



**ANNUAL REPORT  
2012-2013**

**SMIFS CAPITAL MARKETS LIMITED**



# SMIFS CAPITAL MARKETS LIMITED

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## **SMIFS CAPITAL MARKETS LIMITED**

(CIN: L74300WB1983PLC036342)

### **Board of Directors**

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

### **Company Secretary**

Ms. Neha Doshi (w.e.f. May 24, 2013)

### **Auditors**

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

### **Bankers**

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

### **Registrar & Transfer Agents**

M/s. Maheshwari Datamatics Pvt. Ltd.  
6 Mangoe Lane, 2nd Floor  
Kolkata - 700001  
Phone No.: (033) 2243-5029/5809, 2248-2248  
Fax No.: (033) 2248-4787  
Email: mdpl@vsnl.com



## SMIFS CAPITAL MARKETS LIMITED

### NOTICE

**NOTICE** is hereby given that the Thirtieth Annual General Meeting of the members of **SMIFS CAPITAL MARKETS LIMITED** will be held on Saturday, the 28th day of September, 2013 at Rrangoli Banquet Hall, 'Vaibhav', 4, Lee Road, Ground Floor, Kolkata - 700 020 at 10.00 a.m for transacting the following:

#### Ordinary Business

1. To receive, consider and adopt the Balance Sheet as at March 31, 2013 and Profit & Loss Account for the year ended on that date and the reports of the Directors' and Auditors' thereon.
2. To declare dividend for the year ended March 31, 2013.
3. To appoint Directors in place of Mr. Utsav Parekh and Mr. Santosh Kumar Mukherjee, who retire by rotation and being eligible, offers themselves for re-appointment.
4. To appoint Auditors to hold office from conclusion of the Thirtieth Annual General Meeting until the conclusion of the Thirty First Annual General Meeting and to authorise the Board to fix their remuneration.

#### Regd. Office :

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

The 24th day of May, 2013

*By Order of the Board*

**(NEHA DOSHI)**

*Company Secretary*

#### NOTES :

- 1) **A Member entitled to attend and vote at this Annual General Meeting may appoint a proxy to attend and vote on a poll on his behalf. A proxy need not be a Member of the Company. Proxies, in order to be effective, must be received by the Company at its registered office at `Vaibhav' 4F, 4, Lee Road, Kolkata - 700 020 not less than 48 (forty-eight) hours before the commencement of this Annual General Meeting.**
- 2) Additional information pursuant to Clause 49 of the Listing Agreement with Stock Exchanges on re-appointment of Directors at the Annual General Meeting is appearing in the Report and Accounts.
- 3) Pursuant to the Circular of Ministry of Corporate Affairs No. 17/2011 dated 21-4-2011, members are requested to provide their email ids to the company at its Registered Office at 'Vaibhav' (4F), 4, Lee Road, Kolkata - 700 020 (email id : smifscap@vsnl.com) or to Registrars, M/s. Maheshwari Datamatics Pvt. Ltd., 6, Mangoe Lane, 2nd Floor, Kolkata - 700 001 (e-mail id :mdpl@vsnl.com).



- 4) Members are requested to notify any change in their address / mandate / bank details immediately to the Company at its Registered Office at 'Vaibhav' (4F), 4, Lee Road, Kolkata - 700 020 (email id : smifscap@vsnl.com) or to the Registrars, M/s. Maheshwari Datamatics Pvt. Ltd., 6, Mangoe Lane, 2nd Floor, Kolkata - 700 001(e-mail id :mdpl@vsnl.com).
- 5) Members who have multiple accounts in identical names or joint accounts in the same order are requested to consolidate all such shareholdings into one account to facilitate better service.
- 6) Depository System - The Company, consequent to introduction of the Depository System, entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Members, therefore, now have the option of holding and dealing in shares of the Company in electronic form through NSDL or CDSL. With effect from 26-12-2000 trading in shares of the Company on any Stock Exchange is permitted only in dematerialized form.
- 7) Individual shareholders can avail the facility of nomination. The nominee shall be the person in whose name all rights of transfer and / or amount payable in respect of shares shall lie in the event of the death of the shareholder and the joint holder(s), if any. A minor can be a nominee provided the name of the guardian is given in the Nomination Form. Non-individual including Society, Trust, Body Corporate, Partnership Firm, Karta of Hindu Undivided Family, holder of Power of Attorney cannot nominate. For further details in this regard shareholders may contact M/s. Maheshwari Datamatics Pvt. Ltd., Registrars and Transfer Agents.
- 8) Members are requested to quote their account / folio number and in case their shares are held in dematerialized form, they must quote their Client ID Number and DP ID Number.
- 9) The Register of Members and Share Transfer Books of the Company shall remain closed from 21.09.2013 (Saturday) to 28.09.2013 (Saturday) (both days inclusive).
- 10) Members / Proxies should bring attendance slip sent herewith duly filled in, for attending the meeting.
- 11) As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to bring their copies to the Meeting.
- 12) Unclaimed Dividend: It is observed that some Members have still not encashed their Dividend Warrants in respect of earlier years i.e. for the years ended 2007, 2008, 2010, 2011 and 2012. Such Members are requested to write to the Company / Registrar and obtain payment thereof.
- 13) Investor Grievance Redressal: Company has an exclusive e-mail id, viz. smifscap@vsnl.com for investor to register their grievance.
- 14) Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with



whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN detail to the Company/Registrar and Transfer Agents.

- 15) Detail of dividends declared by the Company for last 5(Five)years:

Financial year related to	Date of Payment of the Dividend
2007-2008	4th October, 2008
2008-2009	N.A
2009-2010	5th October, 2010
2010-2011	15th September, 2011
2011-2012	12th September, 2012

**Regd. Office :**

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

The 24th day of May, 2013

*By Order of the Board*

**(NEHA DOSHI)**  
*Company Secretary*



## DIRECTORS' REPORT

### TO THE MEMBERS,

Your Directors have pleasure in presenting the Thirtieth Annual Report of the Company together with the audited financial statements for the year ended March 31, 2013.

#### 1. (a) FINANCIAL HIGHLIGHTS

(Rupees in million)

	Year ended 31.03.2013	Year ended 31.03.2012
Profit before Interest, Depreciation & Tax	17.59	56.87
Less: Interest	0.34	0.42
Profit before Depreciation & Tax	17.25	56.45
Less: Depreciation / Amortization	3.58	3.90
<b>Profit before Tax</b>	<b>13.67</b>	<b>52.55</b>
Less: Tax Expenses - Current / Earlier years	5.50	0.19
Less : Deferred Tax for the year	25.82	12.96
Add: MAT Credit Entitlement	27.84	-
<b>Profit after Tax</b>	<b>10.19</b>	<b>39.40</b>
Profit brought forward from earlier year	65.08	54.76
Profit available for Appropriation	75.27	94.16
<b>APPROPRIATIONS</b>		
Proposed Dividend including Dividend Tax	9.15	9.08
<b>Transfer to General Reserve</b>	<b>0.55</b>	<b>20.00</b>
Profit carried to Balance Sheet	65.57	65.08

#### Financial and Operational Performance

Operating profit (PBDIT) of the Company for the year was Rs. 17.59 million (previous year Rs. 56.87 million). Profit after tax for the year stood at Rs. 10.19 million (previous year Rs. 39.40 million).

Net worth of the Company as on March 31, 2013 was Rs. 1057.54 million (previous year Rs. 1060.06 million).

#### (b) CAPITAL

Paid up capital of the Company as on March 31, 2013 stood at Rs. 55,850,000/- divided into 5,585,000 equity shares of Rs. 10/- each.

#### (c) DIVIDEND

In spite of the reduction in profit after tax for the year as compared to the previous year, your Directors recommend payment of dividend of Rs. 1.40 per equity share (previous year Rs. 1.40 per share) on the paid up equity capital for the year ended March 31, 2013. Dividend will absorb a sum of Rs. 9.15 million including the dividend distribution tax thereon.



**(d) TRANSFER TO GENERAL RESERVES**

Rs. 0.55 million (Previous Year: Rs. 20 million) has been transferred to the General Reserve of the Company.

**(e) TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND**

No unpaid and unclaimed dividend as on March 31, 2013 was required to be transferred as per the provisions of Sections 205A and 205C of the Companies Act, 1956.

**(f) MANAGEMENT DISCUSSION AND ANALYSIS**

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

**2. SUBSIDIARY COMPANY**

As on March 31, 2013, there was one wholly-owned subsidiary Company namely, SMIFS Capital Services Limited. Statement required under Section 212 of the Companies Act, 1956 in respect of the subsidiary Company is attached.

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

India's economic growth rate in terms of gross domestic product had slipped to decade's low of 5% in 2012-13, as against 6.2% in the previous fiscal and a slowdown in the industrial activity was witnessed throughout the year.

The slowdown was mainly due to policy paralysis at the center and the continued uncertainty and slowdown in the global economy. Growth of exports for most of the current year remained in negative territory while imports picked up during the year. Fiscal deficit and current account deficit of the country climbed sharply in the first half of the year and India faced threat of ratings downgrade from international rating agencies. In this backdrop, the current finance minister took several steps to rein in both fiscal deficit and current account deficit and also cut government spending in last few months of the year.

Rising inflationary pressures required adoption of tight monetary policies by RBI in the preceding years. Increasing risks to growth from external as well as domestic sources and tight monetary policy in the preceding few years in face of persistent inflationary pressures has also resulted in a slowdown of the economy. The RBI reduced repo rates by 50 basis points in April, 2012 and by 25 basis points again in January 2013 and reduced Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) to improve liquidity conditions. A cautious monetary policy and slowdown in economy has impacted investment and consumption growth. Investments by Foreign Institutional Investors has also slowed down.

The slowdown in 2011-12 and 2012-13 has been precipitated by domestic factors as well as factors emanating from the rest of the world, particularly advanced economies and India's major trading partners. The crisis in the Euro-zone area and slow growth in many other advanced economies have affected growth in India.

The inflation has started gradually receding and with the steps taken to rein in fiscal deficit and current account deficit and a gradual reduction in interest rates, it is expected that Indian Economy will bottom out in the second half of the current year 2013-14.





Your Company is registered as Category I Merchant Banker and is executing various assignments in areas of Mergers and Acquisitions, Loan Syndication, Capital Market Operations, Placement of Equity shares and debts. Your Company's real estate project at Bondel road is progressing well. Barring unforeseen circumstances, your Company is hopeful of achieving better results in the current year.

#### **4. LISTING OF SECURITIES OF THE COMPANY**

Equity shares of your Company continue to be listed on BSE Limited and The Calcutta Stock Exchange Limited and the listing fees for the year 2013-14 have been paid. 97.29 per cent of the equity shares of your Company are held in dematerialized form.

#### **5. DIRECTORS' RESPONSIBILITY STATEMENT**

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

- (i) in the preparation of the accounts for the financial year ended March 31, 2013, 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, 2013 and of the profit of the Company for the year ended on that date;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the Directors have prepared the annual accounts of the Company on a 'going concern' basis.

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

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

During the year there was no foreign exchange earning (previous year 'nil'). Foreign Exchange outgo during the year aggregated to Rs. 2.38 million (previous year Re. 1.17 million).

#### **7. DIRECTORS**

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

There was no change in the composition of Board of Directors during the year. Mr. Utsav Parekh is the Non- Executive Chairman.

The three-year term of Mr. Kishor Shah as Managing Director ended on 31st March 2012 and on recommendation of the Remuneration Committee and approval of the Board of Directors and also by the members by a Special Resolution at the Annual General Meeting held on



September 8, 2012, Mr. Kishor Shah has been re-appointed Managing Director of the Company with effect from April 1, 2012 for a further period of 3 (three) years. Terms of appointment include payment of managerial remuneration as per the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII, Part II, Section II 1(B) to the Companies Act, 1956.

Mr. Utsav Parekh, Director and Mr. Santosh Kumar Mukherjee, Director retire by rotation in accordance with the requirement of the Companies Act, 1956 and the Articles of Association of the Company. They being eligible offered themselves for re-appointment.

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

#### **8. AUDITORS**

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

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

#### **9. AUDITORS' QUALIFICATION**

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

#### **10. PARTICULARS OF EMPLOYEES**

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

#### **11. ACKNOWLEDGEMENTS**

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

#### **Regd. Office :**

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

The 24th day of May, 2013

*On behalf of the Board of Directors*

**(UTSAV PAREKH)**  
*Chairman*



ANNEXURE TO DIRECTORS' REPORT

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. FINANCIAL STATEMENTS

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

### 2. MACRO-ECONOMIC OVERVIEW

Financial Year 2012-13 was yet another challenging year for your Company having experienced a turbulent capital market. The growth of Indian economy has slowed down in the current year. For the Indian economy, it was a year of subdued GDP growth of 5% (previous year 6.2%). Due to global slowdown and policy paralysis at the Centre, the Indian economy continues to be sluggish.

Global economy witnessed lower economic growth which in turn created negative impact on the services and financial services sectors. Despite challenges, your company performed reasonably well and its revenues grew from ₹ 240 million to ₹ 302 million. Profits After Tax (PAT) has however reduced to Rs.10.19 million (Previous year Rs. 39.40 million).

### 3. CAPITAL MARKETS

Stock markets remained weak globally amidst high inflationary trends and cues from global concerns, prominent being the Euro Zone crisis, during the year. As on March 31, 2013, BSE Sensex was 18,835.77 (previous year 17,404.20).

### 4. OPPORTUNITIES

Lesser number of companies raised capital from the market in recent times compared to earlier years. Corporates are actively engaged in reducing cost of debt and your company is endeavouring to take up assignments in these areas to increase revenue.

### 5. THREATS

Indian Capital Market is linked to the international financial markets and our markets are affected by global crisis. Your Company being a part of the market is continuously gearing itself to meet such unforeseen challenges by reducing cost and conserving resources for investment wherever possible.



## 6. FUTURE OUTLOOK

Indian economy recorded GDP growth of around 5% (previous year 6.2%). Growth rate is slated to be around 6% in the year 2013-14. Inflation continues to be a threat. Profit margins of companies have been affected both due to high inflation and lower demand. With the reform measures undertaken recently to improve investment sentiments in the economy as well as to improve the fiscal situation, along with the expectation of improvement in the global economic scenario, there is a possibility of revival of growth in the second half of 2013-14.

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

## 7. GREEN INITIATIVE

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

## 8. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

## 9. CAUTIONARY STATEMENT

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

### Regd. Office :

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

The 24th day of May, 2013

*On behalf of the Board of Directors*

**(UTSAV PAREKH)**  
*Chairman*



## ANNEXURE - B

### **CORPORATE GOVERNANCE REPORT FOR THE YEAR 2012-13**

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

Transparency and accountability are the two basic tenets of Corporate Governance. Corporate Governance consists of laws, policies, procedures, and most importantly, practices that ensure the well being of the assets of the Company, enhance shareholders' value and discharge social responsibilities.

Board of Directors of your Company is responsible for and committed to sound principles of Corporate Governance in the Company. Board plays a crucial role in overseeing how the management serves the short and long term interests of shareholders and other stakeholders. This belief is reflected in our governance practices, under which we strive to maintain an effective, informed and independent Board. Responsible corporate conduct is integral to the way we do our business. Our actions are governed by our values and principles, which are reinforced at all levels within the Company.

Board of Directors' of your Company is committed in doing things the right way which means taking business decisions and acting in a way that is ethical and is in compliance with the applicable legislation. A code of conduct is framed and adopted by the Board of directors to ensure strict management compliance

Your Company acknowledges its responsibilities towards its stakeholders and ensures compliance with the requirements of the revised guidelines on Corporate Governance stipulated under Clause 49 of the Listing Agreement. Your Company respects the rights of its shareholders and its endeavour has always been to maximise the long term value to the shareholders of the Company.

#### **I. Company's philosophy on Corporate Governance**

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

#### **Compliance with Clause 49 of the Listing Agreement**

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

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



## II. Board of Directors

As on March 31, 2013, your Company had 6 members with a Non- Executive Chairman and a Managing Director. Board of directors of your Company is comprised of 5 Non-Executive Directors. Among the Non-Executive Directors, 3 are Independent Directors. Composition of the Board of your Company fulfills the requirement under Clause 49 (as amended) which is as under:

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

\* Mr. Kishor Shah was appointed Managing Director of the Company for a further period of three years w.e.f. April 1, 2012 in the Annual General Meeting of the Company held on September 8, 2012.

None of your Directors on the Board are members of more than 10 Committees and Chairman of more than 5 Committees across all companies in which they are Directors. Necessary disclosures regarding Committee position in other public companies as on March 31, 2013 have been made by the Directors.

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

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



Name of the Director	Category	Year 2012-2013 Attendance at Board Meetings	Year 2011-2012 Attendance at the last AGM	No. of outside Directorship	No. of other Board / Committees of which he is a member	No. of other Board / Committees of which he is a Chairman
Mr. Utsav Parekh - Non Executive Chairman	Promoter Non- Independent	4	Yes	6	3	Nil
Mr. Ramesh Maheshwari	Independent	4	No	4	1	2
Mr. Chandranath Mukherjee	Independent	4	Yes	1	1	Nil
Mr. Santosh Kumar Mukherjee	Independent	4	Yes	2	0	1
Mr. Ajay Kumar Kayan	Promoter Non-Independent	4	No	3	Nil	Nil
Mr. Kishor Shah	Managing Director	4	Yes	3	1	Nil

### III. Board Meetings

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

Quarter	Date of Meetings
First	May 15, 2012
Second	July 20, 2012
Third	November 12, 2012
Fourth	January 29, 2013

### IV. Audit Committee

- (i) Audit Committee of the Company is constituted as per the provisions of Clause 49 of the Listing Agreement read with Section 292A of the Companies Act, 1956.
- (ii) Audit Committee has been vested with the following powers:
  - a. To investigate any activity within its terms of reference.
  - b. To seek information from any employee.
  - c. To obtain outside legal or other professional advice.
  - d. To secure attendance of outsiders with relevant expertise, if it considers necessary.



