

SMIFS CAPITAL MARKETS LIMITED

FORM A

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

Name of the Company:	SMIFS Capital Markets Limited
Annual financial statements for the year ended	31st March 2014
Type of Audit observation	Unqualified
Frequency of observation	N.A
To be signed by-	
<input checked="" type="checkbox"/> Kishor Shah, Managing Director	<i>Kishor Shah</i>
<input type="checkbox"/> Anil Singhania, CFO-cum-Vice President (Investment Banking)	<i>Anil</i>
<input type="checkbox"/> Aurobinda Panda, Partner of M/s. J.S. Vanzara & Associates - Auditor of the Company	<i>Aurobinda</i>
<input type="checkbox"/> Chandranath Mukherjee, Audit Committee Chairman	<i>Chandranath Mukherjee</i>

FOR SMIFS CAPITAL MARKETS LIMITED

Pooanam Bhattacharya
COMPANY SECRETARY
CUM-SENIOR MANAGER LEGAL



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. Poonam Bhatia
(w.e.f. October 28, 2013)

SMIFS

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

CIN : L74300WB1983PLC036342

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

Tel. No. : 033-2290-7400 / 7401 / 7402 / 0544, Fax No. : 033-2287-4042, 2240-6884

E-mail : smifscap@vsnl.com, Website : www.smifscap.com

NOTICE

NOTICE is hereby given that the Thirty First Annual General Meeting of the members of **SMIFS CAPITAL MARKETS LIMITED** will be held on 20th September, 2014 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 audited Balance Sheet of the Company as at March 31, 2014, the Statement of Profit & Loss and the Cash Flow Statements for the year ended on that date and the reports of the Board of Directors' and Auditors' thereon.
2. To declare dividend for the year ended March 31, 2014.
3. To appoint Director in place of Mr. Ajay Kumar Kayan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from conclusion of the Thirty First Annual General Meeting until the conclusion of the Thirty Second Annual General Meeting and to authorize the Board to fix their remuneration.

Special Business :

5. **Appointment of Mr. Ramesh Maheshwari as an Independent, Non- Executive Director of the Company**

To consider and, if thought fit, to pass with or without modification(s) the following Resolution as **Ordinary Resolution:-**

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Ramesh Maheshwari (DIN 00170811), Director of the Company whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a Member under Section 160(1) of the Companies Act, 2013 (corresponding to Section 257 of the Companies Act, 1956) proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company , not liable to retire by rotation, to hold office for five consecutive years for a term up to 31st March, 2019".

6. **Appointment of Mr. Santosh Kumar Mukherjee as an Independent, Non- Executive Director of the Company**

To consider and, if thought fit, to pass with or without modification(s) the following Resolution as **Ordinary Resolution:-**

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory



modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Santosh Kumar Mukherjee (DIN 00170646), Director of the Company whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a Member under Section 160(1) of the Companies Act, 2013 (corresponding to Section 257 of the Companies Act, 1956) proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for five consecutive years for a term up to 31st March, 2019".

7. Appointment of Mr. Chandranath Mukherjee as an Independent, Non- Executive Director of the Company

To consider and, if thought fit, to pass with or without modification(s) the following Resolution as **Ordinary Resolution:-**

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Chandranath Mukherjee (DIN 00170717), Director of the Company whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a Member under Section 160(1) of the Companies Act, 2013 (corresponding to Section 257 of the Companies Act, 1956) proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company , not liable to retire by rotation, to hold office for five consecutive years for a term up to 31st March, 2019".

Regd. Office :

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

By Order of the Board of Directors

(POONAM BHATIA)

The 28th day of May, 2014

Company Secretary-cum-Senior Manager Legal

NOTES :

- 1) **A Member entitled to attend and vote at this Annual General Meeting may appoint a proxy to attend and vote on a poll on his behalf. A proxy need not be a Member of the Company. Proxies, in order to be effective, must be received by the Company at its registered office at `Vaibhav' 4F, 4, Lee Road, Kolkata - 700 020 not less than 48 (forty-eight) hours before the commencement of this Annual General Meeting.**
- 2) The explanatory statement pursuant to Section 102 of the Companies Act, 2013 (corresponding to Section 173(2) of the Companies Act, 1956) relating to the Special Business to be transacted at the Annual General Meeting is annexed hereto.
- 3) Additional information pursuant to Clause 49 of the Listing Agreement with Stock Exchanges on appointment of Directors at the Annual General Meeting is appearing in the Report and Accounts.
- 4) Pursuant to the Circular of Ministry of Corporate Affairs No. 17/2011 dated 21-4-2011, members are requested to provide their 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, Kolkata - 700 001 (e-mail id :mdpl@vsnl.com).



- 5) Members are requested to notify any change in their address / mandate / bank details immediately to the Company at its Registered Office at 'Vaibhav' (4F), 4, Lee Road, Kolkata - 700 020 (email id : smifscap@vsnl.com) or to the Registrars, M/s. Maheshwari Datamatics Pvt. Ltd., 6, Mangoe Lane, Kolkata - 700 001 (e-mail id : mdpl@vsnl.com).
- 6) Members who have multiple accounts in identical names or joint accounts in the same order are requested to consolidate all such shareholdings into one account to facilitate better service.
- 7) Depository System - The Company, consequent to introduction of the Depository System, entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Members, therefore, now have the option of holding and dealing in shares of the Company in electronic form through NSDL or CDSL. With effect from 26-12-2000 trading in shares of the Company on any Stock Exchange is permitted only in dematerialized form.
- 8) Individual shareholders can avail the facility of nomination. The nominee shall be the person in whose name all rights of transfer and / or amount payable in respect of shares shall lie in the event of the death of the shareholder and the joint holder(s), if any. A minor can be a nominee provided the name of the guardian is given in the Nomination Form. Non-individual including Society, Trust, Body Corporate, Partnership Firm, Karta of Hindu Undivided Family, holder of Power of Attorney cannot nominate. For further details in this regard shareholders may contact M/s. Maheshwari Datamatics Pvt. Ltd., Registrars and Transfer Agents.
- 9) Members are requested to quote their account / folio number and in case their shares are held in dematerialized form, they must quote their Client ID Number and DP ID Number.
- 10) The Register of Members and Share Transfer Books of the Company shall remain closed from September 13, 2014 (Saturday) to September 20, 2014 (Saturday) (both days inclusive).
- 11) Members / Proxies should bring attendance slip sent herewith duly filled in, for attending the meeting.
- 12) As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to bring their copies to the Meeting.
- 13) Unclaimed Dividend: It is observed that some Members have still not encashed their Dividend Warrants in respect of earlier years i.e. for the years ended 2007, 2008, 2010, 2011, 2012 and 2013. Such Members are requested to write to the Company / Registrar and obtain payment thereof.
- 14) Investor Grievance Redressal: Company has an exclusive e-mail id, viz. **smifscap@vsnl.com** for investor to register their grievance.
- 15) Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN detail to the Company/Registrar and Transfer Agents.
- 16) Voting through electronic means-
In compliance with the provisions of section 108 of the Companies Act, 2013 and Rule 20 of the



Companies (Management and Administration) Rules, 2014, the Company is pleased to provide its members facility to exercise their vote at 31st Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Central Depository Services (India) Limited (CDSL).

The instructions for e-voting are as under:

1. In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "SMIFS Capital Markets Limited" from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none">• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field. - Sequence number is communicated in the Attendance Slip
DOB	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none">• Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.



- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN against the Company's name for which you choose to vote i.e. "SMIFS Capital Markets Limited"
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.



2. In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (B) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.

3. Other Instructions:

- (A) The voting period begins on 14th September, 2014 (9.00 a.m.) and ends on 16th September, 2014 (6.00 p.m.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 1st August, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (B) The voting rights of the members shall be in proportion to their shares in the paid-up equity share capital of the company as on 1st August, 2014.
- (C) Mrs. Seema Sharma, Practicing Company Secretary (Membership No. 11210) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner, whose e-mail address is csseemasharma@gmail.com.
- (D) The Scrutinizer shall within a period not exceeding 3 (Three) working days from the conclusion of the e-voting period unblock the votes in the presence of atleast 2 witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- (E) The Results shall be declared on or after the date of AGM of the Company. The results declared along Scrutinizer's Report shall be placed on the Company's website www.smifscap.com and on the website of CDSL within 2 (Two) days of passing of the Resolution at the AGM of the Company.
- 17) Detail of dividends declared by the Company for last 5(Five)years:

Financial year related to	Dividend per Share	Date of Payment of the Dividend
2008-2009	Nil	N.A
2009-2010	Rs. 1.50/-	5th October, 2010
2010-2011	Rs. 1.70/-	15th September, 2011
2011-2012	Rs. 1.40/-	12th September, 2012
2012-2013	Rs. 1.40/-	5th October, 2013

- 18) All documents referred to in the Notice are open for inspection at the Registered Office of the Company on all working days between 10.00 a.m. to 12.00 p.m. upto the date of the Annual General Meeting.

Regd. Office :

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

The 28th day of May, 2014

By Order of the Board of Directors

(POONAM BHATIA)

Company Secretary-cum-Senior Manager Legal



**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013
(CORRESPONDING TO SECTION 173 OF THE COMPANIES ACT, 1956)**

The following Explanatory Statement states out all the material facts relating to business mentioned in Item Nos. 5 to 7 of the accompanying Notice:

ITEM NO. 5

Mr. Ramesh Maheshwari is a M.Com and a LLB with decades of experience. Presently, he is Executive Vice Chairman of M/s. Texmaco Rail & Engineering Ltd., a premier engineering company in India, having technical collaboration and tie-up with several world-renowned companies. Mr. Maheshwari serves on the Board of many prestigious companies and he was on the Board of Birla Institute of Management Technology (IMT), New Delhi and Indian Institute of Management (IIM), Bangalore. He held position of Chairman of Engineering Export Promotion Council (EEPC), National President of Confederation of Indian Industry (CII) apart from being member of the Tandon Committee to frame guidelines for bank credit.

Mr. Ramesh Maheshwari does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. Ramesh Maheshwari is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act 2013, Mr. Ramesh Maheshwari being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 31st March, 2019.

A notice has been received from a member proposing Mr. Ramesh Maheshwari as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. Ramesh Maheshwari fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Ramesh Maheshwari, as an Independent Director setting out the terms and conditions would be available for inspection, without any fees by the members at the Registered Office of the company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Ramesh Maheshwari as an Independent Director.

Accordingly, the Board recommends the resolution in relation to appointment of Mr. Ramesh Maheshwari as an Independent Director, for the approval by the shareholders of the Company.

Mr. Ramesh Maheshwari may be deemed to be concerned or interested in the proposed Resolution in so far as it relates to his own appointment. None of the other Directors and Key Managerial Personnel of your Company or their relatives are, in any way, concerned or interested in the said Resolution.



ITEM NO. 6

Mr. Santosh Kumar Mukherjee is a B.A.(H), B.Com (H), FCA. Presently, he is a Practicing Chartered Accountant and was earlier employed in the Banking Industry. He has profound depth in activities related to the Securities Market.

Mr. Santosh Kumar Mukherjee holds 750 Shares of the Company by himself and 1500 Shares are held by his relative.

Mr. Santosh Kumar Mukherjee is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act 2013, Mr. Santosh Kumar Mukherjee being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 31st March, 2019.

A notice has been received from a member proposing Mr. Santosh Kumar Mukherjee as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. Santosh Kumar Mukherjee fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Santosh Kumar Mukherjee, as an Independent Director setting out the terms and conditions would be available for inspection, without any fees by the members at the Registered Office of the company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Santosh Kumar Mukherjee as an Independent Director.

Accordingly, the Board recommends the resolution in relation to appointment of Mr. Santosh Kumar Mukherjee as an Independent Director, for the approval by the shareholders of the Company.

Mr. Santosh Kumar Mukherjee and Mrs. Shila Mukherjee may be deemed to be concerned or interested in the proposed Resolution in so far as it relates to his own appointment. None of the other Directors and Key Managerial Personnel of your Company or their relatives are, in any way, concerned or interested in the said Resolution.

ITEM NO. 7

Mr. Chandranath Mukherjee is a MA (Economics), LLB with experience. Presently, Mr. Mukherjee is a Practicing Advocate with wide experience and knowledge of Financial Market.

Mr. Chandranath Mukherjee does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. Chandranath Mukherjee is a director whose period of office is liable to determination by retirement



of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. Chandranath Mukherjee being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 31st March, 2019.

A notice has been received from a member proposing Mr. Chandranath Mukherjee as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. Chandranath Mukherjee fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Chandranath Mukherjee, as an Independent Director setting out the terms and conditions would be available for inspection, without any fees by the members at the Registered Office of the company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Chandranath Mukherjee as an Independent Director.

Accordingly, the Board recommends the resolution in relation to appointment of Mr. Chandranath Mukherjee as an Independent Director, for the approval by the shareholders of the Company.

