

ANNUAL REPORT 2006-2007

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SMIFS CAPITAL MARKETS LIMITED

SMIFS CAPITAL MARKETS LIMITED**NOTICE**

NOTICE IS HEREBY GIVEN that the Twenty-fourth Annual General Meeting of the members of **SMIFS CAPITAL MARKETS LIMITED** will be held on Saturday, September 29, 2007 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, 2007, the Balance Sheet as on that date and the reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. Chandranath Mukherjee, Director who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditor to hold office from conclusion of the Twenty -Fourth Annual General Meeting until conclusion of the Twenty - Fifth Annual General Meeting and to authorise the Board to fix their remuneration.

Special Business

5. To consider, and if thought fit, to pass the following Resolution as an **ORDINARY RESOLUTION** :

Appointment of Mr. Ajay Kumar Kayan as Director

"RESOLVED THAT Mr. Ajay Kumar Kayan who was appointed as an Additional Director in the meeting of Board of Directors of the Company held on June 30, 2007 and who holds office as such up to the date of Twenty Fourth 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. Ajay Kumar Kayan as a candidate for the office of Director of the Company be and is hereby appointed as a Director of the Company."

6. To consider, and if thought fit, to pass the following Resolution as a **SPECIAL RESOLUTION** :

Appointment of Mr. Utsav Parekh as Executive Chairman

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311, 314 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII, Part II, Section II (B) of the Companies Act, 1956, Mr. Utsav Parekh be and is hereby appointed as Executive Chairman of the Company for a period of 3 (three) years with effect from October 1, 2007 at the remuneration set out in the Explanatory Statement, on the terms and conditions as specified in the draft agreement to be entered into between the Company and Mr. Utsav Parekh, initialed by the Mr. Kishor Shah, Whole-Time Director for the purpose of identification.

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. Utsav Parekh.

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

RESOLVED FURTHER THAT the draft agreement tabled, to be entered with Mr. Utsav Parekh be and is hereby approved and the same be signed by any of the Directors of the Company."

7. To consider, and if thought fit, pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

Increase of Sitting Fee paid to Directors for attending Board Meeting.

RESOLVED THAT pursuant to the provisions of section 310 of the Companies Act, 1956, Rule 10B of the Companies (Central Government's) General Rules and Forms, 1956 and Article 16 of the Articles of Association, sitting fee of Rs.2,500/- (Rupees Two Thousand Five Hundred only) paid to a Director for attending each Board Meeting be increased from the existing amount of Rs.2,500/- (Rupees Two Thousand Five Hundred only) to Rs.7,500/- (Rupees Seven Thousand Five Hundred only) per meeting."

By Order of the Board

(S. C. PAL)

Company Secretary – cum - Vice President (Legal)

Regd.Office : 'Vaibhav' (4F),
4, Lee Road,
Kolkata-700020
Date : July 30, 2007

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, for consolidation of 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 dematerialised 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 Share Transfer Agents.
- 6) Members are requested to quote their account / folio numbers and in case their shares are held in dematerialised 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 17.09.2007 to 29.09.2007 (both days inclusive).
- 8) The relative 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 kindly bring their copies to the Meeting.

SMIFS CAPITAL MARKETS LIMITED**EXPLANATORY STATEMENT
PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No. 5**

Mr. Ajay Kumar Kayan was appointed as Additional Director w.e.f June 30, 2007 under Section 260 of the Companies Act, 1956 and Article 28 of the Articles of Association and holds office up to the date the conclusion of the ensuing Annual General Meeting. Mr. Ajay Kumar Kayan being eligible offers himself for appointment at the meeting. Notice, alongwith the deposit of Rs. 500/- (Five Hundred only), as required by Section 257 of the Companies Act, 1956 have been received from a member proposing the appointment of Mr. Ajay Kumar Kayan as a Director. Mr. Kayan has also filed with the company his consent, to act as the Director of the company, if appointed.

Mr. Ajay Kumar Kayan, a Commerce Graduate is recognized for the deep insight in the field of finance and other related activities and has around 25 years experience in the securities market.

