

Customised financial



solutions, managing wealth,

researching markets



thereby enhancing

client



relationships

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OUR VISION
 To be the best financial service provider and be a onestop shop for all market segments.

OUR MISSION
 To strive for the total client satisfaction by providing integrated financial solutions through excellence, integrity and teamwork fostering continuous growth for our stakeholders.



OUR CREDENTIALS

Authority/Exchange	Segment	Function	Registration Number
SEBI	Merchant Banking	Category I	MB/INM000008753
NSE	Cash	Stock Broker	INB231075830
NSE	Derivatives	Trading Member	INF231075830
NSE	Currency Derivatives	Trading Member	INE231075830
MCX (through subsidiary)	Commodity	Trading Cum Clearing Member	12185 (MCX Membership Code) MCX/TCM/CORP/0465 (FMC Unique Member Code)
MCX-SX	Currency Derivatives	Trading Member	INE261075830
OTCEI	Cash	Dealer/Stock Broker	INB200838635
NSDL	Depository	Participant	IN-DP-NSDL-303-2008
AMFI	Distribution of Mutual Fund Products	Advisor	ARN 0205
SBI Life (through associate company)	Distribution of Life Insurance Policy	Corporate Agent	1769972 (IRDA Licence No.)
LIC (through associate company)	Distribution of Life Insurance Policy	Corporate Agent	6039604 (IRDA Licence No.)



COMPANY OVERVIEW

Sumedha Fiscal Services Limited (Sumedha Fiscal), incorporated in the year 1989 and having its registered and corporate office in Kolkata, is a front ranking financial services company. The company came out with a public issue in 1995 and got listed on Bombay Stock Exchange (BSE) and Calcutta Stock Exchange (CSE). The company started with merchant banking activities and then commenced capital market operations, which was a logical extension of its growing corporate clientele and the increasing links with the investors. This encouraged the company to enter distribution space as well. The various strategic initiatives taken by the company have yielded good results. In addition to de-risking the business portfolio, it has helped Sumedha Fiscal establish itself as a full fledged financial services company.

Over the years, the company has expanded into new geographies, adopted state-of-the-art technology, strengthened credit and risk management systems, added new products and services and established strong relationships with clients through its client centric focus. The company has evolved into a boutique financial services and advisory company providing integrated financial solutions. The company's business has been built upon its core principle of putting clients' interests first and this client focused business approach has served Sumedha Fiscal well as it continues to grow both in relationship and service network. As business and client relationships grew, an array of services was added to make Sumedha Fiscal a one stop financial shop. The company presently offers a wide bouquet of services ranging from Corporate Finance, Equities, Commodities, Insurance, Wealth Advisory, Currency Futures, Investment Banking and Institutional Broking Services.

After starting operations in Kolkata, the company expanded gradually to other cities as well. Today it has a pan India presence with branches at Bangalore, Guwahati, Mumbai, Jaipur, Chennai, Ahmedabad, Delhi and Hyderabad.

The aim has always been to make Sumedha Fiscal recognised as a leading financial service provider offering integrated financial solutions and strengthening long term client relationships by bringing various fiscal resources closer.

*"In our way of working, we attach a great deal of importance to humility and honesty;
With respect for human values, we promise to serve our customers with integrity."*

INTEGRATED FINANCIAL SERVICES PROVIDER



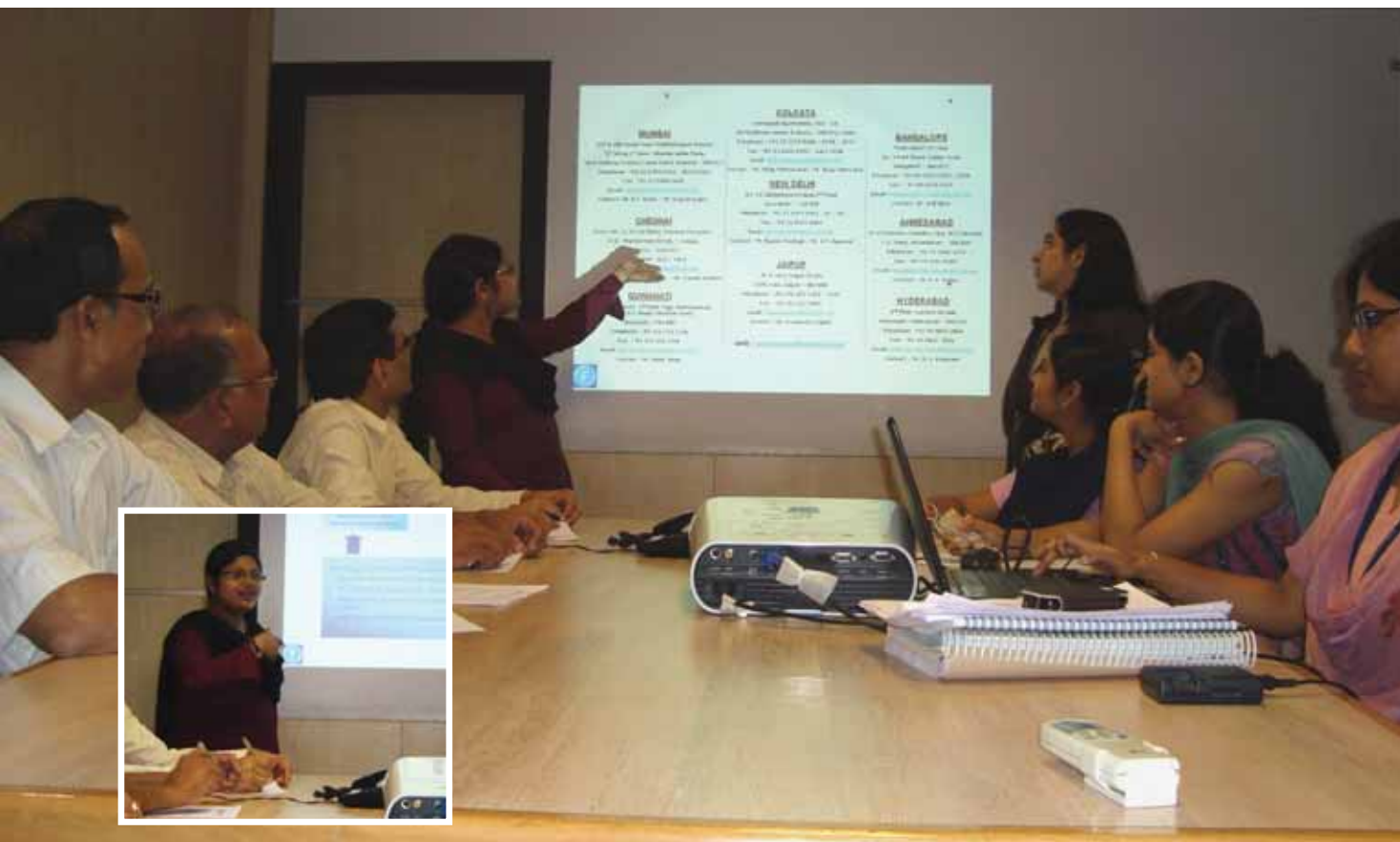
The company offers a wide bouquet of services which can be broadly clubbed across three key business verticals:

CORPORATE SERVICES

- = **Debt Syndication** – The company’s team studies the options available, then sources the most beneficial route for its clients. From capital structuring to feasibility study to project appraisal to sourcing funds, the company takes care of entire transaction.
- = **Equity Placement** – The company helps clients in syndication and arrangement of private equity/venture capital financing. It also arranges equity financing for corporate /entrepreneurs from seed capital /early stage to late financing.
- = **Financial Restructuring** – Assists companies in restructuring their capital structure, negotiating with lenders for settlement of loans, rescheduling debt to lower interest costs and flexible payment period. In extreme cases, also arranges mergers and takeovers of stressed companies.

- = **Merchant Banking** – The company has been associated with several prestigious public issues, rights issue, buy back offer, open offer on take over, private placement and delisting.
- = **Mergers and Takeovers** – Efforts at revitalising companies go beyond helping clients raise and restructure their financial resources. Along with international affiliates, Sumedha Fiscal arranges global technical and financial collaborations and provides assistance in preparing necessary project documentation and obtaining statutory approvals for such projects.
- = **Debt Resolution Services and Stressed Assets Recovery** – The company has requisite experience, specialised skill sets and focused approach to facilitate resolution and settlement of loans and is empanelled with major banks /institutions as recovery agent.

“Here is a simple but powerful rule - always give people more than what they expect to get.”



INVESTMENT SERVICES

- = **Stock Broking** – The company’s securities dealings as member of NSE are based on high level of transparency, integrity and co-operation.
- = **Depository Services** – The company offers depository services as member of NSDL.
- = **Commodity Broking** – The company, through its subsidiary company, is a member of MCX.
- = **Currency Derivatives and Interest Rate Futures Broking** – The company offers currency futures trading services on NSE & MCX-SX and also started offering interest rate futures broking service during the year under review.

- = **MFSS Broking** – The company obtained membership of NSE’s MFSS segment which allows trading of mutual funds on the exchanges during the year under review.

WEALTH MANAGEMENT SERVICES

- = **Mutual Funds/Fixed Income Products/ Primary Market Products etc.** – The company over the years has emerged as one of the pioneers in understanding and marketing of mutual funds, fixed income products, primary market products and other such instruments being offered in the market.
- = **Life Insurance Products** – The company, through its associate company, markets life insurance products that match the risk profile and financial goals of its varied clientele.

“Customers today want the very most and the very best for the very least amount of money, and on the best terms. Only the individuals and companies that provide absolutely excellent products and services at absolutely excellent prices will survive.”

BUSINESS HIGHLIGHTS IN 2009-10

PERFORMANCE HIGHLIGHTS

- = Sumedha Fiscal registered with NSE's MFSS segment and commenced activities thereof
- = Obtained licence to operate as corporate agent for Life Insurance Corporation of India (LIC) which enables the company to distribute LIC's life insurance products (through an associate company)
- = Introduction of centralised accounting and back office system of the broking division of all the branches fostered enhanced control and better risk management
- = Commenced online trading operations on a full fledged commercial basis
- = Put system in place to implement Customer Relationship Management (CRM) software

FINANCIAL HIGHLIGHTS (STANDALONE)

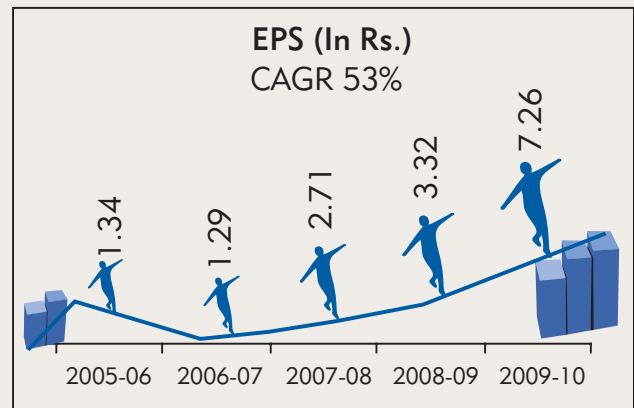
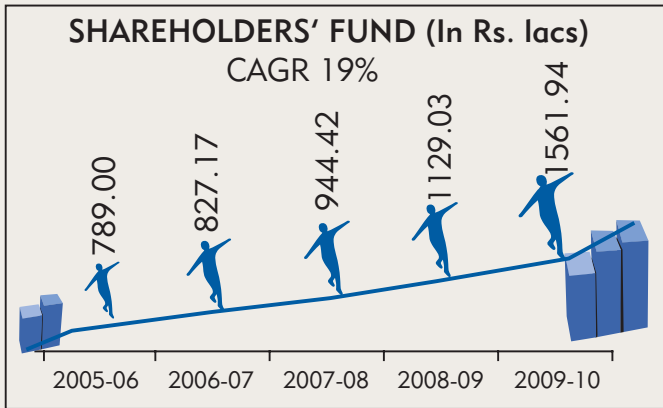
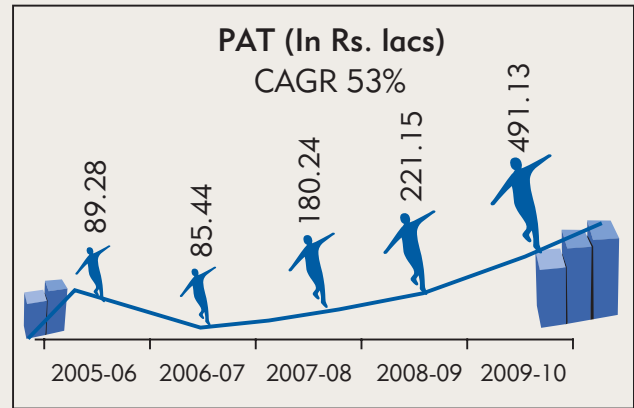
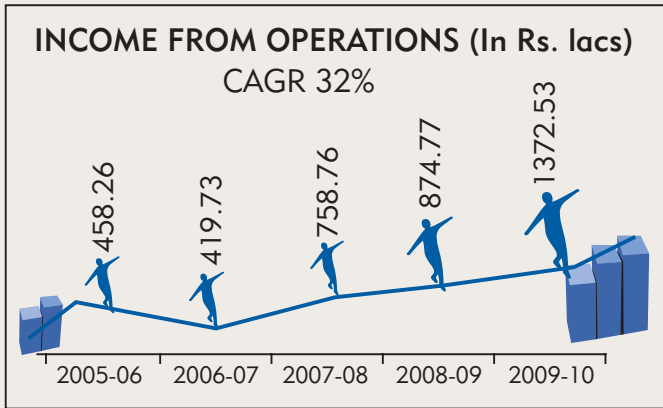
- = Total Income increased by 53% from Rs. 919.66 lacs in 2008-09 to Rs. 1402.57 lacs in 2009-10
- = Income from investment banking division registered a 47% increase to Rs. 1158.89 lacs in 2009-10 as against Rs. 787.63 lacs during the previous year
- = Income from capital market operations increased 145% to Rs. 213.64 lacs in 2009-10 from Rs. 87.14 lacs in 2008-09
- = Net Profit increased by 122% to Rs. 491.13 lacs in 2009-10 from Rs. 221.15 lacs in 2008-09
- = Shareholders' Fund increased from Rs. 1129.03 lacs in 2008-09 to Rs. 1561.94 lacs in 2009-10 registering 38% increase
- = Basic Earnings Per Share increased from Rs. 3.32 per share in 2008-09 to Rs. 7.26 per share in 2009-10 witnessing an increase of 119%
- = Recommended a Dividend at the rate of 80 paise per share i.e. 8.0% for 2009-10 against 75 paise per share i.e. 7.5% in 2008-09
- = Under SFSL Employee Stock Option Scheme 2007, 56,600 Options were exercised during the year and the company allotted 56,600 shares on 30 March 2010

EVOLUTION OF SUMEDHA FISCAL

<ul style="list-style-type: none"> = Sumedha Fiscal's Public Issue – BSE & CSE listing = Obtained Category I Merchant Banking Certificate from SEBI = Operational from Kolkata, Mumbai, Bangalore, New Delhi and Chennai 	<ul style="list-style-type: none"> = Dr. Basudeb Sen, M.A. (Eco), Ph.D. from Indian Statistical Institute, besides being an alumnus of the Harvard Business School, USA, joins Sumedha Fiscal's Board = Internal reorganisation with key recruitments = SFSL Commodity, subsidiary of Sumedha Fiscal, becomes trading and clearing member of MCX = PAT increases by 83% from Rs 23.38 lacs to Rs. 42.82 lacs 	<ul style="list-style-type: none"> = Employee Stock Option Scheme launched for employees of Sumedha Fiscal = Institutional Turnover in Broking Business crosses Rs 20,239 lacs = PAT doubles from Rs. 42.82 lacs to Rs. 89.28 lacs 	<ul style="list-style-type: none"> = Expands Branch Network to Tier II cities at Jaipur, Ahmedabad, Guwahati & Hyderabad = Connected Broking Business through CTCL/RF networking at Jaipur, Ahmedabad, Delhi, Mumbai and Bangalore branches = PAT stood at Rs. 85.44 lacs
1995 - 2004	2005	2006	2007

"If you work just for money, you'll never make it, but if you love what you're doing and you always put the customer first, success will be yours."

OVER THE LAST 5 YEARS



- = Awarded by Business Initiative Directions as the International Star in Quality at Paris
- = Commenced Depository Services as member of National Security Depository Limited (NSDL)
- = PAT stood at Rs. 180.24 lacs

- = Registered with NSE-Currency Derivatives Segment and MCX-SX and started Currency Derivatives Trading
- = Obtained permission from NSE to start Internet Trading
- = Re-launched portal www.sumedhafiscal.com to make it more vibrant as a part of corporate branding initiative
- = PAT stood at Rs. 221.15 lacs

- = Registered with NSE's MFSS Segment and commenced trading
- = Obtained licence to operate as corporate agent for Life Insurance Corporation of India through an associate company
- = Under SFSL Employee Stock Option Scheme 2007, shares were allotted
- = Mr. Shailesh Haribhakti, Chairman & Managing Partner of BDO Haribhakti Group, joins Sumedha Fiscal as Permanent Advisor to the Management Committee. He is a prominent professional being director on the board of 20 eminent companies and member of the corporate governance committees of ASSOCHAM and CII
- = PAT stood at Rs. 491.13 lacs

2008

2009

2010

"When you serve the customer better, there's always a return on your investment."



ENHANCING CLIENT RELATIONSHIPS...

Customer Satisfaction is the benchmark for the success of any company. Sumedha Fiscal goes a step further. The company devises customised financial solutions, manages wealth, researches markets placing great importance to quality of service rendered and within strict timelines and at reasonable cost. All these help the company in enhancing client relationships

Sumedha Fiscal has reinforced its commitment to customer relationships through its ability to provide diverse services. The company has over the years evolved as a boutique advisory firm with a highly personalised environment and a comprehensive and safer finance model. The company does not believe in franchise model and always insists on providing specialised services by having a direct contact with its clients through its own outlets. The company like its peers could have easily expanded its reach and business by following the franchise model which reduces investment outlay (compared to setting up of branch) and yet expands businesses. But since the company places a lot of significance on focussed client service, it has not opted for such a model. Sumedha Fiscal places great importance to quality of service rendered and within strict timelines and at reasonable cost.

Sumedha Fiscal, apart from being a category I Merchant Banker, is also a trading member of the National Stock Exchange of India, trading in cash, derivatives, currency futures, interest rate futures and MFSS segments. As a one stop financial services shop, the company also offers clients a gamut of products and services across the financial services landscape ranging from mutual funds, IPOs, fixed income products to life insurance advisory services. This makes

Sumedha Fiscal, a well diversified, financial services company focused on wealth creation for all its customers (institutional, corporate, HNI and retail).

The company's offerings in the form of a wide array of products and personalised services, enables its clients to take charge of their financial decision with confidence. So whether one is a naive investor or a seasoned one, corporate (ranging from SMEs to large corporate houses) in need of resources and advice, Sumedha Fiscal facilitates to make smart, well researched investments and locate funds at best rates to be part of clients and investors growth process.

This client centric approach with a focus on creating long term relationships with clients has helped the company in carving a niche for itself in the financial services sector. The company is committed to partner its clients through all stages of the business cycle. Values of integrity and transparency further enhance trust. Many who come as clients, remain as friends. The ability, experience and creativity to structure result oriented financial solutions have also helped the company earn clients' respect. The intellectual skills of the company's people capital frequently provides innovative ideas that save costs and time. As a result, repeat clients and their referrals contribute a significant percentage of the company's business.

"You'll never have a product or price advantage again. They can be easily duplicated, but a strong customer service culture can't be copied."

SYNERGY ACROSS SUMEDHA FISCAL'S VERTICALS WHICH ASSISTS IN ENHANCING CLIENT RELATIONSHIPS



HUMAN RESOURCES

Sumedha Fiscal acknowledges its employees as its greatest asset and attributes its ability to deliver on strategy to its human capital. The people policy at Sumedha Fiscal believes in: trust and faith, focus on individuals, developing a culture of openness and integrity, flexibility and fostering the talent of employees. This has created a favourable work environment that encourages innovation and meritocracy. Good working environment is also boosted by regular meetings and quality circles so that each and every employee feels that they are part of the decision making process and hence they are motivated to perform well. The company has qualified professionals with around 10 – 15 years of work experience in various fields of financial sector who act like mentors to new joinees as well as to employees who lack certain skills. Being a knowledge-driven industry, employee skills form a critical aspect in service delivery. Sumedha Fiscal invests in training which enables employees to succeed, enrich knowledge and also helps them in career progression.

The human resources division successfully implemented enterprise resource planning software (Swelog HR Module) that helps in automation of employee database maintenance. The division also contributed towards brand building by making it mandatory for all employees to wear identity cards and office assistants to wear uniform which bears the company's logo. The company also regularly recruits candidates from reputed B-schools.

The number of employees at the beginning of April 2009 was 77. The number of employees who joined and resigned during the year under review was 19 and

13, respectively, thereby having 83 employees at the end of March 2010 which shows that the company registered 24% total increase in manpower and a meagre attrition rate in 2009-10.

Towards fostering a sense of ownership among the employees, the company has and shall continue to use programmes such as Employee Stock Option Scheme. Going forward, the division will strengthen performance management system and undertake such activities as and when required based on various human resources policies and systems.

Enhancing client relationships...

Sumedha Fiscal considers its employees to be internal clients. The company recognises that the way it will treat its employees via human resources practices will influence how employees treat their customers. The company treats every customer (both internal and external) with respect, professionalism and courtesy, which is paramount to establishing relationships and an excellent reputation.



"Our mission statement about treating people with respect and dignity is not just words but a creed we live by every day. You can't expect your employees to exceed the expectations of your customers if you don't exceed the employees' expectations of management."



INFORMATION TECHNOLOGY (IT)

Sumedha Fiscal understands the importance of technology in the business segments it operates and lays utmost emphasis on the systems development and the use of cutting-edge technology available in the industry to meet customer needs as well as to maintain a robust risk management system. The corporate office of the company is entirely computerised and equipped with modern and upto date communication system and software packages. The branch offices are all interconnected via high speed connectivity with alternate back up arrangements. The company uses high speed bandwidth provided by large and reliable vendors like Airtel, Reliance, Tata Indicom, Tulip and BSNL. In a technology-intensive business, success is derived from a high, uninterrupted uptime as well as system flexibility to adapt to diverse customer needs. The company strengthened its technology backbone with contemporary scalable technology to manage complete backoffice needs, clearing and settlements, account openings and mutual funds amongst others. The company uses subscribed databases for preparing research reports and providing data support. The company follows a balanced in-house/outourcing approach to IT combined with a quick response to business needs. It has scalable platforms for order management and risk management requiring minimal human intervention and has sophisticated server and network infrastructure with redundancy for network. Using licensed software, upgradation of latest patches, updating security software, maintenance of policies such as password, backup, server monitoring, antivirus/security and disaster recovery policy are part of ongoing process in the company.

During the year under review, the major initiatives taken by the IT department include:

- = Commencement of online trading on full fledged basis along with implementation of *E-hastakshar* software which provides online contract note to the customer ensuring safety and efficiency of business processes
- = Implementation of File Transfer Protocol (FTP) Server for quick data/file transfer and installation of a load balancer for load balancing of all internet connections as well as link fail over

- = Implementation of Firewall for network security which enables blockage of all incoming traffic through any network except which are duly allowed through configuration
- = Full implementation of modernising IT infrastructure for trading in securities pursuant to new technology called trading access point (TAP) being imposed by NSE
- = Setting up more secured Virtual Private Network (VPN) server with Secure Sockets Layer/Transport Layer Security (SSL/TLS) encryption and implementation of Neat-on-Web (NOW) for branches as trading backup solution through ODIN
- = Putting system in place for implementation of cloud based Customer Relationship Management solution provided by Salesforce
- = Effective digitisation of documents which allow faster and more secure interactions between the company and the customer and also reduces usage of printed paper
- = Put system in place for implementation of Tally enterprise solutions
- = The automation of the centralised back office software which reduces the overall organisational workload and enhances control

Enhancing client relationships...

The company adopted new technology systems in line with its growth strategies so as to cater to the requirements of growing client base. The technology infrastructure is aimed at ensuring that trading and information systems are reliable and performance enhancing and that the client data is protected. The IT and backend support with its state-of-the-art technology offers inimitable investment experience to all consumers. The company continuously keeps itself abreast with technological advancements in the industry and ensures continued and sustained efforts towards absorption of technology, adaptation as well as development of the same to meet business needs and effectively harness technology to facilitate processes and provide superior customer experience.

"Our business is about technology, yes. But it's also about operations and customer relationships."

RESEARCH



Sumedha Fiscal has a dedicated in house research team which is engaged in analysing the Indian economy and identifying equity investment ideas bringing useful information by way of varied research reports and newsletters which helps investors to make informed decisions and bank upon the right opportunity. The research team also provides regular updates to concerned departments within the organisation which helps them to tap business opportunities at the right time. All the analysts in the Sumedha Fiscal research team are MBAs from reputed institute. The research team has access to various software, database, national & international magazines etc. that assists in providing valuable information. The company possesses a proven competence, expertise and infrastructure to research.

During the year under review, the research division introduced new newsletters like Currency Newsletter and also started providing Technical Call on stocks for intra day trading purpose. Apart from the above, the various reports/newsletter generated by the research team which are regularly sent to various investors include: Daily Newsletter, Daily Mutual Fund Performance Report, Weekly Newsletter, Fortnightly Business Newsletter, IPO Analysis, Monthly Newsletter, Commodity Newsletter, Company Report, Sector Update and Quarterly Results Review amongst other reports. The company has effective systems to make and deliver knowledge through various reports across

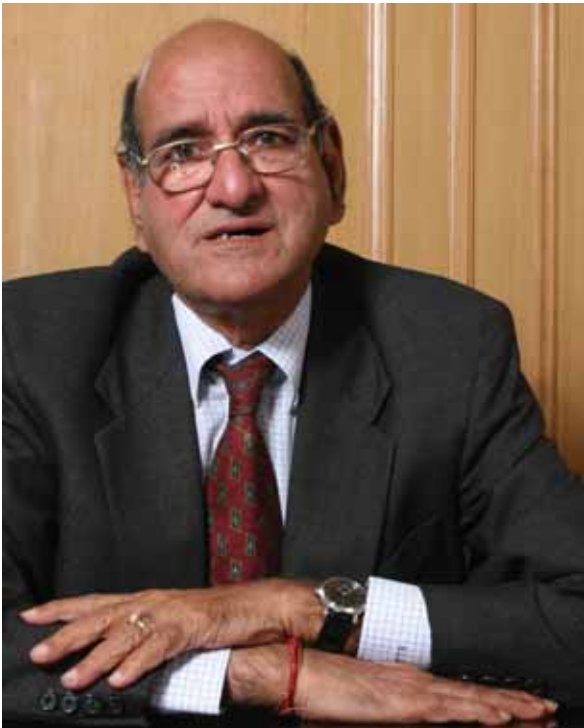
all section of its customers including accessing reports on the company's portal.

Enhancing client relationships...

Consistent delivery of high quality advice on individual stocks, sector trends and investment strategy by the research team has helped to strengthen the company's image in the investors' community. The company has been able to empower clients through continuous quality research and regular updates on corporate performance and sectors. The company has also created systems which address client queries on a timely basis; with the research team only a click away, responding instantly should clients have any query regarding the stock markets. The company believes that its research capabilities will help in further strengthening relationships with its clients.



"We go to school to learn to work hard for money. I write books and create products that teach people how to have money work hard for them."



“The company conducts its business with an objective to forge long term relationships with its customers by providing them a diverse range of tailor made financial products and services to meet their various requirements.”

- Ratan Lal Gaggar,
Chairman

MESSAGE FROM THE CHAIRMAN

Dear Stakeholders,

It is my pleasure to share with you our company's performance for the year 2009 -10. The financial year 2009-10 notched an impressive GDP growth rate of 7.4%, riding on a robust 8.6% fourth quarter expansion despite international financial crisis. The recovery is a testimony to the resilience of the Indian economy as well as the response to the policy initiatives taken by the government.

Timely stimulus packages from the Indian Government not only gave our economy the required support, it also created an atmosphere conducive to investment and growth. Stock markets responded well to the above measures. For the first time in the history of Indian stock markets, major indices hit upper end of the intra-day circuit filter, leading to suspension of trading during the year under review. With the growing integration of the Indian economy with the global economy, it does cause intermittent tremolo.

Despite the above turbulences, your company continues to scale new heights by registering growth on a sustained basis. The company's philosophy of providing investment banking facility with comprehensive and integrated broking and wealth management solutions, under one roof to a cross-segment of society makes Sumedha Fiscal, a recognised player in the financial services industry. Your company continues with its objective to forge long term relationships with the customers by providing them a diverse range of tailor-made financial products and services to meet their various requirements and such close relationship with various corporate clients, investors and institutions has helped us in growth of our business. We are empanelled with major financial institutions, mutual fund houses, banks and corporate groups. We are committed to winning customers' trust and ensuring customer satisfaction. In view of the expanded base of clientele and business, Sumedha Fiscal continues to remain alive of the significance of its internal clients i.e. assistants and employees. Our employees are part of the ownership of the company.

In our business, it is important to continuously invest in the brand and the network. In the brand because this is a business about trust and we've been earning that trust for over 20 years. The network refers to not just the branches we have across locations

“Business is not just doing deals; business is having great products, doing great engineering, and providing tremendous service to customers.”

in India but also to kind of infrastructure that is present there and also to the way clients can assess those branches and avail various services with ease. During the year under review, We have acquired and started operating from our newly furnished Chennai Branch Office. We are also shifting our Mumbai Branch Office to new office building being developed at Marathon Innova at Lower Parel (W) area which will lead to increased visibility of the company thereby enhancing its brand value. During the year under review, we initiated process of implementing CRM which will equip us with comprehensive client information and tools to help us deliver exceptional client service. The software will help us in strengthening client loyalty and growing sales while increasing the efficiency of business operations.

Sumedha Fiscal's client centric approach to running and managing the various businesses helps it to perform well under all circumstances. A look at the 2009-10 figures of the company, on a standalone basis, reveals that total income went up to Rs. 1402.57 lacs registering an increase of 53% compared to the previous year. The net profit (standalone) also recorded an impressive increase of 122% to Rs. 491.13 lacs in 2009-10 from Rs. 221.15 lacs in 2008-09.

Further delving into our financial numbers, shows that investment banking continues to be the thrust area for Sumedha Fiscal with this segment contributing more than 80% to the total income of the company. Experience gained over the years has propelled this segment to climb the value chain and tap larger and wider client base. Increase in human capital has also started contributing results and efforts are on to take this segment to the next higher level and to further strengthen client relationships with premier business houses in the country. The distribution division of the company was restructured as wealth management division during the year under review to provide better focused services consequent to new regulations coming into effect. Considering our broking business, we are predominantly very conservative but are now ramping up the institutional brokerage side which will provide us more visibility. On its way to position itself as a one stop financial services

provider, Sumedha Fiscal continues to evaluate ways to provide new value added services to its clients.

Sumedha Fiscal has a consistent dividend policy of balancing the twin objectives of appropriately rewarding the shareholders and retaining capital to support growth. In line with this and recognition of the performance of the company, the board of directors have recommended a dividend of 80 paise per share i.e. 8.0 % for 2009-10.

The outlook for financial services sector seems positive with an advantage for India and other emerging economies in particular in terms of untapped growth opportunities. India's macroeconomic fundamentals are in place and headed in the right direction, whether it is the rising GDP, savings, the demographics watchful regulators, financial services penetration in India will only continue to grow over the next few years.

Sumedha Fiscal, with its pan India network, is poised to tap growth opportunities as it seeks to build on existing relationships and also focus on increasing client base. The company along with its clients can capture the significant growth opportunities across the Indian financial services spectrum.

Sumedha Fiscal would like to ensure that its own growth translates into higher profitability, substantial value appreciation for all stakeholders. We hope to continue getting support in future endeavours and we are sure that journey we traverse together in the future will be fulfilling and enriching. We would like to remain focussed on all areas that are likely to impact, favourably, the customers, the stakeholders, the employees, and above all the society. Sumedha Fiscal looks forward to your unstinted active support and good wishes to make the coming year, a year of still greater achievements and success.

With best wishes,

Sincerely,



Ratan Lal Gagar,
Chairman

"We intend to conduct our business in a way that not only meets but exceeds the expectations of our customers, business partners, shareholders, and creditors, as well as the communities in which we operate and society at large."



Corporate Information

Board of Directors : Ratan Lal Gaggar, *Chairman*
Dr. Basudeb Sen
Vijay Maheshwari
Rajeev Tandon
Prashant Sekhar Panda
Bijay Murmuria
Anil Kumar Birla
Bhawani Shankar Rathi, *Wholetime Director*

Company Secretary : Deb Kumar Sett

Bankers : Canara Bank
HDFC Bank Limited
Indusind Bank Limited
State Bank of Indore

Statutory Auditors : ARSK & Associates
Chartered Accountants

Listing : Bombay Stock Exchange and Calcutta Stock Exchange

Registrar and Share Transfer Agent : Maheshwari Datamatics Private Limited
6, Mangoe Lane, 2nd Floor,
Kolkata – 700 001.
Tel. No. : 033-2243-5029, 2243-5809
Fax No. : 033-2248 4787
Email : mdpl@vsnl.com

Registered and Corporate Office : 8B, Middleton Street, Geetanjali Apartment, Flat – 6A
Kolkata – 700 071.
Tel. : 033-2229 8936/6758/3237/4473
Fax : 033-2226 4140, 2265 5830
Email : kolkata@sumedhafiscal.com

Branch Offices : New Delhi, Mumbai, Bangalore, Chennai, Hyderabad,
Jaipur, Ahmedabad and Guwahati

Website : www.sumedhafiscal.com

NOTICE

Notice is hereby given that the 21st Annual General Meeting of the Members of SUMEDHA FISCAL SERVICES LIMITED will be held at Merchants' Chamber of Commerce, 15B, Hemanta Basu Sarani, Kolkata - 700 001 on Saturday, the 21st day of August, 2010 at 10.30 a.m. to transact the following business :-

ORDINARY BUSINESS

1. To consider and adopt Audited Accounts of the Company for the year ended 31st March, 2010 together with Reports of Directors and Auditors thereon.
2. To declare dividend for the year ended 31st March, 2010.
3. To appoint a Director in place of Mr. Vijay Maheshwari, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Rajeev Tandon, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

6. *Re-appointment and revision of remuneration to Mr. Bhawani Shankar Rathi, Wholetime Director*

To consider and, if thought fit, to pass the following Resolution, with or without modification, as an Ordinary Resolution:

“RESOLVED FURTHER THAT pursuant to provisions of Section 198, 269, 302, 309, 310 and 311 and all other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII, approval of the Members be and is hereby given to re-appointment of Mr. Bhawani Shankar Rathi as “Wholetime Director and Chief Financial Officer” of the Company for a period of 3 (three) years with effect from April 1, 2010 on a remuneration as detailed in the Explanatory Statement annexed to this Notice.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to vary or increase the remuneration specified above from time to time to the extent the Board may deem appropriate, provided that such variation or increase, as the case may be, is within the overall limits specified in Schedule XIII and relevant provisions of the Companies Act, 1956.

