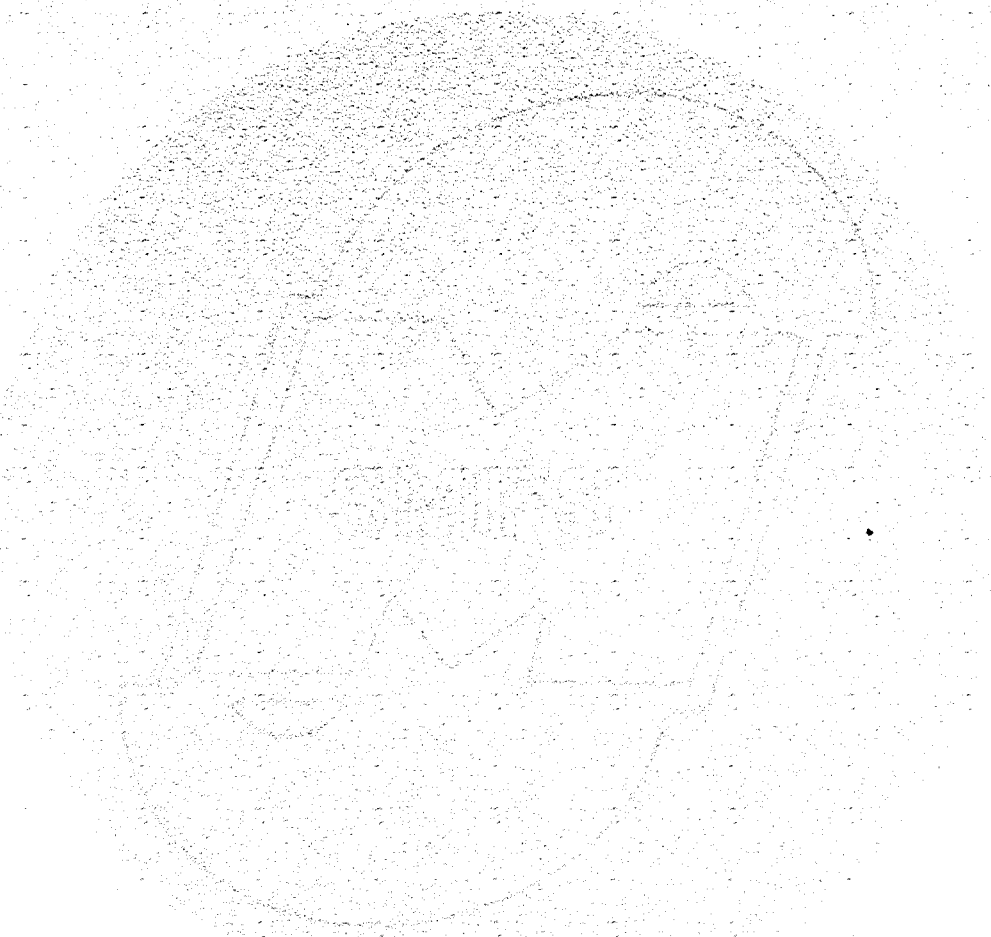


SMIFS CAPITAL MARKETS LIMITED

ANNUAL REPORT 2008-09





SMIFS CAPITAL MARKETS LIMITED

Board of Directors

Mr. Utsav Parekh – Chairman
(Executive Chairman up to 31.03.2009)
Mr. Ramesh Maheshwari – Director
Mr. Ajay Kumar Kayan – Director
Mr. Chandranath Mukherjee – Director
Mr. Santosh Kumar Mukherjee – Director
Mr. Kishor Shah – Managing Director
(Whole-Time Director up to 31.03.2009)

Company Secretary cum Vice President (Legal)

Mr. Saibal Chandra Pal

Auditors

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

Bankers

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

Registered Office

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



DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors have pleasure in presenting the Annual Report of the Company together with the audited statement of accounts for the year ended March 31, 2009.

1(a) FINANCIAL HIGHLIGHTS

(Rupees in million)

	Year ended 31.03.2009	Year ended 31.03.2008
Profit / (Loss) before Interest, Depreciation & Tax	11.32	45.24
Less: Interest	0.92	2.86
Profit / (Loss) before Depreciation & Tax	10.40	42.38
Less: Depreciation	2.75	2.71
Profit / (Loss) before Tax	7.65	39.67
Less: Provision for Tax - current / earlier years	4.90	4.52
Less : Deferred tax for the year	(0.27)	(26.35)
Less: Fringe Benefit Tax	0.46	0.48
Profit / (Loss) after Tax	2.56	61.02
Profit / (Loss) Account brought forward from earlier year	107.36	57.88
Profit available for Appropriation	109.92	118.90
Proposed Dividend including Dividend Tax	-	6.54
Transfer to General Reserve	-	5.00
Profit / (Loss) carried to Balance Sheet	109.92	107.36

Operating profit (PBDIT) of the Company was Rs.11.32 million during the year as compared to Rs 45.24 million in the previous year. Net profit after tax for the year was Rs. 2.56 million compared Rs. 61.02 million in the previous year.

The Company's net worth as on March 31, 2009 stood at Rs. 654.50 million as against Rs. 651.94 million in the previous year.

(b) CAPITAL

The paid up capital of the Company as at March 31, 2009 stood at Rs. 5,58,50,000/- divided into 55,85,000 equity shares of Rs. 10/- each.

In the previous Annual General Meeting special resolutions were passed pursuant to the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 read with the applicable provisions of the Companies Act, 1956 extending the stock option scheme to the employees of the Company and its wholly-owned subsidiary Company. However, in view of the adverse market conditions following the global financial crisis in mid 2008-09, the Board of Directors decided to keep the scheme in abeyance.

(c) DIVIDEND

Due to inadequacy of profits during the year, no dividend on the equity shares (previous year Re 1/- per equity share) has been recommended.

(d) MANAGEMENT DISCUSSION AND ANALYSIS

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

2. SUBSIDIARY COMPANY

As on 31.03.2009 the Company had one wholly-owned subsidiary Company namely, SMIFS Capital Services Limited. Statement required under Section 212 of the Companies Act, 1956 in respect of the subsidiary Company is attached.

3. YEAR IN RETROSPECT AND FUTURE GROWTH

Your Company has applied to the Securities and Exchange Board of India (SEBI) for renewal of its registration as a Category I Merchant Banker and Underwriter.

The global economy entered its critical phase during the month of September and October, 2008 following the large losses incurred by some of the International Financial Institutions and the collapse and bail out of a few of these large Financial Institutions and the fall of the stock markets around the world. When the credit markets became virtually inactive, the Central Banks across the globe resorted to various measures to address the situation. The Indian Economy which was on a strong growth path in the preceding five years till the fiscal 2007-08 with an average of 8.9%, experienced moderation. There was a downturn in industrial growth and the deceleration was noticed in all categories.

Slowdown of the country's economy was due to low investment demand and decrease in exports owing to lower external demand. Domestic demand levels also declined.

BSE SENSEX, which rose to record heights of around 21,000 earlier, touched a low of around 7,700 level on 27th October, 2008. Indian economy recorded a reduced GDP growth of 6.7% during 2008-09 and GDP growth for 2009-10 is now estimated at 6.8%. However, performance of Indian economy is considered encouraging compared to the near zero GDP growth in most of the developed economies.

Both the Government and the RBI resorted to various measures to overcome the situation. During September 2008 to March 2009, RBI reduced Repo Rate from 9.0% to 5.0%, Reverse Repo Rate from 6.0% to 3.5% and the Cash Reserve Ratio (CRR) from 9.0% to 5.0% to move towards a softer interest rate regime. The Finance Minister also took various measures in the interim budget to promote growth in the economy.

Equity markets remained weak on global macro economic concerns and a reversal in pattern of global capital flows. BSE Sensex was 9,709 at March 31, 2009 compared to 15,644.44 on March 31, 2008.

BSE SENSEX has however recovered to 12,173 on May 15, 2009 and rose sharply to 14,302 on May 19, 2009 following the announcement of the results of the general elections. It is expected that with a stable government at the centre, India will revert to a growth rate of around 8% in 2010 – 2011.

The Indian financial sector is healthy despite adverse developments in global markets. Indian banking system is well capitalised and well placed to manage any asset quality concerns. The financial sector is well placed to capitalise on growth opportunities in our domestic markets.

Your Company continues to focus mainly in the areas of Mergers and Acquisitions, Loan Syndication, Capital Market operations, Placement of Equity shares and private placement of corporate debt. The outlook for the current year appears positive.

4. PUBLIC DEPOSITS

Your Company discontinued acceptance of Public Deposits w.e.f. July 15, 1997 and complied with the rules applicable thereto. No amount (previous year Rs. 1.48 lacs) is lying against matured but unclaimed amount of deposits. Pursuant to Section 205C of the Companies Act, 1956 unclaimed matured deposits lying unclaimed were deposited with the Investor Education and Protection Fund (IEPF) established by the Central Government on expiry of seven years after maturity.

5. LISTING OF SECURITIES OF THE COMPANY

The equity shares of your Company continue to be listed on the Stock Exchanges at Kolkata and Mumbai and the listing fees for the year 2009-10 have been paid. The Equity Shares of your Company were dematerialized with effect from December 26, 2000.



6. 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:

- in the preparation of the accounts for the financial year ended March 31, 2009, the applicable accounting standards have been followed and that there are no material departures;
- 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, 2009 and of the profit of the Company for the year ended on that date;
- 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
- the Directors have prepared the annual accounts of the Company on a 'going concern' basis.

7. 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. 0.93 million (previous year Rs. 0.68 million).

8. DIRECTORS

During the year there was no change in the Board of Directors, however, with effect from 1st April, 2009 Mr. Utsav Parekh resigned as Executive Chairman. He was appointed Additional Director and Non-Executive Chairman and holds office as Additional Director upto the ensuing Annual General Meeting. A notice has been received from a member under section 257 of the Companies Act, 1956 proposing appointment of Mr. Utsav Parekh as Director, accordingly a resolution is proposed at the ensuing Annual General Meeting.

The three year term of appointment of Mr. Kishor Shah as Whole-Time Director ended on 31st March, 2009 and on the recommendation of the Remuneration Committee and approval of the Board of Directors subject to the same being ratified by the members at the ensuing Annual General Meeting by passing a special resolution, Mr. Kishor Shah was appointed Managing Director of the Company for a period of 3 (three) years. Terms of appointment include payment of managerial remuneration with effect from 1st April, 2009 as per the provisions of Section 269 and other applicable provisions and are within the limits prescribed in Schedule XIII, Part II, Section II(B) to the Companies Act, 1956.

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

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

Brief resumes of Mr. Utsav Parekh, Mr. Kishor Shah and Mr. Santosh Kumar Mukherjee, nature of their expertise in specific functional areas, names of companies in which they hold directorship and/or membership / Chairmanship of committees of the board, their shareholdings as stipulated under Clause 49 of the listing agreement with the Stock Exchanges, are given in the section of Corporate Governance elsewhere in the Annual Report.



9. AUDITORS

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

The Company received letter form M/s J. S. Vanzara & Associates, Chartered Accountants, to the effect that their appointment, if made, would be within the prescribed limits under section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such appointment within the meaning of section 226 of the Companies Act, 1956.

10. AUDITORS' QUALIFICATION

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

11. PARTICULARS OF EMPLOYEES

Your Directors wish to acknowledge the support and valuable contribution made by the employees at all levels.

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 (as amended) are given in a separate annexure attached hereto and forms part of this report.

12. ACKNOWLEDGEMENTS

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

On behalf of the Board of Directors
(UTSAV PAREKH)
CHAIRMAN

Regd. Office: 'Vaibhav' 4F, 4 Lee Road,
Kolkata - 700 020
The 29th June, 2009

ANNEXURE TO DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS

ANNEXURE - A

1. FINANCIAL STATEMENTS

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

2. MACRO-ECONOMIC OVERVIEW

The financial year 2008 - 2009 was a challenging year for your company and the financial markets. There has been a moderation in the growth rate in the current year due to the global crisis. India had registered a 6.7% GDP growth in 2008-09. Fiscal deficit stood at 6.2% of GDP in 2008-09 vs 2.7% in 2007-08. Compared to other emerging economies, India has several strengths that can help to mitigate the adverse effects of global financial crisis. The Government has taken several measures in this direction and the economy is expected



to return to the growth path. In December 2008, Indian government announced its stimulus package to revive India from the economic downturn in the form of policy rat cuts, \$4 billion of extra spending, a 4% cut in ad-valorem cenvat rate except for petroleum products, Interest subvention of 2% on export credit for labour intensive sector, incentives for loans for financing purchase of houses and authorizing India Infrastructure Finance Company Limited to raise Rs.10,000 cr. to refinance bank lending for infrastructure projects in order to give a boost to the corporate bond market, FII investment limit in rupee denominated corporate bonds in India has been increased from US \$ 6 bn to US \$ 15 bn.

Based on recent sales data on cement, steel and automobiles there are visible indications of a strong recovery in the industrial sector. This recovery in cement, steel, automobile and in the core industries index is expected to gather further momentum as the two major problems that the industry faced in the October-December quarter of the financial year 2008-09 are being addressed as inventory levels are declining and liquidity is easing. Moreover, several new capacities whose commissioning was deferred during October - December quarter of 2008-2009 are now being commissioned. New capacity expansion plans are being announced. Moreover, with the election of a stable government at the centre in May 2009, it is expected that the government will take necessary steps for accelerating economic growth and ushering in fiscal reforms. With the thrust on consumption, infrastructure spending and proper management of fiscal situation, India will be able to post higher economic growth in due course.

3. CAPITAL MARKETS

Indian capital market witnessed strong rally during 1st quarter of 2009-2010 after a decline in the major part of the year 2008-09.

4. BUSINESS OPPORTUNITIES AND THREATS

4.1. Business Opportunities

Corporates are looking for opportunities to raise funds through placement of equity shares or by raising further debt and are once again preparing to roll out expansion cum new investment plans. In view of the improvement in Capital Market in the 1st quarter of 2009-2010, many corporates are getting ready to mobilise resources through equity placements to Qualified Institutional buyers. Corporates are also actively engaged in reducing cost of debt and your company has taken assignments in these areas to increase revenues. The outlook for the year appears positive.

4.2. Threats

Indian Capital Markets are linked to international financial markets and are seriously affected by global crisis as experienced during 2008-09. Your Company being a part of the market is continuously gearing itself to meet such unforeseen situations by cutting costs wherever possible.

5. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

6. CAUTIONARY STATEMENT

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

On behalf of the Board of Directors

(UTSAV PAREKH)
CHAIRMAN

Regd. Office: 'Vaibhav' 4F, 4 Lee Road,
Kolkata - 700 020
The 29th June, 2009

ANNEXURE TO DIRECTORS' REPORT

ANNEXURE - B

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2008-09

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

The Company believes that sound ethical practices, transparent governance practices and timely disclosures go a long way in enhancing the long-term shareholder value while safeguarding the interest of all the stakeholders. The Board has developed corporate governance guidelines to help in fulfilling the corporate responsibility to various stakeholders.

I. Company philosophy on Corporate Governance

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

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

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

II. Board of Directors

As on March 31, 2009 the Company had 6 Directors with an Executive Chairman and a Whole-Time Director. The Board of Directors of your Company comprised of 4 Non-Executive Directors. Among 4 such directors, 3 are Independent Directors. Composition of the Board of your Company is in conformity with Clause 49 (as amended) of the Listing Agreement entered into with Stock Exchanges. Composition of the Board of the Company is given below:

Category Particulars of Directors

Non-Executive-Independent Directors	Mr. Ramesh Maheshwari Mr. Chandranath Mukherjee Mr. Santosh Kumar Mukherjee
Non-Executive -Non-Independent Director	Mr. Ajay Kumar Kayan
Executive Non Independent Director	* Mr. Utsav Parekh, Executive Chairman ** Mr. Kishor Shah, Whole-Time Director

**Mr. Utsav Parekh resigned as Executive Chairman w.e.f 1st April, 2009. The resignation was accepted in the Board Meeting held on 21st March, 2009. However, Mr. Parekh was appointed Additional Director and Chairman w.e.f. 1st April, 2009 in the Board Meeting held on 21st March, 2009.*

***On completion of the three year tenure of Mr. Kishor Shah as Whole-Time Director on 31st March, 2009, Mr. Shah was appointed Managing Director of the Company for a period of three years w.e.f. 1st April, 2009.*

None of the Directors on the Board are members of more than 10 committees and Chairman of more than 5 Committees across all companies in which they are Directors. Necessary disclosures regarding Committee position in other public companies as on March 31, 2009 have been made by the Directors.



