

SDFC FINANCE LTD.

20TH Annual Report 2009-2010

BOARD OF DIRECTORS

Naresh Rachchh	: Managing Director & Chairman
Jagdish Jani	: Ind. Director(Non-Exe.)
Mukesh Shah	: Ind. Director(Non-Exe.)
Mitesh Jani	: Director
Kirit Shah	: Director

REGISTERED OFFICE:

Plot NO. 118, MahaPura Main Road
Taluka :- Sevasi
Dist :- Baroda (Guj) - 390021

ANNUAL GENERAL MEETING

Date : Sept. 30, 2010
Time : 11.00 a.m.
Venue : Regd. Office Address

**REGISTRAR SHARE
TRANSFER AGENT**

: M/S. PURVA SHARE REGISTRY INDIA PVT.LTD.
9. SHIV SHAKTI IND. ESTATE,
J.R. BORICHA MARG,
OPP. KASTURBA HOSP.
LOWER PAREL (E),
MUMBAI - 400011

AUDITORS

: SHIRISH DALAL & ASSOACOATES.
CHARTERED ACCOUNTANTS
C/10/11 UDAYBHANU FLATS
OPP. ANKUR SCHOOL
PALDI, AHMEDABAD- 380001

NOTICE

NOTICE is hereby given that the 20th Annual General Meeting of the members of SDFC Finance Ltd., Baroda will be held on 30th Sept., 2010, at 11.00 a.m. at its Registered Office of the Company at Baroda to transact the following business: -

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2010 and the Profit and Loss Account for the year ended on that date together with the Auditors and Directors Report thereon.
2. To appoint a Director in place of Naresh Rachchh, & Mukesh Shah, Directors of the Company who retire by rotation and, being eligible, offers themselves for reappointment.
3. To appoint M/s Shirish Dalal & Associates., retiring auditor, to hold office from conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting.

SPECIAL BUSINESS:

4. To consider and if thought fit to pass with or without modification following as ordinary resolution :

Resolved that pursuant to Provisions of Section 260 of the companies Act, 1956, Mr. Jagdish Jani , who was appointed by the board as Additional Director w.e.f. 15-11-2009 be and is hereby appointed as Director of the company whose term of office will be liable to determination to retire by rotation.

5. To consider and if thought fit to pass with or without modification following as ordinary resolution :

Resolved that pursuant to Provisions of Section 260 of the companies Act, 1956, Mr. Kirit Shah, who was appointed by the board as Additional Director w.e.f. 26-11-2009 be and is hereby appointed as Director of the company whose term of office will be liable to determination to retire by rotation.

NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.
2. The proxy form should be deposited at the Regd. Office of the Company not less than 48 hours before the commencement of the meeting.
3. The Register of Members and Share Transfer book of the company will remain closed from 29-09-2010 to 30-09-2010 (both days inclusive).
4. Members desirous of making nomination in terms of Section 109A of the Act, 1956 in respect of their shareholding may approach the Registrar for assistance, Shareholders holding shares in electronic form may approach their DP with whom they maintain their account for nomination.

5. Details required under Listing Agreement with the Stock Exchanges in respect of Directors seeking re-appointment at this AGM, is stated hereinbelow :-

Item No.2 of the Notice:

Name : Mr. Naresh Rachchh
Age : 49 Years
Qualification : M.B.A.
Expertise : Finance & Accounts
Date of Appointment : 16-10-2009

Name : Mr. Mukesh Shah
Age : 51 Years
Qualification : M. Com
Expertise : Finance & Taxation
Date of Appointment : 16-10-2009

By order of the Board
For SDFC FINANCE LTD.

Sd/-
Naresh Rachchh
CHAIRMAN

Place : Baroda
Date : 01/09/2010

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

Item no. 4

Jagdish Jani, Director of the Company, was appointed by the Board of Directors of the Company as an additional Director w.e.f from 15-11-2009 pursuant to the relevant provisions of the Companies Act, 1956 and under the Articles of the Article of Association of the company and he holds such office only upto the date of this Annual General Meeting. Particulars about him are given in para 2 of the Corporate Governance Report. A notice in writing has been received u/s. 257 of the Companies Act, 1956 along with a deposit of Rs.500/- from a member signifying his intention to propose his appointment as Director of the Company liable to retire by rotation. Your Board of Directors are of the opinion that with the appointment, the company will be benefited a lot and hence commends the resolution for approval.

None of the Director of the company is concerned or interested in the resolution except Jagdish Jani himself and Mitesh Jani who is son of Mr. Jagdish Jani

Item no. 5

Kirit Shah, Director of the Company, was appointed by the Board of Directors of the Company as an additional Director w.e.f from 26-11-2009 pursuant to the relevant provisions of the Companies Act, 1956 and under the Articles of the Article of Association of the company and he holds such office only upto the date of this Annual General Meeting. Particulars about him are given in para 2 of the Corporate Governance Report. A notice in writing has been received u/s. 257 of the Companies Act, 1956 along with a deposit of Rs.500/- from a member signifying his intention to propose his appointment as Director of the Company liable to retire by rotation. Your Board of Directors are of the opinion that with the appointment, the company will be benefited a lot and hence commends the resolution for approval.

None of the Director of the company is concerned or interested in the resolution except Kirit Shah himself.

