

VALUES WE STAND BY AT SUMEDHA



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BOARD OF DIRECTORS



Mr. Ratan Lal Gaggar
Chairman



Dr. Basudeb Sen
Independent Director



Mr. Atul Chandra Varma
Independent Director



Mr. Prashant Sekhar Panda
Independent Director



Mr. Anil Kumar Birla
Independent Director



Mr. Vijay Maheshwari
Promoter Director



Mr. Bijay Murmuria
Promoter Director



Mr. Bhawani Sankar Rathi,
Wholetime Director & CFO



Mr. Rajesh Kumar Gupta
Wholetime Director

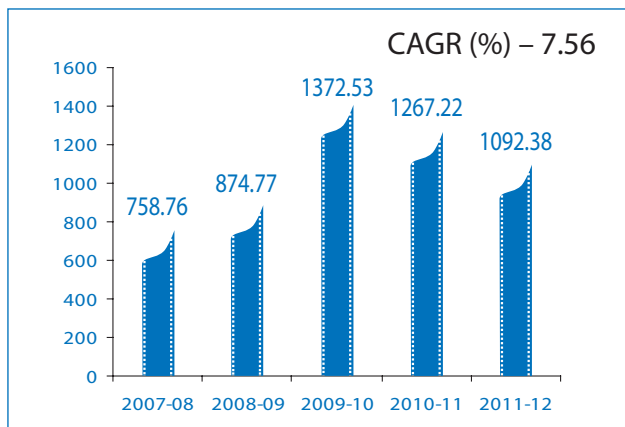


KEY BUSINESS HIGHLIGHTS IN 2011 – 2012

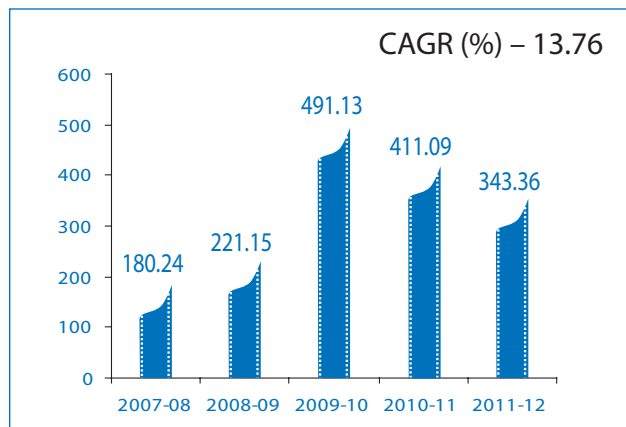
- Obtained Portfolio Management Services License from SEBI to match investor objectives and better fund management.
- Fully Convertible Debenture (0%) of ₹ 290 Lacs issued to Brand Equity Treaties Ltd. on 30th March, 2011 were converted into 9,35,484 Equity Shares of ₹ 10/- each at a Conversion Rate of ₹ 31/- (including premium ₹ 21/- per share) on 30th March, 2012.
- The investment Banking Segment remains the major revenue earning arm accounting for 90.41 percent of Total Income from Operations.

PERFORMANCE HIGHLIGHTS

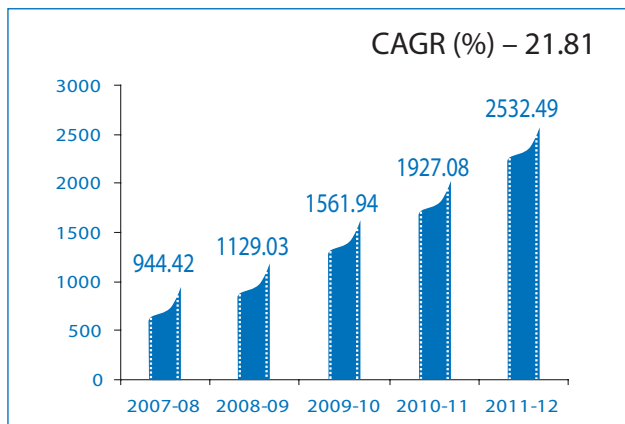
INCOME FROM OPERATIONS (In ₹ lacs)



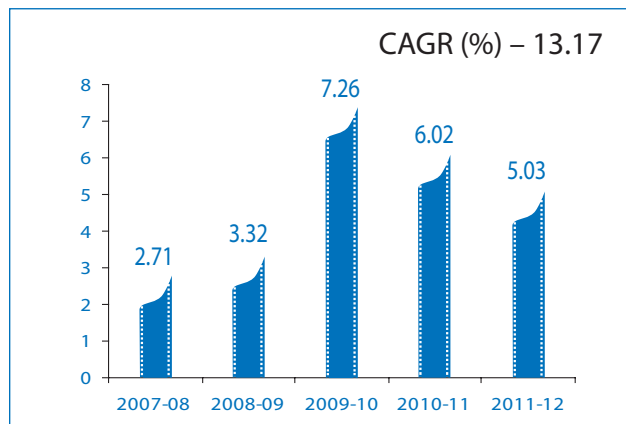
PAT (In ₹ lacs)



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 MCX-SX and started Currency Derivatives Trading
- Obtained permission from NSE to start Internet Trading
- Relaunched 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 Debentures aggregating to ₹ 290 lacs to Brand Equity Treaties Ltd.
- PAT stood at ₹ 411.09 lacs

2011

- Obtained Registration for launching Portfolio Management Services from SEBI.
- New Logo-evolution and total re - branding was structured to give our brand a new image.
- PAT stood at ₹ 343.36 lacs

2012

OUR 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.



CHAIRMAN'S ADDRESS



Dear Stakeholders,

I am glad to welcome you to the 23rd Annual General Meeting of your Company. I thank you for your continued trust, encouragement and support.

I take this opportunity to welcome Mr. Rajesh Kumar Gupta who has been heading Investment Banking Dept. of the Company and has now joined the Board as a Wholetime Director of the Company.

The year 2011-12 was tough in general. Growth rate of the Indian economy has come down from 9% to around 6%. High cost of funds and inflation around 8% has rendered easing of lending rate difficult for the Reserve Bank of India. Supply-side bottlenecks and apparent stymied policy decisions have added to the woes. Shrinkage of export market in US and Europe has slashed income and employment in the export segment. Steep depreciation in INR-USD rate has severely pushed up import bills and worsened balance of payment position. Certain measures by the Government of India to streamline collection of Tax as well as flow of overseas funds into India have resulted in drying up inflow, atleast for the time-being.

Rating downgrades by the international rating agencies (Standard and Poor's and Fitch) appear to be a timely wake-up call for policy makers. Fallout of these macro factors have cast their shadow on the performance of the Company. In such a difficult environment, your company has worked very hard to deliver results.

The annual revenues of the Company for the fiscal 2011-12 were ₹ 1265.53 lacs with Profit Before Tax of ₹ 472 lacs and Profit After Tax of ₹ 343.46 lacs. Your Directors

recommend a dividend of 80 Paise (8%) per Equity Share for the year.

The Company issued 11,35,484 Equity Shares of ₹ 10/- each at a Conversion Price of ₹ 31/- (including Premium of ₹21/-) in compliance with the SEBI (ICDR) Regulations and further details of the issue is included in the Annual Report for 2011-12.

Your Company envisages itself as a boutique provider of services for Small and Medium Enterprises that play a vital role for the growth of Indian economy by contributing 45 percent of the industrial output, 40 percent of exports, producing more than 8000 quality products for the Indian and International markets and employing nearly 6 crore people which is next only to the agricultural sector. A number of problems faced by the sector include absence of adequate and timely banking finance, limited capital and knowledge, non-availability of suitable technology, low production capacity, ineffective marketing strategy, identification of new markets and constraints on modernization & expansions. It is indeed the need of the hour to nourish and realize the potential of the SMEs and at Sumedha Fiscal we look forward to become an effective catalyst for transition of these SMEs.

I place on record my appreciation for our clients, partners, investors, and bankers for their continued support. I also thank employees of the Company at all levels for their commitment and hard work. I can assure you of Company's strong commitment to building sustainable growth for all stakeholders.

Thank you,

Ratan Lal Gaggar

Chairman

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 Sankar Rathi, Wholetime Director & CFO
 Mr. Anil Kumar Birla, Independent Director
 Mr. Rajesh Kumar Gupta, Wholetime Director (w.e.f. 26-May-12)
- 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** : 6A Geetanjali, 8B Middleton Street
 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,
 and Ahmedabad
- Website** : www.sumedhafiscal.com
- Investors Communication** : investors@sumedhafiscal.com

NOTICE

Notice is hereby given that the 23rd 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 25th day of August, 2012 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, 2012 together with Reports of Directors and Auditors thereon.
2. To declare dividend for the year ended 31st March, 2012.
3. To appoint a Director in place of Dr. Basudeb Sen, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Prashant Sekhar Panda, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

6. **Appointment and payment of remuneration to Mr. Rajesh Kumar Gupta as a Wholetime Director**

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 ('the Act') (including any amendment and /or re-enactment thereof), the Company hereby approves the appointment of MR. RAJESH KUMAR GUPTA as a WHOLETIME DIRECTOR of the Company for a period of 3 (three) years with effect from May 26, 2012 on the terms and at a remuneration as detailed in Explanatory Statement annexed hereto.

RESOLVED FURTHER THAT pursuant to the sub-paragraphs (B) and (C) of paragraph 1 of Section II of Part II of Schedule XIII and other applicable provisions, if any, of the Act and subject to such approvals as may be necessary, the Company be and is hereby authorized to pay the minimum remuneration, as detailed in the Explanatory Statement, to Mr. Gupta for that financial year, in which there is inadequacy or absence of profits, during the period of three years from the effective date of his appointment.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to increase, vary or amend the remuneration including salary, allowances, perquisites and benefits, minimum remuneration and other terms of his appointment, from time to time, as deemed expedient or necessary."

7. **Increase in remuneration of Mr. Bhawani Sankar Rathi, Wholetime Director**

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 ('the Act') (including any amendment and /or re-enactment thereof), the Company hereby approves the increase in remuneration of MR. BHAWANI SANKAR RATHI, a WHOLETIME DIRECTOR of the Company for the remaining period of his tenure (i.e. upto 31-Mar-13) w.e.f. April 1, 2012 at a remuneration as detailed in Explanatory Statement annexed hereto.

RESOLVED FURTHER THAT pursuant to the paragraphs (B) and (C) of Section II (1) of Part II of Schedule XIII and other applicable provisions, if any, of the Act and subject to such approvals as may be necessary, the Company be and is hereby authorized to pay the minimum remuneration, as detailed in the Explanatory Statement, to Mr. Rathi for the said period.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to increase, vary or amend the remuneration including salary, allowances, perquisites and benefits, minimum remuneration and other terms of his appointment, from time to time, as deemed expedient or necessary."

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

Date : May 26, 2012

By Order of the Board

Deb Kumar Sett
Company Secretary & Compliance Officer

NOTES:

1. **A member entitled to attend and vote at the Annual General Meeting (AGM) may 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 are required to send to the Company a certified copy of the Board Resolution pursuant to Section 187 of the Companies Act, 1956, authorizing their representatives to attend and vote at the AGM.
3. In terms of Article 145 of the Articles of Association of the Company, Dr. Basudeb Sen, and Mr. Prashant Sekhar Panda, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Appointment and remuneration payable to Mr. Rajesh Kumar Gupta, Wholetime Director has been placed before the Members for their consideration and approval.
4. Brief resume and relevant information of the Directors recommended by the Board of Directors for appointment / re-appointment as required under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Report on Corporate Governance forming part of the Annual Report.
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 23, 2012 to August 25, 2012 (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 25, 2012 to those members whose names appear on the Register of Members as on August 25, 2012. 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 end of the day of August 22, 2012.
8. Members are advised that bank details as furnished by them to the Company for shares held in physical form and to NSDL/CDSL for shares held in the electronic form respectively, will be printed on their dividend warrant(s) as a measure of protection against fraudulent encashment.
9. Members whose shareholding is in electronic mode are requested to inform change of address and updations of Bank Account details to their respective Depository Participants.
10. Members are requested to address all their correspondences, including dividend matters, to the Registrar and Share Transfer Agents – Maheshwari Datamatics Pvt. Ltd., 6, Mangoe Lane, Kolkata – 700 001, Email: mdpl@cal.vsnl.net.in, Phone: 033-2243-5029 / 5809.
11. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 205A of the Companies Act, 1956, be transferred to the Investors Education and Protection Fund (IEPF). Therefore, the amount of unclaimed dividend for the financial year ended March 31, 2005 would be transferred to the IEPF. As such, Members who have not yet encashed their dividend warrant(s) for the financial year ended March 31, 2005 and/or subsequent years are requested to submit their claims to the Registrar and Transfer Agent of the Company without any delay.
12. 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.
13. Members holding shares in physical form, are requested to register their e-mail addresses with the Company for receiving the Report and Accounts, Notices etc. in electronic mode, as a measure of support to the Green Initiative in Corporate Governance of the Ministry of Corporate Affairs, Government of India.
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.

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

Item No. 6

The Board of Directors of the Company had appointed Mr. Rajesh Kumar Gupta as a Wholetime Director with effect from May 26, 2012. The remuneration and terms of appointment of the Wholetime Director is subject to approval of the Members.

Any change in the remuneration of the Wholetime Director shall be subject to approval of the Board of Directors based upon the overall performance of the Company and the recommendation of the Remuneration Committee.

The Board of Directors of the Company, on the recommendation of the Remuneration Committee, proposed to pay the following remuneration to Mr. Gupta, Wholetime Director w.e.f. May 26, 2012 as per the terms and conditions mentioned below:

Salary :

Basic Salary – ₹ 1,20,000/- per month

House Rent Allowance – ₹ 22,500/- per month

Performance Linked Incentive – As per Company Rules (not exceeding 150% of Basic Salary)

Other Allowances - ₹ 18,500/- per month

I. Perquisites, Benefits and Allowances:

The Wholetime Director, in addition to the aforesaid basic salary and allowances, shall be entitled to the following perquisites, benefits and allowances [aggregate monetary value whereof shall not exceed ₹ 10,00,000/- per annum].

Part A:

- a. Contribution to Provident Fund, Superannuation Fund or Annuity Fund: As per the rules of the Company as applicable to the Wholetime Director [i.e. 12% of Basic Salary].
- b. Gratuity: Half a month's salary for each completed year of service.

Part B:

Company Leased Accommodation/House Rent Allowance, Electricity, Gas, Water, Hard and Soft Furnishings, Books, Periodicals, Journals and Consumables, Medical Reimbursement, Leave Travel Assistance, Fees of Clubs and Medical Insurance.

Part C:

Company's car with driver and telephone, internet and/or broadband facility at residence. However, the Company shall bill the Wholetime Director, the charges relating to personal long distance calls and charges for using the office cars and phones for private purposes.

Provided that the aggregate of the aforesaid basic salary, perquisites, benefits and allowances, as per the Scheme of the Company applicable to all the Wholetime Directors, shall not exceed ten percent collectively of the Company's net profit of that financial year as provided under the provisions of Sections 198 and 309 read with Schedule XIII of the Companies Act, 1956 ('the Act') and other applicable provisions, if any.

II. Minimum Remuneration

In accordance with the provisions of Schedule XIII and other applicable provisions of the Act, the remuneration as detailed above, be paid as minimum remuneration to Mr. Gupta, in the absence or inadequacy of profits in any financial year during the period of three years from the effective date of his appointment. The payment of minimum remuneration is subject to necessary consent/sanction of the Central Government, if required.

The above may be treated as an abstract of terms of remuneration in respect of Mr. Gupta, Wholetime Director of the Company.

Mr. Gupta is not related to any other Director on the Board of the Company.

None of the Directors of the Company other than Mr. Gupta is interested or concerned in the resolution.

The Board recommends the resolution for your approval.

Item No. 7

Mr. Bhawani Sankar Rathi was re-appointed as a Wholetime Director at the Annual General Meeting of the Company held on 21-Aug-10. The Board of Directors on consideration of relevant factors and on recommendation of the Remuneration Committee proposed increased remuneration to Mr. Rathi w.e.f. April 1, 2012.

Any change in the remuneration of the Wholetime Director shall be subject to approval of the Board of Directors based upon the overall performance of the Company and the recommendation of the Remuneration Committee. However the remuneration and modification in terms of employment of a Wholetime Director is subject to approval of the Members.

The Board of Directors of the Company, on the recommendation of the Remuneration Committee, proposed to pay the following increased remuneration to Mr. Rathi, Wholetime Director, for the remaining period of his tenure (i.e. upto 31-Mar-13) w.e.f. April 1, 2012 :-

Salary :

Basic Salary – ₹ 1,00,000/- per month

House Rent Allowance – ₹ 20,000/- per month

Performance Linked Incentive – As per Company Rules (not exceeding 150% of Basic Salary)

Other Allowances - ₹ 15,000/- per month

I. Perquisites, Benefits and Allowances:

Mr. Rathi, in addition to the aforesaid basic salary and allowances, shall be entitled to the following perquisites, benefits and allowances [aggregate monetary value whereof shall not exceed ₹ 10,00,000/- per annum] -

Part A:

- a. Contribution to Provident Fund, Superannuation Fund or Annuity Fund: As per the rules of the Company as applicable to the Wholetime Director [i.e. 12% of Basic Salary].
- b. Gratuity: Half a month's salary for each completed year of service.

Part B:

Company Leased Accommodation/House Rent Allowance, Electricity, Gas, Water, Hard and Soft Furnishings, Books, Periodicals, Journals and Consumables, Medical Reimbursement, Leave Travel Assistance, Fees of Clubs and Medical Insurance.

Part C:

Company's car with driver and telephone, internet and/or broadband facility at residence. However, the Company shall bill the Wholetime Director, the charges relating to personal long distance calls and charges for using the office cars and phones for private purposes.

Provided that the aggregate of the aforesaid basic salary, perquisites, benefits and allowances, as per the Scheme of the Company applicable to all the Wholetime Directors, shall not exceed ten percent collectively of the Company's net profit of that financial year as provided under the provisions of Sections 198 and 309 read with Schedule XIII of the Companies Act, 1956 ('the Act') and other applicable provisions, if any.

II. Minimum Remuneration

In accordance with the provisions of Schedule XIII and other applicable provisions of the Act, the remuneration as detailed above, be paid as minimum remuneration to Mr. Rathi, in the absence or inadequacy of profits in any financial year during the period of three years from the effective date of his appointment. The payment of minimum remuneration is subject to necessary consent/sanction of the Central Government, if required.