The 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:

- (a) approving corporate philosophy and vision;
- (b) formulation of strategic and business plans;
- (c) reviewing and approving financial plans and budgets;
- (d) monitoring corporate performance against strategic and business plans, including overseeing operations;
- (e) ensuring ethical behavior and compliance of laws and regulations;
- (f) reviewing and approving borrowing limits;
- (g) formulating exposure limits; and
- (h) keeping shareholders informed regarding plans, strategies and performance.

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

Name of the Director	Category	Year 2008 - 2009 Attendance at Board Meetings	Year 2008 - 2009 Attendance at last AGM	No. of Outside Directorship	No of other Board/ Comm. of which he is a member	No of other Board/ Committees of which he is a chairman
Mr. Utsav Parekh - Executive Chairman	Promoter Executive	4	Yes	6	3	Nil
Mr. Ramesh Maheswasri	Independent	6	No	4	1	2**
Mr. Chandranath Mukherjee	Independent	5	Yes	1	1	Nil
Mr. Santosh Kumar Mukherjee	Independent	6	Yes	2	1	1
Mr. Ajay Kumar Kayan	Promoter Non-Independent	5	No	11	Nil	Nil
Mr. Kishor Shah***	Whole-Time Director	4	Yes	3	2	Nil

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

** Including Chairman of a company.

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

Board Meetings

Six 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	24th May, 2008 & 20th June, 2008
Second	31st July, 2008
Third	30th October, 2008
Fourth	28th January, 2009 & 21st March, 2009

IV. Audit Committee

- (i) Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges read with Section 292A of the Companies Act, 1956.
- (ii) Audit Committee has been vested with the following powers:
 - a. To investigate any activity within its terms of reference.
 - b. To seek information from any employee.
 - c. To obtain outside legal or other professional advice.
 - d. To secure attendance of outsiders with relevant expertise, if it considers necessary.
- (iii) The terms of reference of the Audit Committee are broadly as under:
 - a. Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information disclosed.
 - b. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
 - c. Reviewing the financial statements, draft audit report, including quarterly / half yearly financial information.
 - d. Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:
 - 1) any change in accounting policies and practices;
 - 2) major accounting entries based on exercise of judgment by management;
 - 3) qualifications in draft audit report;
 - 4) significant adjustments arising out of audit;
 - 5) the going concern assumption;
 - 6) compliance with accounting standards;
 - 7) compliance with stock exchange and legal requirements concerning financial statements;
 - 8) any related party transaction i.e. transaction of the Company of material nature with promoters or the management, their subsidiaries or relatives etc., that may have potential conflict with the interest of Company at large.
 - e. Review of the Company's financial reporting process, the financial statements and financial / risk management policies.
 - f. Review of the adequacy of the internal control systems and functioning of the internal audit team.
 - g. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 - h. Discussion with the management and the external auditors, the audit plan for the financial year and joint post-audit review of the same.
 - i. To look into the reasons for substantial defaults in the payment to the depositors, debenture-holders, shareholders (in case of non payment of declared dividends) and creditors.
- (iv) Audit Committee meetings are held at the registered office of the Company and are usually attended by the Director in charge of Finance, Chief Financial Officer, representatives of the Statutory Auditors and representatives of the Internal Auditors. The Company Secretary of the Company acts as Secretary of the Audit Committee.



- (v) The composition of the audit Committee and particulars of meetings attended by the members of the Audit Committee are given below:

Name	Category	No. of Meetings during 2008-09	
		Held	Attended
Mr. Chandranath Mukherjee - Chairman	Independent, Non-Executive	5	5
Mr. Santosh Kumar Mukherjee	Independent, Non-Executive	5	5
Mr. Utsav Parekh	Non-Independent, Non-Executive	5	5

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

Quarter	Date of Meetings
First	19th May, 2008 & 20th June, 2008.
Second	31st July, 2008.
Third	30th October, 2008.
Fourth	28th January, 2009.

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 the remuneration payable to Managing Director / Whole-Time Director for each financial year;
c) Determination of sitting fees payable to Directors.
d) Such other matters as the Board may from time to time request the Remuneration Committee to examine and recommend / approve.
(iii) The composition of the Remuneration Committee and the details of meetings attended by the members of the Remuneration Committee are given below:

Name	Category	No. of Meetings during the year 2008-09	
		Held	Attended
Mr. Ramesh Maheshwari - Chairman	Independent, Non-Executive	3	3
Mr. Chandranath Mukherjee	Independent, Non-Executive	3	3
Mr. Santosh Kumar Mukherjee	Independent, Non-Executive	3	3

- (iv) Three meetings of the Remuneration Committee were held during the year on 19th May, 2008, 30th October, 2008 and 28th January, 2009.
(v) Employee Stock Option Scheme approved in the previous Annual General Meeting has been kept in abeyance for the present.
(vi) Detail of Remuneration for the year ended March 31, 2009

a) Non-Executive Directors:

Name	No. of Board Meetings attended	Sitting Fees for Board Meeting (Rs.)	No. of Audit Committee Meetings attended	Sitting Fees for Audit Committee Meeting (Rs.)	No. of Audit Remuneration Committee Meetings attended	Sitting Fees for Committee Meeting (Rs.)	Commission	Total (Rs.)
Mr. Ramesh Maheswari	6	45000	-	-	3	3000	-	48000
Mr. Chandranath Mukherjee	5	37500	5	5000	3	3000	-	45500
Mr. Santosh Kumar Mukherjee	6	45000	5	5000	3	3000	-	53000
Mr. Ajay Kumar Kayan	5	37500	-	-	-	-	-	37500

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

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

Managerial remuneration to Mr. Utsav Parekh, Executive Chairman (Non-Executive Chairman w.e.f 1.4.2009 without remuneration) and Mr. Kishor Shah, Whole-Time Director (Managing Director w.e.f 1.4.2009) pursuant to compliance of section 269 of the Companies Act, 1956 read with Schedule XIII Part II, Section II (B) to the Companies Act, 1956 is given as under:

Name	Salary, Benefits, Perquisites & Allowances	Commission	Stock Options
1. Mr. Utsav Parekh	Rs. 26,70,313/- P.F. Contribution of Rs. 1,80,720/-	excluding NIL	employer's NIL
2. Mr. Kishor Shah	(Rs. 25,25,100/- P.F. Contribution of Rs. 1,40,400/-)	excluding	employer's

The balance period of contract with Mr. Utsav Parekh, Executive Chairman effective 1st October, 2007 stood terminated on resignation of Mr. Utsav Parekh as Executive Chairman with effect from 1st April, 2009. Mr. Utsav Parekh has been appointed Non-Executive Chairman and is not drawing remuneration with effect from 1st April, 2009. Contract with Mr. Kishor Shah effective from 1st April, 2006 expired on 31st March, 2009. Vide contract effective from 1st April 2009, Mr. Kishor Shah has been appointed Managing Director and will be drawing remuneration as recommended by the Remuneration Committee and approved by the Board of Directors subject to the consent of the shareholders to be obtained by special resolution in the ensuing 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 complaints 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 of which 2 are Non-Executive. The Chairman is Non-executive.

VII Share Transfer Committee

- (i) The Company has constituted a Share Transfer Committee to look into the requests received for transfers, split, consolidation as well as issue of duplicate share certificates and completes the process and dispatches of the certificates, well within the stipulated time.
- (ii) The 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 the transfer of shares.
- (iv) The Share Transfer Committee is prompt in dealing with all the requests received relating to transfer of shares and other related matters.

VIII. Committee of Directors

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

IX. General Body Meetings

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

Year	Type	Date	Venue	Time	Whether Special Resolution passed
2007-08	AGM	27.09.2008	Registered Office: Vaibhav (4F), 4 Lee Road, Kolkata - 700 020.	10.00 A.M.	Yes
2006-07	AGM	29.09.2007	Registered Office: Vaibhav (4F), 4 Lee Road, Kolkata - 700 020.	10.00 A.M.	Yes
2005-06	AGM	16.09.2006	Registered Office: Vaibhav (4F), 4 Lee Road, Kolkata - 700 020.	10.00 A.M.	Yes



At the Annual General Meeting of the Company held on September 16, 2006 Special Resolutions were passed for re-appointment of Mr. Kishor Shah as Whole-Time Director and (ii) Issue of Shares on Rights Basis. All the resolutions were passed with requisite majority. However, the Company dropped the issue of shares on rights basis.

At the Annual General Meeting of the Company held on 29.09. 2007 Special Resolution was passed for: (i) Appointment of Mr. Utsav Parekh as Executive Chairman; and (ii) Increase of Sitting Fee paid to Directors for attending Board Meeting. All resolutions were passed with requisite majority.

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

X. Disclosure by the Management to the Board

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

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

XI. Subsidiary Company

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

XII. Compliance Certificate

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

XIII. Means of communication

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

Quarterly and half-yearly results :

Published in the newspapers :

i) First Quarter ended June 30, 2008, unaudited results published in The Financial Express (English) and Arthik Lipi (Bengali) dated August 2, 2008.

ii) Second Quarter and half-yearly results ended Sept 30, 2008 published in The Financial Express (English) and Arthik Lipi (Bengali) on November 1, 2008.

iii) Third Quarter ended December 31, 2009 unaudited results published in The Financial Express (English) and Arthik Lipi (Bengali) on January 30, 2009.

iv) Fourth Quarter ended March 31, 2008 audited results published in The Financial Express (English) and Arthik Lipi (Bengali) on June 30, 2009.



Newspapers in which results are normally published:

The Financial Express (English), Arthik Lipi (Bengali).

Any website, where displayed:

The results are displayed on the Company's website at www.smifscap.com

Whether it also displays official news releases:

Yes. The web site also displays the official news releases.

Management's Discussions & Analysis forms part of this annual report:

Yes

XIV. General Shareholder's Information

(i) Annual General Meeting

Date:

12th day of September, 2009

Time:

at 10 a.m.

Venue:

At the Registered office at 'Vaibhav' (4F), 4 Lee Road, Kolkata - 700 020

(ii) Financial Calendar:

April to March

(iii) Dividend Payment date:

No dividend recommended

(iv) Date of Book Closure:

2nd September, 2009 (Wednesday) to 12th September, 2009 (Saturday), (both days inclusive)

(v) Listing on Stock Exchange:

Equity shares of the Company are listed on Calcutta and Mumbai Stock Exchanges.

(vi) Stock Code:

508905 - Mumbai, 29354 - Calcutta

(vii) ISIN Number for NSDL / CDSL:

INE641A01013

(viii) Market Price Information

Year	Bombay Stock Exchange (BSE)		Calcutta Stock Exchange (CSE)	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
2006-2007	48.80	18.00	No Trading	No Trading
2007-2008	199.90	26.50	No Trading	No Trading
2008-2009	76.15	24.90	No Trading	No Trading

(ix) Registrar and Transfer Agents:

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

Telephone : 2243-5029, 2243-5809, 2248-2248

Fax : (033) 2248-4787,

E-mail : mdpl@cal.vsnl.net.in

(x) EDIFAR:

As per the requirements of Clause 51 of the Listing Agreement with the Stock Exchanges all the data relating to the quarterly financial results are filed on the Electronic Data Information Filing and Retrieval (EDIFAR) website of SEBI (www.sebiedifar.nic.in).

(xi) Share Transfer System:

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

(xii) Distribution of shareholding as on March 31st, 2009:

Category	No. of shares held	% of shareholding
Resident Individuals	520453	9.3188
Financial Institutions / Banks	101000	1.8084
Foreign Institutional Investors	550000	9.8478
Corporate Body - Domestic	1617550	28.9624
Indian Promoters:		
a) Individuals	840550	15.0501
b) Corporate Bodies	1499650	26.8514
NRIs / Overseas Corp. Bodies (OCBs)	455797	8.1611
Total	5585000	100



(xiii). Secretarial Audit for reconciliation of Capital:

The Securities and Exchange Board of India has directed vide circular no. D&CC/FITTC/CIR-16/2002 dated December 31, 2002 to all issuer companies to submit a certificate of capital adequacy, reconciling the total shares held in both the depositories viz NSDL and CDSL and in physical form with the total issued /paid up capital.

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

(xiv). Policy on Insider Trading:

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

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

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

(xvi) Plant location:

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

(xvii) Investor Correspondence:

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

Mr. S. Jhajharia
Senior Vice-President & CFO

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

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

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

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

(xviii) Other Information:

a) Compliance

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

b) Code of Conduct

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

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

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

As the Chief Executive Officer of SMIFS Capital Markets Limited and as required by Clause (49)(I)(D)(ii) of the Indian Stock Exchange Listing Agreement, I hereby declare that all the Board members and the senior management personnel of the Company have affirmed compliance with the Company's Code of Business Conduct and ethics for the Financial Year 2008-09.

Date: 29th June, 2009

(Kishor Shah)
Managing Director



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

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

Mr. Santosh Kumar Mukherjee is B.Com (H), B.A.(H), FCA appointed as Additional Director on 30.12.2006. Mr. Mukherjee is a Practicing Chartered Accountant and was earlier employed in the Banking Industry and Securities Market. Directorship and members in committee in other companies is given as under:

- 1) Directorship
 - SMIFS Capital Services Limited
 - Surya Herbal Limited
- 2) Committee Member
 - SMIFS Capital Services Limited
 - Audit Committee -Chairman

(b) Detail of Mr. Utsav Parekh, Non-Executive Chairman who holds directorship as Additional Director appointed with effect from 1st April, 2009 upto the Annual General Meeting is given below. A member has proposed his appointment u/s 257 of the Companies Act, 1956 with a deposit of Rs. 500/- and Mr. Parekh has given his consent to be appointed as Director at the ensuing Annual General Meeting :

Mr. Utsav Parekh, B.Com., is a renowned investment banker and has over two decades of experience in the field. Directorship and members in committees in other companies is given as under:

- 1) Directorship
 - Mcnally Bharat Engg. Co. Limited - Director
 - Mcleod Russel India Limited - Director
 - Lend Lease Company (India) Limited - Director
 - Bengal Aerotropolis Projects Limited - Director
 - Xpro India Limited - Director
 - Networth Stock Broking Limited - Director
- 2) Committee Member
 - Mcnally Bharat Engg.Co. Limited
 - a) Audit Committee - Member
 - b) Remuneration Committee - Member
 - c) Investors' Grievance Committee - Member
 - Mcleod Russell (India) Limited
 - a) Investors' Grievance Committee - Member

c) Mr. Kishor Shah [B.Com(Hons), ACA, ACS] joined the Company in January, 2002 as Director and held the position of Whole-Time Director for the periods April, 2003 to March,2006 and April,2006 to March 31,2009. Mr. Shah has over 27 years of experience in merchant banking including Mergers and Acquisitions, Portfolio Management, Valuation of Shares, Underwriting and Financial Advisory functions.

Directorship in other companies and membership in committees is given as under:

- 1) Directorship
 - Smifs Capital Services Limited - Director
 - Salveo Life Sciences Limited - Director
 - Southern Online Biotechnologies Limited - Director
- 2) Committee
 - Smifs Capital Services Limited
 - a) Audit Committee - Member
 - Salveo Life Sciences Limited
 - a) Audit Committee - Member
 - b) Remuneration Committee - Member

(xx) Non - Mandatory Requirements Whistle Blower Policy

Your Company has established a mechanism called "Whistle Blower Scheme" for employees to report to the management instances to 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 29th June, 2009

On behalf of the Board of Directors
(UTSAV PAREKH)
CHAIRMAN



Annexure to Directors' Report

Information as per Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended March 31, 2009

Sl. No.	Name	Age (years)	Designation	Gross Remuneration	Net Remuneration	Qualification	Experience (years)	Date of Joining	Previous Employment
1	Mr. Utsav Parekh	52	Executive Chairman ¹	2851033	1469137	B. Com (Hons)	26	01/10/07	Executive Chairman of SMIFS Capital Services Ltd.
2	Mr. Kishor Shah	52	Whole-Time Director ²	2665500	1367825 ACA, ACS	B. Com (Hons),	27	01/04/06	Whole-Time Director of SMIFS Capital Services Ltd.

