

# Adding Values to

# Value

ANNUAL REPORT 2013-14  
SUMEDHA FISCAL SERVICES LIMITED



**SUMEDHA**  
adding values to value



**SUMEDHA**  
adding values to value

## **SUMEDHA FISCAL SERVICES LIMITED**

CIN: L70101WB1989PLC047465

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](http://www.sumedhafiscal.com) Email: [kolkata@sumedhafiscal.com](mailto: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](mailto: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](mailto: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](mailto: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](mailto: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](mailto: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](mailto: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 (Independent Director)



**Dr. Basudeb Sen**  
Independent Director



**Mr. Atul Chandra Varma**  
Independent Director



**Mr. Prashant Sekhar Panda**  
Independent Director



**Mr. Anil Kumar Birla**  
Non-Executive Director



**Mr. Vijay Maheshwari**  
Non-Executive Director



**Mr. Bijay Murmuria**  
Non-Executive Director





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



**Mr. Rajesh Kumar Gupta**  
Wholetime Director

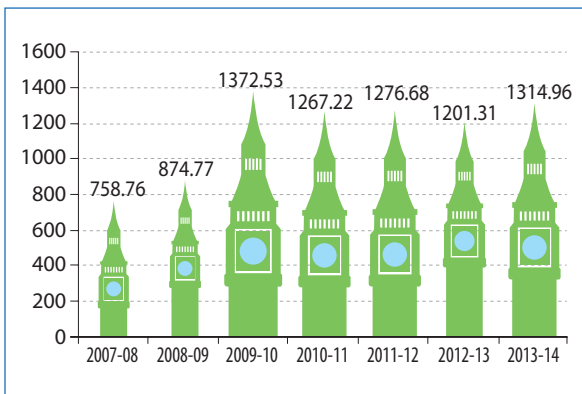


## KEY BUSINESS HIGHLIGHTS IN 2013 – 2014

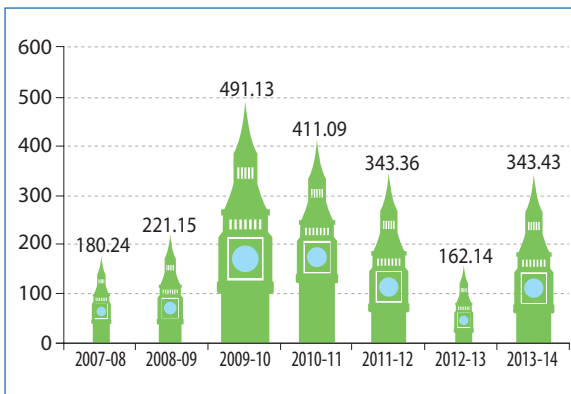
-  PAT stood at ₹ 343.43 Lakhs.
-  The Investment Banking Segment remains the major revenue earning arm accounting for 85 percent of Total Income from Operations.

### PERFORMANCE HIGHLIGHTS

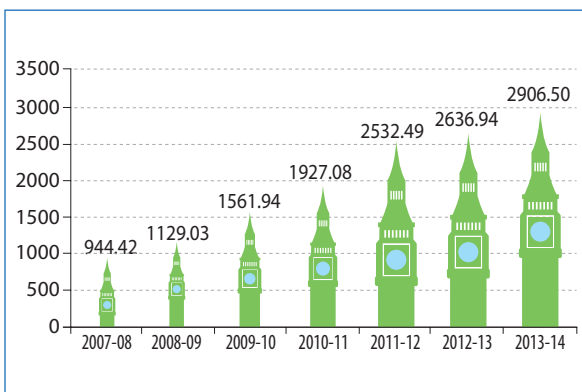
INCOME FROM OPERATIONS (In ₹ Lakhs)



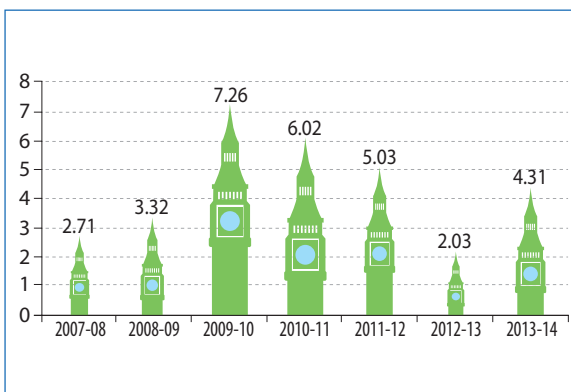
PAT (In ₹ Lakhs)



SHAREHOLDERS' FUND (In ₹ Lakhs)



EPS (In ₹)



# CHAIRMAN'S ADDRESS



*Dear Stakeholders,*

Welcome to the 25th Annual General Meeting of your Company. I thank for your sustained trust, encouragement and support.

Since we had met last scenario in the country has changed. India, the largest democracy on earth has just undergone a massive popular test. Such a clear mandate was long awaited and it augurs well for decisive steps to take the economy forward.

## **Rapid urbanisation & demographic dividend**

India is now having the largest young population in the world and expected to provide 4 workmen out of every 10, by 2025, as per Dr. Abdul Kalam, former President of India. This has created an unprecedented opportunity to educate, train and put them to creating income and wealth ushering in progress and prosperity to the individual and economy as a whole. But unless right things are done, they would

be drawn to misery, unrest and be prone to frustration. Another emerging trend is massive movement of rural population towards cities and also from one urban cluster to another. This has resulted in large scale urbanisation and consequent fallout in various aspects in urban ecosystem (viz. residential accommodation, public utilities and amenities, urban infrastructure etc.). Such large transition of population is likely to change the demand pattern of goods and services and their impact on the economy would be significant. With growth and development the trend is grow further.

## **Key areas of focus**

Investment Banking continues to be the major revenue earning division of your Company, contributing around 85% 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.

## **Financial Performance**

Despite several adverse factors during the year, Sumedha Fiscal Services Ltd. has posted revenues of Rs. 1315 lacs during FY14, an increase of 9.5% over Rs. 1201 lacs recorded last year. Profit before Tax has grown by 109% to Rs. 484 lacs against Rs. 231 lacs in the previous year. PAT stood at Rs. 344 lacs compared with Rs. 152 lacs for FY13, an increase of 126%. Our EPS stood at Rs. 4.31 in FY14, compared to Rs. 1.90 in FY13.

I would call these figures satisfactory considering the volatile economic and political environment of FY14.

## **Looking Ahead**

The markets and industry have responded to the new government's early pronouncements with hope and positivity. However initiative at individual and organization levels shall determine the milestones we achieve. Quality of leadership at different levels is critical for growth and success. We are at the stage where our businesses have begun to scale, rigorous investment in people, product and processes have been made to enhance operating efficiencies.

Our approach would be speed coupled with caution, aggression tempered with humility, looking to the future with an eye on the lessons of the past. These are our core strengths-staying focused and balanced in our approach.

Your Company acknowledges your unfaltering faith in our commitment.

I thank you all for standing by us and supporting us.

Regards,



**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.***



## CONTENTS

Notice	06
CFO Certification	16
Directors' Report	17
Report on Corporate Governance	22
Auditors' Certificate on Corporate Governance	32
Management Discussion and Analysis	33
Independent Auditors' Report	37
Annual Accounts	40
Statement u/s. 212 of the Companies Act, 1956	67
Subsidiary Company's Particulars	68
Consolidated Accounts	69
Financial Highlights	93

## Corporate Information

### Board of Directors

**Mr. Ratan Lal Gaggar**, *Chairman*

**Dr. Basudeb Sen**

**Mr. Atul Chandra Varma**

**Mr. Vijay Maheshwari**

**Mr. Prashant Sekhar Panda**

**Mr. Anil Kumar Birla**

**Mr. Bijay Murmuria**

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

**Mr. Rajesh Kumar Gupta**, *Wholetime Director*

### Company Secretary

**Mr. Deb Kumar Sett**

### Registered & Corporate Office

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

Corporate Identity No. (CIN):

L70101WB1989PLC047465

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

Fax: + 91 33 2226 4140/2265 5830

Web: [www.sumedhafiscal.com](http://www.sumedhafiscal.com)

Email: [kolkata@sumedhafiscal.com](mailto: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](mailto:mdpl@cal.vsnl.net.in)

### Annual General Meeting

Day : Saturday

Date : 13th September, 2014

Time : 10.30 A.M.

Venue : MCC Chamber of Commerce & Industry

15-B, Hemanta Basu Sarani,

Kolkata - 700 001.

## **Sumedha Fiscal Services Ltd.**

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

CIN - L70101WB1989PLC047465

Tel : 033-2229 8936/6758 Fax : 033-2226 4140/ 033 2265 5830.

Email : investors@sumedhafiscal.com Website : www.sumedhafiscal.com

### **NOTICE OF 25TH ANNUAL GENERAL MEETING**

Notice is hereby given that the Twenty Fifth Annual General Meeting of Sumedha Fiscal Services Ltd. will be held at MCC Chamber of Commerce & Industry, 15B Hemanta Basu Sarani, Kolkata – 700 001, on Saturday, the 13th day of September, 2014 at 10:30 AM for the transaction of the following business :-

#### **ORDINARY BUSINESS**

1. To consider and adopt the Accounts of the Company for the financial year ended 31st March, 2014, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon;
2. To declare dividend for the financial year ended 31st March, 2014;
3. To appoint a Director in place of Mr. Vijay Maheshwari who retires by rotation and being eligible offers himself for re-election;
4. To appoint a Director in place of Mr. Bijay Murmuria who retires by rotation and being eligible offers himself for re-election;
5. To appoint Auditors and to pass, with or without modification(s), the following resolution as an Ordinary Resolution :-  
“Resolved that M/s. ARSK & Associates, Chartered Accountants (Firm’s Registration No. 315082E), be and are hereby appointed as the Auditors of the Company from the conclusion of this Meeting till the conclusion of the next Annual General Meeting of the Company at such remuneration as shall be fixed by the Board of Directors of the Company.”

#### **SPECIAL BUSINESS**

To consider and, if thought fit, to pass, with or without modification(s), the following Resolutions:-

6. **Modification in terms of Appointment of Mr. Bhawani Sankar Rathi, Wholetime Director as an Ordinary Resolution:**  
“Resolved that the resolution passed by the members at the Twenty Fourth Annual General Meeting held on 10th August, 2013 re-appointing Mr. Bhawani Sankar Rathi (DIN - 00028499), Wholetime Director, be and is hereby partially amended making his said appointment subject to retirement by rotation in pursuance of the provisions of Sections 149 and 152 of Companies Act, 2013 (“the Act”) and other applicable provisions, if any, of the Act read with Rules made there under. All the other terms and conditions of his aforesaid original re-appointment stand unchanged.”
7. **To appoint Mr. Ratan Lal Gaggar as an Independent Director and to pass, with or without modification(s), the following resolution as an Ordinary Resolution:**  
“RESOLVED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Ratan Lal Gaggar (DIN: 00322904), who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a Notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term upto 31st March, 2019.”



8. **To appoint Dr. Basudeb Sen as an Independent Director and to pass, with or without modification(s), the following resolution as an Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Dr. Basudeb Sen (DIN: 00056861), who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a Notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term upto 31st March, 2019.”

9. **To appoint Mr. Atul Chandra Varma as an Independent Director and to pass, with or without modification(s), the following resolution as an Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Atul Chandra Varma (DIN: 03281839), who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a Notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term upto 31st March, 2019.”

10. **To appoint Mr. Prashant Sekhar Panda as an Independent Director and to pass, with or without modification(s), the following resolution as an Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Prashant Sekhar Panda (DIN: 00596554), who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a Notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term upto 31st March, 2019.”

11. **Leasing out of office-space and to pass, with or without modification(s), the following resolution as a Special Resolution:**

“RESOLVED THAT approval of the Company pursuant to Section 188(1)(c) of the Companies Act, 2013 and Rules made thereunder and other laws applicable thereto be and is hereby given to the letting out of the office space (565 sq. ft. approx.) along with furniture and fittings at the 1st floor of Geetanjali Apartment, Flat No. 1/1C, 8B Middleton Street, Kolkata – 700071 to M/s. Maheshwari & Associates, Chartered Accountants at a monthly rent of ₹ 35,000/- plus Service Tax and Maintenance Charges, be and is hereby approved.

Registered Office :  
 6A, Geetanjali,  
 8B, Middleton Street,  
 Kolkata – 700 071.  
 Date : 17th May, 2014

By Order of the Board  
**Deb Kumar Sett**  
 Company Secretary

**NOTES**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE MEETING) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.**  
**A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE PAID UP CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE PAID UP CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.**
2. The Register of Members of the Company will remain closed from September 6, 2014 to September 13, 2014, both days inclusive.
3. Instructions for e-voting are appended hereto.
4. The voting rights of shareholders shall be in proportion to their share of the paid up equity share capital of the Company.
5. E-voting period will commence from September 07, 2014 at 10.00 a.m. (IST) and will end on September 09, 2014 at 6.00 p.m. IST).
6. Mr. B. L. Patni, Practicing Company Secretary, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner, whose e-mail address is patnibl@yahoo.com.
7. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
8. The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website [www.sumedhafiscal.com](http://www.sumedhafiscal.com) and on the website of CDSL within two (2) days of passing of the resolutions at the AGM of the Company.
9. The Dividend if approved at the Meeting shall be credited/dispatched on or before October 12, 2014 to those members holding shares in physical form whose names are on the register of members on September 13, 2014 or their mandatees. In respect of shares held in electronic form, the dividend will be paid to the beneficial owners of the shares appearing on closure of the business hours on September 05, 2014 as per details provided by the Depositories for the purpose.
10. Members holding shares in dematerialized form should intimate to their Depository Participant, the necessary bank account details, 9 digit MICR code and 11 digit IFS code. Members holding shares, in physical form may intimate the Registrar and Share Transfer Agents, the necessary bank details, 9 digit MICR code and 11 digit IFS code along with photocopy of cheque and PAN Card for NECS credit directly to their bank accounts wherever NECS facility is available or for printing of their bank account details on the dividend warrants. In case of any change in the bank particulars, the change should be intimated to the Depository Participant (in case of dematerialized shares) and the Registrar and Share Transfer Agents (in case of physical share, immediately so that the changed particulars may be used for dividend payment.
11. Duly executed and stamped transfer deeds, along with the relative Share Certificates, should be submitted to the Company's Registrar & Share Transfer Agents before the closure of the Register of Members for registration of transfers.
12. Members are requested to encash their Dividend Warrants as Dividend remaining unclaimed for seven years are required to be transferred to the Investor Education & Protection Fund established by the Central Government under Section 205C of the Companies Act, 1956. Pursuant to the provisions of the Investor Education and Protection Fund (Uploading of Information regarding unpaid and unclaimed amounts lying with Companies) Rules 2012, the Company has uploaded the details of unpaid and unclaimed dividend amounts lying with the Company as on August 10, 2013 (date of last AGM) on the website of the Company [www.sumedhafiscal.com](http://www.sumedhafiscal.com) and also on the website of the Ministry of Corporate Affairs.
13. The Securities & Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market transaction and off-market/private transaction including, transfer of shares held in physical form, deletion of name of the deceased shareholder(s), where the shares are held in the name of two or more shareholders, transmission of shares to the legal heir(s), where deceased shareholder was the sole holder of shares and transposition of shares - when there is a change in the order of names in which physical shares are held jointly in the names of two or more shareholders.
14. Members are requested to register their e-mail id's with the Company or Registrar and Share Transfer Agents of the Company by sending their e-mail id's to [investors@sumedhafiscal.com](mailto:investors@sumedhafiscal.com) or [mdpl@cal.vsnl.net.in](mailto:mdpl@cal.vsnl.net.in) in case of shares held in physical form. Members who register their email ID would receive the notice(s)/documents through e-mail instead of physical copy. However, the Company would provide the physical copy of the documents to any shareholders against requisition received from him/her.
15. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 5.00 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.
16. The information as required to be provided in terms of Clause 49 of the Listing Agreements with the Stock Exchanges regarding the Directors who are proposed to be appointed/re-appointed is also annexed.

## PARTICULARS RELATING TO DIRECTORS PROPOSED TO BE APPOINTED/RE-APPOINTED

<b>1</b>	Name	Mr. Vijay Maheshwari		
	Date of Birth	03-Jan-1951		
	Date of Appointment	24-Nov-1999		
	Qualifications	B.Com, FCA		
	Expertise	Mr. Maheshwari 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).		
	Chairman/Member of the Committee of the Company	<ul style="list-style-type: none"> <li>■ Remuneration /Compensation Committee, Member</li> <li>■ Management Committee, Member</li> </ul>		
	Other Directorships (as at 31.03.2014)	<b>Name of the Company</b>	<b>Committee Membership, if any</b>	
		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.	Nil	
Shareholding in the Company	1562220 Equity Shares of ₹ 10/- each			
<b>2</b>	Name	Mr. Bijay Murmura		
	Date of Birth	14-Oct-1967		
	Date of Appointment	04-Jul-1992		
	Qualifications	B.Com (Hons), FCA, AICWA		
	Expertise	Mr. Murmura is an execution wizard as well as knowledge leader of the Company. His understanding of money market, securities market and Foreign Exchange acts as the corner stone for the Company. Mr. Murmura is past President of Association of National Exchange Members of India (ANMI) and active member of the Confederation of Indian Industry (CII).		
	Chairman/Member of the Committee of the Company	<ul style="list-style-type: none"> <li>■ Audit Committee, Member</li> <li>■ Management Committee, Member</li> </ul>		
	Other Directorships (as at 31.03.2014)	<b>Name of the Company</b>	<b>Committee Membership, if any</b>	
		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.	Nil	
Shareholding in the Company	369920 Equity Shares of ₹ 10/- each			

<b>3</b>	Name	Mr. Ratan Lal Gaggar		
	Date of Birth	01-Dec-1932		
	Date of Appointment	30-Mar-1993		
	Qualifications	B.A., LLB		
	Expertise	Mr. Gaggar is an eminent Solicitor and ranks amongst the foremost Legal Practitioner in the Country and his expertise and pre-eminence has been of considerable support to the Company.		
	Chairman/Member of the Committee of the Company	Chairman of the Board of Directors of the Company		
	Other Directorships (as at 31.03.2014)	<b>Name of the Company</b>	<b>Committee Membership, if any</b>	
		1. Somani Ceramics Limited	<ul style="list-style-type: none"> <li>■ Audit Committee, Member</li> <li>■ Share Holders / Investors' Grievance Committee, Member</li> <li>■ Remuneration Committee, Member</li> </ul>	
		2. Sarda Plywood Industries Ltd.	<ul style="list-style-type: none"> <li>■ Audit Committee, Member</li> <li>■ Share Holders / Investors' Grievance Committee, Member</li> <li>■ Remuneration Committee, Member</li> </ul>	
		3. TIL Limited	<ul style="list-style-type: none"> <li>■ Audit Committee, Member</li> <li>■ Share Transfer Committee, Member</li> <li>■ Remuneration Committee, Member</li> </ul>	
		4. The Peria Karmalai Tea & Produce Co. Ltd.		
		5. Paharpur Cooling Towers Ltd.	<ul style="list-style-type: none"> <li>■ Audit Committee, Member</li> </ul>	
		6. International Combustion (India) Ltd.	<ul style="list-style-type: none"> <li>■ Audit Committee, Member</li> <li>■ Remuneration Committee, Member</li> </ul>	
7. SPML Infra Ltd.				
8. Machino Plastics Ltd.				
9. Shree Cement Ltd.		<ul style="list-style-type: none"> <li>■ Audit Committee, Member</li> <li>■ Remuneration Committee, Member</li> <li>■ Selection Committee, Member</li> <li>■ Share Holders / Investors' Grievance Committee, Member</li> </ul>		
10. Machino Polymer Ltd.				
11. Subhash Kabini Power Corporation Ltd.				
Shareholding in the Company	Nil			



<b>4</b>	Name	Dr. Basudeb Sen		
	Date of Birth	16-Jan-1948		
	Date of Appointment	28-Dec-2005		
	Qualifications	M.A. (Econ.), Ph.D., (ISMP-AMP) of Harvard Business School		
	Expertise	Dr. Sen has over three decades of association with the banking and mutual fund industry. He is also associated with infrastructure and manufacturing sectors for a considerable period of time. He has held top positions in a number of commercial banks and institutions. His overall expertise provides the organization with tremendous supportive value in related areas of Commercial Banking, Investment Management and Strategic Planning.		
	Chairman/Member of the Committee of the Company	Nil		
	Other Directorships (as at 31.03.2014)	<b>Name of the Company</b>	<b>Committee Membership, if any</b>	
		1. Mahanagar Gas Ltd.	<ul style="list-style-type: none"> <li>■ Remuneration Committee, Member</li> <li>■ Audit Committee, Chairman</li> </ul>	
2. Dhunseri Petrochem & Tea Ltd.		<ul style="list-style-type: none"> <li>■ Remuneration Committee, Chairman</li> <li>■ Corporate Governance Committee, Chairman</li> <li>■ Audit Committee, Member</li> <li>■ Shareholders' Grievance Committee, Member</li> <li>■ Share Transfer Committee, Member</li> </ul>		
	3. AI Champdani Industries Ltd.			
Shareholding in the Company	4000 Equity Shares of ₹ 10/- each			

<b>5</b>	Name	Mr. Atul Chandra Varma		
	Date of Birth	18-Feb-1949		
	Date of Appointment	13-Nov-2010		
	Qualifications	B.Sc.		
	Expertise	Mr. Varma has wealth of experience in Banking sector. His last assignment, prior to retirement, was Managing Director, State Bank of Patiala. He has been an advisor to ARCIL, Forbes & Technosys.  His wide experience in Banking sector is of immense value to the Company.		
	Chairman/Member of the Committee of the Company	<ul style="list-style-type: none"> <li>■ Audit Committee, Member</li> <li>■ Remuneration / Compensation Committee, Member</li> </ul>		
	Other Directorships (as at 31.03.2014)	<b>Name of the Company</b>	<b>Committee Membership, if any</b>	
		Nil	Nil	
Shareholding in the Company	Nil			



6	Name	Mr. Prashant Sekhar Panda		
	Date of Birth	25-Jan-1956		
	Date of Appointment	24-Jan-2009		
	Qualifications	B.Com (Hons), FCA		
	Expertise	Mr. Panda is a Practicing Chartered Accountant with vast exposure in finance and Audit. He is having expertise and knowledge in wide area (Company Laws, Income Tax Laws, Service Tax Laws, Computer-based Accounting Practices).		
	Chairman/Member of the Committee of the Company	<ul style="list-style-type: none"> <li>■ Audit Committee, Chairman</li> <li>■ Remuneration / Compensation Committee, Member</li> <li>■ Investors' Grievance Committee, Chairman</li> </ul>		
	Other Directorships (as at 31.03.2014)	<b>Name of the Company</b>	<b>Committee Membership, if any</b>	
		1. World Resorts Ltd.	<ul style="list-style-type: none"> <li>■ Audit Committee, Chairman</li> <li>■ Remuneration Committee, Member</li> </ul>	
		2. SFSL Commodity Trading Pvt. Ltd.		
		3. Somnath Commercials (P) Ltd.		
4. Devika Properties (P) Ltd.				
5. IITL Corporate Insurance Services (P) Ltd.				
6. MRG Hotels (P) Ltd.				
Shareholding in the Company	Nil			

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

### Item No. 6

Mr. Bhawani Sankar Rathi was re-appointed as Wholetime Director and Chief Financial Officer of the Company at its Annual General Meeting held on August 10, 2013. He is not liable to retire by rotation pursuant to provisions of the Companies Act, 1956. However in terms of Section 152 of the new Companies Act, 2013 and Rules made there under, appointments of not less than 2/3rds of total number of directors shall be subject to retirement by rotation. To bring the composition of the Board in line with the new provisions of the Act, a partial modification to his original appointment is proposed for your approval without changing other terms and conditions of his original appointment.