Mr. Chandranath Mukherjee may be deemed to be concerned or interested in the proposed Resolution in so far as it relates to his own appointment. None of the other Directors and Key Managerial Personnel of your Company or their relatives are, in any way, concerned or interested in the said Resolution.

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

By Order of the Board of Directors

The 28th day of May, 2014

(POONAM BHATIA)
Company Secretary-cum-Senior Manager Legal



DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors have pleasure in presenting the Thirty First Annual Report of the Company together with the audited financial statements for the year ended March 31, 2014.

1. (a) FINANCIAL HIGHLIGHTS

(Rupees in million)

	Year ended 31.03.2014	Year ended 31.03.2013
Profit before Interest, Depreciation & Tax	8.19	17.59
Less: Interest	0.28	0.34
Profit before Depreciation & Tax	7.91	17.25
Less: Depreciation / Amortization	3.29	3.58
Profit before Tax	4.62	13.67
Less: Tax Expenses - Current / Earlier years	2.84	5.50
Less : Deferred Tax for the year	2.46	25.82
Add: MAT Credit Entitlement	2.76	27.84
Profit after Tax	2.08	10.19
Profit brought forward from earlier year	65.57	65.08
Profit available for Appropriation	67.65	75.27
APPROPRIATIONS		
Proposed Dividend including Dividend Tax	6.53	9.15
Transfer to General Reserve	-	0.55
Profit carried to Balance Sheet	61.12	65.57

Financial and Operational Performance

Operating profit (PBDIT) of the Company for the year was Rs. 8.19 million (previous year Rs. 17.59 million). Profit after tax for the year stood at Rs. 2.08 million (previous year Rs. 10.19 million).

Net worth of the Company as on March 31, 2014 was Rs. 1049.72 million (previous year Rs. 1057.54 million).

(b) CAPITAL

Paid up capital of the Company as on March 31, 2014 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. 1.00 per equity share (previous year Rs. 1.40 per share) on the paid up equity capital for the year ended March 31, 2014. Dividend will absorb a sum of Rs. 6.53 million including the dividend distribution tax thereon. Due to inadequacy of profits the dividend is being paid out of free reserves.



(d) TRANSFER TO GENERAL RESERVES

Rs. Nil (Previous Year: Rs. 0.55 million) has been transferred to the General Reserve of the Company. Current year dividend has been paid out of free reserves.

(e) TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

No unpaid and unclaimed dividend as on March 31, 2014 was required to be transferred as per the provisions of Sections 205A and 205C of the Companies Act, 1956.

Attention is being drawn that the unclaimed/unpaid dividend for the Financial Year 2006-07 is due for transfer to Investor Education and Protection Fund during October/November 2014. In view of this, Members of the Company, who have not yet encashed their dividend warrants(s) or those who have not claimed their dividend amounts, may write to the Company/Company's Registrar and Transfer Agents M/s. Maheshwari Datamatics Private Limited.

(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, 2014, 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

The global economy began its modest recovery in FY 2013-14 with somewhat improved demand from OCED economies in the second half of 2013. While the trend is expected to continue in the current year, the positive outlook is subdued by the potential consequences of gradual 'tapering' by US Federal Reserve of its quantitative easing policies.

Emerging markets like India faced multiple challenges during the year namely capital outflows, intense exchange rate pressure and volatile current account movement. A combination of persistent inflation, fiscal imbalances, external sector vulnerabilities and low investments resulted in sluggish domestic demand growth. Fiscal and monetary initiatives taken by the Indian government and the Reserve Bank of India (RBI) helped stabilize currency and financial markets, but the domestic macro-economic environment still remains challenging.

The slowdown was mainly due to policy paralysis at the center and steps taken to curtail fiscal deficit and current account deficit and continued uncertainty and slowdown in the global economy. 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 then 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. With the new stable government now coming to power with absolute majority, things are expected to improve over time.

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. A cautious monetary policy and slowdown in economy has impacted investment and consumption growth. Investments by Foreign Institutional Investors also slowed down during the year.

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 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 2014-15.

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 debt. 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 2014-15 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, 2014, 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, 2014 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 financial statements 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. 2.19 million (previous year Re 2.38 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 thereafter on recommendation of the Remuneration Committee, his reappointment was approved by 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. Ajay Kumar Kayan, Director retire by rotation in accordance with the requirement of the Companies Act, 2013 and the Articles of Association of the Company. He being eligible offered himself for re-appointment.

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

Section 149(10) of the Companies Act, 2013 (the Act) which has become effective from 01st April, 2014, provides for appointment of Independent Directors for a period of 2 terms of 5 consecutive years. The Act provides that while considering the reappointment, the tenure of holding of the office as Independent Directors prior to the commencement of the Act shall not be taken into account. In terms of Section 149, 152 and any other applicable provisions of the Companies Act, 2013, effective from 1st April, 2014, for the purpose of determining the directors liable to retire by rotation, the Independent Directors shall not be included in the total number of directors of the Company.

Our three Independent Directors, viz Mr. Ramesh Maheshwari, Mr. Chandranath Mukherjee and Mr. Santosh Kumar Mukherjee were appointed on 10th July, 1990, 27th October, 2006 and 16th September, 2006 respectively and hence they will be appointed for 5 consecutive years for a term upto 31st March, 2019. Details of the resolution for the appointment of Mr. Ramesh Maheshwari, Mr. Chandranath Mukherjee and Mr. Santosh Kumar Mukherjee are given in the Explanatory Statement prepared under Section 102 of the Companies Act, 2013 of the Notice of the Annual General Meeting.



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 141 (3) (g) of the Companies Act, 2013 and that they are not disqualified for such appointment within the meaning of section 141 of the Companies Act, 2013 and they hold valid certificate issued by the Peer Review Board of ICAI.

9. AUDITORS' QUALIFICATION

Qualifications contained in the Auditors' Report if any 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 28th day of May, 2014

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 2013-14 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. 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 then 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. With the new stable government now coming to power with absolute majority, things are expected to improve over time.

The global economy began its modest recovery in FY 2013-14 with somewhat improved demand from OCED economies in the second half of 2013. While the trend is expected to continue in the current year, the positive outlook is subdued by the potential consequences of gradual 'tapering' by US Federal Reserve of its quantitative easing policies. Your Company's revenues grew from Rs. 302 million to Rs. 358 million. Profits After Tax (PAT) has however reduced to Rs. 2.08 million (Previous year Rs. 10.19 million).

3. CAPITAL MARKETS

As on March 31, 2014, BSE Sensex was 22,359.50 (previous year 18,835.77).

4. OPPORTUNITIES

Very few companies raised capital from the market during the year as compared to earlier years. Corporates are actively engaged in mobilising debt and your company has taken up some 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 4.9% (previous year 5%). Growth rate is slated to improve in the year 2014-15. Inflation continues to be a threat. Profit margins of companies have been affected both due to high inflation and lower demand. With the election of a stable government and steps taken by the earlier government to reduce fiscal deficit and current account deficit along with the expectation of improvement in the global economic scenario, there is a possibility of revival of growth in the second half of 2014-15.

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

7. GREEN INITIATIVE

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

8. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

9. CAUTIONARY STATEMENT

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

Regd. Office :

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

The 28th day of May, 2014

On behalf of the Board of Directors

(UTSAV PAREKH)

Chairman



ANNEXURE - B

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2013-14

(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 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, 2014, your Company had 6 directors 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, 2014 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 2013-2014 Attendance at Board Meetings	Year 2012-2013 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	1
Mr. Chandranath Mukherjee	Independent	3	Yes	1	1	Nil
Mr. Santosh Kumar Mukherjee	Independent	4	Yes	3	0	1
Mr. Ajay Kumar Kayan	Promoter Non-Independent	3	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 24, 2013
Second	August 2, 2013
Third	October 30, 2013
Fourth	February 8, 2014

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.

- (iv) 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 2013-14	
		Held	Attended
Mr. Chandranath Mukherjee - Chairman	Independent, Non-Executive	4	3
Mr. Santosh Kumar Mukherjee	Independent, Non-Executive	4	4
Mr. Utsav Parekh	Non-Independent, Non-Executive	4	4

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

Quarter	Date of Meetings
First	May 24, 2013
Second	August 2, 2013
Third	October 30, 2013
Fourth	February 8, 2014

V. Remuneration Committee

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



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

Name	Category
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, 2014:

a) Non-Executive Directors:

Name	No. of Board Meetings Attended	Total Sitting Fees for Board Meetings Attended (₹)	No. of Audit Committee Meetings Attended	Total Sitting Fees for Audit Committee Meetings Attended (₹)	No. of Remuneration Committee Meetings Attended	Total Sitting Fees for Remuneration Committee Meetings Attended (₹)	No. of Shareholders' Grievance Committee Meetings Attended	Total Sitting Fees for Shareholders' Grievance Committee Meetings Attended (₹)	Comm-ission	Total (₹)
Mr. Utsav Parekh	4	30,000	4	4,000	-	-	-	-	-	34,000
Mr. Ramesh Maheshwari	4	30,000	-	-	2	2,000	-	-	-	32,000
Mr. Chandranath Mukherjee	3	22,500	3	3,000	1	1,000	-	-	-	26,500
Mr. Santosh Kumar Mukherjee	4	30,000	4	4,000	2	2,000	-	-	-	36,000
Mr. Ajay Kumar Kayan	3	22,500	-	-	-	-	-	-	-	22,500

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

Details of shares held by Non-Executive Directors as on March 31, 2014 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 & Allowances</u>	<u>Commission</u>	<u>Stock Options</u>
Mr. Kishor Shah	₹ 40,99,483/-*	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) No meeting of Shareholder's Grievance Committee was held during the year .
- (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:

	2010-11	2011-12	2012-2013
Date	September 10, 2011	September 8, 2012	September 28, 2013
Time	10.00A.M	10.00A.M	10.00A.M
Venue	Registered Office: 'Vaibhav', 4F, 4, Lee Road, Kolkata - 700 020	Rrangoli Banquet Hall, 'Vaibhav', 4, Lee Road, Gr. Floor, Kolkata-700 020	Rrangoli Banquet Hall, 'Vaibhav', 4, Lee Road, Gr. Floor, Kolkata-700 020
Whether Special Resolution passed	Yes	Yes	No

No Special Resolution was passed at the Annual General Meeting held on September 28, 2013

At the Annual General Meeting held on September 10, 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 September 8, 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 April 1, 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, 2013, unaudited results published in Business Standard (English) and Arthik Lipi (Bengali) on August 6, 2013. ii) Second Quarter and half-yearly results ended September 30, 2013 published in Business Standard (English) and Arthik Lipi (Bengali) on October 31, 2013. iii) Third Quarter and nine months ended December 31, 2013 unaudited results published in Business Standard (English) and Arthik Lipi (Bengali) on February 9, 2014. iv) Fourth Quarter and year ended March 31, 2014 audited results published in Business Standard (English) and Arthik Lipi (Bengali) on May 29, 2014.
Newspapers in which results are normally published:	Business Standard (English), Arthik Lipi (Bengali).
Any website, where displayed:	The results are displayed on the Company's website at www.smifscap.com
Whether it also displays official news releases:	Yes
Management's Discussions & Analysis forms part of this annual report:	Yes

XIV. General Shareholders' Information

- (i) Annual General Meeting
Date : September 20, 2014
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 September 20, 2014 to be paid on or after September 25, 2014.



- (v) Date of Book Closure : September 13, 2014 (Saturday) to September 20, 2014 (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 2013-2014:

Month	High Price	Low Price
Apr-13	45.30	42.30
May-13	49.00	44.90
Jun-13	50.30	48.00
Jul-13	52.00	43.40
Aug-13	47.50	42.95
Sep-13	49.00	42.40
Oct-13	45.15	43.00
Nov-13	No transaction	No transaction
Dec-13	No transaction	No transaction
Jan-14	44.80	30.05
Feb-14	33.50	26.15
Mar-14	27.00	22.30

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, 2014:

(a) Category of Shareholding as on March 31, 2014

Category	No. of Shares held	% of Capital
RESIDENT INDIVIDUALS	527440	9.45
FINANCIAL INSTITUTIONS / BANK	101000	1.80
FOREIGN INSTITUTIONAL INVESTORS	550000	9.85
CORPORATE BODIES-DOMESTIC	1633557	29.25
INDIAN PROMOTERS:		
a) Individuals	861850	15.43
b) Corporate Bodies	1856901	33.25
NRIs/OVERSEAS CORP. BODIES (OCBs)	54252	0.97
TOTAL	5585000	100

(b) Distribution of Shareholding as on March 31, 2014

No. of Shares held	No. of Shareholders	Total no. of Shares held
Upto 500	811	87953
501-1,000	75	58341
1,001-2,000	66	96876
2,001-3,000	28	74377
3,001-4,000	22	76885
4,001-5,000	8	37490
5,001-10,000	28	213137
10,001 and Above	28	4939941
Total	1066	5585000



(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. Poonam Bhatia, 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

Any query relating to financial statements of the Company may be addressed to the Chief Financial Officer of the Company:	Investors' Correspondence may be addressed to the Compliance Officer of the Company:
Mr. Anil Singhania CFO-cum-Vice President (Investment Banking)	Ms. Poonam Bhatia Company Secretary-cum-Senior Manager Legal
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 2013-14.

