

ANNUAL REPORT 2003 - 2004



SUMEDHA FISCAL SERVICES LIMITED

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SUMEDHA FISCAL SERVICES LIMITED

REGISTERED AND CORPORATE OFFICE

8B, Middleton Street, 6A, GEETANJALI,
Kolkata - 700 071
Telephone Nos.: 033-2229 8936/6758/3237/4473
Fax No. 033-2226 4140
E-mail : kolkata@sumedhafiscal.com

BRANCH OFFICES

New Delhi

113-114, Southex, Plaza - II, South Extension Part - II
New Delhi - 110 049
Telephone Nos.: 011-2625 2949/2625 2920
Fax No. 011-2625 3001
E-mail : delhi@sumedhafiscal.com

Mumbai

107/108, Siddhivinayak Annexe
Sitaram Jadav Marg, Near Railway Station
Lower Parel, Mumbai - 400 013.
Telephone Nos.: 022 - 2493 0531, 2498 5210
Fax No. 022-2498 2878
E-mail : mumbai@sumedhafiscal.com

Chennai

29-B, Dr. P. T. Rajan Road, K. K. Nagar
Chennai - 600 078.
Telephone No. 044-2472 5682
Fax : 044-2472 8227
E-mail : chennai@sumedhafiscal.com

Bangalore

First Floor, "Park Plaza", No. 1, Park Road,
Tasker Town
Bangalore - 560 001
Telephone No. 080-5124 2545/46
Fax No. 091-80-5124 2547
E-mail: bangalore@sumedhafiscal.com

**SUMEDHA FISCAL SERVICES LIMITED**

Regd. Office : 8B, Middleton Street, 6A Geetanjali
Kolkata - 700 071

P R O X YFolio / Demat A/c. No. No. of Shares

I/We
of.....

being a member/members of the above-named Company hereby appoint Mr./Mrs./Miss.....

as my/our proxy to vote for me/us on my/our behalf at the Fifteenth Annual General Meeting of the of the Company to be held at Somany Conference Hall', Merchants' Chamber of Commerce, 15B, Hemanta Basu Sarani, Kolkata - 700 001 on Saturday, the 28th August, 2004 at 10.00 a.m. and at any adjournment thereof.

Signed this.....day of2004

Signature of Member(s).....

Affix One
rupee
Revenue
Stamp

Signature of Proxy(ies).....

Note : Proxy must reach the Company's Registered Office not less than 48 hours before commencement of the meeting.

**SUMEDHA FISCAL SERVICES LIMITED**

Regd. Office. 8B, Middleton Street, 6A,Geetanjali
Kolkata - 700 071

ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall.

Folio No./Demat A/c.No. : No. of Shares :

Name :

Address :

Name of Proxy :

(in Block letters)

(To be filled in if the Proxy attends instead of the Member)

I hereby record my presence at the FIFTEENTH ANNUAL GENERAL MEETING at 'Somany Conference Hall', Merchants' Chamber of Commerce, 15B, Hemanta Basu Sarani, Kolkata - 700 001 on Saturday, the 28th August, 2004 at 10.00 a.m.

.....
Member's Signature.....
Proxy's Signature

Members are requested to bring their copy of the Annual Report for the year ended 31st March, 2004 with them to the Annual General Meeting.



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. Chartered Accountants
REGISTRARS	:	MAHESHWARI DATAMATICS PVT. LTD. 6, Mangoe Lane, 2nd Floor, Kolkata - 700 001. Tel. No. 2243-5029, 2243-5809 Fax No. 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, CHENNAI & BANGALORE

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NOTICE

Notice is hereby given that the Fifteenth 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, the 28th August, 2004 at 10.00 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, 2004 together with Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Prakash Kumar Biyani who retires by rotation.
3. To appoint a Director in place of Mr. Vijay Maheshwari 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 the retiring Auditors M/s. Prakash Modi & Associates, Chartered Accountants, 303 VINOD VILLA, 3rd Floor, 66, 3rd Cavel Cross Lane, Kalbadevi Road, Mumbai - 400 002 be and they are hereby re-appointed as Auditors, for Auditing Mumbai Branch Accounts of the Company to hold office till the conclusion of the next Annual General Meeting at a remuneration to be decided by the Board of Directors."

