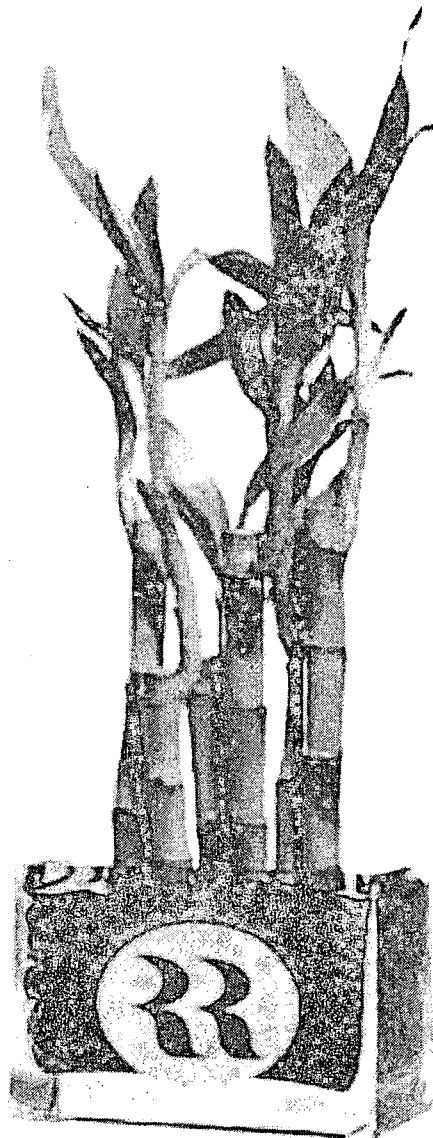


**20<sup>th</sup>**

**Annual Report of  
RR Financial Consultants Limited**

**2006-07**



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DEAR STAKEHOLDERS

I am pleased to present before you the 20<sup>th</sup> Annual Report of **RR Financial Consultants Limited (RRFC)** and would like to Thank You for having reposed your confidence in RRFC. RR has re-engineered itself in a rapidly changing environment while retaining its core values in an economy witnessing phenomenal Growth. We have made great progress in reshaping RR into a more focused value oriented organisation while consistently enhancing our professional streams. Each of our businesses has developed its own strategy in face of stiff competition to reach a position of profitable market leadership.

Our principles are: -

- Adhere to principles, practices and values to be an business leader
- Build strong and diversified product strengths.
- Create value through efficiency and products .
- Devote resources to improve quality of organization
- Enhance value for clients, employees and shareholders

With a strong belief in our principles and enthusiasm of our people, we are looking to the future with confidence.

-Sd-

**RAGHUNANDAN PRASAD**

Chairman



## BOARD OF DIRECTORS

### **Mr. Raghunandan Prasad**

**(NonExecutive-chairman)**

He is B.Com, L.LB, FCA, MBA and has Diversified business experience in Merchant Banking & Financial Services related areas. He retired as the Chairman of Indian Airlines.

### **Mr. Rajat Prasad**

**(Executive-Managing Director)**

He is B.Com (H), ACA and has varied experience in areas of management, marketing, corporate finance and Investment Banking. Advised several large corporate in their fund raising endeavors. Involved in several structured finance transactions.

He is a man of vision who is constantly involve din Organizational Building and Development, motivating people, managing /Supporting Teams to achieve results, Building and Maintaining Relationships and spotting opportunities.

He co-founded RR Financial Consultants Limited in 1986 and presently is the Managing Director.

### **Mr. Ram Narain Saxena**

**(Non-Executive –Independent Director)**

He is Chartered Accountant and is a Fellow Member of ICAI. and holds Master of Business Administration (Finance) degree from Faculty of Management Studies, Delhi University in 1978. He has a varied and rich experience in the field of Accounts & Taxation. He worked in a Firm of Chartered Accountants, New Delhi looking after Audit and Taxation Function, then joined Indian Airlines as Accounts Officer and promoted as Dy. Finance Manager / Sr. Dy. Finance Manager and as Finance Manager (1986) and handled the responsibilities of Developing Accounting Policies for the first time in the airline in accordance with Accounting Standards of ICAI, ICAO Requirements, Formulation and submission of annual and Five Year Plans, Management of Funds. He also excelled in work related to Chief Internal Auditor and retired as Director Finance of Indian Airlines.

### **Mr. Mahesh Chandra Agarwal**

**(Non-Executive –Independent Director)**

He is B.Tech MS (USA) and has to his credit 23 yrs of Rich Experience in investment banking & Corporate Advisory. He has to his credit directorship in CMR Design Automation Pvt. Ltd., besides RRFC, in order to provide his guidance and important suggestion for the betterment of the companies.



