,052,910</u>
		<u>227,977,940</u>		<u>304,580,266</u>

Schedules to the Consolidated Profit & Loss Account

SCHEDULE 'I'	For the year ended 31st March' 2009		For the year ended 31st March' 2008	
	Rs.	Rs.	Rs.	Rs.
OTHER INCOME				
Miscellaneous Income		36,501,846		7,348,939
Profit/(Loss) on Sale of Fixed Assets		90,895		4,297,422
Rent		936,000		936,000
Dividend Income : Investment	2,283,320		2,455,763	-
Trading	-	2,283,320	2,699	2,458,462
		<u>39,812,061</u>		<u>15,040,824</u>
SCHEDULE 'J'				
INCREASE / (DECREASE) IN STOCK				
Closing Stock		3,673,376		4,048,178
Less : Opening Stock		4,048,178		10,254,256
		<u>(374,802)</u>		<u>(6,206,078)</u>
SCHEDULE 'K'				
OPERATING & ADMINISTRATIVE EXPENSES				
Expenses on personnel :				
Salaries, Bonus & Allowances	316,916		12,896,098	
Contribution to Provident & other Funds (Including administrative Charges)	14,140,007		1,032,636	
Training, Development & Recruitment Exp.	-		12,800	
Staff Welfare	67,096		1,571,055	
		<u>14,524,018</u>		15,512,589
Group Gratuity Scheme		16,741,611		568,709
Telephone Charges		355,138		1,271,590
Printing & Stationery		1,490,840		1,446,163
Professional, Legal & Consultancy Charges		1,828,479		496,836
Business Promotion Expenses		1,246,634		1,071,115
Rent		437,581		641,790
Repairs & Maintenance				
- Building		-		427,210
- Plant & Machinery		404,197		138,660
- Others		97,625		536,734
Advertisement		446,557		303,057
Electricity		159,535		320,162
Vehicle Expenses		330,565		1,401,123
Subscription & Membership Fees		1,389,434		442,394
Miscellaneous Expenses		525,199		1,792,915
Sundry Balances Written off (Net)		-		133,728
Rates & Taxes		7,300		452,550
Travelling Expenses		511,794		4,193,868
Directors Fees		3,257,077		100,500
Insurance		183,999		86,222
Donation		110,104		550,000
Auditor's Remuneration		10,000		195,000
		<u>44,057,685</u>		<u>32,082,916</u>
SCHEDULE 'L'				
INTEREST				
<u>Interest Paid</u>				
- Banks		343,384		179,926
- Others		1,195,376		3,518,520
		<u>1,538,759</u>		<u>3,698,445</u>
Less: <u>Received</u>				
- Debentures		-		-
- Govt. Securities - Investments		30,250		30,250
- Others		568,423		806,564
		<u>598,673</u>		<u>836,814</u>
		<u>940,086</u>		<u>2,861,631</u>
		<u>940,086</u>		<u>2,861,631</u>

SCHEDULE 'O'

A. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

(b) Principles of Consolidation

The consolidated financial statements comprises the financial statements of SMIFS Capital Markets Limited (‘the reporting Company’), SMIFS Capital Services Ltd which is it's wholly owned subsidiary Company and Antriksh Vyapaar Pvt Ltd .

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

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

(c) Other Significant Accounting Policies

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

B. NOTES FORMING PART OF THE ACCOUNTS

1. During the year Antriksh Vyapaar Pvt Ltd has become subsidiary of the Company.
2. The Consolidated Financial Statements represent consolidation of accounts of SMIFS Capital Markets Limited, the parent company , its subsidiary, SMIFS Capital Services Limited wherein the parent company holds an ownership interest of 100% and of Antriksh Vyapaar Pvt Ltd Limited wherein the parent company holds an ownership interest of 63.27% as at 31st March, 2010.
3. The parent company and its subsidiary end their respective financial years on the same date i.e. 31st March, 2010.
4. **Contingent liabilities not provided for**
 - i. Sales Tax demand net of payment under appeal Rs. 91,125 (Rs. 91,125).
 - ii. Wealth Tax demand raised for Assessment Years 2003-04 to 2007-08 aggregating Rs 83,773/- for which an appeal has been preferred.
 - iii. Uncalled liabilities on partly paid shares Rs. 6,813,000 (Rs. 6,813,000)
 - iv. Employees State Insurance Rs. 142,274 (Rs. 142,274)
 - v. Guarantees given to banks on behalf of others Rs. 168,500,000 (Rs.168,500,000)
5. **Related Party Disclosures**

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

i) Key Management Personnel

In Parent Company

Mr. Utsav Parekh, Chairman
Mrs Nilangi Parekh Wife of Chairman
Mr. Kishor Shah, Managing Director
Mr. Ajay Kayan, Director

In Subsidiary Companies

Nil

ii) **Entities over which Key Management Personnel / their relatives are able to exercise significant influence and where there have been actual transaction :**

Stewart & Co.
 SMIFS Finance Limited
 Stewart & Mackertich Wealth Management Ltd
 S & M Advisory & Broking Pvt. Ltd.
 Mackertich Consultancy Services Pvt. Ltd.
 C. Mackertich Ltd.

Disclosure of transactions between the Company and related parties and their outstanding balances as on 31st March 2010

	<u>Key Management Personnel</u>	<u>Entities where control exists</u>
Purchase of Shares & Securities	-	2,574,396
	(-)	(14,488,134)
Sale of Shares & Securities	19,440,000	42,590,868
	(-)	(62,338,130)
Directors' Sitting Fee	94,000	-
	(-)	(-)
Expenses Reimbursed	-	26,978
	(-)	(44,818)
Director's Remuneration	2,950,355	-
	(2,665,500)	(-)
Chairman's /Executive Chairman's Remuneration	719,593	-
	(2,851,033)	(-)
<u>Balance at the end of the year</u>		
- Creditors / Payables	-	5,098,215
	(3,026,758)	(5,438,666)
- Debtors / Receivable	-	377,723
	(-)	(5,321,817)
- Advances	-	12,462,871
	(-)	(51,759,938)
- Investments	-	18,534,000
	(-)	(18,534,00)

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

	<u>2009-2010</u>	<u>2008-2009</u>
	Rs.	Rs.
<u>Segment Revenue</u>		
a) Capital Market Operations	(44,631,047)	(100,393,112)
b) Investment Banking Operations	119,995,567	15,503,591
c) Others	<u>4,395,480</u>	<u>39,812,061</u>
Net Sales / Income from Operations	<u>79,759,999</u>	<u>(45,077,461)</u>
<u>Segment Results : Profit / (Loss) before tax & interest</u>		
a) Capital Market Operations	(44,631,047)	(100,393,112)
b) Investment Banking Operations	119,995,567	15,503,591
c) Others	<u>4,395,480</u>	<u>39,812,061</u>
Total	<u>79,759,999</u>	<u>(45,077,461)</u>

Less : Interest	721,182	940,086
Other un-allocable exp. net of un-allocable income	<u>38,687,126</u>	<u>(53,277,327)</u>
Total Profit before tax	<u>40,351,691</u>	<u>7,259,780</u>

Capital employed

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

7. **Earnings Per Share**

	<u>2009-2010</u>	<u>2008-2009</u>
Net Profit / (Loss) attributable to shareholders	Rs.51,190,481	Rs. 2,157,616
Weighted average number of equity shares in issue	5,585,000	5,585,000
Earnings per share of Rs. 10/- each (Basic & Diluted)	Rs.9.19	Rs. 0.39

8. Figures in brackets pertain to the previous year.

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

Signature to Schedules 'A' to 'O'

