



SUMEDHA
adding values to value



partnerships



principles



personal touch

ADDING VALUES **S** TO VALUE

ANNUAL REPORT 2012-13
SUMEDHA FISCAL SERVICES LIMITED



SUMEDHA
adding values to value

SUMEDHA FISCAL SERVICES LIMITED

REGISTERED and CORPORATE OFFICE

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

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

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

BRANCH OFFICES

MUMBAI

C-703 "Marathon Innova",
Off Ganapatrao Kadam Marg,
Opp. Peninsula Corporate Park,
Lower Parel (W) , Mumbai - 400 013
Tel: +91 22 4033 2400
Fax: +91 22 2498 2878
Email: mumbai@sumedhafiscal.com

NEW DELHI

B1/12, Safdarjung Enclave, 2nd Floor,
New Delhi – 110 029
Tel: +91 11 4165 4481/4482
Fax: +91 11 4165 4483
Email: delhi@sumedhafiscal.com

HYDERABAD

309/1, 3rd Floor, Krishna Plaza,
Khairatabad, Hyderabad – 500 004
Tel: +91 40 4020 2826/4026 7272
Fax: +91 40 4020 2826
Email: hyderabad@sumedhafiscal.com

AHMEDABAD

A/82, Pariseema Complex, Opp. IFCI Bhawan,
C.G. Road , Ahmedabad – 380 009
Tel: +91 79 3002 3337 / 6605 2957
Fax: +91 79 2646 0394
Email: ahmedabad@sumedhafiscal.com

BANGALORE

"Park Plaza", 1st Floor, No. 1 Park Road,
(Off. Infantry Road), Tasker Town, Bangalore – 560 051
Tel: +91 80 4124 2545 / 2546
Fax: +91 80 4124 2547
Email: bangalore@sumedhafiscal.com

CHENNAI

Door No: 7, IIIrd Floor, Vairam Complex,
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,
DEPOSITORY PARTICIPANT OF NSDL: IN-DP-NSDL-303-2008, AMFI NO: ARN - 0205, *MCX MEMBERSHIP CODE: 12185
OTCEI: INB200838635, SEBI CATEGORY I MERCHANT BANKER: MB/INM000008753, PMS: PM/INP000004144
*IRDA LICENSED INSURANCE AGENT - SBI LIFE: 1769972, *IRDA LICENSED INSURANCE AGENT - LIC: 6039604

(* Through Group Company)

BOARD OF DIRECTORS



Mr. Ratan Lal Gagar
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

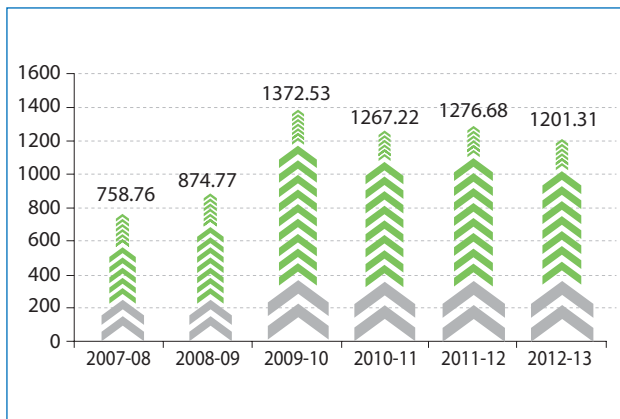


KEY BUSINESS HIGHLIGHTS IN 2012 – 2013

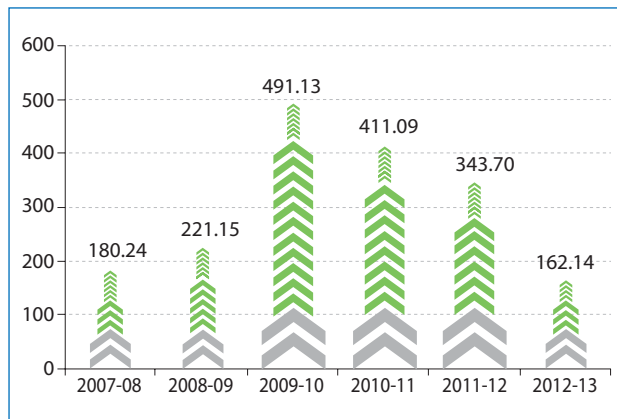
- PAT stood at ₹162.14 Lakhs.
- The Investment Banking Segment remains the major revenue earning arm accounting for 83.81 percent of Total Income from Operations.

PERFORMANCE HIGHLIGHTS

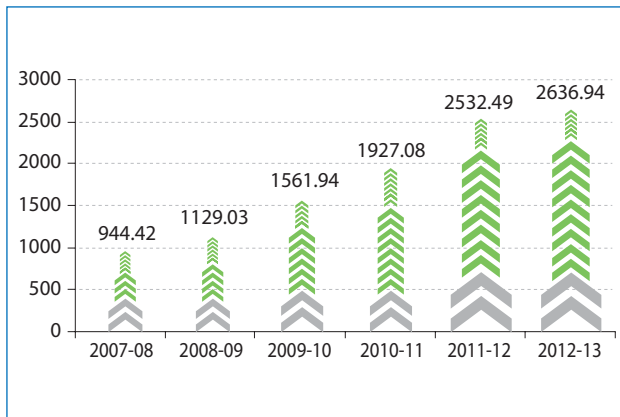
INCOME FROM OPERATIONS (In ₹ Lakhs)



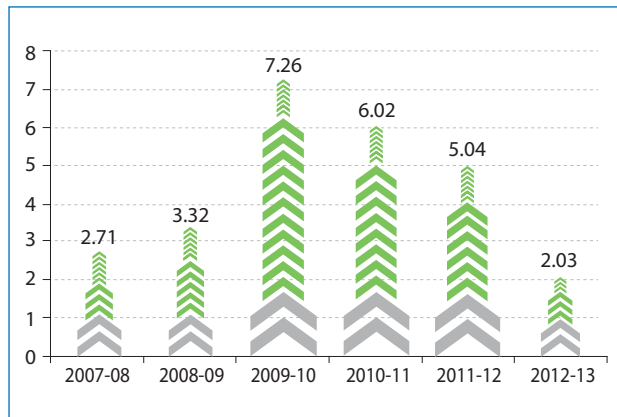
PAT (In ₹ Lakhs)



SHAREHOLDERS' FUND (In ₹ Lakhs)



EPS (In ₹)



CHAIRMAN'S ADDRESS



Dear Stakeholders,

Welcome to the 24th Annual General Meeting of your Company. I thank you for your sustained trust, encouragement and support.

We are all quite aware of the present economic conditions around us. However, improved domestic and global investment climate is expected to revive growth in domestic capital formation in India. In the recent past there has been severe erosion of exchange rate for Rupee consequent to wide Current Account Deficit (CAD). Exceptional reasons so far identified are huge import bill for petroleum, gold and coal as well as sharp fall in iron ore exports.

The Ministry of Finance categorically ruled out issue of sovereign bonds to tide over the situation at the present juncture, lest it may give wrong signals.

Instead of kneejerk response, the Govt. of India has been considering appropriate steps to reduce the volatility of Rupee instead of any sustained support. The Govt. appears to allow Rupee to find its own level without wasting precious foreign exchange to support it unsuccessfully. The RBI and the SEBI have in earlier occasions successfully withstood the global tsunami and kept India more or less free from their devastations elsewhere. Now also we can expect responsible and wholesome steps in facing the CAD fallout. Inflation has been arrested to a large extent and good monsoon should bring it down further to allow RBI for prescribing a lower lending rate. However infrastructure, power, unemployment, literacy, environmental issues and social welfare still remain to be addressed in a significant way.

Sumedha Fiscal with its professional and dedicated team is prepared to avail the opportunities emanating from the turnaround of the economy in the form of revival of growth and investment. Despite all these, your Company has been able to come back with profit and to pay dividend, though at a lower rate. The team needs your support and encouragement for its sincere efforts. The relevant figures will appear from the Annual Report.

Sumedha Fiscal is extremely well positioned for future and continues to invest in its people and their skills to make sure in serving its clients in best possible manner.

I place on record my appreciation of the SEBI, NSE, BSE, MCX, 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

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.



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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. Anil Kumar Birla, *Independent Director*

Mr. Bijay Murmuria, *Promoter Director*

Mr. Bhawani Sankar Rathi, *Wholetime Director & CFO*

Mr. Rajesh Kumar Gupta, *Wholetime Director*

Company Secretary & Compliance Officer

Mr. Deb Kumar Sett

Registered & Corporate Office

6A, Geetanjali, 8B, Middleton Street, Kolkata – 700071

Tel: + 91 33 2229 8936/6758/3237/4473

Fax: + 91 33 2226 4140/2265 5830

Web: www.sumedhafiscal.com

Email: kolkata@sumedhafiscal.com

Bankers

Canara Bank

HDFC Bank

Auditors

ARSK & Associates, Chartered Accountants, Kolkata

Registrar & Share Transfer Agents

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

Annual General Meeting

Date : 10th August, 2013

Day : Saturday

Time : 10.30 A.M.

Venue: MCC Chamber of Commerce & Industry

15-B, Hemanta Basu Sarani, Kolkata - 700 001

NOTICE

Notice is hereby given that the 24th Annual General Meeting of the Members of SUMEDHA FISCAL SERVICES LIMITED will be held at MCC Chamber of Commerce & Industry, 15B, Hemanta Basu Sarani, Kolkata - 700 001 on Saturday, the 10th day of August, 2013 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, 2013 together with Reports of Directors and Auditors thereon.
2. To declare dividend for the year ended 31st March, 2013.
3. To appoint a Director in place of Mr. Vijay Maheshwari, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Bijay Murmura, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

6. ***Re-Appointment and payment of remuneration to Mr. Bhawani Sankar Rathi as a Wholetime Director & CFO***

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 re-appointment of MR. BHAWANI SANKAR RATHI as a WHOLETIME DIRECTOR and CHIEF FINANCIAL OFFICER of the Company for a period of 3 (three) years with effect from April 1, 2013 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. Rathi 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."

Registered Office:
6A, Geetanjali,
8B, Middleton Street,
Kolkata – 700 071
Date : 18th May, 2013

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 representative to attend and vote at the AGM.
3. In terms of Article 145 of the Articles of Association of the Company, Mr. Vijay Maheshwari, and Mr. Bijay Murmuria, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Re-Appointment of Mr. Bhawani Sankar Rathi as Wholetime Director and Chief Financial Officer and remuneration payable to him 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 6, 2013 to August 10, 2013 (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 10, 2013 to those members whose names appear on the Register of Members as on August 10, 2013. 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 05, 2013.
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 update Bank Account details with 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, 2006 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, 2006 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

Taking into consideration the valuable contribution to the business of the Company in the emerging competitive environment, Mr. Bhawani Sankar Rathi has been re-appointed as a Wholetime Director & Chief Financial Officer of the Company w.e.f. April 1, 2013 for a period of 3 (three) years at the Meeting of the Board of Directors of the Company held on 18-May-13. The Board of Directors considered the relevant factors and recommendation of the Remuneration Committee in approving the Remuneration payable to Mr. Rathi. However payment of the remuneration 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 remuneration to Mr. Rathi, Wholetime Director w.e.f. April 1, 2013 as per the terms and conditions mentioned below :-

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:

- 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].
- 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 for 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 and Chief Financial Officer 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. 6 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	2012-13 (₹ in Lakhs)	2011-12 (₹ in Lakhs)	2010-11 (₹ in Lakhs)
		Total Revenue	1272.14	1451.37	1321.71
		Profit after tax	162.14	343.70	411.09
5.	Export performance and net foreign exchange collaborations	Not Applicable			
6.	Foreign investments or collaborators, if any	Not Applicable			

II. INFORMATION ABOUT THE APPOINTEE – Mr. Bhawani Sankar Rathi

1.	Background details	Mr. Bhawani Sankar Rathi is an Honours Graduate in Commerce and a qualified Chartered Accountant with 23 years' post qualification experience in Finance, Law and Stock Broking.		
2.	Past remuneration		Financial Years	Amount (in ₹)
			2012-13	19,56,112
			2011-12	11,58,200
			2010-11	11,36,200
3.	Recognition or awards	Completed MBF course conducted by Institute of Chartered Accountants and obtained degree. Stood 1st all over India in the exam held for the degree.		
4.	Job profile and his suitability	Mr. Rathi is handling the area of core business of Investment Banking, Corporate Advisory Services 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 Remuneration Committee of the Company at its meeting held on 18-May-13.		
7.	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any	Mr. Rathi, a Promoter Director and holds 1,19,270 Equity Shares (1.49%) in the Company and 50,600 Equity Shares (0.63%) is held by his family members. He has no other pecuniary relationship directly or indirectly with the Company.		

III. OTHER INFORMATION

1.	Reasons of loss or inadequate profits	The Company has shown a 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 scenario 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;	
	(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 above in order to enable the Company to pay the remuneration to its Wholetime Director and Chief Financial Officer in the eventuality of loss/inadequacy of profits.

Registered Office:
6A, Geetanjali,
8B, Middleton Street,
Kolkata – 700 071
Date : 18th May, 2013

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, 2013 and Profit & Loss Account, and all its Schedules and Notes on Account, as well as the Cash Flow Statements and the Directors' Report for the year ended on that date.
2. Based on my knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact or does not contain any statement that might be misleading.
3. Based on my knowledge and information, the financial statements, and other financial information included in this report, present in all materials respects, a true and fair view of the Company's affairs, the financial condition, results of operations and cash flows of the Company as of, and for the periods presented in this Report and are in compliance with the existing Accounting Standards and/or applicable laws and regulations.
4. To the best of my knowledge and belief, no transactions entered into by the Company during the aforesaid period are fraudulent, illegal or violative of the Company's Code of Conduct.
5. I am responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company, and I have -
 - a. Evaluated the effectiveness of the Company's disclosure, controls and procedures over financial reporting, and
 - b. Disclosed in this report any change in Company's internal control over financial reporting that occurred during the Company's most recent accounting period that may have materially affected, or is reasonably likely to affect, the Company's internal control over financial reporting.
6. I have disclosed based on our most recent evaluation, wherever applicable, to the Company's Auditors and the Audit Committee of the Company's Board of Directors: -
 - a. All deficiencies in the design or operation of internal controls, which could adversely affect the Company's ability to record, process, summarize and report financial data and have identified for the Company's Auditors, any material weakness in internal control over financial reporting including any corrective actions with regard to such deficiencies, if any;
 - b. Significant changes in internal controls during the period covered by this report, if any;
 - c. All significant changes in accounting policies during the period, if any, and that the same have been disclosed in the notes to the financial statements.
 - d. No instances of significant fraud of which I am aware, involving management or other employees who have significant role in the Company's internal controls system.
7. I further declare that all board members and senior management personnel have affirmed compliance with the Code of Conduct (since its adoption) during the period under review.

Place : Kolkata
Date : 18th May, 2013

Bhawani Sankar Rathi
Wholetime Director & Chief Financial Officer

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their 24th Annual Report and the Audited Accounts for the financial year ended March 31, 2013.

Financial Highlights

(₹ in Lakhs)

	Year ended	
	31.03.2013	31.03.2012
Total Income	1272.14	1451.37
Cash Profit	271.85	513.00
Less : Depreciation	40.39	41.00
Profit before tax	231.46	472.00
Less : Provision for taxation	61.50	97.50
Add / (Less): Deferred Tax	(7.82)	(30.80)
Profit after tax	162.14	343.70
Add : Surplus brought forward	1467.15	1198.03
Add / (Less) : Adjustment for Earlier years	(10.76)	(0.34)
Balance available for appropriation	1618.53	1541.39
APPROPRIATION		
Provision for Dividend (Including Dividend Tax)	46.71	74.24
Balance carried to Balance Sheet	1571.82	1467.15

Operational Review

In 2012-13, your Company's total Income from Operations stood at ₹ 1201.31 Lakhs as against ₹ 1276.68 Lakhs during the previous year. Your Company continued its focus on fee based activities (Investment Banking) and income therefrom was to ₹ 730.81 Lakhs as against ₹ 991.13 Lakhs during the previous year. It continues to be thrust area for the Company inspite of subdued performance for the year under consideration.

Income from Capital Market Operation for the year has been ₹ 124.98 Lakhs as against ₹ 146.62 Lakhs during the previous year.

Income from Other Sources was at ₹ 70.82 Lakhs as against ₹ 174.68 Lakhs during the previous year.

Though the performance is less than expectations your company has performed reasonably considering overall economic environment characterized by slump in economy, rising NPA of Banks and decline in fresh investment and overall stagnation.

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 is expected to pick up gradually with the market sentiment.

Retail financial products distribution business has been facing negative market sentiment and it is being reflected in the performance of this segment. The Company is in the process to commence trading in the Debt Segment introduced by the NSE recently.

Performance of the Portfolio Management Service is yet to pick-up. The SEBI's raising of minimum volume of such investment from ₹ 5 Lakhs to ₹ 25 Lakhs has hit the segment really hard. The activity is expected to pick up gradually once investment sentiments improve.

Dividend

Taking into consideration the overall profitability position, the Board of Directors is pleased to recommend a dividend of 50 paise per share (5%) for the year ended March 31, 2013, subject to the approval of the Members at the Annual General Meeting.

Business Outlook

Economic environment in India continues to be depressed with GDP growth rate of around 5% and Inflation rate hovering around 9%. The prevailing low aggregate demand and high lending rate offers little promise in the short-run. Banks, both government and non-government, as well as big corporate have been sourcing cheaper funds abroad. However steep depreciation in the value of Rupee poses a serious challenge to the financial health of such borrowers in the long run. Sustained injections of Quantitative Easing have not yet achieved desired growth in aggregate demand in the USA. Euro Zone continues its fire fighting, one after another and welfare spending by governments is shrinking. These provide a narrower export market for Indian goods and services. However some experts are of the opinion that the down-slide has bottomed out and green shoots for revival are visible. Your Company is well prepared to take advantage of the turnaround whenever it happens as business cycle or otherwise.

