



# Adding Values **S** to Value



# ANNUAL REPORT 2015-16

## SUMEDHA FISCAL SERVICES LIMITED



## **SUMEDHA FISCAL SERVICES LIMITED**

(CIN : L70101WB1989PLC047465)

REGISTERED and CORPORATE OFFICE

6A Geetanjali, 8B Middleton Street, Kolkata – 700 071

Tel: +91 33 2229 8936/6758/3237/4473 Fax: +91 33 2226 4140/2265 5830

Website: [www.sumedhafiscal.com](http://www.sumedhafiscal.com) Email: [kolkata@sumedhafiscal.com](mailto:kolkata@sumedhafiscal.com)

## **BRANCH OFFICES**

### **MUMBAI**

C-703 "Marathon Innova",  
Off Ganapatrao Kadam Marg,  
Opp. Peninsula Corporate Park,  
Lower Parel (W) , Mumbai - 400 013  
Tel: +91 22 4033 2400  
Fax: +91 22 2498 2878  
Email: [mumbai@sumedhafiscal.com](mailto:mumbai@sumedhafiscal.com)

### **NEW DELHI**

B1/12, Safdarjung Enclave, 2nd Floor,  
New Delhi – 110 029  
Tel: +91 11 4165 4481/4482  
Fax: +91 11 4165 4483  
Email: [delhi@sumedhafiscal.com](mailto:delhi@sumedhafiscal.com)

### **AHMEDABAD**

A/82, Pariseema Complex, Opp. IFCI Bhawan,  
C.G. Road , Ahmedabad – 380 009  
Tel: +91 79 3002 3337 / 6605 2957  
Fax: +91 79 2646 0394  
Email: [ahmedabad@sumedhafiscal.com](mailto:ahmedabad@sumedhafiscal.com)

### **BANGALORE**

"Park Plaza", 1st Floor, No. 1 Park Road,  
(Off. Infantry Road), Tasker Town,  
Bangalore – 560 051  
Tel: +91 80 4124 2545 / 2546  
Fax: +91 80 4124 2547  
Email: [bangalore@sumedhafiscal.com](mailto:bangalore@sumedhafiscal.com)

### **HYDERABAD**

309/1, 3rd Floor, Krishna Plaza,  
Khairatabad, Hyderabad – 500 004  
Tel: +91 40 4020 2826/4026 7272  
Fax: +91 40 4020 2826  
Email: [hyderabad@sumedhafiscal.com](mailto:hyderabad@sumedhafiscal.com)

NSE CASH: INB231075830, NSE DERIVATIVES: INF231075830, NSE CURRENCY DERIVATIVE  
SEGMENT: INE231075830, BSE CASH: INB011075836, BSE DERIVATIVES: INF011075836, MSEI  
(CURRENCY DERIVATIVES): INE261075830, DEPOSITORY PARTICIPANT OF NSDL: IN-DP-NSDL-  
303-2008, AMFI NO: ARN - 0205, \*MCX MEMBERSHIP: INZ000045938 SEBI CATEGORY I  
MERCHANT BANKER: MB/INM000008753, PMS: PM/INP000004144

(\* Through Subsidiary Company)