**ANNUAL REPORT 2007**

**BOARD OF DIRECTORS**

Mr. Raghunandan Prasad  
Mr. Rajat Prasad  
Mr. Mahesh Chandra Agarwal  
  
Mr. Ram Narain Saxena

Non Executive Chairman  
Executive (Managing Director)  
Non-Executive Independent  
Director  
Non-Executive Independent  
Director

**AUDITORS**

**M/s Sandeep Ramesh Gupta & Co.**  
Chartered Accountants

B-102, East of Kailash  
New Delhi-110065

**BANKERS**

**AXIS Bank Ltd.**

Statesman House,  
148, Barakhamba Road  
New Delhi-110001

**REGISTERED OFFICE**

412-422, Indraprakash Building, 21, Barakhamba Road, New Delhi – 110001

**20<sup>th</sup> Annual General Meeting**

Day: Monday  
Date: December 31<sup>st</sup>, 2007  
Time: 9:30 A.M  
Venue: 13/24, Village Daulatpur,  
New Delhi-110043



NOTICE

NOTICE is hereby given that the Twentieth Annual General Meeting (AGM) of the Members of RR Financial Consultants will be held on Monday, the 31<sup>st</sup> Day of December 2007, at 9:30 A.M at 13/24 Village Daulatpur, New Delhi - 110043, to transact the following businesses:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as on 30<sup>th</sup> June, 2007, Profit & Loss Account for the period ended on that date and the Reports of the Board of Directors & Auditors thereon.
2. To appoint a Director in place of Mr. Raghunandan Prasad, who retires by rotation at this meeting and being eligible, offer himself for re-appointment.
3. To appoint auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting of the Company and to fix their remuneration.

**SPECIAL BUSINESS**

4. To consider and if thought fit, to pass with or without modification, the following as an Ordinary resolution:

"RESOLVED THAT Mr. Ram Narain Saxena, who was appointed as an additional Director of the company by the Board of Directors and who holds office up to the date of this Annual General Meeting in pursuance of Section 260 of the Companies Act, 1956 and in respect of whom the Company has, under Section 257 of the said Act, received notice in writing proposing his candidature for the Office of director, be and is hereby appointed as Director of the Company to retire by rotation."

5. To consider and if thought fit, to pass with or without modification, the following as an Ordinary resolution:

"RESOLVED THAT the consent of the Company be and is hereby granted, in accordance with Section 293 (1)(d) and all other applicable provisions, if any, of the Companies Act, 1956 and the Article of Association of the Company, to the Board of Directors of the Company, to borrow any sum or sums of money from time to time at their discretion, for the purpose of the business of the Company, which together with monies already borrowed by the Company, (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed at any time, the aggregate of the paid-up capital of the Company and its free reserves (that is to say, reserves, not set apart for any specific purpose) by a sum not exceeding **Rs.100 crores (Rupees One Hundred Crores Only)**, and that the Board of Directors be and is hereby empowered and authorized to arrange or fix the terms and condition or all such monies to be borrowed from time to time as to interest, repayment, security or otherwise as it may think fit."

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution.

"RESOLVED THAT pursuant to provisions of Section 163 of the Companies Act, 1956, the consent of the company be and is hereby accorded to the Board of Directors of the Company for keeping the Register of members together with the index of members, the copies of annual returns, the copies of certificates and documents required to be annexed with the annual return under section 160/161 of the Companies Act, 1956 and/or any of the documents as required to be kept at the registered office of the Company, at the office of Registrar and Transfer Agent, Alankit Assignments Limited, RTA Division, 2E/21, Jhandewalan Extension, New Delhi-110055 and at such places where the Registrar and transfer Agent may shift its office from time to time instead of the Registered Office of the Company at 412-422, Indraprakash Building, 21, Barakhamba Road, New Delhi-110001."

7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution.

"RESOLVED THAT taking into consideration the process of restructuring and expansion of the activities of the Company, the company desires to apply for obtaining an approval for carrying out the activities of a non banking finance company subject to various regulatory approvals, consents, permissions and or sanctions of SEBI, Reserve Bank of India, and all other authorities as may be required, and subject to such conditions



as may be prescribed by any of them while granting any such approval, consent, permission, and/or sanction and the consent of the members of the Company be and is hereby accorded to the Board at their discretion to transfer on ongoing basis the Merchant Banking activities into newly incorporated subsidiary/existing major holding subsidiary or to the wholly owned subsidiary of the Company and to allow the Holding Company to carry out the activities of a Non Banking Finance Company”

**“RESOLVED THAT** Mr. Rajat Prasad and Shri Raghunandan Prasad, Directors, be and hereby jointly and severally authorized for and on behalf of the Company to make applications to SEBI for the purpose of obtaining the approval for transfer on ongoing basis the Merchant Banking activities into newly incorporated subsidiary/existing major holding subsidiary or to the wholly owned subsidiary of the Company as to be decided by the Members of the Company

**RESOLVED FURTHER THAT** the said Directors of the Company be and are hereby jointly and severally authorized to sign necessary documents, affirm, execute and file affidavits applications or any other documents or papers in connections therewith and to do all such acts, deeds. Or things as may be necessary for the purposes of filing the aforesaid application and disposal thereof, including make alterations and corrections in the applications.”