Mr. Bhawani Sankar Rathi is interested in this resolution. The relatives of Mr. B. S. Rathi may be deemed to be interested in the resolution to the extent of their shareholding interest, if any, in the Company. None of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item Nos. 6 of the Notice.

### Item No. 7, 8, 9 and 10

Mr. Ratan Lal Gaggar, Dr. Basudeb Sen, Mr. Atul Chandra Varma and Mr. Prashant Sekhar Panda are Non-Executive Directors of the Company and have been Independent Directors of the Company in terms of Clause 49 of the Listing Agreement with the Stock Exchanges.

In terms of Section 149 of the Companies Act, 2013 (the Act) and Rules made thereunder, each being eligible for appointment, are proposed to be individually appointed as Independent Directors for five consecutive years for a term up to the conclusion of the 30th Annual General Meeting of the Company.

The Company has also received declarations from them that they meet with the criteria of Independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.



In the opinion of the Board each of them fulfills the conditions specified in the Companies Act, 2013 and Rules made thereunder for their individual appointment as an Independent Director of the Company and each is individually independent of the management.

The Board considers that each of the above mentioned Director's continued association would be of immense benefit to the Company and it is desirable to continue to avail services of each of the above mentioned Directors as Independent Director. Accordingly, the Board recommends the resolutions by way of Ordinary Resolutions as set out as above under Item Nos. 7 to 10, in relation to the individual appointments of Mr. R. L. Gaggar, Dr. Basudeb Sen, Mr. A. C. Varma and Mr. P. S. Panda as Independent Director, for the approval by the shareholders of the Company.

Notice(s) has been received from member(s) along with the deposits of requisite amounts under Section 160 of the Act proposing each of Mr. R. L. Gaggar, Dr. Basudeb Sen, Mr. A. C. Varma and Mr. P. S. Panda as candidate(s) for the office of Independent Directors of the Company. The details with regard to age, qualification, expertise and directorships in other Indian Companies as well as shareholding in the Company of the above mentioned Independent Directors as at March 31, 2014 have been provided.

Copies of the draft letters for appointment of Mr. R. L. Gaggar, Dr. Basudeb Sen, Mr. A. C. Varma and Mr. P. S. Panda as Independent Directors setting out the terms and conditions would be available for inspection by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

Save and except Mr. R. L. Gaggar, Dr. Basudeb Sen, Mr. A. C. Varma and Mr. P. S. Panda, being individual appointee(s), none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in their respective resolutions set out at Item Nos. 7 to 10.

#### **Item No. 11**

The Company is having an office space of about 565 Sq. ft. at 1st floor of Geetanjali Apartment, Flat No. 1/1C, 8B Middleton Street, Kolkata – 700071 which has been remaining idle for quite some time and due to depressed market condition the Company does not have any immediate plan for utilisation thereof. The said office space, since lying idle, is now proposed to be let out to M/s. Maheshwari Associates, Chartered Accountants.

M/s. Maheshwari Associates, Chartered Accountants (M & A), having their Head Office at 6A Geetanjali, 8B, Middleton Street, Kolkata – 700071 need some additional space wherein Mr. Vijay Maheshwari, Mr. Bijay Murmuria, Mr. Anil Kumar Birla, Directors and Mr. Ajay kumar Laddha, Vice President of the Company (as permitted by the ICAI) are also Partners therein. For administrative convenience it is desirable to house the additional space near to Registered Office of the Company.

M & A are agreeable to pay monthly rents at market rate of ₹ 35,000/- plus Service Tax as applicable (presently at 12.36 %) alongwith maintenance charges to the Company for using the said furnished office space. The monthly rental has been determined in accordance with Valuation Report from a Registered Valuer.

The Audit Committee as well as the Board of Directors of the Company have duly considered the proposed transaction and now placed before the members of the Company for consideration and approval.

This statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement

Mr. Vijay Maheshwari, Mr. Bijay Murmuria, Mr. Anil Kumar Birla, Directors and Mr. Ajay kumar Laddha, Vice President of the Company being Partners therein are interested in the resolution set out at Item No. 11 of the Notice. Their relatives may be deemed to be interested therein to the extent of their shareholding interest, if any, in the Company.

Save and except Mr. Vijay Maheshwari, Mr. Bijay Murmuria, Mr. Anil Kumar Birla and Mr. Ajay kumar Laddha, being Partners of the said firm, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 11 of the Notice.

The Valuation Report and draft Rent Agreement shall be available for inspection during 11.00 a.m. to 3.00 p.m. at the Registered Office of the Company till the date of the Annual General Meeting.

Registered Office :  
6A, Geetanjali,  
8B, Middleton Street,  
Kolkata – 700 071.  
Date : 17th May, 2014

By Order of the Board  
**Deb Kumar Sett**  
Company Secretary

## The instructions for members for voting electronically

In case of members receiving e-mail:

- (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>■ Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>■ In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field. – Sequence number is communicated in the Attendance Slip/ Covering Letter.</li> </ul>
DOB	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio.</p> <ul style="list-style-type: none"> <li>■ Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or Company please enter the member id / folio number in the Dividend Bank details field.</li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.



- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
  - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
  - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

***In case of members receiving the physical copy:***

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (B) The voting period begins on <Date and Time> and ends on <Date and Time>. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of <Record Date>, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

## 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, 2014 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 : 17th May, 2014

**Bhawani Sankar Rathi**

Wholetime Director & Chief Financial Officer



## DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their 25th Annual Report and the Audited Accounts for the financial year ended March 31, 2014.

### Financial Highlights

(₹ in Lakhs)

	Year ended	
	31.03.2014	31.03.2013
Total Income	1381.12	1272.14
Cash Profit	523.50	271.85
Less : Depreciation	39.15	40.39
Profit before tax	484.35	231.46
Less : Provision for taxation	146.00	61.50
Add / (Less) : Deferred Tax	5.08	(7.82)
Profit after tax	343.43	162.14
Add : Surplus brought forward	1571.82	1467.15
Add / (Less) : Adjustment for Earlier years	1.04	(10.76)
Balance available for appropriation	1916.29	1618.53
APPROPRIATION		
Provision for Dividend (Including Dividend Tax)	74.73	46.71
Balance carried to Balance Sheet	1841.56	1571.82

### Operational Review

In 2013-14, your Company's total Income from Operations stood at ₹ 1314.96 lacs as against ₹ 1201.31 lacs during the previous year, an increase of 9.5% over last year.

Your Company continued its focus on fee based activities (Investment Banking) and income therefrom was ₹ 1124.10 lacs as against ₹ 730.81 lacs during the previous year, recording 53% increase. It continues to be the thrust area for the Company.

Income from Capital Market Operation for the year has been ₹ 117.74 lacs as against ₹ 124.98 lacs during the previous year due to subdued market condition for major portion of the year.

Income from Other Sources was at ₹ 66.15 lacs as against ₹ 70.82 lacs during the previous year.

In spite of downward trend in the market your Company has increased its total revenue and profits, mainly due to improved performance of Investment Banking Segment. However performance of other segments (Stock Broking, Depository Participant, Portfolio Management and Mutual Fund Distribution) are yet to pick up.

### Dividend

Taking into consideration the overall profitability position, the Board of Directors is pleased to recommend a dividend of 80 paise per share (8%) for the year ended March 31, 2014, subject to the approval of the Members at the Annual General Meeting.

### Business Outlook

The long spell of slow growth and high inflation appears to be over and green shoots of revival is apparent in the Index of Industrial Production (IIP). Government Policy to revive infrastructure projects has encouraging impact on the investment climate. The Company should benefit from improvement in the business sentiments. Improvement in relations with neighbouring countries has also opened up opportunities for Indian domestic industries.

**DIRECTORS**

In accordance with provisions of Section 149 and 152 of the Companies Act, 2013 read with Article 145 & 146 of the Articles of Association of the Company, Mr. Vijay Maheshwari and Mr. Bijay Murmura, Directors of the Company would retire by rotation at the ensuing Annual General Meeting, and are eligible for re-appointment. Your directors recommend their re-appointment as Directors of your Company, subject to retirement by rotation.

Mr. Bhawani Sankar Rathi, Wholetime Director and Chief Financial Officer of the Company was re-appointed at the Annual General Meeting held on August 10, 2013. In terms of re-appointment, he is not liable to retirement by rotation. However Section 152 of the new Companies Act, 2013 and Rules made there under, require at least 2/3rds of total number of directors to retirement by rotation. To bring the composition of the Board in line with the aforesaid provisions of the Act, your Directors recommend a partial modification to the terms of the aforesaid appointment/re-appointment of Mr. Rathi by making the same subject to retirement by rotation.

In terms of Section 149 of the new Companies Act, 2013 and Rules made there under, the Office of the Independent Directors shall be for a term upto five consecutive years. Your Directors recommend appointment of Mr. Ratan Lal Gaggar, Dr. Basudeb Sen, Mr. Atul. C. Varma and Mr. P. S. Panda as Independent Directors of your Company to hold Office for a period of five consecutive years. Presently they hold office as Independent Directors pursuant to Clause 49 of the Listing Agreement.

**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, 2014 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 re-appointment. The Company has received letter from them to the effect that their re-appointment, if made, would be in compliance with applicable provisions of the Companies Act, 2013 and they are not disqualified for re-appointment.

**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](http://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, 2011

The Company had approved the Employee Stock Option Scheme at its Annual General Meeting on 24th March, 2011 which was further amended on 09th November, 2013 and 18th January, 2014. Disclosure pursuant to Clause 12 of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 is annexed hereto – **Annexure – “A”**.

### Corporate Governance

Your Company has implemented all the mandatory 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 - “B.1”**, 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 – “C”**.

### 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 ₹ 5.75 Lacs (previous year ₹ 39.79 Lacs) by way of Traveling Expenses. Foreign exchange earnings for the said period were ₹ 18.09 Lacs (previous year ₹ 19.59 Lacs).

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, 2014 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, 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. We look forward to the future with confidence and stand committed to creating a brighter future for all shareholders.

Place: Kolkata  
Date: 17th May, 2014

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.

		<b>SFSL Employee Stock Option Scheme, 2007</b>	<b>SFSL Employee Stock Option Scheme, 2011</b>
a)	Total number of Options granted / allocated:	1,16,000 Options	3,48,000 Options (granted during 2013-14)
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	₹ 11/- per Equity Share
c)	Total number of Options vested	96,000 Options	Nil
d)	Total number of Options exercised	81,000 Options	Not applicable
e)	Total number of Equity Shares of ₹10/- each arising as a result of exercise of Options:	81,000 Shares	Not applicable
f)	Total number of Options lapsed	35,000 Options	Not applicable
g)	Variation of terms of Options :	Nil	Nil
h)	Money realised by exercise of Options	₹ 8,10,000/-	Not applicable
i)	Total number of Options in force	Nil	Nil
j)	(i) Details of Options granted to Senior managerial personnel :		

**SFSL Employee Stock Option Scheme, 2011**

Sl. No.	Name	No. of Options granted during 2013-14
1.	Mr. Rajesh Kumar Gupta, Wholetime Director	7000
2.	Deb Kumar Sett, Company Secretary	7000
3.	Mr. Ajay Kumar Laddha, Vice President	7000
4.	Mr. Bijoy Kamal Haldar, Asst. Vice President	7000
5.	Mr. Debjit Adak, Head Research	7000
6.	Mr. Girdhari Lal Dadhich, Senior Manager - Accounts	7000
7.	Mr. Harsh Singhania, Head - PMS	7000
8.	Mr. Ajay Kumar Jhawar, Senior Manager – DP Services	7000
9.	Mrs. Ritupriya C Anish, Manager – Human Resources	7000



		<i>SFSL Employee Stock Option Scheme, 2007</i>	<i>SFSL Employee Stock Option Scheme, 2011</i>													
	(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.	None														
	(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.	None														
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	No options were exercised during the year														
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 2013-14 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: (as on 31st March, 2014) ₹ in Lakhs</p> <table border="1"> <tr> <td>Profit After Tax (As reported)</td> <td>343.43</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>343.43</td> </tr> <tr> <td>Earnings Per Share</td> <td><b>Basic (₹)</b>    <b>Diluted (₹)</b></td> </tr> <tr> <td>As reported</td> <td>4.31            4.31</td> </tr> <tr> <td>As adjusted</td> <td>N.A.              N.A.</td> </tr> </table>		Profit After Tax (As reported)	343.43	Add: Intrinsic Value Compensation Cost	Nil	Less: Fair Value Compensation Cost (Black Scholes model)	Nil	Adjusted Profit	343.43	Earnings Per Share	<b>Basic (₹)</b> <b>Diluted (₹)</b>	As reported	4.31            4.31	As adjusted
Profit After Tax (As reported)	343.43															
Add: Intrinsic Value Compensation Cost	Nil															
Less: Fair Value Compensation Cost (Black Scholes model)	Nil															
Adjusted Profit	343.43															
Earnings Per Share	<b>Basic (₹)</b> <b>Diluted (₹)</b>															
As reported	4.31            4.31															
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	Weighted average exercise price per Option: ₹ 11.00 Weighted average fair value per Option: ₹ 8.68													
n)	A description of the method and significant assumptions used during the year to estimate the fair values of Options.	The fair value of each Option is estimated using the Black Scholes Option Pricing model after applying the following key assumptions on a weighted average basis:														
		a) Risk-free interest rate	7.7%	a) Risk-free interest rate	8.9%											
		b) Expected life	3 years	b) Expected life	3 years											
		c) Expected volatility	79%	c) Expected volatility	87%											
		d) Expected dividends	5%	d) Expected dividends	5%											
		e) The price of the underlying share in market at the time of Option Grant	₹ 8.22	e) The price of the underlying share in market at the time of Option Grant	₹ 11.00											

On Behalf of the Board



**Ratan Lal Gaggar**  
Chairman

Place: Kolkata  
Date: 17th May, 2014



## Annexure - B

## REPORT ON CORPORATE GOVERNANCE 2013-14

## REPORT ON CORPORATE GOVERNANCE

In compliance with the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges, your Company submits the Annual Report on Corporate Governance.

## COMPLIANCE OF MANDATORY REQUIREMENTS

## A. Company's Philosophy on Corporate Governance

The Company believes that good corporate governance consists of a combination of business practices which result in enhancement of the value of the Company to the shareholders and simultaneously enable the Company to fulfill its obligations to other stakeholders such as customers, vendors, employees and financiers and to the society in general. The Company further believes that such practices are founded upon the core values of transparency, empowerment, accountability, independent monitoring and environmental consciousness. The Company makes its best endeavours to uphold and nurture these core values in all aspects of its operations.

## B. Board of Directors

## (i) Composition of Board, Directorship and Committee Membership in other Companies as at March 31, 2014

Directors	Nature of Directorship	No. of other Directorship (excluding *)	No. of Committee Membership # of other companies (excluding*)		No. of Shares held@
			As Chairman	As Member	
1. Mr. Ratan Lal Gaggar, Chairman	Independent Director	11	-	9	-
2. Dr. Basudeb Sen	Independent Director	3	1	2	4000
3. Mr. Atul Chandra Varma	Independent Director	-	-	-	-
4. Mr. Vijay Maheshwari	Non-Executive/ Promoter Director	1	-	-	1562220
5. Mr. Prashant Sekhar Panda	Independent Director	1	1	-	-
6. Mr. Anil Kumar Birla	Non-Executive Director	-	-	-	6000
7. Mr. Bijay Murmura	Non-Executive/ Promoter Director	1	-	-	369920
8. Mr. Bhawani Sankar Rathi, Wholetime Director & Chief Financial Officer	Executive/Promoter Director	1	1	-	119270
9. Mr. Rajesh Kumar Gupta, Wholetime Director	Executive Director	-	-	-	220

@ As per last annual disclosure.

\* Foreign Companies, Private Companies and Companies under Section 25 of the Companies Act, 1956.

# Only the two committees viz. the Audit Committee and the Shareholders' Grievance Committee are considered for this purpose.

The Non-Executive Directors have no material pecuniary relationships or transactions with the Company in their personal capacity. The Company's Chairman is an Independent Director and as on March 31, 2014, Independent Directors comprise one-half of the Board strength.

For the year ended March 31, 2014 no Director is related to any other Director on the Board in terms of the definition of 'relative' given under the Companies Act, 1956.



**(ii) Changes in composition of the Board of Directors since last Report:**

There is no change in composition of the Board of Directors since last Report.

**(iii) Meetings and Attendance of Directors during Financial Year 2013-14**

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	Yes	1	18-May-13	9	8
Dr. Basudeb Sen	4	Yes	2	10-Aug-13	9	8
Mr. Atul Chandra Varma	4	Yes	3	09-Nov-13	9	8
Mr. Vijay Maheshwari	3	Yes	4	18-Jan-14	9	7
Mr. Prashant Sekhar Panda	2	No				
Mr. Anil Kumar Birla	4	Yes				
Mr. Bijay Murmura	4	Yes				
Mr. Bhawani Sankar Rathi	3	Yes				
Mr. Rajesh Kumar Gupta	4	Yes				

**(iv) Code of Conduct**

A Code of Conduct has been formulated for the Directors and senior management of the Company and the same is available on the Company's website. A declaration from the Wholetime Director & CFO that all Board Members and senior management personnel have duly complied with the Code of Conduct for the financial year ended March 31, 2014 is given hereunder:-

**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, 2014.

**Bhawani Sankar Rathi**

Wholetime Director & Chief Financial Officer

Kolkata, 17th May, 2014

**C. Audit Committee**

**(i) Terms of Reference**

The terms of reference of the Audit Committee, for the year under review, inter alia are as follows:

- a) Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- b) Reviewing the annual financial statements before submission to the Board, focusing primarily on:
  - Matters required to be included in the Directors' Responsibility Statement, as required for the Report of the Board of Directors
  - Any changes in accounting policies and practices
  - Major accounting entries based on exercise of judgement by management.
  - Qualifications in draft audit report
  - Significant adjustments arising out of audit
  - The going concern assumption
  - Compliance with accounting standards
  - Compliance with stock exchange and legal requirements concerning financial statements
  - Any related party transactions, i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.

