

MD	✓			BKC	✓
CS	✓			DPY	N/A
RO	✓			DIV	N/A
TRA	✓			AC	✓
AGM	✓	✓		SHI	✓
YE	✓	✓	✓		✓

SUMEDHA FISCAL SERVICES LIMITED



ANNUAL REPORT
1997-98

Bringing Fiscal Resources Closer

SUMEDHA FISCAL SERVICES LIMITED

REGISTERED AND CORPORATE OFFICE :

8B, Middleton Street,
"GEETANJALI", Flat No. 6A,
Calcutta - 700 071.
Telephone Nos. : 033-29 8936/6758/3237
Fax No. : 033-226 4140
E-Mail : vijay@giasl01.vsnl.net.in

BRANCH OFFICES :

New Delhi :
113-114, Southex Plaza - II
South Extension Part - II
New Delhi - 110 049.

Telephone Nos. : 625-2949/2920
Fax No. : 011-625 3001

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Mumbai :
34, Sai Baba Shopping Centre,
Shyam Sunder Society,
Keshav Rao Kadam Marg,
Mumbai-400 008

Telephone Nos. 300-2548/49, 300-5220
Fax No. : 022-300 2547

Bangalore :
G-10, Naveen Apartments
13th Main Road, Vasanthnagar,
Bangalore - 560 052.

Telephone No. : 080-220 2545
Fax No. : 080-225 1016



SUMEDHA FISCAL SERVICES LIMITED

DIRECTORS	: R. L. GAGGAR, <i>Chairman</i> DR. A. K. BHATTACHARYA VIJAY MAHESHWARI PRAKASH KUMAR BIYANI CHRISTOPHER LESLIE JOHNSON BABU RAM MITTAL, <i>Alternate to Mr. Christopher Leslie Johnson</i> RAJEEV TANDON ANUJ CHOWDHRY BIJAY MURMURIA BHAWANI SHANKAR RATHI, <i>Wholetime Director</i>
COMPANY SECRETARY	: DEB KUMAR SETT
BANKERS	: CANARA BANK UNITED BANK OF INDIA
STATUTORY AUDITORS	: KHANDELWAL RAVINDRA & CO. <i>Chartered Accountants</i>
INTERNAL AUDITORS	: D. RAYCHAUDHURY & CO. <i>Chartered Accountants</i>
LISTING ON STOCK EXCHANGES	: CALCUTTA, MUMBAI & DELHI
SHARE TRANSFER AGENTS	: AMI COMPUTERS (I) LTD. 60A & B, Chowringhee Road, Calcutta - 700 020. Tel. No. 240-6776/9251/280-0812 Fax No. 033-240-6585
REGISTERED AND CORPORATE OFFICE	: 8B, MIDDLETON STREET "GEETANJALI", Flat No. 6A, CALCUTTA - 700 071.
BRANCHES	: NEW DELHI, MUMBAI & BANGALORE

SUMEDHA FISCAL SERVICES LIMITED**NOTICE**

Notice is hereby given that the Ninth Annual General Meeting of the Members of **SUMEDHA FISCAL SERVICES LIMITED** will be held at its Registered Office at 6A, Geetanjali, 8B, Middleton Street, Calcutta-700071 on 22nd day of August, 1998 at 10.30 A.M. to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt Audited Accounts of the Company for the year ended 31st March, 1998 together with Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Dr. Amal Kumar Bhattacharya.
3. To appoint a Director in place of Mr. Vijay Maheshwari.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modification, the following Resolutions as Special Resolution :

5. a. "RESOLVED that pursuant to Section 94 and all other applicable provisions, if any, of the Companies Act, 1956, the Authorised Capital of the Company be and is hereby increased from Rs. 6,00,00,000/- (Rupees Six Crores only) to Rs. 7,00,00,000/- (Rupees Seven Crores only) divided into 70,00,000 (Seventy Lacs) Equity Shares of Rs. 10/- (Rupees Ten) each."
- b. "RESOLVED that existing Clause V of the Memorandum of Association of the Company pertaining to Capital be substituted by the following clause :
The Share Capital of the Company is Rs. 7,00,00,000/- (Rupees Seven Crores) divided into 70,00,000 (Seventy Lacs) Equity Shares of Rs. 10/- (Rupees Ten) each with rights, privileges and conditions attaching thereto as are provided for in the Articles of Association of the Company and with power to increase or reduce the Capital provided for in the Articles of Association."
6. "RESOLVED that pursuant to provisions of Section 31 and all other applicable provisions of the Companies Act, 1956, Article 3 of the Articles of Association of the Company be substituted by the following clause:
The Capital of the Company is Rs. 7,00,00,000/- divided into 70,00,000 Equity Shares of Rs. 10/- each with power to increase, consolidate, reduce, convert, sub-divide, redeem, cancel the Share Capital from time to time in accordance with the Act."

Registered Office :
6A, Geetanjali,
8B, Middleton Street,
Calcutta - 700 071.
20th June, 1998.

By Order of the Board

Deb Kumar Sett
Company Secretary

NOTES :

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on his behalf and the proxy need not be a member of the Company.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 18th August, 1998 to 22nd August, 1998 (both days inclusive).
3. Shareholders seeking any information with regard to Accounts are requested to write to the Company early so as to enable the management to keep the information ready.
4. Members are requested to bring their copy of the Annual Report to the Meeting and produce the enclosed Attendance Slip at the entrance to the hall.



