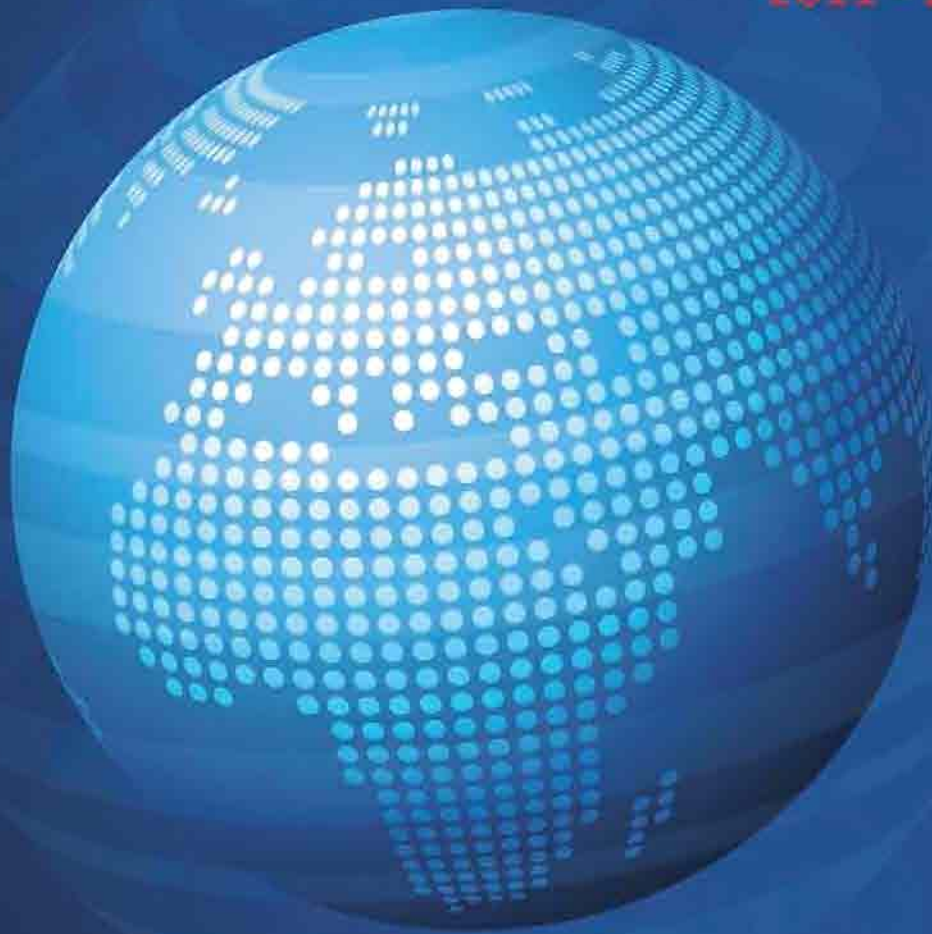


# ANNUAL REPORT

2011 - 2012



**SMIFS CAPITAL MARKETS LIMITED**



# SMIFS CAPITAL MARKETS LIMITED

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## **SMIFS CAPITAL MARKETS LIMITED**

### **Board of Directors**

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

### **Company Secretary-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  
The Federal Bank Ltd.

### **Registered Office**

'Vaibhav', 4F,  
4, Lee Road  
Kolkata – 700 020  
Phone : 033-2290 0362/7400/01/02  
Website : [www.smifscap.com](http://www.smifscap.com)



## SMIFS CAPITAL MARKETS LIMITED

### NOTICE

**NOTICE** is hereby given that the Twenty-Ninth Annual General Meeting of the members of **SMIFS CAPITAL MARKETS LIMITED** will be held on Saturday, the 8<sup>th</sup> day of September, 2012 at Rangoli Banquet Hall, 'Vaibhav', 4, Lee Road, Ground Floor, Kolkata - 700 020 at 10.00 a.m. for transacting the following:

#### Ordinary Business

1. To receive, consider and adopt the Balance Sheet as at March 31, 2012 and Statement of Profit & Loss for the year ended on that date and the reports of the Directors and Auditors thereon.
2. To declare dividend for the year ended March 31, 2012.
3. To appoint a Director in place of Mr. Ramesh Maheshwari who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from conclusion of the Twenty-Ninth Annual General Meeting until the conclusion of the Thirtieth 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 Special Resolution:

#### **RE-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 1(B) to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, approval of the members be and is hereby accorded to the re-appointment of Mr. Kishor Shah as Managing Director for a further period of 3 (Three) years with effect from April 1, 2012 at the remuneration as set out in the Explanatory Statement annexed to the notice convening the meeting and on terms and conditions as specified in the agreement entered into between the Company and Mr. Kishor Shah, Managing Director.

