

ADDING VALUES TO VALUE...

ANNUAL REPORT 2010-11
SUMEDHA FISCAL SERVICES LIMITED



SUMEDHA
adding values to value

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THE NAVIGATORS



Mr. Ratan Lal Gaggar,
Chairman

The Torchbearer leading the way



Dr. Basudeb Sen,
Independent Director



Mr. Atul Chandra Varma,
Independent Director



Mr. Shailesh Haribhakti,
Permanent Advisor



Mr. Prashant Sekhar Panda,
Independent Director



Mr. Anil Kumar Birla,
Independent Director

Knowledge Enablers with keen business insight



Mr. Vijay Maheshwari,
Promoter Director



Mr. Bijay Murmuria,
Promoter Director



Mr. Bhawani Shankar Rathi,
Wholetime Director & CFO



Mr. Rajesh Gupta,
Director - Investment Banking

Business Enablers continuing to grow organically



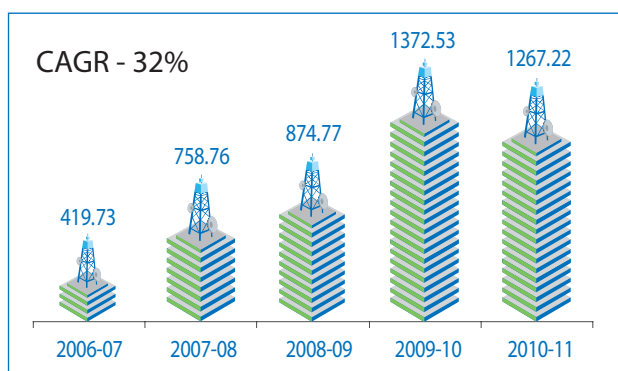


KEY BUSINESS HIGHLIGHTS IN 2010-11

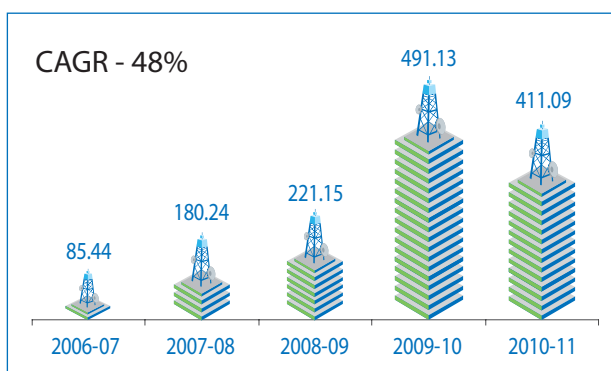
- Obtained BSE License both in Cash & Derivatives Segments which shall enhance Company's reach to a broader client base
- Crisil Equities undertakes Independent Equity Research on the Company
- Mr. Atul Chandra Varma, the former Managing Director of State Bank of Patiala joins the Board of the Company thereby adding his banking acumen in business policies
- Fully Convertible Debenture (0%) of ₹290 Lacs has been issued to Brand Equity Treaties Ltd.
- Recommended a dividend at the rate of 80 paise per share
- The Investment Banking Segment remains the major revenue earning arm accounting for 82 percent of Total Income from Operations

PERFORMANCE HIGHLIGHTS

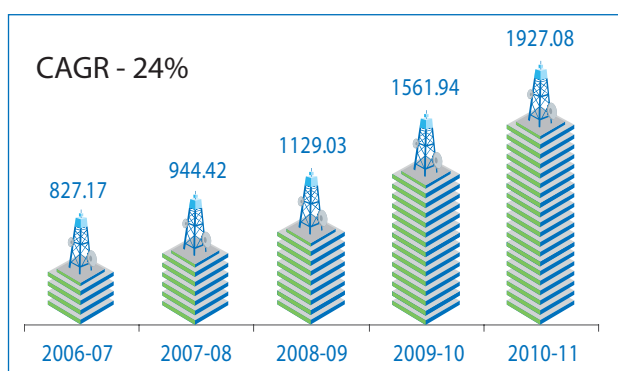
INCOME FROM OPERATIONS (In ₹ lacs)



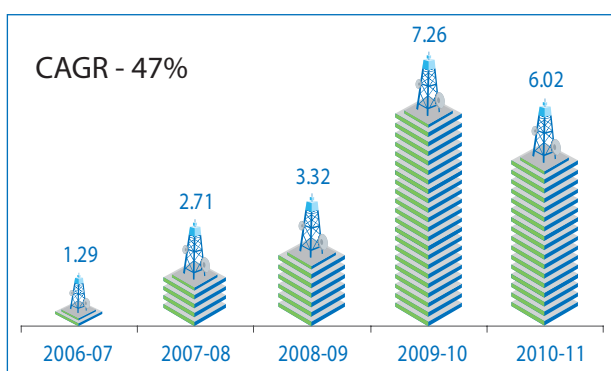
PAT (In ₹ lacs)



SHAREHOLDERS' FUND (In ₹ lacs)



EPS (In ₹ lacs)





MILESTONES

- 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

1995-2004

- Dr. Basudeb Sen, M.A. (Eco), Ph. D. from Indian Statistical Institute and an alumnus of the Harvard Business School joins the Board
- Internal reorganization with key recruitments
- SFSL Commodity becomes trading and clearing member of MCX
- PAT increases by 83% from ₹23.38 lacs to ₹42.82 lacs

2005

- Employee Stock Option Scheme launched for employees of Sumedha Fiscal
- Institutional Turnover in Broking Business crosses ₹20,239 lacs
- PAT doubles from ₹42.82 lacs to ₹89.28 lacs

2006

- 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 ₹85.44 lacs

2007

- Awarded by Business Initiative Directions as the International Star in Quality at Paris
- Commenced Depository Services as member of National Securities Depository Ltd. (NSDL)
- PAT at ₹180.24 lacs

2008

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

2009

- Registered with NSE's MFSS Segment
- Obtained License as Corporate Agent for LIC
- Under SFSL ESOS 2007, shares were allotted
- Mr. Shailesh Haribhakti, Chairman of BDO Consulting has joined as "Permanent Advisor" to the Management Committee of the Company
- PAT stood at ₹491.13 lacs

2010

- Obtained membership of BSE in Cash & Derivative Segments
- Crisil Equities carried out Independent Equity Research on Sumedha Fiscal
- Mr. A C Varma, the former MD of State Bank of Patiala joins the Board
- SFSL ESOS 2011 announced
- Issue of Fully Convertible Debenture aggregating to ₹290 lacs to Brand Equity Treaties Ltd.
- PAT stood at ₹411.09 lacs

2011



OUR CORPORATE PHILOSOPHY

OUR VISION

To be the best financial service provider and be a one stop shop for all market segments.

OUR MISSION

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

OUR BRAND THOUGHT - Quotation Marks



Quotation marks symbolize dialogue indicating relationships. When those quote marks are transparent, they also suggest transparency and honesty leading to stronger relationships.



CREATING VALUES FOR SUSTAINABLE BUSINESS

Value Creation forms the DNA of every business. It is an intrinsic property which governs functioning of businesses across the globe. Over the years, our business has been guided by a predominant set of values which form the foundation stone of the organization. We have been driven by these values to grow exponentially in business relationships and customer service.

Right Partnerships

Relationship Edge – A Relationship Edge over the peers defines the dynamics of the organization's business model. All value enablers within the organization are a function to the "Relationship Edge". Our journey since inception has been the manifestation of building strong and everlasting relations with all our Stakeholders. We strongly believe in incessantly bonding and growing the relationship with all Employees, Shareholders, Customers, Regulators, Bankers, Advisors, Other Financial Institutions and all those whom we meet in the natural course of our business.

Assurance – An intention to inspire confidence amongst all Stakeholders of business has become a popular belief within the organization. We unconditionally support and guide our customers on every aspect of business and transactions. An outright approach in serving and reassuring all our customers since inception to closure of the deal goes a long way in creating lifetime relationships with all our clients. Powered by knowledge, we are able to scrutinize rightly the needs of every customer thereby creating a right approach towards satisfying the demand of every valued customer at Sumedha Fiscal.

Trusted Partner – Confidentiality is the focal point of harnessing long term business relationships. To be a trusted partner for someone speaks a lot about the credentials that Sumedha Fiscal has earned over the period. A passion which enables your customers to succeed is a living example of the symbiotic relationship between the two, as, if your partners grow, you grow simultaneously.

Monitoring and enabling the true worth of the External Drivers of growth sets the course of the growth trajectory.

Resolute Principles

Ethical Leadership – Communication of complete and authentic information to all the Stakeholders of business forms an integral part of Ethical Leadership which encompasses the whole organizational machinery. Accountability of words and actions has been the ethos for the Company's Board and the Senior Management Team. This core philosophy has governed the entire Sumedha Family since inception.

Efficient Business Execution – Efficient Business Execution enhances decision making and performance within the organization. We believe in maintaining timelines and accuracy in all business transactions. Sumedha Fiscal has always strived for total client satisfaction thereby showcasing an effectual, communicative and devoted organization at all levels.

Raising the Bar Continuously - Continuous improvement are signs of integration, increased productivity and living the facets of value creation in businesses. It is the visual identity which communicates that the business is growing intrinsically. Growing businesses like ours not only maximize the financial performance of the Company but also add worth to core values on which the whole system operates. Our work culture has always compelled us internally to grow as professionals who provide unique solutions to businesses and individuals respectively.

Communication Lines – Efficient and Effective Communication Lines within the business are always powered by technology infrastructure and transparent one to one business communication. Sophisticated line of technology is needed to maintain business processes and dialogues more effective. We at Sumedha Fiscal have been able to deploy the required technology at every business area. Technology is the pivot on which the whole business process moves. Moreover, maintaining an open line of communication between clients and employees keeps us transparent and ethical thereby living the core values of the organization.

Principles form an essence which stimulates the Operational Lines and Long Term Business Model of Companies.

Personal Touch

Deliver with Passion – Delivering with Passion binds the fact to create long term business relationships. To be passionate on going the extra mile to ensure customer satisfaction is the key towards reaching out an innovative solution for the customer. Sumedha Fiscal has always been powered by the thought of serving all the Stakeholders of business with passion. When passion gets involved all resources and learning cement automatically to propel value creators thus ensuring growth for decades over.

Quality and Excellence – Quality and Excellence inseparably spur up the sustainable growth of an organization guided by sound ideas. There is an obvious relationship between quality service and rewarding customer experience. Our employees have been providing value via excellent processes and innovative solutions to the whole service machinery of the Company. An effective performance management system within the organization provides the key to a more superior service with every transaction.

Unique Solutions – Innovation is the key differentiator to any business. It is also a major pillar towards total client satisfaction which also indicates that ever growing businesses will always create and innovate for robust sustainable growth. Our business has come a long way in boosting profitability through unique solutions rendered to the client. The uniqueness in approach where one comes up with an innovative solution speaks loud about how the brand Sumedha Fiscal has been positioned since inception.

Superior Service – Superior Service enhances an organization's competitive edge and retains the customer forever. One has to be proactive in reading the minds of the customer and work upon it to exceed customer satisfaction. We have keenly understood customer needs which dominantly play a role in understanding what the customer wants from us. A relationship build through superior service potentiates the crux of our existence as a financial service provider and adds value to the enterprise.

We will be perceived by what and how we deliver. A system that gives value to the Delivery Mechanism of an Organization is truly iconic in the value creation journey.

LETTER FROM THE CHAIRMAN

Dear Stakeholders,

The Fiscal Year 2011 started with the backdrop of the post global crisis. At the macro level, a turn towards recovery across the world with revival of global demand and increase in exports had pushed robust foreign capital flows and domestic project investments at the global stage. As per the estimates of World Bank, global growth is expected to somewhat weaken, before picking up in 2012. But a strong growth of domestic demand in the developing countries continues to play a major role representing 4.6 percent of global growth in 2010.

The slowdown in capital formation and decelerating industrial growth are the key concerns that govern the Indian Economy today. Country's manufacturing sector growth has slowed down to 8.3 percent in the financial year 2010-11 from 8.8 percent in 2009-10. India's growth potential based on its strong fundamentals is huge but the inherent challenges relating to infrastructure needs, land reforms, trade deficit and rising inflation have to be tackled efficiently.

Given the above background, your Company could not perform handsomely but was able to sustain its earnings for the financial year 2010-11. Your Company has registered a decent Total Income of ₹1321.72 lacs and Profit after Tax of ₹411.09 lacs in the fiscal year 2010-11. Income from Loan Syndication and Consultancy Services accounted for 82.20 percent of Total Income from Operations which further deepens our belief of considering this segment as the major revenue generating arm of Sumedha Fiscal. Income from Capital Market Operations has also scaled up in this fiscal period to ₹225.58 lacs as against ₹213.64 lacs in the previous fiscal period. There has also been a small increase in Income from the Wealth Management space

thus recording ₹59.09 lacs this year from ₹47.66 lacs in 2009-10. Income from Stock Broking Services recorded ₹166.49 lacs in 2010-11 from ₹165.98 lacs in 2009-10. We also intend to decently scale up our Broking and Wealth Management businesses with insulation of pertinent risks.

The Board of the Company has recommended a final dividend of 0.80 paise per share to all shareholders of the Company. Sumedha Fiscal has also been assigned a "Moderate Fundamental Grade" by Crisil Equities as per the Independent Equity Research carried out by them. The Company has also issued Convertible Share Warrants to Promoters of the Company and others on Preferential Basis. Furthermore, your Company has also issued Zero percent Fully Convertible Debenture to Brand Equity Treaties Limited on preferential basis. The Board has also resolved to issue ESOP to the Employees and Directors of the Company and its subsidiary, SFSL Commodity Trading Pvt. Ltd. It is inherent to business fundamentals that as one grows, one invests. We have invested in all spheres of business to insulate risks pertinent to every business. The growing confidence of internal and external Stakeholders of the Company is a matter of great pride and challenge to put forth and perform better in future.

As we continue to grow synergistically with Corporate India, we also introduce new paradigms of growth within the organization. It gives me immense pleasure to announce that your Company, Sumedha Fiscal has undergone a brand transformation by getting a new brand identity. As you know that in business we have always fostered on creating long term relationships, Sumedha Fiscal has rightly placed itself as a value creating organization making business relationships

based on trust, realistic deadlines, unique solutions and consistent approach to growth. In addition to this we have also entered into an agreement with Brand Equity Treaties Limited, a leader in the media industry. The agreement is an initiative to support the Company's brand campaign going forward. The aforesaid campaign also enables better visibility of the new brand identity of Sumedha Fiscal. I am glad to inform that Mr. Atul Chandra Varma, the former Managing Director of State Bank of Patiala has joined the Company as an Independent Director. Under his guidance we intend to grow and add value to our expertise as an Investment Banker. We believe that the initiatives taken in the financial year 2010-11 will pay us infinitely year on year.

We will be continuing with the branding initiatives in financial year 2011-12 as well, in greater depth. The Company is backed by a dedicated team of professionals who continue to foster and create value at all levels within the organization. We have already shifted to a bigger office space at Mumbai to increase visibility and foster our branding initiative. In this pursuit we are also working towards a new and a more developed office space at Hyderabad. It will definitely increase our eminence as a brand and working effectiveness owing to the kind of businesses been handled by both the branches.

To grow organically, one needs to enrich more and more value drivers within the organization. As we grow, we coherently bind all resources externally and internally operating for the organization and fuel growth in the coming days ahead. We, as a learning organization, believe in creating value at all levels with utmost dedication and growing the knowledge base across all new and experienced employees.

We have grown in accordance with all value drivers within the industry and the economy as a whole. Together, we continue to showcase India as a tomorrow's growth story

while assessing current opportunities at every level to make our beliefs come true.

With Best Wishes,
Sincerely,

Ratan Lal Gaggar
Chairman

 Ramping up for the
next phase of growth and
adding value for sustainable
development. 



CORPORATE INFORMATION

- Board of Directors** : Mr. Ratan Lal Gaggar, Chairman
Dr. Basudeb Sen, Independent Director
Mr. Atul Chandra Varma, Independent Director
Mr. Vijay Maheshwari, Promoter Director
Mr. Prashant Sekhar Panda, Independent Director
Mr. Bijay Murmuria, Promoter Director
Mr. Bhawani Shankar Rathi, Wholetime Director & CFO
Mr. Anil Kumar Birla, Independent Director
- Company Secretary** : Mr. Deb Kumar Sett
- Bankers** : Canara Bank
State Bank of Hyderabad
HDFC Bank
- 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@cal.vsnl.net.in
- Registered and Corporate Office** : 8B Middleton Street, 6A Geetanjali,
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, Hyderabad, Chennai,
Jaipur, Ahmedabad and Guwahati
- Website** : www.sumedhafiscal.com
- Investors Communication** : investors@sumedhafiscal.com

NOTICE

Notice is hereby given that the 22nd 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 20th day of August, 2011 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, 2011 together with Reports of Directors and Auditors thereon.
2. To declare Dividend for the year ended 31st March, 2011.
3. To appoint a Director in place of Mr. Ratan Lal Gaggar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Anil Kumar Birla, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

6. **Appointment of Mr. Atul Chandra Varma as a Director**

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

“RESOLVED that Mr. Atul Chandra Varma who was appointed as an Additional Director of the Company by the Board of Directors with effect from 13th November, 2010 and whose term expires at the 22nd Annual General Meeting and in respect of whom the Company has received notice under Section 257 of the Companies Act, 1956 from a Member proposing his candidature for the Office of a Director, be and is hereby appointed as Director of the Company.”

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

By Order of the Board of Directors

Deb Kumar Sett
Company Secretary

Date : May 21, 2011

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. Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. In terms of Article 145 of the Articles of Association of the Company, read with Section 256 of the Companies Act, 1956, Mr. Ratan Lal Gaggar and Mr. Anil Kumar Birla, Directors, retire by rotation at the ensuing Meeting and being eligible, offer themselves for re-appointment. The Board of Directors of the Company commends their respective reappointments.
4. Brief resume of Directors proposed to be appointed, 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 in India, are provided in the Report on Corporate Governance forming part of the Annual Report.
5. The relevant Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business is annexed hereto.
6. The Register of Members and Share Transfer Books of the Company will remain closed from August 17, 2011 to August 20, 2011 (both days inclusive).
7. 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 20, 2011 to those members whose names appear on the Register of Members as on August 20, 2011. 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.
8. Members holding shares in electronic form may note that bank particulars registered against their respective Depository Accounts will be used by the Company for payment of Dividend. The Company or its Registrar and Transfer Agents cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members.
9. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change of address immediately to the Company/Registrar

and Transfer Agent, M/s. Maheshwari Datamatics Pvt. Ltd., 6, Mangoe Lane, Kolkata - 700 001, Phone - 033-2243 5029, Fax - 033-2248 4787, Email : mdpl@cal.vsnl.net.in (MDPL).

10. Pursuant to the provisions of Section 205A of the Companies Act, 1956 Dividend for the Financial Year ended 31st March, 2005 and thereafter which remain unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund (IEPF) established under Section 205C of the Companies Act, 1956. The Dividend for Financial Year ended 31st March, 2005 is due to be transferred to IEPF on 10th October, 2012. Shareholders who have not encashed their Dividend Warrant(s) for the Financial Year ended 31st March, 2005 or any subsequent Financial Year(s) are requested to apply to the Company's Registrar and Share Transfer Agent, MDPL. It may be noted that on transfer of the unclaimed dividend to IEPF no claims shall lie in respect thereof.
11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / Registrar and Transfer Agent, MDPL.
12. Non-Resident Indian Members are requested to inform MDPL, immediately of :
 - a) Change in their residential status on return to India for permanent settlement.
 - b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code, if not furnished earlier.
13. 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.
14. 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.
15. 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.
16. The Ministry of Corporate Affairs has taken a "**Green Initiative in the Corporate Governance**" by allowing paperless compliances by the companies and has issued Circulars stating that Notice/documents including Annual Report can be send by email to its members. To support this green initiative of the Government in full measure, a request letter in connection therewith is enclosed along with the Annual Report. **The Members are requested to register their email address by either signing or returning the enclosed letter to the Company or by way of an email to investors@sumedhafiscal.com, at the earliest.**

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

Item No. 6

Mr. Atul Chandra Varma was appointed with effect from 13th November, 2010 as an Additional Director (non-executive) of the Company in terms of Section 260 of the Companies Act, 1956 (the Act).

Mr. Varma vacates his office at the forthcoming Annual General Meeting pursuant to provisions of Section 260 Of the Act. The Board of your Company recommend for approval of the Members, the appointment of Mr. Varma as Non-Executive Director of the Company, liable to retire by rotation.

Mr. Varma, has 37 years of experience into the banking sector and has managed several prestigious positions. Mr. Varma joined State Bank of India as Probationary Officer and worked in various capacities in India and abroad and finally rose to the grade of Deputy Managing Director. Prior to retirement he was the Managing Director of State Bank of Patiala. Post retirement he has also worked as advisor with ARCIL and Forbes Technosys.

Due notice under Section 257 of the Act has been received from a member proposing the appointment of Mr. Varma as a Director of the Company. Requisite consent has been filed by Mr. Varma, pursuant to provision Section 264(1) of the Act, to act as such Director, if appointed. Mr. Varma has given the declaration as required under Companies (Disqualification of Directors under Section 274(1)(g) of the Companies Act, 1956) Rule, 2003. The Board considers it desirable to continue to receive his benefit and guidance and therefore commends his appointment.

Your Directors recommends your approval to the resolution.

None of the Directors of the Company, other than Mr. Varma, is interested in this Resolution.

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

By Order of the Board of Directors

Deb Kumar Sett
Company Secretary

Date : May 21, 2011

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, 2011 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 21, 2011

Bhawani Shankar Rathi

Wholetime Director & Chief Financial Officer

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their 22nd Annual Report and the Audited Accounts for the financial year ended 31.03.2011.

Financial Highlights

(₹ in Lacs)

	Year ended	
	31.03.2011	31.03.2010
Total Income	1321.72	1402.57
Cash Profit	634.13	765.15
Less : Depreciation	37.27	26.97
Profit Before Tax	596.86	738.18
Less : Provision for Taxation (Net)	170.00	243.00
Less : Provision for Fringe Benefit Tax	-	-
Add / (Less) : Deferred Tax	(18.88)	(4.10)
Add / (Less) : Adjustment for Earlier years	3.11	0.05
Profit After Tax	411.09	491.13
Add : Surplus brought forward	850.62	423.15
Balance available for appropriation	1261.71	914.28
APPROPRIATION		
Less : Amortisation of Goodwill	-	-
Provision for Dividend (Including Dividend Tax)	63.68	63.66
Balance carried to Balance Sheet	1198.03	850.62

Operational Review

In 2010-11, your Company has recorded total Income from Operations at ₹1267.22 lacs as against ₹1372.53 lacs during the previous year.

Your Company continued its focus on Investment Banking and income there from was to ₹1041.65 lacs as against ₹1158.89 lacs during the previous year.

Income from Capital Market Operation also registered a modest increase of 5.58% to ₹225.57 lacs as against ₹213.64 lacs during the previous year.