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

Details of Mr. Ajay Kumar Kayan, Director who has consented to be re-appointed as Director on retirement by rotation at the ensuing Annual General Meeting:

Mr. Ajay Kumar Kayan is a Commerce graduate from the University of Calcutta. He was appointed as Additional Director on June 30, 2007. His directorship in other companies is given below:

SL NO.	PARTICULARS	NATURE OF OFFICE
	Directorship	
i.	Andaman Plantation & Development Corporation Pvt. Ltd.	Director
ii.	Mackertich Consultancy Services Private Limited	Director
iii.	Pee lie Investments Ltd.	Director
iv.	BullsEye Insurance Advisors Limited	Director
v.	Chengmari Tea Co Ltd.	Director
vi.	Satellite Inter Continental Pvt. Ltd.	Director
vii.	Salveo Life Sciences Limited	Director

(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, 2014 was placed before the Board of Directors of the Company in its meeting held on May 28, 2014.

(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 28th day of May, 2014

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, 2014, 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 - 700 020

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

AUROBINDA PANDA
Partner
Membership No.064888

This is the 28th Day of May 2014

SMIFS CAPITAL MARKETS LIMITED

10 Years' Highlights

(₹ in Million)

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Equity Capital	55.85	55.85	55.85	55.85	55.85	55.85	55.85	55.85	55.85	55.85
Reserves & Surplus	414.21	445.57	541.61	596.09	598.65	695.89	683.48	1,004.21	1,001.69	993.87
Borrowings	96.44	60.64	56.66	39.07	23.05	24.01	5.52	3.24	3.28	1.83
Profit/loss before tax	24.31	25.24	81.53	39.67	7.65	40.20	62.74	52.55	13.67	4.62
Profit/loss after tax	10.15	31.36	102.56	61.02	2.56	51.16	54.48	39.40	10.19	2.09
Dividend per share (in ₹)	NIL	NIL	1.00	1.00	NIL	1.50	1.70	1.40	1.40	1.00*
Net worth	470.07	501.43	597.46	651.94	654.50	695.89	739.33	1,060.06	1,057.54	1,049.72
Earnings per share (In ₹)	1.82	5.61	18.36	10.93	0.46	9.16	9.76	7.05	1.82	0.37
Book value per share (in ₹)	84.17	89.78	106.98	116.73	117.19	124.60	132.38	189.81	189.35	187.95

* The board has recommended a Dividend @ 10% on Equity Shares subject to approval of the members in the Annual General Meeting.





INDEPENDENT AUDITORS' REPORT

To the Members of SMIFS CAPITAL MARKETS LIMITED

Report on the Financial Statements :

We have audited the accompanying financial statements of **M/s SMIFS CAPITAL MARKETS LIMITED** ("the Company") which comprise the Balance Sheet as at March 31, 2014, 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") read with the general circular 15/2013 dated 13th September, 2013 of the ministry of corporate Affairs in respect of section 133 of the Companies Act, 2013. 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 but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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.

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, 2014; and
- ii. In the case of the Statement of Profit and Loss, of the Profit for the year ended on that date;
- 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 comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September, 2013 of the ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
 - e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014, 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 - 700 020

This is the 28th Day of May 2014

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

Chartered Accountants

FRN NO: 318143E

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) In respect of transactions entered in the register maintained in pursuance of section 301 at the Companies Act, 1956.
- a) To the best of our knowledge and belief and according to the information and explanations given to us, transactions that needed to be entered into the register have been so entered.
- b) According to the information and explanations given to us and the records examined by us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 (Excluding loans reported under paragraph (iii) above) is in excess of Rs. 5 Lakhs in respect of any party, the transactions have been made at price which are prima facie reasonable having regard to the 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, 2014 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.

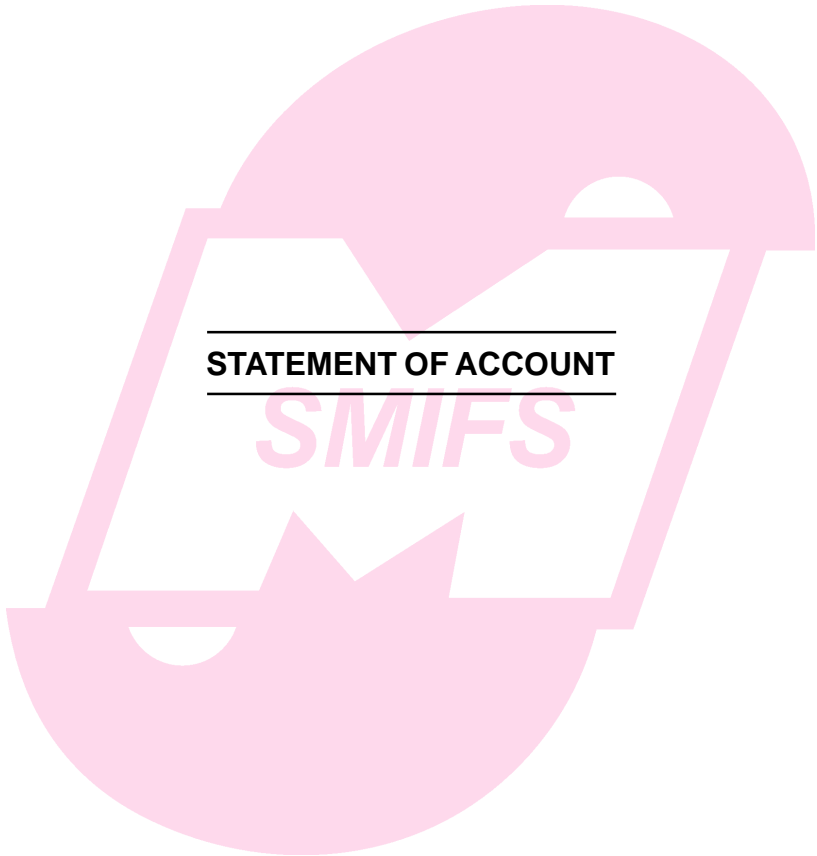
3A, Oriental House,
6C, Elgin Road,
Kolkata - 700 020

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

AUROBINDA PANDA
Partner

Membership No.064888

This is the 28th Day of May 2014





SMIFS CAPITAL MARKETS LIMITED

BALANCE SHEET AS AT 31st MARCH, 2014

Particulars	Note No.	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2	55,850,000	55,850,000
(b) Reserves and Surplus	3	993,870,160	1,001,694,227
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	4	687,996	1,608,092
(b) Other Long Term Liabilities	5	6,194,861	1,987,554
(c) Long Term Provisions	6	1,107,772	9,687,641
(3) Current Liabilities			
(a) Trade Payables	7	40,316	1,489,846
(b) Other Current Liabilities	8	24,058,387	36,715,657
(c) Short-Term Provisions	9	7,490,614	9,971,287
Total Equity & Liabilities		1,089,300,106	1,119,004,304
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets	10		
(i) Gross Block		244,698,529	246,110,075
(ii) Depreciation		154,348,668	149,666,431
(iii) Less: Lease Terminal Adjustment A/c		1,709,528	1,709,528
(iv) Net Block		88,640,333	94,734,116
(b) Non-Current Investments	11	179,417,147	144,761,990
(c) Deferred Tax Assets (net)		47,651,966	50,114,904
(d) Long Term Loans and Advances	12	396,447,006	393,005,583
(e) Other Non-Current Assets	13	192,010,833	192,010,833
(2) Current Assets			
(a) Inventories	14	120,220,557	189,586,489
(b) Trade Receivables	15	37,530,301	8,642,273
(c) Cash and Cash Equivalents	16	18,096,663	38,289,872
(d) Short-Term Loans and Advances	17	6,062,881	5,817,718
(e) Other Current Assets	18	3,222,419	2,040,526
Total Assets		1,089,300,106	1,119,004,304

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

(POONAM BHATIA)

Company Secretary-cum-Sr. Manager Legal

(ANIL SINGHANIA)

CFO-cum-Vice President
Investment Banking

PLACE : Kolkata

DATED : 28th May 2014



SMIFS CAPITAL MARKETS LIMITED

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2014

Particulars	Note No.	Year ended 31st March, 2014 ₹	Year ended 31st March, 2013 ₹
INCOME			
Revenue from operations	19	366,832,798	309,156,215
Other Income	20	4,245,487	9,701,596
Total Revenue		371,078,285	318,857,812
EXPENDITURE			
Purchases of Stock-in-Trade	21	254,166,447	180,003,254
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	22	69,365,932	86,653,747
Employee Benefit Expenses	23	14,526,506	14,435,345
Financial Costs	24	279,071	345,413
Depreciation and Amortization Expense	25	3,284,911	3,583,514
Other Administrative Expense	26	24,826,324	20,170,083
Total Expenses		366,449,191	305,191,356
Profit before exceptional and extraordinary items and tax		4,629,094	13,666,455
Exceptional Items		-	-
Profit before extraordinary items and tax		4,629,094	13,666,455
Extraordinary Items		-	-
Profit Before Tax		4,629,094	13,666,455
Tax expense:			
(1) Current tax (Incl. STT & Wealth Tax)		1,040,325	526,459
(2) Short / (Excess) Provision for Tax for Earlier Years		1,801,525	4,974,938
(3) Deferred tax		2,462,938	25,820,311
(4) MAT Credit Entitlement		(2,766,759)	(27,844,244)
Profit(Loss) for the period from continuing operations		2,091,066	10,188,991
Profit/(Loss) from discontinuing operations		-	-
Tax expense of discontinuing operations		-	-
Profit/(Loss) from discontinuing operations (after tax)		-	-
Profit/(Loss) for the period		2,091,066	10,188,991
Earning per equity share:			
(1) Basic		0.37	1.82
(2) Diluted		0.37	1.82

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

(POONAM BHATIA)

Company Secretary-cum-Sr. Manager Legal

(ANIL SINGHANIA)

CFO-cum-Vice President
Investment Banking

PLACE : Kolkata

DATED : 28th May 2014



SMIFS CAPITAL MARKETS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2014

	31st March, 2014	31st March, 2013	Amount in ₹
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before Tax	4,629,094		13,666,455
<u>Adjustment for</u>			
1. Depreciation	3,284,911	3,583,514	
2. (Profit) / Loss on sale of Investments	2,612,953	(2,381,099)	
3. Dividend on Investment	(116,847)	(245,607)	
4. Provisions no longer required	(12,539,869)	(16,174,409)	
5. Financial Cost	279,071	345,413	
6. (Profit)/Loss on sale of Fixed Assets	70,731	(4,253,943)	
7. Interest Income	(2,589,275)	(2,895,876)	
	<u>(8,998,325)</u>	<u>(2,022,006)</u>	
Operating profit before Working Capital change	(4,369,231)		(8,355,551)
<u>Adjustment for</u>			
1. Trade & Other Receivables	(41,810,640)	(145,203,859)	
2. Inventories	69,365,932	86,653,747	
3. Trade and Other Payables	(8,790,748)	13,958,665	
	<u>18,764,544</u>	<u>(44,591,447)</u>	
Cash Generated from Operations	14,395,313		(52,946,998)
Direct Tax paid	<u>7,979,042</u>	<u>4,227,605</u>	
	<u>7,979,042</u>		<u>4,227,605</u>
Net Cash Flow from Operating activity	22,374,355		(48,719,393)
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets	(722,820)	(4,441,945)	
Sale of Fixed Assets (Net of advance received)	80,000	5,185,000	
Purchase of Investments	(254,754,987)	(220,751,942)	
Sale of Investments	221,446,878	295,867,766	
Interest Income	2,589,275	2,895,876	
Dividend on Investment	<u>116,847</u>	<u>245,607</u>	
Net Cash flow from Investing Activities	(31,244,807)		79,000,362
C. CASH FLOW FROM FINANCING ACTIVITIES			
Dividend and Dividend Distribution Tax Paid	(9,147,839)	(9,087,438)	
Interest paid	(279,071)	(345,413)	
Proceeds from long-term borrowings	(1,895,847)	488,036	
Proceeds from short-term borrowings	<u>-</u>	<u>-</u>	
Net cash used in Financing Activities	<u>(11,322,757)</u>		<u>(8,944,815)</u>
Net increase in Cash & Cash Equivalents	(20,193,209)		21,336,154
Opening Balance of Cash & Cash Equivalents	38,289,872		16,953,718
Closing Balance of Cash & Cash Equivalents	<u>18,096,663</u>		<u>38,289,872</u>

Kolkata
The 28th day of May 2014

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, 2014 and 31st March, 2013 and found the same in agreement therewith.