- c) Reviewing with the management, the quarterly financial statements before submission to the Board
- d) Reviewing with the management, external and internal auditors, the adequacy of internal control systems
- e) Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit
- f) Discussion with internal auditors any significant findings and follow up thereon
- g) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board
- h) Discussion with external auditors before the audit commences on nature and scope of audit as well as have post-audit discussion to ascertain any area of concern
- i) Reviewing the Company's financial and risk management policies
- j) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors
- k) Reviewing the management discussion and analysis of financial condition and results of operations
- l) Reviewing the management letters/letters of internal control weaknesses, if any
- m) Reviewing with management the statement of utilization/application of funds raised through issues
- n) Reviewing the internal audit reports relating to internal control weaknesses may have potential conflict with the interests of Company at large
- o) Recommending appointment, removal and terms of remuneration of Internal Auditor
- p) Approval of the appointment of CFO (Wholetime Finance Director or person heading finance function)

Subsequent to the provisions of the Companies Act, 2013, coming into effect from April 1, 2014 and the revised clause 49 of the Listing Agreement coming into effect from October 1, 2014, the following additional terms of reference have been duly incorporated in order to be in compliance with the same.

- i) Approving or subsequently modifying transactions of the Company with related parties
- ii) Valuation of undertakings/assets where necessary
- iii) Overseeing/Reviewing the Vigil (Whistle Blower) Mechanism
- iv) Scrutinizing inter-corporate loans and investments
- v) Reviewing and monitoring auditors' independence and performance and effectiveness of audit process
- vi) Evaluating internal financial controls and risk management systems
- vii) Monitoring the end use of funds raised through public offers, if any, and related matters.

**(ii) Composition, Names of Members and Chairman**

- a. As on March 31, 2014, the Audit Committee comprised of Mr. Prashant Sekhar Panda (Chairman), Mr. Atul Chandra Varma, Mr. Anil Kumar Birla, all Independent Directors and Mr. Bijay Murmuria, a Non-Executive Director. On May 17, 2014, Mr. Anil Kumar Birla ceased to be a member of the Audit Committee.
- b. Mr. Deb Kumar Sett, Company Secretary acts as the Secretary of the Audit Committee.
- c. Invitees: (being entitled to attend as per relevant provisions of applicable Laws/Rules and/or when felt necessary) :-
  - (a) Director in charge of Finance: Mr. Bhawani Sankar Rathi, Wholetime Director and CFO
  - (b) Statutory Auditors: M/s. ARSK & Associates, Chartered Accountants
  - (c) The Internal Auditors: Mr. P. K. Mundra & Co., Chartered Accountants and Mr. D. Ray Choudhury & Co., Chartered Accountants



- d. The Committee's composition meets with requirements of Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.
- (iii) The Annual Accounts and Auditors' Report for the year ended March 31, 2014 were duly reviewed by the Audit Committee at its Meeting held on May 17, 2014 prior to adoption by the Board.
- (iv) During the year ended March 31, 2014, the Audit Committee met 4 times on 18.05.2013, 09.08.2013, 09.11.2013 & 18.01.2014.
- (v) **The attendance of the members was as follows:**

Sl.No.	Members	Meeting attended
1.	Mr. Prashant Sekhar Panda, Independent Director (Chairman)	2/4
2.	Mr. Atul Chandra Varma, Independent Director	4/4
3.	Mr. Bijay Murmuria, Non-Executive Director	4/4
4.	Mr. Anil Kumar Birla, Independent Director	4/4

#### D. 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.

#### E. Management Committee

The Management Committee consisting of Mr. Bijay Murmuria, Mr. Vijay Maheshwari, and Mr. Anil Kumar Birla, is headed by Mr. Bijay Murmuria. 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 22 times during the year under review.

#### F. Remuneration /Compensation Committee

##### (i) Terms of Reference

The terms of reference of the Remuneration / Compensation Committee, for the year under review, are as follows:

- a. to determine and recommend to the Board of Directors the remuneration package of the Wholetime Directors including periodical revisions therein.
- b. to approve, in the event of loss or inadequate profits in any year, the minimum remuneration payable to the Wholetime Directors within the limits and subject to the parameters prescribed in Schedule XIII to the Companies Act, 1956 and approvals as may be necessary.

##### (ii) Composition, Names of Members and Chairman

The Remuneration Committee of the Board as on March 31, 2014, comprised of Mr. Anil Kumar Birla, as Chairman, Mr. Prashant Sekhar Panda, Mr. Atul Chandra Varma, all Independent Directors and also Mr. Vijay Maheshwari, Non-Executive Director.

- (iii) During the year ended March 31, 2014, the Compensation Committee met twice on November 9, 2013 and January 18, 2014.

**(iv) The attendance of the members was as follows:**

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

**(v) Employee Stock Option Scheme**

The SFSL Employee Stock Option Scheme, 2007 has expired and subscription of the SFSL Employee Stock Option Scheme, 2011 has not yet commenced. Brief details and disclosures as required have been included in the Directors' Report.

**Remuneration Policy:**

The remuneration of the Wholetime Directors and Non-Executive Directors is determined by the Board within the statutory limits subject to shareholders' approval and on the basis of recommendation of the Remuneration Committee.

**The details of remuneration paid to Directors during the year are as follows:**

Sl.No.	Name of Directors	Meetings Fees # ₹	Guarantee Commission* ₹	Salary & Perks ₹	Total ₹
1.	Mr. Ratan Lal Gaggar, Chairman	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	15,000	1,25,000	-	1,40,000
5.	Mr. Prashant Sekhar Panda	20,000	-	-	20,000
6.	Mr. Anil Kumar Birla	40,000	-	-	40,000
7.	Mr. Bijay Murmuria	40,000	1,25,000	-	1,65,000
8.	Mr. Bhawani Sankar Rathi, Wholetime Director & CFO	-	-	19,94,640	19,94,640
9.	Mr. Rajesh Kumar Gupta, Wholetime Director	-	-	23,07,200	23,07,200
	<b>Total</b>	<b>1,90,000</b>	<b>1,50,000</b>	<b>43,01,840</b>	<b>47,41,840</b>

# 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

**Nomination & Remuneration Committee**

At the Board Meeting held on May 17, 2014, the "Remuneration Committee" was reconstituted as the "Nomination & Remuneration Committee" consisting of Mr. Prashant Sekhar Panda (Chairman), Mr. Atul Chandra Varma, Independent Directors and Mr. Vijay Maheshwari, Non-Executive Director.

The Committee's composition meets with the requirements of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement and the SEBI (ESOP and ESPS) Guidelines, 1999.

**Terms of Reference**

The terms of reference of the Nomination & Remuneration Committee, inter alia, includes the following:

- To determine and recommend to the Board of Directors the remuneration package of the Wholetime Directors including periodical revisions therein.
- To approve, in the event of loss or inadequate profits in any year, the minimum remuneration payable to the Wholetime Directors subject to the parameters prescribed in Schedule V to the Companies Act, 2013 and approvals as may be necessary.



- c. To identify persons for directorship & senior management positions and recommend their appointments/removals.
- d. To form criteria for qualifications/independence of directors.
- e. To recommend Policy for remuneration to Directors/Key Management Personnel and other employees.
- f. To form criteria for evaluation of Directors.
- g. To devise policy on Board Diversity.

**G. Management**

- i) Management Discussion and Analysis as approved by the Audit Committee has been included as part of the Annual Report.
- ii) There were no material financial and commercial transactions where senior management of the Company had personal interest that may have a potential conflict with the interest of the Company.

**H. Shareholders**

- i) The “Shareholders’/Investors’ Grievance Committee” of the Board as on March 31, 2014, comprises of Mr. Prashant Sekhar Panda (Chairman) and Mr. Anil Kumar Birla, both Independent Directors.
- ii) The terms of reference of the Committee are to look into redressal of investors’ complaints relating to transfer of shares/debentures, issue of dividend/interest warrants, repayment of deposits, non-receipt of dividend/interest warrants and notices/annual reports and other investor grievances.
- iii) During the year ended March 31, 2014, the Committee met 6 times on 20.04.2013, 13.07.2013, 05.09.2013, 19.10.2013, 11.01.2014 and 27.02.2014.
- iv) **The attendance of the members was as follows:**

Sl.No.	Members	Meeting attended
1.	Mr. Prashant Sekhar Panda	6/6
2.	Mr. Anil Kumar Birla	6/6

- v) Mr. Deb Kumar Sett, Company Secretary is the ‘Compliance Officer’ of the Company for the requirements under the Listing Agreements with Stock Exchanges.
- vi) Number of pending Share Transfers : Nil
- vii) The Board has delegated the power of share transfer to a Committee. The Committee attends to share transfer formalities weekly/fortnightly.
- viii) **Stakeholders Relationship Committee**

At the Board Meeting held on May 17, 2014, the “Shareholders’/Investors’ Grievance Committee” was renamed as the “Stakeholders Relationship Committee” for the purpose of the requirements of the Companies Act, 2013. The Committee’s composition meets with requirements of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

**Shareholders’ Complaints and Redressal as on March 31, 2014 :**

Complaints/ Grievance	Nos.
Redressal under process at the beginning of the year	Nil
Received during the year	Nil
Attended/Redressed	Nil
Pending at the year end	Nil

- ix) Details of Directors seeking appointment or reappointment at the ensuing Annual General Meeting : As appended to the Notice of 25th Annual General Meeting.

**I. General Body Meetings****i) Details of Annual General Meetings (AGMs)**

AGMs for last 3 years	Date of AGMs	No. of Special Resolution Passed	Location	Time
22nd	20-Aug-2011	Nil	Merchants' Chamber of Commerce, 15B Hemanta Basu Sarani, Kolkata - 700001	10.30 a.m.
23rd	25-Aug-2012	2		
24th	10-Aug-2013	1		

ii) **Postal Ballot** – During the year under review, no resolution was passed by Postal Ballot.

iii) In the Notice of the forthcoming 25th Annual General Meeting there are no items of business (Special Resolutions) which require to be conducted through postal ballot.

**J. Disclosures**

i) Related party transactions have been disclosed under Note No. 23 to the Accounts for the year under review. A Statement in summary form of transactions with related parties in the ordinary course of business are placed periodically before the Audit Committee as well as the Board. The pricing of all the transactions with the related parties were on an arms' length basis. The Company did not have any significant related party transactions during the year, which may have potential conflict with the interest of the Company.

ii) While preparation of financial statements during the period under review, no accounting treatment which was different from that prescribed in the Accounting Standard was followed.

iii) The Company has laid down adequate procedures to inform the Board about the risk assessment and risk minimization procedures.

iv) The Company has complied with all the requirements of the Listing Agreements with the Stock Exchanges as well as regulations and guidelines of SEBI. No penalties have been imposed or stricture has been issued by SEBI, Stock Exchanges or any Statutory Authorities on matters relating to Capital Markets during the last three years.

**v) Vigil Mechanism /Whistle blower Policy**

A Vigil Mechanism/ Whistle Blower Policy has been formulated for Directors and Employees of the Company and the same is available on the Company's website.

**K. Means of Communication****i) Financial Results**

Quarterly, half-yearly and annual results pursuant to Clause 41 of the Listing Agreement are submitted to Bombay Stock Exchange (BSE) and Calcutta Stock Exchange (CSE) as well as uploaded on the website of the BSE and the Company's website [www.sumedhafiscal.com](http://www.sumedhafiscal.com), as required. In addition, the same are also published in prominent dailies such as Financial Express (English) and Kalantar/ Ekdin/ Khabar 365 Din (Bengali) newspapers.

**ii) Other Information**

General Information on the Company, official news releases and presentations to analysts and institutional investors are also posted on the Company's website.

**L. CEO/CFO Certification**

The CFO Certificate duly signed by the Wholetime Director and CFO (Wholetime Director in charge of Finance) in respect of the financial year ended March 31, 2014 has been placed before the Board in the meeting held on May 17, 2014.

**M. General Shareholders' Information****1. Annual General Meeting :**

Date	Time	Venue
13th September, 2014	10.30 a.m.	MCC Chamber of Commerce & Industry 15B Hemanta Basu Sarani, Kolkata – 700001





## 2. Financial Calendar (tentative) for the year 2014-2015

Financial Reporting and Limited Review Report	Date of submission to Stock Exchange
For Quarter ending 30th June, 2014	2nd Week of August, 2014
For Quarter/Half year ending 30th September, 2014	2nd Week of November, 2014
For Quarter ending 31st December, 2014	4th Week of January, 2015
Financial Reporting (Audited) for the year ending 31st March, 2015	3rd Week of May, 2015

## 3. Dates of book closure

The Register of Members of the Company will remain closed from September 6, 2014 to September 13, 2014 (both days inclusive) for the purpose of the Annual General Meeting of the Company.

## 4. Date of Dividend Payment

On or before October 11, 2014.

## 5. Listing on Stock Exchanges

- The Calcutta Stock Exchange Ltd. 7, Lyons Range, Kolkata - 700 001.
- BSE Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.
- Annual Listing Fees for 2014-2015 have been paid to both the Stock Exchanges within the scheduled dates.

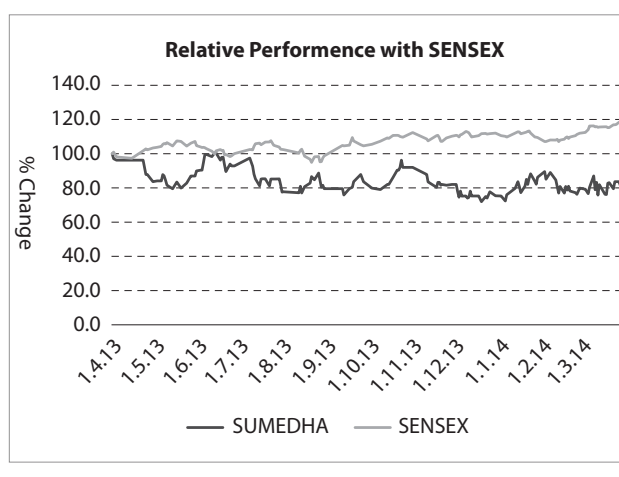
## 6. Stock Code

- The Calcutta Stock Exchange Ltd. : Scrip Code - 029093
- BSE Ltd. : Scrip Code – 530419

## 7. Stock Market Price Data :

Period	The Calcutta Stock Exchange Ltd.		BSE Ltd.	
	High	Low	High	Low
April, 2013	-	-	12.75	9.46
May, 2013	-	-	10.75	9.50
June, 2013	-	-	12.10	10.60
July, 2013	-	-	11.65	9.27
August, 2013	-	-	10.86	9.21
September, 2013	-	-	10.50	9.04
October, 2013	-	-	11.50	9.45
November, 2013	-	-	11.50	9.27
December, 2013	-	-	9.80	8.50
January, 2014	-	-	10.55	8.65
February, 2014	-	-	10.70	8.66
March, 2014	-	-	10.80	8.99

## 8. Performance in comparison with BSE SENSEX: (Share Prices as on BSE) Share Price Performance (April 2013- March 2014)



## 9. Registrar and Transfer Agents

Pursuant to Regulation 53A of the Securities and Exchange Board of India (Depositories & Participants) Regulations, 1996, the Company has appointed the following SEBI registered Agency as the Common Registrar & Share Transfer Agent of the Company for both the Physical and Dematerialized segment:-

Maheshwari Datamatics Private Limited,

6, Mangoe Lane, Kolkata - 700 001, Phone: (033) 2243 5809, 2243 5029, Fax: (033) 2248 4787, Email: mdpl@cal.vsnl.net.in

**10. Share Transfer System for 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 2013-14.

**11. Distribution of Shareholding as on March 31, 2014:**

- According to category of Holding

Category	No. of Shares	% of holding	Held in Demat Form	% in Demat Form
Promoters (Individual & Bodies Corporate)	3739176	46.831	3739176	46.831
Mutual Funds/Government(s)	10500	0.131	-	-
Bodies Corporate (Non-promoter)	2007966	25.149	1908866	23.907
Indian Public (Individual)	2165684	27.124	1988264	24.902
NRIs/OCBs	60740	0.761	56840	0.712
Clearing Member	358	0.005	358	0.005
<b>Total</b>	<b>7984424</b>	<b>100.000</b>	<b>7693504</b>	<b>96.357</b>

- According to number of Ordinary Shares held :

- According to number of Shares held

- Equity History

No. of Shares	No. of Shareholders	% of Shareholders	Shares held	% of Shareholding
1-500	1762	74.44	324841	4.07
501-1000	245	10.35	196574	2.46
1001-2000	150	6.34	230919	2.89
2001-3000	60	2.54	151536	1.90
3001-4000	24	1.01	86155	1.08
4001-5000	28	1.18	133023	1.67
5001-10000	41	1.73	306815	3.84
10001 and above	57	2.41	6554561	82.09
	2367	100.00	7984424	100.00

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

**12. Dematerialisation of shareholding and liquidity:**

The Company has entered into Agreement with both the Depositories registered under the Depositories Act, 1996, i.e. National Securities Depository Ltd. (NSDL), Trade World, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013 and Central Depository Services (India) Ltd. (CDSL), Phiroze Jeejeebhoy Towers, 28th Floor, Dalal Street, Mumbai - 400 001 to facilitate holding and trading in shares of the Company in dematerialised form in accordance with the provisions of the Depositories Act, 1996.

Scripts of the Company have been mandated by SEBI for settlement only in dematerialised form by all investors effective March 21, 2000. Mention may be made that 96.36% of the total shares of the Company has since been dematerialised as on 31st March, 2014.

ISIN No. for the Company's ordinary shares in Demat Form:

INE886B01012.



**13. Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity:**

Nil

**14. Insider Trading:**

The Code of Insider Procedure & Conduct and Code of Corporate Disclosure Practices as suggested under the SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, have been duly approved by the Board.

**15. Branch Locations :**

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

**16. Whom and where to contact for Share and related services:**

Any assistance regarding share transfers and transmissions, change of address, non-receipt of dividends, duplicate/missing Share Certificates, demat and other matters, and for redressal of all share-related complaints and grievances please write to or contact the Registrar & Share Transfer Agents or the Share Department of the Company at the addresses given below :-

Maheshwari Datamatics Private Ltd.,

6, Mangoe Lane, Kolkata - 700 001

Telephone No. (033) 2243-5809, (033) 2243-5029, Fax No. (033) 2248-4787

E-mail: mdpl@cal.vsnl.net.in

Share Department – Sumedha Fiscal Services Ltd.

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

Telephone No. (033) 2229-8936, (033) 2229-3237, Fax No. (033) 2229-4140

E-mail: investors@sumedhafiscal.com

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

The Company has not yet 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: 17th May, 2014

## Annexure - B.1

# 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, 2014 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 Reg. No. : 315082E

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

Place : Kolkata

Date: 17th May, 2014

## Annexure - C

# MANAGEMENT DISCUSSION & ANALYSIS

### **ECONOMY: REVIEW**

Indian economy faced considerable macro challenges during the Financial Year 2013-14, with GDP growth slowing down to sub-5% for the second year in succession. Fears of Quantitative Easing tapering by the US Fed sent jitters across the globe with emerging markets witnessing sharp capital outflows and India was no exception. Combination of very large current account deficit and sudden outflow of capital especially from bonds led to a sharp decline in the rupee exchange rate in a short span of 3-4 months. Businesses were impacted through currency depreciation, rise in input prices and increase in cost of capital. Simultaneously the RBI had to increase interest rate to contain spiraling inflation. All these developments impacted business sentiments severely.

However, situation began to stabilise in late FY13 as the government and RBI took several effective steps to curb gold imports and attract foreign capital. Global concerns also subsided that time, thus supporting domestic measures. To be sure, fiscal consolidation has been achieved at the cost of cutting plan expenditure, but it did send out a strong signal to businesses. GDP growth has also touched 5% from earlier 4.7%. Industrial production has also witnessed modest growth. The new government which has received a clear mandate in the general elections will have to contend with several challenges.

#### **Capital Markets**

Capital markets witnessed major volatility but had ended on a growth mode during FY14. The year FY14 started well as commodity prices declined and stability on political front was restored. However, fears of QE tapering and rupee depreciation led to a sharp correction in markets. As rupee stabilised normalcy was restored, resulting in a rally and markets reaching back to levels prior to QE tapering. Last quarter of FY14 saw markets breaking new highs owing to increased optimism on the formation of a stable and progressive government and also stable commodity prices.

#### **Lending by Banks & Corporate Debt Restructuring (CDR)**

Indian commercial banks' non-food credit grew around 14% in FY14, similar to previous year. After a brief spell of easing interest rates in the first half of CY2013, RBI had to again resort to increasing rates in the middle of the year on the back of elevated inflation. Higher interest rates coupled with lack of investment demand due to slowing economy resulted in subdued commercial credit growth. As a result of sluggish growth, high interest rates, rupee depreciation and deteriorating economy, cash flows of borrowers came under severe pressure leading to significant worsening of asset quality in banks, especially public sector banks. The number and quantum of references from mid and large corporates to Corporate Debt Restructuring(CDR) mechanism also reached an all time high during the year. The worsening asset quality prompted RBI to come out with stricter guidelines for detection of accounts showing early signs of sickness and time-bound action for immediate resolution. High NPA ratios also spurred the banks into selling large chunk of bad loans to Asset Reconstruction Companies during the second half of FY14. We expect the momentum for sale of NPAs to ARCs to continue in FY15 resulting in improvement in banks' reported NPA ratios. Gradual improvement in economy coupled with expected uptick in investment cycle is likely to result into pick up in credit growth in latter half of FY15.

