



Our Corporate Personality

The moneynwise logo, symbol and colours truly reflect our growth and vigour, and what SKP does – using its knowledge and wisdom acquired over decades of experience, to help people to be moneynwise, creating a sense of prosperity in them, bringing happiness to their lives.

Our Vision

Creating Prosperity, bringing happiness.

Our Core Values

Customers First
Ethical & Transparent
Speed with Quality and Economy
Knowledge sharing & Innovation
Passion & Ownership
Empowerment and Meritocracy
within Team Work

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Standalone

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BOARD OF DIRECTORS

| | |
|-----------------|--------------------------------|
| S. K. Mitra | - Independent, Non - executive |
| G. L. Sultania | - Independent, Non - executive |
| Kishore Bhimani | - Independent, Non - executive |
| Sanjay Chamria | - Independent, Non - executive |
| Naresh Pachisia | - Managing Director |
| Rajesh Pachisia | - Managing Director |

Auditors

U.S. Agarwal & Associates
42/1, B.B. Ganguly Street
Kolkata 700 012

Bankers

HDFC Bank Ltd
United Bank of India
Axis Bank Ltd
State Bank of India
Vijaya Bank

Registered Office & Correspondence Address

Chatterjee International Centre, Level 21
33A, Jawahar Lal Nehru Road
Kolkata 700071, India
Phone (033) 40077000
Fax (033) 40077007
E-Mail - cs@skpmoneywise.com

Mumbai Office

73C, Mittal Court (C-wing)
Nariman Point
Mumbai 400 021 India
Phone (022) 2281 9012
Fax (022) 22830932
E-mail – mumbai@skpmoneywise.com

Registrar & Share Transfer Agent

Maheshwari Datamatics (P) Ltd.
6 Mangore Lane (2nd Floor)
Kolkata –700 001
Phone: (033) 2243 5809

Company Secretary

Shilpi Sureka

CHARTER MEMBER

Financial Planning Standards Board, India

MEMBER

National Stock Exchange of India Ltd.

Bombay Stock Exchange, Ltd.

National Commodities & Derivatives Exchange Ltd*.

Multi Commodity Exchange of India Ltd.*

MCX Stock Exchange Ltd.

DEPOSITORY PARTICIPANT

National Securities Depositories Ltd.

Central Depository Services (I) Ltd.

AMFI REGISTERED MUTUAL FUND ADVISOR

Association of Mutual Funds in India

OUR CLIENT SEGMENTS

Banks

Insurance Companies

Mutual Funds

Corporate & Business Houses

Charitable / Educational / Health Institutions

Non-Profit Organisations

Provident Funds

Individuals from all socio-economic strata

OUR SERVICES

Brokerage

Equities & Derivatives

Commodities Futures*

Currency Futures

Depository Services

Net Trading

Distribution

Mutual Funds

Insurance*

Initial Public Offers

Bonds & Fixed Deposits

Wealth Advisory

Mutual Fund

Private Equity

Debt PMS

Gold

Real Estate

Financial Planning & Prosperity Management

Directors' Report

To the Members,

Your Directors have pleasure in presenting the Twentieth Annual Report and Audited Accounts of SKP Securities Ltd. (SKP) for the year ended March 31, 2010.

Financial Highlights

| Particulars | Financial Year (in Rs Lacs) | |
|---|--------------------------------|----------------|
| | 2009-2010 | 2008-2009 |
| Total Income | 1478.88 | 978.04 |
| Total Expenditure | 1114.64 | 919.78 |
| Operational Profit | 364.24 | 58.26 |
| Depreciation | 63.91 | 53.49 |
| Profit Before Tax | 300.33 | 4.77 |
| Provision for Tax (including Deferred Tax Liability) | 102.02 | (3.97) |
| Profit After Tax | 198.31 | 8.74 |
| Appropriations | | |
| Proposed Dividend | 56.15 | 0.00 |
| Dividend Distribution Tax | 9.54 | 0.00 |
| Transferred to General Reserve | 40.00 | 0.00 |
| Earning Per Share (Rs.) | 3.53 | 0.16 |
| Net Worth | 1583.72 | 1450.70 |

Dividend

Your Directors take pleasure in recommending payment of a dividend of 10 % (Re. 1 per share) for the year 2009-10, subject to the approval of shareholders.

