

ANNUAL REPORT 2002 - 2003

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SUMEDHA FISCAL SERVICES LIMITED
Bringing Fiscal Resources Closer

SUMEDHA FISCAL SERVICES LIMITED

REGISTERED AND CORPORATE OFFICE

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E-mail : kolkata@sumedhafiscal.com

BRANCH OFFICES

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SUMEDHA FISCAL SERVICES LIMITED

DIRECTORS	: R. L. GAGGAR, <i>Chairman</i> DR. A. K. BHATTACHARYA VIJAY MAHESHWARI PRAKASH KUMAR BIYANI RAJEEV TANDON ANUJ CHOWDHRY BIJAY MURMURIA BHAWANI SHANKAR RATHI, <i>Wholetime Director</i> ASHISH MITTAL, <i>Wholetime Director</i> PAWAN KUMAR AGARWAL, <i>Wholetime Director</i>
COMPANY SECRETARY	: DEB KUMAR SETT
BANKERS	: CANARA BANK HDFC BANK LTD INDUSIND BANK LTD
STATUTORY AUDITORS	: KHANDELWAL RAVINDRA & CO. <i>Chartered Accountants</i>
REGISTRARS	: MAHESHWARI DATAMATICS PVT. LTD. 6, Mangoe Lane, 2nd Floor Kolkata – 700 001 Phone : (033) 2243 5029, 2243 5809 Fax : (033) 2248 4787 E. mail : mdpl@cal.vsnl.net.in
REGISTERED AND CORPORATE OFFICE	: 8B, MIDDLETON STREET 6A, GEETANJALI KOLKATA – 700 071
BRANCHES	: NEW DELHI, MUMBAI & BANGALORE

Annual Report 2002 - 2003

NOTICE

Notice is hereby given that the Fourteenth Annual General Meeting of the Members of SUMEDHA FISCAL SERVICES LIMITED will be held at Merchants' Chamber of Commerce, 15B, Hemanta Basu Sarani, Kolkata - 700 001 on Saturday, 6th September, 2003 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, 2003 together with Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Bijay Murmuria who retires by rotation.
3. To appoint a Director in place of Mr. Anuj Chowdhry who retires by rotation.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

5. Re-appointment of Branch Auditors for Mumbai Branch

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :-

"RESOLVED THAT M/s. Prakash Modi & Associates, Chartered Accountants, 303 VINOD VILLA, 3rd Floor, 66, 3rd Cavel Cross Lane, Kalbadevi Road, Mumbai – 400 002 be re-appointed as Auditors, for Auditing Mumbai Branch Accounts of the Company for the financial year 2003-04 at a remuneration to be decided by the Board of Directors."

6. Appointment of Share Transfer Agent

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :-

"RESOLVED THAT appointment of Maheshwari Datamatics Private Ltd., 6 Mangoe Lane, 2nd Floor, Kolkata – 700001, who are duly registered with the Securities and Exchange Board of India (SEBI) under SEBI (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 as Registrar and Share Transfer Agent of the Company with effect from May 1, 2003 by the Board of Directors of the Company be and is hereby approved.

THAT Mr. Bijay Murmuria, Director and Mr. Deb Kumar Sett, Company Secretary be and is hereby authorised severally to execute all necessary documents and take all steps to implement the same".

7. Delisting of shares from Delhi Stock Exchange

To consider and if thought fit, to pass, with or without modification(s) the following resolutions as Special Resolutions :-

"RESOLVED THAT the Company do apply for voluntary delisting of Equity Shares of the Company from The Delhi Stock Exchange Association Ltd. subject to the Equity Sharers of the Company remaining listed

SUMEDHA FISCAL SERVICES LIMITED

at the Stock Exchange having nationwide trading terminal, i.e. The Stock Exchange, Mumbai as referred to in Regulation 5 of the "Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003" and further subject to other compliance(s), clearance(s) as mandated under the said Guidelines".

Registered Office :
8B, Middleton Street,
6A, Geetanjali,
Kolkata – 700 071.