Notes:

1. The appointments are contractual for a period of 3 years each.
2. Gross Remuneration includes salary & other allowances, benefits, Employers Contribution to Provident Fund.
3. In addition to above, gratuity and medical benefit are in accordance with the company rules.
4. Mr. Utsav Parekh resigned as Executive Chairman on March 31, 2009 and is appointed as Chairman in non-executive capacity with effect from April 1, 2009.
5. Period of appointment of Mr. Kishor Shah as Whole-Time Director expired on March 31, 2009 and is appointed Managing Director with effect from April 1, 2009 subject to approval of the Members by Special Resolution.

Regd. Office: 'Vaibhav' 4F, 4 Lee Road,
Kolkata - 700 020
The 29th June, 2009

On behalf of the Board of Directors
(UTSAV PAREKH)
CHAIRMAN

AUDITORS' REPORT TO THE MEMBERS OF SMIFS CAPITAL MARKETS LIMITED

We have audited the attached Balance Sheet of SMIFS Capital Markets Limited, as at 31st March 2009 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the branches not visited by us;
- (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) On the basis of the written representations received from the directors, as on 31st March 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2009, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2009;
 - (b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - (c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For J. S. Vanzara & Associates
Chartered Accountants

(Aurobinda Panda)
Partner

Membership no. 064888

Date : 29th day of June, 2009



ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 thereof)

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

- vii) In our opinion, the Company has internal audit system commensurate with its size and nature of its business.
- viii) According to the information and explanations provided by the management, the Company is not engaged in production, processing, manufacturing or mining activities. Hence the provision of section 209(1)(d) do not apply to the Company. Hence, in our opinion, no comment on maintenance of cost records under section 209(1)(d) is required.

ix) Statutory and other dues: -

- a) According to the information and explanations given to us, the Company has been regularly depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty and Excise Duty as applicable with the appropriate authorities during the year.
- b) According to the information and explanations given, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty were outstanding, as at 31st March, 2009 for a period of more than six months from the date they become payable.
- c) According to the records of the Company and the information and explanations given to us, the following are the particulars of dues on account of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty and Cess matters that have not been deposited on account of any dispute:

Name of the Statute	Nature of Due	Amount(Rs)	Forum where Dispute is pending
Uttar Pradesh Sale Tax Act	Sales Tax	91,125	Commissioner of Appeal Sales Tax
Income Tax Act, 1961	Income Tax	28,31,883	Commissioner of Income Tax (Appeal)

- x) The company doesn't have any accumulated losses at the end of the financial year and had incurred a cash losses of Rs. 7, 86, 65,647/- during the financial year.
- xi) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank during the year.
- xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares during the year, so the requirement of maintenance of adequate documents and records is not applicable.
- xiii) In our opinion, and to the best of our information and according to the explanations provided by the management, we are of the opinion that the Company is neither a Chit Fund nor a Nidhi / Mutual benefit society. Hence, in our opinion, the provisions of any special statute as specified under paragraph 4(xiii) of the Order are not applicable to the Company.
- xiv) In our opinion and according to the information and explanation given to us, the Company has maintained proper records of transaction and contracts regarding its dealing as trading in shares, securities, debentures and other investments, and timely entries have been made therein; also the shares, securities, debentures and other investments, have been held by the Company in its own name except of the exemption granted under section 49 of the Companies Act, 1956 or the shares for which the Company held valid transfer forms or which are in the process of transfer in its name and as stated in note (B) (15) of schedule 'M'.
- xv) The Company has given guarantees in connection with loan taken by others from banks or financial institutions. In our opinion, the terms and conditions of the guarantees given are not prejudicial to the interest of the Company.
- xvi) In our opinion and according to the information and explanation given to us, the term loan obtained by the Company has been applied for the purpose for which it was obtained.
- xvii) Based on the information and explanations given to us and an overall examination of balance sheet of the Company, in our opinion, there are no funds raised on a short term basis which have been used for long term investment.
- xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956 during the year.
- xix) According to the information and explanations given to us and the records examined by us, the Company has not issued any debentures during the year.
- xx) The Company has not raised any money by public issues during the year.
- xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

ORIENTAL HOUSE, SUITE # 3A
6C, ELGIN ROAD, 3RD FLOOR
KOLKATA - 700 020.
Date: 29th day of June, 2009

For **J. S. VANZARA & ASSOCIATES**
Chartered Accountants
(**Aurobinda Panda**)
Partner
Membership No-064888



SMIFS CAPITAL MARKETS LIMITED

Balance Sheet as at 31st March, 2009

	SCH No.	As at <u>31st March, 2009</u>		As at <u>31st March, 2008</u>	
		Rs.	Rs.	Rs.	Rs.
<u>SOURCES OF FUNDS</u>					
Shareholders' Funds					
a. Share Capital	A	55,850,000		55,850,000	
b. Reserve and Surplus	B	<u>598,645,952</u>		<u>596,088,962</u>	
			654,495,952		651,938,962
Loan Funds					
a. Secured Loans	C	2,138,926		2,926,808	
b. Unsecured Loans	D	<u>20,909,320</u>		<u>36,147,546</u>	
			23,048,246		39,074,354
			<u>677,544,198</u>		<u>691,013,316</u>
<u>APPLICATION OF FUNDS</u>					
Fixed Assets					
a. Gross Block	E	214,579,190		215,159,298	
b. Less: Depreciation		138,934,467		137,194,573	
Lease Terminal Adjustment Account		<u>1,709,528</u>		<u>1,709,528</u>	
c. Net Block			73,935,194		76,255,197
d. Capital Work in Progress			837,394		-
Investments					
	F		306,968,492		427,334,082
Current Assets, Loans & Advances					
a. Current Assets	G	44,036,202		47,644,510	
b. Loans & Advances		461,161,893		423,916,407	
		<u>505,198,095</u>		<u>471,560,917</u>	
Less: Current Liabilities & Provisions					
a. Current Liabilities	H	128,774,061		149,990,371	
b. Provisions		152,595,628		205,848,571	
		<u>281,369,689</u>		<u>355,838,942</u>	
Net Current Assets					
			223,828,407		115,721,975
Net Deferred Tax Assets					
			71,974,710		71,702,062
			<u>677,544,198</u>		<u>691,013,316</u>
ACCOUNTING POLICIES AND NOTES ON ACCOUNTS					
Schedules referred to above form an integral part of the Balance Sheet					
In terms of our attached report of even date					

For and on behalf of the board of Directors

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

(Utsav Parekh)
Chairman

(Kishor Shah)
Managing Director

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

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

(S. Jhajharia)
Senior Vice President & CFO



SMIFS CAPITAL MARKETS LIMITED

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

	SCH No.	For the year ended 31st March 2009		For the year ended 31st March 2008	
		Rs.	Rs.	Rs.	Rs.
INCOME					
Sales		254,473,685		739,774,980	
Capital Market Operations		(104,121,173)		119,302,499	
Investment Banking Operations(Net)		15,503,591		20,072,344	
Other Income	I	39,810,897		15,033,496	
Increase / (Decrease) in Stock	J	(374,802)		(6,206,078)	
		<u>205,292,197</u>		<u>887,977,241</u>	
EXPENDITURE					
Purchases		251,037,542		719,757,961	
Operating & Administration Expenses	K	32,001,784		29,947,895	
Interest	L	918,518		2,862,962	
Depreciation		2,754,430		2,709,412	
Provision against Investment /sub-standard assets		(89,070,893)		93,027,229	
		<u>197,641,381</u>		<u>848,305,459</u>	
PROFIT/ (LOSS) BEFORE TAX		7,650,816		39,671,782	
Provision for Taxation (including Wealth Tax)		603,501		4,522,004	
Short / (Excess) provision of Tax for earlier years		4,299,741		60	
Fringe Benefit Tax		463,231		483,384	
Deferred Tax for the year		(272,647)		(26,350,190)	
		5,093,826		(21,344,742)	
PROFIT / (LOSS) AFTER TAX		2,556,990		61,016,524	
(Debit) / Credit balance brought forward		107,363,962		57,881,609	
Amount available for Appropriation		109,920,953		118,898,133	
Appropriations					
Proposed Dividend 10%		-		5,585,000	
Tax on Proposed Dividend		-		949,171	
Transferred to General Reserve		-		5,000,000	
Balance Carried to Balance Sheet		109,920,953		107,363,962	
		<u>109,920,953</u>		<u>118,898,133</u>	
Earning Per Share (Basic & Diluted)					
(Nominal Value of shares Rs. 10/-)	M	0.46		10.93	
ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	M				

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

For and on behalf of the board of Directors

For J. S. VANZARA & ASSOCIATES
Chartered Accountants

(Utsav Parekh)
Chairman

(Kishor Shah)
Managing Director

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

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

(S. Jhajharia)
Senior Vice President & CFO



Schedules Annexed to and forming part of Accounts as at 31st March, 2009

	<u>As at</u> <u>31st March 2009</u>		<u>As at</u> <u>31st March 2008</u>	
	Rs.	Rs.	Rs.	Rs.
<u>SCHEDULE 'A'</u>				
SHARE CAPITAL				
Authorised:				
30,000,000 Equity shares of Rs. 10 each		300,000,000		300,000,000
2,000,000 Preference Shares of Rs. 100 each		200,000,000		200,000,000
		<u>500,000,000</u>		<u>500,000,000</u>
Issued, Subscribed & Paid up:				
5,585,000 Equity Shares of Rs 10 each, fully paid		55,850,000		55,850,000
Out of the above shares, 2,400,000 shares of Rs. 10 each fully paid up has been issued by way of Bonus Shares by capitalisation of General Reserves				
		<u>55,850,000</u>		<u>55,850,000</u>
<u>SCHEDULE 'B'</u>				
RESERVES & SURPLUS				
Capital Redemption Reserve				
As per last Balance Sheet		40,000,000		40,000,000
Securities Premium Account:				
As per last Balance Sheet		433,725,000		433,725,000
General Reserve:				
As per last Balance Sheet	15,000,000		10,000,000	
Add: Transferred During the year	-		5,000,000	
		15,000,000		15,000,000
Profit & Loss Account				
Transferred from Profit & Loss A/c		109,920,952		107,363,962
		<u>598,645,952</u>		<u>596,088,962</u>
<u>SCHEDULE 'C'</u>				
SECURED LOANS				
Loans from Banks / Others				
Vehicles Loans[Payable within One year Rs.992,831(Rs.1,168,917)]		2,138,926		2,926,808
		<u>2,138,926</u>		<u>2,926,808</u>
<u>SCHEDULE 'D'</u>				
UNSECURED LOANS				
From Bodies Corporate (Short Term)		20,301,320		35,428,854
Fixed Deposits Matured but not claimed [Including Interest due Rs.NIL (Rs. 54,692)]		-		110,692
Deposit from Customers		608,000		608,000
		<u>20,909,320</u>		<u>36,147,546</u>

Schedules to the Balance Sheet

SCHEDULE - 'E'

FIXED ASSETS

Particulars	Gross Block (Cost) Rs.			Depreciation Rs.				Lease Terminal Adjustment		Net Block Rs.		
	As on 01.04.2008	Additions	Deductions	As on 31.03.2009	As on 01.04.2008	For the year	Adj. during the year	As on 31.03.2009	As on 31.03.2009	As on 31.03.2008	As on 31.03.2009	As on 31.03.2008
A. Assets on Lease												
Plant & Machinery	115,120,589	-	-	115,120,589	112,601,142	-	-	112,601,142	1,709,528	1,709,528	809,918	809,919
Sub Total (A)	115,120,589	-	-	115,120,589	112,601,142	-	-	112,601,142	1,709,528	1,709,528	809,918	809,919
<i>Previous Year</i>	128,762,014	-	13,641,425	115,120,589	126,106,153	-	13,505,011	112,601,142	1,709,528	-	809,919	
B. Other Assets												
Buildings	74,928,404	-	-	74,928,404	7,497,975	789,467	-	8,287,443	-	-	66,640,961	67,430,429
Furniture and Fixtures	6,140,878	28,125	-	6,169,003	5,345,938	147,022	-	5,492,960	-	-	676,042	794,940
Office Equipment	2,157,538	8,500	-	2,166,038	1,491,547	93,631	-	1,585,177	-	-	580,861	665,991
Vehicles	10,688,454	553,612	1,073,641	10,168,424	5,361,837	1,417,588	771,831	6,007,594	-	-	4,160,830	5,326,617
Electrical Installations	1,206,229	-	-	1,206,229	960,376	34,198	-	994,574	-	-	211,655	245,853
Computers	2,435,405	163,296	260,000	2,338,701	1,997,984	196,850	242,705	1,952,129	-	-	386,572	437,421
Air Conditioners	2,481,802	-	-	2,481,802	1,937,774	75,674	-	2,013,448	-	-	468,354	544,028
Sub Total (B)	100,038,709	753,533	1,333,641	99,458,601	24,593,431	2,754,430	1,014,536	26,333,326	-	-	73,125,275	75,445,278
<i>Previous Year</i>	93,838,473	7,087,226	886,990	100,038,709	22,336,546	2,709,412	452,526	24,593,431	-	-	75,445,278	
Total (A+B)	215,159,298	753,533	1,333,641	214,579,190	137,194,573	2,754,430	1,014,536	138,934,467	1,709,528	1,709,528	73,935,193	76,255,197
<i>Previous Year</i>	222,600,487	7,087,226	14,528,415	215,159,298	148,442,699	2,709,412	13,957,537	137,194,573	1,709,528		76,255,197	

Notes : i) Title Deeds for Office Premises at 6 Lyons Range and Bondel Road, Kolkata have not been registered.
ii) Provision to the extent of Rs. 809,919 (Rs.809,919) has been made against doubtful leased assets as at 31.03.2009





Schedules Annexed to and forming part of Accounts as at 31st March, 2009

	As at 31st March 2009		As at 31st March 2008	
	Quantity Nos.	Amount Rs.	Quantity Nos.	Amount Rs.
SCHEDULE 'F'				
INVESTMENTS (at cost)				
IN BODIES CORPORATE				
Equity Shares of Rs.10 each (Unless otherwise stated)				
Fully paid up : Quoted				
Aravali Securities Ltd.	100	60	100	60
Asian Vegipro Industries Ltd.	300,000	300,000	300,000	300,000
Birla VXL Limited	-	-	17	170
Cambridge Solutions Ltd.(Formerly Scandent Solutions Ltd.)	-	-	60,097	1,500,000
Coventry Springs & Engg.Co.Ltd.	52,323	175,282	52,323	175,282
Mangalam Cement Limited	366,000	23,483,647	367,307	28,475,701
Meistar Information Technologies Ltd.	300	63,675	300	63,675
Moulik Finance & Resorts Ltd.	7,100	71,000	7,100	71,000
Neogem India Limited	132,800	597,600	132,800	597,600
Nicco-Uco Alliance Credit Ltd.	114	650	114	650
Punsumi Foils & Components Ltd.	15,800	19,750	15,800	19,750
PTC Industries Ltd.	1,000	16,850	1,000	16,850
KEC International Ltd.(formly RPG Transmission Ltd.)	-	-	88,887	65,104,264
R.S.Software India Limited	77,150	5,014,750	77,150	5,014,750
Shez Leather Ltd.	35,900	359,000	35,900	359,000
Swad Industries & Leasing Ltd.	141	268	141	268
Texmaco Ltd.	6,810	598,173	681	20,430
Titagarh Steels Ltd.	-	-	185	1,644
VCK Capital Markets Services Ltd.	200	220	200	220
Partly Paid up: Quoted				
Malvika Steels Ltd. (Paid up Rs. 2.50 each)	91,200	912,000	91,200	912,000
Fully paid up : Unquoted				
Andaman Plantations.& Development Corporation Ltd.	64,880	6,488,000	64,880	6,488,000
Bhatpara Papers Limited	44	391	44	391
C. Mackertich Ltd.	4,250,000	42,500,000	4,250,000	42,500,000
Exquisite Exports Ltd.	5,000	50,000	5,000	50,000
Spencer Retails Limited(Formly Great Wholesale Ltd.)	5,329	969,612	5,329	969,612
Gujarat Securities Ltd.	20	200	20	200
Kanco Enterprises Limited	500,000	5,000,000	500,000	5,000,000
Pilot Consultants Ltd.	-	-	200,000	53,200,000
Patriot Automation Projects Ltd.(Bonus)	65,350	-	65,350	-
Patriot Automation Projects Ltd.	2,000,000	500,000	2,000,000	500,000
Sheory Digital Systems Pvt.Ltd.	590,000	129,800	-	-
Silver Cross Ltd.	-	-	13,000	1,300,000
Smifs Securities Ltd.	10,300,000	103,000,000	10,300,000	103,000,000
Smifs Finance Limited	240,000	3,360,000	240,000	3,360,000
Shri Tarkeshwar Properties Pvt.Ltd.	-	-	42,500	8,075,000
Vaibhav Services Pvt. Ltd.	4,580	45,800	4,580	45,800
Zoom Export Ltd.(Formerly MDC Infoway Ltd.)	200,000	2,000,000	200,000	2,000,000
Partly Paid up: Unquoted				
Smifs Finance Limited (Paid up Rs. 7.50 (Rs.7.50) each)	1,511,600	15,174,000	1,511,600	15,174,000