The above may be treated as an abstract of terms of remuneration in respect of Mr. Rathi, Wholetime Director of the Company.

Mr. Rathi is not related to any other Director on the Board of the Company.

None of the Directors of the Company other than Mr. Rathi is interested or concerned in the resolution.

The Board recommends the resolution for your approval.



The Information as required under Section II of Part II of Schedule XIII of the Companies Act, 1956 in respect of Item No(s). 6 and 7 are given below:

I. GENERAL INFORMATION

1.	Nature of Industry	Financial Services			
2.	Date or expected date of commencement of commercial production	Not Applicable (The Company is an existing Company)			
3.	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not Applicable			
4.	Financial performance based on given indicators	Particulars	2011-12 (₹ In Lacs)	2010-11 (₹ In Lacs)	2009-10 (₹ In Lacs)
		Total Revenue	1265.54	1321.71	1402.56
		Profit after tax	343.36	411.09	491.13
5.	Export performance and net foreign exchange collaborations	Not Applicable			
6.	Foreign investments or collaborators, if any	Not Applicable			

II. (a) INFORMATION ABOUT THE APPOINTEE – Mr. Rajesh Kumar Gupta

1.	Background details	Mr. Rajesh Kumar Gupta is a Physics Hons. Graduate from Calcutta University and a qualified Chartered Accountant with 19 years' post qualification experience. He has joined the Company on August 1, 2011		
2.	Past remuneration	Financial Years	Amount (in ₹)	
		2011-12	3020800	
		2010-11	-	
		2009-10	-	
3.	Recognition or awards	-		
4.	Job profile and his suitability	Mr. Gupta will be responsible for overall business development of the Company and assistance in execution of various assignments in the areas of Corporate Finance, Syndication, Restructuring and other Corporate Advisory Services. With about 19 years of experience as a Chartered Accountant, Mr. Gupta has relevant experience in all these areas.		
5.	Remuneration proposed	As per details herein above given in the Explanatory Statement.		
6.	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	The remuneration payable to Mr. Gupta has been benchmarked with the remuneration being drawn by similar positions in the industry and has been considered by the Compensation/Remuneration Committee of the Company at its meeting held on 26-May-12.		
7.	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any	Mr. Gupta has no pecuniary relationship directly or indirectly with the Company except to the extent of 220 Equity Shares held by him in the Company.		

II. (b) INFORMATION ABOUT THE APPOINTEE – Mr. Bhawani Sankar Rathi

1.	Background details	Mr. Bhawani Sankar Rathi is a Honours Graduate in Commerce and a qualified Chartered Accountant with 22 years' post qualification experience in Banking, Finance Law and Stock Broking.		
2.	Past remuneration		Financial Years	Amount (in ₹)
			2011-12	11,58,200
			2010-11	11,36,200
			2009-10	8,55,762
3.	Recognition or awards	Have been undergoing MBF course conducted by Institute of Chartered Accountants and stood 1st in exam held for 1st level.		
4.	Job profile and his suitability	Mr. Rathi is handling the area of Capital restructuring, Corporate Finance, and handling all issue related activities and Stock Broking. He is also heading the Mumbai Branch Office.		
5.	Remuneration proposed	As per details herein above given in the Explanatory Statement.		
6.	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	The proposed remuneration payable to Mr. Rathi has been benchmarked with the remuneration being drawn by similar positions in the industry and has been considered by the Compensation/Remuneration Committee of the Company at its meeting held on 26-May-12.		
7.	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any	Mr. Rathi, a Promoter Director, has no other pecuniary relationship directly or indirectly with the Company except to the extent of his shareholdings in the Company being 119270 Equity Shares consisting of 1.49% of the paid-up capital of the Company.		

III. OTHER INFORMATION

1.	Reasons of loss or inadequate profits	The Company has earned profit from its operations in the current year and it is expected to earn profits in the future years also. This is an enabling provision for payment of remuneration in the event of loss/inadequacy of profits.
2.	Steps taken or proposed to be taken for improvement	Not Applicable
3.	Expected increase in productivity and profits in measurable terms	Not Applicable



IV. DISCLOSURE

(1)	The shareholders of the Company shall be informed of the remuneration package of the managerial person	As per details herein above given in the Explanatory Statement.
(2)	The following disclosures shall be mentioned in the Board of Director's Report under the heading "Corporate Governance", if any, attached to the Annual Report –	Included under the head "The details of Remuneration to Directors are as under" of Para No. D of Report on Corporate Governance.
(i)	All elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc. of all the directors;	Included under the head " The details of Remuneration to Directors are as under " of Para No. D of Report on Corporate Governance.
(ii)	Details of fixed component and performance linked incentives along with the performance criteria;	
(iii)	Service contracts, notice period, severance fees;	
(iv)	Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.	

It is proposed to approve the aforesaid resolutions in order to enable the Company to pay the remuneration to its Wholetime Directors in the eventuality of loss/inadequacy of profits.

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

Date : May 26, 2012

By Order of the Board

Deb Kumar Sett
Company Secretary & Compliance Officer

CERTIFICATION BY CFO OF THE COMPANY

I, Bhawani Sankar 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, 2012 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 material 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 control 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 26, 2012

Bhawani Sankar Rathi

Wholetime Director & Chief Financial Officer



DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their 23rd Annual Report and the Audited Accounts for the financial year ended March 31, 2012.

Financial Highlights

(₹ in Lacs)

	Year ended	
	31.03.2012	31.03.2011
Total Income	1265.54	1321.72
Cash Profit	513.00	634.13
Less : Depreciation	41.00	37.27
Profit Before Tax	472.00	596.86
Less : Provision for Taxation (Net)	97.50	170.00
Add / (Less) : Deferred Tax	(30.80)	(18.88)
Add / (Less) : Adjustment for Earlier years	(0.34)	3.11
Profit After Tax	343.36	411.09
Add : Surplus brought forward	1198.03	850.62
Balance available for appropriation	1541.39	1261.71
APPROPRIATION		
Provision for Dividend (Including Dividend Tax)	74.24	63.68
Balance carried to Balance Sheet	1467.15	1198.03

Operational Review

In 2011-12, your Company's total Income from Operations stood at ₹ 1092.38 lacs as against ₹ 1267.22 lacs during the previous year. Your Company continued its focus on fee based activities (Investment Banking) and income therefrom was to ₹ 991.13 lacs as against ₹ 1041.65 lacs during the previous year.

Income from Capital Market Operation for the year has been ₹ 101.25 lacs as against ₹ 225.57 lacs during the previous year.

Income from other sources was at ₹ 173.16 lacs as against ₹ 54.49 lacs during the previous year.

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

With the markets stagnating and slump in the economy, performance is less than expectations an overall conservative approach towards risk management has been adopted.

Level of activity in Depository Participant services are linked to Stock Broking Services and both are moving slowly.

Currency derivative trading is yet to pick up at the exchange platform. Volume of business would pick up gradually with the market sentiment.

Retail financial products distribution business has been facing negative market sentiment and it is been reflected in the performance of this segment.

The Company has commenced Portfolio Management Service during the year. However shortly after the commencement the SEBI has raised the minimum volume of such investment from ₹ 5 lacs to ₹ 25 lacs. The activity is expected to pick up gradually.

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 have slowed down. However global economic and financial concerns, more so in the aftermath uncertainties emanating from Euro Zone, are likely to throw more challenges. In India, inflationary pressure alongwith overall supply bottle necks shall moderate overall growth rate.

Sustained depreciation of Rupee against the USD has triggered outflow of FII funds. Import oriented segment of the economy has been hit very hard. This alongwith high borrowing cost has tempered the overall growth rate. Tax issues have again become determinant for inflow of FDI. However long term growth prospect remains intact.

Directors

In terms of Article 162 of the Articles of Association of the Company Mr. Rajesh Kumar Gupta who has been heading the Investment Banking vertical of the Company has been appointed as a Wholetime Director of the Company with effect from May 26, 2012, by the Board of Directors as per recommendation of the Remuneration Committee of the Company. The appointment and terms of appointment has been placed before the Members for consideration and approval.

In terms of Article 145 of the Articles of Association of the Company, Dr. Basudeb Sen and Mr. Prashant Sekhar Panda, retire by rotation and being eligible, offered themselves for re-appointment at the ensuing Annual General Meeting.

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

CEO/CFO Report on Accounts

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

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, 2012 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.

Notes on Subsidiary

The consolidated financial statements presented by the Company include the financial information of the subsidiary prepared in accordance with the applicable accounting standard. In view of general exemption granted by the Ministry of Corporate Affairs, the Reports and Accounts of the subsidiary Company is not required to be attached to your Company's Accounts. Shareholders desirous of obtaining the Report and Accounts of your Company's subsidiary may obtain the same upon request. The Report and Accounts of the subsidiary Company will be kept for inspection at your Company's Registered Office and that of the subsidiary. Further the Report and Accounts of the subsidiary Company will also be available under the Financial of "About us" section of your Company's website, www.sumedhafiscal.com, in a downloadable format.

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

Consolidated Financial Statements

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

Stock Exchange Listings

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

Preferential Issue of Shares

The Company has issued 11,35,484 Equity Shares of ₹ 10/- each on March 30, 2012 on conversion of 1 (one) Zero Percent Fully Convertible Debenture of ₹ 2,90,00,000/- as well as 2,00,000 Convertible Share Warrants of ₹ 31/- each, both issued on preferential basis, at a conversion price of ₹ 31/- per Equity Share (including premium of ₹ 21/-).

SFSL Employees Stock Option Scheme, 2007

Details of the Options granted up to 31st March, 2012, and other disclosures as required under Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (the 'SEBI Guidelines') are set out in the Annexure - A to this Report.

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

Corporate Governance

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

Management Discussion & Analysis

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

Statutory Information

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

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

Earning and Outgo in foreign currency during the year:

During the year foreign exchange outgo was ₹ 9.37 Lacs (previous year ₹ 6.85 Lacs) by way of Traveling Expenses and Advertisement for the purpose of Business Development. Foreign exchange earnings for the said period were ₹ 11.54 Lacs (previous year – nil).

2) Deposit

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

3) Personnel

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

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

4) Cash Flow Statement for the year ended 31st March, 2012 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.

On Behalf of the Board



Ratan Lal Gaggar
Chairman

Kolkata
May 26, 2012

Annexure - A

Statement as at 31st March, 2012, 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 Haldar, 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	₹ 5.03													
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 2011-12 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 Lakhs</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>Profit After Tax (As reported)</td> <td style="text-align: right;">343.36</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;">343.36</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;">5.03 5.03</td> </tr> <tr> <td>As adjusted</td> <td style="text-align: right;">N.A. N.A.</td> </tr> </table>	Profit After Tax (As reported)	343.36	Add: Intrinsic Value Compensation Cost	Nil	Less: Fair Value Compensation Cost (Black Scholes model)	Nil	Adjusted Profit	343.36	Earnings Per Share	Basic (₹) Diluted (₹)	As reported	5.03 5.03	As adjusted
Profit After Tax (As reported)	343.36														
Add: Intrinsic Value Compensation Cost	Nil														
Less: Fair Value Compensation Cost (Black Scholes model)	Nil														
Adjusted Profit	343.36														
Earnings Per Share	Basic (₹) Diluted (₹)														
As reported	5.03 5.03														
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.	Weighted average exercise price per Option: ₹ 10.00 Weighted average fair value per Option: ₹ 5.63													
n)	A description of the method and significant assumptions used during the year to estimate the fair values of Options.	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:													
		(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/-												

On Behalf of the Board

Ratan Lal Gaggar
Chairman

Kolkata
May 26, 2012

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 2011-12.

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 relevant 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. 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.

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	4000
Mr. Atul Chandra Varma	Non-Executive/ Independent	-	-	-	-
Mr. Vijay Maheshwari	Non-Executive/ Promoter	1	-	-	1562220
Mr. Prashant Sekhar Panda	Non-Executive/ Independent	-	-	-	-
Mr. Anil Kumar Birla	Non-Executive/ Independent	-	-	-	6000
Mr. Bijay Murmuria	Non-Executive/ Promoter	1	-	-	369920
Mr. Bhawani Sankar Rathi, Wholetime Director & Chief Financial Officer	Executive/Promoter	1	1	-	119270

Notes :

■ Other Directorships and Committee Memberships are as on 31-Mar-12. ■ 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. ■ There has been no change in composition of the Board of Directors during the year. ■ 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) Management Committee, (3) Remuneration/Compensation Committee and (4) Shareholders' 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**

- 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.
- The meetings are usually held at the Company's Registered Office at 6A Geetanjali, 8B Middleton Street, Kolkata – 700071.
- 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.
- 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 (CS) is responsible for preparing the Agenda, Notes on Agenda, Minutes etc. of the meeting(s). The CS also ensures 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

Four 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 2011-12:**

Attendance Record of	No. of Meeting	Last AGM	Sl. No.	Dates of Board Meeting	Board Strength	No. of Directors Present
Mr. RatanLal Gaggar	4	Yes				
Dr. Basudeb Sen	4	No				
Mr. Atul Chandra Varma	3	Yes	1	21-May-11	8	7
Mr. Vijay Maheshwari	4	Yes	2	22-Jul-11	8	8
Mr. Prashant Sekhar Panda	2	No	3	12-Nov-11	8	7
Mr. Anil Kumar Birla	4	No	4	04-Feb-12	8	7
Mr. Bijay Murmuria	4	Yes				
Mr. Bhawani Sankar Rathi	4	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-12 (on 21-May-2011, 22-Jul-2011, 12-Nov-2011, and 04-Feb-2012). The composition of the Committee and status of attendance are as follows:-

Sl.No.	Members	Meeting attended	Company Secretary
1.	Mr. Prashant Sekhar Panda, Independent (Chairman)	2/4	Mr. Deb Kumar Sett, Company Secretary, is the Secretary of the Audit Committee.
2.	Mr. Atul Chandra Varma, Independent	3/4	
3.	Mr. Bijay Murmuria, Promoter	4/4	
4.	Mr. Anil Kumar Birla, Independent	4/4	

Invitees

Statutory Auditors, Internal Auditors, Wholetime Director & CFO and executives responsible for finance and accounts functions are permanent Invitees to the Audit Committee Meetings.

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.

Composition of Remuneration Committee/Compensation Committee

Sl.No.	Members	Meeting attended
1.	Mr. Anil Kumar Birla, Independent, Chairman	1/1
2.	Mr. Atul Chandra Varma, Independent	1/1
3.	Mr. Vijay Maheshwari, Non-Executive/Promoter	1/1
4.	Mr. Prashant Sekhar Panda, Independent	1/1

The Remuneration Committee, on recommendation of the Board of Directors of the Company, met on 26-May-12 to consider the appointment of Mr. Rajesh Kumar Gupta as a Wholetime Director of the Company, his terms of appointment and statutory compliance requirement in connection therewith and increase in remuneration of Mr. Bhawani Sankar Rathi, Wholetime Director of the Company.

Terms and conditions for appointments of senior executives are placed before the Board of Directors on a quarterly basis for review and suggestions, if any.

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

The appointment of 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 ₹
1.	Mr. Ratan Lal Gaggar	20000	-	-	20000
2.	Dr. Basudeb Sen	20000	-	-	20000
3.	Mr. Atul Chandra Varma	30000	-	-	30000
4.	Mr. Vijay Maheshwari	20000	125000	-	145000
5.	Mr. Prashant Sekhar Panda	20000	-	-	20000
6.	Mr. Anil Kumar Birla	40000	-	-	40000
7.	Mr. Bijay Murmura	40000	125000	-	165000
8.	Mr. Bhawani Sankar Rathi	-	-	1158200	1158200
	Total	190000	250000	1158200	1598200

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.

E. Management Committee *

The Management Committee consisting of Mr. Bijay Murmura, Mr. Vijay Maheshwari, and Mr. Anil Kumar Birla, is headed by Mr. Bijay Murmura. It deals with the issues arising out of day to day management of the Company on the basis of authority delegated by the Board of Directors including general financial matters. The Committee met 18 times during the year under review.

* Name of the Committee changed by the Board of Directors on 26-May-12 [Previously known as "Shareholders' Committee (Management Committee)"].

F. Shareholders' Grievance Committee *

The "Shareholders' Grievance Committee" comprises of two Independent Directors i.e. Mr. Prashant Sekhar Panda (Chairman) and Mr. Anil Kumar Birla. The Committee met 7 times on 16-Apr-2011, 17-May-11, 30-Jun-11, 16-Jul-2011, 30-Jul-11, 22-Oct-11 and 21-Jan-12 to approve transfer /transmission of shares and to note the status of the complaints lodged with the Company and its Share Transfer Agent (STA). It also dealt with the approval of transfer and transmission of shares, issue of duplicate Certificate(s) and shareholder related issues. The Complaints were redressed by the STA and Company Secretary and Compliance Officer of the Company. There is no investor's complaint pending to be resolved by the Company, as at March 31, 2012.

* Name of the Committee has been modified by the Board of Directors on 26-May-12 (previously known as " Investors' Grievance Committee")

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 is having 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, 2012. A declaration to this effect from the Whole-time 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, 2012.

Bhawani Sankar Rathi

Kolkata, 26th May, 2012

Wholetime 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 Audit Committee of Directors of the Company monitors the following aspects of the subsidiary on quarterly basis –

- Quarterly financial results, 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.
- Status of statutory compliance and risk management system are reviewed by the Board of Directors on quarterly basis.

The Board of Directors of the Company reviews performance and risk management system of the subsidiary on quarterly basis. 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
20th	12-Sep-2009	Nil	Merchants' Chamber of Commerce, 15B Hemanta Basu Sarani, Kolkata - 700001	10.30 a.m.
21th	21-Aug-2010	1		
22nd	20-Aug-2011	Nil		

Postal Ballot

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

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

Dr. Basudeb Sen and Mr. Prashant Sekhar Panda, Directors of the Company retire by rotation at the ensuing AGM and being eligible proposed for re-appointment. Mr. Rajesh Kumar Gupta, who was appointed as Wholetime Director of the Company by the Board of Directors with effect from 26th May, 2012. The Board recommended for approval of the members at the forthcoming annual general meeting on the same terms, conditions and remuneration as approved by the Remuneration Committee. 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 was in conflict with the interest of the Company. Attention of the members is drawn to the disclosure of transactions with the related parties set out in Note No. 23, forming part of the Annual Report. All related party transactions are negotiated on arm length basis and are intended to further the interest of the Company.