By Order of the Board

Date : June 28, 2003

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 1st September, 2003 to 6th September, 2003 (both days inclusive).
3. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during office hours on all working days, except Saturdays, between 11.00 A.M. to 1.00 P.M. upto the date of the Annual General Meeting.
4. 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.
5. Pursuant to the provision of Section 205A of the Companies Act, 1956, as amended, dividend which remain unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund of the Central Government.
6. 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.

**EXPLANATORY STATEMENT AS REQUIRED UNDER
SECTION 173(2) OF THE COMPANIES ACT, 1956.**

Item No. 5

The Auditors for Mumbai Branch Office of the Company who retire at the forthcoming Annual General Meeting, being eligible offer themselves for re-appointment.

The Directors recommend your approval to the resolutions.

None of the Directors of the company is in any way interested in the resolution.

Item No. 6

Pursuant to letter No. JS/NA/MISC/1355/2003 dated April 22, 2003 (received on 28.04.2003) of the National Securities Depository Ltd., Mumbai (NSDL) intimating the Company that the VSAT connectivity of AMI Computers (I) Ltd., Kolkata (AMI), Registrar and Share Transfer Agent of the Company had been withdrawn for non-payment

Annual Report 2002 - 2003

of dues to NSE. The said letter also pointed out that such a development violated the basic ingredient of providing continuous connectivity and asked the company to take appropriate steps.

Consequently the Company terminated the service of AMI with effect from May 1, 2003 and appointed Maheshwari Datamatics Private Ltd., 6 Mangoe Lane, 2nd Floor, Kolkata 700 001 as the Registrar and Share Transfer Agent of the Company with effect from May 1, 2003.

The Directors now seek your approval for steps taken in order to comply with the directions of NSDL as contained in the aforesaid letter.

None of the Directors of the Company is in any way interested in the resolution.

Item No. 7

The Equity Shares of the Company are at present listed at The Stock Exchange, Mumbai (BSE), The Calcutta Stock Exchange Association Ltd. (CSE) and The Delhi Stock Exchange Association Ltd. (DSE).

As per "Securities Exchange Board of India (Delisting of Securities) Guidelines - 2003" it is open for the Company to get voluntarily delisted its securities from a Stock Exchange provided its securities continue to be listed in the Stock Exchange having nationwide trading terminals i.e. NSE or BSE.

Since the shares of the Company are already listed inter-alia at BSE, as stipulated by the aforesaid Guidelines, which have trading terminals in various cities affording the investors access to trade and deal in the Company's Equity shares across the country.

During the last 12 months no transaction has taken place in DSE due to the availability of nationwide terminals of BSE everywhere, therefore, it is proposed to get delisted the Equity Shares of the Company from the said Exchange as it will hardly cause any inconvenience to the investors.

The resolution under this item is intended to obtain the approval of members for proposed delisting of Equity Shares of the Company from DSE and your Directors recommend its approval.

None of the Directors of the Company is interested in the proposed resolution.

Registered Office :
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Kolkata – 700 071.