**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 1(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, Managing Director.

**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.

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

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

The 20<sup>th</sup> day of July, 2012

*By Order of the Board*

(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-700020 not less than 48 (forty-eight) hours before the commencement of this Annual General Meeting.
2. Explanatory Statement under Section 173(2) of the Companies Act, 1956 for resolution no. 5 is annexed hereto.
3. Additional information pursuant to Clause 49 of the Listing Agreement with Stock Exchanges on re-appointment of Directors at the Annual General Meeting is appearing in the Report and Accounts.
4. Pursuant to the Circular of Ministry of Corporate Affairs No. 17/2011 dated 21-4-2011, members are requested to provide their e-mail ids to the company at its Registered Office at 'Vaibhav' 4F, 4, Lee Road, Kolkata-700 020 (e-mail id: smifscap@vsnl.com) or to Registrars, M/s. Maheshwari Datamatics Pvt. Ltd., 6, Mangoe Lane, Kolkata-700 001 (e-mail id:mdpl@vsnl.com).
5. Members are requested to notify any change in their address / mandate / bank details immediately to the Company at its Registered Office at 'Vaibhav' 4F, 4, Lee Road, Kolkata-700 020 (e-mail id: smifscap@vsnl.com) or to the Registrars, M/s. Maheshwari Datamatics Pvt. Ltd., 6, Mangoe Lane, Kolkata-700 001 (e-mail id:mdpl@vsnl.com).
6. Members who have multiple accounts in identical names or joint accounts in the same order are requested to consolidate all such shareholdings into one account to facilitate better service.
7. Depository System – The Company, consequent to introduction of the Depository System, entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Members, therefore, now have the option of holding and dealing in shares of the Company in electronic form through NSDL or CDSL. With effect from 26-12-2000 trading in shares of the Company on any Stock Exchange is permitted only in dematerialized form.
8. Individual shareholders can avail the facility of nomination. The nominee shall be the person in whose name all rights of transfer and / or amount payable in respect of shares shall lie in the event of the death of the shareholder and the joint holder(s), if any. A minor can be a nominee provided the name of the guardian is given in the Nomination Form. Non-individual including Society, Trust, Body Corporate, Partnership Firm, Karta of Hindu Undivided Family, holder of Power of Attorney cannot nominate. For further detail in this regard shareholders may contact Maheshwari Datamatics Pvt. Ltd., Registrars and Transfer Agents.
9. Members are requested to quote their account / folio number and in case their shares are held in dematerialized form, they must quote their Client ID Number and DP ID Number.



10. The Register of Members and Share Transfer Books of the Company shall remain closed from 1/09/2012 (Saturday) to 08/09/2012 (Saturday) (both days inclusive).
11. Members/Proxies should bring attendance slip sent herewith duly filled in, for attending the meeting.
12. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to bring their copies to the Meeting.
13. Unclaimed Dividend: It is observed that some Members have still not en-cashed their Dividend Warrants in respect of earlier years i.e. for the years ended 2007, 2008, 2010 and 2011. Such Members are requested to write to the Company / Registrar and obtain payment thereof.
14. Investor Grievance Redressal: Company has an exclusive e-mail id, viz. **smifscap@vsnl.com** for investor to register their grievance.
15. Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN detail to the Company/Registrar and Transfer Agents.

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## SMIFS CAPITAL MARKETS LIMITED

### EXPLANATORY STATEMENT

#### PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

##### Item No. 5

The 3 (Three) year tenure of Mr. Kishor Shah as Managing Director of the company ended on 31<sup>st</sup> March, 2012. Remuneration Committee in its Meeting held on January 31, 2012 recommended and the Board of directors in their meeting held on the even date approved, subject to the approval of the members by Special Resolution in the ensuing Annual General Meeting, the re-appointment of Mr. Kishor Shah as Managing Director for a further period of three years with effect from 1<sup>st</sup> April, 2012 at a remuneration and on such terms and conditions as specified in the agreement entered into between the Company and Mr. Kishor Shah, Managing Director 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 1(B) to the Companies Act, 1956.