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

(Utsav Parekh)
Chairman

(Kishor Shah)
Managing Director

(AUROBINDA PANDA)
Partner
Membership no. 064888
The 24th day of May 2010

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

(S. Jhajharia)
Senior Vice President & CFO

SMIFS CAPITAL MARKETS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	<u>31st March, 2010</u>	<u>31st March, 2009</u>
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax, Extra-ordinary items, interest & Loss on sale of Fixed Assets (net)	2,475,660	(81,598,392)
Adjustment for		
1. Depreciation	2,731,549	2,833,970
2. (Profit) / Loss on sale of Investments	44,236,321	104,121,173
3. Interest on Govt. Securities	(30,250)	(30,250)
4. Dividend Income	(1,922,867)	(2,283,320)
5. Misc. Expenditure Written Off	-	-
	45,014,753	104,641,573
<i>Operating profit before W/Capital change</i>	47,490,413	23,043,181
Adjustment for		
1. Trade & Other Receivable	52,900,317	(1,993,196)
2. Inventories	2,026,785	374,802
3. Trade payable	(53,764,872)	(25,618,011)
	1,162,230	(27,236,405)
<i>Cash Generated from Operations</i>	48,652,642	(4,193,224)
Interest paid	(3,019,975)	(970,337)
Direct Tax paid	(23,261,364)	(3,224,295)
FBT Paid	(115,916)	(552,475)
	(26,397,255)	(4,747,107)
<i>Cash Flow before Extra-ordinary items</i>	22,255,387	(8,940,331)
Extra-ordinary items (Prov.for Leave Salary)		
Provision for Leave Salary	138,373	(166,298)
Preliminary Expenditure	-	-
Liabilities Written back	-	-
	138,373	(166,298)
<i>Net Cash Flow from Operating activity</i>	22,393,760	(9,106,629)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(13,374,592)	(2,006,051)
Sale of Fixed Assets	2,900,000	410,000
Purchase of Investments	(264,433,961)	(44,913,971)
Sale of Investments	166,314,177	64,335,337
Interest received on Govt. Sec	30,250	30,250
Dividend Income	1,922,867	2,283,320
	(106,641,259)	20,138,885
<i>Net Cash flow from Investing Activities</i>	(84,247,499)	11,032,257
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share Capital	107,500,000	-
Dividend and Dividend Distribution Tax Paid	-	(6,534,171)
Proceeds from long-term borrowings	(19,302,916)	(491,791)
Proceeds from short-term borrowings	358,200	(15,238,226)
<i>Net cash used in Financing Activities</i>	88,555,284	(22,264,188)
<i>Net increase in Cash & Cash equivalents</i>	4,307,785	(11,231,931)
Cash & Cash equivalents as at (Opening Balance)	10,388,700	21,239,294
Cash & Cash equivalents as at (Closing Balance)	14,696,485	10,007,363

Kolkata
The 24th day of May 2010

For and on behalf of the Board of Directors

(Kishor Shah)
Managing Director

Auditors' Report

We have verified the attached Consolidated Cash Flow Statement of SMIFS Capital Markets Limited, derived from the audited financial statement and the books and records maintained by the Company for the year ended 31st March, 2010 and 31st March, 2009 and found the same in agreement therewith.

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

Kolkata
The 24th day of May 2010

(AUROBINDA PANDA)
Partner
Membership No. 064888

SMIFS CAPITAL SERVICES LIMITED

BOARD OF DIRECTORS

Mr. Chandranath Mukherjee – Director

Mr. Santosh Kumar Mukherjee – Director

Mr. Kishor Shah – Director

AUDITORS

M/s. J.S. Vanzara & Associates
Chartered Accountants

BANKERS

HDFC Bank Ltd.

REGISTERED OFFICE

“Vaibhav” 4F,
4, Lee Road,
Kolkata – 700020

DIRECTORS' REPORT

To the members of SMIFS Capital Services Limited

Your Directors have pleasure in presenting the Annual Report and the Audited Accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS

(Rupees in million)

	Year ended 31.03.2010	Year ended 31.03.2009
Profit / (Loss) before Interest & Depreciation	(0.06)	(0.29)
Less: Interest	0.03	0.02
Profit / (Loss) before Depreciation	(0.09)	(0.31)
Less: Depreciation	0.09	0.08
Profit / (Loss) before Tax	(0.18)	(0.39)
Less: Provision for Tax	(0.01)	0.01
Profit / (Loss) after Tax	(0.17)	(0.40)
Add: (Debit) / Credit balance brought forward	0.56	0.96
Profit / (Loss) Carried to Balance Sheet	0.39	0.56

DIVIDEND

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

YEAR IN RETROSPECT AND FUTURE GROWTH

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

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

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

1. In the preparation of the annual accounts for the year ended March 31, 2010 the applicable accounting standards have been followed along with the proper explanations relating to material departures.
2. The Directors had adopted such accounting policies and applied them consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period.
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Directors have prepared the Annual Accounts on a going concern basis.

DIRECTORS

During the year there was no change in the Board of Directors. Mr. Santosh Kumar 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.

STATUTORY INFORMATION

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

(a) **Conservation of Energy**

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

(b) **Technology Absorption**

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

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

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

ACKNOWLEDGEMENT

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

On behalf of the Board of Directors

(SANTOSH KUMAR MUKHERJEE)
(DIRECTOR)

(KISHOR SHAH)
(DIRECTOR)

Place: Kolkata
Date: May 24, 2010

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 2010 and also the Profit and Loss Account for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the branches not visited by us;
- (iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) On the basis of the written representations received from the directors, as on 31st March 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 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 2010;
 - (b) in the case of the Profit and Loss Account, of the Loss for the year ended on that date.; and
 - (c) in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

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

(Aurobinda Panda)
Partner
Membership no. 064888

Date: The 24th day of May , 2010

ANNEXURE TO THE AUDITORS' REPORT
(Referred to in paragraph 3 thereof)

- i) In respect of its fixed assets :
 - a) The Company is generally maintaining proper records showing full particulars including quantitative details and situation of fixed assets. As explained to us, the fixed assets have been physically verified during the year by the management. To the best of our knowledge, no material discrepancies were noticed on such verification.
 - b) Based on our scrutiny of the records of the Company, we report that the Company has not disposed off fixed assets during the year.
- ii) As the Company has not purchased shares and securities during the year and also Company have no stocks during the year, so the requirements of reporting on physical verification of stock or maintenance of inventory records in our opinion are not applicable.
- iii) a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956. As the Company has not granted any loans, secured or unsecured, to parties listed in the registers maintained under section 301 of the Companies Act, 1956 paragraphs (iii)(b), (c) and (d) of the Order, are not applicable.
b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956. As the Company has not taken any loans, secured or unsecured, to parties listed in the registers maintained under section 301 of the Companies Act, 1956 paragraphs (iii)(e), (f) and (g) of the Order, are not applicable.
- iv) Having regard to the nature of the Company's business and based on our scrutiny of the Company's records and according to the information and explanations given to us, we report that the Company's activities do not include purchase of inventory and sale of goods. In our opinion and according to the information and explanation received by us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and sale of services. Further, on the basis of our examination, and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control system.
- v) In respect of transactions entered in the register maintained in pursuance of section 301 of the Companies Act, 1956.
 - a) To the best of our knowledge and belief and according to the information and explanations given to us, transactions required to be entered into the register have been so entered.
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the registers maintained under section 301 and exceeding the value of rupees five lakh in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time
- vi) Based on our scrutiny of the Company's records and according to the information and explanations provided by the management, in our opinion, the Company has not accepted any public deposit so far upto 31st March 2010.
- vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.
- viii) According to the information and explanations provided by the management, the Company is not engaged in production, processing, manufacturing or mining activities. Hence the provision of section 209(1)(d) do not apply to the Company. Hence, in our opinion, no comment on maintenance of cost records under section 209(1) (d) is required.
- ix) Statutory and other dues : -
 - a) According to the information and explanations given to us, the Company has been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax Wealth Tax, Service tax, Customs Duty and Excise Duty as applicable with the appropriate authorities during the year.
 - b) According to the information and explanations given, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty were outstanding, as at 31st March, 2010 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 doesn't have any accumulated losses at the end of the financial year and had incurred a cash losses of Rs.87,185/- during the current financial year.
- xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution or bank during the year.
- xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
- xiii) In our opinion, and to the best of our information and according to the explanations provided by the management, we are of the opinion that the Company is neither a Chit Fund nor a Nidhi / Mutual benefit society. Hence, in our opinion, the requirements of para 4 (xiii) of the Order do not apply to the Company.
- xiv) In our opinion and according to the information and explanation given to us, the Company has maintained proper records of transaction and contracts regarding its dealing in investments, and timely entries have been made therein.