- (iii) The terms of reference of the Audit Committee are broadly as under:
- a. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
  - b. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
  - c. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
  - d. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
    - i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
    - ii. Changes, if any, in accounting policies and practices and reasons for the same
    - iii. Major accounting entries involving estimates based on the exercise of judgment by management
    - iv. Significant adjustments made in the financial statements arising out of audit findings
    - v. Compliance with listing and other legal requirements relating to financial statements
    - vi. Disclosure of any related party transactions
    - vii. Qualifications in the draft audit report.
  - e. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
  - f. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
  - g. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
  - h. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
  - i. Discussion with internal auditors any significant findings and follow up there on.
  - j. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.





- k. 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.
- l. 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.
- m. To review the functioning of the Whistle Blower mechanism, in case the same is existing.

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 2012-13	
		Held	Attended
Mr. Chandranath Mukherjee - Chairman	Independent, Non-Executive	4	4
Mr. Santosh Kumar Mukherjee	Independent, Non-Executive	4	4
Mr. Utsav Parekh	Non-Independent, Non-Executive	4	4

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

Quarter	Date of Meetings
First	May 15, 2012
Second	July 20, 2012
Third	November 12, 2012
Fourth	January 29, 2013

#### 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 is given below:

Name	Category
Mr. Ramesh Maheshwari - Chairman	Independent, Non-Executive
Mr. Chandranath Mukherjee	Independent, Non-Executive
Mr. Santosh Kumar Mukherjee	Independent, Non-Executive

The Company Secretary is the Secretary of the Committee.

(iv) Details of Remuneration received by the Directors for the year ended March 31, 2013:

**a) Non-Executive Directors:**

Name	No. of Board Meetings Attended	Total Sitting Fees for Board Meetings Attended (₹)	No. of Audit Committee Meetings Attended	Total Sitting Fees for Audit Committee Meetings Attended (₹)	No. of Remuneration Committee Meetings Attended	Total Sitting Fees for Remuneration Committee Meetings Attended (₹)	No. of Shareholder's Grievance Committee Meetings Attended	Total Sitting Fees for Shareholders' Grievance Committee Meetings Attended (₹)	Commission	Total (Rs.)
Mr. Utsav Parekh	4	30,000	4	4,000	-	-	-	-	-	34,000
Mr. Ramesh Maheshwari	4	30,000	-	-	-	-	-	-	-	30,000
Mr. Chandranath Mukherjee	4	30,000	4	4,000	-	-	1	1000	-	35,000
Mr. Santosh Kumar Mukherjee	4	30,000	4	4,000	-	-	1	1000	-	35,000
Mr. Ajay Kumar Kayan	4	30,000	-	-	-	-	-	-	-	30,000

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

**Details of shares held by Non-Executive Directors as on March 31, 2013 is as follows:**

Name	Category	No. of shares held	Percentage of holding
Mr. Utsav Parekh	Non-Executive -Non-Independent Director	96200	1.72
Mr. Ajay Kumar Kayan	Non-Executive -Non-Independent Director	301050	5.39
Mr. Santosh Kumar Mukherjee	Non-Executive-Independent Director	750	0.01



**b) Managing Director**

Managerial remuneration paid to Mr. Kishor Shah, Managing Director pursuant to compliance with Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII, Part II, Section II 1(B) to the Companies Act, 1956 is given as under:

<u>Name</u>	<u>Salary, Benefits, Perquisites &amp; Allowances</u>	<u>Commission</u>	<u>Stock Options</u>
Mr. Kishor Shah	₹ 39,58,532/-*	NIL	NIL

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

Mr. Kishor Shah was appointed Managing Director for a further period of 3(Three) years w.e.f. April 1, 2012 and is drawing remuneration as recommended by the Remuneration Committee and Board of Directors and as approved by the shareholders at the Annual General Meeting held on September 8, 2012 and varied within the limits approved by the shareholders at the said Annual General Meeting.

**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 Non-executive Independent Directors. Mr. Santosh Kumar Mukherjee, Non-Executive Independent Director is the Chairman of the Committee.
- (iii) One meeting of Shareholder's Grievance Committee was held during the year on May 15, 2012.
- (iv) The Company Secretary is the Secretary of the Committee.

**VII. Share Transfer Committee**

- (i) The Company constituted a Share Transfer Committee to look into requests received for transfers, split, consolidation as well as issue of duplicate share certificates and complete the process and despatch of the certificates well within the stipulated time.
- (ii) Share Transfer Committee comprises of Mr. Utsav Parekh, Mr. Santosh Kumar Mukherjee and Mr. Kishor Shah.
- (iii) Share Transfer Committee meetings were held from time to time to give effect to transfer of shares.
- (iv) 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 urgent in nature. The Committee comprises of Mr. Utsav Parekh, Mr. Santosh Kumar Mukherjee, Mr. Ajay Kumar Kayan and Mr. Kishor Shah.

The Company Secretary is the Secretary of the Committee.



## IX. General Body Meetings

Location and time where last three Annual General Meetings were held:

	2009-10	2010-11	2011-2012
Date	25.09.2010	10.09.2011	08.09.2012
Time	10.00A.M	10.00A.M	10.00A.M
Venue	Registered Office: 'Vaibhav', 4F, 4, Lee Road, Kolkata - 700 020.	Registered Office: 'Vaibhav', 4F, 4, Lee Road, Kolkata - 700 020.	Rrangoli Banquet Hall, 'Vaibhav', 4, Lee Road, Ground Floor, Kolkata - 700 020
Whether Special Resolution passed	No	Yes	Yes

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

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

At the Annual General Meeting held on 08.09.2012, Special Resolution was passed to approve re-appointment of Mr. Kishor Shah as Managing Director for a further period of 3 (Three) years w.e.f 01.04.2012.

## X. Disclosure by the Management to the Board

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

- Related party transactions for the year being transaction with Promoters, Directors or the Management, their subsidiaries or relatives has been stated in Note 31 of Notes to Accounts.
- There was no significant instance of non-compliance on any matter related to the capital market, during the last three years.

## XI. Subsidiary Company

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

## XII. Compliance Certificate

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



### XIII. Means of communication

Financial results of the Company are published in the newspapers as follows:	
Quarterly and half-yearly results:	Published in the newspapers : i) First quarter ended June 30, 2012, unaudited results published in The Financial Express (English) and Arthik Lipi (Bengali) on July 22, 2012. ii) Second quarter and half-yearly results ended September 30, 2012 published in The Financial Express (English) and Arthik Lipi (Bengali) on November 13, 2012. iii) Third quarter ended December 31, 2012 unaudited results published in Business Standard (English) and Arthik Lipi (Bengali) on January 31, 2013. iv) Fourth quarter and year ended March 31, 2013 audited results published in The Financial Express (English) and Arthik Lipi (Bengali) on May 26, 2013.
Newspapers in which results are normally published:	The Financial Express (English), Arthik Lipi (Bengali).
Any website, where displayed:	The results are displayed on the Company's website at <a href="http://www.smifscap.com">www.smifscap.com</a>
Whether it also displays official news releases:	Yes
Management's Discussions & Analysis forms part of this annual report:	Yes

### XIV. General Shareholders' Information

- (i) Annual General Meeting  
Date : September 28, 2013  
Time : 10.00 a.m
- (ii) Venue : Rrangoli Banquet Hall, 'Vaibhav', 4, Lee Road, Ground Floor, Kolkata - 700 020
- (iii) Financial Calendar : April to March
- (iv) Dividend Payment date : If approved in the Annual General Meeting to be held on 28.09.2013 to be paid on or after 03.10.2013.



- (v) Date of Book Closure : 21.09.2013(Saturday) to 28.09.2013 (Saturday) (both days inclusive)
- (vi) Listing on Stock Exchange : Equity shares of the Company are listed on BSE Limited (BSE) and The Calcutta Stock Exchange Limited (CSE).
- (vii) Stock Code : 508905 - BSE  
29354 - CSE
- (viii) ISIN Number for NSDL / CDSL : INE641A01013
- (ix) Market Price Information

The following table gives the monthly high and low prices of the Equity shares traded at BSE during the year 2012-2013:

Month	High Price	Low Price
Apr-12	36.50	29.50
May-12	46.45	33.30
Jun-12	48.00	41.60
Jul-12	39.55	35.55
Aug-12	34.65	32.50
Sep-12	31.50	29.95
Oct-12	36.75	31.00
Nov-12	43.50	36.65
Dec-12	42.00	30.40
Jan-13	39.90	31.45
Feb-13	43.05	39.90
Mar-13	45.40	41.30

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

- (x) Registrar and Transfer Agents :

Name & Address : M/s Maheshwari Datamatics Pvt. Ltd.  
6, Mangoe Lane, (2nd Floor),  
Kolkata - 700 001

Telephone : (033) 2243-5029, 2243-5809, 2248-2248

Fax : (033) 2248-4787,

E-mail : mdpl@vsnl.com



(xi) Corporate Filing and Dissemination System (CFDS)

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

(xii) Share Transfer System

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

(xiii) Shareholding as on March 31, 2013 :

(a) Category of Shareholding as on March 31, 2013

Category	No. of Shares held	% of Capital
RESIDENT INDIVIDUALS	552041	9.88
FINANCIAL INSTITUTIONS / BANK	101000	1.81
FOREIGN INSTITUTIONAL INVESTORS	550000	9.85
CORPORATE BODIES-DOMESTIC	1708058	30.59
INDIAN PROMOTERS:		
a) Individuals	850150	15.22
b) Corporate Bodies	1769499	31.68
NRIs / OVERSEAS CORP. BODIES (OCBs)	54252	0.97
<b>TOTAL</b>	<b>5585000</b>	<b>100</b>

(b) Distribution of Shareholding as on March 31, 2013

No. of Shares held	No. of Shareholders	Total no. of Shares held
Upto 100	517	220
101-500	220	66447
501-1000	84	65365
1001-2000	68	99001
2001-5000	56	186322
5001-50000	38	424285
50001-100000	8	565102
Above 100000	13	4157308
<b>Total</b>	<b>1004</b>	<b>5585000</b>



(xiv). Reconciliation of Share Capital Audit Report

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

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

(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. Board of directors has appointed Ms. Neha Doshi, Company Secretary as the Compliance Officer under the Code, being responsible for complying with the procedures, monitoring adherence to the rules for preservation of price sensitive information, pre-clearance of trade, monitoring of trades and implementation of the code of conduct under the overall supervision of the Board. The Code, inter alia, prohibits purchase and / or sale of shares of the Company by an insider or by any other Company, while in possession of unpublished price sensitive information in relation to the Company during certain prohibited periods. The Code is available on the Company's website.

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

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

(xvii) Plant location :

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

(xviii) Investor Correspondence

<b>Any query relating to financial statements of the Company may be addressed to the Chief Financial Officer of the Company:</b>	<b>Investors' Correspondence may be addressed to the Compliance Officer of the Company:</b>
Mr. Anil Singhania CFO-cum-Vice President (Investment Banking)	Ms. Neha Doshi Company Secretary
SMIFS Capital Markets Limited	SMIFS Capital Markets Limited
Vaibhav, 4F, 4 Lee Road, Kolkata - 700 020 Telephone: (033) 2290 7400/ 7401 Fax: (033) 2287 4042 E-mail: smifscap@vsnl.com	Vaibhav, 4F, 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 on Corporate Governance from Auditors of the Company is annexed herewith.





b) Code of Conduct

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

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

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

As the Chief Executive Officer of SMIFS Capital Markets Limited and as required by Clause (49)(I)(D)(ii) of the Listing Agreement, Mr. Kishor Shah, Managing Director furnished declaration to the Company that all the Board members and the senior management personnel of the Company have affirmed compliance with the Company's Code of Conduct and ethics for the Financial Year 2012-13.

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

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

Mr. Utsav Parekh, aged about 56 years, is B.com (H) with more than three decades of experience. He started his illustrious career by entering into stock broking and received exposure in various aspects of the stock market as a partner of Stewart & Company. In a short span of time he rose to the heights of one of the most reputed Investment Bankers in Kolkata. He serves on the Board of several leading corporates in the country.

SL NO.	PARTICULARS	NATURE OF OFFICE
	<b>Directorship</b>	
i.	McNally Bharat Engineering Company Limited	Director
ii.	McLeod Russel India Limited	Director
iii.	Lend Lease Company (India) limited	Director
iv.	Bengal Aerotropolis Projects Limited	Director
v.	Xpro India Limited	Director
vi.	Texmaco Infrastructure & Holdings Limited	Director
	<b>Section 25 Company</b>	
vii.	Indian Chamber of Commerce	Director
	<b>Partnership</b>	
viii.	Stewart & Co.	Partner
	<b>Committee Member</b>	
i.	McNally Bharat Engg. Co. Limited	
	a) Remuneration Committee	Member
	b) Audit Committee	Member
	c) Investors' Grievance Committee	Member
ii.	McLeod Russell (India) Limited Investors' Grievance Committee	Member



- (b) Details of Mr. Santosh Kumar Mukherjee, Director who has consented to be re-appointed as Director on retirement by rotation at the ensuing Annual General Meeting

Mr. Santosh Kumar Mukherjee, aged about 66 years is B.A.(H), B.Com (H), FCA. Presently, he is a Practising Chartered Accountant and was earlier employed in the Banking Industry. He has profound depth in activities related to the Securities Market. Sri Mukherjee has also served as lecturer of a reputed commerce college at Kolkata for considerable period of time. His directorship and membership of committees in other Companies are as follows:

SL NO.	PARTICULARS	NATURE OF OFFICE
	<b>Directorship</b>	
i.	Surya Herbal Limited	Director
ii.	SMIFS Capital Services Limited	Director
iii.	Apdc Power Private Limited	Director
	<b>Committee Member</b>	
	SMIFS Capital Services Limited Audit Committee	Member

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

Certificate from Mr. Kishor Shah, Managing Director and Mr. Anil Singhania, CFO-cum-Vice President (Investment Banking), in terms of Clause 49(V) of the Listing Agreement with the Stock Exchanges for the year ended March 31, 2013 was placed before the Board of Directors of the Company in its meeting held on May 24, 2013.

- (xxii) Non - Mandatory Requirements

Whistle Blower Policy

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

**Regd. Office :**

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

The 24th day of May, 2013

*On behalf of the Board of Directors*

**(UTSAV PAREKH)**  
*Chairman*



## AUDITORS' REPORT ON CORPORATE GOVERNANCE

To  
The Members of  
SMIFS Capital Markets Limited,

We have examined the compliance of the conditions of Corporate Governance by M/s. SMIFS Capital Markets Limited for the year ended March 31, 2013, as stipulated in Clause 49 of the Listing Agreement of the said company with the Stock Exchanges.

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

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

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

3A, Oriental House,  
6C, Elgin Road,  
Kolkata - 700 029

For **J. S. VANZARA & ASSOCIATES**  
Chartered Accountants  
FRN NO: 318143E

**AUROBINDA PANDA**  
Partner  
Membership No.064888

This is the 24th Day of May 2013



SHARE PRICE COMPARISON CHART

### 10 Years' Highlights

## SMIFS CAPITAL MARKETS LIMITED

(₹ in Million)

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Equity Capital	55.85	55.85	55.85	55.85	55.85	55.85	55.85	55.85	55.85	55.85
Reserves & Surplus	397.27	414.22	445.58	541.61	596.09	598.65	695.89	683.48	1,004.21	1,001.69
Borrowings	163.90	96.44	60.64	56.66	39.07	23.05	24.01	5.52	3.24	3.28
Profit/loss before tax	(132.49)	24.31	25.24	81.53	39.67	7.65	40.20	62.74	52.55	13.67
Profit/loss after tax	(136.17)	10.15	31.36	102.56	61.02	2.56	51.16	54.48	39.40	10.19
Dividend per share in ₹	NIL	NIL	NIL	1.00	1.00	NIL	1.50	1.70	1.40	1.40*
Net worth	453.12	470.07	501.43	597.46	651.94	654.50	695.89	739.33	1,060.06	1,057.54
Earnings per share ( In ₹)	(24.38)	1.82	5.61	18.36	10.93	0.46'	9.16	9.76	7.05	1.82
Book value per share ( in ₹)	81.13	84.17	89.78	106.98	116.73	117.19	124.60	132.38	189.81	189.35

\* The board has recommended a Dividend @ 14% on Equity Shares subject to approval of the members in the Annual General Meeting.





## AUDITORS' REPORT

To the Members of SMIFS CAPITAL MARKET LIMITED

### **Report on the Financial Statements :**

We have audited the accompanying financial statements of M/s SMIFS CAPITAL MARKET LIMITED ("the Company") which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility :**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion :**

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

- i. In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- ii. In the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- iii. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

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



2. As required by section 227(3) of the Act, we report that:
- a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

3A, Oriental House,  
6C, Elgin Road,  
Kolkata - 700 029

For **J. S. VANZARA & ASSOCIATES**  
Chartered Accountants  
FRN NO: 318143E

This is the 24th Day of May 2013

**AUROBINDA PANDA**  
Partner  
Membership No.064888



## ANNEXURE TO THE AUDITORS' REPORT

### REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON THE OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

- i) In respect of its fixed assets :**
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
  - b) We did not carry out the physical verification of fixed assets. However, there exists a program of periodical verification in phased manner. No material discrepancy between book records and physical verification has been noticed.
  - c) Based on our scrutiny of the records of the Company, we report that the Company has not disposed off any material part of fixed assets, which would affect the going concern status of the Company.
- ii) In respect of its inventories :**
  - a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - b) The Procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) The Company is maintaining proper records of inventory. As explained to us, there was no material discrepancies noticed on physical verification of inventory as compared to the book records.
- iii) In respect of loans :**
  - a) The Company has not granted any loans, secured or unsecured loan 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 loan, from companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956. As the company has not taken any loans, secured or unsecured, from parties listed in the registers maintained under section 301 of the Companies Act, 1956 paragraphs (iii)(e), (f) and (g) are not applicable.
- iv)** In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.