6. Re-classification/alteration of Authorised Capital

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

"RESOLVED that consent of the Company be and is hereby given to the cancellation of the 3,00,000 Cumulative Redeemable Preference Shares of Rs. 100/- each of the Company lying unissued and which have not been taken or agreed to be taken by any person."

"RESOLVED further that the Equity Shares Capital of the Company be increased from Rs. 7,00,00,000/- to Rs. 10,00,00,000/- divided into 1,00,00,000 Equity Shares of Rs. 10/- each by further creation of 30,00,000 Equity Shares of Rs. 10/- each ranking pari passu with the existing Equity Shares.

RESOLVED THAT The existing Clause V of the Memorandum of Association of the Company be deleted and the same be substituted by the following : -

- V. The Share Capital of the Company is Rs. 10,00,00,000/- (Rupees Ten Crores) only divided into 1,00,00,000 (One Crore) 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 with power to increase or reduce the Capital provided for in the Articles of Association."

**SUMEDHA FISCAL SERVICES LIMITED**

RESOLVED FURTHER that the Articles of Association of the Company be altered by substituting the following the new Article, in place of the present Article No. 3 thereof : -

3. "The Capital of the Company is Rs. 10,00,00,000/- (Rupees Ten Crores) divided into 1,00,00,000 (One Crore) Equity Shares of Rs. 10/- (Rupees Ten) 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 :
8B, Middleton Street,
6A, Geetanjali,
Kolkata - 700 071.

By Order of the Board

DEB KUMAR SETT
Company Secretary

Date : 26th June, 2004

NOTES:

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on his/her/its 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 24th August, 2004 to 28th August, 2004 (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. 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.

ANNUAL REPORT 2003 - 2004**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 resolution.

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

Item No. 6

The existing Authorised Capital of the Company is classified in the following manner -

Equity Shares	70,00,000 shares of Rs. 10/- each	Rs. 7,00,00,000
Preference Shares	3,00,000 shares of Rs. 100/- each	Rs. 3,00,00,000
	TOTAL	Rs. 10,00,00,000

The Company proposes to declassify the same so that the composition consist only of Equity Shares-

Equity Shares	1,00,00,000 shares of Rs. 10/- each	Rs. 10,00,00,000
Preference Shares	NIL	-
	TOTAL	Rs. 10,00,00,000

The Authorised Share Capital of the Company presently stands at Rs. 10 crores comprising of Rs. 7 crores of Equity Share Capital (70 lakhs shares of Rs. 10/- each) and Rs. 3 crores of Cumulative Redeemable Preference Share Capital (3 lakhs shares of Rs. 100/- each). Since the Company does not intend to issue Preference Shares in the foreseeable future the same is proposed to be re-classified as Equity Share Capital without any increase in the aggregate Authorised Share Capital of the Company. It is, therefore, proposed to increase the Authorised Equity Share Capital of the Company from Rs. 7 crores to Rs. 10 crores by creation of 30 lakhs Equity Shares of Rs. 10/- each, which will rank pari passu in all respects with the existing Equity Shares in the Company. The proposed increase of the Authorised Capital of the Company requires the approval of the members in general meeting in the required manner. Consequent upon the change in composition of the Authorised Capital of the Company, its Memorandum and Articles of Association will require alteration so as to reflect the change.

The Board recommends that the resolution be passed.

No Director is interested or concerned in this resolution.

Registered Office :
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6A, Geetanjali,
Kolkata - 700 071.

Date : June 26, 2004.

By Order of the Board

DEB KUMAR SETT
Company Secretary

**SUMEDHA FISCAL SERVICES LIMITED****DIRECTORS' REPORT TO THE SHAREHOLDERS**

Your Directors present their 15th Annual Report and the Audited Accounts for the financial year ended 31.03.2004.

