



**ANNUAL REPORT
2012-2013**

SMIFS CAPITAL MARKETS LIMITED



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SMIFS CAPITAL MARKETS LIMITED

(CIN: L74300WB1983PLC036342)

Board of Directors

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

Company Secretary

Ms. Neha Doshi (w.e.f. May 24, 2013)

Auditors

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

Bankers

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

Registrar & Transfer Agents

M/s. Maheshwari Datamatics Pvt. Ltd.
6 Mangoe Lane, 2nd Floor
Kolkata - 700001
Phone No.: (033) 2243-5029/5809, 2248-2248
Fax No.: (033) 2248-4787
Email: mdpl@vsnl.com



SMIFS CAPITAL MARKETS LIMITED

NOTICE

NOTICE is hereby given that the Thirtieth Annual General Meeting of the members of **SMIFS CAPITAL MARKETS LIMITED** will be held on Saturday, the 28th day of September, 2013 at Rrangoli Banquet Hall, 'Vaibhav', 4, Lee Road, Ground Floor, Kolkata - 700 020 at 10.00 a.m for transacting the following:

Ordinary Business

1. To receive, consider and adopt the Balance Sheet as at March 31, 2013 and Profit & Loss Account 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, 2013.
3. To appoint Directors in place of Mr. Utsav Parekh and Mr. Santosh Kumar Mukherjee, who retire by rotation and being eligible, offers themselves for re-appointment.
4. To appoint Auditors to hold office from conclusion of the Thirtieth Annual General Meeting until the conclusion of the Thirty First Annual General Meeting and to authorise the Board to fix their remuneration.

Regd. Office :

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

The 24th day of May, 2013

By Order of the Board

(NEHA DOSHI)

Company Secretary

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) 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.
- 3) Pursuant to the Circular of Ministry of Corporate Affairs No. 17/2011 dated 21-4-2011, members are requested to provide their email ids to the company at its Registered Office at 'Vaibhav' (4F), 4, Lee Road, Kolkata - 700 020 (email id : smifscap@vsnl.com) or to Registrars, M/s. Maheshwari Datamatics Pvt. Ltd., 6, Mangoe Lane, 2nd Floor, Kolkata - 700 001 (e-mail id : mdpl@vsnl.com).



- 4) Members are requested to notify any change in their address / mandate / bank details immediately to the Company at its Registered Office at 'Vaibhav' (4F), 4, Lee Road, Kolkata - 700 020 (email id : smifscap@vsnl.com) or to the Registrars, M/s. Maheshwari Datamatics Pvt. Ltd., 6, Mangoe Lane, 2nd Floor, Kolkata - 700 001(e-mail id :mdpl@vsnl.com).
- 5) 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.
- 6) 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.
- 7) Individual shareholders can avail the facility of nomination. The nominee shall be the person in whose name all rights of transfer and / or amount payable in respect of shares shall lie in the event of the death of the shareholder and the joint holder(s), if any. A minor can be a nominee provided the name of the guardian is given in the Nomination Form. Non-individual including Society, Trust, Body Corporate, Partnership Firm, Karta of Hindu Undivided Family, holder of Power of Attorney cannot nominate. For further details in this regard shareholders may contact M/s. Maheshwari Datamatics Pvt. Ltd., Registrars and Transfer Agents.
- 8) 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.
- 9) The Register of Members and Share Transfer Books of the Company shall remain closed from 21.09.2013 (Saturday) to 28.09.2013 (Saturday) (both days inclusive).
- 10) Members / Proxies should bring attendance slip sent herewith duly filled in, for attending the meeting.
- 11) 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.
- 12) Unclaimed Dividend: It is observed that some Members have still not encashed their Dividend Warrants in respect of earlier years i.e. for the years ended 2007, 2008, 2010, 2011 and 2012. Such Members are requested to write to the Company / Registrar and obtain payment thereof.
- 13) Investor Grievance Redressal: Company has an exclusive e-mail id, viz. smifscap@vsnl.com for investor to register their grievance.
- 14) 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.