Accounting Treatment

The financial statements for the year 2011-2012 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. The Audit Committee reviews the status on quarterly basis.

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 :

No Strictures/major penalties were imposed on your Company by Stock Exchanges or the Securities and Exchange Board of India or any statutory authority for non-compliance during the current year.

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

The Company updates from time to time the financial results and corporate announcements to BSE and CSE in compliance with the Listing Agreements along with updation of the details in 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 is sent to the members at their respective addresses registered with the Company.

The Company has taken steps for implementation of “Green Initiative” of the Ministry of Corporate Affairs” alongwith requirements of amended Clause 32 of the Listing Agreement, Accordingly electronic copy of Notice and Annual Report for the year ended 2011-12 have been sent to the shareholders whose e-mail Ids are available through their demat accounts.

(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.

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
25th August, 2012	10.30 a.m.	Merchants’ Chamber of Commerce 15B Hemanta Basu Sarani, Kolkata - 700001.

Financial Calendar (tentative) for the year 2012-13

Financial Reporting and Limited Review Report	Date of submission to Stock Exchange
For Quarter ending 30th June, 2012	4th Week of July, 2012
For Quarter/Half year ending 30th September, 2012	4th Week of October, 2012
For Quarter ending 31st December, 2012	4th Week of January, 2013
Financial Reporting (Audited) for the year ending 31st March, 2013	3rd Week of May, 2013

Date of Book Closure

23rd August, 2012 to 25th August, 2012 (both days inclusive).

Date of Dividend payment

On or after 25th August, 2012, but within the statutory time limit of 30 days.

Listing on Stock Exchanges

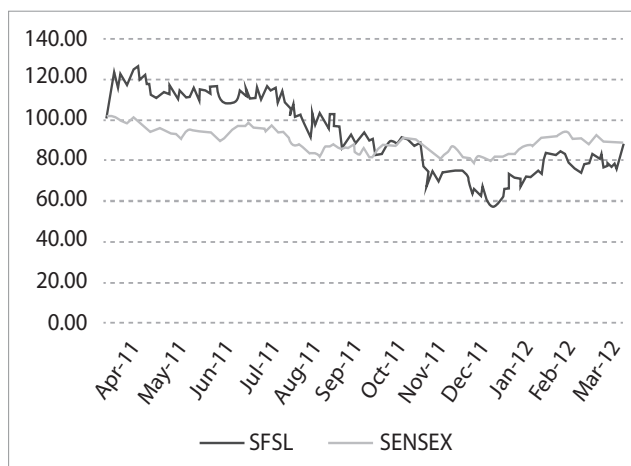
- The Calcutta Stock Exchanges Ltd., 7, Lyons Range, Kolkata - 700001. (Scrip Code - 029093)
- Bombay Stock Exchange Ltd, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001. (Scrip Code - 530419)

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 2011-2012.

Stock Market Price Data

Period	Calcutta Stock Exchange		Bombay Stock Exchange	
	High	Low	High	Low
April, 2011	-	-	25.45	18.55
May, 2011	-	-	25.60	20.10
June, 2011	-	-	23.70	20.00
July, 2011	-	-	22.95	19.50
August, 2011	-	-	23.00	15.20
September, 2011	-	-	21.00	16.00
October, 2011	-	-	19.50	15.00
November, 2011	-	-	18.00	12.05
December, 2011	-	-	16.45	10.12
January, 2012	-	-	15.85	10.22
February, 2012	-	-	17.00	13.55
March, 2012	-	-	17.50	14.06

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 "Shareholders Grievance 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 physical 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 physical 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 2011-12.

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, 2012

- According to category of holding (as on 31/03/2012)

Category	No. of Shares	% of holding	Held in Demat Form	% in Demat Form
Promoters (Individual & Bodies Corporate)	3654760	45.77	3554760	44.52
Mutual Funds/Government(s)	260500	3.26	-	-
Bodies Corporate (Non-promoter)	1857402	23.26	722818	9.05
Indian Public (Individual)	2148166	26.91	1969321	24.66
NRIs/OCBs	53186	0.67	49286	0.67
Clearing Member	10410	0.13	10410	0.13
Total	7984424	100.00	6306595	79.03

● According to number of Shares held (as on 31/03/2012)

No. of Shares	No. of Shareholders	% of Shareholders	Shares held	% of Shareholding
1-500	1921	73.88	368496	4.62
501-1000	292	11.23	241176	3.02
1001-2000	167	6.42	263653	3.30
2001-3000	67	2.58	171664	2.15
3001-4000	27	1.04	96326	1.21
4001-5000	26	1.00	124100	1.55
5001-10000	42	1.62	311892	3.91
10001 and above	58	2.23	6407117	80.24
		100.00	7984424	100.00

● Equity History

Sl. No.	Date of Allotment	No. of Shares
1.	28-08-89	200
2.	26-08-91	30000
3.	01-03-93	237950
4.	25-03-94	86500
5.	03-11-94	690000
6.	12-05-95	3959950
7.	27-08-99	1638340
8.	24-01-09	125000
9.	30-03-10	56600
10.	22-01-11	24400
11.	30-03-12	1135484
	Total	7984424

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. 6306595 shares were in dematerialised form representing 78.99% of the total Equity Shares as on 31st March, 2012.

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:

GDR/ADR outstanding - Nil

Conversion of Securities (Warrants & FCD)

11,35,484 Equity Shares of ₹ 10/- each were issued on 30-Mar-12 at a conversion price of ₹ 31/- (including premium of ₹ 21/-) per share on conversion of 200000 Warrants of ₹ 31/- each and one Fully Convertible Debenture (FCD) of ₹ 2,90,00,000/- in compliance with SEBI (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 75% of Warrants Face Value @ ₹ 23.25/- aggregating to ₹ 46,50,000/- was received duly from the respective warrant holders and utilised for capital expenditure and working capital of the Company, as committed.

Location of Branches*

Mumbai	New Delhi	Bangalore
C-703 "Marathon Innova", Off Ganapatrao Kadam Marg Opp Peninsula Corporate Park, Lower Parel (W), Mumbai - 400 013	B1/12 Safdarjung Enclave, 2nd Floor, New Delhi – 110 029.	First Floor, Park Plaza, No. 1 Park Road, (Off. Infantry Road), Tasker Town, Bangalore – 560 051.
Hyderabad	Chennai	Ahmedabad
309/1, 3rd Floor, Krishna Plaza, Khairatabad, Hyderabad-500 004	Door No: 7, Illrd floor, Vairam Complex, 112, Thyagaraya Road, T. Nagar, Chennai - 600 017.	A/82, Pariseema Complex, Opp. IFCI Bhavan, C. G. Road, Ahmedabad – 380 009.

- Branches at Jaipur and Guwahati have been closed w.e.f. 26-May-12

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:

Complaints/ Grievance	Dividend	Total
Redressal under process at the beginning of the year	-	-
Received during the year	1	1
Attended/Redressed	1	1
Pending at the year end	-	-

N. Adoption of non-mandatory requirements under Listing Agreement

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

Place : Kolkata
Date : May 26, 2012

For and on behalf of the Board



Ratan Lal Gaggar
Chairman

Annexure - B.1

CLAUSE 49-COMPLIANCE STATUS RELEVANT TO THE FINANCIAL YEAR 2011-12

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 or one 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 9 Directors. Mr. Rajesh Kumar Gupta has been appointed as a Wholtime Director of the Company w.e.f. 26-May-12 subject to approval of the Members at the forthcoming Annual General Meeting.
- Composition:
Executive Director/Promoter Director : 4 (44.4%)
Non executive Independent Directors: 5(55.6%)
- The Chairman is a non executive Independent Director.
- Out of 9 directors on the Board, 5 (55.6%) 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, 2012. 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 four times and there was a maximum time gap of less than 114 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 the 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 -
 - Mr. Prashant Sekhar Panda, Non-Executive/Independent Director, Chairman
 - Mr. Atul Chandra Varma, Non-Executive/Independent Director
 - Mr. Bijay Murmura, Non-Executive Director/Promoter Director
 - Mr. Anil Kumar Birla, Non-Executive/ Independent Director
- Senior Management Personnel are invited to the meeting/discussion, whenever required by Audit Committee.
- The Company Secretary acts as 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 114 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' 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 23RD AGM

Name of the Directors	Dr. Basudeb Sen	Mr. Prashant Sekhar Panda	Mr. Rajesh Kumar Gupta
Date of Birth	16-Jun-1948	25-Jan-1956	28-Jan-1969
Date of Appointment	28-Dec-2005	24-Jan-2009	26-May-2012
Expertise in specific functional area	He has over three decades of association with the banking and mutual fund industry. He is also associated with infrastructure and manufacturing sectors for a considerable period of time. He has held top positions in a number of commercial banks and institutions. His overall expertise provides the organization with tremendous supportive value in related areas of Commercial Banking, Investment Management and Strategic Planning.	He is a Practicing Chartered Accountant with vast exposure in finance and Audit. He is having expertise and knowledge in wide area (Company Laws, Income Tax Laws, Service Tax Laws, Computer-based Accounting Practices).	He is an eminent Chartered Accountant and has wide experience in the areas of Project Appraisal, Feasibility Studies and Loan Syndication.
Qualification	M.A. (Econ.), Ph.D., (ISMP-AMP) of Harvard Business School	B.Com (Hons), FCA	B. Sc. (Hons in Physics), FCA
Directorship in other Companies	<ol style="list-style-type: none"> 1. ITC Ltd. 2. SREI Venture Capital Ltd. 3. Gujarat NRE Coke Ltd. 4. Mahanagar Gas Ltd. 5. Dhunseri Petrochem & Tea Ltd. 6. Himadri Chemicals & Industries Ltd. 7. AI Champdani Industries Ltd. (w.e.f. 30-May-12) 	<ol style="list-style-type: none"> 1. Somnath Commercials (P) Ltd. 2. SFSL Commodity Trading Pvt. Ltd. 	
Chairmanship/ Membership of Committee of the company	-	<ul style="list-style-type: none"> ● Audit Committee, Chairman ● Remuneration Committee/ Compensation Committee, Member ● Investor Grievance Committee, Chairman 	-

Annexure - B.2

DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT IN THE 23RD AGM (Contd.)

Name of the Directors	Dr. Basudeb Sen	Mr. Prashant Sekhar Panda	Mr. Rajesh Kumar Gupta
Chairmanship/ Membership of Committee of other Companies	<p>ITC Limited</p> <ul style="list-style-type: none"> ● Compensation Committee, Member ● Investor Services Committee, Member ● Sustainability Committee, Member <p>Gujrat NRE Coke Ltd.</p> <ul style="list-style-type: none"> ● Remuneration Committee, Member ● Audit Committee, Member ● Investor Grievance Committee, Member ● Share Transfer Committee, Chairman <p>Mahanagar Gas Ltd.</p> <ul style="list-style-type: none"> ● Remuneration Committee, Chairman ● Audit Committee, Chairman <p>Srei Venture Capital Ltd.</p> <ul style="list-style-type: none"> ● Remuneration Committee, Member <p>Dhunseri Petrochem & Tea Ltd.</p> <ul style="list-style-type: none"> ● Remuneration Committee, Chairman ● Corporate Governance Committee, Chairman ● Audit Committee, Member ● Shareholders' Grievance Committee, Member ● Share Transfer Committee, Member 	-	
No. of Equity Shares held in the Company	4000	-	220



Annexure – C

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members,

SUMEDHA FISCAL SERVICES LIMITED

We have examined the compliance of conditions of Corporate Governance by Sumedha Fiscal Services Limited for the year ended on 31st March, 2012 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 26, 2012

Annexure - D

MANAGEMENT DISCUSSION & ANALYSIS

Economy and Business Overview

Global Economy

2011-12 was a tough year, with economic growth remaining subtle and fear of a double-dip recession continuing to spook investors. While global economy took baby steps towards fragile recovery, uncertainty prevailed. The world's largest economy, the U.S., struggled to reduce unemployment and the country witnessed a downgrade in its credit rating. European economies also stagnated while Euro zone sovereign debt crises multiplied. Rising unrest in the Middle East and North Africa (MENA) resulted in unprecedented levels of crude oil volatility. China, the world's fastest growing large economy, was forced to tighten liquidity to tame rising inflation. According to the International Monetary Fund (IMF), the global economy is estimated to grow at a modest pace of 3.8% in 2011, as compared to a robust 5.2% in 2010.

Indian Economy

We had a turbulent time in 2011-12. Amid turmoil in developed western world, growth in the emerging economies like India also took a breather. The Indian economy slowed abruptly, with GDP growth dropping from around 9% in recent years to an estimated 7% for the financial year ending in March 2012. This slowdown occurred for a variety of reasons, including some that are not directly connected to the global turbulence. For example, inflation remained high—close to 10% for most of 2011 (though a reversal was seen in December)—despite RBI's tightening monetary policy. As a result of high inflation and high borrowing costs, industrial production plummeted 4.7% in October 2011. At the same time, the Indian rupee hit a record low and hovered around INR 50 to the US dollar in the last quarter of the year. A weakened rupee adversely affected several key sectors, such as petroleum, gold and electronics, which are heavily reliant on imports. However, Indian currency has recovered from its oversold condition in the current quarter after hitting a record low of 56.52 to a dollar on May 31, 2012. RBI intervention, lesser demand for dollar and improving global risk appetite amid Spain secured finance for its struggling banks and better than expected Chinese export data provided much needed support to the Indian currency.

On the political side, reforms such as fully opening up of multi brand retail for FDI failed, indicating central government's defeat to powerful coalition allies. Subsidies have pushed up the fiscal deficit to 5.9% of GDP against a target of 4.6%.

Capital Markets

Sovereign risk concerns, particularly in the euro area, affected financial markets for the greater part of the year, with the contagion of Greece's sovereign debt problem spreading to India and other economies by way of higher-than-normal levels of volatility. Key benchmark indices declined around nine per cent during the year. One of the key benchmark index S&P CNX Nifty of the National Stock Exchange (NSE) moved in a wide range of 4500-5900 levels. Nifty closed at 5295.55 as on 30th March 2012 from the last close of 5833.75 as on 31st March 2011. On closing basis, Nifty touched a high of 5911.50 on 13th April 2011 and a low of 4544.20 on 20 December 2011. During the last fiscal year 2011-12, the Bombay Stock Exchange (BSE) Sensitive Index (Sensex) hovered around a level of 15100-19700.

According to the data released by Securities and Exchange Board of India (SEBI), net investment in equities made by foreign institutional investors (FIIs) stood at ₹ 47,935 crore during the financial year ended 31st March 2012.

The lackluster performance of the secondary market, took its toll on the primary market as well. Around 30 IPOs/FPOs were offered during the year 2011-12 as against 124 IPOs offered in 2010-11.

Debt & Money Market

As part of a calibrated exit from its expansionary monetary policy and to combat inflation, the RBI increased the repo rate 13 times cumulatively by 375 basis points (bps) since March 2010. In response to the increase in policy rate by the RBI, banks have been raising their deposit and lending rates.

According to the statement released by the RBI, bank deposits grew 13.4% to ₹ 60.72 trillion (US\$ 1.18 trillion) in the fiscal 2011-12 (the year to March 23, 2011) while loans and advances grew 17.08% to ₹ 47.54 trillion (US\$ 927.16 billion).



Insurance

There are 24 life insurers in India with about ₹ 15 trillion (US\$ 292.5 billion) in assets. According to data released by the Insurance Regulatory and Development Authority (IRDA), the life insurance industry collected ₹ 89,655.83 crore (US\$ 17.5 billion) during April 2011-February 2012 by writing new policies while the insurers sold about 35.12 million policies collectively. Private players sold seven million policies.

Mutual Funds Industry

The ₹ 6.70 trillion (US\$ 130.66 billion) Indian mutual funds (MF) industry has 44 asset management companies (AMCs). Recent data released by the Association of Mutual Funds in India (AMFI) indicated that average assets under management (AUM) reported by these fund houses amounted to ₹ 6.64 lacs crore in 2011-12, dipped by almost five percent compared to ₹ 7 lacs crore reported in 2010-11 on account of substantial outflows from equity schemes partially offset by inflows in to FMPs and other short term debt schemes. During 2011-12, the total number of retail folios or the number of investor accounts across all the 44 fund houses also declined by around 15 lakhs. The shrinkage of folios is worse in case of equity oriented schemes as it has fallen from 4.02 crore in March 2010 to 3.76 crore in March 2012. The total asset size has declined to a level last seen in July 2010, while it has dropped nearly 17% from the all-time record high of ₹ 8 lacs crore in May 2010.

Commodity Markets

According to commodity market regulator Forward Markets Commission (FMC), India has 21 commodity exchanges and their turnover rose 52% to ₹ 181 lakh crore till 15th March 2012 compared to ₹ 119 lakh crore in the same period last year. Agricultural commodities contributed to ₹ 20.33 lakh crore to the total turnover during the period, up by 49% from ₹ 13.63 lakh crore. According to the FMC data, the turnover from bullion rose by 91% to ₹ 98.59 lakh crore till 15th March 2012, from ₹ 51.70 lakh crore in the year-ago period. Turnover from energy commodities, like crude, rose by 24% to ₹ 27.36 lakh crore from ₹ 22 lakh crore in the review period. Similarly, turnover from metals like copper rose by over seven per cent to ₹ 27.40 lakh crore till 15th March 2012.

Outlook

The global economic environment remains weak, with mixed data out of the US, the ongoing European debt crisis now exacerbated by political uncertainty, and slowing Chinese growth. The Indian domestic economy faces its own challenges including its twin deficit problem and political gridlock, with lack of reform momentum. As a result, growth impulses and business sentiments have weakened in India in the recent months. According to UN report, India is projected to see a faster growth of 7.5% this fiscal on the back of higher savings and investment rates, even as most of the Asia-Pacific economies are likely to expand at a slower pace. The growth estimate in the current fiscal is higher than the estimated 6.9% growth in the last fiscal year. The Indian government has projected the economy to expand by 7.6% in the current fiscal.

Although India's central bank has taken action to bolster the waning growth by cutting its policy rate by half a percentage point to 8% at its meeting on 17th April 2012, the persisting high inflation limits room for further easing. Higher food prices, elevated crude prices, rupee depreciation and burgeoning fiscal deficit give further impetus to core inflation. In these circumstances, we are anticipating only another 50 basis point rate cut for the rest of FY13.