# BOARD OF DIRECTORS



Mr. Ratan Lal Gaggar, Chairman  
Independent Director



Dr. Basudeb Sen  
Independent Director



Mr. Atul Chandra Varma  
Independent Director



Mr. Prashant Sekhar Panda  
Independent Director



Mr. Prabhat Agarwala  
Independent Director



Mr. Vijay Maheshwari  
Non-Executive Director



Mr. Anil Kumar Birla  
Non-Executive Director



Mr. Bijay Murmuria  
Non-Executive Director



Mr. Bhawani Sankar Rathi  
Wholetime Director



Mrs. Garima Maheshwari  
Non-Executive Director

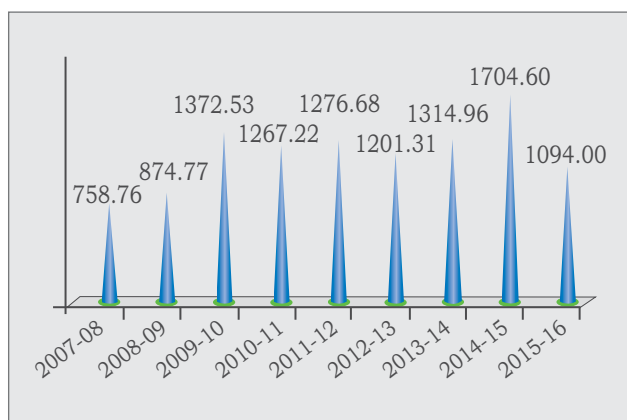


## KEY BUSINESS HIGHLIGHTS IN 2015 – 2016

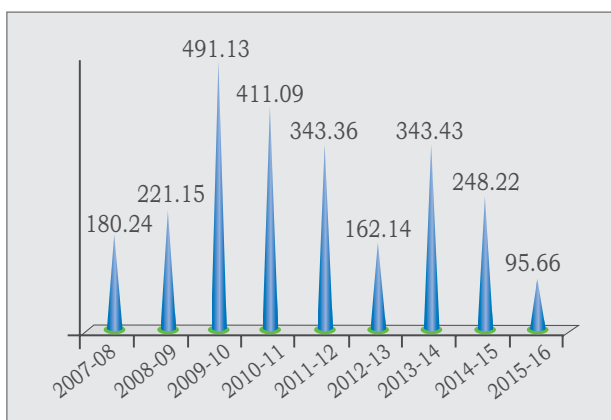
- PAT stood at ₹ 95.66 Lakhs
- The Investment Banking Segment continues to remain the major earning vertical accounting to 62.50% of Total Income and 90.00% of operating profits of the Company.

## PERFORMANCE HIGHLIGHTS

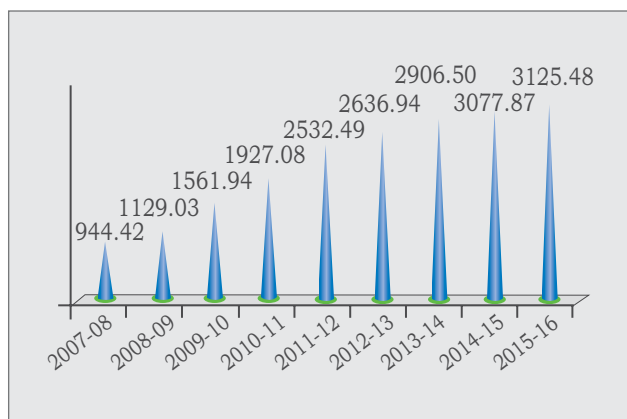
INCOME FROM OPERATIONS (In ₹ Lakhs)



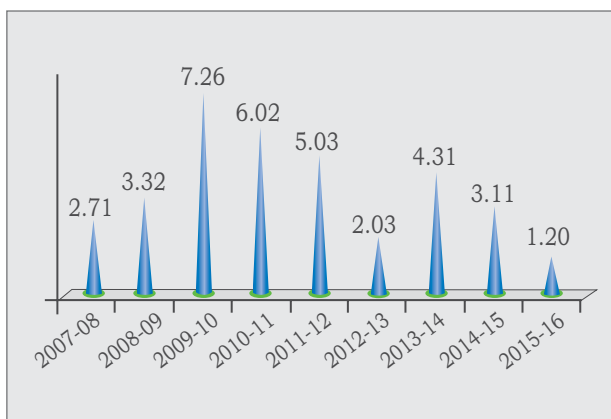
PAT (In ₹ Lakhs)



SHAREHOLDERS' FUND (In ₹ Lakhs)



EPS (In ₹)



## CHAIRMAN'S ADDRESS



*Dear Stakeholders,*

Welcome to the 27th Annual General Meeting of your Company. I thank you for your sustained trust, encouragement and support.

Since we last met, several structural changes have taken place and/or have been promised and the same will result in significant transformation. Even though there had been a slowdown but

with these structural changes, there is a great likelihood of changes taking place in doing business in India.

Opening-up of most of the sectors to Foreign Direct Investment and steps for ease of doing business have become catalyst for access to superior technology alongwith growth of business and employment. National Skill Development is aimed at creating a backbone for supply of required skills at various levels and simultaneously impart employability to the youth.

“Aadhaar” based identity and direct-benefit-transfer schemes have already arrested misuse of funds amounting to thousands of crores of Rupees. Initiative for taking broadband connectivity to village/panchayat level and using it for promoting awareness for literacy, health-sanitation, nutrition, crop protection, access to welfare schemes would promote welfare to the segments of population to whom development could not reach earlier.

Financial inclusion will be an important element in ensuring access and equity – the necessary building blocks for sustainable growth of our country. Bringing formal financial services to every Indian who wants them is critical for improving the quality of life. At the same time protecting them through education, competition and regulation are equally important to ensure sustainable welfare.

At Sumedha Fiscal, we are constantly striving to have a diversified financial services business model and new opportunities are being closely worked upon so as to have a sustainable future growth.