RESOLVED FURTHER THAT in the event of there being loss or inadequacy of profit for any financial year, the aforesaid remuneration shall be the minimum remuneration payable to him in terms of the provisions of Schedule XIII to the Companies Act, 1956.

RESOLVED FURTHER THAT Mr. Bhawani Shankar Rathi shall also be entitled for the reimbursement of actual traveling, boarding and lodging and other expenses incurred by him in connection with the Company's business and such other benefits/amenities and other privileges, as may from time to time, is available to other Senior Executives of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as in its absolute discretion, it may consider necessary, expedient or desirable, and to settle any question, or doubt that may arise in relation thereto and the Board shall have absolute powers to decide breakup of the remuneration within the above said maximum permissible limit and in order to give effect to the foregoing resolution, or as may be otherwise considered by it to be in the best interest of the Company.”

7. **Commission to Non-Executive Directors**

To consider and, if thought fit, to pass the following Resolution, with or without modification, as a Special Resolution:

“RESOLVED that pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act,



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1956, commission not exceeding 1% (one per cent) per annum (or any statutory modification thereof) of the net profits of the Company, calculated in accordance with the provisions of the said Act, be paid to and distributed amongst the Directors of the Company or some or any of them (other than the Wholetime Director) in such amounts or proportions and in such manner and in all respects as may be decided by the Board of Directors of the Company and such payment shall be made out of the profits of the Company for 5 (five) years, commencing from 1st April, 2010.”

Registered Office :
8B, Middleton Street,
6A, Geetanjali,
Kolkata – 700 071.
Date : May 15, 2010

By Order of the Board

Deb Kumar Sett
Company Secretary

NOTES:

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on his behalf and the proxy need not be a member of the Company. The instrument appointing the proxy should be deposited at the Registered Office of the Company not less than 48 hours before commencement of the meeting.
2. In terms of Article 145 of the Articles of Association of the Company, Mr. Vijay Maheshwari, and Mr. Rajeev Tandon, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Brief resume of these Directors, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships/chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Report on Corporate Governance forming part of the Annual Report. The Board of Directors of the Company commends their respective re-appointments.
3. The relevant Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from August 17, 2010 to August 21, 2010 (both days inclusive).
5. Subject to the provisions of Section 206A of the Companies Act, 1956, dividend as recommended by the Board of Directors, if declared at the meeting, will be payable on or after August 21, 2010 to those members whose names appear on the Register of Members as on August 21, 2010. In respect of shares held in dematerialised form, the dividend will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.
6. Members whose shareholding is in electronic mode are requested to direct change of address notifications and updations of account details to their respective Depository Participants (ECS Mandate Form attached).
7. Members are requested to address all their correspondence, including dividend matters, to the Registrar and Share Transfer Agents – Maheshwari Datamatics Pvt. Ltd., 6, Mangoe Lane, Kolkata – 700 001, Fax: 033-2248 4787, Email: mdpl@vsnl.com.
8. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 205A of the Companies Act, 1956, be transferred to the Investors Education and Protection Fund.
9. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during office hours on all working days, except Saturdays, between 11.00 A.M. to 1.00 P.M. up to the date of the Annual General Meeting.
10. Shareholders seeking any information with regard to Accounts are requested to write to the Company early so as to enable the management to keep the information ready.
11. Members are requested to bring their copy of the Annual Report to the Meeting and produce the enclosed Attendance Slip at the entrance to the hall.

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 6

Taking into consideration the increased role of Directors in the emerging competitive environment and the added responsibilities of the Wholetime Director, it is proposed in terms of Section 310 of the Companies Act, 1956 to increase remuneration payable to Mr. Bhawani Shankar Rathi (Mr. Rathi). The Board of Directors, therefore, at its meeting held on May 15, 2010 has approved increase in the remuneration subject to approval of the Members on the basis of recommendation of the Remuneration Committee. The revised salary of Mr. Bhawani Shankar Rathi proposes an increase from Rs. 40,000/- per month to Rs. 60,000/- per month together with consequential increase in perquisites, with effect from April 1, 2010.

Board of Directors as per recommendation of the Remuneration Committee has also approved re-appointment of Mr. Bhawani Shankar Rathi for a period of 3 (three) years with effect from April 1, 2010 on the following terms, subject to approval of the Members.

Mr. Rathi has all along been a brilliant student and a rank-holder in Chartered Accountancy Examination. He has been with the Company since 1994 and contributed significantly to its growth, development and diversification.

Remuneration, perquisites etc. proposed to be to Mr. Bhawani Shankar Rathi, Wholetime Director, are as follows-

- I. Salary – Rs. 60,000/- per month;
- II. Monthly Allowances :-
 - a. House Rent Allowance – Rs. 15,000/-;
 - b. Books and Periodicals: Upto Rs. 1,000/- (Rupees one thousand) per month
- III. Annual Allowances and payments :-
 - a. Leave Travel Concession - For self and family once in a year incurred in accordance with the Rules of the Company. "Family" means spouse, dependent children and dependent parents;
 - b. Club Fees - Fees of Clubs subject to a maximum of two clubs. This will not include admission and life membership fees
 - c. Ex-gratia - Equivalent to 1 and 1/2 month's Basic Salary;

In addition to aforesaid Salary Mr. Rathi shall also be entitled to perquisites as follows:-

- a. Medical Reimbursement – Not exceeding one month's salary per annum or three months' salary over a period of three years, for self and family;
- b. EPF Contribution, Superannuation Fund and Gratuity as per Company Rules;
- c. Encashment of leave as per Company Rules;
- d. A telephone at residence and a mobile phone;
- e. A vehicle with a driver, entire running and maintenance expenses thereof being borne by the Company;
- f. Reimbursement of any other expenses as may be approved by the Board of Directors from time to time;
- g. Earned / Privilege leave on full pay and allowances as per rules of the Company.

Mr. Rathi will not be entitled to any sitting fee for attending Meeting(s) of the Board or any Committee thereof.

The Board commends the resolution for your approval.



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The aforesaid particulars may be treated as an abstract of the terms and conditions of re-appointment of Mr. Bhawani Shankar Rathi as required under Section 302 of the Companies Act, 1956.

The details of Mr. Bhawani Shankar Rathi in pursuance of the provisions of the Listing Agreement are mentioned in the statement separately.

A copy each of the Resolution passed by the Remuneration Committee and Board of Directors at their meeting held on May 10, 2010 is available for inspection by members during business hours on all working days at the registered office of the Company up to the date of the meeting.

None of the Directors, except Mr. Bhawani Shankar Rathi, is concerned or interested in the Ordinary Resolution at Item No. 6 of the Notice.

Item No. 7

Taking into consideration the increased role of Directors in the emerging competitive environment and the added responsibilities of Non-Executive Directors, it is proposed in terms of Section 309 of the Companies Act, 1956 (the 'Act') that the Directors (apart from the Wholetime Director) be paid for each of the financial year commencing 1st April, 2010, a commission not exceeding one per cent per annum (or any statutory modification thereof) of the net profits of the Company computed in accordance with the Act. Such remuneration will be distributed amongst all or some of the Directors at the discretion of the Board in such proportion and manner as the Board may from time to time determine.

The Resolution proposed at Item No.7 is an enabling Resolution. No remuneration will accrue or become payable to the Directors until the Board at its discretion and within the limit approved by the members, decides to distribute the amount of commission after taking into account all the relevant circumstances and the provisions of the Act.

All the Directors except Mr. Bhawani Shankar Rathi, Wholetime Director of the Company, may be deemed to be concerned or interested in the Special Resolution at Item No.7 of the Notice to the extent of the commission that may be received by them.

Registered Office :
8B, Middleton Street,
6A, Geetanjali,
Kolkata – 700 071.
Date : May 15, 2010

By Order of the Board

Deb Kumar Sett
Company Secretary

CERTIFICATION BY CFO OF THE COMPANY

I, Bhawani Shankar Rathi, Wholetime Director and Chief Financial Officer, to the best of my knowledge and belief, certify that:

1. I have reviewed the Balance Sheet as at 31st March, 2010 and Profit & Loss Account, and all its Schedules and Notes on Account, as well as the Cash Flow Statements and Directors' Report for the year ended on that date.
2. Based on my knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact or does not contain any statement that might be misleading.
3. Based on my knowledge and information, the financial statements, and other financial information included in this report, present in all materials respects, a true and fair view of the Company's affairs, the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this Report and are in compliance with the existing Accounting Standards and/or applicable laws and regulations;
4. To the best of my knowledge and belief, no transactions entered into by the Company during the aforesaid period are fraudulent, illegal or violative of the Company's Code of Conduct.
5. I am responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company, and I have -
 - a. Evaluated the effectiveness of the Company's disclosure, controls and procedures over financial reporting, and
 - b. Disclosed in this report any change in Company's internal control over financial reporting that occurred during the Company's most recent accounting period that may have materially affected, or is reasonably likely to affect, the Company's internal control over financial reporting.
6. I have disclosed based on our most recent evaluation, wherever applicable, to the Company's Auditors and the Audit Committee of the Company's Board of Directors:
 - a. All deficiencies in the design or operation of internal controls, which could adversely affect the Company's ability to record, process, summarize and report financial data and have identified for the Company's Auditors, any material weakness in internal control over financial reporting including any corrective actions with regard to such deficiencies, if any;
 - b. Significant changes in internal controls during the period covered by this report, if any;
 - c. All significant changes in accounting policies during the period, if any, and that the same have been disclosed in the notes to the financial statements.
 - d. No instances of significant fraud of which I am aware, involving management or other employees who have significant role in the Company's internal controls system.
7. I further declare that all board members and senior management personnel have affirmed compliance with the Code of Conduct (since its adoption) during the period under review.

Place : Kolkata
Date : May 15, 2010

Bhawani Shankar Rathi
Wholetime Director & Chief Financial Officer



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DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their 21st Annual Report and the Audited Accounts for the financial year ended 31.03.2010.

FINANCIAL HIGHLIGHTS

(Rs in Lacs)

	Year ended 31.03.2010	Year ended 31.03.2009
Total Income	1402.57	919.67
Cash Profit	765.15	382.36
Less : Depreciation	26.97	26.46
Profit before tax	738.18	355.90
Less : Provision for taxation (net)	243.00	117.50
Less : Provision for Fringe Benefit Tax	-	3.83
Add / (Less) : Deferred Tax	(4.10)	(19.21)
Add / (Less) : Adjustment for Earlier years	0.05	5.79
Profit after tax	491.13	221.15
Add : Surplus brought forward	423.15	269.58
Balance available for appropriation	914.28	482.53
APPROPRIATION		
Less : Amortisation of Goodwill	-	8.19
Provision for Dividend (Including Dividend Tax)	63.66	59.39
Balance carried to Balance Sheet	850.62	414.95

OPERATIONAL REVIEW

Your Company has reached new height in its earnings. Despite substantial economic downturn and financial meltdown Total Income from Operations increased by 56.90% to Rs.1372.53 lacs as against Rs. 874.77 lacs during the previous year.

Your Company continued its focus on fee based activities (Loan Syndication and Project Consultancy Services) and income there from was to Rs. 1158.89 lacs as against Rs. 787.63 lacs during the previous year (47.14% increase).

Income from Capital Market Operation also registered a modest increase of 145.17% to Rs. 213.64 Lacs as against Rs. 87.14 Lacs during the previous year.

Income from other sources was at Rs. 30.04 lacs as against Rs. 44.89 lacs during the previous year.

INVESTMENT BANKING

Investment Banking continues to be the thrust area for the Company and experience gained over years has propelled it to climb the value chain and propelled to larger client-base. Increase in human capital has started contributing results and efforts are on for taking it to the next level.

SECURITY DEALING

This segment continues to underperform due to volatile market condition and conservative approach adopted by the Company. In order to ensure better risk management the Company is not very aggressive in this segment. A dedicated Equity Research Team is continuing its value addition by way of publishing periodical News Letters and market insights.

DP OPERATION

Depository Services is provided by your Company as an extension of broking services to its Clients.

CURRENCY DERIVATIVE OF NSE

Your Company has also commenced Currency Derivative Trading on NSE and MCX as further extension of services to its Clients.

MUTUAL FUND/BONDS DISTRIBUTION

This segment has come under stringent regulatory restriction and thereby the distribution channel is undergoing a transition phase. The Company is confident on reaping greater benefits in future.

DIVIDEND

Taking into consideration the overall profitability position, the Board of Directors is pleased to recommend a dividend of 80 paise per share (8%) during the year under review, subject to approval of the Members.

BUSINESS OUTLOOK

The Indian financial services sector is poised to remain buoyant in the backdrop of strong economic performance, large inflows. The ongoing crisis originating from Greece is having spillover effect globally and India is impacted marginally only i.e. reduced market for goods and services. India offers a stable and better destination for global investible funds consequent to burst of the Chinese Property Bubble.

Sustained economic growth and higher disposable income in rural sector have opened up new markets. Percolation of technological benefits (viz. telecommunication, ATM and internet facilities in remote areas), expansion of Highway network and other infrastructural facilities have created new avenues of opportunities, earlier unheard of. All these should result in wider market for financial services to which your Company belongs. SFSL with multiple-products and geographical spread is well positioned to leverage its current position for even better performance.

Transparency is gaining growing importance in regulatory focus and your Company is taking measures to promote it in tune with the requirement. National Population Register and National Business Register shall provide a new platform for addressing specific social and economic goals to broad base the market further.

DIRECTORS

In terms of Article 145 of the Articles of Association of the Company, Mr. Vijay Maheshwari and Mr. Rajeev Tandon, retire by rotation and being eligible, offered themselves for re-appointment at the ensuing Annual General Meeting.

The Board of Directors as per recommendation of the Remuneration Committee has approved re-appointment of Mr. Bhawani Shankar Rathi for a period of 3 (three) years with effect from April 1, 2010, subject to approval of the Members. Details of the terms and conditions thereof are stated in the Notice convening the 21st AGM and forming part of the Annual Report.

Brief resume of the Directors proposed to appointed/re-appointed, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships/chairmanships of Board Committees, as stipulated under Clause 49 of Listing Agreements with the Stock Exchanges, are provided in the Report on Corporate Governance forming part of the Annual Report. The Company has obtained necessary intimations from them in terms of the Companies (Disqualification of Directors under Section 274(1)(g) of the Companies Act, 1956) Rules, 2003 to the effect that they have not incurred any disqualification under Section 274(1)(g) of the Companies Act, 1956 and they are eligible to be appointed as Directors of the Company.

CEO/CFO REPORT ON ACCOUNTS

As required under revised Clause 49 of the Listing Agreement, the CEO/CFO's Report on the Accounts is attached.



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DIRECTORS' RESPONSIBILITY STATEMENT

In terms of provisions of Section 217(2AA) of the Companies Act, 1956 your Directors declare:

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2010 and profit of the Company for that year;
- iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors have prepared the annual accounts on a 'going concern' basis.

AUDITORS

Messrs. ARSK & Associates, Chartered Accountants, Kolkata, Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The Company has received letter from them to the effect that their reappointment, 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 reappointment within the meaning of Section 226 of the said Act.

BRANCH AUDITORS

The Company has installed required hardware, software and system for centralized operation, monitoring and control of operations at the Branches, from the Registered and Corporate Office at Kolkata. Therefore requirement for appointment of Branch Auditor has ceased.

SUBSIDIARY

Pursuant to Section 212 of the Act the audited statement of accounts of SFSL Commodity Trading Pvt. Ltd. (SCT) along with the Report of the Board of Directors and Auditors' Report thereon for the year ended 31st March, 2010, is annexed.

SCT is a Trading-Cum-Clearing Member of Multi Commodity Exchange of India Ltd., Mumbai that offers dealing facility in various commodities and foreign currencies including derivatives thereof. SCT has also become Trading Member of Currency Derivative Segment of MCX.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements read with Accounting Standard AS-23 on Accounting for Investments in Associates, the audited Consolidated Financial Statements are provided in the Annual Report.

STOCK EXCHANGE LISTINGS

The Equity Shares of the Company are listed on the Stock Exchanges at Kolkata and Mumbai. Annual Listing Fees to both of them were paid in time.

EMPLOYEES STOCK OPTION SCHEME

The Compensation Committee of the Board of Directors, at its meeting held on March 30, 2010 issued and allotted 56,600 Equity Shares of Rs. 10/- each, upon exercise of 96,000 Options; such shares rank pari passu with the existing Equity Shares of your Company. Consequently, the Issued and Subscribed Share Capital of your Company as at 31st March, 2010 stands increased to Rs. 6,82,45,400/- divided into 68,24,540 Ordinary Shares of Rs.10/- each.

Details of the Options granted up to 31st March, 2010, and other disclosures as required under Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (the 'SEBI Guidelines') are set out in the Annexure – A to this Report.

The Company's Auditors, Messrs. ARSK & Associates, have certified that the Company's Employee Stock Option Schemes have been implemented in accordance with the SEBI Guidelines and the resolutions passed by the Members in this regard.

CORPORATE GOVERNANCE

Your Company has implemented all the applicable provisions of "Corporate Governance" as provided in the Listing Agreement. A separate Report of the Board of Directors on Corporate Governance is annexed hereto as Annexure – "B" along with Auditor's Certificate for its due compliance of conditions of Corporate Governance as Annexure - "C", respectively as part of the Annual Report.

MANAGEMENT DISCUSSION & ANALYSIS

Management Discussion and Analysis have been appended to this Report in terms of the Listing Agreement as Annexure – "D".

STATUTORY INFORMATION

1) Conservation of Energy/Technology Absorption/Foreign Exchange Earning and Outgo:

Information pertaining to Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable to the Company.

Earning and Outgo in foreign currency during the year:

During the year foreign exchange outgo was Rs. 321,389/- (previous year Rs. 462,925/-) by way of Traveling Expenses and Advertisement for the purpose of Business Development. Foreign exchange earning for the said period was Nil.

2) Deposit

The Company is not holding any Public Deposit and has complied with all relevant statutory formalities.

3) Personnel

There was no employee in receipt of remuneration coming under purview of Section 217(2A) of the Act read with the Companies (Particulars of Employees) Rules, 1975, as amended.

None of the employees of the Company is holding two per cent or more of the Equity Shares of the Company in terms of Section 217(2A)(a)(iii) of the Act.

4) Cash Flow Statement for the year ended 31st March, 2010 pursuant to Clause 32 of the Listing Agreements with Stock Exchanges is annexed herewith.

APPRECIATION

We acknowledge our appreciation to shareholders, Bankers, National Stock Exchange, Multi – Commodity Exchange, OTC Exchange of India and Clients for their continued support. The Board also takes this opportunity to express its whole-hearted appreciation of the efforts put in by the employees at all levels.

Kolkata
May 15, 2010

On Behalf of the Board



Ratan Lal Gaggar
Chairman



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Annexure - A

Statement as at 31st March, 2010, pursuant to Clause 12 (Disclosure in the Directors' Report) of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

SFSL EMPLOYEE STOCK OPTION SCHEME, 2007

a)	Total number of Options granted / allocated:	116,000 Options
b)	i) Pricing Formula:	The Exercise Price has been the closing price of the Company's Share on the Bombay Stock Exchange Ltd. (the 'BSE') on the day immediately preceding the date of grant, or the average price of the Company's Share in the twenty six weeks preceding the date of grant based on the daily closing price on the BSE, or such other Price as may be determined by the Compensation Committee.
	ii) Exercise Price / Adjusted Exercise Price : per Option, as applicable (Each Option represents 1 (one) Equity Share of Rs.10/- each)	Rs. 10/- per Equity Share
c)	Total number of Options vested	96,000 Options
d)	Total number of Options exercised	56,600 Options
e)	Total number of Equity Shares of Rs.10/- each arising as a result of exercise of Options	56,600 shares
f)	Total number of Options lapsed	20,000 Options
g)	Variation of terms of Options	Nil
h)	Money realised by exercise of Options	Rs. 5,66,000/-
i)	Total number of Options in force	39,400
j)	Details of Options granted to i) Senior managerial personnel	As provided below -

Sl. No.	Name	No. of Options granted during the financial year	No. of Options exercised during the financial year
1	Dr. Basudeb Sen, Director	4000	2800
2	Mr. Rajeev Tandon, Director	4000	2800
3	Mr. Anil Kumar Birla, Director	4000	2800
4	Mr. Deb Kumar Sett, Company Secretary	2000	1400
5	Mr. Soumendra Poddar, Vice President	2000	1400
6	Mr. Ajay Kumar Laddha, Vice President	2000	1400
7	Mr. Rajendra Prasad Sharma, Asst. Vice President	2000	1400
8	Mr. Bijoy Kamal Haldar, Asst. Vice President	2000	1400

Enhancing Client Relationships

	ii) Any other employee who received a grant in any one year of Options amounting to 5% or more of the Options granted during the year.	Nil														
	iii) Identified employees who were granted Options during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	Nil														
k)	Diluted Earnings Per Share (EPS) pursuant to issue of Equity Shares on exercise of Option calculated in accordance with International Accounting Standard (IAS) 33	Rs. 7.21														
l)	i) Method of calculation of employee compensation cost.	The employee compensation cost has been calculated using the Intrinsic Value Method of accounting for Options issued under the Company's Employee Stock Option Schemes. The employee compensation cost as per the Intrinsic Value Method for the financial year 2009-10 is Nil.														
	ii) Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognised if it had used the fair value of the Options.	Nil														
	iii) The impact of this difference on profits and on Earnings Per Share of the Company	<p>The effect on the profits and earnings per share, had the fair value method been adopted, is presented below:</p> <p style="text-align: right;"><i>(Rs. in Lakhs)</i></p> <table border="1" style="width: 100%;"> <tr> <td>Profit After Tax (As reported)</td> <td>491.13</td> </tr> <tr> <td>Add: Intrinsic Value Compensation Cost</td> <td>Nil</td> </tr> <tr> <td>Less: Fair Value Compensation Cost (Black Scholes model)</td> <td>Nil</td> </tr> <tr> <td colspan="2">Adjusted Profit</td> </tr> <tr> <td>Earnings Per Share</td> <td>Basic (Rs.) Diluted (Rs.)</td> </tr> <tr> <td>As reported</td> <td>Nil Nil</td> </tr> <tr> <td>As adjusted</td> <td>Nil Nil</td> </tr> </table>	Profit After Tax (As reported)	491.13	Add: Intrinsic Value Compensation Cost	Nil	Less: Fair Value Compensation Cost (Black Scholes model)	Nil	Adjusted Profit		Earnings Per Share	Basic (Rs.) Diluted (Rs.)	As reported	Nil Nil	As adjusted	Nil Nil
Profit After Tax (As reported)	491.13															
Add: Intrinsic Value Compensation Cost	Nil															
Less: Fair Value Compensation Cost (Black Scholes model)	Nil															
Adjusted Profit																
Earnings Per Share	Basic (Rs.) Diluted (Rs.)															
As reported	Nil Nil															
As adjusted	Nil Nil															
m)	Weighted average exercise prices and weighted average fair values of Options granted for Options whose exercise price either equals or exceeds or is less than the market price of the stock.	<p>Weighted average exercise price per Option: Rs. 10/-</p> <p>Weighted average fair value per Option: Rs. 5.63</p>														
n)	A description of the method and significant assumptions used during the year to estimate the fair values of Options.	<p>The fair value of each Option is estimated using the Black Scholes Option Pricing model after applying the following key assumptions on a weighted average basis:</p> <table border="1" style="width: 100%;"> <tr> <td>i) Risk-free interest rate</td> <td>7.7%</td> </tr> <tr> <td>ii) Expected life</td> <td>3 years</td> </tr> <tr> <td>iii) Expected volatility</td> <td>79%</td> </tr> <tr> <td>iv) Expected dividends</td> <td>5%</td> </tr> <tr> <td>v) The price of the underlying share in market at the time of Option grant</td> <td>Rs. 8.22/-</td> </tr> </table>	i) Risk-free interest rate	7.7%	ii) Expected life	3 years	iii) Expected volatility	79%	iv) Expected dividends	5%	v) The price of the underlying share in market at the time of Option grant	Rs. 8.22/-				
i) Risk-free interest rate	7.7%															
ii) Expected life	3 years															
iii) Expected volatility	79%															
iv) Expected dividends	5%															
v) The price of the underlying share in market at the time of Option grant	Rs. 8.22/-															

On Behalf of the Board


Ratan Lal Gaggar
 Chairman

Kolkata
May 15, 2010



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Annexure - B

REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

Your company has been practicing the principle of good Corporate Governance since inception. Sumedha Fiscal Services Ltd. (SFSL) is fully compliant with the applicable mandatory requirements of Clause 49 of the Listing Agreement entered with Stock Exchange(s). For detailed compliance with each requirement (mandatory) of Clause 49 please refer to 'Annexure – B.1' i.e. Clause 49 – Compliance Status relevant to the financial year 2009-10.

COMPLIANCE OF MANDATORY REQUIREMENTS:

A. Company's philosophy of Corporate Governance

Traditional views of governance as a regulatory and compliance requirement have given way to adoption of governance tailored to the specific needs of the Company. Clause 49 has set the benchmark compliance rules for a listed company and the baseline for governance standards. SFSL not only adheres to the prescribed corporate practices as per Clause 49 but is constantly striving to adopt emerging best practices. It is our endeavour to achieve higher standards and provide oversight and guidance to management in strategy implementation and risk management and fulfillment of stated goals and objectives. Corporate governance is a journey for constantly improving sustainable value creation and is an upward moving target.

The basic philosophy of Corporate Governance in the company is to achieve business excellence and dedicate itself to increasing long-term shareholders' values keeping in view the needs and interest of all its stakeholders. The company is committed to transparency in all its dealings and places emphasis on business ethics.

Internal Checks and Balances: The Company has deployed a system of internal controls to allow optimal use and protection of assets, facilitate accurate and timely compilation of financial statements and management reports and ensure compliance with statutory laws, regulations and company policies.

Legal Compliance: A dedicated Legal Compliance cell with independent Internal Auditors ensures that the Company conducts its business with high standards of legal, statutory and regulatory compliances. The Company has instituted a legal compliance program in conformity with the best in the industry.

Shareholders communications: The Board recognizes the importance of two-way communication with shareholders and of giving a balanced report of results and progress and responds to questions and issues raised in a timely and consistent manner. The company's website, www.sumedhafiscal.com contains information for large as well as small shareholders alike. Shareholders seeking information may contact the Company directly throughout the year. They also have an opportunity to ask questions in person at the Annual General Meeting. SFSL ensures that queries, complaints and suggestions are responded in a timely and consistent manner.

Employees Stock Option Scheme: The program introduced in 2007 has ensured alignment of individual interests with the growth imperatives of the Company.

Role of the Company Secretary in Overall Governance Process: The Company Secretary and Compliance Officer (CS-CO) plays a key role in ensuring that the Board procedures are followed and regularly reviewed. The CS-CO ensures that all relevant information, details and documents are made available to the Directors and senior management for effective decision making. The CS-CO is primarily responsible to ensure compliance with applicable statutory requirements and is the interface between the management and regulatory authorities for governance matters. All the Directors of the Company have direct access to the CS-CO.

Observance of the Secretarial Standards: The Institute of Company Secretaries of India (ICSI), one of the premier professional bodies in India, has issued Secretarial Standards on important aspects like Board meetings, General meetings, Payment of Dividend, Maintenance of Registers and Records, Minutes of Meetings, Transmission of Shares, Affixing of Common Seal and Board's Report. Although these standards are recommendatory in nature, the Company substantially adheres to the standards voluntarily.

B. Board of Directors

Board of Directors and Composition

The Board consists of 8 Directors, out of which 5 are Independent Directors and 3 Promoter Directors. One of the Promoter Directors is Wholetime Director & Chief Financial Officer.

Directors	Nature of Directorship	No. of other Directorship	No. of Committee Membership of other companies		No. of Shares held
			As Chairman	As Member	
Mr. Ratan Lal Gaggar, Chairman	Non-Executive/ Independent	13	-	9	15000
Dr. Basudeb Sen	Non-Executive/ Independent	6	1	4	2800
Mr. Vijay Maheshwari	Non-Executive/ Promoter	1	-	-	1562220
Mr. Prashant Sekhar Panda	Non-Executive/ Independent	-	-	-	-
Mr. Rajeev Tandon	Non-Executive/ Independent	2	-	-	3800
Mr. Anil Kumar Birla	Non-Executive/ Independent	-	-	-	4800
Mr. Bijay Murmura	Non-Executive/ Promoter	1	-	-	369920
Mr. Bhawani Shankar Rathi, Wholetime Director & Chief Financial Officer	Executive/Promoter	2	1	-	119270

Notes:

< Other Directorships and Committee Memberships are as on 31-Mar-10. < Other Directorships exclude Directorship in private limited companies, foreign companies, and companies under section 25 of the Companies Act, 1956. < Committee Memberships are in respect of Audit Committee and Investor Grievance Committee. < 'Independent Director' is defined in clause 49.I.(A)(iii) of the Listing Agreement.

Board Meetings, Board Committee Meetings and Procedures

= Decision making process

The Board of Directors is the apex body constituted by the shareholders for overseeing the overall functioning of the Company. The Board provides and evaluates the strategic direction of the Company, management policies and their effectiveness and ensures that the long-term interests of the shareholders are being served. The Management Committee of Directors has been entrusted with the mandate to oversee the functional matters of the Company.

The Board has constituted four standing Committees namely (1) Audit Committee, (2) Shareholders/Management Committee, (3) Remuneration/Compensation Committee and (4) Investors' Grievance Committee. The Board is authorized to constitute additional functional Committees, from time to time, depending on the business needs. The internal guidelines for Board / Board Committee meetings facilitate the decision making process at the meetings of the Board/Committees in an informed and efficient manner. The following sub-sections deal with the practice of these guidelines:



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= *Scheduling and selection of Agenda Items for Board meetings*

- a. Minimum four pre-scheduled Board meetings are held every year. Apart from the above, additional Board meetings are convened by giving appropriate notice to address the specific needs of the Company.
- b. The meetings are usually held at the Company's Registered Office at 8B, Middleton Street, 6A, Geetanjali, Kolkata – 700071.
- c. All divisions/departments of the Company are advised to schedule their work plans well in advance, particularly with regard to matters requiring discussion / approval / decision at the Board /Committee meetings. All such matters are communicated to the Company Secretary in advance so that the same could be included in the Agenda for the Board / Committee meetings.
- d. The Board is given presentations covering Finance, Sales, Marketing, major business segments and operations of the Company and the risk management practices before taking on record the quarterly / annual financial results of the Company. All the relevant information are placed before the Board and /or committees in compliance of the Listing Agreements with Stock Exchanges as well as other statutory requirements.
- e. The Chairman of the Board and the Company Secretary in consultation with other concerned members of the senior management, finalise the agenda for the Board meetings.

= *Board material distributed in advance*

Agenda and Notes on Agenda are circulated to the Directors, in advance, in the defined Agenda format. All material information is incorporated in the Agenda for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any document to the Agenda, the same is tabled before the meeting with specific reference to this effect in the Agenda. In special and exceptional circumstances, additional or supplementary item(s) on the Agenda are permitted.

= *Recording Minutes of proceedings at Board and Committee meetings*

The Company Secretary records the minutes of the proceedings of each Board and Committee meeting. Draft minutes are circulated to all the members of the Board /Committee for their comments. The minutes are duly approved by the Directors and entered in the Minutes Book.

= *Post Meeting Follow-up Mechanism*

The practice followed for Board and Committee meetings facilitate an effective post meeting follow-up, review and reporting process for the decisions taken by the Board and respective Committees. The important decisions taken at the Board / Committee meetings are communicated to the departments / divisions concerned promptly. Action taken report on the decisions/minutes of the previous meeting(s) is placed at the immediately succeeding meeting of the Board / Committee for noting by the Board / Committee, wherever required.

= *Compliance*

The Company Secretary while preparing the Agenda, Notes on Agenda, Minutes etc. of the meeting(s), is responsible for and is required to ensure adherence to all the applicable laws and regulations including the Companies Act, 1956 read with the Rules issued thereunder and the Secretarial Standards recommended by the Institute of Company Secretaries of India.