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

**RESOLVED THAT** subject to the provisions of the applicable laws, guidelines, rules and regulations including those framed under Companies Act, 1956, by Securities and Exchange Board of India under SEBI(Delisting of Securities) Guidelines 2003 and other Governmental agencies or Departments and the rules framed there under in this regard and subject to such other approvals permissions and sanctions as may be required from the Stock Exchanges with which the securities of the company are listed and/ or any other relevant authorities and subject to any conditions or modifications as may be imposed while granting such approvals, permissions and sanctions, and in continuance of a Special resolution already passed in this regard in the Seventeen Annual General Meeting of the Company, consent of the company be and is hereby again accorded for the delisting of its equity shares of the Company from the Stock Exchanges at Delhi, Madras, Kolkata, Kanpur and Ludhiana at one time or from time to time.”

**RESOLVED FURTHER THAT** the Board of Directors (whether acting through Board or a committee of the Board or any Director or any person authorized by the Board) be and is hereby authorized to do and perform all such other acts, deeds, matters and things as it may in its absolute discretion deem necessary, desirable or appropriate without giving an exit option to the shareholders of the regions where the aforesaid stock exchanges are situated and execute all such applications, deeds, agreements, documents and writings as it may consider necessary, usual, requisite or proper for giving effect to this resolution

9. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution.

**“RESOLVED THAT** pursuant to the provisions of Section 81, 81(1A) of the companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and pursuant to relevant provisions of the Securities and Exchange Board of India (Disclosure of Investor Protection) Guidelines, 2000 (Guidelines”) as in force and subject to all other applicable rules, regulations and guidelines of the Securities and Exchange Board of India (SEBI), the applicable provisions of Foreign Exchange Management Act, 1999 (FEMA), Foreign Exchange Management (Transfer or Issue of Security by a person Resident outside India) regulations, 2000, Issue of Foreign Currency Convertible Bonds and ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993 and enabling provisions of the Memorandum and Articles of Association of the company and the Listing Agreements entered into by the company with the Stock Exchanges where the shares of the Company are listed and subject to requisite approvals, consents, permissions and/or sanctions of SEBI, the Stock Exchanges, Reserve Bank of India (RBI), and all other authorities as may be required, whether in India or outside India, (hereinafter referred to as “Appropriate Authorities), and subject to such conditions as may be prescribed by any of them while granting any such conditions as may be prescribed by any of them while granting any such approval, consent, permission, and/or sanction (hereinafter referred to as “Requisite Approvals”), which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include any committee thereof which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution), the consent



of the member of the company be and is hereby accorded to the Board at their absolute discretion to create, offer, issue and allot in one or more tranches, in the course of domestic/international offerings to Domestic/ Foreign Investors/institutional Investors/ Foreign Institutional investors, trusts Mutual funds, Banks, financial Institutions, Insurance Companies, Pension Funds, retail public or otherwise, whether Members of the Company or not, such number of Global Depository Receipts (GDRs) or American Depository receipts (ADRs), Qualified Institutional placements(QIPS), Foreign Convertibles Currency Bonds (FCCB), with or with out Green Shoe Option, Equity shares and/or Equity Shares (through depository receipt Mechanism or directly to Investors) and/or any other financial instruments convertible into Equity Shares or otherwise, in registered or bearer form and/or any security convertible into Equity shares, securities, linked to Equity Shares and/or securities with or without detachable warrants with right Exchange(s) where the company's shares are listed or proposed to be listed , Issuance of shares on Rights basis to the Existing Shareholders to extent of Rs. 125 Crs. (Rupees One Hundred Twenty Five Crores only) and to resolve and settle all questions and difficulties that may arise in the proposed issue, offer and allotment of any of the aforesaid Securities, utilization of the issue proceeds and to do all acts, deed and things in connection therewith and incidental thereto as the board may in its absolute discretion deem fit, without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers offered by this resolution on it, to Rajat Prasad & Raghunandan Prasad, Directors or Company Secretary to give effect to the aforesaid resolution."

**By Order of the Board of Directors**

-Sd-

**Vinay K. Chawla**  
**Company Secretary**

**Place** : New Delhi  
**Date** : 06.12.2007





NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH NEED NOT BE A MEMBER OF THE COMPANY. Proxy in order to be effective must be received by the Company not less than 48 hours before the meeting.
2. Member's proxies should bring the attendance slip sent herewith duly filled in for attending the annual general meeting. Members are requested to bring their copy of annual Report while attending the Annual General Meeting.
3. The Register of Members and the Share Transfer books shall remain closed from 27.12.2007 to 31.12.2007 (both days Inclusive).
4. Members desiring any information as regards accounts are requested to write to the Company at least 7 days before the date of meeting, so as to enable the management to keep the information ready./proxies should bring their copy of the Annual Report for reference at the meeting as also the attendance slip duly filled in for attending the meeting.
5. In terms of Section 109(A) of the companies Act, 1956, members desirous of appointing their nominee for the shares held by them may apply in the revised nomination form (Form 2B) in duplicate. Members are informed that in case of joint holders attending the meeting, only such joint holder who is first in the order of names will be entitled to vote.
6. As per SEBI guidelines the Company has appointed Alankit Assignments Limited, RTA Division, 2E/21, Jhandewalan Extension, New Delhi-110 055 as its Share Transfer Agent for both Physical and Demat Shares.
7. Securities and Exchange Board of India (SEBI) has made trading in shares of the company compulsory in dematerialized form for all investors. Members are requested to open an account with a Depository participant, if not done so far and dematerialized their shareholding to avoid inconvenience in future.
8. Members, who hold shares in the dematerialized form, want to change/correct the bank account details should send the same immediately to the concerned Depository Participant. The Company will not entertain any direct request from members for deletion/ change in the Bank Account details furnished by Depository Participants to the Company.
9. Members holding shares in physical form are requested to notify immediately the change in their address, if any, to M/s Alankit Assignments Limited, RTA Division, 2E/21, Jhandewalan Extension, New Delhi-110 055



Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special business items

**ITEM NO. 4**

Shri Ram Narain Saxena has been appointed as an additional Director on the Board of RRFC w.e.f . 16.05.2007. In terms of the provisions of section 260 of the Companies Act, 1956, he will hold the office of Director Upto the date of this Annual General Meeting. The Company has received a Notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956 signifying his intention to propose Mr. Ram Narain Saxena as candidate for the office of Directors. Mr. Ram Narain Saxena, if appointed, will be liable to retire by rotation under Section 255 or 256 of the Companies Act, 1956.

**ITEM NO.5**

Pursuant to the provisions of Clause (d) subsection (1) of section 293 of the Companies Act, 1956, the Board of Directors cannot borrow more than the aggregate amount of the paid-up-capital of the company and its free reserves at any one time except with the consent of the shareholders of the company in a General Meeting. Also the Company is in the process of its expansion programme and for which additional funds shall be required in the future.

**ITEM NO.6**

Section 163 of the companies Act, 1956 provides that for keeping the Register of Members, the copies of annual returns, the copies of certificates and documents required to be annexed with the annual return u/s 160/161 of the companies Act, 1956 other than the registered office of the company, requires the approval of members in the meeting by way of Special Resolution.

Accordingly, the Board of Directors recommends the resolution for your approval.

**ITEM NO.7**

In the process of restructuring and expansion of the activities of the Company, the Board is desires to transfer the Merchant Banking Division of RRFC to another wholly, owned subsidiary, majorly held subsidiary or a newly incorporated company and convert RRFC into a NBFC. This requires the prior approval of Members by way of a special resolution.

**ITEM NO.8**

The Company had in its Seventeenth Annual General Meeting passed a resolution for Delisting of its Securities from the following stock exchanges at Delhi, Madras, Kolkata, Kanpur, Ludhiana and Bombay, where the equity shares of your company are presently listed. The Board recommends passing of a fresh resolution for submission of the same with the Stock Exchanges again for the purpose of getting the securities of the Company Delisted.

The shares of the company are thinly traded or is almost to Nil at the Stock Exchanges at Delhi, Madras, Kolkata, Kanpur and Ludhiana

As per SEBI (Delisting of Securities) Guidelines, 2003, (SEBI Delisting Guidelines), company's securities can be delisted from the stock exchanges including the Regional stock exchange if the shares of the company continue to be listed on either Bombay Stock Exchange or National Stock Exchange. With a view to control the expenditure and conserve resources for the operations of the company it is proposed to delist the equity shares of the company from Delhi, Madras, Kolkata, Kanpur and Ludhiana. Delisting on these stock exchanges will help in reducing the cost by way of listing fees and other incidental costs and the benefits accruing to the investors by keeping the equity shares listed on these Stock exchanges do not commensurate with the cost incurred by the company for the continued listing on these Stock Exchanges.

The shareholders in the region of the above mentioned stock exchanges will not suffer due to delisting since with the introduction of screen based nationwide trading terminals on the BSE, trading in shares can be easily done across the country and company is also in the process of getting its shares listed on the National Stock Exchange.



Member's approval is being accordingly sought by this Resolution to enable delisting of the company's shares from said stock exchanges.

Your Directors recommend the Resolution in this item of the Notice for your acceptance. The Directors holding shares of the company may be concerned with the resolution.

**ITEM No.9**

RR Financial Consultants Limited is the flagship Company of RR Group. The Management of RR Financial Consultants Limited and the Subsidiaries being the same, are in the process of restructuring all the Group/ Subsidiaries companies under one roof so that the holding company i.e RR Financial Consultants Limited will emerge as a strong Listed Holding Company with strong foundation. Also, the Company is desirous of raising funds through various methods including a Rights Issue for further expansion of the company and smooth functioning of the affairs of the Company.