Directors

In terms of Article 162 of the Articles of Association of the Company Mr. Bhawani Sankar Rathi has been re-appointed as a Wholetime Director and Chief Financial Officer of the Company with effect from April 1, 2013, 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 at the forthcoming Annual General Meeting.

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

Brief resume of the Directors proposed to be 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, 2013 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 those of the subsidiary concerned. Further the Report and Accounts of the subsidiary Company will also be available under the head '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 also 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.

SFSL Employees Stock Option Scheme, 2007

Details of the Options granted up to 31st March, 2013, 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 Auditors' Certificate on 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 ₹ 39.79 Lakhs (previous year ₹ 9.37 Lakhs) by way of Traveling Expenses and purchase of Investment and professional fees for the purpose of Business Development. Foreign exchange earnings for the said period were ₹ 19.59 Lakhs (previous year ₹ 11.54 Lakhs).

2) **Deposit**

The Company did not invite or accept any deposit from public and therefore was not required to comply with the prescribed 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, 2013 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, Bombay Stock Exchange, OTC Exchange of India, and Clients for their continued support. The Board also takes this opportunity to express its whole-hearted appreciation of the efforts put in by the employees at all levels.

Kolkata
18th May, 2013

On Behalf of the Board


Ratan Lal Gaggar
Chairman

Annexure - A

Statement as at 31st March, 2013, 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:	1,16,000 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	2012
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	11,000 Options	4,000 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	4,000 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, Ex-Vice President	2000	1400	600
6	Mr. Ajay Kumar Laddha, Vice President	2000	1400	600
7	Mr. Rajendra Prasad Sharma, Asst. Vice President	2000	1400	600
8	Mr. Bijoy Kamal Halder, Asst. Vice President	2000	1400	600

	(ii) Any other employee who received a grant in any one year of Options amounting to 5% or more of the Options granted during the year.	Nil														
	(iii) Identified employees who were granted Options during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	Nil														
k)	Diluted Earnings Per Share (EPS) pursuant to issue of Equity Shares on exercise of Option calculated in accordance with International Accounting Standard (IAS) 33	₹ 2.03														
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 2012-13 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"> <tr> <td>Profit After Tax (As reported)</td> <td>162.14</td> </tr> <tr> <td>Add: Intrinsic Value Compensation Cost</td> <td>Nil</td> </tr> <tr> <td>Less: Fair Value Compensation Cost (Black Scholes model)</td> <td>Nil</td> </tr> <tr> <td>Adjusted Profit</td> <td>162.14</td> </tr> <tr> <td>Earnings Per Share</td> <td>Basic (₹) Diluted (₹)</td> </tr> <tr> <td>As reported</td> <td>2.03 2.03</td> </tr> <tr> <td>As adjusted</td> <td>N.A. N.A.</td> </tr> </table>	Profit After Tax (As reported)	162.14	Add: Intrinsic Value Compensation Cost	Nil	Less: Fair Value Compensation Cost (Black Scholes model)	Nil	Adjusted Profit	162.14	Earnings Per Share	Basic (₹) Diluted (₹)	As reported	2.03 2.03	As adjusted	N.A. N.A.
Profit After Tax (As reported)	162.14															
Add: Intrinsic Value Compensation Cost	Nil															
Less: Fair Value Compensation Cost (Black Scholes model)	Nil															
Adjusted Profit	162.14															
Earnings Per Share	Basic (₹) Diluted (₹)															
As reported	2.03 2.03															
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.	<p>The fair value of each Option is estimated using the Black Scholes Option Pricing model after applying the following key assumptions on a weighted average basis:</p> <table border="1"> <tr> <td>(i) Risk-free interest rate</td> <td>7.7%</td> </tr> <tr> <td>(ii) Expected life</td> <td>3 years</td> </tr> <tr> <td>(iii) Expected volatility</td> <td>79%</td> </tr> <tr> <td>(iv) Expected dividends</td> <td>5%</td> </tr> <tr> <td>(v) The price of the underlying share in market at the time of Option Grant</td> <td>₹ 8.22/-</td> </tr> </table>	(i) Risk-free interest rate	7.7%	(ii) Expected life	3 years	(iii) Expected volatility	79%	(iv) Expected dividends	5%	(v) The price of the underlying share in market at the time of Option Grant	₹ 8.22/-				
(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
18th May, 2013

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 2012-13.

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 of the needs and interest of all its stakeholders. The Company is committed to transparency in all its dealings and places emphasis on business ethics.

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

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

Shareholders communications: The Board recognizes the importance of two-way communication with shareholders and of giving a balanced report of results and progress and responds to questions and issues raised in a timely and consistent manner. The Company's website, www.sumedhafiscal.com contains information for large as well as small shareholders. 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 9 Directors, out of which 5 are Independent Directors and 3 Promoter Directors. One Promoter Director is Wholtime Director & Chief Financial Officer of the Company and the other Wholtime Director is non-promoter.

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	11	-	9	-
Dr. Basudeb Sen	Non-Executive/ Independent	7	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
Mr. Rajesh Kumar Gupta, Wholetime Director	Executive	-	-	-	220

Notes :

■ Other Directorships and Committee Memberships are as on 31-Mar-13. ■ 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. ■ 'Independent Director' 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 is placed before the Board and /or Committees in compliance of provisions of the Companies Act, 1956, 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. 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 2012-13**

Attendance Record of	No. of Meeting	Last AGM	Sl. No.	Dates of Board Meeting	Board Strength	No. of Directors Present
Mr. Ratan Lal Gaggar	3	No	1	26-May-12	8	8
Dr. Basudeb Sen	4	Yes	2	11-Aug-12	9	6
Mr. Atul Chandra Varma	4	No	3	03-Nov-12	9	5
Mr. Vijay Maheshwari	4	Yes	4	02-Feb-13	9	8
Mr. Prashant Sekhar Panda	2	No				
Mr. Anil Kumar Birla	3	Yes				
Mr. Bijay Murmuria	4	Yes				
Mr. Bhawani Sankar Rathi	2	Yes				
Mr. Rajesh Kumar Gupta	1	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-13 (on 26-May-2012, 11-Aug-2012, 03-Nov-2012, and 02-Feb-2013). 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	4/4	
3.	Mr. Bijay Murmuria, Promoter	4/4	
4.	Mr. Anil Kumar Birla, Independent	3/4	

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 Wholetime 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 met on 18-May-13 to consider terms of re-appointment of Mr. Bhawani Sankar Rathi, Wholetime Director and Chief Financial Officer 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.

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. Relevant statutory provisions shall 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 # ₹	Guarantee Commission* ₹	Salary & Perks ₹	Total ₹
1.	Mr. Ratan Lal Gaggar	15,000	-	-	15,000
2.	Dr. Basudeb Sen	20,000	-	-	20,000
3.	Mr. Atul Chandra Varma	40,000	-	-	40,000
4.	Mr. Vijay Maheshwari	20,000	1,25,000	-	1,45,000
5.	Mr. Prashant Sekhar Panda	20,000	-	-	20,000
6.	Mr. Anil Kumar Birla	30,000	-	-	30,000
7.	Mr. Bijay Murmura	40,000	1,25,000	-	1,65,000
8.	Mr. Bhawani Sankar Rathi	-	-	19,56,112	19,56,112
9.	Mr. Rajesh Kumar Gupta	-	-	19,49,577	19,49,577
	Total	1,85,000	2,50,000	39,05,689	43,40,689

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 19 times during the year under review.

F. Shareholders' Grievance Committee

The "Shareholders' Grievances Committee" comprises two Independent Directors - Mr. Prashant Sekhar Panda (Chairman) and Mr. Anil Kumar Birla. The Committee met 5 times on 16-Apr-2012, 16-Jul-2012, 17-Oct-2012, 01-Nov-2012 and 10-Jan-2013 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, 2013.

Compliance Officer

Mr. Deb Kumar Sett, Company Secretary is the "Compliance Officer (CO)" of the Company responsible 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 with the Code of Conduct as aforesaid including the disclosure requirement under the SEBI (Prohibition of Insider Trading) Regulations, 1992 for the year ended 31st March, 2013. 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, 2013.

Bhawani Sankar Rathi

Wholetime Director & Chief Financial Officer

Kolkata, 18th May, 2013

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 on quarterly basis.
- 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.

General Body Meeting

Annual General Meetings (AGMs)

AGMs for last 3 years	Date of AGMs	No. of Special Resolution Passed	Location	Time
21st	21-Aug-2010	1	Merchants' Chamber of Commerce, 15B Hemanta Basu Sarani, Kolkata - 700001	10.30 a.m.
22nd	20-Aug-2011	Nil		
23rd	25-Aug-2012	2		

Postal Ballot

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

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

Mr. Vijay Maheshwari and Mr. Bijay Murmuria, Directors of the Company retire by rotation at the ensuing AGM and being eligible proposed for re-appointment. Mr. Bhawani Sankar Rathi, has been reappointed as Wholetime Director and Chief Financial Officer of the Company by the Board of Directors with effect from 1st April, 2013. The Board recommend 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.

I. 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. 25, 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 2012-2013 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 of Risk Management 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.

J. 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.

K. 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 sent immediately to BSE & CSE and also published within the prescribed time-limit in leading national newspapers, i.e. The Financial Express (English) and Kalantar / Ekdin (Bengali). The Company is not in practice of sending Half-yearly/ Quarterly Report to each household of the shareholder.

(ii) Corporate Filing and Dissemination System

The Company regularly updates its website www.sumedhafiscal.com about the financial results and corporate announcements (to BSE and CSE) in compliance with the Listing Agreements.

(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 2012-13 are being sent to the shareholders whose e-mail Ids are available with the Company.

(v) Code of Conduct

The Code of Conduct with regard to the Directors and Senior Management Personnel as well as the Code of Conduct for prevention of Insider Trading is available on the Company's Website.

(vi) Management Discussion and Analysis Report

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

L. General Shareholder Information

Next Annual General Meeting

Date	Time	Venue
10th August, 2013	10.30 a.m.	MCC Chamber of Commerce & Industry 15B Hemanta Basu Sarani, Kolkata - 700001.

Financial Calendar (tentative) for the year 2013-14

Financial Reporting and Limited Review Report	Date of submission to Stock Exchange
For Quarter ending 30th June, 2013	2nd Week of August, 2013
For Quarter/Half year ending 30th September, 2013	4th Week of October, 2013
For Quarter ending 31st December, 2013	4th Week of January, 2014
Financial Reporting (Audited) for the year ending 31st March, 2014	3rd Week of May, 2014

Date of Book Closure

6th August, 2013 to 10th August, 2013 (both days inclusive).

Date of Dividend payment

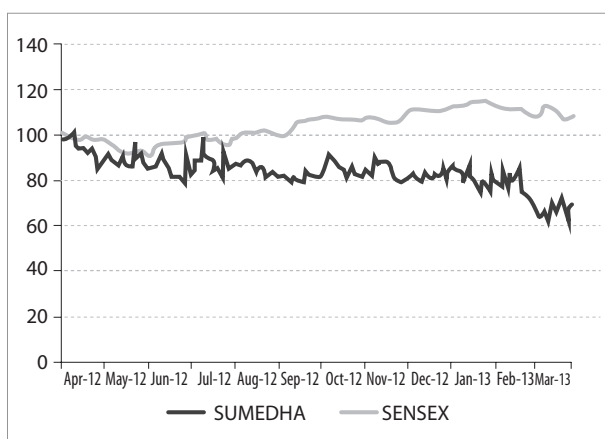
On or after 10th August, 2013, but within the statutory time limit of 30 days.

Listing on Stock Exchanges

- The Calcutta Stock Exchanges Ltd., 7, Lyons Range, Kolkata - 700001. (Scrip Code - 029093)
- BSE 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 2012-2013.

Stock Market Price Data

Period	Calcutta Stock Exchange		BSE	
	High	Low	High	Low
April, 2012	-	-	19.80	12.75
May, 2012	-	-	17.90	14.15
June, 2012	-	-	19.17	13.22
July, 2012	-	-	19.30	12.05
August, 2012	-	-	17.00	13.50
September, 2012	-	-	15.85	11.21
October, 2012	-	-	17.64	12.85
November, 2012	-	-	15.52	13.35
December, 2012	-	-	15.43	13.11
January, 2013	-	-	16.49	12.06
February, 2013	-	-	15.44	12.00
March, 2013	-	-	13.42	10.66

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 15 days 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 2012-13.

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, 2013

- According to category of holding

Category	No. of Shares	% of holding	Held in Demat Form	% in Demat Form
Promoters (Individual & Bodies Corporate)	3654560	45.771	3654560	45.771
Mutual Funds/Government(s)	260500	3.263	-	-
Bodies Corporate (Non-promoter)	1990718	24.933	1891618	23.691
Indian Public (Individual)	2034336	25.479	1856716	23.254
NRIs/OCBs	44233	0.554	40333	0.505
Clearing Member	77	0.001	77	0.001
Total	7984424	100.000	7443304	93.223

● According to number of Shares held

No. of Shares	No. of Shareholders	% of Shareholders	Shares held	% of Shareholding
1-500	1786	73.99	333478	4.18
501-1000	263	10.89	211701	2.65
1001-2000	155	6.42	241859	3.03
2001-3000	67	2.77	169199	2.12
3001-4000	22	0.91	78455	0.98
4001-5000	25	1.04	118610	1.49
5001-10000	39	1.62	286183	3.58
10001 and above	57	2.36	6544939	81.97
	2414	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. 7443304 shares are in dematerialised form representing 93.22% of the total Equity Shares as on 31st March, 2013.

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

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

Location of Branches

Mumbai	New Delhi	Bangalore
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, 11th floor, Vairam Complex, 112, Thyagaraya Road, T. Nagar, Chennai - 600 017.	A/82, Pariseema Complex, Opp. IFCI Bhavan, C. G. Road, Ahmedabad – 380 009.

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 and also for Redressal of Complaints and Grievances, please write to or contact at the address given below :-

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

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	-	-

M. Adoption of non-mandatory requirements of Clause 49 of the Listing Agreement

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

For and on behalf of the Board



Ratan Lal Gaggar
Chairman

Place : Kolkata
Date : 18th May, 2013

Annexure - B.1

CLAUSE 49-COMPLIANCE STATUS RELEVANT TO THE FINANCIAL YEAR 2012-13

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.

Where the Chairman of the Board is a non-executive director, at least one-third of the Board should comprise of independent directors and in case he 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.
- 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, 2013. Such payment does not require approval from shareholders or the Central 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 92 days between two consecutive Board meetings.
- The information regularly placed before the Board of Directors inter-alia includes 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 & Chief Financial 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 Murmuria, Non-Executive Director/Promoter,
 - Mr. Anil Kumar Birla, Non-Executive/ Independent,
- Senior Management personnel are invited to the meeting/discussion, whenever required by Audit Committee.
- The Company Secretary of the Company acts as a Secretary to the Audit Committee.

Clause 49 (II B) - Meeting of Audit Committee

Standard

There should be at least four meetings of the Audit Committee in a year and not more than four months shall elapse between two meetings. Two members or one third of the members of the Committee whichever is greater shall constitute quorum for the Meeting, but there should be a 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 92 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(s), 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 the 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 party 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 and other areas required statutorily.

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 for assessment of risks and minimization thereof. All designated officials submit need-based reports, which are reviewed periodically to ensure effective risk identification and management. The Audit Committee and Board review such Risk Management and Minimization Procedures on periodic basis.

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

Standard

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

Our practice

The Company has not made any public issue, right issue, preferential issue etc. during the year under review.

Clause 49 (IV E) - Remuneration of Directors

Standard

All pecuniary relationships or transactions of the Non-Executive Directors' vis-à-vis the Company shall be disclosed in the Annual Report. Annual Report should also contain all details of remuneration of Directors including stock option, notice period, severance fees, etc. Criteria for making payment to Non-Executive Directors and number of shares and other convertible instruments held by them should be disclosed in the 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 Shareholders' Grievance 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 about accuracy of financial statement and adequacy of internal controls for financial reporting purpose.

Our practice

Mr. Bhawani Sankar 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 Sankar Rathi, Wholetime Director & 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 BSE 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 provided separately elsewhere in the Report on Corporate Governance.

Annexure - B.2

DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT IN THE 24TH AGM

Name of the Directors	Mr. Vijay Maheshwari	Mr. Bijay Murmura	Mr. Bhawani Sankar Rathi
Date of Birth	03-Jan-1951	14-Oct-1967	14-Mar-1966
Date of Appointment	24-Nov-1999	04-Jul-1992	01-Mar-1994
Expertise in specific functional area	He is the main architect of the organisation with vision and leadership quality to lead a highly qualified and diversified group of individuals in their role as human capital of the Company. He also plays the critical role of business development in the highly competitive market. He is also an active member of the Confederation of Indian Industry (CII).	He is an execution wizard as well as knowledge leader of the Company. His understanding of money market, securities market and Foreign Exchange act as the corner stone for the Company. Mr. Murmura is past President of ANMI and presently acting as a Director thereof.	He is a specialist on corporate debt restructuring, a major contributor to investment Banking services of the Company. Back-office support is critical for a Company in the financial service sector and Mr. Rathi manages the support structure in addition to the Stock Broking service provided by the Company.
Qualification	B.Com, FCA	B.Com (Hons), FCA, AICWA	B.Com (Hons), FCA
Directorship in other Companies	<ol style="list-style-type: none"> 1. SFSL Commodity Trading Pvt. Ltd. 2. Solar Electronics Pvt. Ltd. 3. Premier Stock Broking & Financial Services (P) Ltd. 4. US Infotech Pvt. Ltd. 5. Superb Estate Services Pvt. Ltd. 6. Hitech Tradecomm Pvt. Ltd. 	<ol style="list-style-type: none"> 1. SFSL Commodity Trading Pvt. Ltd. 2. Fortune Credit & Real Estates Pvt. Ltd. 3. Rahul Fiscal Services Pvt. Ltd. 4. SFSL Risk Management Services Pvt. Ltd. 5. US Infotech Pvt. Ltd. 6. SFSL Insurance Advisory Services Pvt. Ltd. 7. Hitech Tradecomm Pvt. Ltd. 8. Association of National Exchanges Members of India (w.e.f. 01-Apr-13) 	<ol style="list-style-type: none"> 1. Sarda Papers Ltd. 2. SFSL Insurance Advisory Services Pvt. Ltd. 3. SFSL Risk Management Services Pvt. Ltd. 4. Tropicana Exports (P) Ltd. 5. Precision Processors (India) Pvt. Ltd. 6. APC Plants Pvt. Ltd.
Chairmanship / Membership of Committee of the Company	<ul style="list-style-type: none"> ● Remuneration Committee/ Compensation Committee, Member ● Management Committee, Member 	<ul style="list-style-type: none"> ● Audit Committee, Member ● Management Committee, Chairman 	-
Chairmanship/ Membership of Committee of other Companies	-	-	Sarda Papers Ltd. <ul style="list-style-type: none"> ● Audit Committee, Chairman
No. of Equity Shares held in the Company	1562220	369920	119270



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, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

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

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

CA. Ravindra Khandelwal
Partner
Membership No. 054615

Place : Kolkata

Date: 18th May, 2013

Annexure - D

MANAGEMENT DISCUSSION & ANALYSIS

Economy and Business Overview

India has been visible globally more for service and agriculture as China is for manufacturing. However underlying linkage of various sectors within the economy makes one sector dependent on others for its sustenance and growth. Thus large scale flood or famine tells upon all segments of industry and service that cater not only to the rural economy but income generation of trade, industry and service located in urban areas also.