Income from other sources was at ₹54.49 lacs as against ₹30.04 lacs during the previous year.

Investment Banking

Investment Banking continues to be thrust area for the Company with larger Client and geographical base along with transaction execution capabilities. Your Company closed number of debt transactions during the year.

Security Dealing

With the markets staging resurgence during the year, the Company stressed on its research capabilities to service its Institutional, HNI and Retail clients. An overall conservative approach to ensure better risk management has been the continuing guiding principle.

DP Operation

Depository services are showing gradual incremental activity but is overall linked to broking activities of the Company.

Currency Derivative of NSE

Currency derivative trading is yet to pick up at exchange platform. We are confident that volumes shall pick up gradually in future.

Mutual Fund/Bonds Distribution

Retail financial products distribution business is going through transformation and our consistent efforts shall help us in our conscious strategy to expand retail footprint.

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 fundamental drivers of India's growth prospects remain intact. However global economic and financial concerns moreso in the aftermath of Japan's natural disaster shall likely to throw certain challenges as well. In India, inflationary pressure alongwith the Regulator's tight monetary controls shall moderate overall growth.

Your Company is undertaking a significant brand transformation initiative during the year so as to prepare itself as an organization for tomorrow and leverage its positioning for better performances.

Directors

Pursuant to Section 260 of the Companies Act, 1956 and Article 138 of the Article of Association of the Company Mr. Atul Chandra Varma was appointed with effect from 13th November, 2010 as an Additional Director (Non-Executive/Independent) of the Company. Mr. Varma holds his office upto the date of the ensuing Annual General Meeting. The Company has received Notice in writing from a Member of the Company proposing candidature of Mr. Varma for the office of Director, liable to retire.

In terms of Article 145 of the Articles of Association of the Company, Mr. Ratan Lal Gaggar and Mr. Anil Kumar Birla, retire by rotation and being eligible, offered themselves for re-appointment at the ensuing Annual General Meeting.

Mr. Rajeev Tandon has resigned from the Board of Directors of the Company with effect from August 21, 2010. Your Directors would like to place on record the valuable service of Mr. Tandon during his long association with the Company.

Brief resume of the Directors proposed to be 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 Clause 49 of the Listing Agreement, the CEO/CFO's Report on the Accounts is attached.

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, 2011 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.

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, 2011, is annexed. SCT is a Trading-Cum-Clearing Member of Multi Commodity Exchange of India Ltd., Mumbai that offers dealing facility in various commodities.

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 (CSE) and Mumbai (BSE). Annual Listing Fees to both of them were paid in time.

SFSL Employees Stock Option Scheme, 2007

The Compensation Committee of the Board of Directors, at its meeting held on January 22, 2011 issued and allotted 24,400 Equity Shares of ₹10/- each at par, towards last exercise of 24,400 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, 2011 stands increased to ₹6,84,89,400/- divided into 68,48,940 Equity Shares of ₹10/- each.

Details of the Options granted up to 31st March, 2011, 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.

Issue of Fully Convertible Debenture

The Company has issued one Zero % Fully Convertible Debenture (FCD) for ₹2.90 crores to Brand Equity Treaties Ltd. (Bennett Coleman Group) on March 30, 2011. The FCD shall be automatically be converted into fully paid up Equity Shares of ₹10/- at a price (not less than ₹31/-) to be determined in terms of the SEBI (ICDR) Regulations. The amount shall be utilized for the Company's advertisement and brand building over a period of 4 years, as per terms of issue thereof.

Issue of Convertible Share Warrants

The Company has issued 2,00,000 Convertible Share Warrants of ₹31/- each on March 30, 2011 to associate companies (including Promoter Group). The Warrants are convertible into fully paid up Equity Shares of ₹10/- each at a price of ₹31/- subject to compliance of the SEBI (ICDR) Regulations. ₹15.50 Lacs received towards Application Money (25% of the Issue) has been utilized towards capital expenditure of the Company, as per terms of issue thereof.

SFSL Employee Stock Option Scheme, 2011

Shareholders of the Company have approved (through Postal Ballot on March 24, 2011) issue of Stock Options not exceeding 5% of the Issued and Subscribed Share Capital of the Company as on February 5, 2011 i.e. upto 3,42,447 Equity Shares of ₹10/- each (in aggregate) to the eligible employees and Directors of the Company and Compensation Committee of Directors has been empowered to implement the Scheme in compliance with the SEBI (ESOS & ESOP) Guidelines, 1999 at such price as may be determined by the Compensation Committee pursuant to the relevant SEBI guidelines/regulations.

Brand Building

The Company has initiated a brand building exercise with a new logo and entered into an agreement with Brand Equity Treaties Ltd. for sustained brand promotion exercise. The Company has complied with requirements of Clause 53 and 54 of the Listing Agreements, in this connection.

Postal Ballot

The Company has conducted Postal Ballot for issue of Issue of (a) Fully Convertible Debenture; (b) Convertible Share Warrants and (c) Stock Options. On the basis of Scrutinizer's Report the Result of the Postal Ballot was declared on March 24, 2011 and is available at the Company's website -www.sumedhafiscal.com.

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 Auditors’ 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 ₹6,84,853/- (previous year ₹3,21,389/-) by way of Traveling Expenses and Uses Fees for the purpose of Business Development. Foreign exchange earnings for the said period were 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 percent 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, 2011 pursuant to Clause 32 of the Listing Agreements with Stock Exchanges is annexed herewith.

Appreciation

We acknowledge our appreciation to shareholders, Bankers, Regulators, 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 21, 2011

On Behalf of the Board



Ratan Lal Gaggar

Chairman

Annexure - A

Statement as at 31st March, 2011, 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 ₹10/- each)	₹10/- per Equity Share	
c)	Total number of Options vested	96,000 Options	
		2010	2011
d)	Total number of Options exercised	56,600 Options	24,400 Options
e)	Total number of Equity Shares of ₹10/- each arising as a result of exercise of Options:	56,600 Shares	24,400 Shares
f)	Total number of Options lapsed	20,000 Options	9,000 Options
g)	Variation of terms of Options :	Nil	Nil
h)	Money realised by exercise of Options	₹ 5,66,000/-	₹ 2,44,000/-
	i) Total number of Options in force	39,400 Options	6,000 Options
j)	Details of Options granted to (i) Senior managerial personnel :	As provided below -	

Sl. No.	Name	No. of Options granted	No. of Options exercised	
			2010	2011
1	Dr. Basudeb Sen, Director	4000	2800	1200
2	Mr. Rajeev Tandon, Ex-Director (Resigned on 21-Aug-10)	4000	2800	1200
3	Mr. Anil Kumar Birla, Director	4000	2800	1200
4	Mr. Deb Kumar Sett, Company Secretary	2000	1400	600
5	Mr. Soumendra Poddar, Vice President	2000	1400	600
6	Mr. Ajay Kumar Laddha, Vice President	2000	1400	600
7	Mr. Rajendra Prasad Sharma, Asst. Vice President	2000	1400	600
8	Mr. Bijoy Kamal Halder, Asst. Vice President	2000	1400	600

	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	₹5.66														
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 Scheme. The Employee Compensation Cost as per the Intrinsic Value Method for the financial year 2010-11 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;">(₹ in Lacs)</p> <table border="1" style="width: 100%;"> <tr> <td>Profit After Tax (As reported)</td> <td style="text-align: right;">411.09</td> </tr> <tr> <td>Add: Intrinsic Value Compensation Cost</td> <td style="text-align: right;">Nil</td> </tr> <tr> <td>Less: Fair Value Compensation Cost (Black Scholes model)</td> <td style="text-align: right;">Nil</td> </tr> <tr> <td>Adjusted Profit</td> <td style="text-align: right;">411.09</td> </tr> <tr> <td>Earnings Per Share</td> <td style="text-align: right;">Basic (₹) Diluted (₹)</td> </tr> <tr> <td>As reported</td> <td style="text-align: right;">6.02 5.66</td> </tr> <tr> <td>As adjusted</td> <td style="text-align: right;">N. A. N. A.</td> </tr> </table>	Profit After Tax (As reported)	411.09	Add: Intrinsic Value Compensation Cost	Nil	Less: Fair Value Compensation Cost (Black Scholes model)	Nil	Adjusted Profit	411.09	Earnings Per Share	Basic (₹) Diluted (₹)	As reported	6.02 5.66	As adjusted	N. A. N. A.
Profit After Tax (As reported)	411.09															
Add: Intrinsic Value Compensation Cost	Nil															
Less: Fair Value Compensation Cost (Black Scholes model)	Nil															
Adjusted Profit	411.09															
Earnings Per Share	Basic (₹) Diluted (₹)															
As reported	6.02 5.66															
As adjusted	N. A. N. A.															
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: ₹10.00</p> <p>Weighted average fair value per Option: ₹ 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 style="text-align: right;">7.7%</td> </tr> <tr> <td>ii) Expected life</td> <td style="text-align: right;">3 years</td> </tr> <tr> <td>iii) Expected volatility</td> <td style="text-align: right;">79%</td> </tr> <tr> <td>iv) Expected dividends</td> <td style="text-align: right;">5%</td> </tr> <tr> <td>v) The price of the underlying share in market at the time of Option grant</td> <td style="text-align: right;">₹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	₹8.22/-				
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iv) Expected dividends	5%															
v) The price of the underlying share in market at the time of Option grant	₹8.22/-															

On Behalf of the Board



Ratan Lal Gaggar
Chairman

Place: Kolkata
Date: May 21, 2011

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 2010-11.

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. After successful completion of Employee Stock Option Scheme, 2007 the Company is in the process of introducing Employee Stock Option Scheme, 2011.

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	10	-	9	-
Dr. Basudeb Sen	Non-Executive/ Independent	6	1	5	4,000
Mr. Atul Chandra Varma	Non-Executive/ Independent	-	-	-	-
Mr. Vijay Maheshwari	Non-Executive/ Promoter	1	-	-	1,562,220
Mr. Prashant Sekhar Panda	Non-Executive/ Independent	-	-	-	-
Mr. Anil Kumar Birla	Non-Executive/ Independent	-	-	-	6,000
Mr. Bijay Murmuria	Non-Executive/ Promoter	1	-	-	369,920
Mr. Bhawani Shankar Rathi, Wholetime Director & Chief Financial Officer	Executive/Promoter	2	1	-	119,270

Notes :

- Other Directorships and Committee Memberships are as on 31-Mar-11. ■ 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 only. ■ Change in composition of the Board of Directors since last report : Mr. Atul Chandra Varma appointed as an Additional Director of the Company on 13-Nov-10 and Mr. Rajeev Tandon retired from his Directorship of the Company on 21-Aug-10.
- Independent Directors is defined in clause 49.I.(A)(iii) of the Listing Agreement.

* As per last annual disclosure.

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 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:-

● 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 ensuring 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 2010-11:**

Attendance Record of	No. of Meeting	Last AGM	Sl. No.	Dates of Board Meeting	Board Strength	No. of Directors Present
Mr. Ratan Lal Gagar	5	Yes				
Dr. Basudeb Sen	5	Yes	1	15-May-10	8	7
Mr. Atul Chandra Varma (Apointed on 13-Nov-10)	2	N. A.	2	24-Jul-10	8	6
Mr. Vijay Maheshwari	4	Yes	3	13-Nov-10	8	6
Mr. Prashant Sekhar Panda	1	No	4	05-Feb-11	8	8
Mr. Rajeev Tandon (Ceased on 21-Aug-10)	2	No (Resignation submitted)	5	30-Mar-11	8	5
Mr. Anil Kumar Birla	4	Yes				
Mr. Bijay Murmuria	5	Yes				
Mr. Bhawani Shankar Rathi	5	Yes				

C. Audit Committee

Objective

The Audit Committee assists the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practice of the Company and its compliance with the legal and regulatory requirements. The Committee's purpose is to oversee the accounting and financial reporting process of the Company, the audit of the Company's Financial Statements, the appointment of the Auditor, independent performance and remuneration of the Statutory Auditors, the performance of internal auditors and the Company's risk management policies.

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 four times during the financial year ended 31-Mar-11 (on 15-May-2010, 24-Jul-2010, 13-Nov-2010, and 05-Feb-2011). The composition of the Committee and status of attendance are as follows:-

Sl.No.	Members	Meeting attended	Company Secretary Mr. Deb Kumar Sett, Company Secretary, is the Secretary of the Audit Committee.
1.	Mr. Prashant Sekhar Panda, Independent (Chairman)	1	
2.	Mr. Atul Chandra Varma, Independent (appointed on 13-Nov-10)	2	
3.	Mr. Bijay Murmuri, Non-Executive	4	
4.	Mr. Anil Kumar Birla, Independent	4	

- Mr. Rajeev Tandon, the earlier Chairman of the Audit Committee (attended 2 meetings) discontinued consequent to his resignation on 21-Aug-10.

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 last Chairman of the Audit Committee (Mr. Rajeev Tandon) was not present at the last Annual General Meeting, since resigned.

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).

The Board at its meeting held on 13-Nov-10 reconstituted Remuneration/Compensation Committee consequent to resignation of Mr. Rajeev Tandon. Mr. Vijay Maheshwari was inducted as the Member of the Committee with effect from 13-Nov-10. Mr. Atul Chandra Varma joined the Audit Committee on 30-Mar-11 as a Member thereof.

Composition of Remuneration Committee/Compensation Committee (as on 19-Apr-2011)

- Mr. Anil Kumar Birla, Independent, Chairman
- Mr. Atul Chandra Varma, Independent, Member
- Mr. Vijay Maheshwari, Non-Executive/Promoter, Member
- Mr. Prashant Sekhar Panda, Independent, Member

The Remuneration Committee met on 10-May-10 to consider and approved the remuneration of Mr. Bhawani Shankar Rathi on his re-appointment as Wholetime Director of the Company for a period of 3 years (w.e.f. 1-Apr-10). All the members of the Committee attended the Meeting.

The Compensation Committee met on 22-Jan-11 in connection with last Exercise and Allotment under SFSL Employee Stock Option Scheme, 2007. All the members of the Committee attended all the meetings.

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 as well as by the Shareholders of the Company, which considers terms and conditions of such appointment.

There is no separate provision for payment of severance fee in the terms and conditions of re-appointment of the Wholetime Director. The statutory provisions will however apply.

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

The details of Remuneration to Directors are as under

Sl.No.	Name of Directors	Meetings Fees #	Commission	Salary & Perks	Total	Equity Shares of ₹ 10/- each issued under ESOS, 2007 No. of Shares
		₹	₹	₹	₹	
1.	Mr. Ratan Lal Gaggar	25,000	-	-	25,000	-
2.	Dr. Basudeb Sen	25,000	-	-	25,000	1,200
3.	Mr. Atul Chandra Varma (appointed on 13-Nov-10)	15,000	-	-	20,000	-
4.	Mr. Vijay Maheshwari	25,000	125,000*	-	150,000	-
5.	Mr. Prashant Sekhar Panda	15,000	-	-	15,000	-
6.	Mr. Rajeev Tandon (Retired on 21-Aug-10)	25,000	-	-	25,000	1,200
7.	Mr. Anil Kumar Birla	30,000	-	-	30,000	1,200
8.	Mr. Bijay Murmuria	45,000	125,000*	-	170,000	-
9.	Mr. Bhawani Shankar Rathi	-	-	1,136,200	1,136,200	-
	Total	210,000	250,000	1,136,200	1,596,200	3,600

Sitting Fees for Board and Audit Committee Meetings

* Guarantee Commission paid for providing guarantee for the Company does not require approval from Shareholders/Central Government.

Employees Stock Option Scheme

The Compensation Committee has allotted 24,400 Equity Shares of ₹10/- each on 20-Jan-11 pursuant to SFSL Employee Stock Option Scheme, 2007. The said shares have duly been listed with BSE and CSE. 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. Bijay Murmuria, Mr. Vijay Maheshwari, and Mr. Anil Kumar Birla, is headed by Mr. Bijay Murmuria. Mr. Anil Kumar Birla was inducted on 13-Nov-10 consequent to resignation of Mr. Rajeev Tandon. 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 24 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. Prashant Sekhar Panda (Chairman) and Mr. Anil Kumar Birla. Mr. Prashant Sekhar Panda joined the Committee on 13-Nov-10 consequent to resignation of Mr. Rajeev Tandon. The Investors' Grievance Committee met 4 times on 17-Apr-2010, 19-Jul-2010, 13-Nov-2010 and 22-Jan-2011 to note the status of the complaints lodged with the Company and it is also with Share Transfer Agent (STA). The Complaints were redressed by the STA of the Company and Company Secretary and Compliance Officer of the Company authorised in this behalf. There is no investor's complaint pending to be resolved by the Company, as at March 31, 2011.

Compliance Officer

Mr. Deb Kumar Sett, Company Secretary is the "Compliance Officer (CO)" of the Company for compliance of the requirements under SEBI Regulations and the Listing Agreements with Stock Exchanges. All investor grievances should be forwarded to the CO at the address of the Registered Office of the Company and/or to the designated E-mail ID - investors@sumedhafiscal.com, directly or through the Company's website www.sumedhafiscal.com.

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, 2011. A declaration to this effect from the Wholtime Director and CFO of the Company, has been given below :-

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, 2011.

Bhawani Shankar Rathi

Kolkata, 21st May, 2011

Wholtime Director & Chief Financial Officer

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.

H. Subsidiary Company

The subsidiary of the Company is 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.
- 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. Prashant Sekhar Panda, 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 for last 3 years	Date of AGMs	No. of Special Resolution Passed	Location	Time
19th	20-Sep-2008	1	Merchants' Chamber of Commerce, 15B Hemanta Basu Sarani, Kolkata - 700001	10.30 a.m.
20th	12-Sep-2009	Nil		
21st	21-Aug-2010	1		

Postal Ballot

During the year under review, following 4 (four) Nos. of Special Resolutions u/s 81(1A) of the Companies Act, 1956 were passed by the Shareholders through Postal Ballot as circulated vide Notice dated 22-Feb-11 :

1. Issue of 2,00,000 Convertible Share Warrants of ₹31/- each to Promoters and others;
2. Issue of Zero % Fully Convertible Debenture of ₹2.90 crores to Strategic Investor (Brand Equity Treaties Ltd.);
3. Offer & Issue of Shares under SFSL Employee Stock Option Scheme, 2011 to Employees including Directors of the Company; and
4. Offer & Issue of Shares under SFSL Employee Stock Option Scheme, 2011 to Employees including Directors of the subsidiary.

Mr. Babu Lal Patni, Company Secretary in Practice, 51, Nalini Sett Road, 5th Floor, Room No. 19, Kolkata - 700 007 conducted the Postal Ballot exercise. Based on the Scrutinizer's Report dated 24-Mar-11 Mr. Bijay Murmuria, Director of the Company had declared the following Results of the voting through Postal Ballot:-

Particulars	Resolution No. 1	Resolution No. 2	Resolution No. 3	Resolution No. 4
No. of valid Postal Ballot Forms received	52	52	52	52
Votes in favour of the Resolution	3,918,112	3,918,112	3,920,012	3,918,112
Vote against the Resolution	2,149	2,149	249	2,149
No. of invalid postal ballot forms received	NIL	NIL	NIL	NIL

All the aforesaid resolutions have approved with requisite majority.

Procedure for Postal Ballot : The Company had despatched to all the shareholders as on "Record Date" i.e. 18th February, 2011, a Notice of Postal Ballot dated 22nd February, 2011 under Section 192A (2) of the Companies Act 1956, for obtaining the consent of the shareholders to the aforesaid Special Resolutions by means of Postal Ballot. The Scrutinizer submitted their Report to the Chairman of the Company after completion of the scrutiny. Mr. Bijay Murmuria, Director of the Company announced the result of the voting by Postal Ballot on March 24, 2011 at 7.30p.m.

and placed the same on the Notice Board of the Company at the Registered Office of the Company as well as on the Company's website i.e. www.sumedhafiscal.com.

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

Mr. Ratan Lal Gagar and Mr. Anil Kumar Birla, Director of the Company retire by rotation at the ensuing AGM and being eligible proposed for re-appointment. Mr. Atul Chandra Varma, who was appointed as an Additional (Independent) Director of the Company by the Board of Directors with effect from 13th November, 2010 and holding office till the forthcoming Annual General Meeting, proposed for Appointment as a Director 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 parties were 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 of Schedule 19, forming part of the Annual Report. All related party transactions are have taken place on arm's length basis and are intended to further the interest of the Company.

Accounting Treatment

The financial statements for the year 2010-2011 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

(i) Unaudited Quarterly /Half-yearly /Audited Annual Financial Results

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 not in practice of sending Half-yearly/Quarterly Report to each household shareholders.

(ii) Corporate Filing and Dissemination System (CFDS)

The Company updates 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.

(iii) Annual Report

Annual Report containing, inter alia, Audited Annual Accounts, Consolidated Financial Statements, Directors' Report, Auditors' Report is circulated to members, Stock Exchanges and others entitled thereto.

(iv) Notice Convening AGM / EGM / Postal Ballot

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

(v) Code of Conduct

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 is available on the Company's Website (www.sumedhafiscal.com).

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
20th August, 2011	10.30 a.m.	Merchants' Chamber of Commerce 15B Hemanta Basu Sarani, Kolkata - 700001.

Financial Calendar (tentative) for the year 2011-12

Financial Reporting and Limited Review Report	Date of submission to Stock Exchange
For Quarter ending 30th June, 2011	4th Week of July, 2011
For Quarter/Half year ending 30th September, 2011	2nd Week of November, 2011
For Quarter ending 31st December, 2011	2nd Week of February, 2012
Financial Reporting (Audited) for the year ending 31st March, 2012	3rd Week of May, 2012

Date of Book Closure

17th August, 2011 to 20th August, 2011 (both days inclusive).

Date of Dividend payment

On or after 20th August, 2011, but within the statutory time limit of 30 days.

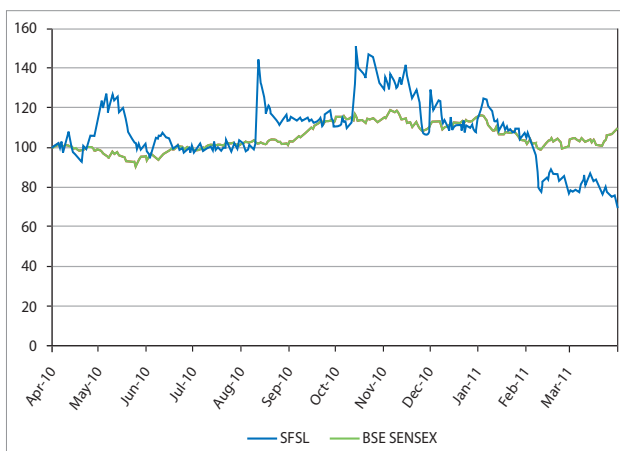
Listing on Stock Exchanges

- 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)

Stock Performance Versus BSE Sensex



Note : Share prices and BSE Sensex indexed to 100 as on first working day of the financial year 2010-2011.