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

Kolkata
The 28th day of May 2014

(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 applicable accounting principles in India, mandatory Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 which as per a clarification issued by the Ministry of Corporate Affairs continue to apply under section 133 of the Companies Act 2013 (which has superseded section 211(3C) of the Companies Act 1956 w.e.f 12 September 2013), other pronouncement of the Institute of Chartered Accountants of India, the provisions of the Companies Act, 2013(to the extent notified and applicable) and the Companies Act, 1956(to the extent applicable).

The financial statements have been prepared under the historical cost convention, except for certain class of fixed assets which are revalued as and when undertaken, 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 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

(POONAM BHATIA)

Company Secretary-cum-Sr. Manager Legal

(ANIL SINGHANIA)

*CFO-cum-Vice President
Investment Banking*

PLACE : Kolkata

DATED : 28th May 2014



SMIFS CAPITAL MARKETS LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

Amount in ₹

As at
31st March, 2014 As at
31st March, 2013

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
Progressive Star Finance Pvt Ltd	357,251	6.40	-	-
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	394,788,000	175,000,000
	Add: Transferred From Revaluation Reserve	-	219,238,000
	Add: Transferred From Profit & Loss A/c	-	550,000
		394,788,000	394,788,000
4	Revaluation Reserve		
	Balance as Per Last Account	67,619,211	290,416,117
	Less: Transferred to General Reserve	-	219,238,000
		67,619,211	71,178,117
	Less: Transferred to Profit & Loss Account (Refer Note 10.1)	3,380,961	3,558,906
		64,238,250	67,619,211
5	Profit & Loss Account		
	Balance brought forward from previous year	65,562,015	65,070,863
	Less: Proposed Dividend	(5,585,000)	(7,819,000)
	Less: Tax on Proposed Dividend	(949,171)	(1,328,839)
	Less: Transfer to General Reserve	-	(550,000)
	Add: Profit for the period	2,091,066	10,188,991
		61,118,910	65,562,015
	Total	993,870,160	1,001,694,227



SMIFS CAPITAL MARKETS LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

	Amount in ₹	
	As at 31st March, 2014	As at 31st March, 2013
Note 4 : Long Term Borrowings		
1 Term Loans		
- From Bank & NBFC (Secured)	687,996	1,608,092
Total	687,996	1,608,092
4.1 The above Term Loans are secured by hypothecation of the vehicles against which loans are taken		
4.2 Repayment Schedule:-		
Term Loan (Secured):		
a) HDFC Bank Ltd		
Repayable in 36 monthly installments of ₹ 9,750/- from June 2013.	127,949	-
b) Volkswagen Finance Pvt.Ltd.		
Repayable in 36 monthly installments of ₹ 96,816/- from October 2012.	560,047	1,608,092
Total	687,996	1,608,092
Note 5 : Other Long Term Liabilities		
1 Advance Against Sale of Flats	6,194,861	1,987,554
Total	6,194,861	1,987,554
Note 6 : Long Term Provisions		
1 Provision for Loans & Advances considered doubtful	297,853	8,877,723
2 Provision for doubtful receivables on leased assets	809,919	809,919
Total	1,107,772	9,687,641
Note : 7 Trade Payables		
1 Micro, Small and Medium Enterprises	-	-
2 Others	40,316	1,489,846
Total	40,316	1,489,846



SMIFS CAPITAL MARKETS LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

	Amount in ₹	
	As at 31st March, 2014	As at 31st March, 2013
Note 8 : Other Current Liabilities		
1 Current Maturities of Long Term Debt (Refer Note Nos 4.1 & 4.2)	1,145,957	2,121,708
2 Unclaimed Dividend#	1,187,812	1,008,009
3 Advance From Customers	9,783,681	6,435,309
4 Statutory Dues	431,148	468,448
5 Due to Subsidiary Company	8,849,711	10,259,344
6 Liability for Expenses	2,660,078	2,818,826
7 Other Payables	-	13,604,013
Total	24,058,387	36,715,657

This does not include any amount due and outstanding to be credited to Investor Education and Protection Fund.

Note 9 : Short Term Provisions

1 Provision For Employees Benefit	956,443	823,448
2 Proposed Dividend (Including Tax on Proposed Dividend)	6,534,171	9,147,839
Total	7,490,614	9,971,287

SMIFS CAPITAL MARKETS LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014



Note 10
FIXED ASSETS

Particulars	Gross Block (₹)		Gross Amt. Incl. Revalued Figure 31.03.2014	Depreciation (₹)			Lease Terminal Adjustment		Net Block (₹)		
	As on 01.04.2013	Additions		Deductions	As on 01.04.2013	For the year	Adj. during the year	As on 31.03.2014	As on 31.03.2013	As on 31.03.2014	As on 31.03.2013
Buildings / Premises	98,673,317	-	-	15,148,351	3,969,194	-	19,117,546	-	79,555,771	83,524,966	
Furniture and Fixtures	6,314,214	-	-	5,887,950	77,154	-	5,965,104	-	349,111	426,265	
Office Equipment	2,507,296	-	-	1,903,674	83,964	-	1,987,637	-	519,658	603,622	
Vehicles	16,948,502	687,262	2,134,366	8,465,183	2,326,613	1,983,635	8,808,161	-	6,693,236	8,483,319	
Electrical Installations	1,206,229	-	-	1,089,967	16,172	-	1,106,139	-	100,090	116,262	
Computers	2,685,108	35,558	-	2,720,666	128,100	-	2,508,394	-	212,272	304,814	
Air Conditioners	2,654,820	-	-	2,189,871	64,674	-	2,254,545	-	400,275	464,949	
Sub total	130,989,486	722,820	2,134,366	37,065,289	6,665,872	1,983,635	41,747,526	-	87,830,414	93,924,197	
Previous Year	129,246,845	4,441,945	2,699,303	31,691,115	7,142,420	1,768,246	37,065,289	-	93,924,197	-	
Assets on Lease Plant & Machinery	115,120,589	-	-	115,120,589	-	-	112,601,142	1,709,528	809,919	809,919	
Sub total	115,120,589	-	-	115,120,589	-	-	112,601,142	1,709,528	809,919	809,919	
Previous Year	115,120,589	-	-	115,120,589	-	-	112,601,142	-	809,919	-	
Total	246,110,075	722,820	2,134,366	244,698,529	6,665,872	1,983,635	154,348,668	1,709,528	88,640,333	94,734,116	
Previous Year	244,367,434	4,441,945	2,699,303	246,110,075	7,142,420	1,768,246	149,666,431	1,709,528	94,734,116	-	

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 ₹ 3,380,961/- (Previous year ₹ 3,558,906/-) 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, 2014

Amount in ₹

	As at 31st March, 2014		As at 31st March, 2013	
	Quantity No.	Amount (₹)	Quantity No.	Amount (₹)
Note 11 : Non Current Investment				
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
Gillanders Arbuthnot & Co. Ltd	9,041	120,591	9,041	120,591
ECE Industries Ltd.	384,500	46,765,963	-	-
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
Marksans Pharma Ltd.	45,000	855,112	-	-
Punsumi Foils & Components Limited	15,800	19,750	15,800	19,750
PTC Industries Limited	-	-	1,000	16,850
State Bank of Bikaner & Jaipur Ltd.	5,000	2,377,516	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
Sonata Software Ltd.	40,000	1,773,086	-	-
Southern Online Bio-Technolgies Limited	435,110	2,571,894	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				
Bhalpara Papers Limited	44	391	44	391
Exquisite Exports Limited	5,000	50,000	5,000	50,000
Fortune Biotech Limited	40,000	178,000	40,000	178,000
Gujarat 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	125,000	5,000,000
North Eastern Publishing & Advt Co Ltd	4,045,400	404,540	5,045,400	504,540
Patriot Automation Projects Limited	2,065,350	500,000	2,065,350	500,000
Sheorey Digital Systems Pvt Ltd	590,000	129,800	590,000	129,800
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 Rs. 100/- Each)				
12% Andaman Plantations & Development Corporation Pvt.Ltd	140,000	4,100,000	140,000	4,100,000



SMIFS CAPITAL MARKETS LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

Amount in ₹

	As at 31st March, 2014		As at 31st March, 2013	
	Quantity No.	Amount (₹)	Quantity No.	Amount (₹)
2 Other Investments				
Investment in Subsidiary Company (Wholly Owned)				
Investment in Equity Shares of Rs 10 each				
SMIFS Capital Services Limited	7,500,070	75,000,700	7,500,070	75,000,700
Investment in MF Birla Sunlife'95 Fund	270	95,664	-	-
Investment in MF Birla Sunlife Cash Plus	41,377	8,468,207	-	-
Investment in Mutual Fund(Reliance Liquid Fund)	7,392	22,844,545	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 Dimunition in Value of Investment		(1,072,930)		(5,032,930)
Total		179,417,147		144,761,990
Aggregate of unquoted Investments - at book value (net of provision)		116,518,482		113,151,839
Aggregate of Quoted Investments - at book value		62,898,665		31,610,151
Aggregate of Quoted Investments - at market value		54,623,158		13,222,294
Aggregate amount of provision for dimunition in the value of investments		1,072,930		5,032,930

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.

Note 12 : Long Term Loans and Advances

1) Loans & Advances				
Unsecured and Considered Good	361,700,481		341,628,056	
Considered Doubtful	297,853		8,877,723	
(Full provision has been made in respect of doubtful Loans & Advances)		361,998,335		350,505,778
2) Advance Income Tax (Net of provision)		1,536,650		12,357,542
3) MAT Credit Entitlement		30,611,003		27,844,244
4) Security Deposit				
Unsecured and Considered Good	2,301,018		2,298,018	
Considered Doubtful	-		-	
(Full provision has been made in respect of doubtful Security Deposits)		2,301,018		2,298,018
Total		396,447,006		393,005,583



SMIFS CAPITAL MARKETS LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

	Amount in ₹	
	As at 31st March, 2014	As at 31st March, 2013
Note 13 : Other Non Current Assets		
1 Share Application Money	192,000,000	192,000,000
2 Interest Accrued but Not Due	10,833	10,833
Total	192,010,833	192,010,833
Note 14 : Inventories		
1 Shares & Securities	1,981,468	2,070,208
2 Construction Work- in- progress	118,239,089	187,516,281
Total	120,220,557	189,586,489
Note 15 : Trade Receivables		
1 Outstanding for more than six months		
Unsecured and Considered Good	13,355,013	21,276
Considered Doubtful	-	-
	13,355,013	21,276
2 Others		
Unsecured and Considered Good	24,175,288	8,620,998
Considered Doubtful	-	-
	24,175,288	8,620,998
Total	37,530,301	8,642,273
Note 16 : Cash & Cash Equivalents		
1 Balances with Banks #	9,376,834	21,214,530
2 Cheques in Hand	-	8,845,217
3 Cash in Hand	73,021	244,004
4 Fixed Deposits with Bank ##	8,646,808	7,986,121
Total	18,096,663	38,289,872
# Balances with Banks includes Unclaimed Dividend of ₹ 1,187,812/- (P.Y ₹ 1008,009/-)		
## 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	2,034,663	2,444,054
2 Balance with Revenue Authorities	4,028,218	3,373,664
Total	6,062,881	5,817,718
Note 18 : Other Current Assets		
1 Prepaid Expenses	3,222,419	2,040,526
Total	3,222,419	2,040,526



SMIFS CAPITAL MARKETS LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

	Amount in ₹	
	Year ended 31st March, 2014	Year ended 31st March, 2013
Note 19 : Revenue from Operations		
1 Sale of shares and Securities	260,567,265	182,632,229
2 Sale of Flats	80,973,200	100,372,750
3 Profit / Loss on Sale of Investments	(2,612,953)	2,381,099
4 Investment Banking Operations (Net)	15,248,568	7,350,122
5 Provisions no longer required	12,539,869	16,174,409
6 Dividend Income	116,847	245,607
Total	366,832,798	309,156,215
Note 20 : Other Income		
1 Interest Received	2,589,275	2,895,876
2 Profit/(Loss) on Sale of Fixed Assets	(70,732)	4,253,943
3 Other Income	1,726,944	2,551,777
Total	4,245,487	9,701,596
Note 21 : Purchases		
1 Purchase of Shares and Securities	254,166,447	180,003,254
Total	254,166,447	180,003,254
Note 22 : Change in Inventories / Stock		
1 Opening Stock-Shares & Securities	2,070,208	2,174,259
Closing Stock-Shares & Securities	1,981,468	2,070,208
2 Opening Stock-Construction Work-in-Progress	187,516,281	274,065,977
Closing Stock-Construction Work-in-Progress	118,239,089	187,516,281
Total	69,365,932	86,653,747
Note 23 : Employee Benefit Expenses		
1 Salaries, Bonus & Allowances	11,524,625	11,598,812
2 Contribution to provident and other funds	949,546	957,841
3 Training, Development & Recruitment Expenses	9,250	13,796
4 Staff Welfare Expenses	1,697,116	1,488,220
5 Employees Group Gratuity	345,969	376,675
Total	14,526,506	14,435,345