Information required to be furnished under Schedule XIII, Part II, Section II 1(B) to the Companies Act, 1956 is given as under:

(i)	Effective Capital as on 31.03.2012	₹ 548.51 million
I.	<b>General Information:</b>	
	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, expected 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.	<p>(a) Profit/(loss) Before Tax ₹ in million</p> <p>31.03.12                      52.55 31.03.11                      62.73 31.03.10                      40.20</p> <p>(b) Provision for Taxation ₹ in million</p> <p>31.03.12                      13.15 31.03.11                      8.25 31.03.10                      (10.96)</p> <p>(c) Profit/(Loss) after Tax ₹ in million</p> <p>31.03.12                      39.40 31.03.11                      54.48 31.03.10                      51.16</p>



	5) Export performance and net foreign exchange collaborators.	NIL
	6) Foreign investments or collaborations, if any.	NIL
<b>II.</b>	<b>Information about the appointee</b>	
	1) Back ground details	(a) Age : 55 Yrs (b) Qualification : B.Com(Hons), ACA, ACS (c) Profession : Service (d) Experience : Over 30 years of experience. Director of five Companies and also member of various Committees.
	2) Past Remuneration	Managerial remuneration drawn as Managing Director of SMIFS Capital Markets Limited.
	3) Recognition and awards	NIL
	4) Job Profile and his suitability	Mr. Kishor Shah heads the Merchant and Investment Banking, Underwriting, Corporate Advisory, Loan Syndication and other related activities being the complete range of financial services provided by us and with his profound knowledge and experience guides the company.
	5) Remuneration proposed	Given below for the financial years 1 <sup>st</sup> April, 2012 to 31 <sup>st</sup> March 2015.
	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).	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
<b>III.</b>	<b>Other Information</b>	
	1) Reasons for loss and inadequate profit	Company earned profit for the year 2011-2012. However, the profit for the year was adversely impacted by slowdown in economy and a substantial contraction in investment activity. The proposed remuneration exceeds 5% of





		the net profits calculated pursuant to Sections 198 and 349 of the Companies Act, 1956, which is inadequate profit as per said Act for the purpose of calculation of net profit. Accordingly, remuneration is proposed pursuant to Schedule XIII Part II Section II 1(B) of the Companies Act, 1956.
	2) Steps taken or proposed to be taken for improvement	Company is professionally managed and performance is slated to improve in the ensuing years.
	3) Expected increase in productivity and Profits in measurable terms	Increase by at least 20% (average) of the present level of operating profit is expected in the 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, Part II, Section II 1(B) to the Companies Act, 1956 the following remuneration, if approved, will be paid to Mr. Kishor Shah with effect from April 1, 2012:

##### a) Remuneration:

- (i) **Salary:** ₹ 210,000/- (Rupees Two Lac Ten Thousand only) per month upto March 31, 2013 with annual increment of such amount as may be decided by the Board for the remaining two years subject to the overall limit specified herein below.
- (ii) **House Rent Allowance:** 25% (Twenty Five per cent) of the salary.
- (iii) **Contribution to Provident Fund:** 12% (Twelve percent) of the salary as per the provisions of the Employees Provident Funds and Miscellaneous Provisions Act, 1952.
- (iv) **Children Education Allowance:** ₹ 1000/- (Rupees One Thousand only) per month.
- (v) **Annual Flexi Benefit:** Reimbursement of expenses towards Medical benefits for self and family, Leave Travel Assistance.
- (vi) **Gratuity:** As per the rules of the Company.
- (vii) **Personal Accident and Hospitalisation Insurance:** As per rules of the Company.
- (viii) **Leave:** Entitled for 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 incurred only for official purposes.



- (x) **Telephone and other communication facilities:** The Company will reimburse cell phone(s) expenses and provide telephone, telefax and other communication expenses at the Managing Director's Residence.
- (xi) **Club Membership:** In accordance with the rules of the Company.
- (xii) **Ex-gratia:** As decided by the Board 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.

**Overall Remuneration:**

The aggregate salary, commission and perquisites stated in Clause IV(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 read with Schedule XIII, Part II, Section II 1(B) to the Companies Act, 1956 as in force from time to time.

**Minimum Remuneration:**

- (i) The remuneration and terms of appointment shall be calculated on the basis of effective capital at the end of previous financial year and the remuneration shall be restricted upto the upper limit based on the effective capital as prescribed in Schedule XIII, Part II, Section II 1(B) to the Companies Act, 1956.
- (ii) 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, perquisites and other allowance shall be governed by the limits prescribed in Schedule XIII, Part II, Section II 1(B) to the Companies Act, 1956.

Your Directors commend the resolution as a Special Resolution.

This may be considered as the abstract of the terms of contract with Mr. Kishor Shah, Managing Director pursuant to the provisions of Section 302 of the Companies Act, 1956. Earlier, the abstract of the terms of contract was already circulated to the members.

Agreement dated February 24, 2012 entered into by the Company with Mr. Kishor Shah is available for inspection at the registered office of the Company between 10a.m. to 1p.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

The 20th day of July, 2012

*By Order of the Board*

(S. C. Pal)

Company Secretary – cum - Vice President (Legal)