By order of the Board
For SDFC FINANCE LTD.

Sd/-
Naresh Rachchh
CHAIRMAN

Place : Baroda
Date : 01/09/2010

DIRECTORS' REPORT OF THE MEMBERS

To,
The Members of the Company,

Your Directors have pleasure in presenting before you the 19th Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS	(Amt . Rs. In Lakhs)	
	2009-2010	2008-2009
Total Income	13.42	12.66
Total Expenditure	13..27	12.78
Profit before Tax	0.15	-0.12
Profit after Tax	0.12	-0.12

FINANCIAL & OPERATIONAL HIGHLIGHTS

Because of persistent recession prevailing in the Economy, in general and in financial markets, in particular. Your company turned to certain other fin. Business i.e. in the trading of shares and F & O and achieved better performance in comparison to previous year.

DIVIDEND

The Board of Directors of the Company has not declared any dividend for 2009-2010.

FIXED DEPOSITS

The Company has not accepted deposits from the public during the year attracting the provisions of section 58A of the Co. Act, 1956 and Rules framed there under.

SSI DUES

The Company has no dues outstanding for more than 30 days to any small scale undertaking.

AUDIT COMMITTEE

The Company has formed an Audit committee comprising of 3 directors. The terms of the reference of the committee are in line with the requirements specified u/s. 292A of the Co-Act, 1956 and Corporate Governance as stated in Clause 49 of the Listing Agreement.

DIRECTORS

During the year under review, Mr. Naresh Rachchh & Mukesh Shah will retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment..

AUDITORS

M/s. Shirish Dalal & Associates, Chartered Accountants have given their consent for re-appointment of Auditors of the Company.

PARTICULARS OF EMPLOYEES

There was no employee in the Company whose particulars are required to be furnished as per section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended upto date.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING/OUTGO.

The information under section 217(1) (e) of the Companies Act, 1956 on Conservation of Energy, Technology Absorption as required to be disclosed is not applicable to your company since it is engaged in the financial activities.

During the year under review the Company has no foreign exchange earnings and outgo.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 217(2AA) of the Companies Act. 1956 the Directors confirm :

- (a) that in the preparation of annual accounts, the applicable accounting standards have been followed;
- (b) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- © that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) that the Directors have prepared the Annual Accounts on a going concern basis.

CORPORATE GOVERNANCE AND COMPLIANCE

A report on corporate governance along with Management Discussion and Analysis is annexed to this report. A certificate from Statutory Auditors with regards to the compliance of the corporate governance, as stipulated in Clause 49 of the Listing Agreement, by the company is annexed to this report.

The company has fully complied with all mandatory requirements prescribed under Clause 49 of the listing agreement. In addition, the company has also implemented some of the non mandatory provisions of Clause 49.

ACKNOWLEDGEMENT

Your Directors wish to express their sincere appreciation for the co-operation and support received from Banks, shareholders, customers, Officers and other employees of the Company throughout the year.

By order of the Board
For SDFC FINANCE LTD.

Sd/-
Naresh Rachchh
CHAIRMAN

Place : Baroda
Date : 01/09/2010

ANNEXURE –A to the Director’s Report for the year ended 31st March, 2010.

REPORT ON CORPORATE GOVERNANCE

1. COMPANY’S PHILOSOPHY

The Company firmly believes that corporate governance and compliance practices are of paramount importance in order to maintain the trust and confidence of the stakeholders, clients, the good reputation of the Company and the unquestioned integrity of all personnel involved in the Company. To ensure transparency, fairness and objectivity in an organisation’s functioning, the Company has proactively adopted best practices with regard to corporate governance and compliance, which are ahead of regulatory requirements. The Company’s policy on compliance with external regulatory requirements is backed by stringent internal policies and principles to ensure, inter alia, priority to clients’ interest over proprietary interest, maintenance of confidentiality of client information and prevention of insider trading.

2. BOARD OF DIRECTORS

The Board of Directors of the Company consists of Five Directors including the Non-Executive Chairman. Out of 5, 2 directors are non-executive independent directors. The Company does not have any pecuniary relation or transaction with Non-Executive Independent Directors during the year under review.

Board procedure

A detailed Agenda folder was sent to each Director in advance (generally before 7 to 10 days) of Board and committee meetings. To enable the Board to discharge its responsibilities effectively, the Managing Director briefed the Board at every meeting on the financial performance of the Company up to last completed month as against the budget/revised budget of the year. Presentations are made by the Managing Director about the financial, operational performance and market scenario. The Board also reviewed:

- Strategy and business plans
- Annual operating and capital expenditure budgets
- Investment plans of the company
- Compliance with statutory/regulatory requirements and review of major legal issues.
- Adoption of quarterly / half yearly / annual results (after recommendation of Audit Committee where required).
- Significant labour problems
- Major accounting provisions and write-offs.
- Details of joint venture or Collaboration Agreement

Composition, Category of Directors and their other directorship and Membership / Chairmanship of Committees.