Stock Market Price Data

Period	Calcutta Stock Exchange		Bombay Stock Exchange	
	High	Low	High	Low
April, 2010	-	-	31.50	20.50
May, 2010	-	-	35.90	25.25
June, 2010	-	-	29.50	24.50
July, 2010	-	-	29.85	25.15
August, 2010	-	-	41.20	25.00
September, 2010	-	-	31.90	27.70
October, 2010	-	-	41.85	28.05
November, 2010	-	-	38.40	26.30
December, 2010	-	-	36.00	27.55
January, 2011	-	-	34.00	26.00
February, 2011	-	-	29.00	20.00
March, 2011	-	-	23.50	18.25

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 physical shares to the Company Secretary. A summary of transfer/transmission of such shares 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 2010-11.

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, 2011

- According to category of holding (as on 31/03/2011)

Category	No. of Shares	% of holding	Held in Demat Form	% in Demat Form
Promoters (Individual & Bodies Corporate)	3,597,760	52.53	2,971,960	43.39
Mutual Funds/Government(s)	261,300	3.82	-	-
Bodies Corporate (Non-promoter)	844,556	12.33	745,456	10.88
Indian Public (individual)	2,023,275	29.54	1,858,270	27.13
NRIs/OCBs	113,003	1.65	109,103	1.59
Clearing Member	9,046	0.13	9,046	0.13
Total	6,848,940	100.00	5,693,835	83.12

● According to number of Shares held (as on 31/03/2011)

No. of Shares	No. of Shareholders	% of Shareholders	Shares held	% of Shareholding
1-500	2038	73.68	397,581	5.80
501-1000	335	12.11	275,603	4.02
1001-2000	169	6.11	264,276	3.86
2001-3000	63	2.28	162,955	2.39
3001-4000	27	0.97	93,702	1.37
4001-5000	34	1.23	163,354	2.38
5001-10000	42	1.52	313,545	4.58
10001 and above	58	2.10	5,177,924	75.60
		100.00	6,848,940	100.00

● Equity History

Sl. No.	Date of Allotment	No. of Shares
1.	28-08-89	200
2.	26-08-91	30,000
3.	01-03-93	237,950
4.	25-03-94	86,500
5.	03-11-94	690,000
6.	12-05-95	3,959,950
7.	27-08-99	1,638,340 *
8.	24-01-09	125,000
9.	30-03-10	56,600
10.	22-01-11	24,400
	Total	6,848,940

* 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. 56,93,835 shares were in dematerialised form representing 83.12% of the total Equity Shares as on 31st March, 2011.

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: Convertible Share Warrants

2,00,000 Convertible Share Warrant @ ₹31/- per Warrant were allotted on 30-Mar-11 to Promoters and others on receipt of application money (25% of the price) @ ₹7.75 per Warrants aggregating to ₹15,50,000/- pursuant to the provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, the Companies Act, 1956 and other applicable laws and Memorandum and Articles of Association of the Company. The said Warrants are convertible into equal No. of Equity Shares of ₹10/- each on payment of balance amount as per conversion price to be arrived at in terms of Regulation 76 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. Aforesaid amount is being utilized in capital expenditure and working capital requirements for the expansion program of the Company as committed.

Fully Convertible Debenture

One Zero % Fully Convertible Debenture (FCD) of ₹2,90,00,000/- was allotted to Brand Equity Treaties Ltd. on receipt of the amount as application money. Proceeds of the issue is earmarked for advertisements and brand building exercise. Aforesaid FCD shall be automatically converted after 12 (twelve) months of the date of Allotment of thereof into appropriate number of Equity Shares of ₹10/- each at a price to be determined in compliance of 76 of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (not being less than ₹31/-).

GDR / ADR outstanding - Nil

Location of Branches:

Mumbai	New Delhi	Bangalore	Chennai
C-703 "Marathon Innova", Off Ganapatrao Kadam Marg, Opp. Peninsula Corporate Park, Lower Parel (W), Mumbai - 400 013.	B1/12, Safdarjung Enclave, 2 nd Floor, New Delhi - 110 029.	"Park Plaza", 1 st Floor, 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 Bhawan, C. G. Road, Ahmedabad - 380 009.	303 "Royal Plaza", 3 rd Floor, Opp. International Hospital, G. S. Road, Christian Basti, Guwahati - 781 005.

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 : investors@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 : investors@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:

No investor's complaint was received during the year under review and no complaint was pending at the beginning and end of the year.

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 treated in the foregoing Report.

Kolkata
May 21, 2011

On Behalf of the Board



Ratan Lal Gagar

Chairman

Annexure - B.1

CLAUSE 49-COMPLIANCE STATUS RELEVANT TO THE FINANCIAL YEAR 2010-11

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 of Directors 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 @ ₹5,000/- for attending meeting of the Board of Directors and the Audit Committee during the year ended March 31, 2011. Such payment does not require approval from shareholders/ Government.

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.

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 113 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 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 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 Audit 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 is as follows -
 - i) Mr. Prashant Sekhar Panda, Non-Executive/Independent Director (Chairman), Chartered Accountant (in Practice)
 - ii) Mr. Atul Chandra Varma, Non-Executive/Independent Director, B.Sc. (Hons) in Physics
 - iii) Mr. Bijay Murmura, Non-Executive Director/Promoter, Chartered Accountant (in Practice)
 - iv) Mr. Anil Kumar Birla, 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 four times and there was a maximum gap of less than 113 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.

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. Prashant Sekhar Panda, an Independent Non-Executive Director on the Board of the Company is also 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

Relevant particulars have been provided elsewhere in this Annual Report.

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 disclose 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 appointed/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 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. Prashant Sekhar Panda, 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 Shareholder's / 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, 1956 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 the 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 22ND AGM

Name of the Directors	Mr. Ratan Lal Gaggar	Mr. Anil Kumar Birla	Mr. Atul Chandra Verma
Date of Birth	01- Dec -1932	12-Oct-1965	18-Feb-1949
Date of Appointment	30- Mar -1993	30-Nov-2005	13-Nov-2010
Expertise in specific functional area	He is front ranking and eminent Solicitor and ranks amongst the foremost Legal Practitioner in the Country and his expertise and pre-eminence has been of considerable support to the Company.	A practising Chartered Accountant in Bangalore. His wide ranging experience in Audit, Law & Strategy formulation is of immense value to the Company.	He has wealth of experience in Banking sector. His last assignment, prior to retirement, was Managing Director, State Bank of Patiala. At present working as advisor with ARCIL, Forbes & Technosys. His wide experience in Banking sector is of immense value to the Company.
Qualification	B.A., L.L.B.	B.Com, FCA	B.Sc
Directorship in other Companies	<ol style="list-style-type: none"> 1. Somani Ceramics Limited (Formerly SPL Ltd.) 2. Sarda Plywood Industries Ltd. 3. TIL Limited 4. Peria Karmalal Tea & Produce Co. Ltd. 5. Paharpur Cooling Towers Ltd. 6. International Combustion (India) Ltd. 7. Subhas Projects & Marketing Ltd. 8. Machino Plastics Ltd. 9. Shree Cement Ltd. 10. Machino Polymer Ltd. 	<ol style="list-style-type: none"> 1. Span Healthcare Private Limited 2. Latitudes Tourism Private Limited 3. Bizpivot.com Private Ltimited 	
Chairmanship/ Membership of Committee of the Company	<ul style="list-style-type: none"> • Chairman of the Board of Directors of the Company 	<ul style="list-style-type: none"> • Audit Committee, Member • Remuneration Committee/ Compensation Committee, Chairman • Management/ Shareholders Committee, Member • Investors' Grievance Committee, Member 	<ul style="list-style-type: none"> • Audit Committee, Member • Remuneration Committee/ Compensation Committee, Chairman

Annexure - B.2

DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT IN THE 22ND AGM (Contd.)

Name of the Directors	Mr. Ratan Lal Gaggar	Mr. Anil Kumar Birla	Mr. Atul Chandra Verma
Chairmanship/ Membership of Committee of other Companies	<p>TIL Limited</p> <ul style="list-style-type: none"> • Audit Committee, Member • Share Transfer Committee, Member • Remuneration Committee, Member <p>Somani Ceramics Limited (Formerly SPL Ltd.)</p> <ul style="list-style-type: none"> • Audit Committee, Member • Share Holders / Investors' Grievance Committee, Member • Remuneration Committee, Member <p>Shree Cement Ltd.</p> <ul style="list-style-type: none"> • Audit Committee, Member • Remuneration Committee, Member • Selection Committee, Member • Share Holders / Investors' Grievance Committee, Member 		
	<p>Paharpur Cooling Towers Ltd.</p> <ul style="list-style-type: none"> • Audit Committee, Member <p>Sarda Plywood Industries Ltd.</p> <ul style="list-style-type: none"> • Audit Committee, Member • Share Holders / Investors' Grievance Committee, Member • Remuneration Committee, Member <p>International Combustion (India) Ltd.</p> <ul style="list-style-type: none"> • Audit Committee, Member • Remuneration Committee, Member 		
No. of Equity Shares held in the Company	-	6,000	-



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, 2011 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. S. K. Kabra

Partner

Membership No. : 052205

Place: Kolkata

Date : May 21, 2011

Annexure - D

MANAGEMENT DISCUSSION & ANALYSIS

Economy and Business Overview

Global Economy

In 2010-11 the recovery gained strength to some extent but high unemployment in advanced countries, the European Debt Crisis and macroeconomic risks engulfing emerging economies remain a key concern for economists and policy makers across the world. The world economy grew by 4.9 percent in the calendar year 2010. The unrest in the Middle Eastern countries has put a pressure on crude prices which have already reached record high levels. Rising food and commodity prices have added further to the socio economic tensions in the Middle East and North Africa. In many emerging market economies, demand is robust and overheating is a growing policy concern. Moreover the earthquake in Japan has added to the list of uncertainties in the global economy. Uncertainties surmount both the developed and emerging economies of the world. We definitely need to insulate such risks and the policymakers around the world need to convince their nations and work towards best economic interest for the global economy.

Indian Economy

Economic growth as measured by GDP improved to 8.5 percent in 2010-11 from 8 percent in 2009-10. Major contributors towards growth were construction activities, financial services performance and smart recovery in farm output. India's economy is still witnessing robust growth, second only to the neighboring Chinese economy among major economies, as domestic demand continues to grow on the back of rising income. To the contrary, inflation remains the biggest challenge before the Indian economy. Controlling the price rise and maintaining the balance between growth and inflation remains a top priority for policy makers.

As per the new study by Standard Chartered Bank, India's GDP is expected to be \$ 30-trillion by 2030. Increased capacity, better infrastructure, quality of education, health and hygiene are likely to boost India's growth. India will poise to be the third largest economy by this period. India is today rated as one of the most attractive investment destinations across the globe. The UNCTAD World Investment Report (WIR) 2010, in its analysis of the global trends and sustained growth of Foreign Direct Investment (FDI) inflows, has reported India to be the second most attractive location for FDI for 2010-2012.

Capital Markets

The prime index S&P CNX Nifty of the National Stock Exchange also remained range bound moving around 5200 - 5800 levels. The Nifty closed at 5833.75 as on 31st March 2011 from the last close of 5249.1 as on 31st March 2010. Nifty went on to a record high of 6338.5 in Nov 2010 from a record low of 4786.45 in May 2010. During the same period, the Bombay Stock Exchange (BSE) Sensitive Index (Sensex) remained range bound this year hovering around 17,000 - 20,000 levels. Sensex gained 11 percent and closed above 19000 levels from the 17000 mark at the start of FY'11.

The Primary and the Secondary Market both remained vibrant with a total of 124 IPOs (Initial Public Offerings) and FPOs (Follow on Public Offerings) and 41 QIPs (Qualified Institutional Placements) coming to the markets to raise funds.

Debt & Money Markets

Money markets remained orderly in the current fiscal with the call money rate remaining within the LAF corridor with some overshooting episodes. The rates in the collateralized segments have continued to move in tandem with the call rate so far during 2010-11.

Bank credit disbursed in FY11 (until March 11, 2011) aggregated to ₹6.11 lacs crore (growing at 18.8 percent over March 2010). Issuance of Commercial paper continued to be robust, with as much as ₹14,536 crore being raised in the fortnight ended February 15, 2011. Issuances in the financial year (mid-February) amounted to ₹3,02,215 crore. As of March 31, 2011 the yield on 3 month CD settled in the range of 9.86 percent - 10.00 percent as against 7.4 percent on September 31, 2010.

Bond prices continued to be primarily guided by the rising inflation and the speculation of the RBI hiking interest rates. Oversupply of bonds and a dip in demand caused due to positive equity markets and rising oil prices made bond markets dull.

Further in the debt segment, FII's invested ₹36316.9 crore (US \$ 7931.3 million) in 2010-2011. There has been speculation that funds may be expected to flow more towards the Japanese economy for the purpose of reconstruction, post the tsunami, thereby limiting funds to other emerging market economies. Furthermore, rising inflation also continued to remain a concern for FII participation.

Movement of the rupee against the dollar has largely met expectations of market participants, settling in the range of ₹44-45 to a dollar. The Rupee ended the fiscal at around ₹44.65 per dollar, not much of a change from its level of ₹45.49 per dollar at the start of FY'11. The rise in oil prices has greatly increased the import bill of domestic oil importers thereby putting some pressure on the rupee.

Insurance

India's Insurance Sector continues to witness a rapid growth and is likely to be one of the top three Life Insurance and top 15 Non Life Insurance Markets by 2020 as per the report by Federation of Indian Chamber of Commerce and Industry (FICCI) and the Boston Consulting Group (BCG) thus touching a premium income of USD 350-400 billion (approximately ₹17-22 lacs crore) by 2020. The report further stated that the total penetration of Insurance (premium as percentage of GDP) has increased from 2.3 percent in 2001 to 5.2 percent in 2011. The report further added that the number of life policies in force has increased nearly 12 fold over the past decade and health insurance, nearly 25 times.

In addition, there has been a surge in insurance coverage due to availability of more products like better term plan, ULIPs, whole life, maximum NAV guarantee, auto assistance, disease management and wellness. Progress has been made with emergence of multiple channels like bancassurance, broking, corporate agency, direct and auto dealers to complement the existing third party agency and in-house salaried sales force.

Mutual Funds Industry

The Assets Under Management (AUM) of the Indian Mutual Fund Industry as on March 31, 2011 (as per AMFI Monthly data) has witnessed a decrease of 3.54 percent on a year on year basis, on account of substantial outflows from equity, liquid and income schemes. A sharp fall in equity markets during the financial year forced the investors to opt for other alternate asset classes like gold and silver. Maximum growth was observed in AUM of Gold ETFs by 176.7 percent, while AUM of 'FOF Overseas' dropped the most with 12.09 percent. The financial year end AUM of the industry as at March 2011 stood at ₹592,250 crore down from ₹613,979 crore as at March 2010.

Statistics suggest that the Assets Under Management for Gold ETFs stand at ₹4,400 crore in 2010-11, a whopping 176 percent rise since 2009-10. Their total traded value on NSE for the fiscal year 2006-07 stood at ₹13.95 crore has grown to ₹4,074.30 crore in the fiscal year 2010-11, a high CAGR of 313 percent.

Commodity Markets

The cumulative turnover of the commodity futures market, which comprises of 23 commodity bourses, is estimated to have risen by 53 percent to ₹ 119 lacs crore in 2010-11 from ₹ 77.65 lacs crore in 2009-10 according to the regulator Forward Markets Commission (FMC). The trading value in Agri - Commodities was recorded at ₹ 14.56 lacs crore, recording a growth of 19.57 percent from the previous year. The trading value of Bullion stands at ₹ 54.94 lacs crores.

Overall Outlook

The revised estimates of IMF show global growth for both 2011 and 2012 at 4.4 percent and 4.5 percent. The fastest growth will still come from emerging economies and China is expected to lead the way with growth of 9.6 percent this year, followed by India's economy, which was projected to expand 8.2 percent.

Inflation remains the key challenge for the Indian economy and the central bank may continue to tighten monetary policy in order to curb inflationary expectations. Weaker trade growth globally and further tightening of fiscal and monetary policies will slow economic growth marginally in the new fiscal year. However, progress on fiscal consolidation and success in easing supply- side constraints will pay off the following year.

SEGMENT WISE PERFORMANCE OF SUMEDHA FISCAL

Particulars	FY 2010 -11 (₹ in lacs)	FY 2009 -10 (₹ in lacs)	Change (In % y-o-y)
Income from Investment Banking	1041.65	1158.89	-10.12 percent
Income from Capital Market Operations	225.58	213.64	5.59 percent
Other Income	54.49	30.04	81.39 percent

BUSINESS DIVISION -1

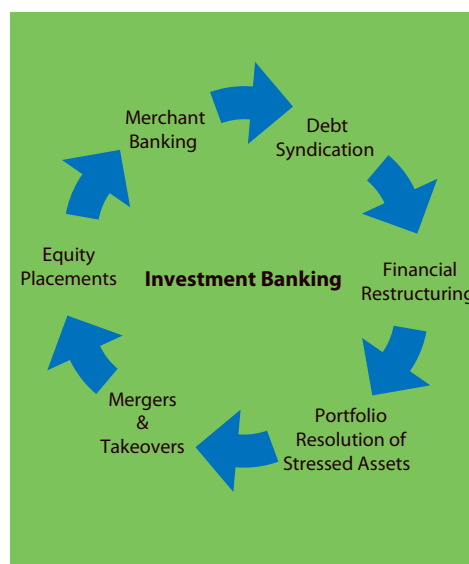
INVESTMENT BANKING

Overview

Investment Banking continues to be the major revenue earning arm of Sumedha Fiscal. It is our core area of service and offering and we continue to grow as an integrated Investment Bank dealing ethically with the current regulatory norms and providing value added services to customers at every level of their business.

Our Competitive Edge of unfolding new areas in Investment Banking

- Relationship Edge with all External Stakeholders of the group.
- Knowledge Edge which transforms our growth organically.
- A Trusted Partner, transforming the client's business.
- Creating Value and Assurance till closure of the deal.
- A Transparent line of Communication both internally and externally.
- Ethical Dealings with transparent dialogues and realistic commitments.



Company's Performance Highlights in 2010-11

- We continue to reinforce the belief that this segment accounts for the major pie in total revenues. As last year, the segment with revenue of ₹ 1041.65 lacs has accounted for 82.20 percent of Total Income from Operations in the fiscal period 2010-11.
- We have increased our focus on Issue Management space. At present we are Lead Managing 3 Rights Issues.
- We also continue to grow in our relationship network with Corporate Houses, Banks and Financial Institutions.
- Our fundamental belief in adhering to our core values has been greatly awarded this financial period as we have closed large transactions successfully.

Sector Performance Highlights in 2010-11

- According to data released by Grant Thornton India, the total M&A deals in 2010 were valued at US\$ 49.8 billion (622 deals) and PE were valued at US\$ 6.2 billion (253 deals), while the qualified institutional placement (QIP) deals in 2010 were valued at US\$ 6.2 billion (56 Deals). Cross border activity has also surged in 2010 and significant outbound investments totalled US\$ 22.50 billion, while the inbound activity also increased significantly to touch US\$ 9 billion (91 deals). The major mergers and acquisitions occurred in telecom followed by energy, metal & mining, pharmaceutical and BFSI sectors.
- The domestic debt raised by India Incorporation was four more times the domestic equity raised during the calendar year 2010. Almost ₹ 1,93,800 crore (up 31 percent) was raised through domestic bonds and ₹ 2,97,000 crore (up 48 percent) was raised through syndicated loans in the domestic market totaling to ₹ 490,800 crore from ₹ 348,318 crore in CY 2009 thus registering a sharp increase by 41 percent.
- Further, as many as 64 Companies came up with IPOs in 2010 as compared to the 20 issues in 2009. Buoyed by mega public sector offerings such as Coal India, almost ₹ 38,000 crore was raised through IPOs in 2010, nearly 100 percent higher than the previous year. Bulk of funds (more than 47 percent) flowed to the energy sector.

Sector Outlook

- As per a survey by Thomson Reuters & Freeman Consulting, worldwide M&A forecast to grow by 36 percent in 2011, driven by financials and real estate with Emerging Asia expected to see strongest M&A activity in 2011.
- Corporate bond activity expected to increase by 14 percent in CY 2011, driven by industrials and technology.
- Syndicated Lending expected to increase 16 percent in CY 2011, driven by refinancing activity.
- The Government released borrowing calendar for FY12 with 60 percent of the total budgeted gross borrowing slated for the first half of FY12, which means that their debt issuance between April and September will be around 2.5 trillion ₹ (\$56 billion).
- Huge volatility and rising interest rates would push a number of Corporates for deep restructuring and corporate debt restructuring (CDR) process.

Company's Future Outlook

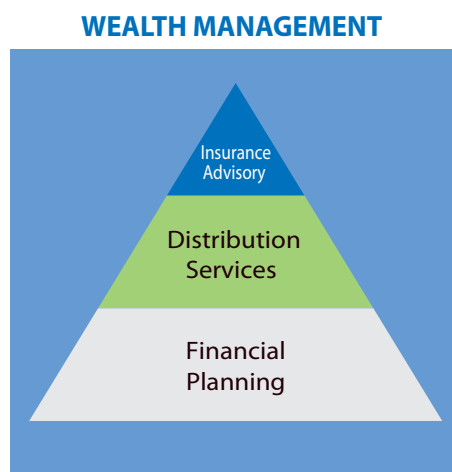
- Our major opportunity lies in catering to small and mid-sized Companies who need boutique Investment Bankers for value added advice.
- We plan to step up aggressive operations for catering the needs of Large Corporates with forays in brand transformation also.
- We are seeing a lot of opportunities in cases of restructuring and CDR process.
- Our increasing list of satisfied clientele would provide solid foundation for further business enquiries.

BUSINESS DIVISION -2

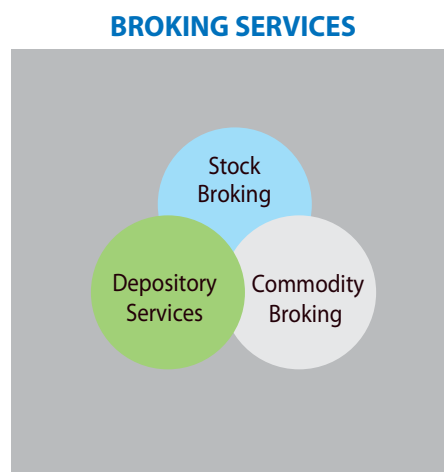
CAPITAL MARKET OPERATIONS

Overview

Our quest to become a one stop shop for all market segments have led us to venture into Wealth Management & Broking Services. A high savings rate and a favorable demographic profile of investors have given us the thrust to be a boutique financial services provider delivering innovative products and solutions to a wide range of investors. Our operations in the capital market are largely supported by a robust research desk, efficient back office and a transparent transaction platform.