Schedules Annexed to and forming part of Accounts as at 31st March, 2009

	Aa at 31st March 2009		Aa at 31st March 2008	
	Quantity Nos.	Amount Rs.	Quantity Nos.	Amount Rs.
<u>Fully paid up : Unquoted</u>				
<u>(Wholly owned Subsidiary Company)</u>				
Smifs Capital Services Ltd.	7,500,070	75,000,700	7,500,070	75,000,700
Preference Share of Rs. 100/- each				
<u>Fully paid up : Unquoted</u>				
12% Andaman Plantations. & Development Corporation Ltd.	140,000	4,100,000	140,000	4,100,000
Non-cumulative Preference Share				
8.00% DIGJAM Ltd.	131,000	13,100,000	-	-
Non-cumulative Preference Share				
Sub Total :		<u>303,031,428</u>		<u>423,397,017</u>
<u>Preferential Warrant</u>				
<u>Partly paid up : Unquoted</u>				
Southern Online Biotech Ltd. (Unsecured Optionally Fully Convertible)	800,000	3,416,000	800,000	3,416,000
Sub Total :		<u>3,416,000</u>		<u>3,416,000</u>
<u>In Government Securities : Listed</u>				
	Face Value Rs.	Amount Rs.	Face Value Rs.	Amount Rs.
6.05% Govt. of India Loan - 2019	500,000	521,065	500,000	521,065
Sub Total :		<u>521,065</u>		<u>521,065</u>
Total :		<u><u>306,968,492</u></u>		<u><u>427,334,082</u></u>
Aggregated of unquoted Investments - at book value		275,355,567		324,700,767
Aggregated of Quoted Investments - at book value		31,612,925		102,633,315
Aggregated of Quoted Investments - at market value		24,479,072		114,685,277



Schedules Annexed to and forming part of Accounts as at 31st March, 2009

	As at 31st March 2009 Rs.	Rs.	As at 31st March 2008 Rs.	Rs.
SCHEDULE 'G'				
CURRENT ASSETS, LOAN & ADVANCES				
A. CURRENT ASSETS				
Interest Accrued on Govt. Securities		10,833		10,833
Stock in trade: Shares & Securities		3,673,376		4,048,178
Sundry Debtors				
Exceeding six months				
- Considered good	29,281,893		-	
- Considered doubtful	46,096,122		87,177,015	
Less : Provision for doubtful debts.	46,096,122		87,177,015	
	<u>29,281,893</u>		<u>-</u>	
Other Debts				
- Considered Good	1,140,682		22,484,896	
		30,422,575		22,484,896
CASH & BANK BALANCES:				
Cash and Cheques on hand	2,530,410		320,637	
With Scheduled Banks				
In Current Accounts	1,325,613		15,192,546	
In Dividend Accounts	103,000		53,000	
In Deposit Accounts (Including accrued interest)	5,970,395		5,534,420	
(Certificate Pledged with Bank / Sales Tax)		<u>9,929,418</u>		<u>21,100,603</u>
		<u><u>44,036,202</u></u>		<u><u>47,644,510</u></u>
B. LOANS & ADVANCES				
LOANS				
Considered Doubtful	875,000		875,000	
Less : Provision for doubtful loans	875,000		875,000	
To Staff (Considered Good)		1,525,347		1,997,936
[Secured by charge against property Rs.1,102,971 (Rs.1,405,165)]				
ADVANCES				
(Recoverable in cash or in kind or for value to be received)				
To Others				
- Considered good	126,886,098		293,212,976	
- Considered doubtful	10,000,000		10,000,000	
Less: Provision for doubtful advances	10,000,000		10,000,000	
		126,886,098		293,212,976
Income Tax Payments		21,661,464		18,279,860
Considered Good -				
Security & other deposits	3,093,615		3,136,084	
Less: Provision for doubtful advances	700,000		1,200,000	
		2,393,615		1,936,084
Service Tax Input Credit		1,195,369		989,551
Share Application Money paid		307,500,000		107,500,000
		<u>461,161,893</u>		<u>423,916,407</u>
		<u><u>505,198,095</u></u>		<u><u>471,560,917</u></u>
SCHEDULE 'H'				
CURRENT LIABILITIES AND PROVISIONS				
A. CURRENT LIABILITIES				
Sundry Creditors		6,976,235		8,092,491
Other Liabilities		14,764,146		11,256,051
Advances against Shares & Securities / Others		106,930,680		130,588,829
Unclaimed dividend		103,000		53,000
		<u>128,774,061</u>		<u>149,990,371</u>
B. PROVISIONS				
- for Proposed Dividend		-		5,585,000
- for Tax on Proposed Dividend		-		949,171
- for Fringe Benefit Tax		946,615		483,383
- for Diminution in the value of Investments	136,133,270		183,623,270	
- for Doubtful and Sub Standard assets	809,919		809,919	
- for Taxes (Including for Wealth Tax)	13,721,818		13,235,630	
- for Leave Salary	984,007		1,162,198	
	<u>152,595,628</u>		<u>205,848,571</u>	
	<u><u>281,369,689</u></u>		<u><u>355,838,942</u></u>	



Schedules Annexed to and forming part of Accounts as at 31st March, 2009

	For the year ended 31st March 2009		For the year ended 31st March 2008	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 'I'				
OTHER INCOME				
Miscellaneous Income		36,500,682		7,185,867
Rent		936,000		936,000
Profit on Sale of Fixed Assets		90,895		4,297,422
Dividend Income : - Investments	2,283,320		2,455,763	
-Trading			<u>2,699</u>	
		<u>2,283,320</u>		<u>2,458,462</u>
		<u>39,810,897</u>		<u>14,877,752</u>

SCHEDULE 'J'				
INCREASE / (DECREASE) IN STOCK				
Closing Stock		3,673,376		4,048,178
Less : Opening Stock		<u>4,048,178</u>		<u>10,254,256</u>
		<u>(374,802)</u>		<u>(6,206,078)</u>

	For the year ended 31st March 2009		For the year ended 31st March 2008	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 'K'				
OPERATING & ADMINISTRATIVE EXPENSES				
Expenses on personnel :				
Salaries, Bonus & Allowances	14,117,318		11,210,779	
Contribution to Provident & other Funds (Including Administrative Charges)	992,563		912,674	
Training, Development & Recruitment Exp.	20,650		12,800	
Staff Welfare	<u>1,578,080</u>		<u>1,527,738</u>	
		16,708,611		13,663,991
Group Gratuity Scheme		325,000		568,709
Telephone Charges		1,207,890		1,244,556
Printing & Stationeries		1,827,479		1,445,387
Professional, Legal & Consultancy Charges		1,242,216		470,216
Business Promotion Expenses		317,581		1,067,791
Rent		1,168,292		521,790
Repairs & Maintenance				
- Building		404,197		427,210
- Plant & Machinery		94,975		138,660
- Others		446,557		536,734
Advertisement		159,535		303,057
Electricity		287,790		320,162
Vehicle Expenses		1,376,834		1,401,123
Subscription & Membership Fees		500,269		429,594
Miscellaneous Expenses		1,686,586		1,736,436
Rates & Taxes		511,794		438,692
Travelling Expenses		3,257,077		4,156,319
Directors Fees		184,000		100,500
Insurance		110,104		86,223
Donation		-		550,000
Auditor's Remuneration		<u>185,000</u>		<u>185,000</u>
		<u>32,001,784</u>		<u>29,947,896</u>

SCHEDULE 'L'				
INTEREST				
Interest Paid				
- Banks	319,643		179,926	
- Others	<u>1,195,376</u>		<u>3,518,520</u>	
		<u>1,515,019</u>		<u>3,698,446</u>
Less : Received				
- Govt. Securities - Investments	30,250		30,250	
- Others	<u>566,251</u>		<u>805,234</u>	
		<u>596,501</u>		<u>835,484</u>
		<u>918,518</u>		<u>2,862,962</u>
		<u>918,518</u>		<u>2,862,962</u>



SCHEDULE 'M':

A. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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

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

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

(b) Fixed Assets

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

(c) Depreciation

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

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

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

(d) Lease Equalisation Charges

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

(e) Investments

As per the guidelines issued by The Institute of Chartered Accountants of India, investments in shares and securities have been valued at cost. Provision is made for diminution in value of long term investments if such diminution is permanent in nature.

(f) Stock-in-trade

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

(g) Revenue recognition

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

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

(h) Retirement Benefits

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

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

(i) Income Taxes

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

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

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

Fringe benefit tax has been calculated in accordance with the provisions of the Income Tax Act, 1961.

(j) Contingencies

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

(k) Impairment of Assets

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

(l) Provisions, Contingent Liabilities and Contingent Assets

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

B. NOTES FORMING PART OF THE ACCOUNTS

1. Contingent Liabilities not provided for:
 - a. Sales Tax demand net of payment under appeal Rs.91,125 (Rs. 91,125).
 - b. Income Tax demand raised for Assessment Year 2006-07 is Rs 28,31,883/- (Rs Nil) for which an appeal has been preferred.
 - c. Uncalled liabilities on partly paid shares Rs.6,813,000 (Rs. 6,813,000)
 - d. Employees State Insurance Rs.142,274 (Rs. 142,274).
 - e. Guarantees given to banks on behalf of others Rs.168,500,000 (Rs. 18,500,000).
2. The Company applied to the Government of West Bengal for exemption from the provision of Employees State Insurance Act, 1948, since the medical facilities / benefits provided by the Company to the Employees are superior to those covered by E.S.I. Scheme. Government of West Bengal, Labour Department in consultation with Employees State Insurance Corporation granted exemption for one year effective from 25th November, 1997. Prayer seeking exemption on permanent basis with retrospective effect is pending with the Government of West Bengal. The Employees State Insurance Corporation has raised demand for the period from June 1991 to 24th November 1997 amounting to Rs. 142,274. The Company has filed a petition against the demand before E.S.I. Court and the same has been partly heard.
3. Balances lying as sundry debtors, creditors and loans & advances are subject to confirmation to be received from the concerned parties.
4. Physical verification of investments has been done by the management and a certificate in this regard has been issued to the auditors.
5. Suitable provisions have been made against sundry debtors, loans and advances which are considered doubtful. In certain cases legal proceedings have been initiated for recovery of the dues.
6. Although legally all debtors are unsecured, the Company, in the case of debts arising from lease transactions, has recourse to the assets given to the lessees.



7. Expenses on Personnel includes Whole Time Director's Remuneration

	2008-2009 (Rs.)	2007-2008 (Rs.)
Salaries & Allowances	2,525,100	2,365,728
Contribution to Provident Fund	140,400	144,000
Total	2,665,500	2,509,728

Note:-

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

8. Executive Chairman's Remuneration (w.e.f. 01.10.2007):

	2008-2009(Rs.)	2007-2008 (Rs.)
Salaries & Allowances	2,670,313	1,173,000
Contribution to Provident Fund	180,720	92,880
Total	2,851,033	1,265,880

Note:-

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

9. Auditor's remuneration includes:

	2008-2009 (Rs.)	2007-2008 (Rs.)
Audit Fees	175,000	175,000
Tax Audit	10,000	10,000
Total	185,000	185,000

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

11. **Related Party Disclosures**

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

a. Subsidiary Companies:

SMIFS Capital Services Limited

b. Key Management Personnel:

Mr. Utsav Parekh, Executive Chairman

Mr. Kishor Shah, Whole time Director

Mr. Ajay Kayan, Director

c. Entities over which Key Management Personnel / their relatives are able to exercise significant influence and where there have been actual transactions during :

Stewart & Co.

SMIFS Finance Limited

Stewart & Mackertich Wealth Management Ltd (Formerly SMIFS Securities Limited)

S & M Advisory & Broking Pvt. Ltd.

Mackertich Consultancy Services Pvt. Ltd.

C. Mackertich Ltd.

Disclosure of transactions between the Company and related parties and their outstanding balances on 31st March 2009.

	Entities where control exists (Subsidiary Companies)	Key Management Personnel	Entities where significant influence exists
Purchase of Shares & Securities	2,500,000	-	14,488,134
	(-)	(-)	(75,108,255)
Sale of Shares & Securities	-	-	62,338,130
	(-)	(-)	(188,258,761)
Purchase of Property	-	-	-
	(-)	(-)	(637,205)
Directors' Sitting Fee	-	-	-
	(-)	(25,000)	(-)
Rent Received	-	-	-
	(-)	(-)	(353,177)
Expenses Reimbursed	-	-	44,818
	(-)	(-)	(157,099)
Director's Remuneration	-	2,665,500	-
	(-)	(2,509,728)	(-)
Executive Chairman's Remuneration	-	2,851,033	-
	(-)	(1,265,880)	(-)
<u>Balance at the end of the year</u>			
- Creditors / Payables	58,981,837	3,026,758	5,438,666
	(57,188,527)	(3,026,758)	(17,340,095)
- Debtors / Receivable	-	-	5,321,817
	(-)	(-)	(4,894,645)
- Advances	-	-	51,759,938
	(-)	(-)	(-)
- Investments	-	-	18,534,000
	(-)	(-)	(18,534,000)



12 Stock in trade : Shares & Securities (At Cost or market value whichever is lower)	As at 31st March,2009		As at 31st March,2008	
	Quantity No.	Amount Rs.	Quantity No.	Amount Rs.
Equity share : Quoted				
Rs. 10/- each (Unless other wise stated)				
Fully paid up				
Avon Industries Ltd.	9,800	19,600	9,800	19,600
CESC Ltd.	758	34,959	758	34,959
General Exports & Credits Ltd.	45,900	45,900	45,900	45,900
Gillanders Arbutnot Limited	88	7,071	88	8,039
H B Estate Developers Ltd.	25	451	25	451
H.B.Portfolio Ltd.	25	451	25	451
ITC Hotels Ltd.	100	5,974	100	5,974
KHSL Industries Ltd.	27,000	9,450	27,000	9,450
Kilburn Office Automation Ltd.	16,400	53,792	16,400	86,428
Kotak Mahindra Bank Ltd	0	0	800	0
Lloyds Finance Ltd.	50	25	50	25
Madras Spinners Ltd.	4,000	98,000	4,000	98,000
PTC Industries Ltd.	29,000	29,000	29,000	29,000
Sellaiids Publications (I) Ltd.	3,400	16,592	3,400	16,592
Siddhi Vinayak Metal Ltd.	400	500	400	500
Sinclairs Hotels & Transportation Ltd.	40	5,760	40	5,760
T & I Global Ltd.	146,100	879,522	146,100	879,522
ENSO Secutrack Ltd.(Tyche Perip. Ltd.)	2,500	25,000	2,500	25,000
Vipras Corporation Ltd.	500	750	500	750
Welspun Syntex Ltd.	0	0	5,178	33,761
Worldlink Finance Ltd.	100	140	100	140
Partly paid up				
Metropoli Overseas Ltd *	29,800	149,000	29,800	149,000
(Paid up Rs. 5 each)				
Sub Total :	315,986	1,381,936	321,964	1,449,301