Your Directors commend the resolution for your approval.

Except Mr. Ajay Kumar Kayan, no other Director is concerned or deemed to be interested in the said resolution.

Item No. 6

Your company proposes to appoint Mr. Utsav Parekh presently the Chairman of the company, as the Executive Chairman of the company for a period of 3 (three) years w.e.f. October 1, 2007. The Remuneration Committee in the meeting held on 30.06.2007 recommended and the Board Meetings held on June 30, 2007 recommended the appointment from October 1, 2007 subject to the approval of shareholders through Special Resolution for a period of 3 (three) years on the terms and conditions which is as per Schedule XIII, Part II, Section II (B) to the Companies Act, 1956 mentioned hereinafter.

Mr. Utsav Parekh has over 25 years of experience and his experience is beneficial for the Company's business. As Executive Chairman, Mr. Parekh will be devoting considerable time and attention to the business of the Company.

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 31.03.07	Rs. 219.86 million																																		
I. General Information:																																			
1) Nature of Industry	Registered Merchant Banker and Underwriter.																																		
2) Expected date of commencement of commercial production.	The Company is in operation and is engaged in merchant banking, underwriting and corporate advisory services.																																		
In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.	N.A.																																		
3) Financial performance based on given indicators.	<table> <tr> <td>(a) Profit/ (loss) Before Tax</td><td></td></tr> <tr> <td></td><td>Rs. in million</td></tr> <tr> <td>31.03.07</td><td>81.53</td></tr> <tr> <td>31.03.06</td><td>25.24</td></tr> <tr> <td>31.03.05</td><td>24.31</td></tr> <tr> <td>(b) Provision for Taxation</td><td></td></tr> <tr> <td></td><td>Rs. in million</td></tr> <tr> <td>31.03.07</td><td>(21.03)</td></tr> <tr> <td>31.03.06</td><td>(6.12)</td></tr> <tr> <td>31.03.05</td><td>14.16</td></tr> <tr> <td>(c) Profit/(Loss) after Tax</td><td></td></tr> <tr> <td></td><td>Rs. in million</td></tr> <tr> <td>31.03.07</td><td>102.56</td></tr> <tr> <td>31.03.06</td><td>31.36</td></tr> <tr> <td>31.03.05</td><td>10.15</td></tr> <tr> <td>Export performance and net foreign exchange collaborators.</td><td>NIL</td></tr> <tr> <td>Foreign investments or collaborations, if any.</td><td>NIL</td></tr> </table>	(a) Profit/ (loss) Before Tax			Rs. in million	31.03.07	81.53	31.03.06	25.24	31.03.05	24.31	(b) Provision for Taxation			Rs. in million	31.03.07	(21.03)	31.03.06	(6.12)	31.03.05	14.16	(c) Profit/(Loss) after Tax			Rs. in million	31.03.07	102.56	31.03.06	31.36	31.03.05	10.15	Export performance and net foreign exchange collaborators.	NIL	Foreign investments or collaborations, if any.	NIL
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II. Information about the appointee																																			
1) Back ground details	<table> <tr> <td>(a) Age</td><td>51 years</td></tr> <tr> <td>(b) Qualification</td><td>B.Com</td></tr> <tr> <td>(c) Profession</td><td>Investment Banker</td></tr> <tr> <td>(d) Experience</td><td>Over 25 years Director of Thirteen Companies and also Member of several Committees.</td></tr> </table>	(a) Age	51 years	(b) Qualification	B.Com	(c) Profession	Investment Banker	(d) Experience	Over 25 years Director of Thirteen Companies and also Member of several Committees.																										
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2) Past Remuneration

Managerial remuneration drawn as Executive Chairman of SMIFS Capital Services Limited, wholly-owned subsidiary of SMIFS Capital Markets Limited to be drawn upto September 30, 2007. Mr. Utsav Parekh will continue as Director of SMIFS Capital Services Limited after September 30, 2007.