- v) a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the registers maintained under section 301 and exceeding the value of rupees five lakh in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi) The Company has discontinued acceptance of public deposits w.e.f 15/07/1997. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 as applicable, with regards to the deposits accepted from public. As per the information and explanations given to us no order under the aforesaid sections has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal on the Company.
- vii) In our opinion, the Company has an internal audit system to commensurate with the size and nature of its business.
- viii) According to the information and explanations provided by the management, the Company is not engaged in production, processing, manufacturing or mining activities. Hence the provisions of section 209(1)(d) does not apply to the Company. Hence in our opinion no comment on maintenance of cost records under section 209(1)(d) is required.
- ix) Statutory and other dues :**
- a) According to the information and explanations given to and records examined by 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, 2013 for a period of more than six months from date they become payable.
- c) According to the records of the Company and the information and explanations given to us, the following are the particulars of dues on account of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty and cess matters that have not been deposited on account of any dispute :

Name of the Statute	Nature of Due	Amount (₹)	Forum where Dispute is pending
Uttar Pradesh Sale Tax Act	Sales Tax Due	91,125	Commissioner of Appeal Sales Tax
Income Tax Act, 1961	Income Tax	30,50,623/-	Commissioner of Income Tax (Appeal)



- x) The Company does not have accumulated losses at the end of the financial year. The Company has not incurred any cash losses during the current financial year.
- xi) As per the Books and records maintained by the company and according to the information and explanations given to us, in our opinion, the company has not defaulted in repayment of dues to Financial Institution or Bank during the year.
- xii) According to the information and explanations given to us and based on the documents and records produced before us, in our opinion, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and 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 provisions of any special statute as specified under paragraph 4 (xiii) of the order are not applicable to the Company.
- xiv) In our opinion and according to the information and explanations given to us, the company has maintained proper records of transaction and contracts regarding its investments, and timely entries have been made there; also the shares, securities, debentures and other investments, have been held by the Company in its own name except of the exemption granted under section 49 of the Companies Act, 1956 or the shares for which the company held valid transfer forms or which are in the process of transfer in its name and as stated in " Note No. 11" of the notes on financial statements.
- xv) In our opinion and according to the information and explanations given to us, Company has not given any guarantee for loans taken by others.
- xvi) In our opinion and according to the information and explanations given to us, the term loan obtained by the Company has been applied for the purpose, for which they were raised.
- xvii) According to the information and explanations given to us and on an overall examination of Balance Sheet of the Company, in our opinion, there were no funds raised on a short term basis which were used for long term investment.
- xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956 during the year.
- xix) According to the information and explanations given to us and the records examined by us, the Company has not issued any debentures during the year.
- xx) The Company has not raised any money by public issue during the year.
- xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

3A, Oriental House,  
6C, Elgin Road,  
Kolkata - 700 029

For **J. S. VANZARA & ASSOCIATES**  
Chartered Accountants  
FRN NO: 318143E

**AUROBINDA PANDA**  
Partner

This is the 24th Day of May 2013

Membership No.064888



## SMIFS CAPITAL MARKETS LIMITED

BALANCE SHEET AS AT 31st MARCH, 2013

Particulars	Note No.	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	2	55,850,000	55,850,000
(b) Reserves and Surplus	3	1,001,694,227	1,004,211,980
<b>(2) Non-Current Liabilities</b>			
(a) Long-Term Borrowings	4	1,608,092	1,257,160
(b) Other Long Term Liabilities	5	1,987,554	9,869,021
(c) Long Term Provisions	6	9,687,641	11,262,641
<b>(3) Current Liabilities</b>			
(a) Trade Payables	7	1,489,846	3,367,243
(b) Other Current Liabilities	8	36,715,657	12,693,381
(c) Short-Term Provisions	9	9,971,287	10,078,529
<b>Total Equity &amp; Liabilities</b>		<b>1,119,004,304</b>	<b>1,108,589,955</b>
		₹	₹
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets	10		
(i) Gross Block		246,110,075	244,367,434
(ii) Depreciation		149,666,431	144,292,257
(iii) Less: Lease Terminal Adjustment A/c		1,709,528	1,709,528
(iv) Net Block		94,734,116	98,365,648
(b) Non-Current Investments	11	144,761,990	202,897,307
(c) Deferred Tax Assets (net)		50,114,904	75,935,215
(d) Long Term Loans and Advances	12	393,005,583	242,041,717
(e) Other Non-Current Assets	13	192,010,833	192,010,833
<b>(2) Current Assets</b>			
(a) Inventories	14	189,586,489	276,240,235
(b) Trade Receivables	15	8,642,273	9,13,388
(c) Cash and Cash Equivalents	16	38,289,872	16,953,718
(d) Short-Term Loans and Advances	17	5,817,718	2,356,275
(e) Other Current Assets	18	2,040,526	875,618
<b>Total Assets</b>		<b>1,119,004,304</b>	<b>1,108,589,955</b>

Significant Accounting Policies & Notes to Financial Statements 1 to 33

As per Our Report of Even Date

For and on Behalf of the Board of Directors

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

CHARTERED ACCOUNTANTS

Firm Reg. No. : 318143E

**(CA. AUROBINDA PANDA)**

Partner

Membership No. : 064888

**(UTSAV PAREKH)**

Chairman

**(KISHOR SHAH)**

Managing Director

PLACE : Kolkata

DATED : 24th May 2013

**(NEHA DOSHI)**

Company Secretary

**(ANIL SINGHANIA)**

CFO-cum-Vice President  
Investment Banking



## SMIFS CAPITAL MARKETS LIMITED

### STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2013

Particulars	Note No.	Year ended 31st March, 2013 ₹	Year ended 31st March, 2012 ₹
<b>INCOME</b>			
Revenue from operations	19	309,156,215	281,291,118
Other Income	20	<u>9,701,596</u>	<u>11,410,846</u>
<b>Total Revenue</b>		<b><u>318,857,812</u></b>	<b><u>292,701,963</u></b>
<b>EXPENDITURE</b>			
Purchases of Stock-in-Trade	21	180,003,254	202,000,975
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	22	86,653,747	506,241
Employee Benefit Expense	23	14,435,345	15,331,915
Financial Cost	24	345,413	420,457
Depreciation and Amortization Expense	25	3,583,514	3,904,828
Other Administrative Expenses	26	<u>20,170,083</u>	<u>17,987,140</u>
<b>Total Expenses</b>		<b><u>305,191,356</u></b>	<b><u>240,151,555</u></b>
Profit before exceptional and extraordinary items and tax		<u>13,666,455</u>	<u>52,550,408</u>
Exceptional Items		-	-
Profit before extraordinary items and tax		<u>13,666,455</u>	<u>52,550,408</u>
Extraordinary Items		-	-
Profit Before Tax		<u>13,666,455</u>	<u>52,550,408</u>
<b>Tax expense:</b>			
(1) Current tax ( Incl. STT & Wealth Tax)		526,459	1,94,781
(2) Short / (Excess) Provision for Tax for Earlier Years		4,974,938	-
(3) Deferred tax		25,820,311	1,29,57,082
(4) MAT Credit Entitlement		<u>(27,844,244)</u>	-
Profit/(Loss) for the period from continuing operations		<u>10,188,991</u>	<u>3,93,98,545</u>
Profit/(Loss) from discontinuing operations		-	-
Tax expense of discontinuing operations		-	-
Profit/(Loss) from discontinuing operations (after tax)		-	-
Profit/(Loss) for the period		<u>10,188,991</u>	<u>3,93,98,545</u>
Earning per equity share:			
(1) Basic		1.82	7.05
(2) Diluted		1.82	7.05

Significant Accounting Policies & Notes to Financial Statements 1 to 33

As per Our Report of Even Date

**For J. S. VANZARA & ASSOCIATES**  
CHARTERED ACCOUNTANTS  
Firm Reg. No. : 318143E

*For and on Behalf of the Board of Directors*

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

**(UTSAV PAREKH)**  
Chairman

**(KISHOR SHAH)**  
Managing Director

PLACE : Kolkata  
DATED : 24th May 2013

**(NEHA DOSHI)**  
Company Secretary

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



**SMIFS CAPITAL MARKETS LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013**

	31st March, 2013	31st March, 2012
Amount in ₹		
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax	13,666,455	52,550,408
<u>Adjustment for</u>		
1. Depreciation	3,583,514	3,904,828
2. (Profit) / Loss on sale of Investments	(2,381,099)	(5,217,549)
3. Dividend on Investment	(245,607)	(1,368,787)
4. Provisions no longer required	(16,174,409)	(52,350,931)
5. Financial Cost	345,413	420,457
6. (Profit)/Loss on sale of Fixed Assets	(4,253,943)	(6,129,358)
7. Interest Income	(2,895,876)	(1,179,585)
	<u>(22,022,006)</u>	<u>(61,920,926)</u>
Operating profit before Working Capital change	(8,355,551)	(9,370,518)
<u>Adjustment for</u>		
1. Trade & Other Receivables	(145,203,859)	13,583,272
2. Inventories	866,53,747	(6,856,987)
3. Trade and Other Payables	<u>13,958,665</u>	<u>(9,952,150)</u>
	<u>(44,591,447)</u>	<u>(3,225,865)</u>
Cash Generated from Operations	(52,946,998)	(12,596,383)
Direct Tax paid	<u>4,227,605</u>	<u>(884,492)</u>
	4,227,605	(884,492)
Net Cash Flow from Operating activity	(48,719,393)	(13,480,875)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(4,441,945)	(1,268,119)
Sale of Fixed Assets (Net of advance received)	5,185,000	631,000
Purchase of Investments	(220,751,942)	(212,162,760)
Sale of Investments	295,867,766	242,058,568
Interest Income	2,895,876	1,179,585
Dividend on Investment	<u>245,607</u>	<u>1,368,787</u>
Net Cash flow from Investing Activities	79,000,362	31,807,062
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend and Dividend Distribution Tax Paid	(9,087,438)	(11,034,745)
Interest paid	(345,413)	(420,457)
Proceeds from long-term borrowings	488,036	(2,279,848)
Proceeds from short-term borrowings	-	-
Net cash used in Financing Activities	<u>(8,944,815)</u>	<u>(13,735,050)</u>
Net increase in Cash & Cash Equivalents	21,336,154	4,591,137
Opening Balance of Cash & Cash Equivalents	<u>16,953,718</u>	<u>12,362,581</u>
Closing Balance of Cash & Cash Equivalents	<u>38,289,872</u>	<u>16,953,718</u>

Kolkata  
The 24th day of May 2013

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, 2013 and 31st March, 2012 and found the same in agreement therewith.

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

Kolkata  
The 24th day of May 2013

(CA AUROBINDA PANDA)  
Partner  
Membership No. 064888



## **SMIFS CAPITAL MARKETS LIMITED**

### **Note : 1 Significant Accounting Policies:**

#### **(a) Basis of preparation of financial statements**

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

The financial statements have been prepared under the historical cost convention, except for certain class of fixed assets which are revalued, in accordance with the generally accepted accounting principles in India and the provisions of Companies Act, 1956.

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

#### **(b) Fixed Assets**

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

#### **(c) Depreciation**

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

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

#### **(d) Lease Equalisation Charges:**

Lease rental income is recognised on accrual basis over the lease period. Except in cases where lease contracts have become non-performing assets, the cost of all leased assets is fully amortised during the lease period as per Accounting Standard-19" Accounting for Leases" issued by the Institute of Chartered Accountants of India. Lease Equalisation charge is accordingly accounted for.

#### **(e) Investments**

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

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

- i) Stock-in-trade consisting of shares and securities has been individually valued script wise at lower of cost and market rate, in case they are quoted. Other Stock-in-trade are valued at cost / net asset value whichever is lower or where balance sheet of investee Company



is not available for past two years, value of such unquoted Stock-in-trade have been taken at rupee one per share as per prudential norms issued by the Reserve Bank of India.

- ii) Stock-in-trade includes construction work-in-progress in respect of real estate development.

**(g) Revenue recognition**

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

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

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

Revenue from sale of incomplete properties / projects is recognised on the basis of percentage of completion method. Estimated costs relating to construction / development are charged to the Statement of Profit and Loss in proportion with the revenue recognised during the year. The balance costs are carried as part of 'Construction Work in Progress' under inventories under current assets. Amounts receivable / payable are reflected as Trade Receivables or Advances from Customers, respectively, after considering income recognised in the aforesaid manner.

Costs of the projects are based on the management's estimate of the cost to be incurred upto the completion of the projects and include cost of land, materials, services and other expenses attributable to the projects. Estimates of project income, as well as project costs, are reviewed periodically. The effect of changes in cost, if any, is recognised in the financial statements for the period in which such changes are determined.

**(h) Employee Benefits**

The employees' gratuity fund scheme managed by a Trust (Life Insurance Corporation of India) is a defined benefit plan. The Present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The compensated absences are unfunded. Provision for leave encashment has been made on the basis of Actuarial valuation as at the end of the financial year and are charged to Statement of Profit & Loss during the year.

Short-term employee benefits are recognised as an expense in the Statement of Profit & Loss of the year in which the related service is rendered.

**(i) Provision for Current and Deferred Tax**

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

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



Minimum Alternate Tax (MAT) paid in a year is charged to the statement of Profit and Loss as current tax. The Company recognises MAT credit as an asset only to the extent that there is convincing evidence that the Company will pay normal tax during the specified period i.e the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income Tax Act, 1961, the said assets is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement". The Company reviews the "MAT Credit Entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

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

**(j) Contingencies**

Claims against the Company which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and disclosed by way of notes to the financial statements.

**(k) Impairment of Assets**

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

**(l) Provisions, Contingent Liabilities and Contingent Assets**

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

As per Our Report of Even Date

**For J. S. VANZARA & ASSOCIATES**  
CHARTERED ACCOUNTANTS  
Firm Reg. No. : 318143E

*For and on Behalf of the Board of Directors*

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

**(UTSAV PAREKH)**  
*Chairman*

**(KISHOR SHAH)**  
*Managing Director*

PLACE : Kolkata  
DATED : 24th May 2013

**(NEHA DOSHI)**  
*Company Secretary*

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





## SMIFS CAPITAL MARKETS LIMITED

### NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

Amount in ₹

As at  
31st March, 2013      As at  
31st March, 2012

#### **Note 2 : Share Capital**

##### **1. AUHORISED**

30,000,000 Equity Shares of Rs. 10/- each	300,000,000	300,000,000
2,000,000 Preference Shares of Rs. 100/- each	200,000,000	200,000,000
	500,000,000	500,000,000

##### **2. ISSUED, SUBSCRIBED & PAID UP**

5,585,000 Equity Shares of Rs. 10/- each, Fully paid up	55,850,000	55,850,000
---	------------	------------

3. The details of shareholders holding more than 5% shares	<u>No. of shares</u>	<u>% held</u>	<u>No. of shares</u>	<u>% held</u>
Mackertich Consultancy Services Pvt. Ltd.†	1,216,900	21.79	1,216,900	21.79
The Indiaman Fund (Mauritius) Limited	550,000	9.85	550,000	9.85
Ajay Kumar Kayan	301,050	5.39	301,050	5.39

#### **Note 3 : Reserves & Surplus**

1	Capital Redemption Reserve	40,000,000	40,000,000
2	Securities Premium Reserve	433,725,000	433,725,000
3	General Reserve		
	Balance as Per Last Account	175,000,000	155,000,000
	Add: Transferred From Revaluation Reserve	219,238,000	-
	Add: Transferred From Profit & Loss A/c	550,000	20,000,000
		394,788,000	175,000,000
4	Revaluation Reserve		
	Balance as Per Last Account	290,416,117	-
	Add: Created During the year	-	291,682,913
	Less: Transferred to General reserve	219,238,000	-
		71,178,117	291,682,913
	Less: Transferred to Profit & Loss Account (Refer Note 10.1)	3,558,906	1,266,796
		67,619,211	290,416,117
5	Profit & Loss Account		
	Balance brought forward from previous year	65,070,863	54,759,756
	Less: Proposed Dividend	(7,819,000)	(7,819,000)
	Less: Tax on Proposed Dividend	(1,328,839)	(1,268,438)
	Less: Transfer to General Reserve	(550,000)	(20,000,000)
	Add: Profit for the period	10,188,991	39,398,545
		65,562,015	65,070,863
	<b>Total</b>	<b>10,01,694,227</b>	<b>1,004,211,980</b>



## SMIFS CAPITAL MARKETS LIMITED

### NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

	Amount in ₹	
	As at 31st March, 2013	As at 31st March, 2012
<b>Note 4 : Long Term Borrowings</b>		
<b>1 Term Loans</b>		
From Bank (Secured)	16,08,092	12,57,160
<b>Total</b>	<b>16,08,092</b>	<b>12,57,160</b>
4.1 The above Term Loans are secured by hypothecation of the vehicles against which loans are taken		
4.2 Repayment Schedule:-		
Term Loan from banks (Secured):		
a) HDFC Bank Ltd Repayable in 36 monthly instalments of ₹ 31,800/- from April 2011.	—	3,63,629
b) HDFC Bank Ltd Repayable in 36 monthly instalments of ₹ 63,135/- from January 2011.	—	5,48,602
c) HDFC Bank Ltd Repayable in 36 monthly instalments of ₹ 31,400/- from October 2010.	—	1,84,008
d) HDFC Bank Ltd Repayable in 48 monthly instalments of ₹ 9,950/- from December 2009.	—	76,869
e) HDFC Bank Ltd Repayable in 48 monthly instalments of ₹ 42,600/- from June 2009.	—	84,053
f) Volkswagen Finance Pvt.Ltd. Repayable in 36 monthly instalments of ₹ 96,816/- from October 2012.	16,08,092	—
<b>Total</b>	<b>16,08,092</b>	<b>12,57,160</b>
<b>Note 5 : Other Long Term Liabilities</b>		
1 Interest Refundable	-	32,16,084
2 Advance Against Sale of Flats	19,87,554	66,52,937
<b>Total</b>	<b>19,87,554</b>	<b>98,69,021</b>