Sr. No.	Name of the Director	Category	Number of other		
			Director-ships	Committee Memberships	Committee Chairmanships
1.	NARESH RACHCHH	M.D. & NON EXE. CHAIRMAN	-	3	2
2.	JAGDISH JANI	IND. NON EXE. DIRECTOR	-	3	1
3.	MUKESH SHAH	IND. NON EXE. DIRECTOR	-	3	-
4.	MITESH JANI	DIRECTOR	-	-	-
5	KIRIT SHAH	DIRECTOR	-	-	-

During the year 8 Board Meetings were held on 28-04-2009, 28-07-2009, 01-09-2009, 16-10-2009, 15-11-2009, 26-11-2009, 15-01-2010 & 25-03-2010. The Board was present with the relevant and necessary information. None of the Director is a member of more than 10 committees or acting as Chairman of more than 5 committees across all companies in which he is a director. The attendance at the Board Meeting during the year and at the last Annual General Meeting was as follows:

SR.NO	NAME OF DIRECTORS	NO. OF BOARD MEETING ATTENDED	ATTENDENCE AT THE AGM HELD ON 30-09-2009
1	NARESH RACHCHH	5	NO
2	JAGDISH JANI	4	NO
3	MUKESH SHAH	5	NO
4	MITESH JANI	5	NO
5	KIRIT SHAH	3	NO

3. AUDIT COMMITTEE

The Board constituted an Audit Committee consisting of 3 Directors. All members of Audit Committee are financially literate and 2 Directors out of 3 has financial management expertise as required for member of Audit Committee as stipulated in Clause 49 of the Listing Agreement. The Details of Audit Committee meetings held during the year April 2009 to March 2010 and the attendance of the Audit Committee Members are as under:

SR.NO	DIRECTOR NAME	CATEGORY	NO OF MEETING HELD ATTENDED	
1	NARESH RACHCHH	M.D.	5	3
2	JAGDISH JANI	IND. DIR & CHARIMAN	5	2
3	MUKESH SHAH	IND. DIR.	5	3

Terms of Reference:-

The terms of reference for the audit committee as laid down by the Board include the following:-

- (ii) Overseeing the Company's Financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- (iii) Recommending the appointment and removal of statutory auditor, fixation of audit fee and also approval for payment for any other services.
- (iv) Reviewing with management, the quarterly, half yearly and annual financial statements before submission to the Board, focusing primarily on 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 transaction 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.
- (v) Reviewing with the management, statutory and internal auditors, the adequacy of internal control system and ensuring compliance therewith.
- (vi) Discussions with statutory auditors before the commencement of the audit about the nature and scope of audit as well as have post-audit discussion to ascertain any areas of concern.
- (vii) Reviewing the Company's financial and risk management policies.
- (viii) To review the functioning of the Whistle Blower Policy adopted by the Company.
- (ix) To review report on Management Discussion & Analysis of Financial Condition and Results of operation, to be included in the Company's Annual Report to its Shareholders.

4. REMUNERATION COMMITTEE

This is a non-mandatory requirement. The company has constituted a Remuneration Committee to decide and fix payment of remuneration and sitting fees to the Directors of the Company.

The Remuneration Committee consists of all three directors and the Chairman of the committee is Mr. Naresh Rachchh. Two meeting of the committee held during the year under review.

5. SHARE HOLDER'S GRIEVANCE AND SHARE TRANSFER COMMITTEE**Composition:-**

The said committee comprises of all three directors under the chairmanship of Mr. Naresh Rachchh. There are 4 meetings during the year.

The Committee has delegated the authority to an officer of the Company who attends to share transfer formalities at least once in a fortnight.

Terms of reference:-

To look into the redressal of the share holders complaints in respect of any matter including transfer of shares non receipt of annual report, non receipt of declared dividend etc.

Compliance Officer:-

The company has designated Mr. Jagdish Jani as Compliance Officer.

Summary of Investors' Complaints:-

During the year 10 letters / complaints were received from the share holders, out of which NIL letters/ complaints were still pending to be resolved.

Annual General Meeting :-

The Annual General Meeting (AGMs) of the company have been held at the following places in the last three years.

YEAR	DATE	TIME	VENUE
2006 – 07	29-09-2007	11.00 A.M	AT THE REGD. OFFICE OF THE COMPANY
2007 – 08	30-09-2008	11.00 A.M	-DO-
2008 – 09	30-09-2009	11.00 A.M	-DO-

No resolution was put through postal ballot during the fin. Year 2009-10.

6. DISCLOSURES :-

There were no transaction by the company of material significance with related parties i.e. its Promoters, Directors of Companies or the Management or their relatives during the year which may have potential conflict with interest of the Company at large.

7 . MEANS OF COMMUNICATION:

(i) The periodical unaudited / audited financial results are published in Vadodara Samachar (Gujarati) and Business Standard (English) as required under the Listing Agreement. All financial and other vital information is promptly communicated to the stock exchanges on which company's shares are listed.

(ii) The Management Discussion and Analysis report prepared by the management and forming part of the Annual Report is separately attached.

8. GENERAL INFORMATION FOR SHAREHOLDERS:**(a) Regd. Office:-**

Plot No. 118, Mahappura Main Road, Taluka – Sevasi, Dist:- Baroda- 390021
(Gujarat)

(b) Date, Time, Venue of Annual General Meeting:-

30th September, 2010 at 11.00 AM at the Regd. Office of the company.