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	949,546	957,841
-------------------------------------------	---------	---------



SMIFS CAPITAL MARKETS LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

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

	<u>Gratuity (Funded)</u>		<u>Leave Encashment (Unfunded)</u>	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
Defined Benefit Obligation at beginning of year	3,364,032	4,000,428	823,448	799,935
Current Service Cost	250,979	308,564	132,670	114,273
Interest Cost	269,123	320,034	65,876	63,995
Actuarial (gain) / Loss	145,920	715,583	85,155	245,938
Benefits Paid	(67,269)	(1,980,577)	(150,706)	(400,693)
Defined Benefit Obligation at year end	3,962,785	3,364,032	956,443	823,448

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

Fair Value of Plan Assets at beginning of Year	3,394,037	4,681,894
Expected Return on Plan Assets	342,319	313,368
Actuarial gain / (loss)	-	-
Employer Contribution	918,377	379,352
Benefits Paid	(67,269)	(1,980,577)
Fair Value of Plan Assets at year end	4,587,464	3,394,037

III) Reconciliation of fair value of assets and obligations

Fair value of Plan Assets	4,587,464	3,394,037	-	-
Present Value of Obligation	3,962,785	3,364,032	956,443	823,448
Amount recognised in Balance Sheet	-	-	956,443	823,448
Excess Provision in Balance Sheet	-	-	-	-
Assets Not Recognised in Balance Sheet	(624,679)	(30,005)	-	-

IV) Expenses Recognised during the year

Current Service Cost	250,979	308,564	132,670	114,273
Interest Cost	269,123	320,034	65,876	63,995
Expected Return on Plan Assets	(342,319)	(313,368)	-	-
Actuarial (gain) / loss	145,920	715,583	85,155	245,938
Net Cost	323,703	1,030,813	283,701	424,206

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)	8.75%	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, 2014

	Amount in ₹	
	Year ended 31st March, 2014	Year ended 31st March, 2013
Note 24 : Financial Cost		
1 Interest Expense	279,071	345,413
Total	279,071	345,413
Note 25 : Depreciation & Amortised Cost		
1 Depreciation	6,665,872	7,142,420
Less: Transferred from Revaluation Reserve	3,380,961	3,558,906
Total	3,284,911	3,583,514
Note 26 : Other Administrative Expenses		
1 Telephone Expenses	1,208,918	1,160,014
2 Printing & Stationery Expenses	1,917,270	2,120,536
3 Professional, Legal & Consultancy Charges	3,869,036	3,566,036
4 Business Promotion Expenses	1,538,683	666,019
5 Rent	507,390	515,590
6 Repair & Maintenance - Building	-	-
- Plant & Machinery	106,758	123,138
- Others	870,180	1,082,875
7 Advertisement	723,640	440,640
8 Electricity, Power & Fuel	505,827	484,801
9 Vehicle Expenses	1,285,356	1,344,145
10 Membership & Subscription Fees	814,587	1,067,536
11 Miscellaneous Expenses	1,287,741	1,311,063
12 Prior Period Adjustment	79,869	-
13 Brokerage on Sale of Flats	1,975,195	566,746
14 Rates & Taxes	336,966	340,954
15 Travelling Expenses	6,281,520	4,742,315
15 Directors Fees	151,000	164,000
16 Insurance	194,446	146,356
17 Donation	950,000	-
18 Sundry Balance Written Off	36,942	142,319
19 Auditors' Remuneration	185,000	185,000
Total	24,826,324	20,170,083
26.1 Auditors' Remuneration includes :		
Audit Fees	175,000	175,000
Tax Audit	10,000	10,000
	185,000	185,000
26.2 Expenditure in Foreign Currency :		
Travelling Expenses	2,192,369	2,382,628
	2,192,369	2,382,628
26.3 Earning in Foreign Currency :		
	Nil	Nil



SMIFS CAPITAL MARKETS LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

Amount in ₹

Year ended
31st March, 2014

Year ended
31st March, 2013

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	8	9
No. of Equity Share held by them	604,252	604,273
Amount of Dividend Paid ₹	845,953	845,982
Tax Deducted at Sources	-	-
Year to which dividend relates	2012-13	2011-12

Note 27 : Earning per share (EPS)

Net Profit/(Loss) attributable to shareholders	2,091,066	10,188,991
Weighted average no. of equity shares in issue	5,585,000	5,585,000
Earning per share of ₹ 10 each (Basic & Diluted)	0.37	1.82

Note 28 : Segment Reporting

Segment Revenue		
Capital Market Operations	260,567,265	182,632,229
Investment Banking Operations	15,248,569	7,350,122
Real Estate Business	80,973,200	100,372,750
Others	116,847	245,607
Net sales/Income from Operations	356,905,881	290,600,707
Segment Results: Profit/(Loss) before Interest & Tax		
Capital Market Operations	6,312,078	2,524,924
Investment Banking Operations	15,248,569	7,350,122
Real Estate Business	9,720,813	13,823,054
Others	116,847	245,607
Total	31,398,307	23,943,707
Less: Interest	279,071	345,413
Other unallocable expenses net of unallocable income	26,490,142	9,931,838
Total Profit Before Tax	4,629,094	13,666,455

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, 2014

	Amount in ₹	
	As at 31st March, 2014	As at 31st March, 2013
Note 29 : Deferred Tax Assets		
1 Deferred Tax Liability:		
On difference between wdv as per book and wdv as per Income Tax Act of fixed assets	(2,188,496)	(2,514,228)
2 Deferred Tax Assets:		
On Disallowances under the Income Tax Act, 1961	901,809	4,498,946
On Brought forward capital losses	48,938,653	48,130,186
Total	47,651,966	50,114,904

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, 2014	Year ended 31st March, 2013
1 Contract revenue recognised during the year	80,973,200	100,372,750
2 Aggregate of contract costs incurred upto the year-end	71,252,387	86,549,696
3 Aggregate of recognised profits upto the year-end	9,720,813	13,823,054
4 Advances received for contracts in progress	6,194,861	1,987,554
5 Retention money for contracts in progress	Nil	Nil
6 Amount due from customers for contract work	27,118,103	7,907,261

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 Ltd.)



SMIFS CAPITAL MARKETS LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

Disclosures of transactions between the Company and related parties and their outstanding balances as on 31/03/2014:

<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)	(-)	(-)
Sale of shares and securities	-	-	-
	(-)	(-)	(23,000,000)
Rent Received	-	-	43,632
	(-)	(-)	(43,632)
Interest Received	-	-	-
	(-)	(-)	(1,790,000)
Payment of Brokerage	-	-	298,629
	(-)	(-)	(204,120)
Directors' sitting fees	-	56,500	-
	(-)	(64,000)	(-)
Directors' remuneration	-	44,13,403#	-
	(-)	(42,60,932)#	(-)
Balance at the end of the year			
Other payables	8,849,711	-	-
	(10,259,344)	(-)	(-)
Loans & Advances	-	-	34,501,029
	(-)	(-)	(52,391,522)

This includes ₹ 3,13,920/- (P.Y ₹ 3,02,400/-) 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 : 28th May 2014

For and on Behalf of the Board of Directors

(UTSAV PAREKH)

Chairman

(POONAM BHATIA)

Company Secretary-cum-Sr. Manager Legal

(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**

Name of the Subsidiary Company	SMIFS Capital Services Ltd.
1 The financial year of the subsidiary company ended on	31.03.2014
2 a. No. of Equity Shares held by SMIFS Capital Markets Limited and its nominees in the subsidiary on 31.3.2014	7,500,070
b. Extent of interest of SMIFS Capital Markets Limited in the capital of the Subsidiary	100%
3 Net aggregate amount of Profit / Loss of the subsidiary so far as it concerns the members of SMIFS Capital Markets Limited and is not dealt with in the Company's Accounts	
a. Profit / (Loss) for the financial year ended on 31st March, 2014 of the Subsidiary of SMIFS Capital Markets Limited	(₹ 1,526,638)
b. Profit / (Loss) after tax for the previous financial years since it became Subsidiary of SMIFS Capital Markets Limited.	(₹ 378,703)
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, 2014.	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 28th day of May 2014

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



Independent 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 2014, 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") read with the general circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. 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, read with the general circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 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 2014;
- (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-700020

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

AUROBINDA PANDA
Partner
Membership No.064888

This is the 28th Day of May 2014



SMIFS CAPITAL MARKETS LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2014

Particulars	Note No.	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2	55,850,000	55,850,000
(b) Reserves and Surplus	3	991,990,229	1,001,340,934
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	4	781,295	1,802,632
(b) Other Long Term Liabilities	5	6,194,860	1,987,554
(c) Long Term Provisions	6	1,107,772	9,687,641
(3) Current Liabilities			
(a) Trade Payables	7	40,316	1,489,846
(b) Other Current Liabilities	8	16,048,537	27,251,018
(c) Short-Term Provisions	9	7,527,499	10,006,118
Total Equity & Liabilities		1,079,540,508	1,109,415,743
II. ASSETS		₹	₹
(1) Non-Current Assets			
(a) Fixed Assets	10		
(i) Gross Block		245,502,777	246,882,298
(ii) Depreciation		154,722,096	149,893,003
(iii) Less: Lease Terminal Adjustment A/c		1,709,528	1,709,528
(iv) Net Block		89,071,153	95,279,767
(b) Non-Current Investments	11	108,501,082	73,845,925
(c) Deferred Tax Assets (net)		47,699,686	50,148,233
(d) Long Term Loans and Advances	12	407,985,878	404,456,427
(e) Other Non-Current Assets	13	192,010,833	192,010,833
(2) Current Assets			
(a) Inventories	14	120,220,557	189,586,489
(b) Trade Receivables	15	49,559,139	20,681,536
(c) Cash and Cash Equivalents	16	18,296,999	38,652,827
(d) Short-Term Loans and Advances	17	6,105,708	5,846,126
(e) Other Current Assets	18	40,089,473	38,907,580
Total Assets		1,079,540,508	1,109,415,743

Significant Accounting Policies & Notes to Financial Statements 1 to 36

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

(POONAM BHATIA)

Company Secretary-cum-Sr. Manager Legal

(ANIL SINGHANIA)

CFO-cum-Vice President
Investment Banking

PLACE : Kolkata

DATED : 28th May 2014



SMIFS CAPITAL MARKETS LIMITED

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2014

Particulars	Note No.	Year ended 31st March, 2014 ₹	Year ended 31st March, 2013 ₹
INCOME			
Revenue from operations	19	367,007,541	310,121,800
Other Income	20	4,248,113	9,704,254
Total Revenue		371,255,654	319,826,054
EXPENDITURE			
Purchases of Stock-in-Trade	21	254,166,447	180,003,254
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	22	69,365,932	86,653,747
Employee Benefit Expense	23	15,733,990	15,437,280
Financial Costs	24	303,313	352,167
Depreciation and Amortization Expense	25	3,431,767	3,640,373
Other Administrative Expenses	26	25,166,140	20,452,609
Total Expenses		368,167,589	306,539,430
Profit before exceptional and extraordinary items and tax		3,088,065	13,286,623
Exceptional Items		-	-
Profit before extraordinary items and tax		3,088,065	13,286,623
Extraordinary Items		-	-
Profit Before Tax		3,088,065	13,286,623
Tax expense:			
(1) Current tax (Incl. STT & Wealth Tax)		1,040,325	526,459
(2) Short / (Excess) Provision for Tax for Earlier Years		1,801,525	4,974,938
(3) Deferred tax		2,448,547	25,819,182
(4) MAT Credit Entitlement		(2,766,759)	(27,844,244)
Profit(Loss) for the period from continuing operations		564,428	9,810,288
Profit/(Loss) from discontinuing operations		-	-
Tax expense of discontinuing operations		-	-
Profit/(Loss) from discontinuing operations (after tax)		-	-
Profit/(Loss) for the period		564,428	9,810,288
Earning per equity share:			
(1) Basic		0.10	1.76
(2) Diluted		0.10	1.76

Significant Accounting Policies & Notes to Financial Statements 1 to 36

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

(POONAM BHATIA)

Company Secretary-cum-Sr. Manager Legal

(ANIL SINGHANIA)