Business Performance

From the confidence shaking sharp fall and lows of previous year, Indian Capital Markets made a handsome recovery during the year, catching almost everyone off guard. Memories of painful losses in the recent past were fresh, making investors and traders generally remain cautious during the year, resulting in low volumes, quite uncharacteristic of booming markets. Structural changes made in the mutual funds industry during the year were game changers for the mutual funds advisory and distribution business, necessitating a difficult to implement new business model.

In this backdrop, after a nightmarish previous year (2008-2009), SKP has done reasonably well during 2009-2010. The reverse gear of downsizing of operations applied in the previous year, were changed to neutral in July 2009, with cost rationalisation efforts continuing. By January 2010, forward gear was applied to resume SKP's growth initiatives, keeping an eye on profitability for shareholders interest.

Income and profitability across almost all verticals recovered. Size of broking business, encompassing equities, derivatives, currency futures and commodities futures (through subsidiary company viz. SKP Commodities Ltd), improved to about 19000 clients and over 13000 demat account holders being served from over 300 business outlets. Our equity research prowess and IT systems were enhanced to serve the clients better. Assets Under Management in mutual funds continues to be around

Rs.1000 Crores, enlarging our investor base to almost 200000 investor accounts. We were also engaged in the distribution of private equity funds, bonds, fixed deposits, etc.

Future Outlook

A rising Indian economy, leaving higher investible surplus in the hands of individuals and low penetration of service providers, will continue to create good business opportunities for companies like SKP and we are gearing well to avail such opportunities, inspite of severe competition. SKP is back in growth mode albeit cautiously across products, value addition to clients, and geographies with suitable changes being made in product delivery and business models. Required investments will continue to be made in human resources, information technology and systems for more efficient business processes and superior client servicing. Special efforts will be made for brand development, marketing and communications to support all our business verticals, although this could have a negative impact on profitability in the short run. We are fully geared up for availing all growth opportunities – organic or inorganic.

Corporate Governance

Your Company has always striven to maintain the highest standards of Corporate Governance. All the stipulations set out in the listing agreement have been adhered to by your Directors. A Report on Corporate Governance is attached to this report as per statutory requirements. A Certificate from the Auditors of the Company M/s. U.S. Agarwal & Associates, confirming the compliance of conditions of Corporate Governance is annexed to this Report.

Auditors' Report

All the items on which the Auditors have commented in their report are self-explanatory.

Directorate

In accordance with the provisions of the Companies Act, 1956, and the Articles of Association of the company, Mr. Kishore Bhimani, Director of the company, retires by rotation at the ensuing Annual General Meeting and is eligible for reappointment.

Listings

The equity shares of the company are listed on The Bombay Stock Exchange Ltd. The company's pending request for voluntary de-listing at Calcutta Stock Exchange (CSE) has finally been approved by CSE and the company's shares are no longer listed on CSE.

Auditors

The Auditors, M/s U S Agarwal & Associates, Chartered Accountants, retire

and being eligible, offer themselves for re-appointment as the statutory auditors of the Company pursuant to Section 224 of the Companies Act, 1956.

Fixed Deposits

Your Company did not accept any fixed deposits u/s 58A of the Companies Act 1956, during the year.

Conservation of Energy, Technology Absorption and Foreign Exchange Earning/Outgo

Your Company not being a Manufacturing Company, the provisions relating to measures for conservation of energy and reduction of energy consumptions are not applicable. No comment is being made on technology absorption considering the nature of activities undertaken by your Company during the period under review. Expenditure incurred in Foreign Currency during the year Rs.63431.00

Information under section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975

As required under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of employees are as under:

| Name | Designation | Qualification | Age | Joining Date | Experience (Years) | Gross Remuneration (Rs.) | Previous Employment |
|-----------------|-------------------|---------------|-----|---------------------|--------------------|--------------------------|---------------------|
| Naresh Pachisia | Managing Director | B Com CFP | 47 | Since Incorporation | 28 | 1,950,000 | - |
| Rajesh Pachisia | Managing Director | B Com CFP | 44 | Since Incorporation | 26 | 1,950,000 | - |

Director's Responsibility Statement

In accordance with the Companies (Amendment) Act, 2000, the Directors state that:

- i. in the preparation of annual accounts, all applicable accounting standards have been followed with proper explanations relating to material departures.
- ii. the directors had 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 as on March 31, 2010 and of the profit of the Company for the accounting year ended on that day.
- iii. the directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provision of the Act so as to safeguard the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the directors have approved the annual accounts on a going concern basis.