- xv) According to the records of the Company and the information and explanations provided by the management, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi) According to the records of the Company, the Company has not obtained any term loans. Hence, comments under the para 4 (xvi) of the Order are not applicable.
- xvii) According to the information and explanations given to us and an overall examination of balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
- xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956 during the year.
- xix) According to the information and explanations given to us and the records examined by us, the Company has not issued any debentures during the year.
- xx) The Company has not raised any money by public issues during the year covered by our audit report.
- xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

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

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

(Aurobinda Panda)
Partner
Membership No-064888

Date: The 24th day of May , 2010

SMIFS CAPITAL SERVICES LIMITED

Balance Sheet as at 31st March '2010

	Schedule	As at		As at	
		31st March, 2010		31st March, 2009	
	No.	Rs.	Rs.	Rs.	Rs.
<u>SOURCE OF FUND</u>					
Shareholders' Fund					
Share Capital	A		75,000,700		75,000,700
Reserve and Surplus	B		393,547		561,712
Loan Funds					
Secured Loans	C		222,298		296,091
			75,616,545		75,858,503
<u>APPLICATION OF FUND</u>					
Fixed Assets					
a. Gross Block	D	618,399		618,399	
b. Less: Depreciation		356,110		262,545	
c. Net Block			262,289		355,854
Investments	E		816,835		2,773,790
Current Assets, Loans & Advances					
Current Assets	F	17,834,192		17,750,000	
Loans & Advances		58,538,938		60,564,670	
			76,373,130		78,314,670
Less: Current Liabilities & Provisions	G	1,852,571		5,590,088	
Net Current Assets			74,520,559		72,724,583
Net Deferred Tax Assets			16,862		4,276
			75,616,545		75,858,503
NOTES TO THE ACCOUNTS	H				

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

For and on behalf of the Board of Directors

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

(SANTOSH KUMAR MUKHERJEE)
Director

(KISHOR SHAH)
Director

(AUROBINDA PANDA)
Partner
Membership no. 064888
Place Kolkata
The 24th day of May 2010

SMIFS CAPITAL SERVICES LIMITED

Profit & Loss Account for the year ended 31st March, 2010

Schedule	For the Year ended		For the Year ended	
	31st March, 2010	31st March, 2010	31st March, 2009	31st March, 2009
No.	Rs.	Rs.	Rs.	Rs.
INCOME				
Sundry Balances Written back		-		1,164
Profit / (Loss) on Sale of Investment		303,045		666,720
Dividend		464,964		-
Interest		2,353		2,172
		770,362		670,056
EXPENSES				
Salary Bonus & Allowances	328,118		316,916	
Contribution to Provident Fund	22,160		22,689	
Gratuity	36,042		33,000	
Staff Welfare Expenses	46,618		46,446	
Telephone Expenses	34,823		30,138	
Rent	120,000		120,000	
Repair & Maintenance	2,547		2,650	
Printing & Stationeries	-		282,950	
Professional & Legal Charges	80,249		1,000	
Membership Fees & Subscription	9,550		12,600	
Travelling Expenses	-		-	
Vehicle Expenses	96,710		42,775	
Audit Fees	10,000		10,000	
Business Promotion Expenses	2,220		4,418	
Filing Fees	1,500		2,084	
Miscellaneous Expenses	26,053		22,846	
Rates & Taxes	7,350		7,300	
Depreciation	93,565		79,540	
Interest	33,607		23,741	
		951,113		1,061,093
PROFIT / (LOSS) BEFORE TAX		(180,751)		(391,037)
Provision for Tax - Current		-		848
Deferred Tax for the year		(12,586)		(7,327)
Fringe Benefit Tax		-		14,818
PROFIT / (LOSS) AFTER TAX		(168,165)		(399,376)
(Debit) / Credit balance brought forward from earlier year		561,712		961,088
Balance Carried to Balance Sheet .		393,547		561,712

NOTES TO THE ACCOUNTS

H

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

For and on behalf of the Board of Directors

For J.S.VANZARA & ASSOCIATES

Chartered Accountants
FRN 318143E

(SANTOSH KUMAR MUKHERJEE)
Director

(KISHOR SHAH)
Director

(AUROBINDA PANDA)

Partner
Membership no. 064888
Place Kolkata
The 24th day of May 2010

SMIFS CAPITAL SERVICES LIMITED

Schedules annexed to and forming part of Accounts as at 31st March, 2010

	As at		As at	
	31st March 2010		31st March 2009	
<u>SCHEDULE 'A'</u>	Rs.	Rs.	Rs.	Rs.
<u>SHARE CAPITAL</u>				
<u>Authorised:</u>				
15,000,000 Equity Shares of Rs. 10/- each		<u>150,000,000</u>		<u>150,000,000</u>
<u>Issued, Subscribed & Paid up:</u>				
7,500,070 Equity Shares of Rs. 10/- each fully paid up		<u>75,000,700</u>		<u>75,000,700</u>
 <u>SCHEDULE 'B'</u>				
<u>RESERVES & SURPLUS</u>				
Profit & Loss Account		<u>393,547</u>		<u>561,712</u>
		<u>393,547</u>		<u>561,712</u>
 <u>SCHEDULE 'C'</u>				
<u>SECURED LOANS</u>				
<u>Loan from Bank</u>				
Vehicle Loan[Payable within		<u>222,298</u>		<u>296,091</u>
One year Rs.83,793 (Previous year Rs.73,773)		<u>222,298</u>		<u>296,091</u>

Schedule Annexed to and forming part of Accounts as at 31st March, 2010

SCHEDULE - 'D'

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 01-04-2009 Rs.	Addition Rs.	AS AT 31-03-2010 Rs.	AS AT 01-04-2009 Rs.	FOR THE YEAR Rs.	ADJUSTMENT Rs.	AS AT 31-03-2010 Rs.	AS AT 31-03-2010 Rs.	AS AT 31-03-2009 Rs.
COMPUTERS & PERIPHERALS	196,180	0	196,180	185,155	4,410	0	189,565	6,615	11,025
FURNITURE & FIXTURES	7,095	0	7,095	5,543	281	0	5,824	1,271	1,552
Vehicles	415,124	0	415,124	71,847	88,875	0	160,721	254,403	343,277
Total	618,399	0	618,399	262,545	93,565	0	356,110	262,289	355,854
PREVIOUS YEAR	203,275	415,124	618,399	183,005	79,540	-	262,545	355,854	