Number of Board Meetings held and the dates on which held

Five Board meetings were held during the year, as against the minimum requirement of four meetings. The Company has held at least one Board meeting in every three months. The details of the Board meetings are as follows:

= Attendance of Directors in Meetings held during the year 2009-10:

Name	No. of Meeting	Last AGM	Sl. No.	Dates of Board Meeting	Board Strength	No. of Directors Present
Mr. Ratan Lal Gaggar	5	Yes				
Dr. Basudeb Sen	5	Yes	1	21-May-2009	8	5
Mr. Vijay Maheshwari	4	Yes	2	26-Jun-2009	8	7
Mr. Prashant Sekhar Panda	2	No	3	28-Jul-2009	8	7
Mr. Rajeev Tandon	5	Yes	4	31-Oct-2009	8	6
Mr. Anil Kumar Birla	3	Yes	5	30-Jan-2010	8	7
Mr. Bijay Murmuria	4	Yes				
Mr. Bhawani Shankar Rathi*	2	Yes				

* 2 Board Meetings through teleconference facilities

C. Audit Committee

Terms of Reference

The Audit Committee has been mandated with the same terms of reference as specified in Clause 49 of the Listing Agreement with Stock Exchanges and covers all the aspects stipulated by Section 292A of the Companies Act, 1956 and the SEBI Guidelines. The current terms of reference also fully conform to the requirements of aforesaid statutory requirements.

Composition, Name of Members and Chairman

The Audit Committee met five times during the financial year ended 31.03.2010 (on 21-May-2009, 26-Jun-2009, 28-Jul-2009, 31-Oct-2009, and 30-Jan-2010). The composition of the Committee and status of attendance are as follows :

Sl.No.	Members	Meeting attended
1.	Mr. Rajeev Tandon, Independent (Chairman)	5
2.	Mr. Bijay Murmuria, Non-Executive	5
3.	Mr. Anil Kumar Birla, Independent	3
4.	Mr. Prashant Sekhar Panda, Independent	2

Company Secretary
Mr. Deb Kumar Sett,
Company Secretary, is the
Secretary of the Audit
Committee.

Invitees

Statutory Auditors, Internal Auditors, Wholetime Director & CFO and executives responsible for finance and accounts functions are permanent Invitees to the Audit Committee Meetings. The Chairman of the Audit Committee was present at the last Annual General Meeting.

D. Remuneration Committee / Compensation Committee

Terms of Reference

The broad terms of reference of the Remuneration Committee is to ensure that the remuneration practices of the company in respect of the Senior Executives and Executive Directors are competitive keeping in view prevalent compensation packages so as to recruit and retain suitable individual(s) in such capacity(ies).



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The Board at their meeting held on 30-Jan-10 relieved Mr. Vijay Maheshwari and Mr. Bijay Murmuria from the membership of the Remuneration/Compensation Committee. Mr. Prashant Sekhar Panda and Mr. Anil Kumar Birla were inducted thereat as the Members of the Committee with immediate effect.

Composition of Remuneration Committee/Compensation Committee (as on 10-May-2010)

- = Mr. Rajeev Tandon, Independent, Chairman
- = Mr. Prashant Sekhar Panda, Independent, Member
- = Mr. Anil Kumar Birla, Independent, Member

The Compensation Committee met on 28-Oct-09, 28-Dec-09 and 30-Mar-10 in connection with Vesting, Exercise and Allotment under SFSL Employee Stock Option Scheme, 2007. All the members of the Committee attended all the meetings.

Moreover, the Remuneration Committee met on 10-May-10 to consider and approve the re-appointment and remuneration payable to Mr. Bhawani Shankar Rathi as Wholetime Director of the Company for a period of 3 years (w.e.f. 1-Apr-10) subject to approval of Members at the forthcoming Annual General Meeting. All the members of the Committee attended the Meeting.

Remuneration Policy, Details of remuneration and other terms of appointment of Directors

The appointment of the Wholetime Director is governed by the resolution passed by the Board and the remuneration payable is approved by the Remuneration Committee for ratification by the Shareholders of the company, which covers terms and conditions of such appointment.

There is no separate provision for payment of severance fee under the resolution governing the appointment of the Wholetime Director. The statutory provisions will however apply.

Non-executive Directors are entitled to sitting fees @ Rs. 5,000/- for attending meetings of the Board and Audit Committee thereof.

Details of Remuneration to Directors:

Sl.No.	Name of Directors	Sitting Fees for Board Meetings* (Rs)	Commission (Rs)	Salary & Perks (Rs)	Total (Rs)	No. of Equity Shares of Rs. 10/- each issued under ESOS, 2007
1.	Mr. Ratan Lal Gagar	20,000	-	-	-	-
2.	Dr. Basudeb Sen	20,000	-	-	-	2,800
3.	Mr. Vijay Maheshwari	20,000	125,000*	-	125,000	-
4.	Mr. Prashant Sekhar Panda	20,000	-	-	-	-
5.	Mr. Rajeev Tandon	40,000	-	-	-	2,800
6.	Mr. Anil Kumar Birla	20,000	-	-	-	2,800
7.	Mr. Bijay Murmuria	30,000	125,000*	-	125,000	-
8.	Mr. Bhawani Shankar Rathi	-	-	855,762	855,762	-
	Total	1,70,000	250,000	855,762	1,105,762	8,400

* Guarantee Commission not requiring approval from Shareholders/Central Government.

Employees Stock Option Scheme

During the year under SFSL Employee Stock Option Scheme, 2007 (ESOS), 56,600 Options were exercised and on the basis of In-principle approval of the BSE and CSE, the company allotted 56,600 shares on 30-Mar-10 towards 1st and 2nd vesting options under said ESOS. Statutory details of the Stock Option Scheme have been provided in the Directors' Report to Members (Annexure – A).

E. Shareholders' Committee (Management Committee)

The Shareholders' Committee (Management Committee) consisting of Mr. Vijay Maheshwari, Mr. Rajeev Tandon and Mr. Bijay Murmuria, is headed by Mr. Bijay Murmuria. It deals with the approval of transfer and transmission of shares, issue of duplicate Certificate(s)/advices and other shareholder related issue, in addition to general financial matters. The Committee met 28 times during the year under review.

F. Investors' Grievance Committee

The Company also has an "Investors' Grievances Committee" comprising of two Independent Directors i.e. Mr. Rajeev Tandon (Chairman) and Mr. Anil Kumar Birla. The Committee met 4 times on 19-Apr-2009, 21-Jul-2009, 23-Oct-2009 and 27-Jan-2010 to note the status of the complaints lodged with the company and its Share Transfer Agent (STA). The Complaints were redressed by the STA of the company and Company Secretary and Compliance Officer is authorised to take required steps in this behalf. There is no investor's complaint pending to be resolved by the company.

Compliance Officer

Mr. Deb Kumar Sett, Company Secretary is the "Compliance Officer" of the company for compliance of the requirements under SEBI Regulations and the Listing Agreements with Stock Exchanges.

G. Code of Conduct

The company has already adopted a Code of Conduct applicable to its Directors and senior management personnel. All of them have affirmed compliance thereof including the disclosure requirement under the SEBI (Prohibition of Insider Trading (Regulations), 1992 for the year ended 31st March, 2010. A declaration to this effect from the Whole-time Director and CFO of the company, has been given below.

A copy of the Code has been put on the Company's website www.sumedhafiscal.com. The Code has been circulated to all the members of the Board and senior management personnel and compliance thereof is affirmed by them annually.

Declaration as required under Clause 49 of the Listing Agreement

I hereby confirm that the Company has obtained from all the members of the Board and senior management personnel, affirmation that they have complied with the Code of Conduct in respect of the financial year ended March 31, 2010.

Kolkata, 15th May, 2010

Bhawani Shankar Rathi
Wholetime Director & Chief Financial Officer

H. Subsidiary Company

The subsidiary of the Company is Board managed with its Board having the rights and obligation to manage it in the best interest of its stakeholders. The Company monitors performance of the subsidiary by the following means :

- = Financial Statements, in particular the investments made by the subsidiary, are reviewed quarterly by the Audit Committee of the Company.



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= A statement containing all significant transactions and arrangements entered into by the unlisted subsidiary company is placed before the Company's Board regularly.

The subsidiary of the Company does not come under the purview of the "material non-listed subsidiary". However, Mr. Rajeev Tandon, an Independent Director of the Company is also on the Board of Directors of the Subsidiary Company.

I. General Body Meeting

Annual General Meetings (AGMs)

AGMs last 3 years	Date of AGMs	No. of Special Resolution Passed	Location	Time
18th	11/08/2007	2	Merchants' Chamber of Commerce, 15B Hemanta Basu Sarani, Kolkata – 700001	10.30 a.m.
19th	20/09/2008	1		
20th	12/09/2009	Nil		

Postal Ballot

During the year under review, no resolution was passed by Postal Ballot.

Resume and other information of the Directors - proposed for appointment/re-appointment

Mr. Vijay Maheshwari and Mr. Rajeev Tandon, are retiring by rotation at the ensuing AGM and proposed for re-appointment. Mr. Bhawani Shankar Rathi, has been re-appointed as "Wholetime Director and Chief Financial Officer" w.e.f. 01-Apr-10 by the Board of Directors subject to approval of Members of the Company. Resume and other information of the said Directors are furnished in Annexure – B.2.

J. Disclosures

Disclosure on materially significant related party transactions

None of the transactions with any related party was in conflict with the interest of the Company. Attention of the members is drawn to the disclosure of transactions with the related parties set out in Note to the Accounts – 12 Schedule 18, forming part of the Annual Report. All related party transactions are negotiated on arm length basis and are intended to further the interest of the company.

Accounting Treatment

The financial statements for the year 2009-2010 have been prepared in accordance with the applicable Accounting Standards prescribed by the Institute of Chartered Accountants of India and there are no deviations.

Risk Management

The company has laid down procedures to inform the Board of Directors about the risk assessment and minimization procedures.

Details of Non-Compliance by the company, penalties, stricture imposed on the company by the Stock Exchanges, SEBI or by any statutory authorities or any matter related to Capital markets during last 3 years:

There has been no instance of non-compliance by the Company on any matter related to capital markets, during the last three years and hence no penalties or strictures have been imposed on the Company by Stock Exchange/SEBI or any other statutory authority.

Whistle Blower Policy

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism of reporting illegal or unethical behaviour. The Company has a whistle blower policy wherein the employees are free to report

violations of laws, rules, regulations or unethical conduct to their immediate supervisor or such other person as may be notified by the management, in this connection. Confidentiality of those reporting violations is maintained and they are not subjected to any discriminatory practice.

K. CEO/CFO Certification

The Wholetime Director and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Clause 49. The Wholetime Director and the Chief Financial Officer also give quarterly certification on financial results while placing the financial results before the Board in terms of Clause 41.

L. Means of Communication

Financial Results and Annual Reports etc.

The Quarterly and Half-yearly Unaudited Financial Results and the Annual Audited Financial Results are published within the prescribed time-limit in leading national newspapers, i. e. The Financial Express (English) and Kalantar (Bengali) and also sent immediately to all the Stock Exchanges with which the Shares of the company are listed. The Company is also updating from time to time the financial results and other relevant information and reports at the portal of Corporate Filing Dissemination System (CFDS) as well as at the Company's website www.sumedhafiscal.com. The company is not in practice of sending Half-yearly/Quarterly Report to each household shareholders.

Notice convening Annual General Meetings and Extra-Ordinary General Meetings are sent to the members at their respective addresses registered with the company.

The Code of Conduct with regard to the Directors and senior management personnel as well as the Code of Conduct for prevention of Insider Trading has been uploaded at the company's website.

Management Discussion and Analysis Report

The Management Discussion and Analysis Report forms part of the Annual Report (Annexure – D).

M. General Shareholder Information

Next Annual General Meeting

Date	Time	Venue
21st August, 2010	10.30 a.m.	Merchants' Chamber of Commerce 15B Hemanta Basu Sarani, Kolkata – 700001.

Financial Calendar (tentative) for the year 2010-11

Financial Reporting and Limited Review Report	Date of submission to Stock Exchange
For Quarter ending 30th June, 2010	4th Week of July, 2010
For Quarter/Half year ending 30th September, 2010	4th Week of October, 2010
For Quarter ending 31st December, 2010	4th Week of January, 2011
Financial Reporting (Audited) for the year ending 31st March, 2011	3rd Week of May, 2011

Date of Book Closure

17th August, 2010 to 21st August, 2010 (both days inclusive).

Date of Dividend payment

On or after 21st August, 2010, but within the statutory time limit of 30 days.

Listing on Stock Exchanges

= The Calcutta Stock Exchanges Ltd., 7, Lyons Range, Kolkata - 700001 (Scrip Code - 029093).

= Bombay Stock Exchange Ltd, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001 (Scrip Code - 530419).

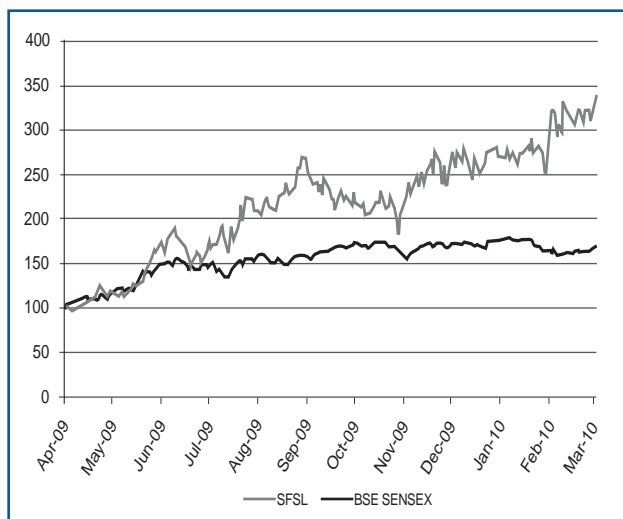
Depository Connectivity & ISIN

NSDL & CDSL (ISIN: INE886B01012)



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Stock Performance Versus BSE Sensex



Note : Share prices and BSE Sensex indexed to 100 as on first working day of the financial year 2009-2010

Stock Market Price Data

Period	Calcutta Stock Exchange		Bombay Stock Exchange	
	High	Low	High	Low
April, 2009	-	-	8.00	6.07
May, 2009	-	-	10.69	7.00
June, 2009	-	-	11.84	9.06
July, 2009	-	-	14.72	9.65
August, 2009	-	-	17.50	12.70
September, 2009	-	-	16.50	12.45
October, 2009	-	-	14.75	11.13
November, 2009	-	-	17.90	12.52
December, 2009	-	-	17.90	14.50
January, 2010	-	-	19.00	14.50
February, 2010	-	-	22.00	17.05
March, 2010	-	-	29.15	19.65

Buy-back of Shares

During the year under consideration the company did not have any scheme for Buy-back of shares.

Share Transfer System (Physical Shares)

Share transfers are registered within the statutory time limit of one month from the date of receipt provided the documents are complete in all respect. All the share transfers (physical) are approved by the "Management Committee / Shareholders Committee". The Board has delegated the authority for approving transfer, transmission etc. of the Company's securities to the Company Secretary. A summary of transfer/transmission of securities of the Company so approved by the Committee is placed at every Board Meeting. Each half-year the Company obtains a compliance certificate under clause 47(c) of the Listing Agreement from a Practicing Company Secretary towards compliance of share transfer formalities for submission to Stock Exchanges.

All shares have been transferred and returned within the prescribed time limit provided the documents were complete. There were no shares pending for transfer at the end of the year 2009-10 (except where documents submitted are defective/incomplete).

Registrar and Transfer Agent-Physical & Demat Shares

M/s Maheshwari Datamatics Pvt. Ltd. (Unit : Sumedha Fiscal Services Ltd.), 6 Mangoe Lane, 2nd Floor, Kolkata - 700 001. Phone: 033-2243-5809/5029. Fax No.: 033-2248-4787, Email : mdpl@cal.vsnl.net.in (MDPL).

Distribution of shareholding as on 31st March, 2010

= According to category of holding

Category	No. of Shares	% of holding	Held in Demat Form	% in Demat Form
Promoters (Individual & Bodies Corporate)	3601560	52.77	2907460	42.60
Mutual Funds/Government(s)	281500	4.12	-	-
Bodies Corporate (Non-promoter)	877613	12.86	772613	11.32
Indian Public (individual)	1964294	28.79	1587189	23.26
NRIs/OCBs	99573	1.46	95673	1.40
Total	6824540	100.00	5362935	78.58

= According to number of Shares held

= Equity History

No. of Shares	No. of Shareholders	% of Shareholders	Shares held	% of Shareholding
1-500	1112	68.85	239139	3.51
501-1000	179	11.08	148406	2.17
1001-2000	139	8.61	218958	3.21
2001-3000	49	3.03	123722	1.81
3001-4000	26	1.61	93420	1.37
4001-5000	21	1.30	102505	1.50
5001-10000	34	2.11	249089	3.65
10001 and above	55	3.41	5649301	82.78
	1615	100.00	6824540	100.00

Sl. No.	Date of Allotment	No. of Shares
1	28-08-89	200
2	26-08-91	30000
3	01-03-93	237950
4	25-03-94	86500
5	03-11-94	690000
6	12-05-95	3959950
7	27-08-99	1638340*
8	24-01-09	125000
9	30-03-10	56600
	Total	6824540

* Issued to shareholders of erstwhile Capital Resources International Ltd. pursuant to Order of Hon'ble High Court at Calcutta approving the Scheme of Amalgamation.

Dematerialisation of shareholding and liquidity

As per SEBI's Guidelines, your company's Equity Shares are compulsorily traded in Dematerialised Form for all the investors. 53,62,935 shares were in dematerialised form representing 78.58 % of the total Equity Shares as on 31st March, 2010.

As per agreements of the company with NSDL and CDSL, the Investors have an option to dematerialize the Equity Shares with either of the Depositories.

Outstanding GDRs/ADRs/warrant or any convertible instruments, conversion date and likely impact on equity: Nil

Location of Branches:

Mumbai	New Delhi	Bangalore	Chennai
D Wing, 1 st Floor 107/108, Siddivinayak Annexe, Sitaram Jadav Marg. Near Railway Station, Lower Parel Mumbai - 400 013.	B1/12 Safdarjung Enclave, 2 nd Floor New Delhi - 110 029.	First Floor, Park Plaza, No. 1 Park Road, (Off. Infantry Road), Tasker Town, Bangalore - 560 051.	Door No. 7, III rd Floor, Vairam Complex, 112, Thyagaraya Road, T. Nagar, Chennai - 600 017.
Hyderabad	Jaipur	Ahmedabad	Guwahati
3 rd Floor, Lumbini Arcade, Begumpet Hyderabad - 500016.	36-A Suraj Nagar (East), Civil Lines, Jaipur - 302 006.	A/82, Pariseema Complex, Opp. IFCI Bhavan, C. G. Road, Ahmedabad - 380 009.	303 Royal Plaza Christian Basti, 3 rd Floor, G. S. Rd., Opp International Hospital, Guwahati - 781 005.



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Shareholders Correspondence

For routine matters

Any assistance regarding share transfers and transmissions, change of address, non-receipt of dividends duplicate/ missing share certificates, demat and other matters, please write to or contact at the address given below :-

Company Secretary, Sumedha Fiscal Services Ltd.
8B, Middleton Street, 6A, Geetanjali, Kolkata - 700 071.
Email : compliance@sumedhafiscal.com

or Registrar and Share Transfer Agent :-

Maheshwari Datamatics Pvt. Ltd.
(Unit : Sumedha Fiscal Services Ltd.)
6, Mangoe Lane, 2nd Floor, Kolkata - 700 001.
Phone : 033-2243-5809/5029; Fax : 033-2248-4787
Email : mdpl@cal.vsnl.net.in

For Redressal of Complaints and Grievances

Company Secretary, Sumedha Fiscal Services Ltd.
8B, Middleton Street, 6A, Geetanjali, Kolkata - 700 071.
Telephone : 033-2229-8936/3237; Fax : 033-2226-4140
Email : compliance@sumedhafiscal.com

Shareholders' Complaints and Redressal

Number of Complaints received and resolved to the satisfaction of investors during the year under review and their break-up:

Complaints/ Grievance	Dividend	Share Certificate	Annual Report	Total
Redressal under process at the beginning of the year.	-	-	-	-
Complaints received during the year.	4	0	1	5
Complaints attended/ Redressed	4	0	1	5
Pending at year end.	-	-	-	-

N. Adoption of non-mandatory requirements under Listing Agreement

The company has not adopted Point Nos. 5, and 6 specified in Annexure – I-D to the Clause No. 49 of the Listing Agreement. Rest of the Non-Mandatory requirements have already been addressed in the foregoing Report.

Place : Kolkata
Date : 15th May, 2010

For and on behalf of the Board

Ratan Lal Gagar
Chairman

Annexure B.1

CLAUSE 49-COMPLIANCE STATUS RELEVANT TO THE FINANCIAL YEAR 2009-10

Board of Directors

Clause 49 (IA) - Composition of Board of Directors

Standard

The Board of Directors of the company should have optimum combination of executive and non-executive directors. However, not less than 50 per cent of the Board of Directors should comprise non-executive directors.

If the Chairman of the Board is an executive director, at least half of the board should comprise of Independent Directors. Provided that where the non-executive Chairman is a promoter of the company or is related to any promoter or person occupying management positions at the Board level below the Board, at least one half of the Board of the company shall consist of independent directors.

Our practice

- = The total strength of the Board of the company is 8 Directors.
- = Composition:
 - Executive Director/Promoter: 1 (12.5%)
 - Non executive Directors/ Promoter: 2 (25%)
 - Non executive Independent Directors: 5 (62.5%)
- = The Chairman is a Non executive Independent Director.
- = Out of 8 directors on the Board, 5 (62.5%) are Independent Directors.
- = Directors, prior to their appointment on the Board as well as annually, affirm their independence by way of a certificate to the Board. They are also required to disclose any transaction, which may impact their independent status.

Clause 49(IB) - Non-executive Directors' compensation and disclosures

Standard

All fees/compensation paid to Non-executive Directors shall be fixed by the Board of Directors and shall require previous approval of Shareholders in General Meeting.

Our Practice

Non-executive Directors have been paid @ Rs. 5,000/- for attending meeting of the Board of Directors and the Audit Committee during the year ended March 31, 2010. Such payment does not require approval from shareholders/Government.

An enabling resolution has been proposed in the Notice convening the 21st AGM authorizing the Board to determine and pay commission not exceeding one per cent (or any statutory modification thereof) per annum of the net profits of the Company computed in accordance with the provisions of the Companies Act, 1956 (Act). Such remuneration will be distributed amongst all or some of the Directors (apart from the Wholtime Director) at the discretion of the Board in such proportion and manner as the Board may from time to time determine.

Clause 49(IC) - Other provisions as to Board and Committees

Standard

There shall be at least four board meetings in a year with maximum time gap of not more than four months between any two meetings. Information given in Annexure-1A of clause 49 should be made available to the Board. The Board shall also review compliance report of all laws applicable to the company.

A Director shall not be a member in more than ten committees or act as a Chairman of more than five committees across all companies in which he is a Director. The Directors should annually inform the company about the committees positions held by them in other companies.



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Our practice

- = During the year under review, the Board of Directors of the company met five times and there was a maximum time gap of less than 96 days between two consecutive Board meetings.
- = The information regularly placed before the Board of Directors inter-alia include the particulars given under Annexure-1A to clause 49.I.C. of the Listing Agreement, wherever applicable.
- = A Compliance Report, with respect to applicable laws, signed by the Wholetime Director and also Company Secretary & Compliance Officer is placed before the Board on quarterly basis.
- = None of the Directors of the Company is member of more than ten committees or Chairman of more than five committees. An assurance in this regard is given by the Directors by way of certification to the Board.
- = Company receives an annual certification by Director about the Committee position he occupies in other companies. The Directors are also expected to notify changes when they take place.

Clause 49(ID) - Code of conduct

Standard

The Board shall lay down a Code of Conduct for all the members of the Board of Directors and senior management personnel of the Company and the same shall be posted on the website of the company.

All Board members and senior management personnel shall affirm compliance with the Code on an annual basis. The Annual Report of the company shall contain a declaration to this effect signed by the CEO.

Our practice

- = The Board has adopted a Code of Conduct for Directors and senior management personnel and this Code is available on the official website of the company (as updated on 31-Jan-10) www.sumedhafiscal.com
- = All Directors and senior management personnel affirm compliance with the Code of Conduct of the company on annual basis.
- = A declaration in this regard duly signed by the Wholetime Director & Chief Financial Officer is included in this Annual Report.

Audit Committee

Clause 49(II A) - Qualified and Independent Audit Committee

Standard

The company shall have an Audit Committee comprising not less than three members. All members of the Committee shall be financially literate and two third members shall be Independent Directors. The Chairman of the Committee shall be an Independent Director and should be present in AGM of the company. At least one member of the Committee shall have accounting or related financial management expertise. The Committee may invite such executive, as it considers appropriate (particularly head of finance) to be present in meeting. The Company Secretary should act as secretary to the Committee.

Our Practice

- = Company has qualified and independent Audit Committee, which comprises of 4 members. All members of the Committee are Non-executive and 3 of them including Chairman are Independent Directors.
- = All members of Audit Committee are financial literate and have accounting/ financial management expertise.
- = The composition of the Audit Committee (as on 15-May-10) is as follows -
 - Mr. Rajeev Tandon, Non-Executive/Independent Director (Chairman), Chartered Accountant (in Practice)
 - Mr. Bijay Murmuria, Non-Executive Director, Chartered Accountant (in Practice)

- iii) Mr. Anil Kumar Birla, Non-Executive/ Independent, Chartered Accountant (in Practice)
- iv) Mr. Prashant Sekhar Panda Non-executive/Independent, Chartered Accountant (in Practice)
- = Senior Management personnel are invited to the meeting/discussion, whenever required by Audit Committee.
- = The Company Secretary of the company acts as a Secretary to the Audit Committee.

Clause 49 (II B) - Meeting of Audit Committee

Standard

There should be at least four meetings of the Audit Committee in a year and not more than four months shall elapse between two meetings. Two members or one third of the members of the Committee whichever is greater shall constitute quorum for the Meeting, but there should be minimum of two independent members present.

Our practice

- = During the year under review, the Audit Committee met five times and there was a maximum gap of less than 96 days between two consecutive Audit Committee meetings.
- = Requirement as to quorum had been complied with at every Audit Committee meeting.

Clause 49 (II C) - Powers of Audit Committee

Standard

The Audit Committee shall have powers, which should include investigation of any matter within its terms of reference, to seek information from employees, obtain outside legal/professional advice and to secure the attendance of outsider, if necessary, in Audit Committee meeting.

Our practice

The powers of Audit Committee are in accordance with Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement and have been duly approved by the Board of Directors of the company.

Clause 49 (II D) - Role of Audit Committee

Standard

A comprehensive list of role of Audit Committee is provided under Clause 49 which inter-alia includes oversight and review of company's financial reporting process, recommendation of appointment/re-appointment of statutory auditor and fees to be paid to them, review of quarterly and annual financial statements, performance of auditor, adequacy of internal control, functioning of whistle blower mechanism (in case the same is existing), etc.

Our practice

The role of the Audit Committee is in accordance with Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

Clause 49 (II E) - Review of information by Audit Committee

Standard

The Audit Committee shall mandatorily review management discussion and analysis of financial condition and result of operation, significant related parties transactions, management letters/ letters of internal control weakness issued by the statutory auditors, internal audit reports relating to internal control weakness and appointment, removal and terms of remuneration of the Chief Internal Auditor.

Our practice

The Audit Committee reviews all information as stipulated under Clause 49 of the Listing Agreement.



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Clause 49 (III) - Subsidiary Companies

Standard

This sub-clause requires representation of company's Director on the Board of its material non-listed Indian subsidiary. It also prescribes for the review of financial statements of unlisted subsidiary by the Audit Committee. The minutes of the Board Meeting and a statement of all significant transaction and arrangements entered into by the unlisted subsidiary company is also required to be placed at the Board meeting of the listed holding company.

Our practice

- = The company has one Indian non-listed Subsidiary Company, SFSL Commodity Trading Pvt. Ltd. Even though SFSL Commodity Trading Pvt. Ltd. does not fall under the material non-listed Indian subsidiary category, Mr. Rajeev Tandon, an Independent Non-Executive Director on the Board of the company has been appointed as a Director on the Board of SFSL Commodity Trading Pvt. Ltd.
- = Financial Statements of Subsidiaries are reviewed by the Audit Committee.
- = Minutes of Subsidiaries are placed before the Board of Directors of the company on regular basis.
- = A statement of all significant transactions, if any, of the subsidiaries are also placed before the Board.

Disclosures: Clause 49 (IV A) - Basis of Related Party Transactions

Standard

Summary of transactions with related parties in ordinary course of business, material individual transactions with related parties which are not in the normal course of business and material individual transactions with related parties or others, which are not on an arm's length basis shall be placed before the Audit Committee on periodical basis.

Our practice

The related party transactions are placed before the Audit Committee on quarterly basis.

Clause 49 (IV B) - Disclosure of Accounting Treatment

Standard

If in the preparation of financial statements, a treatment different from that prescribed in an Accounting Standard has been followed, the fact shall be disclosed in the financial statements, together with proper management's justification.

Our practice

In preparation of financial statements for the year under review, treatment as prescribed in Accounting Standards have been followed, which has also been disclosed in the Notes to Accounts.

Clause 49 (IV C) - Board Disclosures-Risk Management

Standard

The company shall lay down procedures to inform Board of Directors about the Risk Assessment and Minimization Procedures. These procedures shall be periodically reviewed to ensure that executive management controls risk through means of a properly defined framework.

Our practice

The company has framed a Risk Management Procedure, which contains the procedure as to assessment of risks and their minimization. All designated officials submit need-based reports, which are reviewed periodically to ensure effective risk identification and management. The Audit Committee and Board review such Risk Management and Minimization Procedures on periodic basis.

Clause 49 (IV D) - Proceeds from public issue, rights issue, preferential issue etc.

Standard

When money is raised through an issue, it shall be disclosed to the Audit Committee, the uses/ applications of funds by major category (capital expenditure, sales and marketing, working capital, etc.), on a quarterly basis, till the money raised has been fully spent. In addition the company shall prepare a statement of funds utilized for purposes other than those stated in the offer document / prospectus/notice etc.

Our practice

The company has allotted 56,600 Equity Shares of Rs. 10/- each at par (aggregating to Rs. 5,66,000/-) on 30-Mar-10 towards 1st and 2nd vesting of options under SFSL Employee Stock Option Scheme, 2007. The Company has not made any public issue, rights issue or preferential issue during the year under consideration.

Clause 49 (IV E) - Remuneration of Directors

Standard

All pecuniary relationships or transactions of the Non-Executive Directors' vis-à-vis the company shall be disclosed in the Annual Report. Annual Report should also contain all details of remuneration of Directors including stock option, notice period, severance fees, etc. Criteria for making payment to Non-Executive Directors and number of shares and other convertible instruments held by them should be disclosed in Annual Report. Non-Executive Directors are required to disclose their shareholding in the listed company in which they are proposed to be appointed as directors, prior to their appointment.

Our practice

- = All pecuniary relationships or transactions of the Non-Executive Directors vis-à-vis the company, if any, have been disclosed in this Corporate Governance Report.
- = Details of remuneration (including Shares issued against Stock Options) and other terms of Directors have been disclosed in the Corporate Governance Report.
- = The shareholding of Non-Executive Directors being reappointed at the ensuing Annual General Meeting is disclosed in the Annexure - B.2 and the shareholding of all the Directors is disclosed in the Corporate Governance Report.

Clause 49 (IV F) - Management

Standard

A Management Discussion and Analysis Report should form part of Annual Report of the company.

Senior management of the company shall make disclosure to the Board relating to all material financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the company at large.

Our practice

- = A separate report on 'Management's Discussion and Analysis' forms part of this Annual Report.
- = During the year under review, there was no incident involving any conflict of interests between the senior management and the company. Periodical declarations are collected from the concerned persons to that effect.

Clause 49 (IV G) - Shareholders

Standard

In case of the appointment of a new Director or reappointment of a Director the shareholders must be provided with brief details of the appointee. Quarterly Results and presentations made by the company to analysts shall be put on company's web-site. A Shareholders' / Investors' Grievance Committee should be formed under chairmanship of a Non-Executive



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Director. To expedite the process, power of share transfer may be delegated and the delegated authority shall attend to share transfer formalities at least once in a fortnight.

Our practice

- = A brief profile of Directors being appointed/reappointed has been provided in the Notice convening the Annual General Meeting.
- = Quarterly Results are uploaded on website of the company within prescribed time-limit. Presentation to analysts, if any, is uploaded on the website of the company.
- = Company has formed a Committee named "Shareholders'/Investors' Grievance Committee" under the chairmanship of Mr. Rajeev Tandon, an Independent/ Non-Executive Director.
- = The work of share transfer has been delegated to Registrar & Share Transfer Agent of the company under the supervision of Shareholders' / Management Committee of the Board. The Company Secretary has also been delegated required authority to address shareholders'/investors' Grievances and take remedial steps.

Clause 49 (V) - CEO/CFO Certification

Standard

The CEO i.e. the Managing Director and the CFO i.e. the Whole-time Finance Director or any other person heading the finance function discharging that function shall inter alia certify to the Board accuracy of financial statement and adequacy of internal controls for financial reporting purpose.

Our practice

Mr. Bhawani Shankar Rathi, Wholetime Director and acting as Director-in-Charge of Finance u/s 292A (5) of the Companies Act is designated as the Chief Financial Officer (CFO). The company does not have a Managing Director/CEO and the responsibilities connected therewith are looked after by and reported to the Board by Mr. Bhawani Shankar Rathi, CFO.

Clause 49 (VI) - Report on Corporate Governance

Standard

There shall be a separate section on Corporate Governance in the Annual Reports of company. The company shall submit a quarterly compliance report to the stock exchange within 15 days from the close of each quarter.

Our practice

- = The Corporate Governance Report containing required details forms part of the Annual Report.
- = Quarterly Compliance Certificate duly signed by Compliance Officer as to the compliance of Clause 49 requirements is submitted to the Bombay Stock Exchange and Calcutta Stock Exchange within prescribed time limit.

Clause 49 (VII) - Compliance

Standard

The company shall obtain a certificate from either the auditors or practicing company secretaries regarding compliance of conditions of Corporate Governance as stipulated in this clause and annex the certificate with the Directors' Report. The disclosures of the compliance with mandatory requirements and adoption (and compliance) / non-adoption of the non-mandatory requirements shall be made in the section on Corporate Governance of the Annual Report.