## SMIFS CAPITAL MARKETS LIMITED

### NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

	Amount in ₹	
	As at 31st March, 2013	As at 31st March, 2012
<b>Note 6 : Long Term Provisions</b>		
1 Provision for Loans & Advances considered doubtful	8,877,723	9,752,723
2 Provision for Security Deposits considered doubtful	-	700,000
3 Provision for doubtful receivables on leased assets	809,919	809,919
<b>Total</b>	<b>9,687,641</b>	<b>11,262,641</b>
<b>Note 7 : Trade Payables</b>		
1 Micro, Small and Medium Enterprises	-	-
2 Others	1,489,846	3,367,243
<b>Total</b>	<b>1,489,846</b>	<b>3,367,243</b>
<b>Note 8 : Other Current Liabilities</b>		
1 Current Maturities of Long Term Debt (Refer Note Nos 4.1 & 4.2)	2,121,708	1,984,603
2 Unclaimed Dividend#	1,008,009	818,648
3 Deposit	-	140,000
4 Advance From Customers	6,435,309	-
5 Statutory Dues	470,673	205,141
6 Due to Subsidiary Company	10,259,344	6,316,608
7 Liability for Expenses	2,816,601	2,806,290
8 Other Payables	13,604,013	422,090
<b>Total</b>	<b>36,715,657</b>	<b>12,693,381</b>
# This does not include any amount due and outstanding to be credited to Investor Education and Protection Fund.		
<b>Note 9 : Short Term Provisions</b>		
1 Provision For Employees Benefit	823,448	991,091
2 Proposed Dividend (Including Tax on Proposed Dividend)	9,147,839	9,087,438
<b>Total</b>	<b>9,971,287</b>	<b>10,078,529</b>



**SMIFS CAPITAL MARKETS LIMITED**  
**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013**

**Note 10**  
**FIXED ASSETS**

Particulars	Gross Block (₹)		Gross Amt. Incl. Revalued Figure 31.03.2013	Deepreciation (₹)		Lease Terminal Adjustment		Net Block (₹)		
	As on 01.04.2012	Additions		As on 01.04.2012	For the year	As on 31.03.2013	As on 31.03.2013	As on 31.03.2012	As on 31.03.2013	As on 31.03.2012
Buildings / Premises	9,86,73,317	-	9,86,73,317	41,78,099	1,51,48,351	-	-	8,35,24,966	8,77,03,065	
Furniture and Fixtures	6,269,722	44,492	6,314,214	88,871	5,887,950	-	-	426,265	470,644	
Office Equipment	2,435,783	71,513	2,507,296	93,794	1,903,674	-	-	603,622	625,903	
Vehicles	15,379,354	4,158,650	16,948,502	2,498,474	8,465,183	-	-	8,483,319	7,736,190	
Electrical Installations	1,206,229	-	1,206,229	18,785	1,089,967	-	-	116,262	135,047	
Computers	2,622,068	63,040	2,685,108	191,695	2,380,294	-	-	304,814	433,469	
Air Conditioners	2,660,370	104,250	2,654,820	72,702	2,189,871	-	-	464,949	451,410	
<b>Sub total</b>	<b>129,246,845</b>	<b>4,441,945</b>	<b>130,989,486</b>	<b>7,142,420</b>	<b>37,065,289</b>	<b>-</b>	<b>-</b>	<b>93,924,197</b>	<b>97,555,729</b>	
Previous Year	129,771,501	73,713,032	129,246,845	5,171,624	31,691,115	-	-	97,555,729		
<b>Assets on Lease</b>										
Plant & Machinery	115,120,589	-	115,120,589	-	112,601,142	-	1,709,528	809,919	809,919	
<b>Sub total</b>	<b>115,120,589</b>	<b>-</b>	<b>115,120,589</b>	<b>-</b>	<b>112,601,142</b>	<b>-</b>	<b>1,709,528</b>	<b>809,919</b>	<b>809,919</b>	
Previous Year	115,120,589	-	115,120,589	-	112,601,142	-	1,709,528	809,919		
<b>Total</b>	<b>244,367,434</b>	<b>4,441,945</b>	<b>246,110,075</b>	<b>7,142,420</b>	<b>149,666,431</b>	<b>1,768,246</b>	<b>1,709,528</b>	<b>94,734,116</b>	<b>98,365,648</b>	
Previous Year	244,892,090	73,713,032	244,367,434	5,171,624	144,292,257	1,768,246	1,709,528	98,365,648		

10.1 Gross block includes ₹ 72,444,913/- (Previous year ₹ 72,444,913) on account of revaluation of building/premises. Consequent to the said revaluation there is an additional depreciation charge of ₹ 35,58,906/- (Previous year ₹ 12,66,796/-) and an equivalent amount has been withdrawn from the Revaluation Reserve and credited to Statement of Profit & Loss. This has no impact on profit for the year.



## SMIFS CAPITAL MARKETS LIMITED

### NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

Amount in ₹

	As at 31st March, 2013		As at 31st March, 2012	
	Quantity No.	Amount (₹)	Quantity No.	Amount (₹)
<b>Note 11 : Non Current Investment</b>				
1 Trade Investments				
Investment in Equity Shares				
Equity shares of Rs 10 each (Unless otherwise stated)				
Fully paid up: Quoted				
Aravali Securities & Finance Limited	100	60	100	60
Asian Vegipro Industries Limited	300,000	300,000	300,000	300,000
Coventry Springs & Engg. Co. Ltd	52,323	175,282	52,323	175,282
Escorts Limited	40,000	2,802,395	-	-
First Leasing Company of India Ltd	59,209	4,302,909	59,209	4,302,909
Gillanders Arbuthnot & Co. Ltd	9,041	120,591	9,041	120,591
HSIL Ltd (FV ₹ 2/-)	-	-	150,000	24,610,455
Intrasoft Technologies Limited	17,500	1,750,000	17,500	1,750,000
Melstar Information Technologies Limited	300	63,675	300	63,675
Moulik Finance & Resorts Limited	7,100	71,000	7,100	71,000
Moving Picture (India) Limited	881,600	3,076,784	881,600	3,076,784
Digjam Limited *	731,034	10,599,993	-	-
Nicco UCO Alliance Credit Limited	114	650	114	650
Philips Carbon Black Limited	-	-	87,500	14,323,185
Punsumi Foils & Components Limited	15,800	19,750	15,800	19,750
PTC Industries Limited	1,000	16,850	1,000	16,850
State Bank of Bikaner & Jaipur Ltd.	5,000	2,377,516	-	-
Shez Leather Ltd#	35,900	359,000	35,900	359,000
Swad Industries & Leasing Ltd	141	268	141	268
VCK Capital Markets Limited	200	220	200	220
Cimmco Limited	16,353	17,05,814	16,353	1,705,814
Lloyds Steels Industries Limited	-	-	50,000	1,113,152
Southern Online Bio-Technologies Limited	500,000	2,955,394	500,000	2,955,394
Partly paid up : Quoted				
Malvika Steels Limited (Partly Paid Up)##	91,200	912,000	91,200	912,000
Fully paid up : Unquoted				
Andaman Plantations & Development Corporation Limited	-	-	30,000	3,000,000
Antriksh Vyapaar Limited	-	-	1,000,000	14,000,000
Bhatpara Papers Limited	44	391	44	391
C. Mackertich Limited	-	-	4,250,000	42,500,000
Exquisite Exports Limited	5,000	50,000	5,000	50,000
Fortune Biotech Limited	40,000	178,000	40,000	178,000
Gujrat Securities Limited	20	200	20	200
Kamal Overseas Ltd.	200,000	16,000,000	-	-
Mason and Summers Alcobev Pvt.Ltd.	125,000	5,000,000	-	-
North East Publishing & Advt Co Ltd	5,045,400	504,540	5,045,400	504,540
Partriot Automation Projects Limited	20,65,350	500,000	2,065,350	500,000
Sheorey Digital Systems Pvt Ltd	590,000	129,800	590,000	129,800
Spencers Retail Limited	-	-	5,329	969,612
Sukhraj Vinimay Pvt. Ltd.	50,000	252,500	50,000	252,500
Vaibhav Services Pvt Ltd	4,580	45,800	4,580	45,800
Investment in Preference Shares (Non Cumulative ₹ 100/- Each)				
12% Andaman Plantations & Development Corporation Ltd	140,000	4,100,000	140,000	4,100,000
8.00 % DIGJAM Limited*	-	-	106,000	10,600,000



## SMIFS CAPITAL MARKETS LIMITED

### NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

Amount in ₹

	As at 31st March, 2013		As at 31st March, 2012	
	Quantity No.	Amount (₹)	Quantity No.	Amount (₹)
<b>2 Other Investments</b>				
<b>Investment in Subsidiary Company ( Wholly Owned )</b>				
Investment in Equity Shares of Rs 10 each				
SMIFS Capital Services Limited	7,500,070	75,000,700	7,500,070	75,000,700
Investment in Security Receipts	-	-	295,688	14,300,000
Investment in Mutual Fund(Reliance Liquid Fund)	5,599	15,901,773	-	-
Investment in Govt Securities				
6.05% Govt of India Loan - 2019(F.V. ₹ 500,000)	5,000	521,065	5,000	521,065
Less: Provision For Diminution in Value of Investment		(5,032,930)		(19,632,339)
<b>Total</b>		<b>144,761,990</b>		<b>202,897,307</b>
Aggregated of unquoted Investments - at book value(net of provision)		113,151,839		147,020,269
Aggregated of Quoted Investments - at book value		31,610,151		55,877,038
Aggregated of Quoted Investments - at market value		13,222,294		48,913,997
Aggregated amount of provision for diminution in the value of investments		5,032,930		19,632,339

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

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

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

#### **Note 12 : Long Term Loans and Advances**

<b>1) Loans &amp; Advances</b>				
Unsecured and Considered Good	341,628,056		207,206,933	
Considered Doubtful	8,877,723		9,752,723	
(Full provision has been made in respect of doubtful Loans & Advances)		350,505,778		216,959,656
<b>2) Advance Income Tax (Net of provision)</b>		12,357,542		22,086,544
<b>3) MAT Credit Entitlement</b>		27,844,244		-
<b>4) Security Deposit</b>				
Unsecured and Considered Good	2,298,018		2,295,518	
Considered Doubtful	-		700,000	
(Full provision has been made in respect of doubtful Security Deposits)		2,298,018		2,995,518
<b>Total</b>		<b>393,005,583</b>		<b>242,041,717</b>



## SMIFS CAPITAL MARKETS LIMITED

### NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

	Amount in ₹	
	As at 31st March, 2013	As at 31st March, 2012
<b>Note 13 : Other Non Current Assets</b>		
1 Share Application Money	192,000,000	192,000,000
2 Interest Accrued but Not Due	10,833	10,833
<b>Total</b>	<b>192,010,833</b>	<b>192,010,833</b>
<b>Note 14 : Inventories</b>		
1 Shares & Securities	2,070,208	2,174,259
2 Construction Work- in- progress	187,516,281	274,065,977
<b>Total</b>	<b>189,586,489</b>	<b>276,240,235</b>
<b>Note 15 : Trade Receivables</b>		
1 Outstanding for more than six months		
Unsecured and Considered Good	21,276	36,166
Considered Doubtful	-	-
	21,276	36,166
2 Others		
Unsecured and Considered Good	8,620,998	877,222
Considered Doubtful	-	-
	8,620,998	877,222
<b>Total</b>	<b>8,642,273</b>	<b>913,388</b>
	<b>As at</b>	<b>As at</b>
<b>Note 16 : Cash &amp; Cash Equivalents</b>		
1 Balances with Banks #	21,214,530	9,269,311
2 Cheques in Hand	8,845,217	-
3 Cash in Hand	244,004	166,257
4 Fixed Deposits with Bank ##	7,986,121	7,518,150
<b>Total</b>	<b>38,289,872</b>	<b>16,953,718</b>
# Balances with Banks includes Unclaimed Dividend of ₹ 1,008,009/- (P.Y ₹ 818,648/-)		
## Fixed deposits with Bank is of maturity of more than 12 months		
<b>Note 17 : Short Terms Loans and Advances</b>		
Unsecured and Considered Good		
1 Advance to Parties	2,444,054	20,55,569
2 Balance with Revenue Authorities	3,373,664	3,00,706
<b>Total</b>	<b>5,817,718</b>	<b>23,56,275</b>
<b>Note 18 : Other Current Assets</b>		
1 Prepaid Expenses	2,040,526	8,75,618
<b>Total</b>	<b>2,040,526</b>	<b>8,75,618</b>



## SMIFS CAPITAL MARKETS LIMITED

### NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

	Amount in ₹	
	Year ended 31st March, 2013	Year ended 31st March, 2012
<b>Note 19 : Revenue from Operations</b>		
1 Sale of shares and Securities	182,632,229	205,280,656
2 Sale of Flats	100,372,750	-
3 Profit / Loss on Sale of Investments	2,381,099	5,217,549
4 Investment Banking Operations (Net)	7,350,122	17,073,195
5 Provisions no longer required	16,174,409	52,350,931
6 Dividend Income	245,607	1,368,787
<b>Total</b>	<b>309,156,215</b>	<b>281,291,118</b>
<b>Note 20 : Other Income</b>		
1 Interest Received	2,895,876	1,179,585
2 Profit/(Loss) on Sale of Fixed Assets	4,253,943	6,129,358
3 Other Non-operating Income	2,551,777	4,101,902
<b>Total</b>	<b>9,701,596</b>	<b>11,410,846</b>
<b>Note 21 : Purchases</b>		
1 Purchase of shares and Securities	180,003,254	202,000,975
<b>Total</b>	<b>180,003,254</b>	<b>202,000,975</b>
<b>Note 22 : Change in Inventories / Stock</b>		
1 Opening Stock-Shares & Securities	2,174,259	2,680,500
Closing Stock-Shares & Securities	2,070,208	2,174,259
2 Opening Stock-Construction Work-in-Progress	274,065,977	-
Closing Stock-Construction Work-in-Progress	187,516,281	-
<b>Total</b>	<b>86,653,747</b>	<b>506,241</b>
<b>Note 23 : Employee Benefit Expense</b>		
1 Salaries, Bonus & Allowances	11,598,812	12,717,859
2 Contribution to provident and other funds	957,841	1,033,006
3 Training, Development & Recruitment Expenses	13,796	76,850
4 Staff Welfare Expenses	1,488,220	1,148,238
5 Employees Group Gratuity	376,675	355,962
<b>Total</b>	<b>14,435,345</b>	<b>15,331,915</b>

#### Note 23.1

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

#### Defined Contribution Plans

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

Employer's Contribution to Provident Fund	957,841	1,033,006
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## SMIFS CAPITAL MARKETS LIMITED

### NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

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

	<u>Gratuity (Funded)</u>		<u>Leave Encashment (Unfunded)</u>	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
Defined Benefit Obligation at beginning of year	4,000,428	3,223,074	799,935	833,222
Current Service Cost	308,564	254,803	114,273	114,128
Interest Cost	320,034	257,846	63,995	66,658
Actuarial (gain) / Loss	715,583	264,705	245,938	264,039
Benefits Paid	(1,980,577)	-	(400,693)	(478,112)
<b>Defined Benefit Obligation at year end</b>	<b>3,364,032</b>	<b>4,000,428</b>	<b>823,448</b>	<b>799,935</b>

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

Fair Value of Plan Assets at beginning of Year	4,681,894	3,980,204
Expected Return on Plan Assets	313,368	372,902
Actuarial gain / (loss)	-	-
Employer Contribution	379,352	328,788
Benefits Paid	(1,980,577)	-
<b>Fair Value of Plan Assets at year end</b>	<b>3,394,037</b>	<b>4,681,894</b>

III) Reconciliation of fair value of assets and obligations

Fair value of Plan Assets	3,394,037	4,681,894	-	-
Present Value of Obligation	3,364,032	4,000,428	823,448	799,935
Amount recognised in Balance Sheet	(30,005)	-	823,448	799,935
Excess Provision in Balance Sheet	-	-	-	191,156
Assets Not Recognised in Balance Sheet	-	(681,466)	-	-

IV) Expenses Recognised during the year

Current Service Cost	308,564	254,803	114,273	114,128
Interest Cost	320,034	257,846	63,995	66,658
Expected Return on Plan Assets	(313,368)	(372,902)	-	-
Actuarial (gain) / loss	715,583	264,705	2,45,938	264,039
<b>Net Cost</b>	<b>1,030,813</b>	<b>404,452</b>	<b>424,206</b>	<b>444,825</b>

V) Actuarial Assumptions

Mortality Table (LIC)	1994-96	1994-96	1994-96	1994-96
Discount Rate (per Annum)	8.00%	8.00%	8.00%	8.00%
Expected Rate of Return on Plan Assets (per Annum)	9.15%	9.15%	-	-
Rate of Escalation in Salary (per Annum)	5.00%	5.00%	5.00%	5.00%

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



## SMIFS CAPITAL MARKETS LIMITED

### NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

	Amount in ₹	
	Year ended 31st March, 2013	Year ended 31st March, 2012
<b>Note 24 : Financial Cost</b>		
1 Interest Expense	345,413	420,457
<b>Total</b>	<b>345,413</b>	<b>420,457</b>
<b>Note 25 : Depreciation &amp; Amortised Cost</b>		
1 Depreciation	7,142,420	5,171,624
Less: Transferred from Revaluation Reserve	3,558,906	1,266,796
<b>Total</b>	<b>3,583,514</b>	<b>3,904,828</b>
<b>Note 26 : Other Administrative Expenses</b>		
1 Telephone Expenses	1,160,014	1,311,866
2 Printing & Stationery Expenses	2,120,536	2,292,097
3 Professional, Legal & Consultancy Charges	3,566,036	1,335,153
4 Business Promotion Expenses	666,019	748,628
5 Rent	515,590	516,390
6 Repair & Maintenance - Building	-	581,345
- Plant & Machinery	123,138	134,682
- Others	1,082,875	1,060,496
7 Advertisement	440,640	299,004
8 Electricity, Power & Fuel	484,801	447,930
9 Vehicle Expenses	1,344,145	1,475,452
10 Membership & Subscription Fees	1,067,536	731,100
11 Miscellaneous Expenses	1,311,063	1,226,834
12 Brokerage on Sale of Flats	566,746	-
13 Rates & Taxes	340,954	346,637
14 Travelling Expenses	4,742,315	4,927,738
15 Directors Fees	164,000	210,500
16 Insurance	146,356	156,288
17 Sundry Balance Written Off	142,319	-
18 Auditors' Remuneration	185,000	185,000
<b>Total</b>	<b>20,170,083</b>	<b>17,987,140</b>
<b>26.1 Auditors' Remuneration includes :</b>		
Audit Fees	175,000	175,000
Tax Audit	10,000	10,000
	<b>185,000</b>	<b>185,000</b>
<b>26.2 Expenditure in Foreign Currency :</b>		
Travelling Expenses	2,382,628	1,168,880
	<b>2,382,628</b>	<b>1,168,880</b>
<b>26.3 Earning in Foreign Currency :</b>		
	Nil	Nil



## SMIFS CAPITAL MARKETS LIMITED

### NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

Amount in ₹

Year ended  
31st March, 2013

Year ended  
31st March, 2012

**26.4 Remittance in Foreign Currency on Account of Dividend :** The Company has paid dividend in respect of Share held by Non-Residents on repatriation basis. The total amount of remittance in respect is given herein below.