SMIFS CAPITAL SERVICES LIMITED

Schedules annexed to and forming part of Accounts as at 31st March, 2010

SCHEDULE 'E'

INVESTMENTS

	As at		As at	
	31st March, 2010		31st March, 2009	
Long Term - Other than Trade	Quantity	Amount	Quantity	Amount
Equity Shares of Rs. 10/- each	Nos.	Rs.	Nos.	Rs.
<u>Fully paid up: Quoted</u>				
BSL Industries Ltd.	-	-	100,100	1,956,955
MSL Industries Ltd.	400,000	800,000	400,000	800,000
RPG Cables Ltd.	700	16,835	700	16,835
	<u>400,700</u>	<u>816,835</u>	<u>500,800</u>	<u>2,773,790</u>
Total		<u>816,835</u>		<u>2,773,790</u>
Market Value of quoted Investments Rs.479,012 (previous year Rs. 1,437,260)				

SCHEDULE 'F'

CURRENT ASSETS, LOANS & ADVANCES

A. CURRENT ASSETS

Sundry Debtors

(Unsecured, considered good)

exceeding six months

17,672,054

17,672,054

other debts

-

-

17,672,054

17,672,054

Cash & Bank Balances

Cash in hand

20,976

17,087

Bank Balances with Scheduled bank
in current account

141,161

60,859

162,138

77,946

17,834,192

17,750,000

B. LOANS & ADVANCES

LOANS

Loan to Employees(Considered Good)

122,612

97,964

ADVANCES

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

Income Tax Payment

1,417,689

1,412,529

Due from Holding Company

56,921,219

58,981,837

Advances

22,418

17,341

Deposit to others

55,000

55,000

58,538,938

60,564,670

76,373,130

78,314,670

SCHEDULE 'G'

CURRENT LIABILITIES AND PROVISIONS

CURRENT LIABILITIES

Sundry Creditors

400,000

400,000

Advance from parties

-

3,500,000

Liabilities for expenses

225,392

459,038

625,392

4,359,038

PROVISIONS

Provision for Tax

1,192,000

1,192,000

Provision for Fringe Benefit Tax

20,911

20,911

Provision for Leave Salary

14,268

18,139

1,227,179

1,231,050

1,852,571

5,590,088

SMIFS CAPITAL SERVICES LIMITED

SCHEDULE – H:

A. SIGNIFICANT ACCOUNTING POLICIES

(a) **Basis of preparation**

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

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

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

(b) **Fixed Assets**

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

(c) **Depreciation**

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

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

(d) **Investments**

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

(f) **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.

(g) **Retirement Benefits**

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

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

(h) **Income Taxes**

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

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

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

(i) **Contingencies**

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

B. NOTES FORMING PART OF THE ACCOUNTS

- Contingent Liabilities: Nil (Nil).
- Balances lying as sundry debtors, creditors and loans & advances are subject to confirmation to be received from the concerned parties.
- Physical verification of investments has been done by the management and a certificate in this regard has been issued to the auditors.
- Executive Chairman's Remuneration (upto 30.09.2007):

	<u>2009-2010</u>	<u>2008-2009</u>
	(Rs.)	(Rs.)
Salaries & Allowances	-	-
Contribution to Provident Fund	-	-
Ex-Gratia (For 2007-08)	-	2,53,176
	<u>2,53,176</u>	<u>1,645,880</u>

SMIFS CAPITAL SERVICES LIMITED

Note:-

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

5. Auditor's remuneration includes:

	2009-2010	2008-2009
	<u>(Rs.)</u>	<u>(Rs.)</u>
Audit Fees	10,000	10,000
Tax Audit Fees	-	
	10,000	10,000

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

7. **Related Party Disclosures**

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

Holding Company

SMIFS Capital Markets Limited

Key Management Personnel

Nil

Entities significant influence exists

Stewart & Mackertich Wealth Management Ltd

Disclosure of transactions between the Company and related parties and their outstanding balances as on 31st March 2010.

	Holding Company	Key Management Personnel	Entities where control exists
	Rs.	Rs.	Rs.
Executive Chairman's Remuneration	-	-	-
	(-)	(2,53,176)	(-)
Sale of Shares / Securities	-	-	-
	(2,500,000)	(-)	(676,950)
<u>Balances at the end of the year</u>			
Debtors / Receivables	56,921,219	-	22,054
	(58,981,837)	(-)	(22,054)

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

	Year ended <u>31.03.2010</u>	Year ended <u>31.03.2009</u>
	<u>Rs.</u>	<u>Rs.</u>
<u>Segment Revenue:</u>		
a) Capital Market Operations	303,045	666,720
b) Investment Banking Operation	-	-
c) Others	467,317	3,336
Net Sales / Income from Operations	770,362	670,056
<u>Segment Results:</u>		
<u>Profit / (Loss) before tax & interest</u>		
a) Capital Market Operations	303,045	666,720
b) Investment Banking Operation	-	-
c) Others	467,317	3,336
Total	770,362	670,056
Less: Interest	33,607	23,741
Other un-allocable expenditure net of in-allocable income	917,506	1,037,352
Total Profit/(Loss) before tax	(180,751)	(391,037)

SMIFS CAPITAL SERVICES LIMITED

Capital employed

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

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

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

	<u>As on</u> <u>31.03.2010</u> (Rs.)	<u>As on</u> <u>31.03.2009</u> (Rs.)
<u>Deferred Tax Assets</u>		
(i) Employer Benefit	4,409	4,124
(ii) Depreciation	<u>12,454</u>	<u>-</u>
	16,862	4,124
<u>Deferred Tax Liabilities</u>		
(i) Depreciation	-	153
	<u>16,862</u>	<u>4,276</u>

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

Signature to Schedules 'A' to 'H'

For **J. S. Vanzara & Associates**
Chartered Accountant
FRN. 318143E

For and on behalf of the Board of Directors

(Santosh Kumar Mukherjee)
Director

(Kishor Shah)
Director

(Aurobinda Panda)
Partner
Membership no. 64888
The 24th day of May 2010

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

Balance Sheet Abstract and Company's General Business Profile

I Registration Details

Registration No.

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

State Code

	2	1
--	---	---

Balance Sheet Date

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

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

Public Issue

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

Rights Issue

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

Bonus Issue

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

Private Placement

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

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

Sources of Funds Total Liabilities

						7	7	4	7	4
--	--	--	--	--	--	---	---	---	---	---

Total Assets

						7	7	4	7	4
--	--	--	--	--	--	---	---	---	---	---

Paid-Up Capital

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

Reserves & Surplus

									3	9	4
--	--	--	--	--	--	--	--	--	---	---	---

Secured Loans

									2	2	2
--	--	--	--	--	--	--	--	--	---	---	---

Unsecured Loans

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

Application of Funds Net Fixed Assets

									2	6	2
--	--	--	--	--	--	--	--	--	---	---	---

Investments

									8	1	7
--	--	--	--	--	--	--	--	--	---	---	---

Net Current Assets

						7	4	5	2	1
--	--	--	--	--	--	---	---	---	---	---

Deferred Tax Asset Net

										1	7
--	--	--	--	--	--	--	--	--	--	---	---

Accumulated Losses

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

IV Performance of Company (Amount in Rs. Thousands)

Turnover (Gross Revenue)