We are empanelled with major Mutual Fund Houses to enhance our reach in Mutual Funds Marketing. We have a dedicated Financial Planning team which studies and comes out with a unique portfolio for every valued customer in order to meet the goals of investing over the lifetime. Over the years we have also had the privilege of distributing and marketing IPOs, Bonds Issue, Insurance and several Fixed Income Products thereby creating serviceable portfolios for every valued customer.



We also take pride in having a robust Broking Division which caters to both retail and institutional segment of investors. We are members to NSE & BSE in the cash and the derivative segment. Trading in Currency Derivatives through NSE and MCX-SX had also been introduced to provide our investors with the additional option of hedging. We are also member to MCX for Commodity Broking. We boast for having an efficient and high end transparent trading platform and fully complying with the guidelines of Regulators.

Our Service Edge in unlocking value in Capital Market Operations

- Our Capital Market Operations both in the Wealth Management and Broking segments are based on qualitative execution with complete transparency.
- The Wealth Management & Broking Services team keeps itself abreast of the various investment avenues and products that are introduced from time to time through trainings, workshops and certifications.
- We have had the privilege of serving Institutional Clients in the broking segment who also account for more than 70 percent of our revenues in broking.
- Our service benchmarks are incomparable with all players as we have made long term association with our customers and continue to grow with them even under volatile market conditions.
- We act as an Integrated Financial Advisor providing a platform for investments across all financial products.

Company's Performance Highlights in 2010-11

- This year we continue to grow even after the current market turmoil and have registered a rise in income by 23.98 percent (y-o-y) to ₹59.09 lacs in the Wealth Management space while the Broking Segment have also registered reasonable gains of ₹166.49 lacs as compared to last year thus growing at the rate of 0.31 percent .
- Commodity Broking operations (through Subsidiary Company SFSL Commodity Trading Pvt. Ltd.) has recorded an Income of ₹26.10 lacs this year from ₹4.65 lacs in 2009-10.
- We have also obtained BSE membership both in cash and derivatives segment thereby providing an additional leverage for all investors.
- In our quest for providing value added services to our clientele we have also implemented the Jamun software which enables the client to view every transaction online and receive stock alerts on mobile phones.
- The Company has applied for a PMS license to SEBI for increasing product availability to its clients.

Sector Performance Highlights in 2010-11

- NSE commenced trading of S&P CNX Nifty Futures on CME and introduced Call auction in Pre-open session, European Style Stock Options and Currency Options on USD INR.
- The average daily turnover of NSE in the derivatives segment recorded a robust gain of 59.07 percent to ₹115,150.48 crores in 2010-11 from ₹72,392.07 crores in 2009-10 while the average daily turnover in the capital market segment stands at ₹14,048 crores, down by 17.16 percent from last year's ₹16,959 crores.
- The total market capitalization of NSE in the equity segment in March 2011 was ₹6,702,616 crores while BSE recorded ₹6,836,878.25 crores in the equity segment in March 2011.
- Net FII Investment (Equities) in 2010-2011 was recorded at ₹110,120.7 crores as against ₹110,219.8 crores in 2009-10.
- As per the report of Boston Consulting Group, India's assets under management grew 21.6 percent in the CY 2010 while rival China grew by 29 percent.

Sector Outlook

- High GDP growth rate, driven by significant corporate earnings, is expected to create the need for more intermediaries in the capital market.
- Lower penetration of the retail investor segment in the capital markets offer a significant opportunity, given the increasing per capita incomes.
- HNWI's consist of 8 percent of the total wealthy households but constitute around 45 percent of the total wealth. Among the total HNWI's in India, only 20 percent of the HNWI take advice from the financial advisors.
- Advisory asset management and Tax planning is the most demanding among HNWI's followed by Financial Planning.
- India's HNWI's wealth will grow by a CAGR of 12 percent and it will reach close to \$949 billion by 2015.
- Wealth will grow fastest in emerging markets. In India and China, it is expected to increase at a compound annual rate of 18 percent and 14 percent, respectively.

Company's Future Outlook

- We plan strategic alliances with Banks to offer services in the retail space to Broking and Wealth Management clients.
- We also intend to step up our efforts for the HNI segment through PMS thus providing efficient portfolios and maximizing wealth for our clients.
- We also plan to tie up with reputed Banks who could provide transfer of funds for clients in the online trading segment.
- The Company will have increased opportunities in the Currency Derivatives and Interest Rate Futures space with the introduction of newer products and reforms by Exchanges in this segment.
- Our pan India presence across nine branches has always enabled us offer customized services with increased convenience to all our clients. We therefore, intend to expand our market share and client base more effectively.

Risks and Concerns

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 (page no 53 - 56).

Internal Control Systems

This section is discussed under the Risks and Concerns section in the Annual Report (page no 53 - 56).

Human Resources

Human Capital is the greatest asset for a Company and we believe in harnessing our employee strength to make them key growth enablers in coming times ahead. Various initiatives have been taken to retain and add value to employee skills in order to ascertain growth and efficient service at all levels. Our Corporate Philosophy includes:

- Transparency and Honesty in all transactions.
- Focus on Internal Stakeholders to provide focus on External Stakeholders more effectively.

Sumedha's talent base stands at 85 as on 31st March, 2011. During 2010-11, the major initiatives taken by the Human Resource Department includes certifications and training programmes across all segments, effective quality circles to increase accountability at work, key recruitments to increase productivity and learning across all departments and an effective Performance Management System which takes care of all facets of Human Resource more effectively.

Information Technology

Sumedha Fiscal manages to have an efficient Line of Technology for an effective workflow and serving our customers better. The Company realizes the fact that, as we continue to grow we need to invest constantly to upgrade technology to insulate all pertinent risks in the system.

During 2010-11, the major initiatives taken are:

- Full Implementation of Salesforce, the CRM software across all verticals and locations for increased productivity and market share.
- Strengthening the disaster recovery mechanism as a part of the Business Continuity Plan.
- Modernization of IT infrastructure as per the new technology been imposed by the exchanges from time to time.
- Standard security feature covering firewalls and spam guards are also in place for controlled access.
- Appropriate document back up management system to check irregularities.

Extensive use of Technology in all operations is the need of the hour and we continue to foster updated systems and applications to align with the need of the regulators and continuous improvement to unlock value at all levels.

Research

Sumedha Fiscal has a committed Research Desk to provide regular updates on Economy, Corporate and Investment Ideas to all classes of investors. Research is one of the initiatives to provide value added services to all our clients and investors. The desk regularly comes out with Newsletters pertaining to Markets, Mutual Fund Performance, Commodity, Primary Market Issues, Company Analysis and Valuations, Sector Reports, Quarter Updates and Fundamental & Technical Analysis on select stocks.

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 Gaggar
Chairman

RISK MANAGEMENT & MINIMISATION PROCEDURE

RISK MANAGEMENT

Risk Management aims at identification, analysis, evaluation, treatment (control), monitoring, review and communication of risks. 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 -

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

Correct procedures are a powerful tool towards 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 of 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 gets 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 review the risk strategies & policies and provide valuable guidance in this regard.
- **Decision Making:** Various levels 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 segment with accountability being outlined to all.
- **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 customized to cater to the customers' need, they adequately match the risk profile of the Company.

The appraisal processes has 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 to the extent it proves fatal for the organization.

Sumedha Fiscal currently operates in areas related to Investment Banking, Wealth Management and Broking Services. All the verticals are service oriented and there is a constant interaction and involvement with clients and Financial Institutions. 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 Economy are the main drivers to a Company's growth and they also pose the biggest risk to businesses. Therefore an economic downturn will affect Sumedha Fiscal's business to a great extent.

Risk Mitigation

The Company's risk mitigation involves adoption of a diversified business model to reduce the impact of slowdown to some extent. In the Investment Banking space demand for Debt Resolution and NPA Management of stressed companies increase during such a period. Our expertise in the aforesaid areas will help reduce such risks in business. Further the Company is undertaking assignments as a Category I Merchant Banker in areas related to Rights Issue, Compliance to Takeover Code etc.

➤ OPERATION RISK

Managing the market risk for investors experiencing losses from fluctuations in securities prices is critical to the broking business. Furthermore, a client concentration risk i.e. over dependence on few clients could affect revenues in the event of attrition.

Risk Mitigation

There is a continuous & cautious monitoring of markets, client position and portfolio of every investor to ensure minimization of such risks. The back office system also provides necessary information facilitating proper and effective controls. Sumedha Fiscal continues to invest on technology for facilitating growth and controls. The Company fosters to spread its network and client base across all branches and has also initiated its Internet based Broking operations. In terms of revenue realization, no single client accounts for more than 20% of broking revenues.

➤ 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 recognizes 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. Further, the Company complies with all the prevalent Accounting Standards in force.

➤ 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 businesses through its other branches which would further disperse the geographical risk. Further, the Company provides a wide range of services to reduce the concentration.

➤ HUMAN RESOURCE RISK**People Employed**

Sumedha's talent base stands at 85 as on 31st March, 2011.

In 2010-11, the initiatives that the Company has taken has created a more responsive and dedicated workforce for a sustained business in the coming years ahead.

Human Resources

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.
- 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.
- Executive Development Programme and Certification in related fields to increase employee morale and specialization.

➤ REGULATORY RISK

Sumedha Fiscal is involved in Investment Banking, Wealth Management and Broking Services which are all strictly regulated by SEBI, NSE and other Financial Institution's and Agencies. Regulations frequently change and may adversely affect the business of the Company.

Risk Mitigation

The Company follows prudent policies and compliance in 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 submit quarterly compliance report to the Audit Committee and Board of Directors for review every quarter.

We are fully compliant across all regulators to ensure better controls and a safe and transparent business execution. The Company also ensures applicability of legal norms and prevention of Insider Trading and other unethical practices within the organization.

The regulatory risk is 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 Investment Banks and financial service providers who enjoy 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 for Corporates, Institutional and Retail Investors.
- The Company provides value added solutions across all segments.
- The Company has set up a Centralized Research Team for customized research recommendations across all investor segments.
- The Company is operating on a pan India scale with viable solutions at reasonable costs and an excellent Technological support to speed up business operations.
- The Company has further leveraged its relationship edge for sustainable growth.

➤ **TECHNOLOGY RISK**

The Company is in a business which requires a robust IT Infrastructure which provides online applications and effective communication tools between branches and clients. IT disruptions due to natural and man made disasters will cause failure in business operations of the Company.

Risk Mitigation

The Company continues to invest in latest technology and has integrated operations across all Branches and the Head Office at Kolkata. The Company ensures proper exercise and diligence in the implementation and operation of IT systems at all levels within the organization.

Cautionary Statement

This report on risk management provides the details of 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, 2011, 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, 2011 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, 2011 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, 2011;
 - 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.

Place: Kolkata
Date: 21st May, 2011

For **ARSK & ASSOCIATES**
Chartered Accountants
Firm's Registration No. 315082E
(CA. S. K. Kabra)
Partner
Membership No. 052205

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, 2011.

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 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 and 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 Fixed Assets and for the sale of shares, services and property. 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, 2011 for a period exceeding 6 months from the date they become payable.
- c) According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty and Excise Duty which have not been deposited on account of any dispute.
10. The Company has no accumulated losses as at 31st March, 2011 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 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 made preferential allotment of convertible share warrants during the year to three companies covered in the Register maintained under Section 301 of the Act and the terms and conditions on which such convertible share warrants have been issued are not prejudicial to the interest of the Company.
19. According to the information and explanations given to us, during the period covered by our Audit Report, the company had issued a debenture having a par value of ₹290.00 lacs. No security or charges has been created in respect of debenture issued.
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.

Place: Kolkata
Date: 21st May, 2011

For **ARSK & ASSOCIATES**
Chartered Accountants
Firm's Registration No. 315082E
(CA. S. K. Kabra)
Partner
Membership No. 052205

Balance Sheet as at 31st March, 2011

(Amount in ₹)

	Schedule No.	As at March 31,	
		2011	2010
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	68,489,400	68,245,400
Reserves and Surplus	2	122,668,749	87,948,784
Money received against Share Warrants		1,550,000	-
Loan Funds			
Secured Loans	3	15,826,616	1,524,239
Unsecured Loan	4	29,000,000	-
Deferred Tax Liability - Net	5	7,396,548	5,508,407
		244,931,313	163,226,830
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	6	125,912,445	64,318,716
Less : Depreciation		19,880,842	16,132,040
Net Block		106,031,603	48,186,676
Investments	7	28,111,033	62,609,852
Current Assets, Loans and Advances			
Inventories	8	20,032,980	10,481,727
Sundry Debtors	9	24,667,758	16,214,280
Cash and Bank Balances	10	48,453,228	38,423,542
Loans and Advances	11	47,897,774	20,548,248
(i)		141,051,740	85,667,797
Less : Current Liabilities and Provisions			
Liabilities	12	23,411,391	26,336,292
Provisions	13	6,851,672	6,901,203
(ii)		30,263,063	33,237,495
Net Current Assets	(i) - (ii)	110,788,677	52,430,302
		244,931,313	163,226,830
Significant Accounting Policies and Notes on Accounts	19		
Balance Sheet Abstract & Company Profile	20		

As per our report of even date attached

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

CA. S. K. Kabra
Partner
Membership No. 052205
Place : Kolkata
Date: May 21, 2011

For and on behalf of the Board of Directors

Deb Kumar Sett
Company Secretary

Vijay Maheshwari
Bijay Murmuria
Bhawani Shankar Rathi
Directors

Profit and Loss Account for the year ended 31st March, 2011

(Amount in ₹)

	Schedule No.	For the year ended March 31,	
		2011	2010
INCOME			
Income from Operations	14	126,722,456	137,252,770
Other Income	15	5,449,166	3,003,897
	(i)	132,171,622	140,256,667
EXPENDITURE			
Personnel Expenses	16	25,462,099	21,684,851
Administrative and Operational Expenses	17	41,505,296	41,683,907
Financial Expenses	18	1,772,160	140,707
Depreciation		3,748,802	2,718,588
Less: Transfer from Revaluation Reserve		21,373	21,373
Diminution in value of Investments		17,973	231,567
	(ii)	72,484,957	66,438,247
PROFIT BEFORE TAX	(i) - (ii)	59,686,665	73,818,420
Provision for Tax :			
- Current Tax		17,000,000	24,300,000
- Deferred Tax		1,888,141	410,407
(Add)/Less: Adjustment for earlier year		(310,958)	(5,409)
PROFIT AFTER TAX		41,109,482	49,113,422
Balance Brought forward from Previous Year		85,061,747	42,314,734
Amount available for Appropriation		126,171,229	91,428,156
APPROPRIATIONS			
Proposed Dividend		5,479,152	5,459,632
Corporate Dividend Tax		888,992	906,777
Balance carried to Balance Sheet		119,803,085	85,061,747
Number of Equity Shares Outstanding during the Year of ₹10 each		6,829,153	6,768,250
Profit for calculation of EPS		41,109,482	49,113,422
Basic Earnings Per Share:		6.02	7.26
Diluted Earnings Per Share		5.66	7.21
Significant Accounting Policies and Notes on Accounts	19		
Balance Sheet Abstract & Company Profile	20		

As per our report of even date attached

For **ARSK & Associates**

Chartered Accountants

Firm's Registration No. 315082E

CA. S. K. Kabra

Partner

Membership No. 052205

Place : Kolkata

Date: May 21, 2011

Deb Kumar Sett
Company Secretary

For and on behalf of the Board of Directors

Vijay Maheshwari
Bijay Murmuria
Bhawani Shankar Rathi
Directors

Cash Flow Statement for the year ended 31st March, 2011

(Amount in ₹)

	For the year ended March 31,	
	2011	2010
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before Taxation and after Exceptional Items	59,686,665	73,818,420
Adjustments for :		
Depreciation	3,727,429	2,697,215
Interest Income	(1,713,472)	(1,671,850)
Dividend Income	(1,213,958)	(1,092,148)
Interest Paid	1,772,160	140,707
Bad debts written off	255,939	1,350,213
(Profit)/Loss on Sale of Fixed Assets (Net)	-	219,336
(Profit)/Loss on Sale of Investments	(1,098,519)	32,531
Provision for Diminution in the Value of Investments	17,973	231,567
Liabilities no longer required written back	(12,081)	(181,041)
Rent Received	(1,300,000)	-
Obsolete asset discarded	-	138,361
Operating Profit before Working Capital Changes	60,122,136	75,683,311
Adjustments for :		
(Increase) / Decrease in Trade Receivables	(8,709,417)	15,449,288
(Increase) / Decrease in Inventories	(9,551,253)	(3,442,885)
(Increase) / Decrease in Loans and Advances	(27,506,664)	(3,367,781)
Increase / (Decrease) in Trade and Other Payables	(3,100,960)	(5,764,822)
Cash generated from Operations	11,253,842	78,557,111
Direct Taxes Paid	(17,077,337)	(23,515,378)
Cash Flow before Extra Ordinary Items	(5,823,495)	55,041,733
Extra Ordinary Item	12,081	181,041
Adjustment of Earlier Years	310,958	5,409
Net Cash from Operating Activities	(5,500,456)	55,228,183
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase/Sale of Fixed Assets	(61,593,729)	(6,912,956)
Purchase/Sale of Investments	35,579,365	(39,488,194)
Rent Received	1,300,000	-
Investment Application Money	-	1,000,000
Advance to Subsidiary	200,000	622,100
Interest Received	1,713,472	1,671,850
Dividend Received	1,213,958	1,092,148
Net Cash (used in) / from Investing Activities	(21,586,934)	(42,015,052)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Issue of Equity Capital	244,000	566,000
Proceeds/(Repayment) of Long Term Borrowings	14,302,377	250,077
Proceeds from Issue of Debentures	29,000,000	-
Proceeds from Issue of Convertible Share Warrants	1,550,000	-
Dividend Paid	(6,207,141)	(6,366,409)
Interest Paid	(1,772,160)	(140,707)
Net Cash (used in) / from Financing Activities	37,117,076	(5,691,039)
Net increase in Cash and cash Equivalents	10,029,686	7,522,092
Cash and Cash Equivalents at the beginning of the year	38,423,542	30,901,450
Cash and Cash Equivalents at the end of the year	48,453,228	38,423,542

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. S.K. Kabra
Partner
Membership No. 052205
Place : Kolkata
Date: May 21, 2011

Deb Kumar Sett
Company Secretary

Vijay Maheshwari
Bijay Murmuria
Bhawani Shankar Rathi
Directors

Schedules forming part of the Balance Sheet

(Amount in ₹)

	As at March 31,	
	2011	2010
SCHEDULE 1: SHARE CAPITAL		
Authorised		
10,000,000 Equity Shares of ₹10/- each	100,000,000	100,000,000
Issued, Subscribed and Paid-up		
6,848,940 (Prev. Year 6,824,540) Equity Shares of ₹10/- each fully paid up.	68,489,400	68,245,400
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 in 2009-10 & 24,400 options have been exercised during the year 2010-11.		
	68,489,400	68,245,400
SCHEDULE 2: RESERVES AND SURPLUS		
Securities Premium Account		
Balance as per last Balance Sheet	1,875,000	1,875,000
Revaluation Reserve		
Balance as per last Balance Sheet	1,012,037	1,033,410
Less: Transferred to Profit & Loss Account	21,373	990,664
Profit and Loss Account		
Surplus as per Profit and Loss Account	119,803,085	85,061,747
	122,668,749	87,948,784
SCHEDULE 3: SECURED LOANS		
Term Loan from a Bank	14,942,386	-
Term Loans (Vehicle Loans)		
- from Scheduled Banks	-	184,567
- from the Bodies Corporate	884,230	1,339,672
	15,826,616	1,524,239
SCHEDULE 4: UNSECURED LOANS		
0% Fully Convertible Debentures	29,000,000	-
	29,000,000	-
SCHEDULE 5: DEFERRED TAX LIABILITY - NET		
Deferred Tax Assets		
Leave Encashment (Provision)	160,616	67,672
Deferred Tax Liability		
Depreciation	7,557,164	5,576,079
Net Deferred Tax Liability	7,396,548	5,508,407

Schedules forming part of the Balance Sheet (Contd.)

SCHEDULE 6: FIXED ASSETS

(Amount in ₹)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 31.03.10	Addition	Deductions/ Adjustments	As at 31.03.11	Up to 31.03.10	For the year	Deductions/ Adjustments	As at 31.03.11	As at 31.03.11	As at 31.03.10
Buildings	29,263,366	51,699,282	-	80,962,648	2,526,163	1,134,503	-	3,660,666	77,301,982	26,737,203
Electrical Installation	887,810	-	-	887,810	290,435	55,803	-	346,238	541,572	597,375
Furniture & Fixtures	5,452,752	5,351,833	-	10,804,585	2,228,704	460,934	-	2,689,638	8,114,947	3,224,048
Computers	12,417,964	1,471,933	-	13,889,897	8,802,868	1,243,627	-	10,046,495	3,843,402	3,615,096
Office & Other Equipments	3,851,066	972,919	-	4,823,985	986,930	216,740	-	1,203,670	3,620,315	2,864,136
Vehicles	5,720,758	2,097,762	-	7,818,520	1,296,940	637,195	-	1,934,135	5,884,385	4,423,818
Stock Exchange Cards	6,725,000	-	-	6,725,000	-	-	-	-	6,725,000	6,725,000
Total	64,318,716	61,593,729	-	125,912,445	16,132,040	3,748,802	-	19,880,842	106,031,603	48,186,676
Previous year	59,839,431	7,222,046	2,742,761	64,318,716	15,489,426	2,718,588	2,075,974	16,132,040	48,186,676	44,350,005

Schedules forming part of the Balance Sheet (Contd.)

SCHEDULE 7: INVESTMENT

A) Long Term Investments (Unquoted - at Cost)

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

SI No.	Name of the Company	As at 31.03.2011		As at 31.03.2010	
		Quantity (Nos.)	Value (₹)	Quantity (Nos.)	Value (₹)
(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
3	SFSL Risk Management Services Pvt Ltd (F.V. ₹100)	9,250	925,000	9,250	925,000
4	SFSL Insurance Advisory Services (P) Ltd (F.V. ₹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)		12,735,000		14,830,000

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

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

SI No.	Name of the Company	As at 31.03.2011		As at 31.03.2010	
		Quantity (Nos.)	Value (₹)	Quantity (Nos.)	Value (₹)
(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	Carbon Composites (I) Ltd	500	5,500	500	5,500
7	CDR Health Care Ltd	2,200	53,350	2,200	53,350
8	Gold Star Steel & Alloys Ltd	1,220	6,100	1,220	6,100
9	Gujarat Inject (Kerela) Ltd	900	14,850	900	14,850
10	IFB Industries Ltd	7,100	987,476	7,100	987,476

Schedules forming part of the Balance Sheet (Contd.)