Govt.Securities/ Bonds: Quoted

Fully paid up

07.46% Govt.of India Loan- 2017	100	10,745	100	10,745
07.77% MSDL - 2015	11,000	1,157,179	0	0
08.15% Special Food Bond - 2022	0	0	1,000	101,464
09.00% Central Govt.Loan - 2013	0	0	3,250	346,856
09.90% Union Bank - 2017	0	0	1	1,049,643
10.00% Central Govt.Loan - 2014	0	0	2,000	225,722
10.25% Central Govt.Loan - 2012	0	0	1,000	110,977
10.47% Govt.of India Loan - 2015	8,000	959,539	0	0
11.50% Central Govt.Loan - 2014	0	0	2,000	245,456
11.80% A.P.S.D.L. Loan - 2010	0	0	2,000	218,246
12.40% Central Govt.Loan - 2013	0	0	1,000	119,792
Sub Total :	19,100	2,121,463	12,351	2,428,900

Unquoted:

Fully paid up Rs. 10/- each

Procam International Ltd.	19,977	19,977	19,977	19,977
Software Frontiers Ltd.	50,000	50,000	50,000	50,000
Tata Ceramics Ltd. (F.V. Rs. 2/-)	100,000	100,000	100,000	100,000
Sub Total :	169,977	169,977	169,977	169,977
Total :	505,063	3,673,376	504,292	4,048,178

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

	<u>Purchases</u>		<u>Sales</u>	
	Qty. (Nos.)	Rs.	Qty. (Nos.)	Rs.
Shares / Mutual Fund Units	100,800	2,855,304	106,778	3,362,317
	(-)	(-)	(281,000)	(13,200,290)
Bonds / Govt. Securities	-	248,182,238	-	250,964,137
	(-)	(719,757,961)	(-)	(726,574,690)
Total	100,800	251,037,542	106,778	254,326,454
	(-)	(719,757,961)	(281,000)	(739,774,980)

	<u>Opening Stock</u>		<u>Closing Stock</u>	
	Qty. (Nos.)	Rs.	Qty. (Nos.)	Rs.
Shares / Mutual Fund Units	491,941	1,619,278	485,963	1,551,913
	(772,941)	(6,123,383)	(491,941)	(1,619,276)
Bonds / Govt. Securities	12,351	2,428,900	19,100	2,121,463
	(4,010)	(4,130,873)	(12,351)	(2,428,900)
Total	504,292	4,048,178	505,063	3,673,376
	(776,951)	(10,254,256)	(504,292)	(4,048,178)

14. Prudential Norms:

- a) Interest for the year amounting to Rs. 140,000 (Rs. 140,000) has not been recognized as the interest has become past due for more than six months.
- b) Provision against Investment/substandard assets amounting to Rs. 89,070,893 has been reversed (Rs. 52,807,558 has been made) during the year

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

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



16. Earning Per Share

	2008-2009	2007-2008
Net Profit / (Loss) attributable to shareholders	Rs.2,556,990	Rs.61,016,524
Weighted average number of equity shares in issue	5,585,000	5,585,000
Earning per share of Rs. 10/- each (Basic & Diluted)	Rs.0.46	Rs.10.93

17. Segment Reporting: Information about Primary Business Segments

	<u>2008-2009</u>	<u>2007-2008</u>
<u>Segment Revenue</u>		
a) Capital Market Operations	(101,059,832)	133,113,440
b) Investment Banking Operations	15,503,591	20,072,344
c) Others	<u>39,810,897</u>	<u>15,033,496</u>
Net Sales / Income from Operations	<u>(45,745,344)</u>	<u>168,219,280</u>
<u>Segment Results: Profit / (Loss) before tax & interest</u>		
a) Capital Market Operations	(101,059,832)	133,113,440
b) Investment Banking Operations	15,503,591	20,072,344
c) Others	<u>39,810,897</u>	<u>15,033,496</u>
Total	<u>(45,745,344)</u>	<u>168,219,280</u>
Less : Interest	918,518	2,862,962
Other un-allocable exp. net of un-allocable income	<u>(54,314,679)</u>	<u>125,684,536</u>
Total Profit before tax	<u>7,650,816</u>	<u>39,671,782</u>

Capital employed

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

18. (a) Deferred tax assets on carry forward capital losses have been recognized since there is a virtual certainty of sufficient taxable income which will be available in future to realize such assets. Net Deferred Tax Asset of Rs.272,649 [(Net Deferred Tax Assets Rs. 26,350,190)] for the year ended 31.03.2009 has been recognized in the Profit & Loss Account.

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

	<u>As on 31.03.2009</u>	<u>As on 31.03.2008</u>
	Rs.	Rs.
<u>Deferred Tax Assets</u>		
i) Provisions for Non-Performing Assets/ Diminution	50,725,505	75,620,084
ii) Employee Benefits	334,464	395,032
iii) Carried Forward Capital Loss	<u>24,935,353</u>	<u>-</u>
	<u>75,995,322</u>	<u>76,015,116</u>
Less:		
<u>Deferred Tax Liabilities</u>		
i) Depreciation	4,020,612	4,313,053
	<u>71,974,710</u>	<u>71,702,063</u>

19. Tax Deducted at Source on:

	2008-2009	2007-2008
Interest on Government Securities	-	260,733
In terest on Fixed Deposit	50,063	88,980



SMIFS CAPITAL MARKETS LIMITED

Rent	192,816	195,688
Other Receipts	<u>2,799,810</u>	<u>2,914,264</u>
	<u>3,042,689</u>	<u>3,459,665</u>
20. Expenditure in Foreign Currency:	<u>2008-2009</u>	<u>2007-2008</u>
Membership Subscription	123,374	106,334
Traveling Expenses	809,803	575,130
21. Earnings in Foreign Currency	Nil	Nil

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

Signature to Schedules 'A' to 'M'

For **J. S. Vanzara & Associates**
Chartered Accountants

For and on behalf of the Board

(Utsav Parekh)
Chairman

(Kishor Shah)
Managing Director

(AUROBINDA PANDA)
Partner
Membership no. 064888
Cum Vice President (Legal)

(S. C. Pal)
Company Secretary

(S. Jhajharia)
Senior Vice President & CFO



INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956
Balance Sheet Abstract and Company's General Business Profile

<p>I Registration Details</p> <p>Registration No. <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="4"/> <input type="text" value="2"/></p> <p>Balance Sheet</p> <p>Date <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="9"/></p> <p>II Capital Raised during the year (Amount in Rs. Thousands)</p> <p>Public Issue <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/></p> <p>Bonus Issue <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/></p> <p>III Position of Mobilisation and Deployment of Fund(Amount in Rs.Thousands)</p> <p>Total Liabilities <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="3"/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="7"/> <input type="text" value="9"/></p> <p>Sources of Funds</p> <p>Paid-Up Capital <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="5"/> <input type="text" value="0"/></p> <p>Secured Loans <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="9"/></p> <p>Application of Funds</p> <p>Net Fixed Assets <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="7"/> <input type="text" value="3"/></p> <p>Net Current Assets <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="8"/></p> <p>Accumulated Losses <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/></p> <p>IV Performance of Company (Amount in Rs. Thousands)</p> <p>Turnover (Gross Revenue) <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="2"/></p> <p>+ -</p> <p><input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/></p> <p>Profit / Loss Before Tax <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="6"/> <input type="text" value="5"/> <input type="text" value="1"/></p> <p>+ -</p> <p><input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/></p> <p>Earning Per Share in Rs <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="0"/> <input type="text" value="."/> <input type="text" value="4"/> <input type="text" value="6"/></p> <p>V Generic Name of Three Principal Products/Services of Company (As per monetary Terms)</p> <p>Item Code <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/></p> <p>Product</p> <p>Description <table border="1" style="border-collapse: collapse; text-align: center; font-family: monospace;"> <tr><td>F</td><td>I</td><td>N</td><td>A</td><td>N</td><td>C</td><td>I</td><td>A</td><td>L</td><td></td><td>S</td><td>E</td><td>R</td><td>V</td><td>I</td><td>C</td><td>E</td><td>S</td></tr> <tr><td>M</td><td>E</td><td>R</td><td>C</td><td>H</td><td>A</td><td>N</td><td>T</td><td></td><td></td><td>B</td><td>A</td><td>N</td><td>K</td><td>I</td><td>N</td><td>G</td><td></td></tr> <tr><td>C</td><td>A</td><td>P</td><td>I</td><td>T</td><td>A</td><td>L</td><td></td><td></td><td></td><td>M</td><td>A</td><td>R</td><td>K</td><td>E</td><td>T</td><td>O</td><td>P</td><td>E</td><td>R</td><td>A</td><td>T</td><td>I</td><td>O</td><td>N</td></tr> </table></p>	F	I	N	A	N	C	I	A	L		S	E	R	V	I	C	E	S	M	E	R	C	H	A	N	T			B	A	N	K	I	N	G		C	A	P	I	T	A	L				M	A	R	K	E	T	O	P	E	R	A	T	I	O	N	<p>State Code <input type="text" value="2"/> <input type="text" value="1"/></p> <p>Rights Issue <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/></p> <p>Private Placement <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/></p> <p>Total Assets <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="3"/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="7"/> <input type="text" value="9"/></p> <p>Reserves & Surplus <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="7"/> <input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value="1"/></p> <p>Unsecured Loans <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="9"/></p> <p>Investments <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="9"/> <input type="text" value="6"/> <input type="text" value="8"/></p> <p>Deferred Tax Asset Net <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="7"/> <input type="text" value="5"/></p> <p>Total Expenditure <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="7"/> <input type="text" value="6"/> <input type="text" value="4"/> <input type="text" value="1"/></p> <p>Profit / Loss After Tax* <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="5"/> <input type="text" value="7"/></p> <p>Dividend Rate % <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/></p>
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C	A	P	I	T	A	L				M	A	R	K	E	T	O	P	E	R	A	T	I	O	N																																						

Signature to Schedules 'A' to 'M'

For J.S. VANZARA & ASSOCIATES
Chartered Accountants

For and on behalf of the Board of Directors

(Kishor Shah)
Managing Director

(Utsav Parekh)
Chairman

(AUROBINDA PANDA)
Partner

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

(S. Jhajharia)
Senior Vice President & CFO

Kolkata
Membership No.064888
The 29th day of June, 2009



SMIFS CAPITAL MARKETS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	<u>31st March, 2009</u>	<u>31st March, 2008</u>
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax, Extra-ordinary items, interest & Loss on sale of Fixed Assets (net)	(80,562,204)	131,294,802
Adjustment for		
1. Depreciation	2,754,430	2,709,412
2. (Profit) / Loss on sale of Investments	104,121,173	(119,302,499)
3. Dividend on Investment	(2,283,320)	(2,455,763)
4. Interest on Govt. Securities	(30,250)	(30,250)
	<u>104,562,033</u>	<u>(119,079,100)</u>
<i>Operating profit before W/Capital change</i>	23,999,829	12,215,702
Adjustment for		
1. Trade & Other Receivable	(220,680)	(51,856,570)
2. Inventories	374,802	6,206,078
3. Trade payable	(25,251,537)	2,302,634
	<u>(25,097,415)</u>	<u>(43,347,858)</u>
<i>Cash Generated from Operations</i>	(1,097,586)	(31,132,156)
Interest paid	(948,768)	(2,893,212)
Direct Tax paid	(3,223,446)	(5,906,982)
FBT Paid	(539,975)	(436,216)
	<u>(4,712,189)</u>	<u>(9,236,410)</u>
<i>Cash Flow before Extra-ordinary items</i>	(5,809,775)	(40,368,566)
Extra-ordinary items (Prov.for Leave Salary)		
Provision for Leave Salary	(178,191)	381,005
Liabilities written Back	-	-
	<u>(178,191)</u>	<u>381,005</u>
<i>Net Cash Flow from Operating activity</i>	(5,987,966)	(39,987,561)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1,590,927)	(7,087,226)
Sale of Fixed Assets	410,000	4,868,299
Purchase of Investments	(44,913,971)	(165,944,899)
Sale of Investments	61,158,387	237,086,010
Interest received on Govt. Sec	30,250	30,250
Dividend on Investment	2,283,320	2,455,763
	<u>17,377,059</u>	<u>71,408,197</u>
<i>Net Cash flow from Investing Activities</i>	11,389,094	31,420,636
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share Capital	-	-
Dividend and Dividend Distribution Tax Paid	(6,534,171)	(6,534,171)
Proceeds from long-term borrowings	(787,882)	1,046,943
Proceeds from short-term borrowings	(15,238,226)	(18,634,502)
<i>Net cash used in Financing Activities</i>	<u>(22,560,279)</u>	<u>(24,121,730)</u>
<i>Net increase in Cash & Cash equivalents</i>	(11,171,185)	7,298,906
Cash & Cash equivalents as at (Opening Balance)	<u>21,100,603</u>	<u>13,801,697</u>
Cash & Cash equivalents as at (Closing Balance)	9,929,418	21,100,603

Kolkata
The 29th day of June 2009

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, 2009 and 31st March, 2008 and found the same in agreement therewith.

For J. S. Vanzara & Associates
Chartered Accountants

Kolkata
The 29th day of June 2009

(AUROBINDA PANDA)
Partner
Membership No. 064888



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

Name of the Subsidiary Company	SMIFS Capital Services Ltd.
1 The financial year of the subsidiary company ended on	31.03.2009
2 a. No. of Equity Shares held by SMIFS Capital Markets Limited and its nominees in the subsidiary on 31.3.2009	7,500,070
b. Extent of interest of SMIFS Capital Markets Limited in the capital of the Subsidiary	100%
3 Net aggregate amount of Profit / Loss of the subsidiary so far as it concerns the members of SMIFS Capital Markets Limited and is not dealt with in the company's Accounts	
a. Profit / (Loss) for the financial year ended on 31 st March, 2009 of the Subsidiary of SMIFS Capital Markets Limited	(Rs. 399,376)
b. Profit / (Loss) after tax for the previous financial years of the Subsidiary of SMIFS Capital Markets Limited.	(Rs. 1,791,129)
4 Net aggregate amount of Profit / (Loss) of the Subsidiary so far as dealt with or provision is made for those Profit / (Loss) in SMIFS Capital Markets Ltd. accounts:	
a. For the subsidiary's financial year ended on 31 st March, 2009.	NIL
b. For its previous financial years since it became the subsidiary of SMIFS Capital Markets Ltd.	NIL

On behalf of the Board of Directors

'Vaibhav' 4F, 4 Lee Road,
Kolkata - 700 020
The 29th day of June 2009

(Kishor Shah)
Managing Director

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 2009, the consolidated Profit & Loss Account and the consolidated Cash Flow statement for the year then ended.

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

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

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

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company and its subsidiaries as at 31st March 2009;
- (b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Company and its subsidiaries for the year then ended; and
- (c) in the case of the consolidated Cash Flow Statement, of the consolidated cash flow of the Company and its subsidiaries for the year then ended.

