

Annual Report 2004 - 2005



Bringing
Fiscal Resources
Closer



**Sumedha
Fiscal
Services
Limited**

Annual Report 2004 - 2005

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

B1/12 Safdarjung Enclave, 2nd Floor
New Delhi - 110 029
Telephone Nos.: 011-5165-4481/82
Fax No. 011-5165-4483
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

2B, Park Centre,
25, Venkatanarayana Road,
T. Nagar, Chennai - 600 017
Telephone No. 044-5212-6808
Fax : 044-5260-4808
E-mail : chennai@sumedhafiscal.com

Bangalore

First Floor, "Park Plaza", No. 1, Park Road,
(Off Infantry Road) Tasker Town
Bangalore - 560 051
Telephone No. 080-5124-2545/46
Fax No. 080-5124-2547
E-mail: bangalore@sumedhafiscal.com



DIRECTORS : R. L. GAGGAR, Chairman
DR. A. K. BHATTACHARYA - Resigned *
VIJAY MAHESHWARI
PRAKASH KUMAR BIYANI
RAJEEV TANDON
ANUJ CHOWDHRY - Resigned *
BIJAY MURMURIA
BHAWANI SHANKAR RATHI, Wholetime Director
ASHISH MITTAL, Wholetime Director - Resigned *
PAWAN KUMAR AGARWAL, Wholetime Director - Resigned *
* Subject to approval of National Stock Exchange.

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. 033 - 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

NOTICE

Notice is hereby given that the Sixteenth 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 3rd day of September, 2005 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, 2005 together with Reports of Directors and Auditors thereon.
2. To declare dividend for the year ended 31st March, 2005.
3. To appoint a Director in place of Mr. Ratan Lal Gaggar who retires by rotation.
4. To appoint a Director in place of Mr. Rajeev Tandon who retires by rotation.
5. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

6. 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 2005-06 at a remuneration to be decided by the Board of Directors."

7. Re-appointment and payment of remuneration to Mr. B. S. Rathi, Wholetime Director

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

"RESOLVED THAT subject to provisions of Section 198, 269, 309, 310 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 (Act), including any statutory modification(s) or enactment(s) thereof, for the time being in force, Mr. Bhawani Shankar Rathi be and is hereby re-appointed as 'Wholetime Director' of the Company for a period of 3 years with effect from 1st April, 2005 at such remuneration by way of salary, perquisites etc., as detailed in the Explanatory Statement annexed to this Notice with liberty to the Board of Directors to alter and vary the said terms and conditions so as not to exceed the limits specified in Schedule XIII to the Act or any amendments thereto as may be agreed to between the Board of Directors and Mr. Bhawani Shankar Rathi."

Registered Office :
8B, Middleton Street,
6A, Geetanjali,
Kolkata - 700 071.
Date : June 25, 2005

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. The instrument appointing the proxy should be deposited at the Registered Office of the Company not less than 48 hours before commencement of the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 30th August, 2005 to 3rd September, 2005 (both days inclusive).
3. The relevant Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business is annexed hereto.
4. Subject to the provisions of Section 206A of the Companies Act, 1956, dividend as recommended by the Board of Directors, if declared at the meeting, will be payable on or after 3rd September, 2005 to those members whose names appear on the Register of Members as on 3rd September, 2005.
5. Members whose shareholding is in electronic mode are requested to direct change of address notifications and updations of savings account details to their respective Depository Participants.
6. Members are requested to address all their correspondences, including dividend matters, to the Registrar and Share Transfer Agents - Maheshwari Datamatics Pvt. Ltd., 6, Mangoe Lane, Kolkata - 700 001.
7. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 205A of the Companies Act, 1956, be transferred to the Investors Education and Protection Fund.
8. 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. up to the date of the Annual General Meeting.
9. 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.
10. 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.
11. Mr. Ratan Lal Gaggar and Mr. Rajeev Tandon, retiring Directors, hold 15,000 and 15,600 Equity Shares, respectively in the Company [pursuant to Clause 49.IV.(E).(v) of the Listing Agreement].