No. of Non-Resident Shareholder	9	10
No. of Equity Share held by them	604,273	1,004,517
Amount of Dividend Paid `	845,982	1,707,679
Tax Deducted at Sources	-	-
Year to which dividend relates	2011-12	2010-11

#### **Note 27 : Earning per share (EPS)**

Net Profit/(Loss) attributable to shareholders	10,188,991	39,398,545
Weighted average no. of equity shares in issue	5,585,000	5,585,000
Earning per share of ₹10 each (Basic & Diluted)	1.82	7.05

#### **Note 28 : Segment Reporting**

##### Segment Revenue

Capital Market Operations	182,632,229	205,280,656
Investment Banking Operations	7,350,122	17,073,195
Real Estate Business	100,372,750	-
Others	245,607	1,368,787
Net sales/Income from Operations	290,600,707	223,722,638

##### Segment Results: Profit/(Loss) before Interest & Tax

Capital Market Operations	2,524,924	2,773,440
Investment Banking Operations	7,350,122	17,073,195
Real Estate Business	13,823,054	-
Others	245,607	1,368,787
Total	23,943,707	21,215,422
Less: Interest	345,413	420,457
Other unallocable expenses net of unallocable income	9,931,838	(31,755,443)
Total Profit Before Tax	<b>13,666,455</b>	<b>52,550,408</b>

#### Capital employed :

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



## SMIFS CAPITAL MARKETS LIMITED

### NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

	Amount in ₹	
	As at 31st March, 2013	As at 31st March, 2012
<b>Note 29 : Deferred Tax Assets</b>		
1 Deferred Tax Liability:		
On difference between wdv as per book and wdv as per Income Tax Act of fixed assets	(2,514,228)	(2,806,624)
2 Deferred Tax Assets:		
On Disallowances under the Income Tax Act, 1961	4,498,946	8,222,198
On Brought forward capital losses	48,130,186	70,519,640
<b>Total</b>	<b>50,114,904</b>	<b>75,935,215</b>

### **Note 30 : Details of Contract Revenue & Costs**

In accordance with the Guidance Note on Accounting For Real Estate Transaction (Revised 2012), details of contracts revenue and cost is as under :

	Year ended 31st March, 2013	Year ended 31st March, 2012
1 Contract revenue recognised during the year	100,372,750	Nil
2 Aggregate of contract costs incurred upto the year-end	86,549,696	Nil
3 Aggregate of recognised profits upto the year-end	13,823,054	Nil
4 Advances received for contracts in progress	1,987,554	6,652,937
5 Retention money for contracts in progress	Nil	Nil
6 Amount due from customers for contract work	7,907,261	Nil

### **Note 31 : Related Party Disclosures**

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

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

#### Subsidiary Company

SMIFS Capital Services Limited

#### Key Management Personnel

Mr Utsav Parekh- Chairman

Mr Ajay Kumar Kayan -Director

Mr Kishor Shah - Managing Director

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

Stewart & Mackertich Wealth Management Limited

Wealth Management Advisory Services Ltd

C Mackertich Ltd

SMIFS Finance Limited



## SMIFS CAPITAL MARKETS LIMITED

### NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

Disclosures of transactions between the Company and related parties and their outstanding balances as on 31/03/2013:

<u>Transaction (Excluding reimbursement of expenses)</u>	Entities where control exists (Subsidiary Co)	Key Management personnel	Entities where significant influence exists
Purchase of shares and securities	16,000,000	-	-
	(423,000)	(-)	(14,000,000)
Sale of shares and securities	-	-	23,000,000
	(-)	(-)	(3,913,500)
Rent Received	-	-	43,632
	(-)	(-)	(43,632)
Interest Received	-	-	1,790,000
	(-)	(-)	(-)
Payment of Brokerage	-	-	204,120
	(-)	(-)	(217,627)
Directors' sitting fees	-	64,000	-
	(-)	(80,000)	(-)
Directors' remuneration	-	42,60,932#	-
	(-)	(37,04,417)#	(-)
<u>Balance at the end of the year</u>			
Other payables	10,259,344	-	-
	(6,316,608)	(-)	(1,128,042)
Loans & Advances	-	-	52,391,522
	(-)	(-)	(377,723)

# This includes ₹ 3,02,400/- (P.Y ₹ 2,37,600/-) towards Employer's Contribution to Provident Fund.

#### **Note 32 : Contingent Liabilities and Commitments**

##### Contingent liabilities not provided for :

- 1) Sale Tax demand net of payment under appeal is ₹ 91,125/- (P.Y ₹ 91,125/-)
- 2) Demand under Employees' State Insurance under appeal is ₹ 142,274/- (P.Y ₹ 142,274/-)

The company applied to the Government of West Bengal for exemption from the provision of Employees State Insurance Act, 1948, since the medical facilities/ benefits provided by the Company to the employees are superior to those covered by E.S.I Scheme. Government of West Bengal, Labour Department in consultation with employees State Insurance Corporation granted



exemption for one year effective from 25th November, 1997. Prayer seeking exemption on permanent basis with retrospective effect is pending with the Government of West Bengal. The Employees State Insurance Corporation has raised demand for the period for the period from June 1991 to 24th November 1997 amounting to ₹ 142,274/- . The Company has filed a petition against the demand before E.S.I Court and the same has partly heard.

- 3) Income Tax demand for Assessment years 2007-08 and 2008-09 aggregating to ₹ 3,050,623/- has been raised for which an appeal for each of the said assessment years has been made before CIT(A).

**Commitments:**

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

**Note : 33** Previous year figures have been regrouped and reclassified, wherever necessary, to correspond with the current year's classification/ disclosure.

As per Our Report of Even Date

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

CHARTERED ACCOUNTANTS

Firm Reg. No. : 318143E

**(CA. AUROBINDA PANDA)**

*Partner*

*Membership No. : 064888*

PLACE : Kolkata

DATED : 24th May 2013

**(UTSAV PAREKH)**

*Chairman*

**(NEHA DOSHI)**

*Company Secretary*

*For and on Behalf of the Board of Directors*

**(KISHOR SHAH)**

*Managing Director*

**(ANIL SINGHANIA)**

*CFO-cum-Vice President*

*Investment Banking*



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

<b>Name of the Subsidiary Company</b>	<b>SMIFS Capital Services Ltd.</b>
1 The financial year of the subsidiary company ended on	31.03.2013
2 a. No. of Equity Shares held by SMIFS Capital Markets Limited and its nominees in the subsidiary on 31.3.2013	
b. Extent of interest of SMIFS Capital Markets Limited in the capital of the Subsidiary 7,500,070	100%
3 Net aggregate amount of Profit / Loss of the subsidiary so far as it concerns the members of SMIFS Capital Markets Limited and is not dealt with in the company's Accounts	
a. Profit / (Loss) for the financial year ended on 31st March, 2013 of the Subsidiary of SMIFS Capital Markets Limited	(₹ 378,703)
b. Profit / (Loss) after tax for the previous financial years since it became Subsidiary of SMIFS Capital Markets Limited.	₹ 372,186
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 31st March, 2013.	NIL
b. For its previous financial years since it became the subsidiary of SMIFS Capital Markets Ltd.	NIL

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

The 24th day of May 2013

For and on behalf of the Board of Directors

**(Kishor Shah)**  
Managing Director



## **CONSOLIDATED FINANCIAL STATEMENTS**

### **HOLDING COMPANY**

SMIFS Capital Markets Limited

### **SUBSIDIARY COMPANY**

SMIFS Capital Services Limited

# SMIFS

### **AUDITORS**

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

### **REGISTERED OFFICE**

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





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

We have examined the attached Consolidated Balance Sheet of SMIFS Capital Markets Limited (the company) and its subsidiary SMIFS Capital Services Limited as at 31st March 2013, the consolidated Statement of Profit & Loss and the consolidated Cash Flow statement for the year ended on that date.

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

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility :**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

### **Opinion :**

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

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company and its subsidiary as at 31st March 2013;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the consolidated results of operations of the Company and its subsidiary for the year then ended; and
- (c) in the case of the consolidated Cash Flow Statement, of the consolidated cash flow of the Company and its subsidiary for the year then ended.

3A, Oriental House,  
6C, Elgin Road,  
Kolkata-700029

For **J. S. VANZARA & ASSOCIATES**  
Chartered Accountants  
FRN NO: 318143E

**AUROBINDA PANDA**  
Partner  
Membership No.064888

This is the 24th Day of May 2013



**SMIFS CAPITAL MARKETS LIMITED**  
**CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2013**

Particulars	Note No.	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	2	55,850,000	55,850,000
(b) Reserves and Surplus	3	10,01,340,934	1,004,237,390
<b>(2) Non-Current Liabilities</b>			
(a) Long-Term Borrowings	4	1,802,632	1,257,160
(b) Other Long Term Liabilities	5	1,987,554	9,869,021
(c) Long Term Provisions	6	9,687,641	11,262,641
<b>(3) Current Liabilities</b>			
(a) Trade Payables	7	1,489,846	3,367,243
(b) Other Current Liabilities	8	27,251,018	7,027,982
(c) Short-Term Provisions	9	10,006,118	10,107,066
<b>Total Equity &amp; Liabilities</b>		<b>1,109,415,743</b>	<b>1,102,978,503</b>
<b>II ASSETS</b>		₹	₹
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets	10		
(i) Gross Block		246,882,298	244,985,833
(ii) Depreciation		149,893,003	144,767,697
(iii) Less: Lease Terminal Adjustment A/c		1,709,528	1,709,528
(iv) Net Block		95,279,767	98,508,608
(b) Non-Current Investments	11	73,845,925	159,643,442
(c) Deferred Tax Assets (net)		50,148,233	75,967,415
(d) Long Term Loans and Advances	12	393,456,427	242,390,435
(e) Other Non-Current Assets	13	192,010,833	192,010,833
<b>(2) Current Assets</b>			
(a) Inventories	14	189,586,489	276,240,235
(b) Trade Receivables	15	31,681,536	2,655,442
(c) Cash and Cash Equivalents	16	38,652,827	17,187,682
(d) Short-Term Loans and Advances	17	5,846,126	2,373,793
(e) Other Current Assets	18	38,907,580	36,000,618
<b>Total Assets</b>		<b>1,109,415,743</b>	<b>1,102,978,503</b>

Significant Accounting Policies & Notes to Financial Statements 1 to 36

As per Our Report of Even Date

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

CHARTERED ACCOUNTANTS

Firm Reg. No. : 318143E

**(CA. AUROBINDA PANDA)**

Partner

Membership No. : 064888

**(UTSAV PAREKH)**

Chairman

**(KISHOR SHAH)**

Managing Director

PLACE : Kolkata

DATED : 24th May 2013

**(NEHA DOSHI)**

Company Secretary

**(ANIL SINGHANIA)**

CFO-cum-Vice President

Investment Banking



## SMIFS CAPITAL MARKETS LIMITED

### CONSOLIDATED PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2013

Particulars	Note No.	Year ended 31st March, 2013 ₹	Year ended 31st March, 2012 ₹
<b>INCOME</b>			
Revenue from operations	19	310,121,800	282,877,799
Other Income	20	9,704,254	11,413,861
<b>Total Revenue</b>		<b>319,826,054</b>	<b>294,291,659</b>
<b>EXPENDITURE</b>			
Purchases of Stock-in-Trade	21	180,003,254	202,000,975
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	22	86,653,747	506,241
Employee Benefit Expense	23	15,437,280	16,012,568
Financial Cost	24	352,167	431,981
Depreciation and Amortization Expense	25	3,640,373	3,955,416
Other Administrative Expenses	26	20,452,609	18,399,419
<b>Total Expenses</b>		<b>306,539,430</b>	<b>241,306,600</b>
Profit before exceptional and extraordinary items and tax		13,286,623	52,985,059
Exceptional Items		-	-
Profit before extraordinary items and tax		13,286,623	52,985,059
Extraordinary Items		-	-
Profit Before Tax		13,286,623	52,985,059
<b>Tax expense:</b>			
(1) Current tax ( Incl. STT & Wealth Tax)		526,459	264,505
(2) Short / (Excess) Provision for Tax for Earlier Years		4,974,938	-
(3) Deferred tax		25,819,182	12,949,823
(4) MAT Credit Entitlement		(27,844,244)	-
Profit(Loss) for the period from continuing operations		9,810,288	39,770,731
Profit/(Loss) from discontinuing operations		-	-
Tax expense of discontinuing operations		-	-
Profit/(Loss) from discontinuing operations (after tax)		-	-
Profit/(Loss) for the period		9,810,288	39,770,731
Earning per equity share:			
(1) Basic		1.76	7.12
(2) Diluted		1.76	7.12

Significant Accounting Policies & Notes to Financial Statements 1 to 36

As per Our Report of Even Date

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

*For and on Behalf of the Board of Directors*

CHARTERED ACCOUNTANTS

Firm Reg. No. : 318143E

**(CA. AUROBINDA PANDA)**

*Partner*

*Membership No. : 064888*

**(UTSAV PAREKH)**

*Chairman*

**(KISHOR SHAH)**

*Managing Director*

PLACE : Kolkata

DATED : 24th May 2013

**(NEHA DOSHI)**

*Company Secretary*

**(ANIL SINGHANIA)**

*CFO-cum-Vice President*

*Investment Banking*



## SMIFS CAPITAL MARKETS LIMITED

### CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013

	31st March, 2013	31st March, 2012
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax	13,286,623	52,985,059
<b>Adjustment for</b>		
1. Depreciation	3,640,373	3,955,416
2. (Profit) / Loss on sale of Investments	(2,381,099)	(5,995,749)
3. Dividend on Investment	(245,817)	(1,368,787)
4. Provisions no longer required	(16,174,409)	(52,350,931)
5. Financial Cost	352,167	431,982
6. (Profit)/Loss on sale of Fixed Assets	(4,254,546)	(6,129,358)
7. Interest Income	(2,895,876)	(1,179,585)
	<u>(21,959,206)</u>	<u>(62,637,013)</u>
<i>Operating profit before Working Capital change</i>	<i>(8,672,582)</i>	<i>(9,651,954)</i>
<b>Adjustment for</b>		
1. Trade & Other Receivables	(168,259,638)	(22,199,784)
2. Inventories	86,653,747	(6,856,987)
3. Trade and Other Payables	10,117,855	(14,355,075)
	<u>(71,488,037)</u>	<u>(43,411,846)</u>
Cash Generated from Operations	(80,160,619)	(53,063,800)
Direct Tax paid	4,131,105	(964,492)
	<u>4,131,105</u>	<u>(964,492)</u>
Net Cash Flow from Operating activity	<u>(76,029,514)</u>	<u>(54,028,292)</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(5,010,893)	(1,268,119)
Sale of Fixed Assets	5,295,000	631,000
Purchase of Investments	(220,751,942)	(212,162,760)
Sale of Investments	323,529,966	282,756,768
Interest Income	2,895,876	1,179,585
Dividend on Investment	245,817	1,368,787
Net Cash flow from Investing Activities	<u>106,203,823</u>	<u>72,505,262</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend and Dividend Distribution Tax Paid	(9,087,438)	(11,034,745)
Interest paid	(352,167)	(431,982)
Proceeds from long-term borrowings	730,441	(2,374,996)
Proceeds from short-term borrowings	-	-
Net cash used in Financing Activities	<u>(8,709,165)</u>	<u>(13,841,723)</u>
Net increase in Cash & Cash Equivalents	21,465,145	4,635,247
Opening Balance of Cash & Cash Equivalents	17,187,682	12,552,435
Closing Balance of Cash & Cash Equivalents	<u>38,652,827</u>	<u>17,187,682</u>

Kolkata  
The 24th day of May 2013

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, 2013 and 31st March, 2012 and found the same in agreement therewith.

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

Kolkata  
The 24th day of May 2013

(CA AUROBINDA PANDA)  
Partner  
Membership No. 064888



**Note : 1 Significant Accounting Policies:**

**(a) Basis of preparation of financial statements**

The Consolidated financial statements have been prepared in accordance with Accounting Standard 21- "Consolidated Financial statements" issued by the Institute of Chartered Accountants of India.

