



Our Corporate Personality

The moneywise 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 moneywise, creating a sense of prosperity in them, bringing happiness to their lives.

Our Vision

Bringing happiness in society by creating prosperity through financial solutions.

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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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 700 071, India
Phone: (033) 4007 7000
Fax: (033) 4007 7007
E-Mail: cs@skpmoneywise.com

Mumbai Office

73C, Mittal Court (C-wing)
Nariman Point
Mumbai 400 021 India
Phone: (022) 2281 9012
Fax: (022) 2283 0932
E-mail: mumbai@skpmoneywise.com

Registrar & Share Transfer Agent

Maheshwari Datamatics (P) Ltd.
6 Mangore Lane (2nd Floor)
Kolkata 700 001
Phone: (033) 2243 5029 / 5809
Fax: (033) 2248 4787
E-mail: mdpl@cal.vsnl.net.in

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.*

National Spot Exchange Ltd.*

MCX Stock Exchange Ltd.

DEPOSITORY PARTICIPANT

National Securities Depository 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

Broking

Distribution

Investment Banking

Wealth Advisory and Prosperity Management

Directors' Report

To the Members,

Your Directors have pleasure in presenting the Twenty First Annual Report and Audited Accounts of SKP Securities Ltd. (SKP) for the year ended March 31, 2011.

Financial Highlights

(in ₹ Laacs)

Particulars	Financial Year	
	2010-2011	2009-2010
Total Income	1473.11	1478.88
Total Expenditure	1269.37	1114.64
Operational Profit	203.74	364.24
Depreciation	55.13	63.91
Profit Before Tax	148.61	300.33
Provision for Tax (including Deferred Tax Liability)	48.10	102.02
Profit After Tax	100.51	198.31
Appropriations		
Transferred to General Reserve	10.00	40.00
Proposed Dividend	56.15	56.15
Tax on proposed Dividend	9.32	9.54
Earning Per Share (Rs.)	1.79	3.53
Net Worth	1618.75	1583.72

Dividend

Your Directors take pleasure in recommending payment of a dividend of 10 % (Re. 1 per share) for the year 2010-11, subject to the approval of shareholders.

Business Performance

The year started on a buoyant note and accelerated further in the 3rd Quarter, fuelled by FII inflows taking the stock indices close to the previous peak. However, a multitude of negative news flow sharply brought down the markets followed by dull and range bound conditions. With memories of the previous market bust fresh in their minds and influenced by negative news flow, the sharp volatility and range bound markets kept investors away from the markets or a luke warm response was witnessed. Rising interest rates kept the debt markets unattractive as well.

In this backdrop, your company has done reasonably well to maintain the topline at previous years' level. Having taken a cautious approach towards growth amidst uncertain macroeconomic environment, frequent game changing regulatory changes and severe competitive pressure in a static business environment helped. Having a diversified portfolio of products and customer segments has also helped. A better performance by institutional broking, wealth advisory and distribution verticals made up for lower income in retail broking. The bottomline would have been slightly better than the previous year, but for the write off of some client receivables as bad debts.

Future Outlook

Continued high inflation, rising interest rates and range bound markets with low volumes will continue to hinder performance and growth in the short term. But we shall continue to seek opportunities to grow. A rising Indian Economy, leaving higher investible surplus in the hands of individuals and low penetration of products and service providers will continue to create good business opportunities for companies like

SKP and we shall gear to avail such opportunities, albeit cautiously. To counter the competitive forces, we shall experiment with new business models and product delivery adding more value to customers across larger geographies, making requisite investments in human resources, marketing & brand building and technology. We may also enter new, but related services. 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.

Directors

In accordance with the provisions of the Companies Act, 1956, and the Articles of Association of the company, Shri S.K. Mitra and Shri Sanjay Chamria, Directors of the company, retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment. Whilst Shri S K Mitra has offered himself for reappointment, Shri Sanjay Chamria has expressed his desire not to seek re-election because of his other pressing commitments. The Board of Directors, while appreciating his difficulties, feels that the company would be deprived of his wise counsel and placed on record, its sincere appreciation of the valuable services rendered by Shri Chamria during the long years of his association with the company and wish him the best for his future endeavors.

Listings

The equity shares of the company are listed on The Bombay Stock Exchange Ltd.

Auditors

The Statutory Auditors, M/s U S Agarwal & Associates, Chartered Accountants, (Registration no. 314213E) retire at the ensuing Annual General Meeting, after a long association of 21 years with the company. M/s G.P. Agrawal & Co, Chartered Accountants (Registration no. 302082E) have expressed their willingness to act as Statutory Auditors of the company and have certified that their appointment if made will be in accordance with the limits specified in Sec 224(1B) 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.

Employee Stock Option Plan:

Under The SKP ESOP PLAN 2010, the company has granted stock options to

some of its employees and after the approval of the Remuneration Committee of the Board of Directors has approved the same. The Disclosure pursuant to the provisions of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Option Purchase Scheme) Guidelines, 1999 in the respect of Employee Stock Option plan is given in the Annexure to this Report.