RBI has taken various measures like enhancing the borrowing limits of banks, conducting open-market operations or cutting the cash reserve ratio to offset persistent tight inter bank liquidity situation. As a result, liquidity situation near-term are likely to remain stable, providing support to short-term rates. However, low levels of corporate borrowing, together with relatively tight liquidity conditions are likely to keep overall sentiment negative. However, execution of ongoing projects and healthy order book may provide some cushion to the lackluster credit growth.

Although equity market rallied at the beginning of the current fiscal, global macro economic concerns coupled with domestic political and reform deadlock pose downside risk for the market. On the domestic front, successful hike of fuel price, deregulation of diesel prices, key reforms like opening up key sectors to foreign investors may provide some respite to the market towards the second quarter of this fiscal. However the implementation of these initiatives is still uncertain and will need to be monitored. The proposal of government to defer its GAAR provisions (General Anti-Avoidance Rule, measures to crack down on tax evasion) by a year, has been taken as a positive sentiment booster.

Primary market scenario is also bleak. The first half of the year 2012 has already seen call-off of 17 IPOs. The probable amount that these 17 IPOs were planning to raise was to an aggregate of ₹ 5,928 Crores. The secondary market and global liquidity hold key for the future of IPO market.

In conclusion we can say that the long term growth story of India Inc remains unaffected and there is immense potential for financial services sector to grow mainly due to under penetration. Financial markets in India have acquired greater depth and liquidity over the years. Rising incomes are driving the demand for financial services across income brackets. The size of Indian gross national savings stood at US\$ 539 billion in 2010 and is expected to touch US\$ 1,455 billion mark by 2016. Innovative and customised products are expected to shift bank deposits to these asset classes.

Highlights of Financial Performance

- Total income from operation of ₹ 1281 Lacs (₹ 1349 Lacs for FY11)
- Profit from operation before other income, finance cost and exceptional items of ₹ 781 lacs (₹ 711 lacs for FY11)
- Profit before tax of ₹ 486 lacs (₹ 621 lacs in FY11)
- Net Profit of ₹ 358 lacs (₹ 450 lacs in FY11)
- Basic EPS after extra ordinary items stood at ₹ 5.20 in FY12, compared to ₹ 6.29 in FY11

SEGMENT WISE PERFORMANCE

Segment	FY 2011 -12 (₹ in lacs)	FY 2010 -11 (₹ in lacs)	Change (%)
Investment Banking	1144.28	1078.78	6.07
Capital Market Operation	137.16	270.42	-49.28

BUSINESS OVERVIEW

Investment Banking

Investment Banking continues to be the major revenue earning division of the Company, contributing around 89% to total revenue. Leveraging our strong relationship with small and mid-sized companies, we have grown to become a one stop shop for the corporates who need boutique investment bankers for value added services. Sumedha Fiscal provides merchant banking, loan syndication, financial restructuring, portfolio resolution of stressed assets, M&A and equity placements under its investment banking division.

The revenue of this division was ₹ 1144 lacs, which is 6% higher than the previous year. More than 80% of the segment revenue comes from loan syndication services. The market scenario was tough and pushing the business was challenging. During fiscal 2012, the repo rate was increased by 175 basis points from 6.75% to 8.50%. Liquidity in the system also remained tight. In response to tight liquidity conditions and a rising interest rate environment, banks increased their deposit and lending rates particularly in the first half of fiscal 2012. On the other hand, banks also acted conservatively on the concern of non performing assets. Corporates faced slowdown in their business which refrained them to go for any expansion and fund raising. In this scenario, our Company with seasoned senior level banking and management professionals at the helm, successfully leveraged its deep rooted understanding of the banking system and its relationships with banks and corporates and managed to close 34 deals successfully. Similar number of assignments is ongoing. We have increased our focus on issue management. On the issue management side, we were the lead manager of two rights issues. Further considering the impact of slowdown, we have increased our focus on acquisitions, debt resolution and restructuring proposals which would provide regular deal flows. We expect to perform well in these areas.

Capital Market Operation

Our Capital Market division includes equity, currency and commodity broking and wealth management for institutional and individual clients supported by a strong research team and sophisticated technological platform.

Equity markets remained volatile during fiscal 2012 due to global and domestic events. The Eurozone sovereign debt crisis and sovereign rating downgrades by rating agencies along with the global economic slowdown impacted investor sentiment, particularly in the second and third quarter of FY12. The subdued performance of the equity market kept the participation low in the market. The volume of key benchmark indices of NSE, i.e., Nifty declined to 39 billion in FY12 compared to 40 billion in FY11. Decrease in overall cash turnover in the equity market resulted in decline in broking commission. This has impacted our performance in this segment. Revenue from both broking segment as well as wealth management space almost halved to ₹ 62 lacs and ₹ 39 lacs respectively.

Commodity broking operations (through subsidiary company SFSL Commodity Trading Pvt. Ltd.) have reported an income of ₹ 14 lacs this year from ₹ 26 lacs in 2010-11.

Portfolio Management Services: With a focus on increasing product availability to its clients, our Company has introduced Portfolio

Management Services (PMS) on March 1, 2012. Presently the Company offers two schemes under discretionary portfolio – The Bluechip Portfolio and The Dynamic Portfolio.

The Bluechip portfolio comprises of the universe comprising the BSE 200 companies, representing a mix of large cap and emerging blue chip mid cap names with proven managements. It will be a diversified portfolio comprising of an average of 20 stocks per portfolio covering the best performing sectors.

The Dynamic Portfolio consists of pure bottom up stock ideas comprising of a strategy of deep value buying, buying growth stocks at value prices and contrarian stock ideas with a view to holding the stocks for longer time horizons. The portfolio may have a mid cap bias. This portfolio is a higher risk higher return strategy.

Risks & Concerns

The Company manages its risk through strict compliance, proper internal checks and prudent operating methods. It is discussed in detail under “Risk Management and Minimisation Procedure”.

Internal Control Systems

This section is discussed in detail under “Risk Management and Minimisation Procedure”.

Human Resources

Human Resources is infrastructural strength within the workplace which plays as the hub of the organization serving as a liaison & catalyst between all concerned. The Company’s Human Resource Department is to establish, develop, maintain and communicate office policies throughout the entire Company and to represent, help, advise, and consult with the employees, while simultaneously keeping the overall best interests of the Company in mind. Sumedha’s talent base stands at 84 as on 31st March, 2012. During 2011 – 12, our Human Resource Department handled and took affirmative action on the areas of recruiting & hiring plans and policies, employee handbook & orientation, employee relations, separations, performance reviews, training & development etc . to boost the morale and efficiency of the employees.

Information Technology

Sumedha Fiscal continues to invest in upgradation of technology as well as new technological implementation to have an effective workflow and serving our customer better.

The following measures were broadly taken for effective deployment of the technology of the Company :

- Use of upgraded modernized IT infrastructure and up-to-date systems.
- Training and awareness program to users.
- Proper data protection/security and data management and storage thereof.
- Strong backup and disaster recovery mechanism.
- Effective maintenance and support.
- Effective bandwidth management and regular website updation.
- Digitization of important documents.

The Company is in the continuous process to minimize the risk factors for technological advancement as well as the vulnerability of the software.

Research

Sumedha Fiscal offers its clients quality research which is undertaken by a team of qualified and experienced analysts. Our research team actively covers 40 companies and another 100 companies are under our soft coverage. The team publishes various thematic reports and a monthly news letter besides regular updates on economy, industries and individual companies which are circulated on a pan India basis to select individuals at various Corporates, Banks and other reputed organizations.

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 due diligence before forming any opinion based on this statement.

For and on behalf of the Board



Ratan Lal Gagar
Chairman

RISK MANAGEMENT AND MINIMIZATION 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.

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 businesses 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.
- **Regulatory Review:** Certain business segments are mandatorily reviewed by regulatory authorities periodically ensuring independent review check.

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 Acquisitions, 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. 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 within Investment Banking functions to reduce the concentration.

▶ **HUMAN RESOURCE RISK**

People Employed

Sumedha Fiscal's talent base stands at 84 as on 31st March, 2012.

In 2011-12, 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.
- The initiatives taken towards brand building is benefiting in creating market presence.

▶ **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 LIMITED

1. We have audited the attached Balance Sheet of **SUMEDHA FISCAL SERVICES LIMITED**, as at 31st March, 2012, the Profit and Loss Statement 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 Statement 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 Statement 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, 2012 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, 2012 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, 2012;
 - ii. in the case of the Profit and Loss Statement, 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.

For **ARSK & ASSOCIATES**
Chartered Accountants
Registration No. 315082E

(CA. S. K. Kabra)

Partner

Membership No. 052205

Place: Kolkata

Date: May 26, 2012

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, 2012.

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. a) The Company has given unsecured interest free loan to its subsidiary. The maximum amount involved during the year is 74 lakhs and the year end balance is ₹ 10 lakhs.
b) In our opinion and according to the information and explanation given to us, interest and other terms and conditions of the loan given are not prima facie prejudicial to the interest of the Company.
c) As the loan is repayable on demand and is interest free, clause (iii) (c) and (iii) (d) of the paragraph 4 of the order 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 the 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 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 to Provident Fund, Employees State Insurance, Investor Education and Protection Fund, Income Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess outstanding as at 31st March, 2012 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 Provident Fund, Employees State Insurance, Investor Education and Protection Fund, Income Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess which have not been deposited on account of any dispute.
10. The Company has no accumulated losses as at 31st March 2012 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 Equity Share during the year of ₹ 10/- each at a premium of ₹ 21/- each to three companies covered in the register maintained under section 301 of the Companies Act and the terms and conditions on which such shares are issued are not prejudicial to the interest of the Company.
 19. The Company has not issued any Debenture during the year.
 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.

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

(CA. S. K. Kabra)

Partner

Membership No. 052205

Place : Kolkata
Date: May 26, 2012

Balance Sheet as at 31st March, 2012

(Amount in ₹)

Particulars	Note	As at 31st March	
		2012	2011
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
Share capital	1	79,844,240	68,489,400
Reserves and surplus	2	173,404,958	122,668,749
Money received against share warrants		-	1,550,000
		253,249,198	192,708,149
2 Non-current liabilities			
Long-term borrowings	3	5,431,921	44,826,616
Deferred tax liabilities (Net)	4	10,476,399	7,396,548
		15,908,320	52,223,164
3 Current liabilities			
Short-term borrowings	5	7,826,680	5,898,690
Trade payables		2,288,492	12,375,892
Other current liabilities	6	7,996,441	5,136,810
Short-term provisions	7	7,875,347	6,851,672
		25,986,960	30,263,064
		295,144,478	275,194,377
II. ASSETS			
Non-current assets			
1 Fixed assets	8		
Tangible assets		93,949,770	99,306,603
Non-current investments	9	14,201,411	14,196,352
Long-term loans and advances	10	52,354,803	54,038,552
		160,505,984	167,541,507
2 Current assets			
Current investments	11	39,652,562	13,914,681
Inventories	12	24,418,030	20,032,980
Trade receivables	13	26,056,069	24,667,758
Cash and cash equivalents	14	43,617,486	48,453,228
Other current assets	15	894,347	584,223
		134,638,494	107,652,870
		295,144,478	275,194,377
Significant Accounting Policies Notes on Financial Statements	1 to 30		

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 26, 2012

For and on behalf of the Board of Directors

Vijay Maheshwari**Bijay Murmuria****Bhawani Sankar Rathi**

Directors

Deb Kumar Sett

Company Secretary



Profit and Loss Statement for the year ended 31st March, 2012

(Amount in ₹)

Particulars	Note	For the year ended 31st March	
		2012	2011
I. Revenue from operations	16	109,237,922	126,722,456
II. Other income	17	17,315,856	5,449,166
III. Total Revenue (I + II)		126,553,778	132,171,622
IV. Expenses:			
Employee benefits expense	18	32,335,536	25,462,099
Finance cost	19	1,259,753	1,772,160
Depreciation and amortisation expense	8	4,099,769	3,727,429
Diminution in value of investments	9	171,503	17,973
Other expenses	20	41,486,604	41,505,296
Total expenses		79,353,165	72,484,957
V Profit before tax		47,200,613	59,686,665
VI Tax expense:			
(1) Current tax		9,750,000	17,000,000
(2) Deferred tax		3,079,851	1,888,141
(3) (Add)/Less : Adjustment for earlier year		34,585	(310,958)
VII Profit (Loss) for the period (V - VI)		34,336,177	41,109,482
VIII Earnings per equity share:			
(1) Basic		5.03	6.02
(2) Diluted		5.03	5.66
Significant Accounting Policies Notes on Financial Statements	1 to 30		

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 26, 2012

Deb Kumar Sett

Company Secretary

For and on behalf of the Board of Directors

Vijay Maheshwari

Bijay Murmuria

Bhawani Sankar Rathi

Directors

Cash Flow Statement for the year ended 31st March, 2012

(Amount in ₹)

Particulars	For the year ended 31st March	
	2012	2011
A. Cash flows from operating activities		
Profit before taxation and after exceptional items	47,200,613	59,686,665
Adjustments for:		
Depreciation	4,099,769	3,727,429
Interest income	(2,032,262)	(1,713,472)
Dividend income	(1,162,658)	(1,213,959)
Provision for Leave Encashment	205,855	-
Interest paid	1,259,753	1,772,160
Bad debts written off	-	255,939
(Profit)/Loss on sale of fixed assets (net)	(12,132,190)	-
(Profit)/Loss on sale of investments	(438,564)	(1,098,519)
Provision for diminution in the value of investments	171,503	17,973
Liabilities no longer required written back	(44,661)	(12,081)
Rent received	(1,440,000)	(1,300,000)
Operating profit before working capital changes	35,687,158	60,122,135
Adjustments for:		
(Increase) / Decrease in other current assets	(310,124)	-
(Increase) / Decrease in trade receivables	(1,388,311)	(8,709,417)
(Increase) / Decrease in inventories	(4,385,050)	(9,551,253)
(Increase) / Decrease in loans and advances	5,221,586	(27,506,664)
(Increase) / Decrease in short term borrowings	1,927,990	-
Increase / (Decrease) in trade and other payables	(7,227,769)	(3,100,960)
Cash generated from Operations	29,525,480	11,253,841
Direct taxes paid	(12,287,838)	(17,077,337)
Cash Flow before Extra Ordinary Items	17,237,642	(5,823,496)
Extra Ordinary Item	44,661	12,081
Adjustment of Earlier Years	(34,585)	310,958
Net cash from operating activities	17,247,718	(5,500,457)
B. Cash flows from investing activities		
(Purchase) / sale of fixed assets	13,397,152	(61,593,729)
(Purchase) / sale of investments	(25,742,940)	35,579,365
Rent Received	1,440,000	1,300,000
Loan to Subsidiary	(1,000,000)	200,000
Interest received	2,032,262	1,713,472
Dividend received	1,162,658	1,213,959
Net cash (used in) / from investing activities	(8,710,868)	(21,586,933)
C. Cash flows from financing activities		
Proceeds from issue of equity capital	-	244,000
Proceeds/(Repayment) of long term borrowings	(10,394,695)	14,302,377
Proceeds from issue of Debentures	-	29,000,000
Proceeds from issue of Convertible Share Warrants	4,650,000	1,550,000
Dividend paid	(6,368,144)	(6,207,141)
Interest paid	(1,259,753)	(1,772,160)
Net cash (used in) / from financing activities	(13,372,592)	37,117,076
Net increase in cash and cash equivalents	(4,835,742)	10,029,686
Cash and cash equivalents at the beginning of the year	48,453,228	38,423,542
Cash and cash equivalents at the end of the year	43,617,486	48,453,228

Notes: 1 Components of cash and cash equivalents include cash, bank balances in current and deposit accounts as disclosed under note no 2.15 of the accounts
2 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

CA. S. K. Kabra

Partner

Membership No. 052205

Place : Kolkata

Date : May 26, 2012

Deb Kumar Sett

Company Secretary

For and on behalf of the Board of Directors

Vijay Maheshwari

Bijay Murmuria

Bhawani Sankar Rathi

Directors



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

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.

d Depreciation

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

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

e Impairment of assets

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

f Investments

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

g Inventories

Inventories of shares and securities are valued at lower of cost or market value.

h Revenue recognition

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

Sale of Services

Revenue from services rendered is recognized as the services are performed based on the agreement/arrangement with the concerned parties.

Insurance and other claims / refunds

Revenue, due to uncertainty in realisation, is 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 statement and are not deferred.

j Taxation

Tax expense comprises of current and deferred tax.

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

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

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

k Earning per share

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

l Segment reporting**i) Identification of segments**

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

ii) Allocation of common costs

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

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.

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 statement. Debit balance being anticipated loss is adjusted in the Profit and Loss statement.

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 statement.

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.

As at the Balance Sheet date, Profit and Loss statement 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.

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 statement. 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 statement. 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 statement for all squared-up/stetted contracts.

Notes forming part of the financial statement for the year ended 31st March, 2012

	As at 31st March, 2012		As at 31st March, 2011	
	Number	Amount (₹)	Number	Amount (₹)
1 SHARE CAPITAL				
Authorised				
Equity Shares of ₹ 10/- each	10,000,000	100,000,000	10,000,000	100,000,000
Issued, Subscribed & Paid up				
Equity Shares of ₹ 10/- each fully paid	7,984,424	79,844,240	6,848,940	68,489,400
Total	7,984,424	79,844,240	6,848,940	68,489,400

1.1

Particulars	Equity Shares as at 31st March, 2012		Equity Shares as at As at 31st March, 2011	
	Number	Amount (₹)	Number	Amount (₹)
a) Shares outstanding at the beginning of the year	6,848,940	68,489,400	6,824,540	68,245,400
Shares Issued during the year				
- Conversion of 2,00,000 Share Warrants and one Fully Convertible Debenture	1,135,484	11,354,840	-	-
- Issued under ESOS, 2007 (Refer Point No. c below)	-	-	24,400	244,000
Shares outstanding at the end of the year	7,984,424	79,844,240	6,848,940	68,489,400
Out of the above:				
b) 16,38,340 equity shares were allotted pursuant to scheme of amalgamation without payment being received in cash.				
c) 96,000 options has been granted by the Company in 2007-08 out of which 56,600 options were exercised in 2009-10 and 24,400 options have been exercised during the year 2010 -11. The activity of the ESOP plan is as under				

Stock Option Plan	As at 31st March	
	(2012) Number	(2011) Number
Option outstanding at the beginning of the year	4,000	39,400
Less : exercised during the period	-	24,400
Less : forfeited / lapsed	4,000	11,000
Balance at the end of the period	-	4,000



Notes forming part of the financial statement for the year ended 31st March, 2012 (Contd.)