CFO-cum-Vice President
Investment Banking

PLACE : Kolkata

DATED : 28th May 2014



SMIFS CAPITAL MARKETS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2014

Amount in ₹

	31st March, 2014	31st March, 2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	3,088,065	13,286,623
Adjustment for		
1. Depreciation	3,431,767	3,640,373
2. (Profit) / Loss on sale of Investments	2,612,953	(2,381,099)
3. Dividend on Investment	(116,847)	(245,817)
4. Provisions no longer required	(12,539,869)	(16,174,409)
5. Financial Cost	303,313	352,167
6. (Profit)/Loss on sale of Fixed Assets	70,731	(4,254,546)
7. Interest Income	<u>(2,589,275)</u>	<u>(2,895,876)</u>
	<u>(8,827,227)</u>	<u>(21,959,206)</u>
Operating profit before Working Capital change	<u>(5,739,162)</u>	<u>(8,672,582)</u>
Adjustment for		
1. Trade & Other Receivables	(41,885,197)	(168,259,638)
2. Inventories	69,365,932	86,653,747
3. Trade and Other Payables	<u>(7,344,107)</u>	<u>10,117,855</u>
	<u>20,136,628</u>	<u>(71,488,037)</u>
Cash Generated from Operations	14,397,466	(80,160,619)
Direct Tax paid	<u>7,961,576</u>	<u>4,131,105</u>
	<u>7,961,576</u>	<u>4,131,105</u>
Net Cash Flow from Operating activity	<u>22,359,042</u>	<u>(76,029,514)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(754,845)	(5,010,893)
Sale of Fixed Assets	80,000	5,295,000
Purchase of Investments	(254,754,987)	(220,751,942)
Sale of Investments	221,446,878	323,529,966
Interest Income	2,589,275	2,895,876
Dividend on Investment	<u>116,847</u>	<u>245,817</u>
Net Cash flow from Investing Activities	<u>(31,276,832)</u>	<u>106,203,823</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend and Dividend Distribution Tax Paid	(9,147,839)	(9,087,438)
Interest paid	(303,313)	(352,167)
Proceeds from long-term borrowings	<u>(1,986,886)</u>	<u>730,441</u>
Net cash used in Financing Activities	<u>(11,438,038)</u>	<u>(8,709,165)</u>
Net increase in Cash & Cash Equivalents	<u>(20,355,828)</u>	<u>21,465,145</u>
Opening Balance of Cash & Cash Equivalents	38,652,827	17,187,682
Closing Balance of Cash & Cash Equivalents	<u>18,296,999</u>	<u>38,652,827</u>

Kolkata
The 28th day of May 2014

For and on behalf of the Board of Directors

(Kishor Shah)
Managing Director

Auditors' Report

We have verified the attached Consolidated Cash Flow Statement of SMIFS Capital Markets Limited, derived from the audited financial statement and the books and records maintained by the Company for the year ended 31st March, 2014 and 31st March, 2013 and found the same in agreement therewith.

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

(CA AUROBINDA PANDA)
Partner
Membership No. 064888

Kolkata
The 28th day of May 2014



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 as and when undertaken, 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

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 : 28th May 2014

(POONAM BHATIA)
Company Secretary-cum-Sr. Manager Legal

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



SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

Amount in ₹

As at
31st March, 2014 As at
31st March, 2013

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
	500,000,000	500,000,000

2. ISSUED, SUBSCRIBED & PAID UP

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

3. The details of shareholders holding more than 5% shares	<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
Progressive Star Finance Pvt Ltd	357,251	6.40	-	-
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	394,788,000	175,000,000
	Add: Transferred From Revaluation Reserve	-	219,238,000
	Add: Transferred From Profit & Loss Account	-	500,000
		394,788,000	394,738,000
4	Revaluation Reserve		
	Balance as Per Last Account	67,619,211	290,416,117
	Add: Created During the year	-	-
	Less: Transferred to General Reserve	-	219,238,000
		67,619,211	71,178,117
	Less: Transferred to Profit & Loss Account (Refer Note 10.1)	3,380,961	3,558,906
		64,238,250	67,619,211
5	Profit & Loss Account		
	Balance brought forward from previous year	65,208,722	65,096,273
	Less: Proposed Dividend	(5,585,000)	(7,819,000)
	Less: Tax on Proposed Dividend	(949,171)	(1,328,839)
	Less: Transfer to General Reserve	-	(500,000)
	Add: Profit for the period	564,428	9,810,288
		59,238,979	65,258,723
	Total	991,990,229	1,001,340,934



SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

	Amount in ₹	
	As at 31st March, 2014	As at 31st March, 2013
Note 4 : Long Term Borrowings		
1 Term Loans		
From Bank & NBFC (Secured)	781,295	1,802,632
Total	781,295	1,802,632
4.1 The above Term Loans are secured by hypothecation of the vehicles against which loans are taken		
4.2 Repayment Schedule:-		
Term Loan (Secured):		
a) HDFC Bank Ltd		
Repayable in 48 monthly installments of ₹ 9,750/- from June 2013.	127,949	—
b) Volkswagen Finance Pvt.Ltd.		
Repayable in 36 monthly installments of ₹ 96,816/- from October 2012.	560,047	1,608,092
c) HDFC Bank Ltd		
Repayable in 36 monthly installments of ₹ 9,800/- from February 2013.	93,299	194,540
Total	781,295	1,802,632
Note 5 : Other Long Term Liabilities		
1 Advance Against Sale of Flats	6,194,860	1,987,554
Total	6,194,860	1,987,554
Note 6 : Long Term Provisions		
1 Provision for Loans & Advances considered doubtful	297,853	8,877,723
2 Provision for Security Deposits considered doubtful	-	-
3 Provision for doubtful receivables on leased assets	809,919	809,919
Total	1,107,772	9,687,641



SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

	Amount in ₹	
	As at 31st March, 2014	As at 31st March, 2013
Note 7 : Trade Payables		
1 Micro, Small and Medium Enterprises	-	-
2 Others	40,316	1,489,846
Total	40,316	1,489,846

Note 8 : Other Current Liabilities

1 Current maturities of long term debt (Refer Note Nos 4.1 & 4.2)	1,247,379	2,212,928
2 Unclaimed Dividend#	1,187,812	1,008,009
3 Deposit	-	-
4 Advance from Customers	9,783,681	6,435,309
5 Statutory Dues	545,705	582,677
6 Liability for Expenses	2,851,506	2,975,628
7 Other Payables	432,454	14,036,467
Total	16,048,537	27,251,018

This does not include any amount due and outstanding to be credited to Investor Education and Protection Fund

Note 9 : Short Term Provisions

1 Provision For Employees Benefit	993,328	858,279
2 Proposed Dividend (Including Tax on Proposed Dividend)	6,534,171	9,147,839
Total	7,527,499	10,006,118



SMIFS CAPITAL MARKETS LIMITED
NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

Note 10
FIXED ASSETS

Particulars	Gross Block (₹)			Depreciation (₹)			Lease Terminal Adjustment		Net Block (₹)	
	As on 01.04.2013	Additions	Deductions	As on 31.03.2014	For the year	Adj. during the year	As on 31.03.2014	As on 31.03.2013	As on 31.03.2014	As on 31.03.2013
Buildings / Premises	98,673,317	-	-	98,673,317	3,969,194	-	19,117,546	-	79,555,771	83,524,966
Furniture and Fixtures	6,321,309	-	-	6,321,309	77,280	-	5,971,627	-	349,683	426,963
Office Equipment	2,507,296	-	-	2,507,296	83,964	-	1,987,637	-	519,658	603,622
Vehicles	17,517,450	687,262	2,134,366	16,070,346	2,467,331	1,983,635	8,974,304	-	7,096,042	9,026,843
Electrical Installations	1,206,229	-	-	1,206,229	16,172	-	1,106,139	-	100,090	116,262
Computers	2,881,288	67,583	-	2,948,871	134,111	-	2,709,157	-	239,715	306,243
Air Conditioners	2,654,820	-	-	2,654,820	64,674	-	2,254,545	-	400,275	464,949
Sub total	131,761,709	754,845	2,134,366	130,382,188	6,812,728	1,983,635	42,120,954	-	88,261,234	94,469,848
Previous Year	129,865,244	5,010,893	2,699,303	132,176,834	7,199,279	1,768,246	37,291,861	-	94,469,849	-
Assets on Lease										
Plant & Machinery	115,120,589	-	-	115,120,589	-	-	112,601,142	1,709,528	809,919	809,919
Sub total	115,120,589	-	-	115,120,589	-	-	112,601,142	1,709,528	809,919	809,919
Previous Year	115,120,589	-	-	115,120,589	-	-	112,601,142	1,709,528	809,919	-
Total	246,882,298	754,845	2,134,366	245,502,777	6,812,727	1,983,635	154,722,096	1,709,528	89,071,153	95,279,767
Previous Year	244,985,833	5,010,893	2,699,303	247,297,423	7,199,279	1,768,246	149,893,003	1,709,528	95,279,768	-

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 ₹ 33,80,961/- (Previous year ₹ 35,58,906/-) 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, 2014

Amount in ₹

<u>As at 31st March, 2014</u>		<u>As at 31st March, 2013</u>	
Quantity No.	Amount (₹)	Quantity No.	Amount (₹)

Note 11 : Non Current Investment

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
Gillanders Arbuthnot & Co. Ltd	9,041	120,591	9,041	120,591
ECE Industries Ltd.	384,500	46,765,963	-	-
Intrasoft Technologies Limited	17,500	1,750,000	17,500	1,750,000
KEC International Ltd.	175	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	3,076,784
Marksans Pharma Ltd.	45,000	855,112	-	-
Digjam Limited *	-	-	731,034	10,599,993
Nicco UCO Alliance Credit Limited	114	650	114	650
Punsumi Foils & Components Limited	15,800	19,750	15,800	19,750
PTC Industries Limited	-	-	1,000	16,850
State Bank of Bikaner & Jaipur Ltd.	5,000	2,377,516	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
Sonata Software Ltd.	40,000	1,773,086	-	-
Southern Online Bio-Technologies Limited	435,110	2,571,894	500,000	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

Bhatpara Papers Limited	44	391	44	391
Exquisite Exports Limited	5,000	50,000	5,000	50,000
Fortune Biotech Limited	40,000	178,000	40,000	178,000



NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

Amount in ₹

	As at 31st March, 2014		As at 31st March, 2013	
	Quantity No.	Amount (Rs.)	Quantity No.	Amount (Rs.)
Gujarat Securities Limited	20	200	20	200
Kamal Overseas Ltd.	-	-	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	125,000	5,000,000
North Eastern Publishing & Advt Co Ltd	4,045,400	404,540	5,045,400	504,540
Quest Finance Services.Ltd.	30,000	2,877,000	30,000	2,877,000
Patriot Automation Projects Limited	2,065,350	500,000	2,065,350	500,000
Sheorey Digital Systems Pvt Ltd	590,000	129,800	590,000	129,800
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 Rs. 100/- Each)				
12% Andaman Plantations & Development Corporation Pvt.Ltd	140,000	4,100,000	140,000	4,100,000
2 Other Investments				
Investment in Mutual Fund(Reliance Liquid Fund)	7,392	22,844,545	5,599	15,901,773
Investment in MF Birla Sunlife'95 Fund	270	95,664	-	-
Investment in MF Birla Sunlife Cash Plus	41,377	8,468,207	-	-
Investment in Govt Securities				
6.05% Govt of India Loan - 2019	5,000	521,065	5,000	521,065
Less: Provision For Diminution in Value of Investment		(1,072,930)		(5,032,930)
Total		108,501,082		73,845,925
Aggregate of unquoted Investments - at book value(net of provision)		45,585,582		42,218,939
Aggregate of Quoted Investments - at book value		62,915,500		31,626,986
Aggregate of Quoted Investments - at market value		62,910,486		13,224,171
Aggregate amount of provision for diminution in the value of investments		1,072,930		5,032,930

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, 2014

Amount in ₹

	<u>As at 31st March, 2014</u>		<u>As at 31st March, 2013</u>	
	Quantity No.	Amount (Rs.)	Quantity No.	Amount (Rs.)
Note 12 : Long Term Loans and Advances				
1) Loans & Advances				
Unsecured and Considered Good		372,817,334		352,674,347
Considered Doubtful		297,853		8,877,723
(Full provision has been made in respect of doubtful Loans & Advances)		373,115,188		361,552,069
2) Advance Income Tax (Net of provision)		1,945,670		12,749,096
3) MAT Credit Entitlement		30,611,003		27,844,244
4) Security Deposit				
Unsecured and Considered Good		2,314,018		2,311,018
Considered Doubtful		-		-
(Full provision has been made in respect of doubtful Security Deposits)		2,314,018		2,311,018
Total		407,985,878		404,456,427



SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

Amount in ₹

As at
31st March, 2014 As at
31st March, 2013

Note 13 : Other Non Current Assets

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

Note 14 : Inventories

1	Shares & Securities	1,981,468	2,070,208
2	Construction Work- in- progress	118,239,089	187,516,281
	Total	<u>120,220,557</u>	<u>189,586,489</u>