	(Rs. in Lacs)	
	Year ended 31.03.2004	Year ended 31.03.2003
Total Income	273.89	199.71
Cash Profit	63.75	43.11
Less : Depreciation	12.05	15.85
Provision for Non-Performing Assets	-	(3.26)
Provision for diminution in value of Investments	35.95	-
Profit before tax	15.75	30.52
Less : Provision for taxation (net)	13.20	8.80
Add / (Less) : Deferred Tax written back	(20.82)	(4.29)
Profit after tax	23.37	26.02
Add/(Less) : Tax adjustment for earlier year	1.83	-
Add : Surplus brought forward	56.74	11.40
Balance available for appropriation	81.94	37.42
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	73.75	56.74

MANAGEMENT DISCUSSION & ANALYSIS**INDUSTRY SCENARIO**

The Indian Economy has performed well during 2003-04 with a GDP growth of 8 per cent (approx). This has been the highest attained growth by India since the advent of economic reforms in 1991. The Capital Market remained buoyant for the major part of the year and a number of public issues being witnessed in the primary market. The economic scenario has been conducive for the expansion of financial sector.

While the prospects of a normal-to-good monsoon in the current year, the early GDP growth forecasts for 2004-05 are also good varying from 6.5 per cent to 7 per cent. These positive signs should continue to drive the financial markets in the current year.

ANNUAL REPORT 2003 - 2004**OPERATIONAL REVIEW**

During the year under review your Company's **Income from Operations** increased to Rs. 261.74 lakhs as against Rs. 190.80 lakhs during the previous year. Your Company continued its focus on fee based activities (**Loan Syndication & Project Consultancy Services**) and income therefrom rose to Rs. 150.67 lakhs (Rs. 120.90 lakhs during the previous year).

Income from Capital Market Operation rose to Rs. 111.07 lakhs as against Rs. 64.86 lakhs during the previous year.

Your Company did not take up any Issue Management assignment during the year and as such **Income from Merchant Banking** was negligible compared to Rs. 5.03 lakhs during the previous year.

Income from Other Sources increased to Rs. 12.15 lakhs compared to Rs. 8.90 lakhs during the previous year.

Your Company widened its geographical reach by opening a Branch Office in Chennai and shall move to a larger office in Bangalore so as to make further market penetration in Southern India.

INVESTMENT BANKING

Persistent efforts have resulted in increased earning from Loan Syndication & Advisory Services, placement of Bonds and distribution of Mutual Funds products during the year.

SECURITY DEALING

Improvement in the securities market sentiment has been reflected in the increased income therefrom during the year.

DIVIDEND

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

BUSINESS OUTLOOK

With the change of guard at the centre the general optimism prevalent in the market has largely subdued on a short term scenario but overall economic growth and direction of financial market should keep the momentum moving.

Your Company continues in making efforts in widening its geographical reach and improve its profitability by providing customised solutions to its clients.

DIRECTORS

Mr. Prakash Kumar Biyani and Mr. Vijay Maheshwari, 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, 2004 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.

**SUMEDHA FISCAL SERVICES LIMITED****AUDITORS**

Messrs. Khandelwal Ravindra & Co., Chartered Accountants, Kolkata, 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).

SUBSIDIARY

Pursuant to Section 212 of the Act the audited statement of accounts of Gautam Financial Services Private Ltd. (GFS) along with the Report of the Board of Directors and Auditors' Report thereon for the year ended 31st March, 2004, is annexed.

GFS has applied for Trading-Cum-Clearing Membership of Multi Commodity Exchange of India Ltd., Mumbai in order to become a member/intermediary of the commodity exchange that offers dealing facility in various commodities and also derivatives thereof.

CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to 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 and Mumbai. Numbers of transactions being negligible during the last five years, the securities have been de-listed from the Delhi Stock Exchange Association Ltd. in compliance with Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003.

Payment of respective listing fees to the Stock Exchanges for the year 2004-2005 could not be made in the absence of respective Bills (not yet received by the Company). The Stock Exchanges have been requested repeatedly for sending the Bills.

CORPORATE GOVERNANCE

Your Company has taken adequate steps to ensure compliance of all mandatory provisions of "Corporate Governance" as provided in the Listing Agreement.

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

INVESTORS' GRIEVANCE COMMITTEE

The Company is having Investors' Grievance Committee consisting of two Independent Directors i.e. Mr. Rajeev Tandon and Mr. Prakash Kumar Biyani and it is having powers in terms of Clause 49 of the Listing Agreement or as may be modified from time to time.