

ADDING VALUES TO VALUE...

ANNUAL REPORT 2010-11
SUMEDHA FISCAL SERVICES LIMITED



SUMEDHA
adding values to value

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THE NAVIGATORS



Mr. Ratan Lal Gaggar,
Chairman

The Torchbearer leading the way



Dr. Basudeb Sen,
Independent Director



Mr. Atul Chandra Varma,
Independent Director



Mr. Shailesh Haribhakti,
Permanent Advisor



Mr. Prashant Sekhar Panda,
Independent Director



Mr. Anil Kumar Birla,
Independent Director

Knowledge Enablers with keen business insight



Mr. Vijay Maheshwari,
Promoter Director



Mr. Bijay Murmuria,
Promoter Director



Mr. Bhawani Shankar Rathi,
Wholtime Director & CFO



Mr. Rajesh Gupta,
Director - Investment Banking

Business Enablers continuing to grow organically

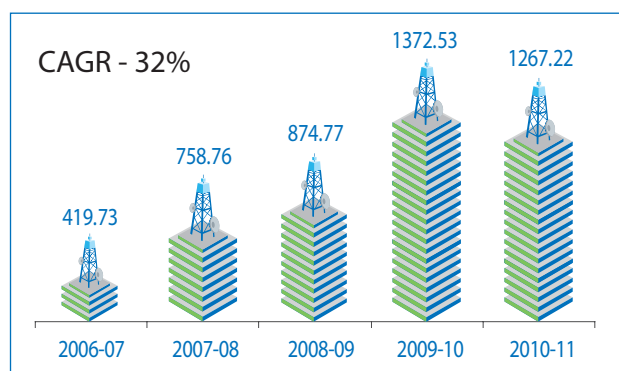


KEY BUSINESS HIGHLIGHTS IN 2010-11

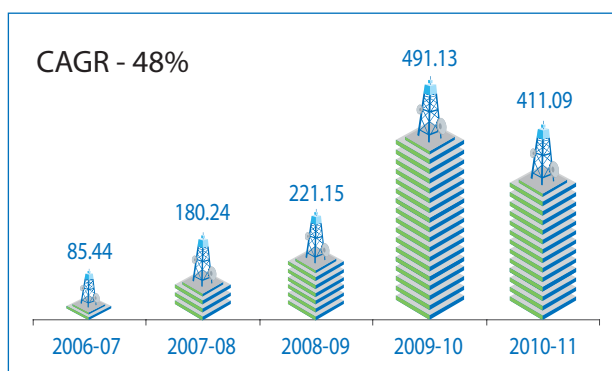
- Obtained BSE License both in Cash & Derivatives Segments which shall enhance Company's reach to a broader client base
- Crisil Equities undertakes Independent Equity Research on the Company
- Mr. Atul Chandra Varma, the former Managing Director of State Bank of Patiala joins the Board of the Company thereby adding his banking acumen in business policies
- Fully Convertible Debenture (0%) of ₹290 Lacs has been issued to Brand Equity Treaties Ltd.
- Recommended a dividend at the rate of 80 paise per share
- The Investment Banking Segment remains the major revenue earning arm accounting for 82 percent of Total Income from Operations

PERFORMANCE HIGHLIGHTS

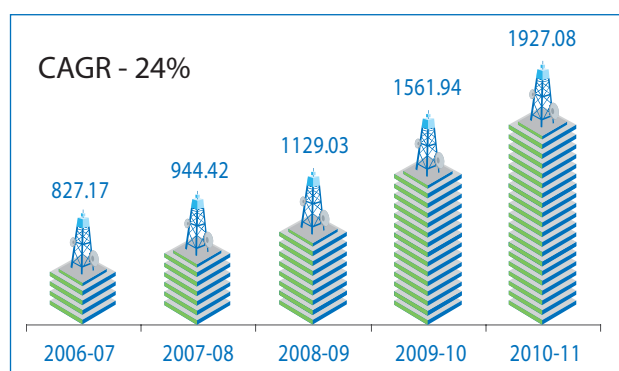
INCOME FROM OPERATIONS (In ₹ lacs)



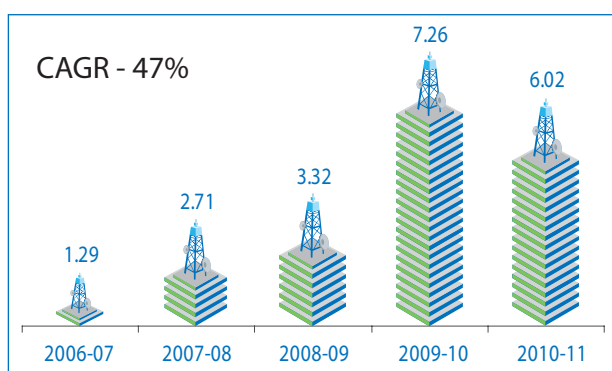
PAT (In ₹ lacs)



SHAREHOLDERS' FUND (In ₹ lacs)



EPS (In ₹ lacs)