Similarly decline and shrinkage in foreign markets severely affect export earning, production and income of the domestic industries catering to such markets. This again affects demand and consumption pattern of the economy resulting in spillover effects.

Market reality we are facing in India is a combination of slow growth (5% or less), high inflation (8% or more) and very high current account deficit (CAD) with massive unemployment. Tolerable rate of CAD for India is 2.5% against prevailing rate of about 6.7%, a fall out of heavy oil and gold imports. During high rate of inflation aggregate demand of the poor dwindles further with wide rippling effects. As one of the fallouts of high inflation, savings and investible funds tend to hedge value of their investments and get diverted towards gold and real estate rather than towards productive savings and investments. In order to address both the crises the Reserve Bank of India is in the process of issuing "Inflation Indexed Bonds" the principle investment amount of which shall be linked to Wholesale Price Index for the purpose of calculation of interest. Maturity value shall be the adjusted value of investment or actual investment, whichever is higher. Thus the environment and variables are ever changing and there has been tectonic shift from what it was only 5 years back. Response to such complex and sensitive business environment needs to be tuned accordingly and the Company with its veterans alongwith dedicated research team is looking ahead to understand the matrix and avail the opportunities.

Capital Markets

Like most other economies, India also has its share of global down-turns (USA and Euro zone crisis) pervading for last couple of years. Tranches of Quantitative Easing in USA has been able to boost the economy only marginally and its effects have started to taper off slowly.

The Cypriot credit crisis has been unique in the recent history. It involved the exposure of Cypriot banks to the Greek Debt Crisis, the downgrading of the Cypriot economy to junk status by international rating agencies. A €10 billion bailout was announced in return for Cyprus agreeing to close its second largest bank, the Cyprus Popular Bank (Laiki Bank), levying all uninsured deposits of more than 100,000 Euros. This disrupted global financial market once again and the Indian capital market witnessed large scale out flow of foreign exchange that led to prolonged depression in stock market and other reservoirs of foreign capital in India.

Industrialists and entrepreneurs have been complaining about subdued growth rate and high lending rate for reluctance for fresh investments. However the RBI refrained from lowering the lending rate considering further worsening of situation consequent to further hike in inflation. Some experts however opined that lack of effective demand in the economy was the main culprit and not the high rate of interest. Even in the USA Federal Reserve's zero-bound interest rate policy and quantitative easing programmes are becoming more of a problem for an economy that needs structural reforms. The present Governor of the RBI has been voicing similar view (fiscal measures) to repeated calls for bringing down the lending rate in order to boost growth in the economy.

Money Market

The cash deficit in the banking system has been far above the RBI's stated comfort zone of about 700 billion rupees for most of the last year. The deficit-strapped government slowed spending. Similarly depositors, worried about inflation, withdrew money from banks to invest in gold and other assets. The RBI wanted Banks to work more for mobilising more deposits and not just wait for RBI to pump in money. The RBI injected 1.55 trillion rupees into the banking system through open market operations during the last fiscal but has slowed its purchases since then. The central bank started easing monetary policy, first by lowering the CRR and then cutting interest

rates. Since April 2012, the RBI has cut its policy repo rate by a total of 125 basis points to 7.25 percent. It has cut the CRR by 200 basis points to 4.00 percent since January 2012, its lowest in over three decades. The question has been growth and liquidity versus maintaining / reaching low rate of inflation. Again it is low lending rate vis-à-vis inflation adjusted positive rate of return on deposits. Banks, both in public and private sectors, are planning to spread out branch network to areas not reached earlier for deposits mobilisation at cheaper cost.

Lending by Banks & Corporate Debt Restructuring norms

Borrowed funds and interest play critical role in capital structure of a borrower entity. When a borrower faces financial stress and cannot repay loans, it asks for relaxation of original terms and conditions. Banks then ease certain terms like reduction of interest rates, moratorium on interest repayment and so on. In banking parlance, it is called restructuring. Standard assets mean performing assets. In anticipation of future default, a standard loan account can also be referred for recast. Non-performing accounts (NPA) too are currently allowed not to deteriorate further in asset classification. Restructuring of accounts is being resorted also to avoid classification of accounts as NPA.

"The extant asset classification benefits available on restructuring on fulfilling certain conditions will be withdrawn for all restructurings effective from April 1, 2015 with the exception of provisions related to changes in the date of commencement of commercial operation (DCCO) in respect of infrastructure as well as non-infrastructure project loans," RBI said in a recent notification. This means, a standard asset on restructuring would be immediately classified as sub-standard as also non-performing assets. Any recast will push the loan account into further lower category unlike the existing norms wherein standard loans are allowed to retain their status on restructuring. RBI asked banks to provide at 3.50 percent with effect from March 31, 2014; spread over four quarters of the financial year. The rate of provision will increase to 4.25 percent in the similar manner next year. Finally, banks will have to provide at 5 percent for those old restructured loans with effect from March 31, 2016. Thus, though credit costs will rise for banks, such measures will strengthen their balance sheet. By 2015, the economy is also expected to recover and volume of restructured loans would also come down. The mandate to increase provision in a phased manner will protect banks from taking one-time hit in their profit margins,"

"All restructured accounts which have been classified as non-performing assets upon restructuring, would be eligible for upgradation to the standard category after observation of 'satisfactory performance' during the 'specified period,'" RBI added.

With this new norms of restructuring, promoters' personal guarantee is now a mandatory for any restructured loan. Corporate guarantee will not be considered substitute for any personal guarantee now on.

RBI has decided that promoters of companies going for restructuring, would have to bring in more share for the scheme of restructuring. They now have to bring in 20 percent of the erosion in the net present value compared with the earlier 15 percent.

So widespread has the practice become, that such restructured loans (technically not non-performing assets in banks' books) at the end of March 2012 had increased by 46% to ₹ 1,55,000 crores. The said volume has more than doubled to ₹ 3,55,000 crores at March 31, 2013.

All these shall impact availability and cost of borrowed funds.

Debt Market

An undeveloped corporate debt market is a weakness in India's financial system and high fiscal deficit is further complicating the problem. According to Prime Minister Manmohan Singh "A weakness in our financial system relates to the market for corporate debt. While the market for government debt is very large, the market for corporate debt has yet to develop as it should. It is not large enough and not liquid enough." He said fiscal deficit must be brought down, as it was a pre-condition to make corporate debt market vibrant and opined that "To some extent, the reduction in the fiscal deficit is a pre-condition for this development since sovereign debt often crowds out private debt." He also assured that his government has been taking measures to curb fiscal deficit and develop the corporate debt market.

The government is targeting to bring down fiscal deficit to 4.8 percent of the country's gross domestic product (GDP) in the current financial year as compared to 5.2 percent recorded in the previous year.

Mutual Funds Industry

The restriction of entry load on existing and new mutual funds last year by the SEBI has marked a turning point in the functioning of the mutual fund industry. This in effect, has spelt out a huge impact on the commission structure of distributors, leading fund houses and distributors to restructure their business and operating models in order to arrive at a profitable solution.

Intermediation has become painful for distributors who are making the best of this current situation by turning themselves into financial advisors, which would act as a positive step towards financial literacy of investors. Another measure which is being adopted by distributors is that of deeper segmentation of clients, wherein the lower rung of revenue earners is being encouraged to transact online. In addition, retail strategies are being modified to generate optimum efficiencies. There is also another category of distributors which is using this regulatory change as a stepping stone to acquiring new clientele by luring them with attractive mutual funds and then selling them high margin products.

Although investor education is being harped upon continuously, segmenting the client base, and aligning product offerings to cater to requirements of customers are also key to redefine the business and operating models to enhance key investment related value proposition. However, distributors seem to be daunted by a common concern of lack of adequate investor education, impacting all these models, as their success will depend extensively on the levels of financial literacy among investors.

Targeting the HNI segment, some organizations plan to introduce "Wealth Cafes" across the nation, catering solely to the requirements of HNIs. To lure customers into the capital market, AMCs are pursuing investors to look upon Gold Exchange Traded Funds (ETFs) as an exciting option. However plummeting gold price in the recent past is re-defining the market sentiment once again.

Commodity Markets

The Company is operational in the retail market. The growth of commodity market in India is largely attributed to this boom in the retail market. Policy reforms and liberal government policies have ensured that this sector is growing at a good pace. One of the reasons attributed to the growth of retail sector in India include increased purchasing power of a large segment of the population. Another factor is the heavy inflow of foreign direct investment in this sector. More than 80% of the retail industry in the country is concentrated in large cities.

The company has taken a conscious decision to ensure strict risk management and therefore has taken a conservative approach to this segment.

Outlook

According to The International Monetary Fund (IMF), sluggishness in the Indian economy had bottomed out and would recover on the back of improved external demand, solid consumption, a better monsoon season, and policy improvements are expected to lift activity in India. It, however, cautioned that this forecast was subject to downside risks.

IMF, in its World Economic Outlook, pared down India's growth projection to 5.7% for 2013 calendar year from its earlier projection of 5.9% for the same year in January this year, holding that "significant structural challenges" will likely lower potential output over the medium term and also keep inflation elevated by regional standards.

New Delhi has projected India's economy to grow at 6.2-6.7% in 2013-14, while as per the Asian Development Bank, growth may pick up to 6% during the same fiscal. IMF's growth projections are not strictly comparable with other such projections as it estimates gross domestic product using market prices while the Indian government uses the factor cost method. IMF's projections are also for the calendar year while India follows the April-March fiscal year.

The main risk, according to IMF, is the potential reversal of easy external financing conditions and favourable commodity prices for emerging economies, including India.

"Were investment to disappoint in the BRICS (Brazil, Russia, India, China, South Africa), the result would be significantly reduced global growth, inflation, and commodity prices. If this came with capital outflows, the effect on BRICS output would be appreciably larger," IMF said.

In the event of external funds drying up, the rupee could be subject to wide volatility. With a very high current account deficit, India is virtually at the mercy of capital inflows. Crisil has revised its growth projection for 2013-14 to 6% from 6.4% projected earlier.

IMF further cautioned that such contagion may spread to many other emerging market economies which could lead to global growth dipping to about 1.5%, implying a decline in output per capita: "the first such recession in global output per capita to originate in emerging market economies".

Holding that India continues to face "significant fiscal challenge", IMF called for more immediate fiscal action to safeguard against adverse debt dynamics because of lower growth potential or the rising cost of private or government financing. "Further structural reform, including subsidy reform, higher revenue from consumption taxes, and broader tax bases, would facilitate faster consolidation," it added. IMF also cautioned against the rising pressure of bad loans, especially on public sector banks that account for 73% of banking assets.

“Gross non-performing assets in public sector banks reached 3.3% of advances in 2012. However, the long-run risk may be underestimated, as historically about 15% of assets reported as ‘restructured’ (a category that likely accounted for 7.3% of the public sector banks’ assets as of September 2012) are eventually classified as non-performing,” it said.

It said state-owned bank portfolios remain vulnerable to losses from delayed infrastructure projects and, most importantly, to the recent growth slowdown that has dented the profits of the large companies that account for the bulk of Indian banks’ loan portfolios. IMF said it expects India to grow 6.2% in 2014. It projects the global economy to expand 4.1% in the same year.

Highlights of Financial Performance

- Total income from operation of ₹ 1201 Lakhs (₹ 1277 Lakhs for FY12)
- Profit before tax of ₹ 231 Lakhs (₹ 472 Lakhs in FY12)
- Net Profit of ₹ 162 Lakhs (₹ 344 Lakhs in FY12)
- Basic EPS stood at ₹ 2.03 in FY13, compared to ₹ 5.04 in FY12

BUSINESS OVERVIEW

Investment Banking

Investment Banking continues to be the major revenue earning division of the Company, contributing around 57.45% 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 ₹ 731 Lakhs. More than 80% of the segment revenue comes from loan syndication services. The market scenario was tough and pushing the business was challenging. Liquidity in the system also remained tight. In response to tight liquidity conditions, banks kept their deposit and lending rates unchanged. 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 reasonable number of deals successfully. The Company has increased its focus on acquisitions, debt resolution and restructuring proposals which would provide regular deal flows.

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.

The macro scenario was again at the center stage in FY13. The global economy remained fragile at best with sovereign debt troubles in the Euro zone and an anemic recovery elsewhere. The markets were driven more by liquidity in the financial markets rather than any big fundamental changes in the global macro situation. The Indian economy was also no exception. The economy remained weak with the fiscal as well as the current account deficit worsening. There was some respite in the second half of the year with some policy initiatives taken by the government which helped in improving investor sentiments. Retail participation in the market was low as the retail investors preferred debt and bank deposits because of high interest rates preference for safety. Gold as an asset class remained in vogue because of obvious reasons. A new scheme- Rajiv Gandhi Equity Savings Scheme was also introduced to attract first time investors into the stock markets albeit with limited success. The institutional segment also remained subdued and volumes were flat compared to the previous year. However institutional volumes continued to grow in the Index options segment which commanded a rather disproportionate share in the derivatives segment.

Income from Commodity broking operations (through subsidiary company SFSL Commodity Trading Pvt. Ltd.) during the year remained insignificant.

Portfolio Management Services

With a focus on increasing product availability to its clients, the 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 details under "Risk Management and Minimisation Procedure".

Internal Control Systems

This section is discussed under the "Risk Management and Minimisation Procedure".

Human Resources

Human Resource plays a pivotal role in making organization run smoothly and effectively by helping to coordinate and manage people resources. The primary objective of Company's Human Resources Department is to put right person with right qualification and exposure in right place and ensure right work environment. Sumedha's employee strength stands at 72 as on 31st March, 2013.

Information Technology

Information Technology (IT) has emerged as the most critical platform for deployment and control of effective service to the Company's clientele. Regulatory requirements have also become specific about the hardware, software and peripheral systems to be deployed. Statutory reporting has become electronic and web based. In order to support the market as well as regulatory requirements the Company needs an efficient and secure operation and storage platform with competent and dedicated manpower.

Rapid changes in technology and updation of required skill set have made the situation more challenging. Moreover, the IT environment of the Company is effective and aligned with business needs.

Research

Sumedha Fiscal offers its clients quality research which is undertaken by a team of qualified and experienced analysts. Our research team actively covers 50 companies and another 120 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 Gaggar
Chairman

RISK MANAGEMENT AND MINIMIZATION PROCEDURE

RISK MANAGEMENT

Risk Management process aims at transferring the risk to another party, avoiding the risk, reducing the negative effect or probability of the risk, or even accepting some or all of the potential or actual consequences of a particular risk.

In ideal risk management, a prioritization process is followed whereby the risks with the greatest loss (or impact) and the greatest probability of occurring are handled first, and risks with lower probability of occurrence and lower loss are handled in descending order. In practice the process of assessing overall risk can be difficult, and balancing resources used to mitigate between risks with a high probability of occurrence but lower loss versus a risk with high loss but lower probability of occurrence can be really difficult. The process therefore 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's talent base stands at 72 as on 31st March, 2013.

The dedicated team is well diversified and the open door culture allows adequate freedom for individual talents to flourish. This also provides cohesion with the team and the organisation.

Human Resources

Attrition of key employees 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 Officers 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.

The Company is 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 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.

RISK RETENTION

Risk management also faces difficulties in allocating resources. This is the idea of opportunity cost. Resources spent on risk management could have been spent on more profitable activities. This leads to conscious risk retention that involves accepting the loss, or benefit of gain, from a risk when it occurs. True self insurance falls in this category. Risk retention is a viable strategy for small risks where the cost of insuring against the risk would be greater over time than the total losses sustained. All risks that are not avoided or transferred are retained by default. This includes risks that are so large or catastrophic that they either cannot be insured against or the premiums would be infeasible. Any amount of potential loss (risk) over the amount insured is retained risk. This may also be acceptable if the chance of a very large loss is small or if the cost to insure for greater coverage amounts is so great it would hinder the goals of the organization too much.

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.