### Key area of focus

Investment Banking continues to be the focus area for the Company, as a one-stop solution for major value added corporate services. The services covered include merchant banking, loan syndication, financial restructuring, resolution of stressed assets, merger amalgamation, placements of securities.

But in the unfavorable market condition, liquidity crunch and low demand condition, finding suitable buyer became a challenge. With large chunk of investible fund declared / classified as NPA and consequently with lower lending limits, Public Sector Banks (PSBs) find themselves in a limbo. They can neither recover NPAs and free-up funds for lending nor sound proposals for fresh lending are forthcoming. This has impacted the loan syndication activity severely.

### Financial Performance

Sumedha Fiscal Services Ltd. has posted revenues of Rs. 1094 lacs during FY16. Considering the overall sluggish economic

growth, the Profit before Tax fell by 58% to Rs. 153 lacs against Rs. 363 lacs in the previous year, whereas PAT stood at Rs. 96 lacs compared with Rs. 248 lacs for FY15, a decline of 61%. Our EPS stood at Rs. 1.20 in FY16, compared to Rs. 3.11 in FY15.

### Looking ahead

Strategic Debt Restructuring Scheme (SDR) announced by the Reserve Bank of India was aimed at reviving the defaulting borrower through change in control/ownership by way of stake sale. The Government proposal for infusion of fresh capital to PSBs (equity/debt) and transfer of NPAs to some other entity are under active consideration. In the meantime implementation of large scale infrastructure projects and good monsoon are expected to increase aggregate demand and consequently expedite the cycle of consumption-production leading to recovery of the economy.

The country's economy is likely to grow at higher single digit rate from next year onwards and it is expected to be sustainable which augurs well for the Financial Services Sector. Further your Company is taking initiatives towards playing a catalyst's role to push Start-Ups or fueling new entrepreneurs with growth plans.

### Bankruptcy Law

The notification of Bankruptcy Code brings in a huge change in the manner of winding up of companies, firms and bankruptcy of individuals. The time frame and manner of dissolution have been specified. Rights of the secured creditors under SARFAESI Act would remain stayed under the Code during the resolution moratorium (6 months, extendible by another 3 months) in case of companies, and even longer in case of non-corporate entities.

The secured creditor may have to take a tricky call, based on relative percentages of secured assets versus free assets, and decide whether to relinquish security interest and join the liquidation queue, or stay out of liquidation, and enforce security interest. Voluntary winding up of companies is now being moved completely from the Companies Act to the Bankruptcy Code.

Insolvency and liquidation practice is a lucrative professional opportunity and your Company with its excellent human capital and domain knowledge can play a significant role when the market matures.

As an organisation, your company continues to be driven by strong set of values and is committed to delivering excellence to its stakeholders. Our investment in our people, capabilities, technology and infrastructure continues to ensure that your Company remains relevant to our customers and close to their business.

I thank you all for standing by us and supporting us.

Regards,

R. L. Gaggar  
Chairman



## OUR PHILOSOPHY

### OUR VISION

To be the best financial service provider and be a one stop shop for all market segments.

### OUR MISSION

To strive for total client satisfaction by providing integrated financial solutions through excellence, integrity and teamwork fostering, continuous growth for our stakeholders.

### OUR BRAND THOUGHT - Quotation Marks

*Quotation marks symbolize dialogue indicating relationships. When those quote marks are transparent, they also suggest transparency and honesty leading to stronger relationships.*



## CONTENTS

Notice - 27th AGM (including Procedure for Remote e-Voting)	06
Location of the AGM	10
CFO Certification	13
Directors' Report	14
Disclosure - Employee Stock of Option Scheme	20
Management Discussion and Analysis	23
Corporate Governance Report	25
Auditors' Certificate on Corporate Governance	38
Related Party Transactions (AOC-2)	39
Extract of Annual Return (MGT - 9)	41
Secretarial Audit Report	50
Remuneration Particulars of Employees	53
Independent Auditors' Report	55
Financial Statements 2015-16	60
Subsidiary & Associates Particulars (AOC-1)	88
Auditors' Certificate on Consolidated Financial Statements	89
Consolidated Financial Statements 2015-16	92
Financial Highlights	117

## Corporate Information

### Board of Directors

Mr. Ratan Lal Gaggar, *Chairman*

Dr. Basudeb Sen

Mr. Atul Chandra Varma

Mr. Prashant Sekhar Panda

Mr. Prabhat Agarwala

Mr. Vijay Maheshwari

Mr. Anil Kumar Birla

Mr. Bijay Murmuria

Mr. Bhawani Sankar Rathi, *Wholetime Director*

Mrs. Garima Maheshwari

### Company Secretary

Mr. Deb Kumar Sett

### Registered & Corporate Office

6A, Geetanjali, 8B, Middleton Street,  
Kolkata – 700071.