Date : June 28, 2003

By Order of the Board

DEB KUMAR SETT
Company Secretary

SUMEDHA FISCAL SERVICES LIMITED**SUMMARISED ACCOUNTS**

	(Rs. in Lacs)				
	2002-03	2001-02	2000-01	1999-00	1998-99
<u>Balance Sheet</u>					
Net Worth*	721.04	675.69	718.34	701.74	696.96
Borrowings	4.80	31.49	48.32	73.69	18.79
Deferred Tax Liability	20.80	52.61	-	-	-
	<u>746.64</u>	<u>759.79</u>	<u>766.66</u>	<u>775.43</u>	<u>715.75</u>
<u>Utilisation of Funds</u>					
Net Fixed Asset including Capital Work-in-Progress*	257.60	275.06	278.55	294.54	310.22
Investments	211.52	199.64	205.50	215.99	211.77
Net Current Assets	269.46	273.26	267.00	245.51	170.60
Misc. Expenditure (to the extent not written off)	8.06	11.83	15.61	19.39	23.16
	<u>746.64</u>	<u>759.79</u>	<u>766.66</u>	<u>775.43</u>	<u>715.75</u>
<u>Profit and Loss Account</u>					
<u>Income</u>					
Income from Operations	190.80	195.24	354.79	231.56	209.36
Other Income	8.90	6.02	45.98	9.61	3.74
	<u>199.70</u>	<u>201.26</u>	<u>400.77</u>	<u>241.17</u>	<u>213.10</u>
<u>Expenditure</u>					
Establishment	150.82	147.85	318.58	165.52	134.81
Interest & Finance Charges	2.40	5.16	8.40	4.37	8.45
Depreciation	15.84	19.43	25.51	20.46	54.20
Misc. Expenditure written off	3.38	3.38	3.38	3.38	3.38
Provision for NPA	(3.26)	(0.20)	10.29	15.49	8.13
	<u>169.18</u>	<u>175.62</u>	<u>366.16</u>	<u>209.22</u>	<u>208.97</u>
Profit before Taxation	30.52	25.64	34.61	31.95	4.13

* Excluding Revaluation Reserve

Annual Report 2002 - 2003

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their 14th Annual Report and the Audited Accounts for the financial year ended 31.03.2003.

	(Rs. in Lacs)	
	Year ended 31.03.2003	Year ended 31.03.2002
Total Income	199.71	201.27
Cash Profit	43.11	44.87
Less : Depreciation	15.85	19.43
Provision for Non-Performing Assets	(3.26)	(0.20)
Profit before tax	30.52	25.64
Less : Provision for taxation	4.51	12.03
Profit after tax	26.02	13.61
Add/(Less) : Tax adjustment for earlier year	—	0.82
Add : Surplus brought forward	11.40	24.04
Balance available for appropriation	37.42	38.47
APPROPRIATION		
Add : Excess Provision for Deferred Tax for earlier years written back	27.51	—
Less : Amortisation of Goodwill	8.19	8.19
Balance carried to Balance Sheet	56.74	30.28

MANAGEMENT DISCUSSION & ANALYSIS

INDUSTRY SCENARIO

The Indian economy witnessed subdued growth in the Fiscal 2002-2003 on the backdrop of lacklustre performance of agricultural sector. The capital market remained dormant for the major part of the year and resource mobilisation from the primary market continued to witness a downward trend.

However, current financial year has witnessed gradual improvement in market sentiments with good corporate results, heavy inflow of funds from FII and tremendous response to the primary issue of Maruti Udyog Ltd. These positive signs are expected to drive the overall directions of the financial market.

OPERATIONAL REVIEW

During the year under review your Company's **Income from Operations** stood at Rs. 190.80 lakhs as against Rs. 195.24 lakhs during the previous year. Your Company continued its focus on fee based activities (**Loan Syndication & Project Consultancy Services**) and income therefrom was Rs. 120.90 lakhs (Rs. 155.04 lakhs during the previous year).

Income from Capital Market Operation rose to Rs. 64.86 lakhs as against Rs. 30.28 lakhs during the previous year due to concerted efforts to enlarge Bank and institutional clientele.

SUMEDHA FISCAL SERVICES LIMITED



As a result of depressed primary market, **Income from Merchant Banking** rose marginally to Rs. 5.03 lakhs compared to Rs. 4.80 lakhs during the previous year.

INVESTMENT BANKING

Even in the subdued market scenario, your Company has successfully arranged/executed assignments relating to Loan Syndication & Advisory Services and has been active in placement of bond and mutual fund products during the year. SEBI has renewed the Company's Category - I Merchant Banking licence till February, 2005.

SECURITY DEALING

The capital market remain subdued during the year and your Company has been taking a conservative approach. With increase in overall empanelment, the Company's operation and brokerage earning grew during the year.

DIVIDEND

In view of inadequate profit for the year, your Directors are unable to recommend any Dividend.