Acknowledgement

The Board expresses its deep gratitude and thanks to the clients, business associates, principals, bankers, regulators, exchanges, depositories, and shareholders for their valuable contribution towards the progress of the Company. Your Directors particularly wish to place on record their sincere appreciation of the best efforts put in by the employees at all levels, but for which, the Company could not have achieved what it did during the year under review.

Registered Office:

Chatterjee International Centre, Level 21
33A, Jawahar Lal Nehru Road
Kolkata 700071, India

Dated: April 23, 2010

For and on behalf of the Board

Naresh Pachisia
Managing Director

CORPORATE GOVERNANCE REPORT

Corporate Governance is about running the company, in letter and spirits, according to the legal framework provided by Clause 49 of Listing Agreement and other guidelines as laid down by SEBI from time to time, which aims at ethical and transparent business conduct, meeting stakeholders' aspirations and societal expectations, strengthening internal control, building trust amongst shareholders, employees, customers, suppliers and diverse stakeholders on four key elements- transparency, fairness, disclosure and accountability.

Your Company is in compliance with the requirements of the guidelines on Corporate Governance stipulated under Clause 49 of the Listing Agreement as on 31.03.2010, in letter and spirits, and

presents the following Corporate Governance report based on the said disclosure requirements:

Company's Philosophy on Code of Governance

The Company's Philosophy on Corporate Governance envisages the attainment of high level of transparency and accountability in the functioning of the Company and the conduct of its business internally and externally, including its interaction with employees, shareholders, creditors, and lenders and places due emphasis on regulatory compliances. The Company believes that its systems and actions must be dovetailed for enhancing corporate performance and maximizing shareholder value in the long term.

Board of Directors

Composition and Category as on 31.03.2010

Your company has an optimum combination of executive and non-executive directors with 67 percent of the Board of Directors comprising of non-executive directors.

- 2 Promoter, Executive Directors
- 4 Independent, Non Executive Directors

The composition of the Board of Directors as on 31.03.2010 and also the number of other Board of Directors of which they are a member are as under:

| Name of Director | Category | No. of other Directorship |
|---|----------------------------|---------------------------|
| Shri Naresh Pachisia Managing Director | Promoter, Executive | 6 |
| Shri Rajesh Pachisia Managing Director | Promoter, Executive | 1 |
| Shri G.L. Sultania | Independent, Non-Executive | 13 |
| Shri Kishore Bhimani | Independent, Non-Executive | 1 |
| Shri Sanjay Chamria | Independent, Non-Executive | 3 |
| Shri Subrata Kumar Mitra | Independent, Non-Executive | 5 |

Note: Private limited Companies, foreign companies and section 25 companies have been excluded for the above purpose

Attendance of each Director at the Board Meetings and the last Annual General Meeting

During the financial year ended March 31 2009, four Board Meetings were held on 8th May, 2009, 25th July 2009, 24th October 2009, and 30th January 2010. The maximum time gap between two meetings complies with the mandated requirement of not more than 4 months. The attendance of each Director at Board Meetings and the last Annual General Meeting (AGM) is as under:

| Name of the Director | Number of Board Meetings attended | Attendance at last AGM held on 25/07/2009 |
|--------------------------|-----------------------------------|---|
| Shri Naresh Pachisia | 4 | Present |
| Shri Rajesh Pachisia | 4 | Present |
| Shri G.L. Sultania | 4 | Present |
| Shri Kishore Bhimani | 4 | Present |
| Shri Sanjay Chamria | 3 | Leave of Absence |
| Shri Subrata Kumar Mitra | 4 | Present |

Non executive Directors compensation and Disclosures

Non Executive Directors were not paid any compensation other than sitting fees.

Code of Conduct and Ethics for Directors and Senior Executives

In line with the amended Clause 49 of the listing agreement, the Company adopted a Code of Conduct and Ethics for its Directors and Senior Executives. The purpose of this code is to promote conduct of business ethically in an efficient and transparent manner.