(c) Financial Reporting for the quarter ending:-

JUNE 30	: END JULY
SEPT 30	: END OCTOBER
DEC 31	: END JANUARY
MARCH 31	: END APRIL

(d) Date of Book Closure :

29.09.2010 to 30.9.2010 (both days inclusive)

(e) Listing Details :

Vadodara Stock Exchange, Vadodara	: No Stock Code
Ahmedabad Stock Exchange, Ahmedabad	: No Stock Code
Bombay Stock Exchange Limited, Mumbai	: Scrip Code 511433

The Company has paid listing fees to all Stock Exchanges till March 2010.

(f) Market price data:

During the year ended 31-3-2010 the equity share have not been traded as BSE suspended the scrip for want of Listing Agreement Compliances hence no market price data is available..

(g) Share Transfer System:

The Company has a Share holders/ Investors grievance Committee who looks after share transfer job by meeting at regular intervals depending upon the receipt of the shares for transfer.

(i) Investor Services:

The Company has received 10 complaints from the shareholders/investors during the year and all are resolved.

(j) Distribution Of Shareholding As On 31st March, 2010

SHARE HOLDING PATTERN		
Category	No. of Shares	%
Promoters & Promoters Group	2826540	28.27
Corporate Bodies	683300	6.83
NRIs / OCBs	NIL	NIL
Public	6490160	64.90
Total	10000000	100

(k) DEMATERIALISATION OF SHARES AND LIQUIDITY :

The Company has entered into MOU with M/S. PURVA SHAREGISTRY INDIA PVT. LTD, MUMBAI – SEBI APPROVED RTA for maintaining the electronic connectivity with CDSL & NSDL and for handling physical transfers.

DISPOSAL OF INVESTOR GRIEVANCES

The average time required by the Company or Registrar to the issue for the redressal of routine investor grievances is estimated to be seven working days from the date of receipt of the complaint. In case of non-receipt routine complaints and where external agencies are involved. The Company or Registrar will strive to redress these complaints as expeditiously as possible.

CERTIFICATION WITH RESPECT TO FINANCIAL STATEMENT

The Managing director of the Company has furnished a certificate to the Board of Directors of the Company with respect to accuracy of financial statements and adequacy of internal controls and compliance of Clause 49 as required under Clause 49 of the listing agreement.

WHISTLE BLOWER POLICY

Recently, the Security & Exchange Board of India has also prescribed the adoption by all listed companies, of a Whistle Blower Policy as a non-mandatory requirement. The company has adopted a Whistle Blower Policy, which affords protection and confidentially to Whistle blowers. The Audit Committee Chairman is authorized to receive Protected Disclosures under this Policy. The Audit Committee is also authorized to supervise the conduct of investigations of any disclosures made whistle blowers in accordance with policy.

No personnel have been denied access to the Audit Committee. As of March 31, 2010, no Protected Disclosures have been received under this policy.

CODE OF CONDUCT

The Company's Board of Directors has adopted the code of conducts which govern the conduct of all directors /employees. All Directors and senior management personnel have affirmed compliance with respective codes for the year ended on 31st March 2010.

IMPLEMENTATION OF NON-MANDATORY CORPORATE GOVERNANCE REQUIREMENTS

The company has implemented the following non-mandatory requirements as stated in clause 49 of the listing agreement with respect to Corporate Governance:-

- (i) Remuneration Committee:- Already details have been given earlier.
- (ii) Whistler Blower policy:- Under this policy employees of the Company can report to the management about unethical behaviour, actual or suspected fraud or violation of code of conduct or ethics policy. It is the company's policy to insure that the Whistler Blower are not victimized or denied direct access to the chairman of the Audit Committee. The existence of said policy mechanism has been communicated to all employees.

MANAGEMENT DISCUSSION AND ANALYSIS

The Company is in the business of financial activity. The key issues of the Management Discussion and Analysis are given below.

(a) Industry Structure and Developments

The company is engaged in Leasing & Hire Purchase activities but presently the said business is not giving any substantial earning to the Company hence Company is presently engaged in consultancy, share broking and share trading mainly.

The fortunes of the Finance industry are, to a large extent, linked to the growth of the Industry and Investment sentiments of the people. The Industry is facing intense competition from the Foreign Financial Institution.

(b) Strength

The strength of the company is known from its reputation which the company has earned due to its quality business and cordial relation with its clients and presently the company's financial position is sound due to boom in capital market because of governmental support.

(c) Comment on Current year's performance

Receipts	: The Receipt has significantly increased.
Operating Expenses	: The operating Expenses are well under control.
Operating Profits	: The Operating Profits are up to industry mark.
Indirect Expenses	: The Indirect Expenses are under control.
Depreciation	: Reasonable amount of Depreciation is provided.
Profit before tax	: Profit before tax is also showing an improving trend.
Taxation	: Taxation is Provided as per Income Tax Act.
Debtor/Sales	: Debtors are reasonable and realization period has decreased due to the policy of the Company.
Creditors/Purchase	: The Company has an established credit.

d) Opportunities and Threats

The impact of boom in capital market and real estate market due to government support has provided a boost to the economy and it is set to grow at 8% to 9% supported by a smart growth in manufacturing and services sectors. This brings prosperity to a country and more and more people go for investment in Share market. Outlook for the year 2011 is positive. While the overall demand outlook for the year 2010 remains good, the Company expects the pressure on quality customers to continue due to competition.