MILESTONES

- Sumedha Fiscal's Public Issue - BSE & CSE Listing
- Obtained Category I Merchant Banking Certificate from SEBI
- Operational from Kolkata, Mumbai, Bangalore, New Delhi and Chennai

1995-2004

- Dr. Basudeb Sen, M.A. (Eco), Ph. D. from Indian Statistical Institute and an alumnus of the Harvard Business School joins the Board
- Internal reorganization with key recruitments
- SFSL Commodity becomes trading and clearing member of MCX
- PAT increases by 83% from ₹23.38 lacs to ₹42.82 lacs

2005

- Employee Stock Option Scheme launched for employees of Sumedha Fiscal
- Institutional Turnover in Broking Business crosses ₹20,239 lacs
- PAT doubles from ₹42.82 lacs to ₹89.28 lacs

2006

- Expands Branch Network to Tier II cities at Jaipur, Ahmedabad, Guwahati & Hyderabad
- Connected Broking Business through CTCL / RF networking at Jaipur, Ahmedabad, Delhi, Mumbai and Bangalore branches
- PAT stood at ₹85.44 lacs

2007

- Awarded by Business Initiative Directions as the International Star in Quality at Paris
- Commenced Depository Services as member of National Securities Depository Ltd. (NSDL)
- PAT at ₹180.24 lacs

2008

- Registered with NSE Currency Derivatives Segment and MCX-SX and started Currency Derivatives Trading
- Obtained permission from NSE to start Internet Trading
- Relunched portal www.sumedhafiscal.com to make it more vibrant as a part of corporate branding initiative
- PAT stood at ₹221.15 lacs

2009

- Registered with NSE's MFSS Segment
- Obtained License as Corporate Agent for LIC
- Under SFSL ESOS 2007, shares were allotted
- Mr. Shailesh Haribhakti, Chairman of BDO Consulting has joined as "Permanent Advisor" to the Management Committee of the Company
- PAT stood at ₹491.13 lacs

2010

- Obtained membership of BSE in Cash & Derivative Segments
- Crisil Equities carried out Independent Equity Research on Sumedha Fiscal
- Mr. A C Varma, the former MD of State Bank of Patiala joins the Board
- SFSL ESOS 2011 announced
- Issue of Fully Convertible Debenture aggregating to ₹290 lacs to Brand Equity Treaties Ltd.
- PAT stood at ₹411.09 lacs

2011



OUR CORPORATE 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.



CREATING VALUES FOR SUSTAINABLE BUSINESS

Value Creation forms the DNA of every business. It is an intrinsic property which governs functioning of businesses across the globe. Over the years, our business has been guided by a predominant set of values which form the foundation stone of the organization. We have been driven by these values to grow exponentially in business relationships and customer service.

Right Partnerships

Relationship Edge – A Relationship Edge over the peers defines the dynamics of the organization's business model. All value enablers within the organization are a function to the "Relationship Edge". Our journey since inception has been the manifestation of building strong and everlasting relations with all our Stakeholders. We strongly believe in incessantly bonding and growing the relationship with all Employees, Shareholders, Customers, Regulators, Bankers, Advisors, Other Financial Institutions and all those whom we meet in the natural course of our business.

Assurance – An intention to inspire confidence amongst all Stakeholders of business has become a popular belief within the organization. We unconditionally support and guide our customers on every aspect of business and transactions. An outright approach in serving and reassuring all our customers since inception to closure of the deal goes a long way in creating lifetime relationships with all our clients. Powered by knowledge, we are able to scrutinize rightly the needs of every customer thereby creating a right approach towards satisfying the demand of every valued customer at Sumedha Fiscal.

Trusted Partner – Confidentiality is the focal point of harnessing long term business relationships. To be a trusted partner for someone speaks a lot about the credentials that Sumedha Fiscal has earned over the period. A passion which enables your customers to succeed is a living example of the symbiotic relationship between the two, as, if your partners grow, you grow simultaneously.

Monitoring and enabling the true worth of the External Drivers of growth sets the course of the growth trajectory.

Resolute Principles

Ethical Leadership – Communication of complete and authentic information to all the Stakeholders of business forms an integral part of Ethical Leadership which encompasses the whole organizational machinery. Accountability of words and actions has been the ethos for the Company's Board and the Senior Management Team. This core philosophy has governed the entire Sumedha Family since inception.

Efficient Business Execution – Efficient Business Execution enhances decision making and performance within the organization. We believe in maintaining timelines and accuracy in all business transactions. Sumedha Fiscal has always strived for total client satisfaction thereby showcasing an effectual, communicative and devoted organization at all levels.

Raising the Bar Continuously - Continuous improvement are signs of integration, increased productivity and living the facets of value creation in businesses. It is the visual identity which communicates that the business is growing intrinsically. Growing businesses like ours not only maximize the financial performance of the Company but also add worth to core values on which the whole system operates. Our work culture has always compelled us internally to grow as professionals who provide unique solutions to businesses and individuals respectively.