Audit Committee

Composition

The Audit Committee of the Company comprises of two Independent, Non-Executive Directors and one Executive Director. All the members of the committee possess knowledge of corporate finance, accounts, audit and company law. The Chairman of the Committee is an Independent, Non Executive Director nominated by the Board. The Company Secretary acts as the secretary to the Committee. The constitution of the Audit Committee is as follows:

| | | |
|------------------------|----------|----------------------------|
| · Shri G.L. Sultania | Chairman | Independent, Non Executive |
| · Shri Kishore Bhimani | Member | Independent, Non Executive |
| · Shri Naresh Pachisia | Member | Managing Director |

Broad Terms of Reference

The Audit Committee of the Company, inter-alia, provides guidance to the Board on the adequacy of the internal control and financial disclosures. They also provide guidance to liaise with the Internal Auditors as well as the statutory auditors of the Company. The terms of reference of the Audit Committee include:

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
- Reviewing with the management, the quarterly financial statements before submission to the board for approval.
- Reviewing with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, 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.
- Discussion with internal auditors any significant findings and follow up there on.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the Finance function or discharging that function) after assessing the qualifications, experience & background, etc., of the candidate
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Meetings & Attendance

During the financial year ended March 31, 2010 four Audit Committee Meetings were held on 8th May, 2009, 24th July 2009, 24th October 2009, and 30th January 2010. The attendance at the Committee Meetings is as under:

| Name of the Director | No. of meetings attended |
|-----------------------------|---------------------------------|
| Shri G. L. Sultania | 4 |
| Shri Naresh Pachisia | 4 |
| Shri Kishore Bhimani | 4 |

Remuneration Committee

Composition

The Remuneration Committee comprises of two Independent, Non Executive Directors, constituted as follows:

- | | | |
|------------------------|----------|----------------------------|
| ● Shri Kishore Bhimani | Chairman | Independent, Non Executive |
| ● Shri G.L. Sultania | Member | Independent, Non Executive |

Brief Description of Terms of Reference

- To periodically review the remuneration package of whole-time directors and recommend suitable revision to the Board.
- To grant Stock Options pursuant to the SKP Employees Stock Option Scheme 2010, subject to the post facto approval of the members of the Company

Meetings & Attendance

During the financial year ended March 31, 2010 one Remuneration Committee Meeting was held on 7th May, 2009

Remuneration to Directors

A. Executive Directors

| Name | Designation | Sitting Fee paid (Rs.) | Remuneration paid (Rs.) | Total (Rs.) |
|----------------------|-------------------|------------------------|-------------------------|-------------|
| Shri Naresh Pachisia | Managing Director | Nil | 19,50,000 | 19,50,000 |
| Shri Rajesh Pachisia | Managing Director | Nil | 19,50,000 | 19,50,000 |

B. Non Executive Directors

| Name | Designation | Sitting Fee paid for Board Meetings (Rs.) | Sitting Fee paid for Audit Committee Meetings (Rs.) | Total (Rs.) |
|--------------------------|----------------------|---|---|-------------|
| Shri G L Sultania | Independent Director | 40,000 | 10,000 | 50,000 |
| Shri Kishore Bhimani | Independent Director | 40,000 | 10,000 | 50,000 |
| Shri Subrata Kumar Mitra | Independent Director | 40,000 | - | 40,000 |
| Shri Sanjay Chamria | Independent Director | 30,000 | - | 30,000 |

Shareholders'/Investor Grievance Committee

Composition

Shareholders Committee comprises of two Non-executive, Independent Directors including the Chairman of the Committee, and one Executive Director, constituted as follows:

- | | | |
|------------------------|----------|----------------------------|
| ● Shri G L Sultania | Chairman | Independent, Non-Executive |
| ● Shri Kishore Bhimani | Member | Independent, Non-Executive |
| ● Shri Naresh Pachisia | Member | Promoter, Executive |

Brief Description of Terms of Reference

To approve inter-alia, transfer/transmission of shares, issues of duplicate share certificates and review the status of investors' grievance and redressal mechanism and recommend measures to improve the level of investor services.