

ANNUAL REPORT 2005-2006

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SMIFS CAPITAL MARKETS LIMITED

SMIFS CAPITAL MARKETS LIMITED

BOARD OF DIRECTORS

Mr. U. Parekh - Chairman

Mr. R. Maheshwari - Director

Mr. Chandranath Mukherjee - Director

Mr. K. Shah – Whole-Time Director

Mr. Santosh Kumar Mukherjee – Director

COMPANY SECRETARY-CUM VICE PRESIDENT (LEGAL)

Mr. Saibal Chandra Pal

AUDITORS

M/s J. S. Vanzara & Associates

Chartered Accountants

BANKERS

HDFC Bank Ltd.

American Express Bank Ltd.

Federal Bank Ltd.

State Bank of India

IndusInd Bank Ltd.

Standard Chartered Bank

UTI Bank Ltd.

ICICI Banking Corporation Ltd.

ABN AMRO Bank.

REGISTERED OFFICE

Vaibhav (4F), 4, Lee Road, Kolkata – 700 020

SMIFS CAPITAL MARKETS LIMITED**DIRECTORS' REPORT****TO THE MEMBERS**

Your Directors have pleasure in presenting the Annual Report and the Audited Accounts for the year ended 31st March 2006.

FINANCIAL HIGHLIGHTS

	(Rupees in Million)	
	Year ended 31.03.2006	Year ended 31.03.2005
Profit / Loss (-) before Interest, Depreciation & Tax	38.24	41.35
Less: Interest	6.40	7.20
Profit / Loss (-) before Depreciation & Tax	31.84	34.15
Less: Depreciation	6.60	9.84
Profit / Loss (-) before Tax	25.24	24.31
Less: Provision for Tax – current / earlier years	(4.18)	1.27
Less: Deferred tax for the year	(2.42)	12.90
Less: Fringe Benefit Tax	0.48	--
Profit / Loss (-) after Tax	31.36	10.14
(Debit) / Credit balance brought forward from earlier year	(66.31)	(76.46)
Profit/(Loss) carried to Balance Sheet	(34.95)	(66.31)

Your Company achieved EBITDA of Rs. 38.24 million for the year ended 31.03.2006. The secured and unsecured loans availed by the company reduced from Rs. 96.44 million to Rs. 60.64 million.

YEAR IN RETROSPECT AND FUTURE GROWTH

Securities and Exchange Board of India (SEBI) renewed certificate of registration of your company as Category I Merchant Banker. Application for renewal of registration as an Underwriter is pending with SEBI.

The financial year witnessed an upsurge in optimism. There has been a considerable increase in resource mobilization by accessing the Capital Market. Your company is geared to take advantage of the same. Your company is focusing mainly in the areas of Mergers and Acquisitions, Loan Syndication and Private Placement of Shares and continues to further develop these activities. The outlook for the current year appears positive.

PUBLIC DEPOSITS

Your Company discontinued acceptance of Public Deposits w. e. f. 15.7.1997 and complied with the rules applicable thereto. Unclaimed Public Deposits amounted to Rs. 0.15 million (previous year Rs. 0.22 million). Against the above unclaimed deposits the Company has invested in unencumbered Government Securities an aggregate sum of Rs. 0.50 million [(face value) (previous year Rs. 0.50 million)]. Your Company has repaid all public deposits and the interest due thereon in terms of your Company's schemes except where these deposits are not claimed. Reminders were sent to persons who have not claimed repayment of their matured deposits.

DIVIDEND

In view of the accumulated loss of Rs. 34.95 million, no dividend is being recommended on the equity shares.

LISTING OF SECURITIES OF THE COMPANY

The equity shares of your Company continue to be listed on the Stock Exchanges at Calcutta and Mumbai and the listing fees for the year 2005-06 have been paid.

The Equity Shares of the company were compulsorily dematerialized with effect from 26.12.2000.

SUBSIDIARIES

As on 31.03.2006 the Company had two subsidiaries, SMIFS Capital Services Limited continued to remain a wholly – owned subsidiary and Salveo Life Sciences Limited which became a subsidiary w.e.f. 03.01.2006.

The Statement required under Section 212 of the Companies Act, 1956 in respect of the subsidiaries of the company is attached hereto.