For J. S. Vanzara & Associates
Chartered Accountants

Aurobinda Panda
Partner
Membership No.064888

Place : Kolkata
Date: The 29th day of June, 2009



SMIFS CAPITAL MARKETS LIMITED

Consolidated Balance Sheet as at 31st March '2009

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

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

For and on behalf of the Board of Directors

For J. S. VANZARA & ASSOCIATES
Chartered Accountants

(Utsav Parekh)
Chairman

(Kishor Shah)
Managing Director

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

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

(S. Jhajharia)
Senior Vice President & CFO



SMIFS CAPITAL MARKETS LIMITED

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

	SCH NO	For the year ended 31st March' 2009		For the year ended 31st March' 2008	
		Rs.	Rs.	Rs.	Rs.
INCOME					
Sales			254,473,685		739,774,980
Capital Market Operations			(103,454,453)		119,302,499
Investment Banking Operations			15,503,591		20,517,344
Other Income	I		39,812,061		15,040,824
Increase / (Decrease) in Stock	J		(374,802)		(6,206,078)
			<u>205,960,081</u>		<u>888,429,569</u>
EXPENDITURE					
Purchases			251,037,542		719,757,961
Operating & Administration Expenses	K		32,959,596		32,082,916
Interest	L		940,086		2,861,631
Depreciation			2,833,970		2,722,081
Provision against Investment /sub-standard assets			(89,070,893)		93,027,229
			<u>198,700,301</u>		<u>850,451,818</u>
PROFIT/ (LOSS) BEFORE TAX			7,259,780		37,977,751
Provision for Taxation (Including Wealth Tax)		604,349		4,522,004	
Deferred Tax credit / (charge) for the year		(279,974)		(26,259,186)	
Fringe Benefit Tax		478,049		489,477	
Short / (Excess) provision of Tax for earlier years		4,299,741		60	
			5,102,165		(21,247,645)
PROFIT / (LOSS) AFTER TAX			2,157,615		59,225,396
(Debit) / Credit balance brought forward			108,325,050		60,633,826
Amount available for Appropriation			<u>110,482,665</u>		<u>119,859,222</u>
Appropriation					
Proposed Dividend 10%			-		5,585,000
Tax on Proposed Dividend			-		949,171
Transferred to General Reserve			-		5,000,000
Balance Carried to Balance Sheet			110,482,665		108,325,051
			<u>110,482,665</u>		<u>119,859,222</u>
Earning Per Share(Basic & Diluted) (Nominal Value of shares Rs.10/-)	M		0.39		10.60
ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	M				
Schedules referred to above form an integral part of the Profit & Loss Account In terms of our attached report of even date			For and on behalf of the Board of Directors		
For J. S. VANZARA & ASSOCIATES Chartered Accountants		(Utsav Parekh) Chairman		(Kishor Shah) Managing Director	
(AUROBINDA PANDA) Partner Membership no. 064888 Kolkata The 29th day of June 2009		(S. C. Pal) Company Secretary Cum Vice President (Legal)		(S. Jhajharia) Senior Vice President & CFO	



Schedules to the Consolidated Balance Sheet

	<u>As at</u> <u>31st March, 2009</u>		<u>As at</u> <u>31st March, 2008</u>	
	Rs.	Rs.	Rs.	Rs.
<u>SCHEDULE 'A'</u>				
SHARE CAPITAL				
Authorised:				
30,000,000 Equity shares of Rs. 10 each		300,000,000		300,000,000
2,000,000 Preference Shares of Rs. 100 each		200,000,000		200,000,000
		<u>500,000,000</u>		<u>500,000,000</u>
Issued, Subscribed & Paid up:				
5,585,000 Equity Shares of Rs 10 each, fully paid		55,850,000		55,850,000
Out of the above shares, 2,400,000 shares of Rs. 10 each fully paid up has been issued by way of Bonus Shares by capitalisation of General Reserves				
		<u>55,850,000</u>		<u>55,850,000</u>
<u>SCHEDULE 'B'</u>				
RESERVES & SURPLUS				
Capital Redemption Reserve				
As per last Balance Sheet		40,000,000		40,000,000
Securities Premium Account:				
As per last Balance Sheet		433,725,000		433,725,000
General Reserve:				
As per last Balance Sheet	15,000,000		10,000,000	
Add : Transferred during the Year	-		5,000,000	
		15,000,000		15,000,000
Profit & Loss Account				
Transferred from Profit & Loss A/c		110,482,664		108,325,050
		<u>599,207,664</u>		<u>597,050,050</u>
<u>SCHEDULE 'C'</u>				
SECURED LOANS				
Loans from Banks / Others				
Secured by hypothecation of vehicles [Payable within one year Rs. 1,168,917 (Rs.913,556)]		2,435,017		2,926,808
		<u>2,435,017</u>		<u>2,926,808</u>
<u>SCHEDULE 'D'</u>				
UNSECURED LOANS				
From Bodies Corporate (Short Term)		20,301,320		35,428,854
Fixed Deposits Matured but not claimed [Including Interest due Rs NIL (Rs 54,692)]		-		110,692
Deposits from Customers		608,000		608,000
		<u>20,909,320</u>		<u>36,147,546</u>

Schedules to the Consolidated Balance Sheet

SCHEDULE - 'E'

FIXED ASSETS

Particulars	Gross Block (Cost) Rs.			Depreciation Rs.				Lease Terminal Adjustment		Net Block Rs.		
	As on 01.04.2008	Additions	Deductions	As on 31.03.2009	As on 01.04.2008	For the year	Adj. during the year	As on 31.03.2009	As on 31.03.2009	As on 31.03.2008	As on 31.03.2009	As on 31.03.2008
A. Assets on Lease												
Plant & Machinery	115,120,589	-	-	115,120,589	112,601,142	-	-	112,601,142	1,709,528	1,709,528	809,919	809,919
Sub Total (A)	115,120,589	-	-	115,120,589	112,601,142	-	-	112,601,142	1,709,528	1,709,528	809,919	809,919
<i>Previous Year</i>	128,762,014	-	13,641,425	115,120,589	126,106,153	-	13,505,011	112,601,142	1,709,528	-	809,919	
B. Other Assets												
Buildings	74,928,404	-	-	74,928,404	7,497,976	789,467	-	8,287,443	-	-	67,430,428	67,430,428
Furniture and Fixtures	6,147,973	28,125	-	6,176,098	5,351,138	147,365	-	5,498,503	-	-	677,595	796,835
Office Equipment	2,157,538	8,500	-	2,166,038	1,491,547	93,631	-	1,585,178	-	-	580,860	665,991
Vehicles	10,688,454	968,736	1,073,641	10,583,550	5,361,838	1,489,435	771,831	6,079,442	-	-	4,504,108	5,326,616
Electrical Installations	1,206,229	-	-	1,206,229	960,377	34,198	-	994,575	-	-	211,654	245,852
Computers	2,631,585	163,296	260,000	2,534,881	2,175,789	204,200	242,705	2,137,284	-	-	397,597	455,796
Air Conditioners	2,481,802	-	-	2,481,802	1,937,774	75,674	-	2,013,448	-	-	468,354	544,028
Sub Total (B)	100,241,985	1,168,657	1,333,641	100,077,002	24,776,439	2,833,970	1,014,536	26,595,873	-	-	74,270,596	75,465,546
<i>Previous Year</i>	94,041,749	7,087,226	886,990	100,241,985	22,506,883	2,722,082	452,526	24,776,439	-	-	75,465,546	
Total (A+B)	215,362,574	1,168,657	1,333,641	215,197,591	137,377,580	2,833,970	1,014,536	139,197,014	1,709,528	1,709,528	75,080,516	76,275,465
<i>Previous Year</i>	222,803,763	7,087,226	14,528,415	215,362,574	148,613,036	2,722,082	13,957,537	137,377,581	1,709,528		76,275,465	

- i) Title Deeds for Office Premises at 6 Lyons Range and Bondel Road, Kolkata have not been registered.
ii) Provision to the extent of Rs. 809,919 (Rs.809,913) has been made against doubtful leased assets as at 31.03.2009





Schedules to the Consolidated Balance Sheet

SCHEDULE 'F'

INVESTMENTS (at cost)

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



Schedules to the Consolidated Balance Sheet

	As at		As at	
	31st March,2009		31st March,2008	
	Quantity	Amount	Quantity	Amount
	Nos.	Rs.	Nos.	Rs.
Patriot Automation Projects Ltd.	2,000,000	500,000	2,000,000	500,000
Patriot Automation Projects Ltd.(Bonus)	65,350	-	65,350	-
Sheory Digital Systems Pvt.Ltd	590,000	129,800	-	-
Silver Cross Ltd			13,000	1,300,000
Smifs Finance Limited	240,000	3,360,000	240,000	3,360,000
Smifs Securities Ltd.	10,300,000	103,000,000	10,300,000	103,000,000
Tarkeshwar Properties Pvt.Ltd.	0	0.00	42,500	8,075,000
Vaibhav Securities (P) Ltd	4,580	45,800	4,580	45,800
Zoom Export Ltd.(MDC Infoway Ltd.)	200,000	2,000,000	200,000	2,000,000
<u>Partly Paid up : Unquoted</u>				
Smifs Finance Limited	1,511,600	15,174,000	1,511,600	15,174,000
[Paid up Rs. 7.50 (Rs.7.50) each]				
Units of Mutual Fund				
<u>Fully paid up : Quoted</u>				
Unit Trust of India - Unit 64	-	-	-	-
(Paid up Rs. 10 each)				
Preference Share of Rs. 100/- each				
<u>Fully paid up : Unquoted</u>				
12% Non-cumulative Preference Shares				
Andaman Plant. & Dev. Corp. Ltd.	140,000	4,100,000	140,000	4,100,000
8.00% DIGJAM Ltd.	131,000	13,100,000	-	-
Non-cumulative Preference Share				
Sub Total :		<u>230,804,518</u>		<u>353,680,337</u>
Warrant				
<u>Partly paid up : Unquoted</u>				
Southern Online Biotech Ltd.	800,000	3,416,000	800,000	3,416,000
(Unsecured Optionally Fully Convertible)				
Sub Total :		<u>3,416,000</u>		<u>3,416,000</u>
<u>In Government Securities: Listed</u>				
	Face Value	Amount	Face Value	Amount
	Rs.	Rs.	Rs.	Rs.
6.05% Govt. of India Loan - 2019	500,000	521,065	500,000	521,065
Sub Total :-		<u>521,065</u>		<u>521,065</u>
Total :		234,741,582		357,617,402
Aggregated of unquoted Investments - at book value		200,354,867		251,200,067
Aggregated of Quoted Investments - at book value		34,386,715		106,417,335
Aggregated of Quoted Investments - at market value		24,479,072		117,670,442



Schedules to the Consolidated Balance Sheet

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

Schedules to the Consolidated Profit & Loss Account

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



SCHEDULE 'M'

A. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

(b) Principles of Consolidation

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

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

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

(c) Other Significant Accounting Policies

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

B. NOTES FORMING PART OF THE ACCOUNTS

1. 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, 2009.
2. As on 31st March, 2009 the parent company holds 7,500,070 Equity shares of Rs. 10 each, fully paid-up in SMIFS Capital Services Limited. For consolidation purposes, the investments in the subsidiary are being reported at NIL value.
3. The parent company and its subsidiary end their respective financial years on the same date i.e. 31st March, 2009.
4. Contingent liabilities not provided for
 - i. Sales Tax demand net of payment under appeal Rs. 91,125 (Rs. 91,125).
 - ii. Income Tax demand raised for Assessment Year 2006-07 is Rs 28,31,883/- (Rs Nil) for which an appeal has been preferred.
 - iii. Uncalled liabilities on partly paid shares Rs. 6,813,000 (Rs. 6,813,000)
 - iv. Employees State Insurance Rs. 142,274 (Rs. 142,274)
 - v. Guarantees given to banks on behalf of others Rs. 168,500,000 (Rs. 18,500,000)
5. Related Party Disclosures
Related party disclosures as required under Accounting Standard on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India are given below:

i) Key Management Personnel

In Parent Company
Mr. Utsav Parekh, Executive Chairman
Mr. Kishor Shah, Whole Time Director
Mr. Ajay Kayan, Director

In Subsidiary Companies
Nil

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

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

Disclosure of transactions between the Company and related parties and their outstanding balances as on 31st March 2009

	<u>Key Management Personnel</u>	<u>Entities where control exists</u>
Purchase of Shares & Securities	-	14,488,134
	(-)	(75,108,255)
Sale of Shares & Securities	-	63,015,080
	-	(188,258,761)
Purchase of Property	-	-
	(-)	(637,205)
Directors' Sitting Fee	-	-
	(25,000)	(-)
Rent Received	-	-
	(-)	(353,177)
Expenses Reimbursed	-	44,818
	(-)	(157,099)
Director's Remuneration	2,665,500	-
	(2,509,728)	(-)
Executive Chairman's Remuneration	3,104,209	-
	(2,911,760)	(-)
<u>Balance at the end of the year</u>		
- Creditors / Payables	3,026,758	5,438,666
	(3,026,758)	(17,340,095)
- Debtors / Receivable	-	5,343,871
	(-)	(4,916,699)
- Advances	-	51,759,938
	(-)	(-)
- Investments	-	18,534,000
	(-)	(18,534,000)

6. Segment Reporting: Information about Primary Business Segments

	<u>2008-2009</u>	<u>2007-2008</u>
	Rs.	Rs.
<u>Segment Revenue</u>		
a) Capital Market Operations	(100,393,112)	133,113,440
b) Investment Banking Operations	15,503,591	20,517,344
c) Others	<u>39,814,233</u>	<u>15,040,824</u>
Net Sales / Income from Operations	<u>(45,075,288)</u>	<u>168,671,608</u>
<u>Segment Results : Profit / (Loss) before tax & interest</u>		
a) Capital Market Operations	(100,393,112)	133,113,440
b) Investment Banking Operations	15,503,591	20,517,344
c) Others	<u>39,814,233</u>	<u>15,040,824</u>
Total	<u>(45,075,288)</u>	<u>168,671,608</u>
Less : Interest	942,259	2,861,631
Other un-allocable exp. net of un-allocable income	<u>(53,277,327)</u>	<u>127,832,226</u>
Total Profit before tax	<u>7,259,780</u>	<u>37,977,751</u>



Capital employed

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

7. Earnings Per Share

	<u>2008-2009</u>	<u>2007-2008</u>
Net Profit / (Loss) attributable to shareholders	Rs.2,157,616	Rs. 59,225,396
Weighted average number of equity shares in issue	5,585,000	5,585,000
Earnings per share of Rs. 10/- each (Basic & Diluted)	Rs.0.39	Rs.10.60

8. Figures in brackets pertain to the previous year.

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

Signature to Schedules 'A' to 'M'

For J. S. Vanzara & Associates
Chartered Accountants

(Utsav Parekh)
Chairman

(Kishor Shah)
Managing Director

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

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

(S. Jhajharia)
Senior Vice President & CFO



SMIFS CAPITAL MARKETS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	<u>31st March, 2009</u>	<u>31st March, 2008</u>
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax, Extra-ordinary items, interest & Loss on sale of Fixed Assets (net)	(81,598,392)	129,599,439
Adjustment for		
1. Depreciation	2,833,970	2,722,081
2. (Profit) / Loss on sale of Investments	104,121,173	(119,302,499)
3. Interest on Govt. Securities	(30,250)	(30,250)
4. Dividend Income	(2,283,320)	(2,455,763)
5. Misc. Expenditure Written Off	-	-
	<u>104,641,573</u>	<u>(119,066,431)</u>
<i>Operating profit before W/Capital change</i>	23,043,181	10,533,008
Adjustment for		
1. Trade & Other Receivable	(1,993,196)	(51,951,254)
2. Inventories	374,802	6,206,078
3. Trade payable	(25,618,011)	4,178,192
	<u>(27,236,405)</u>	<u>(41,566,984)</u>
<i>Cash Generated from Operations</i>	(4,193,224)	(31,033,976)
Interest paid	(970,337)	(2,891,882)
Direct Tax paid	(3,224,295)	(5,917,025)
FBT Paid	(552,475)	(436,216)
	<u>(4,747,107)</u>	<u>(9,245,123)</u>
<i>Cash Flow before Extra-ordinary items</i>	(8,940,331)	(40,279,099)
Extra-ordinary items (Prov.for Leave Salary)		
Provision for Leave Salary	(166,298)	104,199
Preliminary Expenditure	-	-
Liabilities Written back	-	-
	<u>(166,298)</u>	<u>104,199</u>
<i>Net Cash Flow from Operating activity</i>	(9,106,629)	(40,174,900)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(2,006,051)	(7,087,226)
Sale of Fixed Assets	410,000	4,868,299
Purchase of Investments	(44,913,971)	(165,944,899)
Sale of Investments	64,335,337	237,086,010
Interest received on Govt. Sec	30,250	30,250
Dividend Income	2,283,320	2,455,763
	<u>20,138,885</u>	<u>71,408,197</u>
<i>Net Cash flow from Investing Activities</i>	11,032,257	31,233,297
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share Capital	-	-
Dividend and Dividend Distribution Tax Paid	(6,534,171)	(6,534,171)
Proceeds from long-term borrowings	(491,791)	1,046,943
Proceeds from short-term borrowings	(15,238,226)	(18,634,502)
<i>Net cash used in Financing Activities</i>	<u>(15,730,017)</u>	<u>(17,587,559)</u>
<i>Net increase in Cash & Cash equivalents</i>	(11,231,931)	7,111,567
Cash & Cash equivalents as at (Opening Balance)	<u>21,239,294</u>	<u>14,127,727</u>
Cash & Cash equivalents as at (Closing Balance)	<u>10,007,364</u>	<u>21,239,294</u>

Kolkata
The 29th day of June 2009

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, 2009 and 31st March, 2008 and found the same in agreement therewith.