Note 15 : Trade Receivables

1	Outstanding for more than six months			
	Unsecured and Considered Good	25,377,213	12,043,476	
	Considered Doubtful	-	-	
		<u>25,377,213</u>	<u>12,043,476</u>	
2	Others			
	Unsecured and Considered Good	24,181,926	8,638,061	
	Considered Doubtful	-	-	
		<u>24,181,926</u>	<u>8,638,061</u>	
	Total	<u>49,559,139</u>	<u>20,681,536</u>	

Note 16 : Cash & Cash Equivalents

1	Balances with Banks #	9,571,060	21,557,012
2	Cheques in Hand	-	8,845,217
3	Cash in Hand	79,131	264,477
4	Fixed Deposits with Bank ##	8,646,808	7,986,121
	Total	<u>18,296,999</u>	<u>38,652,827</u>

Balances with Banks includes Unclaimed Dividend of ₹ 1,187,812/- (P.Y ₹ 1,008,009/-)

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	2,077,490	2,472,462
2	Balance with Revenue Authorities	4,028,218	3,373,664
	Total	<u>6,105,708</u>	<u>5,846,126</u>

Note 18 : Other Current Assets

1	Prepaid Expenses	3,222,419	2,040,526
2	Other Receivables	36,867,054	36,867,054
	Total	<u>40,089,473</u>	<u>38,907,580</u>



SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

	Amount in ₹	
	Year ended 31st March, 2014	Year ended 31st March, 2013
Note 19 : Revenue from Operations		
1 Sale of shares and Securities	260,567,265	182,632,229
2 Sale of Flats	80,973,200	100,372,750
3 Profit / Loss on Sale of Investments	(2,612,953)	2,381,099
4 Investment Banking Operations (Net)	15,423,225	8,315,497
5 Provisions no longer required	12,539,869	16,174,409
6 Dividend Income	116,935	245,817
Total	367,007,541	310,121,800
Note 20 : Other Income		
1 Interest Received	2,591,901	2,897,931
2 Profit/(Loss) on Sale of Fixed Assets	(70,732)	4,254,546
3 Other Non-operating Income	1,726,944	2,551,777
Total	4,248,113	9,704,254
Note 21 : Purchases		
1 Purchase of Shares and Securities	254,166,447	180,003,254
Total	254,166,447	180,003,254
Note 22 : Change in Inventories / Stock		
1 Opening Stock-Shares & Securities	2,070,208	2,174,259
Closing Stock-Shares & Securities	1,981,468	2,070,208
2 Opening Stock-Construction Work-in-Progress	187,516,281	274,065,977
Closing Stock-Construction Work-in-Progress	118,239,089	187,516,281
Total	69,365,932	86,653,747
Note 23 : Employees Benefit Expenses		
1 Salaries, Bonus & Allowances	12,444,985	12,382,376
2 Contribution to provident and other funds	1,021,227	1,014,401
3 Training, Development & Recruitment Expenses	9,550	14,496
4 Staff Welfare Expenses	1,875,552	1,625,716
5 Employees Group Gratuity	382,676	400,290
Total	15,733,990	15,437,280

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	1,021,227	1,014,401
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SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

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

	<u>Gratuity (Funded)</u>		<u>Leave Encashment (Unfunded)</u>	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
Defined Benefit Obligation at beginning of year	3,364,032	4,000,428	823,448	799,935
Current Service Cost	250,979	308,564	132,670	114,273
Interest Cost	269,123	320,034	65,876	63,995
Actuarial (gain) / Loss	145,920	715,583	85,155	245,938
Benefits Paid	(67,269)	(1,980,577)	(150,706)	(400,693)
Defined Benefit Obligation at year end	3,962,785	3,364,032	956,443	823,448

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

Fair Value of Plan Assets at beginning of Year	3,394,037	4,681,894
Expected Return on Plan Assets	342,319	313,368
Actuarial gain / (loss)	-	-
Employer Contribution	918,377	379,352
	(67,269)	(1,980,577)
Fair Value of Plan Assets at year end	4,587,464	3,394,037

III) Reconciliation of fair value of assets and obligations

Fair value of Plan Assets	4,587,464	3,394,037	-	-
Present Value of Obligation	3,962,785	3,364,032	956,443	823,448
Amount recognised in Balance Sheet	-	-	956,443	823,448
Excess Provision in Balance Sheet	-	-	-	-
Assets Not Recognised in Balance Sheet	(624,679)	(30,005)	-	-

IV) Expenses Recognised during the year

Current Service Cost	250,979	308,564	132,670	114,273
Interest Cost	269,123	320,034	65,876	63,995
Expected Return on Plan Assets	(342,319)	(313,368)	-	-
Actuarial (gain) / loss	145,920	715,583	85,155	245,938
Net Cost	323,703	1,030,813	283,701	424,206

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)	8.75%	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, 2014

	Amount in ₹	
	Year ended 31st March, 2014	Year ended 31st March, 2013
Note 24 : Financial Cost		
1 Interest Expense	303,313	352,167
Total	303,313	352,167
Note 25 : Depreciation & Amortised Cost		
1 Depreciation	6,812,728	7,199,279
Less: Transferred from Revaluation Reserve	3,380,961	3,558,906
Total	3,431,767	3,640,373
Note 26 : Other Administrative Expenses		
1 Telephone Expenses	1,271,504	1,199,383
2 Printing & Stationery Expenses	1,917,430	2,120,916
3 Professional, Legal & Consultancy Charges	3,882,536	3,579,536
4 Business Promotion Expenses	1,539,748	668,267
5 Rent	507,390	515,590
6 Repair & Maintenance - Building	-	-
- Plant & Machinery	106,758	123,138
- Others	876,383	1,082,875
7 Advertisement	723,640	440,640
8 Electricity, Power & Fuel	505,827	484,801
9 Vehicle Expenses	1,469,764	1,507,834
10 Membership & Subscription Fees	824,137	1,077,087
11 Miscellaneous Expenses	1,332,585	1,347,553
12 Brokerage on Sale of Flats	1,975,195	566,746
13 Prior Period Adjustment	79,869	-
14 Rates & Taxes	344,466	348,254
15 Travelling Expenses	6,281,520	4,742,315
16 Directors' Fees	151,000	164,000
17 Insurance	194,446	146,356
18 Donation	950,000	-
19 Sundry Balance Written Off	36,942	142,319
20 Auditors' Remuneration	195,000	195,000
Total	25,166,140	20,452,609
26.1 Auditors' Remuneration includes :		
Audit Fees	185,000	185,000
Tax Audit	10,000	10,000
	195,000	195,000
26.2 Expenditure in Foreign Currency :		
Travelling Expenses	2,382,629	2,382,629
	2,382,629	2,382,629
26.3 Earning in Foreign Currency :		
	Nil	Nil



SMIFS CAPITAL MARKETS LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

Amount in ₹

Year ended
31st March, 2014

Year ended
31st March, 2013

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	8	9
No. of Equity Share held by them	604,252	604,273
Amount of Dividend Paid `	845,953	845,982
Tax Deducted at Sources	-	-
Year to which dividend relates	2012-13	2011-12

Note 27 : Earning Per Share (EPS)

Net Profit/(Loss) attributable to shareholders	2,091,066	10,188,991
Weighted average no. of equity shares in issue	5,585,000	5,585,000
Earning per share of ₹ 10 each (Basic & Diluted)	0.37	1.82

Note 28 : Segment Reporting

<u>Segment Revenue</u>		
Capital Market Operations	260,567,265	182,632,229
Investment Banking Operations	15,423,225	8,315,497
Real Estate Business	80,973,200	100,372,750
Others	116,935	245,817
Net sales/Income from Operations	357,080,625	291,566,292
<u>Segment Results: Profit/(Loss) before Interest & Tax</u>		
Capital Market Operations	6,312,078	2,524,924
Investment Banking Operations	15,423,225	8,315,497
Real Estate Business	9,720,813	13,823,054
Others	116,935	245,817
Total	31,573,051	24,909,291
Less: Interest	303,313	352,167
Other unallocable expenses net of unallocable income	28,181,673	11,270,501
Total Profit Before Tax	3,088,065	13,286,623

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, 2014

	Amount in ₹	
	As at 31st March, 2014	As at 31st March, 2013
Note 29 : Deffered Tax Assets		
1 Deferred Tax Liability:		
On difference between wdv as per book and wdv as per Income Tax Act of fixed Assets	(2,152,173)	(2,491,662)
2 Deferred Tax Assets:		
On Disallowances under the Income Tax Act, 1961	913,206	4,509,709
On Brought forward capital losses	48,938,653	48,130,186
Total	47,699,686	50,148,233

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, 2014	Year ended 31st March, 2013
1 Contract revenue recognised during the year	80,973,200	100,372,750
2 Aggregate of contract costs incurred upto the year-end	71,252,387	86,549,696
3 Aggregate of recognised profits upto the year-end	9,720,813	13,823,054
4 Advances received for contracts in progress	6,194,861	1,987,554
5 Retention money for contracts in progress	Nil	Nil
6 Amount due from customers for contract work	27,118,103	7,907,261

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, 2014

Disclosures of transactions between the Company and related parties and their outstanding balances as on 31/03/2014:

<u>Transaction (Excluding reimbursement of expenses)</u>	Key Management personnel	Entities where significant influence exists
Sale of shares and securities	-	-
	(-)	(23,000,000)
Rent Received	-	43,632
	(-)	(43,632)
Interest Received	-	-
	(-)	(1,790,000)
Payment of Brokerage	-	298,629
	(-)	(204,120)
Directors' sitting fees	56,500	-
	(64,000)	(-)
Directors' remuneration	44,13,403#	-
	(42,60,932)#	(-)
Balance at the end of the year		
Loans & Advances	-	34,501,029
	(-)	(52,391,522)

This includes ₹ 3,13,920/- (P.Y ₹ 3,02,400/-) 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 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, 2014.

Note : 35

As on 31st March, 2014 the parent company holds 7,500,070 Equity shares of Rs. 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, 2014.

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 : 28th May 2014

(POONAM BHATIA)
Company Secretary-cum-Sr. Manager Legal

(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 financial statements for the year ended March 31, 2014.

FINANCIAL RESULTS

(Rupees in million)

	Year ended 31.03.2014	Year ended 31.03.2013
Profit / (Loss) before Interest & Depreciation	(1.37)	(0.32)
Less: Interest	0.02	0.01
Profit / (Loss) before Depreciation	(1.39)	(0.33)
Less: Depreciation	0.15	0.05
Profit / (Loss) before Tax	(1.54)	(0.38)
Less: Tax Expenses	0.01	0.01
Profit / (Loss) after Tax	(1.53)	(0.37)
Add: (Debit) / Credit balance brought forward	(0.35)	0.02
Profit / (Loss) Carried to Balance Sheet	(1.88)	(0.35)

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. 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 of 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, 2014 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 financial statements on a going concern basis.

DIRECTORS

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



Section 149(10) of the Companies Act, 2013 (the Act) which has become effective from 01st April, 2014, provides for appointment of Independent Directors for a period of 2 terms of 5 consecutive years. The Act provides that while considering the reappointment, the tenure of holding of the office as Independent Directors prior to the commencement of the Act shall not be taken into account. In terms of Section 149, 152 and any other applicable provisions of the Companies Act, 2013, effective from 1st April, 2014, for the purpose of determining the directors liable to retire by rotation, the Independent Directors shall not be included in the total number of directors of the Company.

Our two Independent Directors, viz Mr. Chandranath Mukherjee and Mr. Santosh Kumar Mukherjee were appointed on 21st June, 2003 and 10th January, 2008 respectively and hence they will be appointed for 5 consecutive years for a term upto 31st March, 2019. Details of the resolution for the appointment of Mr. Chandranath Mukherjee and Mr. Santosh Kumar Mukherjee are given in the Explanatory Statement prepared under Section 102 of the Companies Act, 2013 of the Notice of the Annual General Meeting.

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.