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 69,059.

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 (₹)	Previous Employment
Naresh Pachisia	Managing Director	B Com CFP	48	Since Incorporation	29	24,00,000	None
Rajesh Pachisia	Managing Director	B Com (H) CFP	45	Since Incorporation	27	24,00,000	None

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, 2011 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
33A, J. L. Nehru Road, 21st Floor
Kolkata 700 071
Dated: May 21, 2011

For and on behalf of the Board

Naresh Pachisia
Managing Director

ANNEXURES TO THE DIRECTORS' REPORT 2011

Disclosure pursuant to the provisions of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 in respect of Employee Stock Option Plans.

Sl No	Particulars	
1.	Options Granted	1,00,000
2.	The pricing formula	The Book Value of the Shares which is marginally above the Market Price of the Shares on the date of grant.
3.	Options vested	Nil
4.	Options exercised	Nil
5.	The total no of shares arising as a result of exercise of Option	Nil
6.	Options Lapsed	Nil
7.	Variation of terms of Options	Nil
8.	Money released by exercise of Options	Nil
9.	Total no of Options in force	5,00,000
10.	Employee wise details of Options granted to :	
	- Senior Managerial Personnel including Directors	Nil
	- Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	Nil
	- Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversations) of the company at the time of grant;	Nil
11.	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20- 'Earnings Per Share'.	Nil
12.	i. Method of calculation of employee compensation cost.	Intrinsic Value being excess of the Market Price of the Share over the exercise price of option
	ii. Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognized if it had used the fair value of the options.	Negative
	iii. The impact of this difference on profits and on EPS of the Company.	N.A.
13.	i. Weighted-average exercise price of options	₹ 29/=
	ii. Weighted-average fair values of options	₹ 7.98
14.	Fair value of options based on Black Scholes methodology assumptions used:	
	- Risk free interest rate	8%
	- Expected life of options	1 to 3 years
	- Expected volatility	58.30%
	- Expected dividends (dividend yield)	4%
	- Closing market price of share on the date of option grant.	₹ 27.10

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 31.03.2011, 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 31.03.2011

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 31.03.2011 and also the number of other directorships and committee positions held by them are as under:

Name of Director	Category	No. of other Directorship	Committee Chairmanship	Committee Membership
Shri Naresh Pachisia	Chairman, Managing Director	6	NIL	5
Shri Rajesh Pachisia	Executive	1	NIL	NIL
Shri G.L. Sultania	Independent, Non-Executive	13	4	4
Shri Kishore Bhimani	Independent, Non-Executive	1	NIL	NIL
Shri Subrata Kumar Mitra	Independent, Non-Executive	7	NIL	2
Shri Sanjay Chamria	Independent, Non-Executive	3	NIL	2

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 2011, four Board Meetings were held on 23rd April 2010, 31st July 2010, 30th October 2010, and 29th January 2011. 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 Meeting held during the Year	Number of Board Meetings attended	Attendance at last AGM (Yes/No)
Shri Naresh Pachisia	4	4	Yes
Shri Rajesh Pachisia	4	4	Yes
Shri G.L. Sultania	4	4	Yes
Shri Kishore Bhimani	4	3	Yes
Shri Sanjay Chamria	4	3	Yes
Shri Subrata Kumar Mitra	4	4	Yes

No Director is related to any other Director, except Shri Naresh Pachisia and Shri Rajesh Pachisia, who are brothers. Further, the Board periodically reviews compliance reports of all laws applicable to the Company and necessary steps are being taken to ensure compliance in law and spirit.

Non executive Directors compensation and Disclosures

Non Executive Directors were not paid any compensation other than sitting fees. None of the Non Executive Directors hold any shares in the Company.

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 and the same has been posted on the Company's website. The purpose of this code is to promote conduct of business ethically in an efficient and transparent manner.

COMMITTEES OF THE BOARD

A. 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 Statutory Auditor and the Internal Auditor of the Company are permanent invitees at the meetings of 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

Brief description of the 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:

1. 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.
2. Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditors and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - 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
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of any related party transactions.
 - Qualifications in the draft audit report.
5. Reviewing with the management, the quarterly financial statements before submission to the board for approval.
6. Reviewing with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
7. 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.
8. Discussion with internal auditors any significant findings and follow up there on.
9. 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.
10. To look into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
11. Carrying out such other functions as may be specifically referred to the Committee by the Board of Directors and/or other Committees of Directors of the Company.
12. The Audit Committee also reviews the following information:
 - The management's discussion and analysis of financial condition and results of operations;
 - Statement of significant related party transactions submitted by the management;
 - Management letters/letters of internal control weaknesses issued by the statutory auditors;
 - Internal audit reports relating to internal control weaknesses;
 - The appointment, removal and terms of remuneration of the Internal Auditor; and review of uses/ application of funds raised

Meetings & Attendance

During the financial year ended March 31, 2011 four Audit Committee Meetings were held on 23rd April, 2010, 29th July 2010, 28th October 2010, and 28th January 2010.