#### **Mutual Funds Industry**

Though India's savings rate has been between 30-35 per cent since last few years, investment in mutual funds have been minimal as compared to other avenues for investment. Emphatically speaking, mutual fund business follows a business to business model (B2B) rather than a business to consumer (B2C) model and hence, distribution is a critical success factor for any mutual fund. Despite the efforts, the mutual fund products continue to remain a 'push' product rather than a 'pull' product. There is a shift with the changing demographic profile of the Indian population, with new products being launched (for example, products being linked to pensions),

coupled with financial awareness and literacy initiatives for investors both by the industry and the regulator, and with the onus of expanding the market falling on the distributors - the first point of contact for investors. Distributors would have to convince and guide the investors about using mutual funds as a tool for financial goals rather than as just mere investments. Technology could definitely act as an enabler in reaching out to investors in far and distant places.

Subdued stock market performance, rising inflation and anticipation of a rise in interest rates has led to a tapering of growth in the Indian mutual fund industry. Equity markets haven't performed since the global financial crisis. This was well reflected in the equity AUM growth, which has undergone a negative growth in AUM base. The investors have redeemed their investments and moved to products with stable yields. The performance of equity markets will continue to reflect in the Equity AUM (Assets Under Management) till the equity markets stabilize. High Networth Individuals (HNIs) have emerged as the fastest growing investor class in the debt oriented products. In particular, Fixed Maturity Plans (FMPs) continue to remain a popular product and have consistently given better performance and tax advantage over Bank FDs. However in the last Budget tax implications brought forth would further take away the competitive edge of MFs. Debt oriented products are slowly gaining recognition among the retail investors. Retail investments still have a long way to go and capture the small ticket market.

In the recent few years from abolishing entry loads on mutual funds to a host of other measures, SEBI has been looking at increasing regulation with a view to improve the investment climate. Recently, SEBI has announced a new series of regulations governing investment advisors. The regulation was made with the intent of ensuring the regulation of individuals, firms and corporations providing investment advice to investors. This move was aimed at drawing a distinction between agents and advisers who provide financial advice to the investor for a fee but will not seek a commission from the AMC for directing investors toward investing in a particular scheme/plan. This regulation was also undertaken to ensure that the advisory functions of investment companies will not be motivated by the desire to earn distributor commissions or commissions from product manufacturers leading to a potential conflict of interest. While the regulation was intended to have a positive effect, there has been limited movement in terms of individuals/ firms looking to register as investment advisers. Your Company, like most of the AMCs have adopted a 'wait and watch' strategy before choosing to engage with this particular channel and is continuing as a corporate distributor.

### **Outlook**

Global growth is expected to improve in 2014-15 following the late recovery observed in second half of FY 14. As per IMF estimates, world GDP growth is projected to strengthen from 3% in 2013 to 3.6% in 2014 and 3.9% in 2015.

India now enters the phase of economic revival as industrial growth rebounded and retail inflation dropped to a three-month low. Output from mines, utilities and factories, recovered from two straight months of contraction to expand 3.4 percent year on year in April, its fastest pace since March 2013, government data showed. A strong parliamentary mandate would enable the new government to engineer a turnaround by stepping up investment and clearing regulatory hurdles for boosting growth and business. Expectations of an investment-led economic turnaround thereafter have brought in considerable inflow capital, sending the total value of the Indian stock market over \$1.5 trillion for the first time. The recent industrial production data, coming on the heels of the sharpest growth in merchandise exports in May, are expected to further boost investor sentiment.

### **INFLATION EASES**

Adding to the cheer, a slower annual gain in food prices helped ease consumer price inflation to a three-month low of 8.28 percent in May from 8.59 percent the previous month, another government report showed. Persistently high food prices have made it tougher for the Reserve Bank of India to lower lending rates even as economic growth sags. Retail inflation has been above 8 percent since February 2012. Reserve Bank of India eased rules to spur bank lending but cut in lending rate is not visible anytime soon. Stubbornly high inflation and elevated interest rates have curbed consumer demand, which powers more than half of Asia's third-largest economy. Consumer goods output, a proxy for consumer demand, has grown just once in the past 12 months. In April, it contracted 5.1 percent from a year earlier. The new government is taking steps to break the "vicious" cycle of high inflation and high interest rates by reforming the agriculture market and improving the supply chain.



### **Highlights of Financial Performance during FY 2013-14**

- Total income from operation of ₹ 1315 Lacs (₹ 1201 Lacs for FY13)
- Profit before tax of ₹ 484 lacs (₹ 231 lacs in FY13)
- Net Profit of ₹ 344 lacs (₹ 162 lacs in FY13)
- Basic EPS after extra ordinary items stood at ₹ 4.31 in FY14, compared to ₹ 1.90 in FY13

## **BUSINESS OVERVIEW**

### **Investment Banking**

Investment Banking continues to be the major revenue earning division of the Company, contributing around 85% to total revenue. Leveraging our strong deliverables 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. In spite of challenging situation in the market Income from this segment has increased to ₹ 1124 lacs from ₹ 730 lacs for FY14, an increase of about 53%.

### **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 market remained gloomy during most of the year and driven mainly by flow of funds from FIIs. Participation of common man has been very low. The scenario has been marked by low margin, high investment in hardware and software, high compliance cost and growing regulatory requirements. The Company' income from this segment is ₹ 117.74 lacs against ₹ 124.98 lacs during FY13.

### **Portfolio Management Services**

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.

However due to adverse market condition and high statutory ceiling of minimum investment, income from Portfolio Management Services remained subdued.

### **Risks & Concerns**

Risk assessment is critical for any organisation and appropriate system for minimization of risk is essential for sustenance and growth in the fast changing environment. The major areas of risks being faced by the Company are –

- Economy Risk
- Operation Risk
- Geographical Risk
- Human Resource Risk
- Regulatory Risk
- Competition Risk
- Technology Risk

The Company is having appropriate system to address the consequent vulnerability and periodical reports thereon are placed before the Audit Committee and the Board of Directors of the Company. The Company approach to risk is practical and proactive. All major



risks are identified, monitored and acted upon within the internal framework. However the Company is not yet required to constitute a Risk Management Committee pursuant to Clause 49.VI.C of the Listing Agreement.

**Internal Control Systems**

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 employs regular Audits and process verifications in order to ensure system driven control. Internal Audits are conducted by external Auditors and their Reports are periodically submitted to the Audit Committee. Important issues, if any, are reported to the Board of Directors of the Company. The Company takes a number of measures to constantly develop talent and nurture leadership.

**Human Resources (HR)**

In a Service Sector organization, Human Capital plays the most critical role. In an extremely competitive environment quality of manpower and their efficiency and level of motivation spells effectiveness of the organization. The Company is having an effective HR Policy commensurate with the nature and size of the organization. The Company's employee strength stands at 69 as on 31st March, 2014.

**Information Technology**

Information and communication technology (ICT) has become all pervasive and has become critical for business as well as for regulatory compliances. Speed of doing business is now determined by extent of involvement of critical ICT infrastructure.

The Company is continuously upgrading and updating its technology platform to render most effective services to its clientele. High rate of technological obsolescence is a real challenge being faced by most of the market participants. However the Company is having adequate technology platform to address the regulatory requirements.

**Research**

Sumedha Fiscal is having a competent research team to cater to the requirements of its clients and associated requirements. The analysts are supported by basic data, research inputs and system support to reach the desired goals. The team also brings out periodical newsletters which are very attractive and useful for our clients and associates. The monthly newsletters provide updates on economy, industries and individual companies as well as critical issues and topics.

**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

## 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, 2014, 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**

The Company's 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 notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. 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. but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. 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, 2014;
- (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, as amended by the Companies (Auditor's Report) Amendment Order, 2004 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 notified under the Act read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
- e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

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

Place : Kolkata  
Date: 17th May, 2014

## 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, 2014.

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 ₹ 48.50 lakhs and the year end balance is Rs 14 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, 2014 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 2014 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.

Place : Kolkata  
Date: 17th May, 2014

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

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

## Balance Sheet as at 31st March, 2014

(Amount in ₹)

Particulars	Note No.	As at 31st March	
		2014	2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
Share capital	1	7,98,44,240	7,98,44,240
Reserves and Surplus	2	21,08,05,686	18,38,50,390
	I	<b>29,06,49,926</b>	<b>26,36,94,630</b>
<b>2 Non-current liabilities</b>			
Long-term borrowings	3	24,42,560	43,26,802
Deferred tax liabilities (Net)	4	1,07,49,972	1,12,58,440
	II	<b>1,31,92,532</b>	<b>1,55,85,242</b>
<b>3 Current liabilities</b>			
Trade payables		26,00,949	38,85,349
Other current liabilities	5	2,15,89,422	70,30,088
Short-term provisions	6	80,29,353	52,08,003
	III	<b>3,22,19,724</b>	<b>1,61,23,440</b>
	I+II+III	<b>33,60,62,182</b>	<b>29,54,03,312</b>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
<b>1 Fixed assets</b>	7		
Tangible assets		8,98,51,572	9,22,90,942
Non-current investments	8	1,77,23,923	1,74,39,542
Long-term loans and Advances	9	5,73,34,633	5,97,69,148
	IV	<b>16,49,10,128</b>	<b>16,94,99,632</b>
<b>2 Current assets</b>			
Current investments	10	3,71,90,888	3,32,96,431
Inventories	11	3,89,39,053	2,59,49,076
Trade receivables	12	5,35,91,022	2,30,90,097
Cash and Cash equivalents	13	3,85,40,869	4,11,21,332
Short-term loans and Advances	14	12,48,373	9,72,498
Other current assets	15	16,41,849	14,74,246
	V	<b>17,11,52,054</b>	<b>12,59,03,680</b>
	IV+V	<b>33,60,62,182</b>	<b>29,54,03,312</b>
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 : 17th May, 2014

For and on behalf of the Board of Directors

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

Directors

**Deb Kumar Sett**

Company Secretary

## Statement of Profit and Loss for the year ended 31st March, 2014

(Amount in ₹)

Particulars	Note No.	For the year ended 31st March	
		2014	2013
<b>I. Revenue:</b>			
Revenue from operations	16	13,14,96,085	12,01,31,395
Other income	17	66,15,477	70,82,164
<b>Total revenue</b>		<b>13,81,11,562</b>	<b>12,72,13,559</b>
<b>II. Expenses:</b>			
Purchases of stock-in-trade - shares and securities		1,92,94,481	3,64,85,331
Changes in inventories of stock in trade - Shares and securities		(1,29,89,977)	(15,31,046)
Employee benefit expense	18	3,28,23,281	3,07,63,776
Finance cost	19	4,80,768	4,93,534
Depreciation expense	7	39,15,611	40,39,437
Diminution in value of investments	8	(24,381)	1,09,057
Other expenses	20	4,61,76,803	3,37,07,621
<b>Total expenses</b>		<b>8,96,76,586</b>	<b>10,40,67,710</b>
<b>III. Profit before tax</b>	(I-II)	<b>4,84,34,976</b>	<b>2,31,45,849</b>
<b>IV. Tax expense:</b>			
Current tax expense		1,46,00,000	61,50,000
Deferred tax		(5,08,468)	7,82,041
Short/(Excess) provision for tax relating to prior years		(1,04,026)	10,76,315
<b>V. Profit for the year</b>	(III - IV)	<b>3,44,47,470</b>	<b>1,51,37,493</b>
<b>VI. Earnings per equity share:</b>	27		
(1) Basic		4.31	1.90
(2) Diluted		4.31	1.90
Significant Accounting Policies	a-q		
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 : 17th May, 2014

**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, 2014

(Amount in ₹)

Particulars	For the year ended 31st March	
	2014	2013
<b>A. Cash flows from operating activities</b>		
Profit before taxation and after exceptional items	4,84,34,976	2,31,45,849
Adjustments for :		
Depreciation	39,15,611	40,39,437
Interest income	(26,15,721)	(23,11,002)
Dividend income	(8,79,572)	(8,81,297)
Prior period income	-	(8,06,716)
Provision for Leave Encashment	3,28,443	2,94,684
Interest paid	4,80,768	4,93,534
(Profit)/Loss on sale of fixed assets (net)	1,88,524	3,46,229
(Profit)/Loss on fixed asset written off	10,44,233	-
(Profit)/Loss on sale of investments	(29,07,131)	(12,82,494)
Provision for diminution in the value of investments	(24,381)	1,09,057
Liabilities no longer required written back	-	(3,49,859)
Rent received	-	(12,60,000)
Operating profit before working capital changes	<b>4,79,65,750</b>	<b>2,15,37,422</b>
Adjustments for :		
(Increase) / Decrease in other current assets	(1,67,603)	(5,079)
(Increase) / Decrease in trade receivables	(3,05,00,925)	29,65,972
(Increase) / Decrease in inventories	(1,29,89,977)	(15,31,046)
(Increase) / Decrease in loans and advances	14,71,209	(69,43,640)
Increase / (Decrease) in trade and other payables	99,86,217	(71,61,119)
Cash generated from Operations	<b>1,57,64,671</b>	<b>88,62,510</b>
Direct taxes paid	(1,42,90,569)	(85,82,660)
Cash Flow before Extra Ordinary Items	<b>14,74,102</b>	<b>2,79,850</b>
Extra ordinary item	-	-
Adjustment of Earlier Years	1,32,026	(3,99,120)
Net cash from operating activities	<b>I 16,06,128</b>	<b>(1,19,270)</b>
<b>B. Cash flows from investing activities</b>		
(Purchase)/sale of fixed assets	(27,30,371)	(27,48,208)
(Purchase)/sale of investments	(12,47,326)	42,91,437
Rent Received	-	12,60,000
Loan to Subsidiary	3,50,000	6,50,000
Interest received	26,15,721	23,11,002
Dividend received	8,79,572	8,81,297
Net cash (used in) / from investing activities	<b>II (1,32,404)</b>	<b>66,45,528</b>
<b>C. Cash flows from financing activities</b>		
Proceeds/(Repayment) of long term borrowings	4,16,493	(11,05,119)
Proceeds from employee stock option plan	2,300	-
Proceeds from issue of Convertible Share Warrants	-	-
Dividend paid	(39,92,212)	(74,23,759)
Interest paid	(4,80,768)	(4,93,534)
Net cash (used in) / from financing activities	<b>III (40,54,187)</b>	<b>(90,22,412)</b>
<b>Net increase in cash and cash equivalents</b>	<b>I+II+III (25,80,463)</b>	<b>(24,96,154)</b>
Cash and cash equivalents at the beginning of the year	4,11,21,332	4,36,17,486
<b>Cash and cash equivalents at the end of the year</b>	<b>3,85,40,869</b>	<b>4,11,21,332</b>

Notes : 1 Components of cash and cash equivalents include cash, bank balances in current and deposit accounts as disclosed under Note No. 13 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 : 17th May, 2014

**Deb Kumar Sett**  
Company Secretary

For and on behalf of the Board of Directors

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



## SIGNIFICANT ACCOUNTING POLICIES

### **a Basis of preparation of accounts**

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

### **b Use of estimates**

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

### **c Fixed assets**

#### **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 on 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.

**r Foreign currency transactions**

Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currency at the balance sheet date are translated at the year-end rates.

## Notes forming part of the financial statement for the year ended 31st March, 2014

	As at 31st March, 2014		As at 31st March, 2013	
	Number	Amount (₹)	Number	Amount (₹)
<b>1 SHARE CAPITAL</b>				
<b>Authorised</b>				
Equity Shares of ₹ 10/- each	1,00,00,000	10,00,00,000	1,00,00,000	10,00,00,000
<b>Issued, Subscribed &amp; Paid up</b>				
Equity Shares of ₹ 10/- each fully paid	79,84,424	7,98,44,240	79,84,424	7,98,44,240
<b>Total</b>	<b>79,84,424</b>	<b>7,98,44,240</b>	<b>79,84,424</b>	<b>7,98,44,240</b>

## 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, 2014		Equity Shares as at As at 31st March, 2013	
	Number	Amount (₹)	Number	Amount (₹)
a) Shares outstanding at the beginning of the year	79,84,424	7,98,44,240	79,84,424	7,98,44,240
Shares outstanding at the end of the year	79,84,424	7,98,44,240	79,84,424	7,98,44,240
<i>Out of the above:</i>				
b) 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.				

## 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, 2014		As at 31st March, 2013	
	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 Limited	9,35,484	11.72	9,35,484	11.72
Hitech Tradecomm Pvt. Limited	5,66,900	7.10	5,66,900	7.10
<b>Total</b>	<b>30,64,604</b>	<b>38.39</b>	<b>30,64,604</b>	<b>38.39</b>



## Notes forming part of the financial statement for the year ended 31st March, 2014 (Contd.)

(Amount in ₹)

	As at 31st March	
	2014	2013
<b>2 RESERVES &amp; SURPLUS</b>		
<b>a. Securities Premium Reserve</b>		
Opening Balance	2,57,20,164	2,57,20,164
Add : Premium on shares issued during the year	-	-
<b>Closing Balance</b> I	2,57,20,164	2,57,20,164
<b>b. Revaluation Reserve</b>		
Opening Balance	9,47,918	9,69,291
(-) Written Back in Current Year	21,373	21,373
<b>Closing Balance</b> II	9,26,545	9,47,918
<b>c. Employee Stock Option*</b>		
Opening balance	-	-
Add: amount received during the year	2,300	-
<b>Closing Balance</b> III	2,300	-
<b>d. Surplus</b>		
Opening balance	15,71,82,308	14,67,15,503
(+) Net Profit/(Net Loss) for the current year	3,44,47,470	1,51,37,493
(-) Dividends proposed to be distributed to equity shareholders ₹ 0.80 per share (Previous year ₹ 0.50 per share)	63,87,539	39,92,212
(-) Tax on dividend	10,85,562	6,78,476
<b>Closing balance</b> IV	18,41,56,677	15,71,82,308
<b>Total</b> I+II+III+IV	<b>21,08,05,686</b>	<b>18,38,50,390</b>

\* The Company had approved an Employee Stock Option Plan on 24th March, 2011 which was further amended on 09th November, 2013 and 18th January, 2014. 3,48,000 options were granted to 68 employees on 09th November, 2013. Out of 68 employees to whom the options were granted only 23 employees have paid the application money of ₹ 100/- each. The aggregate options have been issued to the said employees is 1,17,000. The intrinsic value of the stock option is nil as the exercise price exceeds the market price on the date of grant. Therefore the Company has not recognised any expense in respect of Employee Stock Option during the financial year.

Particulars	Non-current portion As at 31st March		Current maturities* As at 31st March	
	2014	2013	2014	2013
<b>3 LONG-TERM BORROWINGS</b>				
<b>Secured</b>				
Term loan from schedules banks - Note (3.1)	24,42,560	43,26,802	23,00,735	-
<b>Total</b>	<b>24,42,560</b>	<b>43,26,802</b>	<b>23,00,735</b>	<b>-</b>

\* Amount disclosed under the head "Other current liabilities" (Note 5)

## Notes forming part of the financial statement for the year ended 31st March, 2014 (Contd.)

(Amount in ₹)

Particulars	Repayment Schedule	As at 31st March	
		2014	2013
<b>3.1</b>			
<b>A. Borrowings from State Bank of Hyderabad</b>			
Term Loan	Repayable in 16 quarterly instalment of ₹ 16.5 Lacs each and the final installment would be due by the Quarter ended June 2015.	35,12,854	43,26,802
<b>B. Borrowings from HDFC Bank</b>			
Vehicle Loan	Repayable in 36 monthly installments of ₹ 22,669 and final installment would be due on 5th November, 2016.	6,32,378	-
<b>C. Borrowings from Canara Bank</b>			
Vehicle Loan	Repayable in 36 monthly installments. 35 installments of ₹ 22,735 and Final installment of ₹ 22,667 due on 16th August, 2016.	5,98,063	-
	Less: Current portion of term loans from schedule banks shown under Other current Liabilities.	23,00,735	-
<b>Total</b>		<b>24,42,560</b>	<b>43,26,802</b>

**Additional Information:****A. State Bank of Hyderabad**

- (i) Primarily secured by equitable mortgage of unit no. C-703 in Wing C alongwith Car Parking (2 nos.) of Marathon Innova IT Part situated at Off G. K. Marg, Lower Parel (W), Mumbai.
- (ii) Secondary security provided by the way of Pledge of TDR worth ₹ 0.44 Crores.
- (iii) Personal Guarantee by Mr. Vijay Maheshwari
- (iv) Rate of interest is 10.40% p.a. with an option to reset the interest every two years.

**B. HDFC Bank**

- (i) Secured by hypothecation of the corresponding vehicle
- (ii) Rate of interest is 10.75% p.a.

**C. Canara Bank**

- (i) Secured by hypothecation of the corresponding vehicle
- (ii) Rate of interest is 10.70% p.a.