On behalf of the Board of Directors

PLACE : Kolkata

DATED : 28th day of May, 2014

(SANTOSH KUMAR MUKHERJEE)

Director

(KISHOR SHAH)

Director



INDEPENDENT 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, 2014, 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:

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") read with the general circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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, 2014; and
- ii. In the case of the Statement of Profit and Loss, of the profit for the year ended on that date.
- 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 and Statement of Profit and Loss comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with the general circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013; and
 - e. On the basis of written representations received from the directors as on March 31, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014, 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-700020

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

AUROBINDA PANDA
Partner
Membership No.064888

This is the 28th Day of May 2014



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) 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) 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 that needed to be entered into the register have been so entered.
- b) According to the information and explanations given to us and the records examined by us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 (excluding loans reported under paragraph (iii) above) is in excess of Rs.5 Lakhs in respect of any party, the transactions have been made at price which are prima facie reasonable having regard to the 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 2014.
- 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, 2014 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 Rs.13,94,173/-during the financial year and incurred cash losses of Rs.3,22,973/- 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-700020

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

AUROBINDA PANDA
Partner
Membership No.064888

This is the 28th Day of May 2014



SMIFS CAPITAL SERVICES LIMITED

BALANCE SHEET AS AT 31st MARCH, 2014

Particulars	Note No.	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2	75,000,700	75,000,700
(b) Reserves and Surplus	3	(1,879,931)	(353,293)
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	4	93,299	194,540
(3) Current Liabilities			
(a) Other Current Liabilities	5	839,861	794,705
(b) Short-Term Provisions	6	36,885	34,831
Total Equity & Liabilities		74,090,814	75,671,483
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets	7		
(i) Gross Block		804,248	772,223
(ii) Depreciation		373,428	226,572
(iii) Net Block		430,820	545,651
(b) Non-Current Investments	8	4,084,635	4,084,635
(c) Deferred Tax Assets (net)		47,720	33,329
(d) Long Term Loans and Advances	9	11,538,873	11,450,845
(2) Current Assets			
(a) Trade Receivables	10	12,028,838	12,039,263
(b) Cash and Cash Equivalents	11	200,337	362,955
(c) Short-Term Loans and Advances	12	8,892,537	10,287,752
(d) Other Current Assets	13	36,867,054	36,867,054
Total Assets		74,090,814	75,671,483

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 : 28th May 2014

(PRITI SARAF)

Company Secretary-cum-Senior Manager



SMIFS CAPITAL SERVICES LIMITED

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2014

Particulars	Note No.	Year ended 31st March, 2014 ₹	Year ended 31st March, 2013 ₹
INCOME			
Revenue from operations	14	174,744	965,585
Other Income	15	2,626	2,657
Total Revenue		177,370	968,242
EXPENDITURE			
Employee Benefit Expense	16	1,207,484	1,001,935
Financial Costs	17	24,242	6,754
Depreciation and Amortization Expense	18	146,856	56,859
Other Administrative Expenses	19	339,817	282,526
Total Expenses		1,718,399	1,348,074
Profit before exceptional and extraordinary items and tax		(1,541,029)	(379,832)
Exceptional Items		-	-
Profit before extraordinary items and tax		(1,541,029)	(379,832)
Extraordinary Items		-	-
Profit Before Tax		(1,541,029)	(379,832)
Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		(14,391)	(1,129)
Profit(Loss) for the period from continuing operations		(1,526,638)	(378,703)
Profit/(Loss) from discontinuing operations		-	-
Tax expense of discontinuing operations		-	-
Profit/(Loss) from discontinuing operations(after tax)		-	-
Profit/(Loss) for the period		(1,526,638)	(378,703)
Earning per equity share:			
(1) Basic		(0.20)	(0.05)
(2) Diluted		(0.20)	(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 : 28th May 2014

(PRITI SARAF)

Company Secretary-cum-Senior Manager



SMIFS CAPITAL SERVICES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2014

	31st March, 2014	31st March, 2013	Amount ₹
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before Tax	(1,541,029)		(379,832)
Adjustment for			
1. Depreciation	146,856	56,859	
2. Dividend Income	-	(210)	
3. Financial Cost	24,242	6,754	
4. (Profit)/Loss on sale of Fixed Assets	-	(602)	
	<u>171,098</u>		<u>62,800</u>
Operating profit before W/Capital change	(1,369,931)		(317,031)
Adjustment for			
1. Trade & Other Receivables	1,335,076	(26,998,515)	
2. Trade & Other Payables	<u>37,008</u>	<u>101,926</u>	
	<u>1,372,084</u>		<u>(26,896,589)</u>
Cash Generated from Operations	2,153		(27,213,621)
Direct Tax paid	<u>(17,466)</u>	<u>(96,500)</u>	
	<u>(17,466)</u>		<u>(96,500)</u>
Net Cash Flow from Operating activity	(15,313)		(27,310,121)
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets	(32,025)	(568,948)	
Sale of Fixed Assets (Net of advance received)	-	110,000	
Sale of Investments	-	27,662,200	
Dividend Income	-	210	
Net Cash flow from Investing Activities	(32,025)		27,203,462
C. CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid	(24,242)	(6,754)	
Proceeds from long-term borrowings	<u>(91,039)</u>	<u>242,404</u>	
Net cash used in Financing Activities	(115,281)		235,650
Net increase in Cash & Cash Equivalents	(162,619)		128,991
Opening Balance of Cash & Cash Equivalents	<u>362,955</u>		<u>233,964</u>
Closing Balance of Cash & Cash Equivalents	<u>200,337</u>		<u>362,955</u>

Kolkata
The 28th day of May 2014

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, 2014 and 31st March, 2013 and found the same in agreement therewith.

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

(CA AUROBINDA PANDA)
Partner
Membership No. 064888

Kolkata
The 28th day of May 2014



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 applicable accounting principles in India, mandatory Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 which as per a clarification issued by the Ministry of Corporate Affairs continue to apply under section 133 of the Companies Act 2013 (which has superseded section 211(3C) of the Companies Act 1956 w.e.f 12 September 2013), other pronouncement of the Institute of Chartered Accountants of India, the provisions of the Companies Act, 2013(to the extent notified and applicable) and the Companies Act, 1956(to the extent applicable).

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 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 : 28th May 2014

(PRITI SARAF)

Company Secretary-cum-Senior Manager



SMIFS CAPITAL SERVICES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

Amount in ₹

As at
31st March, 2014

As at
31st March, 2013

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

	No. of shares	% held	No. of shares	% held
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	(353,293)		25,410	
Add: Profit for the period	(1,526,638)		(378,703)	
Total		(1,879,931)		(353,293)

Note 4 : Long Term Borrowings

1 Term Loan

- From Bank 93,299 194,540

Total **93,299** **194,540**

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 installments of ₹ 9,800/- from February 2013.	93,299	194,540
	93,299	194,540

Note 5 : Other Current Liabilities

1 Current maturities of long term debt (Refer Note No 4.1 & 4.2)	101,422	91,220
2 Statutory Dues	114,557	114,229
3 Liability for Expenses	191,428	156,802
4 Other Payables	432,454	432,454
Total	839,861	794,705

Note 6 : Short Term Provisions

1 Provision For Employees Benefit	36,885	34,831
Total	36,885	34,831



SMIFS CAPITAL SERVICES LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

Note 7
FIXED ASSETS

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As on 01.04.2013 ₹	Additions During the year ₹	Adjustment for Sale ₹	As at 31.03.2014 ₹	As at 01.04.2013 ₹	For the year ended on 31.03.2014 ₹	Adjustment ₹	As at 31.03.2014 ₹	As at 31.03.2013 ₹
Computers & Peripherals	196,180	32,025	0	228,205	194,751	6,012	0	200,763	1,429
Furniture & Fixtures	7,095	-	0	7,095	6,397	126	0	6,523	698
Vehicles	568,948	-	0	568,948	25,424	140,718	0	166,142	543,524
Total	772,223	32,025	0	804,248	226,572	146,856	0	373,428	545,651
Previous year	618,399	568,948	415,124	772,223	475,440	56,859	305,726	226,572	545,651



SMIFS CAPITAL SERVICES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

Amount in ₹

	<u>As at 31st March, 2014</u>		<u>As at 31st March, 2013</u>	
	Quantity No.	Amount (Rs.)	Quantity No.	Amount (Rs.)
Note 8 : Non Current Investment				
1 Trade Investments				
Investment in Equity Shares Equity shares of Rs 10 each (Unless otherwise stated)				
Fully paid up: Quoted				
KEC International Ltd	175	16,835	36	16,835
Fully paid up: Unquoted				
Manphool Exports Ltd.	11,908	1,190,800	11,908	1,190,800
Quest Finance Services Ltd.	30,000	<u>2,877,000</u>	30,000	<u>2,877,000</u>
Total		<u>4,084,635</u>		<u>4,084,635</u>
Aggregate of unquoted Investments - at book value		4,067,800		4,067,800
Aggregate of Quoted Investments - at book value		16,835		16,835
Aggregate of Quoted Investments - at market value		11,821		1,877
Note 9 : Long Term Loans and Advances				
1) Loans & Advances				
Unsecured and Considered Good		11,116,853		11,046,291
2) Advance Income Tax (Net of provision)		409,020		391,554
3) Security Deposit		13,000		13,000
Total		<u>11,538,873</u>		<u>11,450,845</u>
Note 10 : Trade Receivables				
1 Outstanding for more than six months				
Unsecured and Considered Good		12,022,200		12,022,200
2 Others				
Unsecured and Considered Good		6,638		17,063
Total		<u>12,028,838</u>		<u>12,039,263</u>
Note 11 : Cash & Cash Equivalent				
1 Balances with Banks		194,227		342,482
2 Cash in Hand		6,110		20,473
Total		<u>200,337</u>		<u>362,955</u>
Note 12 : Short Terms Loans and Advances				
Unsecured and Considered Good				
1 Advance to Parties		42,826		28,407
2 Due from Holding Company		8,849,711		10,259,344
Total		<u>8,892,537</u>		<u>10,287,752</u>
Note 13 : Other Current Assets				
1 Other Receivables		36,867,054		36,867,054
Total		<u>36,867,054</u>		<u>36,867,054</u>



SMIFS CAPITAL SERVICES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

	Year ended 31st March, 2014	Amount in ₹ Year ended 31st March, 2013
Note 14 : Revenue from Operations		
1 Marketing Income	174,656	-
2 Professional Fees Received	-	965,375
3 Dividend Income	88	210
Total	174,744	965,585
Note 15 : Other Income		
1 Interest Received	2,626	2,055
2 Profit/(Loss) on Sale of Fixed Assets	-	602
Total	2,626	2,657
Note 16 : Employee Benefit Expenses		
1 Salaries, Bonus & Allowances	920,360	783,564
2 Contribution to provident and other funds	71,681	56,560
3 Training, Development & Recruitment Expenses	300	700
4 Staff Welfare Expenses	178,436	137,496
5 Employees Group Gratuity	36,707	23,615
Total	1,207,484	1,001,935
Note 17 : Financial Cost		
1 Interest Expense	24,242	6,754
Total	24,242	6,754
Note 18 : Depreciation & Amortised Cost		
1 Depreciation	146,856	56,859
Total	146,856	56,859
Note 19 : Other Administrative Expenses		
1 Telephone Expenses	62,587	39,369
2 Printing & Stationery Expenses	160	380
3 Professional, Legal & Consultancy Charges	13,500	13,500
4 Business Promotion Expenses	1,065	2,248
5 EDP Charges	1,890	-
6 Repair & Maintenance	6,203	-
7 Vehicle Expenses	184,408	163,689
8 Membership & Subscription Fees	9,550	9,550
9 Miscellaneous Expenses	42,954	36,489
10 Rates & Taxes	7,500	7,300
11 Auditors' Remuneration	10,000	10,000
Total	339,817	282,526



SMIFS CAPITAL SERVICES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

	Year ended 31st March, 2014	Amount in ₹ Year ended 31st March, 2013
19.1 Auditors' Remuneration includes :		
Audit Fees	10,000	10,000
	<u>10,000</u>	<u>10,000</u>
19.2 Expenditure in Foreign Currency :	Nil	Nil
19.3 Earning in Foreign Currency :	Nil	Nil

Note 20 : Earning per share (EPS)

Net Profit/(Loss) attributable to shareholders	(1,526,638)	(378,703)
Weighted average no. of equity shares in issue	7,500,070	7,500,070
Earning per share of ₹ 10 each (Basic & Diluted)	(0.20)	(0.05)

Note 21 : Segment Reporting

Segment Revenue

Capital Market Operations	174,656	-
Investment Banking Operations	-	965,375
Others	88	210
Net sales/Income from Operations	<u>174,744</u>	<u>965,585</u>

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

Capital Market Operations	174,656	-
Investment Banking Operations	-	965,375
Others	88	210
Total	<u>174,744</u>	<u>965,585</u>
Less: Interest	24,242	6,754
<u>Other unallocable expenses net of unallocable income</u>	<u>1,691,531</u>	<u>1,338,663</u>
Total Profit Before Tax	<u>(1,541,029)</u>	<u>(379,832)</u>

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	36,323	22,566
On Disallowances under the Income Tax Act, 1961	11,397	10,763
Total	<u>47,720</u>	<u>33,329</u>



SMIFS CAPITAL SERVICES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

	Amount in ₹	
	Year ended	Year ended
	31st March, 2014	31st March, 2013

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 31/03/2014

	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)	(-)	(-)
Balance at the end of the year			
Short term Loans & Advances	8,849,711	-	-
	(10,259,344)	(-)	(-)

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 : 28th May 2014

(PRITI SARAF)
Company Secretary-cum-Senior Manager