For and on behalf of the Board



Ratan Lal Gaggar
Chairman

INDEPENDENT AUDITORS' REPORT

To The Members of **SUMEDHA FISCAL SERVICES LIMITED**

Report on the Financial Statements

We have audited the accompanying financial statements of SUMEDHA FISCAL SERVICES LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 "the Act". This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 purposes of our audit have been received from branches not visited by us;
- c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from branches not visited by us;
- d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

CA. Ravindra Khandelwal
Partner
Membership No. 054615

Place : Kolkata
Date: 18th May, 2013

ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred to in paragraph 1 of our Report of even date to the members of **SUMEDHA FISCAL SERVICES LIMITED** on the accounts of the company for the year ended March 31, 2013.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
b) The fixed assets have been physically verified by the management during the year, which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
c) Since there is no disposal of substantial part of fixed assets during the year, paragraph 4(i)(c) of the Companies (Auditor's Report) Order, 2003 is not applicable.
2. a) Inventories of the Company comprising of shares and securities 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) According to the information and explanation given to us the company has granted unsecured interest free loan to its subsidiary company covered in the register maintained under section 301 of the Companies' Act, 1956. The maximum amount involved during the year is ₹ 10 Lakhs and the year end balance is ₹ 3.5 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 securities and fixed assets and for the sale of shares, services and property. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements that need to be entered into the register in pursuance Section 301 of Act, have been so entered in the register maintained as per requirement of that Section.
b) In our opinion and according to the information and explanations given to us, each of these transactions have been made in pursuance of such contracts or arrangements at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA or any other relevant provisions of the Act and the rules framed there under.
7. In our opinion, the Company's present internal audit system is commensurate with its size and nature of its business.
8. The provisions of the Companies Act for maintenance of cost records under Section 209(1)(d) are not applicable to the company.

9. a) According to the information and explanations given to us and the books and records examined by us, the company is regular in depositing with the appropriate authorities the undisputed statutory dues relating to Provident Fund, Employees State Insurance, Investor Education and Protection Fund, Income Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other 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 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, 2013 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 2013 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 scripts lying in the name of erstwhile merged entity.*
 15. In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
 16. In our opinion and according to the information and explanation given to us, the Company has applied the term loans for the purpose for which the loans have been obtained.
 17. On the basis of an overall examination of the balance sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis, which have been used for long-term investments.
 18. The Company has not made any preferential allotment of shares during the year.
 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. Ravindra Khandelwal
Partner
Membership No. 054615

Place : Kolkata
Date: 18th May, 2013

Balance Sheet as at 31st March, 2013

(Amount in ₹)

Particulars	Note	As at 31st March	
		2013	2012
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
Share capital	1	7,98,44,240	7,98,44,240
Reserves and surplus	2	18,38,50,390	17,34,04,958
	I	26,36,94,630	25,32,49,198
2 Non-current liabilities			
Long-term borrowings	3	43,26,802	54,31,921
Deferred tax liabilities (Net)	4	1,12,58,440	1,04,76,399
	II	1,55,85,242	1,59,08,320
3 Current liabilities			
Trade payables		38,85,349	18,60,478
Other current liabilities	5	70,30,088	1,62,51,135
Short-term provisions	6	52,08,003	78,75,347
	III	1,61,23,440	2,59,86,960
	I+II+III	29,54,03,312	29,51,44,478
II. ASSETS			
Non-current assets			
1 Fixed assets	7		
(i) Tangible assets		9,22,90,942	9,39,49,770
Non-current investments	8	1,74,39,542	1,42,01,411
Long-term loans and advances	9	5,97,69,148	5,08,33,940
	IV	16,94,99,632	15,89,85,121
2 Current assets			
Current Investments	10	3,32,96,431	3,96,52,562
Inventories	11	2,59,49,076	2,44,18,030
Trade receivables	12	2,30,90,097	2,60,56,069
Cash and cash equivalents	13	4,11,21,332	4,36,17,486
Short-term loans and advances	14	9,72,498	9,46,043
Other current assets	15	14,74,246	14,69,167
	V	12,59,03,680	13,61,59,357
	IV + V	29,54,03,312	29,51,44,478
Significant Accounting Policies	a-q		
Notes on Financial Statements	1 to 34		

As per our report of even date attached

For **ARSK & Associates**

Chartered Accountants

Firm's Registration No. 315082E

CA. Ravindra Khandelwal

Partner

Membership No. 054615

Place : Kolkata

Date : 18th May, 2013

Deb Kumar Sett

Company Secretary

For and on behalf of the Board of Directors

Bijay Murmura**Bhawani Sankar Rathi****Rajesh Kumar Gupta**

Directors

Statement of Profit and Loss for the year ended 31st March, 2013

(Amount in ₹)

Particulars	Note	For the year ended 31st March	
		2013	2012
I. Revenue from operations	16	12,01,31,395	12,76,67,917
II. Other income	17	70,82,164	1,74,68,840
III. Total Revenue (I + II)		12,72,13,559	14,51,36,757
IV. Expenses:			
Purchases of stock-in-trade - shares and securities		3,64,85,331	2,14,30,387
Changes in inventories - Shares and securities stock-in-trade		(15,31,046)	(43,85,049)
Employee benefits expense	18	3,07,63,776	3,22,78,937
Finance cost	19	4,93,534	12,59,753
Depreciation and amortisation expense	7	40,39,437	40,99,769
Diminution in value of investments	8	1,09,057	1,71,503
Other expenses	20	3,37,07,621	4,30,80,844
Total expenses		10,40,67,710	9,79,36,144
V Profit/(Loss) before tax (III - IV)		2,31,45,849	4,72,00,613
VI Tax expense:			
Current tax		61,50,000	97,50,000
Deferred tax		7,82,041	30,79,851
VII Profit (Loss) for the period (V - VI)		1,62,13,808	3,43,70,762
VIII Earnings per equity share:	27		
(1) Basic		2.03	5.04
(2) Diluted		2.03	5.04
Significant Accounting Policies	a-q		
Notes on Financial Statements	1 to 34		

As per our report of even date attached

For **ARSK & Associates**

Chartered Accountants

Firm's Registration No. 315082E

CA. Ravindra Khandelwal

Partner

Membership No. 054615

Place : Kolkata

Date : 18th May, 2013

Deb Kumar Sett

Company Secretary

For and on behalf of the Board of Directors

Bijay Murmuria

Bhawani Sankar Rathi

Rajesh Kumar Gupta

Directors

Cash Flow Statement for the year ended 31st March, 2013

(Amount in ₹)

Particulars	For the year ended 31st March	
	2013	2012
A. Cash flows from operating activities		
Profit before taxation and after exceptional items	2,31,45,849	4,72,00,613
Adjustments for:		
Depreciation	40,39,437	40,99,769
Interest income	(23,11,002)	(20,32,262)
Dividend income	(8,81,297)	(11,62,658)
Prior period income	(8,06,716)	-
Provision for leave encashment	2,94,684	2,05,855
Interest paid	4,93,534	12,59,753
(Profit)/Loss on sale of fixed assets (net)	3,46,229	(1,21,32,190)
(Profit)/Loss on sale of investments	(12,82,494)	(4,38,564)
Provision for diminution in the value of investments	1,09,057	1,71,503
Liabilities no longer required written back	(3,49,859)	(44,661)
Rent received	(12,60,000)	(14,40,000)
Operating profit before working capital changes	2,15,37,422	3,56,87,158
Adjustments for:		
(Increase) / Decrease in other current assets	(5,079)	(3,10,124)
(Increase) / Decrease in trade receivables	29,65,972	(13,88,311)
(Increase) / Decrease in inventories	(15,31,046)	(43,85,050)
(Increase) / Decrease in loans and advances	(69,43,640)	52,21,586
Increase / (Decrease) in trade and other payables	(71,61,119)	(52,99,779)
Cash generated from Operations	88,62,510	2,95,25,480
Direct taxes paid	(85,82,660)	(1,22,87,838)
Cash Flow before Extra Ordinary Items	2,79,850	1,72,37,642
Extra ordinary item	-	44,661
Adjustment of Earlier Years	(3,99,120)	(34,585)
Net cash from operating activities	I (1,19,270)	1,72,47,718
B. Cash flows from investing activities		
(Purchase)/sale of fixed assets	(27,48,208)	1,33,97,152
(Purchase)/sale of investments	42,91,437	(2,57,42,940)
Rent Received	12,60,000	14,40,000
Loan to Subsidiary	6,50,000	(10,00,000)
Interest received	23,11,002	20,32,262
Dividend received	8,81,297	11,62,658
Net cash (used in) / from investing activities	II 66,45,528	(87,10,868)
C. Cash flows from financing activities		
Proceeds/(Repayment) of long term borrowings	(11,05,119)	(1,03,94,695)
Proceeds from issue of Convertible Share Warrants	-	46,50,000
Dividend paid	(74,23,759)	(63,68,144)
Interest paid	(4,93,534)	(12,59,753)
Net cash (used in) / from financing activities	III (90,22,412)	(1,33,72,592)
Net increase in cash and cash equivalents	I+II+III (24,96,154)	(48,35,742)
Cash and cash equivalents at the beginning of the year	4,36,17,486	4,84,53,228
Cash and cash equivalents at the end of the year	4,11,21,332	4,36,17,486

- Notes:** 1 Components of cash and cash equivalents include cash, bank balances in current and deposit accounts as disclosed under note no 12 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. Ravindra Khandelwal

Partner

Membership No. 054615

Place : Kolkata

Date : 18th May, 2013

For and on behalf of the Board of Directors

Bijay Murmura**Bhawani Sankar Rathi****Rajesh Kumar Gupta**

Directors

Deb Kumar Sett

Company Secretary

SIGNIFICANT ACCOUNTING POLICIES

a Basis of preparation of accounts

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

b Use of estimates

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

c Fixed assets

i) *Tangible assets*

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

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

ii) *Intangible assets*

Intangible assets are stated at cost.

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 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, 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 account and are not deferred.

j Taxation

Tax expense comprises of current and deferred tax.

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

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

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

k Earning per share

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

l Segment reporting

i) Identification of segments

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

ii) Allocation of common costs

Common allocable costs are inter-se allocated to segments based on the basis most relevant to the nature of the cost

concerned. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segment on a reasonable basis, are included under the head unallocated expense / income.

m Cash and cash equivalents

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

n Contingent liabilities

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

o Provisions

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

p Equity index/stock- Futures

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

Equity index/stock futures are marked-to-market on a daily basis. Debit or credit balance disclosed under Current Assets, Loans and Advances or Current Liabilities, respectively represents the net amount paid or received on the basis of movement in the prices of index/stock futures till the balance sheet date.

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

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

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

q Equity index/stock – Options

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

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

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

Notes forming part of the financial statement for the year ended 31st March, 2013

	As at 31st March, 2013		As at 31st March, 2012	
	Number	Amount (₹)	Number	Amount (₹)
1 SHARE CAPITAL				
Authorised				
Equity Shares of ₹ 10/- each	1,00,00,000	10,00,00,000	1,00,00,000	10,00,00,000
Issued, Subscribed & Paid up				
Equity Shares of ₹ 10/- each fully paid	79,84,424	7,98,44,240	79,84,424	7,98,44,240
Total	79,84,424	7,98,44,240	79,84,424	7,98,44,240

1.1 Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period

Particulars	Equity Shares as at 31st March, 2013		Equity Shares as at As at 31st March, 2012	
	Number	Amount (₹)	Number	Amount (₹)
a) Shares outstanding at the beginning of the year	79,84,424	7,98,44,240	68,48,940	6,84,89,400
Shares issued during the year on Conversion of 2,00,000 Share Warrant and one Convertible Debenture	-	-	11,35,484	1,13,54,840
Shares outstanding at the end of the year	79,84,424	7,98,44,240	79,84,424	7,98,44,240
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 Employee Stock Options had been granted by the Company in 2007-08 out of which 56,600 Employee Stock Options were exercised in 2009-10 and 24,400 were exercised during the year 2010-11. The activity of the Employee Stock Option plan is as under:				

Stock Option Plan	As at 31st March	
	(2013) Number	(2012) Number
Option outstanding at the beginning of the year	-	4,000
Less : exercised during the period	-	-
Less : forfeited / lapsed	-	4,000
Balance at the end of the period	-	-

d) The Company has reserved issuance of 3,42,447 employee stock options under Employee Stock Options, 2011 which are yet to be granted.

Notes forming part of the financial statement for the year ended 31st March, 2013 (Contd.)

1.2 Rights, preferences and restrictions attached to shares

The Company has only one class of issued shares i.e. Equity Shares having par value of ₹10/- per share. Each holder of Equity Shares is entitled to one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after payment of all preferential amounts, in proportion to their shareholding.

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

Name of Shareholder	As at 31st March 2013		As at 31st March 2012	
	Number of Shares held	% of Holding	Number of Shares held	% of Holding
Vijay Maheshwari	15,62,220	19.57	15,62,220	19.57
Brand Equity Treaties Ltd.	9,35,484	11.72	9,35,484	11.72
Hitech Tradecomm Pvt Ltd.	5,66,900	7.10	5,66,900	7.10
Total	30,64,604	38.39	30,64,604	38.39

(Amount in ₹)

	As at 31st March	
	2013	2012
2 RESERVES & SURPLUS		
a. Securities Premium Reserve		
Opening Balance	2,57,20,164	18,75,000
Add : Premium on shares issued during the year	-	2,38,45,164
Closing Balance	I 2,57,20,164	2,57,20,164
b. Revaluation Reserve		
Opening Balance	9,69,291	9,90,664
(-) Written Back in Current Year	21,373	21,373
Closing Balance	II 9,47,918	9,69,291
c. Surplus		
Opening balance	14,67,15,503	11,98,03,085
(+) Net Profit/(Net Loss) for the current year	1,62,13,808	3,43,70,762
(-) Dividends proposed to be distributed to equity shareholders (₹ 0.50 per share, Previous year ₹ 0.80 per share)	39,92,212	63,87,540
(-) Tax on dividend	6,78,476	10,36,219
(-) Adjustment for earlier years relating to Income tax	10,76,315	34,585
Closing Balance	III 15,71,82,308	14,67,15,503
Total	I+II+III 18,38,50,390	17,34,04,958

Notes forming part of the financial statement for the year ended 31st March, 2013 (Contd.)

(Amount in ₹)

	As at 31st March	
	2013	2012
3 LONG TERM BORROWINGS		
Secured		
A Term loan		
- from a bank	43,26,802	50,43,470
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 Term loan is repayable in 16 quarterly instalment of ₹ 16.5 Lakhs each and the final installment would be due by the Quarter ended June 2015. Interest to be paid as and when applied		
B Vehicle Loan		
- from the Bodies Corporate	-	3,88,451
Total	43,26,802	54,31,921
4 NET DEFERRED TAX LIABILITY		
In accordance with AS-22 on 'Accounting for taxes on Income' by the Institute of Chartered Accountants of India, net deferred tax, has been accounted for, as detailed below :		
Deferred Tax Liability		
Difference between book and tax depreciation	1,14,32,799	1,06,22,940
Sub Total (A)	1,14,32,799	1,06,22,940
Deferred Tax Asset		
Leave encashment	1,74,359	1,46,541
Sub Total (B)	1,74,359	1,46,541
Net Deferred Tax Liability (A - B)	1,12,58,440	1,04,76,399
5 OTHER CURRENT LIABILITIES		
Due to Micro, Small and Medium enterprises	-	-
Received from clients:		
- Against margin money	11,96,950	78,26,680
- As advance	12,99,761	4,28,014
Unclaimed Dividend	13,48,506	10,63,350
Payable for expenses	24,48,898	65,20,679
Statutory dues	7,35,973	4,12,412
Total	70,30,088	1,62,51,135
6 SHORT TERM PROVISIONS		
Provision for employee benefits		
Leave Encashment	5,37,315	4,51,588
Others		
Proposed Dividend	39,92,212	63,87,540
Corporate Dividend Tax	6,78,476	10,36,219
Total	52,08,003	78,75,347

Notes forming part of the financial statement for the year ended 31st March, 2013 (Contd.)

7 FIXED ASSETS

(Amount in ₹)

PARTICULARS	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	Blance as at 1st April 2012	Additions	Disposals	Blance as at 31st March 2013	Blance as at 1st April 2012	Depreciation for the year	On Disposals	Blance as at 31st March 2013	Blance as at 31st March 2013	Blance as at 31st March 2012
Tangible Assets										
a Buildings	7,66,43,210	4,40,000	-	7,70,83,210	41,60,626	12,55,276	-	54,15,902	7,16,67,308	7,24,82,584
b Electrical Installation	6,48,810	-	-	6,48,810	2,44,201	40,674	-	2,84,875	3,63,935	4,04,609
c Furniture & Fixtures	98,70,978	-	-	98,70,978	25,19,077	6,04,824	-	31,23,901	67,47,077	73,51,901
d Computers	1,38,19,370	2,78,872	38,000	1,40,60,242	1,08,22,199	9,15,320	36,100	1,17,01,419	23,58,823	29,97,171
e Office equipment	46,98,841	5,57,901	1,94,000	50,62,742	10,81,052	2,54,848	58,615	12,77,285	37,85,457	36,17,789
f Vehicles	97,94,218	18,32,835	11,18,679	1,05,08,374	26,98,502	9,89,868	5,48,338	31,40,032	73,68,342	70,95,716
	11,54,75,427	31,09,608	13,50,679	11,72,34,356	2,15,25,657	40,60,810	6,43,053	2,49,43,414	9,22,90,942	9,39,49,770
Previous Year	11,91,87,445	35,37,414	72,49,432	11,54,75,427	1,98,80,842	41,21,142	24,76,327	2,15,25,657	9,39,49,770	

Note : Building includes Rs. 15,14,735/- in respect of which conveyance is pending.



Notes forming part of the financial statement for the year ended 31st March, 2013 (Contd.)