- d) The Company has reserved issuance of 3,42,447 Options under ESOP 2011 which are yet to be granted.
- e) During the year the Company has issued 2,00,000 Equity Share of ₹ 10/- each at a Premium of ₹ 21/- per share, against 2,00,000 fully paid convertible share warrant of ₹ 31/- each as per terms of allotment.
- f) During the year the Company has issued 9,35,484 Equity Shares of ₹ 10/- each at a premium of ₹ 21/- per share to the Brand Equity Treaties Ltd. against one 0% Convertible Debenture of ₹ 2,90,00,000/- as per terms of allotment.

1.2

The details of Shareholders holding more than 5 % shares :-

Name of Shareholder	As at 31st March 2012		As at 31st March 2011	
	Number of Shares held	% of Holding	Number of Shares held	% of Holding
Mr. Vijay Maheshwari	1,562,220	19.57	1,562,220	22.81
Mr. Bijay Murmuria	369,920	4.63	369,920	5.40
Brand Equity Treaties Ltd.	935,484	11.72	-	-
Hitech Tradecomm Pvt Ltd.	566,900	7.10	15,000	0.22

(Amount in ₹)

	As at 31st March	
	2012	2011
2 RESERVES & SURPLUS		
a. Securities Premium Reserve		
Opening Balance	1,875,000	1,875,000
Add : Securities premium credited on Share issue	23,845,164	-
Closing Balance	25,720,164	1,875,000
b. Revaluation Reserve		
Opening Balance	990,664	1,012,037
(-) Written Back in Current Year	21,373	21,373
Closing Balance	969,291	990,664
c. Surplus		
Opening Balance	119,803,085	85,061,747
(+) Net Profit/(Net Loss) For the current year	34,336,177	41,109,482
(-) Proposed Dividends	6,387,540	5,479,152
(-) Corporate Dividend Tax	1,036,219	888,992
Closing Balance	146,715,503	119,803,085
Total	173,404,958	122,668,749

Notes forming part of the financial statement for the year ended 31st March, 2012 (Contd.)

(Amount in ₹)

	As at 31st March	
	2012	2011
3 LONG TERM BORROWINGS		
Secured		
Term loan		
A - from a bank	5,043,470	14,942,386
Explanation :		
a) Secured by equitable mortgage of Company's immovable property at Mumbai and personal guarantee given by a Director of the Company.		
b) Terms of repayment :		
The Proposed term loan is payable in 16 quaterly instalment of ₹ 16.5 Lacs each after completion of moratorium period of 12 months. The First installment commences from quarter ended September 2011 and final installment would be due by the Quater ended June 2015. Interest to be Paid as and when applied		
B - from the Bodies Corporate (Vehicles Loan)	388,451	884,230
Explanation :		
a) Secured by hypothecation of respective vehicles		
b) Terms of repayment :		
i) Kotak Mahindra Prime Ltd		
Monthly Installment of ₹ 34,774 Commencing from April 2010 and last installment would be due by February 2013		
ii) Kotak Mahindra Prime Ltd		
Monthly Installment of ₹ 11,450 Commencing from June 2007 and last installment would be due by May 2012		
Sub total	5,431,921	15,826,616
c) 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 a Company's Immovable Property. The said facilities are further secured by personal guarantees of three Directors of the Company.		
Unsecured		
0% Fully Convertible Debentures	-	29,000,000
Total	5,431,921	44,826,616



Notes forming part of the financial statement for the year ended 31st March, 2012 (Contd.)

(Amount in ₹)

Particular	As at 31st March	
	2012	2011
In accordance with AS-22 on 'Accounting for taxed on Income' by the Institute of Chartered Accountants of India, net deferred tax, has been accounted for, as detailed below :		
4 DEFERRED TAX LIABILITY		
Difference between book and tax depreciation	10,622,940	7,557,164
Sub Total (A)	10,622,940	7,557,164
Deferred Tax Asset		
Leave encashment	146,541	160,616
Sub Total (B)	146,541	160,616
Net Deferred Tax Liability	10,476,399	7,396,548
5 SHORT TERM BORROWINGS		
Unsecured		
Deposits from clients against margin money	7,826,680	5,898,690
	7,826,680	5,898,690
6 OTHER CURRENT LIABILITIES		
(a) Due to Micro, Small and Medium enterprises	-	-
(b) Unclaimed Dividend	1,063,350	916,312
(c) Payable for expenses	6,933,091	4,220,498
Total	7,996,441	5,136,810
7 SHORT TERM PROVISIONS		
(a) Provision for employee benefits		
Leave Encashment	451,588	483,528
(b) Others		
Proposed Dividend	6,387,540	5,479,152
Corporate Dividend Tax	1,036,219	888,992
Total	7,875,347	6,851,672

Notes forming part of the financial statement for the year ended 31st March, 2012 (Contd.)

8 FIXED ASSETS

(Amount in ₹)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Blance as at 1st April 2011	Addition	Disposal	Blance as at 31st March 2012	Blance as at 1st April 2011	Depreciation for the year	On Disposals	Blance as at 31st March 2012	Blance as at 31st March 2012	Blance as at 31st March 2011
Tangible Assets										
a Buildings	80,962,648	530,800	4,850,238	76,643,210	3,660,666	1,305,008	805,048	4,160,626	72,482,584	77,301,982
b Electrical Installation	887,810	-	239,000	648,810	346,238	52,020	154,057	244,201	404,609	541,572
c Furniture & Fixtures	10,804,585	172,569	1,106,176	9,870,978	2,689,638	655,173	825,734	2,519,077	7,351,901	8,114,947
d Computers	13,889,897	282,917	353,444	13,819,370	10,046,495	1,094,658	318,954	10,822,199	2,997,171	3,843,402
e Office equipment	4,823,985	575,430	700,574	4,698,841	1,203,670	249,916	372,534	1,081,052	3,617,789	3,620,315
f Vehicles	7,818,520	1,975,698	-	9,794,218	1,934,135	764,367	-	2,698,502	7,095,716	5,884,385
	119,187,445	3,537,414	7,249,432	115,475,427	19,880,842	4,121,142	2,476,327	21,525,657	93,949,770	99,306,603
Previous Year	64,318,716	61,593,729	-	125,912,445	16,132,040	3,748,802	-	19,880,842	106,031,603	

8.1

Building includes ₹ 1,514,735/- in respect of which Conveyance is pending.



Notes forming part of the financial statement for the year ended 31st March, 2012 (Contd.)

(Amount in ₹)

Particular	As at 31st March	
	2012	2011
9 NON-CURRENT INVESTMENTS		
I Non-Trade Investments		
a) Unquoted (Refer A below)		
Investment in Equity instruments		
Total (A)	12,735,000	12,735,000
b) Quoted (Refer B below)		
Investment in Equity instruments		
Total (B)	3,312,058	3,135,496
II Unquoted (Refer C below)		
Investments in Mutual Funds		
Total (C)	16,700	16,700
Grand Total (A+ B+C)	16,063,758	15,887,196
Less : Provision for dimution in the value of Investments	1,862,347	1,690,844
Total	14,201,411	14,196,352

A Details of Trade Investments (Unquoted- at Cost) (Face value of ₹ 10/- unless otherwise stated)

Sl. No.	Name of body corporate	No. of Shares As at 31st March		Amount (₹) As at 31st March	
		2012	2011	2012	2011
	In Equity Instruments				
	Trade				
1	Capita Finance Services Ltd Associate	40,000	40,000	400,000	400,000
2	SFSL Risk Management Service Pvt Ltd (F.V. ₹ 100/-) Associate	9,250	9,250	925,000	925,000
3	SFSL Insurance Advisory Services (P) Ltd (F.V. ₹ 100/-) Associate	8,500	8,500	850,000	850,000
4	US Infotech Pvt Ltd Associate	250,000	250,000	2,500,000	2,500,000
	Subsidiary Company				
5	SFSL Commodity Trading Pvt Ltd Subsidiary	651,000	651,000	8,010,000	8,010,000
	Non Trade				
6	Vijaya Home Loan Limited Others	5,000	5,000	50,000	50,000
	Total			12,735,000	12,735,000

Notes forming part of the financial statement for the year ended 31st March, 2012 (Contd.)

9 NON-CURRENT INVESTMENTS (Contd.)

B Details of Non-Trade Investments (Quoted- at Cost) (Face value of ₹ 10/- unless otherwise stated)

Sl. No.	Name of body corporate	No. of Shares As at 31st March		Amount (₹) As at 31st March	
		2012	2011	2012	2011
	In Equity Instruments				
1	Aravali Securities & Finance Ltd Others	200	200	4,000	4,000
2	Assam Brook Ltd Others	3,625	3,625	229,012	229,012
3	Associated Precision Ltd Others	600	600	43,950	43,950
4	Bagla Engineering Co. Ltd Others	400	400	4,000	4,000
5	Bajaj Hindustan Ltd Others	2,500	-	90,000	-
6	Business Forms Ltd Others	6,000	6,000	72,000	72,000
7	Carbon Composites (I) Ltd Others	500	500	5,500	5,500
8	CDR Health Care Ltd Others	2,200	2,200	53,350	53,350
9	Gold Star Steel & Alloys Ltd Others	1,220	1,220	6,100	6,100
10	Gujarat Inject (Kerela) Ltd Others	900	900	14,850	14,850
11	IFB Industries Ltd Others	7,100	7,100	987,476	987,476
12	Leafin India Ltd Others	500	500	64,000	64,000
13	Maruti Cottex Ltd Others	17,000	17,000	172,000	172,000
14	Madhya Bharat Papers Ltd Others	500	500	3,125	3,125
15	MCC Investment & Leasing Co Ltd Others	400	400	4,000	4,000
16	Modern Denim Ltd Others	700	700	43,870	43,870
17	Neha Export Ltd Others	1,900	1,900	28,500	28,500
18	Orkay Industries Ltd Others	1,100	1,100	73,215	73,215
19	Paam Pharmaceuticals (Delhi) Ltd Others	252	252	6,120	6,120
20	Parakaram Technofeb Ltd Others	1,200	1,200	12,830	12,830
21	Platinum Finance Ltd Others	100	100	3,000	3,000
22	Pioneer Financial Management Services Ltd Others	1,000	1,000	10,000	10,000
23	Primax Fiscal Services Ltd Others	800	800	8,000	8,000
24	Richimen Silks Ltd Others	500	500	5,000	5,000
25	Sanderson Industries Ltd Others	265,850	265,850	265,850	265,850
26	Sen Pet India Ltd Others	29,300	29,300	293,000	293,000
27	Shree Digvijay Cement Ltd Others	4,000	4,000	143,515	143,515
28	Sijberia Industries Ltd Others	20	20	-	-
29	State Bank of India Others	187	187	297,330	297,330
30	T & I Global Ltd Others	100	100	2,000	2,000
31	Technology Plastics Ltd Others	1,000	1,000	24,085	24,085
32	Timber Home Ltd Others	1,374	-	86,562	-
33	UTI Equity Fund Others	200	200	1,797	1,797
34	Uniworth Ltd Others	2,627	2,627	242,075	242,075
35	Uniworth Textiles Ltd Others	500	500	11,946	11,946
	Total (a)			3,312,058	3,135,496
	Market Value of quoted investment			1,466,411	1,902,917



Notes forming part of the financial statement for the year ended 31st March, 2012 (Contd.)

9 NON-CURRENT INVESTMENTS (Contd.)

C Mutual Fund

Sl. No.	Name of body corporate	No. of Shares As at 31st March		Amount (₹) As at 31st March	
		2012	2011	2012	2011
	Investments in Mutual Funds				
1	UTI Balanced Fund - (Income - Payout)	671.8	671.8	16,700	16,700
	Market value of Quoted Investment			1,452,350	1,887,546
	NAV of unquoted investment (mutual fund)			14,061	15,371
	Aggregate amount of quoted investments (A)			3,312,058	3,135,496
	Aggregate amount of unquoted investments (B)			12,751,700	12,751,700
	Total (A+B)			16,063,758	15,887,196

(Amount in ₹)

Particular	As at 31st March	
	2012	2011
10 LONG TERM LOANS AND ADVANCES		
a. Other advances	33,245,841	37,771,643
(Unsecured, considered good)		
b. Loan to Related Party	1,000,000	-
Loan to Subsidiary (Interest Free)		
(Unsecured, considered good)		
c. Security Deposits	13,556,900	14,415,400
(Secured, considered good)		
d. Others		
Advance Payment of taxes (Net)	4,065,781	1,527,944
Other deposits	486,281	323,565
Total	52,354,803	54,038,552
11 CURRENT INVESTMENTS		
Investments in Mutual Funds	39,652,562	13,914,681
Total	39,652,562	13,914,681

Notes forming part of the financial statement for the year ended 31st March, 2012 (Contd.)

11 CURRENT INVESTMENTS (Contd.)

Details of Current Investments

Sl. No.	Name of body corporate	As at 31st March Unit		As at 31st March Amount (₹)	
		2012	2011	2012	2011
	* Unquoted				
	* At cost or net asset value whichever is lower				
	Investments in Mutual Funds				
1	ICICI Prudential Flexible Income Plan- Regular-Growth	98,076	-	11,600,000	-
2	ICICI Prudential Flexible Income Plan- Regular-Weekly Div.	-	70,197	-	7,037,809
3	HDFC CMF Treasury Advantage Plan Growth	948,681	-	21,707,894	-
4	JP Morgan India Treasury Fund	791	-	10,000	-
5	SBI SHF Ultra Short Term Retail Plan- Weekly Dividend	6,261	682,392	6,334,668	6,876,872
	Total			39,652,562	13,914,681
	Market Value of Investment as on 31.03.2012			40,142,122	13,946,048

12 INVENTORIES

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

Sl. No.	Name of the Company	Face Value (₹)	As at 31st March 2012		As at 31st March 2011	
			No. of Shares	Amount (₹)	No. of Shares	Amount (₹)
1	3I Infotech Ltd	10	10,000	155,000	5,000	219,000
2	Akar Laminators Ltd	10	500	1	500	1
3	Allcargo Logistics Ltd	2	1,000	135,150	2,000	334,700
4	Alok Industries Ltd	10	10,000	196,000	10,000	221,500
5	Apple Finance Ltd	10	200	462	200	598
6	Atash Industries Ltd	10	600	1	600	1
7	Bajaj Hindusthan Ltd	1	1,000	25,900	1,000	71,200
8	Bells Control Ltd	10	50	50	50	50
9	Beta Naphthol Ltd	10	1,200	1	1,200	1
10	Bharti Airtel Ltd	5	3,500	1,178,625	4,000	1,372,350
11	Birla Power Solutions Ltd	1	10,000	5,200	10,000	10,000



Notes forming part of the financial statement for the year ended 31st March, 2012 (Contd.)

12 INVENTORIES

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

Sl. No.	Name of the Company	Face Value (₹)	As at 31st March 2012		As at 31st March 2011	
			No. of Shares	Amount (₹)	No. of Shares	Amount (₹)
12	BS Transcomm Ltd.	10	1,000	124,127	1,000	85,500
13	Cairn India Ltd	10	2,500	833,875	1,500	513,000
14	Cals Refineries Ltd	1	15,000	3,000	475,000	142,500
15	Chemcrown India Ltd	10	28,000	1	28,000	1
16	DLF Ltd	2	700	141,050	500	133,600
17	Daewoo Motors (India) Ltd	10	100	100	100	100
18	Edelweiss Capital Ltd	1	500	13,725	500	19,950
19	Electrosteel Castings Ltd	1	5,000	101,000	-	-
20	Electrosteel Steels Ltd	10	65,000	406,900	10,000	81,600
21	Fortis Healthcare Ltd	10	1,000	100,250	1,000	147,650
22	GMR Infrastructure Ltd.	1	5,000	132,000	-	-
23	GTL Infrastructure Ltd	10	4,000	39,480	2,000	74,700
24	GTL Ltd	10	1,000	41,700	-	-
25	Gujarat Lease Financing Ltd.	10	25	1	25	1
26	Gujarat NRE Coke Ltd	10	4,000	88,400	3,000	149,400
27	Hathway Cable & Datacom Ltd.	10	1,000	97,900	2,000	195,300
28	Himachal Futuristic Communications Ltd	1	2,000	23,620	2,000	23,880
29	Himadri Chemicals & Industries Ltd (F.V. Split from ₹ 10/- to ₹ 1/-)	1	1,000	1,150	100	1,150
30	ICICI Bank Ltd	10	4,275	3,719,266	1,275	1,320,510
31	IFB Finance Ltd	10	100	1	100	1
32	IFB Industries Ltd	10	10,400	716,960	8,400	479,241
33	India Infoline Ltd	2	250	16,712	250	18,513
34	Information Technologies (India) Ltd	5	100	1	100	1
35	Jsw Ispat Steel Ltd	10	5,000	62,950	5,000	111,250
36	K. S. Oils Ltd	1	500	3,950	500	16,200
37	Lanco Infratech Ltd	1	5,000	91,000	-	-
38	Larsen & Toubro Ltd	2	200	165,166	200	165,166
39	LIC Housing Finance Ltd	2	4,000	1,016,100	4,000	901,800
40	Maruti Cottex Ltd	10	2,000	1	2,000	1
41	Modi Alkalies & Chemicals Ltd	10	100	1	100	1

Notes forming part of the financial statement for the year ended 31st March, 2012 (Contd.)