SCHEDULE 7: INVESTMENT

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

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

SI No.	Name of the Company	As at 31.03.2011		As at 31.03.2010	
		Quantity (Nos.)	Value (₹)	Quantity (Nos.)	Value (₹)
11	IL & FS Transportation Networks Ltd	-	-	25	6,450
12	Ludlow Jute & Specialities Ltd.	-	-	40	8,500
13	Leafin India Ltd	500	64,000	500	64,000
14	Maruti Cottex Ltd	17,000	172,000	17,000	172,000
15	Madhya Bharat Papers Ltd	500	3,125	500	3,125
16	MCC Investment & Leasing Co. Ltd	400	4,000	400	4,000
17	Modern Denim Ltd	700	43,870	700	43,870
18	Neha Export Ltd	1,900	28,500	1,900	28,500
19	Orkay Industries Ltd	1,100	73,215	1,100	73,215
20	Paam Pharmaceuticals (Delhi) Ltd	252	6,120	252	6,120
21	Parakaram Technofeb Ltd	1,200	12,830	1,200	12,830
22	Platinum Finance Ltd	100	3,000	100	3,000
23	Pioneer Financial Management Services Ltd	1,000	10,000	1,000	10,000
24	Primax Fiscal Services Ltd	800	8,000	800	8,000
25	Richimen Silks Ltd	500	5,000	500	5,000
26	Sanderson Industries Ltd	265,850	265,850	265,850	265,850
27	Sen Pet India Ltd	29,300	293,000	29,300	293,000
28	Shree Digvijay Cement Ltd	4,000	143,515	4,000	143,515
29	Sijberia Industries Ltd	20	-	20	-
30	State Bank of India	187	297,330	187	297,330
31	T & I Global Ltd	100	2,000	100	2,000
32	Technology Plastics Ltd	1,000	24,085	1,000	24,085
33	UTI Equity Fund	200	1,797	200	1,797
34	United Bank of India	-	-	175	11,550
35	Uniworth Ltd	2,627	242,075	2,627	242,075
36	Uniworth Textiles Ltd	500	11,946	500	11,946
37	Wire & Wireless India Ltd - PP	-	-	130	1,170
(II)	In Mutual Funds				
	UTI Balanced Fund - (Income - Payout)	671.80	16,700	671.80	16,700

Schedules forming part of the Balance Sheet (Contd.)

SCHEDULE 7: INVESTMENT

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

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

SI No.	Name of the Company	As at 31.03.2011		As at 31.03.2010	
		Quantity (Nos.)	Value (₹)	Quantity (Nos.)	Value (₹)
(III)	In Debentures				
	Essar Oil Limited	-	-	50	1,250
	(ii)		3,152,196		3,181,116
	(i)+(ii)		15,887,196		18,011,116
	Less : Diminution in value of investments		1,690,844		1,672,871
	Total Long term Investments (iii)		14,196,352		16,338,245
	Current Investments (At cost or fair value whichever is lower)				
(I)	In Mutual Funds				
1	HDFC Cash Management Fund - Treasury Advantage Plan - Retail -Weekly Dividend	-	-	3,247,262.67	32,552,102
2	Shinsei Liquid Fund -Retail - Growth	-	-	2,991.56	3,000,000
3	Shinsei Industry Leaders Fund - Growth	-	-	9,779.95	100,000
4	Canara Robeco F.O.R.C.E Fund - Retail - Growth	-	-	9,779.95	100,000
5	SBI Blue Chip Fund - Growth	-	-	371,195.25	5,000,000
6	SBI Magnum Equity Fund - Growth	-	-	40,838.55	1,500,000
7	ICICI Prudential Flexible Income Plan - Regular - Weekly Dividend	70,196.97	7,037,809	35,113.71	3,518,819
8	Peerless Ultra Short Term Fund - Retail Weekly Dividend	-	-	50,068.63	500,686
9	SBI SHF Ultra Short Term Retail Plan- Weekly Dividend	682,392.42	6,876,872	-	-
	Total Current Investments (iv)		13,914,681		46,271,607
	Total of Long Term & Current Investment (iii)+(iv)		28,111,033		62,609,852
	Aggregate Market Value of Quoted Investments		1,902,917		1,530,409
	Net Asset Value of Units of Mutual Funds		13,946,048		46,742,119

Schedules forming part of the Balance Sheet (Contd.)

SCHEDULE 8: INVENTORIES

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

A) Equity Shares & Securities

Sl No.	Name of the Company	Face Value (₹)	As at 31.03.2011		As at 31.03.2010	
			Quantity (Nos.)	Value (₹)	Quantity (Nos.)	Value (₹)
1	3I Infotech Ltd	10	5,000	219,000	500	39,250
2	Akar Laminators Ltd	10	500	1	500	1
3	Alok Industries Ltd	10	10,000	221,500	-	-
4	All Cargo Global Ltd	10	2,000	334,700	-	-
5	Apple Finance Ltd	10	200	598	200	798
6	Assam Company India Ltd	1	-	-	10,000	208,000
7	Atash Industries Ltd	10	600	1	600	1
8	Bajaj Hindustan Ltd	1	1,000	71,200	1,000	135,400
9	Bata India Ltd	10	-	-	500	87,550
10	Bells Control Ltd	10	50	50	50	75
11	Beta Napthol Ltd	10	1,200	1	1,200	1
12	Bharti Airtel Ltd	5	4,000	1,372,350	2,000	614,075
13	Birla Power Solutions Ltd	1	10,000	10,000	10,000	32,500
14	BS Transcom Ltd.	10	1,000	85,500	-	-
15	Cairn India Ltd.	10	1,500	513,000	-	-
16	Cals Refineries Ltd	1	475,000	142,500	500,000	220,000
17	Castrol India Ltd	10	-	-	300	56,903
18	Chemcrown India Ltd	10	28,000	1	28,000	1
19	DLF Ltd	2	500	133,600	500	154,450
20	Daewoo Motors Ltd	10	100	100	100	950
21	Edelweiss Capital Ltd	1	500	19,950	50	22,035
22	Electrosteel Steels Ltd.	10	10,000	81,600	-	-
23	Fortis Healthcare Ltd	10	1,000	147,650	500	72,600
24	GTL Infrastructure Ltd	10	2,000	74,700	2,000	83,700
25	Gujarat Lease Finance Ltd.	10	25	1	25	1
26	Gujarat NRE Coke Ltd	10	3,000	149,400	-	-
27	Hathway Cable & Datacom Ltd.	10	2,000	195,300	-	-
28	Himachal Futuristics Ltd	10	2,000	23,880	2,000	24,840
29	Himadri Chemicals & Industries Ltd	10	100	1,150	100	1,150
30	Hindalco Industries Ltd	1	-	-	1,000	165,987

Schedules forming part of the Balance Sheet (Contd.)

SCHEDULE 8: INVENTORIES

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

A) Equity Shares & Securities (Contd.)

SI No.	Name of the Company	Face Value (₹)	As at 31.03.2011		As at 31.03.2010	
			Quantity (Nos.)	Value (₹)	Quantity (Nos.)	Value (₹)
31	ICICI Bank Ltd	10	1,275	1,320,510	475	431,457
32	IFB Finance Ltd	10	100	1	100	1
33	IFB Industries Ltd	10	8,400	479,241	8,400	199,935
34	India Infoline Ltd	2	250	18,513	250	28,513
35	Information Technology Ltd	5	100	1	100	1
36	Ispat Industries Ltd	10	5,000	111,250	-	-
37	Kingfisher Airlines Ltd	10	-	-	4,000	187,000
38	K.S. Oils Ltd	1	500	16,200	500	33,000
39	Larsen & Toubro Ltd	2	200	165,166	400	472,656
40	LIC Housing Finance Ltd	2	4,000	901,800	-	-
41	Maruti Cottex Ltd	10	2,000	1	2,000	1
42	Modi Alkalies & Chemicals Ltd	10	100	1	100	1
43	Motilal Oswal Financial Services Ltd	1	250	32,187	250	37,375
44	Mahanagar Telephone Nigam Ltd	10	4,000	181,800	4,000	292,800
45	NHPC Ltd	10	5,000	126,750	5,000	152,500
46	NMDC Ltd	1	1,500	417,302	1,000	286,950
47	NTPC Ltd	10	1,000	144,000	1,000	144,000
48	Nicco Corporation Ltd	2	2,000	5,820	2,000	10,000
49	Oriental Bank of Commerce	10	4,000	1,547,800	3,000	718,206
50	Padmini Technologies Ltd	10	3,200	1	3,200	6,400
51	Parakaram Techno Ltd	10	84,400	1	84,400	1
52	Rama Newsprints and Papers Ltd	10	125	2,406	125	2,706
53	Ranbaxy Laboratories Ltd	5	-	-	500	209,820
54	Reliance Industries Ltd	10	3,500	3,667,300	1,000	1,074,650
55	Religare Enterprises Ltd	10	50	18,850	50	18,655
56	Sanderson Industires Ltd	10	183,400	1	183,400	1
57	SJVN Ltd	10	10,000	221,000	-	-
58	State Bank of India	10	2,500	6,137,893	1,500	2,509,295
59	State Bank of Travancore	10	-	-	100	205
60	Suryoday Allo - Metal Powders Ltd	10	6,500	1	6,500	1

Schedules forming part of the Balance Sheet (Contd.)

SCHEDULE 8: INVENTORIES

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

A) Equity Shares & Securities (Contd.)

SI No.	Name of the Company	Face Value (₹)	As at 31.03.2011		As at 31.03.2010	
			Quantity (Nos.)	Value (₹)	Quantity (Nos.)	Value (₹)
61	Telephone Cables Ltd	10	100	100	100	150
62	Texmaco Ltd	1	7,999	251,968		
63	Texmaco Rail & Engineering Ltd	1	6,000	420,000		
64	Unitech Ltd	2	-	-	1,000	73,400
65	Unitex Designs Ltd	10	195	195	195	556
66	UTI Master Shares - Unit Scheme	10	100	1,250	100	1,250
67	Vatsa Corporation Ltd	10	100	1	100	1
68	Venkateshwara Hatcheries Ltd – PF Ltd	10	20	1	20	1
69	Vimta Laboratories Ltd	2	1,500	32,550	1,500	39,075
70	Viniyoga Clothex Ltd	10	1,800	1	1,800	1
71	Walchandnagar Industries Ltd	2	100	13,385	100	22,895
				20,032,980		8,873,727
B)	Properties			-		1,608,000
				20,032,980		10,481,727

(Amount in ₹)

	As at March 31,	
	2011	2010
SCHEDULE 9: SUNDRY DEBTORS		
(Unsecured, considered good)		
Debts outstanding for a period exceeding six months	2,423,006	4,014,322
Other debts	22,244,752	12,199,958
	24,667,758	16,214,280

Schedules forming part of the Balance Sheet (Contd.)

(Amount in ₹)

	As at March 31,	
	2011	2010
SCHEDULE 10: CASH AND BANK BALANCES		
Cash-on-hand	807,299	233,640
Bank Balances with Scheduled Banks		
- on Current Accounts	27,094,678	18,531,441
- on Deposit Accounts	20,551,251	19,658,461
	48,453,228	38,423,542
SCHEDULE 11: LOANS AND ADVANCES		
(Unsecured, considered good except otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	8,771,643	8,058,123
Advance to Subsidiary	-	200,000
Deposits	37,013,965	9,887,498
Advance payment of taxes (net of provisions)	1,527,944	1,485,082
Interest accrued on bank deposits	584,222	917,545
	47,897,774	20,548,248
SCHEDULE 12: CURRENT LIABILITIES		
Sundry Creditors	16,596,389	15,920,323
Unclaimed Dividend	916,312	764,637
Deposits	5,898,690	9,651,332
	23,411,391	26,336,292
SCHEDULE 13: PROVISIONS		
for Leave Encashment	483,528	500,319
for Fringe Benefit Tax (Net of AdvanceTax)	-	34,475
for Proposed Dividend	5,479,152	5,459,632
for Corporate Dividend Tax	888,992	906,777
	6,851,672	6,901,203

Schedules forming part of the Profit and Loss Account

(Amount in ₹)

	For the year ended March 31,	
	2011	2010
SCHEDULE 14: INCOME FROM OPERATIONS		
Income from Investment Banking	104,164,726	115,888,748
Income from Capital Market Operations	22,557,730	21,364,022
	126,722,456	137,252,770
SCHEDULE 15: OTHER INCOME		
Profit on sale Long Term Non Trade Investment	1,098,519	-
Interest (TDS ₹1,66,205/- P.Y. ₹189,454/-)	1,713,472	1,671,850
Dividend received from Non Trade Investment	1,213,958	1,092,148
Liabilities no longer required written back	12,081	181,041
Rent Received	1,300,000	-
Miscellaneous Income	111,136	58,858
	5,449,166	3,003,897
SCHEDULE 16: PERSONNEL EXPENSES		
Salaries, Wages, Bonus and Gratuity	22,908,840	19,710,924
Contribution to Provident and other Funds	1,459,186	1,156,913
Workmen and Staff Welfare Expenses	1,094,073	817,014
	25,462,099	21,684,851

(Amount in ₹)

	For the year ended March 31,	
	2011	2010
SCHEDULE 17: ADMINISTRATIVE & OPERATIONAL EXPENSES		
Demat and Depository Charges	249,218	269,484
Communication Expenses	1,799,162	1,609,768
Insurance	197,574	103,721
Rent	2,821,500	1,858,500
Electricity	1,184,080	1,085,604
Office Maintenance	1,124,645	1,002,736
Travelling & Conveyance	3,290,239	3,385,598
Rates & Taxes	80,135	172,058
SEBI Turnover and Membership Registration Fees	2,417,876	772,570

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

(Amount in ₹)

	For the year ended March 31,			
	2011		2010	
SCHEDULE 17: ADMINISTRATIVE & OPERATIONAL EXPENSES (Contd.)				
Commission		2,550,000		350,000
Legal and Professional Charges		13,344,352		19,693,415
Auditors' Remuneration		182,501		125,000
Repairs & Maintenance				
- Buildings	299,025		706,868	
- Plant and Machinery	562,572		552,017	
- Others	-	861,597	70,810	1,329,695
Advertisement & Business Promotion		1,384,006		977,781
Car Expenses		2,832,241		2,156,314
Printing & Stationery		1,556,693		993,259
Charity and Donation		36,100		5,750
Computer Expenses		382,450		429,208
Loss on Sale of Investments		-		32,531
Loss on Sale of Fixed Assets		-		219,336
Obsolete Fixed Assets discarded		-		138,361
Bad-debts written off		255,939		1,350,213
NSE Charges		335,170		315,639
VSAT Charges		224,000		576,613
Miscellaneous Expenses		4,395,818		2,730,753
		41,505,296		41,683,907
SCHEDULE 18: FINANCIAL EXPENSES				
Interest on Term Loans				
- To Scheduled Banks	1,582,441		50,750	
- To a Body Corporate	103,321	1,685,762	52,312	103,062
Interest on overdrafts to Scheduled Banks		-		10,395
Interest paid to Others		86,398		27,250
		1,772,160		140,707

Schedules forming part of the Account

SCHEDULE - 19: SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON 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

Schedules forming part of the Account (Contd.)

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.

Schedules forming part of the Account (Contd.)

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.

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.

Schedules forming part of the Account (Contd.)

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 ON ACCOUNTS

(Amount in ₹)

	As at March 31,	
	2011	2010
1 Contingent liabilities not provided for in respect of:		
Guarantee given by Canara Bank to National Securities Clearing Corporation limited (₹80 lacs) and Stock Holding Corporation of India Ltd (₹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)	1,349,995	2,053,125

- 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.

Schedules forming part of the Account (Contd.)

4 During the year the Company has allotted 2,00,000 Convertible Share Warrants of ₹31/- each to the associate/group companies on Preferential Basis. The said Warrants are convertible into Equity Shares of ₹10/- each at a premium of ₹21/- each, within 18 months of Allotment. As per terms of Allotment 25% of the amount has been already received and balance 75% of the amount is to be received during the conversion period.

5 Secured Loans

- Term Loan from a Scheduled Bank is secured by equitable mortgage of Company's immovable property at Mumbai and additionally secured by the personal guarantee of a Director of the Company.
- Term Loans (Vehicle Loans) from a body 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 Company's Immovable Property. The said facilities are further secured by personal guarantees of three Directors of the Company.

6 During the year the Company has also allotted Zero% Fully Convertible Debenture having a par value of ₹2,90,00,000/- to a strategic Investor on Preferential Basis. As per terms, the said Debentures shall be compulsorily converted at the end of one year from date of Allotment into Equity Shares of ₹10/- each at a conversion price as follows:

The minimum issue price of the resultant Equity Shares shall be the price thereof as on the Relevant Date (22-Feb-11) as per SEBI (ICDR) Regulations i.e. ₹31/-.

The final conversion price shall be minimum of the above with a maximum cap of ₹70/- per Share and considering the prevailing price so calculated being higher of -

- The average of the weekly high and low of the closing prices of the related shares quoted on the stock exchange during the six months preceding the conversion date; or
- The average of the weekly high and low of the closing prices of the related shares quoted on the stock exchange during the two weeks preceding the conversion date.

7 Directors' Remuneration

Managerial remuneration under section 198 of the Companies Act, 1956:

(Paid to Wholetime Director)

(Amount in ₹)

	For the year ended March 31,	
	2011	2010
i Salaries, allowances, exgratia, etc.	1,030,000	775,000
ii Contribution to provident fund	91,200	60,900
iii Perquisites	15,000	19,862
TOTAL	1,136,200	855,762

Schedules forming part of the Account (Contd.)

8 Payment to Auditors

(Amount in ₹)

	For the year ended March 31,	
	2011	2010
a As Auditors		
- Statutory Audit	100,000	75,000
- Tax Audit	40,000	30,000
- Limited Review	13,000	5,500
b In other manner		
- Certifications	29,501	14,500
TOTAL	182,501	125,000

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.

b Expenditure in Foreign Currency-

(Amount in ₹)

Particular	For the year ended March 31,	
	2011	2010
Travelling	329,503	241,342
Uses Fees	355,350	-
Advertisement	-	80,047
TOTAL	684,853	321,389

10 Investments purchased and sold during the year

Particulars of goods	For the year ended 31.03.11		For the year ended 31.03.10	
	(Nos.)	Value (₹)	(Nos.)	Value (₹)
i) Shares & Securities Purchased:				
Coal India Ltd	88	21,560	-	-
The Orissa Minerals & Developments Ltd	10	307,485	-	-
Wire & Wireless Ltd	130	1,300	-	-
TOTAL		330,345		-

Schedules forming part of the Account (Contd.)

10 Investments purchased and sold during the year (Contd.)

Particulars of goods	For the year ended 31.03.11		For the year ended 31.03.10	
	(Nos.)	Value (₹)	(Nos.)	Value (₹)
ii Shares & Securities Sold:				
Hindusthan Zinc Ltd	-	-	50	40,850
IL & FS Transport Networks Ltd	25	7,681	-	-
Ludlow Jute & Specialities Ltd	200	18,800	-	-
Power Grid Corporation Ltd	-	-	125	13,506
Tourism Finance Corporation of India Ltd	-	-	400	9,720
Capital Trust Ltd	-	-	8,400	97,154
Coal India Ltd	88	28,873	-	-
Seasoft Solutions Pvt. Ltd	209,500	2,095,000	-	-
The Orissa Minerals & Developments Ltd	10	432,158	-	-
Essar Oil - Debenture	50	1,250	-	-
Steelco Gujarat Ltd	-	-	50	493
United Bank of India	175	15,059	-	-
Wire & Wireless India Ltd.-PP	130	1,970	-	-
TOTAL		2,600,791		161,723
iii Units of Mutual Fund Purchased:				
HDFC Cash Management Fund - Treasury Advantage Plan - Retail - Weekly Dividend Option Reinvest	1,438,913	14,424,098	14,898,235	63,129,273
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	40,064	4,018,048	35,114	3,518,819
Peerless Ultra Short Term Fund - Retail Weekly Dividend	1,397	13,973	50,069	500,846
SBI Blue Chip Fund - Growth	-	-	371,195	5,000,000
SBI Magnum Equity Fund Growth	-	-	40,839	1,500,000
SBI PSU Fund Growth	50,000	500,000	-	-
SBI- SHF- Ultra Short Term- Retail Plan- Weekly Div. Reinvest	781,547	7,876,118	-	-
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
LIC MF Index Fund- Nifty Plan- Growth Option	34,257	1,000,000	-	-
TOTAL		27,832,237		127,617,308

Schedules forming part of the Account (Contd.)

10 Investments purchased and sold during the year (Contd.)

Particulars of goods	For the year ended 31.03.11		For the year ended 31.03.10	
	(Nos.)	Value (₹)	(Nos.)	Value (₹)
iv Units of Mutual Fund Sold:				
HDFC Cash Management Fund - Treasury Advantage Plan - Retail - Weekly Dividend Option Reinvest	4,686,175	46,991,402	3,709,850	37,200,000
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
ICICI Prudential Flexible Income Plan Regular Weekly Dividend	4,980	500,000	-	-
Peerless Ultra Short Term Fund - Retail Weekly Dividend	51,466	514,824	-	-
LIC MF Index Fund- Nifty Plan- Growth Option	34,257	1,046,332	-	-
SBI Blue Chip Fund - Growth	371,195	5,467,706	-	-
SBI Magnum Equity Fund Growth	40,839	1,665,396	-	-
SBI PSU Fund Growth	50,000	549,000	-	-
Canara Robeco FORCE Retail Growth Fund	9,780	142,298	-	-
Shinsei Industry Leaders Fund - Growth Fund	9,780	120,880	-	-
SBI- SHF- Ultra Short Term- Retail Plan- Weekly Div	99,154	1,000,000	-	-
Shinsei Liquid Fund Retail Plan- Growth Fund	2,992	3,143,319	-	-
Total		61,141,157		87,971,427

11 Earning Per Share (EPS)

(Amount in ₹)

	For the year ended March 31,	
	2011	2010
a Profit after Tax	41,109,482	49,113,422
b Weighted average number of equity shares outstanding during the year (Nos.)	6,829,153	6,768,250
c Nominal Value of Equity per Share	10	10
d Effect of potential Equity Shares on Employee Stock Options Outstanding	15,000	39,400
e Effect of potential Equity Shares on Convertible Debentures	414,286	-
f Weighted average number of Equity Shares outstanding during the year in computing Diluted Earnings Per Share (Nos.) [b + d + e]	7,258,439	6,807,650
g Earning Per Share		
- Basic [a / b]	6.02	7.26
- Diluted [a / f]	5.66	7.21

Schedules forming part of the Account (Contd.)

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
iii	Key Management Personnel	Mr. Bhawani Shankar Rathi (Whole time director) Mr. Vijay Maheshwari (Director) Mr. Bijay Murmuria (Director)
iv	Enterprise owned or significantly influenced by Key Management Personnel and their relatives	Superb Estate Services Pvt. Ltd.