SUMEDHA FISCAL SERVICES LIMITED

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(3) OF THE COMPANIES ACT, 1956

Item Nos. 5 & 6

The Authorised Capital of the Company presently stands at Rs. 6,00,00,000/- (Rupees Six Crores only) divided into 60,00,000 (Sixty Lacs) Equity Shares of Rs. 10/- each. It is proposed to increase the Authorised Capital to Rs. 7,00,00,000/- (Rupees Seven Crores only) divided into 70,00,000 (Seventy Lacs) Equity Shares of Rs. 10/- each.

The proposed increase in the Authorised Capital of the Company requires approval of Members in the General Meeting. Consequently, Clause No. V of the Memorandum of Association and Article 3 of the Articles of Association of the Company are required to be amended/alterd by Special Resolution to give effect to the same.

The Board recommends that the resolutions be passed accordingly.

None of the Directors of the Company is interested in the above resolutions.

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Annual Report 1997-98

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their 9th Annual Report and the Audited Accounts for the financial year ended 31.03.1998.

	(Rs. in Lacs)	
	Year ended 31.03.98	Year ended 31.03.97
Total income	207.59	213.08
Cash Profit	110.55	120.93
Less : Depreciation	124.11	102.29
Prov. for Non-Performing Assets	6.75	-
Profit/(Loss) before tax	(20.31)	18.64
Less : Provision for taxation	-	4.65
Profit/(Loss) after tax	(20.31)	13.99
Less : Tax adjustment for earlier year	0.21	-
Add : Surplus brought forward	42.06	28.07
Balance available for appropriation	<u>21.54</u>	<u>42.06</u>
APPROPRIATION		
General Reserve	-	-
Proposed dividend	-	-
Balance carried to Balance Sheet	<u>21.54</u>	<u>42.06</u>
	<u>21.54</u>	<u>42.06</u>

DIVIDEND

Your Directors regret their inability to recommend any dividend due to absence of profit for the year.

OPERATIONAL REVIEW

The major part of the year under review remained difficult for the Company because of economic recession and sluggish Capital Market. Your Company attained marginally lower level of total income of Rs. 207.59 lacs against Rs. 213.08 lacs during the previous year. Income from Leasing during the year has increased to Rs. 152.74 lacs from Rs. 138.52 lacs. Income from Project Consultancy & Loan Syndication was Rs. 49.25 lacs (previous year - Rs. 52.47 lacs) and decline in Income from Merchant Banking continued during the year reflecting the prevailing market condition.

In spite of Cash Profit of Rs. 110.55 lacs for the year the Company has incurred a net loss of Rs. 20.31 lacs as against profit of Rs. 18.64 lacs for the previous year. Increase in depreciation, provisioning requirement for non-performing assets and erosion in value of shares held by the Company mainly contributed to the loss incurred.

However, the Company's strategy is to focus itself to fee-based activities like project consultancy, loan syndication, merchant banking etc. in which it is having an edge over its competitors and phase out all fund-based activities as per new directions of Securities and Exchange Board of India (SEBI).

FUTURE PROSPECTS

Growth and sustenance of financial services sector depends, as you are aware, to a great extent on level of economic activity and market expectations. With recession that crept in for quite sometime as evident from slowing down of the economy and negative growth rate in several sectors, the economic scenario is far from promising. The proposals as contained in the last Budget also failed to boost the market sentiment and thereby investment climate continues to be stagnant. We sincerely believe and



SUMEDHA FISCAL SERVICES LIMITED

are confident that the Company has the inherent strength to overcome these difficulties in view of its core strength in fee-based activities.

DIRECTORS

Dr. Amal Kumar Bhattacharya and Mr. Vijay Maheshwari retire by rotation at the forthcoming Annual General Meeting and being eligible, have offered themselves for re-appointment.

AUDITORS

Messrs. Khandelwal Ravindra & Co., Chartered Accountants, Calcutta, retire at the conclusion of the forthcoming Annual General Meeting. Certificate has been received from them that their appointment if made at the forthcoming Annual General Meeting, will be within the limits of Section 224(1B) of the Companies Act, 1956.

AMALGAMATION OF CRIL

In view of the directions imposed by SEBI, the Company as a Merchant Banker cannot undertake fresh fund-based activities. Such a restriction triggered restructuring of activities of the Company to keep itself on an even keel commercially.

Capital Resources International Ltd. (CRIL), promoted by the Company, is a member of National Stock Exchange of India on Capital Market segment and dealer of OTC Exchange of India Ltd. Amalgamation of CRIL with the Company can synergically combine the cluster of services rendered by the Company and CRIL. It will also ensure better utilisation of man-power and infrastructural facilities in the changed scenario.

We shall approach you for your support in this connection as and when required.

INCREASE IN AUTHORISED CAPITAL

Authorised Share Capital of the Company has been proposed to be increased from Rs.6 Crores to Rs.7 Crores at the forthcoming Annual General Meeting to take care of the requirements in future.

STATUTORY INFORMATION

1) Conservation of Energy/Technology Absorption/Foreign Exchange Earning and Outgo :

Information pertaining to Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable to the Company.

During the year the Company did not earn any foreign exchange and spent Rs. 82,919 in foreign currency details of which have been stated under the Notes annexed to the Accounts.

2) Deposit

In view of the stringent norms imposed by the Reserve Bank of India for accepting Public Deposits vis-a-vis sluggish market for deployment of funds, your company suspended accepting fresh deposits and is in the process of returning the existing Public Deposits before or on maturity thereof subject to compliance of required formalities.

A Deposit of Rs. 30,000 from three Depositors remaining unclaimed on maturity has since been paid.

3) Personnel

There was no employee in receipt of remuneration coming under purview of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended.

4) Clause 43 of the Listing Agreement

In compliance with Clause 43 of the Listing Agreements with Stock Exchanges, a comparison between the projected profitability of the Company, reported in the Prospectus dated 20th February, 1995 and actual profitability is given below :-