12 INVENTORIES

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

Sl. No.	Name of the Company	Face Value (₹)	As at 31st March 2012		As at 31st March 2011	
			No. of Shares	Amount (₹)	No. of Shares	Amount (₹)
42	Motilal Oswal Financial Services Ltd	1	250	25,725	250	32,187
43	Mahanagar Telephone Nigam Ltd	10	4,000	109,400	4,000	181,800
44	NHPC Ltd	10	8,000	157,200	5,000	126,750
45	NMDC Ltd	1	1,500	241,650	1,500	417,302
46	NTPC Ltd	10	1,000	144,000	1,000	144,000
47	Nicco Corporation Ltd	2	2,000	3,160	2,000	5,820
48	Oriental Bank of Commerce	10	5,000	1,261,250	4,000	1,547,800
49	Padmini Technologies Ltd	10	3,200	1	3,200	1
50	Parakaram Techno Ltd	10	84,400	1	84,400	1
51	Pipavav Defence and Offshore Eng Ltd	10	1,000	79,850	-	-
52	Rama Newsprints and Papers Ltd	10	125	974	125	2,406
53	Reliance Industries Ltd	10	5,000	3,741,250	3,500	3,667,300
54	Religare Enterprises Ltd	10	50	18,850	50	18,850
55	Sanderson Industires Ltd	10	183,400	1	183,400	1
56	SJVN Ltd.	10	10,000	197,000	10,000	221,000
57	MW Unitexx Ltd (Formerly: S.Kumars Unitexx Ltd)	10	195	556	195	195
58	State Bank of India	10	3,700	7,751,500	2,500	6,137,893
59	Suryodaya Allo - Metal Powders Ltd	10	6,500	1	6,500	1
60	Telephone Cables Ltd	10	100	100	100	100
61	Texmaco Infrastructure & Holdings Ltd.	1	7,999	215,173	7,999	251,968
62	Texmaco Rail & Engineering Ltd.	1	6,000	362,400	6,000	420,000
63	Uco Bank	10	6,000	439,083	-	-
64	UTI Master Shares - Unit Scheme	10	100	1,250	100	1,250
65	Vatsa Corporation Ltd	10	100	1	100	1
66	Venkateshwara Hatcheries Ltd – PF Ltd	10	20	1	20	1
67	Vimta Labs Ltd	2	1,500	22,575	1,500	32,550
68	Viniyoga Clothex Ltd	10	1,800	1	1,800	1
69	Walchandnagar Industries Ltd	2	100	8,300	100	13,385
	Total			24,418,030		20,032,980



Notes forming part of the financial statement for the year ended 31st March, 2012 (Contd.)

(Amount in ₹)

Particular	As at 31st March	
	2012	2011
13 TRADE RECEIVABLES		
(Unsecured, considered good)		
Trade receivables		
- outstanding for a period less than six months	24,138,895	22,244,752
- outstanding for a period exceeding six months	1,917,174	2,423,006
Total	26,056,069	24,667,758
14 CASH AND CASH EQUIVALENTS		
a. Balances with banks *	22,600,071	27,094,678
b. Cash on hand	400,547	807,299
c. Fixed deposits with banks #	20,616,868	20,551,251
Total	43,617,486	48,453,228
# Fixed Deposits with banks includes deposit of ₹ 3,00,000/- (Previous Year ₹ 6,97,983/-) with maturity more than 12 months		
# Fixed Deposits with banks includes fixed deposits pledged with banks against Bank Guarantee and margin money amounting to ₹ 1,68,67,210/- (Previous Year - ₹ 1,67,99,694/-)		
* Balance with banks include Unclaimed Dividend of ₹ 10,63,350/- (Previous Year ₹ 9,16,312/-)		
15 OTHER CURRENT ASSETS		
Interest accrued on bank deposits	894,347	584,223
Total	894,347	584,223

(Amount in ₹)

Particular	For the year ended 31st March	
	2012	2011
16 REVENUE FROM OPERATIONS		
- Investment Banking	99,113,017	104,164,726
- Capital Market	10,124,905	22,557,730
Total	109,237,922	126,722,456

Notes forming part of the financial statement for the year ended 31st March, 2012 (Contd.)

(Amount in ₹)

Particular	For the year ended 31st March	
	2012	2011
17 OTHER INCOME		
Interest Income	2,032,262	1,713,472
Dividend Income	1,162,658	1,213,959
Net gain on sale of current investment	438,564	1,098,519
Net gain on sale of fixed asset	12,132,190	-
Other non-operating income	1,550,182	1,423,216
Total	17,315,856	5,449,166
18 EMPLOYEE BENEFITS EXPENSE		
Salaries, bonus and incentives	28,872,221	22,480,382
Contribution to provident and other funds	1,596,212	1,459,186
Gratuity fund contributions	640,818	428,458
Staff welfare expenses	1,226,285	1,094,073
Total	32,335,536	25,462,099
19 FINANCE COST		
Interest expense	1,259,753	1,772,160
Total	1,259,753	1,772,160
20 OTHER EXPENSES		
Demat and depository charges	204,703	249,218
Communication expenses	1,620,536	1,799,162
Insurance	145,596	197,574
Rent	3,045,000	2,821,500
Electricity	1,014,701	1,184,080
Office maintenance	1,555,896	1,124,645
Travelling & conveyance	2,515,986	3,290,239
Rates & taxes	203,135	80,135



Notes forming part of the financial statement for the year ended 31st March, 2012 (Contd.)

(Amount in ₹)

Particular	For the year ended 31st March	
	2012	2011
20 OTHER EXPENSES (Contd.)		
SEBI turnover and membership registration fees	2,134,380	2,417,876
Commission	2,250,000	2,550,000
Professional charges	11,336,304	13,329,759
Auditors' remuneration	221,505	182,501
Repairs & maintenance		
- Buildings	557,210	299,025
- Plant and machinery	48,133	562,572
Advertisement & Business promotion	5,687,066	1,384,006
Car expenses	2,043,176	2,832,241
Printing & stationery	1,542,079	1,556,693
Charity and donation	18,700	36,100
Computer expenses	261,534	382,450
Bad-debts written off	-	255,939
NSE / BSE charges	328,083	335,170
VSAT charges	248,000	224,000
Miscellaneous expenses	4,504,881	4,410,411
Total	41,486,604	41,505,296
20.1 PAYMENTS TO AUDITORS		
- Statutory audit	125,000	100,000
- Tax audit	50,000	40,000
- Limited review	7,500	13,000
- Certification	39,005	29,501
Total	221,505	182,501

21 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 Payment 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.

Notes forming part of the financial statement for the year ended 31st March, 2012 (Contd.)

21 GRATUITY AND POST-EMPLOYMENT BENEFITS PLANS (Contd.)

(Amount in ₹)

Particular	For the year ended 31st March	
	2012	2011
A Defined Contribution Plans:		
The Company has recognised the following amounts in the Profit/ Loss Account for the Year:		
Contribution to Employee's Provident Fund	937,241	780,342
Contribution to Employee's Family Pension Fund	417,900	439,705
Total	1,355,141	1,220,047

B Defined Benefit Plans:

a) Expenses recognised in the statement of Profit and Loss Account for the year ended 31st March, 2012

Particulars	For the year ended 31 st March			
	2012		2011	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
(A) Component of Employer's Expense				
Current service cost	413,110	31,808	327,440	40,644
Interest cost on benefit obligation	181,443	41,100	153,773	41,276
Expected return on plan assets	(236,720)	-	(195,032)	-
Past Service Cost	-	-	170,301	-
Net actuarial(gain) / loss recognised during the period	(119,135)	132,944	(288,217)	143,038
Total expenses	238,698	205,852	168,265	224,958
(B) Actual Contribution and Benefits Payments for period ending				
Actual Benefit Payments	217,316	237,795	92,596	241,749
Actual Contribution	584,219	237,795	383,494	241,749

b) Net assets/ (liability) recognised in the Balance Sheet as at 31st March, 2012

Particulars	For the year ended 31 st March			
	2012		2011	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present value of defined benefits obligation	2,391,167	451,588	2,134,619	483,528
Fair value of plan assets	3,232,296	-	2,630,227	-
Net assets/ (liability) recognised in the Balance Sheet as at 31st March, 2012	841,129	(451,588)	495,608	(483,528)
Employer's Expense				
(a) Current Service Cost	413,110	31,808	327,440	40,644
(b) Total Employer Expense	238,698	205,852	168,265	224,958



Notes forming part of the financial statement for the year ended 31st March, 2012 (Contd.)

21 GRATUITY AND POST-EMPLOYMENT BENEFITS PLANS (Contd.)

c) Change in obligations during the year ended 31st March 2012

(Amount in ₹)

Particulars	For the year ended 31 st March			
	2012		2011	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present value of defined obligation at the beginning of the period	2,134,619	483,531	1,863,918	500,319
Current service cost	413,110	31,808	327,440	40,644
Interest cost	181,443	41,100	153,773	41,276
Plan Amendments	-	-	170,301	-
Benefits paid	(217,316)	(237,795)	(92,596)	(241,749)
Actuarial (gains)/losses	(120,689)	132,944	(288,217)	143,038
Present value of defined benefits obligation at the end of the period	2,391,167	451,588	2,134,619	483,528

d) Change in the fair value of plan assets during the year ended 31st March, 2012

Particulars	For the year ended 31 st March			
	2012		2011	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Plan Asset at the beginning of the period	2,630,227	-	2,144,297	-
Actual return on Plan Asset	235,166	-	195,032	-
Contribution by the employer	584,219	237,795	383,494	241,749
Employee Contributions	-	-	-	-
Benefits Paid	(217,316)	(237,795)	(92,596)	(241,749)
Plan Asset at the end of the period	3,232,296	-	2,630,227	-

e) Gratuity plan :

Particulars	For the year ended 31 st March				
	2012	2011	2010	2009	2008
Present value of defined benefit obligation	2,391,167	2,134,619	1,863,918	1,528,185	1,227,739
Fair value of plan assets	3,232,296	2,630,227	2,144,297	1,460,861	1,244,631
Surplus /(deficit)	841,129	495,608	280,379	(67,324)	16,892
Experience adjustment (gain)/ loss for plan liability	(39,515)	-	-	-	-
Experience adjustment (gain)/ loss for plan assets	(1,554)	-	-	-	-

Notes forming part of the financial statement for the year ended 31st March, 2012 (Contd.)

21 GRATUITY AND POST-EMPLOYMENT BENEFITS PLANS (Contd.)

f) Leave encashment

(Amount in ₹)

Particulars	For the year ended 31 st March				
	2012	2011	2010	2009	2008
Present value of defined benefit obligation	451,588	483,528	500,319	473,794	474,578
Surplus /(deficit)	(451,588)	(483,528)	(500,319)	(473,794)	(474,578)
Experience adjustment (gain)/ loss for plan liability	151,194	-	-	-	-
Experience adjustment (gain)/ loss for plan assets	-	-	-	-	-

Particular	For the year ended 31st March	
	2012	2011
22 SEGMENT INFORMATION		
A Primary segment information (by business segments)		
i Segment revenue		
- Capital Market Operations	12,125,872	24,293,287
- Investment Banking	114,427,906	107,878,335
- Others (Unallocable)	-	-
Total segment revenue	126,553,778	132,171,622
ii Segment results (before interest and unallocated income/expense)		
- Capital Market Operations	(4,600,915)	8,954,047
- Investment Banking	53,923,561	52,961,385
- Others (Unallocable)	(862,280)	(456,607)
Total segment results	48,460,366	61,458,825
iii Operating profit	48,460,366	61,458,825
iv Unallocated interest expenses	1,259,753	1,772,160
v Unallocated interest income	-	-
vi Total profit before tax	47,200,613	59,686,665
vii Segment assets		
- Capital Market Operations	90,814,380	93,722,044
- Investment Banking	199,200,967	179,028,076
- Others (Unallocable)	5,094,074	2,444,256
Total segment assets	295,109,421	275,194,376



Notes forming part of the financial statement for the year ended 31st March, 2012 (Contd.)

(Amount in ₹)

Particular	For the year ended 31st March	
	2012	2011
22 SEGMENT INFORMATION		
A Primary segment information (by business segments) (Contd.)		
viii Segment liabilities		
- Capital Market Operations	10,693,157	18,084,636
- Investment Banking	12,203,558	49,720,115
- Others (Unallocable)	8,487,109	7,284,928
Total segment liabilities	31,383,824	75,089,679
ix Depreciation		
- Capital Market Operations	662,449	804,928
- Investment Banking	3,437,321	2,922,501
- Others (Unallocable)	-	-
Total depreciation	4,099,770	3,727,429
x Capital employed		
- Capital Market Operations	80,121,223	75,637,408
- Investment Banking	186,997,409	129,307,961
- Others (Unallocable)	(3,393,035)	(4,840,672)
Total Capital Employed	263,725,597	200,104,697

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 ₹ 10,476,399/- (Previous year ₹ 7,396,548/-)

B There are no reportable geographical segment.

Notes forming part of the financial statement for the year ended 31st March, 2012 (Contd.)

23 DISCLOSURES OF RELATED PARTY TRANSACTIONS (AS IDENTIFIED & CERTIFIED BY THE MANAGEMENT):

a As per Accounting Standard-18- 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India, the names of the related parties are given below :

b **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 Sankar Rathi (Wholetime 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.

c **Transaction with related parties during the year and year end outstanding balance 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	Total
i) Managerial remuneration	-	-	-	1,158,200	1,158,200
	-	-	-	(1,136,200)	(1,136,200)
ii) Rent paid	-	900,000	168,000	600,000	1,668,000
	-	(900,000)	(120,000)	(600,000)	(1,620,000)
iii) Guarantee commission paid	-	-	-	250,000	250,000
	-	-	-	(250,000)	(250,000)
iv) Balance receivable/(payable)	-	1,000,000	-	-	1,000,000
	-	-	-	-	-
v) Equity Share Allotment (Incl. Premium)	6,200,000	-	-	-	6,200,000
	-	-	-	(24,000)	(24,000)
vi) Convertible Share Warrants (Incl. Premium)	-	-	-	-	-
	(1,550,000)	-	-	-	(1,550,000)
vii) Dividend Paid	-	-	-	1,641,128	1,641,128
	-	-	-	(1,641,128)	(1,641,128)

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



Notes forming part of the financial statement for the year ended 31st March, 2012 (Contd.)

d) Disclosure in Respect of Material Related Party Transactions during the year

- i Managerial Remuneration paid to Mr. Bhawani Sankar Rathi ₹ 1,158,200/- (₹ 1,136,200/-)
- ii Rent paid to SFSL Commodity Trading (P) Limited ₹ 900,000/- (₹ 900,000/-), Superb Estate Services Private Limited ₹ 168,000/- (₹ 120,000/-), and Mr. Vijay Maheshwari ₹ 600,000/- (₹ 600,000/-)
- iii Guarantee Commission paid to Mr. Vijay Maheshwari ₹ 125,000/- (₹ 125,000/-), Mr. Bijay Murmuria ₹ 125,000/- (₹ 125,000/-).
- iv Balance receivable from SFSL Commodity Trading (P) Limited ₹ 1,000,000/- (₹ Nil)
- v Equity Share Allotted to Capita Finance Services Limited ₹ 3,100,000/- (₹ Nil), SFSL Risk Management Services Pvt. Limited ₹ 1,550,000/- (₹ Nil), SFSL Insurance Advisory Services Pvt. Limited ₹ 1,550,000/- (₹ Nil)
- vi Dividend paid to Mr. Vijay Maheshwari ₹ 1,249,776/- (₹ 1,249,776/-)

(Amount in ₹)

Particular	For the year ended 31st March	
	2012	2011
24 EXPENDITURE / EARNING IN FOREIGN CURRENCY		
a) Expenditure in Foreign Currency		
Travelling	369,920	329,503
Uses Fees	567,000	355,350
Total	936,920	684,853
b) Earnings in Foreign currency		
Consultancy Fees	1,154,168	-
Total	1,154,168	-
25 EARNING PER SHARE (EPS)		
Earning per Share		
a. Profit after tax	34,336,177	41,109,482
b. Weighted average number of equity shares outstanding during the year (nos)	6,824,673	6,829,153
c. Nominal value of equity per share	10	10
d. Effect of potential equity shares in Employee Stock Option Outstanding	-	15,000
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 earning per share (nos) [b+d+e+f]	6,824,673	7,258,439
g. Earning per share		
- Basic [a/b]	5.03	6.02
- Diluted [a/f]	5.03	5.66

Notes forming part of the financial statement for the year ended 31st March, 2012 (Contd.)

(Amount in ₹)

Particular	As at 31st March	
	2012	2011
26 CONTINGENT LIABILITY		
Contingent liabilities not provided for in respect of:		
a 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
b Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	1,349,995	1,349,995

27 Revaluation of Office Premises was carried out as on 31.03.96 by an approved Valuer. The revaluation resulted in an increase of ₹ 1,311,255/- in the value of the assets over its net book value as on 31.03.96 which has been credited to Revaluation Reserve. Depreciation for the year ended 31.03.2012 of ₹ 21,373/- on revalued portion has been adjusted with Revaluation Reserve.

28 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 deposits.

29 Previous year's figures have been regrouped/rearranged, to conform to the classification of the current year, wherever considered necessary and to conform to the requirements of Revised Schedule VI under the Companies Act, 1956.