The financial statements have been prepared under the historical cost convention, except for certain class of fixed assets which are revalued, in accordance with the generally accepted accounting principles in India and the provisions of Companies Act, 1956. The accounts of the parent Company and the Subsidiary Company have been prepared in accordance with the Accounting standards issued by the Institute of Chartered Accountants of India and generally accepted accounting principles

**(b) Principles of Consolidation**

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

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

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

**(c) Other Significant Accounting Policies**

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

As per Our Report of Even Date

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

CHARTERED ACCOUNTANTS

Firm Reg. No. : 318143E

**(CA. AUROBINDA PANDA)**

*Partner*

*Membership No. : 064888*

PLACE : Kolkata

DATED : 24th May 2013

**(UTSAV PAREKH)**

*Chairman*

**(NEHA DOSHI)**

*Company Secretary*

**(KISHOR SHAH)**

*Managing Director*

**(ANIL SINGHANIA)**

*CFO-cum-Vice President*

*Investment Banking*

*For and on Behalf of the Board of Directors*



## SMIFS CAPITAL MARKETS LIMITED

### NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

Amount in ₹

As at  
31st March, 2013

As at  
31st March, 2012

#### Note 2 : Share Capital

##### 1. AUHORISED

30,000,000 Equity Shares of ₹ 10/- each	300,000,000	300,000,000
2,000,000 Preference Shares of ₹ 100/- each	200,000,000	200,000,000
	<u>500,000,000</u>	<u>500,000,000</u>

##### 2. ISSUED, SUBSCRIBED & PAID UP

5,585,000 Equity Shares of ₹ 10/- each, Fully paid up	55,850,000	55,850,000
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3. The details of shareholders holding more than 5% shares	No. of shares	% held	No. of shares	% held
Mackertich Consultancy Services Pvt. Ltd.	1,216,900	21.79	1,216,900	21.79
The Indiaman Fund (Mauritius) Limited	550,000	9.85	550,000	9.85
Ajay Kumar Kayan	301,050	5.39	301,050	5.39

#### Note 3 : Reserves & Surplus

1 Capital Redemption Reserve	40,000,000	40,000,000
2 Securities Premium Reserve	433,725,000	433,725,000
3 General Reserve		
Balance as Per Last Account	175,000,000	155,000,000
Add: Transferred From Revaluation Reserve	219,238,000	-
Add: Transferred From Profit & Loss Account	550,000	20,000,000
	<u>394,788,000</u>	<u>175,000,000</u>
4 Revaluation Reserve		
Balance as Per Last Account	290,416,117	-
Add: Created During the year	-	291,682,913
Less: Transferred to General reserve	219,238,000	-
	<u>71,178,117</u>	<u>291,682,913</u>
Less: Transferred to Profit & Loss Account (Refer Note 10.1)	3,558,906	1,266,796
	67,619,211	290,416,117
5 Profit & Loss Account		
Balance brought forward from previous year	65,070,273	54,412,980
Less: Proposed Dividend	(7,819,000)	(78,19,000)
Less: Tax on Proposed Dividend	(1,328,839)	(1,268,438)
Less: Transfer to General Reserve	(550,000)	(20,000,000)
Add: Profit for the period	<u>9,810,288</u>	<u>39,770,731</u>
	65,208,723	65,096,273
Total	<u>1,001,340,934</u>	<u>1,004,237,390</u>



## SMIFS CAPITAL MARKETS LIMITED

### NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

	Amount in ₹	
	As at 31st March, 2013	As at 31st March, 2012
<b>Note 4 : Long Term Borrowings</b>		
<b>1 Term Loans</b>		
From Bank (Secured)	1,802,632	1,257,160
<b>Total</b>	<b>1,802,632</b>	<b>1,257,160</b>
4.1 The above Term Loans are secured by hypothecation of the vehicles against which loans are taken		
4.2 Repayment Schedule:-		
Term Loan from banks (Secured):		
a) HDFC Bank Ltd Repayable in 36 monthly instalments of ₹ 31,800/- from April 2011.	—	363,629
b) HDFC Bank Ltd Repayable in 36 monthly instalments of ₹ 63,135/- from January 2011.	—	548,602
c) HDFC Bank Ltd Repayable in 36 monthly instalments of ₹ 31,400/- from October 2010.	—	184,008
d) HDFC Bank Ltd Repayable in 48 monthly instalments of ₹ 9,950/- from December 2009.	—	76,869
e) HDFC Bank Ltd Repayable in 48 monthly instalments of ₹ 42,600/- from June 2009.	—	84,053
f) Volkswagen Finance Pvt.Ltd. Repayable in 36 monthly instalments of ₹ 96,816/- from October 2012.	1,608,092	—
g) HDFC Bank Ltd. Repayable in 36 monthly instalments of ₹ 9,800/- from February 2013.	194,540	—
<b>Total</b>	<b>1,802,632</b>	<b>1,257,160</b>
<b>Note 5 : Other Long Term Liabilities</b>		
1 Interest Refundable	-	3,216,084
2 Advance Against Sale of Flats	1,987,554	6,652,937
<b>Total</b>	<b>1,987,554</b>	<b>9,869,021</b>



## SMIFS CAPITAL MARKETS LIMITED

### NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

	Amount in ₹	
	As at 31st March, 2013	As at 31st March, 2012
<b>Note 6 : Long Term Provisions</b>		
1 Provision for Loans & Advances considered doubtful	8,877,723	9,752,723
2 Provision for Security Deposits considered doubtful	-	700,000
3 Provision for doubtful receivables on leased assets	809,919	809,919
<b>Total</b>	<b>9,687,641</b>	<b>11,262,641</b>
<b>Note 7 : Trade Payables</b>		
1 Micro, Small and Medium Enterprises	-	-
2 Others	1,489,846	3,367,243
<b>Total</b>	<b>1,489,846</b>	<b>3,367,243</b>
<b>Note 8 : Other Current Liabilities</b>		
1 Current maturities of long term debt (Refer Note Nos 4.1 & 4.2)	2,212,928	2,027,959
2 Unclaimed Dividend#	1,008,009	818,648
3 Deposit	-	140,000
4 Advance from Customers	6,435,309	-
5 Statutory Dues	584,902	317,909
6 Liability for Expenses	2,973,403	2,901,375
7 Other Payables	14,036,467	822,090
<b>Total</b>	<b>27,251,018</b>	<b>7,027,982</b>
# This does not include any amount due and outstanding to be credited to Investor Education and Protection Fund.		
<b>Note 9 : Short Term Provisions</b>		
1 Provision For Employees Benefit	858,279	1,019,628
2 Proposed Dividend (Including Tax on Proposed Dividend)	9,147,839	9,087,438
<b>Total</b>	<b>10,006,118</b>	<b>10,107,066</b>



**SMIFS CAPITAL MARKETS LIMITED**  
**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013**

**Note 10**  
**FIXED ASSETS**

Particulars	Gross Block (₹)			Depreciation (₹)			Lease Terminal Adjustment		Net Block (₹)		
	As on 01.04.2012	Additions	Deductions	As on 31.03.2013	As on 01.04.2012	For the year	Adj. during the year	As on 31.03.2013	As on 31.03.2012	As on 31.03.2012	
Buildings / Premises	98,673,317	-	-	9,86,73,317	10,970,252	4,178,099	-	-	-	83,524,966	87,703,065
Furniture and Fixtures	6,276,817	44,492	-	63,21,309	5,805,321	89,025	-	-	-	426,963	471,496
Office Equipment	2,435,783	71,513	-	25,07,296	1,809,880	93,794	-	-	-	603,622	625,903
Vehicles	15,794,478	4,727,598	3,004,627	1,75,17,450	7,918,563	2,554,225	1,982,181	-	-	9,026,843	7,875,916
Electrical installations	1,206,229	-	-	12,06,229	1,071,182	18,785	-	-	-	116,262	135,047
Computers	2,818,248	63,040	-	28,81,288	2,382,398	192,648	-	-	-	306,243	435,850
Air Conditioners	2,660,370	104,250	109,800	26,54,820	2,208,960	72,702	91,792	-	-	464,949	4,51,410
<b>Sub total</b>	<b>129,865,244</b>	<b>5,010,893</b>	<b>3,114,427</b>	<b>13,17,61,709</b>	<b>32,166,555</b>	<b>7,199,279</b>	<b>2,073,972</b>	<b>-</b>	<b>-</b>	<b>94,469,848</b>	<b>97,698,689</b>
Previous Year	130,389,900	73,713,032	74,237,688	12,98,65,244	29,215,640	5,222,213	2,271,298	-	-	97,698,689	
<b>Assets on Lease</b>											
Plant & Machinery	115,120,589	-	-	11,51,20,589	112,601,142	-	-	1,709,528	1,709,528	809,919	809,919
<b>Sub total</b>	<b>115,120,589</b>	<b>-</b>	<b>-</b>	<b>11,51,20,589</b>	<b>112,601,142</b>	<b>-</b>	<b>-</b>	<b>1,709,528</b>	<b>1,709,528</b>	<b>809,919</b>	<b>809,919</b>
Previous Year	115,120,589	-	-	11,51,20,589	112,601,142	-	-	1,709,528	-	809,919	
<b>Total</b>	<b>244,985,833</b>	<b>5,010,893</b>	<b>3,114,427</b>	<b>24,68,82,298</b>	<b>144,767,697</b>	<b>7,199,279</b>	<b>2,073,972</b>	<b>1,709,528</b>	<b>1,709,528</b>	<b>95,279,767</b>	<b>98,508,608</b>
Previous Year	245,510,489	73,713,032	74,237,688	24,49,85,833	141,816,782	5,222,213	2,271,298	1,709,528	-	98,508,608	

10.1 Gross block includes ₹ 72,444,913/- (Previous year ₹ 72,444,913/-) on account of revaluation of building/premises. Consequent to the said revaluation there is an additional depreciation charge of ₹35,58,906/- (Previous year ₹12,66,796/-) and an equivalent amount has been withdrawn from the Revaluation Reserve and credited to Statement of Profit & Loss. This has no impact on profit for the year.





## SMIFS CAPITAL MARKETS LIMITED

### NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

Amount in ₹

<u>As at 31st March, 2013</u>		<u>As at 31st March, 2012</u>	
Quantity No.	Amount (₹)	Quantity No.	Amount (₹)

#### **Note 11 : Non Current Investment**

##### 1 Trade Investments

Investment in Equity Shares

Equity shares of ₹ 10 each (Unless otherwise stated)

##### Fully paid up: Quoted

Aravali Securities & Finance Limited	100	60	100	60
Asian Vegipro Industries Limited	300,000	300,000	300,000	300,000
Bijco Holdings Ltd.	-	-	60,530	6,053,000
Coventry Springs & Engg. Co. Ltd	52,323	175,282	52,323	175,282
Escorts Limited	40,000	2,802,395	-	-
First Leasing Company of India Ltd	59,209	4,302,909	59,209	4,302,909
Gillanders Arbuthnot & Co. Ltd	9,041	120,591	9,041	120,591
HSIL Ltd (FV ₹ 2/-)	-	-	150,000	24,610,455
Intrasoft Technologies Limited	17,500	1,750,000	17,500	1,750,000
KEC International Ltd.	36	16,835	36	16,835
Melstar Information Technologies Limited	300	63,675	300	63,675
Moulik Finance & Resorts Limited	7,100	71,000	7,100	71,000
Moving Picture (India) Limited	881,600	3,076,784	881,600	30,76,784
Nachmo Knitex Limited	-	-	1,499,000	56,09,200
Digjam Limited *	731,034	10,599,993	-	-
Nicco UCO Alliance Credit Limited	114	650	114	650
Phillips Carbon Black Limited	-	-	87,500	14,323,185
Punsumi Foils & Components Limited	15,800	19,750	15,800	19,750
PTC Industries Limited	1,000	16,850	1,000	16,850
State Bank of Bikaner & Jaipur Ltd.	5,000	2,377,516	-	-
Shez Leather Ltd#	35,900	359,000	35,900	359,000
Swad Industries & Leasing Ltd	141	268	141	268
VCK Capital Markets Limited	200	220	200	220
Cimmco Limited	16,353	1,705,814	16,353	1,705,814
Lloyds Steels Industries Limited	-	-	50,000	1,113,152
Southern Online Bio-Technolgies Limited	500,000	2,955,394	5,00,000	2,955,394

##### Partly paid up: Quoted

Malvika Steels Limited (Partly Paid Up)##	91,200	912,000	91,200	912,000
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##### Fully paid up: Unquoted

Andaman Plantations & Development Corporation Limited	-	-	30,000	3,000,000
Antriksh Vyapaar Limited	-	-	1,000,000	14,000,000
Bhatpara Papers Limited	44	391	44	391



## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

Amount in ₹

	As at 31st March, 2013		As at 31st March, 2012	
	Quantity No.	Amount (Rs.)	Quantity No.	Amount (Rs.)
C. Mackertich Limited	-	-	4,250,000	42,500,000
Exquisite Exports Limited	5,000	50,000	5,000	50,000
Fortune Biotech Limited	40,000	178,000	40,000	178,000
Gujrat Securities Limited	20	200	20	200
Kamal Overseas Ltd.	200,000	16,000,000	200,000	16,000,000
Manphool Exports Ltd.	11,908	1,190,800	11,908	1,190,800
Mason and Summers Alcobev Pvt.Ltd.	125,000	5,000,000	-	-
North East Publishing & Advt Co Ltd	5,045,400	504,540	5,045,400	504,540
Quest Finance Services.Ltd.	30,000	2,877,000	30,000	2,877,000
Parriot Automation Projects Limited	2,065,350	500,000	2,065,350	500,000
Sheorey Digital Systems Pvt Ltd	5,90,000	129,800	590,000	129,800
Spencers Retail Limited	-	-	5,329	969,612
Sukhraj Vinimay Pvt. Ltd.	50,000	252,500	50,000	252,500
Vaibhav Services Pvt Ltd	4,580	45,800	4,580	45,800
<b>Investment in Preference Shares (Non Cumulative ₹ 100/- Each)</b>				
12% Andaman Plantations & Development Corporation Ltd	140,000	4,100,000	140,000	4,100,000
8.00 % DIGJAM Limited*	-	-	106,000	10,600,000
<b>2 Other Investments</b>				
<b>Investment in Security Receipts</b>				
Investment In Mutual Fund(Reliance Mutual Fund)	5,599	15,901,773	-	-
<b>Investment in Govt Securities</b>				
6.05% Govt of India Loan - 2019	5,000	521,065	5,000	521,065
Less: Provision For Diminution in Value of Investment		(5,032,930)		(19,632,339)
<b>Total</b>		<b>73,845,925</b>		<b>159,643,442</b>
Aggregated of unquoted Investments - at book value(net of provision)		42,218,939		92,087,369
Aggregated of Quoted Investments - at book value		31,626,986		67,556,073
Aggregated of Quoted Investments - at market value		13,224,171		52,511,803
Aggregated amount of provision for diminution in the value of investments		5,032,930		19,632,339

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

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

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



## SMIFS CAPITAL MARKETS LIMITED

### NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

Amount in ₹

	<u>As at 31st March, 2013</u>		<u>As at 31st March, 2012</u>	
	Quantity No.	Amount (Rs.)	Quantity No.	Amount (Rs.)
<b>Note 12 : Long Term Loans and Advances</b>				
1) Loans & Advances				
Unsecured and Considered Good	341,674,347		207,247,597	
Considered Doubtful	8,877,723		9,752,723	
(Full provision has been made in respect of doubtful Loans & Advances)		350,552,069		217,000,320
2) Advance Income Tax (Net of provision)		12,749,096		22,381,598
3) MAT Credit Entitlement		27,844,244		-
4) Security Deposit				
Unsecured and Considered Good	2,311,018		2,308,518	
Considered Doubtful	-		700,000	
(Full provision has been made in respect of doubtful Security Deposits)		2,311,018		3,008,518
<b>Total</b>		<b><u>393,456,427</u></b>		<b><u>242,390,435</u></b>

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## SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

Amount in ₹

As at  
31st March, 2013      As at  
31st March, 2012

### **Note 13 : Other Non Current Assets**

1	Share Application Money	192,000,000	19,20,00,000
2	Interest Accrued but Not Due	10,833	10,833
	<b>Total</b>	<b>192,010,833</b>	<b>19,20,10,833</b>

### **Note 14 : Inventories**

1	Shares & Securities	2,070,208	21,74,259
2	Construction Work- in- progress	187,516,281	27,40,65,977
	<b>Total</b>	<b>189,586,489</b>	<b>27,62,40,235</b>

### **Note 15 : Trade Receivables**

1	Outstanding for more than six months		
	Unsecured and Considered Good	23,043,476	1,418,220
	Considered Doubtful	-	-
		23,043,476	1,418,220
2	Others		
	Unsecured and Considered Good	8,638,061	1,237,222
	Considered Doubtful	-	-
		8,638,061	1,237,222
	<b>Total</b>	<b>31,681,536</b>	<b>2,655,442</b>

### **Note 16 : Cash & Cash Equivalents**

1	Balances with Banks #	21,557,012	9,487,845
2	Cheques in Hand	8,845,217	-
3	Cash in Hand	264,477	181,687
4	Fixed Deposits with Bank ##	7,986,121	7,518,150
	<b>Total</b>	<b>38,652,827</b>	<b>17,187,682</b>

# Balances with Banks includes Unclaimed Dividend of ₹ 1,008,009/- (P.Y ₹ 818,648/-)

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

### **Note 17 : Short Terms Loans and Advances**

	Unsecured and Considered Good		
1	Advance to Parties	2,472,462	2,073,087
2	Balance with Revenue Authorities	3,373,664	300,706
	<b>Total</b>	<b>5,846,126</b>	<b>2,373,793</b>

### **Note 18 : Other Current Assets**

1	Prepaid Expenses	2,040,526	875,618
2	Other Receivables	36,867,054	35,125,000
	<b>Total</b>	<b>38,907,580</b>	<b>36,000,618</b>



## SMIFS CAPITAL MARKETS LIMITED

### NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

	Amount in ₹	
	Year ended 31st March, 2013	Year ended 31st March, 2012
<b>Note 19 : Revenue from Operations</b>		
1 Sale of shares and Securities	182,632,229	205,280,656
2 Sale of Flats	100,372,750	-
3 Profit / Loss on Sale of Investments	2,381,099	5,995,749
4 Investment Banking Operations (Net)	8,315,497	17,881,676
5 Provisions no longer required	16,174,409	52,350,931
6 Dividend Income	245,817	1,368,787
<b>Total</b>	<b>310,121,800</b>	<b>282,877,799</b>
<b>Note 20 : Other Income</b>		
1 Interest Received	2,897,931	1,182,600
2 Profit/(Loss) on Sale of Fixed Assets	4,254,546	6,129,358
3 Other Non-operating Income	2,551,777	4,101,902
<b>Total</b>	<b>9,704,254</b>	<b>11,413,861</b>
<b>Note 21 : Purchases</b>		
1 Purchase of shares and Securities	180,003,254	202,000,975
<b>Total</b>	<b>180,003,254</b>	<b>202,000,975</b>
<b>Note 22 : Change in Inventories / Stock</b>		
1 Opening Stock-Shares & Securities	2,174,259	2,680,500
Closing Stock-Shares & Securities	2,070,208	2,174,259
2 Opening Stock-Construction Work-in-Progress	274,065,977	-
Closing Stock-Construction Work-in-Progress	187,516,281	-
<b>Total</b>	<b>86,653,747</b>	<b>506,241</b>
<b>Note 23 : Employees Benefit Expenses</b>		
1 Salaries, Bonus & Allowances	12,382,376	13,245,411
2 Contribution to provident and other funds	1,014,401	1,077,666
3 Training, Development & Recruitment Expenses	14,496	77,150
4 Staff Welfare Expenses	1,625,716	1,242,879
5 Employees Group Gratuity	400,290	369,462
<b>Total</b>	<b>15,437,280</b>	<b>16,012,568</b>