(e) Segment wise performance

The business of the Company falls under a single segment i.e. Share broking, Investment and trading in shares and derivatives for the purpose of Accounting Standard AS-17.

(f) Outlook

The continual growth in the Finance sector is expected to give the necessary support to the Finance industry. The Company is making all efforts to accelerate growth of its business. It expects to improve its position in the market by focusing on technologically advanced and more profitable products/market segments and working aggressively in the areas of productivity, efficiency and cost reductions.

(g) Risk and concerns

The menace of local Finances and play of angadia has further compounded the problems of the organised Finance Industry as they use inferior way of transferring funds. The Stock market is also a risky place to put one's fund. The pull back of FIIs will also have an adverse effect on the share market.

(h) Internal control system

Internal audit and other controls have been found to be adequate. These are reviewed periodically by the Audit Committee and found the performance satisfactory.

(i) Developments in human resources and industrial relations

Information as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particular of Employees) Rules, 1975 is not required to be given as no employee falls under it. The Company continued to have cordial relations with all the employees.

AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

The Board of Directors,
SDFC Finance Limited
Vadodara.

We have reviewed the records concerning the Company's compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into, by the Company, with the Stock Exchanges of India, for the F.Y ended on 31st March 2010.

The compliance of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for the review, and the information and explanations given to us by the Company.

Based on such a review to the best of our information and according to the explanations given to us, in our opinion, the company has complied with the conditions of Corporate Governance, as stipulated in Clause 49 of the said listing agreement.

On the basis of certificate issued by the Registrar and Share Transfer Agent of the Company and the Minutes of meetings of the Shareholders/ Investors Grievance Committee of the Company, we state that, there were no investor grievances pending against the Company for a period exceeding one month.

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

PLACE : AHMEDABAD
DATE : 01.09.2010

FOR SHIRISH DALAL & ASSOCIATES
CHARTERED ACCOUNTANTS

SHIRISH DALAL
(PROPRIETOR)
M.No. 8996

AUDITORS' REPORT

To,
The Members,
M/s. SDFC Finance Limited,
Vadodara

We have audited the attached Balance Sheet of M/s. SDFC Finance Ltd., as at 31st March, 2010 and the annexed Profit and Loss Account and cash flow statement for the year ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements bases on our audit.

We 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 of material misstatement. 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order 2003 issued by the central Government of India in terms of section 227 (4A) of the Companies Act, 1956 we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, 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 accounts as required by law have been kept by the Company so far as appears from our examination of such books.
- (c) The Balance Sheet and the Profit & Loss Account referred to in this report are in agreement with the books of account.
- (d) In our opinion and to the best of our information the said Balance Sheet and Profit & Loss Account and cash flow statement comply with the Accounting standard referred to in section 211(3c) of the companies act, 1956.
- (e) On the basis of written representations received from the directors, as on 31st, March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of Companies Act, 1956.

- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and gives a true and fair view in conformity with the accounting principles generally accepted in India:-
- i. In so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010 and
 - ii. In so far as it relates to the Profit & Loss Account of the Loss of the company for the year ended on that date.
 - iii. In the case of the cash flow statement, of the cash flow for the year ended on that date.

PLACE : AHMEDABAD
DATE : 01.09.2010

FOR SHIRISH DALAL & ASSOCIATES
CHARTERED ACCOUNTANTS

SHIRISH DALAL
(PROPRIETOR)
M.No. 8996

ANNEXURE TO THE AUDITORS REPORT FOR THE YEAR ENDED ON 31ST MARCH, 2010

- i) The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets.
- ii) The fixed assets have been physically verified by the management at reasonable intervals during the year and no material discrepancies were noticed on such verification as compared with the available records.
- iii) None of the Fixed Assets of the company have been disposed off during the year .
- iv) The stock of finished goods, and raw materials have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- v) The procedure followed by the management for physical verification of stocks is reasonable and adequate in relation to the size of the company and the nature of its business.
- vi) On our basis of examination of stock records, we are of the opinion that the record of stocks is fair and proper in accordance with the normally accepted accounting principle and no material discrepancies were noticed on physical verification.
- vii) There is no loans, secured and unsecured, taken by the company to/from companies, firm or other parties covered in the register maintained u/s. 301 of the Co. Act, 1956.
- viii) Interest free Loans and Advances in the nature of loans have been given to employees and other parties who were generally regular in repaying the principal as stipulated. Where there is delay in repayment, the company has taken reasonable steps to recover the same.
- ix) In our opinion and according to information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for financial activities.
- x) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.
- xi) In our opinion and according to the information and explanations given to us, the provisions of section 58-A of the Companies Act, 1956 and Companies (acceptance of deposits) Rules, 1957 are not applicable as the company has not accepted and deposits from the public.
- xii) The company does not have any formal system of internal audit. However in our opinion and according to information and explanations given to us, the internal control procedures are adequate. Considering the size and nature of business of the Company.
- xiii) The Provisions of section 209(1)(d) of the Companies Act, 1956 regarding the maintenance of cost records are not applicable to the company.