									7	7	0
--	--	--	--	--	--	--	--	--	---	---	---

Total Expenditure

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

Profit / Loss Before Tax

									1	8	0
--	--	--	--	--	--	--	--	--	---	---	---

Profit / Loss After Tax*

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

Earning Per Share in Rs

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

DividendRate %

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

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

Item Code

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

Product Description

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

Signature to Schedules 'A' to 'H'

For J.S. VANZARA & ASSOCIATES

For and on behalf of the Board of Directors

Chartered Accountants

FRN 318143E

(Chandranath Mukherjee)

(Kishor Shah)

Director

Director

(ARBINDO PANDA)

Partner

Kolkata

Membership No. 64888

The 24th day of May 2010

SMIFS CAPITAL SERVICES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	31st March 2010		31st March 2009	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Tax, Extra-ordinary items, interest & Loss on sale of Fixed Assets (net)		(149,497)		(1,036,188)
Adjustment for				
1. Depreciation	93,565		79,540	
2. (Profit) / Loss on sale of Investments	(303,045)		-	
3. Dividend Income	(464,964)		-	
4. Misc. Expenditure Written Off	-		-	
		(674,444)		79,540
<i>Operating profit before W/Capital change</i>		(823,941)		(956,648)
Adjustment for				
1. Trade & Other Receivable	2,030,893		(1,772,516)	
2. Inventories	-		-	
3. Trade payable	(3,733,646)		(366,474)	
		(1,702,753)		(2,138,990)
<i>Cash Generated from Operations</i>		(2,526,694)		(3,095,638)
Interest paid	(31,254)		(21,569)	
Direct Tax paid	(2,500)		(849)	
FBT paid	(2,660)		(12,500)	
		(36,414)		(34,918)
<i>Cash Flow before Extra-ordinary items</i>		(2,563,108)		(3,130,556)
Extra-ordinary items (Prov.for Leave Salary)		(3,871)		11,893
<i>Net Cash Flow from Operating activity</i>		(2,566,979)		(3,118,663)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	-		(415,124)	
Sale of Fixed Assets	-		-	
Purchase of Investments	-		-	
Sale of Investments	2,260,000		3,176,950	
Dividend Income	464,964			
		2,724,964		2,761,826
<i>Net Cash flow from Investing Activities</i>		157,985		(356,837)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of Share Capital	-		-	
Proceeds from long-term borrowings	(73,793)		296,091	
Proceeds from short-term borrowings				
<i>Net cash used in Financing Activities</i>		(73,793)		296,091
<i>Net increase in Cash & Cash equivalents</i>		84,192		(60,746)
Cash & Cash equivalents as at (Opening Balance)		77,946		138,692
Cash & Cash equivalents as at (Closing Balance)		162,138		77,946

Kolkata
The 24th Day of May 2010

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, 2010 and 31st March, 2009 and found the same in agreement therewith.

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

Kolkata
The 24th Day of May 2010

(AUROBINDA PANDA)
Partner
Membership No. 064888

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Annual Report and the Audited Accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS

(Rupees in million)

	Year ended 31.03.2010	Year ended 31.03.2009
Profit / (Loss) before Interest & Depreciation	9.46	2.61
Less : Interest	2.34	0.97
Profit / (Loss) before Depreciation	7.12	1.64
Less : Depreciation	0.00	0.00
Profit / (Loss) before Tax	7.12	1.64
Less : Provision for Tax	0.32	0.26
Profit / (Loss) after Tax	6.80	1.38
Add : (Debit) / Credit balance brought forward	4.37	2.99
Profit / (Loss) Carried to Balance Sheet	11.17	4.37

CAPITAL

Share Capital of the Company as on 31st March, 2009 consisted of 19,500,000 equity Shares of Re. 1/- each aggregating to Rs.19,500,000/-. In terms of resolution passed at an Extra Ordinary General Meeting of shareholders held on 11th March, 2010, existing equity shares of Re.1/- each has been consolidated and converted into equity shares of Rs.10/- each. Accordingly upon such consolidation 1,950,000 equity shares of Rs. 10/- each were issued in place of 19,500,000 equity shares of Re. 1/- each.

The Board in its meeting held on 15th March, 2010 issued 3,359,375 equity shares of Rs. 10/- each at a premium of Rs.22/- per share to Smifs Capital Markets Limited. Accordingly, Paid up Capital of the Company as on 31st March, 2010 stood at Rs. 53,093,750/- divided into 5,309,375 equity shares of Rs. 10/- each. It is to be noted that upon such allotment, your Company has become a subsidiary of Smifs Capital Markets Limited.

DIVIDEND

Your Directors are of the view that profit for the year needs to be ploughed back in the business and hence no dividend has been recommended on the equity shares.

YEAR IN RETROSPECT

Your Company has become a subsidiary of SMIFS Capital Markets Limited. Your Company is engaged in financial services and it is expected that this business will grow well in the current year.

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, 2010 the applicable accounting standards have been followed along with the proper explanations relating to material departures.
2. The Directors had adopted such accounting policies and applied them consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period.
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Directors have prepared the Annual Accounts on a going concern basis.

DIRECTORS

During the year there was no change in the Board of Directors. Mr. Chandranath Mukherjee has been appointed as additional director w.e.f.1st April, 2010 and holds office upto the ensuing AGM. Mr. Tapas Kumar Sen 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. Chandranath Mukherjee, Chairman, Mr. Tapas Kumar Sen and Mr. Ratan Kumar Gupta.

AUDITORS

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

STATUTORY INFORMATION

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

(a) Conservation of Energy

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

(b) Technology Absorption

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

(c) Foreign Exchange Earnings and Outgoings

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

ACKNOWLEDGEMENT

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

On behalf of the Board of Directors

(Tapas Kumar Sen)
(DIRECTOR)

(Ratan Kumar Gupta)
(DIRECTOR)

Place: Kolkata
Date: May 24, 2010

**GORANG KOTHARI ASSOCIATES
CHARTERED ACCOUNTANTS
AUDITORS' REPORT**

TO THE MEMBERS OF ANTRIKSH VYAPAAR P. LIMITED

We have audited the attached Balance Sheet of ANTRIKSH VYAPAAR PRIVATE LIMITED, as at 31st March 2010 and also the Profit and Loss Account and the Cash Flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the branches not visited by us;
- (iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) On the basis of the written representations received from the directors, as on 31st March 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 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 2010;
 - (b) in the case of the Profit and Loss Account, of the Loss for the year ended on that date.; and
 - (c) in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

44/3A, Garcha Road,
1st floor, Kolkata 700 019

For Gorang Kothari Associates
Chartered Accountants
FRN. 319274E

Date : 21st day of May, 2010

(G. KOTHARI)
Proprietor
Membership No. 300-54711

Annexure to the Auditor's Report 2009-10

(Referred to in paragraph 3 of our Report of even date)

- i) (a) The Company does not have any fixed assets. Hence, the question of maintaining records thereof does not arise.

(b) The Company does not have any fixed assets. Hence, the question of physical verification thereof does not arise.

(c) Fixed assets have not been disposed off during the year.
- ii) (a) The management has conducted physical verification of inventory at reasonable intervals.

(b) In our opinion, the procedure followed by the management for such physical verification are reasonable and adequate in relation to the size of the Company and nature of its business.

(c) The Company is maintaining proper records of inventory. No discrepancies were noticed on verification between physical verification and the book records.
- iii) (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

(b) As the Company has not granted any loans, as mentioned above, the question of reporting on rate of interest and other terms and conditions of the loan does not arise.

(c) As the Company has not granted any loans, as mentioned above, the question of receipt of the principal amount and interest does not arise.