## Notes forming part of the financial statement for the year ended 31st March, 2014 (Contd.)

(Amount in ₹)

Particulars	As at 31st March	
	2014	2013
<b>4 NET DEFERRED TAX LIABILITY</b>		
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:		
<b>Deferred Tax Liability</b>		
Difference between book and tax depreciation	1,18,49,345	1,14,32,799
Sub Total (A)	<b>1,18,49,345</b>	<b>1,14,32,799</b>
<b>Deferred Tax Asset</b>		
Leave encashment	1,80,504	1,74,359
Long term capital loss	9,18,869	-
Sub Total (B)	<b>10,99,373</b>	<b>1,74,359</b>
<b>Net Deferred Tax Liability (A-B)</b>	<b>1,07,49,972</b>	<b>1,12,58,440</b>
<b>5 OTHER CURRENT LIABILITIES</b>		
Due to Micro, Small and Medium enterprises	-	-
Current maturities of long term borrowings	23,00,735	-
<b>Received from clients :</b>		
- Against margin money	1,29,44,500	11,96,950
- As advance	26,61,134	12,99,761
Unclaimed Dividend	12,70,932	13,48,506
Payable for expenses	14,52,803	24,48,898
Statutory dues	9,59,318	7,35,973
<b>Total</b>	<b>2,15,89,422</b>	<b>70,30,088</b>
<b>6 SHORT-TERM PROVISIONS</b>		
<b>Provision for employee benefits</b>		
Leave Encashment	5,56,252	5,37,315
<b>Others</b>		
Proposed Dividend	63,87,539	39,92,212
Corporate Dividend Tax	10,85,562	6,78,476
<b>Total</b>	<b>80,29,353</b>	<b>52,08,003</b>



Notes forming part of the financial statement for the year ended 31st March, 2014 (Contd.)

(Amount in ₹)

PARTICULARS	GROSS BLOCK			ACCUMULATED DEPRECIATION				NET BLOCK	
	Balance as at 1st April, 2013	Additions	Disposals	Balance as at 31st March, 2014	Balance as at 1st April, 2013	Depreciation for the year	On Disposals	Balance as at 31st March, 2014	Balance as at 31st March, 2013
<b>Tangible Assets</b>									
a Buildings	7,70,83,210 (7,66,43,210)	- (4,40,000)	-	7,70,83,210 (7,70,83,210)	54,15,902 (41,60,626)	12,56,455 (12,55,276)	-	7,04,10,853 (7,16,67,308)	7,16,67,308 (7,24,82,584)
b Electrical Installation	6,48,810 (6,48,810)	-	42,975	6,05,835 (6,48,810)	2,84,875 (2,44,201)	40,674 (40,674)	20,633	3,00,919 (3,63,935)	3,63,935 (4,04,609)
c Furniture & Fixtures	98,70,978 (98,70,978)	-	7,33,371	91,37,607 (98,70,978)	31,23,901 (25,19,077)	6,04,076 (6,04,824)	3,46,438	57,56,068 (67,47,077)	67,47,077 (73,51,901)
d Computers & Software	1,40,60,242 (1,38,19,370)	6,11,923 (2,78,872)	5,15,485 (38,000)	1,41,56,680 (1,40,60,242)	1,17,01,419 (1,08,22,199)	7,19,759 (9,15,320)	4,52,170 (36,100)	21,87,672 (23,58,823)	23,58,823 (29,97,171)
e Office equipment	50,62,742 (46,98,841)	2,20,427 (5,57,901)	10,76,426 (1,94,000)	42,06,743 (50,62,742)	12,77,285 (10,81,052)	2,42,889 (2,54,848)	4,46,780 (58,615)	31,33,349 (37,85,457)	37,85,457 (36,17,789)
f Vehicles	1,05,08,374 (97,94,218)	19,55,021 (18,32,835)	7,89,026 (11,18,679)	1,16,74,369 (1,05,08,374)	31,40,032 (26,98,502)	10,73,131 (9,89,868)	6,01,505 (5,48,338)	80,62,711 (73,68,342)	73,68,342 (70,95,716)
<b>Total</b>	<b>11,72,34,356</b> <b>(11,54,75,427)</b>	<b>27,87,371</b> <b>(31,09,608)</b>	<b>31,57,283</b> <b>(13,50,679)</b>	<b>11,68,64,444</b> <b>(11,72,34,356)</b>	<b>2,49,43,414</b> <b>(2,15,25,657)</b>	<b>39,36,984</b> <b>(40,60,810)</b>	<b>18,67,526</b> <b>(6,43,053)</b>	<b>8,98,51,572</b> <b>(9,22,90,942)</b>	<b>9,22,90,942</b> <b>(9,39,49,770)</b>

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

Previous year's figures are shown in the brackets.



## Notes forming part of the financial statement for the year ended 31st March, 2014 (Contd.)

(Amount in ₹)

Particulars	As at 31st March	
	2014	2013
<b>8 NON-CURRENT INVESTMENTS</b>		
<b>Non-Trade Investments</b>		
<b>a) Unquoted (Refer 'a' below)</b>		
Investment in Equity instruments (a)	1,58,57,688	1,58,57,688
<b>b) Quoted (Refer 'b' below)</b>		
Investment in Equity instruments (b)	38,11,461	35,51,461
<b>c) Unquoted (Refer 'c' below)</b>		
Investments in Mutual Funds (c)	1,797	1,797
<b>Grand Total</b> (a+b+c)	<b>1,96,70,946</b>	<b>1,94,10,946</b>
Less : Provision for dimunition in the value of Investments	19,47,023	19,71,404
<b>Total</b>	<b>1,77,23,923</b>	<b>1,74,39,542</b>

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	
		2014	2013	2014	2013
	<b>In Subsidiary</b>				
1	SFSL Commodity Trading Pvt. Limited	6,51,000	6,51,000	80,10,000	80,10,000
	<b>In Associates</b>				
1	Capita Finance Services Limited	40,000	40,000	4,00,000	4,00,000
2	SFSL Risk Management Service Pvt Limited (F.V. ₹ 100)	9,250	9,250	9,25,000	9,25,000
3	SFSL Insurance Advisory Services (P) Limited (F.V. ₹ 100)	8,500	8,500	8,50,000	8,50,000
4	US Infotech Pvt. Limited	3,10,000	3,10,000	56,22,688	56,22,688
	<b>In Others</b>				
1	Vijaya Home Loan Limited	5,000	5,000	50,000	50,000
2	Sijberia Industries Limited	20	20	-	-
	<b>Total</b>			<b>1,58,57,688</b>	<b>1,58,57,688</b>

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	
		2014	2013	2014	2013
1	Aravali Securities & Finance Limited	200	200	4,000	4,000
2	Assam Brook Limited	3,625	3,625	2,29,012	2,29,012
3	APS Star Industries Limited	600	600	43,950	43,950
4	Oriental Civil Engineering Company Limited	400	400	4,000	4,000
5	Bajaj Hindustan Limited (F.V. ₹ 1)	2,500	2,500	90,000	90,000

## Notes forming part of the financial statement for the year ended 31st March, 2014 (Contd.)

## 8 NON-CURRENT INVESTMENTS (Contd.)

b Details of Non-Trade Investments (Quoted-at Cost) (Face value of ₹ 10 unless otherwise stated) (Contd.)

Sl. No.	Equity Instruments of Bodies Corporate	No. of Shares As at 31st March		Amount (₹) As at 31st March	
		2014	2013	2014	2013
6	Business Forms Limited	6,000	6,000	72,000	72,000
7	Carbon Composites (I) Limited	500	500	5,500	5,500
8	CDR Health Care Limited	2,200	2,200	53,350	53,350
9	Gold Star Steel & Alloys Limited	1,220	1,220	6,100	6,100
10	Gujarat Inject (Kerela) Limited	900	900	14,850	14,850
11	IFB Industries Limited	7,100	7,100	9,87,476	9,87,476
12	Leafin India Limited	500	500	64,000	64,000
13	Maruti Cottex Limited	17,000	17,000	1,72,000	1,72,000
14	Madhya Bharat Papers Limited	500	500	3,125	3,125
15	MCC Investment & Leasing Co Limited	400	400	4,000	4,000
16	Modern Denim Limited	700	700	43,870	43,870
17	Neha Export Limited	1,900	1,900	28,500	28,500
18	Orkay Industries Limited	1,100	1,100	73,215	73,215
19	Opal Luxury Time Products Limited	2,000	-	2,60,000	-
20	Paam Pharmaceuticals (Delhi) Limited	252	252	6,120	6,120
21	Parakaram Technofeb Limited	1,200	1,200	12,830	12,830
22	Platinum Finance Limited	100	100	3,000	3,000
23	Pioneer Financial Management Services Limited	1,000	1,000	10,000	10,000
24	Primax Fiscal Services Limited	800	800	8,000	8,000
25	Richimen Silks Limited	500	500	5,000	5,000
26	Sanderson Industries Limited	2,65,850	2,65,850	2,65,850	2,65,850
27	Sen Pet India Limited	29,300	29,300	2,93,000	2,93,000
28	Shree Digvijay Cement Limited	4,000	4,000	1,43,515	1,43,515
29	State Bank of India	187	187	2,97,330	2,97,330
30	T & I Global Limited	100	100	2,000	2,000
31	Technology Plastics Limited	1,000	1,000	24,085	24,085
32	Thejo Engineering Limited (includes 600 bonus shares)	1,200	600	2,41,200	2,41,200
33	Timbor Home Limited	1,374	1,374	86,562	86,562
34	Uniworth Limited	2,627	2,627	2,42,075	2,42,075
35	Uniworth Textiles Limited	500	500	11,946	11,946
	<b>Total</b>			<b>38,11,461</b>	<b>35,51,461</b>
	Market value of quoted investment			19,66,403	16,67,921

c Mutual Funds

Sl. No.	Equity Instruments of Bodies Corporate	No. of Shares As at 31st March		Amount (₹) As at 31st March	
		2014	2013	2014	2013
1	UTI Equity Fund	200	200	1,797	1,797
	<b>Total</b>			<b>1,797</b>	<b>1,797</b>
	NAV of unquoted investment (mutual fund)			12,326	10,171



## Notes forming part of the financial statement for the year ended 31st March, 2014 (Contd.)

(Amount in ₹)

Particular	As at 31st March	
	2014	2013
<b>9 LONG TERM LOANS AND ADVANCES</b>		
<b>(Unsecured, considered good, unless otherwise stated)</b>		
<b>Loan to Related Party</b>		
SFSL Commodity Trading Pvt. Limited ( Subsidiary)	14,00,000	-
Capital advances	1,72,08,915	1,61,24,093
Security Deposits (Secured, considered good)	1,57,56,900	1,48,56,900
<b>Advance to Related Party</b>		
SFSL Commodity Trading Pvt. Limited ( Subsidiary)	-	3,50,000
<b>Others</b>		
Advance Payment of taxes (Net)	46,33,067	58,93,539
Other advances	1,74,36,099	2,13,86,988
Other deposits	8,99,652	11,57,628
<b>Total</b>	<b>5,73,34,633</b>	<b>5,97,69,148</b>

	No. of Units As at 31st March		Amount (₹) As at 31st March	
	2014	2013	2014	2013
<b>10 CURRENT INVESTMENTS</b>				
<b>Investments in Mutual Funds</b>				
ICICI Prudential Flexible Income Plan- Regular-Growth	-	1,17,061	-	1,39,50,000
ICICI Prudential Flexible Income Growth	-	10,224	-	21,95,000
ICICI Prudential Liquid Direct Plan Growth	1,14,462	-	2,05,15,956	-
ICICI Prudential Liquid - Weekly Dividend	2,507	-	2,51,310	-
HDFC CMF Treasury Advantage Plan Growth	-	4,27,181	-	1,03,92,535
HDFC Debt Fund for Cancer	10,000	-	1,00,000	-
HDFC Liquid Fund - Direct Plan- Growth	2,69,094	-	64,78,546	-
HDFC Liquid Fund - Dividend Plan	6,06,584	-	62,58,494	-
Canara Rebeco Medium Term Opportunities	40,000	-	4,00,000	-
JP Morgan India Treasury Fund	791	791	10,000	10,000
SBI SHF Ultra STD Fund- Direct Plan- Growth	2,081	-	31,76,582	-
SBI SHF Ultra Short Term Retail Plan- Weekly Dividend	-	6,695	-	67,48,896
<b>Total</b>			<b>3,71,90,888</b>	<b>3,32,96,431</b>
Market Value of Investment as on 31.03.2014			3,86,56,790	3,51,02,008

## Notes forming part of the financial statement for the year ended 31st March, 2014 (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, 2014		As at 31st March, 2013	
			No. of Shares	Amount (₹)	No. of Shares	Amount (₹)
<b>A</b>	<b>In Equity Instruments (Quoted)</b>					
1	3I Infotech Limited	10	10,000	77,500	10,000	55,500
2	Akar Laminators Limited	10	500	1	500	1
3	All Cargo Logistics Limited	2	1,000	1,53,900	1,000	1,16,700
4	Alok Industries Limited	10	45,000	2,92,500	35,000	2,87,000
5	Apple Finance Limited	10	200	390	200	308
6	Bajaj Hindusthan Limited	1	1,000	16,350	1,000	18,950
7	Balarampur Chini Mills Limited	10	2,000	73,400	-	-
8	Bank of India	10	2,000	3,19,000	-	-
9	Bells Control Limited	10	50	1	50	1
10	Bharti Airtel Limited	5	4,000	11,68,558	4,000	11,67,000
11	Birla Power Solutions Limited	1	12,000	1,320	12,000	3,000
12	Bharat Heavy Electricals Limited	2	-	-	1,000	1,77,000
13	Cairn India Limited	10	2,500	7,97,696	2,500	6,81,125
14	Cals Refineries Limited	1	15,000	1,350	15,000	1,650
15	Chemcrown India Limited	10	28,000	1	28,000	1
16	Core Education & Technologies Limited	2	11,000	1,35,300	4,000	2,05,400
17	DLF Limited	2	700	1,23,515	700	1,64,290
18	Daewoo Motors (India) Limited	10	100	1	100	1
19	Dr. Datsons Limited (Formerly Aanjaneya Lifecare Limited)	10	500	21,225	-	-
20	Edelweiss Financial Services Limited	1	500	14,325	500	15,425
21	EIH Limited	2	4,000	2,75,953	2,000	1,10,300
22	Electrosteel Castings Limited	1	5,000	81,500	5,000	77,500
23	Electrosteel Steels Limited	10	40,000	1,58,000	40,000	1,94,000
24	Fortis Healthcare Limited	10	1,000	97,700	1,000	1,00,250
25	GMR Infrastructure Limited	1	10,000	2,07,000	20,000	4,32,000
26	GTL Infrastructure Limited	10	4,000	5,800	4,000	10,600
27	GTL Limited	10	1,000	14,300	1,000	14,850
28	Gujarat Lease Financing Limited	10	25	1	25	1
29	Gujarat NRE Coke Limited	10	4,000	34,400	4,000	67,000
30	Himachal Futuristic Communications Limited	1	2,000	16,400	2,000	16,400
31	Himadri Chemicals & Industries Limited	1	1,000	1,150	1,000	1,150
32	Hindustan Copper Limited	5	5,500	3,77,575	2,500	2,31,250
33	ICICI Bank Limited	10	275	2,98,488	2,275	21,65,166
34	IFB Industries Limited	10	8,400	6,65,280	8,400	6,78,720



## Notes forming part of the financial statement for the year ended 31st March, 2014 (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 2014		As at 31st March 2013	
			No. of Shares	Amount (₹)	No. of Shares	Amount (₹)
35	India Infoline Limited	2	250	19,538	250	15,163
36	Indian Bank	10	1,000	69,200	-	-
37	IVRCL Limited	10	5,000	66,000	-	-
38	Information Technologies (India) Limited	5	100	1	100	1
39	Jaiprakash Power Ventures Limited	10	5,000	70,750	5,000	1,30,500
40	JSW Steel Limited ( Formerly JSW Ispat Steel Limited)	10	69	71,487	5,000	43,750
41	K.S.Oils Limited	1	500	615	500	1,100
42	Lanco Infratech Limited	1	20,000	1,42,000	10,000	1,03,000
43	Larsen & Toubro Limited	2	300	2,47,749	200	1,65,166
44	LIC Housing Finance Limited	2	4,000	9,44,600	4,000	8,99,600
45	Maruthi Cotex Limited	10	2,000	1	2,000	1
46	Lords Chloro Alkali Limited	10	100	675	100	675
47	Motilal Oswal Financial Services Limited	1	250	23,125	250	19,275
48	Mahanagar Telephone Nigam Limited	10	4,000	60,800	4,000	73,600
49	Manaksia Limited	2	-	-	3,000	1,26,450
50	NMDC Limited	1	4,500	6,26,625	2,500	3,42,750
51	NTPC Limited	10	2,000	2,39,800	2,000	2,83,900
52	Nicco Corporation Limited	2	2,000	1,300	2,000	1,200
53	Oriental Bank of Commerce	10	25,000	49,23,260	6,000	15,10,800
54	Padmini Technologies Limited	10	3,200	1	3,200	1
55	Parakaram Technofab Limited	10	84,400	1	84,400	1
56	Rama Newsprints and Papers Limited	10	125	850	125	931
57	Ranbaxy Laboratories Limited	10	150	51,802	-	-
58	Reliance Industries Limited	10	4,500	35,57,062	4,500	34,78,050
59	Religare Enterprises Limited	10	50	15,858	50	15,358
60	Sanderson Industires Limited	10	1,83,400	1	1,83,400	1
61	SJVN Limited	10	10,000	2,10,500	10,000	1,89,000
62	Speciality Restaurants Limited	10	1,000	1,23,495	-	-
63	MW Unitexx Limited	10	195	556	195	302
64	State Bank of India	10	10,600	2,03,27,620	5,000	1,03,63,750
65	Suryodaya Allo - Metal Powders Limited	10	6,500	1	6,500	1
66	Telephone Cables Limited	10	100	1	100	1
67	Texmaco Infrastructure & Holdings Limited	1	7,999	2,05,974	7,999	2,13,173
68	Texmaco Rail & Engineering Limited	1	6,000	2,86,800	6,000	2,91,300
69	Uco Bank	10	4,000	2,60,200	6,000	3,34,500
70	United Bank of India	10	9,000	2,82,150	5,000	2,82,000

## Notes forming part of the financial statement for the year ended 31st March, 2014 (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, 2014		As at 31st March, 2013	
			No. of Shares	Amount (₹)	No. of Shares	Amount (₹)
71	Vatsa Corporation Limited	10	100	1	100	1
72	Vijaya Bank	10	10,000	3,76,500	-	-
73	Vimta Labs Limited	2	1,500	71,248	1,500	22,500
74	Viniyoga Clothex Limited	10	1,800	1	1,800	1
75	Wockhardt Limited	10	400	1,83,080	-	-
76	Walchandnagar Industries Limited	2	100	6,085	100	5,380
	<b>Total</b>			<b>3,88,97,193</b>		<b>2,59,05,721</b>
<b>B</b>	<b>In Preference Shares</b>					
1	Venkateshwara Hatcheries Limited	10	20	1	20	1
	<b>Total</b>			<b>1</b>		<b>1</b>
<b>C</b>	<b>In Mutual Funds (Quoted)</b>					
1	Goldman Sachs Gold ETF (Goldbees)		15	40,609	15	42,104
2	UTI Master Shares - Unit Scheme		100	1,250	100	1,250
	<b>Total</b>			<b>41,859</b>		<b>43,354</b>
	<b>Grand Total</b>			<b>3,89,39,053</b>		<b>2,59,49,076</b>

(Amount in ₹)

Particular	As at 31st March	
	2014	2013
<b>12 TRADE RECEIVABLES</b>		
(Unsecured, considered good)		
Trade receivables		
- outstanding for a period less than six months	4,78,30,600	1,95,20,157
- outstanding for a period exceeding six months	57,60,422	35,69,940
<b>Total</b>	<b>5,35,91,022</b>	<b>2,30,90,097</b>





**Notes forming part of the financial statement** for the year ended 31st March, 2014 (Contd.)

(Amount in ₹)

Particular	As at 31st March	
	2014	2013
<b>13 CASH AND CASH EQUIVALENTS</b>		
a. Balances with banks *	1,56,40,060	2,01,31,392
b. Cash on hand	3,17,432	2,97,719
c. Fixed deposits with banks #	2,25,83,377	2,06,92,221
<b>Total</b>	<b>3,85,40,869</b>	<b>4,11,21,332</b>
* Balance with banks include Unclaimed Dividend of ₹ 12,70,932 /- (Previous Year ₹ 13,38,504/-)		
# Fixed Deposits with banks includes deposit of ₹ 20,00,000 /- (Previous Year ₹ 15,00,000/-) 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 ₹ 1,71,33,026/-)		
<b>14 SHORT TERM LOANS AND ADVANCES</b>		
<b>(Unsecured, considered good)</b>		
Other advances	12,48,373	9,72,498
<b>Total</b>	<b>12,48,373</b>	<b>9,72,498</b>
<b>15 OTHER CURRENT ASSETS</b>		
Prepaid expenses	6,20,436	6,43,452
Accrued interest	10,21,413	8,30,794
<b>Total</b>	<b>16,41,849</b>	<b>14,74,246</b>

