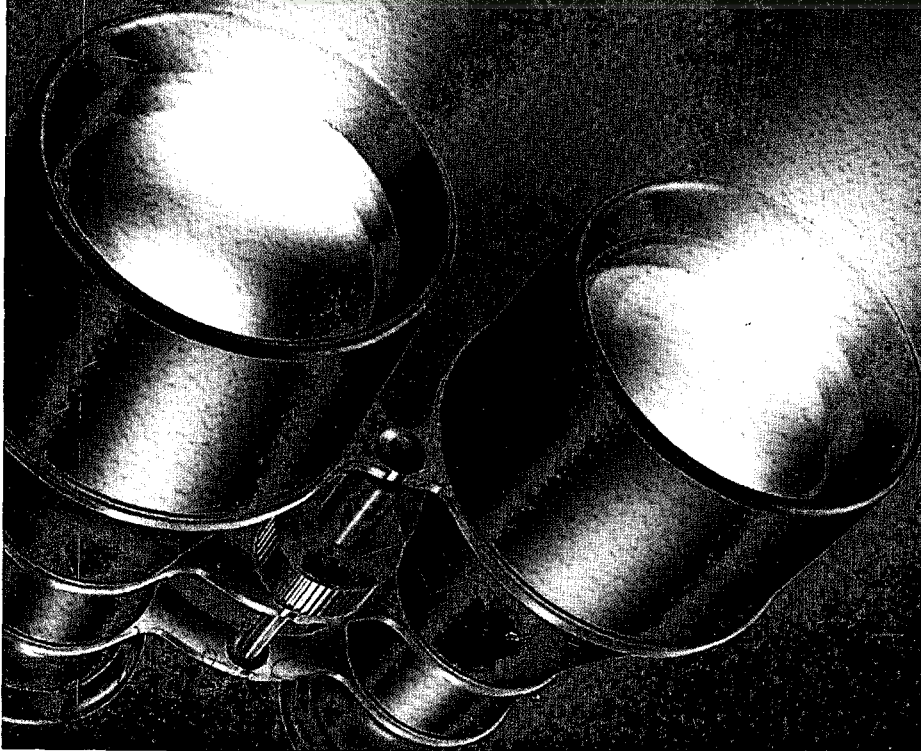


Sumedha Fiscal Services Limited
Annual Report 2006 - 2007



Bringing Fiscal
Resources Closer





**SUMEDHA
FISCAL
SERVICES
LIMITED**

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

Mumbai

107/108, Manik Court
Siddivinayak Annexe, 'D' Wing, 1st Floor
Sitaram Jadav Marg,
Near Railway Station, Lower Parel,
Mumbai - 400 013

☎ +91 22 2493-0531/2498-5210

Fax : +91 22 2498 2878

E-mail : mumbai@sumedhafiscal.com

New Delhi

B1/12 Safdarjung Enclave, 2nd Floor
New Delhi – 110 029

☎ +91 11 4165 4481/4482

Fax : +91 11 4165 4483

E-mail : delhi@sumedhafiscal.com

Hyderabad

3rd floor, Lumbini Arcade,
Begumpet
Hyderabad – 500016

☎ +91 40 4020 2826

Fax : +91 40 4020 2826

E-mail : hyderabad@sumedhafiscal.com

Ahmedabad

A/82, Pariseema Complex,
Opp. IFCI Bhavan,
C. G. Road,
Ahmedabad – 380 009.

☎ +91 79 3002 3337/3338/32912653

Fax : +91 79 2646 0394

E-mail : ahmedabad@sumedhafiscal.com

Bangalore

First Floor, Park Plaza,
No. 1 Park Road,
(Off. Infantry Road), Tasker Town,
Bangalore – 560 051

☎ +91 80 4124 2545/2546

Fax : +91 80 4124 2547

E-mail : bangalore@sumedhafiscal.com

Chennai

2B Park Centre,
25 Venkatanarayana Road, T. Nagar,
Chennai – 600 017

☎ +91 44 4212 6808

Fax : +91 44 4260 4808

E-mail : chennai@sumedhafiscal.com

Jaipur

36-A Suraj Nagar (East)
Civil Lines,
Jaipur – 302 006.

☎ +91 141 2221326/2221426/2222894
/3293883

Fax : +91 141 2220062/2222894

E-mail : jaipur@sumedhafiscal.com

Guwahati

303 Royal Plaza
Christian Basti
Opp. International Hospital
Guwahati – 781 005.

☎ +91 361 2341336

Fax : +91 361 2341336

E-mail : guwahati@sumedhafiscal.com

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SUMEDHA FISCAL SERVICES LIMITED

DIRECTORS : R. L. GAGGAR, Chairman
DR. BASUDEB SEN*
VIJAY MAHESHWARI
RAJEEV TANDON
PRAKASH KUMAR BIYANI
BIJAY MURMURIA
ANIL KUMAR BIRLA*
BHAWANI SHANKAR RATHI, *Wholesale Director*
ASHISH MITTAL, *Director – Resignation submitted **
PAWAN KUMAR AGARWAL, *Director – Resignation submitted **
* awaiting approval of National Stock Exchange.