For J. S. Vanzara & Associates
Chartered Accountants

Kolkata
The 29th day of June 2009

(AUROBINDA PANDA)
Partner
Membership No. 064888



SMIFS CAPITAL SERVICES LIMITED

BOARD OF DIRECTORS

Mr. Chandranath Mukherjee - Director

Mr. Santosh Kumar Mukherjee - Director

Mr. Kishor Shah - Director

COMPANY SECRETARY

Ms. Puja Ladia

AUDITORS

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

BANKERS

HDFC Bank Ltd.

REGISTERED OFFICE

"Vaibhav" 4F, 4, Lee Road,
Kolkata - 700020

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Annual Report and the Audited Accounts for the year ended 31st March, 2009.

FINANCIAL RESULTS

(Rupees in million)

	Year ended 31.03.2009	Year ended 31.03.2008
Profit / (Loss) before Interest & Depreciation	(0.29)	(1.68)
Less : Interest	0.02	--
Profit / (Loss) before Depreciation	(0.31)	(1.68)
Less : Depreciation	0.08	0.013
Profit/(Loss) before Tax	(0.39)	(1.69)
Less : Provision for Tax	0.01	0.10
Profit / (Loss) after Tax	(0.40)	(1.79)
Add : (Debit) / Credit balance brought forward	0.96	2.75
Profit/(Loss) Carried to Balance Sheet	0.56	0.96

DIVIDEND

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

YEAR IN RETROSPECT AND FUTURE GROWTH

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

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

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

1. In the preparation of the annual accounts for the year ended March 31, 2009 the applicable accounting standards have been followed along with the proper explanations relating to material departures.
2. The Directors had adopted such accounting policies and applied them consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period.
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Directors have prepared the Annual Accounts on a going concern basis.

DIRECTORS

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

AUDIT COMMITTEE

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

AUDITORS

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

STATUTORY INFORMATION

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

(a) Conservation of Energy

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

(b) Technology Absorption

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

(c) Foreign Exchange Earnings and Outgoings

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

ACKNOWLEDGEMENT

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

Place: Kolkata
Date: May 30, 2009

(CHANDRANATH MUKHERJEE)
(DIRECTOR)

On behalf of the Board of Directors
(KISHOR SHAH)
(DIRECTOR)



AUDITORS' REPORT TO THE MEMBERS OF SMIFS CAPITAL SERVICES LIMITED

We have audited the attached Balance Sheet of SMIFS Capital Services Limited, as at 31st March 2009 and also the Profit and Loss Account for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the branches not visited by us;
- (iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) On the basis of the written representations received from the directors, as on 31st March 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2009; and
 - (b) in the case of the Profit and Loss Account, of the Loss for the year ended on that date.

For **J. S. Vanzara & Associates**
Chartered Accountants

(Aurobinda Panda)
Partner

Membership no. 300-64888

Kolkata
Date: The 30th day of May, 2009

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 thereof)

- i) In respect of its fixed assets :
 - a) The Company is generally maintaining proper records showing full particulars including quantitative details and situation of fixed assets. As explained to us, the fixed assets have been physically verified during the year by the management. To the best of our knowledge, no material discrepancies were noticed on such verification.
 - b) Based on our scrutiny of the records of the Company, we report that the Company has not disposed off fixed assets during the year.
- ii) As the Company has not purchased shares and securities during the year and also Company have no stocks during the year, so the requirements of reporting on physical verification of stock or maintenance of inventory records in our opinion are not applicable.
- iii)
 - a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956. As the Company has not granted any loans, secured or unsecured, to parties listed in the registers maintained under section 301 of the Companies Act, 1956 paragraphs (iii)(b), (c) and (d) of the Order, are not applicable.
 - b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956. As the Company has not taken any loans, secured or unsecured, to parties listed in the registers maintained under section 301 of the Companies Act, 1956 paragraphs (iii)(e), (f) and (g) of the Order, are not applicable.
- iv) Having regard to the nature of the Company's business and based on our scrutiny of the Company's records and according to the information and explanations given to us, we report that the Company's activities do not include purchase of inventory and sale of goods. In our opinion and according to the information and explanation received by us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and sale of services. Further, on the basis of our examination, and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control system.
- v) In respect of transactions entered in the register maintained in pursuance of section 301 of the Companies Act, 1956.
 - a) To the best of our knowledge and belief and according to the information and explanations given to us, transactions required to be entered into the register have been so entered.
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the registers maintained under section 301 and exceeding the value of rupees five lakh in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi) Based on our scrutiny of the Company's records and according to the information and explanations provided by the management, in our opinion, the Company has not accepted any public deposit so far upto 31st March 2009.
- 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, 2009 for a period of more than six months from the date they become payable.
 - c) According to the records of the Company, there are no dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty and Cess which have not been deposited on account of any dispute.



- x) The company doesn't have any accumulated losses at the end of the financial year and had incurred a cash losses of Rs.3,12,661/- during the current financial year.
- xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution or bank during the year.
- xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
- xiii) In our opinion, and to the best of our information and according to the explanations provided by the management, we are of the opinion that the Company is neither a Chit Fund nor a Nidhi / Mutual benefit society. Hence, in our opinion, the requirements of para 4 (xiii) of the Order do not apply to the Company.
- xiv) In our opinion and according to the information and explanation given to us, the Company has maintained proper records of transaction and contracts regarding its dealing in investments, and timely entries have been made therein.
- xv) According to the records of the Company and the information and explanations provided by the management, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi) According to the records of the Company, the Company has not obtained any term loans. Hence, comments under the para 4 (xvi) of the Order are not applicable.
- xvii) According to the information and explanations given to us and an overall examination of balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
- xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956 during the year.
- xvix) According to the information and explanations given to us and the records examined by us, the Company has not issued any debentures during the year.
- xx) The Company has not raised any money by public issues during the year covered by our audit report.
- xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

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

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

(Aurobinda Panda)
Partner

Membership No-300-64888

Date: The 30th day of May, 2009



SMIFS CAPITAL SERVICES LIMITED

Balance Sheet as at 31st March '2009

SOURCE OF FUND	Schedule	As at 31st March, 2009		As at 31st March, 2008	
	No.	Rs.	Rs.	Rs.	Rs.
Shareholders' Fund					
Share Capital	A		75,000,700		75,000,700
Reserve and Surplus	B		561,712		961,088
Loan Funds					
Secured Loans	C		296,091		-
Net Deferred Tax Liability			-		3,051
			75,858,503		75,964,839
 APPLICATION OF FUND					
Fixed Assets					
a. Gross Block	D	618,399		203,275	
b. Less: Depreciation		262,545		183,005	
c. Net Block			355,854		20,270
Investments					
	E		2,773,790		5,284,020
Current Assets, Loans & Advances					
Current Assets		17,750,000		17,810,746	
Loans & Advances		60,564,670		58,779,654	
		78,314,670		76,590,400	
Less: Current Liabilities & Provisions	G	5,590,088		5,929,851	
Net Current Assets			72,724,583		70,660,548
Net Deferred Tax Assets			4,276		-
			75,858,503		75,964,839
NOTES TO THE ACCOUNTS	H				

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

For and on behalf of the Board of Directors

For J.S.VANZARA & ASSOCIATES

Chartered Accountants

(CHANDRANATH MUKHERJEE)
Director

(KISHOR SHAH)
Director

(AUROBINDA PANDA)

Partner
Membership no. 064888
Kolkata
The 30th day of May 2009

(PUJA LADIA)
Company Secretary



SMIFS CAPITAL SERVICES LIMITED

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

Schedule	For the Year ended 31st March, 2009		For the Year ended 31st March, 2008	
No.	Rs.	Rs.	Rs.	Rs.
INCOME				
Service Charges Received		-		445,000
[T.D.S. Rs. NIL (Previous Year Rs. NIL)]				
Brokerage & Commission Received(Net)		-		7,327
Sundry Balances Written back		1,164		22,017
Profit / (Loss) on Sale of Investments		666,720		-
Interest		2,172		1,330
		670,056		475,674
EXPENSES				
Salary Bonus & Allowances	316,916		1,685,319	
Contribution to Provident Fund	22,689		119,962	
Gratuity	33,000		-	
Staff Welfare Expenses	46,446		43,317	
Telephone Expenses	30,138		27,034	
Rent	120,000		120,000	
Repair & Maintenance	2,650		-	
Printing & Stationeries	282,950		776	
Professional & Legal Charges	1,000		26,620	
Membership Fees & Subscription	12,600		12,800	
Travelling Expenses	-		37,549	
Vehicle Expenses	42,775		-	
Audit Fees	10,000		10,000	
Business Promotion Expenses	4,418		3,324	
Filing Fees	2,084		3,168	
Miscellaneous Expenses	22,846		53,311	
Rates & Taxes	7,300		13,858	
Depreciation	79,540		12,669	
Interest	23,741		-	
		1,061,093		2,169,707
PROFIT / (LOSS) BEFORE TAX		(391,037)		(1,694,032)
Provision for Tax - Current		848		-
Deferred Tax for the year		(7,327)		91,004
Fringe Benefit Tax		14,818		6,093
PROFIT / (LOSS) AFTER TAX		(399,376)		(1,791,129)
(Debit) / Credit balance brought forward from earlier year		961,088		2,752,217
Balance Carried to Balance Sheet .		561,712		961,088

NOTES TO THE ACCOUNTS H

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

For and on behalf of the Board of Directors

For J.S.VANZARA & ASSOCIATES

Chartered Accountants

(AUROBINDA PANDA)

Partner
Membership no. 064888
Kolkata
The 30th day of May 2009

(CHANDRANATH MUKHERJEE)

Director

(KISHOR SHAH)

Director

(PUJA LADIA)
Company Secretary

SMIFS CAPITAL SERVICES LIMITED

Schedules annexed to and forming part of Accounts as at 31st March, 2009

<u>SCHEDULE 'A'</u>	As at 31st March 2009		As at 31st March 2008	
	Rs.	Rs.	Rs.	Rs.
<u>SHARE CAPITAL</u>				
Authorised:				
15,000,000 Equity Shares of Rs. 10/- each		150,000,000		150,000,000
Issued, Subscribed & Paid up:				
7,500,070 Equity Shares of Rs. 10/- each fully paid up		75,000,700		75,000,700
 <u>SCHEDULE 'B'</u>				
<u>RESERVES & SURPLUS</u>				
Profit & Loss Account		561,712		961,088
		561,712		961,088
 <u>SCHEDULE 'C'</u>				
<u>SECURED LOANS</u>				
Loan from Bank/Others				
Vehicle Loan[Payable within		296,091		-
One year Rs.73,773 (Previous year Rs. NIL)]		296,091		-

Schedule Annexed to and forming part of Accounts as at 31st March, 2009

SCHEDULE - 'D'

FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	AS AT	Addition	AS AT	AS AT	FOR THE	ADJUSTMENT	AS AT	AS AT	AS AT
	01-04-2008 Rs.	Rs.	31-03-2009 Rs.	01-04-2008 Rs.	YEAR Rs.	Rs.	31-03-2009 Rs.	31-03-2009 Rs.	31-03-2008 Rs.
COMPUTERS & PERIPHERALS	196,180	-	196,180	177,805	7,350	-	185,155	11,025	18,375
FURNITURE & FIXTURES	7,095	-	7,095	5,200	343	-	5,543	1,552	1,895
Vehicles		415,124	415,124	0	71,847	-	71,847	343,277	0
	203,275	415,124	618,399	183,005	79,540	-	262,545	355,854	20,270
PREVIOUS YEAR	203,275	-	203,275	170,336	12,669	-	183,005	20,270	



SMIFS CAPITAL SERVICES LIMITED

Schedules annexed to and forming part of Accounts as at 31st March, 2009

SCHEDULE 'E'

INVESTMENTS

Long Term - Other than Trade

Equity Shares of Rs. 10/- each

Fully paid up: Quoted

	As at 31st March, 2009		As at 31st March, 2008	
	Quantity Nos.	Amount Rs.	Quantity Nos.	Amount Rs.
BSL Industries Ltd.	100,100	1,956,955	100,100	1,956,955
Cambridge Solutions Ltd.	-	-	10,000	1,010,230
MSL Industries Ltd.	400,000	800,000	400,000	800,000
RPG Cables Ltd.	700	16,835	700	16,835
		2,773,790		3,784,020

Fully paid up: Unquoted

Data2 info.com. Pvt.Ltd.	-	-	100,000	1,500,000
	-	-		1,500,000
Total		2,773,790		5,284,020

Market Value of quoted Investments Rs.1,437,260 (previous year Rs. 2,985,165)

SCHEDULE 'F'

CURRENT ASSETS, LOANS & ADVANCES

A. CURRENT ASSETS

Sundry Debtors

(Unsecured, considered good)

exceeding six months	17,672,054	17,672,054
other debts	-	-
	17,672,054	17,672,054

Cash & Bank Balances

Cash in hand	17,087	14,677
Bank Balances with Scheduled bank in current account	60,859	124,015
	77,946	138,692
	17,750,000	17,810,746

B. LOANS & ADVANCES

LOANS

Loan to Employees(Considerd Good) 97,964 131,110

ADVANCES

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

Income Tax Payment	1,412,529	1,400,029
Due from Holding Company	58,981,837	57,188,527
Advances	17,341	4,989
Deposit to others	55,000	55,000
	60,564,670	58,779,654
	78,314,670	76,590,400

SCHEDULE 'G'

CURRENT LIABILITIES AND PROVISIONS

CURRENT LIABILITIES

Sundry Creditors	400,000	400,000
Advance from parties	3,500,000	3,500,000
Liabilities for expenses	459,038	825,512
	4,359,038	4,725,512

PROVISIONS

Provision for Tax	1,192,000	1,192,000
Provision for Fringe Benefit Tax	20,911	6,093
Provision for Leave Salary	18,139	6,246
	1,231,050	1,204,339
	5,590,088	5,929,851

SCHEDULE - H:

A. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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

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

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

(b) Fixed Assets

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

(c) Depreciation

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

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

(d) Investments

As per the guidelines issued by The Institute of Chartered Accountants of India, long term investments in shares and securities have been valued at cost. Provision is made for diminution in value of long term investments if such diminution is permanent in nature.

(e) Revenue recognition

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

(f) Retirement Benefits

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

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

(g) Income Taxes

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

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

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

Fringe benefit tax has been calculated in accordance with the provisions of the Income Tax Act, 1961.

(h) Contingencies

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

B. NOTES FORMING PART OF THE ACCOUNTS

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

	<u>2008-2009(Rs.)</u>	<u>2007-2008 (Rs.)</u>
Salaries & Allowances	-	1,553,000
Contribution to Provident Fund	-	92,880
Ex-Gratia (For 2007-08)	2,53,276	-
	<u>2,53,176</u>	<u>1,645,880</u>



Note:-

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

5. Auditor's remuneration includes:

	2008-2009	2007-2008
	(Rs.)	(Rs.)
Audit Fees	10,000	10,000
Tax Audit Fees	-	
	10,000	10,000

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

7. **Related Party Disclosures**

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

Holding Company

SMIFS Capital Markets Limited

Key Management Personnel

Nil

Entities significant influence exists

Stewart & Mackertich Wealth Management Ltd (Formerly SMIFS Securities Limited)

Disclosure of transactions between the Company and related parties and their outstanding balances as on 31st March 2009.

	Holding Company	Key Management Personnel	Entities where control exists
	Rs.	Rs.	Rs.
Executive Chairman's Remuneration	-	2,53,176	-
	(-)	(1,645,880)	(-)
Sale of Shares / Securities	2,500,000	-	676,950
	(-)	(-)	(-)
Balances at the end of the year			
Debtors / Receivables	58,981,837	-	22,054
	(57,188,527)	(-)	(22,054)

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

	Year ended 31.03.2009	Year ended 31.03.2008
	Rs.	Rs.
Segment Revenue:		
a) Capital Market Operations	666,720	-
b) Investment Banking Operation	-	452,327
c) Others	3,336	23,347
Net Sales / Income from Operations	670,056	475,674
Segment Results:		
Profit / (Loss) before tax & interest		
a) Capital Market Operations	666,720	-
b) Investment Banking Operation	-	452,327
c) Others	3,336	23,347
Total	670,056	475,674
Less: Interest	23,741	-
Other un-allocable expenditure net of in-allocable income	1,037,352	2,169,707
Total Profit Loss before tax	-391,037	-1,694,032

Capital employed

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

9. (a) Deferred tax asset for the year amounting to Rs. 7,327 has been recognised in the Profit & Loss Account.