(d) There are no overdue amounts more than one lakh to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

(e) The Company has not taken loans, secured or unsecured, from companies, firms or other parties (except Rs. 10,00,000/- from three shareholders) covered in the register maintained under section 301 of the Act.

(f) The rate of interest and other terms and conditions of loans taken by the company are prima facie not prejudicial to the interest of the company.

(g) Payment of the principal amount and interest are regular.
- iv) In our opinion and according to information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v) (a) In our opinion and according to the information and explanations given to us, 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 contracts or arrangements and exceeding

the value of Rupees Five Lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

- vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of section 58A, 58AA or any other relevant provisions of the Act.
- vii) In our opinion, the Company has internal audit system commensurate with its size and nature of its business.
- viii) As informed to us, the maintenance of cost records has not been prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956, in respect of activities carried on by the Company.
- ix) (a) According to the information and explanations given to us, the Company is generally regular in depositing the undisputed statutory dues including income tax and other material statutory dues. There are no outstanding dues in respect of the above items, which are more than six months as at the Balance Sheet date. As explained, provisions of provident fund, investor education and protection fund, employees' state insurance, sales tax, wealth tax, custom duty and excise duty are not applicable to the Company.

(b) According to the information and explanations given to us, there are no dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess that have not been deposited on account of any dispute.
- x) The company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- xi) The Company has not defaulted in repayment of dues to any financial institutions or banks or debenture holders.
- xii) The Company has not granted any loans or advances on the basis of security by way of pledge shares, debentures or other securities.
- xiii) In our opinion and according to the information and explanations given to us, the nature of the activities of the Company does not attract any special statute applicable to chit fund or nidhi / mutual benefit funds / societies.
- xiv) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of the transactions and contracts of the investment dealt in by the Company and timely entries have been made therein. The investment made the Company are held in its own name except to the extent of exemption granted under section 49 of the Companies Act, 1956, or the shares for which the Company held valid transfer form or which are in the process of transfer in its name.
- xv) According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
- xvi) The Company has not obtained any term loans.
- xvii) On the basis of an overall examination of the Balance Sheet and information and explanations given to us, the Company has not utilized any funds raised during the year on short term basis for long term investments.
- xviii) The Company has not made any preferential allotment of shares to parties or companies covered 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) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

44/3A, Garcha Road,
1st floor, Kolkata 700 019

For Gorang Kothari Associates
Chartered Accountants
FRN. 319274E

Date : 21st day of May, 2010

(G. KOTHARI)
Proprietor
Membership No. 300-54711

ANTRIKSH VYAPAAR PRIVATE LIMITED

BALANCE SHEET AS ON 31ST MARCH, 2010

Schedules	<u>As at 31st March 2010 Amount Rs.</u>	<u>As at 31st March 2009 Amount Rs.</u>
<u>SOURCES OF FUNDS</u>		
SHARE HOLDER'S FUND		
Share Capital	A 53,093,750	19,500,000
RESERVES & SURPLUS	B 104,375,563	23,667,064
UNSECURED LOAN	C 6,649,286	26,617,660
	<u>164,118,599</u>	<u>69,784,724</u>
<u>APPLICATION OF FUNDS</u>		
INVESTMENTS	D 99,153,880	57,666,210
CURRENT ASSETS, LOANS & ADVANCES		
A. Current Assets		
a) Cash & Bank Balances	E 469,636	381,336
b) Inventories	F 30,000	30,000
c) Sundry Debtors	G 3,990,000	-
B. Loans & Advances	H <u>164,884,645</u>	<u>161,632,982</u>
	<u>169,374,281</u>	<u>162,044,318</u>
<u>LESS :</u>		
CURRENT LIABILITIES & PROVISIONS		
a) Current Liabilities	I 104,003,462	149,403,505
b) Provisions	406,100	522,300
	<u>104,409,562</u>	<u>149,925,805</u>
NET CURRENT ASSETS	64,964,719	12,118,514
	<u>164,118,599</u>	<u>69,784,724</u>

Notes on Accounts: Forming part of the Accounts

As per our Report Annexed of even date

For GORANG KOTHARI ASSOCIATES
Chartered Accountants
FRN: 319274E

Tapas Kr. Sen
(Director)

Ratan Kumar Gupta
(Director)

(Gorang Kothari)
Proprietor
Membership No:300-54711
Place : 44/3A, Garcha Road
Kolkata - 700 019

Prabhat Kumar Banerjee
(Company Secretary)

Dated : 21st day of May, 2010.

ANTRIKSH VYAPAAR PRIVATE LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

<u>SCHEDULE</u>	For the year ended 31st March 2010 Amount Rs.	For the year ended 31st March 200 Amount Rs.
INCOME :		
Profit on Sale of Investments	2,613,944	14,484,662
Professional Fees (TDS Rs. Nil P.Y. Rs. 9259/-)	-	80,000
Other Income	2,244,259	845,440
Increase / (Decrease) in Stock	-	-
	<u>4,858,203</u>	<u>15,410,102</u>
EXPENDITURE :		
Operating & Administrative Expenses	399,315	6,135,824
Provision against Doubtful Assets	(5,000,000)	6,580,000
Interest Paid	2,334,010	968,148
Preliminary Expenses written off	-	90,000
	<u>(2,266,675)</u>	<u>13,773,972</u>
Profit / (Loss) before tax	7,124,878	1,636,130
Less:		
Provision for Fringe Benefit Tax	-	1,100
Provision for Tax	225,000	180,000
Income Tax for Earlier Years	4,544	-
Security Transaction Tax	93,084	80,523
Profit / (Loss) after Tax	<u>6,802,250</u>	<u>1,374,507</u>
Balance Brought Forward from previous year	4,367,064	2,992,557
Balance Carried to Balance Sheet	<u>11,169,313</u>	<u>4,367,064</u>

Notes on Accounts: Forming part of the Accounts **M**

As per our Report Annexed of even date

For GORANG KOTHARI ASSOCIATES
Chartered Accountants
FRN: 319274E

Tapas Kr. Sen
(Director)

Ratan Kumar Gupta
(Director)

(Gorang Kothari)
Proprietor
Membership No:300-54711
Place : 44/3A, Garcha Road
Kolkata - 700 019

Prabhat Kumar Banerjee
(Company Secretary)

Dated : 21st day of May, 2010.