COMPANY SECRETARY : DEB KUMAR SETT

BANKERS : CANARA BANK
HDFC BANK LTD.
INDUSIND BANK LTD
STATE BANK OF INDORE

STATUTORY AUDITORS : ARSK & ASSOCIATES
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, INDIA

BRANCHES : NEW DELHI, MUMBAI, BANGALORE,
CHENNAI, HYDERABAD, JAIPUR, AHMEDABAD
and GUWAHATI



**SUMEDHA
FISCAL
SERVICES
LIMITED**

NOTICE

Notice is hereby given that the Eighteenth 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 11th day of August, 2007 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, 2007 together with Reports of Directors and Auditors thereon.
2. To declare dividend for the year ended 31st March, 2007.
3. To appoint a Director in place of Mr. Vijay Maheshwari, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Rajeev Tandon, who retires by rotation and being eligible, offers himself for re-appointment.
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 2007-08 at a remuneration to be decided by the Board of Directors."

7. Appointment of Branch Auditors for Bangalore 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. Yuvraj & Associates, Chartered Accountants, 374/7/1 Saprih, 2 Man, 5th Cross, K N Extension, Yeshwantpur, Bangalore be re-appointed as Auditors, for Auditing Bangalore Branch Accounts of the Company for the financial year 2007-08 at a remuneration to be decided by the Board of Directors."

8. Offering & Issuing shares under SFSL Employee Stock Option Scheme, 2007 to Employees including Directors of the Company

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

"RESOLVED that, in accordance with Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (the 'Act'), the provisions of Securities & Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (the 'Guidelines'), including any amendment of the Act and/or the Guidelines or re-enactment of the Act, and the provisions of the Articles of Association of the Company, and subject to such other approvals and sanctions as may be necessary, the Board of Directors of the Company (the 'Board' which term shall be deemed to include the Compensation/Remuneration Committee thereof) be and is hereby authorized to grant, offer and issue to such present and future employees and Directors of the

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Company (collectively known as the 'Employees'), as may be decided by the Board, Options exercisable by the Employees to subscribe to such number of Equity Shares of the Company under SFSL Employee Stock Option Scheme 2007' (the 'Scheme') not exceeding 5% of the issued and subscribed Share Capital of the Company as on 16th June, 2007 i.e. up to 332147 Equity Shares of Rs. 10/- each (as adjusted for any bonus, rights, sub-division or other re-organization of the capital structure of the Company from time to time), at such price, in such manner, during such period, in one or more tranches, as set out in the Explanatory Statement annexed to this Resolution, and on such other terms and conditions as the Board may decide;

"RESOLVED FURTHER that the Board, including Remuneration/Compensation Committee thereof, be and is hereby authorized to issue and allot such number of Equity Shares as may be required in pursuance of the Scheme, and that the Equity Shares so issued and allotted shall rank pari passu with the then existing Equity Shares of the Company;

RESOLVED FURTHER that, for the purpose of giving effect to this Resolution, the Board be and is hereby authorized on behalf of the Company to evolve, decide upon and bring into effect the Scheme and make any modifications, variations or revisions thereto or to suspend, withdraw, terminate or revive the Scheme from time to time and to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary or desirable, and to settle all questions, difficulties or doubts that may arise, without the Board being required to seek any further consent/approval of the Members to this end and intent that the Members shall be deemed to have given their consent/approval expressly by the authority of this Resolution"

9. Offering & Issuing shares under SFSL Employee Stock Option Scheme, 2007 to Employees including Directors of the Subsidiaries of the Company

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

"RESOLVED that the benefits of the SFSL Employee Stock Option Scheme 2007 proposed to the Employees and Directors of the company be extended to such present and future permanent employees of including Directors, both whole-time and non-executive, of such present and future subsidiary company(ies) of the Company as and when approved by members as may be decided by the Board of Directors of the Company (the 'Board' which term shall be deemed to include the Compensation/Remuneration Committee thereof)."