CORPORATE GOVERNANCE

A separate section on Corporate Governance is attached and marked as **Annexure C**. The Certificate from the Company's auditors confirming compliances by the Company of norms of Corporate Governance as stipulated in the Clause 49 of the Listing Agreement with the Stock Exchange is also annexed.

DIRECTORS' RESPONSIBILITY STATEMENT

As required by the provisions of Section 217(2AA) of the Companies Act, 1956, the Directors' Responsibility Statement is attached as **Annexure – A**, forming part of their report.

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

Particulars required to be furnished by 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. Foreign exchange outgo during the year aggregated to Rs. 0.99 million (previous year Rs. 0.64 million).

DIRECTORS

Mr. Utsav Parekh, Chairman of the Board of Director retires by rotation in accordance with the requirement of the Companies Act, 1956 and Articles of Association of the Company and being eligible offers himself for re-appointment.

Mr. Santosh Kumar Mukherjee was appointed as Additional Director of the Company with effect from December 30th 2005 and vacates office at the ensuing Annual General Meeting. Your Company has received a notice under Section 257 of the Companies Act, 1956 in writing from a member of the company signifying his candidature for the office of Director.

Mr. Kishor Shah was appointed Whole Time Director w.e.f 01.04.2003 for a period of 3 (three) years. On the expiry of his term he was re-appointed w.e.f. 01.04.2006 for a further period of 3 (three) years subject to approval of the members at the ensuing Annual General Meeting. The terms of re-appointment, proposed include payment of managerial remuneration w.e.f. 01.10.2006 as per the provisions of Section 269 and other applicable provisions and is within the limits prescribed in Schedule XIII to the Companies Act, 1956.

As per the MCA-21 initiated by Government of India, all Directors of your company obtained Directors Identification Number (DIN).

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.

AUDITORS' QUALIFICATION

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

PARTICULARS OF EMPLOYEES

The particulars as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 (as amended) are not given as none of the employees were in receipt of remuneration in excess of Rs. 24 lacs per annum or Rs. 2 lacs per month.

ACKNOWLEDGEMENTS

The Board of Directors place on record their appreciation for the contribution and support provided to the company by the shareholders, employees, bankers and customers during the period under the report.

On behalf of the Board of Directors

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(UTSAV PAREKH)
CHAIRMAN

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

The 13th day of June 2006

ANNEXURE TO DIRECTORS' REPORT

ANNEXURE – A

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 31st March 2006, the applicable accounting standards have been followed along with the proper explanations relating to material departures.
2. The Directors have adopted such accounting policies and have applied them consistently and have made judgments and estimates in a reasonable and prudent manner so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the Company for that period.
3. The Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, to the best of the knowledge and ability of the Directors.
4. The Directors have prepared the annual accounts on a going concern basis.

On behalf of the Board of Directors

(UTSAV PAREKH)
CHAIRMAN

'Vaibhav' 4F, 4 Lee Road
Kolkata - 700 020
The 13th day of June 2006

ANNEXURE TO DIRECTORS' REPORT

ANNEXURE – B

MANAGEMENT DISCUSSION AND ANALYSIS

The Financial Year 2005 – 2006 was yet another challenging year for your Company. The Certificate of registration as Category I Merchant Banker was renewed by the Securities and Exchange Board of India (SEBI). The renewal application for registration as Underwriter is pending with SEBI.

INDUSTRY DEVELOPMENT

The year 2005 - 06 witnessed an upsurge in optimism. Consumer confidence soared on the assumption that the economy would now capitalise on its intrinsic strengths. GDP grew at 8.1 % during 2005-2006. Initial Public Issues (IPOs) of equities showed substantial growth both in number and size. The sensex crossed the magical 11,000 mark touching an all time high of 11,300 as at 30th March, 2006. A new found confidence in the Indian Economy and its growth prospects have seen large inflows into the Indian Capital Market. This strong economic growth is expected to provide more opportunities for growth to the participants in the capital market.

BUSINESS OPPORTUNITIES AND THREATS

Business Opportunities

Many large corporates have announced their investment plans and it is expected that some of these companies will tap the capital market resulting in increased opportunities for investment bankers and capital market intermediaries.

Threats

Most of the competitors of your Company have international affiliations or are a part of large global network. To compete successfully, it may become necessary for your Company also to look for such an alliance.