Corporate Identity No.: L70101WB1989PLC047465

Tel: + 91 33 2229 8936/6758/3237/4473

Fax: + 91 33 2226 4140/2265 5830

Web: [www.sumedhafiscal.com](http://www.sumedhafiscal.com)

Email: [kolkata@sumedhafiscal.com](mailto:kolkata@sumedhafiscal.com)

### Bankers

Canara Bank

HDFC Bank

### Auditors

ARSK & Associates, Chartered Accountants,  
Kolkata

### Registrar & Share Transfer Agents

Maheshwari Datamatics Private Limited

6, Mangoe Lane, 2nd Floor,  
Kolkata - 700 001

Tel. No. : 033-2243-5029, 2243-5809

Fax No. : 033-2248 4787

Email : [mdpldc@yahoo.com](mailto:mdpldc@yahoo.com)

### Annual General Meeting

Day : Saturday

Date : 17th September, 2016

Time : 10.30 A.M.

Venue : MCC Chamber of Commerce & Industry  
15-B, Hemanta Basu Sarani,  
Kolkata - 700 001.

## Sumedha Fiscal Services Ltd.

CIN - L70101WB1989PLC047465

**Registered Office: 6A, Geetanjali, 8B, Middleton Street, Kolkata – 700071**

Tel : 033-2229-8936/6758 Fax : 033-2226-4140/ 033-2265-5830.

Email: investors@sumedhafiscal.com Website: www.sumedhafiscal.com

### NOTICE OF 27TH ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Seventh Annual General Meeting of Sumedha Fiscal Services Ltd. will be held at MCC Chamber of Commerce & Industry, 15B Hemanta Basu Sarani, Kolkata – 700 001, on Saturday, the 17th day of September, 2016 at 10:30 AM for transaction of the following business :-

#### ORDINARY BUSINESS

1. To consider and adopt the audited Financial Statement of the Company for the financial year ended March 31, 2016 together with the Report of the Board of Directors and the Auditors thereon and the Consolidated Audited Financial Statement of the Company for the financial year ended March 31, 2016.
2. To declare dividend for the financial year ended 31st March, 2016.
3. To appoint a Director in place of Mr. Vijay Maheshwari [DIN – 00216687] who retires by rotation and being eligible offers himself for re-election.
4. **To appoint Auditors and to pass the following resolution as an Ordinary Resolution :-**

“Resolved that, pursuant to Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, as amended from time to time, pursuant to the recommendations of the Audit Committee of the Board of Directors, M/s. ARSK & Associates, Chartered Accountants (Firm’s Registration No. 315082E), be and are hereby reappointed as the Auditors of the Company to hold office till the conclusion of the next AGM and that the Board of Directors be and is hereby authorized to fix the remuneration payable to them for the financial year ending March 31, 2017, as may be determined by the Audit Committee in consultation with the Auditors.”

#### SPECIAL BUSINESS

5. **Re-appointment of Mr. B. S. Rathi as Wholetime Director**

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

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (‘the Act’) (including any amendment and /or re-enactment thereof), the Company hereby approves the re-appointment of MR. BHAWANI SANKAR RATHI (DIN: 00028499) as a WHOLETIME DIRECTOR of the Company for a period of 3 (three) years with effect from April 1, 2016 on the terms and at a remuneration as detailed in Explanatory Statement annexed hereto.

RESOLVED FURTHER THAT the Company be and is hereby authorized to pay the minimum remuneration, as detailed in the Explanatory Statement, to Mr. Rathi for that financial year, in which there is inadequacy or absence of profits, during the period of three years from the effective date of his appointment.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to increase, vary or amend the remuneration including salary, allowances, perquisites and benefits, minimum remuneration and other terms of his appointment, from time to time, as deemed expedient or necessary.”