Our practice

- = A certificate obtained from the Auditors regarding the compliance of the conditions of Corporate Governance and forming Annexure to the Directors' Report is duly included to the Annual Report and sent to shareholders and the stock exchanges, as required.
- = Compliance with all mandatory requirements of clause 49 has been highlighted elsewhere in the Report on Corporate Governance.

Annexure - B.2

DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT IN THE 21ST AGM

Name of the Directors	Mr. Vijay Maheshwari	Mr. Rajeev Tandon	Mr. Bhawani Shankar Rath
Date of Birth	03-Jan-1951	04-Apr-1953	14-Mar-1966
Date of Appointment	24-Nov-1999	05-Mar-1994	01-Mar-1994
Expertise in specific functional area	He is acclaimed for his vision and dynamism. He has decades of interaction in various professional areas ranging from Finance to Audit & Taxation. A reputed Chartered Accountant, his experience in the financial sphere is of immense value in conducting day to day business.	A practicing Chartered Accountant with years of experience in Financial Services, Audit and Taxation.	A Chartered Accountant with vast knowledge in areas of Banking, Law Finance and Stock Broking. This enables to strategize on critical issues / policies pertaining to Law, Finance & Stock Broking.
Qualification	B.Com, FCA	B.Com, FCA	B. Com (Hons), FCA
Directorship in other Companies	1. SFSL Commodity Trading Pvt. Ltd. 2. East Coast Manufacturing & Marketing Pvt. Ltd. 3. Solar Electronics Pvt. Ltd. 4. Premier Stock Broking & Financial Services (P) Ltd. 5. US Infotech Pvt. Ltd. 6. BDO Consulting Pvt. Ltd. 7. Superb Estate Services Pvt. Ltd. 8. Hitech Tradecomm Pvt. Ltd.	1. SFSL Commodity Trading Pvt. Ltd. 2. Evergreen Commercial Co. Ltd. 3. Decagon Merchandise P. Ltd.	1. Sardar Papers Ltd. 2. Jay Ushin Ltd. 3. SFSL Risk Management Services Pvt. Ltd. 4. SFSL Insurance Advisory Services Pvt. Ltd. 5. Precision Processors (India) Pvt. Ltd. 6. Tropicana Exports (P) Ltd. 7. APC Plants Pvt. Ltd.
Chairmanship/ Membership of Committee of the company	= Management Committee, Member	= Audit Committee, Chairman = Remuneration Committee/ Compensation Committee, Chairman = Management Committee, Member = Investor Grievance Committee, Member	-
Chairmanship/ Membership of Committee of other Companies	-	-	Sarda Papers Ltd. = Audit Committee, Chairman
No. of Equity Shares held in the company	1,562,220	3,800	119,270



Annexure - C

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members,

SUMEDHA FISCAL SERVICES LTD.

We have examined the compliance of conditions of Corporate Governance by Sumedha Fiscal Services Limited for the year ended on 31st March, 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **ARSK & Associates**
Chartered Accountants
Firm's Registration No. 315082E

CA. Ravindra Khandelwal
Partner
Membership No. : 054615

Place: Kolkata

Date : May 15, 2010

Annexure - D MANAGEMENT DISCUSSION & ANALYSIS

Economy and Business Overview

Global Economy

The global economy continues to recover amidst ongoing policy support and improving financial market conditions but the pace of the recovery is too weak to close a global output gap, according to a revised UN report. It said jobless rates were expected to remain high for a protracted period in most developed countries while many workers have been pushed into vulnerable employment in developing nations with a resulting hike in the number of the working poor. Public finances of countries such as Greece, Portugal, Spain and Ireland have meanwhile deteriorated sharply due to the economic crisis and the policy responses, the study warned. It noted that global economic recovery will therefore be much more dependent on growth in the developing country, with China and India leading the way with positive spillover effects.

Indian Economy

The Indian economy expanded at a better than expected 7.4% in 2009-10, helped by strong growth in manufacturing and agriculture that lifted fourth quarter numbers. This shows that the Indian economy is expanding fast after the slowdown caused by the global economic crisis. For three consecutive years before the financial meltdown hit Indian shores, the economy grew at an average 9% but slid to 6.7% in 2008-09. The monetary and fiscal stimulus measures initiated in the wake of the global financial crisis played an important role, first in mitigating the adverse impact from the crisis contagion and then in ensuring that the economy recovered quickly. However, the developments on the inflation front are worrisome.

Exports have been expanding and the industrial sector recovery is increasingly becoming broad based and is expected to take firmer hold going forward on the back of rising domestic and external demand. Various lead indicators of service sector activity also suggest increased economic activity. There is a sustained increase in the bank credit and also in the financial resources tapped by the commercial sector from non-bank sources which also suggests that the recovery is gaining momentum. On the whole, the economic recovery which began around the second quarter of 2009-10, has since then shown sustained improvement.

Capital Market

The Indian equity market sustained the recovery seen since April 2009, and outperformed most of the Emerging Market Economies in terms of extent of recovery in stock prices in 2009-10. With market activity returning to the pre-global crisis level, volatility in the domestic financial markets was much lower during 2009-10 than in the year before, when the crisis erupted. Furthermore, election results announced in May 2009 removed uncertainty on economic policies and as such boosted Indian equity markets. On 18 May 2009, for the first time in its history, the Sensex hit the upper circuit twice and in just about two minutes during which trading was possible, the index gained a record 2,111 points (17.3%) to go up from 12,173 to 14,284. The gains in stock prices were also led by the Foreign Institutional Investors (FII) investments, with FIIs investing Rs. 1.43 lacs crore in Indian markets of which Rs. 1.10 lacs crore was in equity and Rs. 0.33 lacs crore in debt in 2009-10 compared to an outflow of Rs. 0.46 lacs crore made by them in 2008-09. Positive domestic factors, namely better than expected performance of corporate and banks and higher GDP growth also supported an up trend in the Indian capital market. There was revision in market open timing of equity and equity derivatives segments of both NSE and BSE to 9 am instead of earlier 9:55 am effective from 4 January 2010 which resulted in extension of market timings by 55 minutes.

Indian equity markets reported their highest gain in last six years, during 2009-10. The BSE's Sensex and NSE's S&P CNX Nifty appreciated over 70% between April 2009 and March 2010, registering highest gains since 2003-04. The Sensex gained over 80% or whopping 7,819 points to 17,528 as on 31 March 2010 from 9,709 on 31 March 2009 and the S&P CNX Nifty appreciated nearly 74% to 5,249 from 3,021 during the same period. Total market capitalisation of the traded stocks on the BSE, increased to Rs. 6,162,596 crore on 31 March 2010 from Rs. 3,101,986 crore on 31 March 2009.



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The primary market activities also picked up significantly, with higher funds mobilised through public issues and private placements, large over subscription of certain new issues indicating the return of risk appetite in the market, and manifold increase in mobilisation of resources of mutual funds during the year under review. During 2009-10, there were 47 public issues which mobilised Rs. 49,264.46 crore as against 22 public issues mobilising Rs. 3,582.35 crore.

Debt and Money Market

The present size of the Indian debt market including that of private sector is estimated at \$400 billion (Rs. 17.96 lacs crore at 31 March 2010 rates) according to the study of Assocham and PricewaterhouseCoopers.

The domestic financial markets during 2009-10 were characterised by certain major trends, such as prevalence of comfortable liquidity conditions in money markets despite large government borrowing programme. This large market borrowing announced by the Government put upward pressure on the yields of government securities but active liquidity management by the RBI contained this. Lower credit demand by the private sector also cushioned the yield.

The FII inflows and lower oil prices helped the Indian rupee to appreciate to 44.92 per dollar as at the end of March 2010 as compared to 50.73 per dollar at the end of March 2009.

The call rate continued to hover around the lower bound of the informal Liquidity Adjustment Facility (LAF) corridor during 2009-10 as surplus liquidity persisted throughout the year with the call rate as on 31 March 2010 ending at 4.90-5.00%.

Commodity Market

The commodity markets also exhibited buoyancy as the capital markets recovered and gained strength against the backdrop of a distinct improvement in the risk appetite of investors leading to a sharp rise in international capital flows to emerging markets including India. Turnover at Indian commodity bourses rose 47.93% to Rs. 77.65 lacs crore in 2009-10, according to regulator Forward Markets Commission (FMC). Agricultural commodity futures staged a remarkable recovery, recording a trading value of Rs. 10.88 lacs crore in 2009, displaying growth of 48% over the previous year.

Mutual Fund Industry

The mutual fund industry shrugged off the recession blues and added over Rs. 2.54 lacs crore to its assets under management (AUM) in 2009-10 to take its AUM to Rs. 7.47 lacs crore, according to the data available with the Association of Mutual Funds in India (AMFI). The average AUM of the industry hit an all time high of Rs. 8.07 lacs crore at the end of November 2009.

Life Insurance Industry

Led by state owned Life Insurance Corporation (LIC), new business for the life insurance industry recorded a growth of 25% during 2009-10, overcoming the decline witnessed a year ago on account of the global financial meltdown. According to industry sources, the 23 life insurers mopped up a first year premium of Rs. 1.09 lacs crore in 2009-10 compared to Rs. 87,108 crore in the previous year. In 2008-09, the insurers registered degrowth of 6%. In 2009-10, LIC collected a premium of Rs. 70,891 crore compared to Rs. 52,954 crore in 2008-09, thereby growing by around 34% during the year. The other 22 private insurers mopped up a first year premium of Rs. 38,399 crore in 2009-10, compared to Rs. 34,154 crore during the previous year, translating into a growth of over 12%. Among private life insurers, SBI Life emerged as the biggest player.

Outlook

India has weathered the global economic crisis better than other countries. The country's relatively young demography, strong economic fundamentals and continued strong domestic consumption spurred by rising incomes and a rising middle class will be the primary drivers of India's growth. The easing of global concerns, a stable government and improving market sentiments augurs well for the Indian financial services sector. However, limited access to affordable financial services by the vast majority of the population in the rural areas and unorganised sector is a constraint to the growth impetus in the sector. Going forward, the environment continues to remain encouraging with overall growth prospects of the Indian economy on a sound footing. With its healthy financial sector and sound banking system, the country has a greater chance than advanced economies to tap the opportunities available in the financial services sector.

SEGMENT WISE PERFORMANCE OF SUMEDHA FISCAL

Sumedha Fiscal's income has three broad categories as hereunder:

Particulars	FY 2009-10 (Rs. in lacs)	FY 2008-09 (Rs. in lacs)	Change (In % y-o-y)
Income from Investment Banking	1158.89	787.63	47.14
Income from Capital Market Operations	213.64	87.14	145.17
Other Income	30.04	44.89	-33.08

Note:

Investment Banking comprises of loan syndication, merchant banking, restructuring and other related advisory services.

Capital Market Operations comprises of broking income, mutual funds and other distribution products.

Other Income comprises of profit on sale of investments, interest received and other miscellaneous income.

BUSINESS DIVISION -1

INVESTMENT BANKING

Overview

Sumedha Fiscal started its operations with this segment and since then the investment banking segment has maintained its leading position as the major earning source of the company.

Sumedha Fiscal's Edge

- = Broad range of services from transaction structuring to product placement.
- = Long working relationship with various banks enables the company to deliver cost competitive structural solutions, short or long term funds, trade finance, structured finance or any other product/service.
- = The company's experience in handling projects of various renowned corporate groups has been demonstrated in the form of repeat mandates from clients across a wide range of sectors.
- = A skilled team of professionals with experience and understanding of the Indian regulatory, legal and financial framework and possessing extensive product knowledge and efficient execution capability.

Key offerings of Sumedha Fiscal:

- = Debt Syndication
- = Equity Placement
- = Financial Restructuring
- = Merchant Banking
- = Mergers and Takeovers
- = Debt Resolution Services and Stressed Assets Recovery

Company's Performance Highlights in 2009-10

- = This business segment retained its position as the company's principal growth driver and revenue earner, accounting for 84% of income from operations in 2009-10. Income received from this division registered an increase of 47% (y-o-y) to Rs. 1,158.89 lacs in 2009-10 on account of focus on various large ticket size transactions by reputed corporate groups.



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- = The company not only was able to raise the quantum of loan syndicated and increase its revenue during the year under review thereof, but also handled demanding assignments despite the environment not being conducive for loan syndication activities as the banks were facing problem of receiving good credit proposals.
- = The company worked upon certain mandates related to issue management under its merchant banking division.
- = The company undertook and completed successfully various assignments as recovery agent of Asset Reconstruction Company (India) Limited (ARCIL). The company was empanelled with ARCIL as a recovery agent in 2008-09.
- = During the year under review, the company established relationship with a number of corporate houses, banks and financial institutions.

Sector Performance Highlights in 2009-10

- = Funds tapped by Corporate India through syndicated loans and equity issuances shot up significantly for the quarter ended March 2010, according to Bloomberg's India Capital Markets League Tables for Q1 of 2010. Equity offers raised (inclusive of qualified institutional placements, rights issue and follow on offers) Rs. 44,100 crore in the March quarter of 2010 compared with Rs. 1,100 crore for the same period last year.
- = The financial crisis and gloomy economic conditions have hurt the performance of the private equity (PE) investment players by undermining many of the big buyouts that depended on large amounts of debt during the credit bubble. Less affected by the global financial crisis and rebounding faster than the developed world, emerging markets are viewed by many as increasingly attractive investment targets with India being one of the most attractive emerging market among private equity (PE) investors. PE firms invested about \$2 billion (Rs. 8,980 crore at 31 March 2010 rates) in 56 deals during the quarter ended March 2010 — the highest in the last six quarters. The figure was significantly higher than the same period last year, which witnessed \$620 million (Rs. 2,784 crore at 31 March 2010 rates) invested in 58 deals, according to a study by Venture Intelligence, a research service focused on PE and M&A transaction activity in India.
- = Overseas borrowing by Indian companies in the form of loans and convertible bonds grew 18% in 2009-10 on the back of increased appetite among investors for Indian paper. Indian companies raised \$21.67 billion (Rs. 97,298 crore at 31 March 2010 rates) through external commercial borrowing and foreign currency convertible bonds in 2009-10 compared to \$18.36 billion (Rs. 82,436 crore at 31 March 2010) in 2008-09, according to data released by the RBI.

Sector Outlook

- = With the Indian economy maturing, the business environment is looking up and domestic companies are evaluating different means to raise capital in the equity and debt markets.
- = An Ernst & Young study to measure confidence in the global economy said over half of the Indian companies surveyed were optimistic about making acquisitions in the next 12 months due to the improving business climate. According to E&Y's 'Capital Confidence Barometer', optimism is growing in the Indian Merger & Acquisition space, with focus shifting again from divestments to acquisitions.
- = PE and Venture Capital (VC) funding in India needs to increase threefold to \$30 billion (Rs. 1.34 lacs crore at 31 March 2010) annually from the current level to shore up funding for small but promising companies, said a KPMG-CII report. Besides, it said, as the Indian economy expands, the country's investment needs are estimated to be growing over the next three years. Higher PE/VC funding can contribute to the requirement by funding the growth of small but promising companies that are not able to tap equity and debt markets at the outset.

Company's Outlook

- = The company all these days was mainly focusing on loan syndication area and now plans to give a thrust to its merchant banking division area as well. The company has already played a significant role in issue management and advisory of various corporate from different industries and going forward plans to tap renowned corporate houses which will not only

bring in large size transactions but will also enable the company to establish a brand name in the financial services industry.

- = The company also would like to undertake more PE and merger & acquisitions activities going forward, as with economic outlook on India being optimistic, such activities have shown positive momentum. The company believes that its personalised touch, deep relationship, focused approach and most importantly dedicated manpower provides it a competitive edge over its peers. The company is hopeful that its ever increasing list of satisfied customers along with new activities that it plans to undertake shall enable it to grow further.
- = Apart from concentrating on large corporate groups, the company would like to cater to the Small and Medium Enterprises (SMEs) sector. There is still a very big vacuum that exists when it comes to availability of the best financial services to the SME sector. By and large 95% of the SMEs are deprived of quality services, as the majority of investment bankers are preoccupied with the top large cap companies. The company plans to leverage on the strength of the collective experience of senior professionals available in this line of business and unleash the potential of the SME sector in India

BUSINESS DIVISION - 2

CAPITAL MARKET OPERATIONS

Overview

Sumedha Fiscal commenced capital market operations as a logical extension of its growing corporate clientele and the increasing links with investors. This encouraged the company to enter distribution space as well. The capital market operations segment comprises of the broking division and wealth management division. The company offers broking services simultaneously with depository participant services which ensures a quicker and smoother conduct of investment and trading dealings. Commodity broking is handled by the company's subsidiary. The distribution division initially was only into distribution of bonds but later on added income products in its basket of offering with mutual funds being the focus area for the company. This division was restructured as wealth management division during the year under review to adapt itself with the changing industry dynamics. Strong domain knowledge in investment consultancy and the delivery of sustainable value to clients with support from research, technology, back office etc. are the key drivers of growth in this segment.

Sumedha Fiscal's Edge

- = The company caters to the need of all the segments of clients which includes corporate/institutions, high networth individuals and retail.
- = The company is empanelled with many nationalised and private institutions/banks/mutual funds/insurance companies for institutional broking.

Key offerings of Sumedha Fiscal:

Broking:

- = Stock Broking
- = Commodity Broking
- = Currency Derivatives & Interest Rate Futures Broking
- = Mutual funds broking (online platform)
- = Demat accounts

Wealth Management:

- = Mutual Funds
- = Fixed Income Products
- = Primary Market Products
- = Life Insurance



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- = The company's brokerage business is based on a high level of transparency, integrity and cooperation ensuring complete compliance with all regulatory changes. All the dealers are NCFM (NSE's Certification in Financial Markets) certified and also keep themselves abreast with the latest happenings in the industry.
- = A multi-channel delivery model (internet, phone or at branches) and multi-trading options (cash & derivatives, commodities, currency derivatives and interest rate futures), coupled with in house research team, with utmost importance given to quality of service rendered and within strict timelines and at reasonable cost, sets Sumedha Fiscal, apart from its peers.
- = Acts as an integrated financial advisor providing a platform for investments across all financial products.
- = The company continues to focus more on debt mutual funds, as helping investor earn good return along with preservation of his wealth is one of the main objectives of the company.
- = The company provides doorstep service to customers through product advice, information dissemination, document and cheque collection and also possesses fund analyser software which allows research team to obtain updated market data, based on which they analyse investment opportunities.
- = Multiple business lines of the company offer a wide choice to the satisfied client base; its established pan India distribution network is an added asset.

Company's Performance Highlights in 2009-10

- = Income from the capital market operations segment increased by 145% to Rs. 213.64 lacs in 2009-10 from Rs. 87.14 lacs in 2008-09.
- = The sub divisions of this segment i.e. broking division (except for commodity broking) and wealth management division reported an increase of 208%(y-o-y) to Rs. 165.98 and 44%(y-o-y) to Rs. 47.66 lacs, respectively, in their incomes in 2009-10. Revenue from commodity broking services (through a subsidiary company) increased to Rs. 4.66 lacs in 2009-10 from Rs. 0.27 lacs in 2008-09.
- = Scale up in the institutional equities business, improved productivity of branch network supported by overall buoyancy in capital markets.
- = The demat services facility launched by the company in 2008-09, performed well during the year under review.
- = Full fledged commercial operations for online trading system began during the year under review. The company tied up with HDFC Bank for transfer of funds for its online trading facilities.
- = The company initiated providing mutual fund offering services on platform of NSE, which offers benefits to transact and have consolidated holding and reporting of all mutual fund units on a single platform.
- = The company commenced offering interest rate futures which leverages the infrastructure set up of currency derivatives as both require the same basic set up. However, this instrument did not see much activity on account of lacklustre interest among key players which can be attributed to lack of liquidity in the eligible basket of deliverable securities.
- = Automation of centralised accounting and back office system of all the branches was put in place.
- = The company added new clients and did not loose any client despite a drastic change in the mutual funds industry scenario. The company's personalised advisory service model played an important role as it provides assistance to clients in asset allocation based on their risk - return profile on a case-to-case basis.
- = The company commenced its dealings (through an associate company) as a corporate agent of Life Insurance Corporation of India (LIC) to market LIC's life insurance products.

Sector Performance Highlights in 2009-10

- = The turnover in the capital market segment of NSE was reported at Rs. 286,246 crore in March 2010 which shows an increase of 8% (y-o-y) and the average daily turnover in the derivatives segment of NSE increased by whopping 60% (y-o-y) to Rs. 72,392 crore in 2009-10.
- = Stock exchanges launched the online mutual fund platforms through which mutual fund schemes can be sold, with stockbrokers being the intermediary. NSE launched its platform known as National Stock Exchange of India's Mutual Fund Service System (NSE MFSS) on 30 November 2009 and BSE launched its Bombay Stock Exchange's Star MF platform on 4 December 2009.
- = The currency derivatives commenced operations in India in August 2008 with the launch of currency futures trading in US Dollar-India Rupee (USD-INR) and later on extended it to additional pairs of currencies - Euro (EUR-INR), British Pound (GBP-INR) and Yen (JPY-INR) from 1 February 2010 after Securities And Exchange Board Of India (SEBI) permitted the same. The month-to-month average daily traded value increased from 1,199 crore in January 2009 to Rs. 9,115 crore in December 2009 at the NSE and from Rs. 1,221 crore to Rs. 9,452 crore at the MCX-SX for the same period. Another exchange, United Stock Exchange of India Limited announced that it has received final approval from SEBI to commence operations in currency futures.
- = Exchange traded interest rate futures (IRFs) contracts on a 10 year notional coupon bearing Government of India security started trading at the NSE on 31 August 2009. However, the average daily turnover has sharply dipped below Rs. 1 crore in March 2010 from Rs. 267 crore on the inaugural day due to lack of liquidity in the eligible basket of deliverable securities.
- = The number of client accounts in NSDL increased from 96.86 lacs in March 2009 to 105.85 lacs in March 2010. NSDL also witnessed an increase in the number of participants from 275 to 286 during the same period.
- = The year was particularly significant for the mutual funds industry as the market regulator SEBI acted in favour of the investors and eased norms making it easier for them to invest in mutual funds. The key changes included abolishment of entry load on purchase of schemes which will enable investors to get quality advice though they will have to pay for the same and allowing mutual funds to be traded on the stock exchanges which will help an investor to track all his mutual fund investments in a single demat account statement instead of holding multiple statements of different fund houses wherein investments have been done.
- = Apart from some big initial public offers such as that of JSW Energy and Adani Power, the year 2009-10, also saw divestment of the government's stake in NMDC and NTPC through the follow on public offers. In its continuing endeavour to make the existing public issue facility more efficient, SEBI introduced Applications Supported by Blocked Amount facility wherein application money remains blocked in the bank account of the applicant till allotment is finalised ensuring continuity of interest earnings. SEBI also revised the margin requirements for qualified institutional buyers (QIBs) from paying only 10% of the total value of the shares to 100% of the value of shares at the time of application for new issues which will ensure level playing field among all categories of investors.
- = Overall volumes in the secondary market for corporate bonds rose sharply. While trades worth Rs. 67,000 crore were reported on NSE, BSE and Fixed Income Money Market and Derivatives Association (Fimmda) for March 2010, the number was only Rs. 31,000 crore in April 2009. In fact, this was the highest ever volume of reported trades in corporate bonds for a single month since reporting began in January 2007, as per the official data.

Sector Outlook

- = Increasing the market participation, expanding issuers, streamlining processes and deepening product markets are the key elements that may lead to a threefold growth in India's capital markets by 2020, says a FICCI-McKinsey Report.



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- = SEBI recently announced that it would allow more currency derivatives products beginning with options soon. Smaller companies and exporters using currency futures to hedge their forex exposure and diversification of investment among investors to include currencies in their portfolios could result in exchange traded currency derivatives gain favour.
- = The Reserve Bank of India (RBI) has asked banks to be more active in exchange-traded interest rate futures market. In the annual monetary policy statement on 20 April 2010, the RBI had said it proposes to introduce five year and two year notional coupon bearing securities and 91 day Treasury bills in interest rate futures market.
- = According to Forward Markets Commission, growth in turnover on commodity exchanges in India may slow unless the market is opened to institutional investors and products such as options are introduced. Also, trading is limited to futures, as rules don't allow for options and swaps, the regulator said. So, until those products are introduced, participation by investors will be limited.
- = In the coming days, the market will see a large number of public offers as the government has set a target to raise Rs. 40,000 crore through divestment during FY 2010-11. Besides, a number of companies have already approached the capital market regulator SEBI to get approval for entering the market. The insurance and capital market regulators are also in the process of finalising the listing norms for insurance companies. With these offers tapping the market, the primary market is all set to see significant level of activity.
- = Currently, corporate bond market players only report their trades on the three platforms i.e. NSE, BSE and Fimmda. Regulators are working towards putting in place a platform for trading of bonds, like the BSE and NSE screens for shares which will boost investor confidence and will help diversify the market base. Also, the government is planning to raise FII investment limit in corporate bonds. The domestic debt market could increase four times to \$1.5 trillion (Rs. 67.35 lacs crore at 31 March 2010 rates) by 2016 if cost of issuance of bonds is reduced and the listing norms are simplified, according to a study of Assocham and PricewaterhouseCoopers.
- = According to a report by research firm RNCOS—'Booming Insurance Market in India (2008-2011)' - the total life insurance premium in India is projected to grow to \$259.72 billion (Rs. 11.66 lacs crore at 31 March 2010 rates) by 2010-11. Life Insurance Corporation of India (LIC) is bullish on growth and is targeting business in excess of \$59.14 billion (Rs. 2.66 lacs crore at 31 March 2010 rates) by 2011-12.

Company's Outlook

- = The company is planning to increase its presence in the online trading segment and has tied up with HDFC Bank for the transfer of funds. It plans to tie up with more such reputed banks once it attains substantial volume which will enable it to offer more choice to its clients as it believes that with the larger penetration of the internet, online trading will become more popular medium for trading.
- = With newer products and reforms being introduced in the currency derivatives and interest rate futures, there will be increase in participation by investors and the company will tap the opportunities presented by the segments as the infrastructure for the same is already in place.
- = The company believes that its network of branches across India will enable it to offer its services with increased convenience to the consumers and to expand its market share and client base. The company is targeting high net worth individuals and frequent traders to expand its retail operations.
- = Life Insurance Council is examining the issue of digitalisation of the sector wherein life insurance policyholders may not be required to keep paper records of their policies. If the proposal is approved by Insurance Regulatory and Development Authority (IRDA), it could make storage of life insurance related information in digital format possible. The introduction of platforms for mutual fund trading by the exchanges is bringing in more people to buy mutual fund units. Investors have a choice of holding mutual fund units either in physical form or in demat. However, for convenience of operations and

ease of entry and exit, investors prefer to hold the units in demat form. This in turn, will lead to greater demand for the demat accounts. Also, the confidence of the retail investors is slowly restoring and with a lot of new initial public offerings and new products, expected to enter the market, there will be increase in demand for demat accounts. The company will try to get most of its broking clients' register with the company for demat services and shall also approach other investors as well.

- = There is a sea change in the manner in which the investment advice is received and valued. With the introduction of the no load option, the dynamics of the mutual funds industry changed. The company along with the industry shifted from commission based model to advisory fees based model. The company believes that with the new rules and complex products being introduced, the recent example being Indian Depository Receipts (IDRs), personal advisory model being followed by the company will lead long term benefits.
- = The company is optimistic that in the long run, the launch of the mutual funds trading platforms by the exchanges will prove valuable to both, investors and distributors. Currently, the NSE and BSE platforms do not allow switching of funds, and options of systematic investment plans are not available. Investors looking for such facility would require broker's service. Further, cautious investors would always seek advisory services to manage their investments, inputs on their mutual fund portfolio and fund analysis and for this again they will have to rely on services offered by broker. Thus, Sumedha Fiscal will benefit out of this, as the company is one of the pioneers in understanding and advising mutual funds.
- = The company (through an associate company) acts as corporate agent for the most well accepted names in the insurance market and this will enable it to sell products that match the risk profile and financial goals of the company's varied client base. Going forward, the company will increase its marketing effort to tap more business in the area. Concerning regulatory tussle related to ULIP (Unit Linked Insurance Plan), the company hopes that there is clarity in regulations which shall prevent such regulatory issues from cropping up.

Risk and Concern

The company manages its risks through strict compliance, proper internal checks and prudent operating methods. It is further separately discussed as a separate section in the Annual Report.

Internal Control Systems

This section is discussed under the Risks and Concerns section in the Annual Report.

Human Resources

This section is discussed separately in the Annual Report.

Cautionary Statement

This Management Discussion and Analysis provides the details of the company objectives. Statements detailed here are not exhaustive but are for information purposes only. The actual performance of the company in future may vary substantially from those outlined herein. Some of the statements written herein are forward looking and should not be construed as a guarantee of performance. The readers must exercise their own due diligence before forming any opinion based on this statement.

For and on behalf of the Board



Ratan Lal Gagar
Chairman



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RISK MANAGEMENT AND MINIMISATION PROCEDURE

Risk Management

Risk management aims at identification, analysis, evaluation, treatment (control), monitoring, review and communication of risk. These activities can be applied in a systematic or ad hoc manner. The presumption is that systematic application of these activities will result in improved decision-making and, most likely, improved outcomes.

Functionally, there are four aspects of risk management that success depends upon -

A. A positive corporate culture

No one can manage risk if they are not prepared to take risk. While individual initiative is critical, it is the corporate culture which facilitates the process. A positive risk culture is one which promotes individual responsibility and is supportive of risk taking.

B. Actively observed policies and procedures

Used correctly, procedures are powerful tool of risk management. The purpose of policies and procedures is to empower people. They specify how people can accomplish what needs to be done. The success of policies and procedures depends critically upon a positive risk culture.

C. Effective use of technology

The primary role technology plays in risk management is risk assessment and communication. Technology is employed to quantify or otherwise summarize risks as they are being taken. It then communicates this information to decision makers, as appropriate.

D. Independence or risk management professionals

To get the desired outcome from risk management, risk managers must be independent of risk taking functions within the organization. Enron's experience with risk management is instructive. The firm maintained a risk management function staffed with capable employees. Lines of reporting were reasonably independent in theory, but less so in practice.

At Sumedha Fiscal, these concepts represent the foundation of a framework to control risk, its effectiveness enhanced by the active participation of executive and business line management in the risk management process.

Key Principles & Risk Framework

At Sumedha Fiscal, certain key principles determine how the fundamental risk management concepts are applied to all business and risk types :

- = Board supervision: The Board and various Committees regularly reviews the risk strategies and, policies and provides valuable guidance in this regard.
- = Decision-making: Various level of decision making has been created to ensure critical decisions are taken at appropriate level.
- = Independent review: risk-taking activities are subject to review by heads of each activity and accountability outlined.
- = Diversification : Diversification such as geographical, business segment wise, clientele etc. are intentionally created to ensure that risks are prudently diversified.
- = Audit review : individual risks and portfolios are subject to a comprehensive internal audit review with independent reporting to the Audit Committee of the Board by the internal audit function.

Internal controls and information systems

Sumedha Fiscal employs strict controls commensurate with its existing size and operations. The non-compromising attitude towards quality ensures that even though the solutions are customised to cater to the customers' needs, they adequately match the risk-profile of the company.

The appraisal processes have been kept simple, eliminating a majority of risks on account of complicated processes. Regular audits and process verifications ensure that the controls are not compromised with to the extent it proves fatal for the organisation.

Sumedha Fiscal currently operates in areas related to Investment Banking and Stock-Broking/ Distribution activities. Both are service oriented and require constant interaction and involvement with clients and fund houses. The company continuously invests in people, technology and compliance discipline as a measure of growth and protection.

Various Risks and Their Mitigants

➤ Economy Risk

The global and Indian economies, outside the company's control, represent the biggest risk. A slowdown in economy affects every business including Sumedha Fiscal.

Risk Mitigation

The company's risk mitigation involves adoption of a diversified business model which reduces impact of slowdown to some extent, Further, Sumedha Fiscal also provides certain other services demand for which increases during slowdown such as NPA recoveries, debt resolution, arrangement of equity for stressed companies etc.

➤ Operation Risk

Managing market risk of client position is critical to our stock broking business. Further client concentration risk i.e. over dependence on few clients could affect revenues in the event of attrition.

Risk Mitigation

There is a continuous monitoring of the market, client position etc. by the executives to ensure minimization of risk. The back office system provides necessary information facilitating proper and effective controls. Sumedha Fiscal continues to invest on technology for facilitating growth and controls. The company is spreading its network and client base across its divisions including initiative to start Internet Broking and no single client accounts for more than 20% of its revenue.

➤ Accounting Risk

The profit statement can be influenced by the interpretation of accounting applications leading to a relatively low credibility.

Risk Mitigation

Sumedha Fiscal has introduced conservative provisioning and revenue recognition policies. It recognises income on Investment Banking where certainty exists. Provisions are made for all contractual dues which are uncertain. The company doesn't engage in any foreign currency derivative transactions,

➤ Geographical Risk

Major income are presently sourced out of Kolkata and Mumbai offices i.e. such excessive dependence could be detrimental to the profitability of the company.

Risk Mitigation

Sumedha Fiscal is gradually expanding its branch coverage and this would further disperse the geographical risk. Further, the company provides a wide range of services to reduce the concentration.

➤ Human Resource Risk

People attrition could lead to a drain in intellectual capital which is fundamental to the company's business.

Risk Mitigation

The company counters attrition through the following strategies :

- = Compensation linked to performance



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- = Structuring of remuneration to fixed and variable components
- = Continuous training and development
- = Recruitment of local and stable talent with sound intellect
- = Open door working policy
- = Transparent performance appraisals.
- = Introduction of ESOP Scheme.

➤ Regulatory Risk

Sumedha Fiscal a Merchant Banking, Stock Broking and Distribution House is strictly regulated by SEBI, NSE and other Agencies. Regulations are frequently changed and may adversely affect business of the company.