- 15) Detail of dividends declared by the Company for last 5(Five)years:

Financial year related to	Date of Payment of the Dividend
2007-2008	4th October, 2008
2008-2009	N.A
2009-2010	5th October, 2010
2010-2011	15th September, 2011
2011-2012	12th September, 2012

Regd. Office :

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

The 24th day of May, 2013

By Order of the Board

(NEHA DOSHI)
Company Secretary



DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors have pleasure in presenting the Thirtieth Annual Report of the Company together with the audited financial statements for the year ended March 31, 2013.

1. (a) FINANCIAL HIGHLIGHTS

(Rupees in million)

	Year ended 31.03.2013	Year ended 31.03.2012
Profit before Interest, Depreciation & Tax	17.59	56.87
Less: Interest	0.34	0.42
Profit before Depreciation & Tax	17.25	56.45
Less: Depreciation / Amortization	3.58	3.90
Profit before Tax	13.67	52.55
Less: Tax Expenses - Current / Earlier years	5.50	0.19
Less : Deferred Tax for the year	25.82	12.96
Add: MAT Credit Entitlement	27.84	-
Profit after Tax	10.19	39.40
Profit brought forward from earlier year	65.08	54.76
Profit available for Appropriation	75.27	94.16
APPROPRIATIONS		
Proposed Dividend including Dividend Tax	9.15	9.08
Transfer to General Reserve	0.55	20.00
Profit carried to Balance Sheet	65.57	65.08

Financial and Operational Performance

Operating profit (PBDIT) of the Company for the year was Rs. 17.59 million (previous year Rs. 56.87 million). Profit after tax for the year stood at Rs. 10.19 million (previous year Rs. 39.40 million).

Net worth of the Company as on March 31, 2013 was Rs. 1057.54 million (previous year Rs. 1060.06 million).

(b) CAPITAL

Paid up capital of the Company as on March 31, 2013 stood at Rs. 55,850,000/- divided into 5,585,000 equity shares of Rs. 10/- each.

(c) DIVIDEND

In spite of the reduction in profit after tax for the year as compared to the previous year, your Directors recommend payment of dividend of Rs. 1.40 per equity share (previous year Rs. 1.40 per share) on the paid up equity capital for the year ended March 31, 2013. Dividend will absorb a sum of Rs. 9.15 million including the dividend distribution tax thereon.



(d) TRANSFER TO GENERAL RESERVES

Rs. 0.55 million (Previous Year: Rs. 20 million) has been transferred to the General Reserve of the Company.

(e) TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

No unpaid and unclaimed dividend as on March 31, 2013 was required to be transferred as per the provisions of Sections 205A and 205C of the Companies Act, 1956.

(f) MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis of financial condition and of operations of the Company for the year under review as required under Clause 49 of the Listing Agreement with the Stock Exchanges is given in the part on Corporate Governance elsewhere in the Annual Report.

2. SUBSIDIARY COMPANY

As on March 31, 2013, there was one wholly-owned subsidiary Company namely, SMIFS Capital Services Limited. Statement required under Section 212 of the Companies Act, 1956 in respect of the subsidiary Company is attached.

3. YEAR IN RETROSPECT AND FUTURE OUTLOOK

India's economic growth rate in terms of gross domestic product had slipped to decade's low of 5% in 2012-13, as against 6.2% in the previous fiscal and a slowdown in the industrial activity was witnessed throughout the year.

The slowdown was mainly due to policy paralysis at the center and the continued uncertainty and slowdown in the global economy. Growth of exports for most of the current year remained in negative territory while imports picked up during the year. Fiscal deficit and current account deficit of the country climbed sharply in the first half of the year and India faced threat of ratings downgrade from international rating agencies. In this backdrop, the current finance minister took several steps to rein in both fiscal deficit and current account deficit and also cut government spending in last few months of the year.