Communication Lines – Efficient and Effective Communication Lines within the business are always powered by technology infrastructure and transparent one to one business communication. Sophisticated line of technology is needed to maintain business processes and dialogues more effective. We at Sumedha Fiscal have been able to deploy the required technology at every business area. Technology is the pivot on which the whole business process moves. Moreover, maintaining an open line of communication between clients and employees keeps us transparent and ethical thereby living the core values of the organization.

Principles form an essence which stimulates the Operational Lines and Long Term Business Model of Companies.

Personal Touch

Deliver with Passion – Delivering with Passion binds the fact to create long term business relationships. To be passionate on going the extra mile to ensure customer satisfaction is the key towards reaching out an innovative solution for the customer. Sumedha Fiscal has always been powered by the thought of serving all the Stakeholders of business with passion. When passion gets involved all resources and learning cement automatically to propel value creators thus ensuring growth for decades over.

Quality and Excellence – Quality and Excellence inseparably spur up the sustainable growth of an organization guided by sound ideas. There is an obvious relationship between quality service and rewarding customer experience. Our employees have been providing value via excellent processes and innovative solutions to the whole service machinery of the Company. An effective performance management system within the organization provides the key to a more superior service with every transaction.

Unique Solutions – Innovation is the key differentiator to any business. It is also a major pillar towards total client satisfaction which also indicates that ever growing businesses will always create and innovate for robust sustainable growth. Our business has come a long way in boosting profitability through unique solutions rendered to the client. The uniqueness in approach where one comes up with an innovative solution speaks loud about how the brand Sumedha Fiscal has been positioned since inception.

Superior Service – Superior Service enhances an organization's competitive edge and retains the customer forever. One has to be proactive in reading the minds of the customer and work upon it to exceed customer satisfaction. We have keenly understood customer needs which dominantly play a role in understanding what the customer wants from us. A relationship build through superior service potentiates the crux of our existence as a financial service provider and adds value to the enterprise.

We will be perceived by what and how we deliver. A system that gives value to the Delivery Mechanism of an Organization is truly iconic in the value creation journey.

LETTER FROM THE CHAIRMAN

Dear Stakeholders,

The Fiscal Year 2011 started with the backdrop of the post global crisis. At the macro level, a turn towards recovery across the world with revival of global demand and increase in exports had pushed robust foreign capital flows and domestic project investments at the global stage. As per the estimates of World Bank, global growth is expected to somewhat weaken, before picking up in 2012. But a strong growth of domestic demand in the developing countries continues to play a major role representing 4.6 percent of global growth in 2010.

The slowdown in capital formation and decelerating industrial growth are the key concerns that govern the Indian Economy today. Country's manufacturing sector growth has slowed down to 8.3 percent in the financial year 2010-11 from 8.8 percent in 2009-10. India's growth potential based on its strong fundamentals is huge but the inherent challenges relating to infrastructure needs, land reforms, trade deficit and rising inflation have to be tackled efficiently.

Given the above background, your Company could not perform handsomely but was able to sustain its earnings for the financial year 2010-11. Your Company has registered a decent Total Income of ₹1321.72 lacs and Profit after Tax of ₹411.09 lacs in the fiscal year 2010-11. Income from Loan Syndication and Consultancy Services accounted for 82.20 percent of Total Income from Operations which further deepens our belief of considering this segment as the major revenue generating arm of Sumedha Fiscal. Income from Capital Market Operations has also scaled up in this fiscal period to ₹225.58 lacs as against ₹213.64 lacs in the previous fiscal period. There has also been a small increase in Income from the Wealth Management space

thus recording ₹59.09 lacs this year from ₹47.66 lacs in 2009-10. Income from Stock Broking Services recorded ₹166.49 lacs in 2010-11 from ₹165.98 lacs in 2009-10. We also intend to decently scale up our Broking and Wealth Management businesses with insulation of pertinent risks.

The Board of the Company has recommended a final dividend of 0.80 paise per share to all shareholders of the Company. Sumedha Fiscal has also been assigned a "Moderate Fundamental Grade" by Crisil Equities as per the Independent Equity Research carried out by them. The Company has also issued Convertible Share Warrants to Promoters of the Company and others on Preferential Basis. Furthermore, your Company has also issued Zero percent Fully Convertible Debenture to Brand Equity Treaties Limited on preferential basis. The Board has also resolved to issue ESOP to the Employees and Directors of the Company and its subsidiary, SFSL Commodity Trading Pvt. Ltd. It is inherent to business fundamentals that as one grows, one invests. We have invested in all spheres of business to insulate risks pertinent to every business. The growing confidence of internal and external Stakeholders of the Company is a matter of great pride and challenge to put forth and perform better in future.

As we continue to grow synergistically with Corporate India, we also introduce new paradigms of growth within the organization. It gives me immense pleasure to announce that your Company, Sumedha Fiscal has undergone a brand transformation by getting a new brand identity. As you know that in business we have always fostered on creating long term relationships, Sumedha Fiscal has rightly placed itself as a value creating organization making business relationships