30 Figures have been rounded off to nearest rupee.

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 26, 2012

For and on behalf of the Board of Directors

Vijay Maheshwari

Bijay Murmuria

Bhawani Sankar Rathi

Directors

Deb Kumar Sett

Company Secretary



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, 2012
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 per cent
4. The net aggregate amount of the Subsidiary Company's Profit /(Loss) so far as it concerns the members of the Holding Company. : ₹ 2,960,314/-
 - a. **Not dealt with the Holding Company's accounts:**
 - i) For the financial year ended 31 March, 2012 : ₹ 1,120,931/-
 - ii) For the previous financial years of the Subsidiary Company since it become the Holding Company's subsidiary. : ₹ 1,839,383/-
 - b. **Dealt with in Holding Company's accounts :**
 - i) For the financial year ended 31 March, 2012 : NIL
 - ii) For the previous financial years of the Subsidiary Company since it become the Holding Company's subsidiary. : NIL

On behalf of the Board

Vijay Maheshwari

Bijay Murmuria

Bhawani Sankar Rathi

Directors

Place : Kolkata

Date: May 26, 2012

Deb Kumar Sett

Company Secretary

Subsidiary Company's Particulars

Pursuant to General Circular No. 02/2011 dated 08-Feb-11
from the Ministry of Corporate Affairs

For the Year ended 31-Mar-12

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

Particular	Amount in ₹	
a) Capital (Issued and subscribed)		6,512,000
b) Reserves		4,460,314
c) Total Assets		14,181,926
d) Total Liabilities		14,181,926
e) Details of Investment		
i) Non-current	4,356,148	
ii) Current	-	4,356,148
f) Turnover		2,490,671
g) Profit before taxation		1,398,971
h) Provision for taxation		278,040
i) Profit after taxation		1,120,931
j) Proposed dividend		NIL

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, 2012, the consolidated Profit and Loss Statement 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 ₹ 14,181/- thousands as at 31st March, 2012 and total revenues of ₹ 2,490/- 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 ₹ 3,572/- thousands as at 31st March, 2012 and total revenue of ₹ 194/- 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 ₹ 4,221/- thousands as at 31st March, 2012 and total revenue of ₹ 171/- thousands for the year ended and the Company's associate – Capita Finance Services Limited, whose financial statements reflects total assets of ₹ 12,235/- thousands as at 31st March, 2012 and total revenue of ₹ 291/- thousands for the year ended and the Company's associate US Infotech Pvt. Ltd whose financial statements reflects total assets ₹ 18,850/- thousands as at 31st March, 2012 and revenue of ₹ 1,734/- 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, 2012 and;
 - b. the Consolidated Profit & Loss Statement 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: May 26, 2012

Consolidated Balance Sheet as at 31st March, 2012

(Amount in ₹)

Particulars	Note	As at 31st March	
		2012	2011
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
Share capital	1	79,844,240	68,489,400
Reserves and surplus	2	178,495,057	126,277,762
Money received against share warrants		-	1,550,000
Minority interest		2,641	2,297
		258,341,938	196,319,459
2 Non-current liabilities			
Long-term borrowings	3	5,431,921	44,826,616
Deferred tax liabilities (Net)	4	10,381,245	7,307,585
		15,813,166	52,134,201
3 Current liabilities			
Short-term borrowings	5	9,970,883	6,580,923
Trade payables		2,315,241	14,823,107
Other current liabilities	6	7,996,441	5,136,810
Short-term provisions	7	7,889,675	6,892,910
		28,172,240	33,433,750
		302,327,344	281,887,410
II. ASSETS			
Non-current assets			
1 Fixed assets	8		
(i) Tangible assets		95,096,840	100,472,629
Non-current investments	9	12,677,985	11,711,428
Long-term loans and advances	10	52,921,526	58,972,576
		160,696,351	171,156,633
2 Current assets			
Current investments	11	39,652,562	13,914,681
Inventories	12	24,418,030	20,032,980
Trade receivables	13	29,908,666	25,851,549
Cash and cash equivalents	14	46,596,170	50,342,653
Other current assets	15	1,055,565	588,914
		141,630,993	110,730,777
		302,327,344	281,887,410
Significant Accounting Policies Notes on Financial Statements	1 to 31		

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 26, 2012

Deb Kumar Sett

Company Secretary

For and on behalf of the Board of Directors

Vijay Maheshwari**Bijay Murmura****Bhawani Sankar Rathi**

Directors



Consolidated Profit and Loss Statement for the year ended 31st March, 2012

(Amount in ₹)

Particulars	Note	For the year ended 31st March	
		2012	2011
I. Revenue from operations	16	110,654,675	129,331,996
II. Other income	17	17,489,774	5,588,524
III. Total Revenue (I + II)		128,144,449	134,920,520
IV. Expenses:			
Employee benefits expense	18	32,793,589	25,990,505
Finance costs	19	1,259,753	1,772,160
Depreciation and amortization expense	8	4,153,045	3,778,228
Diminution in value of investments	9	171,503	17,973
Other expenses	20	41,166,974	41,293,957
Total expenses		79,544,864	72,852,823
V Profit before tax		48,599,585	62,067,697
VI Tax expense:			
(1) Current tax		10,113,000	17,631,000
(2) Deferred tax		3,073,661	1,799,177
(2) (Add)/Less : Adjustment for earlier year		(44,185)	(302,904)
VII Profit (Loss) for the period (V - VI) before adjustment of Minority Interest		35,457,109	42,940,424
Add : Share of Profit/(Loss) of Associates		360,498	2,048,292
Less: Minority Interest		344	562
VIII Profit (Loss) for the period (V - VI) after adjustment of Minority Interest		35,817,263	44,988,154
VIII Earnings per equity share:			
(1) Basic		5.20	6.29
(2) Diluted		5.20	5.92
Significant Accounting Policies Notes on Financial Statements	1 to 31		

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 26, 2012

Deb Kumar Sett

Company Secretary

For and on behalf of the Board of Directors

Vijay Maheshwari

Bijay Murmuria

Bhawani Sankar Rathi

Directors

Consolidated Cash Flow Statement for the year ended 31st March, 2012

(Amount in ₹)

Particulars	For the year ended 31st March	
	2012	2011
A. Cash flows from operating activities		
Profit before taxation and after exceptional items	48,599,584	62,067,697
Adjustments for :		
Depreciation	4,153,495	3,778,228
Interest income	(2,206,180)	(1,738,527)
Dividend income	(1,162,658)	(1,213,958)
Provision for leave Encashment	205,855	-
Interest paid	1,259,753	1,772,160
Bad debts written off	-	255,939
(Profit)/Loss on sale of fixed assets (net)	(12,132,190)	-
(Profit)/Loss on sale of investments	(438,564)	(1,211,666)
Provision for diminution in the value of investments	171,503	17,973
Liabilities no longer required written back	(44,661)	(12,081)
Rent received	(1,440,000)	(1,300,000)
Operating profit before working capital changes	36,965,937	62,415,765
Adjustments for :		
(Increase) / Decrease in other current assets	(310,124)	-
(Increase) / Decrease in trade receivables	(4,057,117)	(9,073,169)
(Increase) / Decrease in inventories	(4,385,050)	(9,551,253)
(Increase) / Decrease in loans and advances	6,665,556	(30,722,867)
(Increase) / Decrease in short term borrowings	4,702,270	-
Increase / (Decrease) in trade and other payables	(9,819,843)	(558,477)
Cash generated from Operations	29,761,629	12,509,999
Direct taxes paid	(12,650,838)	(17,708,337)
Cash Flow before Extra Ordinary Items	17,110,791	(5,198,338)
Extra Ordinary Item	44,661	12,081
Adjustment of Earlier Years	44,186	302,904
Net cash from operating activities	17,199,638	(4,883,353)
B. Cash flows from investing activities		
(Purchase) / sale of fixed assets	13,362,385	(61,393,729)
(Purchase) / sale of investments	(26,343,940)	36,179,360
Investment Application Money	599,190	(374,190)
Rent Received	1,440,000	1,300,000
Interest received	2,206,180	1,738,527
Dividend received	1,162,658	1,213,958
Net cash (used in) / from investing activities	(7,573,527)	(21,336,074)
C. Cash flows from financing activities		
Proceeds from issue of equity capital	-	244,000
Proceeds/(Repayment) of long term borrowings	(10,394,695)	14,302,377
Proceeds from issue of Debentures	-	29,000,000
Proceeds from issue of Convertible Share Warrants	4,650,000	1,550,000
Dividend paid	(6,368,144)	(6,207,141)
Interest paid	(1,259,753)	(1,772,160)
Net cash (used in) / from financing activities	(13,372,592)	37,117,076
Net increase in cash and cash equivalents	(3,746,481)	10,897,649
Cash and cash equivalents at the beginning of the year	50,342,651	39,445,002
Cash and cash equivalents at the end of the year	46,596,170	50,342,651

Notes: 1 Components of cash and cash equivalents include cash, bank balances in current and deposit accounts as disclosed under note no 2.15 of the accounts
2 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

CA. S. K. Kabra

Partner

Membership No. 052205

Place : Kolkata

Date : May 26, 2012

Deb Kumar Sett

Company Secretary

For and on behalf of the Board of Directors

Vijay Maheshwari

Bijay Murmuria

Bhawani Sankar Rathi

Directors



SIGNIFICANT ACCOUNTING POLICIES

a Consolidation of Accounts

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

b 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

c 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.

d 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 asset is stated at cost

e 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.

f 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.

g 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.

h Inventories

Inventories of shares and securities are valued at lower of cost or market value.

i 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.

j 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 contribution payable to the respective trust

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.

k Taxation

Tax expense comprises of current and deferred tax.

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

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

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

l 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.

m 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.

n 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.

o 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.

p 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.

q 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.

r 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/settled contracts.

Notes forming part of the Consolidated financial statement for the year ended 31st March, 2012

	As at 31st March, 2012		As at 31st March, 2011	
	Number	Amount (₹)	Number	Amount (₹)
1 SHARE CAPITAL				
Authorised				
Equity Shares of ₹ 10/- each	10,000,000	100,000,000	10,000,000	100,000,000
Issued, Subscribed & Paid up				
Equity Shares of ₹ 10/- each fully paid	7,984,424	79,844,240	6,848,940	68,489,400
Total	7,984,424	79,844,240	6,848,940	68,489,400

1.1

Particulars	Equity Shares as at 31st March, 2012		Equity Shares as at As at 31st March, 2011	
	Number	Amount (₹)	Number	Amount (₹)
a) Shares outstanding at the beginning of the year	6,848,940	68,489,400	6,824,540	68,245,400
Shares Issued during the year				
- Conversion of 2,00,000 Share Warrants and one Fully Convertible Debenture	1,135,484	11,354,840	-	-
- Issued under ESOS, 2007 (Refer Point No. c below)	-	-	24,400	244,000
Shares outstanding at the end of the year	7,984,424	79,844,240	6,848,940	68,489,400
Out of the above:				
b) 16,38,340 equity shares were allotted pursuant to scheme of amalgamation without payment being received in cash.				
c) 96,000 options has been granted by the Company in 2007-08 out of which 56,600 options were exercised in 2009-10 and 24,400 options have been exercised during the year 2010 -11. The activity of the ESOP plan is as under				

Stock Option Plan	As at 31st March	
	(2012) Number	(2011) Number
Option outstanding at the beginning of the year	4,000	39,400
Less : exercised during the period	-	24,400
Less : forfeited / lapsed	4,000	11,000
Balance at the end of the period	-	4,000



Notes forming part of the Consolidated financial statement for the year ended 31st March, 2012 (Contd.)

- d) The Company has reserved issuance of 342,447 Options under ESOP 2011 which are yet to be granted.
- e) During the year the Company has issued 200,000 Equity Share of ₹ 10/- each at a Premium of ₹ 21/- per share, against 200,000 fully paid convertible share warrant of ₹ 31/- each as per terms of allotment.
- f) During the year the Company has issued 935,484 Equity Shares of ₹ 10/- each at a premium of ₹ 21/- per share to the Brand Equity Treaties Ltd. against one 0% Convertible Debenture of ₹ 29,000,000/- as per terms of allotment.

1.2

The details of Shareholders holding more than 5 % shares :-

Name of Shareholder	As at 31st March 2012		As at 31st March 2011	
	Number of Shares held	% of Holding	Number of Shares held	% of Holding
Vijay Maheshwari	1,562,220	19.57	1,562,220	22.81
Bijay Murmuria	369,920	4.63	369,920	5.40
Brand Equity Treaties Ltd.	935,484	11.72	-	-
Hitech Tradecomm Pvt Ltd.	566,900	7.10	15,000	0.22

(Amount in ₹)

	As at 31st March	
	2012	2011
2 RESERVES & SURPLUS		
a. Securities Premium Reserve		
Opening Balance	1,875,000	1,875,000
Add : Securities premium credited on Share issue	23,845,164	-
Closing Balance	25,720,164	1,875,000
b. Revaluation Reserve		
Opening Balance	990,664	1,012,037
(-) Written Back in Current Year	21,373	21,373
Closing Balance	969,291	990,664
c. Surplus		
Opening balance	123,412,098	84,792,088
(+) Net Profit/(Net Loss) For the current year	35,817,263	44,988,154
(-) Proposed Dividends	6,387,540	5,479,152
(-) Corporate Dividend Tax	1,036,219	888,992
Closing balance	151,805,602	123,412,098
Total	178,495,057	126,277,762

Notes forming part of the Consolidated financial statement for the year ended 31st March, 2012 (Contd.)

(Amount in ₹)

	As at 31st March	
	2012	2011
3 LONG TERM BORROWINGS		
Secured		
Term loan		
A - from a bank	5,043,470	14,942,386
Explanation :		
a) Secured by equitable mortgage of Company's immovable property at Mumbai and personal guarantee given by a director of the Company.		
b) Terms of repayment :		
The Proposed term loan is payable in 16 quaterly instalment of ₹ 16.5 Lacs each after completion of moratorium period of 12 months. The First installment commences from quarter ended September 2011 and final installment would be due by the Quater ended June 2015. Interest to be Paid as and when applied		
B - from the Bodies Corporate (Vehciles Loan)	388,451	884,230
Explanation :		
a) Secured by hypothecation of respective vehicles		
b) Terms of repayment :		
i) Kotak Mahindra Prime Ltd		
Monthly Installment of ₹ 34,774/- Commencing from April 2010 and last installment would be due by Feburary 2013		
ii) Kotak Mahindra Prime Ltd		
Monthly Installment of ₹ 11,450/- Commencing from June 2007 and last installment would be due by May 2012		
Sub total	5,431,921	15,826,616
c) 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 a company's Immovable Property. The said facilities are further secured by personal guarantees of three directors of the Company.		
Unsecured		
0% Fully Convertible Debentures	-	29,000,000
Total	5,431,921	44,826,616



Notes forming part of the Consolidated financial statement for the year ended 31st March, 2012 (Contd.)

(Amount in ₹)

Particular	As at 31st March	
	2012	2011
In accordance with AS-22 on 'Accounting for taxed on Income' by the Institute of Chartered Accountants of India, net deferred tax, has been accounted for, as detailed below :		
4 DEFERRED TAX LIABILITY		
Difference between book and tax depreciation	10,527,786	7,480,943
Sub Total (A)	10,527,786	7,480,943
Deferred Tax Asset		
Leave encashment	146,541	173,358
Sub Total (B)	146,541	173,358
Net Deferred Tax Liability	10,381,245	7,307,585
5 SHORT TERM BORROWINGS		
Unsecured		
Deposits from clients against margin money	9,970,883	6,580,923
	9,970,883	6,580,923
6 OTHER CURRENT LIABILITIES		
(a) Due to Micro, Small and Medium enterprises	-	-
(b) Unclaimed Dividend	1,063,350	916,312
(c) Payable for expenses	6,933,091	4,220,498
Total	7,996,441	5,136,810
7 SHORT TERM PROVISIONS		
(a) Provision for employee benefits		
Gratuity	12,954	34,909
Leave Encashment	452,962	489,857
(b) Others		
Proposed Dividend	6,387,540	5,479,152
Corporate Dividend Tax	1,036,219	888,992
Total	7,889,675	6,892,910

Notes forming part of the Consolidated financial statement for the year ended 31st March, 2012 (Contd.)

8 Disclosure pursuant to Note no. I (i), (ii), (iii); Note no. J (i), (ii); Note no. J and Note no. L of Part I of Schedule VI to the Companies Act, 1956 (Amount in ₹)

FIXED ASSETS	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	Blance as at 1st April 2011	Addition	Disposal	Blance as at 31st March 2012	Blance as at 1st April 2011	Depreciation for the year	On Disposals	Blance as at 31st March 2012	Blance as at 31st March 2012	Blance as at 31st March 2011
Tangible Assets										
a Buildings	82,372,802	530,800	4,850,238	78,053,364	3,925,481	1,327,711	805,048	4,448,144	73,605,220	78,447,321
b Electrical Installation	887,810	-	239,000	648,810	346,238	52,020	154,057	244,201	404,609	541,572
c Furniture & Fixtures	10,804,585	172,569	1,106,176	9,870,978	2,689,637	655,173	825,734	2,519,076	7,351,902	8,114,948
d Computers	14,063,217	317,237	353,444	14,027,010	10,199,129	1,125,231	318,954	11,005,406	3,021,604	3,864,088
e Office equipment	4,823,985	575,430	700,574	4,698,841	1,203,670	249,916	372,534	1,081,052	3,617,789	3,620,315
f Vehicles	7,818,520	1,975,698	-	9,794,218	1,934,135	764,367	-	2,698,502	7,095,716	5,884,385
	120,770,919	3,571,734	7,249,432	117,093,221	20,298,290	4,174,418	2,476,327	21,996,381	95,096,840	100,472,629
Previous Year	65,902,190	61,593,729	-	127,495,919	16,498,689	3,799,601	-	20,298,290	107,197,629	-

8.1 Building includes ₹ 15,14,735/- in respect of which Conveyance is pending.



Notes forming part of the Consolidated financial statement for the year ended 31st March, 2012 (Contd.)

(Amount in ₹)

Particular	As at 31st March	
	2012	2011
9 NON-CURRENT INVESTMENTS		
I Non-Trade Investments		
In Associates		
Cost of Investments	4,675,000	4,675,000
Add: share of post acquisition of Profit	2,130,427	1,769,929
Total (A)	6,805,427	6,444,929
b Others		
Investment in Equity instruments	5,703,058	4,925,496
II Mutual Funds		
Investments in Mutual Funds	2,031,847	2,031,847
Total (B)	7,734,905	6,957,343
Grand Total (A + B)	14,540,332	13,402,272
Less : Provision for dimunition in the value of Investments	1,862,347	1,690,844
Total	12,677,985	11,711,428
Aggregate amount of quoted investments (Market value of ₹ 1,466,411/-) (Previous Year ₹ 1,902,917/-)	3,312,058	3,135,496
Aggregate amount of unquoted investments	12,735,000	12,735,000
Total	16,047,058	15,870,496
10 LONG TERM LOANS AND ADVANCES		
I Non-Trade Investments		
a. Other advances	33,258,941	38,384,033
(Unsecured, considered good)		
b. Security Deposits	15,134,855	18,767,635
(Secured, considered good)		
c. Others		
Advance Payment of taxes (Net)	4,041,449	1,497,343
Other deposits	486,281	323,565
Total	52,921,526	58,972,576

Notes forming part of the Consolidated financial statement for the year ended 31st March, 2012 (Contd.)

(Amount in ₹)

Particular	As at 31st March	
	2012	2011
11 CURRENT INVESTMENTS		
Investments in Mutual Funds	39,652,562	13,914,681
Total	39,652,562	13,914,681
12 Inventories		
(As taken by the Management and certified by a Director)		
(At lower of Cost and net realisable value)		
Equity Shares & Securities	24,418,030	20,032,980
Total	24,418,030	20,032,980
13 Trade Receivables		
(Unsecured, considered good)		
Trade receivables		
- outstanding for a period less than six months	26,256,870	23,341,177
- outstanding for a period exceeding six months	3,651,796	2,510,372
Total	29,908,666	25,851,549
14 Cash and cash equivalents		
a. Balances with banks*	22,975,554	28,786,305
b. Cash on hand	403,748	905,097
c. Fixed Deposits with banks #	23,216,868	20,651,251
Total	46,596,170	50,342,653
*Balance with banks include Unclaimed Dividend of ₹ 1,063,350/- (Previous Year ₹ 916,312/-)		
# Fixed Deposits with banks includes deposit of ₹ 2,900,000/- (Previous Year ₹ 797,983/-) with maturity more than 12 months		
# Fixed Deposits with banks includes fixed deposits pledged with banks against Bank Gurantee and margin money ₹ 19,467,210/- (Previous Year - ₹ 16,899,694/-)		
15 Other current assets		
Interest accrued on bank deposits	1,055,565	588,914
Total	1,055,565	588,914



Notes forming part of the Consolidated financial statement for the year ended 31st March, 2012 (Contd.)