## Notes forming part of the financial statement for the year ended 31st March, 2014 (Contd.)

(Amount in ₹)

Particular	For the year ended 31st March	
	2014	2013
<b>16 REVENUE FROM OPERATIONS</b>		
Investment Banking	11,24,10,346	7,30,81,852
Sales of stock-in-trade - Shares and Securities	73,12,000	3,45,51,354
Brokerage, commission and other charges	1,17,73,739	1,24,98,189
<b>Total</b>	<b>13,14,96,085</b>	<b>12,01,31,395</b>
<b>17 OTHER INCOME</b>		
Interest income	26,15,721	23,11,002
Dividend Income	8,79,572	8,81,297
Net gain on sale of mutual funds	29,07,131	12,82,494
Net gain on intraday trading of shares and securities	37,524	1,73,324
Net gain on Currency Derivatives	11,831	-
Prior period income relating to gratuity	-	8,06,716
Other non-operating income	1,63,698	16,27,331
<b>Total</b>	<b>66,15,477</b>	<b>70,82,164</b>
<b>18 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, bonus and incentives	2,97,02,244	2,78,05,803
Contribution to provident and other funds	14,29,732	15,08,261
Gratuity fund expense	6,05,355	4,68,958
Staff welfare expenses	10,85,950	9,80,754
<b>Total</b>	<b>3,28,23,281</b>	<b>3,07,63,776</b>
<b>19 FINANCE COST</b>		
Interest expense	4,80,768	4,93,534
<b>Total</b>	<b>4,80,768</b>	<b>4,93,534</b>



## Notes forming part of the financial statement for the year ended 31st March, 2014 (Contd.)

(Amount in ₹)

Particular	For the year ended 31st March	
	2014	2013
<b>20 OTHER EXPENSES</b>		
Demat and depository charges	2,70,393	2,35,402
Communication expenses	12,62,941	14,23,659
Insurance	2,12,536	2,03,667
Rent	26,28,000	30,19,000
Electricity	11,45,745	11,15,166
Office maintenance	16,85,362	15,39,728
Travelling & conveyance	34,73,657	33,00,670
Net loss on derivative transactions	22,73,571	6,55,157
Loss on sale of fixed assets	1,88,524	3,46,229
Obsolete fixed assets written off	10,44,233	-
Rates & taxes	2,22,704	1,71,474
SEBI turnover and membership registration fees	8,09,884	8,53,309
Commission	77,50,000	2,50,000
Processing fees	24,470	1,70,200
Professional charges	78,01,845	71,06,248
Payment to Auditor	2,59,500	2,49,500
Repairs & maintenance	1,91,952	91,189
Advertisement & Business promotion	58,72,445	55,27,763
Car expenses	27,51,890	19,83,307
Printing & stationery	7,84,974	9,69,890
Charity and donation	1,71,500	16,200
Computer expenses	2,33,500	1,96,189
NSE / BSE charges	2,66,064	3,03,861
VSAT charges	96,978	2,51,720
Miscellaneous expenses	47,20,360	37,28,093
Loss due to foreign exchange fluctuation	33,775	-
<b>Total</b>	<b>4,61,76,803</b>	<b>3,37,07,621</b>
<b>21 PAYMENTS TO AUDITOR</b>		
- Statutory audit	1,50,000	1,25,000
- Tax audit	60,000	50,000
- Limited review	15,000	12,000
- Certification and other services	34,500	62,500
<b>Total</b>	<b>2,59,500</b>	<b>2,49,500</b>

Note: The above figures are exclusive of service tax as the Company has taken Cenvat input of the service tax charged on the audit fees.

### 22 OPEN INTEREST IN EQUITY INDEX/STOCK FUTURES AS AT 31ST MARCH, 2014:

Sl.No.	Name of the future	Series of future	Number of contracts	Number of units involved
1	Bharat Heavy Electronics Limited	24th April, 2014	1	2,000
2	Reliance Industries Limited	24th April, 2014	4	1,000

## Notes forming part of the financial statement for the year ended 31st March, 2014 (Contd.)

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

- a As per Accounting Standard-18- 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India, the names of the related parties are given below :
- b **List of related parties with whom the Company has transacted during the year**
- |     |  |   |
|-----|--|---|
| i   | Subsidiary Company   | SFSL Commodity Trading (P) Ltd.   |
| ii  | Associate /Joint Venture Concerns  | SFSL Insurance Advisory Services (P) Ltd.<br>SFSL Risk Management Services (P) Ltd.<br>Capita Finance Services Ltd.<br>U.S. Infotech (P) Ltd.                     |
| iii | Key Management Personnel   | Mr. Bhawani Sankar Rathi (Wholetime Director)<br>Mr. Rajesh Kumar Gupta (Wholetime Director)<br>Mr. Vijay Maheshwari ( Director)<br>Mr. Bijay Murmura ( Director) |
| iv  | Enterprise owned or significantly influenced by Key Management Personnel and their relatives | Superb Estate Services Pvt. Ltd.  |
- c **Transaction with related parties during the year and year end outstanding balance thereof are as follows :**

(Amount in ₹)

Nature of Transactions	Associate/ Joint Venture Concerns	Subsidiary	Enterprise owned or significantly influenced by Key Management Personnel and their relatives	Key Manage- ment Personnel	Total
i) Managerial remuneration	-	-	-	43,01,840	43,01,840
	-	-	-	(39,05,689)	(39,05,689)
ii) Rent paid	-	9,00,000	2,28,000	6,00,000	17,28,000
	-	(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)	-	14,00,000	-	-	14,00,000
	-	(3,50,000)	-	-	(3,50,000)
v) Dividend Paid	2,82,525	-	1,09,300	10,25,705	14,17,530
	(4,52,040)	-	(1,74,880)	(16,41,128)	(22,68,048)

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, 2014 (Contd.)

### 23 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	
	2014	2013
<b>Managerial Remuneration</b>		
Bhawani Sankar Rathi	19,94,640	19,56,112
Rajesh Kumar Gupta	23,07,200	19,49,577
<b>Rent paid</b>		
SFSL Commodity Trading Pvt. Ltd.	9,00,000	9,00,000
Superb Estate Services Pvt. Ltd.	2,28,000	1,68,000
Vijay Maheshwari	6,00,000	6,00,000
<b>Guarantee Commission paid</b>		
Vijay Maheshwari	1,25,000	1,25,000
Bijay Murmuria	1,25,000	1,25,000
<b>Balance receivable</b>		
SFSL Commodity Trading Pvt. Ltd.	14,00,000	3,50,000
<b>Dividend paid</b>		
Bijay Murmuria	1,84,960	2,95,936
Bhawani Sankar Rathi	59,635	95,416
Vijay Maheshwari	7,81,110	12,49,776

### 24 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	
	2014	2013
<b>A Defined Contribution Plans:</b>		
The Company has recognised the following amounts in the Profit/ Loss Account for the Year:		
Contribution to Employee's Provident Fund	8,72,633	8,96,501
Contribution to Employee's Family Pension Fund	3,56,064	3,80,749
<b>Total</b>	<b>12,28,697</b>	<b>12,77,250</b>

## Notes forming part of the financial statement for the year ended 31st March, 2014 (Contd.)

## 24 GRATUITY AND POST-EMPLOYMENT BENEFITS PLANS (Contd.)

## B Defined Benefit Plans:

a) Expenses recognised in the statement of Profit and Loss Account for the year ended 31st March, 2014 (Amount in ₹)

Particulars	For the year ended 31st March			
	2014		2013	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
<b>(A) Component of Employer's Expense</b>				
Current service cost	4,66,020	57,634	3,83,390	33,874
Interest cost on benefit obligation	2,37,690	48,359	1,97,271	37,256
Expected return on plan assets	(3,15,466)	-	(2,95,755)	-
Net actuarial( gain) / loss recognised during the period	2,17,111	2,22,450	2,18,465	2,23,554
Total expenses	6,05,355	3,28,443	5,03,371	2,94,684
<b>(B) Actual Contribution and Benefits Payments for period ending</b>				
Actual Benefit Payments	2,07,693	3,09,507	5,27,019	2,08,956
Actual Contribution	2,21,318	3,09,507	4,86,958	2,08,956

b) Net assets/ (liability) recognised in the balance sheet as at 31st March, 2014

Particulars	For the year ended 31st March			
	2014		2013	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present value of defined benefits obligation	33,38,822	5,56,252	26,41,002	5,37,316
Fair value of plan assets	37,61,501	-	34,47,718	-
Net assets/ (liability) recognised in the balance sheet as at 31st March, 2014	4,22,679	(5,56,252)	8,06,716	(5,37,316)
Employer's Expense				
(a) Current Service Cost	4,66,020	57,634	3,83,390	33,874
(b) Total Employer Expense	6,05,355	3,28,443	5,03,371	2,94,684

c) Change in obligations during the year ended 31st March, 2014

Particulars	For the year ended 31st March			
	2014		2013	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present value of defined obligation at the beginning of the period	26,41,002	5,37,316	23,91,167	4,51,588
Current service cost	4,66,020	57,634	3,83,390	33,874
Interest cost	2,37,690	48,359	1,97,271	37,256
Benefits paid	(2,07,693)	(3,09,507)	(5,27,019)	(2,08,956)
Actuarial (gains)/losses	2,01,803	2,22,450	1,96,193	2,23,554
Present value of defined benefits obligation at the end of the period	33,38,822	5,56,252	26,41,002	5,37,316



## Notes forming part of the financial statement for the year ended 31st March, 2014 (Contd.)

### 24 GRATUITY AND POST-EMPLOYMENT BENEFITS PLANS (Contd.)

d) Change in the fair value of plan assets during the year ended 31st March, 2014

(Amount in ₹)

Particulars	For the year ended 31st March			
	2014		2013	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Plan Asset at the beginning of the period	34,47,718	-	32,32,296	-
Actual return on Plan Asset	3,00,158	-	2,73,483	-
Contribution by the employer	2,21,318	3,09,507	4,68,958	2,08,956
Employee Contributions	-	-	-	-
Benefits Paid	(2,07,693)	(3,09,507)	(5,27,019)	(2,08,956)
Plan Asset at the end of the period	37,61,501	-	34,47,718	-

e) Gratuity plan

Particulars	For the year ended 31st March				
	2014	2013	2012	2011	2010
Present value of defined benefit obligation	33,38,822	26,41,002	23,91,167	21,34,619	18,63,918
Fair value of plan assets	37,61,501	34,47,718	32,32,296	26,30,227	21,44,297
Surplus /(deficit)	4,22,679	8,06,716	8,41,129	4,95,608	2,80,379
Experience adjustment (gain)/ loss for plan liability	(25,228)	2,80,417	(39,515)	-	-
Experience adjustment (gain)/ loss for plan assets	(15,308)	(22,272)	(1,554)	-	-

f) Leave encashment

Particulars	For the year ended 31st March				
	2014	2013	2012	2011	2010
Present value of defined benefit obligation	5,56,252	5,37,316	4,51,588	4,83,528	5,00,319
Surplus /(deficit)	(5,56,252)	(5,37,316)	(4,51,588)	(4,83,528)	(5,00,319)
Experience adjustment (gain)/ loss for plan liability	1,92,190	2,04,123	1,51,194	-	-
Experience adjustment (gain)/ loss for plan assets	-	-	-	-	-



## Notes forming part of the financial statement for the year ended 31st March, 2014 (Contd.)

## 25 SEGMENT INFORMATION

(Amount in ₹)

Particular	For the year ended 31st March	
	2014	2013
<b>A Primary segment information (by business segments)</b>		
i Segment Revenue		
– Capital Market Operations	2,22,65,704	4,96,14,044
– Investment Banking	11,58,45,858	7,67,92,799
– Others (Unallocable)	-	8,06,716
Total segment revenue	<b>13,81,11,562</b>	<b>12,72,13,559</b>
ii Segment results (before interest and unallocated income/expense)		
– Capital Market Operations	(1,83,340)	(7,24,583)
– Investment Banking	5,00,24,059	2,42,27,182
– Others (Unallocable)	(9,24,975)	1,36,784
Total segment results	<b>4,89,15,744</b>	<b>2,36,39,383</b>
iii Operating profit	4,89,15,744	2,36,39,383
iv Unallocated interest expenses	4,80,768	4,93,534
v Unallocated interest income	-	-
vi Total profit before tax	4,84,34,976	2,31,45,849
vii Segment assets		
– Capital Market Operations	12,71,00,613	9,31,95,913
– Investment Banking	20,30,74,738	19,41,58,641
– Others (Unallocable)	58,86,831	80,48,758
Total segment assets	<b>33,60,62,182</b>	<b>29,54,03,312</b>
viii Segment liabilities		
– Capital Market Operations	1,78,25,700	57,67,847
– Investment Banking	80,92,549	86,63,201
– Others (Unallocable)	87,44,032	60,19,192
Total segment liabilities	<b>3,46,62,281</b>	<b>2,04,50,240</b>
ix Depreciation		
– Capital Market Operations	4,37,158	5,71,415
– Investment banking	34,78,453	34,68,022
– Others (Unallocable)	-	-
Total depreciation	<b>39,15,611</b>	<b>40,39,437</b>
x Capital employed		
– Capital Market Operations	10,92,74,913	8,74,28,066
– Investment Banking	19,49,82,189	18,54,95,440
– Others (Unallocable)	(28,57,201)	20,29,566
Total Capital Employed	<b>30,13,99,901</b>	<b>27,49,53,072</b>

**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 areas.

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 ₹ 1,07,49,972 (Previous year ₹ 1,12,58,440)

**B. There is no reportable geographical segment.**



## Notes forming part of the financial statement for the year ended 31st March, 2014 (Contd.)

(Amount in ₹)

Particular	For the year ended 31st March	
	2014	2013
<b>26 EXPENDITURE / EARNING IN FOREIGN CURRENCY</b>		
<b>a) Expenditure in Foreign Currency</b>		
Travelling	5,75,367	3,65,873
User Fees	-	6,08,675
Purchase of non current investment	-	30,04,313
<b>Total</b>	<b>5,75,367</b>	<b>39,78,861</b>
Note : The figures given above are net payments after withholding tax deducted at source.		
<b>b) Earnings in Foreign currency</b>		
Consultancy Fees	18,09,579	19,59,027
<b>Total</b>	<b>18,09,579</b>	<b>19,59,027</b>
<b>27 EARNING PER SHARE (EPS)</b>		
Earning per Share		
a. Profit after tax	3,44,47,470	1,51,37,493
b. Weighted average number of equity shares outstanding during the year (nos)	79,84,424	79,84,424
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	79,84,424
e. Earning per share		
- Basic [a/b]	<b>4.31</b>	<b>1.90</b>
- Diluted [a/d]	<b>4.31</b>	<b>1.90</b>

**28** Quoted Equity Instruments held as stock in trade includes shares which the Company has pledged with Stock Holding Corporation of India Limited amounting to ₹ 1,06,97,248/-.

Scrip Name	Quantity	Value (₹)
Gujarat NRE Coke Limited	3,000	15,480
Larsen & Toubro Limited	300	3,52,952
LIC Housing Finance Limited	4,000	7,55,680
Mahanagar Telephone Nigam Limited	3,200	29,184
NMDC Limited	2,500	3,22,016
NTPC Limited	2,000	2,21,575
Oriental Bank of Commerce	8,000	10,69,920
Reliance Industries Limited	2,000	17,21,888
State Bank of India	3,500	62,08,554

## Notes forming part of the financial statement for the year ended 31st March, 2014 (Contd.)

- 29** 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.
- 30** During the year unpaid dividend amounting to ₹ 1,72,765 relating to financial year 2005-06 has been transferred to the Investor Education and Protection Fund as per Section 205C of the Companies Act, 1956.
- 31** 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	
	2014	2013
<b>32 CONTINGENT LIABILITY</b>		
a) Contingent liabilities not provided for in respect of Guarantee given by Canara bank to National Securities Clearing Corporation limited ( ₹ 80 lacs) and Stock Holding Corporation of India Limited ( ₹ 50 lacs) #	1,30,00,000	1,30,00,000
b) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	20,01,085	26,84,687

# : 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.

- 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 31.03.2014 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 : 17th May, 2014

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, 2014                      |
| 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.                            | : ₹ 42,32,412/-                         |
| a. Not dealt with the Holding Company's accounts:   |   |
| i) For the financial year ended 31 March, 2014  | : ₹ 3,94,577/-                          |
| ii) For the previous financial years of the Subsidiary Company since it become the Holding Company's subsidiary.  | : ₹ 38,37,835/-                         |
| b. Dealt with in Holding Company's accounts :   |   |
| i) For the financial year ended 31 March, 2014  | : 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

Place : Kolkata  
Date: 17th May, 2014

**Deb Kumar Sett**  
Company Secretary

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

## 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 31st March, 2014

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

(Amount in ₹)

Particular	31-Mar-14	31-Mar-13
a) Capital (Issued and subscribed)	65,12,000	65,12,000
b) Reserves	57,32,412	53,37,835
c) Total Assets	1,37,84,145	1,28,11,605
d) Total Liabilities	1,37,84,145	1,28,11,605
e) Details of Investment		
i) Non-current	45,06,548	40,36,850
ii) Current	-	-
f) Turnover	10,89,252	17,98,234
g) Profit before taxation	4,12,080	8,77,412
h) Provision for taxation	(17,503)	(109)
i) Profit after taxation	3,94,577	8,77,521
j) Proposed dividend	NIL	Nil

On behalf of the Board of Directors

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

Place : Kolkata  
Date: 17th May, 2014

**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, 2014, 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 ₹ 13,784 thousands as at 31st March 2014 and total revenues of ₹ 1,089 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 ₹ 4,114 thousands as at 31st March, 2014 and total revenue of ₹ 164 thousands for the year ended.
  - b) We did not audit the financial statements of the Company's associates SFSL Risk Management Services Pvt Ltd whose statements reflects total assets of ₹ 4,219 thousands as at 31st March, 2014 and total revenue of ₹ 105 thousands for the year ended and the Company's associate – Capita Finance Services Limited, whose financial statements reflects total assets of ₹ 12,600 thousands as at 31st March, 2014 and total revenue of ₹ 261 thousands for the year ended and the Company's associate US Infotech Pvt. Ltd whose financial statements reflects total assets ₹ 20,613 thousands as at 31st March, 2014 and revenue of ₹ 1,800 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, 2014 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.