#### Note 23.1

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

#### Defined Contribution Plans

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

Employer's Contribution to Provident Fund	1,014,401	1,077,666
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## SMIFS CAPITAL MARKETS LIMITED

### NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

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

	<u>Gratuity (Funded)</u>		<u>Leave Encashment (Unfunded)</u>	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
Defined Benefit Obligation at beginning of year	4,000,428	3,223,074	799,935	833,222
Current Service Cost	308,564	254,803	114,273	114,128
Interest Cost	320,034	257,846	63,995	66,658
Actuarial (gain) / Loss	715,583	264,705	245,938	264,039
Benefits Paid	(1,980,577)	-	(400,693)	(478,112)
<b>Defined Benefit Obligation at year end</b>	<b>3,364,032</b>	<b>4,000,428</b>	<b>823,448</b>	<b>799,935</b>

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

Fair Value of Plan Assets at beginning of Year	4,681,894	3,980,204		
Expected Return on Plan Assets	313,368	372,902		
Actuarial gain / (loss)	-	-		
Employer Contribution	379,352	328,788		
	(1,980,577)	-		
<b>Fair Value of Plan Assets at year end</b>	<b>3,394,037</b>	<b>4,681,894</b>		

#### III) Reconciliation of fair value of assets and obligations

Fair value of Plan Assets	3,394,037	4,681,894	-	-
Present Value of Obligation	3,364,032	4,000,428	823,448	799,935
Amount recognised in Balance Sheet	(30,005)	-	823,448	799,935
Excess Provision in Balance Sheet	-	-	-	191,156
Assets Not Recognised in Balance Sheet	-	(681,466)	-	-

#### IV) Expenses Recognised during the year

Current Service Cost	308,564	2,54,803	114,273	114,128
Interest Cost	320,034	257,846	63,995	66,658
Expected Return on Plan Assets	(313,368)	(372,902)	-	-
Actuarial (gain) / loss	715,583	264,705	245,938	264,039
<b>Net Cost</b>	<b>1,030,813</b>	<b>404,452</b>	<b>424,206</b>	<b>444,825</b>

#### V) Actuarial Assumptions

Mortality Table (LIC)	1994-96	1994-96	1994-96	1994-96
Discount Rate (per Annum)	8.00%	8.00%	8.00%	8.00%
Expected Rate of Return on Plan Assets (per Annum)	9.15%	9.15%	-	-
Rate of Escalation in Salary (per Annum)	5.00%	5.00%	5.00%	5.00%

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



## SMIFS CAPITAL MARKETS LIMITED

### NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

	Amount in ₹	
	Year ended 31st March, 2013	Year ended 31st March, 2012
<b>Note 24 : Financial Cost</b>		
1 Interest Expense	352,167	431,981
<b>Total</b>	<b>352,167</b>	<b>431,981</b>
<b>Note 25 : Depreciation &amp; Amortised Cost</b>		
1 Depreciation	7,199,279	5,222,212
Less: Transferred from Revaluation Reserve	3,558,906	1,266,796
<b>Total</b>	<b>3,640,373</b>	<b>3,955,416</b>
<b>Note 26 : Other Administrative Expenses</b>		
1 Telephone Expenses	1,199,383	1,342,897
2 Printing & Stationery Expenses	2,120,916	2,293,557
3 Professional, Legal & Consultancy Charges	3,579,536	1,341,153
4 Business Promotion Expenses	668,267	749,637
5 Rent	515,590	653,390
6 Repair & Maintenance - Building	-	581,345
- Plant & Machinery	123,138	134,682
- Others	1,082,875	1,061,679
7 Advertisement	440,640	299,004
8 Electricity, Power & Fuel	484,801	447,930
9 Vehicle Expenses	1,507,834	1,659,579
10 Membership & Subscription Fees	1,077,087	740,650
11 Miscellaneous Expenses	1,347,553	1,250,454
12 Brokerage on Sale of Flats	566,746	-
13 Rates & Taxes	348,254	353,937
14 Travelling Expenses	4,742,315	4,927,738
15 Directors' Fees	164,000	210,500
16 Insurance	146,356	156,288
17 Sundry Balance Written Off	142,319	-
18 Auditors' Remuneration	195,000	195,000
<b>Total</b>	<b>20,452,609</b>	<b>18,399,419</b>
<b>26.1 Auditors' Remuneration includes :</b>		
Audit Fees	185,000	185,000
Tax Audit	10,000	10,000
	<b>195,000</b>	<b>195,000</b>
<b>26.2 Expenditure in Foreign Currency :</b>		
Travelling Expenses	2,382,629	1,168,880
	<b>2,382,629</b>	<b>1,168,880</b>
<b>26.3 Earning in Foreign Currency :</b>		
	Nil	Nil





## SMIFS CAPITAL MARKETS LIMITED

### NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

Amount in ₹

Year ended  
31st March, 2013

Year ended  
31st March, 2012

**26.4 Remittance in Foreign Currency on Account of Dividend :** The Company has paid dividend in respect of Share held by Non-Residents on repatriation basis. The total amount of remittance in respect is given herein below.

No. of Non-Resident Shareholder	9	10
No. of Equity Share held by them	604,273	1,004,517
Amount of Dividend Paid `	845,982	1,707,679
Tax Deducted at Sources	-	-
Year to which dividend relates	2011-12	2010-11

#### **Note 27 : Earning per share (EPS)**

Net Profit/(Loss) attributable to shareholders	10,188,991	39,398,545
Weighted average no. of equity shares in issue	5,585,000	5,585,000
Earning per share of ₹ 10 each (Basic & Diluted)	1.82	7.05

#### **Note 28 : Segment Reporting**

<u>Segment Revenue</u>		
Capital Market Operations	182,632,229	205,280,656
Investment Banking Operations	8,315,497	17,881,676
Real Estate Business	100,372,750	-
Others	245,817	1,368,787
Net sales/Income from Operations	291,566,292	224,531,119
<u>Segment Results: Profit/(Loss) before Interest &amp; Tax</u>		
Capital Market Operations	2,524,924	27,73,440
Investment Banking Operations	8,315,497	17,881,676
Real Estate Business	13,823,054	-
Others	245,817	1,368,787
Total	24,909,291	22,023,903
Less: Interest	352,167	431,981
Other unallocable expenses net of unallocable income	11,270,501	(31,393,137)
Total Profit Before Tax	<b>13,286,623</b>	<b>52,985,059</b>

#### Capital employed :

Fixed Assets used in the Company's operations or liabilities contracted cannot be identified with any of the reportable segments as the fixed assets are used interchangeably between segments. The Company believes that it is currently not practicle to provide segment disclosures relating to total assets and liabilities since a meaningful segregation of data is not possible.



## SMIFS CAPITAL MARKETS LIMITED

### NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

	Amount in ₹	
	As at 31st March, 2013	As at 31st March, 2012
<b>Note 29 : Deffered Tax Assets</b>		
1 Deferred Tax Liability:		
On difference between wdv as per book and wdv as per Income Tax Act of fixed assets	(2,591,662)	(2,783,242)
2 Deferred Tax Assets:		
On Disallowances under the Income Tax Act, 1961	4,509,709	8,231,016
On Brought forward capital losses	48,130,186	70,519,640
<b>Total</b>	<b>50,148,233</b>	<b>75,967,415</b>

### **Note 30 : Details of Contract Revenue & Costs**

In accordance with the Guidance Note on Accounting For Real Estate Transaction (Revised 2012), details of contracts revenue and cost is as under :

	Year ended 31st March, 2013	Year ended 31st March, 2012
1 Contract revenue recognised during the year	100,372,750	Nil
2 Aggregate of contract costs incurred upto the year-end	86,549,696	Nil
3 Aggregate of recognised profits upto the year-end	13,823,054	Nil
4 Advances received for contracts in progress	1,987,554	6,652,937
5 Retention money for contracts in progress	Nil	Nil
6 Amount due from customers for contract work	7,907,261	Nil

### **Note 31 : Related Party Disclosures**

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

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

#### Key Management Personnel

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

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

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



## SMIFS CAPITAL MARKETS LIMITED

### NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

Disclosures of transactions between the Company and related parties and their outstanding balances as on 31/03/2013:

<u>Transaction (Excluding reimbursement of expenses)</u>	Key Management personnel	Entities where significant influence exists
Purchase of shares and securities	-	-
	-	(14,000,000)
Sale of shares and securities	-	23,000,000
	-	(3,913,500)
Rent Received	-	43,632
	-	(43,632)
Interest Received	-	1,790,000
	-	(-)
Payment of Brokerage	-	204,120
	(-)	(217,627)
Directors' sitting fees	64,000	-
	(80,000)	(-)
Directors' remuneration	4,260,932#	-
	(3,704,417)#	(-)
Balance at the end of the year	-	-
Other payables	-	-
	(-)	(1,128,042)
Loans & Advances	-	52,391,522
	(-)	(377,723)

# This includes ₹ 3,02,400/- ( P.Y ₹ 2,37,600/-) towards Employer's Contribution to Provident Fund.

#### **Note 32 : Contingent Liabilities and Commitments**

Contingent liabilities not provided for :

- 1) Sale Tax demand net of payment under appeal is ₹ 91,125/- (P.Y ₹ 91,125/-)
- 2) Demand under Employees' State Insurance under appeal is ₹ 142,274/- (P.Y ₹ 142,274/-) The company applied to the Government of West Bengal for exemption from the provision of Employees State Insurance Act, 1948, since the medical facilities/ benefits provided by the Company to the employees are superior to those covered by E.S.I Scheme.Government of West Bengal , Labour Department in consultation with employees State Insurance Corporation granted exemption for one year effective from 25th November, 1997. Prayer seeking exemption on permanent basis with retrospective effect is pending with the Government of West Bengal. The Employees State Insurance Corporation has raised demand for the period for the period from June 1991 to 24th November 1997 amounting to ₹142,274/-. The Company has filed a petition against the demand before E.S.I Court and the same has partly heard.



- 3) Income Tax demand for Assessment years 2007-08 and 2008-09 aggregating to ₹ 30,50,623/- has been raised for which an appeal for each of the said assessment years has been made before CIT(A).

**Commitments:**

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

**Note 33 :**

Previous Year figures have been regrouped and reclassified, wherever necessary, to correspond with the current year's classification/ disclosure.

**Note 34 :**

The Consolidated Financial Statements represent consolidation of accounts of SMIFS Capital Markets Limited, the parent company and its subsidiary, SMIFS Capital Services Limited wherein the parent company holds an ownership interest of 100% as at 31st March, 2013.

**Note 35 :**

As on 31st March, 2013 the parent company holds 7,500,070 Equity shares of ₹ 10 each, fully paid-up in SMIFS Capital Services Limited.

**Note 36 :**

The parent company and its subsidiary end their respective financial years on the same date i.e. 31st March, 2013.

As per Our Report of Even Date

**For J. S. VANZARA & ASSOCIATES**  
CHARTERED ACCOUNTANTS  
Firm Reg. No. : 318143E

*For and on Behalf of the Board of Directors*

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

**(UTSAV PAREKH)**  
*Chairman*

**(KISHOR SHAH)**  
*Managing Director*

PLACE : Kolkata  
DATED : 24th May 2013

**(NEHA DOSHI)**  
*Company Secretary*

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



## **SMIFS CAPITAL SERVICES LIMITED**

(CIN: U65991WB2000PLC092125)

### **Board of Directors**

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

### **Company Secretary**

Mrs. Priti Saraf

**SMIFS**

### **Bankers**

HDFC Bank Ltd.

### **Auditors**

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

### **Registered Office :**

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



## DIRECTORS' REPORT

To the members of SMIFS Capital Services Limited,

Your Directors have pleasure in presenting the Annual Report and the Audited Accounts for the year ended March 31, 2013.

### FINANCIAL RESULTS

(Rupees in million)

	Year ended 31.03.2013	Year ended 31.03.2012
Profit / (Loss) before Interest & Depreciation	(0.32)	0.49
Less: Interest	0.01	0.01
Profit / (Loss) before Depreciation	(0.33)	0.48
Less: Depreciation	0.05	0.05
<b>Profit / (Loss) before Tax</b>	<b>(0.38)</b>	<b>0.43</b>
Less: Tax Expenses	0.01	0.06
<b>Profit / (Loss) after Tax</b>	<b>(0.37)</b>	<b>0.37</b>
Add: (Debit) / Credit balance brought forward	0.02	(0.35)
<b>Profit / (Loss) Carried to Balance Sheet</b>	<b>(0.35)</b>	<b>0.02</b>

### DIVIDEND

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

### YEAR IN RETROSPECT AND FUTURE GROWTH

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

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

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

1. In the preparation of the annual accounts for the year ended March 31, 2013 the applicable accounting standards have been followed along with the proper explanations relating to material departures.
2. The Directors had adopted such accounting policies and applied them consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.



4. The Directors have prepared the Annual Accounts on a going concern basis.

#### **DIRECTORS**

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

#### **AUDIT COMMITTEE**

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

#### **AUDITORS**

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

#### **PARTICULARS OF EMPLOYEES**

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

#### **STATUTORY INFORMATION**

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

##### **(a) Conservation of Energy**

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

##### **(b) Technology Absorption**

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

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

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

#### **ACKNOWLEDGEMENT**

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

*For and on behalf of the Board of Directors*

PLACE : Kolkata  
DATED : 24th May 2013

**(SANTOSH KUMAR MUKHERJEE)**  
*Director*

**(KISHOR SHAH)**  
*Director*



## AUDITORS' REPORT

To the Members of SMIFS CAPITAL SERVICES LIMITED

### **Report on the Financial Statements :**

We have audited the accompanying financial statements of **M/s SMIFS CAPITAL SERVICES LIMITED** ("the Company") which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility :**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion :**

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

- i. In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- ii. In the case of the Statement of Profit and Loss, of the Loss for the year ended on that date; and
- iii. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.





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

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of the section 227 of the Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the order.
2. As required by section 227(3) of the Act, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

3A, Oriental House,  
6C, Elgin Road,  
Kolkata-700029

For **J. S. VANZARA & ASSOCIATES**  
Chartered Accountants  
FRN NO: 318143E

**AUROBINDA PANDA**  
Partner  
Membership No.064888

This is the 24th Day of May 2013



## ANNEXURE TO THE AUDITORS' REPORT

### REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON THE OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

- 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 2013.
- 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, 2012 for a period of more than six months from the date they become payable.
- c) According to the records of the Company, there are no dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty and Cess which have not been deposited on account of any dispute.
- x) The accumulated losses at the end of financial year do not exceed 50% of its net worth. The Company has incurred cash losses of ₹3,22,973/-during the financial year but had not incurred cash losses in financial year immediately preceding such 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.

3A, Oriental House,  
6C, Elgin Road,  
Kolkata-700029

For **J. S. VANZARA & ASSOCIATES**  
Chartered Accountants  
FRN NO: 318143E

**AUROBINDA PANDA**  
Partner  
Membership No.064888

This is the 24th Day of May 2013



## SMIFS CAPITAL SERVICES LIMITED

### BALANCE SHEET AS AT 31st MARCH, 2013

Particulars	Note No.	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	2	75,000,700	75,000,700
(b) Reserves and Surplus	3	(353,293)	25,410
<b>(2) Non-Current Liabilities</b>			
(a) Long-Term Borrowings	4	194,540	-
<b>(3) Current Liabilities</b>			
(a) Other Current Liabilities	5	794,705	651,209
(b) Short-Term Provisions	6	34,831	28,537
<b>Total Equity &amp; Liabilities</b>		<b>75,671,483</b>	<b>75,705,856</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets	7		
(i) Gross Block		772,223	618,399
(ii) Depreciation		226,572	475,440
(iv) Net Block		545,651	142,959
(b) Non-Current Investments	8	4,084,635	31,746,835
(c) Deferred Tax Assets (net)		33,329	32,200
(d) Long Term Loans and Advances	9	450,845	348,718
<b>(2) Current Assets</b>			
(a) Trade Receivables	10	23,039,263	1,742,054
(b) Cash and Cash Equivalents	11	362,955	233,964
(c) Short-Term Loans and Advances	12	10,287,752	6,334,126
(d) Other Current Assets	13	36,867,054	35,125,000
<b>Total Assets</b>		<b>75,671,483</b>	<b>75,705,856</b>

Significant Accounting Policies & Notes to Financial Statements 1 to 24

As per Our Report of Even Date

For and on Behalf of the Board of Directors

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

CHARTERED ACCOUNTANTS

Firm Reg. No. : 318143E

**(CA. AUROBINDA PANDA)**

Partner

Membership No. : 064888

**(SANTOSH KUMAR MUKHERJEE)**

Director

**(KISHOR SHAH)**

Director

PLACE : Kolkata

DATED : 24th May 2013

**(PRITI SARAF)**

Company Secretary



**SMIFS CAPITAL SERVICES LIMITED**  
**PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2013**

Particulars	Note No.	Year ended 31st March, 2013 ₹	Year ended 31st March, 2012 ₹
<b>INCOME</b>			
Revenue from operations	14	965,585	1,586,681
Other Income	15	2,657	3,015
<b>Total Revenue</b>		<b>968,242</b>	<b>1,589,696</b>
<b>EXPENDITURE</b>			
Employee Benefit Expense	16	1,001,935	680,653
Financial Costs	17	6,754	11,525
Depreciation and Amortization Expense	18	56,859	50,589
Other Administrative Expenses	19	282,526	412,279
<b>Total Expenses</b>		<b>1,348,074</b>	<b>1,155,045</b>
Profit before exceptional and extraordinary items and tax		(379,832)	434,651
Exceptional Items		-	-
Profit before extraordinary items and tax		(379,832)	434,651
Extraordinary Items		-	-
Profit Before Tax		(379,832)	434,651
<b>Tax expense:</b>			
(1) Current tax		-	69,724
(2) Deferred tax		(1,129)	(7,259)
Profit(Loss) for the period from continuing operations		(378,703)	3,72,186
Profit/(Loss) from discontinuing operations		-	-
Tax expense of discontinuing operations		-	-
Profit/(Loss) from discontinuing operations(after tax)		-	-
Profit/(Loss) for the period		(378,703)	372,186
Earning per equity share:			
(1) Basic		(0.05)	0.05
(2) Diluted		(0.05)	0.05

Significant Accounting Policies & Notes to Financial Statements 1 to 24

As per Our Report of Even Date

**For J. S. VANZARA & ASSOCIATES**  
CHARTERED ACCOUNTANTS  
Firm Reg. No. : 318143E

*For and on Behalf of the Board of Directors*

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

**(SANTOSH KUMAR MUKHERJEE)**  
*Director*

**(KISHOR SHAH)**  
*Director*

PLACE : Kolkata  
DATED : 24th May 2013

**(PRITI SARAF)**  
*Company Secretary*



**SMIFS CAPITAL SERVICES LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013**

	31st March, 2013	31st March, 2012
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax	(379,832)	434,651
<b>Adjustment for</b>		
1. Depreciation	56,859	50,589
2. (Profit) / Loss on sale of Investments	-	(778,200)
3. Dividend Income	(210)	-
4. Financial Cost	6,754	11,525
5. (Profit)/Loss on sale of Fixed Assets	(602)	-
	<u>62,800</u>	<u>(716,087)</u>
Operating profit before W/Capital change	(3,17,031)	(281,436)
<b>Adjustment for</b>		
1. Trade & Other Receivables	(26,998,515)	(40,206,426)
2. Trade & Other Payables	101,926	20,445
	<u>(26,896,589)</u>	<u>(40,185,981)</u>
Cash Generated from Operations	(27,213,621)	(40,467,417)
Direct Tax paid	(96,500)	(80,000)
	<u>(96,500)</u>	<u>(80,000)</u>
<b>Net Cash Flow from Operating activity</b>	<u>(27,310,121)</u>	<u>(40,547,417)</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(568,948)	-
Sale of Fixed Assets (Net of advance received)	110,000	-
Purchase of Investments	-	-
Sale of Investments	27,662,200	4,06,98,200
Dividend Income	210	-
<b>Net Cash flow from Investing Activities</b>	<u>27,203,462</u>	<u>40,698,200</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	(6,754)	(11,525)
Proceeds from long-term borrowings	242,404	(95,148)
<b>Net cash used in Financing Activities</b>	<u>235,650</u>	<u>(106,673)</u>
Net increase in Cash & Cash Equivalents	128,991	44,110
Opening Balance of Cash & Cash Equivalents	233,964	189,854
<b>Closing Balance of Cash &amp; Cash Equivalents</b>	<u>362,955</u>	<u>233,964</u>

Kolkata  
The 24th day of May 2013

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, 2013 and 31st March, 2012 and found the same in agreement therewith.