Outlook

Your company is executing various assignments in the areas of mergers and acquisitions, resource mobilization, corporate advisory services etc., and the outlook for the current year appears positive.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Internal control systems are aimed at promoting operational efficiencies while emphasizing adherence to policies.

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

'Vaibhav' 4F, 4 Lee Road,
Kolkata - 700 020
The 13th day of June 2006

ANNEXURE TO DIRECTORS' REPORT

ANNEXURE -C

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Your Company has implemented and is continuously improving the Corporate Governance with the objective of fulfilling shareholders' expectation and Company's social commitments through high standards of ethics, sound business decisions, prudent financial management practices, professionalism in decision making and finally strict compliance with regulatory guidelines on governance.

BOARD OF DIRECTORS

The Board comprised of five members upto 31.03.2006. An independent director was appointed on 30.12.2005 and there are three independent Directors constituting sixty per cent of the total strength of the Board. The strength of independent Director is in compliance of Clause 49 of the Listing Agreement. The Board members are responsible for the management of the business. The Board's role, functions, responsibility and accountability are clearly defined. In addition to its primary role of monitoring corporate performance, the functions of the Board include :

- approving corporate philosophy and vision;
- formulation of strategic and business plans;
- reviewing and approving financial plans and budgets;
- monitoring corporate performance against strategic and business plans, including overseeing operations;
- ensuring ethical behavior and compliance with laws and regulations;
- reviewing and approving borrowing limits;
- formulating exposure limits; and
- keeping shareholders informed regarding plans, strategies and performance.

To enable the Board to discharge its responsibilities effectively, the executive management places detailed reports on the performance on a quarterly basis.

Management Discussion and Analysis Report, which forms a part of this Annual Report, is attached to the Directors' Report.

During the year, 2005-2006, Board Meetings were held on 30.06.2005, 29.07.2005, 29.10.2005, 30.12.2005 and 31.01.2006

None of the Directors on the Board are members in more than ten committees (committee within the meaning of Clause 49 of the Listing Agreement) across all companies in which they are Directors.

The composition of the Board as on 31.03.2006, attendance at Board Meetings held during the year and at the last Annual General Meeting, number of Directorships in other public companies and Committees across various public companies of which the Director is a Member / Chairman are given below :

Name of the Director	Category	Year 2005 - 06 Attendance at Board Meetings	Year 2005 - 06 Attendance at last AGM	No. of outside Directorships	No of other Board Committees of which he is a member	No of other Board Committees of which he is a Chairman
Utsav Parekh - Chairman	Promoter Non -Executive	4	Yes	13*	10	3
Ramesh Maheshwari	Independent	5	No	5**	2	1
Kishor Shah	Whole-Time Director	5	Yes	2***	1	-
Chandranath Mukherjee	Independent	5	No****	1	1	--
Santosh Kumar Mukherjee	Independent	2	No	Nil	--	--

* Executive Chairman of SMIFS Capital Services Limited (wholly -owned Subsidiary) and also Director of Salveo Life Sciences Limited (Subsidiary).

*Chairman of 3 other Companies

**Chairman of 1 Company.

***Whole-Time Director of SMIFS Capital Services Limited (wholly-owned subsidiary) and Director of Salveo Life Sciences Limited (Subsidiary).

**** Out of India. Informed the company well in advance.

The present Board comprises of 5 (five) members of which one is a Whole-Time Director w.e.f. 01-04-2003. The tenure has been extended for a further period of 3 (three) years w.e.f 01.04.2006 and the terms of re-appointment are being placed for approval of the members. Three Directors on the Board are independent Directors who have no business and / or professional relationship with the Company. The Non-Executive Directors (NEDs) with their diverse knowledge, experience and expertise bring in independent judgment in the deliberations and decisions of the Board.

1. AUDIT COMMITTEE

The Company complies with the listing agreements with Stock Exchanges and the provisions of Section 292A of the Companies Act, 1956, pertaining to the Audit Committee and its functioning. During the financial year ended 31.03.2006, Audit Committee meeting were held on 30.06.2005, 29.07.2005, 29.10.2005 and 31.01.2006. The 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.