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

Item No. 6

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. 7

Salary, perquisites etc. payable to Mr. Bhawani Shankar Rathi, Wholetime Director -

SALARY

Rs. 27,500/- per month.

In addition to salary perquisites restricted to an amount equal to annual salary. For this purpose perquisites are classified into following three categories viz. Categories 'A', 'B' and 'C'.

Category - A

i) Housing :

- 1) the Company will provide hired unfurnished accommodation; or
- 2) the Company will provide unfurnished Company owned accommodation; or
- 3) where no accommodation is provided by the Company or Mr. B. S. Rathi does not opt for the accommodation provided by the Company, he shall be entitled to House Rent Allowance at the rate of Rs. 10,000/- (Rupees ten thousand) per month.

ii) Medical Reimbursement :

Expenses incurred for himself and his family subject to a ceiling of one month's salary per annum or three months' salary over a period of three years.

iii) Leave Travel Concession :

For himself and family once in a year incurred in accordance with the Rules of the Company. For the purpose of (ii) and (iii) above, "family" means the spouse, dependent children and dependent parents of Mr. Bhawani Shankar Rathi.

iv) Club Fees :

Fees of Clubs subject to a maximum of two clubs. This will not include admission and life membership fees.

v) Bonus : Equivalent to 1 and 1/2 months' Basic Salary.

vi) Books and Periodicals : Upto Rs. 1,000/- per month.

Category - B

- i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not



taxable under the Income Tax Act, 1961. Gratuity payable should not exceed half a month's salary for each completed year of services.

- ii) Encashment of Leave at the end of these tenure will not be included in the computation of the ceiling on perquisites.

Category - C

The Company shall provide a car with a driver and a telephone at his residence. Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance telephone calls and use of car for private purpose shall be billed to Mr. Bhawani Shankar Rathi.

Mr. Bhawani Shankar Rathi will not be entitled to any sitting fee for attending Meeting(s) of the Board or any Committee thereof.

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Date : June 25, 2005

By Order of the Board

DEB KUMAR SETT

Company Secretary

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CERTIFICATION BY CFO OF THE COMPANY

I, Bhawani Shankar Rathi, Wholtime Director and Chief Financial Officer (CFO) of Sumedha Fiscal Services Ltd., to the best of my knowledge and belief, certify that:

1. I have reviewed the Balance Sheet and Profit and Loss Account (unconsolidated), and all its Schedules and Notes on Accounts, as well as the Cash Flow Statement and the Directors' Report;
2. Based on my knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statement made, in light of circumstances under which such statements were made, not misleading with respect to the statements made;
3. Based on my knowledge and information, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operation and cash flows of the Company as of, and for, the periods presented in this Report, and are in compliance with the existing accounting standards and/or applicable laws and regulations;
4. The Company's other certifying officer(s) and I am responsible for establishing and maintaining disclosure controls and procedures for the Company, and we have:
 - a) Designed such disclosure controls and procedures to ensure that material information relating to the Company, including its consolidated subsidiary, is made known to us by others within those entities, particularly during the period in which the Report is being prepared; and
 - b) Evaluated the effectiveness of the Company's disclosure, controls and procedures.
5. The Company's other certifying officer(s) and I have disclosed, based on my most recent evaluation, wherever applicable, to the Company's Auditors and the Audit Committee of the Company's Board of Directors (and persons performing equivalent functions):
 - a) all significant deficiencies in the design and operation of internal controls, which could adversely affect the Company's ability to record, process, summarize and report financial data, and have identified for the Company's Auditors, any material weakness in internal controls;
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls; and
 - c) the Company's other certifying officer(s) and I, have indicated in this Report whether or not there were significant changes in internal controls or in other factors that could significantly affect significant controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.
6. In the event of any materially significant misstatements and omissions, the signing officers will return to the Company that part of any bonus or incentive, which was inflated on account of such errors, as decided by the Audit Committee.
7. I affirm that I have not denied any personal access to the Audit Committee of the Company (in respect of matters involving alleged misconduct).