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

(Amount in ₹)

Nature of Transactions	Associate/ Joint Venture Concerns	Subsidiary	Enterprise owned or significantly influenced by Key Management Personnel and their relatives	Key Manage- ment Personnel	Relatives of Key Manage- ment Personnel	Total
i) Managerial remuneration	-	-	-	1,136,200	-	1,136,200
	-	-	-	(855,762)	-	(855,762)
ii) Rent paid	-	900,000	120,000	600,000	-	1,620,000
	-	(900,000)	(120,000)	(300,000)	-	(1,320,000)
iii) Guarantee commission paid	-	-	-	250,000	-	250,000
	-	-	-	(250,000)	-	(250,000)
iv) Balance receivable/(payable)	-	-	-	-	-	-
	-	(200,000)	-	-	-	(200,000)
v) Equity Share Allotment (Incl. Premium)	-	-	-	24,000	-	24,000
	-	-	-	(84,000)	-	(84,000)
vi) Convertible Share Warrants (Incl. Premium)	1,550,000	-	-	-	-	1,550,000
	-	-	-	-	-	-

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

Schedules forming part of the Account (Contd.)

- 13 Revaluation of Office Premises was carried out as on 31.03.96 by an approved Valuer. The revaluation resulted in an increase of ₹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 31.03.2011 of ₹21,373/- on revalued portion has been adjusted with Revaluation Reserve.
- 14 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.
- 15 **Gratuity and post-employment benefits plans**

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is entitled to gratuity on terms not less favourable than 'The provisions of Gratuity Act, 1972. The above said scheme is funded.

The following table summarises the components of net benefits / expense recognised in the Profit and Loss Account and the Balance Sheet for the respective plans.

A Defined

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

(Amount in ₹)

	For the year ended March 31,	
	2011	2010
Contribution to Employee's Provident Fund	780,342	619,020
Contribution to Employee's Family Pension Fund	439,705	401,307
Total	1,220,047	1,020,327

B Defined Benefit Plans:

- a Expenses recognised in the statement of Profit and Loss Account for the year ended 31st March, 2011.

	For the year ended 31.03.11		For the year ended 31.03.10	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
i) Component of Employer's Expense				
Current service cost	327,440	40,644	397,094	30,371
Interest cost on benefit obligation	153,773	41,276	135,684	38,965
Expected return on Plan Assets	(195,032)	-	(136,066)	-
Past Service Cost	170,301	-	-	-
Net actuarial (gain) / loss recognised during the period	(288,217)	143,038	(197,045)	129,754
Total Expenses	168,265	224,958	199,667	199,090
ii) Actual Contribution and Benefits Payments for period ending				
Actual Benefit Payments	92,596	241,749	-	172,565
Actual Contribution	383,494	241,749	365,289	172,565

Schedules forming part of the Account (Contd.)

B Defined Benefit Plans: (Contd.)

b Net assets/ (liability) recognised in the Balance Sheet as at 31st March, 2011 (Amount in ₹)

	For the year ended 31.03.11		For the year ended 31.03.10	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present value of defined benefits obligation	2,134,619	483,528	1,863,918	500,319
Fair value of Plan Assets	2,630,227	-	1,460,861	-
Net assets/(liability) recognised in the Balance Sheet as at 31.03.2011	495,608	(483,528)	280,379	(500,319)
Employer's Expense				
a) Current Service Cost	327,440	40,644	397,094	30,371
b) Total Employer Expense	168,265	224,958	199,667	199,090

c Change in obligations during the year ended 31st March, 2011

	For the year ended 31.03.11		For the year ended 31.03.10	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present value of defined obligation at the beginning of the period	1,863,918	500,319	1,528,185	473,794
Current service cost	327,440	40,644	397,094	30,371
Interest cost	153,773	41,276	135,684	38,965
Plan Amendments	170,301	-	-	-
Benefits paid	(92,596)	(241,749)	-	(172,565)
Actuarial (gains)/losses	(288,217)	143,038	(197,045)	129,754
Present value of defined benefits obligation at the end of the period	2,134,619	483,528	1,863,918	500,319

d Change in the fair value of plan assets during the year ended 31st March, 2011

	For the year ended 31.03.11		For the year ended 31.03.10	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Plan Asset at the beginning of the period	2,144,297	-	1,460,861	-
Actual return on Plan Asset	195,032	-	136,066	-
Contribution by the employer	383,494	241,749	547,370	-
Employee Contributions	-	-	-	-
Benefits Paid	(92,596)	(241,749)	-	-
Plan Asset at the end of the period	2,630,227	-	2,144,297	-

16 Open Interest in Equity Index/Stock Futures as at 31st March, 2011: Long position

Sl. No.	Name of the Future	Series of Future	Number of Contracts	Number of Units involved
1	State Bank of India	28th April 2011	2	250
2	Oriental Bank of Commerce	28th April 2011	8	4,000

The loss amounting to ₹9,400/- on account of mark to market on the above contracts as on 31.3.2011 has been charged to Profit & Loss Account

Schedules forming part of the Account (Contd.)

17 Segment Information

A Primary segment information (by business segments)

(Amount in ₹)

	For the year ended March 31,	
	2011	2010
i Segment Revenue		
- Capital Market Operations	24,293,287	23,136,457
- Investment Banking	107,878,335	117,120,210
- Others (Unallocable)	-	-
Total segment Revenue	132,171,622	140,256,667
ii Segment Results (before interest and unallocated income/expense)		
- Capital Market Operations	8,954,047	8,967,616
- Investment Banking	52,961,385	65,348,602
- Others (Unallocable)	(456,607)	(357,091)
Total segment results	61,458,825	73,959,127
iii Operating Profit	61,458,825	73,959,127
iv Unallocated Interest Expenses	1,772,160	140,707
v Unallocated Interest Income	-	-
vi Total profit before Tax	59,686,665	73,818,420
vii Segment Assets		
- Capital Market Operations	93,722,044	83,291,516
- Investment Banking	179,028,076	110,424,757
- Others (Unallocable)	2,444,256	48,010,542
Total Segment Assets	275,194,376	241,726,815
viii Segment Liabilities		
- Capital Market Operations	18,084,636	17,622,956
- Investment Banking	49,720,115	9,792,223
- Others (Unallocable)	7,284,928	52,609,046
Total Segment Liabilities	75,089,679	80,024,225

Schedules forming part of the Account (Contd.)

17 Segment Information (Contd.)

A Primary segment information (by business segments)

(Amount in ₹)

	For the year ended March 31,	
	2011	2010
ix Depreciation		
- Capital Market Operations	804,928	541,845
- Investment Banking	2,922,501	2,155,370
- Others (Unallocable)	-	-
Total Depreciation	3,727,429	2,697,215
x Capital Employed		
- Capital Market Operations	75,637,408	65,668,560
- Investment Banking	129,307,961	100,632,534
- Others (Unallocable)	(4,840,672)	(4,598,504)
Total Capital Employed	200,104,697	161,702,590

Notes :

- 1 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.
- 2 Segment Revenue, Results, Assets and Liabilities include the respective amounts identified to each of the segment and amounts allocated on a reasonable basis. Whereas un- allocable Revenue, Results, Assets and Liabilities have been included in "others"
- 3 Segment liabilities excludes Deferred Tax Liabilities of ₹73,96,548/- (Previous year ₹55,08,407/-)

B There are no reportable geographical segment.

18 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. S.K. Kabra

Partner

Membership No. 052205

Place : Kolkata

Date: May 21, 2011

Deb Kumar Sett

Company Secretary

Vijay Maheshwari

Bijay Murmuria

Bhawani Shankar Rathi

Directors

Schedules forming part of the Accounts (contd.)

SCHEDULE - 20: BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE Additional Information Under Part IV of the 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 1

II Capital Raised during the year (Amount in ₹'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 Scheme: ₹244,000/-

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

Total Liabilities : 2 4 4 9 3 1 Total Assets : 2 4 4 9 3 1

Sources of Funds

Share Capital : 6 8 4 8 9 Reserves & Surplus : 1 2 2 6 6 9
Secured Loans : 1 5 8 2 7 Unsecured Loans : 2 9 0 0 0
Deferred Tax Liabilities : 7 3 9 6 Money received : 1 5 5 0
against Share Warrants

Application of Funds

Net Fixed Assets : 1 0 6 0 3 1 Investments : 2 8 1 1 1
Net Current Assets : 1 1 0 7 8 9 Misc. Expenditure : N I L
Accumulated Losses : N I L

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

Turnover : 1 3 2 1 7 2 Total Expenditure : 7 2 4 8 5
(including Other Income)
Profit/Loss before Tax : + - 5 9 6 8 7 Profit/Loss after tax : + - 4 1 1 0 9
(+for profit, - for Loss)
Earning Per Share (in ₹) : 6 . 0 2 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) Consultancy Services	Not Applicable
iii) Merchant Banking and Underwriting	Not Applicable

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

CA. S.K. Kabra
Partner
Membership No. 052205
Place : Kolkata
Date: May 21, 2011

Deb Kumar Sett
Company Secretary

For and on behalf of the Board of Directors

Vijay Maheshwari
Bijay Murmuria
Bhawani Shankar Rathi
Directors

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, 2011 |
| 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 ₹10/- each |
| | b. Extent of interest of Holding Company at the end of the financial year of the Subsidiary Company. | : | 99.97 percent |
| 4. | The net aggregate amount of the Subsidiary Company's Profit /(Loss) so far as it concerns the members of the Holding Company. | : | ₹ 1,839,383/- |
| | a. Not dealt with the Holding Company's accounts: | | |
| | i) For the financial year ended 31 March, 2011 | : | ₹ 1,830,944/- |
| | ii) For the previous financial years of the Subsidiary Company since it become the Holding Company's subsidiary. | : | ₹ 8,439/- |
| | b. Dealt with in Holding Company's accounts : | | |
| | i) For the financial year ended 31 March, 2011 | : | 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 Murmuria
Bhawani Shankar Rathi

Place : Kolkata

Date : May 21, 2011

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 31.03.2011.

Operating Results

Your Company earned profit of ₹17.42 Lacs during the year against profit in the previous year of ₹3.72 Lacs. Income from Commodity Market Operation increased to ₹26.09 Lacs as against ₹4.65 Lacs during the previous year.

Income from Rent was ₹9.00 Lacs during the year (P.Y. ₹9.00 Lacs).

Dividend

In order to utilise the funds for future growth, your Directors refrain from recommending any dividend for the year under review.

Directors

Mr. Vijay Maheshwari, 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.

Pursuant to Section 260 of the Companies Act, 1956 and Article 54 of the Articles of Association of the Company Mr. Prashant Sekhar Panda was appointed with effect from 30th March, 2011 as an Additional Director (non – executive) of the Company. Mr. Panda holds his office up to the date of the ensuing Annual General Meeting. The Company has received notice in writing from a member of the Company proposing candidature of Mr. Panda for the office of Director, liable to retire by rotation.

Membership of MCX

Increase in revenue from Commodity Trading segment is forwarding steps to the growth. Your Company is continuing its effort to grab the business in the Commodity Market in India and widening its geographical reach to improve its profitability. Beside agri-items, MCX has already grabbed potential market of other items (e.g. silver, gold, crude oil, natural gas etc.).

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, 2011 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.

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 of Directors

Place : Kolkata

Date : May 20, 2011

VIJAY MAHESHWARI

Chairman

CIN No. U65999WB1996PTC077314

Nominal Capital : ₹ 7,000,000/-

COMPLIANCE CERTIFICATE

To

The Members

SFSL Commodity Trading Pvt. Ltd.

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, 2011. 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 6 times on 13/05/2010, 16/08/2010, 23/10/2010, 29/12/2010, 09/03/2011 and 30/03/2011 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 31/03/2010 was held on 20/08/2010 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.
 - 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 Mr. Prashant Sekhar Panda was appointed as an Additional Director by the Board of Directors with effect from 30-Mar-11 and there was no appointment of 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.
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 20, 2011

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, 2011:

Sl. No.	Form No. / Return	Filed under section	Purpose	Date of filing	Whether filed within prescribed time (Yes/No.)	If delay in filing whether requisite additional fee paid (Yes/ No.)
1.	Form No. 23AC & 23ACA	U/s 220	Annual Accounts, Auditors Report & Directors Report as on 31.03.2010	03/09/10	Yes	No
2.	Form No. 66	U/s 383 A	Compliance Certificate dated 13.05.2010	03/09/10	Yes	No
3.	Form No. 20B	U/s 159	Annual Return for A.G.M. held on 20.08.2010	03/09/10	Yes	No
4.	Form No. 32	U/s 303(2)	Appointment of Additional Director – Mr. Prashant Sekhar Panda (w.e.f. 30/03/2011)	07/04/11	Yes	No

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

ANJALI LAKHOTIA
Proprietor
C. P. No.: 3633

Place : Kolkata
Date : May 20, 2011

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, 2011, Profit & Loss Account and 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 a 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 (Auditor's 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 31st March, 2011 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, 2011.
 - ii) in the case of Profit & Loss Account, of Profit for the year ended 31st March, 2011.
 - iii) In the case of Cash Flow Statement , of the Cash Flow for the year ended 31st March , 2011.

For **P K MUNDRA & CO.**

Chartered Accountants

Firm's Registration No. 322078E

P K MUNDRA

Proprietor

Membership No. 52302

Place : Kolkata

Date : May 20, 2011

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 have not been disposed off during the year.
- 2) The Company does not have any inventory
- 3) a) The company has neither taken nor given any Unsecured Loans from/ to any companies, firms or other parties covered in the register maintained under section 301 of the Act.
b) Sub Clause (b), (c) (d) (f) and (g) of clause (iii) of the order are not applicable.
- 4) In our opinion, there are adequate internal control procedure 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.
- 5) 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.
- 6) 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.
- 7) 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.
- 8) On the basis of information and explanation to us, there is an adequate internal audit system commensurate with the size and nature of its business.
- 9) 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, 2011 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.
- 10) The Company does not have any accumulated losses as at 31st March, 2011, and it has not incurred cash loss during the financial year ended on that date and in the immediately preceding financial year.
- 11) The Company has not defaulted in repayment of dues to any Financial Institution or Bank.
- 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 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.
- 14) The Company is not dealing or trading in any Shares, Securities, Debentures and other Investments
- 15) The Company has not given any guarantee for loans taken by others from Bank or Financial Institutions.
- 16) No Term loans have been taken from bank during the year.
- 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 and vice versa.
- 18) 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.
- 19) The Company has not issued any debentures during the year
- 20) The Company has not raised money during the year by way of public issue.
- 21) No incidence of any fraud on or by the Company has been noticed or reported during the year.

For **P K MUNDRA & CO.**

Chartered Accountants

Firm Registration No. 322078E

P K MUNDRA

Proprietor

Membership No. 52302

Place : Kolkata

Date : May 20, 2011

Balance Sheet as at 31st March, 2011

(Amount in ₹)

	Schedule	As on March 31,	
		2011	2010
SOURCES OF FUNDS			
Shareholders' Funds			
a) Share Capital	1	6,512,000	6,512,000
b) Reserve & Surplus	2	3,339,383	1,508,439
		9,851,383	8,020,439
APPLICATION OF FUNDS			
1) Fixed Assets	3		
Gross Block		1,583,474	1,583,474
Less: Depreciation		417,449	366,650
	(i)	1,166,025	1,216,824
2) Investments	(ii) 4	3,755,147	4,242,000
3) Deferred Tax Assets	(iii)	88,965	-
4) Current Assets, Loans & Advances			
a) Sundry Debtors	5	1,183,792	820,039
b) Cash & Bank Balance	6	1,889,425	1,021,460
c) Loans & Advances	7	1,217,480	543,140
d) Deposits	8	4,352,235	1,436,179
	(iv)	8,642,931	3,820,818
Less: Current Liabilities & Provisions:	9		
a) Current Liabilities & Provisions		3,801,686	1,259,203
	(v)	3,801,686	1,259,203
Net Current Assets	(vi) = (iv) - (v)	4,841,245	2,561,615
	(i) +(ii) +(iii) +(vi)	9,851,383	8,020,439
ACCOUNTING POLICIES & 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 20, 2011

On behalf of the Board

Vijay Maheshwari

Bijay Murmuria

Directors

Profit and Loss Account for the year ended 31st March, 2011

(Amount in ₹)

	Schedule	For the year ended March 31,	
		2011	2010
INCOME			
Income from Commodity Market Operations		2,609,540	465,262
Rent		900,000	900,000
Profit on Sale of Investments		113,147	-
Interest Receipts		25,055	17,360
Misc. Income		1,158	675
	(i)	3,648,900	1,383,297
EXPENDITURE			
Payment To and Provisions For employees		528,406	543,304
Insurance Premium		2,724	2,470
Annual Fees		75,000	75,000
Computer Expenses		-	4,680
Demat Charges		20,408	14,890
Filing Fee		1,530	1,530
Lease Line Charges		137,395	57,525
Professional charges		2,200	22,200
Depreciation		50,799	50,799
Audit Fee		9,000	7,500
Subscription		76,000	-
Car Hire Charges		96,000	-
Printing & Stationery		11,550	4,412
Rates & Taxes		1,900	1,900
Transaction Charges		154,730	100,000
Legal & Processing Charges		-	10,000
Miscellaneous Expenses		224	59
Inspection Charges		-	10,000
Travelling & Conveyance Expenses		94,000	10,500
User ID Charges		6,000	35,000
	(ii)	1,267,866	951,769
Net Profit/(Loss) before Tax	(i) - (ii)	2,381,034	431,528
Less :			
Provision for Tax		631,000	59,500
Income Tax for earlier years		8,054	-
Net Profit/(Loss) after Tax		1,741,980	372,028
Add:- Deffered Tax Asset		88,964	-
Balance brought forward		8,439	(363,589)
Balance carried to Balance Sheet		1,839,383	8,439
ACCOUNTING POLICIES & 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 20, 2011

On behalf of the Board

Vijay Maheshwari

Bijay Murmuria

Directors

Cash Flow Statement for the year ended 31st March, 2011

(Amount in ₹)

	For the year ended March 31,	
	2011	2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before Tax and Extraordinary items	2,381,034	431,528
Adjustment for :		
Depreciation	50,799	50,799
(Profit)/Loss on sale of Investments	(113,147)	-
	2,318,686	482,327
Adjustment for :		
Interest received	(25,055)	(17,360)
Operating Profit before Working Capital changes	2,293,631	464,967
Adjustment for :		
Current Assets	(3,579,959)	(72,662)
Current Liabilities	2,542,483	(503,017)
(Increase)/ Decrease in Net Current Assets	(1,037,476)	(575,679)
Cash generated from Operations	1,256,154	(110,713)
Taxation	(631,000)	(59,500)
Adjustment for earlier year	(8,054)	-
Net Cash from operating activities	617,100	(170,213)
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
(Purchase)/Sale of Investments	600,000	-
Investment-Application Money	(374,190)	-
Interest received	25,055	17,360
Dividend received	-	-
Net Cash used in investing activities	250,865	17,360
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of share capital (Including Premium)	-	-
Dividend paid(Including Dividend tax Paid)	-	-
Net Cash from Financing activities	-	-
Net increase in Cash and Cash equivalents	867,965	(152,853)
Cash and Cash equivalents at the beginning of the year	1,021,460	1,174,313
Cash and Cash equivalents at the close of the year	1,889,425	1,021,460

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 20, 2011

On behalf of the Board

Vijay Maheshwari
Bijay Murmuria
Directors

Schedules forming part of the Balance Sheet

(Amount in ₹)

	As at March 31,	
	2011	2010
SCHEDULE 1: SHARE CAPITAL		
A. Authorised		
700,000 Equity Shares of ₹ 10/- each	7,000,000	7,000,000
B. Issued,Subscribed & Paid Up	6,512,000	6,512,000
651,200 Equity shares of ₹ 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	1,500,000
b) Surplus as per Profit & Loss Account	1,839,383	8,439
	3,339,383	1,508,439

SCHEDULE 3: FIXED ASSETS

(Amount in ₹)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 31.03.10	Addition	Adjustment/ Deduction	As at 31.03.11	As at 31.03.10	Adjustment/ Deduction	For the year	As at 31.03.11	As at 31.03.11	As on 31.03.10
FIXED ASSETS										
Buildings (Flat)	1,410,154	-	-	1,410,154	242,112	-	22,704	264,816	1,145,338	1,168,042
Computers	173,320	-	-	173,320	124,538	-	28,095	152,633	20,687	48,782
Total	1,583,474	-	-	1,583,474	366,650	-	50,799	417,449	1,166,025	1,216,824
Previous Year	1,583,474	-	-	1,583,474	315,850	-	50,799	366,650	1,216,824	1,267,623

Schedules forming part of the Balance Sheet (Contd.)

	No. of Shares	As on 31.03.2011 (₹)	No. of Shares	As on 31.03.2010 (₹)
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	34120	1,690,000
(i)		1,740,000		1,740,000
Mutual Fund (In Units)				
	units		units	
1) GDBG IDFC Dynamic Bond Fund-Plan A-Growth	166.06	2,000	166.06	2,000
2) JP Morgan India Treasury Fund- Super Inst. Growth Plan	141767.56	1,500,000	141767.56	1,500,000
3) JP Morgan India Liquid Fund- Retail Growth Plan	50414.84	513,147	102051.73	1,000,000
(ii)		2,015,147		2,502,000
(i) + (ii)		3,755,147		4,242,000

(Market Value of quoted Investments ₹2,407,092/- (P.Y. ₹2,820,693/-)

(Amount in ₹)

	As on March 31,	
	2011	2010
SCHEDULE 5: SUNDRY DEBTORS		
(Considered good by the Management)		
- Debts Due for a period More than six months	87,366	18,290
- Other Debts	1,096,426	801,749
	1,183,792	820,039
SCHEDULE 6: CASH & BANK BALANCES		
A. Cash on Hand (as certified by the Management)	97,798	315,680
B. Bank balances with Scheduled Banks		
- on Current Accounts	1,691,627	705,780
- on Fixed Deposit Accounts	100,000	-
	1,889,425	1,021,460

Schedules forming part of the Balance Sheet (Contd.)

(Amount in ₹)

	As on March 31,	
	2011	2010
SCHEDULE 7: LOANS & ADVANCES		
Advance against Salary	13,200	32,230
Accrued Interest	4,691	-
Share Application	599,190	225,000
Advance payment of Taxes	600,399	285,910
	1,217,480	543,140
SCHEDULE 8: DEPOSITS		
Multi Commodity Exchange of India Ltd	300,000	376,000
Lease Line Deposit	52,103	52,103
Margin Trading Margin Account with MCX	4,000,132	1,008,076
	4,352,235	1,436,179
SCHEDULE 9: CURRENT LIABILITIES & PROVISIONS		
A. Current Liabilities		
Client Margin Account	682,233	741,000
Sundry Creditors	2,447,215	181,593
Advance from Holding Company	-	200,000
(i)	3,129,448	1,122,593
B. Provisions		
Provision for Tax	631,000	59,500
Provision For Gratuity	34,909	70,097
Provision For Leave Encashment	6,329	7,013
(ii)	672,238	136,610
(i) + (ii)	3,801,686	1,259,203

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, 2011 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 are 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) Commodities Stock – Futures
 - a. Commodities futures are marked-to-market on a daily basis. Debit or credit balance disclosed under Deposits or Current Liabilities respectively, represents the net amount paid or received on the basis of movement in the prices of commodities futures till the Balance Sheet date.
 - b. As on the Balance Sheet date, profit/loss on open positions in commodities futures are accounted for as follows:
 - Credit balance in the “Mark-to-Market Margin – Commodities Stock Futures Account”, being anticipated profit, is ignored and no credit for the same is taken in the Profit and Loss Account.
 - Debit balance in the “Mark-to-Market Margin – Commodities Stock Futures Account”, being anticipated loss, is adjusted in the Profit and Loss Account.
 - c. On final settlement or squaring-up of contracts for commodities 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 in “Mark-to-Market Margin – Commodities Stock Futures Account” is recognized in the Profit and Loss Account. When more than one contract in respect of the relevant series of commodity futures contract to which the squared-up contract pertains is outstanding at the time of the squaring-up of the contract, the contract price of the contract so squared –up is determined using weighted average method for calculating profit/loss on squaring up.