(Amount in ₹)

Particular	As at 31st March	
	2013	2012
8 NON-CURRENT INVESTMENTS		
Non-Trade Investments		
a) Unquoted (Refer A below)		
Investment in Equity instruments	1,58,57,688	1,27,35,000
Total (a)	1,58,57,688	1,27,35,000
b) Quoted (Refer b below)		
Investment in Equity instruments	35,51,461	33,10,261
Total (b)	35,51,461	33,10,261
c) Unquoted (Refer c below)		
Investments in Mutual Funds	1,797	18,497
Total (c)	1,797	18,497
Grand Total (a+b+c)	1,94,10,946	1,60,63,758
Less : Provision for dimunition in the value of Investments	19,71,404	18,62,347
Total	1,74,39,542	1,42,01,411

A Details of Non-Trade Investments (Unquoted- at Cost)

Sl. No.	Name of body corporate (Face value of ₹ 10 unless otherwise stated)		No. of Shares As at 31st March		Amount (₹) As at 31st March	
			2013	2012	2013	2012
1	Capita Finance Services Ltd	Associate	40,000	40,000	4,00,000	4,00,000
2	SFSL Risk Management Service Pvt Ltd (F.V. ₹ 100)	Associate	9,250	9,250	9,25,000	9,25,000
3	SFSL Insurance Advisory Services (P) Ltd (F.V. ₹ 100)	Associate	8,500	8,500	8,50,000	8,50,000
4	US Infotech Pvt Ltd	Associate	3,10,000	2,50,000	56,22,688	25,00,000
5	Vijaya Home Loan Limited	Others	5,000	5,000	50,000	50,000
6	Sijberia Industries Ltd	Others	20	20	-	-
7	SFSL Commodity Trading Pvt Ltd	Subsidiary	6,51,000	6,51,000	80,10,000	80,10,000
	Total				1,58,57,688	1,27,35,000

Notes forming part of the financial statement for the year ended 31st March, 2013 (Contd.)

8 NON-CURRENT INVESTMENTS (Contd.)

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

Sl. No.	Equity Instruments of Bodies Corporate	No. of Shares As at 31st March		Amount (₹) As at 31st March	
		2013	2012	2013	2012
1	Aravali Securities & Finance Ltd Others	200	200	4,000	4,000
2	Assam Brook Ltd Others	3,625	3,625	2,29,012	2,29,012
3	APS Star Industries Ltd Others	600	600	43,950	43,950
4	Oriental Civil Engineering Company Ltd Others	400	400	4,000	4,000
5	Bajaj Hindustan Ltd (F.V. ₹ 1) Others	2,500	2,500	90,000	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 (Kerala) Ltd Others	900	900	14,850	14,850
11	IFB Industries Ltd Others	7,100	7,100	9,87,476	9,87,476
12	Leafin India Ltd Others	500	500	64,000	64,000
13	Maruti Cottex Ltd Others	17,000	17,000	1,72,000	1,72,000
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	2,65,850	2,65,850	2,65,850	2,65,850
26	Sen Pet India Ltd Others	29,300	29,300	2,93,000	2,93,000
27	Shree Digvijay Cement Ltd Others	4,000	4,000	1,43,515	1,43,515
28	State Bank of India Others	187	187	2,97,330	2,97,330
29	T & I Global Ltd Others	100	100	2,000	2,000
30	Technology Plastics Ltd Others	1,000	1,000	24,085	24,085
31	Thejo Engineering Ltd Others	600	-	2,41,200	-
32	Timber Home Ltd Others	1,374	1,374	86,562	86,562
33	Uniworth Ltd Others	2,627	2,627	2,42,075	2,42,075
34	Uniworth Textiles Ltd Others	500	500	11,946	11,946
	Total			35,51,461	33,10,261
	Market value of quoted investment			16,67,921	14,56,757

Notes forming part of the financial statement for the year ended 31st March, 2013 (Contd.)

8 NON-CURRENT INVESTMENTS (Contd.)

C Mutual Fund

Sl. No.	Mutual Funds	No. of Units As at 31st March		Amount (₹) As at 31st March	
		2013	2012	2013	2012
1	UTI Equity Fund	200	200	1,797	1,797
	UTI Balanced Fund - (Income - Payout)	-	671.8	-	16,700
	Total			1,797	18,497
	NAV of unquoted investment (mutual fund)			10,171	23,715

(Amount in ₹)

Particular	As at 31st March	
	2013	2012
9 LONG TERM LOANS AND ADVANCES		
(Unsecured, considered good, unless otherwise stated)		
Capital advances	1,61,24,093	62,50,005
Security Deposits (Secured, considered good)	1,48,56,900	1,35,56,900
Advance to Related Party		
SFSL Commodity Trading Pvt Ltd (Subsidiary)	3,50,000	10,00,000
Others		
Advance Payment of taxes (Net)	58,93,539	40,65,781
Other advances	2,13,86,988	2,54,74,973
Other deposits	11,57,628	4,86,281
Total	5,97,69,148	5,08,33,940

	No. of Units As at 31st March		Amount (₹) As at 31st March	
	2013	2012	2013	2012
10 CURRENT INVESTMENTS				
Investments in Mutual Funds				
ICICI Prudential Flexible Income Plan- Regular-Growth	1,17,061	98,076	1,39,50,000	1,16,00,000
ICICI Prudential Flexible Income Growth	10,224	-	21,95,000	-
HDFC CMF Treasury Advantage Plan Growth	4,27,181	9,48,681	1,03,92,535	2,17,07,894
JP Morgan India Treasury Fund	791	791	10,000	10,000
SBI SHF Ultra Short Term Retail Plan- Weekly Dividend	6,695	6,261	67,48,896	63,34,668
Total			3,32,96,431	3,96,52,562
Market Value of Investment as on 31.03.2013			3,51,02,008	4,01,42,122

Notes forming part of the financial statement for the year ended 31st March, 2013 (Contd.)

11 INVENTORIES

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

Stock - in - trade

Sl. No.	Name of the Body Corporate	Face Value (₹)	As at 31st March 2013		As at 31st March 2012	
			No. of Shares	Amount (₹)	No. of Shares	Amount (₹)
A	In Equity Instruments (Quoted)					
1	3I Infotech Ltd	10	10,000	55,500	10,000	1,55,000
2	Akar Laminators Ltd	10	500	1	500	1
3	Allcargo Logistics Ltd	2	1,000	1,16,700	1,000	1,35,150
4	Alok Industries Ltd	10	35,000	2,87,000	10,000	1,96,000
5	Apple Finance Ltd	10	200	308	200	462
6	Atash Industries Ltd	10	-	-	600	1
7	Bajaj Hindusthan Ltd	1	1,000	18,950	1,000	25,900
8	Bells Control Ltd	10	50	1	50	50
9	Beta Napthol Ltd	10	-	-	1,200	1
10	Bharti Airtel Ltd	5	4,000	11,67,000	3,500	11,78,625
11	Birla Power Solutions Ltd	1	12,000	3,000	10,000	5,200
12	Bharat Heavy Electricals Ltd	2	1,000	1,77,000	-	-
13	BS Transcomm Ltd.	10	-	-	1,000	1,24,127
14	Cairn India Ltd	10	2,500	6,81,125	2,500	8,33,875
15	Cals Refineries Ltd	1	15,000	1,650	15,000	3,000
16	Chemcrown India Ltd	10	28,000	1	28,000	1
17	Core Education & Technologies Ltd	2	4,000	2,05,400	-	-
18	DLF Ltd	2	700	1,64,290	700	1,41,050
19	Daewoo Motors (India) Ltd	10	100	1	100	100
20	Edelweiss Financial Services Ltd	1	500	15,425	500	13,725
21	EIH Ltd	2	2,000	1,10,300	-	-
22	Electrosteel Castings Ltd	1	5,000	77,500	5,000	1,01,000
23	Electrosteel Steels Ltd	10	40,000	1,94,000	65,000	4,06,900
24	Fortis Healthcare Ltd	10	1,000	1,00,250	1,000	1,00,250
25	GMR Infrastructure Ltd.	1	20,000	4,32,000	5,000	1,32,000
26	GTL Infrastructure Ltd	10	4,000	10,600	4,000	39,480
27	GTL Ltd	10	1,000	14,850	1,000	41,700
28	Gujarat Lease Financing Ltd.	10	25	1	25	1
29	Gujarat NRE Coke Ltd	10	4,000	67,000	4,000	88,400
30	Hathway Cable & Datacom Ltd.	10	-	-	1,000	97,900
31	Himachal Futuristic Communications Ltd	1	2,000	16,400	2,000	23,620
32	Himadri Chemicals & Industries Ltd	1	1,000	1,150	1,000	1,150

Notes forming part of the financial statement for the year ended 31st March, 2013 (Contd.)**11 INVENTORIES**

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

Stock - in - trade

Sl. No.	Name of the Body Corporate	Face Value (₹)	As at 31st March 2013		As at 31st March 2012	
			No. of Shares	Amount (₹)	No. of Shares	Amount (₹)
33	Hindusthan Cooper Ltd	5	2,500	2,31,250	-	-
34	ICICI Bank Ltd	10	2,275	21,65,166	4,275	37,19,266
35	IFB Finance Ltd	10	-	-	100	1
36	IFB Industries Ltd	10	8,400	6,78,720	10,400	7,16,960
37	India Infoline Ltd	2	250	15,163	250	16,712
38	Information Technologies (India) Ltd	5	100	1	100	1
39	Jaiprakash Power Ventures Ltd	10	5,000	1,30,500	-	-
40	Jsw Ispat Steel Ltd.	10	5,000	43,750	5,000	62,950
41	K.S.Oils Ltd	1	500	1,100	500	3,950
42	Lanco Infratech Ltd	1	10,000	1,03,000	5,000	91,000
43	Larsen & Toubro Ltd	2	200	1,65,166	200	1,65,166
44	LIC Housing Finance Ltd.	2	4,000	8,99,600	4,000	10,16,100
45	Maruti Cottex Ltd	10	2,000	1	2,000	1
46	Lords Chloro Alkali Ltd (Formerly: Modi Alkalies & Chemicals Ltd)	10	100	675	100	1
47	Motilal Oswal Financial Services Ltd	1	250	19,275	250	25,725
48	Mahanagar Telephone Nigam Ltd	10	4,000	73,600	4,000	1,09,400
49	Manaksia Ltd	2	3,000	1,26,450	-	-
50	NHPC Ltd	10	-	-	8,000	1,57,200
51	NMDC Ltd	1	2,500	3,42,750	1,500	2,41,650
52	NTPC Ltd	10	2,000	2,83,900	1,000	1,44,000
53	Nicco Corporation Ltd	2	2,000	1,200	2,000	3,160
54	Oriental Bank of Commerce	10	6,000	15,10,800	5,000	12,61,250
55	Padmini Technologies Ltd	10	3,200	1	3,200	1
56	Parakaram Techno Ltd	10	84,400	1	84,400	1
57	Pipavav Defence and Offshore Eng Ltd	10	-	-	1,000	79,850
58	Rama Newsprints and Papers Ltd	10	125	931	125	974
59	Reliance Industries Ltd	10	4,500	34,78,050	5,000	37,41,250
60	Religare Enterprises Ltd	10	50	15,358	50	18,850
61	Sanderson Industires Ltd	10	1,83,400	1	1,83,400	1
62	SJVN Ltd.	10	10,000	1,89,000	10,000	1,97,000
63	MW Unitexx Ltd	10	195	302	195	556

Notes forming part of the financial statement for the year ended 31st March, 2013 (Contd.)

11 INVENTORIES

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

Stock - in - trade

Sl. No.	Name of the Body Corporate	Face Value (₹)	As at 31st March 2013		As at 31st March 2012	
			No. of Shares	Amount (₹)	No. of Shares	Amount (₹)
64	State Bank of India	10	5,000	1,03,63,750	3,700	77,51,500
65	Suryodaya Allo - Metal Powders Ltd	10	6,500	1	6,500	1
66	Telephone Cables Ltd	10	100	1	100	100
67	Texmaco Infrastructure & Holdings Ltd.	1	7,999	2,13,173	7,999	2,15,173
68	Texmaco Rail & Engineering Ltd.	1	6,000	2,91,300	6,000	3,62,400
69	Uco Bank	10	6,000	3,34,500	6,000	4,39,083
70	United Bank of India	10	5,000	2,82,000	-	-
71	Vatsa Corporation Ltd	10	100	1	100	1
72	Vimta Labs Ltd	2	1,500	22,500	1,500	22,575
73	Viniyoga Clothex Ltd	10	1,800	1	1,800	1
74	Walchandnagar Industries Ltd	2	100	5,380	100	8,300
	Total			2,59,05,721		2,44,16,779
B	In Preference Shares					
1	Venkateshwara Hatcheries Ltd	10	20	1	20	1
	Total			1		1
C	In Mutual Funds (Quoted)		Units		Units	
1	Goldman Sachs Gold ETF (Goldbees)		15	42,104	-	-
2	UTI Master Shares - Unit Scheme		100	1,250	100	1,250
	Total		115	43,354	100	1,250
	Grand Total			2,59,49,076		2,44,18,030

(Amount in ₹)

Particular	As at 31st March	
	2013	2012
12 TRADE RECEIVABLES		
(Unsecured, considered good)		
Trade receivables		
- outstanding for a period less than six months	1,95,20,157	2,41,38,895
- outstanding for a period exceeding six months	35,69,940	19,17,174
Total	2,30,90,097	2,60,56,069

Notes forming part of the financial statement for the year ended 31st March, 2013 (Contd.)

(Amount in ₹)

Particular	As at 31st March	
	2013	2012
13 CASH AND CASH EQUIVALENTS		
a. Balances with banks *	2,01,31,392	2,26,00,071
b. Cash on hand	2,97,719	4,00,547
c. Fixed deposits with banks #	2,06,92,221	2,06,16,868
Total	4,11,21,332	4,36,17,486
# Fixed Deposits with banks includes deposit of ₹ 15,00,000/- (Previous Year ₹ 3,00,000/-) with maturity more than 12 months		
# Fixed Deposits with banks includes fixed deposits pledged with banks against Bank Gurantee and margin money amounting to ₹ 1,71,33,026/- (Previous Year - ₹ 1,68,67,210/-)		
* Balance with banks include Unclaimed Dividend of ₹ 13,48,504/- (Previous Year ₹ 10,63,350/-)		
14 SHORT TERM LOANS AND ADVANCES		
(Unsecured, considered good)		
Other advances	9,72,498	9,46,043
Total	9,72,498	9,46,043
15 OTHER CURRENT ASSETS		
Prepaid expenses	6,43,452	5,74,820
Interest accrued on bank deposits	8,30,794	8,94,347
Total	14,74,246	14,69,167

Notes forming part of the financial statement for the year ended 31st March, 2013 (Contd.)

(Amount in ₹)

Particular	For the year ended 31st March	
	2013	2012
16 REVENUE FROM OPERATIONS		
Investment Banking	7,30,81,852	9,91,13,017
Sales of stock-in-trade - Shares and Securities	3,45,51,354	1,38,92,455
Brokerage, commission and other charges	1,24,98,189	1,46,62,445
Total	12,01,31,395	12,76,67,917
17 OTHER INCOME		
Interest Income from banks on deposits	23,11,002	20,32,262
Dividend Income	8,81,297	11,62,658
Net gain on sale of mutual funds	12,82,494	4,38,564
Net gain on intraday trading of shares and securities	1,73,324	1,52,984
Prior period income relating to gratuity	8,06,716	-
Net gain on sale of fixed asset	-	1,21,32,190
Other non-operating income	16,27,331	15,50,182
Total	70,82,164	1,74,68,840
18 EMPLOYEE BENEFITS EXPENSE		
Salaries, bonus and incentives	2,78,05,803	2,88,72,221
Contribution to provident and other funds	15,08,261	15,96,212
Gratuity fund contributions	4,68,958	5,84,219
Staff welfare expenses	9,80,754	12,26,285
Total	3,07,63,776	3,22,78,937
19 FINANCE COST		
Interest expense	4,93,534	12,59,753
Total	4,93,534	12,59,753

Notes forming part of the financial statement for the year ended 31st March, 2013 (Contd.)

(Amount in ₹)

Particular	For the year ended 31st March	
	2013	2012
20 OTHER EXPENSES		
Demat and depository charges	2,35,402	2,04,703
Communication expenses	14,23,659	16,20,536
Insurance	2,03,667	2,02,195
Rent	30,19,000	30,45,000
Electricity	11,15,166	10,14,701
Office maintenance	15,39,728	15,55,896
Travelling & conveyance	33,00,670	25,15,986
Net loss on derivative transactions	6,55,157	15,37,641
Loss on sale of fixed assets	3,46,229	-
Rates & taxes	1,71,474	2,03,135
SEBI turnover and membership registration fees	8,53,309	21,34,380
Commission	2,50,000	22,50,000
Processing fees	1,70,200	1,16,025
Professional charges	71,06,248	1,12,20,279
Payment to Auditors	2,49,500	2,21,505
Repairs & maintenance	91,189	6,05,343
Advertisement & Business promotion	55,27,763	56,87,066
Car expenses	19,83,307	20,43,176
Printing & stationery	9,69,890	15,42,079
Charity and donation	16,200	18,700
Computer expenses	1,96,189	2,61,534
NSE / BSE charges	3,03,861	4,54,066
VSAT charges	2,51,720	2,48,000
Miscellaneous expenses	37,28,093	43,78,898
	3,37,07,621	4,30,80,844
21 PAYMENTS TO AUDITORS		
- Statutory audit	1,25,000	1,25,000
- Tax audit	50,000	50,000
- Limited review	12,000	7,500
- Certification and other services	62,500	39,005
	2,49,500	2,21,505

22 GRATUITY AND POST-EMPLOYMENT BENEFITS PLANS

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

The following table summarises the components of net benefits / expense recognised in the profit and loss account and the balance sheet for the respective plans.

Notes forming part of the financial statement for the year ended 31st March, 2013 (Contd.)