Risk Mitigation

SFSL follows prudent policies and compliance in of all regulations through strict implementation, appointment of Compliance Officer and stringent documentation towards compliance. The internal audit function also clearly outlines the same. The compliance processes are well defined and departmental heads submits quarterly compliance report to the Audit Committee and Board of Directors for review.

The regulatory risk applied to all players in the industry and will not represent an advantage to any specific player but better compliance will lead overall growth and transparency.

➤ Competition Risk

The company is in a business where it competes with larger players, banks and international fund houses who enjoys larger pool of resources and contacts enabling them to have distinctive advantages.

Risk Mitigation

Sumedha Fiscal has created its own niche to take on competition by following:

- = The company is a one-stop destination, providing a gamut of financial services and multiple investment products i.e. from advisory services to finance, to investment, to insurance enabling its survival.
- = The company provides its value added solutions both in investment banking and managing personal wealth advisory services.
- = The company has set up a Centralised Research Team for customised research.
- = The company is operating on a pan-India presence giving viable solutions on comparative lower costs and extensive use of technology.
- = The company is leveraging the relationship route to growth

➤ Technology Risk

The company is in a business which requires online application, effective communication channels between branches and constant updation processes.

Risk Mitigation

The company continuously invests in technology and has integrated back-office functions of all Branches with Head Office at Kolkata. This would ensure continuous monitoring and control of exposures.

Cautionary Statement

This report on risk management provides the details of the risk which may be faced by the company. Risk detailed here are not exhaustive but are for information purposes only. The actual risks faced by the company in future may vary substantially from those outlined herein. Some of the statements written herein are forward looking and should not be construed as a guarantee of performance. The readers must exercise their own due diligence before forming any opinion based on this report.

AUDITORS' REPORT

To the Members,
SUMEDHA FISCAL SERVICES LTD.

1. We have audited the attached Balance Sheet of **SUMEDHA FISCAL SERVICES LIMITED**, as at 31st March, 2010, the Profit and Loss Account and also the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report)(Amendment) Order, 2004, (together the "Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 of India (the Act) and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure, a Statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the branches not visited by us.
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account of the Company;
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of the written representations received from the directors of the Company, as on 31st March, 2010 and taken on record by the Board of Directors of the Company, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - ii. in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Kolkata
Date: 15th May, 2010

For **ARSK & ASSOCIATES**
Chartered Accountants
Firm's Registration No. 315082E
(CA. Ravindra Khandelwal)
Partner
Membership No. 054615



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ANNEXURE TO THE AUDITORS' REPORT

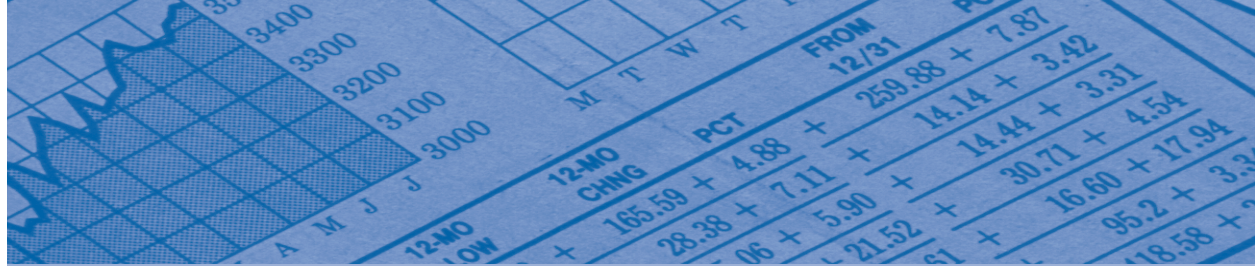
Referred to in paragraph 3 of the Auditors' Report of even date to the members of **SUMEDHA FISCAL SERVICES LIMITED** on the financial statements for the year ended March 31, 2010.

1. a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
b) The fixed assets have been physically verified by the management during the year, which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
c) Since there is no disposal of substantial part of fixed assets during the year, paragraph 4(i)(c) of the Companies (Auditor's Report) Order, 2003 is not applicable.
2. a) Inventories of the Company comprising of shares and property have been physically verified by the management at reasonable intervals during the year.
b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
c) The Company has maintained proper record of its inventories and no discrepancies were noticed on physical verification.
3. According to the information and explanation given to us & in our opinion the company has not granted or taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies' Act, 1956. Accordingly clauses 4(iii)(b) to 4(iii)(g) of the Companies (Auditor's Report) Order, 2003 are not applicable.
4. In our opinion and according to the information and explanation given to us, there is an adequate internal control system commensurate with the size of Company and the nature of its business for the purchase of inventory of shares and property and fixed assets and for the sale of shares and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements that need to be entered into the register in pursuance Section 301 of Act, have been so entered in the register maintained as per requirement of that Section.
b) In our opinion and according to the information and explanations given to us, each of these transactions have been made in pursuance of such contracts or arrangements at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The company has not accepted any deposits from the public within the meaning of Section 58A and 58AA or any other relevant provisions of the Act and the rules framed there under.
7. In our opinion, the Company's present internal audit system is commensurate with its size and nature of its business.
8. The provisions of the Companies Act for maintenance of cost records under Section 209(1)(d) are not applicable to the company.
9. a) According to the information and explanations given to us and the books and records examined by us, the company is regular in depositing with the appropriate authorities the undisputed statutory dues relating to Provident Fund,

- Employees State Insurance, Investor Education and Protection Fund, Income Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues as applicable to it.
- b) According to the information and explanations given to us and the books and records examined by us, there are no undisputed amount payable, in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess outstanding as at 31st March, 2010 for a period exceeding 6 months from the date they become payable.
10. The Company has no accumulated losses as at 31st March 2010 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. The Company has not defaulted in repayment of dues to financial institution, bank or to debenture holders.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of special nature applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.
14. In our opinion, the Company is a dealer or trader in shares, securities, debentures and other investments. The Company has maintained proper records of transaction and contracts in respect of trading in securities, debenture and other investment and timely entries have been made therein. The Company in its own name holds the stock of securities, debenture and other investments. The shares, securities, debentures and other investments, which are held by the Company, are in the Company's name except in few cases of illiquid scrips lying in the name of erstwhile merged entity.
15. In our opinion, and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. In our opinion and according to the information and explanation given to us, the Company has applied the term loans for the purpose for which the loans have been obtained.
17. On the basis of an overall examination of the Balance Sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis, which have been used for long-term investments.
18. The Company has not made preferential allotment of shares during the year to parties and companies covered in the Register maintained under Section 301 of the Act.
19. The Company has not issued any Debenture.
20. The Company has not raised any money by way of public issue during the year.
21. According to the information and explanations given by the management to us, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

Kolkata
Date: 15th May, 2010

For **ARSK & ASSOCIATES**
Chartered Accountants
Firm's Registration No. 315082E
(CA. Ravindra Khandelwal)
Partner
Membership No. 054615



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Balance Sheet as at 31st March, 2010

	Schedule No.	As at March 31,			
		2010		2009	
		Rs	Rs	Rs	Rs
SOURCES OF FUNDS					
Shareholders' Funds					
Capital	1		68,245,400		67,679,400
Reserves and Surplus	2		87,948,784		45,223,144
Loan Funds					
Secured Loans	3		1,524,239		1,274,162
Deferred Tax Liability - Net	4		5,508,407		5,098,000
			163,226,830		119,274,706
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	5		64,318,716		59,839,431
Less : Depreciation			16,132,040		15,489,426
Net Block			48,186,676		44,350,005
Investments	6		62,609,852		23,385,756
Current Assets, Loans and Advances					
Inventories	7	10,481,727		7,038,842	
Sundry Debtors	8	16,214,280		33,013,781	
Cash and Bank Balances	9	38,423,542		30,901,450	
Loans and Advances	10	20,548,248		19,587,189	
(i)		85,667,797		90,541,262	
Less : Current Liabilities and Provisions					
Liabilities	11	26,336,292		32,555,434	
Provisions	12	6,901,203		6,446,883	
(ii)		33,237,495		39,002,317	
Net Current Assets	(i) - (ii)		52,430,302		51,538,945
			163,226,830		119,274,706
Significant Accounting Policies and Notes on Accounts	18				
Balance Sheet Abstract & Company Profile	19				

As per our report of even date attached

For ARSK & Associates
Chartered Accountants
Firm's Registration No. 315082E

CA. Ravindra Khandelwal
Partner
Membership No. 054615
Place : Kolkata
Date: May 15, 2010

For and on behalf of the Board of Directors

Deb Kumar Sett
Company Secretary

Vijay Maheshwari
Bijay Murmura
Bhawani Shankar Rathi
Directors

Profit and Loss Account for the year ended 31st March, 2010

	Schedule No.	For the year ended March 31			
		2010		2009	
		Rs	Rs	Rs	Rs
INCOME					
Income from Operations	13		137,252,770		87,477,498
Other Income	14		3,003,897		4,489,046
	(i)		140,256,667		91,966,544
EXPENDITURE					
Personnel Expenses	15		21,684,851		17,424,268
Administrative and Operational Expenses	16		41,683,907		34,372,504
Financial Expenses	17		140,707		493,382
Depreciation		2,718,588		2,666,911	
Less: Transfer from Revaluation Reserve		21,373	2,697,215	21,373	2,645,538
Diminution in Value of Investment			231,567		1,441,304
	(ii)		66,438,247		56,376,996
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS	(i) - (ii)		73,818,420		35,589,548
Exceptional Items			-		-
PROFIT BEFORE TAX AND AFTER EXCEPTIONAL ITEMS			73,818,420		35,589,548
Provision for Tax :					
- Current Tax		24,300,000		11,750,000	
- Deferred Tax		410,407		1,921,014	
Fringe benefit Tax		-		383,000	
(Add)/Less: Adjustment for earlier year		(5,409)	24,704,998	(579,209)	13,474,805
PROFIT AFTER TAX			49,113,422		22,114,743
Less: Amortisation of Goodwill			-		819,170
Balance Brought Forward from previous year			42,314,734		26,957,775
Amount available for Appropriation			91,428,156		48,253,348
APPROPRIATIONS					
Proposed Dividend			5,459,632		5,075,955
Corporate Dividend Tax			906,777		862,659
Balance carried to Balance Sheet			85,061,747		42,314,734
Number of Equity Shares outstanding during the year of Rs10/- each			6,768,250		6,667,940
Profit for calculation of EPS			49,113,422		22,114,743
Basic Earnings Per Share			7.26		3.32
Diluted earnings per share			7.21		3.27
Significant Accounting Policies & Notes on Accounts	18				
Balance Sheet Abstract and Company Profile	19				

As per our report of even date attached

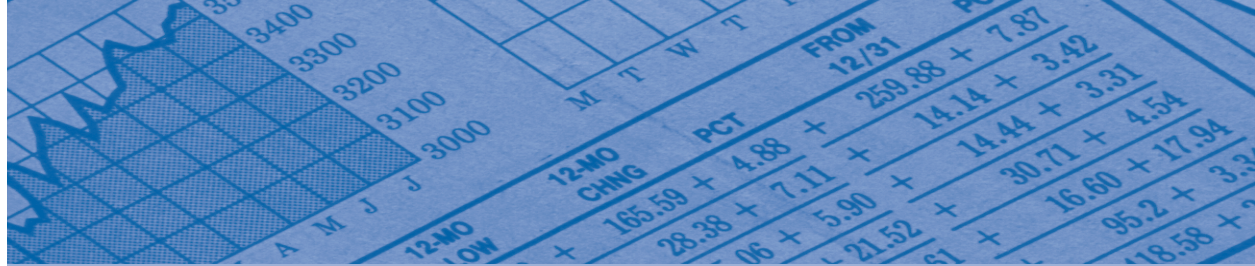
For **ARSK & Associates**
Chartered Accountants
Firm's Registration No. 315082E

CA. Ravindra Khandelwal
Partner
Membership No. 054615
Place : Kolkata
Date: May 15, 2010

Deb Kumar Sett
Company Secretary

For and on behalf of the Board of Directors

Vijay Maheshwari
Bijay Murmuria
Bhawani Shankar Rathi
Directors



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Cash Flow Statement for the year ended 31st March, 2010

	For the year ended March 31	
	2010	2009
	Rs	Rs
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation and after exceptional items	73,818,420	35,589,548
Adjustments for:		
Depreciation	2,697,215	2,645,538
Interest income	(1,671,850)	(1,631,582)
Dividend income	(1,092,148)	(229,464)
Interest paid	140,707	493,382
Bad debts written off	1,350,213	4,897,135
(Profit)/Loss on sale of fixed assets (net)	219,336	12,556
(Profit)/Loss on sale of investments	32,531	(2,966)
Provision for diminution in the value of investments	231,567	1,441,304
Liabilities no longer required written back	(181,041)	(2,621,511)
Obsolete asset discarded	138,361	-
Operating profit before working capital changes	75,683,311	40,593,940
Adjustments for:		
(Increase) / Decrease in trade receivables	15,449,288	(1,693,212)
(Increase) / Decrease in inventories	(3,442,885)	(1,656,412)
(Increase) / Decrease in loans and advances	(3,367,781)	(1,962,977)
Increase / (Decrease) in trade and other payables	(5,764,822)	(11,284,021)
Cash generated from Operations	78,557,111	23,997,318
Direct taxes paid	(23,515,378)	(13,813,387)
Cash Flow before Extra Ordinary Items	55,041,733	10,183,931
Extra Ordinary Item	181,041	2,621,511
Adjustment of Earlier Years	5,409	579,209
Net cash from operating activities	55,228,183	13,384,651
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase/sale of fixed assets	(6,912,956)	(1,931,088)
Purchase/sale of investments	(39,488,194)	(6,599,921)
Investment in subsidiaries including share application money	-	(2,500,000)
Investment Application Money	1,000,000	350,000
Advance to Subsidiary	622,100	(822,100)
Interest received	1,671,850	1,631,582
Dividend received	1,092,148	229,464
Net cash (used in) / from investing activities	(42,015,052)	(9,642,063)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of equity capital	566,000	1,250,000
Securities premium received	-	1,875,000
Proceeds/(Repayment) of long term borrowings	250,077	(2,412,323)
Dividend paid	(6,366,409)	(5,938,614)
Interest paid	(140,707)	(493,382)
Net cash (used in) / from financing activities	(5,691,039)	(5,719,319)
Net increase in cash and cash equivalents	7,522,092	(1,976,731)
Cash and cash equivalents at the beginning of the year	30,901,450	32,878,181
Cash and cash equivalents at the end of the year	38,423,542	30,901,450

Notes : i) Components of cash and cash equivalents include cash, bank balances in current and deposit accounts as disclosed under Schedule 9 of the accounts.
ii) The above cash flow statement has been prepared under the indirect method as set out in accounting standard 3 on "Cash Flow Statement".

As per our report of even date attached
For **ARSK & Associates**
Chartered Accountants
Firm's Registration No. 315082E

For and on behalf of the Board of Directors

CA. Ravindra Khandelwal
Partner
Membership No. 054615
Place : Kolkata
Date: May 15, 2010

Deb Kumar Sett
Company Secretary

Vijay Maheshwari
Bijay Murmuria
Bhawani Shankar Rathi
Directors

Schedules forming part of the Balance Sheet

	As at 31.03.2010 (Rupees)	As at 31.03.2009 (Rupees)
SCHEDULE 1: SHARE CAPITAL		
Authorised		
10,000,000 Equity Shares of Rs. 10/- each	100,000,000	100,000,000
Issued, Subscribed and Paid-up		
6,824,540 (Prev. Year 6,767,940) Equity Shares of Rs10/- each fully paid up.	68,245,400	67,679,400
Out of the above:		
a) 1,638,340 Equity Shares were allotted pursuant to Scheme of Amalgamation without payment being received in cash.		
b) 96,000 options have been granted by the Company in 2007-08 out of which 56,600 options were exercised during the year		
	68,245,400	67,679,400
SCHEDULE 2: RESERVES AND SURPLUS		
Securities Premium Account		
Balance as per last Balance Sheet (i)	1,875,000	1,875,000
Revaluation Reserve		
Balance as per last Balance Sheet	1,033,410	1,054,783
Less: Transferred to Profit & Loss Account	21,373	21,373
	1,012,037	1,033,410
Profit and Loss Account		
Surplus as per Profit and Loss Account (iii)	85,061,747	42,314,734
	(i) + (ii) + (iii)	45,223,144
SCHEDULE 3: SECURED LOANS		
Term Loans (Vehicle Loans)		
- from Scheduled Banks	184,567	655,702
- from the Bodies Corporate	1,339,672	618,460
	1,524,239	1,274,162
SCHEDULE 4: DEFERRED TAX LIABILITY - NET		
Deferred Tax Assets		
Leave encashment (provision) (i)	67,672	46,283
Deferred Tax Liability		
Depreciation (ii)	5,576,079	5,144,283
Net Deferred Tax Liability (ii) - (i)	5,508,407	5,098,000

Schedules forming part of the Balance Sheet (Contd.)

SCHEDULE 5: FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at 31.03.09 (Rupees)	Addition (Rupees)	Deductions /adjustments (Rupees)	As at 31.03.10 (Rupees)	Up to 31.03.09 (Rupees)	For the year (Rupees)	Deduction /Adjustments (Rupees)	As at 31.03.10 (Rupees)	As at 31.03.09 (Rupees)
Buildings	24,790,380	4,472,986	-	29,263,366	2,086,045	440,118	-	26,737,203	22,704,335
Electrical Installation	806,377	96,933	15,500	887,810	240,925	53,190	3,680	597,375	565,452
Furniture & Fixtures	5,053,260	420,660	21,168	5,452,752	1,921,265	326,844	19,405	3,224,048	3,131,995
Computers	12,894,375	278,124	754,535	12,417,964	8,228,278	1,187,566	612,976	3,615,096	4,666,097
Office & other equipments	3,546,278	654,011	349,223	3,851,066	997,515	179,544	190,129	2,864,136	2,548,763
Vehicles	6,023,761	1,299,332	1,602,335	5,720,758	2,015,398	531,326	1,249,784	4,423,818	4,008,363
Stock Exchange Cards	6,725,000	-	-	6,725,000	-	-	-	6,725,000	6,725,000
Total	59,839,431	7,222,046	2,742,761	64,318,716	15,489,426	2,718,588	2,075,974	48,186,676	44,350,005
Previous year	58,797,703	1,948,088	906,360	59,839,431	12,880,149	2,666,911	57,634	44,350,005	45,917,554

Schedules forming part of the Balance Sheet (Contd.)

SCHEDULE 6: INVESTMENT

A) Long Term Investments (Unquoted - at Cost)

In Equity Shates (Face Value Rs. 10/- unless otherwise stated)

SI No.	Name of the Company	As at 31.03.2010		As at 31.03.2009	
		Quantity Nos.	Value (Rs)	Quantity Nos.	Value (Rs)
(I)	TRADE				
1	Capita Finance Services Ltd	40,000	400,000	40,000	400,000
2	Seasoft Solutions Pvt Ltd	209,500	2,095,000	209,500	2,095,000
3	SFSL Risk Management Services Pvt Ltd (F.V. Rs. 100)	9,250	925,000	9,250	925,000
4	SFSL Insurance Advisory Services (P) Ltd (F.V. Rs. 100)	8,500	850,000	8,500	850,000
5	US Infotech Pvt Ltd	250,000	2,500,000	250,000	2,500,000
	Subsidiary Company				
6	SFSL Commodity Trading Pvt Ltd	651,000	8,010,000	651,000	8,010,000
(II)	Non-trade				
	Vijaya Home Loan Ltd	5,000	50,000	5,000	50,000
	(i)		14,830,000		14,830,000

B) Long Term Investments (Quoted – Non-Trade – at Cost)

In Equity Shates (Face Value Rs. 10/- unless otherwise stated)

SI No.	Name of the Company	As at 31.03.2010		As at 31.03.2009	
		Quantity Nos.	Value (Rs)	Quantity Nos.	Value (Rs)
(I)					
1	Aravali Securities & Finance Ltd	200	4,000	200	4,000
2	Assam Brook Ltd	3,625	229,012	3,625	229,012
3	Associated Precision Ltd	600	43,950	600	43,950
4	Bagla Engineering Co. Ltd	400	4,000	400	4,000
5	Business Forms Ltd	6,000	72,000	6,000	72,000
6	Capital Trust Ltd	-	-	8,400	161,933
7	Carbon Composites (I) Ltd	500	5,500	500	5,500
8	CDR Health Care Ltd	2,200	53,350	2,200	53,350
9	Gold Star Steel & Alloys Ltd	1,220	6,100	1,220	6,100
10	Gujarat Inject (Kerela) Ltd	900	14,850	900	14,850



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Schedules forming part of the Balance Sheet (Contd.)

SCHEDULE 6: INVESTMENT

B) Long Term Investments (Quoted – Non-Trade – at Cost) (Contd.)

In Equity Shates (Face Value Rs. 10/- unless otherwise stated)

Sl No.	Name of the Company	As at 31.03.2010		As at 31.03.2009	
		Quantity Nos.	Value (Rs)	Quantity Nos.	Value (Rs)
11	Hindustan Zinc Ltd	-	-	50	27,569
12	IFB Industries Ltd	7,100	987,476	7,100	987,476
13	IL& FS Transportation Networks Ltd	25	6,450	-	-
14	Ludlow Jute & Specialities Ltd	40	8,500	40	8,500
15	Leafin India Ltd	500	64,000	500	64,000
16	Maruti Cottex Ltd	17,000	172,000	17,000	172,000
17	Madhya Bharat Papers Ltd	500	3,125	500	3,125
18	MCC Investment & Leasing Co. Ltd	400	4,000	400	4,000
19	Modern Denim Ltd	700	43,870	700	43,870
20	Neha Export Ltd	1,900	28,500	1,900	28,500
21	Orkay Industries Ltd	1,100	73,215	1,100	73,215
22	Paam Pharmaceuticals (Delhi) Ltd	252	6,120	252	6,120
23	Parakaram Technofeb Ltd	1,200	12,830	1,200	12,830
24	Platinum Finance Ltd	100	3,000	100	3,000
25	Pioneer Financial Management Services Ltd	1,000	10,000	1,000	10,000
26	Power Grid Corporation of India Ltd	-	-	125	6,500
27	Primax Fiscal Services Ltd	800	8,000	800	8,000
28	Richimen Silks Ltd	500	5,000	500	5,000
29	Sanderson Industries Ltd	265,850	265,850	265,850	265,850
30	Sen Pet India Ltd	29,300	293,000	29,300	293,000
31	Shree Digvijay Cement Ltd	4,000	143,515	4,000	143,515
32	Sijberia Industries Ltd	20	-	20	-
33	State Bank of India	187	297,330	187	297,330
34	Steelco Gujarat Ltd	-	-	50	8,000
35	T & I Global Ltd	100	2,000	100	2,000
36	Technology Plastics Ltd	1,000	24,085	1000	24,085
37	Tourism Finance Corporation of India Ltd	-	-	400	12,000
38	UTI Equity Fund	200	1,797	1700	15,272

Schedules forming part of the Balance Sheet (Contd.)

SCHEDULE 6: INVESTMENT

B) Long Term Investments (Quoted – Non-Trade – at Cost) (Contd.)

In Equity Shates (Face Value Rs. 10/- unless otherwise stated)

Sl No.	Name of the Company	As at 31.03.2010		As at 31.03.2009	
		Quantity Nos.	Value (Rs)	Quantity Nos.	Value (Rs)
39	United Bank of India	175	11,550	-	-
40	Uniworth Ltd	2,627	242,075	2627	242,075
41	Uniworth Textiles Ltd	500	11,946	500	11,946
42	Wire & Wireless India Ltd - PP (F.V. Re 1)	130	1,170	-	-
(II)	In Mutual Funds				
1	UTI Balanced Fund - (Income - Payout)	671.80	16,700	671.80	16,700
2	HDFC Cash Management Fund - Treasury Advantage Plan - Retail -Weekly Dividend	2,744,650.59	27,513,661	658,877.24	6,604,137
3	HDFC Cash Management Fund - Treasury Advantage Plan - Retail - Daily Dividend	502,612.08	5,038,441	-	-
4	Shinsei Liquid Fund -Retail - Growth	2,991.56	3,000,000	-	-
5	Shinsei Industry Leaders Fund - Growth	9,779.95	100,000	-	-
6	Canara Robeco F.O.R.C.E Fund - Retail - Growth	9,779.95	100,000	-	-
7	SBI Blue Chip Fund - Growth	371,195.25	5,000,000	-	-
8	SBI Magnum Equity Fund - Growth	40,838.55	1,500,000	-	-
9	ICICI Prudential Flexible Income Plan - Regular - Weekly Dividend	35,113.71	3,518,819	-	-
10	Peerless Ultra Short Term Fund - Retail Weekly Dividend	50,068.63	500,686	-	-
(III)	In debentures				
1	Essar Oil Limited	50	1,250	50	2,750
	(ii)		49,452,723		9,997,060
	(i) + (ii)		64,282,723		24,827,060
	Less : Diminution in value of investments		1,672,871		1,441,304
			62,609,852		23,385,756
	Aggregate market value of quoted investments		1,530,409		555,040
	Net asset value of units of mutual funds		46,742,119		6,611,543



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Schedules forming part of the Balance Sheet (Contd.)

SCHEDULE 7: INVENTORIES

(As taken by the management and certified by a Director) (At lower of cost and net realisable value)

A) Equity Shares & Securities (Quoted – Non-trade)

Sl No.	Name of the Company	Face Value (Rs)	As at 31.03.2010		As at 31.03.2009	
			Quantity Nos.	Value (Rs)	Quantity Nos.	Value (Rs)
1	3I Infotech Ltd	10	500	39,250	-	-
2	Aban Offshore Ltd	2	-	-	100	34,910
3	Akar Laminators Ltd	10	500	1	500	425
4	Alok Industries Ltd	10	-	-	1,000	12,450
5	Apple Finance Ltd	10	200	798	200	342
6	Assam Company Ltd	1	10,000	208,000	-	-
7	Atash Industries Ltd	10	600	1	600	600
8	Axis Bank Ltd	10	-	-	500	207,250
9	Bajaj Hindustan Ltd	1	1,000	135,400	-	-
10	Bata India Ltd	10	500	87,550	500	51,900
11	Bells Control Ltd	10	50	75	50	115
12	Beta Napthol Ltd	10	1,200	1	1,200	1,200
13	Bharat Forge Ltd	2	-	-	22	2,153
14	Bharti Airtel Ltd	5	2,000	614,075	-	-
15	Birla Power Solutions Ltd	1	10,000	32,500	-	-
16	Cals Refineries Ltd	1	500,000	220,000	-	-
17	Castrol India Ltd	10	300	56,903	300	56,903
18	Century Textiles & Industries Ltd	10	-	-	1,000	139,440
19	Chemcrown India Ltd	10	28,000	1	28,000	28,000
20	DLF Ltd	2	500	154,450	-	-
21	Daewoo Motors Ltd	10	100	950	100	671
22	Dr Reddy Laboratories Ltd	5	-	-	811	396,312
23	Edelweiss Capital Ltd	5	50	22,035	285	73,566
24	Fortis Healthcare Ltd	10	500	72,600	-	-
25	GTL Infrastructure Ltd	10	2,000	83,700	2,000	59,000
26	Gujarat Lease Finance Ltd	10	25	1	25	-
27	Gujarat NRE Coke Ltd	10	-	-	5,100	101,235
28	GVK Power & Infrastructure Ltd	1	-	-	2,000	29,375
29	Himachal Futuristics Ltd	10	2,000	24,840	2,000	16,020
30	Himadri Chemicals & Industries Ltd	10	100	1,150	100	1,150

Schedules forming part of the Balance Sheet (Contd.)

SCHEDULE 7: INVENTORIES

(As taken by the management and certified by a Director) (At lower of cost and net realisable value)

A) Equity Shares & Securities (Quoted – Non-trade) (Contd.)

Sl No.	Name of the Company	Face Value (Rs)	As at 31.03.2010		As at 31.03.2009	
			Quantity Nos.	Value (Rs)	Quantity Nos.	Value (Rs)
31	Hindalco Industries Ltd	1	1,000	165,987	-	-
32	ICICI Bank Ltd	10	475	431,457	-	-
33	Idea Cellular Ltd	10	-	-	100	5,015
34	IFB Finance Ltd	10	100	1	100	100
35	IFB Industries Ltd	10	8,400	199,935	7,400	128,485
36	India Infoline Ltd	2	250	28,513	250	14,700
37	Information Technology Ltd	5	100	1	100	105
38	Infrastructure Devt. Finance Co. Ltd	10	-	-	1,500	77,775
39	Kingfisher Airlines Ltd	10	4,000	187,000	-	-
40	K.S. Oils Ltd	1	500	33,000	-	-
41	Larsen & Toubro Ltd	2	400	472,656	500	336,325
42	Maruti Cottex Ltd	10	2,000	1	2,000	2,000
43	Modi Alkalies & Chemicals Ltd	10	100	1	100	100
44	Motilal Oswal Financial Services Ltd	1	250	37,375	250	19,100
45	Mahanagar Telephone Nigam Ltd	10	4,000	292,800	4,000	276,400
46	Nagarjuna Fertilizers & Chemicals Ltd	10	-	-	5,000	67,750
47	NHPC Ltd	10	5,000	152,500	-	-
48	NMDC Ltd	1	1,000	286,950	-	-
49	NTPC Ltd	10	1,000	144,000	1,000	144,000
50	Nicco Corporation Ltd	2	2,000	10,000	2,000	8,200
51	Oriental Bank of Commerce	10	3,000	718,206	3,000	329,700
52	Padmini Technologies Ltd	10	3,200	6,400	4,300	26,660
53	Parakaram Techno Ltd	10	84,400	1	84,400	84,400
54	Rajesh Exports Ltd	1	-	-	2,000	47,400
55	Rama Newsprints and Papers Ltd	10	125	2,706	125	1,563
56	Ranbaxy Laboratories Ltd	5	500	209,820	500	82,800
57	Reliance Industries Ltd	10	1,000	1,074,650	500	761,600
58	Religare Enterprises Ltd	10	50	18,655	50	16,375
59	Sanderson Industires Ltd	10	183,400	1	183,400	183,400
60	Satyam Computer Services Ltd	2	-	-	1,000	28,420



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Schedules forming part of the Balance Sheet (Contd.)

SCHEDULE 7: INVENTORIES

(As taken by the management and certified by a Director) (At lower of cost and net realisable value)

A) Equity Shares & Securities (Quoted – Non-trade) (Contd.)

Sl No.	Name of the Company	Face Value (Rs)	As at 31.03.2010		As at 31.03.2009	
			Quantity Nos.	Value (Rs)	Quantity Nos.	Value (Rs)
61	State Bank of India	10	1,500	2,509,295	1,200	1,222,941
62	State Bank of Travancore	10	100	205	100	205
63	Sterlite Industries India Ltd	2	-	-	250	61,250
64	Suryoday Allo - Metal Powders Ltd	10	6,500	1	6,500	20,150
65	Tata Steel Ltd	10	-	-	1,000	164,740
66	Telephone Cables Ltd	10	100	150	100	170
67	TV 18 (I) Ltd - PCD 13FB09	150	-	-	8	-
68	Unitech Ltd	2	1,000	73,400	2,000	69,900
69	Unitex Designs Ltd	10	195	556	195	556
70	UTI Master Shares - Unit Scheme	10	100	1,250	100	1,250
71	Vatsa Corporation Ltd	10	100	1	100	135
72	Venkateshwara Hatcheries Ltd – PF Ltd	10	20	1	20	20
73	Vimta Laboratories Ltd	2	1,500	39,075	1,500	23,325
74	Viniyoga Clothex Ltd	10	1,800	1	1,800	1,800
75	Walchandnagar Industries Ltd	2	100	22,895	100	9,010
				8,873,727		5,430,842
B)	Properties			1,608,000		1,608,000
				10,481,727		7,038,842

	As at 31.03.2010	As at 31.03.2009
	(Rupees)	(Rupees)
SCHEDULE 8: SUNDRY DEBTORS		
(Unsecured, Considered Good)		
Debts outstanding for a period exceeding six months	4,014,322	8,027,332
Other Debts	12,199,958	24,986,449
	16,214,280	33,013,781

Schedules forming part of the Balance Sheet (Contd.)

	As at 31.03.2010	As at 31.03.2009
	(Rupees)	(Rupees)
SCHEDULE 9: CASH AND BANK BALANCES		
Cash-on-hand	233,640	118,749
Bank balances with scheduled banks		
- On current accounts	18,531,441	13,818,475
- On deposit accounts	19,658,461	16,964,226
	38,423,542	30,901,450
SCHEDULE 10: LOANS AND ADVANCES		
(Unsecured, considered good except otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	8,058,123	6,649,352
Advance to a subsidiary	200,000	822,100
Deposits	9,887,498	8,205,504
Share application money (pending allotment)	-	1,000,000
Advance payment of taxes (net of provisions)	1,485,082	2,269,704
Interest accrued on bank deposits	917,545	640,529
	20,548,248	19,587,189
SCHEDULE 11: LIABILITIES		
Sundry creditors	15,920,323	14,424,812
Unclaimed dividend	764,637	664,702
Deposits	9,651,332	17,465,920
	26,336,292	32,555,434
SCHEDULE 12: PROVISIONS		
Provision for		
- Leave Encashment	500,319	473,794
- Fringe Benefit Tax (net of advance Tax)	34,475	34,475
- Proposed Dividend	5,459,632	5,075,955
- Corporate Dividend Tax	906,777	862,659
	6,901,203	6,446,883



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Schedules forming part of the Profit and Loss Account

	For the year ended 31.03.10 (Rupees)	For the year ended 31.03.09 (Rupees)
SCHEDULE 13: INCOME FROM OPERATIONS		
Income from Investment Banking	115,888,748	78,763,474
Income from Capital Market Operations	21,364,022	8,714,024
	137,252,770	87,477,498
SCHEDULE 14: OTHER INCOME		
Profit on sale of investments	-	2,966
Interest (TDS Rs. 189,454/- P.Y. Rs. 3,28,100/-)	1,671,850	1,631,582
Dividend received	1,092,148	229,464
Liabilities no longer required written back	181,041	2,621,511
Miscellaneous income	58,858	3,523
	3,003,897	4,489,046
SCHEDULE 15: PERSONNEL EXPENSES		
Salaries, wages, bonus and gratuity	19,710,924	15,911,022
Contribution to provident and other funds	1,156,913	926,987
Workmen and staff welfare expenses	817,014	586,259
	21,684,851	17,424,268

	For the year ended March 31			
	2010		2009	
	Rs	Rs	Rs	Rs
SCHEDULE 16: ADMINISTRATIVE & OPERATIONAL EXPENSES				
Demat and depository charges		269,484		316,741
Communication expenses		1,609,768		1,583,968
Insurance		103,721		265,444
Rent		1,858,500		1,772,500
Electricity		1,085,604		1,177,485
Office maintenance		1,002,736		898,114
Travelling & Conveyance		3,385,598		1,965,632
Rates & Taxes		172,058		57,615
SEBI turnover and membership subscription fees		772,570		1,834,579
Commission		350,000		266,750
Legal and professional charges		19,693,415		9,702,069
Auditors' remuneration		125,000		137,624

Schedules forming part of the Profit and Loss Account (Contd.)