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

- d. "Initial Margin – Commodities Stock Futures Account", representing initial margin paid, and "Margin Deposits-Commodities Stock Futures Account", representing additional margin over and above initial margin, for entering into contracts for commodities futures, which are released on final settlement/squaring up of underlying contracts, are disclosed under Deposits.
- viii) Provision for Tax is made by applying applicable tax rates and tax laws. Net Deferred Tax Assets amounting to Rs.88,964/- on account of tax impact on difference between WDV of Fixed Assets as per books of accounts and as per Income tax as on 31.03.2011 has been accounted for during the year.
- ix) 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 ₹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).

DEFINED BENEFIT PLANS:

i) Change in Defined Benefit Obligations

(Amount in ₹)

		Gratuity		Leave Encashment		Total	
		31-03-11	31-03-10	31-03-11	31-03-10	31-03-11	31-03-10
a)	Present Value of DBO at beginning of period	70,097	55,579	7,013	8,121	77,110	63,700
b)	Current Service Cost	4,665	8,525	2,479	2,464	7,144	10,989
c)	Interest Cost	5,783	5,027	579	605	6,362	5,632
d)	Curtailment cost/(Credit)	-	-	-	-	-	-
e)	Settlement Cost / (Credit)	-	-	-	-	-	-
f)	Employee Contribution	-	-	-	-	-	-
g)	Plan Amendments	-	-	-	-	-	-
h)	Acquisitions	-	-	-	-	-	-
i)	Actuarial (Gain)/Losses	518	966	(718)	4,022	(200)	4,988
j)	Benefits Paid	(46,154)	-	(3,024)	(8,199)	(49,178)	(8,199)
j)	Present Value of DBO at the end of period	34,909	70,097	6,329	7,013	41,238	77,110

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

DEFINED BENEFIT PLANS: (Contd.)

ii) Changes in the Fair value of Assets

(Amount in ₹)

		Gratuity		Leave Encashment		Total	
		31-03-11	31-03-10	31-03-11	31-03-10	31-03-11	31-03-10
a)	Plan assets at beginning of Period	-	-	-	-	-	-
b)	Actual return on Plan Assets	-	-	-	-	-	-
c)	Actual Company Contributions	46,154	-	3,024	8,199	49,178	8,199
d)	Employee Contributions	-	-	-	-	-	-
e)	Benefits Paid	(46,154)	-	(3,024)	(8,199)	(49,178)	(8,199)
f)	Plan assets at the end of period	-	-	-	-	-	-

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

a)	Present Value of Obligation	34,909	70,097	6,329	7,013	41,238	77,110
b)	Fair Value of Plan Assets	-	-	-	-	-	-
c)	Net Asset/(Liability) recognized in the Balance Sheet	(34,909)	(70,097)	(6,329)	(7,013)	(41,238)	(77,110)
Employer Expense							
a)	Current Service Cost	4,665	8,525	2,479	2,464	7,144	10,989
b)	Total Employer Expense	10,966	14,518	2,340	7,091	13,306	21,609

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

(A)	Components of Employer Expense						
a)	Current Service Cost	4,665	8,525	2,479	2,464	7,144	10,989
b)	Interest Cost	5,783	5,027	579	605	6,362	5,632
c)	Expected Return on Plan Assets	-	-	-	-	-	-
d)	Curtailement Cost/(Credit)	-	-	-	-	-	-
e)	Settlement Cost/(Credit)	-	-	-	-	-	-
f)	Amortization of Past Service Cost	-	-	-	-	-	-
g)	Actuarial Losses/(Gains)	518	966	(718)	4,022	(200)	4,988
h)	Total Expenses recognized in the statement of Profit and Loss	10,966	14,518	2,340	7,091	13,306	21,609

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

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

(Amount in ₹)

		Gratuity		Leave Encashment		Total	
		31-03-11	31-03-10	31-03-11	31-03-10	31-03-11	31-03-10
(B)	Actual Contribution and Benefits Payments for period ending 31 March, 2011						
a)	Actual Benefit Payments	46,154	-	3,024	8,199	49,178	8,199
b)	Actual Contributions	46,154	-	3,024	8,199	49,178	8,199

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

(A)	Funded Status						
a)	Present value of Defined Benefit Obligation	34,909	70,097	6,329	7,013	41,238	77,110
b)	Fair Value of Plan Assets	-	-	-	-	-	-
c)	Funded Status [Surplus /(Deficit)]	(34,909)	(70,097)	(6,329)	(7,013)	(41,238)	(77,110)
d)	Effect of Balance Sheet Asset Limit	-	-	-	-	-	-
e)	Unrecognized Past Service Costs	-	-	-	-	-	-
	Net Asset /(Liability) recognized in Balance Sheet	(34,909)	(70,097)	(6,329)	(7,013)	(41,238)	(77,110)
a)	Net Asset/(Liability) recognized in Balance Sheet at beginning of period	(70,097)	(55,579)	(7,013)	(8,121)	(77,110)	(63,700)
b)	Employer Expense	10,966	14,518	2,340	7,091	13,306	21,609
c)	Employer Contributions	(46,154)	-	-	-	(46,154)	-
d)	Benefits Paid	-	-	(3,024)	(8,199)	(3,024)	-
e)	Net asset / (liability) recognized in Balance Sheet at end of the period	(34,909)	(70,097)	(6,329)	(7,013)	(41,238)	(77,110)

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.

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

3 RELATED PARTY DISCLOSURES : (Contd.)

Key Management Personnel

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

B) Transactions with related parties

(Amount in ₹)

	Holding Company	
	31.03.11	31.03.10
● Rent Received	900,000	900,000
● Amount Receivable/(Payable) at year end	-	(200,000)

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 20, 2011

On behalf of the Board of Directors

Vijay Maheshwari

Bijay Murmuria

Directors

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 1

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

Total Liabilities : 9 8 5 1 Total Assets : 9 8 5 1

Sources of Funds

Paid-up Capital : 6 5 1 2 Reserves & Surplus : 3 3 3 9
 Secured Loans : N I L Unsecured Loans : N I L

Application of Funds

Net Fixed Assets : 1 1 6 6 Investments : 3 7 5 5
 Net Current Assets : 4 9 3 0 Misc. Expenditure : N I L
 Accumulated Losses : N I L

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

Turnover : 3 6 4 9 Total Expenditure : 1 2 6 8
 Profit/Loss before Tax : + - 2 3 8 1 Profit/Loss after Tax : + - 1 7 4 2
 (+ for Profit, - for Loss)
 Earning Per Share (in ₹) : 2 . 6 8 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

On behalf of the Board

P. K. MUNDRA
 Proprietor
 Membership No. 52302
 Place : Kolkata
 Date: May 20, 2011

Vijay Maheshwari
Bijay Murmuria
 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, 2011, 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 ₹13,653 thousands as at 31st March, 2011 and total Revenues of ₹3,649 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 ₹2,872 thousands as at 31st March, 2011 and total Revenue of ₹128 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 ₹2,968 thousands as at 31st March, 2011 and total Revenue of ₹123 thousands for the year ended and the Company's associate – Capita Finance Services Limited, whose financial statements reflects total Assets of ₹12,053 thousands as at 31st March, 2011 and total Revenue of ₹762 thousands for the year ended and the Company's associate US Infotech Pvt. Ltd. whose financial statements reflects total

Assets ₹ 17,406 thousands as at 31st March, 2011 and Revenue of ₹ 3,370 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, 2011 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. S. K. Kabra)

Partner

Membership No. 052205

Place: Kolkata

Date: 21st May, 2011

Consolidated Balance Sheet as at 31st March, 2011

(Amount in ₹)

	Schedule No.	As at March 31,	
		2011	2010
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	68,489,400	68,245,400
Reserves and Surplus	2	126,277,762	87,679,125
Money received against Share Warrants		1,550,000	-
Minority Interest		2,297	1,735
Loan Funds			
Secured Loans	3	15,826,616	1,524,239
Unsecured Loan	4	29,000,000	-
Deferred Tax Liability - Net	5	7,307,585	5,508,407
		248,453,660	162,958,906
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	6	127,495,919	65,902,190
Less : Depreciation		20,298,290	16,498,689
Net Block		107,197,629	49,403,501
Investments	7	25,626,109	58,563,488
Current Assets, Loans and Advances			
Inventories	8	20,032,980	10,481,727
Sundry Debtors	9	25,851,549	17,034,319
Cash and Bank Balances	10	50,342,653	39,445,002
Loans and Advances	11	52,836,489	22,268,067
	(i)	149,063,671	89,229,115
Less : Current Liabilities and Provisions			
Liabilities	12	26,540,839	27,258,885
Provisions	13	6,892,910	6,978,313
	(ii)	33,433,749	34,237,198
Net Current Assets	(i) - (ii)	115,629,922	54,991,917
		248,453,660	162,958,906
Significant Accounting Policies and Notes on Accounts	19		

As per our report of even date attached

For **ARSK & Associates**

Chartered Accountants

Firm's Registration No. 315082E

CA. S. K. Kabra

Partner

Membership No. 052205

Place : Kolkata

Date: May 21, 2011

For and on behalf of the Board of Directors

Vijay Maheshwari

Bijay Murmuria

Bhawani Shankar Rathi

Directors

Deb Kumar Sett

Company Secretary

Consolidated Profit and Loss Account for the year ended 31st March, 2011

(Amount in ₹)

	Schedule No.	For the year ended March 31,	
		2011	2010
INCOME			
Income from Operations	14	129,331,996	137,718,032
Other Income	15	5,588,524	3,021,932
	(i)	134,920,520	140,739,964
EXPENDITURE			
Personnel Expenses	16	25,990,505	22,228,155
Administrative and Operational Expenses	17	41,293,957	41,141,572
Financial Expenses	18	1,772,160	140,707
Depreciation		3,799,601	2,769,387
Less: Transfer from Revaluation Reserve		21,373	21,373
Diminution in Value of Investments		17,973	231,567
	(ii)	72,852,823	66,490,015
PROFIT BEFORE TAX	(i) - (ii)	62,067,697	74,249,949
Provision for Tax :			
- Current Tax		17,631,000	24,359,500
- Deferred Tax		1,799,177	410,407
(Add)/Less: Adjustment for earlier year		(302,904)	(5,409)
		19,127,273	24,764,498
PROFIT AFTER TAX		42,940,424	49,485,451
Add: Share of Profit/(Loss) of Associates		2,048,292	(7,350)
Less: Minority Interest		562	114
Balance Brought Forward from previous year		84,792,088	41,680,510
Amount available for Appropriation		129,780,242	91,158,497
APPROPRIATIONS			
Proposed Dividend		5,479,152	5,459,632
Corporate Dividend Tax		888,992	906,777
Balance carried to Balance Sheet		123,412,098	84,792,088
Number of Equity Shares Outstanding during the year of ₹10 each		6,829,153	6,768,250
Profit for calculation of EPS		42,940,424	49,485,451
Basic Earnings Per Share		6.29	7.31
Diluted Earnings Per Share		5.92	7.27
Significant Accounting Policies and Notes on Accounts	19		

As per our report of even date attached

For **ARSK & Associates**

Chartered Accountants

Firm's Registration No. 315082E

CA. S. K. Kabra

Partner

Membership No. 052205

Place : Kolkata

Date: May 21, 2011

Deb Kumar Sett
Company Secretary

For and on behalf of the Board of Directors

Vijay Maheshwari
Bijay Murmura
Bhawani Shankar Rathi
Directors

Consolidated Cash Flow Statement for the year ended 31st March, 2011

(Amount in ₹)

	For the year ended March 31,	
	2011	2010
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation and after exceptional items	62,067,697	74,249,949
Adjustments for :		
Depreciation	3,778,228	2,748,014
Interest income	(1,738,527)	(1,689,210)
Dividend income	(1,213,958)	(1,092,148)
Interest paid	1,772,160	140,707
Bad debts written off	255,939	1,350,213
(Profit)/Loss on sale of Fixed Assets (Net)	-	219,336
(Profit)/Loss on sale of Investments	(1,211,666)	32,531
Provision for diminution in the value of Investments	17,973	231,567
Rent received	(1,300,000)	-
Liabilities no longer required written back	(12,081)	(181,041)
Obsolete Asset discarded	-	138,361
Operating profit before Working Capital Changes	62,415,765	76,148,279
Adjustments for :		
(Increase) / Decrease in Trade Receivables	(9,073,169)	15,241,084
(Increase) / Decrease in Inventories	(9,551,253)	(3,442,885)
(Increase) / Decrease in Loans and Advances	(30,722,867)	(3,094,539)
Increase / (Decrease) in trade and other payables	(558,477)	(5,705,240)
Cash generated from Operations	12,509,999	79,146,699
Direct Taxes paid	(17,708,337)	(23,653,078)
Cash Flow before Extra Ordinary Items	(5,198,338)	55,493,621
Extra Ordinary Item	12,081	181,041
Adjustment of Earlier Years	302,904	5,409
Net Cash from Operating Activities	(4,883,353)	55,680,071
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase/sale of Fixed Assets	(61,593,729)	(6,912,956)
Purchase/sale of Investments	36,179,362	(41,174,195)
Rent Received	1,300,000	-
Investment Application Money	(374,190)	2,686,000
Advance to Subsidiary	2,00,000	-
Interest received	1,738,527	1,689,210
Dividend received	1,213,958	1,092,148
Net cash (used in) / from Investing Activities	(21,336,072)	(42,619,793)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of Equity Capital	244,000	566,000
Proceeds/(Repayment) of long term borrowings	14,302,377	250,077
Proceeds from Issue of Debenture	29,000,000	-
Proceeds from Issue of Convertible Share Warrants	1,550,000	-
Dividend paid	(6,207,141)	(6,366,409)
Interest paid	(1,772,160)	(140,707)
Net Cash (used in) / from Financing Activities	37,117,076	(5,691,039)
Net increase in Cash and Cash Equivalents	10,897,651	7,369,239
Cash and Cash Equivalents at the beginning of the year	39,445,002	32,075,763
Cash and Cash Equivalents at the end of the year	50,342,653	39,445,002

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 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. S.K. Kabra
Partner
Membership No. 052205
Place : Kolkata
Date: May 21, 2011

Deb Kumar Sett
Company Secretary

Vijay Maheshwari
Bijay Murmuria
Bhawani Shankar Rathi
Directors

Schedules forming part of the Consolidated Balance Sheet

(Amount in ₹)

	As at March 31,	
	2011	2010
SCHEDULE 1: SHARE CAPITAL		
Authorised		
10,000,000 Equity Shares of ₹10/- each	100,000,000	100,000,000
Issued, Subscribed and Paid-up		
6,848,940 (Prev. Year 6,824,540) Equity Shares of ₹10/- each fully paid up.	68,489,400	68,245,400
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 in 2009-10 & 24,400 Options have been exercised during the year 2010-11.		
	68,489,400	68,245,400
SCHEDULE 2: RESERVES AND SURPLUS		
Securities Premium Account		
Balance as per last Balance Sheet	1,875,000	1,875,000
Revaluation Reserve		
Balance as per last Balance Sheet	1,012,037	1,033,410
Less: Transferred to Profit & Loss Account	21,373	990,664
Profit and Loss Account		
Surplus as per Profit and Loss Account	123,412,098	84,792,088
	126,277,762	87,679,125
SCHEDULE 3: SECURED LOANS		
Term Loan from a Bank	14,942,386	-
Term Loans (Vehicle Loans)		
- from Scheduled Banks	-	184,567
- from the Bodies Corporate	884,230	1,339,672
	15,826,616	1,524,239
SCHEDULE 4: UNSECURED LOANS		
0% Fully Convertible Debenture	29,000,000	-
	29,000,000	-
SCHEDULE 5: DEFERRED TAX LIABILITY - NET		
Deferred Tax Assets		
Leave Encashment (Provision) (i)	173,358	67,672
Deferred Tax Liability		
Depreciation (ii)	7,480,943	5,576,079
Net Deferred Tax Liability (ii) - (i)	7,307,585	5,508,407

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

SCHEDULE 6: FIXED ASSETS

(Amount in ₹)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 31.03.10	Addition	Deductions/ Adjustments	As at 31.03.11	Up to 31.03.10	For the year	Deduction/ Adjustments	As at 31.03.11	As at 31.03.11	As at 31.03.10
Buildings	30,673,520	51,699,282	-	82,372,802	2,768,274	1,157,207	-	3,925,481	78,447,321	27,905,246
Furniture & Fixtures	6,340,562	5,351,833	-	11,692,395	2,519,139	516,736	-	3,035,875	8,656,520	3,821,423
Computers	12,591,284	1,471,933	-	14,063,217	8,927,406	1,271,723	-	10,199,129	3,864,088	3,663,878
Office & Other Equipments	3,851,066	972,919	-	4,823,985	986,930	216,740	-	1,203,670	3,620,315	2,864,136
Vehicles	5,720,758	2,097,762	-	7,818,520	1,296,940	637,195	-	1,934,135	5,884,385	4,423,818
Stock Exchange Cards	6,725,000	-	-	6,725,000	-	-	-	-	6,725,000	6,725,000
Total	65,902,190	61,593,729	-	127,495,919	16,498,689	3,799,601	-	20,298,290	107,197,629	49,403,501
Previous year	61,422,905	7,222,046	2,742,761	65,902,190	15,805,276	2,769,385	2,075,974	16,498,689	49,403,501	45,617,628

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

	As at March 31,	
	2011	2010
SCHEDULE 7: INVESTMENTS		
a) Long-term Investments (Quoted - Non-Trade - at Cost)		
Equity Shares, Debentures & Mutual Funds	3,476,499	4,010,245
b) Long-term Investments (Unquoted - at Cost)		
i) In Associates - Trade		
Cost of Investment (Including ₹5,08,828/- of Capital Reserve net of Goodwill on consolidation)	4,675,000	6,770,000
Add: Share of Post Acquisition Profit/(Loss) (Net)	1,769,929	(278,364)
ii) Non-trade		
Other	1,790,000	1,790,000
c) Current Investment (At lower of Cost or Fair Value)	13,914,681	46,271,607
	25,626,109	58,563,488
Aggregate Market Value of Quoted Investments	1,902,917	1,530,409
Net Asset Value of units of Mutual Funds	16,353,140	49,562,812
SCHEDULE 8: INVENTORIES		
(As taken by the Management and certified by a Director)		
(At lower of Cost and net realisable value)		
A) Equity Shares & Securities	20,032,980	8,873,727
B) Properties	-	1,608,000
	20,032,980	10,481,727
SCHEDULE 9: SUNDRY DEBTORS		
(Unsecured, considered good)		
Debts outstanding for a period exceeding six months	2,510,372	4,032,612
Other Debts	23,341,177	13,001,707
	25,851,549	17,034,319
SCHEDULE 10: CASH AND BANK BALANCES		
Cash-on-hand	905,097	549,320
Bank balances with Scheduled Banks		
- on Current Accounts	28,786,305	19,237,221
- on Deposit Accounts	20,651,251	19,658,461
	50,342,653	39,445,002

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

	As at March 31,	
	2011	2010
SCHEDULE 11: LOANS AND ADVANCES		
(Unsecured, considered good except otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	8,785,288	8,114,280
Deposits	41,366,200	11,323,677
Share Application Money (Pending Allotment)	599,190	225,000
Advance Payment of Taxes (Net of Provisions)	1,496,898	1,687,565
Interest Accrued on Bank Deposits	588,913	917,545
	52,836,489	22,268,067
SCHEDULE 12: CURRENT LIABILITIES		
Sundry Creditors	19,043,604	16,101,916
Unclaimed Dividend	916,312	764,637
Deposits	6,580,923	10,392,332
	26,540,839	27,258,885
SCHEDULE 13: PROVISIONS		
for Leave Encashment	489,857	507,332
for Gratuity	34,909	70,097
for Fringe Benefit Tax (Net of Advance Tax)	-	34,475
for Proposed Dividend	5,479,152	5,459,632
for Corporate Dividend Tax	888,992	906,777
	6,892,910	6,978,313

Schedules forming part of the Consolidated Profit and Loss Account (Amount in ₹)

	For the year ended March 31,	
	2011	2010
SCHEDULE 14: INCOME FROM OPERATIONS		
Income from Investment Banking	104,164,726	115,888,748
Income from Commodity Trading	2,609,540	465,262
Income from Capital Market Operations	22,557,730	21,364,022
	129,331,996	137,718,032

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

(Amount in ₹)

	For the year ended March 31,	
	2011	2010
SCHEDULE 15: OTHER INCOME		
Profit on sale Long-Term Non-Trade Investment	1,211,666	-
Interest (TDS ₹1,66,205/- P.Y. ₹189,454/-)	1,738,527	1,689,210
Dividend received from Non-Trade Investment	1,213,958	1,092,148
Rent received	1,300,000	-
Liabilities no longer required written back	12,081	181,041
Miscellaneous Income	112,292	59,533
	5,588,524	3,021,932
SCHEDULE 16: PERSONNEL EXPENSES		
Salaries, Wages, Bonus and Gratuity	23,437,246	20,254,228
Contribution to Provident and Other Funds	1,459,186	1,156,913
Workmen and Staff Welfare Expenses	1,094,073	817,014
	25,990,505	22,228,155

(Amount in ₹)

	For the year ended March 31,	
	2011	2010
SCHEDULE 17: ADMINISTRATIVE & OPERATIONAL EXPENSES		
Demat and Depository Charges	269,626	284,374
Communication Expenses	1,799,162	1,609,768
Insurance	200,298	106,191
Rent	1,921,500	958,500
Electricity	1,184,080	1,085,604
Office Maintenance	1,124,645	1,002,736
Travelling & Conveyance	3,480,239	3,396,098
Rates & Taxes	82,035	173,958
SEBI Turnover and Membership Registration Fees	2,492,876	847,570
Commission	2,550,000	350,000
Legal and Professional Charges	13,346,552	19,725,615
Auditors' Remuneration	191,501	132,500

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

(Amount in ₹)

	For the year ended March 31,			
	2011		2010	
SCHEDULE 17: ADMINISTRATIVE & OPERATIONAL EXPENSES (Contd.)				
Repairs & Maintenance				
- Buildings	299,025		706,868	
- Plant and Machinery	562,572		552,017	
- Others	-	861,597	70,810	1,329,695
Advertisement & Business Promotion		1,384,006		977,781
Car Expenses		2,832,241		2,156,314
Printing & Stationery		1,568,243		997,671
Charity and Donation		36,100		5,750
Computer Expenses		382,450		433,888
Loss on Sale of Investments		-		32,531
Loss on Sale of Fixed Assets		-		219,336
Obsolete Fixed Assets discarded		-		138,361
Bad-debts written off		255,939		1,350,213
NSE Charges		489,900		415,639
VSAT Charges		367,395		669,138
Miscellaneous Expenses		4,473,572		2,742,341
		41,293,957		41,141,572
SCHEDULE 18: FINANCIAL EXPENSES				
Interest on Term Loans				
- to Scheduled Banks	1,582,441		50,750	
- to a Body Corporate	103,321	1,685,762	52,312	103,062
Interest on Overdrafts to Scheduled Banks		-		10,395
Interest paid to Others		86,398		27,250
		1,772,160		140,707

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

SCHEDULE - 19: 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

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

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. and US Infotech Pvt. 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.