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

(Amount in ₹)

Particular	For the year ended 31st March	
	2013	2012
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	8,96,501	9,37,241
Contribution to Employee's Family Pension Fund	3,80,749	4,17,900
Total	12,77,250	13,55,141

B Defined Benefit Plans:

a) Expenses recognised in the statement of Profit and Loss Account for the year ended 31st March, 2013

Particulars	For the year ended 31 st March			
	2013		2012	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
(A) Component of Employer's Expense				
Current service cost	3,83,390	33,874	4,13,110	31,808
Interest cost on benefit obligation	1,97,271	37,256	1,81,443	41,100
Expected return on plan assets	(2,95,755)	-	(2,36,720)	-
Net actuarial (gain) / loss recognised during the period	2,18,465	2,23,554	(1,19,135)	1,32,944
Total expenses	5,03,371	2,94,684	2,38,698	2,05,852
(B) Actual Contribution and Benefits Payments for period ending				
Actual Benefit Payments	5,27,019	2,08,956	2,17,316	2,37,795
Actual Contribution	4,86,958	2,08,956	5,84,219	2,37,795

b) Net assets / (liability) recognised in the Balance Sheet as at 31st March, 2013

Particulars	For the year ended 31 st March			
	2013		2012	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present value of defined benefits obligation	26,41,002	5,37,316	23,91,167	4,51,588
Fair value of plan assets	34,47,718	-	32,32,296	-
Net assets / (liability) recognised in the balance sheet as at 31st March, 2013	8,06,716	(5,37,316)	8,41,129	(4,51,588)
Employer's Expense				
(a) Current Service Cost	3,83,390	33,874	4,13,110	31,808
(b) Total Employer Expense	5,03,371	2,94,684	2,38,698	2,05,852

Notes forming part of the financial statement for the year ended 31st March, 2013 (Contd.)

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

c) Change in obligations during the year ended 31st March, 2013

(Amount in ₹)

Particulars	For the year ended 31 st March			
	2013		2012	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present value of defined obligation at the beginning of the period	23,91,167	4,51,588	21,34,619	4,83,531
Current Service Cost	3,83,390	33,874	4,13,110	31,808
Interest Cost	1,97,271	37,256	1,81,443	41,100
Benefits Paid	(5,27,019)	(2,08,956)	(2,17,316)	(2,37,795)
Actuarial (gains)/losses	1,96,193	2,23,554	(1,20,689)	1,32,944
Present value of defined benefits obligation at the end of the period	26,41,002	5,37,316	23,91,167	4,51,588

d) Change in the fair value of plan assets during the year ended 31st March, 2013

Particulars	For the year ended 31 st March			
	2013		2012	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Plan Asset at the beginning of the period	32,32,296	-	26,30,227	-
Actual return on Plan Asset	2,73,483	-	2,35,166	-
Contribution by the employer	4,68,958	2,08,956	5,84,219	2,37,795
Employee Contributions	-	-	-	-
Benefits Paid	(5,27,019)	(2,08,956)	(2,17,316)	(2,37,795)
Plan Asset at the end of the period	34,47,718	-	32,32,296	-

e) Gratuity plan

Particulars	For the year ended 31 st March				
	2013	2012	2011	2010	2009
Present value of defined benefit obligation	26,41,002	23,91,167	21,34,619	18,63,918	15,28,185
Fair value of plan assets	34,47,718	32,32,296	26,30,227	21,44,297	14,60,861
Surplus / (deficit)	8,06,716	8,41,129	4,95,608	2,80,379	(67,324)
Experience adjustment (gain) / loss for plan liability	2,80,417	(39,515)	-	-	-
Experience adjustment (gain) / loss for plan assets	(22,272)	(1,554)	-	-	-

Notes forming part of the financial statement for the year ended 31st March, 2013 (Contd.)

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

f) Leave encashment

(Amount in ₹)

Particulars	For the year ended 31 st March				
	2013	2012	2011	2010	2009
Present value of defined benefit obligation	5,37,316	4,51,588	4,83,528	5,00,319	4,73,794
Surplus /(deficit)	(5,37,316)	(4,51,588)	(4,83,528)	(5,00,319)	(4,73,794)
Experience adjustment (gain)/ loss for plan liability	2,04,123	1,51,194	-	-	-
Experience adjustment (gain)/ loss for plan assets	-	-	-	-	-

Note: The company has written back ₹ 8,06,716/- on account of excess liability provided in earlier years for Gratuity on the basis of actuarial valuation.

23 SEGMENT INFORMATION

Particular	For the year ended 31st March	
	2013	2012
A Primary segment information (by business segments)		
i Segment Revenue		
– Capital Market Operations	4,96,14,044	3,07,08,851
– Investment Banking	7,67,92,799	11,44,27,906
– Others (Unallocable)	8,06,716	-
Total segment revenue	12,72,13,559	14,51,36,757
ii Segment results (before interest and unallocated income/expense)		
– Capital Market Operations	(7,24,583)	(46,00,915)
– Investment Banking	2,42,27,182	5,39,23,561
– Others (Unallocable)	1,36,784	(8,62,280)
Total segment results	2,36,39,383	4,84,60,366
iii Operating profit	2,36,39,383	4,84,60,366
iv Unallocated interest expenses	4,93,534	12,59,753
v Unallocated interest income	-	-
vi Total profit before tax	2,31,45,849	4,72,00,613
vii Segment assets		
– Capital Market Operations	9,31,95,913	9,08,14,380
– Investment Banking	19,41,58,641	19,92,00,967
– Others (Unallocable)	80,48,758	51,29,131
Total segment assets	29,54,03,312	29,51,44,478

Notes forming part of the financial statement for the year ended 31st March, 2013 (Contd.)

23 SEGMENT INFORMATION (Contd.)

(Amount in ₹)

Particular	For the year ended 31st March	
	2013	2012
A Primary segment information (by business segments) (Contd.)		
viii Segment liabilities		
– Capital Market Operations	57,67,847	1,06,93,157
– Investment Banking	86,63,201	1,22,03,558
– Others (Unallocable)	60,19,192	84,52,052
Total segment liabilities	2,04,50,240	3,13,48,767
ix Depreciation		
– Capital Market Operations	5,71,415	6,62,449
– Investment banking	34,68,022	34,37,321
– Others (Unallocable)	-	-
Total depreciation	40,39,437	40,99,770
x Capital employed		
– Capital Market Operations	8,74,28,066	8,01,21,223
– Investment Banking	18,54,95,440	18,69,97,409
– Others (Unallocable)	20,29,566	(33,22,921)
Total Capital Employed	27,49,53,072	26,37,95,711

Note:

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 areas.

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 ₹ 1,12,58,440/- (Previous year ₹ 1,04,76,399/-)

B. There is no reportable geographical segment.

24 OPEN INTEREST IN EQUITY INDEX/STOCK FUTURES AS AT 31ST MARCH, 2013 (PREVIOUS YEAR ₹ NIL)

Sl.No.	Name of the future	Series of future	Number of contracts	Number of units involved
1	ICICI Bank	25th April, 2013	8	2,000
2	Orient Bank of Commerce	25th April, 2013	16	16,000
3	State Bank of India	25th April, 2013	16	2,000
4	Reliance Industries Limited	25th April, 2013	8	2,000

Notes forming part of the financial statement for the year ended 31st March, 2013 (Contd.)

25 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. Rajesh Kumar Gupta (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 Management Personnel	Total
i) Managerial remuneration	-	-	-	39,05,689	39,05,689
	-	-	-	(11,58,200)	(11,58,200)
ii) Rent paid	-	9,00,000	1,68,000	6,00,000	16,68,000
	-	(9,00,000)	(1,68,000)	(6,00,000)	(16,68,000)
iii) Guarantee commission paid	-	-	-	2,50,000	2,50,000
	-	-	-	(2,50,000)	(2,50,000)
iv) Balance receivable/(payable)	-	3,50,000	-	-	3,50,000
	-	(10,00,000)	-	-	(10,00,000)
v) Equity Share Allotment (Incl. Premium)	-	-	-	-	-
	(62,00,000)	-	-	-	(62,00,000)
vi) Dividend Paid	4,52,040	-	1,74,880	16,41,128	22,68,048
	(2,70,040)	-	(1,74,880)	(16,41,128)	(20,86,048)

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, 2013 (Contd.)

25 DISCLOSURES OF RELATED PARTY TRANSACTIONS (AS IDENTIFIED & CERTIFIED BY THE MANAGEMENT) (CONTD.):

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

(Amount in ₹)

Particular	For the year ended 31st March	
	2013	2012
Managerial Remuneration		
Bhawani Sankar Rathi	19,56,112	11,58,200
Rajesh Kumar Gupta	19,49,577	-
Rent paid		
SFSL Commodity Trading Pvt. Ltd	9,00,000	9,00,000
Superb Estate Services Pvt. Ltd	1,68,000	1,68,000
Vijay Maheshwari	6,00,000	6,00,000
Guarantee Commission paid		
Vijay Maheshwari	1,25,000	1,25,000
Bijay Murmuria	1,25,000	1,25,000
Balance receivable		
SFSL Commodity Trading Pvt. Ltd	3,50,000	10,00,000
Equity share allotted		
Capita Finance Services Ltd	-	31,10,000
SFSL Risk Management Services Pvt. Ltd	-	15,50,000
SFSL Insurance Advisory Services Pvt. Ltd	-	15,50,000
Dividend paid		
Vijay Maheshwari	12,49,776	-
26 EXPENDITURE / EARNING IN FOREIGN CURRENCY		
a) Expenditure in Foreign Currency		
Travelling	3,65,873	3,69,920
User Fees	6,08,675	5,67,000
Purchase of non current investment	30,04,313	-
Total	39,78,861	9,36,920
Note : The figures given above are net payments after withholding deducting tax at source.		
b) Earnings in Foreign currency		
Consultancy Fees	19,59,027	11,54,168
Total	19,59,027	11,54,168

Notes forming part of the financial statement for the year ended 31st March, 2013 (Contd.)

(Amount in ₹)

Particular	For the year ended 31st March	
	2013	2012
27 EARNING PER SHARE (EPS)		
Earning per Share		
a Profit after tax (₹)	1,62,13,808	3,43,70,762
b Weighted average number of equity shares outstanding during the year (nos)	79,84,424	68,24,673
c Nominal value of equity (per share) (₹)	10	10
d Weighted average number of equity shares outstanding during the year in computing diluted earning per share (nos.)	79,84,424	68,24,673
e Earning per share		
- Basic [a/b] (₹)	2.03	5.04
- Diluted [a/d] (₹)	2.03	5.04

28 Balances of some of the trade receivables, trade payable, loans and advances incorporated in the books as per balances appearing in the relevant subsidiary records, are subject to confirmation from the respective parties and consequential adjustments arising from reconciliation, if any. The management, however, is of the view that there will be no material discrepancies in this regard.

29 During the year unpaid dividend amounting to ₹ 95,225/- relating to financial year 2004-05 has been transferred to the Investor Education and Protection Fund as per Section 205C of the Companies Act, 1956

30 Historically, the company's investment in unquoted shares has been done with a view to hold them for long term and thereby earn capital gains, since dividend payout on such investments has generally been irregular. The aforesaid policy has been taken into consideration while computing the provision for income-tax as applicable.

(Amount in ₹)

Particular	As at 31st March	
	2013	2012
31 CONTINGENT LIABILITY		
a Contingent liabilities not provided for in respect of Guarantee given by Canara bank to National Securities Clearing Corporation limited (Rs 80 Lakhs) and Stock Holding Corporation of India Ltd (Rs 50 Lakhs) #	1,30,00,000	1,30,00,000

The above 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.

Notes forming part of the financial statement for the year ended 31st March, 2013 (Contd.)

(Amount in ₹)

Particular	As at 31st March	
	2013	2012
31 CONTINGENT LIABILITY (Contd.)		
b Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	26,84,687	13,49,995

32 Revaluation of Office Premises was carried out as on 31.03.96 by an approved Valuer. The revaluation resulted in an increase of ₹ 13,11,255/- in the value of the assets over its net book value as on 31.03.96 which has been credited to Revaluation Reserve. Depreciation for the year ended 31.03.2013 of ₹ 21,373/- on revalued portion has been adjusted with Revaluation Reserve.

33 Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure

34 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. Ravindra Khandelwal

Partner

Membership No. 054615

Place : Kolkata

Date : 18th May, 2013

For and on behalf of the Board of Directors

Bijay Murmuria

Bhawani Sankar Rathi

Rajesh Kumar Gupta

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, 2013
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. : 6,51,000 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. : ₹ 38,37,835/-
 - a. **Not dealt with the Holding Company's accounts:**
 - i) For the financial year ended 31 March, 2013 : ₹ 8,77,521/-
 - ii) For the previous financial years of the Subsidiary Company since it become the Holding Company's subsidiary. : ₹ 29,60,314/-
 - b. **Dealt with in Holding Company's accounts :**
 - i) For the financial year ended 31 March, 2013 : 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 of Directors

Bijay Murmura
Bhawani Sankar Rathi
Rajesh Kumar Gupta
Directors

Place : Kolkata
Date: 18th May, 2013

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-13

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

(Amount in ₹)

Particular	31-Mar-13	31-Mar-12
a) Capital (Issued and subscribed)	65,12,000	65,12,000
b) Reserves	53,37,835	44,60,314
c) Total Assets	1,28,11,605	1,23,84,182
d) Total Liabilities	1,28,11,605	1,23,84,182
e) Details of Investment		
i) Non-current	40,36,850	43,56,148
ii) Current	-	-
f) Turnover	17,98,234	24,90,671
g) Profit before taxation	8,77,412	13,98,971
h) Provision for taxation	(109)	2,78,040
i) Profit after taxation	8,77,521	11,20,931
j) Proposed dividend	Nil	Nil

On behalf of the Board of Directors

Bijay Murmuria
Bhawani Sankar Rathi
Rajesh Kumar Gupta
Directors

Place : Kolkata

Date: 18th May, 2013

Deb Kumar Sett
Company Secretary

AUDITORS' REPORT

To The Members

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, 2013, 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 ₹ 12812/- thousands as at 31st March 2013 and total revenues of ₹ 1798/- 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 ₹ 2545/- thousands as at 31st March, 2013 and total revenue of ₹ 175/- 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 ₹ 4156/- thousands as at 31st March, 2013 and total revenue of ₹ 163/- thousands for the year ended and the Company's associate – Capita Finance Services Limited, whose financial statements reflects total assets of ₹ 12484/- thousands as at 31st March, 2013 and total revenue of ₹ 353/- thousands for the year ended and the Company's associate US Infotech Pvt. Ltd whose financial statements reflects total assets ₹ 20102/- thousands as at 31st March, 2013 and revenue of ₹ 3653/- 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, 2013 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. Ravindra Khandelwal
Partner
Membership No. 054615

Place : Kolkata
Date: 18th May, 2013

Consolidated Balance Sheet as at 31st March, 2013

(Amount in ₹)

Particulars	Note	As at 31st March	
		2013	2012
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
Share capital	1	7,98,44,240	7,98,44,240
Reserves and surplus	2	19,08,13,961	17,84,95,057
Minority Interest		2,911	2,641
	I	27,06,61,112	25,83,41,938
2 Non-current liabilities			
Long-term borrowings	3	43,26,802	54,31,921
Deferred tax liabilities (Net)	4	1,11,62,442	1,03,81,245
	II	1,54,89,244	1,58,13,166
3 Current liabilities			
Trade payables		40,58,039	18,74,133
Other current liabilities	5	74,69,168	1,66,10,688
Short-term provisions	6	52,08,003	78,89,675
	III	1,67,35,210	2,63,74,496
	I+II+III	30,28,85,566	30,05,29,600
II. ASSETS			
Non-current assets			
1 Fixed assets	7		
(i) Tangible assets		9,34,01,257	9,50,96,840
Non-current investments	8	1,65,93,039	1,26,77,985
Long-term loans and advances	9	6,18,33,720	5,14,00,663
	IV	17,18,28,016	15,91,75,488
2 Current assets			
Current Investments	10	3,32,96,431	3,96,52,562
Inventories	11	2,59,49,076	2,44,18,030
Trade receivables	12	2,44,64,130	2,81,10,922
Cash and cash equivalents	13	4,44,01,655	4,65,96,170
Short-term loans and advances	14	9,72,498	9,46,043
Other current assets	15	19,73,760	16,30,385
	V	13,10,57,550	14,13,54,112
	IV+V	30,28,85,566	30,05,29,600
Significant Accounting Policies	a-r		
Notes on Financial Statements	1 to 35		

As per our report of even date attached

For **ARSK & Associates**

Chartered Accountants

Firm's Registration No. 315082E

CA. Ravindra Khandelwal

Partner

Membership No. 054615

Place : Kolkata

Date : 18th May, 2013

Deb Kumar Sett

Company Secretary

For and on behalf of the Board of Directors

Bijay Murmuria**Bhawani Sankar Rathi****Rajesh Kumar Gupta**

Directors

Consolidated Statement of Profit and Loss for the year ended 31st March, 2013

(Amount in ₹)

Particulars	Note	For the year ended 31st March	
		2013	2012
I. Revenue from operations	16	12,01,76,507	12,90,84,670
II. Other income	17	79,35,286	1,76,42,758
III. Total Revenue (I + II)		12,81,11,793	14,67,27,428
IV. Expenses:			
Purchases of stock - in - trade		3,64,85,331	2,14,30,387
Changes in inventories of stock-in-trade		(15,31,046)	(43,85,049)
Employee benefits expense	18	3,12,44,413	3,27,36,990
Finance cost	19	4,93,534	12,59,753
Depreciation and amortisation expense	7	40,80,768	41,53,045
Diminution in value of investments	8	1,09,057	1,71,503
Other expenses	20	3,32,06,474	4,27,61,214
Total expenses		10,40,88,531	9,81,27,843
V Profit/(Loss) before tax (III - IV)		2,40,23,262	4,85,99,585
VI Tax expense:			
Current tax		61,65,000	1,01,13,000
Deferred tax		7,81,197	30,73,661
VII Profit (Loss) for the period (V - VI) before adjustment of Minority Interest		1,70,77,065	3,54,12,924
Add : Share of Profit/(Loss) of Associates		9,96,220	3,60,498
Less: Minority Interest		270	344
VIII Profit (Loss) for the period (V - VI) after adjustment of Minority Interest		1,80,73,015	3,57,73,078
IX Earnings per equity share:	27		
(1) Basic		2.14	5.19
(2) Diluted		2.14	5.19
Significant Accounting Policies	a-r		
Notes on Financial Statements	1 to 35		