- xiv) As informed to us the provision of Provident Fund Act, Employees State Insurance Act provisions of investor education and protection fund, customs duty, excise duty and cess are not applicable to the Company during the year under review.
- xv) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Income-Tax, Wealth Tax, Service Tax and other material statutory dues applicable to it.
- xvi) According to the information and explanations given to us no disputed amounts in respect of Income-Tax, Wealth-tax, Sales-Tax, Customs-Duty and Excise-Duty were outstanding as at 31st, March, 2010 for a period of more than six months from the date they become payable except the following :-

SR. NO.	NAME OF STATUTE	NATURE OF DUES	FORUM WHERE DISPUTE IS PENDING	AMOUNT(IN RS.)
01.	I.T.ACT,1961	I.TAX (A.Y.95-96)	I.T.TRIBUNAL	2,06,88,360/-
02.	I.T.TAX,1961	I.TAX (A.Y. 98-99)	I.T.TRIBUNAL	21,32,420/-

- (xvii) According to the information and explanations given to us and based on the generally accepted audit procedures carried out by us no personal expenses of employees or directors have been charged to Revenue Account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
- xvii) The Company has accumulated losses at the end of the financial year and it has incurred losses in the current and immediately preceding financial year.
- xviii) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institution, banks or debenture holders.
- xix) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xx) The provisions of any special statute applicable to Chit Funds, Nidhi, or Mutual Benefit Society/fund do not apply to the Company. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- xxi) The Shares and other securities have been held by the Company, in its own name as explained to us and proper records in respect thereof have been maintained.
- xxii) According to the information and explanation given to us, the Company has not given counter guarantee for loans taken by anybody.

- xxiii) According to the information and explanations given to us and on an overall examination of the balance sheet and cash flow statement of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- xxiv) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained u/s 301 of the Co. Act, 1956.
- xxv) The Company did not have any outstanding secured debentures during the year.
- xxvi) The Company has not raised any money through a public issue during the year under review.
- (xxviii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.
- (xxix) The Company is not a sick Company as per the provisions of SICA, 1985.

PLACE : AHMEDABAD
DATE : 01.09.2010

FOR SHIRISH DALAL & ASSOCIATES
CHARTERED ACCOUNTANTS

SHIRISH DALAL
(PROPRIETOR)
M.No. 8996

SCHEDULE-13 : Accounting Policies**(i) Revenue Recognition**

- (a) Revenue from issue management services, loan syndication, financial advisory services etc., is recognized based on the stage of completion of assignments and terms of agreement with the client.
- (b) Gains and losses on dealing with securities & derivatives are recognized on trade date.

(ii) Stock-in-trade (i.e. Inventories)

- (a) The securities acquired with the intention of holding for short-term are classified as investment and securities acquired for trading are classified as stock-in-trade.
- (b) The securities held as stock-in-trade are valued at lower of cost arrived at on weighted average basis or market/ fair value, computed category-wise. In case of investments transferred to stock-in-trade, carrying amount on the date of transfer is considered as cost. Commission earned in respect of securities acquired upon devolvement is reduced from the cost of acquisition. Fair value of unquoted shares is taken at break-up value of shares as per the latest audited Balance Sheet of the concerned company. In case of debt instruments, fair value is worked out on the basis of yield to maturity rate selected considering quotes where available and credit profile of the issuer and market related spreads over the government securities
- (c) Discounted instruments like Commercial paper/treasury bills/zero coupon instruments are valued at carrying cost. The difference between the acquisition cost and the redemption value of discounted instruments is apportioned on a straight line basis for the period of holding and recognized as Interest income.
- (d) Units of mutual fund are valued at lower of cost and net asset value.

(iii) Investments

The securities acquired with the intention of holding till maturity or for a longer period are classified as investments. (b) Investments are carried at cost arrived at on weighted average basis. Commissions earned in respect of securities acquired upon devolvement are reduced from the cost of acquisition. Appropriate provision is made for other than temporary diminution in the value of investments.

(iv) Fixed Assets and Depreciation

- (a) Fixed assets are stated at historical cost less accumulated depreciation and impairment loss, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for intended use.
- (b) Depreciation on fixed assets is provided on WDV Method at the rate and in the manner prescribed in Schedule XIV of the Companies Act, 1956.

(v) Deferred Tax

No provisions made as Depreciation has not been charged by the company during the year.

(vi) Derivatives Transactions

- (a) All open positions are marked to market.
- (b) Gains are recognized only on settlement/expiry of the derivative

instruments except for Interest Rate derivatives where even mark to-market gains are recognized.

- (c) Receivables/payables on open position are disclosed as current assets/current liabilities, as the case may be.

(vii) Earning Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

Notes on Accounts

NOTES FORMING PART OF ACCOUNTS.

- 1) There are no contingent liabilities nor provided for.
- 2) Depreciation has not been provided on assets by the company.
- 3) The value of realization of Current Assets, Loans and Advances in the ordinary course of business will not be less than the value at which they are started in the balance sheet.
- 4) Auditors remuneration is as under :
 - a) Audit fees Rs. 3000/-
 - b) Tax audit fees Rs. NIL/-
 - c) Other matter Rs. NIL
- 5) The additional Information pursuant to the provision of the paragraph 3, 4C, and 4D of Part-II of schedule Vi to the companies Act, 1956 has been furnished to the extend possible and applicable because of the nature of the business of the company.
- 6) The previous year figure has been regrouped and/or rearranged wherever necessary.