**Place** : New Delhi  
**Date** : 06.12.2007

**By Order of the Board of Directors**

Sd/-  
**Vinay K. Chawla**  
**Company Secretary**



## DIRECTORS' REPORT

## THE MEMBERS,

## RR Financial Consultants Limited

Your Directors take pleasure in presenting the Twentieth Annual Report and Audited Statement of Accounts of the Company for the period ended on 30<sup>th</sup> June, 2007 along with the audited accounts, Auditor's Report for the year ending 30.06.2007

## FINANCIAL RESULTS

- (1) A quick Glance on the financial achievements of the Company and its Subsidiaries for the year 2006-07

(Rupees-Lacs)

| Name of the Companies                                | Revenues | Profit before Depreciation and Tax | Profit after Tax |
|--|----------|------------------------------------|------------------|
| RR Financial Consultants Limited (Holding Company)   | 477.56   | 107.81                             | 13.99            |
| RR Equity Brokers Private Limited                    | 259.48   | 15.91                              | 3.12             |
| RR Brokerage Assurance Services Private Limited      | 711.21   | 197.82                             | 149.40           |
| RR Commodity Brokers Private Limited                 | 37.82    | 1.97                               | 0.60             |
| RR Investor Capital Services Private Limited         | 2381.32  | 234.20                             | 160.19           |
| RR Information & Investment Research Private Limited | 40.35    | (5.05)                             | (5.13)           |
| Arix Consultants Private Limited                     | 35.27    | 5.54                               | 5.54             |
| RR Fine Art Private Limited                          | 1.5      | 1.42                               | 1.42             |
| Sarla Business Centre Private Limited                | -        | -                                  | -                |
| Priya Business Centre Private Limited                | -        | -                                  | -                |
| Total  | 3944.51  | 559.45                             | 329.13           |

- (2) The stand Alone financial results of the Company for the period under review are summarised below. The previous figures in the financial statements have been regrouped, wherever necessary

(Rupees in Lacs)

| S.No. | Particulars                      | As on 30 <sup>th</sup> June 2007 | As on 30 <sup>th</sup> June 2006 |
|-------|----------------------------------|----------------------------------|----------------------------------|
| 1     | Gross Income                     | 477.56                           | 793.07                           |
| 2     | Profit/Loss before Dep. & Tax    | 107.81                           | (24.50)                          |
| 3     | Depreciation                     | 37.59                            | 37.82                            |
| 4     | Provision for Taxation           | 12.56                            | 30.82                            |
| 5     | Profit after Tax                 | 13.99                            | (93.14)                          |
| 6     | Less Prior Period adjustments    | 43.67                            | -                                |
| 7     | Transfer to General Reserve      | NIL                              | NIL                              |
| 8     | Balance Carried to Balance Sheet | 13.99                            | (93.14)                          |

## SHARE CAPITAL

The Share Capital remained the same during the period under review.

## SUBSIDIARY COMPANIES

As on 30.06.2007 RR Financial Consultants Limited has nine subsidiary companies. The names of the subsidiaries along with the Percentage of Holding company in these Subsidiary Companies is given as below: -

As required under the new Clause 49 of the Listing Agreement, the Company has adopted a practice of placing the minutes and statements of all the significant transactions of all the un-listed subsidiary companies in the meeting of Board of Directors of RR Financial Consultants Limited. The Audit Committee of the Company regularly reviews the financials of the subsidiary companies.



| Name of the Companies                                | % of Holding                                 |
|--|--|
| RR Equity Brokers Private Limited                    | 76%  |
| RR Brokerage Assurance Services Private Limited      | 50%  |
| RR Commodity Brokers Private Limited                 | Subsidiary of RR Equity Brokers Private Ltd. |
| RR Investor Capital Services Private Limited         | 66.65%                                       |
| RR Information & Investment Research Private Limited | 93.85%                                       |
| RR Fine Art Private Limited                          | 95%  |
| Arix Consultants Private Limited                     | 99.96%                                       |
| Sarla Business Centre Private Limited                | 100%   |
| Priya Business Centre Private Limited                | 100%   |

**REVIEW OF PERFORMANCE**

The Total income of the company during the period under review is 477.56 Lacs as compared to 793.07 Lacs in the previous period. The Company registered a profit after Tax and Depreciation amounting Rs.13.99 Lacs as against Loss of 93.14 Lacs in the previous year.

In the process of Restructuring and to strengthen the company, the company has purchased shares from the shareholders of RR Equity Brokers Private Limited, RR Commodity Brokers Private Limited, RR Brokerage Assurance Services Private Limited, RR Information and Investment Research Private Limited for the purpose of making them 100% subsidiaries of RRFCL after restructuring the Consolidated Result of First Quarter is reiterated as follows:-

**Statement of Unaudited Consolidated Financial Results for the Quarter Ended 30th September, 2007.**

( Rs. In Lacs)