3) Recognition and awards	NIL
4) Job Profile and his suitability	The Company's business involves providing advisory services to Companies and structuring deals for mergers, amalgamation and takeover and also providing underwriting. The services involve advising the top management of the Companies specially listed and operating in the securities market of which Mr. Utsav Parekh has profound knowledge and experience.
5) Remuneration proposed	Given below under Para IV (Disclosures) effective from October 1, 2007.
6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t the country of his origin).	The 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 the managerial personnel, if any.	None
III. Other Information	
1) Reasons for loss and inadequate profit	The Company is gradually improving its performance.
2) Steps taken or proposed to be taken for improvement	The Company is being professionally managed.
3) Expected increase in productivity and Profits in measurable terms	Increase by atleast 25% (average) of the present level of profits in the ensuing 3 (three) years.
IV. Disclosures:	
Pursuant to Sections 198, 269, 309, 310, 311, 314 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. Parekh with effect from October 1, 2007:	
a) Salary:	Rs. 1,29,000 (Rupees One Lakh Twenty-Nine Thousand only) per month (with the annual increment as decided by the Board, subject to the ceiling as prescribed in Schedule XIII to the Companies Act, 1956).
b) Perquisites/Amenities: (With annual increment as decided by the Board)	
1) Housing:	House Rent Allowance @ 25% (Twenty-five percent) of the salary.
2) Functional Allowance:	25% (Twenty-Five percent) of the salary.
3) Children Education Allowance:	Rs. 2,000 (Rupees Two Thousand only) per month.
4) Annual Flexi Benefit:	The reimbursement of expenses towards Medical, Leave Travel Allowance etc. not exceeding Rs. 11,636 (Rupees Eleven Thousand Six Hundred Thirty-Six only) per annum.
5) Personal Accident & Hospitalisation Expenses:	In Accordance with the rules of the Company.
6) Contribution to Provident Fund:	12% (Twelve percent) of the basic salary.
7) Gratuity:	In Accordance with the rules of the Company.
8) Leave:	Entitled to leave with full pay or encashment, as per the rules of the Company.
9) Conveyance Facilities:	The Company shall provide suitable conveyance facilities or in lieu of conveyance facilities, the Company shall reimburse the actual conveyance expenses.
10) Telephone, telefax and other communication facilities:	The Company will provide telephone, telefax and other communication facilities at the Executive Chairman's residence.

11) Corporate Club Membership:

In accordance with the rules of the Company.

12) Exgratia:

As decided by the Board of Directors from time to time.

13) Other Perquisites:

Subject to the overall ceiling on the remuneration mentioned herein above the Executive Chairman may be given other allowances, benefits and perquisites as the Board may decide from time to time.

c) Overall Remuneration:

The aggregate salary, commission and perquisites in any financial year shall not exceed the limits prescribed from time to time under section 198, 269, 309, 310, 314 and other applicable provisions of the Companies Act, 1956 if any read with Schedule XIII to the Companies Act, 1956 as be in force may from time to time.

d) 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 allowance shall be governed by the limits prescribed in Schedule XIII to the Companies Act, 1956.

This may be considered as the abstract of the terms of contract with Mr. Utsav Parekh, Executive Chairman, pursuant to the provisions of Section 302 of the Companies Act, 1956.

With the appointment of Mr. Utsav Parekh as Executive Chairman, the company would have two Whole-Time directors which is in conformity with the Companies Act, 1956 and Clause 49 of the Listing Agreement.

Your Directors commend the proposal as Special Resolution for your approval.

The draft agreement to be entered into by the Company with Mr. Utsav Parekh 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. Utsav Parekh is deemed to be concerned or interested in the said resolution.

Item No. 7

Your Directors are being paid Rs.2,500/- (Rupees Two Thousand Five Hundred only) for attending each Board Meetings. Considering the increase in sitting fees by other listed Companies, it is proposed that the sitting fee for each meeting be increased to Rs.7,500/- (Rupees Seven Thousand Five Hundred only) per meeting. The Directors would continue to receive Rs. 1000/- for each Committee Meeting.