Shirish Dalal & Associates,
Chartered Accountants

For & on Behalf of Board
SDFC FINANCE LIMIED

(Shirish Dalal)
Proprietor
M.No.8996

NARESH RACHCHH
(M.D)

JAGDISH JANI
Director

Date : 01/09/2010
Place :AHMEDABAD

ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956 BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1.	Registration Details		
	Registration No.	:	14078
	State Code	:	04
	Balance Sheet Date	:	31 ST MARCH 2010
2.	Capital Raised During the Year (Amount in Rs. Lacs.)		
	Public Issue	:	-
	Right Issue	:	-
	Bonus Issue	:	-
	Private Placement	:	-
3.	Position of Mobilization of Deployment of Funds (Amount in Rs. Lacs.)		
	Total Liabilities	:	1000.00
	Total Assets	:	1000.00
	Sources of Funds		
	Paid up Capital	:	1000.00
	Share Application Money	:	-
	Reserve & Surplus	:	-
	Secured Loan	:	-
	Unsecured Loan	:	-
	Application of Funds		
	Net Fixed Assets	:	2.00
	Investment	:	649.43
	Net Current Assets	:	244.20
	Miscellaneous Expense	:	104.36
4.	Performance of Company (Amount in Rs. Lacs)		
	Turnover	:	13.42
	Total Expenditure	:	13.27
	Profit / (Loss) before Tax	:	0.15
	Profit / (Loss) after Tax	:	0.12
	Earning Per Share	:	-
	Dividend Rate	:	-
5.	Generic Names of Principal Product / Services of Company		
	Item Code No.	:	N.A
	Product Description	:	SHARE TRADING & FINANCE

CERTIFICATE

We have examined the attached Cash Flow Statement of SDFC FINANCE LIMITED for the year ended on 31-03-2010. The Statement has been prepared by the Company in accordance with the requirement of Listing Agreement Clause 32 with Vadodara Stock Exchange and is based on in agreement with corresponding Profit & Loss Account and Balance Sheet of the Company covered by the Report of 01/09/2010 to the members of the Company.

**PLACE : AHMEDABAD
DATE : 01.09.2010**

**FOR SHIRISH DALAL & ASSOCIATES
CHARTERED ACCOUNTANTS**

**SHIRISH DALAL
(PROPRIETOR)
M.No. 8996**

SDFC FINANCE LIMITED
PROFIT & LOSS A/C. FOR THE YEAR 2009-10

PARTICULARS	SCHE DULE	AS AT 31-03-2010	AS AT 31-03-2009
INCOME			
- Turn Over	11	1341981	1265987
		1341981	1265987
EXPENDITURE			
Purchases		992796	1002367
Administration and General Exp.	12	334665	275854
		1327461	1278221
Net Profit before Tax		14520	-12234
Provision for Taxation		-2445	0
Deferred Tax Assets		0	0
Net Profit after Tax		12075	-12234
Net Profit as per Last Balance Sheet		-10448453	-10436219
ADD : BAD DEBTS RECOVERED		0	0
Balance Carried to Balance Sheet		-10436378	-10448453
As per our report of even date attached			
For Shirish Dalal & Associates, CHARTERED ACCOUNTANTS		On or behalf of Board For SDFC FINANCE LIMITED	
(SHIRISH DALAL) Proprietor M.ship No. 8996 PLACE : AHMEDABAD DATE : 01-09-2010		NARESH RACHCHH (M.D.)	JAGDISH JANI (DIRECTOR)

SDFC FINANCE LIMITED
SCHEDULE FORMING PART OF BALANCE SHEET

PARTICULARS		AS AT 31-03-2010	AS AT 31-03-2009
SCHEDULE 1	-		
SHARE CAPITAL AUTHORISED	-		
20000000 EQUITY SHARES OF RS. 10/- EACH	-	200000000	200000000
Issued Subscribed and Paid up.			
1,00,00,000 Equity Shares of Rs. 10/- each		100000000	100000000
Fully paid up		100000000	100000000
SCHEDULE 2	-		
SECURED LOAN	-		
Secured by Hypothecation of Company's assets		0	0
		0	0
SCHEDULE 3			
UNSECURED LOANS			
From Directors		0	0
		0	0
SCHEDULE -5			
INVESTMENT			
UNQUOTED		8650	8650
QUOTED		64934150	24933797
		64942800	24942447
SCHEDULE 6	-		
SUNDRY DEBTORS	-		
Sundry Hirer / Leasee / Trade debtors	-		
(Unsecured considered Goods)	-		
(a) Outstanding over six months	-	18763146	18763146
(b) Others		0	0
		18763146	18763146
SCHEDULE 7	-		
CASH AND BANK BALANCE	-		
Bank Balance	-	6620	6620
Cash Balance		182588	151550
		189208	158170

SDFC FINANCE LIMITED
SCHEDULE FORMING PART OF BALANCE SHEET

PARTICULARS		AS AT 31-03- 2010	AS AT 31-03-2009
SCHEDULE 8			
LOANS & ADVANCES		5524369	45524369
Advances recoverable in Cash or Kind or value to be received		5524369	45524369
SCHEDULE 9			
OTHER LIABILITIES & PROVISIONS			
CURRENT LIABILITIES			
Sundry Creditors		53853	36982
Prov. For Taxation		2445	
		56298	36982
SCHEDULE 10			
MISCELLANEOUS EXPENDITURE	-		
Profit & Loss Account	-	10436378	10448453
	-	10436378	10448453
SCHEDULE 11			
INCOME	-		
TURN OVER		0	0
Sale of shares		1341981	1265987
		1341981	1265987