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.

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

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.

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

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 the 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.

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.

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

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.

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 31.03.2011
SFSL Commodity Trading (P) Ltd	India	99.96%

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

b) Associates of Sumedha Fiscal Services Ltd.

(Amount in ₹)

Name of the Company	% Shares Held	Original Cost of Investment	Goodwill/ (Capital Reserve)	Accumulated Profit/ (Loss) As on 31.03.11	Carrying amount of Investments as on 31.03.11
SFSL Insurance Advisory Services (P) Ltd.	28.60	850,000	495,355	(391,241)	458,759
SFSL Risk Management Services (P) Ltd.	38.43	925,000	66,936	134,488	1,059,488
Capita Finance Services Ltd.	28.43	400,000	149,755	297,521	697,521
US Infotech Pvt. Ltd.	34.96	2,500,000	(1,220,874)	1,729,161	4,229,161
Total		4,675,000	(508,828)	1,769,929	6,444,929

(Amount in ₹)

	As at March 31,	
	2011	2010
2 Contingent liabilities not provided for in respect of: Guarantee given by Canara Bank to National Securities Clearing Corporation Limited (₹ 80 lacs) and Stock Holding Corporation of India Ltd (₹ 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)	1,349,995	2,053,125

- 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 During the year the Company has allotted 2,00,000 Convertible Share Warrants of ₹ 31/- each to the associate/group companies on Preferential Basis. The said warrants are convertible into Equity Shares of ₹ 10/- each at a premium of ₹ 21/- each, within 18 months of Allotment. As per terms of allotment 25% of the amount has been already received and balance 75% of the amount is to be received during the conversion period.
- 6 **Secured loans**
- Term loan from a Scheduled Bank is secured by equitable mortgage of Company's immovable property at Mumbai and additionally secured by the personal guarantee of a Director of the Company.
 - Term loans (Vehicle Loans) from a body 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.
- 7 During the year the Company has also allotted Zero% Fully Convertible Debenture having a par value of ₹ 2,90,00,000/- to a strategic Investor on Preferential Basis. As per terms, the said Debentures shall be compulsorily converted at the end of one year from date of allotment into Equity Shares of ₹ 10/- each at a conversion price as follows:

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

The minimum issue price of the resultant Equity Shares shall be the price thereof as on the Relevant Date (22-Feb-11) as per SEBI (ICDR) Regulations i.e. ₹31/-.

The final conversion price shall be minimum of the above with a maximum cap of ₹70/- per Share and considering the prevailing price so calculated being higher of -

- i. The average of the weekly high and low of the closing prices of the related shares quoted on the stock exchange during the six months preceding the conversion date; or
 - ii. The average of the weekly high and low of the closing prices of the related shares quoted on the stock exchange during the two weeks preceding the conversion date.
- 8 Revaluation of Office Premises was carried out as on 31.03.96 by an approved Valuer. The revaluation resulted in an increase of ₹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 31.03.2011 of ₹21,373/- on revalued portion has been adjusted with Revaluation Reserve.
- 9 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.

10 Directors' remuneration

(Amount in ₹)

	For the year ended March 31,	
	2011	2010
Managerial remuneration under section 198 of the Companies Act, 1956: (Paid to Whole Time Director)		
i Salaries, allowances, exgratia, etc.	1,030,000	775,000
ii Contribution to Provident Fund	91,200	60,900
iii Perquisites	15,000	19,862
TOTAL	1,136,200	855,762

11 Payment to Auditors

(Amount in ₹)

	For the year ended March 31,	
	2011	2010
a As Auditors		
- Statutory Audit	109,000	82,500
- Tax Audit	40,000	30,000
- Limited Review	13,000	5,500
b In other manner		
- Certifications	29,501	14,500
TOTAL	191,501	132,500

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

12 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.

b Expenditure in Foreign Currency

(Amount in ₹)

	For the year ended March 31,	
	2011	2010
Travelling	329,503	241,342
Uses Fees	355,350	-
Advertisement	-	80,047
Total	684,853	321,389

13 Investments purchased and sold during the year

Particulars of goods	For the year ended 31.03.11		For the year ended 31.03.10	
	Nos	Value (₹)	Nos	Value (₹)
i Shares & Securities Purchased:				
Coal India Ltd	88	21,560	-	-
The Orissa Minerals & Developments Ltd	10	307,485	-	-
Wire & Wireless Ltd	130	1,300	-	-
Total		330,345		-
ii Shares & Securities Sold:				
Hindusthan Zinc Ltd	-	-	50	40,850
IL & FS Transport Networks Ltd	25	7,681	-	-
Ludlow Jute & Specialities Ltd	200	18,800	-	-
Power Grid Corporation Ltd	-	-	125	13,506
Tourism Finance Corporation of India Ltd	-	-	400	9,720
Capital Trust Ltd	-	-	8,400	97,154
Coal India Ltd	88	28,873	-	-
Seasoft Solutions Pvt. Ltd	209,500	2,095,000	-	-
The Orissa Minerals & Developments Ltd	10	432,158	-	-
Essar Oil - Debenture	50	1,250	-	-
Steelco Gujarat Ltd	-	-	50	493
United Bank of India	175	15,059	-	-
Wire & Wireless India Ltd - PP	130	1,970	-	-
Total		2,600,791		161,722

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

13 Investments purchased and sold during the year (Contd.)

Particulars of goods	For the year ended 31.03.11		For the year ended 31.03.10	
	Nos	Value (₹)	Nos	Value (₹)
iii Units of Mutual Fund Purchased:				
HDFC Cash Management Fund - Treasury Advantage Plan - Retail - Weekly Dividend Option Reinvest	1,438,913	14,424,098	14,898,235	63,129,273
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	40,064	4,018,048	35,114	3,518,819
Peerless Ultra Short Term Fund - Retail Weekly Dividend	1,397	13,973	50,069	500,846
SBI Blue Chip Fund - Growth	-	-	371,195	5,000,000
SBI Magnum Equity Fund Growth	-	-	40,839	1,500,000
SBI PSU Fund Growth	50,000	500,000	-	-
SBI- SHF- Ultra Short Term- Retail Plan- Weekly Dividend	781,547	7,876,118	-	-
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
LIC MF Index Fund- Nifty Plan- Growth Option	34,257	1,000,000	-	-
Total		27,832,237		127,617,308
iv Units of Mutual Fund Sold:				
HDFC Cash Management Fund - Treasury Advantage Plan - Retail - Weekly Dividend Option Reinvest	4,686,175	46,991,402	3,709,850	37,200,000
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
J P Morgan India Liquid Fund Retail Growth Plan	51,637	600,000	-	-
ICICI Prudential Flexible Income Plan Regular Weekly Dividend	4,980	500,000	-	-
Peerless Ultra Short Term Fund - Retail Weekly Dividend	51,466	514,824	-	-
LIC MF Index Fund- Nifty Plan- Growth Option	34,257	1,046,332	-	-
SBI Blue Chip Fund - Growth	371,195	5,467,706	-	-
SBI Magnum Equity Fund Growth	40,839	1,665,396	-	-
SBI PSU Fund Growth	50,000	549,000	-	-

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

13 Investments purchased and sold during the year (Contd.)

Particulars of goods	For the year ended 31.03.11		For the year ended 31.03.10	
	Nos	Value (₹)	Nos	Value (₹)
iv Units of Mutual Fund Sold: (Contd.)				
Canara Robeco FORCE Retail Growth Fund	9,780	142,298	-	-
Shinsei Industry Leaders Fund - Growth Fund	9,780	120,880	-	-
SBI- SHF- Ultra Short Term- Retail Plan- Weekly Dividend	99,154	1,000,000	-	-
Shinsei Liquid Fund Retail Plan- Growth Fund	2,992	3,143,319	-	-
Total		61,741,157		87,971,427

14 Earning Per Share (EPS)

(Amount in ₹)

	For the year ended March 31,	
	2011	2010
a Profit after Tax	42,940,424	49,485,451
b Weighted average number of Equity Shares outstanding during the year (Nos.)	6,829,153	6,768,250
c Nominal value of Equity Per Share	10	10
d Effect of potential Equity Shares on Employee Stock Options Outstanding	15,000	39,400
e Effect of potential Equity Shares on Convertible Debentures	414,286	-
f Weighted average number of Equity Shares outstanding during the year in computing diluted earnings per share (Nos.) [b + d + e]	7,258,439	6,807,650
g Earning Per Share		
- Basic [a/b]	6.29	7.31
- Diluted [a/f]	5.92	7.27

15 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
ii Key Management Personnel	Mr. Bhawani Shankar Rathi (Whole time Director) Mr. Vijay Maheshwari (Director) Mr. Bijay Murmura (Director)
iii Enterprise owned or significantly influenced by Key Management Personnel and their relatives	Superb Estate Services Pvt. Ltd

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

15 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 ₹)

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 Managerial remuneration	-	-	1,136,200	-	1,136,200
	-	-	(855,762)	-	(855,762)
ii Rent paid	-	120,000	600,000	-	720,000
	-	(120,000)	(300,000)	-	(420,000)
iii Guarantee commission paid	-	-	250,000	-	250,000
	-	-	(250,000)	-	(250,000)
iv Equity Share Allotment (Incl. Premium)	-	-	24,000	-	24,000
	-	-	(84,000)	-	(84,000)
v Convertible Share Warrants (Incl. Premium)	1,550,000	-	-	-	1,550,000
	-	-	-	-	-

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

16 Gratuity and post-employment benefits plans

The company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is entitled to gratuity on terms not less favourable than 'The provisions of Gratuity Act, 1972'. The above said scheme is funded.

The following table summarises the components of net benefits / expense recognised in the Profit and Loss Account and the Balance Sheet for the respective plans.

A Defined Contribution Plans:

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

(Amount in ₹)

	For the year ended March 31	
	2011	2010
Contribution to Employee's Provident Fund	780,342	619,020
Contribution to Employee's Family Pension Fund	439,705	401,307
Total	1,220,047	1,020,327

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

16 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, 2011

(Amount in ₹)

	For the year ended 31.03.11		For the year ended 31.03.10	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
a) Component of Employer's Expense				
Current service cost	332,105	43,123	405,619	32,835
Interest cost on benefit obligation	159,556	41,855	140,711	39,570
Expected return on plan assets	(195,032)	-	(136,066)	-
Past Service Cost	170,301	-	-	-
Net actuarial(gain) / loss recognised during the period	(287,699)	142,320	(196,079)	133,776
Total Expenses	179,231	227,298	214,185	206,181
B) Actual Contribution and Benefits Payments for period ending				
Actual Benefit Payments	138,750	244,773	-	180,764
Actual Contribution	429,648	244,773	365,289	180,764

b Net Assets/ (Liability) recognised in the Balance Sheet as at 31st March, 2011

	For the year ended 31.03.11		For the year ended 31.03.10	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present value of defined benefits obligation	2,169,528	489,857	1,934,015	507,332
Fair value of Plan Assets	2,630,227	-	1,460,861	-
Net Liability	460,699	(489,857)	350,476	507,332
Employer's Expense				
a) Current Service Cost	332,105	43,123	405,619	32,835
b) Total Employer Expense	179,231	227,298	214,185	206,181

c Change in obligations during the year ended 31st March, 2011

	For the year ended 31.03.11		For the year ended 31.03.10	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present value of defined obligation at the beginning of the period	1,934,015	507,332	1,583,764	481,915
Current service cost	332,105	43,123	405,619	32,835
Interest cost	159,556	41,855	140,711	39,570
Plan Amendments	170,301	-	-	-
Benefits paid	(138,750)	(244,773)	-	(180,764)
Actuarial (gains)/losses	(287,699)	142,320	(196,079)	133,776
Present value of defined benefits obligation at the end of the period	2,169,528	489,857	1,934,015	507,332

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

16 Gratuity and post-employment benefits plans (Contd.)

d Change in the fair value of plan assets during the year ended 31st March, 2011

(Amount in ₹)

	For the year ended 31.03.11		For the year ended 31.03.10	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Plan Asset at the beginning of the period	2,144,297	-	1,460,861	-
Actual return on Plan Asset	195,032	-	136,066	-
Contribution by the employer	429,648	244,773	547,370	-
Employee Contributions	-	-	-	-
Benefits Paid	(138,750)	(244,773)	-	-
Plan Asset at the end of the period	2,630,227	-	2,144,297	-

17 Open Interest in Equity Index/stock Futures as at 31st March, 2011:

Long position

Name of the Future	Series of Future	Number of Contracts	Number of Units involved
State Bank of India	28th April 2011	2	250
Oriental Bank of Commerce	28th April 2011	8	4,000

The loss amounting to ₹9,400/- on account of mark to market on the above contracts as on 31.3.2011 has been charged to Profit & Loss Account.

18 Segment information

A Primary segment information (by business segments)

(Amount in ₹)

	For the year ended March 31,	
	2011	2010
i Segment Revenue		
- Capital Market Operations	27,042,187	23,619,754
- Investment Banking	107,878,334	117,120,210
- Others	-	-
Total Segment Revenue	134,920,521	140,739,964
ii Segment Results (before interest and unallocated income/expense)		
- Capital Market Operations	11,335,079	9,400,114
- Investment Banking	52,961,385	65,349,162
- Others	(456,607)	(358,620)
Total Segment Results	63,839,857	74,390,656
iv Operating Profit	63,839,857	74,390,656
v Unallocated Interest Expenses	1,772,160	140,707
vi Unallocated Interest Income	-	-

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

18 Segment information (Contd.)

A Primary segment information (by business segments) (Contd.)

(Amount in ₹)

	For the year ended March 31,	
	2011	2010
vii Total Profit before Tax	62,067,697	74,249,949
viii Segment Assets		
- Capital Market Operations	109,056,078	92,092,797
- Investment Banking	171,018,076	102,414,756
- Others	2,444,256	48,010,542
Total Segment Assets	282,518,410	242,518,095
ix Segment Liabilities		
- Capital Market Operations	21,255,322	18,615,646
- Investment Banking	49,720,115	9,799,236
- Others	7,915,928	52,670,281
Total Segment Liabilities	78,891,365	81,085,163
xi Depreciation		
- Capital Market Operations	855,727	592,644
- Investment Banking	2,922,501	2,155,370
- Others	-	-
Total Depreciation	3,778,228	2,748,014
x Capital Employed		
- Capital Market Operations	87,800,756	73,477,151
- Investment Banking	121,297,961	92,615,520
- Others	(5,471,672)	(4,659,739)
Total Capital Employed	203,627,045	161,432,932

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 & 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"

B There are no reportable geographical segment.

19 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. S.K. Kabra

Partner

Membership No. 052205

Place : Kolkata

Date: May 21, 2011

Deb Kumar Sett
Company Secretary

For and on behalf of the Board of Directors

Vijay Maheshwari
Bijay Murmuria
Bhawani Shankar Rathi
Directors

SUMMARISED ACCOUNTS

(₹ in Lacs)

	2010-11	2009-10	2008-09	2007-08	2006-07
BALANCE SHEET					
Net Worth*	1917.18	1551.82	1118.69	933.86	816.41
Borrowings	448.27	15.24	12.74	36.87	25.56
Deferred Tax Liability	73.96	55.08	50.98	31.77	26.89
	2439.41	1622.14	1182.41	1002.50	868.86
UTILISATION OF FUNDS					
Net Fixed Assets*	1050.42	471.74	433.16	448.62	446.35
Investments	281.11	626.10	233.86	157.24	152.34
Net Current Assets	1107.88	524.30	515.39	396.64	270.17
	2439.41	1622.14	1182.41	1002.50	868.86
PROFIT AND LOSS ACCOUNT					
<i>Income</i>					
Income from Operations	1267.22	1372.52	874.77	758.76	419.73
Other Income	54.49	30.04	44.89	16.94	39.35
	1321.71	1402.56	919.66	775.70	459.08
<i>Expenditure</i>					
Establishment	669.67	633.68	517.97	473.10	309.65
Interest & Finance Charges	17.72	1.41	4.93	4.03	2.20
Depreciation	37.28	26.97	26.46	22.83	18.85
Provision for Diminution in Investment	0.18	2.32	14.41	-	-
	724.85	664.38	563.77	499.96	330.70
Profit before Taxation	596.86	738.18	355.89	275.74	128.38
Profit after Taxation	411.09	491.13	221.15	180.24	85.44
Earnings per Shares (in ₹)					
- Basic	6.02	7.26	3.32	2.71	1.29
- Diluted	5.66	7.21	3.27	2.71	1.29

* 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 Second 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 20th August, 2011 at 10.30 a.m. and at any adjournment thereof.

Signed this.....day of2011



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 SECOND ANNUAL GENERAL MEETING** at "Somany Conference Hall", Merchants' Chamber of Commerce, 15B, Hemanta Basu Sarani, Kolkata - 700 001 on Saturday, the 20th August, 2011 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, 2011 with them to the Annual General Meeting.



SUMEDHA FISCAL SERVICES LTD.

Registered Office: 8B Middleton Street, 6A Geetanjali, Kolkata - 700071
Tel: 91 33 2229 8936 / 6758 / 3237 / 4473, Fax: 91 33 2226 4140 / 2265 5830
E-mail : investors@sumedhafiscal.com Website: www.sumedhafiscal.com

21 May, 2011

Dear Shareholder,

Subject: Green Initiative in Corporate Governance: Go Paperless

The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" (Circular No.17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011) allowing paperless compliances by Companies through electronic mode in compliance with Section 53 of the Companies Act, 1956. Companies are now permitted to send various notices /documents to its shareholders through electronic mode to the registered email addresses of shareholders.

This move by the Ministry has been welcomed by all since it will benefit the society and the Company at large through reduction in paper consumption and save trees, prompt communication, saving cost on paper and postage and avoid loss of document in postal transit, elimination of wastage of paper.

This is also a golden opportunity for every shareholder to contribute to the Corporate Social Responsibility initiative of the Company. In view of this, the Company proposes to send all notices and documents henceforth to the shareholders in the electronic mode, at the designated e-mail address furnished by them.

You are therefore requested to return the filled in (signed) Email Registration Form –

- a) to the Company at its Registered Office; or**
- b) to its Share transfer Agent - Maheshwari Datamatics Pvt. Ltd., 6 Mangoe Lane, 2nd Floor, Kolkata – 700001, or**
- c) scanned copy of the signed Form to the Company at its Email Id – investors@sumedhafiscal.com.**

Please be informed that these documents will also be available on the Company's website www.sumedhafiscal.com.

Kindly note that if you still wish to get a hard copy/physical copy of all the communications, the Company undertakes to provide the same at no extra cost to you.

We are sure you would appreciate the "Green Initiative" taken by MCA and your Company's desire to participate in such initiative.

Thanking you.

Yours faithfully,
For Sumedha Fiscal Services Ltd.

Deb Kumar Sett

Company Secretary & Compliance Officer

Enclosed: As above.



SUMEDHA FISCAL SERVICES LTD.

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Tel: 91 33 2229 8936 / 6758 / 3237 / 4473, Fax: 91 33 2226 4140 / 2265 5830
E-mail : investors@sumedhafiscal.com Website: www.sumedhafiscal.com

DP ID CLIENT ID FOLIO NO

The Company Secretary
Sumedha Fiscal Services Ltd.
8B Middleton Street, 6A Geetanjali, Kolkata -700071

Dear Sir,

In view of the MCA Circulars No.17/2011 dated 21.04.2011 and No. 18/2011 dated 29.04.2011, I/we hereby agree to receive all future communications from Sumedha Fiscal Services Ltd. at my following email id:

E-mail id _____

Thanking you,
Yours faithfully,

Signature of Sole /1st Holder

Name in block letters

Date



SUMEDHA
adding values to value

SUMEDHA FISCAL SERVICES LIMITED

REGISTERED and CORPORATE OFFICE

8B Middleton Street, 6A Geetanjali, Kolkata – 700 071

Tel: +91 33 2229 8936/6758/3237/4473 Fax: +91 33 2226 4140/2265 5830

Web: www.sumedhafiscal.com Email: kolkata@sumedhafiscal.com

BRANCH OFFICES

MUMBAI

C-703 "Marathon Innova",
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Fax: +91 11 4165 4483
Email: delhi@sumedhafiscal.com

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Fax: +91 40 4020 2826
Email: hyderabad@sumedhafiscal.com

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Email: ahmedabad@sumedhafiscal.com

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"Park Plaza", 1st Floor, No. 1 Park Road,
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Email: chennai@sumedhafiscal.com

JAIPUR

36-A, Suraj Nagar (East), Civil Lines,
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Fax: +91 141 222 2894
Email: jaipur@sumedhafiscal.com

GUWAHATI

303 "Royal Plaza", 3rd Floor, Opp. International
Hospital, G. S. Road, Christian Basti,
Guwahati – 781 005
Tel: +91 361 234 1336
Fax: +91 361 234 1336
Email: guwahati@sumedhafiscal.com

NSE CASH: INB231075830, NSE DERIVATIVES: INF231075830, NSE CURRENCY DERIVATIVE SEGMENT: INE231075830,
BSE CASH: INB011075836, BSE DERIVATIVES: INF011075836, MCX-SX (CURRENCY DERIVATIVES): INE261075830,
*MCX MEMBERSHIP CODE: 12185, FMC UNIQUE MEMBER CODE: MCX/TCM/CORP/0465, NSDL: IN-DP-NSDL-303-2008,
OTCEI: INB200838635, AMFI NO: ARN 0205, SEBI CATEGORY I MERCHANT BANKER: MB/INM000008753,
*IRDA LICENSED INSURANCE AGENT – SBI LIFE: 1769972, *IRDA LICENSED INSURANCE AGENT – LIC: 6039604

(* Through Group Company)



partnerships



principles

Values
we stand
by at
Sumedha



personal touch



SUMEDHA

adding values to value

www.sumedhafiscal.com