As per our report of even date attached

For **ARSK & Associates**

Chartered Accountants

Firm's Registration No. 315082E

CA. Ravindra Khandelwal

Partner

Membership No. 054615

Place : Kolkata

Date : 18th May, 2013

Deb Kumar Sett

Company Secretary

For and on behalf of the Board of Directors

Bijay Murmuria

Bhawani Sankar Rathi

Rajesh Kumar Gupta

Directors

Consolidated Cash Flow Statement for the year ended 31st March, 2013

(Amount in ₹)

Particulars	For the year ended 31st March	
	2013	2012
A. Cash flows from operating activities		
Profit before taxation and after exceptional items	2,40,23,262	4,85,99,584
Adjustments for :		
Depreciation	40,80,768	41,53,495
Interest income	(25,71,867)	(22,06,180)
Dividend income	(8,81,297)	(11,62,658)
Prior period income	(8,06,716)	-
Provision for leave Encashment	2,94,684	2,05,855
Interest paid	4,93,534	12,59,753
(Profit)/Loss on sale of fixed assets (net)	3,46,229	(1,21,32,190)
(Profit)/Loss on sale of investments	(18,66,795)	(4,38,564)
Provision for diminution in the value of investments	1,09,057	1,71,503
Liabilities no longer required written back	(3,49,859)	(44,661)
Rent received	(12,60,000)	(14,40,000)
Operating profit before working capital changes	2,16,11,000	3,69,65,937
Adjustments for :		
(Increase) / Decrease in other current assets	(3,43,375)	(3,10,124)
(Increase) / Decrease in trade receivables	36,46,792	(40,57,117)
(Increase) / Decrease in inventories	(15,31,046)	(43,85,050)
(Increase) / Decrease in loans and advances	(77,81,802)	66,65,556
Increase / (Decrease) in trade and other payables	(69,57,614)	(51,17,573)
Cash generated from Operations	86,43,955	2,97,61,629
Direct taxes paid	(85,82,660)	(1,26,50,838)
Cash Flow before Extra Ordinary Items	61,295	1,71,10,791
Extra ordinary item	-	44,661
Adjustment of Earlier Years	(3,97,965)	44,186
Net cash from operating activities	I (3,36,670)	1,71,99,638
B. Cash flows from investing activities		
(Purchase)/sale of fixed assets	(27,43,632)	1,33,62,385
(Purchase)/sale of investments	51,95,035	(2,63,43,940)
Investment Application Money	-	5,99,190
Rent Received	12,60,000	14,40,000
Interest received	25,71,867	22,06,180
Dividend received	8,81,297	11,62,658
Net cash (used in) / from investing activities	II 71,64,567	(75,73,527)
C. Cash flows from financing activities		
Proceeds/(Repayment) of long term borrowings	(11,05,119)	(1,03,94,695)
Proceeds from issue of Convertible Share Warrants	-	46,50,000
Dividend paid	(74,23,759)	(63,68,144)
Interest paid	(4,93,534)	(12,59,753)
Net cash (used in) / from financing activities	III (90,22,412)	1,33,72,592)
Net increase in cash and cash equivalents	(21,94,515)	(37,46,481)
Cash and cash equivalents at the beginning of the year	I+II+III 4,65,96,170	5,03,42,651
Cash and cash equivalents at the end of the year	4,44,01,655	4,65,96,170

- Notes:** 1 Components of cash and cash equivalents include cash, bank balances in current and deposit accounts as disclosed under note no 12 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. Ravindra Khandelwal

Partner

Membership No. 054615

Place : Kolkata

Date : 18th May, 2013

For and on behalf of the Board of Directors

Bijay Murmura**Bhawani Sankar Rathi****Rajesh Kumar Gupta**

Directors

Deb Kumar Sett

Company Secretary

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 assets are 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, 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.

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 the contribution payable to the respective trusts.

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

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

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

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 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/stetted contracts.

Notes forming part of the Consolidated financial statement for the year ended 31st March, 2013

	As at 31st March, 2013		As at 31st March, 2012	
	Number	Amount (₹)	Number	Amount (₹)
1 SHARE CAPITAL				
Authorised				
Equity Shares of ₹ 10/- each	1,00,00,000	10,00,00,000	1,00,00,000	10,00,00,000
Issued, Subscribed & Paid up				
Equity Shares of ₹ 10/- each fully paid	79,84,424	7,98,44,240	79,84,424	7,98,44,240
Total	79,84,424	7,98,44,240	79,84,424	7,98,44,240

1.1 Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period

Particulars	Equity Shares as at 31st March, 2013		Equity Shares as at As at 31st March, 2012	
	Number	Amount (₹)	Number	Amount (₹)
a) Shares outstanding at the beginning of the year	79,84,424	7,98,44,240	68,48,940	6,84,89,400
Shares issued during the year on Conversion of 2,00,000 Share Warrant and one Convertible Debenture	-	-	11,35,484	1,13,54,840
Shares outstanding at the end of the year	79,84,424	7,98,44,240	79,84,424	7,98,44,240
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 Employee Stock Options had been granted by the Company in 2007-08 out of which 56,600 Employee Stock Options were exercised in 2009-10 and 24,400 were exercised during the year 2010-11. The activity of the Employee Stock Option plan is as under:				

Stock Option Plan	As at 31st March	
	(2013) Number	(2012) Number
Option outstanding at the beginning of the year	-	4,000
Less : exercised during the period	-	-
Less : forfeited / lapsed	-	4,000
Balance at the end of the period	-	-

d) The Company has reserved issuance of 3,42,447 Employee Stock Options under Employee Stock Options, 2011 which are yet to be granted.

Notes forming part of the Consolidated financial statement for the year ended 31st March, 2013 (Contd.)

1.2 Rights, preferences and restrictions attached to shares

The Company has only one class of issued shares i.e. Equity Shares having par value of ₹10/- per share. Each holder of Equity Shares is entitled to one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after payment of all preferential amounts, in proportion to their shareholding.

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

Name of Shareholder	As at 31st March 2013		As at 31st March 2012	
	Number of Shares held	% of Holding	Number of Shares held	% of Holding
Vijay Maheshwari	15,62,220	19.57	15,62,220	19.57
Brand Equity Treaties Ltd.	9,35,484	11.72	9,35,484	11.72
Hitech Tradecomm Pvt Ltd.	5,66,900	7.10	5,66,900	7.10
Total	30,64,604	38.39	30,64,604	38.39

(Amount in ₹)

	As at 31st March	
	2013	2012
2 RESERVES & SURPLUS		
a. Securities Premium Reserve		
Opening Balance	2,57,20,164	18,75,000
Add : Premium on shares issued during the year	-	2,38,45,164
Closing Balance	I 2,57,20,164	2,57,20,164
b. Revaluation Reserve		
Opening Balance	9,69,291	9,90,664
(-) Written Back in Current Year	21,373	21,373
Closing Balance	II 9,47,918	9,69,291
c. Surplus		
Opening balance	15,18,05,602	12,34,12,098
(+) Net Profit/(Net Loss) for the current year	1,80,73,015	3,57,73,078
(-) Dividend proposed to be distributed to equity shareholders (₹ 0.50 per share, Previous year ₹ 0.80 per share)	39,92,212	63,87,540
(-) Tax on dividend	6,78,476	10,36,219
(-) Adjustment for earlier years relating to Income tax	10,62,050	(44,185)
Closing balance	III 16,41,45,879	15,18,05,602
Total	I+II+III 19,08,13,961	17,84,95,057

Notes forming part of the Consolidated financial statement for the year ended 31st March, 2013 (Contd.)

(Amount in ₹)

	As at 31st March	
	2013	2012
3 LONG TERM BORROWINGS		
Secured		
A Term loan		
- from a bank	43,26,802	50,43,470
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 Term loan is repayable in 16 quarterly instalment of ₹ 16.5 Lakhs each and the final installment would be due by the Quarter ended June 2015. Interest to be paid as and when applied		
B Vehicle Loan		
- from the Bodies Corporate	-	3,88,451
Total	43,26,802	54,31,921
4 NET DEFERRED TAX LIABILITY		
In accordance with AS-22 on 'Accounting for taxes on Income' by the Institute of Chartered Accountants of India, net deferred tax, has been accounted for, as detailed below :		
Deferred Tax Liability		
Difference between book and tax depreciation	1,13,36,801	1,05,27,786
Sub Total (A)	1,13,36,801	1,05,27,786
Deferred Tax Asset		
Leave encashment	1,74,359	1,46,541
Sub Total (B)	1,74,359	1,46,541
Net Deferred Tax Liability (A – B)	1,11,62,442	1,03,81,245
5 OTHER CURRENT LIABILITIES		
Due to Micro, Small and Medium enterprises	-	-
Received from clients:		
- Against margin money	16,36,030	81,86,233
- As advance	12,99,761	4,28,014
Unclaimed Dividend	13,48,506	10,63,350
Payable for expenses	24,48,898	65,20,679
Statutory dues	7,35,973	4,12,412
Total	74,69,168	1,66,10,688
6 SHORT TERM PROVISIONS		
Provision for employee benefits		
Gratuity	-	12,954
Leave Encashment	5,37,315	4,52,962
Others		
Proposed Dividend	39,92,212	63,87,540
Corporate Dividend Tax	6,78,476	10,36,219
Total	52,08,003	78,89,675

Notes forming part of the Consolidated financial statement for the year ended 31st March, 2013 (Contd.)

7 FIXED ASSETS

(Amount in ₹)

PARTICULARS	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	Blance as at 1st April 2012	Additions	Disposals	Blance as at 31st March 2013	Blance as at 1st April 2012	Depreciation for the year	On Disposals	Blance as at 31st March 2013	Blance as at 31st March 2013	Blance as at 31st March 2012
Tangible Assets										
a Buildings	7,80,53,364	4,40,000	-	7,84,93,364	44,48,144	12,77,979	-	57,26,123	7,27,67,241	7,36,05,220
b Electrical Installation	6,48,810	-	-	6,48,810	2,44,201	40,674	-	2,84,875	3,63,935	4,04,609
c Furniture & Fixtures	98,70,978	-	-	98,70,978	25,19,077	6,04,824	-	31,23,901	67,47,077	73,51,901
d Computers	1,40,27,010	2,83,448	38,000	1,42,72,458	1,10,05,405	9,33,948	36,100	1,19,03,253	23,69,205	30,21,605
e Office equipment	46,98,841	5,57,901	1,94,000	50,62,742	10,81,052	2,54,848	58,615	12,77,285	37,85,457	36,17,789
f Vehicles	97,94,218	18,32,835	11,18,679	1,05,08,374	26,98,502	9,89,868	5,48,338	31,40,032	73,68,342	70,95,716
	11,70,93,221	31,14,184	13,50,679	11,88,56,726	2,19,96,381	41,02,141	6,43,053	2,54,55,469	9,34,01,257	9,50,96,840
Previous Year	12,07,70,919	35,71,734	72,49,432	11,70,93,221	2,02,98,290	41,74,418	24,76,327	2,19,96,381	9,50,96,840	

Note : Building includes ₹ 29,24,889/- in respect of which conveyance is pending.

Notes forming part of the Consolidated financial statement for the year ended 31st March, 2013 (Contd.)

(Amount in ₹)

Particular	As at 31st March	
	2013	2012
8 NON-CURRENT INVESTMENTS		
Non-Trade Investments		
a) In Associates		
Cost of Investments	1,11,38,688	46,75,000
Add: share of post acquisition of Profit	31,26,647	21,30,427
Total (a)	1,42,65,335	68,05,427
b) Others		
Investment in Equity instruments	36,01,461	57,01,261
Total (b)	36,01,461	57,01,261
c) Mutual Funds		
Investments in Mutual Funds	6,97,647	20,33,644
Total (c)	6,97,647	20,33,644
Grand Total (a+b+c)	1,85,64,443	1,45,40,332
Less : Provision for diminution in the value of Investments	19,71,404	18,62,347
Total	1,65,93,039	1,26,77,985
Market value of quoted investment	16,67,921	14,46,411
NAV of mutual fund units	9,65,870	26,34,402
9 LONG TERM LOANS AND ADVANCES		
(Unsecured, considered good, unless otherwise stated)		
Capital advances	1,61,24,093	62,50,005
Security Deposits (Secured, considered good)	1,61,20,398	1,51,34,855
Others		
Advance Payment of taxes (Net)	58,93,539	40,41,449
Other advances	2,25,38,062	2,54,88,073
Other deposits	11,57,628	4,86,281
Total	6,18,33,720	5,14,00,663
10 CURRENT INVESTMENTS		
Investments in Mutual Funds	3,32,96,431	3,96,52,562
Total	3,32,96,431	3,96,52,562
Market Value of Investment as on 31.03.2013	3,51,02,008	4,01,42,122

Notes forming part of the Consolidated financial statement for the year ended 31st March, 2013 (Contd.)

(Amount in ₹)

Particular	As at 31st March	
	2013	2012
11 INVENTORIES		
(As taken by the Management and certified by a Director)		
(At lower of Cost and net realisable value)		
Stock- in-trade		
Equity Shares & Securities (Quoted)	2,59,05,721	2,44,16,779
Preference shares	1	1
Mutual Funds (Quoted)	43,354	1,250
Total	2,59,49,076	2,44,18,030
12 TRADE RECEIVABLES		
(Unsecured, considered good)		
Trade receivables		
- outstanding for a period less than six months	2,00,70,186	2,57,95,503
- outstanding for a period exceeding six months	43,93,944	23,15,419
Total	2,44,64,130	2,81,10,922
13 CASH AND CASH EQUIVALENTS		
a. Balances with banks *	2,08,09,607	2,29,75,554
b. Cash on hand	2,99,827	4,03,748
c. Fixed deposits with banks #	2,32,92,221	2,32,16,868
Total	4,44,01,655	4,65,96,170
# Fixed Deposits with banks includes deposit of ₹ 41,00,000/- (Previous Year ₹ 29,00,000/-) with maturity more than 12 months		
# Fixed Deposits with banks includes fixed deposits pledged with banks against Bank Guarantee and margin money amounting to ₹ 1,71,33,026/- (Previous Year - ₹ 1,68,67,210/-)		
* Balance with banks include Unclaimed Dividend of ₹ 13,48,504/- (Previous Year ₹ 10,63,350/-)		
14 SHORT TERM LOANS AND ADVANCES		
(Unsecured, considered good)		
Other advances	9,72,498	9,46,043
Total	9,72,498	9,46,043

Notes forming part of the Consolidated financial statement for the year ended 31st March, 2013 (Contd.)

(Amount in ₹)

Particular	As at 31st March	
	2013	2012
15 OTHER CURRENT ASSETS		
Prepaid expenses	6,43,452	5,74,820
Income tax refundable	1,03,521	-
Interest accrued on bank deposits	12,26,787	10,55,565
Total	19,73,760	16,30,385

Particular	For the year ended 31st March	
	2013	2012
16 REVENUE FROM OPERATIONS		
- Investment Banking	7,30,81,852	9,91,13,017
- Commodity trading	45,112	14,16,753
- Sales of stock-in-trade	3,45,51,354	1,38,92,455
- Brokerage, commission and other charges	1,24,98,189	1,46,62,445
Total	12,01,76,507	12,90,84,670
17 OTHER INCOME		
Interest Income from banks on deposits	25,71,867	22,06,180
Dividend Income	8,81,297	11,62,658
Net gain on sale of mutual funds	18,66,795	4,38,564
Net gain on intraday trading of shares and securities	1,73,324	1,52,984
Prior period income relating to gratuity	8,06,716	-
Net gain on sale of fixed asset	-	1,21,32,190
Other non-operating income	16,35,287	15,50,182
Total	79,35,286	1,76,42,758
18 EMPLOYEE BENEFITS EXPENSE		
Salaries, bonus and incentives	2,82,86,440	2,93,30,274
Contribution to provident and other funds	15,08,261	15,96,212
Gratuity fund contributions	4,68,958	5,84,219
Staff welfare expenses	9,80,754	12,26,285
Total	3,12,44,413	3,27,36,990

Notes forming part of the Consolidated financial statement for the year ended 31st March, 2013 (Contd.)

(Amount in ₹)

Particular	For the year ended 31st March	
	2013	2012
19 FINANCE COST		
Interest expense	4,93,534	12,59,753
Total	4,93,534	12,59,753
20 OTHER EXPENSES		
Demat and depository charges	2,50,152	2,21,812
Communication expenses	14,23,659	16,20,536
Insurance	2,09,267	2,04,894
Rent	21,19,000	21,45,000
Electricity	11,15,166	10,14,701
Office maintenance	15,39,728	15,55,896
Travelling & conveyance	33,01,870	25,48,186
Net loss on derivative transactions	6,55,157	15,37,641
Loss on sale of fixed assets	3,46,229	-
Rates & taxes	1,78,374	2,05,035
SEBI turnover and membership registration fees	9,28,309	22,09,380
Commission	2,50,000	22,50,000
Processing fees	1,70,200	1,16,025
Professional charges	71,18,748	1,12,33,279
Payment to auditor	2,60,500	2,31,505
Repairs & maintenance	91,189	6,05,343
Advertisement & Business promotion	55,27,763	56,87,066
Car expenses	19,83,307	20,43,176
Printing & stationery	9,77,000	15,50,639
Charity and donation	16,200	18,700
Computer expenses	1,96,189	2,61,534
NSE / BSE charges	3,03,861	4,54,066
VSAT charges	2,51,720	2,48,000
Miscellaneous expenses	39,92,886	47,98,800
Total	3,32,06,474	4,27,61,214
21 PAYMENTS TO AUDITORS		
- Statutory audit	1,36,000	1,35,000
- Tax audit	50,000	50,000
- Limited review	12,000	7,500
- Certification and other services	62,500	39,005
Total	2,60,500	2,31,505

Notes forming part of the Consolidated financial statement for the year ended 31st March, 2013 (Contd.)

22 GRATUITY AND POST-EMPLOYMENT BENEFITS PLANS

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

The following table summarises the components of net benefits / expense recognised in the profit and loss account and the balance sheet for the respective plans.