Kolkata
25 June, 2005

Bhawani Shankar Rathi
Wholtime Director and
Chief Financial Officer



SUMEDHA FISCAL SERVICES LTD.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their 16th Annual Report and the Audited Accounts for the financial year ended 31.03.2005.

(Rs. in Lacs)

	Year ended 31.03.2005	Year ended 31.03.2004
Total Income	309.13	273.89
Cash Profit	102.50	63.75
Less : Depreciation	14.06	12.05
Provision for diminution in value of Investments	-	35.95
Profit before tax	88.44	15.75
Less : Provision for taxation (net)	26.75	13.20
Add / (Less) : Deferred Tax	18.87	(20.82)
Profit after tax	42.82	23.37
Add/(Less) : Tax adjustment for earlier year	-	1.83
Add : Surplus brought forward	73.75	56.74
Balance available for appropriation	116.57	81.94
APPROPRIATION		
Less : Amortisation of Goodwill	8.19	8.19
Provision for Dividend (Including Dividend Tax)	37.87	-
Balance carried to Balance Sheet	70.51	73.75

MANAGEMENT DISCUSSION & ANALYSIS

INDUSTRY SCENARIO

Over the past decade, India has been one of the fastest growing economies in the world with an average GDP growth rate of over 5.8% versus Asian growth rate of 4%. Reforms initiated during this period have created an environment that fosters growth, both from a macro and micro perspective. This structural transformation is leading to buoyant capital market and expanding financial sector which augurs well for the Company in time ahead.

OPERATIONAL REVIEW

During the year under review your Company's Income from operations increased to Rs. 299.20 lacs as against Rs. 261.74 lacs during the previous year. Your Company continued its focus on fee based activities (Loan Syndication and Project Consultancy Services) and income therefrom rose to Rs. 198.79 lacs (Rs.150.67 lacs in previous year).

Income from capital market operation was Rs. 100.41 lacs as against Rs.111.07 lacs during the previous year.

Income from other sources was at Rs. 9.93 lacs as against Rs.12.15 lacs during the previous year. Your Company widened its geographical reach by opening new spacious offices in Bangalore and New Delhi which shall entail us for further market penetration and servicing of clientele effectively.

INVESTMENT BANKING

Since the Company's main income strength is from Loan Syndication and Project Consultancy Services, the Company has established a good track record and is constantly pursuing for enlarging its operations and consolidating its position towards growth of this segment.

SECURITY DEALING

The Company has consistently adopted a reasonable conservative approach with respect to Security Dealing and accordingly revenues are in line with previous year.

DIVIDEND

Taking into consideration the overall profitability position, the Board of Directors is pleased to declare a dividend of 5% for the year under review.

BUSINESS OUTLOOK

The Company is taking initiatives to take advantages of the opportunities as well as to meet the challenges of a growing economy. The Company's initiative in the area of technology, product enhancement and widening its geographical reach will enhance its competitive capabilities and increase its clientele base and business volumes. The management continues its prime focus on Loan Syndication, Project Consultancy and related fee based areas and retains a positive outlook on business prospects. The Company expects to improve upon its performance level in the coming years.

DIRECTORS

Mr. Anuj Chowdhry, non-executive Director and Mr. Pawan Kumar Agarwal and Mr. Ashish Mittal, both Wholtime Director intimated their intention to resign from the Board of Directors of the Company for personal preoccupations. Your Directors put on record the valuable contribution made to the Company by each of them.

The Company as a member of the National Stock Exchange requires their prior approval for effecting any change in its Board of Directors and accordingly made necessary application in this behalf. On receiving such approval the Company shall proceed to comply with procedural requirements under the Companies Act, 1956 and the Listing Agreement.

Mr. Ratan Lal Gaggar and Mr. Rajeev Tandon, Directors, retire by rotation at the forthcoming Annual General Meeting and being eligible, have offered themselves for re-appointment.