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

	<u>As on</u> <u>31.03.2009</u> <u>(Rs.)</u>	<u>As on</u> <u>31.03.2008</u> <u>(Rs.)</u>
<u>Deferred Tax Assets</u>		
(i) Employer Benefit	4,124	2,123
Less:		
<u>Deferred Tax Liabilities</u>		
(i) Depreciation	153	5,174
	<u>4276</u>	<u>(3,051)</u>

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

Signature to Schedules 'A' to 'H'

For **J. S. Vanzara & Associates**
Chartered Accountant

For and on behalf of the Board of Directors

(Chandranath Mukherjee)
Director

(Kishor Shah)
Director

(Aurobinda Panda)
Partner
Membership no. 64888
KOLKATA
the 30th day of May 2009

(Puja Ladia)
Company Secretary



SMIFS CAPITAL SERVICES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	31st March 2009	31st March 2008
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax, Extra-ordinary items, interest & Loss on sale of Fixed Assets (net)	(1,036,188)	(1,695,362)
Adjustment for		
1. Depreciation	79,540	12,669
2. (Profit) / Loss on sale of Investments	-	-
3. Dividend Income	-	-
4. Misc. Expenditure Written Off	-	-
	<u>79,540</u>	<u>12,669</u>
<i>Operating profit before W/Capital change</i>	<i>(956,648)</i>	<i>(1,682,693)</i>
Adjustment for		
1. Trade & Other Receivable	(1,772,516)	2,361,302
2. Inventories	-	-
3. Trade payable	(366,474)	<u>(580,428)</u>
	<u>(2,138,990)</u>	<u>1,780,874</u>
<i>Cash Generated from Operations</i>	<i>(3,095,638)</i>	<i>98,181</i>
Interest paid	(21,569)	1,330
Direct Tax paid	(849)	(10,043)
FBT paid	(12,500)	-
	<u>(34,918)</u>	<u>(8,713)</u>
<i>Cash Flow before Extra-ordinary items</i>	<i>(3,130,556)</i>	<i>89,468</i>
Extra-ordinary items (Prov.for Leave Salary)	11,893	(276,806)
<i>Net Cash Flow from Operating activity</i>	<i>(3,118,663)</i>	<i>(187,338)</i>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(415,124)	-
Sale of Fixed Assets	-	-
Purchase of Investments	-	-
Sale of Investments	3,176,950	-
Dividend Income	-	-
	<u>2,761,826</u>	<u>-</u>
<i>Net Cash flow from Investing Activities</i>	<i>(356,837)</i>	<i>(187,338)</i>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share Capital	-	-
Proceeds from long-term borrowings	296,091	-
Proceeds from short-term borrowings	-	-
<i>Net cash used in Financing Activities</i>	<i>296,091</i>	<i>-</i>
<i>Net increase in Cash & Cash equivalents</i>	<i>(60,746)</i>	<i>(187,338)</i>
Cash & Cash equivalents as at (Opening Balance)	138,692	326,030
Cash & Cash equivalents as at (Closing Balance)	<u>77,946</u>	<u>138,692</u>

Kolkata
The 30th Day of May 2009

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, 2009 and 31st March, same in 2008 and found the same in agreement therewith.

For J. S. Vanzara & Associates
Chartered Accountants

Kolkata
The 30th Day of May 2009

(AUROBINDA PANDA)
Partner
Membership No. 064888

SMIFS CAPITAL MARKETS LIMITED

NOTICE

NOTICE IS HEREBY GIVEN that the Twenty-Sixth Annual General Meeting of the members of **SMIFS CAPITAL MARKETS LIMITED** will be held on Saturday, September 12, 2009 at the Registered Office of the Company at 'Vaibhav' (4F), 4, Lee Road, Kolkata - 700 020 at 10:00 a.m. for transacting the following:

Ordinary Business

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March, 2009, the Balance Sheet as on that date and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Santosh Kumar Mukherjee, Director who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditor to hold office from conclusion of the Twenty -Sixth Annual General Meeting until conclusion of the Twenty- Seventh Annual General Meeting and to authorise the Board to fix their remuneration.

Special Business

4. To consider and if, thought fit, to pass with or without modification(s) as an Ordinary Resolution:

APPOINTMENT OF MR. UTSAV PAREKH AS DIRECTOR

"**RESOLVED THAT** Mr. Utsav Parekh a Director who was appointed as Additional Director in the meeting of Board of Directors of the Company held on 21st March, 2009 and who holds office as such up to the date of Twenty-sixth Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr. Utsav Parekh as a candidate for the office of Director of the company be and is hereby appointed as a Director of the Company."

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

APPOINTMENT OF MR. KISHOR SHAH AS MANAGING DIRECTOR

"**RESOLVED THAT** pursuant to the provisions of Sections 198,269,309,310,311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII, Part II, Section II(B) to the Companies Act, 1956, Mr. Kishor Shah be and is hereby appointed as Managing Director of the Company for a period of 3(three) years with effect from 01.04.2009 at the remuneration and on the terms and conditions specified in the agreement entered into between the Company and Mr. Kishor Shah as per the applicable provisions of the Companies Act, 1956 and approval accorded as per the resolution of the Board of Directors subject to the consent of the shareholders by special resolution.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to alter and vary the terms and conditions of the said appointment or remuneration or agreement so as not to exceed the limits specified in Schedule XIII Part II, Section II(B) to the Companies Act, 1956 including any statutory modification(s) that may hereafter be made by the Central Government from time to time and any amendment thereto as may be agreed to between the Board of Directors and Mr. Kishor Shah.

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

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

By Order of the Board

Date : June 29, 2009

(S. C. PAL)

Company Secretary - cum - Vice President (Legal)

Notes:

- 1) A Member entitled to attend and vote at this Annual General Meeting may appoint a proxy to attend and vote on a poll on his behalf. A proxy need not be a Member of the Company. Proxies, in order to be effective, must be received by the Company at its registered office at 'Vaibhav' (4F), 4, Lee Road, Kolkata - 700 020 not less than 48 (forty-eight) hours before the commencement of this Annual General Meeting.
- 2) Members are requested to notify any change in their address / mandate / bank details immediately to the company at 'Vaibhav ' (4F), 4, Lee Road, Kolkata - 700 020 or to the Registrars M/s. Maheshwari Datamatics Pvt. Ltd., 6, Mangoe Lane, Kolkata - 700 001.
- 3) 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.
- 4) Depository System - The Company, consequent to introduction of the Depository System, entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Members, therefore, now have the option of holding and dealing in shares of the Company in electronic form through NSDL or CDSL. Effective 26-12-2000 trading in shares of the Company on any Stock Exchange is permitted only in dematerialized form.

- 5) Individual shareholders can now take the facility of nomination. The nominee shall be the person in whose name all rights of transfer and / or amount payable in respect of shares shall lie, in the event of the death of the shareholder and the joint holder(s), if any. A minor can be a nominee provided the name of the Guardian is given in the Nomination Form. Non-individuals including Society, Trust, Body Corporate, Partnership Firm, Karta of Hindu Undivided Family, holder of Power of Attorney cannot nominate. For further details in this regard shareholders may contact Maheshwari Datamatics Pvt. Ltd., Registrars and Transfer Agents.
- 6) Members are requested to quote their account / folio numbers and in case their shares are held in dematerialized form, they must quote their Client ID Number and DP ID Number.
- 7) The Register of Members and Share Transfer Books of the Company shall remain closed from September 2, 2009 (Wednesday) to September 12, 2009 (Saturday) (both days inclusive).
- 8) Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of the Special Business is annexed hereto.
- 9) Members / Proxies should bring attendance slip sent herewith duly filled in, for attending the meeting.
- 10) As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to bring their copies to the Meeting.
- 11) Unclaimed Dividend: It is observed that some Members have still not encashed their Dividend Warrants in respect of earlier years i.e. for the year ended 2007 and 2008. Such Members are requested to write to the Company / its Registrar and obtain payments thereof.
- 12) Investor Grievance Redressal: The Company has an exclusive e-mail id, viz. **smifscap@vsnl.com** for investor to register their grievances.

SMIFS CAPITAL MARKETS LIMITED
EXPLANATORY STATEMENT
PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 4

Mr. Utsav Parekh resigned as Executive Chairman with effect from 1st April, 2009. With his consent the Board of Directors appointed Mr. Utsav Parekh as Additional Director and Non-Executive Chairman of the Board of Directors with effect from 1st April, 2009. Mr. Utsav Parekh holds office as Additional Director upto the date of the Annual General Meeting. Pursuant to section 257 of the Companies Act, 1956 notice along with a deposit has been received from a member proposing the appointment of Mr. Utsav Parekh as Director. Mr. Parekh has given his consent to be Director of the company, if appointed.

Mr. Utsav Parekh is a professional with wide experience in investment banking and has over two decades of experience in this field.

Your Directors recommend the resolution for your approval

None of the Directors is concerned or deemed to be interested in this resolution.

Item No. 5

The 3 (Three) year tenure of Mr. Kishor Shah as Whole-Time Director of the Company ended on 31st March, 2009. Remuneration Committee in its Meeting held on 28th January, 2009 recommended and the Board in the meeting held on 21st March, 2009 approved subject to the approval of the members by Special Resolution in the Annual General Meeting the appointment of Mr. Kishor Shah as Managing Director for a period of 3 (Three) years from 1st April, 2009 at the remuneration and on such terms and conditions as specified in the agreement entered into between the Company and Mr. Kishor Shah and subject to such limits as mentioned in Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII, Part II, Section II(B) to the Companies Act, 1956.

Mr. Kishor Shah [B.Com (Hons), ACA, ACS] joined the Company in January, 2002 as Director and was Whole-time Director for the periods 1st Apr, 2003 to 31st Mar, 2006 and 1st Apr, 2006 to 31st Mar, 2009. Mr. Shah has over 27 years of experience in merchant banking including Mergers and Acquisitions, Portfolio Management, Valuation of Shares, Underwriting and Financial Advisory functions. He is Director and Committee member of several public limited companies.

Remuneration of Mr. Kishor Shah falls within the purview of Schedule XIII, Part II, Section II(B) to the Companies Act, 1956 and accordingly detail follows.

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

(i)	Effective Capital as on 31.03.09	Rs. 370.11 Million			
I.	General Information:				
	1) Nature of Industry	Financial Services			
	2) Expected date of commencement of commercial production.	The Company is in operation and is engaged in financial services.			
	3) In case of new Companies, xpected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.	N.A.			
	4) Financial performance based on given indicators (Rs. in millions)		PBT	Tax	PAT
		31.03.09	7.65	5.09	2.56
		31.03.08	39.67	(21.34)	61.01
		31.03.07	81.53	(21.03)	102.56
	5) Export performance and net foreign exchange collaborators.	NIL			
	6) Foreign investments or collaborations, if any.	NIL			
II.	Information about the appointee				
	1) Back ground details	(a) Age	: 52 (Yrs)		
		(b) Qualification	: B.Com (Hons), ACA, ACS		
		(c) Profession	: Service		
		(d) Experience	: Over 27 years Director of three Companies and also Committee of Directors		
	2) Past Remuneration	Managerial remuneration drawn as Whole-Time Director of SMIFS Capital Markets Limited.			
	3) Recognition and awards	NIL			
	4) Job Profile and his suitability	Mr. Kishor Shah heads Merchant Banking, Underwriting, Corporate Advisory and other related activities being the complete range of financial services and with his profound knowledge and experience guides the Company.			

- 5) Remuneration proposed Given below Effective from 01.04.2009.
- 6) Comparative remuneration profile w.r.t. industry, size of Company, profile of position and person (in case of expatriates relevant details would be w.r.t. country of origin). Remuneration proposed is in line with the amount being paid to professionals in the same field.
- 7) Pecuniary relationship directly or indirectly with the Company, or relationship with managerial personnel, if any. None
- III Other Information
- Reasons for loss and inadequate profit Company is gradually improving its performance.
- 1) Steps taken or proposed to be taken for improvement Company is professionally managed.
- 2) Expected increase in productivity and Profits in measurable terms Increase by at least 25% (average) of the present level of operating profit in ensuing 3 (three) years.
- IV. Disclosures
- Pursuant to Sections 198, 269, 309, 310, 311 and other applicable provisions if any of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956 the following remuneration will be paid to Mr. Kishor Shah w.e.f. 01.04.2009:

a) Remuneration

(i) Salary: Rs. 1,35,000 (Rupees One Lac Thirty Five Thousand only) per month upto March 31, 2010 with annual increment of such amount as may be decided by the Board for remaining two years, subject to overall limit specified in clause (b) below.

(ii) House Rent Allowance @ 25% (Twenty-five per cent) of the salary.

(iii) Contribution to Provident Fund @ 12 % (Twelve per cent) of the salary as per the provisions of the Employees Provident Fund Act, 1952.

(iv) Children Education Allowance: Rs. 1,000 (Rupees One Thousand only) per month.

(v) Annual Flexi Benefit: Reimbursement of expenses towards Medical benefits for self and family, Leave Travel Assistance subject to revision as stated in Clause (a)(i).

(vi) Gratuity: As per rules of the Company.

(vii) Personal Accident and Hospitalization Insurance: As per rules of the Company.

(viii) Leave: Entitled to leave with full pay or encashment, as per the rules of the Company.

(ix) Conveyance Facilities: The Company shall provide suitable conveyance facilities or in lieu of conveyance facilities, the Company shall reimburse the actual conveyance expenses only for official purposes.

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

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

(xii) Exgratia/ Incentive Payment: As decided by the Board of Directors from time to time.

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

b) Overall Remuneration:

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

c) Minimum Remuneration:

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

Your Directors commend the resolution as a special resolution.

This may be reconsidered as the abstract of the terms of contract with Mr. Kishor Shah, ¹ Managing Director, pursuant to the provisions of Section 302 of the Companies Act, 1956.

The agreement dated 31st March, 2009 entered into by the Company with Mr. Kishor Shah is available for inspection at the registered office of the Company between 10 a.m. to 1 p.m. on any working day.

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

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

By Order of the Board

Date : June 29, 2009

(S. C. PAL)

Company Secretary - cum - Vice President (Legal)

SMIFS CAPITAL MARKETS LIMITED

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

Attendance Slip

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

I hereby record presence at the Twenty-Sixth Annual General Meeting held at the registered Office of the company on Saturday, September 12, 2009 at 10.00 a.m.

SIGNATURE OF THE SHAREHOLDER / PROXY*

--

* Please strike off whichever is not applicable.

** Applicable for Members holding shares in Dematerialised form.

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

SMIFS CAPITAL MARKETS LIMITED

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

PROXY

I/We _____
resident of _____ in the
district of _____ being a Member(s) of SMIFS
CAPITAL MARKETS LIMITED hereby appoint _____
resident of _____
or failing him/ her _____
resident of _____ for me / us on my
behalf at the Twenty-Sixth Annual General Meeting of the Company to be held on Saturday, the 12th day of
September, 2009 at 10 a.m. and at an adjournment hereof.

Signed this _____ day of _____ 2009.

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

*Applicable for Members holding shares in Dematerialised form.

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

Please affix
Revenue
Stamp of
proper value.

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

REGISTERED AND CORPORATE OFFICE

"VAIBHAV" 4F

4 Lee Road

Kolkata - 700 020

Phone No: (033) 2290-0362, 2290-7400/01/02

Fax No: (033) 2287-4042/6884

Email: smifscap@giascal01.vsnl.net.in

BRANCH MUMBAI

Commonwealth Building

82, Nagindas Master Road, 1st Floor

Mumbai-400 001

Phone No: (022) 2284-6264/66, 2240-2245/4039

Fax No: (022) 22040452

Email: smifscap@bom7.vsnl.net.in

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