10. Delisting of Equity Shares of the Company from Calcutta Stock Exchange

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

"RESOLVED that pursuant to the provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Securities Contracts (Regulation) Act, 1956, and the Rules framed thereunder, Listing Agreements, and all other laws, rules, regulations and guidelines as applicable and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall include any Committee thereof for the time being exercising the powers conferred on the Board by the Resolution), the consent of the Company be and is hereby accorded to the Board to de-list all the Equity Shares of the Company as listed with the Calcutta Stock Exchange Association Limited."



**SUMEDHA
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"RESOLVED FURTHER that any of the Directors and/or the Secretary of the Company be and are hereby authorized severally to do all such acts, deeds, matters and things and to execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto."

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

By Order of the Board

Date : 16th June, 2007

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 7th August, 2007 to 11th August, 2007 (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 11th August, 2007 to those members whose names appear on the Register of Members as on 11th August, 2007.
4. 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 correspondence, 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.



SUMEDHA FISCAL SERVICES LIMITED

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

PROXY

Folio / 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 Eighteenth Annual General Meeting of the Company to be held at "Somany Conference Hall", Merchants' Chamber of Commerce, 15B, Hemanta Basu Sarani, Kolkata - 700 001 on Saturday, the 11th August, 2007 at 10.30 a.m. and at any adjournment thereof.

Signed this day of 2007

Affix
One rupee
Revenue
Stamp

Signature of Member(s).....

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)

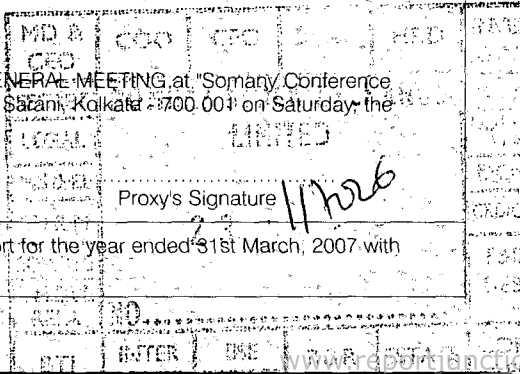
(To be filled in if the Proxy attends instead of the Member)

I hereby record my presence at the EIGHTEENTH ANNUAL GENERAL MEETING at "Somany Conference Hall", Merchants' Chamber of Commerce, 15B, Hemanta Basu Sarani, Kolkata - 700 001 on Saturday, the 11th August, 2007 at 10.30 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, 2007 with them to the Annual General Meeting.



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compensation cost that shall have been recognized if it had used the fair value of the Options, will be disclosed in the Directors' Report as also the impact of this difference on profits and on EPS of the Company.

The Company will conform to the applicable Accounting Policies pre scribed under the Guidelines.

The Equity Shares to be allotted pursuant to exercise of Options shall be listed on the Stock Exchanges where the Company's existing Equity Shares are listed as on date of such allotment and necessary applications will be made to those Stock Exchange(s) for this purpose.

Consent of the Members by way of Special Resolution in a General Meeting is required for issue of shares under SFSL Employee Stock Option Scheme, 2007 in terms of the Guidelines read with provisions of Section 81(IA) of the Companies Act, 1956 (the 'Act').

In terms of the Guidelines, a Separate Resolution is required to be passed if the benefits under the Scheme are also to be extended to the employees of subsidiary companies. A separate Resolution is therefore proposed accordingly under Item No. 9 to cover the employees including Directors, both whole-time and non-executive of subsidiary company(ies) of the Company. The aggregate number of Options to be offered to the employees of the subsidiary companies under Resolution No. 8 & 9 will also be within the overall limit of 5% as stated under (a) above.

The Directors of the Company are interested in the Special Resolution to the extent of the Options that may be granted to them, vested and exercised by them.

The Board of Directors of your Company recommends both the Special Resolutions for your approval.

Item No. 10

Presently the Equity Shares of the Company are listed on the Bombay Stock Exchange Ltd. (BSE) and the Calcutta Stock Exchange Association Ltd. (CSE).

With the extensive network of BSE, investors have access to online dealings in the Equity Shares of the Company across the nation. The trading in the Equity Shares of the Company, in any case takes place on BSE and the liquidity on the CSE of the Company's Shares is NIL. It has also been observed that the listing fee paid to CSE with no trading is higher as compared to the listing fee being paid to BSE with actual trading volume. Accordingly, as a part of cost reduction measures, the Company proposes this resolution to de-list its Equity Shares from the Calcutta Stock Exchange. Therefore, pursuant to the applicable SEBI regulations & approval, if any, consent of the members is hereby sought by the Company by Special Resolution to enable such voluntary delisting of its Equity Shares from CSE.