ANTRIKSH VYAPAAAR PRIVATE LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS AS ON 31ST MARCH 2010

SCHEDULE A	As at	As at		
SHARE CAPITAL :	31st March 2010	31st March 2009		
	Amount	Amount		
	Rs.	Rs.		
AUTHORISED :				
195,00,000 Equity Shares of Rs. 10/- each	195,000,000	195,000,000		
ISSUED, SUBSCRIBED & PAID UP :				
195,00,000 Equity Shares of Rs. 1/- each Fully Paid-up in cash (Refer Note No. 2 of Schedule I)	-	19,500,000		
53,09,375 Equity Shares of Rs. 10/- each Fully Paid-up in cash (Refer Note No.3 of Schedule I)	53,093,750	-		
	53,093,750	19,500,000		
SCHEDULE B				
RESERVES & SURPLUS				
Securities Premium	93,206,250	19,300,000		
Profit & Loss Account	11,169,313	4,367,064		
	104,375,563	23,667,064		
SCHEDULE C				
UNSECURED LOAN:				
From Shareholders	1,029,588	1,000,000		
From Body Corporate	5,619,698	25,617,660		
	6,649,286	26,617,660		
SCHEDULE D				
LONG TERM INVESTMENTS -NON TRADE (At Cost)				
Equity Shares of Rs 10/- each (unless stated otherwise)	Quantity	Quantity		
QUOTED :	(Nos.)	(Nos.)		
	Value (Rs.)	Value (Rs.)		
Andaman Timber & Industries Ltd.	360,000	360,000	360,000	360,000
ARM Polymers Ltd.	150,000	37,500	150,000	37,500
Bolton Properties Ltd.	20,500	2,562,500	20,500	2,562,500
Cambridge Solutions Ltd.	658	16,420	658	16,420
Maya Agro Products Ltd.	300,000	150,000	300,000	150,000
Moving Picture Company India Ltd.	881,600	13,224,000	-	-
Universal Cables Ltd.	407,185	19,834,182	666,402	33,298,327
Vindhya Telelinks Ltd.	370,376	49,312,676	166,900	9,673,266
Sub-total (A)		85,497,278		46,098,014
UNQUOTED :				
Advance Inbosal Pvt. Ltd.	22,500	2,250	22,500	2,250
Apnaloan.Com Pvt. Ltd.	100,603	201,206	-	-
Boss Profiles Ltd.	100,000	3,070,700	-	-
Current Electronics Ltd.	763,400	76,340	763,400	76,340
Global Infologicistic Ltd.	20,000	5,000	20,000	5,000
Global Stock Pvt. Ltd.	90,500	90,500	90,500	90,500
Fortune Biotech Ltd.	-	-	40,000	1,780,000
Mediline Equipment Ltd.	4,000	4,000	4,000	4,000
Merlin Securities Pvt. Ltd.	1,000	10,000	-	-
Nangalia Hydrocarbon Ltd.	90,000	90,000	90,000	90,000
New Millenium Ltd.	100,000	10,000	100,000	10,000
Pyramid Cyberware Ltd.	666	666	666	666
Reddy Meditech Health Products Ltd.	-	-	60,000	4,200,000
Shah Investment Consultants Pvt. Ltd.	25,000	2,500,000	25,000	2,500,000
Southern Online Bio Technologies Ltd. (Warrants)	800,000	2,072,000	1,000,000	2,590,000
Teamasia Semiconductors (I) Ltd.	257,500	5,304,500	-	-
Techno Pulp & Paper Board Prod. Ltd.	2,100,000	210,000	2,100,000	210,000
Utpal Vincom Pvt. Ltd.	4,000	4,000	4,000	4,000
Welquin Suppliers Pvt. Ltd.	5,440	5,440	5,440	5,440
Sub-total (B)		13,656,602		11,568,196
Total (A+B)		99,153,880		57,666,210
Aggregate market value of Quoted Investments		122,050,311		59,762,159

ANTRIKSH VYAPAAR PRIVATE LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS AS ON 31ST MARCH 2010

	As at 31st March 2010 Amount		As at 31st March 2009 Amount	
	Rs.		Rs.	
SCHEDULE E				
CASH & BANK BALANCES :				
Cash in hand (As certified by a Director)		240,008		141,708
With Scheduled Bank in Current A/c.		229,628		239,628
		469,636		381,336
SCHEDULE F				
INVENTORIES (AT COST) :				
Shares (Unquoted)	Quantity	Value (Rs.)	Quantity	Value (Rs.)
Maheshwari Brothers Ltd.	30,000	30,000	30,000	30,000
		30,000		30,000
SCHEDULE G				
SUNDRY DEBTORS				
Exceeding six months				
- Considered good	-		-	
- Considered doubtful	509,484,134		509,484,134	
Less : Provision for Doubtful Debts	509,484,134		509,484,134	
	-		-	
Other Debts				
- Considered good	3,990,000		-	
		3,990,000		-
		3,990,000		-
SCHEDULE H				
LOANS & ADVANCES				
LOANS				
Unsecured, Considered Good	31,042,089		-	
Unsecured, Considered Doubtful loan	-		50,000,000	
	31,042,089		50,000,000	
Less : Provision for Doubtful Assets	-		5,000,000	
		31,042,089		45,000,000
ADVANCES				
Unsecured, Considered Good	118,284,629		100,722,629	
Unsecured, Considered Doubtful	16,800,000		16,800,000	
	135,084,629		117,522,629	
Less : Provision for Doubtful Advances	2,580,000		2,580,000	
		132,504,629		114,942,629
Income Tax Payments		1,337,396		1,690,242
Service Tax & Cess Cenvatable		531		111
		164,884,645		161,632,982
SCHEDULE I				
CURRENT LIABILITIES & PROVISIONS :				
CURRENT LIABILITIES				
Book Overdraft	1,797,699		199,891	
Sundry Creditors	30,511,405		41,311,518	
Due to Holding Company	71,671,365		-	
Share Application Money	-		107,500,000	
Other Liabilities	22,993		392,096	
		104,003,462		149,403,505
PROVISIONS				
Provision for Income Tax	405,000		520,000	
Provision for Fringe Benefit Tax	1,100		2,300	
		406,100		522,300
		104,409,562		149,925,805
SCHEDULE J				
OTHER INCOME				
Interest (including TDS Rs.502637/- P.Y. Rs.824000/-)		1,577,857		845,440
Dividend		666,402		-
		2,244,259		845,440
SCHEDULE K				
Closing Stock		30,000		30,000
Less: Opening Stock		30,000		30,000
Increase/ (Decrease) in stock		-		-
SCHEDULE L				
OPERATING & ADMINISTRATIVE EXPENSES				
Salary		247,944		1,307,556
Auditors Remuneration		36,500		36,500
Bank Charges		2,001		645
Demat Charges		8,675		4,645
Filing Fee		1,000		1,084
General Expenses		2,215		17,482
Income Reversal of Earlier years		-		3,745,482
Loss from Share Speculation		-		18,334
Postage		200		230
Printing & Stationery		2,600		200,670
Professional Fees		91,250		793,000
Rates and Taxes		6,930		10,156
Travelling & Conveyance Expenses		-		40
		399,315		6,135,824

ANTRIKSH VYAPAAR PRIVATE LIMITED

SCHEDULE –M:

A. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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

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

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

(b) Share Capital

i) In terms of Order of the Hon'ble High Court at Kolkata dated 03/03/2008 and Certificate of Registration issued by the Registrar of Companies, West Bengal, dated 31/03/2008, the Issued, Subscribed and Paid-up Share Capital of the Company has been reduced from Rs. 19,50,00,000/- divided into 1,95,00,000 Equity Shares of Rs. 10/- each fully paid-up to Rs. 1,95,00,000/- divided into 1,95,00,000 Equity Shares of Re. 1/- each fully paid-up, by cancelling Rs. 9/- per share (amounting to Rs.17,55,00,000/-) and the Securities Premium Account has been reduced from Rs. 85,00,00,000/- to Rs. 1,93,00,0000/- by writing off Rs. 83,07,00,000/- not represented by the available assets of the Company. The aggregate amount of such reduction (i.e. Rs.17,55,00,000/- + Rs. 83,07,00,000/-) has been set off against brought forward debit balance of Profit & Loss Account (Accumulated Losses) as at 1st April, 2007.

ii) In terms of resolution passed at an Extra ordinary General Meeting of Shareholders held on 11th March, 2010, existing equity shares of Re.1/- each has been consolidated and converted into equity shares of Rs.10/- each. Accordingly upon such consolidation 19,50,000 equity shares of Rs. 10/- each were issued in place of 1,95,00,000 equity shares of Re. 1/- each..

(c) Investments

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

(d) 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.

(e) Income Taxes

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

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.