The increase in the amount of sitting fees would be within the limits laid down in the Companies Act, 1956, Rule 10B of the Companies (Central Government's) General Rules and Forms, 1956 and Article 16 of the Articles of Association and has been forwarded by the Remuneration Committee to the Board, which has placed the proposal to the Annual General Meeting for consideration and approval.

Your Directors commend the proposal as a Special Resolution for your approval.

All Directors are interested in the resolution.

By Order of the Board

(S. C. PAL)

Company Secretary – cum - Vice President (Legal)

Regd.Office : 'Vaibhav' (4F),
4, Lee Road,
Kolkata-700020

Date : July 30, 2007

SMIFS CAPITAL MARKETS LIMITED

Regd. Office: 'Vaibhav' (4F), 4, Lee Road, Kolkata – 700020

Attendance Slip

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

I hereby record presence at the Twenty-Fourth Annual General Meeting held at the registered Office of the company on Saturday, September 29, 2007 at 10.00 A.M.

SIGNATURE OF THE SHAREHOLDER / PROXY*

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* 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

Regd. Office: 'Vaibhav' (4F), 4, Lee Road, Kolkata – 700020

PROXY

I/We _____ res
ident 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-Fourth
Annual General Meeting of the Company to be held on Saturday, the 29th day of September, 2007 at 10 a.m. and at an
adjournment thereof.

Signed this _____ day of _____ 2007.

DPID / CLIENT ID*		No. of shares held	
FOLIO NO.			

*Applicable for Members holding shares in Dematerialised form.

Please affix
Revenue
Stamp of
proper value.

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

Note : The proxy and the Power of Attorney (if any) under which it is signed or a 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.

SMIFS CAPITAL MARKETS LIMITED

Board of Directors

Mr. Utsav Parekh –Chairman
Mr. Ramesh Maheshwari – Director
Mr. Chandranath Mukherjee – Director
Mr. Santosh Kr. Mukherjee – Director
Mr. Ajay Kumar Kayan – Additional Director
Mr. Kishor Shah – Whole Time Director

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
UTI Bank Ltd.
The Federal Bank Ltd.

Registered Office

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

SMIFS CAPITAL MARKETS LIMITED**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, 2007.

1(a). FINANCIAL HIGHLIGHTS

(Rupees in million)

	Year ended 31.03.2007	Year ended 31.03.2006
Profit / (Loss) before Interest, Depreciation & Tax	94.54	38.24
Less: Interest	6.99	6.40
Profit / (Loss) before Depreciation & Tax	87.55	31.84
Less: Depreciation	6.02	6.60
Profit / (Loss) before Tax	81.53	25.24
Less: Provision for Tax – current / earlier years	8.23	(4.18)
Less : Deferred tax for the year	(29.70)	(2.42)
Less: Fringe Benefit Tax	0.44	0.48
Profit / (Loss) after Tax	102.56	31.36
Profit / (Loss) Account brought forward from earlier year	(34.95)	(66.31)
Profit available for Appropriation	67.61	—
Proposed Dividend including Dividend Tax	6.53	—
Transfer to General Reserve	3.20	—
Profit/(Loss) carried to Balance Sheet	57.88	(34.95)

The Company's gross income for the financial year ended March 31, 2007 increased to Rs 174.96 million from Rs 136.10 million in the previous year, registering a growth of over 28.55 per cent. The operating profit (PBDIT) of the company increased by 147.23 per cent to Rs 94.54 million during the year from Rs.38.24 million in the previous year. Debts have reduced from Rs. 66.55 million to Rs. 43.59 million during the year. Net Profit for the year increased by over 227.05 per cent to Rs. 102.56 million from Rs. 31.36 million in the previous year. An amount of Rs. 3.20 million was transferred to the General Reserve during the year under review.

The company's net worth as on March 31, 2007 stood at Rs. 597.46 million as against Rs. 501.43 million in the previous year.