Term of reference

- a. Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- c. Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:
 - Any change in accounting policies and practices.
 - Major accounting entries based on exercise of judgment by management.
 - Qualifications in draft audit report.
 - Significant adjustments arising out of audit.
 - The going concern assumption.
 - Compliance with accounting standards.
 - Compliance with stock exchange and legal requirements concerning financial statements.
 - 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.
- d. Review of the Company's financial reporting process, the financial statements and financial / risk management policies.
- e. Review of the adequacy of the internal control systems and functioning of the internal audit team.
- f. Discussion with the management and the external auditors, the audit plan for the financial year and joint post-audit review of the same.
- g. 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.

The Audit Committee was reconstituted w.e.f 30.12.2005. Mr. Santosh Kumar Mukherjee was appointed in place of Mr. Ramesh Maheshwari. The composition and attendance at its meetings is given hereunder :

COMPOSITION OF AUDIT COMMITTEE	NO. OF MEETINGS ATTENDED	SITTING FEE*
Mr. Chandranath Mukherjee- <i>Chairman</i>	4	2000
Mr. Ramesh Maheshwari **	3	1000
Mr. Santosh Kumar Mukherjee	1	1000
Mr. Utsav Parekh	4	2000

Mr. Kishor Shah Director – in – Charge of Finance

*Fees: Rs. 1000/- being paid to Directors for attending Audit Committee Meeting from 24.09.2005

** Mr. Ramesh Maheshwari was member upto 30.12.2005.

The Audit Committee meetings were held at the Registered Office and attended by the Vice President (Finance), the Internal Auditor and Representative of the Statutory Auditor and the Company Secretary.

2. MANAGERIAL REMUNERATION**a) Remuneration Committee**

The Remuneration Committee was re-constituted w.e.f. 30.12.2005. Mr. Santosh Kumar Mukherjee was appointed to fill up a vacancy reserved for an independent Director and comprises of :

Mr. Ramesh Maheshwari - Chairman

Mr. Chandranath Mukherjee

Mr. Santosh Kumar Mukherjee

During the year under review, no Remuneration Committee meeting was held. However, the meeting was held in the current year on 13.06.2006.

b) Sitting fees paid to Directors for the year ended 31.03.2006

NAME	EXECUTIVE / NON – EXECUTIVE DIRECTOR	NO. OF BOARD MEETINGS ATTENDED	SITTING FEES* (RS.)	COMMISSION
Mr. Utsav Parekh	Director	4	8500	NIL
Mr. Ramesh Maheshwari	Director	5	9500	NIL
Mr. Chandranath Mukherjee	Director	5	9500	NIL
Mr. Kishor Shah	Whole-Time Director	5	—	NIL
Mr. Santosh Kumar Mukherjee	Director	2	5000	NIL
	TOTAL		32500	NIL

* Sitting Fees: Rs. 1000/- being paid to Directors for attending Board Meeting upto 24.09.2005 and Rs. 2,500/- thereafter.
There are no stock options available / issued to any Director of the Company. Stock Options do not form a part of contract with any of the Directors.

Remuneration to Directors

No commission has been recommended for the year 2005-06. Mr. Utsav Parekh, Chairman is also the Executive Chairman of the wholly-owned subsidiary, SMIFS Capital Services Limited. He draws managerial remuneration from the wholly-owned subsidiary, SMIFS Capital Services Limited and the remuneration drawn does not exceed the limit prescribed under Schedule XIII to the Companies Act, 1956. Mr. Kishor Shah, Whole-Time Director on its Board does not draw remuneration from the company. He is also the Whole-Time Director of the wholly-owned subsidiary SMIFS Capital Services Limited from where he draws managerial remuneration and the remuneration drawn does not exceed the limits prescribed under Schedule - XIII to the Companies Act, 1956. The tenure of Mr. Kishor Shah as Whole Time Director in your company has been extended for a further period of 3 (three) years w.e.f 01.04.2006. Your Board of Directors and Remuneration Committee have recommended managerial remuneration payment to Mr. Shah w.e.f 01.10.2006 and discontinuance of receipt of managerial remuneration from SMIFS Capital Services Limited from the same date. The terms of re-appointment and the approval of the managerial remuneration from 01.10.2006 are being put up for approval at the ensuing Annual General Meeting as a Special Resolution.