Place : Kolkata  
Date: 17th May, 2014

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

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

## Consolidated Balance Sheet as at 31st March, 2014

(Amount in ₹)

Particulars	Note No.	As at 31st March	
		2014	2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
Share capital	1	7,98,44,240	7,98,44,240
Reserves and Surplus	2	21,79,76,119	19,08,13,961
Minority interest		3,033	2,911
	I	<b>29,78,23,392</b>	<b>27,06,61,112</b>
<b>2 Non-current liabilities</b>			
Long-term borrowings	3	24,42,560	43,26,802
Deferred tax liabilities (Net)	4	1,09,88,081	1,11,62,442
	II	<b>1,34,30,641</b>	<b>1,54,89,244</b>
<b>3 Current liabilities</b>			
Trade payables		26,13,949	40,58,039
Other current liabilities	5	2,17,16,155	74,69,168
Short-term provisions	6	80,29,353	52,08,003
	III	<b>3,23,59,457</b>	<b>1,67,35,210</b>
	I+II+III	<b>34,36,13,490</b>	<b>30,28,85,566</b>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
<b>1 Fixed assets</b>	7		
(i) Tangible assets		9,09,51,607	9,34,01,257
Non-current investments	8	1,74,98,378	1,65,93,039
Long-term loans and Advances	9	6,05,47,051	6,18,33,720
	IV	<b>16,89,97,036</b>	<b>17,18,28,016</b>
<b>2 Current assets</b>			
Current investments	10	3,71,90,888	3,32,96,431
Inventories	11	3,89,39,053	2,59,49,076
Trade receivables	12	5,38,44,363	2,44,64,130
Cash and Cash equivalents	13	4,14,30,772	4,44,01,655
Short-term loans and Advances	14	12,48,373	9,72,498
Other current assets	15	19,63,005	19,73,760
	V	<b>17,46,16,454</b>	<b>13,10,57,550</b>
	IV+V	<b>34,36,13,490</b>	<b>30,28,85,566</b>
Significant accounting policies	a-s		
Notes on financial statements	1 to 36		

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 : 17th May, 2014

For and on behalf of the Board of Directors

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

Directors

**Deb Kumar Sett**

Company Secretary





## Consolidated Statement of Profit and Loss for the year ended 31st March, 2014 (Amount in ₹)

Particulars	Note	For the year ended 31st March	
		2014	2013
<b>I. Revenue:</b>			
Revenue from operations	16	13,08,78,930	12,01,76,507
Other income	17	74,21,884	79,35,286
<b>Total revenue</b>		<b>13,83,00,814</b>	<b>12,81,11,793</b>
<b>II. Expenses:</b>			
Purchases of stock-in-trade - shares and securities		1,92,94,481	3,64,85,331
Changes in inventories of stock-in-trade shares and securities		(1,29,89,977)	(15,31,046)
Employee benefit expenses	18	3,32,38,916	3,12,44,413
Finance cost	19	4,80,768	4,93,534
Depreciation expense	7	39,38,841	40,80,768
Diminution in value of investments	8	(24,381)	1,09,057
Other expenses	20	4,55,15,110	3,32,06,474
<b>Total expenses</b>		<b>8,94,53,758</b>	<b>10,40,88,531</b>
<b>III. Profit before tax</b>	(I-II)	4,88,47,056	2,40,23,262
<b>IV. Tax expense:</b>			
Current tax expense		1,46,20,500	61,65,000
Deferred tax		(1,74,361)	7,81,197
Short/(Excess) provision for tax relating to prior years		(1,02,277)	10,62,050
<b>V. Profit for the year before adjustment of Minority Interest</b>	(III-IV)	3,45,03,194	1,60,15,015
Add : Share of Profit of Associates		1,51,260	9,96,220
Less: Minority Interest		122	270
<b>Profit for the year</b>	(V-IV)	<b>3,46,54,332</b>	<b>1,70,10,965</b>
<b>VI. Earnings per equity share:</b>	27		
(1) Basic		4.32	2.01
(2) Diluted		4.32	2.01
Significant Accounting Policies	a-s		
Notes on Financial Statements	1 to 36		

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 : 17th May, 2014

**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, 2014

(Amount in ₹)

Particulars	For the year ended 31st March	
	2014	2013
<b>A. Cash flows from operating activities</b>		
Profit before taxation and after exceptional items	4,88,47,056	2,40,23,262
Adjustments for :		
Depreciation	39,38,841	40,80,768
Interest income	(30,06,068)	(25,71,867)
Dividend income	(8,79,572)	(8,81,297)
Prior period income	-	(8,06,716)
Provision for leave Encashment	3,28,443	2,94,684
Interest paid	4,80,768	4,93,534
(Profit)/Loss on sale of fixed assets (net)	1,88,524	3,46,229
(Profit)/Loss on fixed assets discarded	10,44,233	-
(Profit)/Loss on sale of investments	(33,23,191)	(18,66,795)
Provision for diminution in the value of investments	(24,381)	1,09,057
Liabilities no longer required written back	-	(3,49,859)
Rent received	-	(12,60,000)
Operating profit before working capital changes	<b>4,75,94,653</b>	<b>2,16,11,000</b>
Adjustments for :		
(Increase) / Decrease in other current assets	10,755	(3,43,375)
(Increase) / Decrease in trade receivables	(2,93,80,233)	36,46,792
(Increase) / Decrease in inventories	(1,29,89,977)	(15,31,046)
(Increase) / Decrease in loans and advances	4,12,030	(77,81,802)
Increase / (Decrease) in trade and other payables	95,14,180	(69,57,614)
Cash generated from Operations	<b>1,51,61,408</b>	<b>86,43,955</b>
Direct taxes paid	(1,40,49,736)	(85,82,660)
Cash Flow before Extra Ordinary Items	<b>11,11,672</b>	<b>61,295</b>
Extra ordinary item	-	-
Adjustment of Earlier Years	1,30,277	(3,97,965)
Net cash from operating activities	<b>I 12,41,949</b>	<b>(3,36,670)</b>
<b>B. Cash flows from investing activities</b>		
(Purchase)/sale of fixed assets	(27,43,321)	(27,43,632)
(Purchase)/sale of investments	(13,00,964)	51,95,035
Rent Received	-	12,60,000
Interest received	30,06,068	25,71,867
Dividend received	8,79,572	8,81,297
Net cash (used in) / from investing activities	<b>II (1,58,645)</b>	<b>71,64,567</b>
<b>C. Cash flows from financing activities</b>		
Proceeds/(Repayment) of long term borrowings	4,16,493	(11,05,119)
Proceeds from employee stock option plan	2,300	-
Dividend paid	(39,92,212)	(74,23,759)
Interest paid	(4,80,768)	(4,93,534)
Net cash (used in) / from financing activities	<b>III (40,54,187)</b>	<b>(90,22,412)</b>
<b>Net increase in cash and cash equivalents</b>	(29,70,883)	(21,94,515)
Cash and cash equivalents at the beginning of the year	<b>I+II+III 4,44,01,655</b>	4,65,96,170
<b>Cash and cash equivalents at the end of the year</b>	4,14,30,772	4,44,01,655

Notes : 1 Components of cash and cash equivalents include cash, bank balances in current and deposit accounts as disclosed under Note No. 13 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 : 17th May, 2014

**Deb Kumar Sett**  
Company Secretary

For and on behalf of the Board of Directors

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

## SIGNIFICANT ACCOUNTING POLICIES

### a Consolidation of Accounts

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

### b Basis of preparation of accounts

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

### c Use of estimates

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

### d Fixed assets

#### i) Tangible assets

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

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

#### ii) Intangible assets

Intangible 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 on to the buyer.

***Insurance and other claims / refunds***

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

***Interest***

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

***Dividends***

Dividend is recognised when the shareholders' right to receive payment is established by the balance sheet date.

**j Retirement and other employee benefits**

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

### **s Foreign currency transactions**

Transaction denominated in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currency at the balance sheet date are translated at the year-end rates.

## Notes forming part of the Consolidated financial statement for the year ended 31st March, 2014

	As at 31st March, 2014		As at 31st March, 2013	
	Number	Amount (₹)	Number	Amount (₹)
<b>1 SHARE CAPITAL</b>				
<b>Authorised</b>				
Equity Shares of ₹ 10/- each	1,00,00,000	10,00,00,000	1,00,00,000	10,00,00,000
<b>Issued, Subscribed &amp; Paid up</b>				
Equity Shares of ₹ 10/- each fully paid	79,84,424	7,98,44,240	79,84,424	7,98,44,240
<b>Total</b>	<b>79,84,424</b>	<b>7,98,44,240</b>	<b>79,84,424</b>	<b>7,98,44,240</b>

## 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, 2014		Equity Shares as at As at 31st March, 2013	
	Number	Amount (₹)	Number	Amount (₹)
a) Shares outstanding at the beginning of the year	79,84,424	7,98,44,240	79,84,424	7,98,44,240
Shares outstanding at the end of the year	79,84,424	7,98,44,240	79,84,424	7,98,44,240
<i>Out of the above:</i>				
b) 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.				

## 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, 2014		As at 31st March, 2013	
	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 Limited	9,35,484	11.72	9,35,484	11.72
Hitech Tradecomm Pvt. Limited	5,66,900	7.10	5,66,900	7.10
<b>Total</b>	<b>30,64,604</b>	<b>38.39</b>	<b>30,64,604</b>	<b>38.39</b>



Notes forming part of the Consolidated financial statement for the year ended 31st March, 2014 (Contd.)

(Amount in ₹)

	As at 31st March	
	2014	2013
<b>2 RESERVES &amp; SURPLUS</b>		
<b>a. Securities Premium Reserve</b>		
Opening Balance	2,57,20,164	2,57,20,164
Add : Premium on shares issued during the year	-	-
<b>Closing Balance</b> I	2,57,20,164	2,57,20,164
<b>b. Revaluation Reserve</b>		
Opening Balance	9,47,918	9,69,291
(-) Written Back in Current Year	21,373	21,373
<b>Closing Balance</b> II	9,26,545	9,47,918
<b>c. Employee Stock Option*</b>		
Opening balance	-	-
Add: amount received during the year	2,300	-
<b>Closing Balance</b> III	2,300	-
<b>d. Surplus</b>		
Opening balance	16,41,45,879	15,18,05,602
(+) Net Profit/(Net Loss) for the current year	3,46,54,332	1,70,10,965
(-) Dividends proposed to be distributed to equity shareholders ₹ 0.80 per share (Previous year ₹ 0.50 per share)	63,87,539	39,92,212
(-) Tax on dividend	10,85,562	6,78,476
<b>Closing balance</b> IV	19,13,27,110	16,41,45,879
<b>Total</b> I+II+III+IV	<b>21,79,76,119</b>	<b>19,08,13,961</b>

\* The Company had approved an Employee Stock Option Plan on 24th March, 2011 which was further amended on 09th November, 2013 and 18th January, 2014. 3,48,000 options were granted to 68 employees on 09th November, 2013. Out of 68 employees to whom the options were granted only 23 employees have paid the application money of ₹ 100/- each. The aggregate options to be issued to the said employees is 1,17,000. The intrinsic value of the stock option is nil as the exercise price exceeds the market price on the date of grant. Therefore the Company has not recognised any expense in respect of Employee Stock Option during the financial year.

Particulars	Non-current portion As at 31st March		Current maturities* As at 31st March	
	2014	2013	2014	2013
<b>3 LONG-TERM BORROWINGS</b>				
<b>Secured</b>				
Term loan from schedules banks - Note (3.1)	24,42,560	43,26,802	23,00,735	-
<b>Total</b>	<b>24,42,560</b>	<b>43,26,802</b>	<b>23,00,735</b>	<b>-</b>

\* Amount disclosed under the head "Other current liabilities" (Note 5)



## Notes forming part of the Consolidated financial statement for the year ended 31st March, 2014 (Contd.)

(Amount in ₹)

Particulars	Repayment Schedule	As at 31st March	
		2014	2013
<b>3.1</b>			
<b>A. Borrowings from State Bank of Hyderabad</b>			
Term Loan	Repayable in 16 quarterly instalment of ₹ 16.5 Lacs each and the final installment would be due by the Quarter ended June 2015	35,12,854	43,26,802
<b>B. Borrowings from HDFC Bank</b>			
Vehicle Loan	Repayable in 36 monthly installments of ₹ 22,669 and final installment would be due on 5th November, 2016	6,32,378	-
<b>C. Borrowings from Canara Bank</b>			
Vehicle Loan	Repayable in 36 monthly installments. 35 installments of ₹ 22,735 and Final installment of ₹ 22,667 due on 16th August, 2016	5,98,063	-
Less: Current portion of term loans from schedule banks shown under Other current Liabilities		23,00,735	-
<b>Total</b>		<b>24,42,560</b>	<b>43,26,802</b>

**Additional Information:****A. State Bank of Hyderabad**

- (i) Primarily secured by equitable mortgage of unit no. C-703 in Wing C alongwith Car Parking (2 nos.) of Marathon Innova IT Part situated at Off G. K. Marg, Lower Parel (W), Mumbai.
- (ii) Secondary security provided by the way of Pledge of TDR worth ₹ 0.44 Crores.
- (iii) Personal Guarantee by Mr. Vijay Maheshwari
- (iv) Rate of interest is 10.40% p.a. with an option to reset the interest every two years.

**B. HDFC Bank**

- (i) Secured by hypothecation of the corresponding vehicle
- (ii) Rate of interest is 10.75% p.a.

**C. Canara Bank**

- (i) Secured by hypothecation of the corresponding vehicle
- (ii) Rate of interest is 10.70% p.a.



Notes forming part of the Consolidated financial statement for the year ended 31st March, 2014 (Contd.)

(Amount in ₹)

Particulars	As at 31st March	
	2014	2013
<b>4 NET DEFERRED TAX LIABILITY</b>		
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:		
<b>Deferred Tax Liability</b>		
Difference between book and tax depreciation	1,20,87,454	1,13,36,801
Sub Total (A)	<b>1,20,87,454</b>	<b>1,13,36,801</b>
<b>Deferred Tax Asset</b>		
Leave encashment	1,80,504	1,74,359
Long term capital loss	9,18,869	-
Sub Total (B)	<b>10,99,373</b>	<b>1,74,359</b>
<b>Net Deferred Tax Liabilities (A-B)</b>	<b>1,09,88,081</b>	<b>1,11,62,442</b>
<b>5 OTHER CURRENT LIABILITIES</b>		
Due to Micro, Small and Medium enterprises	-	-
Current maturities of long term borrowings	23,00,735	-
<b>Received from clients :</b>		
- Against margin money	1,30,71,233	16,36,030
- As advance	26,61,134	12,99,761
Unclaimed Dividend	12,70,932	13,48,506
Payable for expenses	14,52,803	24,48,898
Statutory dues	9,59,318	7,35,973
<b>Total</b>	<b>2,17,16,155</b>	<b>74,69,168</b>
<b>6 SHORT-TERM PROVISIONS</b>		
<b>Provision for employee benefits</b>		
Leave Encashment	5,56,252	5,37,315
<b>Others</b>		
Proposed Dividend	63,87,539	39,92,212
Corporate Dividend Tax	10,85,562	6,78,476
<b>Total</b>	<b>80,29,353</b>	<b>52,08,003</b>

## Notes forming part of the Consolidated financial statement for the year ended 31st March, 2014 (Contd.)

(Amount in ₹)

PARTICULARS	GROSS BLOCK			ACCUMULATED DEPRECIATION				NET BLOCK	
	Balance as at 1st April, 2013	Additions	Disposals	Balance as at 31st March, 2014	Balance as at 1st April, 2013	Depreciation for the year	On Disposals	Balance as at 31st March, 2014	Balance as at 31st March, 2013
<b>Tangible Assets</b>									
a Buildings	7,84,93,364 (7,80,53,364)	- (4,40,000)	-	7,84,93,364 (7,84,93,364)	57,26,123 (44,48,144)	12,79,158 (12,77,979)	-	70,05,281 (57,26,123)	7,27,67,241 (7,36,05,220)
b Electrical Installation	6,48,810 (6,48,810)	-	42,975	6,05,835 (6,48,810)	2,84,875 (2,44,201)	40,674 (40,674)	20,633	3,04,916 (2,84,875)	3,63,935 (4,04,609)
c Furniture & Fixtures	98,70,978 (98,70,978)	-	7,33,371	91,37,607 (98,70,978)	31,23,901 (25,19,077)	6,04,076 (6,04,824)	3,46,438	33,81,539 (31,23,901)	67,47,077 (73,51,901)
d Computers & Software	1,42,72,458 (1,40,27,010)	6,11,923 (2,83,448)	5,15,485 (38,000)	1,43,68,896 (1,42,72,458)	1,19,03,253 (1,10,05,405)	7,19,759 (9,33,948)	4,52,170 (36,100)	1,21,70,842 (1,19,03,253)	23,69,205 (30,21,605)
e Office equipment	50,62,742 (46,98,841)	2,33,377 (5,57,901)	10,76,426 (1,94,000)	42,19,693 (50,62,742)	12,77,285 (10,81,052)	2,43,416 (2,54,848)	4,46,780 (58,615)	10,73,921 (12,77,285)	37,85,457 (36,17,789)
f Vehicles	1,05,08,374 (97,94,218)	19,55,021 (18,32,835)	7,89,026 (11,18,679)	1,16,74,369 (1,05,08,374)	31,40,032 (26,98,502)	10,73,131 (9,89,868)	6,01,505 (5,48,338)	36,11,658 (31,40,032)	73,68,342 (70,95,716)
<b>Total</b>	<b>11,88,56,726</b> <b>(11,70,93,221)</b>	<b>28,00,321</b> <b>(31,14,184)</b>	<b>31,57,283</b> <b>(13,50,679)</b>	<b>11,84,99,764</b> <b>(11,88,56,726)</b>	<b>2,54,55,469</b> <b>(2,19,96,381)</b>	<b>39,60,214</b> <b>(41,02,141)</b>	<b>18,67,526</b> <b>(6,43,053)</b>	<b>2,75,48,157</b> <b>(2,54,55,469)</b>	<b>9,34,01,257</b> <b>(9,50,96,840)</b>
<b>Previous Year</b>									

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

Previous year's figures are shown in the brackets.



Notes forming part of the Consolidated financial statement for the year ended 31st March, 2014 (Contd.)

(Amount in ₹)

Particulars	As at 31st March	
	2014	2013
<b>8 NON-CURRENT INVESTMENTS</b>		
<b>Non-Trade Investments</b>		
<b>a) In Associates</b>		
Cost of Investments	1,13,88,788	1,11,38,688
Add: share of post acquisition of Profit	32,77,907	31,26,647
Total (a)	1,46,66,695	1,42,65,335
<b>b) Others</b>		
Investment in Equity instruments	38,61,461	36,01,461
Total (b)	38,61,461	36,01,461
<b>c) Mutual Funds</b>		
Investments in Mutual Funds	9,17,245	6,97,647
Total (c)	9,17,245	6,97,647
<b>Grand Total (a+b+c)</b>	<b>1,94,45,401</b>	<b>1,85,64,443</b>
Less : Provision for dimunition in the value of Investments	19,47,023	19,71,404
<b>Total</b>	<b>1,74,98,378</b>	<b>1,65,93,039</b>
Market value of quoted investment	19,66,403	16,67,921
NAV of unquoted investment (mutual fund)	9,60,947	9,65,870
<b>9 LONG-TERM LOANS AND ADVANCES</b>		
<b>(Unsecured, considered good, unless otherwise stated)</b>		
Capital advances	1,72,08,915	1,61,24,093
Security Deposits (Secured, considered good)	1,75,70,399	1,61,20,398
<b>Others</b>		
Advance Payment of taxes (Net)	46,33,067	58,93,539
Other advances	2,02,35,018	2,25,38,062
Other deposits	8,99,652	11,57,628
<b>Total</b>	<b>6,05,47,051</b>	<b>6,18,33,720</b>
<b>10 CURRENT INVESTMENTS</b>		
Investments in Mutual Funds	3,71,90,888	3,32,96,431
<b>Total</b>	<b>3,71,90,888</b>	<b>3,32,96,431</b>
Market Value of Investment as on 31.03.2014	3,86,56,790	3,51,02,008

## Notes forming part of the Consolidated financial statement for the year ended 31st March, 2014 (Contd.)

(Amount in ₹)

Particulars	As at 31st March	
	2014	2013
<b>11 INVENTORIES</b>		
(As taken by the Management and certified by a Director)		
(At lower of Cost and net realisable value)		
<b>Stock-in-trade</b>		
Equity Shares & Securities (Quoted)	3,88,97,193	2,59,05,721
Preference shares	1	1
Mutual Funds (Quoted)	41,859	43,354
<b>Total</b>	<b>3,89,39,053</b>	<b>2,59,49,076</b>
<b>12 TRADE RECEIVABLES</b>		
(Unsecured, considered good)		
Trade receivables		
- outstanding for a period less than six months	4,78,32,334	2,00,70,186
- outstanding for a period exceeding six months	60,12,029	43,93,944
<b>Total</b>	<b>5,38,44,363</b>	<b>2,44,64,130</b>
<b>13 CASH AND CASH EQUIVALENTS</b>		
a. Balances with banks *	1,65,47,551	2,08,09,607
b. Cash on hand	3,49,844	2,99,827
c. Fixed deposits with banks #	2,45,33,377	2,32,92,221
<b>Total</b>	<b>4,14,30,772</b>	<b>4,44,01,655</b>
* Balance with banks include Unclaimed Dividend of ₹ 12,70,932 /- (Previous Year ₹ 13,38,504/-)		
# Fixed Deposits with banks includes deposit of ₹ 31,00,000/- (Previous Year ₹ 41,00,000/-) 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 - ₹ 1,71,33,026/-)		
<b>14 SHORT-TERM LOANS AND ADVANCES</b>		
(Unsecured, considered good)		
Other advances	12,48,373	9,72,498
<b>Total</b>	<b>12,48,373</b>	<b>9,72,498</b>



Notes forming part of the Consolidated financial statement for the year ended 31st March, 2014 (Contd.)