(Amount in ₹)

Particular	For the year ended 31st March	
	2012	2011
16 REVENUE FROM OPERATIONS		
- Investment Banking	99,113,017	104,164,726
- Capital Market	10,124,905	22,557,730
- Commodity Trading	1,416,753	2,609,540
Total	110,654,675	129,331,996
17 OTHER INCOME		
Interest Income	2,206,180	1,738,527
Dividend Income	1,162,658	1,213,958
Net gain on sale of current investment	438,564	1,211,666
Net gain on sale of fixed asset	12,132,190	-
Other non-operating income	1,550,182	1,424,373
Total	17,489,774	5,588,524
18 Employee benefits expense		
Salaries, bonus and incentives	29,330,274	23,008,788
Contribution to provident and other funds	1,596,212	1,459,186
Gratuity fund contributions	640,818	428,458
Staff welfare expenses	1,226,285	1,094,073
Total	32,793,589	25,990,505
19 Finance cost		
Interest expense	1,259,753	1,772,160
Total	1,259,753	1,772,160
20 Other Expenses		
Demat and depository charges	221,812	269,626
Communication expenses	1,620,536	1,799,162
Insurance	148,295	200,298
Rent	2,145,000	1,921,500
Electricity	1,014,701	1,184,080

Notes forming part of the Consolidated financial statement for the year ended 31st March, 2012 (Contd.)

(Amount in ₹)

Particular	For the year ended 31st March	
	2012	2011
20 Other Expenses (Contd.)		
Office maintenance	1,555,896	1,124,645
Travelling & conveyance	2,548,186	3,384,239
Rates & taxes	205,035	82,035
SEBI turnover and membership registration fees	2,209,380	2,492,876
Commission	2,317,709	2,550,000
Professional charges	11,349,304	13,331,959
Auditors' remuneration	231,505	191,501
Repairs & maintenance		
- Buildings	557,210	299,025
- Plant and machinery	48,133	562,572
Advertisement & Business promotion	5,687,066	1,384,006
Car expenses	2,043,176	2,832,241
Printing & stationery	1,550,639	1,568,243
Charity and donation	18,700	36,100
Computer expenses	261,534	382,450
Bad-debts written off	-	255,939
NSE / BSE charges	328,083	335,170
VSAT charges	248,000	224,000
Miscellaneous expenses	4,857,074	4,882,290
Total	41,166,974	41,293,957
20.1 Payments to auditors		
Statutory audit	135,000	109,000
Tax audit	50,000	40,000
Limited review	7,500	13,000
Certification	39,005	29,501
Total	231,505	191,501



Notes forming part of the Consolidated financial statement for the year ended 31st March, 2012 (Contd.)

21 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 Payment 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.

(Amount in ₹)

Particular	For the year ended 31st March	
	2012	2011
A Defined Contribution Plans:		
The Company has recognised the following amounts in the Profit/ Loss Account for the Year:		
Contribution to Employee's Provident Fund	937,241	780,342
Contribution to Employee's Family Pension Fund	417,900	439,705
Total	1,355,141	1,220,047

B Defined Benefit Plans:

a) Expenses recognised in the statement of Profit and Loss Account for the year ended 31st March 2012

Particulars	For the year ended 31 st March			
	2012		2011	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
(A) Component of Employer's Expense				
Current service cost	415,701	31,961	332,105	43,123
Interest cost on benefit obligation	184,410	41,638	159,556	41,855
Expected return on plan assets	(236,720)	-	(195,032)	-
Past Service Cost	-	-	170,301	-
Net actuarial(gain) / loss recognised during the period	(146,648)	129,524	(287,699)	142,320
Total expenses	216,743	203,123	179,231	227,298
(B) Actual Contribution and Benefits Payments for period ending				
Actual Benefit Payments	217,316	240,021	138,750	244,773
Actual Contribution	584,219	240,021	429,648	244,773

Notes forming part of the Consolidated financial statement for the year ended 31st March, 2012 (Contd.)

21 GRATUITY AND POST-EMPLOYMENT BENEFITS PLANS (Contd.)

b) Net assets/ (liability) recognised in the Balance Sheet as at 31st March 2012

(Amount in ₹)

Particulars	For the year ended 31 st March			
	2012		2011	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present value of defined benefits obligation	2,404,121	452,962	2,169,528	489,857
Fair value of plan assets	3,232,296	-	2,630,227	-
Net assets/ (liability) recognised in the Balance Sheet as at 31st March 2012	828,175	(452,962)	460,699	(489,857)
Employer's Expense				
(a) Current Service Cost	415,701	31,961	332,105	43,123
(b) Total Employer Expense	216,743	203,123	179,231	227,298

c) Change in obligations during the year ended 31st March, 2012

Particulars	For the year ended 31 st March			
	2012		2011	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present value of defined obligation at the beginning of the period	2,169,528	489,860	1,934,015	507,332
Current service cost	415,701	31,961	332,105	43,123
Interest cost	184,410	41,638	159,556	41,855
Plan Amendments	-	-	170,301	-
Benefits paid	(217,316)	(240,021)	(138,750)	(244,773)
Actuarial (gains)/losses	(148,202)	129,524	(287,699)	142,320
Present value of defined benefits obligation at the end of the period	2,404,121	452,962	2,169,528	489,857

d) Change in the fair value of plan assets during the year ended 31st March, 2012

Particulars	For the year ended 31 st March			
	2012		2011	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Plan Asset at the beginning of the period	2,630,227	-	2,144,297	-
Actual return on Plan Asset	235,166	-	195,032	-
Contribution by the employer	584,219	240,021	429,648	244,773
Employee Contributions	-	-	-	-
Benefits Paid	(217,316)	(240,021)	(138,750)	(244,773)
Plan Asset at the end of the period	3,232,296	-	2,630,227	-



Notes forming part of the Consolidated financial statement for the year ended 31st March, 2012 (Contd.)

21 GRATUITY AND POST-EMPLOYMENT BENEFITS PLANS (Contd.)

e) Gratuity plan :

(Amount in ₹)

Particulars	For the year ended 31 st March				
	2012	2011	2010	2009	2008
Present value of defined benefit obligation	2,391,167	2,134,619	1,863,918	1,528,185	1,227,739
Fair value of plan assets	3,232,296	2,630,227	2,144,297	1,460,861	1,244,631
Surplus /(deficit)	841,129	495,608	280,379	(67,324)	16,892
Experience adjustment (gain)/ loss for plan liability	(39,515)	-	-	-	-
Experience adjustment (gain)/ loss for plan assets	(1,554)	-	-	-	-

f) Leave encashment

Particulars	For the year ended 31 st March				
	2012	2011	2010	2009	2008
Present value of defined benefit obligation	451,588	483,528	500,319	473,794	474,578
Surplus /(deficit)	(451,588)	(483,528)	(500,319)	(473,794)	(474,578)
Experience adjustment (gain)/ loss for plan liability	151,194	-	-	-	-
Experience adjustment (gain)/ loss for plan assets	-	-	-	-	-

Particular	For the year ended 31st March	
	2012	2011
22 SEGMENT INFORMATION		
A Primary segment information (by business segments)		
i Segment revenue		
- Capital Market Operations	13,716,543	27,042,187
- Investment Banking	114,427,906	107,878,335
- Others (Unallocable)	-	-
Total segment revenue	128,144,449	134,920,522
ii Segment results (before interest and unallocated income/expense)		
- Capital Market Operations	(3,201,944)	11,335,079
- Investment Banking	53,923,561	52,961,385
- Others (Unallocable)	(862,280)	(456,607)
Total segment results	49,859,337	63,839,857
iii Operating profit	49,859,337	63,839,857
iv Unallocated interest expenses	1,259,753	1,772,160

Notes forming part of the Consolidated financial statement for the year ended 31st March, 2012 (Contd.)

(Amount in ₹)

Particular	For the year ended 31st March	
	2012	2011
22 SEGMENT INFORMATION		
A Primary segment information (by business segments) (Contd.)		
v Unallocated interest income	-	-
vi Total profit before tax	48,599,584	62,067,697
vii Segment assets		
- Capital Market Operations	104,996,306	109,056,078
- Investment Banking	191,690,967	171,018,076
- Others (Unallocable)	5,094,074	2,444,256
Total segment assets	301,781,347	282,518,410
viii Segment liabilities		
- Capital Market Operations	12,902,769	21,255,322
- Investment Banking	12,203,558	49,720,115
- Others (Unallocable)	8,487,109	7,915,928
Total segment liabilities	33,593,436	78,891,365
ix Depreciation		
- Capital Market Operations	715,725	855,727
- Investment Banking	3,437,321	2,922,501
- Others (Unallocable)	-	-
Total depreciation	4,153,046	3,778,228
x Capital employed		
- Capital Market Operations	92,093,537	87,800,756
- Investment Banking	179,487,409	121,297,961
- Others (Unallocable)	(3,393,035)	(5,471,672)
Total Capital Employed	268,187,911	203,627,045

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 ₹ 10,381,245/- (Previous year ₹ 7,307,585/-)

B There are no reportable geographical segment.



Notes forming part of the Consolidated financial statement for the year ended 31st March, 2012 (Contd.)

23 DISCLOSURES OF RELATED PARTY TRANSACTIONS (AS IDENTIFIED & CERTIFIED BY THE MANAGEMENT):

a As per Accounting Standard-18- 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India, the names of the related parties are given below :

b 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 Sankar Rathi (Wholetime 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.	

c Transaction with related parties during the year and year end outstanding balance thereof are as follows : (Amount in ₹)

Nature of Transactions	Associate/ Joint Venture Concerns	Enterprise owned or significantly influenced by Key Management Personnel and their relatives	Key Management Personnel	Total
i Managerial remuneration	-	-	1,158,200	1,158,200
	-	-	(1,136,200)	(1,136,200)
ii Rent paid	-	168,000	600,000	768,000
	-	(120,000)	(600,000)	(720,000)
iii Guarantee commission paid	-	-	250,000	250,000
	-	-	(250,000)	(250,000)
iv Balance receivable/(payable)	-	-	-	-
	-	-	-	-
iv Equity Share Allotment (Incl. Premium)	6,200,000	-	-	6,200,000
	-	-	(24,000)	(24,000)
vi Convertible Share Warrants (Incl. Premium)	-	-	-	-
	(1,550,000)	-	-	(1,550,000)
vii Dividend Paid	-	-	1,641,128	1,641,128
	-	-	(1,641,128)	(1,641,128)

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

Notes forming part of the Consolidated financial statement for the year ended 31st March, 2012 (Contd.)

d) Disclosure in Respect of Material Related Party Transactions during the year

- i Mangerial Remenuration paid to Mr. Bhawani Sankar Rathi ₹ 1,158,200 (₹ 1,136,200)
- ii Rent paid to SFSL Commodity Trading (P) Limited ₹ 900,000 (₹900,000), Superb Estate Services Private Limited ₹ 168,000 (₹ 120,000), and Mr. Vijay Maheshwari ₹ 600,000 (₹ 600,000)
- iii Guarantee Comission paid to Mr. Vijay Maheshwari ₹ 125,000 (₹ 125,000), Mr.Bijay Murmuria ₹ 125,000 (125,000).
- iv Equity Share Allotted to Capita Finance Services Limited ₹ 3,100,000 (₹ Nil), SFSL Risk Management Services Pvt. Limited ₹ 1,550,000 (₹ Nil), SFSL Insurance Advisory Services Pvt. Limited ₹ 1,550,000 (₹ Nil)
- v Dividend paid to Mr. Vijay Maheshwari ₹ 1,249,776 (₹ 1,249,776)

(Amount in ₹)

Particular	For the year ended 31st March	
	2012	2011
24 EXPENDITURE / EARNING IN FOREIGN CURRENCY		
a) Expenditure in Foreign Currency		
Travelling	369,920	329,503
Uses Fees	567,000	355,350
Total	936,920	684,853
b) Earnings in Foreign currency		
Consultancy Fees	1,154,168	-
Total	1,154,168	-
25 EARNING PER SHARE (EPS)		
Earning per Share		
a. Profit after tax	35,457,109	42,940,424
b. Weighted average number of equity shares outstanding during the year (nos)	6,824,673	6,829,153
c. Nominal value of equity per share	10	10
d. Effect of potential equity shares in Employee Stock Option Outstanding	-	15,000
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 earning per share (nos) [b+d+e+f]	6,824,673	7,258,439
g. Earning per share		
- Basic [a/b]	5.20	6.29
- Diluted [a/f]	5.20	5.92

Particular	As at 31st March	
	2012	2011
26 CONTINGENT LIABILITY		
Contingent liabilities not provided for in respect of:		
a. 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
b. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	1,349,995	1,349,995



Notes forming part of the Consolidated financial statement for the year ended 31st March, 2012 (Contd.)

27 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 31st March, 2012
SFSL Commodity Trading (P) Ltd.	India	99.96%

Associates of Sumedha Fiscal Services Limited

(Amount in ₹)

Name of the Company	% of shares held	Original Cost of Investment	Goodwill/ (Capital Reserve)	Accumulated Profit/ (Loss) as on 31.03.12	Carrying Amount of Investments as on 31.03.12
SFSL Insurance Advisory Services (P) Ltd.	23.80	850,000	495,355	(294,083)	555,917
SFSL Risk Management Services (P) Ltd.	38.43	925,000	66,936	189,178	1,114,178
Capita Finance Services Ltd.	26.61	400,000	149,755	326,674	726,674
US Infotech Pvt. Ltd.	34.96	2,500,000	(1,220,874)	1,908,658	4,408,658
Total		4,675,000	(508,828)	2,130,427	6,805,427

- 28** Revaluation of Office Premises was carried out as on 31.03.96 by an approved Valuer. The revaluation resulted in an increase of ₹ 1,311,255/- in the value of the assets over its net book value as on 31.03.96 which has been credited to Revaluation Reserve.
- 29** 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 deposits.
- 30** Previous year's figures have been regrouped/rearranged, to conform to the classification of the current year, wherever considered necessary and to conform to the requirements of Revised Schedule VI under the Companies Act, 1956.
- 31** Figures have been rounded off to nearest rupee.

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 26, 2012

For and on behalf of the Board of Directors

Vijay Maheshwari

Bijay Murmuria

Bhawani Sankar Rathi

Directors

Deb Kumar Sett

Company Secretary

SUMMARISED ACCOUNTS

(₹ in Lacs)

	2011-12	2010-11	2009-10	2008-09	2007-08
BALANCE SHEET					
Net Worth*	2522.80	1917.18	1551.82	1118.69	933.86
Borrowings	54.32	448.27	15.24	12.74	36.87
Deferred Tax Liability	104.76	73.96	55.08	50.98	31.77
	2681.88	2439.41	1622.14	1182.41	1002.50
UTILISATION OF FUNDS					
Net Fixed Assets*	929.81	1050.42	471.74	433.16	448.62
Investments	538.53	281.11	626.10	233.86	157.24
Net Current Assets	1213.54	1107.88	524.30	515.39	396.64
	2681.88	2439.41	1622.14	1182.41	1002.50
PROFIT AND LOSS ACCOUNT					
Income					
Income from Operations	1092.38	1267.22	1372.52	874.77	758.76
Other Income	173.16	54.49	30.04	44.89	16.94
	1265.54	1321.71	1402.56	919.66	775.70
EXPENDITURE					
Establishment	738.22	669.67	633.68	517.97	473.10
Interest & Finance Charges	12.60	17.72	1.41	4.93	4.03
Depreciation	41.00	37.28	26.97	26.46	22.83
Provision for Diminution in Investment	1.71	0.18	2.32	14.41	-
	793.53	724.85	664.38	563.77	499.96
Profit before Taxation	472.01	596.86	738.18	355.89	275.74
Profit after Taxation	343.36	411.09	491.13	221.15	180.24
Earnings per Shares (in ₹)					
- Basic	5.03	6.02	7.26	3.32	2.71
- Diluted	5.03	5.66	7.21	3.27	2.71

* Excluding Revaluation Reserve



SUMEDHA FISCAL SERVICES LIMITED

Regd. Office : 6A Geetanjali, 8B Middleton Street
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 Third 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 25th August, 2012 at 10.30 a.m. and at any adjournment thereof.

Signed this.....day of2012



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 THIRD ANNUAL GENERAL MEETING** at "Somany Conference Hall", Merchants' Chamber of Commerce, 15B, Hemanta Basu Sarani, Kolkata – 700 001 on Saturday, the 25th August, 2012 at 10.30 a.m.

.....
Member's Signature

.....
Proxy's Signature

Shareholders/Proxy representatives are requested to produce this Attendance Slip for admission to meeting hall. The admission may, however, be subject to verification/checks, as may be deemed necessary.



SUMEDHA
adding values to value

SUMEDHA FISCAL SERVICES LIMITED

REGISTERED and CORPORATE OFFICE

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

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Fax: +91 79 2646 0394
Email: ahmedabad@sumedhafiscal.com

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112, Thyagaraya Road, T. Nagar,
Chennai – 600 017
Tel: +91 44 4212 5901
Fax: +91 44 4212 5901
Email: chennai@sumedhafiscal.com

NSE CASH: INB231075830, NSE DERIVATIVES: INF231075830, NSE CURRENCY DERIVATIVE SEGMENT: INE231075830,

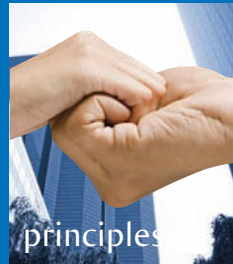
BSE CASH: INB011075836, BSE DERIVATIVES: INF011075836, MCX-SX (CURRENCY DERIVATIVES): INE261075830,

*MCX MEMBERSHIP CODE: 12185, DEPOSITORY PARTICIPANT OF NSDL: IN-DP-NSDL-303-2008,

OTCEI: INB200838635, AMFI NO: ARN 0205, SEBI CATEGORY I MERCHANT BANKER: MB/INM000008753, PMS: INP000004144

*IRDA LICENSED INSURANCE AGENT – SBI LIFE: 1769972, *IRDA LICENSED INSURANCE AGENT – LIC: 6039604

(* Through Group Company)



Values
we stand
by at
Sumedha



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