(b). CAPITAL

The paid up capital of the company as at March 31, 2007 stood at Rs 5,58,50,000/- divided into 55,85,000 equity shares of Rs 10/- each. In the Annual General Meeting held on September, 16, 2006 a special resolution was passed pursuant to the provisions of Section 81(1A) of the Companies Act, 1956 authorising a further raising of upto Rs 12 Crores through Rights issue. Your Board decided to not to go ahead with the Right Issue, as one of the main object of the Right Issue was to repay high cost debt, a part of which has already been paid from internal generation and balance is expected to be paid from the internal generation in the current year.

(c). DIVIDEND

Your Directors have recommended a dividend of Re. 1/- (i.e. 10 per cent) per equity share on 55,85,000 equity shares of Rs 10/- each, for the financial year ended March 31, 2007, which, if approved at the ensuing Annual General Meeting, will be paid to (i) all those members whose names appear in the Register of Members of the company after giving effect to all valid share transfers in physical form lodged with the Company before September 17, 2007 and (ii) to those members whose names appear as beneficial owners, as furnished by the depositories viz. National Securities Depository Limited and Central Depository Services (India) Limited for the purpose.

(d). MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION

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 31.03.2007 the Company had one wholly-owned subsidiary Company namely SMIFS Capital Services Limited. Salveo Life Sciences Limited ceased to be a subsidiary of the Company w.e.f. February 21, 2007. The 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 is registered with the Securities and Exchange Board of India (SEBI) as a Category I Merchant Banker and Underwriter and undertook activities related to the securities market.

The Indian economy is growing quite well and a GDP growth of around 9% is expected in the current year. The country's capital markets deal in scrips of a large number of listed companies with a wide geographical outreach, providing world class trading and settlement

system, wide range of product availability with a fast growing derivatives market, well laid down corporate governance and investor protection measures and are well regulated by SEBI.

The accelerated economic growth and macroeconomic stability sustained the confidence of the investors (both domestic and foreign) in the country's capital market. Since the year 2003 the stock market has scaled new peaks year after year.

Your company is focusing mainly in the areas of Mergers and Acquisitions, Loan Syndication, Capital Market operations and Private Placement of Shares and continues to remain focused on these activities. 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. An amount of Rs 1.11 lacs (previous year Rs 1.48 lacs) is lying against the matured but unclaimed amount of deposits. Pursuant to Section 205C of the Companies Act, 1956 unclaimed matured deposits on the expiry of seven years after maturity and lying unclaimed are deposited with the Investor Education and Protection Fund (IEPF) established by the Central Government.

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 2006-07 have been paid.

The Equity Shares of the Company were compulsorily 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:

- (i) in the preparation of the accounts for the financial year ended March 31, 2007, the applicable accounting standards have been followed and that there are no material departures;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgements 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, 2007, and of the profit of the Company for the year ended on that date;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- (iv) the Directors have prepared the annual accounts of the company on a 'going concern' basis.

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

The 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.0.74 million (previous year Rs. 0.99 million).

8. DIRECTORS

Mr Ajay Kumar Kayan was appointed Additional Director in the Board Meeting held on 30th June, 2007 and holds office upto the date of Annual General Meeting. A notice has been received from a member under section 257 of the Companies Act, 1956 proposing the appointment of Mr Ajay Kumar Kayan as Director, accordingly a resolution is proposed at the ensuing Annual General Meeting.

Mr. Chandranath 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.

A special resolution has been proposed at the ensuing Annual General Meeting for the appointment of Mr. Utsav Parekh, presently Non-Executive Chairman as Executive Chairman of the company w.e.f. 01.10.2007 for a period of 3 (three) years. The proposed terms of appointment, include payment of managerial remuneration w.e.f. 01.10.2007 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.

Brief resumes of Mr. Ajay Kumar Kayan, Mr. Chandranath Mukherjee and Mr. Utsav Parekh, 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.

As per the MCA-21 initiated by Government of India, all Directors of your Company obtained Directors Identification Number (DIN) within the stipulated date of June 30, 2007.

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.