3. DISCLOSURE BY 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 with the interest of the Company at large:

- Related party transactions viz. Promoters, Directors or the Management, their subsidiaries or relatives have been stated in Clause 15 of the Notes to Accounts is Schedule M.
- There were no significant instances of non-compliance on any matter related to the capital market, during the last three years.

4. SHAREHOLDERS' GRIEVANCE COMMITTEE

The Shareholders' Grievance Committee was re-constituted w.e.f 30.12.2005. Mr. Santosh Kumar Mukherjee was appointed in place of Mr. Chandranath Mukherjee and Sri Santosh Kumar Mukherjee was appointed Chairman of the committee which comprises of:

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

The meeting of Shareholders' Grievance was held on 24.09.2005.

5. SHARE TRANSFER COMMITTEE

The Company re-constituted the Share Transfer Committee w.e.f 30.12.2005. Mr. Santosh Kumar Mukherjee was appointed in place of Mr. Chandranath Mukherjee and the committee comprises of:

Mr. Utsav Parekh
Mr. Santosh Kumar Mukherjee
Mr. Kishor Shah

The Company is prompt in attending to the requests received for transfers, split, consolidation as well as issue of duplicate share certificates and completes the process and dispatches the certificates, well within the stipulated time.

6. COMMITTEE OF DIRECTORS

In addition to the above committees, the Board re-constituted the Committee of Directors which considers matters of extreme urgent nature. The Committee was reconstituted on 30.12.2005. Mr. Santosh Kumar Mukherjee was appointed in place of Mr. Chandranath Mukherjee. The Committee comprises of:

Mr. Utsav Parekh
Mr. Santosh Kumar Mukherjee
Mr. Kishor Shah

7. COMPLIANCE CERTIFICATE

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

8. GENERAL BODY MEETINGS

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

YEAR	TYPE	DATE	VENUE	TIME
2004-05	AGM	24.09.2005	Registered Office: Vaibhav (4F), 4 Lee Road, Kolkata – 700 020.	10.00 A.M.
2003-04	AGM	30.09.2004	Registered Office: Vaibhav (4F), 4 Lee Road, Kolkata – 700 020.	10.30 A.M.
2002-03	AGM	27.09.2003	Registered Office: Vaibhav (4F), 4 Lee Road, Kolkata – 700 020.	10.30 A.M.

9. MEANS OF COMMUNICATION

Half-yearly report sent to each household of shareholders

Quarterly and half-yearly results
Newspapers in which results are normally published
Any website, where displayed

Whether it also displays official news releases

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

Financial results of the Company are published in the newspapers
Published in the newspapers
Asian Age (English), Arthik Lipi (Bengali)
The results are displayed on the company's website at www.smifscap.com
Yes, The web site also displays the official news releases.

Yes

10. GENERAL SHAREHOLDERS' INFORMATION

AGM date, Time and Venue

16.09.2006 (Saturday) at 10.00 a.m. at the Registered office at 'Vaibhav' (4F), 4 Lee Road, Kolkata – 700 020
April to March

Financial Calendar

Financial Reporting :

1. For the quarter ending June 30, 2005
2. For the quarter ending Sept 30, 2005
3. For the quarter ending Dec 31, 2005
4. For the year ending March 31, 2006

On 29.07.2005
On 29.10.2005
On 31.01.2006
By 13.06.2006 (Audited Results published).

Annual General Meeting for the year 31st March, 2006

Dividend Payment date

Date of Book Closure

Not recommended

11th September 2006 to 16th September 2006 (both days inclusive)

Listing on Stock Exchange

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

Stock Code

508905 – Mumbai

29354– Calcutta

INE641A01013

ISIN Number for NSDL / CDSL

11. MARKET INFORMATION

Year	Bombay Stock Exchange (BSE)		Calcutta Stock Exchange (CSE)	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
2003-2004	22.50	7.50	13.50	11.50
2004-2005	24.50	12.00	No Trading	No Trading
2005-2006	33.40	15.05	No Trading	No Trading

12. REGISTRAR AND SHARE TRANSFER AGENTS

Members are requested to correspond with the Company's Registrar & Transfer Agents:

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: mdn@calvsnl.net.in

13. SHARE TRANSFER SYSTEM

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

14. DISTRIBUTION OF SHAREHOLDING as on March 31st 2006

Category	No. of shares held	% of shareholding
RESIDENT INDIVIDUALS	8,08,549	14.48%
FINANCIAL INSTITUTIONS / BANK	1,01,000	1.81%
FOREIGN INSTITUTIONAL INVESTORS	8,25,000	14.76%
CORPORATE BODY-DOMESTIC	27,01,684	48.37%
INDIAN PROMOTERS:		
a) Individuals	5,43,800	9.74%
b) Corporate Bodies	2,76,750	4.96%
NRIs / OVERSEAS CORP. BODIES (OCBs)	3,28,217	5.88%
TOTAL	55,85,000	100%

15. DETAILS OF USE OF PUBLIC FUND OBTAINED IN THE LAST THREE YEARS

No funds have been raised from the public in the last three years.

16. PLANT LOCATION

None

17. INVESTOR CORRESPONDENCE

Share transfer and communication regarding share certificates, dividends and change of address and any other queries relating to the shares of the Company.

To the Registrar and Share Transfer Agents and

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

SMIFS Capital Markets Limited

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

Ph : 2240-2245, 2247-8934 Fax : 2287-4042

E-mail : smifscap@qiascl01.vsnl.net.in

18. OTHER INFORMATION**Secretarial Audit**

A qualified practicing Company Secretary has carried out secretarial audit every quarter to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) with the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the aggregate total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

Compliance

The Corporate Governance Compliance Certificate dated 12.04.2006 has been obtained from Mr. Mukesh Chaturvedi, Practicing Company Secretary.

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 has laid down Code of Business Conduct and Ethics.

Our Code of Business Conduct and Ethics states that the employees will be fair, honest, truthful, reliable and upright in whatever they do. The Code will ensure that the employees must not only have personal integrity in doing the right things but also be aware of them and confirm that they are responsible for the same. The Code of Conduct is available on the company's web-site.

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

ANNUAL DECLARATION BY CEO PURSUANT TO CLAUSE 49 (I) (D)(ii) OF THE INDIAN STOCK EXCHANGE LISTING AGREEMENT

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 2005-06.

(Kishor Shah)

Whole Time Director

Date: 13.06.2006

19. INFORMATION PURSUANT TO CLAUSE 49 VIA (C) OF THE LISTING AGREEMENT

Name of the other Companies in which the Director who are being newly appointed or re-appointed holds directorship and membership of Committees of the Board

a) **New Appointment** – Mr. Santosh Kumar Mukherjee – [B.Com (H), B.A.(H), FCA] Appointed as Additional Director on 30.12.2005. Mr. Mukherjee is a practicing Chartered Accountant and was earlier employed in the Banking Industry and Securities Market. Mr. Mukherjee is not on the Board of any other company.

b) **Re-Appointment** – Mr. Utsav Parekh, Chairman being eligible offers himself for re-appointment. Mr. Parekh is in the Board of several reputed companies and the detail given are as under:

Sl. No.	Name of Company	Nature of Office
1.	SMIFS Capital Services Limited	Executive Chairman
2.	The Sirpur Paper Mills Limited	Director
3.	McNally Bharat Engg. Co. Limited	Director
4.	Xpro India Limited	Director
5.	Globsyn Technologies Limited	Director
6.	Moving Pictures (India) Limited	Director
7.	Lend Lease Company (India) Limited	Director
8.	SIMOCO Telecommunications (South Asia) Limited	Chairman
9.	Transceivers India Limited	Chairman
10.	Maharaja Shree Umaid Mills Limited	Director
11.	Salveo Life Sciences Limited	Director
12.	Cable Corporation of India Limited	Director
13.	Indian Chamber of Commerce	Member
14.	McLeod Russel (India) Limited	Director
15.	Gyaniram & Sons (P) Limited	Director
16.	Stewart & Co.	Partner

Names of other Companies in which the Mr. Utsav Parekh, Chairman who is retiring and being eligible for re-appointment, holds membership in the various committee are given as under:

Sl. No.	Name of Company	Member of Committee
1.	Cable Corporation of India Limited	• Audit Committee
2.	Maharaja Shree Umaid Mills Limited	• Audit Committee • Shareholders' Grievance Committee
3.	McLeod Russel (India) Limited	• Investors Grievance
4.	McNally Bharat Engg. Co. Limited	• Audit Committee
5.	The Sirpur Paper Mills Limited	• Audit Committee