	For the year ended March 31			
	2010		2009	
	Rs	Rs	Rs	Rs
SCHEDULE 16: ADMINISTRATIVE & OPERATIONAL EXPENSES (Contd.)				
Repairs & Maintenance				
- Buildings	706,868		219,130	
- Plant and Machinery	552,017		729,013	
- Others	70,810	1,329,695	611,305	1,559,448
Advertisement & Business promotion		977,781		907,653
Car expenses		2,156,314		1,716,855
Printing & Stationery		993,259		862,316
Charity and Donation		5,750		115,000
Computer expenses		429,208		825,682
Loss on Sale of Investments		32,531		-
Loss on Sale of Fixed Assets		219,336		12,556
Obsolete Fixed Assets discarded		138,361		-
Bad-debts written off		1,350,213		4,897,135
NSE charges		315,639		222,255
VSAT charges		576,613		596,695
Miscellaneous expenses		2,730,753		2,678,388
		41,683,907		34,372,504
SCHEDULE 17: FINANCIAL EXPENSES				
Interest on term loans				
- To scheduled banks	50,750		110,768	
- To a body corporate	52,312	103,062	99,196	209,964
Interest on overdrafts to scheduled banks		10,395		283,418
Interest paid to others		27,250		-
		140,707		493,382



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Schedules forming part of the Account

SCHEDULE - 18: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A SIGNIFICANT ACCOUNTING POLICIES

a Basis of preparation of accounts

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by the Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies applied by the Company are consistent with those used in the previous year.

b Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c Fixed Assets

i) Tangible assets

Fixed Assets are stated at cost of acquisition inclusive of duties (net of CENVAT and other credits, wherever applicable), taxes, incidental expenses, erection / commissioning expenses and borrowing costs etc. up to the date the assets are ready for their intended use.

Fixed Assets retired from active use are valued at net realisable value.

ii) Intangible assets

Intangible assets are stated at cost less accumulated amortisation.

d Depreciation

Depreciation on Fixed Assets is provided on straight line method at the rates prescribed in Schedule XIV of the Companies Act, 1956 or at rates determined based on the useful life of the assets, whichever is higher.

In case of impairment, if any, depreciation is provided on the revised carrying amount of the assets over their remaining useful life.

e Impairment of assets

The carrying amount of assets is reviewed at each Balance Sheet date to determine if there is any indication of impairment thereof based on external / internal factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount, which represents the greater of the net selling price of assets and their 'value in use'. The estimated future cash flows are discounted to their present value at appropriate rate arrived at after considering the prevailing interest rates and weighted average cost of capital.

f Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost, but provision for diminution in value is made to recognise a decline other than temporary in the value of such investments.

g Inventories

Inventories of shares and securities are valued at lower of cost or market value and inventory of property is valued at lower of cost or net realizable value.

h Revenue recognition

Revenue (income) is recognised when no significant uncertainty as to determination/realisation exists.

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

Insurance and other claims / refunds

Revenue, due to uncertainty in realisation, are accounted for on acceptance / actual receipt basis.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividends

Dividend is recognised when the shareholders' right to receive payment is established by the Balance Sheet date.

i Retirement and other employee benefits

Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are accrued. There are no obligations other than the contribution payable to the respective trusts.

Gratuity liability is a defined benefit obligation and is provided for on the basis of actuarial valuation made at the end of each financial year.

Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation.

Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

j Taxation

Tax expense comprises of current and deferred tax.

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961.

Deferred tax is recognized on a prudent basis for timing differences, being difference between taxable and accounting income/expenditure that originate in one period and are capable of reversal in one or more subsequent period(s). Deferred tax asset is recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such asset can be realised against future taxable income. Unrecognised deferred tax asset of earlier years are re-assessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realised.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Minimum Alternative Tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.



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k Earning per share

Earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders, by the weighted average number of equity shares outstanding during the period.

l Segment reporting

i) Identification of segments

The Company has identified that its operating segments are the primary segments. The Company's operating businesses are organized and managed separately according to the nature of products, with each segment representing a strategic business unit and offering different products and serving different markets.

ii) Allocation of common costs

Common allocable costs are inter-se allocated to segments based on the basis most relevant to the nature of the cost concerned. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segment on a reasonable basis, are included under the head unallocated expense / income.

m Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

n Contingent liabilities

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

o Provisions

A provision is recognised when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each balance date and adjusted to reflect the current best estimates.

p Equity index/stock- Futures

Initial Margin and additional margin paid, for entering into contracts for equity index/stock futures, which are released on final settlement/squaring-up of underlying contracts, are disclosed under Current Assets, Loans and Advances. Equity index/stock futures are marked-to-market on a daily basis. Debit or credit balance disclosed under Current Assets, Loans and Advances or Current Liabilities, respectively represents the net amount paid or received on the basis of movement in the prices of index/stock futures till the Balance Sheet date.

As on the Balance Sheet date, profit/loss on open positions in index/stock futures are accounted for as follows :

Profit and loss on hedged transactions are recognized on net basis. In respect of other transactions, credit balance being anticipated profit is ignored and no credit for the same is taken in the profit and loss account. Debit balance being anticipated loss is adjusted in the Profit and Loss Account.

On final settlement or squaring-up of contracts for equity index/stock futures, the profit or loss is calculated as the difference between settlement/squaring-up price and contract price. Accordingly, debit or credit balance pertaining to the settled/squared-up contract is recognised in the Profit and Loss Account.

q Equity index/stock - Options

Initial margin and additional margin paid for entering into contracts for equity index/stock options, which are released on final settlement/squaring-up of underlying contracts, are disclosed under Current Assets, Loans and Advances.

As at the Balance Sheet date, Profit and Loss Account on hedged transactions is recognized on net basis. In case of other transactions, in the case of long positions, provision is made for the amount by which the premium paid for those options exceeds the premium prevailing on the Balance Sheet date, and in the case of short positions, for the amount by which premium prevailing on the Balance Sheet date exceeds the premium received for those options. The premium paid or received as the case may be, after the aforesaid provision, is disclosed in Current Assets or Current Liabilities.

When the option contracts are squared-up before expiry of the options, the Profit and Loss on account of difference in the premium paid / received is recognized in Profit and Loss Account. On expiry of the contracts and on exercising the options, the difference between final settlement price and the strike price is transferred to the Profit and Loss Account. In both the above cases, premium paid or received for buying or selling the option, as the case may be, is recognised in the Profit and Loss Account for all squared-up/stetted contracts.

B NOTES TO ACCOUNTS

	As at 31.03.2010 (Rupees)	As at 31.03.2009 (Rupees)
1 Contingent liabilities not provided for in respect of:		
Guarantee given by Canara Bank to National Securities Clearing Corporation limited (Rs 80 lacs) and Stock Holding Corporation of India Ltd (Rs 50 lacs)	13,000,000	13,000,000
2 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	2,053,125	3,037,500

3 As per information available with the Company there are no amounts payable or paid during the period which are required to be disclosed as per Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006.

4 Secured loans

- Term loans (Vehicle Loans) from banks and bodies corporate are secured by hypothecation of respective vehicles.
- Working capital facilities and Bank Guarantees extended by Canara Bank is secured by pledge of fixed deposits and also secured by way of equitable mortgage of an Immovable Property. The said facilities is further secured by personal guarantees extended by three directors of the Company.
- Working capital facilities extended by State Bank of Indore is secured by way of equitable mortgage of an Immovable Property and by Personal Guarantee extended by a Director.

5 Revaluation of Office Premises was carried out as on 31.03.96 by an approved Valuer. The revaluation resulted in an increase of Rs. 1,311,255/- in the value of the assets over its net book value as on 31.03.96 which has been credited to Revaluation Reserve. Depreciation for the year ended 31.03.2010 of Rs. 21,373/- on revalued portion has been adjusted with Revaluation Reserve.

6 Since the Company is predominantly engaged in broking business, the deposits made with NSE and OTCEI towards acquiring membership of these exchanges, are considered as Fixed Assets and no depreciation has been provided on the same.



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Schedules forming part of the Accounts (contd.)

7 Directors' remuneration

- a Managerial remuneration under section 198 of the Companies Act, 1956:
(Paid to Wholetime Director)

	For the year ended	
	31.03.10 (Rupees)	31.03.09 (Rupees)
i Salaries, allowances, exgratia, etc.	775,000	780,550
ii Contribution to provident fund	60,900	60,900
iii Perquisites	19,862	29,434
TOTAL	855,762	870,884

8 Payment to Auditors

	For the year ended	
	31.03.10 (Rupees)	31.03.09 (Rupees)
a As Auditors		
- statutory audit	75,000	70,000
- tax audit	30,000	20,000
- branch audit	-	20,000
- limited review	5,500	3,000
b In other manner		
- certifications	14,500	24,623
TOTAL	125,000	137,623

9 Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956

- a Shares/ Securities are not considered as goods and hence, quantitative information thereof are not given.

Particular	For the year ended	
	31.03.10 (Rupees)	31.03.09 (Rupees)
b Expenditure in foreign currency		
Travelling	241,342	462,925
Advertisement	80,047	-
Total	321,389	462,925

Schedules forming part of the Accounts (contd.)

10 Investments purchased and sold during the year

Particulars of goods	For the year ended 31.03.10		For the year ended 31.03.09	
	Nos	Value (Rs)	Nos	Value (Rs)
i) Shares & Securities Purchased:				
SFSL Commodity Trading (P) Ltd	-	-	100,000	2,500,000
Total	-	-	100,000	2,500,000
ii) Shares & Securities Sold:				
Hindusthan Zinc Ltd	50	40,850	-	-
Power Grid Corporation Ltd	125	13,506	-	-
Tourism Finance Corporation of India Ltd	400	9,720	-	-
Capital Trust Ltd	8,400	97,154	-	-
Steelco Gujarat Ltd	50	493	-	-
Total	9,025	161,723	-	-
iii) Units of Mutual Fund Purchased:				
HDFC Cash Management Fund - Treasury Advantage Plan - Retail - Weekly Dividend Option Reinvest	14,898,235	63,129,273	1,858,862	18,774,582
HDFC Liquid Fund - Growth	1,586,492	28,500,000	-	-
HDFC Cash Management Fund - Treasury Advantage Plan - Retail - Daily Dividend Option Reinvest	802,895	8,054,238	-	-
HDFC Liquid Fund - Dividend - Daily Reinvest Option	1,393,788	14,214,132	-	-
ICICI Prudential Flexible Income Plan Regular Weekly Dividend	35,114	3,518,819	-	-
Peerless Ultra Short Term Fund - Retail Weekly Dividend	50,069	500,846	-	-
SBI Blue Chip Fund - Growth	371,195	5,000,000	-	-
SBI Magnum Equity Fund Growth	40,839	1,500,000	-	-
Canara Robeco FORCE Retail Growth Fund	9,780	100,000	-	-
Shinsei Industry Leaders Fund - Growth Fund	9,780	100,000	-	-
Shinsei Liquid Fund Retail Plan - Growth Fund	2,992	3,000,000	-	-
Total	19,201,179	127,617,308	1,858,862	18,774,582
iv) Units of Mutual Fund Sold:				
HDFC Cash Management Fund - Treasury Advantage Plan - Retail - Weekly Dividend Option Reinvest	3,709,850	37,200,000	1,216,777	12,170,445
HDFC Liquid Fund - Growth	1,586,492	28,503,057	-	-
HDFC Cash Management Fund - Treasury Advantage Plan - Retail - Daily Dividend Option Reinvest	802,895	8,054,238	-	-
HDFC Liquid Fund - Dividend - Daily Reinvest Option	1,393,788	14,214,132	-	-
Total	7,493,025	87,971,427	1,216,777	12,170,445



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Schedules forming part of the Accounts (contd.)

11 Earning Per Share (EPS)

	For the year ended	For the year ended
	31.03.10	31.03.09
a Profit after tax	49,113,422	22,114,743
b Weighted average number of equity shares outstanding during the year (Nos.)	6,768,250	6,667,940
c Nominal value of equity per share	10	10
d Effect of potential equity shares on Employee Stock Options outstanding during the year (Nos.)	39,400	96,000
e Weighted average number of equity shares outstanding during the year in computing diluted earnings per share (Nos.) [b+d]	6,807,650	6,763,940
f Earning per share		
- Basic [a/b]	7.26	3.32
- Diluted [a/e]	7.21	3.27

12 Disclosures of related party transactions:

a List of related parties with whom the Company has transacted during the year

- | | | |
|-----|---|--|
| i | Subsidiary Company | SFSL Commodity Trading (P) Ltd. |
| ii | Associate /Joint Venture Concerns | SFSL Insurance Advisory Services (P) Ltd.
SFSL Risk Management Services (P) Ltd.
Capita Finance Services Ltd.
U.S. Infotech (P) Ltd.
Seasoft Solutions Pvt. Ltd. |
| iii | Key Management Personnel | Mr. Bhawani Shankar Rathi (Wholetime Director)
Mr. Vijay Maheshwari (Director)
Mr. Bijay Murmuria (Director) |
| iv | Relatives of Key Management Personnel | Mr. Kartick Maheshwari
Mrs. Garima Maheshwari |
| v | Enterprise owned or significantly influenced by Key Management Personnel and their relative | Superb Estate Services Pvt. Ltd. |

Schedules forming part of the Accounts (contd.)

12 Disclosures of related party transactions: (contd.)

b Transactions with related Parties during the year & year end outstanding balances thereof, are as follows:

(Amount in Rs)

Nature of Transactions	Associate/ Joint Venture Concerns	Subsidiary	Enterprise owned or significantly influenced by Key Manage- ment Personnel and their relatives	Key Manage- ment Personnel	Relatives of Key Manage- ment Personnel	Total
i) Investments	-	-	-	-	-	-
	-	(2,500,000)	-	-	-	2,500,000
ii) Managerial remuneration	-	-	-	855,762	-	855,762
	-	-	-	(870,884)	-	(870,884)
iii) Rent paid	-	900,000	120,000	300,000	-	1,320,000
	-	(600,000)	-	(300,000)	-	(900,000)
iv) Guarantee commission income	-	-	-	250,000	-	250,000
	-	-	-	(250,000)	-	(250,000)
v) Balance receivable/(payable)	-	200,000	-	-	-	200,000
	-	(822,100)	-	-	-	(822,100)
vi) Share Application Money refunded	-	-	-	-	-	-
	(350,000)	-	-	-	-	(350,000)
vii) Equity Share Allotment (Including Premium)	-	-	-	84,000	-	84,000
	(625,000)	-	-	(1,875,000)	(625,000)	(3,125,000)

Note: The above transactions do not include reimbursement of expenses made / received during the year.

Previous year figures are in the brackets.

13 Gratuity and post-employment benefits plans

The Accounting Standard- 15 (Revised 2005) on "Employees Benefits" issued by the Institute of Chartered Accountants of India has been adopted by the Company and Defined Benefit Plans / Long Term Compensated Absences - as per Actuarial Valuations as on March 31, 2010 and recognised in the financial statements in respect of Employee Benefit Scheme:

A Defined

The Company has recognised the following amounts in the Profit/ Loss Account for the Year:

(Amount in Rs)

	For the year ended	
	31.03.10	31.03.09
Contribution to Employee's Provident Fund	619,020	479,224
Contribution to Employee's Family Pension Fund	401,307	369,019
Total	1,020,327	848,243



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Schedules forming part of the Accounts (contd.)

B Defined Benefit Plans:

a Expenses recognised in the statement of Profit and Loss Account for the year ended 31st March, 2010.

	For the year ended 31.03.10		For the year ended 31.03.09	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
i) Component of Employer's Expense				
Current service cost	397,094	30,371	342,888	51,441
Interest cost on benefit obligation	135,684	38,965	110,237	37,935
Expected return on plan assets	(136,066)	-	104,066	-
Net actuarial(gain) / loss recognised during the period	(197,045)	129,754	100,446	46,790
Total expenses	199,667	199,090	449,505	136,166
ii) Actual Contribution and Benefits Payments for period ending				
Actual Benefit Payments	-	172,565	253,125	136,950
Actual Contribution	365,289	172,565	365,289	136,950

b Net assets/ (liability) recognised in the Balance Sheet as at 31st March, 2010

	For the year ended 31.03.10		For the year ended 31.03.09	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present value of defined benefits obligation	1,863,918	500,319	1,528,185	473,794
Fair value of plan assets	1,460,861	-	1,460,861	-
Net liability	280,379	500,319	(67,324)	(473,794)
Employer's Expense				
a) Current Service Cost	397,094	30,371	342,888	51,441
b) Total Employer Expense	199,667	199,090	449,505	136,166

c Change in obligations during the year ended 31st March, 2010

	For the year ended 31.03.10		For the year ended 31.03.09	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present value of defined obligation at the beginning of the period	1,528,185	473,794	1,227,739	474,578
Current service cost	397,094	30,371	342,888	51,441
Interest cost	135,684	38,965	110,237	37,935
Benefits paid	-	172,735	253,125	136,950
Actuarial (gains)/losses	(197,045)	129,754	100,446	46,790
Present value of defined benefits obligation at the end of the period	1,863,918	500,319	1,528,185	473,794

Schedules forming part of the Accounts (contd.)

B Defined Benefit Plans: (contd.)

d Change in the fair value of plan assets during the year ended 31st March, 2010

	For the year ended 31.03.10		For the year ended 31.03.09	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Plan Asset at the beginning of the period	1,460,861	-	1,244,631	-
Actual return on Plan Asset	136,066	-	104,066	-
Contribution by the employer	547,370	-	365,289	-
Employee Contributions	-	-	-	-
Benefits Paid	-	-	(253,125)	-
Plan Asset at the end of the period	2,144,297	-	1,460,861	-

14 Segment Information

A Primary segment information (by business segments)

(Amount in Rs)

	For the year ended	
	31.03.10	31.03.09
i Segment revenue		
- Capital Market Operations	23,136,457	12,987,304
- Investment Banking	117,120,210	78,979,240
- Others	-	-
Total segment revenue	140,256,667	91,966,544
ii Segment results (before interest and unallocated income/expense)		
- Capital Market Operations	8,967,616	(6,317,377)
- Investment Banking	65,348,602	42,513,643
- Others	(357,091)	(323,300)
Total segment results	73,959,127	35,872,966
iii Operating profit	73,959,127	35,872,966
iv Unallocated interest expenses	140,707	283,418
v Unallocated interest income	-	-
vi Total profit before tax	73,818,420	35,589,548
vii Segment assets		
- Capital Market Operations	83,291,516	81,494,566
- Investment Banking	110,424,757	73,530,754
- Others	48,010,542	3,251,703
Total segment assets	241,726,815	158,277,023



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Schedules forming part of the Accounts (contd.)

14 Segment Information (Contd.)

A Primary segment information (by business segments)

(Amount in Rs)

	For the year ended 31.03.10	For the year ended 31.03.09
viii Segment liabilities		
- Capital Market Operations	17,622,956	25,622,254
- Investment Banking	9,792,223	7,608,120
- Others	52,609,046	7,046,105
Total segment liabilities	80,024,225	40,276,479
ix Depreciation		
- Capital Market Operations	541,845	557,773
- Investment Banking	2,155,370	2,087,765
- Others	-	-
Total depreciation	2,697,215	2,645,538
x Capital employed		
- Capital Market Operations	65,668,560	55,872,312
- Investment Banking	100,632,534	65,922,634
- Others	(4,598,504)	(3,794,402)
Total Capital Employed	161,702,590	118,000,544

Notes :

- The Company is operating in three main service segments mainly:
 - Capital Market Operations comprising of Stock Broking, Investment, Mutual Funds & other products distribution.
 - Investment Banking comprising of Loan Syndication, Merchant Banking, Restructuring & Other related advisory services.
 - Other comprising of other services area.
 Segments have been identified and reported taking into account the nature of services, different risk & return and internal reporting system.
- Segment Revenue, Results, Assets and Liabilities include the respective amounts identified to each of the segment and amounts allocated on a reasonable basis. Whereas unallocable Revenue, results Assets and Liabilities have been included in "others"
- Segment liabilities excludes Deferred Tax Liabilities of Rs. 55,08,407 (Previous year Rs. 50,98,000)

B There are no reportable geographical segment.

15 Previous year's figures have been regrouped/rearranged, wherever necessary.

As per our report of even date attached
For ARSK & Associates
Chartered Accountants
Firm's Registration No. 315082E

For and on behalf of the Board of Directors

CA. Ravindra Khandelwal
Partner
Membership No. 054615
Place : Kolkata
Date: May 15, 2010

Deb Kumar Sett
Company Secretary

Vijay Maheshwari
Bijay Murmuria
Bhawani Shankar Rathi
Directors

Schedules forming part of the Accounts (contd.)

SCHEDULE - 19: BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE Additional Information Under Part IV of Schedule VI to the Companies Act, 1956

I. Registration Details

Registration No. : L 7 0 1 0 1 W B 1 9 8 State Code : 2 1
9 P L C 0 4 7 4 6 5
Balance Sheet Date : 3 1 0 3 2 0 1 0

II Capital Raised during the year (Amount in Rs '000)*

Public Issue : N I L Rights Issue : N I L
Bonus Issue : N I L Private Placement : N I L
* Issue of shares upon exercise of Options under Employee Stock Option Schemes: Rs 566,000/-

III Position of Mobilisation and Deployment of Funds (Amount in Rs '000)

Total Liabilities : 1 6 3 2 2 7 Total Assets : 1 6 3 2 2 7
Source of Funds
Paid-up Capital : 6 8 2 4 5 Reserves & Surplus : 8 7 9 4 9
Secured Loans : 1 5 2 5 Unsecured Loans : N I L
Deferred Tax Liabilities : 5 5 0 8
Application of Funds
Net Fixed Assets : 4 8 1 8 7 Investments : 6 2 6 1 0
Net Current Assets : 5 2 4 3 0 Misc. Expenditure : N I L
Accumulated Losses : N I L

IV Performance of the Company (Amount in Rs '000)

Turnover : 1 4 0 2 5 7 Total Expenditure : 6 6 4 3 8
(including Other Income)
Profit/Loss before Tax : + - 7 3 8 1 8 Profit/Loss after tax : + - 4 9 1 1 3
(+ for profit, - for Loss)
Earning Per Share : 7 . 2 6 Dividend rate% : 8 . 0 0

V Generic Name of Principal Products/Services of the Company (as per monetary terms)

Product Description	Item Code No.
i) Broking Services	Not Applicable
ii) Investment Banking	Not Applicable
iii) Merchant Banking and Underwriting	Not Applicable

For ARSK & Associates
Chartered Accountants
Firm's Registration No. 315082E

For and on behalf of the Board of Directors

CA. Ravindra Khandelwal
Partner
Membership No. 054615
Place : Kolkata
Date: May 15, 2010

Deb Kumar Sett
Company Secretary

Vijay Maheshwari
Bijay Murmuria
Bhawani Shankar Rathi
Directors



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Statement Pursuant to Section 212 of the Companies Act, 1956, relating to Company's Interest in Subsidiary Company

Name of Subsidiary Company : SFSL Commodity Trading Pvt. Ltd.

1. The financial year of the Subsidiary Company ended on : 31st March, 2010
2. Date from which it become Subsidiary Company : 27th March, 2000
3. a. Number of shares held by Sumedha Fiscal Services Ltd. with its nominees in the subsidiary at the end of the financial year of the Subsidiary Company. : 651,000 Equity Shares of Rs 10/- each
- b. Extent of interest of Holding Company at the end of the financial year of the Subsidiary Company. : 99.97 per cent
4. The net aggregate amount of the Subsidiary Company's Profit /(Loss) so far as it concerns the members of the Holding Company. : Rs 8,439/-
 - a. **Not dealt with the Holding Company's accounts:**
 - i) For the financial year ended 31 March, 2010 : Rs 372,028/-
 - ii) For the previous financial years of the Subsidiary Company since it become the Holding Company's subsidiary. : (Rs 363,589/-)
 - b. **Dealt with in Holding Company's accounts:**
 - i) For the financial year ended 31 March, 2010 : Nil
 - ii) For the previous financial years of the Subsidiary Company since it become the Holding Company's subsidiary. : N.A.

On behalf of the Board of Directors

Vijay Maheshwari
Bijay Murmura
Bhawani Shankar Rathi

Place : Kolkata
Date: May 15, 2010

Deb Kumar Sett
Company Secretary

Directors

DIRECTORS' REPORT

To the Members,

SFSL COMMODITY TRADING PRIVATE LIMITED

Your Directors have pleasure in presenting before you their Annual Report together with audited statements of Account of the Company for the year ended 31.03.2010.

Operating Results

Your Company earned profit of Rs 3.72 lacs during the year against profit in the previous year of Rs 0.09 Lac. Income from Commodity Market Operation increased to Rs 4.65 Lacs as against Rs. 0.27 Lac during the previous year. Income from Rent was Rs 9.00 Lacs during the year against Rs 6.00 Lacs in the previous year.

Dividend

In view of inadequate profit, your Directors are unable to propose any dividend for the year under review.

Directors

Mr. Bijay Murmuria, Director retires by rotation at the forthcoming Annual General Meeting and being eligible, has offered himself for re-appointment. The company has obtained necessary intimation from him in terms of the Companies (Disqualification of Directors under Section 274(1)(g) of the Companies Act, 1956), Rules, 2003 to the effect that he has not incurred any disqualification under Section 274(1)(g) of the Companies Act, 1956 and he is eligible to be appointed as Director of the company.

Membership of MCX

Your company is carrying on its continuous effort in increasing its business as a Trading-Cum-Clearing Member of Multi Commodity Exchange of India Ltd., Mumbai (MCX) rendering services in dealing at commodity Market. Income from this sector has increased during the year under consideration. We anticipate significant growth opportunities in the Commodity Market in future.

Auditors

Messrs. P. K. Mundra & Co., Chartered Accountants, Kolkata, retire at the conclusion of the forthcoming Annual General Meeting and being eligible have expressed their willingness to be re-appointed. Certificate has been received from them that their appointment if made at the forthcoming Annual General Meeting, will be within the limits of section 224(1B) of the Companies Act, 1956.

Directors' Responsibility statement pursuant to section 217(2AA) of the Companies Act, 1956 :

Your Directors confirm:

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end financial year ended 31st March, 2010 and profit of the company for that year;



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- iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors have prepared the annual accounts on a going concern basis.

Statutory information

1) Conservation of Energy/Technology Absorption/Foreign Exchange Earning and Outgo:

Information pertaining to Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is not applicable to the company.

Earning and Outgo in foreign currency during the year was nil.

2) Deposit

The company is not holding any Public Deposit.

3) Personnel

There was no employee in receipt of remuneration coming under purview of Section 217(2A) of the Act read with the Companies (Particulars of Employees) Rules, 1975, as amended.

None of the employees of the company is holding two per cent or more of the Equity Shares of the company in terms of Section 217(2A)(a)(iii) of the Act.

Appreciation

Your Directors wish to place on record with appreciation the services rendered by the Bankers, the MCX and employees of the company for their co-operation and services rendered by them.

On behalf of the Board

VIJAY MAHESHWARI

Chairman

Place :Kolkata

Date : May 13, 2010

CIN No. U65999WB1996PTC077314
Nominal Capital: Rs. 7,000,000/-

COMPLIANCE CERTIFICATE

To
The Members
SFSL Commodity Trading Private Limited
8B, Middleton Street,
7E, Geetanjali Apartment,
Kolkata - 700 071

I have examined the registers, records, books and papers of SFSL Commodity Trading Pvt. Ltd. (the company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the company for the financial year ended on 31st March, 2010. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. the company has kept and maintained all registers as stated in Annexure - 'A' to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. the company has duly filed the forms and returns as stated in Annexure - 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
3. the company being a subsidiary of Sumedha Fiscal Services Ltd. is a Public Limited company, hence comments are not required.
4. the Board of Directors duly met 5 times on 09/05/2009, 12/06/2009, 08/09/2009, 05/12/2009 and 03/03/2010 in respect of which meetings proper notices were given and the proceedings were properly recorded in the Minutes Book and duly signed. No circular resolution was passed.
5. the company was not required to close its Register of Members during the financial year.
6. the Annual General Meeting for the financial year ended on 31/03/2009 was held on 11/09/2009 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meetings was held during the financial year.
8. the company has not advanced loans to its directors and/or persons or firms or companies referred in the section 295 of the Act.
9. the company has not entered into any contracts falling within the purview of section 297 of the Act.
10. the company has made necessary entries in the register maintained under section 301 of the Act.
11. as there were no instances falling within the purview of section 314 of the Act, the company has not obtained any approvals from the Board of Directors, members or the Central Government.
12. the company has not issued any duplicate share certificate during the financial year.
13. **the company:**
 - i) has not made any transfer / transmission of shares, debentures or any other securities during the financial year.
 - ii) was not required to deposit any amount in a separate bank account as no dividend was declared during the Financial Year.



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- iii) was not required to post any warrant to any member of the company during the Financial Year.
- iv) was not required to transfer any amount to Investor Education and Protection Fund during the Financial Year.
- v) has duly complied with the applicable requirements of Section 217 of the Act.
14. the Board of Directors of the company is duly constituted and there was no appointment of additional directors/alternate Directors and Directors to fill casual vacancies during the financial year.
15. the company has not appointed any Managing Director/ Whole-time Director/Manager during the financial year.
16. the company has not appointed any sole-selling agents during the financial year.
17. the company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities prescribed under the various provisions of the Act during the financial year.
18. the directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. during the financial year the company has not issued any shares.
20. the company has not bought back any shares during the financial year.
21. there was no redemption of preference shares/debentures during the financial year.
22. there was no transactions necessitating the company to keep in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. the company has not invited/accepted any deposit including any unsecured loan falling within the purview of section 58A of the Act during the financial year.
24. the company has not made any borrowing during the financial year.
25. the company has made loans and investments, or given guarantees or provided securities to other bodies corporate in compliance with the provisions of the Act and has made necessary entries in the register kept for the purpose.
26. the company has not altered the provisions of the Memorandum of Association of the company with respect to situation of the company's Registered Office from one state to another during the year under scrutiny.
27. the company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny and complied with provisions of the Act.
28. the company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
29. the company has not altered the provisions of the memorandum with respect to share capital of the company during the year under scrutiny.
30. the company has not altered its Articles of Association during the financial year.
31. there was no prosecution initiated against or show cause notices received by the company and also no fines or penalties or any other punishment was imposed on the company during the financial year.
32. the company has not received any money as security from its employees during the financial year.
33. the company has not deducted any contribution towards Provident Fund during the financial year as it is not applicable.

For ANJALI LAKHOTIA & CO.
Company Secretaries

ANJALI LAKHOTIA
Proprietor

C. P. No.: 3633

Place : Kolkata
Date : May 13, 2010

ANNEXURE – A

Registers as maintained by the company:

1. Register of Members u/s 150 of the Act.
2. Share Transfer Register
3. Register of Directors u/s 303
4. Register of Directors' Shareholding u/s 307
5. Register of Contracts u/s 301
6. Minutes of Board Meetings u/s 193
7. Minutes of General Meetings u/s 193
8. Register of Fixed Assets
9. Books of Accounts

ANNEXURE – B

Forms and Returns as filed by the company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31st March, 2010:

1. Form No. 23AC and 23ACA regarding Balance Sheet as on 31.03.2009 and Profit & Loss A/c for the year ended 31/03/2009 were filed on 24/09/2009 pursuant to Section 220 of the Act.
2. Form No. 66 for Compliance Certificate dated 12/06/2009 was filed on 24/09/2009 pursuant to Section 383A of the Act.
3. Form No. 20B for Annual Return (Date of AGM – 11/09/2009) was filed on 7/11/2009 pursuant to Section 159 of the Act.

For **ANJALI LAKHOTIA & CO.**
Company Secretaries

ANJALI LAKHOTIA
Proprietor
C. P. No.: 3633

Place : Kolkata
Date : May 13, 2010



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AUDITORS' REPORT

To
the Members of
SFSL COMMODITY TRADING PVT LTD

1. We have audited the annexed Balance Sheet of **SFSL COMMODITY TRADING PVT. LTD.** as at 31st March, 2010 , Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed hereto both of which we have signed under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and according to the information and explanation give to us, we annex hereto a Statement on the matters specified in paragraphs 4 & 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph (1) above :
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The said Balance Sheet and the Profit & Loss account are in agreement with the Books of Accounts;
 - d) In our opinion, the Balance Sheet and the Profit & Loss account comply with the Accounting standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956.
 - e) On the basis of written representation received by the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act 1956;

- f) In our opinion, and to the best our information and according to the explanations given to us, the said accounts read together with the notes thereon, give the information as required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- i) in the case of the Balance Sheet of the state of affairs as at 31st March, 2010.
 - ii) in the case of Profit & Loss Account, of Profit for the year ended 31st March, 2010.
 - iii) In the case of Cash Flow Statement, of the cash flow for the year ended 31st march, 2010.