(f) Contingencies

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

B. NOTES FORMING PART OF THE ACCOUNTS

- Contingent Liabilities: Nil (P.Y. Nil).
- Balances lying as sundry debtors, creditors and loans & advances are subject to confirmation to be received from the concerned parties.
- Physical verification of investments has been done by the management and a certificate in this regard has been issued to the auditors.
- Directors' Remuneration

	<u>2009-2010</u>	<u>2008-2009</u>
	<u>(Rs.)</u>	<u>(Rs.)</u>
Salaries & Allowances	199,584	86,400
	<u>199,584</u>	<u>86,400</u>

ANTRIKSH VYAPAAR PRIVATE LIMITED

5. Auditor's remuneration includes:

	<u>2009-2010</u>	<u>2008-2009</u>
	<u>(Rs.)</u>	<u>(Rs.)</u>
Audit Fees	36,500	36,500
	36,500	36,500

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

7. Particulars regarding Purchases, Sale, Opening & Closing Stocks::

Particulars	2009-2010		2008-2009	
	Nos.	Amount (Rs.)	Nos.	Amount (Rs.)
Opening Stock:				
Equity Shares	30,000	30,000	30,000	30,000
	30,000	30,000	30,000	30,000
Purchases:				
Equity Shares	-	-	-	-
	-	-	-	-
Sales:				
Equity Shares	-	-	-	-
	-	-	-	-
Closing Stock:				
Equity Shares	30,000	30,000	30,000	30,000
	30,000	30,000	30,000	30,000

8. **Prudential Norms**

- a) As per the accounting policy adopted by the Company, in conformity with the guidelines issued by the Reserve Bank of India for Non- Banking Financial Companies interest for the year amounting to Rs 3,481,644/- (P.Y. Rs 3,176,000/-) has not been recognised as the interest has become due for more than six months.
- b) Unrealised income for earlier year amounting to Rs Nil (P.Y Rs 3,745,482/-) has been reversed during the year.
- c) Provision for substandard assets amounting to Rs Nil (P.Y Rs. 6,580,000/-) has been made.
- d) Provision for substandard assets amounting to Rs 5,000,000/- (P.Y Rs Nil) has been reversed.

9. **Earning Per Share**

	<u>2009-2010</u>	<u>2008-2009</u>
	<u>(Rs.)</u>	<u>(Rs.)</u>
Net Profit / (Loss) attributable to shareholders	.6,802,250	1,374,507
Weighted average number of equity shares in issue	2,106,464	1,950,000
Earning per share of Rs. 10/- each (Basic & Diluted)	3.23	0.70

10. Information required as per Non-Banking Financial (R.B.I) Guidelines 1997:

Classification of assets	(Amount in Rs)
a) Standard Assets	268,528,161
b) Sub-Standard Assets	-
c) Doubtful Assets	512,064,134
d) Loss assets	-

11. **Related Party Disclosures**

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

Holding Company

SMIFS Capital Markets Limited

Key Management Personnel

Nil

Entities significant influence exists

Nil;

ANTRIKSH VYAPAAR PRIVATE LIMITED

Disclosure of transactions between the Company and related parties and their outstanding balances as on 31st March 2010.

	Holding Company Rs.	Key Management Personnel Rs.	Entities where control exists Rs.
<u>Balances at the end of the year</u>			
Creditors / Payables	71,671,365	-	-

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

	Year ended 31.03.2010 Rs.	Year ended 31.03.2009 Rs.
<u>Segment Revenue:</u>		
a) Capital Market Operations	2,613,944	14,484,662
b) Investment Banking Operation	-	80,000
c) Others	2,244,259	845,440
Net Sales / Income from Operations	4,858,203	15,410,102
Segment Results:		
<u>Profit / (Loss) before tax & interest</u>		
a) Capital Market Operations	2,613,944	14,484,662
b) Investment Banking Operation	-	80,000
c) Others	2,244,259	845,440
Total	4,858,203	15,410,102
Less: Interest	2,334,010	968,148
Other un-allocable expenditure net of in-allocable income	(4,600,685)	12,805,824
Total Profit/(Loss) before tax	7,124,878	1,636,130

Capital employed

The Company believes that it is currently not practicable to provide segment disclosures relating to total assets and liabilities since a meaningful segregation of data is onerous.

13. Expenditure in foreign currency – Rs. Nil (Previous year – Rs. Nil)
14. Earning in foreign currency Rs. Nil (Previous year – Rs. Nil).
15. Figures in brackets pertain to the previous year.
16. Previous year's figures have been regrouped where necessary to confirm to this year's classification.

Signature to Schedules 'A' to 'M'

For **GORANG KOTHARI ASSOCIATES**
Chartered Accountants
FRN. 319274E

For and on behalf of the Board of Directors

(Tapas Kumar Sen)
Director

(Ratan Kumar Gupta)
Director

(Gourang Kothari)
Proprietor
Membership no. 300-54711
The 21st day of May 2010

(Prabhat Kumar Banerjee)
Company Secretary

ANTRIKSH VYAPAAR PRIVATE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	31st March 2010		31st March 2009	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Tax, Extra-ordinary items, interest & Loss on sale of Fixed Assets (net)		4,458,888		9,184,278
Adjustment for				
1. Depreciation	-		-	
2. (Profit) / Loss on sale of Investments	(2,613,944)		(14,484,662)	
3. Dividend Income	(666,402)		-	
4. Misc. Expenditure Written Off	-		90,000	
		(3,280,346)		(14,394,662)
<i>Operating profit before W/Capital change</i>		1,178,542		(5,210,384)
Adjustment for				
1. Trade & Other Receivable	(2,594,509)		7,293,471	
2. Inventories	-		-	
3. Trade payable	(45,400,043)		(11,643,690)	
		(47,994,552)		(4,350,219)
<i>Cash Generated from Operations</i>		(46,816,010)		(9,560,603)
Interest paid	(2,334,010)		(968,148)	
Direct Tax paid	(85,982)		(644,569)	
FBT paid	-		(2,700)	
		(2,419,992)		(1,615,417)
<i>Cash Flow before Extra-ordinary items</i>		(49,236,002)		(11,176,020)
Extra-ordinary items (Prov.for Leave Salary)		-		-
<i>Net Cash Flow from Operating activity</i>		(49,236,002)		(11,176,020)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	-		-	
Sale of Fixed Assets	-		-	
Purchase of Investments	(78,826,065)		(65,193,593)	
Sale of Investments	39,952,339		50,678,141	
Dividend Income	666,402		-	
		(38,207,324)		(14,515,452)
<i>Net Cash flow from Investing Activities</i>		(87,443,326)		(25,691,472)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of Share Capital	107,500,000		-	
Proceeds from long-term borrowings	(19,968,374)		25,587,824	
Proceeds from short-term borrowings				
<i>Net cash used in Financing Activities</i>		87,531,626		25,587,824
Net increase in Cash & Cash equivalents		88,300		(103,648)
Cash & Cash equivalents as at (Opening Balance)		381,336		484,984
Cash & Cash equivalents as at (Closing Balance)		469,636		381,336

Kolkata
The 21st Day of May 2010

For and on behalf of the Board of Directors

(Tapas Kr Sen)
Director

(Ratan Kumar Gupta)
Director

Auditors' Report

We have verified the attached Cash Flow Statement of Antriksh Vyapaar Private Limited, derived from the audited financial statement and the books and records maintained by the Company for the year ended 31st March, 2010 and 31st March, 2009 and found the same in agreement therewith.

For Gorang Kothari Associates
Chartered Accountants
FRN: 319274E

Kolkata
The 21st Day of May 2010

(Gorang Kothari)
Proprietor
Membership No. 300-54711