Rising inflationary pressures required adoption of tight monetary policies by RBI in the preceding years. Increasing risks to growth from external as well as domestic sources and tight monetary policy in the preceding few years in face of persistent inflationary pressures has also resulted in a slowdown of the economy. The RBI reduced repo rates by 50 basis points in April, 2012 and by 25 basis points again in January 2013 and reduced Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) to improve liquidity conditions. A cautious monetary policy and slowdown in economy has impacted investment and consumption growth. Investments by Foreign Institutional Investors has also slowed down.

The slowdown in 2011-12 and 2012-13 has been precipitated by domestic factors as well as factors emanating from the rest of the world, particularly advanced economies and India's major trading partners. The crisis in the Euro-zone area and slow growth in many other advanced economies have affected growth in India.

The inflation has started gradually receding and with the steps taken to rein in fiscal deficit and current account deficit and a gradual reduction in interest rates, it is expected that Indian Economy will bottom out in the second half of the current year 2013-14.



Your Company is registered as Category I Merchant Banker and is executing various assignments in areas of Mergers and Acquisitions, Loan Syndication, Capital Market Operations, Placement of Equity shares and debts. Your Company's real estate project at Bondel road is progressing well. Barring unforeseen circumstances, your Company is hopeful of achieving better results in the current year.

4. LISTING OF SECURITIES OF THE COMPANY

Equity shares of your Company continue to be listed on BSE Limited and The Calcutta Stock Exchange Limited and the listing fees for the year 2013-14 have been paid. 97.29 per cent of the equity shares of your Company are held in dematerialized form.

5. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (i) in the preparation of the accounts for the financial year ended March 31, 2013, the applicable Accounting Standards have been followed and that there are no material departures;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2013 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.

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

Particulars required under Section 217(1)(e) of the Act, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, under the heads (a) conservation of energy; and (b) technology absorption, are not applicable to the Company.

During the year there was no foreign exchange earning (previous year 'nil'). Foreign Exchange outgo during the year aggregated to Rs. 2.38 million (previous year Re. 1.17 million).

7. DIRECTORS

Composition of the Board of Directors of your Company fulfills the criteria fixed by Clause 49 of the listing agreement with fifty per cent of the Directors being independent directors. Your Board comprises of six directors out of which three are independent directors.

There was no change in the composition of Board of Directors during the year. Mr. Utsav Parekh is the Non- Executive Chairman.

The three-year term of Mr. Kishor Shah as Managing Director ended on 31st March 2012 and on recommendation of the Remuneration Committee and approval of the Board of Directors and also by the members by a Special Resolution at the Annual General Meeting held on



September 8, 2012, Mr. Kishor Shah has been re-appointed Managing Director of the Company with effect from April 1, 2012 for a further period of 3 (three) years. Terms of appointment include payment of managerial remuneration as per the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII, Part II, Section II 1(B) to the Companies Act, 1956.

Mr. Utsav Parekh, Director and Mr. Santosh Kumar Mukherjee, Director retire by rotation in accordance with the requirement of the Companies Act, 1956 and the Articles of Association of the Company. They being eligible offered themselves for re-appointment.

Brief resume of Mr. Utsav Parekh 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 are furnished in the part on Corporate Governance elsewhere in the Annual Report.

8. AUDITORS

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

M/s. J. S. Vanzara & Associates, Chartered Accountants confirmed that their appointment, if made, would be within the prescribed limits under section 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 and they hold valid certificate issued by the Peer Review Board of ICAI.

9. AUDITORS' QUALIFICATION

Qualifications contained in the Auditors' Report have been dealt with in the Notes to financial statements and are self-explanatory.

10. PARTICULARS OF EMPLOYEES

Information pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 forming part of the Directors' Report is not required to be annexed. MCA vide its notification dated March 31, 2011 raised the exemption limit of disclosure of salary to employees to Rs.5 Lac per month or Rs. 60 Lac per annum. There are no employees in your company drawing remuneration more than Rs.5 Lac per month or Rs. 60 Lac per annum

11. ACKNOWLEDGEMENTS

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

Regd. Office :

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

The 24th day of May, 2013

On behalf of the Board of Directors

(UTSAV PAREKH)
Chairman