For **P K MUNDRA & CO.**
Chartered Accountants
Firm's Registration No. 322078E

P K MUNDRA
Proprietor
Membership No. 52302

Place : Kolkata
Date : May 13, 2010



ANNEXURE TO THE AUDITORS' REPORT (Referred to In Paragraph 3 of Our Report of Even Date)

1. a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
b) Fixed assets have been physically verified by the management at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of account;
c) Substantial part of fixed assets has not been disposed off during the year.
2. a) The company has not taken or given any unsecured loans from/ to any companies, firms or other parties covered in the register maintained under section 301 of the Act.
b) Other clauses are not applicable
3. In our opinion, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. Further, during the course of our audit, we have neither come across nor have we been informed of any continuing failure to correct major weakness in the aforesaid internal control procedures.
4. a) In our opinion and according to the information and explanation given to us, the transactions that need to be entered into a register in pursuance of section 301 of the Act, have been so entered.
b) According to the information and explanation given to us, transaction made in pursuance of the such contract / arrangement have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
5. The company has not accepted any deposits from the public under the provisions of sections 58A and 58AA or any other relevant provisions of the Act.
6. The maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act.
7. a) According to information and explanation given to us and as per the books and records produced before us, the company is regular in depositing undisputed statutory dues including Employees State Insurance, Income-tax, Wealth Tax, service tax Sales-tax, cess and any other statutory dues with the appropriate authorities and no amount of statutory dues is due as at 31st March, 2010 for a period of more than six months from the date they became payable.
b) According to the records available to us and the information and explanation given by the management, there are no disputed statutory dues that need to be deposited with the appropriate authorities.

8. The company does not have accumulated losses as at 31st March, 2010, and it has not incurred any cash loss during the financial year ended on that date and in the immediately preceding financial year.
9. The company has not defaulted in repayment of dues to any financial institution or bank.
10. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
11. The company is not a chit fund or a nidhi / mutual benefit fund/ society. Accordingly, the provisions of clause (xiii) of Paragraph 4 of the aforesaid order are not applicable.
12. The company has not given any guarantee for loans taken by others from bank or financial institutions.
13. No Term loans have been taken from bank during the year.
14. On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short term basis which have been used for long term investments and vice versa.
15. The company has not raised money during the year by way of public issue.
16. The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
17. No incidence of any fraud on or by the company has been noticed or reported during the year.
18. Other provisions of the aforesaid order are not applicable to the company.

For **P K MUNDRA & CO.**
Chartered Accountants
Firm's Registration No. 322078E

Place : Kolkata
Date : May 13, 2010

P K MUNDRA
Proprietor
Membership No. 52302



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Balance Sheet as at 31st March, 2010

	Schedule	As on 31.03.2010	As on 31.03.2009
		(Rupees)	(Rupees)
SOURCES OF FUNDS			
Shareholders' Funds			
a) Share Capital	1	6,512,000	6,512,000
b) Reserve & Surplus	2	1,508,439	1,500,000
		8,020,439	8,012,000
APPLICATION OF FUNDS			
1) Fixed Assets			
Gross Block (office flat)	3	1,583,474	1,583,474
Less: Depreciation		366,650	315,851
	(i)	1,216,824	1,267,623
2) Investments	(ii) 4	4,242,000	2,556,000
3) Current Assets, Loans & Advances			
a) Sundry Debtors	5	820,039	611,835
b) Cash & Bank Balance	6	1,021,460	1,174,313
c) Loans & Advances	7	543,140	2,194,706
d) Deposits	8	1,436,179	1,606,155
	(iii)	3,820,818	5,587,009
Less: Current Liabilities & Provisions:			
a) Current Liabilities & Provisions	9	1,259,203	1,762,221
	(iv)	1,259,203	1,762,221
Net Current Assets	(v) = (iii) - (iv)	2,561,615	3,824,788
4) Miscellaneous Expenditure			
a) Debit Balance in Profit & Loss Account	(vi)	-	363,589
	(i) + (ii) + (v) + (vi)	8,020,439	8,012,000
NOTES TO THE ACCOUNTS	10		
BALANCE SHEET ABSTRACT & COMPANY PROFILE	11		

As per our report of even date

For P. K. MUNDRA & CO.
Chartered Accountants
Firm's Registration No. 322078E

P. K. MUNDRA
Proprietor
Membership No. 52302
Place : Kolkata
Date: May 13, 2010

On behalf of the Board

Vijay Maheshwari
Bijay Murmuria
Directors

Profit and Loss Account for the year ended 31st March, 2010

	Schedule	For the year ended	
		31.03.10 (Rs)	31.03.09 (Rs)
INCOME			
Income from Commodity Market Operations		465,262	26,642
Rent		900,000	600,000
Interest Receipts		17,360	-
Misc. Income		675	1,028
	(i)	1,383,297	627,670
EXPENDITURE			
Payment To and Provisions For employees		543,304	273,739
Insurance Premium		2,470	2,699
Annual Fees		75,000	75,000
Computer Expenses		4,680	-
Demat Charges		14,890	11,845
Filing Fee		1,530	12,500
Lease Line Charges		57,525	38,554
Professional charges		22,200	12,000
Depreciation		50,799	50,617
Audit Fee		7,500	7,500
Printing & Stationery		4,412	4,650
Rates & Taxes		1,900	2,360
Transaction Charges		100,000	100,000
Legal & Processing Charges		10,000	-
Miscellaneous Expenses		59	391
Inspection Charges		10,000	-
Travelling & Conveyance Expenses		10,500	-
User ID Charges		35,000	26,000
	(ii)	951,769	617,855
Net Profit/(Loss) before Tax	(i) - (ii)	431,528	9,815
Provision for Tax (Under MAT)		59,500	-
Net Profit/(Loss) after Tax		372,028	9,815
Balance brought forward		(363,589)	(373,404)
Balance carried to Balance Sheet		8,439	(363,589)
NOTES TO THE ACCOUNTS	10		
BALANCE SHEET ABSTRACT & COMPANY PROFILE	11		

As per our report of even date

For P. K. MUNDRA & CO.
Chartered Accountants
Firm's Registration No. 322078E

P. K. MUNDRA
Proprietor
Membership No. 52302
Place : Kolkata
Date: May 13, 2010

On behalf of the Board

Vijay Maheshwari
Bijay Murmuria
Directors



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Cash Flow Statement for the year ended 31st March, 2010

	As on 31.03.2010	As on 31.03.2009
	(Rupees)	(Rupees)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before Tax and Extraordinary items	431,528	9,815
Adjustment for:		
Depreciation	50,799	50,617
(Profit)/Loss on sale of Fixed Assets	-	-
Obsolete Fixed Assets Discarded	-	-
(Profit)/Loss on sale of Investments	-	-
Interest paid	-	-
	482,327	60,432
Adjustment for :		
Interest received	(17,360)	-
Dividend received	-	-
Operating Profit before Working Capital changes	464,967	60,432
Adjustment for:		
Current Assets	(72,662)	(1,098,816)
Current Liabilities	(503,017)	1,435,247
(Increase)/ Decrease in Net Current Assets	(575,679)	336,431
Cash generated from Operations	(110,713)	396,863
Interest paid	-	-
Taxation	(59,500)	-
Adjustment for earlier year	-	-
Net Cash from operating activities	(170,213)	396,863
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of Fixed Assets/Adjustment	-	(8,000)
Sale of Fixed Assets/Adjustment	-	-
(Purchase)/Sale of Investments	-	(2,500,000)
Investment-Application Money	-	100,000
Interest received	17,360	-
Dividend received	-	-
Net Cash used in investing activities	17,360	(2,408,000)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of share capital (Including Premium)	-	2,500,000
Dividend paid (Including Dividend tax Paid)	-	-
Net Cash from Financing activities	-	2,500,000
Net increase in Cash and Cash equivalents	(152,853)	488,863
Cash and Cash equivalents at the beginning of the year	1,174,313	685,450
Cash and Cash equivalents at the close of the year	1,021,460	1,174,313

Notes: (i) Components of cash and cash equivalents include cash, bank balances in current and deposit accounts as disclosed under Schedule 6 of the accounts
(ii) The above cash flow statement has been prepared under the indirect method as set out in Accounting Standard 3 on "Cash Flow Statement".

As per our report of even date attached

For **P. K. MUNDRA & CO.**
Chartered Accountants
Firm's Registration No. 322078E
P. K. MUNDRA
Proprietor
Membership No. 52302
Place : Kolkata
Date: May 13, 2010

On behalf of the Board

Vijay Maheshwari
Bijay Murmuria
Directors

Schedules forming part of the Balance Sheet

	As at 31.03.10 (Rupees)	As at 31.03.09 (Rupees)
SCHEDULE 1: SHARE CAPITAL		
A. Authorised		
700,000 Equity Shares of Rs 10/- each	7,000,000	7,000,000
B. Issued,Subscribed & Paid Up	6,512,000	6,512,000
651,200 Equity shares of Rs 10/- each fully paid up (Out of the above 651,000 Equity Shares are held by Holding Company - Sumedha Fiscal Services Ltd.)	6,512,000	6,512,000
SCHEDULE 2: RESERVES & SURPLUS		
a) Securites Premium Account		
As per Last Accounts	1,500,000	-
Add:- During the Year	-	1,500,000
b) Surplus as per Profit & Loss Account	8,439	-
	1,508,439	1,500,000

SCHEDULE 3: FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at 31.03.09 (Rupees)	Addition (Rupees)	Deduction (Rupees)	As at 31.03.09 (Rupees)	Adjustment/ Deduction (Rupees)	For the year (Rupees)	As at 31.03.10 (Rupees)	As on 31.03.09 (Rupees)
FIXED ASSETS								
Buildings (Flat)	1,410,154	-	-	219,408	-	22,704	242,112	1,168,042
Computers	173,320	-	-	96,443	-	28,095	124,538	48,782
Total	1,583,474	-	-	315,851	-	50,799	366,650	1,216,824
Previous Year	1,575,474	8,000	-	265,234	-	50,617	315,851	1,267,623
								1,310,240



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Schedules forming part of the Balance Sheet (Contd.)

	No. of Shares	As on 31.03.2010 (Rupees)	No. of Shares	As on 31.03.2009 (Rupees)
SCHEDULE 4				
Investment (AT COST) UNQUOTED SHARES				
1) Capita Finance Services Ltd	5000	50,000	5000	50,000
2) Seasoft Solutions Pvt Ltd	34120	1,690,000	400	4,000
		1,740,000		54,000
Investment in Mutual Fund (In Units)				
	units		units	
1) GDBG IDFC Dynamic Bond Fund-PlanA-Growth	166.058	2,000	166.058	2,000
2) JP Morgan India Treasury Fund- Super Inst. Growth Plan	141767.5579	1,500,000	141767.56	1,500,000
3) JP Morgan India Liquid Fund- Retail Growth Plan	102051.7339	1,000,000	102051.73	1,000,000
		4,242,000		2,556,000

(Market Value of quoted Investments Rs. 2,820,692.57 (P.Y. Rs. 2,690,690.90))

	As on 31.03.2010 (Rupees)	As on 31.03.2009 (Rupees)
SCHEDULE 5: SUNDRY DEBTORS		
(Considered good by the Management)		
- Debts Due for a period More than six months	18,290	-
- Other Debts	801,749	611,835
	820,039	611,835
SCHEDULE 6: CASH & BANK BALANCES		
A. Cash in Hand (as certified by the Management)	315,680	326,180
B. Balance with Scheduled Banks in Current Account	705,780	848,133
	1,021,460	1,174,313

	As on 31.03.2010	As on 31.03.2009
	(Rupees)	(Rupees)
SCHEDULE 7: LOANS & ADVANCES		
Advance against salary	32,230	15,300
Tax deducted at source	261,300	259,820
Share Application	225,000	1,911,000
Income Tax Refund	16,830	-
Fringe Benefits Tax	683	683
Service Tax & Edu.cess not claimed	7,097	7,903
	543,140	2,194,706
SCHEDULE 8: DEPOSITS		
Multi Commodity Exchange of India Ltd	726,000	726,000
Lease Line Deposit	52,103	52,103
Margin Trading Margin Account	658,076	828,052
	1,436,179	1,606,155
SCHEDULE 9: CURRENT LIABILITIES & PROVISIONS		
A. Current Liabilities		
Client Margin Account	741,000	818,000
Sundry Creditors	181,593	58,421
Advance from Holding Company	200,000	822,100
	(i) 1,122,593	1,698,521
B. Provisions		
Provision for Tax	59,500	-
Provision For Gratuity	70,097	55,579
Provision For Leave Encashment	7,013	8,121
	(ii) 136,610	63,700
	(i) + (ii) 1,259,203	1,762,221



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Schedules forming part of the Balance Sheet and Profit & Loss Accounts

SCHEDULE - 10: NOTES TO THE ACCOUNTS

Annexed to and forming part of the Balance Sheet as at 31st March, 2010 and of Profit & Loss Account for the year ended on that date.

1 SIGNIFICANT ACCOUNTING POLICIES (GENERAL)

- i) These accounts have been prepared on the historical cost basis and on the accounting principal of a going concern.
- ii) All expenses and income to the extent considered payable and receivable respectively and accounted for on accrual basis except income from Dividend which is accounted for as and when received and Brokerage Income which is being taken on settlement date basis.
- iii) Fixed Assets are accounted for at cost inclusive of all incidental expenses incurred in acquisition of Assets.
- iv) Depreciation has been provided on straight line method at the rate prescribed in Schedule XIV of the Companies Act, 1956.
- v) Accounting policies unless specifically stated to be otherwise, are consistent and are in consonance with generally accepted accounting principles.
- vi) Investments are stated at Cost.
- vii) Provision for tax is made by applying applicable tax rates and tax laws. Net Deferred Tax Assets amounting Rs. 78,240/- (Previous Year -Rs.48,313/-) has not been accounted for in view of uncertainty of income.
- viii) The Liability for gratuity & encashment for earned leave have been provided for on the basis of actuarial valuation at the year end.

2. DISCLOSURE IN ACCORDANCE WITH REVISED AS – 15 ON “EMPLOYEES BENEFITS”

The Accounting Standard – 15 (Revised 2005) on “Employees Benefits” issued by the Institute of Chartered Accountants of India has been adopted by the Company effective from April 1, 2007. In accordance with the above Standard, the additional obligations of the Company, on account of employee benefits, based on independent actuarial valuation amounting to Rs. 41,442/- have been accounted by debiting the opening balance of the Profit & Loss Account as on April 1, 2007 as per the transitional provisions of AS 15 (Revised 2005).

Schedules forming part of the Balance Sheet and Profit & Loss Accounts (Contd.)

DEFINED BENEFIT PLANS:

i) Change in Defined Benefit Obligations

(Amount in Rs)

		Gratuity		Leave Encashment		Total	
		31-03-10	31-03-09	31-03-10	31-03-09	31-03-10	31-03-09
a	Present Value of DBO at beginning of period	55,579	42,725	8,121	15,447	63,700	58,172
b	Current Service Cost	8,525	7,660	2,464	1,213	10,989	8,873
c	Interest Cost	5,027	3,932	605	884	5,632	4,816
d	Curtailment cost/(Credit)	-	-	-	-	-	-
e	Settlement Cost / (Credit)	-	-	-	-	-	-
f	Employee Contribution	-	-	-	-	-	-
g	Plan Amendments	-	-	-	-	-	-
h	Acquisitions	-	-	-	-	-	-
i	Actuarial (Gain)/Losses	966	1,262	4,022	(1,116)	4,988	146
j	Benefits Paid	-	-	(8,199)	8,307	(8,199)	8,307
j	Present Value of DBO at the end of period	70,097	55,579	7,013	8,121	77,110	63,700

ii) Changes in the Fair value of Assets

a	Plan assets at beginning of Period	-	-	-	-	-	-
b	Actual return on Plan Assets	-	-	-	-	-	-
c	Actual Company Contributions	-	-	8,199	-	8,199	-
d	Employee Contributions	-	-	-	-	-	-
e	Benefits Paid	-	-	(8,199)	-	(8,199)	-
f	Plan assets at the end of period	-	-	-	-	-	-

iii) Amount recognized in the Balance Sheet including a reconciliation of the Present Value of Defined Benefit Obligation and the Fair Value of Assets

		Gratuity		Leave Encashment		Total	
		31-03-10	31-03-09	31-03-10	31-03-09	31-03-10	31-03-09
	Assets/Liabilities						
a	Present Value of Obligation	70,097	55,579	7,013	8,121	77,110	63,700
b	Fair Value of Plan Assets	-	-	-	-	-	-
c	Net Asset/(Liability) recognized in the Balance Sheet	(70,097)	(55,579)	(7,013)	(8,121)	(77,110)	(63,700)
	Employer Expense						
a	Current Service Cost	8,525	7,660	2,464	1,213	10,989	8,873
b	Total Employer Expense	14,518	12,854	7,091	981	21,609	13,835



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Schedules forming part of the Balance Sheet and Profit & Loss Accounts (Contd.)

iv) Total Expense recognized in the statement of Profit & Loss Account

(Amount in Rs)

		Gratuity		Leave Encashment		Total	
		31-03-10	31-03-09	31-03-10	31-03-09	31-03-10	31-03-09
A	Components of Employer Expense						
a	Current Service Cost	8,525	7,660	2,464	1,213	10,989	8,873
b	Interest Cost	5,027	3,932	605	884	5,632	4,816
c	Expected Return on Plan Assets	-	-	-	-	-	-
d	Curtailment Cost/(Credit)	-	-	-	-	-	-
e	Settlement Cost/(Credit)	-	-	-	-	-	-
f	Amortization of Past Service Cost	-	-	-	-	-	-
g	Actuarial Losses/(Gains)	966	1,262	4,022	(1,116)	4,988	146
h	Total Expenses recognized in the statement of Profit and Loss	14,518	12,854	7,091	981	21,609	13,835
B	Actual Contribution and Benefits Payments for period ending 31March, 2010						
a	Actual Benefit Payments	-	-	8,199	8,307	8,199	8,307
b	Actual Contributions	-	-	8,199	8,307	8,199	8,307

v) Net Asset /(Liability) recognized in the Balance Sheet

		Gratuity		Leave Encashment		Total	
		31-03-10	31-03-09	31-03-10	31-03-09	31-03-10	31-03-09
A	Founded Status						
a	Present value of Defined Benefit Obligation	70,097	55,579	7,013	8,121	77,110	63,700
b	Fair Value of Plan Assets	-	-	-	-	-	-
c	Funded Status [Surplus /(Deficit)]	(70,097)	(55,579)	(7,013)	(8,121)	(77,110)	(63,700)
d	Effect of Balance Sheet asset Limit	-	-	-	-	-	-
e	Unrecognized Past Service Costs	-	-	-	-	-	-
	Net Asset /(Liability) recognized in Balance Sheet	(70,097)	(55,579)	(7,013)	(8,121)	(77,110)	(63,700)
a	Net Asset/(Liability) recognized in balance Sheet at beginning of period	(55,579)	(42,725)	(8,121)	(15,447)	(63,700)	(58,172)
b	Employer Expense	14,518	12,854	7,091	981	21,609	13,835
c	Employer Contributions	-	-	-	-	-	-
d	Benefits Paid	-	-	(8,199)	-	-	-
e	Net asset / (liability) recognized in Balance Sheet at end of the period	(70,097)	(55,579)	(7,013)	(8,121)	(77,110)	(63,700)

Schedules forming part of the Balance Sheet and Profit & Loss Accounts (Contd.)

3 RELATED PARTY DISCLOSURES :

As per AS – 18 issued by the Institute of Chartered Accountants of India, the company's related party disclosure is as under :

A) List of related parties :

- i) Holding Company of SFSL Commodity Trading Pvt. Ltd
M/s. Sumedha Fiscal Services Ltd

Key Management Personnel

- Mr. Vijay Maheshwari - Director
- Mr. Bijay Murmuria - Director

B) Transactions with related parties

	Holding Company	
	31.03.10 (Rupees)	31.03.09 (Rupees)
= Rent Received	900,000	600,000
= Amount Receivable/(Payable) at year end	(200,000)	822,100
= Share Capital Received	-	2,500,000

4 Previous Year's figures have been regrouped / rearranged wherever found to be necessary.

As per our report of even date attached

For P. K. MUNDRA & CO.

Chartered Accountants

Firm's Registration No. 322078E

P. K. MUNDRA

Proprietor

Membership No. 52302

Place : Kolkata

Date: May 13, 2010

On behalf of the Board

Vijay Maheshwari

Bijay Murmuria

Directors



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Schedules forming part of the Balance Sheet and Profit & Loss Accounts (Contd.)

SCHEDULE - 11: BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. : 7 7 3 1 4 State Code : 2 1
 Balance Sheet Date : 3 1 0 3 2 0 1 0

II Capital Raised during the year (Amount in Rs '000)

Public Issue : N I L Rights Issue : N I L
 Bonus Issue : N I L Private Placement : N I L

III Position of Mobilisation and Deployment of Funds (Amount in Rs '000)

Total Liabilities : 8 0 2 0 Total Assets : 8 0 2 0

Source of Funds

Paid-up Capital : 6 5 1 2 Reserves & Surplus : 1 5 0 8
 Secured Loans : N I L Unsecured Loans : N I L

Application of Funds

Net Fixed Assets : 1 2 1 6 Investments : 4 2 4 2
 Net Current Assets : 2 5 6 2 Misc. Expenditure : N I L
 Accumulated Losses : N I L

IV Performance of the Company (Amount in Rs '000)

Turnover : 1 3 8 3 Total Expenditure : 9 5 2
 Profit/Loss before Tax : + - 4 3 1 Profit/Loss after tax : + - 3 7 2
 Earning Per Share in Rs : 0 . 5 7 Dividend rate % : N I L

V Generic Name of Three Principal Products/Services of Company (as per monetary terms)

Product Description	Item Code No.
i) Commodity Broking Services	Not Applicable
ii) -	Not Applicable
iii) -	Not Applicable

In terms of our report of even date attached

For P. K. MUNDRA & CO.
 Chartered Accountants
 Firm's Registration No. 322078E

P. K. MUNDRA
 Proprietor
 Membership No. 52302
 Place : Kolkata
 Date: May 13, 2010

On behalf of the Board

Vijay Maheshwari
 Bijay Murmura
 Directors

AUDITORS' REPORT

To the Members of SUMEDHA FISCAL SERVICES LIMITED

1. We have audited the attached consolidated Balance Sheet of **SUMEDHA FISCAL SERVICES LIMITED** and its subsidiary and associates as at 31st March, 2010, the consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date. The consolidated financial statements are responsibility of Sumedha Fiscal Services Limited's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiary – SFSL Commodity Trading Private Limited whose financial statements reflect total assets of Rs. 9,280 thousands as at 31st March, 2010 and total revenues of Rs.1,383 thousands for the year ended on that date. These financial statements have been audited by other auditor whose report has been furnished to us, and our opinion, is so far as it relates to the amounts included in respect of the subsidiary, is based solely on the report of the other auditor.
4.
 - a) We have audited the financial statement of the associates SFSL Insurance Advisory Services Pvt Ltd. The audited statements reflects total assets of Rs 2,865 thousands as at 31st March, 2010 and total revenue of Rs 124 thousands for the year ended.
 - b) We did not audit the financial statements of the Company's associates SFSL Risk Management Services Pvt Ltd whose statements reflects total assets of Rs. 2,658 thousands as at 31st March, 2010 and total revenue of Rs. 116 thousands for the year ended and the Company's associate – Capita Finance Services Limited, whose financial statements reflects total assets of Rs. 10,844 thousands as at 31st March, 2010 and total revenue of Rs 517 thousands for the year ended and the Company's associate US Infotech Pvt. Ltd whose financial statements reflects total assets Rs 16,145 thousands as at 31st March, 2010 and revenue of Rs 2,305 thousands for the year ended and the Company's associate Seasoft Solutions Pvt. Ltd. whose financial statements reflects total assets Rs 5,785 thousands as at 31st March, 2010 and revenue of Rs 9,019 thousands for the year ended. These financial statements have been audited by other auditors whose report has been furnished to us, and our opinion, is so far as it relates to the amounts included in respect of the associates, is based solely on the report of the other auditors.
5. We report that the Consolidated Financial Statements have been prepared by the management of Sumedha Fiscal Services Limited in accordance with the requirements of Accounting Standard (AS) 21 - "Consolidated Financial Statements" and Accounting Standard (AS) 23 - "Accounting for Investments in Associates in Consolidated Financial Statements", issued by the "Institute of Chartered Accountants of India" and on the basis of the separate audited financial statements of Sumedha Fiscal Services Ltd and its subsidiary and audited results of the associates included in the Consolidated Financial Statements.
6. On the basis of the information and explanation given to us and on the consideration of the separate audit reports on individual audited financial statements of Sumedha Fiscal Services Ltd. and its aforesaid subsidiary and associates we are of the opinion that:
 - a. the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Sumedha Fiscal Services Ltd and its subsidiary and associates as at 31st March, 2010 and;
 - b. the Consolidated Profit & Loss Account gives a true and fair view of the consolidated results of operations of Sumedha Fiscal Services Ltd and its subsidiary and associates for the year ended on that date;
 - c. In the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Company and its subsidiary and associates for the year ended on that date.

For **ARSK & Associates**
Chartered Accountants
Firm's Registration No. 315082E

(**CA. Ravindra Khandelwal**)
Partner
Membership No. 054615

Place :Kolkata
Date: May 15, 2010



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Consolidated Balance Sheet as at 31st March, 2010

	Schedule No.	As at March 31			
		2010		2009	
		Rs	Rs	Rs	Rs
SOURCES OF FUNDS					
Shareholders' Funds					
Capital	1		68,245,400		67,679,400
Reserves and Surplus	2		87,679,125		44,588,920
Minority Interest			1,735		1,621
Loan Funds					
Secured Loans	3		1,524,239		1,274,162
Deferred Tax Liability - Net	4		5,508,407		5,098,000
			162,958,906		118,642,103
APPLICATION OF FUNDS					
Fixed Assets	5				
Gross Block			65,902,190		61,422,905
Less : Depreciation			16,498,689		15,805,277
Net block			49,403,501		45,617,628
Investments	6		58,563,488		17,660,742
Current Assets, Loans and Advances					
Inventories	7	10,481,727		7,038,842	
Sundry Debtors	8	17,034,319		33,625,616	
Cash and Bank balances	9	39,445,002		32,075,763	
Loans and Advances	10	22,268,067		22,565,950	
(i)		89,229,115		95,306,171	
Less : Current Liabilities and Provisions					
Liabilities	11	27,258,885		33,431,855	
Provisions	12	6,978,313		6,510,583	
(ii)		34,237,198		39,942,438	
Net Current Assets	(i)- (ii)		54,991,917		55,363,733
			162,958,906		118,642,103
Significant Accounting Policies & Notes to Consolidated Accounts	18				

As per our report of even date attached

For **ARSK & Associates**
Chartered Accountants
Firm's Registration No. 315082E

CA. Ravindra Khandelwal
Partner
Membership No. 054615
Place : Kolkata
Date: May 15, 2010

For and on behalf of the Board of Directors

Deb Kumar Sett
Company Secretary

Vijay Maheshwari
Bijay Murmura
Bhawani Shankar Rathi
Directors

Consolidated Profit and Loss Account for the year ended 31st March, 2010

	Schedule No.	For the year ended March 31			
		2010		2009	
		Rs	Rs	Rs	Rs
INCOME					
Income from Operations	13		137,718,032		87,504,140
Other Income	14		3,021,932		4,490,074
	(i)		140,739,964		91,994,214
EXPENDITURE					
Personnel expenses	15		22,228,155		17,698,007
Administrative and Operational expenses	16		41,141,572		34,066,002
Financial expenses	17		140,707		493,382
Depreciation		2,769,387		2,717,528	
Less: Transfer from Revaluation Reserve		21,373	2,748,014	21,373	2,696,155
Diminution in value of Investments			231,567		1,441,304
	(ii)		66,490,015		56,394,850
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS	(i)-(ii)		74,249,949		35,599,364
Exceptional items			-		-
PROFIT BEFORE TAX AND AFTER EXCEPTIONAL ITEMS			74,249,949		35,599,364
Provision for tax :					
- Current Tax		24,359,500		11,750,000	
- Deferred Tax		410,407		1,921,014	
Fringe benefit Tax		-		383,000	
(Add)/Less: Adjustment for earlier year		(5,409)	24,764,498	(579,209)	13,474,805
PROFIT AFTER TAX			49,485,451		22,124,559
Add: Share of profit/(loss) of associates			(7,350)		32,613
Less: Minority Interest			114		3
Less: Amortization of Goodwill			-		819,170
Balance brought forward from previous year			41,680,510		26,281,125
Amount available for appropriation			91,158,497		47,619,124
APPROPRIATIONS					
Proposed Dividend			5,459,632		5,075,955
Corporate Dividend Tax			906,777		862,659
Balance carried to Balance Sheet			84,792,088		41,680,510
Number of equity shares outstanding during the year of Rs.10 each			6,768,250		6,667,940
Profit for calculation of EPS			49,485,451		22,124,559
Basic earnings per share			7.31		3.32
Diluted earnings per share			7.27		3.27
Significant Accounting Policies and Notes to Consolidated Accounts	18				

As per our report of even date attached

For **ARSK & Associates**

Chartered Accountants

Firm's Registration No. 315082E

CA. Ravindra Khandelwal

Partner

Membership No. 054615

Place : Kolkata

Date: May 15, 2010

For and on behalf of the Board of Directors

Vijay Maheshwari

Bijay Murmuria

Bhawani Shankar Rathi

Directors

Deb Kumar Sett

Company Secretary



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Consolidated Cash Flow Statement for the year ended 31st March, 2010

	For the year ended March 31	
	2010	2009
	Rs	Rs
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation and after exceptional items	74,249,949	35,599,364
Adjustments for:		
Depreciation	2,748,014	2,696,155
Interest income	(1,689,210)	(1,631,582)
Dividend income	(1,092,148)	(229,464)
Interest paid	140,707	493,382
Bad Debts written off	1,350,213	4,897,135
(Profit)/Loss on Sale of Fixed Assets (net)	219,336	12,556
(Profit)/Loss on Sale of Investments	32,531	(2,966)
Provision for diminution in the value of investments	231,567	1,441,304
Liabilities no longer required written back	(181,041)	(2,621,511)
Obsolete asset discarded	138,361	-
Operating profit before working capital changes	76,148,279	40,654,373
Adjustments for:		
(Increase) / Decrease in trade receivables	15,241,084	(1,982,260)
(Increase) / Decrease in inventories	(3,442,884)	(1,656,412)
(Increase) / Decrease in loans and advances	(3,094,539)	(2,649,519)
Increase / (Decrease) in trade and other payables	(5,705,240)	(10,670,500)
Cash generated from Operations	79,146,700	23,695,682
Direct taxes paid	(23,653,078)	(13,936,987)
Cash Flow before Extra Ordinary Items	55,493,622	9,758,695
Extra Ordinary Item	181,041	2,621,511
Adjustment of Earlier Years	5,409	579,209
Net cash from operating activities	55,680,072	12,959,415
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase/Sale of Fixed Assets	(6,912,956)	(1,939,088)
Purchase/Sale of Investments	(41,174,194)	(9,099,921)
Investment Application Money	2,686,000	450,000
Interest received	1,689,210	1,631,582
Dividend received	1,092,148	229,464
Net cash (used in) / from investing activities	(42,619,792)	(8,727,963)
C. Cash flows from financing activities		
Proceeds from issue of equity capital	566,000	1,250,000
Securities premium received	-	1,875,000
Proceeds/(Repayment) of long term borrowings	250,077	(2,412,323)
Dividend paid	(6,366,409)	(5,938,614)
Interest paid	(140,707)	(493,382)
Net cash (used in) / from financing activities	(5,691,039)	(5,719,319)
Net increase in cash and cash equivalents	7,369,239	(1,487,867)
Cash and cash equivalents at the beginning of the year	32,075,763	33,563,630
Cash and cash equivalents at the end of the year	39,445,002	32,075,763

Notes : (i) Components of cash and cash equivalents include cash, bank balances in current and deposit accounts as disclosed under Schedule 8 of the accounts (ii) The above cash flow statement has been prepared under the indirect method as set out in accounting standard 3 on "Cash Flow Statement".

As per our attached report of even date

For ARSK & Associates

Chartered Accountants

Firm's Registration No. 315082E

CA. Ravindra Khandelwal

Partner

Membership No. 054615

Place : Kolkata

Date: May 15, 2010

For and on behalf of the Board of Directors

Vijay Maheshwari

Bijay Murmura

Bhawani Shankar Rathi

Directors

Deb Kumar Sett

Company Secretary

Schedules forming part of the Consolidated Balance Sheet

	As on 31.03.2010 (Rupees)	As on 31.03.2009 (Rupees)
SCHEDULE 1: SHARE CAPITAL		
Authorised		
10,000,000 Equity Shares of Rs 10/- each	100,000,000	100,000,000
Issued, subscribed and paid-up		
6,824,540 (Prev. Year 6,767,940) Equity Shares of Rs10/- each fully paid up.	68,245,400	67,679,400
Out of the above -		
a) 1,638,340 Equity Shares were allotted pursuant to Scheme of Amalgamation without payment being received in cash).		
b) 96,000 options have been granted by the Company in 2007-08 out of which 56,600 options were exercised during the year		
	68,245,400	67,679,400
SCHEDULE 2: RESERVES AND SURPLUS		
Securities premium account		
Balance as per last Balance Sheet (i)	1,875,000	1,875,000
Revaluation Reserve		
Balance as per last Balance Sheet	1,033,410	1,054,783
Less: Transferred to Profit & Loss Account	21,373	21,373
	1,012,037	1,033,410
Profit and Loss Account		
Surplus as per Profit and Loss Account (iii)	84,792,088	41,680,510
	(i) + (ii) + (iii)	44,588,920
SCHEDULE 3: SECURED LOANS		
Term Loans (Vehicle Loans)		
- from scheduled banks	184,567	655,702
- from the bodies corporate	1,339,672	618,460
	1,524,239	1,274,162
SCHEDULE 4: DEFERRED TAX LIABILITY - NET		
Deferred Tax Assets		
Leave encashment (Provision) (i)	67,672	46,283
Deferred Tax Liability		
Depreciation (ii)	5,576,079	5,144,283
Net Deferred Tax Liability (ii)-(i)	5,508,407	5,098,000



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Schedules forming part of the Consolidated Balance Sheet (Contd.)