(Amount in ₹)

Particular	For the year ended 31st March	
	2013	2012
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	8,96,501	9,37,241
Contribution to Employee's Family Pension Fund	3,80,749	4,17,900
Total	12,77,250	13,55,141

B Defined Benefit Plans:

a) Expenses recognised in the statement of Profit and Loss Account for the year ended 31st March, 2013

Particulars	For the year ended 31 st March			
	2013		2012	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
(A) Component of Employer's Expense				
Current service cost	3,83,390	33,874	4,15,701	31,961
Interest cost on benefit obligation	1,97,271	37,256	1,84,410	41,638
Expected return on plan assets	(2,95,755)	-	(2,36,720)	-
Net actuarial(gain) / loss recognised during the period	2,18,465	2,23,554	(1,46,648)	1,29,524
Total expenses	5,03,371	2,94,684	2,16,743	2,03,123
(B) Actual Contribution and Benefits Payments for period ending				
Actual Benefit Payments	5,27,019	2,08,956	2,17,316	2,40,021
Actual Contribution	4,86,958	2,08,956	5,84,219	2,40,021

b) Net assets / (liability) recognised in the Balance Sheet as at 31st March, 2013

Particulars	For the year ended 31 st March			
	2013		2012	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present value of defined benefits obligation	26,41,002	5,37,316	24,04,121	4,52,962
Fair value of plan assets	34,47,718	-	32,32,296	-
Net assets / (liability) recognised in the Balance Sheet as at 31st March, 2013	8,06,716	(5,37,316)	8,28,175	(4,52,962)
Employer's Expense				
(a) Current Service Cost	3,83,390	33,874	4,15,701	31,961
(b) Total Employer Expense	5,03,371	2,94,684	2,16,743	2,03,123

Notes forming part of the Consolidated financial statement for the year ended 31st March, 2013 (Contd.)

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

c) Change in obligations during the year ended 31st March, 2013

(Amount in ₹)

Particulars	For the year ended 31 st March			
	2013		2012	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present value of defined obligation at the beginning of the period	24,04,121	4,52,962	21,69,528	4,89,860
Current service cost	3,83,390	33,874	4,15,701	31,961
Interest cost	1,97,271	37,256	1,84,410	41,638
Benefits paid	(5,27,019)	(2,08,956)	(2,17,316)	(2,40,021)
Actuarial (gains)/losses	1,96,193	2,23,554	(1,48,202)	1,29,524
Present value of defined benefits obligation at the end of the period	26,53,956	5,38,690	24,04,121	4,52,962

d) Change in the fair value of plan assets during the year ended 31st March, 2013

Particulars	For the year ended 31 st March			
	2013		2012	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Plan Asset at the beginning of the period	32,32,296	-	26,30,227	-
Actual return on Plan Asset	2,73,483	-	2,35,166	-
Contribution by the employer	4,68,958	2,08,956	5,84,219	2,40,021
Employee Contributions	-	-	-	-
Benefits Paid	(5,27,019)	(2,08,956)	(2,17,316)	(2,40,021)
Plan Asset at the end of the period	34,47,718	-	32,32,296	-

e) Gratuity plan

Particulars	For the year ended 31 st March				
	2013	2012	2011	2010	2009
Present value of defined benefit obligation	26,41,002	23,91,167	21,34,619	18,63,918	15,28,185
Fair value of plan assets	34,47,718	32,32,296	26,30,227	21,44,297	14,60,861
Surplus /(deficit)	8,06,716	8,41,129	4,95,608	2,80,379	(67,324)
Experience adjustment (gain)/ loss for plan liability	2,80,417	(39,515)	-	-	-
Experience adjustment (gain)/ loss for plan assets	(22,272)	(1,554)	-	-	-

Notes forming part of the Consolidated financial statement for the year ended 31st March, 2013 (Contd.)

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

f) Leave encashment

(Amount in ₹)

Particulars	For the year ended 31 st March				
	2013	2012	2011	2010	2009
Present value of defined benefit obligation	5,38,690	4,51,588	4,83,528	5,00,319	4,73,794
Surplus / (deficit)	(5,37,316)	(4,51,588)	(4,83,528)	(5,00,319)	(4,73,794)
Experience adjustment (gain)/ loss for plan liability	2,04,123	1,51,194	-	-	-
Experience adjustment (gain)/ loss for plan assets	-	-	-	-	-

Note: The company has written back ₹ 8,06,716/- on account of excess liability provided in earlier years for Gratuity on the basis of actuarial valuation.

23 SEGMENT INFORMATION

Particular	For the year ended 31st March	
	2013	2012
A Primary segment information (by business segments)		
i Segment Revenue		
– Capital Market Operations	5,05,12,278	3,22,99,522
– Investment Banking	7,67,92,799	11,44,27,906
– Others (Unallocable)	8,06,716	-
Total segment revenue	12,81,11,793	14,67,27,428
ii Segment results (before interest and unallocated income/expense)		
– Capital Market Operations	1,52,830	(32,01,944)
– Investment Banking	2,42,27,182	5,39,23,561
– Others (Unallocable)	1,36,784	(8,62,280)
Total segment results	2,45,16,796	4,98,59,337
iii Operating profit	2,45,16,796	4,98,59,337
iv Unallocated interest expenses	4,93,534	12,59,753
v Unallocated interest income	-	-
vi Total profit before tax	2,40,23,262	4,85,99,584
vii Segment assets		
– Capital Market Operations	10,85,61,849	10,37,09,502
– Investment Banking	18,61,71,438	19,17,26,024
– Others (Unallocable)	81,52,279	50,94,074
Total segment assets	30,28,85,566	30,05,29,600

Notes forming part of the Consolidated financial statement for the year ended 31st March, 2013 (Contd.)

23 SEGMENT INFORMATION (Contd.)

(Amount in ₹)

Particular	For the year ended 31st March	
	2013	2012
A Primary segment information (by business segments) (Contd.)		
viii Segment liabilities		
– Capital Market Operations	63,79,617	1,11,05,025
– Investment Banking	86,63,201	1,22,03,558
– Others (Unallocable)	60,19,192	84,87,109
Total segment liabilities	2,10,62,010	3,17,95,692
ix Depreciation		
– Capital Market Operations	6,12,745	7,15,724
– Investment Banking	34,68,023	34,37,321
– Others (Unallocable)	-	-
Total depreciation	40,80,768	41,53,045
x Capital employed		
– Capital Market Operations	10,21,82,232	9,26,04,477
– Investment Banking	17,75,08,237	17,95,22,466
– Others (Unallocable)	21,33,087	(33,93,035)
Total Capital Employed	28,18,23,556	26,87,33,908

Note:

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

Segments have been identified and reported taking into account the nature of services, different risk & return and internal reporting system.
- Segment Revenue, Results, Assets and Liabilities include the respective amounts identified to each of the segment and amounts allocated on a reasonable basis. Whereas un-allocable Revenue, Results, Assets and Liabilities have been included in "others"
- Segment liabilities excludes Deferred Tax Liabilities of ₹ 1,11,62,442/- (Previous Year ₹ 1,03,81,245/-)

B. There is no reportable geographical segment.

24 OPEN INTEREST IN EQUITY INDEX/STOCK FUTURES AS AT 31ST MARCH, 2013 (PREVIOUS YEAR ₹ NIL)

Sl.No.	Name of the future	Series of future	Number of contracts	Number of units involved
1	ICICI Bank	25th April, 2013	8	2,000
2	Orient Bank of Commerce	25th April, 2013	16	16,000
3	State Bank of India	25th April, 2013	16	2,000
4	Reliance Industries Limited	25th April, 2013	8	2,000
5	Silver - M	30th April, 2013	8	40kg

Notes forming part of the Consolidated financial statement for the year ended 31st March, 2013 (Contd.)

25 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	Associate /Joint Venture Concerns	SFSL Insurance Advisory Services (P) Ltd. SFSL Risk Management Services (P) Ltd. Capita Finance Services Ltd. U.S. Infotech (P) Ltd.
ii	Key Management Personnel	Mr. Bhawani Sankar Rathi (Wholetime Director) Mr. Rajesh Kumar Gupta (Wholetime Director) Mr. Vijay Maheshwari (Director) Mr. Bijay Murmuria (Director)
iii	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 Manage- ment Personnel	Total
i) Managerial remuneration	-	-	39,05,689	39,05,689
	-	-	(11,58,200)	(11,58,200)
ii) Rent paid	-	1,68,000	6,00,000	7,68,000
	-	(1,68,000)	(6,00,000)	(7,68,000)
iii) Guarantee commission paid	-	-	2,50,000	2,50,000
	-	-	(2,50,000)	(2,50,000)
iv) Equity Share Allotment (Incl. Premium)	-	-	-	-
	(62,00,000)	-	-	(62,00,000)
v) Dividend Paid	4,52,040	1,74,880	16,41,128	22,68,048
	(2,70,040)	(1,74,880)	(16,41,128)	(20,86,048)

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, 2013 (Contd.)

25 DISCLOSURES OF RELATED PARTY TRANSACTIONS (AS IDENTIFIED & CERTIFIED BY THE MANAGEMENT) (Contd.):

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

(Amount in ₹)

Particular	For the year ended 31st March	
	2013	2012
Managerial Remuneration		
Bhawani Sankar Rathi	19,56,112	11,58,200
Rajesh Kumar Gupta	19,49,577	-
Rent paid		
Superb Estate Services Pvt. Ltd	1,68,000	1,68,000
Vijay Maheshwari	6,00,000	6,00,000
Guarantee Commission paid		
Vijay Maheshwari	1,25,000	1,25,000
Bijay Murmura	1,25,000	1,25,000
Equity share allotted		
Capita Finance Services Ltd	-	31,10,000
SFSL Risk Management Services Pvt. Ltd	-	15,50,000
SFSL Insurance Advisory Services Pvt. Ltd	-	15,50,000
Dividend paid		
Vijay Maheshwari	12,49,776	-
26 EXPENDITURE / EARNING IN FOREIGN CURRENCY		
a) Expenditure in Foreign Currency		
Travelling	3,65,873	3,69,920
User Fees	6,08,675	5,67,000
Purchase of non current investment	30,04,313	-
Total	39,78,861	9,36,920
Note : The figures given above are net payments after withholding deducting tax at source.		
b) Earnings in Foreign currency		
Consultancy Fees	19,59,027	11,54,168
Total	19,59,027	11,54,168

Notes forming part of the Consolidated financial statement for the year ended 31st March, 2013 (Contd.)

(Amount in ₹)

Particular	For the year ended 31st March	
	2013	2012
27 EARNING PER SHARE (EPS)		
Earning per Share		
a Profit after tax (₹)	1,70,77,065	3,54,12,924
b Weighted average number of equity shares outstanding during the year (nos)	79,84,424	68,24,673
c Nominal value of equity per share (₹)	10	10
d Weighted average number of equity shares outstanding during the year in computing diluted earning per share (nos.)	79,84,424	68,24,673
e Earning per share		
- Basic [a/b] (₹)	2.14	5.19
- Diluted [a/d] (₹)	2.14	5.19

28 Balances of some of the trade receivables, trade payable, loans and advances incorporated in the books as per balances appearing in the relevant subsidiary records, are subject to confirmation from the respective parties and consequential adjustments arising from reconciliation, if any. The management, however, is of the view that there will be no material discrepancies in this regard.

29 During the year unpaid dividend amounting to ₹ 95,225/- relating to financial year 2004-05 has been transferred to the Investor Education and Protection Fund as per Section 205C of the Companies Act, 1956.

30 Historically, the company's investment in unquoted shares has been done with a view to hold them for long term and thereby earn capital gains, since dividend payout on such investments has generally been irregular. The aforesaid policy has been taken into consideration while computing the provision for income-tax as applicable.

(Amount in ₹)

Particular	As at 31st March	
	2013	2012
31 CONTINGENT LIABILITY		
a Contingent liabilities not provided for in respect of Guarantee given by Canara bank to National Securities Clearing Corporation limited (₹ 80 Lakhs) and Stock Holding Corporation of India Ltd (₹ 50 Lakhs) #	1,30,00,000	1,30,00,000
b Contingent liabilities not provided for in respect of Guarantee given by HDFC bank to Multi Commodity of Exchange Ltd	50,00,000	50,00,000
c Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	26,84,687	13,49,995

The above 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.

Notes forming part of the Consolidated financial statement for the year ended 31st March, 2013 (Contd.)

32 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, 2013
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 31.03.13	Carrying Amount of Investments as on 31.03.13
SFSL Insurance Advisory Services (P) Ltd.	23.80	8,50,000	4,95,355	(2,71,433)	5,78,567
SFSL Risk Management Services (P) Ltd.	38.43	9,25,000	66,936	2,37,458	11,62,458
Capita Finance Services Ltd.	26.61	4,00,000	1,49,755	3,86,491	7,86,491
US Infotech Pvt. Ltd.	43.35	56,22,688	3,59,192	27,74,131	83,96,819
Total		77,97,688	10,71,238	31,26,647	1,09,24,335

33 Revaluation of Office Premises was carried out as on 31.03.96 by an approved Valuer. The revaluation resulted in an increase of ₹ 13,11,255/- in the value of the assets over its net book value as on 31.03.96 which has been credited to Revaluation Reserve. Depreciation for the year ended 31.03.2013 of ₹ 21,373/- on revalued portion has been adjusted with Revaluation Reserve.

34 Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

35 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. Ravindra Khandelwal

Partner

Membership No. 054615

Place : Kolkata

Date : 18th May, 2013

For and on behalf of the Board of Directors

Bijay Murmuria

Bhawani Sankar Rathi

Rajesh Kumar Gupta

Directors

Deb Kumar Sett

Company Secretary

SUMMARISED ACCOUNTS

(₹ in Lakhs)

	2012-13	2011-12	2010-11	2009-10	2008-09
BALANCE SHEET					
Net Worth*	2627.47	2522.80	1917.18	1551.82	1118.69
Borrowings	43.26	54.32	448.27	15.24	12.74
Deferred Tax Liability	112.58	104.76	73.96	55.08	50.98
	2783.31	2681.88	2439.41	1622.14	1182.41
UTILISATION OF FUNDS					
Net Fixed Assets*	913.42	929.81	1050.42	471.74	433.16
Investments	507.35	538.53	281.11	626.10	233.86
Net Current Assets	1362.54	1213.54	1107.88	524.30	515.39
	2783.31	2681.88	2439.41	1622.14	1182.41
PROFIT AND LOSS ACCOUNT					
Income					
Income from Operations	855.80	1137.76	1249.92	1342.14	888.22
Sales of Stock-in-Trade	345.51	138.92	651.40	164.68	7.20
Other Income	70.82	174.68	54.49	30.04	44.89
	1272.13	1451.36	1955.81	1536.86	940.31
EXPENDITURE					
Establishment	644.73	753.60	669.67	633.68	517.97
Purchase of Stock-in-Trade	364.85	214.30	735.91	168.72	37.21
Changes in Inventory	(15.31)	(43.85)	(101.81)	(34.42)	(16.56)
Interest & Finance Charges	4.93	12.60	17.72	1.41	4.93
Depreciation	40.39	41.00	37.28	26.97	26.46
Provision for Diminution in Investment	1.09	1.71	0.18	2.32	14.41
	1040.68	979.36	1358.95	798.68	584.42
Profit before Taxation	231.45	472.01	596.86	738.18	355.89
Profit after Taxation	162.14	343.70	411.09	491.13	221.15
Earnings per Shares (in ₹)					
- Basic	2.03	5.04	6.02	7.26	3.32
- Diluted	2.03	5.04	5.66	7.21	3.27

* 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 FOURTH ANNUAL GENERAL MEETING** of the company to be held at "Somany Conference Hall, MCC Chamber of Commerce & Industry, 15B, Hemanta Basu Sarani, Kolkata – 700 001 on Saturday, the 10th August, 2013 at 10.30 a.m. and at any adjournment thereof.

Signed this.....day of2013



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: 6A Geetanjali, 8B Middleton Street
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 FOURTH ANNUAL GENERAL MEETING** at "Somany Conference Hall", MCC Chamber of Commerce & Industry, 15B, Hemanta Basu Sarani, Kolkata – 700 001 on Saturday, the 10th August, 2013 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.



Maheshwari Datamatics Pvt. Ltd.
6 Mangoe Lane, 2nd Floor, Kolkata - 700 001
Unit: SUMEDHA FISCAL SERVICES LIMITED

Payment of Dividend through Electronic Clearing Service

1. Regd. Folio No./Demat I D :
2. Shareholder's Name :
3. Shareholder's Address :
- Phone No. : Mobile :
- Email ID :
4. Income Tax Permanent Account Number (PAN) :
10 digits (PAN should be latest and correct) (attach self attested photocopy of the PAN Card)
5. Particulars of Bank
 - a. Name of the Bank :
 - b. Branch Name, Address and Phone No. :
 - *c. 9 digit Code Number of the Bank and :

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Branch as appearing on the MICR cheque issued by the Bank *(Please attach photocopy of a cheque or a cancelled blank cheque issued by your bank for verifying the accuracy of the code number)*
 - d. Account type (Please tick) : Savings Current Cash Credit
 - e. Account No. :
(as appearing on the MICR cheque book)
 - f. IFSC Code :

I hereby declare that the aforesaid particulars are correct and complete. I undertake to inform any subsequent changes in the above particulars before the relevant Book Closure date(s). If the payment is delayed or not effected at all for any reason(s) beyond the control of the Company, I will not hold the Company responsible.

Date :

.....
Signature of the 1st /sole Shareholder

*The nine digit code number of your bank and branch is mentioned on the MICR band next to the cheque number.



◀ Mr. Vijay Maheshwari, Director at the Banking Colloquium of CII at Kolkata



Mr. B. S. Rathi, Wholetime Director & CFO achieves another academic excellence (Rank 1 of MBF of ICAI) ▼



▶ Mr. Bijay Murmura, Director with other dignitaries at the Financial Markets' Conclave organized by CII at Kolkata



Values
we stand
by at
Sumedha



SUMEDHA
adding values to value
www.sumedhafiscal.com