(Amount in ₹)

Particulars	As at 31st March	
	2014	2013
<b>15 OTHER CURRENT ASSETS</b>		
Prepaid expenses	6,20,436	6,43,452
Income tax refundable	2,10,306	1,03,521
Interest accrued on deposits	11,32,263	12,26,787
<b>Total</b>	<b>19,63,005</b>	<b>19,73,760</b>

Particulars	For the year ended 31st March	
	2014	2013
<b>16 REVENUE FROM OPERATIONS</b>		
- Investment Banking	11,24,10,346	7,30,81,852
- Commodity trading	(6,17,155)	45,112
- Sales of stock-in-trade - Shares and Securities	73,12,000	3,45,51,354
- Brokerage, commission and other charges	1,17,73,739	1,24,98,189
<b>Total</b>	<b>13,08,78,930</b>	<b>12,01,76,507</b>

<b>17 OTHER INCOME</b>		
Interest income	30,06,068	25,71,867
Dividend Income	8,79,572	8,81,297
Net gain on sale of mutual funds	33,23,191	18,66,795
Net gain on intraday trading of shares and securities	37,524	1,73,324
Net gain on Currency Derivatives	11,831	-
Prior period income relating to gratuity	-	8,06,716
Other non-operating income	1,63,698	16,35,287
<b>Total</b>	<b>74,21,884</b>	<b>79,35,286</b>

<b>18 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, bonus and incentives	3,01,17,879	2,82,86,440
Contribution to provident and other funds	14,29,732	15,08,261
Gratuity fund expense	6,05,355	4,68,958
Staff welfare expenses	10,85,950	9,80,754
<b>Total</b>	<b>3,32,38,916</b>	<b>3,12,44,413</b>

## Notes forming part of the Consolidated financial statement for the year ended 31st March, 2014 (Contd.)

(Amount in ₹)

Particulars	For the year ended 31st March	
	2014	2013
<b>19 FINANCE COST</b>		
Interest expense	4,80,768	4,93,534
<b>Total</b>	<b>4,80,768</b>	<b>4,93,534</b>
<b>20 OTHER EXPENSES</b>		
Demat and depository charges	2,82,143	2,50,152
Communication expenses	12,62,941	14,23,659
Insurance	2,15,206	2,09,267
Rent	17,28,000	21,19,000
Electricity	11,45,745	11,15,166
Office maintenance	16,85,362	15,39,728
Travelling & conveyance	34,81,157	33,01,870
Net loss on derivative transactions	22,73,571	6,55,157
Loss on sale of fixed assets	1,88,524	3,46,229
Loss on fixed assets written off	10,44,233	-
Rates & taxes	2,27,104	1,78,374
SEBI turnover and membership registration fees	8,84,884	9,28,309
Commission	77,50,000	2,50,000
Processing fees	24,470	1,70,200
Professional charges	78,05,145	71,18,748
Payment to auditor	2,74,000	2,60,500
Repairs & maintenance	1,91,952	91,189
Advertisement & Business promotion	58,72,445	55,27,763
Car expenses	27,51,890	19,83,307
Printing & stationery	5,18,861	9,77,000
Charity and donation	1,71,500	16,200
Computer expenses	2,33,500	1,96,189
NSE / BSE charges	2,66,064	3,03,861
VSAT charges	96,978	2,51,720
Miscellaneous expenses	51,05,660	39,92,886
Loss due to foreign exchange fluctuation	33,775	-
<b>Total</b>	<b>4,55,15,110</b>	<b>3,32,06,474</b>
<b>21 PAYMENTS TO AUDITORS</b>		
- Statutory audit	1,64,500	1,36,000
- Tax audit	60,000	50,000
- Limited review	15,000	12,000
- Certification and other services	34,500	62,500
<b>Total</b>	<b>2,74,000</b>	<b>2,60,500</b>

Note: The above figures are exclusive of service tax as the Company has taken Cenvat input of the service tax charged on the audit fees.



## Notes forming part of the Consolidated financial statement for the year ended 31st March, 2014 (Contd.)

### 22 OPEN INTEREST IN EQUITY INDEX/STOCK FUTURES AS AT 31ST MARCH, 2014:

Sl.No.	Name of the future	Series of future	Number of contracts	Number of units involved
1	Bharat Heavy Electronics Limited	24th April, 2014	1	2,000
2	Reliance Industries Limited	24th April, 2014	4	1,000

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

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

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

i	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	-	-	43,01,840	43,01,840
	-	-	(39,05,689)	(39,05,689)
ii) Rent paid	-	2,28,000	6,00,000	8,28,000
	-	(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) Dividend Paid	2,82,525	1,09,300	10,25,705	14,17,530
	(4,52,040)	(1,74,880)	(16,41,128)	(22,68,048)

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, 2014 (Contd.)

**23 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	
	2014	2013
<b>Managerial Remuneration</b>		
Bhawani Sankar Rathi	19,94,640	19,56,112
Rajesh Kumar Gupta	23,07,200	19,49,577
<b>Rent paid</b>		
SFSL Commodity Trading Pvt. Ltd.	9,00,000	9,00,000
Superb Estate Services Pvt. Ltd.	2,28,000	1,68,000
Vijay Maheshwari	6,00,000	6,00,000
<b>Guarantee Commission paid</b>		
Vijay Maheshwari	1,25,000	1,25,000
Bijay Murmuria	1,25,000	1,25,000
<b>Dividend paid</b>		
Bijay Murmuria	1,84,960	2,95,936
Bhawani Sankar Rathi	59,635	95,416
Vijay Maheshwari	7,81,110	12,49,776

**24 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	
	2014	2013
<b>A Defined Contribution Plans:</b>		
The Company has recognised the following amounts in the Profit/ Loss Account for the Year:		
Contribution to Employee's Provident Fund	8,72,633	8,96,501
Contribution to Employee's Family Pension Fund	3,56,064	3,80,749
<b>Total</b>	<b>12,28,697</b>	<b>12,77,250</b>



## Notes forming part of the Consolidated financial statement for the year ended 31st March, 2014 (Contd.)

### 24 GRATUITY AND POST-EMPLOYMENT BENEFITS PLANS (Contd.)

#### B Defined Benefit Plans:

a) Expenses recognised in the statement of Profit and Loss Account for the year ended 31st March, 2014 (Amount in ₹)

Particulars	For the year ended 31st March			
	2014		2013	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
<b>(A) Component of Employer's Expense</b>				
Current service cost	4,66,020	57,634	3,83,390	33,874
Interest cost on benefit obligation	2,37,690	48,359	1,97,271	37,256
Expected return on plan assets	(3,15,466)	-	(2,95,755)	-
Net actuarial (gain) / loss recognised during the period	2,17,111	2,22,450	2,18,465	2,23,554
Total expenses	6,05,355	3,28,443	5,03,371	2,94,684
<b>(B) Actual Contribution and Benefits Payments for period ending</b>				
Actual Benefit Payments	2,07,693	3,09,507	5,27,019	2,08,956
Actual Contribution	2,21,318	3,09,507	4,86,958	2,08,956

b) Net assets / (liability) recognised in the balance sheet as at 31st March, 2014

Particulars	For the year ended 31st March			
	2014		2013	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present value of defined benefits obligation	33,38,822	5,56,252	26,41,002	5,37,316
Fair value of plan assets	37,61,501	-	34,47,718	-
Net assets/ (liability) recognised in the balance sheet as at 31st March, 2014	4,22,679	(5,56,252)	8,06,716	(5,37,316)
Employer's Expense				
(a) Current Service Cost	4,66,020	57,634	3,83,390	33,874
(b) Total Employer Expense	6,05,355	3,28,443	5,03,371	2,94,684

c) Change in obligations during the year ended 31st March, 2014

Particulars	For the year ended 31st March			
	2014		2013	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present value of defined obligation at the beginning of the period	26,41,002	5,37,316	23,91,167	4,51,588
Current service cost	4,66,020	57,634	3,83,390	33,874
Interest cost	2,37,690	48,359	1,97,271	37,256
Benefits paid	(2,07,693)	(3,09,507)	(5,27,019)	(2,08,956)
Actuarial (gains)/losses	2,01,803	2,22,450	1,96,193	2,23,554
Present value of defined benefits obligation at the end of the period	33,38,822	5,56,252	26,41,002	5,37,316

## Notes forming part of the Consolidated financial statement for the year ended 31st March, 2014 (Contd.)

## 24 GRATUITY AND POST-EMPLOYMENT BENEFITS PLANS (Contd.)

d) Change in the fair value of plan assets during the year ended 31st March 2014

(Amount in ₹)

Particulars	For the year ended 31st March			
	2014		2013	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Plan Asset at the beginning of the period	34,47,718	-	32,32,296	-
Actual return on Plan Asset	3,00,158	-	2,73,483	-
Contribution by the employer	2,21,318	3,09,507	4,68,958	2,08,956
Employee Contributions	-	-	-	-
Benefits Paid	(2,07,693)	(3,09,507)	(5,27,019)	(2,08,956)
Plan Asset at the end of the period	37,61,501	-	34,47,718	-

e) Gratuity plan

Particulars	For the year ended 31st March				
	2014	2013	2012	2011	2010
Present value of defined benefit obligation	33,38,822	26,41,002	23,91,167	21,34,619	18,63,918
Fair value of plan assets	37,61,501	34,47,718	32,32,296	26,30,227	21,44,297
Surplus /(deficit)	4,22,679	8,06,716	8,41,129	4,95,608	2,80,379
Experience adjustment (gain)/ loss for plan liability	(25,228)	2,80,417	(39,515)	-	-
Experience adjustment (gain)/ loss for plan assets	(15,308)	(22,272)	(1,554)	-	-

f) Leave encashment

Particulars	For the year ended 31st March				
	2014	2013	2012	2011	2010
Present value of defined benefit obligation	5,56,252	5,37,316	4,51,588	4,83,528	5,00,319
Surplus /(deficit)	(5,56,252)	(5,37,316)	(4,51,588)	(4,83,528)	(5,00,319)
Experience adjustment (gain)/ loss for plan liability	1,92,190	2,04,123	1,51,194	-	-
Experience adjustment (gain)/ loss for plan assets	-	-	-	-	-



## Notes forming part of the Consolidated financial statement for the year ended 31st March, 2014 (Contd.)

### 25 SEGMENT INFORMATION

(Amount in ₹)

Particular	For the year ended 31st March	
	2014	2013
<b>A Primary segment information (by business segments)</b>		
i Segment Revenue		
– Capital Market Operations	2,24,54,956	5,05,12,278
– Investment Banking	11,58,45,858	7,67,92,799
– Others (Unallocable)	-	8,06,716
Total segment revenue	<b>13,83,00,814</b>	<b>12,81,11,793</b>
ii Segment results (before interest and unallocated income/expense)		
– Capital Market Operations	2,28,740	1,52,830
– Investment Banking	5,00,24,059	2,42,27,182
– Others (Unallocable)	(9,24,975)	1,36,784
Total segment results	<b>4,93,27,824</b>	<b>2,45,16,796</b>
iii Operating profit	4,93,27,824	2,45,16,796
iv Unallocated interest expenses	4,80,768	4,93,534
v Unallocated interest income	-	-
vi Total profit before tax	<b>4,88,47,056</b>	<b>2,40,23,262</b>
vii Segment assets		
– Capital Market Operations	14,07,84,014	10,85,61,849
– Investment Banking	19,69,42,645	18,61,71,438
– Others (Unallocable)	58,86,831	81,52,279
Total segment assets	<b>34,36,13,490</b>	<b>30,28,85,566</b>
viii Segment liabilities		
– Capital Market Operations	1,79,65,433	63,79,617
– Investment Banking	80,92,549	86,63,201
– Others (Unallocable)	87,44,032	60,19,192
Total segment liabilities	<b>3,48,02,014</b>	<b>2,10,62,010</b>
ix Depreciation		
– Capital Market Operations	4,60,388	6,12,745
– Investment banking	34,78,453	34,68,023
– Others (Unallocable)	-	-
Total depreciation	<b>39,38,841</b>	<b>40,80,768</b>
x Capital employed		
– Capital Market Operations	12,28,18,581	10,21,82,232
– Investment Banking	18,88,50,096	17,75,08,237
– Others (Unallocable)	(28,57,201)	21,33,087
Total Capital Employed	<b>30,88,11,476</b>	<b>28,18,23,556</b>

**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 areas.

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 ₹ 10,988,901/- (Previous year ₹ 1,11,62,442/-)

**B. There is no reportable geographical segment.**

## Notes forming part of the Consolidated financial statement for the year ended 31st March, 2014 (Contd.)

(Amount in ₹)

Particular	For the year ended 31st March	
	2014	2013
<b>26 EXPENDITURE / EARNING IN FOREIGN CURRENCY</b>		
<b>a) Expenditure in Foreign Currency</b>		
Travelling	5,75,367	3,65,873
User Fees	-	6,08,675
Purchase of non current investment	-	30,04,313
<b>Total</b>	<b>5,75,367</b>	<b>39,78,861</b>
Note : The figures given above are net payments after withholding tax deducted at source.		
<b>b) Earnings in Foreign currency</b>		
Consultancy Fees	18,09,579	19,59,027
<b>Total</b>	<b>18,09,579</b>	<b>19,59,027</b>
<b>27 EARNING PER SHARE (EPS)</b>		
Earning per Share		
a Profit after tax	3,45,03,194	1,60,15,015
b Weighted average number of equity shares outstanding during the year (nos)	79,84,424	79,84,424
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	79,84,424
e Earning per share		
- Basic [a/b]	<b>4.32</b>	<b>2.01</b>
- Diluted [a/d]	<b>4.32</b>	<b>2.01</b>

**28** Quoted Equity Instruments held as stock in trade includes shares which the Company has pledged with Stock Holding Corporation of India Limited amounting to ₹ 1,06,97,248/-.

Scrip Name	Quantity	Value (₹)
Gujarat NRE Coke Limited	3,000	15,480
Larsen & Toubro Limited	300	3,52,952
LIC Housing Finance Limited	4,000	7,55,680
Mahanagar Telephone Nigam Limited	3,200	29,184
NMDC Limited	2,500	3,22,016
NTPC Limited	2,000	2,21,575
Oriental Bank of Commerce	8,000	10,69,920
Reliance Industries Limited	2,000	17,21,888
State Bank of India	3,500	62,08,554



## Notes forming part of the Consolidated financial statement for the year ended 31st March, 2014 (Contd.)

- 29** 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.
- 30** During the year unpaid dividend amounting to ₹ 1,72,765 relating to financial year 2005-06 has been transferred to the Investor Education and Protection Fund as per Section 205C of the Companies Act, 1956
- 31** 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	
	2014	2013
<b>32 CONTINGENT LIABILITY</b>		
a) Contingent liabilities not provided for in respect of Guarantee given by Canara bank to National Securities Clearing Corporation limited (₹ 80 lacs) and Stock Holding Corporation of India Limited (₹ 50 lacs) #	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	5,00,000	5,00,000
c) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	20,01,085	26,84,687

# : 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.

### 33 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, 2014
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 31.03.14	Carrying Amount of Investments as on 31.03.14
SFSL Insurance Advisory Services (P) Ltd.	23.80	8,50,000	4,95,355	(2,65,702)	5,84,298
SFSL Risk Management Services (P) Ltd.	38.43	9,25,000	66,936	2,31,302	11,56,302
Capita Finance Services Ltd.	26.61	4,00,000	1,49,755	4,21,508	8,21,508
US Infotech Pvt. Ltd.	43.35	56,22,688	3,59,192	28,90,799	85,13,487
<b>Total</b>		<b>77,97,688</b>	<b>10,71,238</b>	<b>32,77,907</b>	<b>1,10,75,595</b>

## Notes forming part of the Consolidated financial statement for the year ended 31st March, 2014 (Contd.)

- 34** 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 31.03.2014 of ₹ 21,373/- on revalued portion has been adjusted with Revaluation Reserve.
- 35** Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure
- 36** 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 : 17th May, 2014

For and on behalf of the Board of Directors

**Bijay Murmuria**

**Bhawani Sankar Rathi**

**Rajesh Kumar Gupta**

Directors

**Deb Kumar Sett**

Company Secretary



## FINANCIAL HIGHLIGHTS

(₹ in lakhs unless specified otherwise)

Details	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Income From Operations	1,314.96	1,201.31	1,276.68	1,267.22	1,372.52	874.77	758.75	419.73
Other Income	66.15	70.82	174.68	54.49	30.04	44.89	16.95	39.36
Total Income	1,381.11	1,272.13	1,451.36	1,321.71	1,402.56	919.66	775.70	459.09
Profit before interest, depreciation, amortisation and tax	528.06	277.87	527.30	652.03	768.86	401.70	304.97	149.42
Profit before interest & tax	488.91	237.48	486.31	614.76	741.89	375.27	282.15	130.58
Profit before tax	484.35	231.45	472.00	596.86	738.18	355.89	275.74	128.38
Profit after tax	344.47	162.13	343.70	411.09	491.13	221.15	180.24	85.44
Net fixed Assets	898.52	922.91	939.50	993.06	481.86	443.50	459.17	457.11
Share Capital	798.44	798.44	798.44	700.40	682.45	676.79	664.29	664.29
Reserves & Surplus *	2,098.79	1,829.02	1,724.36	1,216.78	869.37	441.90	269.58	152.12
Networth	2,897.23	2,627.46	2,522.80	1,917.18	1,551.82	1,118.69	933.87	816.41
Total borrowings	47.43	43.26	54.32	448.26	15.24	12.74	36.86	25.56
Earnings per share (In Rupee)	4.31	1.90	5.04	6.02	7.26	3.32	2.71	1.29
Dividend per share (In Rupee)	0.80	0.50	0.80	0.80	0.80	0.75	0.70	0.50
Book value per share (in Rupee)	36.40	33.03	31.72	28.14	22.88	16.68	14.21	12.45
EBITDS/turnover (%)	38.23	21.84	36.33	49.33	54.82	43.68	39.32	32.55
Profit before tax/ turnover (%)	35.07	18.19	32.52	45.16	52.63	38.70	35.55	27.96
Return on capital employed (%)	16.14	8.48	18.05	25.16	45.56	30.43	27.82	14.96
Return on networth (%)	11.89	6.17	13.62	21.44	31.65	19.77	19.30	10.47

\* Excluding Revaluation Reserve





**Form No. MGT-11  
PROXY FORM**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3)  
of the Companies (Management and Administration) Rules, 2014]



CIN : **L70101WB1989PLC047465**

Name of the Company : **Sumedha Fiscal Services Ltd.**

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

Name of the Member (s) : .....  
Registered Address : .....  
.....  
Email ID : .....  
Folio No. / Client ID : .....  
DP ID : .....

I / We, being the member(s) of ..... Shares of the above named Company, hereby appoint -

1. Name : .....  
Address : .....  
Email ID : .....  
Signature : ....., or failing him/her
2. Name : .....  
Address : .....  
Email ID : .....  
Signature : ....., or failing him/her
3. Name : .....  
Address : .....  
Email ID : .....  
Signature : .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 25th Annual General Meeting of the Company, to be held on Saturday, the 13th day of September, 2014 at 10.30a.m. at "Somany Conference Hall", MCC Chamber of Commerce & Industry, 15B, Hemanta Basu Sarani, Kolkata – 700 001 and at any adjournment thereof in respect of such resolutions as are indicated below :

**Ordinary Business :**

1. To consider and adopt the Accounts of the Company for the financial year ended 31st March, 2014, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon
2. To declare dividend for the financial year ended 31st March, 2014;
3. Re-appointment of Mr. Vijay Maheshwari who retires by rotation
4. Re-appointment of Mr. Bijay Murmuria who retires by rotation
5. Appointment of ARSK & Associates, Chartered Accountants as Auditors of the Company

**Special Business :**

6. Modification in terms of Appointment of Mr. Bhawani Sankar Rathi, Wholetime Director
7. Appointment of Mr. Ratan Lal Gaggar as an Independent Director
8. Appointment of Dr. Basudeb Sen as an Independent Director
9. Appointment of Mr. Atul Chandra Varma as an Independent Director
10. Appointment of Mr. Prashant Sekhar Panda as an Independent Director
11. Leasing out of office-space – as a Special Resolution

Signed this ..... day of ....., 2014  
Signature of Shareholder : .....  
Signature of Proxy holder(s) : .....



Note : This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.





**SUMEDHA**  
adding values to value

## **SUMEDHA FISCAL SERVICES LIMITED**

CIN : L70101WB1989PLC047465  
Regd. Office. 6A Geetanjali, 8B Middleton Street,  
Kolkata – 700 071

### **ATTENDANCE SLIP**

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

DP Id.. :  Folio No. / Client Id.  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 FIFTH ANNUAL GENERAL MEETING at "Somany Conference Hall", MCC Chamber of Commerce & Industry, 15B, Hemanta Basu Sarani, Kolkata – 700 001 on Saturday, the 13th September, 2014 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.



www.sumedha.co.uk

## Personal Touch

At Sumedha, we know an attentiveness in your need. Value means a lot. When you add that little 'x' to it making it a sum, it changes the dynamics of everything.

**SUMEDHA**  
adding values to life

**Sumedha Facial Services Ltd**  
Regional Office: 18, Kilmartin Quay, Glasgow G3 7JL, Scotland  
T: +44 11 2228 1441 F: +44 11 2228 1442  
E: info@sumedha.co.uk  
Head Office: 18, Kilmartin Quay, Glasgow G3 7JL, Scotland  
T: +44 11 2228 1441 F: +44 11 2228 1442  
E: info@sumedha.co.uk



www.sumedha.co.uk

## Resolute Principles

At Sumedha, we believe in doing the right things. Value means a lot. When you add that little 'x' to it making it a sum, it changes the dynamics of everything.

**SUMEDHA**  
adding values to life



## Right Partnerships

At Sumedha, we believe in collaborative efforts and follow a win-win approach. Value means a lot. When you add that little 'x' to it making it a sum, it changes the dynamics of everything.

**SUMEDHA**  
adding values to life

**Sumedha Facial Services Ltd**  
Regional Office: 18, Kilmartin Quay, Glasgow G3 7JL, Scotland  
T: +44 11 2228 1441 F: +44 11 2228 1442  
E: info@sumedha.co.uk  
Head Office: 18, Kilmartin Quay, Glasgow G3 7JL, Scotland  
T: +44 11 2228 1441 F: +44 11 2228 1442  
E: info@sumedha.co.uk



Values  
we stand  
by at  
Sumedha



**SUMEDHA**  
adding values to value  
[www.sumedhafiscal.com](http://www.sumedhafiscal.com)