SCHEDULE 5: FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	As at 31.03.09 (Rupees)	Addition (Rupees)	Deductions /adjustments (Rupees)	As at 31.03.10 (Rupees)	Up to 31.03.09 (Rupees)	For the year (Rupees)	Deduction /Adjustments (Rupees)	As at 31.03.10 (Rupees)	As at 31.03.09 (Rupees)
Buildings	26,200,534	4,472,986	-	30,673,520	2,305,453	462,820	-	2,768,274	23,895,081
Furniture & fixtures	5,859,637	517,593	36,668	6,340,562	2,162,190	380,034	23,085	2,519,139	3,697,447
Computers	13,067,695	278,124	754,535	12,591,284	8,324,721	1,215,661	612,976	8,927,406	4,742,974
Office & other equipments	3,546,278	654,011	349,223	3,851,066	997,515	179,544	190,129	986,930	2,548,763
Vehicles	6,023,761	1,299,332	1,602,335	5,720,758	2,015,398	531,326	1,249,784	1,296,940	4,008,363
Stock Exchange Cards	6,725,000	-	-	6,725,000	-	-	-	-	6,725,000
Total	61,422,905	7,222,046	2,742,761	65,902,190	15,805,276	2,769,385	2,075,974	16,498,689	45,617,628
Previous year	60,373,177	1,956,088	906,360	61,422,905	13,145,383	2,717,528	57,634	15,805,277	45,917,554

Schedules forming part of the Consolidated Balance Sheet (Contd.)

	As on 31.03.2010 (Rupees)	As on 31.03.2009 (Rupees)
SCHEDULE 6: INVESTMENT		
a) Long-term investments (Quoted – non-trade – at cost)		
Equity Shares, Debentures & Mutual Funds	50,281,852	11,057,756
b) Long-term investments (Unquoted – at cost)		
(i) In Associates - Trade		
Cost of investment (Including Rs.3,040,368/- of goodwill net of capital reserve on consolidation)	6,770,000	6,770,000
Add: Share of post acquisition profit/(loss) (net)	(278,364)	(271,014)
(ii) Non-trade		
Other	1,790,000	104,000
	58,563,488	17,660,742
Aggregate market value of quoted investments	1,530,409	555,040
Net asset value of units of mutual funds	49,562,812	9,302,184
SCHEDULE - 7: INVENTORIES		
(As taken by the management and certified by a Director)		
(At lower of cost and net realisable value)		
A) Equity Shares & Securities (Quoted – non-trade)	8,873,727	5,430,842
B) Properties	1,608,000	1,608,000
	10,481,727	7,038,842
SCHEDULE 8: SUNDRY DEBTORS		
(Unsecured, considered good)		
Debts outstanding for a period exceeding six months	4,032,612	8,027,332
Other debts	13,001,707	25,598,284
	17,034,319	33,625,616
SCHEDULE 9: CASH AND BANK BALANCES		
Cash-on-hand	549,320	444,929
Bank balances with scheduled banks		
- on Current Accounts	19,237,221	14,666,608
- on Deposit Accounts	19,658,461	16,964,226
	39,445,002	32,075,763



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Schedules forming part of the Consolidated Balance Sheet (Contd.)

	As on 31.03.2010 (Rupees)	As on 31.03.2009 (Rupees)
SCHEDULE 10: LOANS AND ADVANCES (Unsecured, considered good except otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	8,114,280	6,672,555
Deposits	11,323,677	9,811,659
Share Application Money (pending allotment)	225,000	2,911,000
Advance payment of taxes (net of provisions)	1,687,565	2,530,207
Interest accrued on bank deposits	917,545	640,529
	22,268,067	22,565,950
SCHEDULE 11: LIABILITIES		
Sundry creditors	16,101,916	14,483,233
Unclaimed dividend	764,637	664,702
Deposits	10,392,332	18,283,920
	27,258,885	33,431,855
SCHEDULE 12: PROVISIONS		
for Leave Encashment	507,332	481,915
for Gratuity	70,097	55,579
for Fringe Benefit Tax (net of advance tax)	34,475	34,475
for Proposed Dividend	5,459,632	5,075,955
for Corporate Dividend Tax	906,777	862,659
	6,978,313	6,510,583

Schedules forming part of the Consolidated Profit & Loss Accounts

	For the year ended	
	31.03.10 (Rupees)	31.03.09 (Rupees)
SCHEDULE 13: INCOME FROM OPERATIONS		
Income from Investment Banking	115,888,748	78,763,474
Income from Commodity Trading	465,262	26,642
Income from Capital Market Operations	21,364,022	8,714,024
	137,718,032	87,504,140
SCHEDULE 14: OTHER INCOME		
Profit on sale of Investments	-	2,966
Interest (TDS Rs. 189,454/- P.Y. Rs. 328,100/-)	1,689,210	1,631,582
Dividend received	1,092,148	229,464
Liabilities no longer required written back	181,041	2,621,511
Miscellaneous Income	59,533	4,551
	3,021,932	4,490,074

Schedules forming part of the Consolidated Profit & Loss Accounts

	For the year ended	
	31.03.10 (Rupees)	31.03.09 (Rupees)
SCHEDULE 15: PERSONNEL EXPENSES		
Salaries, wages, bonus and gratuity	20,254,228	16,184,761
Contribution to provident and other funds	1,156,913	926,987
Workmen and staff welfare expenses	817,014	586,259
	22,228,155	17,698,007

	For the year ended March 31			
	2010		2009	
	Rs	Rs	Rs	Rs
SCHEDULE 16: ADMINISTRATIVE & OPERATIONAL EXPENSES				
Demat and depository charges		284,374		328,586
Communication expenses		1,609,768		1,583,968
Insurance		106,191		268,143
Rent		958,500		1,172,500
Electricity		1,085,604		1,177,485
Office maintenance		1,002,736		898,114
Travelling & Conveyance		3,396,098		1,965,632
Rates & taxes		173,958		59,975
SEBI turnover and membership registration fees		847,570		1,909,579
Commission		350,000		266,750
Legal and professional charges		19,725,615		9,714,069
Auditors' remuneration		132,500		145,124
Repairs & maintenance				
- Buildings	706,868		219,130	
- Plant and machinery	552,017		729,013	
- Others	70,810	1,329,695	611,305	1,559,448
Advertisement & Business promotion		977,781		907,653
Car expenses		2,156,314		1,716,855
Printing & Stationery		997,671		866,966
Charity and donation		5,750		115,000
Computer expenses		433,888		825,682
Loss on sale of Investments		32,531		-
Loss on sale of Fixed Assets		219,336		12,556
Obsolete Fixed Assets discarded		138,361		-
Bad-debts written off		1,350,213		4,897,135
NSE charges		415,639		322,255
VSAT charges		669,138		661,249
Miscellaneous expenses		2,742,341		2,691,278
		41,141,572		34,066,002



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Schedules forming part of the Consolidated Profit & Loss Accounts (Contd.)

	For the year ended March 31			
	2010		2009	
	Rs	Rs	Rs	Rs
SCHEDULE 17: FINANCIAL EXPENSES				
Interest on term loans				
- To scheduled banks	50,750		110,768	
- To a body corporate	52,312	103,062	99,196	209,964
Interest on overdrafts to scheduled banks		10,395		283,418
Interest paid to others		27,250		-
		140,707		493,382

Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Accounts

SCHEDULE - 18: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO CONSOLIDATED ACCOUNTS

A CONSOLIDATION OF ACCOUNTS

The Consolidated Financial Statements are prepared in accordance with Accounting Standard (AS) 21 on Consolidated Financial Statements and Accounting Standard (AS) 23 on Accounting for Investment in Associates in Consolidated Financial Statements issued by the Institute of Chartered Accountants of India. The Consolidated Financial Statements comprise the financial statement of SFSL Commodity Trading (P) Ltd., the Subsidiary Company and Associates-SFSL Insurance Advisory Services (P) Ltd., SFSL Risk Management Services (P) Ltd., Capita Finance Services Ltd., US Infotech Pvt. Ltd. and Seasoft Solutions (P) Ltd.

B SIGNIFICANT ACCOUNTING POLICIES

a Basis of preparation of accounts

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by the Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies applied by the Company are consistent with those used in the previous year.

b Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Accounts (Contd.)

c Fixed Assets

i) Tangible Assets

Fixed assets are stated at cost of acquisition inclusive of duties (net of CENVAT and other credits, wherever applicable), taxes, incidental expenses, erection / commissioning expenses and borrowing costs etc. up to the date the assets are ready for their intended use.

Fixed Assets retired from active use are valued at net realisable value.

ii) Intangible Assets

Intangible assets are stated at cost less accumulated amortisation.

d Depreciation

Depreciation on Fixed Assets is provided on straight line method at the rates prescribed in Schedule XIV of the Companies Act, 1956 or at rates determined based on the useful life of the assets, whichever is higher.

In case of impairment, if any, depreciation is provided on the revised carrying amount of the assets over their remaining useful life.

e Impairment of assets

The carrying amount of assets is reviewed at each Balance Sheet date to determine if there is any indication of impairment thereof based on external / internal factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount, which represents the greater of the net selling price of assets and their 'value in use'. The estimated future cash flows are discounted to their present value at appropriate rate arrived at after considering the prevailing interest rates and weighted average cost of capital.

f Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost, but provision for diminution in value is made to recognise a decline other than temporary in the value of such investments.

g Inventories

Inventories of shares and securities are valued at lower of cost or market value and inventory of property is valued at lower of cost or net realizable value.

h Revenue recognition

Revenue (income) is recognised when no significant uncertainty as to determination/realisation exists.

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

Insurance and other claims / refunds

Revenue, due to uncertainty in realisation, are accounted for on acceptance / actual receipt basis.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividends

Dividend is recognised when the shareholders' right to receive payment is established by the Balance Sheet date.



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Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Accounts (Contd.)

i Retirement and other employee benefits

Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are accrued. There are no obligations other than the contribution payable to the respective trusts.

Gratuity liability is a defined benefit obligation and is provided for on the basis of actuarial valuation made at the end of each financial year.

Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation.

Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

j Taxation

Tax expense comprises of current and deferred tax.

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961.

Deferred tax is recognized on a prudent basis for timing differences, being difference between taxable and accounting income/expenditure that originate in one period and are capable of reversal in one or more subsequent period(s). Deferred tax asset is recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such asset can be realised against future taxable income. Unrecognised deferred tax asset of earlier years are re-assessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realised.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

k Earning per share

Earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders, by the weighted average number of equity shares outstanding during the period.

l Segment reporting

i) Identification of segments

The Company has identified that its operating segments are the primary segments. The Company's operating businesses are organized and managed separately according to the nature of products, with each segment representing a strategic business unit and offering different products and serving different markets.

ii) Allocation of common costs

Common allocable costs are inter-se allocated to segments based on the basis most relevant to the nature of the cost concerned. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segment on a reasonable basis, are included under the head unallocated expense / income.

Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Accounts (Contd.)

m Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

n Contingent liabilities

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

o Provisions

A provision is recognised when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

p Equity index/stock- Futures

Initial Margin and additional margin paid, for entering into contracts for equity index/stock futures, which are released on final settlement/squaring-up of underlying contracts, are disclosed under Current Assets, Loans and Advances. Equity index/stock futures are marked-to-market on a daily basis. Debit or credit balance disclosed under Current Assets, Loans and Advances or Current Liabilities, respectively represents the net amount paid or received on the basis of movement in the prices of index/stock futures till the Balance Sheet date.

As on the Balance Sheet date, profit/loss on open positions in index/stock futures are accounted for as follows : Profit and loss on hedged transactions are recognized on net basis. In respect of other transactions, credit balance being anticipated profit is ignored and no credit for the same is taken in the Profit and Loss Account. Debit balance being anticipated loss is adjusted in the Profit and Loss Account.

On final settlement or squaring-up of contracts for equity index/stock futures, the profit or loss is calculated as the difference between settlement/squaring-up price and contract price. Accordingly, debit or credit balance pertaining to the settled/squared-up contract is recognised in the Profit and Loss Account.

q Equity index/stock - Options

Initial margin and additional margin paid for entering into contracts for equity index/stock options, which are released on final settlement/squaring-up of underlying contracts, are disclosed under Current Assets, Loans and Advances.

As at the Balance Sheet date, Profit and Loss Account on hedged transactions is recognized on net basis. In case of other transactions, in the case of long positions, provision is made for the amount by which the premium paid for those options exceeds the premium prevailing on the Balance Sheet date, and in the case of short positions, for the amount by which premium prevailing on the Balance Sheet date exceeds the premium received for those options. The premium paid or received as the case may be, after the aforesaid provision, is disclosed in Current Assets or Current Liabilities.

When the option contracts are squared-up before expiry of the options, the Profit and Loss Account of difference in the premium paid / received is recognized in Profit and Loss Account. On expiry of the contracts and on exercising the options, the difference between final settlement price and the strike price is transferred to the Profit and Loss Account. In, both the above cases premium paid or received for buying or selling the option, as the case may be, is recognised in the Profit and Loss Account for all squared-up/stetted contracts.



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Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Accounts (Contd.)

C NOTES TO CONSOLIDATED ACCOUNTS

1 a) The Subsidiary Company of Sumedha Fiscal Services Limited considered in the Consolidated Financial Statement is:

Name of the Company	Country of Incorporation	% voting power held as at 31.03.2010
SFSL Commodity Trading (P) Ltd	India	99.96%

b) Associates of Sumedha Fiscal Services Ltd.

Name of the Company	% Shares Held	Original Cost of Investment (Rupees)	Goodwill/ (Capital Reserve) (Rupees)	Accumulated Profit/ (Loss) As on 31.03.10 (Rupees)	Carrying amount of Investments as on 31.03.10 (Rupees)
SFSL Insurance Advisory Services (P) Ltd.	28.60	850,000	495,355	(408,722)	441,278
SFSL Risk Management Services (P) Ltd.	38.43	925,000	66,936	93,893	1,018,893
Capita Finance Services Ltd.	28.43	400,000	149,755	144,931	544,931
US Infotech Pvt. Ltd.	34.96	2,500,000	(1,220,874)	946,216	3,446,216
Seasoft Solutions Pvt. Ltd.*	20.08	2,095,000	3,549,196	(1,054,682)	1,040,318
Total		6,770,000	3,040,368	(278,364)	6,491,636

*About 17.27% of the Shares are held by Sumedha Fiscal Services Limited directly and 2.81% of the shares are held through subsidiary SFSL Commodity Trading Pvt. Ltd.

	As at 31.03.2010 (Rupees)	As at 31.03.2009 (Rupees)
2 Contingent liabilities not provided for in respect of: Guarantee given by Canara Bank to National Securities Clearing Corporation Limited (Rs 80 lacs) and Stock Holding Corporation of India Ltd (Rs 50 lacs)	13,000,000	13,000,000
3 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	2,053,125	3,037,500

4 As per information available with the Company there are no amounts payable or paid during the period which are required to be disclosed as per Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006.

5 Secured loans

- Term loans (Vehicle Loans) from banks and bodies corporate are secured by hypothecation of respective vehicles.
- Working capital facilities and Bank Guarantees extended by Canara Bank is secured by pledge of fixed deposits and also secured by way of equitable mortgage of an Immovable Property. The said facilities is further secured by personal guarantees extended by three Directors of the Company.
- Working capital facilities extended by State Bank of Indore is secured by way of equitable mortgage of an Immovable Property and by Personal Guarantee extended by a Director.

Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Accounts (Contd.)

- 6 Revaluation of Office Premises was carried out as on 31.03.96 by an approved Valuer. The revaluation resulted in an increase of Rs. 13,11,255/- in the value of the assets over its net book value as on 31.03.96 which has been credited to Revaluation Reserve. Depreciation for the year ended 31.03.2010 of Rs. 21373/- on revalued portion has been adjusted with Revaluation Reserve.
- 7 Since the Company is predominantly engaged in broking business, the deposits made with NSE and OTCEI towards acquiring membership of these exchanges, are considered as Fixed Assets and no depreciation has been provided on the same.
- 8 **Directors' remuneration**

	For the year ended	
	31.03.10 (Rupees)	31.03.09 (Rupees)
Managerial remuneration under section 198 of the Companies Act, 1956 (Paid to Whole Time Director):		
i Salaries, allowances, exgratia, etc.	775,000	780,550
ii Contribution to provident fund	60,900	60,900
iii Perquisites	19,862	29,434
TOTAL	855,762	870,884

9 Payment to auditors

	For the year ended	
	31.03.10 (Rupees)	31.03.09 (Rupees)
a As auditors		
- statutory audit	82,500	77,500
- tax audit	30,000	20,000
- branch audit	-	20,000
- limited review	5,500	3,000
b In other manner		
- certifications	14,500	24,623
TOTAL	132,500	145,123

10 Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956

- a Shares/ Securities are not considered as goods and hence, quantitative information thereof are not given.

	For the year ended	
	31.03.10 (Rupees)	31.03.09 (Rupees)
b Expenditure in foreign currency		
Travelling	241,342	462,925
Advertisement	80,047	-
Total	321,389	462,925



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Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Accounts (Contd.)

11 Investments purchased and sold during the year

Particulars of goods	For the year ended 31.03.10		For the year ended 31.03.09	
	Nos	Value (Rs)	Nos	Value (Rs)
i Shares & Securities Purchased:				
SFSL Commodity Trading (P) Ltd	-	-	100,000	2,500,000
Seasoft Solutions Private Limited	33,720	1,686,000	-	-
Total	33,720	1,686,000	100,000	2,500,000
ii Shares & Securities Sold:				
Hindusthan Zinc Ltd	50	40,850	-	-
Power Grid Corporation Ltd	125	13,506	-	-
Tourism Finance Corporation of India Ltd	400	9,720	-	-
Capital Trust Ltd	8,400	97,154	-	-
Steelco Gujarat Ltd	50	493	-	-
Total	9,025	161,723	-	-
iii Units of Mutual Fund Purchased:				
HDFC Cash Management Fund - Treasury Advantage Plan - Retail - Weekly Dividend Option Reinvest	14,898,235	63,129,273	1,858,662	18,774,582
HDFC Liquid Fund - Growth	1,586,492	28,500,000	-	-
HDFC Cash Management Fund - Treasury Advantage Plan - Retail - Daily Dividend Option Reinvest	802,895	8,054,238	-	-
HDFC Liquid Fund - Dividend - Daily Reinvest Option Reinvest	1,393,788	14,214,132	-	-
ICICI Prudential Flexible Income Plan Regular Weekly Dividend	35,114	3,518,819	-	-
Peerless Ultra Short Term Fund - Retail Weekly Dividend	50,069	500,846	-	-
SBI Blue Chip Fund - Growth	371,195	5,000,000	-	-
SBI Magnum Equity Fund Growth	40,839	1,500,000	-	-
Canera Robeco FORCE Retail Growth Fund	9,780	100,000	-	-
Shinsei Industry Leaders Fund - Growth Fund	9,780	100,000	-	-
Shinsei Liquid Fund Retail Plan - Growth Fund	2,992	3,000,000	-	-
J P Morgan India Treasury Fund- Super Inst. Growth Plan	-	-	141,768	1,500,000
J P Morgan India Liquid Fund- Retail Growth Plan	-	-	102,052	1,000,000
Total	19,201,179	127,617,308	2,102,482	21,274,582
iv Units of Mutual Fund Sold:				
HDFC Cash Management Fund - Treasury Advantage Plan - Retail - Weekly Dividend Option Reinvest	3,709,850	37,200,000	1,216,777	12,170,445
HDFC Liquid Fund - Growth	1,586,492	28,503,057	-	-
HDFC Cash Management Fund - Treasury Advantage Plan - Retail - Daily Dividend Option Reinvest	802,895	8,054,238	-	-
HDFC Liquid Fund - Dividend - Daily Reinvest Option Reinvest	1,393,788	14,214,132	-	-
Total	7,493,025	87,971,427	1,216,777	12,170,445

Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Accounts (Contd.)

12 Earning per share (EPS)

	For the year ended	
	31.03.10 (Rs)	31.03.09 (Rs)
a Profit after tax	49,485,451	22,124,559
b Weighted average number of equity shares outstanding during the year (Nos.)	6,768,250	6,667,940
c Nominal value of equity per share	10	10
d Effect of potential equity shares on Employee stock options outstanding during the year (Nos.)	39,400	96,000
e Weighted average number of equity shares outstanding during the year in computing diluted earnings per share (Nos.) [b+d]	6,807,650	6,763,940
f Earning per share		
- Basic [a/b]	7.31	3.32
- Diluted [a/e]	7.27	3.27

13 Disclosures of related party transactions:

a List of related parties with whom the Company has transacted during the year

i Associate /Joint Venture Concerns	SFSL Insurance Advisory Services (P) Ltd. SFSL Risk Management Services (P) Ltd. Capita Finance Services Ltd. U.S. Infotech (P) Ltd. Seasoft Solutions Pvt. Ltd.
ii Key Management Personnel	Mr. Bhawani Shankar Rathi (Whole time Director) Mr. Vijay Maheshwari (Director) Mr. Bijay Murmuria (Director)
iii Relatives of Key Management Personnel	Mr. Kartick Maheshwari Mrs. Garima Maheshwari
iv Enterprise owned or significantly influenced by Key Management Personnel and their relatives	Superb Estate Services Pvt. Ltd.



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Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Accounts (Contd.)

13 Disclosures of related party transactions: (contd.)

b Transactions with related Parties during the year and year end outstanding balances thereof, are as follows
(Amount in Rs)

Nature of Transactions	Associate/ Joint Venture Concerns	Enterprise owned of Significantly influenced by key Management Personnel and their relatives	Key Man - agement Personnel	Relatives of Key Manag- ement Personnel	Total
i Investments	1,686,000	-	-	-	1,686,000
	-	-	-	-	-
ii Managerial remuneration	-	-	855,762	-	855,762
	-	-	(870,884)	-	(870,884)
iii Rent paid	-	120,000	300,000	-	420,000
	-	-	(300,000)	-	(300,000)
iv Guarantee commission income	-	-	250,000	-	250,000
	-	-	(250,000)	-	(250,000)
v Balance receivable/ (payable)	-	-	-	-	-
	-	-	-	-	-
vi Share Application Money refunded	-	-	-	-	-
	(350,000)	-	-	-	(350,000)
vii Equity Share Allotment (Incl. Premium)	-	-	84,000	-	84,000
	(625,000)	-	(1,875,000)	(625,000)	(3,125,000)

Note: The above transactions do not include reimbursement of expenses made / received during the year. Previous year figures are in the brackets.

14 Gratuity and post-employment benefits plans

The Accounting Standard- 15 (Revised 2005) on "Employees Benefits" issued by the Institute of Chartered Accountants of India has been adopted by the Company and Defined Benefit Plans / Long Term Compensated Absences - as per Actuarial Valuations as on March 31, 2010 and recognised in the financial statements in respect of Employee Benefit Scheme:

A Defined Contribution:

The Company has recognised the following amounts in the Profit/ Loss Account for the Year: (Amount in Rs)

	For the year ended	
	31.03.10	31.03.09
Contribution to Employee's Provident Fund	619,020	479,224
Contribution to Employee's Family Pension Fund	401,307	369,019
Total	1,020,327	848,243

Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Accounts (Contd.)

14 Gratuity and post-employment benefits plans (contd.)

B Defined Benefit Plans:

a Expenses recognised in the statement of Profit and Loss Account for the year ended 31st March, 2010

(Amount in Rs.)

	For the year ended 31.03.10		For the year ended 31.03.09	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
a) Component of Employer's Expense				
Current service cost	405,619	32,835	350,548	52,654
Interest cost on benefit obligation	140,711	39,570	114,169	38,819
Expected return on plan assets	(136,066)	-	104,066	-
Net actuarial(gain) / loss recognised during the period	(196,079)	133,776	101,708	45,674
Total expenses	214,185	206,181	462,359	137,147
b) Actual Contribution & Benefits Payments for period ending				
Actual Benefit Payments	-	180,764	253,125	145,257
Actual Contribution	365,289	180,764	365,289	145,257

b Net assets/ (liability) recognised in the Balance Sheet as at 31st March, 2010

	For the year ended 31.03.10		For the year ended 31.03.09	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present value of defined benefits obligation	1,934,015	507,332	1,583,764	487,711
Fair value of plan assets	1,460,861	-	1,460,861	-
Net liability	350,476	507,332	(122,903)	(487,711)
Employer's Expense				
a) Current Service Cost	405,619	32,835	350,548	52,654
b) Total Employer Expense	214,185	206,181	462,359	137,147

c Change in obligations during the year ended 31st March, 2010

	For the year ended 31.03.10		For the year ended 31.03.09	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present value of defined obligation at the beginning of the period	1,583,764	481,915	1,270,464	490,025
Current service cost	405,619	32,835	350,548	52,654
Interest cost	140,711	39,570	114,169	38,819
Benefits paid	-	180,764	253,125	145,257
Actuarial (gains)/losses	(196,079)	133,776	101,708	45,674
Present value of defined benefits obligation at the end of the period	1,934,015	507,332	1,583,764	487,711



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Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Accounts (Contd.)

14 Gratuity and post-employment benefits plans (contd.)

d Change in the fair value of plan assets during the year ended 31st March, 2010

(Amount in Rs.)

	For the year ended 31.03.10		For the year ended 31.03.09	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Plan Asset at the beginning of the period	1,460,861	-	1,244,631	-
Actual return on Plan Asset	136,066	-	104,066	-
Contribution by the employer	547,370	-	365,289	-
Employee Contributions	-	-	-	-
Benefits Paid	-	-	(253,125)	-
Plan Asset at the end of the period	2,144,297	-	1,460,861	-

15 Segment information

A Primary segment information (by business segments)

(Amount in Rs)

	For the year ended	
	31.03.10	31.03.09
i Segment revenue		
- Capital Market Operations	23,619,754	13,014,974
- Investment Banking	117,120,210	78,979,240
- Others	-	-
Total segment revenue	140,739,964	91,994,214
ii Segment results (before interest and unallocated income/expense)		
- Capital Market Operations	9,400,114	(6,295,062)
- Investment Banking	65,349,162	42,513,643
- Others	(358,620)	(335,800)
Total segment results	74,390,656	35,882,781
iv Operating profit	74,390,656	35,882,781
v Unallocated interest expenses	140,707	283,418
vi Unallocated interest income	-	-
vii Total profit before tax	74,249,949	35,599,363
viii Segment assets		
- Capital Market Operations	92,092,797	89,822,595
- Investment Banking	102,414,756	65,249,740
- Others	48,010,542	3,512,206
Total segment assets	242,518,095	158,584,541

Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Accounts (Contd.)

15 Segment information (Contd.)

(Amount in Rs)

	For the year ended	
	31.03.10	31.03.09
ix Segment liabilities		
- Capital Market Operations	18,615,646	26,562,375
- Investment Banking	9,799,236	7,608,120
- Others	52,670,281	7,046,105
Total segment liabilities	81,085,163	41,216,600
xi Depreciation		
- Capital Market Operations	592,644	608,385
- Investment Banking	2,155,370	2,087,770
- Others	-	-
Total depreciation	2,748,014	2,696,155
x Capital employed		
- Capital Market Operations	73,477,151	63,260,220
- Investment Banking	92,615,520	57,641,620
- Others	(4,659,739)	(3,533,899)
Total Capital Employed	161,432,932	117,367,941

Notes :

- i The Company is operating in three main service segments mainly.
 - a Capital Market Operations comprising of Stock Broking, Investment, Mutual Funds & other products distribution.
 - b Investment Banking comprising of Loan Syndication, Merchant Banking, Restructuring & Other related advisory services.
 - c Other comprising of other services area.

Segments have been identified and reported taking into account the nature of services, different risk & return and internal reporting system.
 - ii Segment Revenue, Results, Assets and Liabilities include the respective amounts identified to each of the segment and amounts allocated on a reasonable basis. Whereas unallocable Revenue, results Assets and Liabilities have been included in "others".
- B There are no reportable geographical segment.

16 Previous year's figures have been regrouped/rearranged, wherever necessary.

As per our report of even date attached

For ARSK & Associates
Chartered Accountants
Firm's Registration No. 315082E

CA. Ravindra Khandelwal
Partner
Membership No. 054615
Place : Kolkata
Date: May 15, 2010

For and on behalf of the Board of Directors

Vijay Maheshwari
Bijay Murmuria
Bhawani Shankar Rathi
Directors

Deb Kumar Sett
Company Secretary



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SUMMARISED ACCOUNTS

(Rs in Lacs)

	2009-10	2008-09	2007-08	2006-07	2005-06
BALANCE SHEET					
Net Worth*	1551.82	1118.69	933.86	816.41	778.02
Borrowings	15.24	12.74	36.87	25.56	41.48
Deferred Tax Liability	55.08	50.98	31.77	26.89	22.60
	1622.14	1182.41	1002.50	868.86	842.10
UTILISATION OF FUNDS					
Net Fixed Asset including Capital Work-in-Progress*	471.74	433.16	448.62	446.35	319.52
Investments	626.10	233.86	157.24	152.34	137.90
Net Current Assets	524.30	515.39	396.64	270.17	384.68
	1622.14	1182.41	1002.50	868.86	842.10
PROFIT AND LOSS ACCOUNT					
<i>Income</i>					
Income from Operations	1372.52	874.77	758.76	419.73	458.26
Other Income	30.04	44.89	16.94	39.35	20.37
	1402.56	919.66	775.70	459.08	478.63
<i>Expenditure</i>					
Establishment	633.68	517.97	473.10	309.65	331.30
Interest & Finance Charges	1.41	4.93	4.03	2.20	1.38
Depreciation	26.97	26.46	22.83	18.85	15.48
Misc. Expenditure written off	-	-	-	-	-
Provision for Diminution in Investment	2.32	14.41	-	-	-
	664.38	563.77	499.96	330.70	348.16
Profit before Taxation	738.18	355.89	275.74	128.38	130.47
Profit after Taxation	491.13	221.15	180.24	85.44	89.28
Earnings per Shares (in Rs.)					
- Basic	7.26	3.32	2.71	1.29	1.34
- Diluted	7.21	3.27	2.71	1.29	1.34

* Excluding Revaluation Reserve



SUMEDHA FISCAL SERVICES LIMITED

Regd. Office : 8B, Middleton Street, 6A Geetanjali,
Kolkata - 700 071.

PROXY

Folio / Demat A/c. No.

No. of Shares

I/We
of.....
.....

being a member/members of the above-named Company hereby appoint Mr./Mrs./Miss.....

as my/our proxy to vote for me/us on my/our behalf at the **Twenty First Annual General Meeting** of the company to be held at "Somany Conference Hall", Merchants' Chamber of Commerce, 15B, Hemanta Basu Sarani, Kolkata – 700 001 on Saturday, the 21st August, 2010 at 10.30 a.m. and at any adjournment thereof.

Signed this.....day of2010



Signature of Member (s).....

Signature of Proxy (ies).....

Note: Proxy must reach the Company's Registered Office not less than 48 hours before commencement of the meeting.



SUMEDHA FISCAL SERVICES LIMITED

Regd. Office: 8B, Middleton Street, 6A Geetanjali,
Kolkata - 700 071.

ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall.

Folio No./Demat A/c.No. :

No. of Shares

Name :

Address :

Name of Proxy :

(in Block letters)

(To be filled in if the Proxy attends instead of the Member)

I hereby record my presence at the **TWENTY FIRST ANNUAL GENERAL MEETING** at "Somany Conference Hall", Merchants' Chamber of Commerce, 15B, Hemanta Basu Sarani, Kolkata – 700 001 on Saturday, the 21st August, 2010 at 10.30 a.m.

.....
Member's Signature

.....
Proxy's Signature

Members are requested to bring their copy of the Annual Report for the year ended 31st March, 2010 with them to the Annual General Meeting.

Testimonials

Sumedha Fiscal's emphasis on enhancing client relationships ensures that the company works closely with its clients. Read what customers have to say about working with the company...



SUBHASH PROJECTS AND MARKETING LIMITED

// We wish to put in record the strong relationship of our company is having with you. We are really thankful to you for the immense support given at time of need.

We found whenever we have needed financial support from any financial institution, we always found you at our door-step, ready for getting it sanctioned. SPML will always cherish to maintain the relationship with you for all the time to come.

Wish you all the best.



- S. C. Sethi (Vice Chairman)



// Our group wishes to express sincere thanks for the various professional services rendered by our organisation at all your offices throughout the country which we have found to be prompt, efficient and time bound. We are particularly impressed with the deep understanding of the subject and the personal attention paid by you and your team in execution of various assignments handles by us.

We value your strength in financial services particularly in funds raising and hope that we will continue to be benefited in future by availing your value added services.

We wish you and your organisation all the best.



- Satya. Chatterjee (President Finance & Executive Director)



// We appreciate your professional services and sincerely thank you for your valued inputs offered by you to our company.



- J. S. Rao (Group CFO)



// We appreciate the professional assistance rendered by your organisation in raising resources for the company. We value your inputs and look forward to continuing professional relationship in future endeavors.



- Manoj Maheshwari (Chief Finance Officer)

"A customer is the most important visitor on our premises. He is not dependent on us. We are dependent on him. He is not an interruption in our work. He is the purpose of it. He is not an outsider in our business. He is part of it. We are not doing him a favour by serving him. He is doing us a favour by giving us an opportunity to do so."



SUMEDHA FISCAL SERVICES LIMITED

REGISTERED and CORPORATE OFFICE

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GUWAHATI

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