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

Kolkata  
The 24th day of May 2013

(CA AUROBINDA PANDA)  
Partner  
Membership No. 064888



## **SMIFS CAPITAL SERVICES LIMITED**

### **Note : 1 Significant Accounting Policies :**

#### **(a) Basis of preparation of financial statements**

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

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

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

#### **(b) Fixed Assets**

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

#### **(c) Depreciation**

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

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

#### **(d) Investments**

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

#### **(e) Revenue recognition**

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

#### **(f) Employee Benefits**

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

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





**(g) Provision for Current and Deferred Tax**

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

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

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

**(h) Contingencies**

Claims against the Company which is material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and disclosed by way of notes to the financial statements.

**(i) Impairment of Assets**

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

**(j) Provisions, Contingent Liabilities and Contingent Assets**

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

As per Our Report of Even Date

*For and on Behalf of the Board of Directors*

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

CHARTERED ACCOUNTANTS

Firm Reg. No. : 318143E

**(CA. AUROBINDA PANDA)**

*Partner*

*Membership No. : 064888*

**(SANTOSH KUMAR MUKHERJEE)**

*Director*

**(KISHOR SHAH)**

*Director*

PLACE : Kolkata

DATED : 24th May 2013

**(PRITI SARAF)**

*Company Secretary*



## SMIFS CAPITAL SERVICES LIMITED

### NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

Amount in ₹

As at  
31st March, 2013      As at  
31st March, 2012

#### **Note 2 : Share Capital**

##### **1. AUHORISED**

15,000,000 Equity Shares of ₹ 10/- each      150,000,000      150,000,000

##### **2. ISSUED, SUBSCRIBED & PAID UP**

7,500,070 Equity Shares of ₹10/- each, Fully paid up      75,000,700      75,000,700

3. The details of shareholders holding more than 5% shares

	<u>No. of shares</u>	<u>% held</u>	<u>No. of shares</u>	<u>% held</u>
SMIFS Capital Markets Limited	7,500,070	100.00	7,500,070	100.00

#### **Note 3 : Reserves & Surplus**

##### 1 Profit & Loss Account

Balance brought forward from previous year	25,410		(346,776)	
Add: Profit for the period	(378,703)		372,186	

<b>Total</b>	<u>(353,293)</u>		<u>25,410</u>	<u>25,410</u>
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#### **Note 4 : Long Term Borrowings**

##### 1 Term Loan

- From Bank	194,540		-	
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<b>Total</b>	<u>194,540</u>		<u>-</u>	<u>-</u>
--------------	----------------	--	----------	----------

4.1 The above Term Loans are secured by hypothecation of the vehicles against which loans are taken

##### 4.2 Repayment Schedule :-

HDFC Bank Ltd				
Repayable in 36 monthly instalments of ₹ 9,800/- from February 2013.	1,94,540		-	
	<u>1,94,540</u>		<u>-</u>	

#### **Note 5 : Other Current Liabilities**

1 Current maturities of long term debt (Refer Note No 4.1 & 4.2)	91,220		43,356	
2 Statutory Dues	114,229		112,768	
3 Liability for Expenses	156,802		95,085	
4 Other Payables	432,454		400,000	
<b>Total</b>	<u>794,705</u>		<u>651,209</u>	

#### **Note 6 : Short Term Provisions**

1 Provision For Employees Benefit	34,831		28,537	
<b>Total</b>	<u>34,831</u>		<u>28,537</u>	

**SMIFS CAPITAL SERVICES LIMITED**  
**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013**

**Note 7**  
**FIXED ASSETS**

Particulars	GROSS BLOCK			DEEPRICIATION			NET BLOCK		
	As on 01.04.2012 ₹	Additions During the year ₹	Adjustment for Sale ₹	As at 31.03.2013 ₹	As at 01.04.2012 ₹	For the year ended on 31.03.2013 ₹	Adjustment ₹	As at 31.03.2013 ₹	As at 31.03.2012 ₹
Computers & Peripherals	196,180	-	0	196,180	193,799	953	0	194,751	2,381
Furniture & Fixtures	7,095	-	0	7,095	6,242	154	0	6,397	853
Vehicles	415,124	568,948	415,124	568,948	275,399	55,752	305,726	543,524	139,725
<b>Total</b>	<b>618,399</b>	<b>-</b>	<b>415,124</b>	<b>772,223</b>	<b>475,440</b>	<b>56,859</b>	<b>305,726</b>	<b>226,572</b>	<b>142,959</b>
Previous year	618,399	-	-	618,399	424,851	50,589	-	475,440	142,959



## SMIFS CAPITAL SERVICES LIMITED

### NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

Amount in ₹

	<u>As at 31st March, 2013</u>		<u>As at 31st March, 2012</u>	
	Quantity No.	Amount (Rs.)	Quantity No.	Amount (Rs.)
<b>Note 8 : Non Current Investment</b>				
<b>1 Trade Investments</b>				
Investment in Equity Shares				
Equity shares of Rs 10 each (Unless otherwise stated)				
<b>Fully paid up: Quoted</b>				
KEC International Ltd	36	16,835	36	16,835
Bijco Holdings Ltd	-	-	60,530	6,053,000
Nachmo Knitex Limited	-	-	1,499,000	5,609,200
<b>Fully paid up: Unquoted</b>				
Kamal Overseas Ltd.	-	-	200,000	16,000,000
Manphool Exports Ltd.	11,908	1,190,800	11,908	1,190,800
Quest Finance Services.Ltd.	30,000	2,877,000	30,000	2,877,000
<b>2 Other Investments</b>	-	-	-	-
<b>Total</b>		<b>4,084,635</b>		<b>31,746,835</b>
Aggregated of unquoted Investments - at book value		4,067,800		20,067,800
Aggregated of Quoted Investments - at book value		16,835		11,679,035
Aggregated of Quoted Investments - at market value		1,877		3,597,806
<b>Note 9 : Long Term Loans and Advances</b>				
<b>1) Loans &amp; Advances</b>				
Unsecured and Considered Good		46,291		40,664
2) Advance Income Tax (Net of provision)		391,554		295,054
3) Security Deposit		13,000		13,000
<b>Total</b>		<b>4,50,845</b>		<b>3,48,718</b>
<b>Note 10 : Trade Receivables</b>				
<b>1 Outstanding for more than six months</b>				
Unsecured and Considered Good		23,022,200		1,382,054
<b>2 Others</b>				
Unsecured and Considered Good		17,063		360,000
<b>Total</b>		<b>23,039,263</b>		<b>1,742,054</b>
<b>Note 11 : Cash &amp; Cash Equivalents</b>				
<b>1 Balances with Banks</b>				
		342,482		218,533
<b>2 Cash in Hand</b>				
		20,473		15,430
<b>Total</b>		<b>362,955</b>		<b>233,964</b>
<b>Note 12 : Short Terms Loans and Advances</b>				
Unsecured and Considered Good				
<b>1 Advance to Parties</b>				
		28,407		17,518
<b>2 Due from Holding Company</b>				
		10,259,344		6,316,608
<b>Total</b>		<b>10,287,752</b>		<b>6,334,126</b>
<b>Note 13 : Other Current Assets</b>				
<b>1 Other Receivables</b>				
		36,867,054		35,125,000
<b>Total</b>		<b>36,867,054</b>		<b>35,125,000</b>



## SMIFS CAPITAL SERVICES LIMITED

### NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

	Year ended 31st March, 2013	Amount in ₹ Year ended 31st March, 2012
<b>Note 14 : Revenue from Operations</b>		
1 Profit / Loss on Sale of Investments	-	778,200
2 Professional Fees Received [T.D.S. Rs. 96,500 (Previous Year Rs. 80,000)]	965,375	808,481
3 Dividend Income	210	-
<b>Total</b>	<b>965,585</b>	<b>1,586,681</b>
<b>Note 15 : Other Income</b>		
1 Interest Received	2,055	3,015
2 Profit/(Loss) on Sale of Fixed Assets	602	-
<b>Total</b>	<b>2,657</b>	<b>3,015</b>
<b>Note 16 : Employee Benefit Expenses</b>		
1 Salaries, Bonus & Allowances	783,564	527,552
2 Contribution to provident and other funds	56,560	44,660
3 Training, Development & Recruitment Expenses	700	300
4 Staff Welfare Expenses	137,496	94,641
5 Employees Group Gratuity	23,615	13,500
<b>Total</b>	<b>1,001,935</b>	<b>680,653</b>
<b>Note 17 : Financial Cost</b>		
1 Interest Expense	6,754	11,525
<b>Total</b>	<b>6,754</b>	<b>11,525</b>
<b>Note 18 : Depreciation &amp; Amortised Cost</b>		
1 Depreciation	56,859	50,589
<b>Total</b>	<b>56,859</b>	<b>50,589</b>
<b>Note 19 : Other Administrative Expenses</b>		
1 Telephone Expenses	39,369	31,030
2 Printing & Stationery Expenses	380	1,460
3 Professional, Legal & Consultancy Charges	13,500	6,000
4 Business Promotion Expenses	2,248	1,009
5 Rent	-	137,000
6 Repair & Maintenance	-	1,183
7 Vehicle Expenses	163,689	184,127
8 Membership & Subscription Fees	9,550	9,550
9 Miscellaneous Expenses	36,489	23,620
10 Rates & Taxes	7,300	7,300
11 Auditors' Remuneration	10,000	10,000
<b>Total</b>	<b>282,526</b>	<b>412,279</b>



## SMIFS CAPITAL SERVICES LIMITED

### NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

	Year ended 31st March, 2013	Amount in ₹ Year ended 31st March, 2012
19.1 <b>Auditors' Remuneration includes :</b>		
Audit Fees	10,000	10,000
	<b>10,000</b>	<b>10,000</b>
19.2 <b>Expenditure in Foreign Currency :</b>	Nil	Nil
19.3 <b>Earning in Foreign Currency :</b>	Nil	Nil

#### **Note 20 : Earning per share (EPS)**

Net Profit/(Loss) attributable to shareholders	(378,703)	372,186
Weighted average no. of equity shares in issue	7,500,070	7,500,070
Earning per share of Rs. 10 each (Basic & Diluted)	(0.05)	0.05

#### **Note 21 : Segment Reporting**

##### Segment Revenue

Capital Market Operations	-	778,200
Investment Banking Operations	965,375	808,481
Others	210	-
Net sales/Income from Operations	965,585	1,586,681

##### Segment Results: Profit/(Loss) before Interest & Tax

Capital Market Operations	-	778,200
Investment Banking Operations	965,375	808,481
Others	210	-
Total	965,585	1,586,681
Less: Interest	6,754	11,525
<u>Other unallocable expenses net of unallocable income</u>	1,338,663	1,140,506
Total Profit Before Tax	<b>(379,832)</b>	<b>434,651</b>

##### Capital employed:

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

#### **Note 22 : Deferred Tax Assets**

##### Deferred Tax Assets:

On difference between wdv as per book and wdv as per Income Tax Act of fixed assets	22,566	23,382
On Disallowances under the Income Tax Act, 1961	10,763	8,818
<b>Total</b>	<b>33,329</b>	<b>32,200</b>



## SMIFS CAPITAL SERVICES LIMITED

### NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

Amount in ₹

	Year ended 31st March, 2013	Year ended 31st March, 2012
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#### **Note 23 : Related Party Disclosures**

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

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

#### Holding Company

SMIFS Capital Markets Limited

#### Key Management Personnel

NIL

#### Disclosures of transactions between the Company and related parties and their outstanding balances on 31/03/2013

	Holding Company	Key Management Personnel	Entities where Significant influence exists
<u>Transaction (Excluding reimbursement of expenses)</u>			
Purchase of shares and securities	-	-	-
	(-)	(-)	(-)
Sale of shares and securities	16,000,000	-	-
	(423,200)	(-)	(-)
<u>Balance at the end of the year</u>			
Short term Loans & Advances	10,259,344	-	-
	(6,316,608)	(-)	(-)

#### **Note 24 : Contingent Liabilities and Commitments**

Nil

Nil

As per Our Report of Even Date

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

CHARTERED ACCOUNTANTS

Firm Reg. No. : 318143E

*For and on Behalf of the Board of Directors*

**(CA. AUROBINDA PANDA)**

Partner

Membership No. : 064888

**(SANTOSH KUMAR MUKHERJEE)**

Director

**(KISHOR SHAH)**

Director

PLACE : Kolkata

DATED : 24th May 2013

**(PRITI SARAF)**

Company Secretary

## SMIFS CAPITAL MARKETS LIMITED

REGISTERED OFFICE : 'VAIBHAV' 4F, 4, LEE ROAD  
KOLKATA - 700 020

### ATTENDANCE SLIP

Shareholders attending the Meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.

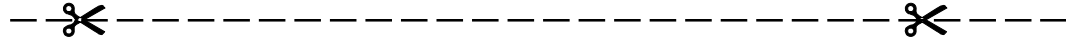
I hereby record my presence at the Thirtieth Annual General Meeting of the Company at Rrangoli Banquet Hall, 'Vaibhav', 4, Lee Road, Ground Floor, Kolkata - 700 020 on Saturday, the 28th day of September, 2013 at 10.00 a.m.

Full name of the Member (in block capitals)	No. of Shares held	Signature
--	--------------------	-----------

Folio No. .... / DP ID No. \* ..... & Client ID No.\* .....  
\* Applicable for members holding shares in electronic form.

.....  
Full name of the Proxy  
(in block capitals) Signature

**Note :** Shareholder / Proxy holder desiring to attend the meeting should bring his / her copy of the Annual Report for reference at the meeting.



## SMIFS CAPITAL MARKETS LIMITED

REGISTERED OFFICE : 'VAIBHAV' 4F, 4, LEE ROAD  
KOLKATA - 700 020

### PROXY FORM

I/We .....resident of  
..... in the district of  
..... being a Member(s) of SMIFS Capital Markets Limited hereby  
appoint ..... resident of  
..... of failing him /  
her ..... resident of  
me/us and on my/our my behalf at the Thirtieth Annual General Meeting of the Company to be held on  
Saturday, the 28th day of September, 2013 at 10.00 a.m. and at an adjournment thereof.

Signed this ..... day of .....2013.

Folio No. .... / DP ID No. \* ..... Client ID No. ....  
\*Applicable for members holding shares in electronic form.

Please affix  
Revenue  
Stamp of  
proper  
value.

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

**Note :** The proxy and the Power of Attorney (if any) under which it is signed or a notariially certified copy of that Power of Attorney must be deposited at the Registered Office of the Company at 'Vaibhav' 4F, 4, Lee Road, Kolkata - 700 020 not less than 48 (forty-eight) hours before the time fiex for the Meeting.








# SMIFS CAPITAL MARKETS LIMITED

## FORM A

FORMAT OF COVERING LETTER OF THE ANNUAL AUDIT REPORT TO BE FILED WITH THE STOCK EXCHANGES

1.	<b>Name of the Company:</b>	SMIFS Capital Markets Limited
2.	<b>Annual financial statements for the year ended</b>	31st March 2013
3.	<b>Type of Audit observation</b>	Unqualified
4.	<b>Frequency of observation</b>	N.A
5.	<b>To be signed by-</b> <input checked="" type="checkbox"/> Kishor Shah, Managing Director  <input checked="" type="checkbox"/> Anil Singhania, CFO-cum-Vice President (Investment Banking)  <input type="checkbox"/> Aurobinda Panda, Partner of M/s. J.S. Vanzara & Associates - Auditor of the Company  <input type="checkbox"/> Chandranath Mukherjee, Audit Committee Chairman	Kishor Shah  Anil    Aurobinda Panda