| Particulars  | Quarter Ended          |                         | Year Ended                |
|--|------------------------|-------------------------|---------------------------|
|  | 30-9-2007<br>Unaudited | 30-09-2006<br>Unaudited | 30th June 2007<br>Audited |
| INCOME FROM OPERATIONS   | 1,371.66               | 713.64                  | 3669.53                   |
| (1)Investment and corporate finance income                             | 186.83                 | 75.38                   | 268.9                     |
| (2)Insurance Broking Income  | 379.62                 | 114.54                  | 711.48                    |
| (3)Equity and Commodity Broking Income                                 | 112.57                 | 46.88                   | 309.34                    |
| (4)Income from Distribution of financial products                      | 692.64                 | 476.84                  | 2379.81                   |
| OTHER INCOME   | 39.34                  | 15.68                   | 93.54                     |
| <b>Total Income</b>  | <b>1,411.00</b>        | <b>729.32</b>           | <b>3763.07</b>            |
| Total Expenses   | 1,097.09               | 746.64                  | 3183.78                   |
| <b>Profit/ ( Loss ) before Dep , Interest &amp; Prior Period Items</b> | <b>313.91</b>          | <b>(17.32)</b>          | <b>579.29</b>             |
| Depreciation   | 17.16                  | 16.00                   | 70.44                     |
| <b>Net Profit / ( loss ) before Taxation</b>                           | <b>296.75</b>          | <b>(33.32)</b>          | <b>508.85</b>             |
| Prior Period adjustments   | -                      | 44.23                   | 47.42                     |
| Provision for taxation   | -                      | -                       | -                         |
| Current  | 25.90                  | -                       | 112.5                     |
| Income Tax Adjustment for Earlier Years                                | -                      | -                       | -7.17                     |
| Deffered Tax Provision/written back                                    | -                      | -                       | -7.99                     |
| Frignge Benefit Tax  | 4.64                   | 1.14                    | 19                        |
| <b>Net Profit / ( loss ) after tax</b>                                 | <b>266.21</b>          | <b>(78.69)</b>          | <b>345.08</b>             |
| <b>Profit After Tax And Minority Interest</b>                          | <b>232.76</b>          | <b>(72.42)</b>          | <b>212.75</b>             |
| No.of Equity Shares Face Value Of Rs.10 Per Share                      | 5530350                | 5530350                 | 5530350                   |
| Reserves & Surplusafter revaluation reserve                            | -                      | -                       | 3933.92                   |
| <b>Basic and Diluted EPS</b>   | <b>4.21</b>            | <b>(1.31)</b>           | <b>3.85</b>               |

**DIRECTORS**

Mr. Raghunandan Prasad, Director of the company retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

Mr. Ram Narain Saxena, who was appointed as an additional Director of the company by the board of directors and who holds office up to the date of this Annual General Meeting in pursuance of Section 260 of the Companies Act, 1956 and in respect of whom the Company has, under Section 257 of the said Act, received notice in writing proposing his candidature for the Office of director, be and is hereby appointed as Director of the Company to retire by rotation.

**PUBLIC DEPOSIT**

Your company has never invited/accepted any deposit from the public within the meaning of Section 58A of the Companies Act, 1956 and the Rules made there under during the period under review.

**AUDITORS**

M/s Sandeep Ramesh Gupta & Co., Chartered Accountants, the Auditors of the Company retire at the ensuing Annual General Meeting and shall be eligible for reappointed as the auditors of the Company from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company. The necessary eligibility certificate under Section 224(1B) of the Companies Act, 1956 has been received from them. The Audit Committee and Board of Directors have also recommended the appointment of M/s Sandeep Ramesh Gupta & Co, Chartered Accountants, as the auditors of the Company. Also, The Board of Directors of the Company are hereby authorized to fix their remuneration plus traveling and other out of pocket expenses incurred by them in connection with Statutory audit and/or continuous audit and also such other remuneration, as may be decided to be paid by the board of Directors for performing the duties of auditing the accounts of the company.

**AUDITORS REPORT**

The observation made by the Auditors in their report is self-explanatory and does not require any clarification.

**DIVIDEND**

The Board has not recommended any dividend for the period under review.

**LISTING ON STOCK EXCHANGES**

The shares of the company are listed with Delhi, Mumbai, Kolkata, Kanpur, Madras and Ludhiana Stock Exchanges. With the wide and extensive network of Mumbai Stock Exchange, the investors have access to online dealings in the company's equity shares across the country. The company is taking steps to delist its equity shares from Delhi, Madras, Kolkata, Kanpur and Ludhiana stock exchanges as there is hardly any trading on these stock exchanges and listing fee payable to these exchanges no more offer commensurate benefits to the company and its investors. Therefore, delisting of the equity from all but Bombay Stock Exchange is considered necessary, firstly on the ground that the cost to the company would stand reduced and secondly that the interest of the members located in the regions where the said Stock Exchanges are located would remain unaffected.

There was **NO TRADING** in shares of the Company during the period under review. The revocation of suspension in trading by BSE has been received by the Company from BSE vide its Letter No. DCS/COMP/PR/NM/479/2007-08 dated JUNE 29, 2007. The company is also under process to get listed its shares at NATIONAL STOCK EXCHANGE.

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

The Board of Directors hereby confirms that:

1. In the preparation of the annual accounts, all the applicable accounting standards had been followed. Your Directors had selected the accounting policies, which are in the best interest of the company and are as prudent so as to give a true and fair view of state of affairs of the company and of the profit or loss of the company for the accounting period ended 30<sup>th</sup> June 2007
2. Your Directors had taken proper and sufficient care for the maintenance of accounting records for the period ended 30<sup>th</sup> June, 2007 in accordance with provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
3. Your Directors had prepared annual accounts on a going concern basis



**PERSONNEL**

The Directors hereby wish to place their appreciation for the efficient and loyal services rendered by the staff of the Company. The Company has not paid any remuneration attracting the provisions, of the Companies (Particulars of Employees) Rules, 1975 read with section 217(2A) of the Company Act, 1956. Hence, no information is required to be appended to this regard.

**CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION AND INNOVATION**

Since the Company does not own any manufacturing facility, the provision of Section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of particular in the Report of Board of Directors) Rules 1988, are not applicable.

**FOREIGN EXCHANGE EARNINGS & OUTGO**

There is no Foreign Exchange earnings & Foreign Exchange Outflow during the year under review.

**CORPORATE GOVERNANCE**

A separate statement on Corporate Governance is produced as a part of the Annual Report as Annexure -'A' with a certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under clause 49 of Listing Agreement of the Stock Exchanges. A certificate from the auditors, M/s Sandeep Gupta & Co., Chartered Accountants, of the Company regarding compliance of the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this Directors' Report.

**MANAGEMENT ANALYSIS AND DISCUSSION REPORT**

Management discussion and analysis Report as required under the Listing Agreement with Stock Exchange is attached as Annexure 'B' at page no.36 of this Report.

**ACKNOWLEDGEMENT**

Your Board of Directors wishes their sincere thanks to Clients, Government Regulators, Stock Exchanges, Statutory Bodies, Bankers, and Agencies, and Business Associates for having extended there continued support.

Your Directors would like to place on record their sincere appreciation of the employees for their continuing support and unparallel efforts in ensuring an excellent all-round operational performance.

Also Your Directors wish to extend their appreciation for the wholehearted ,sincere and continuous support & belief extended by the members who have also been a tremendous source of support for the company.

**On Behalf of the Board of Directors**

**Place** : New Delhi

**Date** : 29-09-07

-Sd-  
**RAGHUNANDAN PRASAD**  
Director

-Sd-  
**RAJAT PRASAD**  
Director



### CORPORATE GOVERNANCE

#### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's philosophy on Corporate Governance is to attain highest standards of transparency, accountability and business prosperity with the ultimate objective to enhance long-term economic value of the Company, its shareholders. Your Company will continue its efforts towards raising its standards in Corporate Governance and will also review its system and procedures constantly in order to keep pace with the changing economic environment.

Key elements of good corporate governance principles include honesty, trust and integrity, openness, performance orientation, responsibility and accountability, mutual respect, and commitment to the organization.

Your Directors and Management have developed a model of governance that aligns the values of the corporate participants and have ensured Timely and adequate evaluation of this model periodically for its effectiveness. Senior Executives have conducted themselves honestly and ethically, especially concerning actual or apparent disclosure in financial reports and Statements.

Corporate Governance is not just a discipline imposed by a regulator, rather a culture that guides the Board, management and employees to function towards best interest of stakeholders. It involves essentially a creative, generative and positive thinking activity that adds value to the various stakeholders that are served as end customers of the Corporate Entity.

#### 2. BOARD OF DIRECTORS

##### COMPOSITION OF THE BOARD as on 30.06.2007

| S. No. | Status of the Director    | No. of Director | Percentage of Total Strength |
|--------|---------------------------|-----------------|------------------------------|
| 1      | Executive                 | 1               | 25                           |
| 2      | Non Executive             | 1               | 25                           |
| 3      | Non Executive/Independent | 2               | 50                           |
|        | <b>TOTAL</b>              | <b>4</b>        | <b>100</b>                   |

##### Category of Directorship, Qualifications etc., of Directors as on 30.06.2007:

| S. No. | Name of the Director       | Designation       | Date of Joining | Status of the Director    | Academic Qualifications | No. of Shares held in RRFCCL |
|--------|----------------------------|-------------------|-----------------|---------------------------|-------------------------|------------------------------|
| 1      | Mr. Rajat Prasad           | Managing Director | 01.11.1987      | Executive                 | B.Com (H), ACA          | 3071930                      |
| 2      | Mr. Raghunandan Prasad     | Chairman          | 15.06.1990      | Non Executive             | B.Com, L.L.B, FCA, MBA  | 32350                        |
| 3      | Mr. Mahesh Chandra Agarwal | Director          | 17.07.2000      | Non Executive/Independent | B. Tech. MS (USA)       | NIL                          |
| 4      | Mr. Ram Narain Saxena      | Director          | 16.05.2007      | Non Executive/Independent | FCA, MBA (FMS)          | NIL                          |




**Brief Resume of the Directors to be appointed/re-appointed:**
**Mr. Ram Narain Saxena**

He is Chartered Accountant and is a Fellow Member of ICAI. and holds Master of Business Administration (Finance) degree from Faculty of Management Studies, Delhi University in 1978. He has a varied and rich experience in the field of Accounts & Taxation. He worked in a Firm of Chartered Accountants, New Delhi looking after Audit and Taxation Function, then joined Indian Airlines as Accounts Officer and promoted as Dy. Finance Manager / Sr. Dy. Finance Manager and as Finance Manager (1986) and handled the responsibilities of Developing Accounting Policies for the first time in the airline in accordance with Accounting Standards of ICAI, ICAO Requirements, Formulation and submission of annual and Five Year Plans, Management of Funds. He also excelled in work related to Chief Internal Auditor and retired as Director Finance of Indian Airlines.