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

Date : 28th May, 2016

By Order of the Board  
**Deb Kumar Sett**  
Company Secretary



## Notes

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING ('AGM') MAY APPOINT A PROXY TO ATTEND AND VOTE ON HIS BEHALF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Pursuant to Section 105 of the Companies Act, 2013, a person can act as a Proxy on behalf of not more than fifty members holding in aggregate, not more than ten percent of the total share capital of the Company. Members holding more than ten percent of the total share capital of the Company may appoint a single person as Proxy, who shall not act as a Proxy for any other Member. The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this Report. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable.
2. Corporate Members intending to send their authorized representatives to attend the Annual General Meeting, pursuant to Section 113 of the Companies Act, 2013, are requested to send to the Company, a certified copy of relevant Board Resolution together with the respective specimen signatures of those representative(s) authorized under the said resolution to attend and vote on their behalf at the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from **Thursday, September 8, 2016 to Saturday September 17, 2016** (both days inclusive). The Book Closure dates have been fixed in consultation with the Stock Exchanges.
4. The Dividend for the financial year ended 31st March, 2016, as recommended by the Board, if approved at the AGM, will be paid on or after **Thursday, September 22, 2016** to those Members whose name appears in the Register of Members of the Company as on the Book Closure dates.
5. Members holding shares in demat form are hereby informed that bank particulars registered with their respective Depository Participants, with whom they maintain their demat accounts, will be used by the Company for the payment of dividend. The Company or its Registrar cannot act on any request received directly from the Members holding shares in demat form for any change of bank particulars. Such changes are to be intimated only to the Depository Participants of the Members. Members holding shares in demat form are requested to intimate any change in their address and / or bank mandate immediately to their Depository Participants.
6. Members holding shares in physical form are requested to intimate any change of address and / or bank mandate to M/s. Maheshwari Datamatics Pvt. Ltd./the Company immediately (attached NECS Mandate vide [http://www.sumedhafiscal.com/ecs\\_mandate.pdf](http://www.sumedhafiscal.com/ecs_mandate.pdf)).
7. Mr. Vijay Maheshwari, Director of the Company, retires by rotation and being eligible, offers himself for re-appointment at the forthcoming Annual General Meeting. Mr. Bhawani Sankar Rathi, Wholetime Director, has been re-appointed by the Board of Directors of the Company on recommendation of the Nomination and Remuneration Committee of the Board. His re-appointment and terms and conditions thereof (including remuneration) are being placed before the members for approval. The relevant details of Directors seeking re-appointment under Item Nos. 3 and 5 of this Notice are annexed hereto. The Independent Directors of the Company have been appointed for a term of 5 years in accordance with the relevant provisions of the Companies Act, 2013, and are not eligible to retire by rotation.
8. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made thereunder, companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their email address either with the Company or with the Depository Participant(s). Members who have not registered their email address with the Company can now register the same by submitting a duly filled-in 'Form for Updation/Registration of Email Address' available on the website of the Company [http://www.sumedhafiscal.com/email\\_form.pdf](http://www.sumedhafiscal.com/email_form.pdf) to M/s Maheshwari Datamatics Pvt. Ltd. or Investor Service Department of the Company. Members holding shares in demat form are requested to register their email address with their Depository Participant(s) only. Members of the Company who have registered their email address are also entitled to receive such communication in physical form, upon request.
9. The Notice of AGM, Annual Report and Attendance Slip are being sent in electronic mode to Members whose email address is registered with the Company or the Depository Participant(s), unless the Members have registered their request for the hard copy thereof. Physical copy of the Notice of AGM, Annual Report and Attendance Slip are being sent to those Members who have not registered their email address with the Company or Depository Participant(s). Members who have received the Notice of AGM, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the Registration Counter at the AGM.

11. Pursuant to Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of Listing Regulations, the Company is pleased to provide the facility to Members to exercise their right to vote on the resolutions proposed to be passed at AGM by electronic means. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Saturday, September 10, 2016, being the cut-off date, are entitled to vote on the Resolutions set forth in this Notice.

Members may cast their votes on electronic voting system from any place other than the venue of the meeting (remote e-voting). The remote e-voting period will commence at Wednesday, September 14, 2016 (9.00 A.M. IST) and end on Friday, September 16, 2016 (5.00 P.M. IST). Voting by ballot process shall be available at the AGM and the Members attending the AGM who have not cast their vote by remote e-voting shall be eligible to vote at the AGM. The Company has appointed Mr. B. L. Patni, Practising Company Secretary, to act as the Scrutinizer, to scrutinize the entire e-voting process in a fair and transparent manner. The Members desiring to vote through remote e-voting are requested to refer to the detailed procedure given hereinafter.

## PROCEDURE FOR REMOTE E-VOTING

- I. The Company has entered into an arrangement with Central Depository Services (India) Limited (CDSL) for facilitating remote e-voting for AGM. The instructions for remote e-voting are as under:
  - (i) The voting period begins on Wednesday, September 14, 2016 (9.00 A.M. IST) and ends on Friday, September 16, 2016 (5.00 P.M. IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 10, 2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
  - (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
  - (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - (iv) Click on Shareholders.
  - (v) Now Enter your User ID
    - a. For CDSL: 16 digits beneficiary ID,
    - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
    - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
  - (vi) Next enter the Image Verification as displayed and Click on Login.
  - (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
  - (viii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>