SDFC FINANCE LIMITED
SCHEDULE FORMING PART OF BALANCE SHEET

PARTICULARS		AS AT 31-03-10	AS AT 31-03-09
SCHEDULE 12			
ADMINISTRATION & OTHER EXPENSES			
Advertisement Expenses		11920	7540
Consultancy Charges		22535	12500
Postage Telegram and Courier		8210	6325
Salary		235500	195400
Printing & Stationery		11500	9089
Listing fees	-	45000	45000
	-	334665	275854
	-		
As per our report of even date attached			
For Shirish Dalal & Associates,		On or behalf of Board	
CHARTERED ACCOUNTANTS		For SDFC FINANCE LIMITED	
Sd/-		Sd/-	
(SHIRISH DALAL)		NARESH RACHCHH	
Proprietor		(M.D.)	
M.ship No. 8996			
PLACE : AHMEDABAD			
DATE : 01-09-2010			

SDFC FINANCE LIMITED 2009-10

SCHEDULE "4"
FIXED ASSETS

DESCRIPTION OF ASSETS	GROSS BLOCK			DEPRICIATION			NET BLOCK	
	AS AT	ADDN /	AS AT	AS ON	FOR THE	AS ON	AS AT	AS ON
	1/4/2009	DEDU.	31/03/10	1/4/2009	YEAR	31/03/10	31/03/10	31/03/09
FAX MACHIN E	126612	0	126612	87628	0	87628	38984	38984
OFFICE EQUIPM ENTS	496285	0	496285	362592	0	362592	133693	133693
TWO WHEELERS	148687	0	148687	129811	0	129811	18876	18876
GENERATOR	31100		31100	22257	0	22257	8843	8843
Total	802684	0	802684	602288	0	602288	200396	200396
Previous year	802684	0	802684	602288	0	602288	200396	200396

Cash Flow Statement for the Year ended on 31st March 2010			
PARTICULARS		2009-10	2008-09 Amount (Rs.)
CASH FLOW FROM OPERATING ACTIVITIES :			
Net Profit / (loss) before tax and extraordinary items		14520	-12234
Adjustment for :			
Misc. exp. w/o		0	0
Sub-Total		0	0
Total Inflow from Operation		14520	-12234
Non Operating Income		0	0
Operating Profit / Loss before Working Capital Changes		14520	-12234
Adjustment For:			
Trade and other receivables		0	0
Deposits		0	0
Loans & Advances		40000000	0
Current Liabilities		19316	-45561
Sub -Total		40019316	-45561
CASH GENERATION FROM OPERATION			
Direct Taxes Paid or Tax Provision		40033836	-57795
Sub - Total		-2445	0
		-2445	0
CASH FLOW BEFORE EXTRAORDINARY ITEMS			
Dividend & Dividend Tax Payable		40031391	-57795
		0	0
BALANCE CARRIED FORWARD	(A)	40031391	-57795
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Investment		-40000353	0
Sale of Investment		0	0
Int. Recd. + Brokerage Income		0	0
Sub - Total		-40000353	0
BALANCE CARRIED FORWARD	(B)	31038	-57795

CASH FLOW FROM FINANCIAL ACTIVITIES			
Proceeds from Secured Loans		0	0
Proceeds from extra ordinary items		0	0
Proceeds from Unsecured Loans		0	0
Sub - Total		0	0
Net Increase (Decrease) in cash & cash equivalent	(C)	31038	-57795
Opening Cash & Cash equivalents		158170	215965
Closing Cash & Cash equivalents		189208	158170
For Shirish Dalal & Associates, CHARTERED ACCOUNTANTS	On or behalf of Board For SDFC FINANCE LIMITED		
(SHIRISH DALAL) Proprietor M.ship No. 8996 PLACE : AHMEDABAD DATE : 01-09-2010	NARESH RACHCHH (M.D.)	JAGDISH JANI (DIRECTOR)	

SDFC FINANCE LIMITED
PLOT NO 118, MAHAPURA MAIN ROAD, TALKUKA – SEVASI, DIST: BARODA- 390021 (GUJ.)
PROXY FORM

I/We _____ Of _____
Being a member/members of above named Company hereby appoint of _____ or failing him / her _____ of _____
as may / our proxy to attend and vote on my / our behalf at the Annual General Meeting of the Company to be held on 30-09-2010 or at any adjournment thereof.

Signed this _____ day of _____ 2010.

Affix Rupee
One Revenue
Stamp Here

Note : This instrument of proxy shall be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the meeting

SDFC FINANCE LIMITED
PLOT NO 118, MAHAPURA MAIN ROAD, TALKUKA – SEVASI, DIST: BARODA- 390021 (GUJ.)

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDENCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

1. Name of the attending Member _____
 2. Member's Folio Number _____
 3. Name of the Proxy (In Block Letters) _____
(To be filled in if the Proxy attends instead of the Member)
- (No. of Shares held: -----)

I hereby record my presence at the Annual General Meeting at the registered Office of the company on 30-09-2010 or at any adjournment thereof.

Member's / Proxy Signature