BUSINESS OUTLOOK

Globalisation, deregulation and a growing economy provide us with opportunities to continuously improve our performance. Your Company continues in making efforts to widen its geographical reach and improve its profitability by providing customised solutions for its clients.

DIRECTORS

Mr. Anuj Chowdhry and Mr. Bijay Murnuria, Directors, retire by rotation at the forthcoming Annual General Meeting and being eligible, have offered themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217(2AA) OF THE COMPANIES ACT, 1956

Your Directors confirm:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) 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 a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2003 and profit of the Company for that year;
- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the annual accounts on a going concern basis.

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 (the Act).

BRANCH AUDITORS

Messrs. Prakash Modi & Associates, Chartered Accountants, Mumbai, the retiring Branch Auditors (for Mumbai Branch Office) 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 (the Act).

Annual Report 2002 - 2003

SUBSIDIARY

Pursuant to Section 212 of the Act the audited statement of accounts of Gautam Financial Services Private Ltd. along with the Report of the Board of Directors and Auditors' Report thereon for the year ended 31st March, 2003, is annexed.

CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to the stipulation by clause 32 of the Listing Agreement with the Stock Exchanges with which the shares of the Company are listed and the requirements of Accounting Standard - 21 issued by the Institute of Chartered Accountants of India (ICAI), the Consolidated Financial Statements and other necessary details form part of the Annual Report and this also contains the segment information in terms of the Accounting Standard - 17 issued by ICAI.

STOCK EXCHANGE LISTINGS

The Equity Shares of the Company are listed on the Stock Exchanges at Kolkata, Mumbai and Delhi. The Company confirms payment of respective listing fees due to all the above Stock Exchanges for the year 2003-2004.

DELISTING FROM DELHI STOCK EXCHANGE

The Shares of the Company are already listed with The Stock Exchange, Mumbai having nationwide trading terminals in addition to the Calcutta Stock Exchange Association Ltd. and The Delhi Stock Exchange Association Ltd. The volume of Trading at Delhi Stock Exchange in the last couple of years have been negligible. As per the Securities & Exchange Board of India (Delisting of Securities) Guidelines, 2003 it is open for the Company to get delisted securities voluntarily from The Delhi Stock Exchange Association Ltd. Therefore, in view of the above, the Equity Shares of the Company are proposed to be got delisted from the Delhi Stock Exchange.

CORPORATE GOVERNANCE

Your Company has taken adequate steps to ensure that all mandatory provisions of 'Corporate Governance' as provided in the Listing Agreements of the Stock Exchanges with which the Company's Shares are listed are duly complied with.

A separate Report on Corporate Governance is annexed hereto as Annexure - 'A' along with Auditor's Certificate for its due compliance as Annexure - 'B' respectively as part of Annual Report.

TRANSFER TO INVESTOR EDUCATION PROTECTION FUND

In terms of sections 205A and 205C of the Companies Act, 1956 read together with Circular No. 22/2002 dated September 23, 2002 issued by the Department of Company Affairs, the Company deposited Rs.22,039.00 being various unclaimed amounts during the year under review in the 'Investor Education and Protection Fund' established by the Central Government.

CHANGE OF SHARE TRANSFER AGENT

In compliance of instruction contained in letter No. JS/NA/MISC/1355/2003 dated 22.04.2003 of National Securities Depository Ltd. the Company has appointed M/s. Maheshwari Datamatics Pvt. Ltd, 6, Mangoe Lane, 2nd floor, Kolkata - 700001 (MDPL) as the Registrar and Share Transfer Agent (STA) of the Company with effect from May 1, 2003. AMI Computers (I) Ltd, Kolkata has ceased to be the STA of the Company with effect from the aforesaid date.

INVESTORS' GRIEVANCE COMMITTEE

The Board of Directors of the Company constituted Investors' Grievance Committee of two Independent Directors i.e. Mr. Rajeev Tandon and Mr. Prakash Kumar Biyani and it shall have powers in terms of Clause 49 of the Listing