The Company will also give separate Notice of the proposed enabling resolution, as may be required in this behalf, for the said delisting in the newspaper. The Equity Shares of the Company will continue to be listed on the BSE, having nationwide terminals and hence the proposed delisting of Equity Shares of the Company from the Calcutta Stock Exchange, as and when happens, will not adversely affect the investors. The delisting will be effected after the Company complies with all necessary formalities, obtain all approvals, permissions and sanctions as may be required in this behalf.

Your Directors recommend the resolution for your approval. None of the Directors of the Company is, in any way, concerned or interested in the said Resolution.

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

By Order of the Board

Deb Kumar Sett
Company Secretary

Date : 16th June, 2007



**SUMEDHA
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CERTIFICATION BY CFO OF THE COMPANY

I, Bhawani Shankar Rath, Wholtime Director and Chief Financial Officer, to the best of my knowledge and belief, certify that:

1. I have reviewed the Balance Sheet as at 31st March, 2007 and Profit & Loss Account, and all its Schedules and Notes on Account, as well as the Cash Flow Statements and Directors' Report for the year ended on that date.
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 or does not contain any statement that might be misleading.
3. Based on my knowledge and information, the financial statements, and other financial information included in this report, present in all materials respects, a true and fair view of the Company's affairs, the financial condition, results of operations 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. To the best of my knowledge and belief, no transactions entered into by the Company during the aforesaid period are fraudulent, illegal or violative of the Company's Code of Conduct.
5. I am responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company, and I have -
 - a. Evaluated the effectiveness of the Company's disclosure, controls and procedures over financial reporting, and
 - b. Disclosed in this report any change in Company's internal control over financial reporting that occurred during the Company's most recent accounting period that may have materially affected, or is reasonably likely to affect, the Company's internal control over financial reporting.
6. I have disclosed based on our most recent evaluation, wherever applicable, to the Company's auditors and the audit committee of the Company's Board of Directors :-
 - a. All deficiencies in the design or 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 control over financial reporting including any corrective actions with regard to such deficiencies, if any;
 - b. Significant changes in internal controls during the period covered by this report, if any;
 - c. All significant changes in accounting policies during the period, if any, and that the same have been disclosed in the notes to the financial statements.
 - d. No instances of significant fraud of which I am aware, involving management or other employees who have significant role in the Company's internal controls system.
7. I further declare that all board members and senior management personnel have affirmed compliance with the Code of Conduct (since its adoption) during the period under review.

Place: Kolkata
Date: 16th June, 2007

Bhawani Shankar Rath
Wholtime Director & Chief Financial Officer

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

Item No. 6 & 7

The Auditors for Mumbai and Bangalore Branches of the Company (M/s. Prakash Modi & Associates and M/s. Yuvraj & Associates, respectively) who retire at the forthcoming Annual General Meeting, being eligible offered themselves for re-appointment.

The Board recommends for approval of Members the respective re-appointments of the said Branch Auditors.

The Directors recommend your approval to the aforesaid resolutions.

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

Item No. 8 & 9

The human resource plays a vital role in growth and success of a Company. As a step towards substituting pure financial benefits with ownership and to enable employees to participate in the enhancement of shareholders value, the Company proposes to issue stock options to the employees. Stock option shall serve as a tool of aligning interests of employees with those of shareholders. This will also help Company in attracting, motivating and retaining the best talent.

Further your Company's subsidiary is(are) are of strategic importance in its growth plans. Stock Options will support the objective of creating value for your Company in such subsidiary(ies).

Towards this end, the Board of Directors of your Company at its meeting held on June 16, 2007, recommended for the approval of the Members an Employee Stock Option Scheme under the nomenclature "SFSL Employee Stock Option Scheme, 2007" (the 'Scheme'), in accordance with the provisions of the Securities and Exchange Board of India (Employee Stock Option and Employee Stock Purchase Scheme) Guidelines, 1999 (the Guidelines) for the employees of the Company and its Directors, and also for the employees including Directors, both whole-time and non-executive, of subsidiary company(ies) of the Company (the 'Employees') as may be determined by the Board of Directors (the 'Board' which term shall be deemed to include the Remuneration/Compensation Committee thereof). The salient features of the Scheme are detailed below:

(a) Options to be granted

Options to be granted under the Scheme shall not result in issue of Equity Shares exceeding 5% of the Issued and Subscribed Share Capital of the Company as on June 16, i.e. up to 332,147 Equity Shares of Rs. 10/- each (as adjusted for any bonus, rights, sub-division or other re-organization of the capital structure of the Company from time to time).

(b) Employees entitled to participate in the Scheme

- i) Such present and future permanent employees and Directors of the Company, as may be determined by the Board; and
- ii) Such present and future permanent employees including Directors, both whole-time and non-executive, of such subsidiary company(ies), as may be determined by the Board.

Options granted to an employee will not be transferable and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner whatsoever.