**Mr. Raghunandan Prasad**

He is B.Com, L.LB, FCA, MBA and has Diversified business experience in Merchant Banking & Financial Services related areas. He retired as the Chairman of Indian Airlines He is also the Director in Sabre Trading & Fin. (P) Ltd., RR Investors Capital Services Pvt. Ltd., RR Brokerage Assurance Services Pvt. Ltd., RR Information & Investment Research Pvt. Ltd., RR Fine Art Pvt. Ltd., Priya Business Centre (P) Ltd., Sarla Business Centre Private Ltd., GDP Holdings (P) Limited, Jagrook Properties Pvt. Ltd., Prasad Developers Pvt. Ltd., RR Share Trading Pvt. Ltd., Priyadarshini Holdings Pvt. Ltd., Priya Towers Pvt. Ltd., Prasad Holdings Pvt. Ltd. Priyadarshini Builders Pvt. Ltd., Rajat Towers Pvt. Ltd., Rohit Estates Pvt. Ltd., R.P. Credits Pvt. Ltd., Sparrow Estates Pvt. Ltd. & SGP Holdings Pvt. Ltd.

**Details of Other Directorships, Chairmanship of Directors on Board and/or Board Committees of other Companies**

**Category of Directorship, qualifications etc., of Directors as on 30.06.2007:**

| S. No. | Name of the Director       | No. of Directorships/ Chairmanship in other Board* | No. of Memberships in Committees of board of other Companies | No. of Chairmanship in Committees of board of other Companies** |
|--------|----------------------------|--|--|---|
| 1      | Mr. Rajat Prasad           | 12   | NIL  | NIL   |
| 2      | Mr. Raghunandan Prasad     | 20   | NIL  | NIL   |
| 3      | Mr. Mahesh Chandra Agarwal | 1  | NIL  | NIL   |
| 4.     | Mr. Ram Narain Saxena      | 1  | NIL  | NIL   |

\* Directorship in Companies incorporated outside India is excluded for this purpose.



\*\* For this purpose Audit Committee, Shareholders/Investors' Grievance Committee and Remuneration Committee is considered.

#### Attendance of Directors at the Board Meetings and the Last (19<sup>th</sup>) Annual General Meeting

| S. No | Date of Meeting | Board Strength | No. of Directors Present |
|-------|-----------------|----------------|--------------------------|
| 1     | 30.08.2006      | 3              | 2                        |
| 2     | 30.09.2006      | 3              | 3                        |
| 3     | 30.10.2006      | 3              | 2                        |
| 4     | 30.01.2007      | 3              | 3                        |
| 5     | 27.04.2007      | 3              | 2                        |
| 6     | 15.05.2007      | 3              | 3                        |
| 7     | 26.06.2007      | 4              | 4                        |

#### DETAILS OF BOARD MEETINGS HELD DURING THE FINANCIAL YEAR 2006-2007

Six meeting of the Board of Directors held during the period under review. The Board regularly met to consider amongst other business matters, the quarterly performance of the Company, financial results & activities. Directors attending the meeting actively participated in the deliberations at these meetings.

During the period under review, the date on which Board meetings were held are as follows:

| S. No | Date of Meeting | Board Strength | No. of Directors Present |
|-------|-----------------|----------------|--------------------------|
| 1     | 30.08.2006      | 3              | 2                        |
| 2     | 30.09.2006      | 3              | 3                        |
| 3     | 30.10.2006      | 3              | 2                        |
| 4     | 30.01.2007      | 3              | 3                        |
| 5     | 27.04.2007      | 3              | 2                        |
| 6     | 15.05.2007      | 3              | 3                        |
| 7     | 26.06.2007      | 4              | 4                        |

### (3) Committees of the Board

Currently, the Board has three committees, the Audit Committee, the Remuneration Committee and the Shareholders' Grievance Committee. The Board is responsible for constituting, assigning, co-opting and fixing terms of service for committee members. The Committees appointed by the Board focus on specific areas and make informed decisions within the authority delegated.

The chairman of the Board, in consultation with the Compliance Officer and the committee chairman, determines the frequency and duration of the committee meetings. Normally, Audit Committee meets four times a year, whereas the Shareholders' Committee and Remuneration Committee meet as and when the need arises. Recommendations of the committees are submitted for the Board's approval. The quorum for meetings is either two members or one-third of the members of the committee, whichever is higher.

**AUDIT COMMITTEE****(a) Terms of Reference**

The Constitution, quorum, scope etc. of the Audit Committee covers the areas mentioned under Clause 49 of the Listing Agreement and Section 292(A) of the Companies Act, 1956, besides other terms as may be referred by the Board of Directors of the Company.

**(b) Composition, Name of the Members and Chairman of the Audit Committee**

During the year 2006- 2007, Audit Committee of the Company comprised of three Directors out of which two are Non- executive (Independent Director).

| Sr. No. | Name of Director           | Position | Category                  |
|---------|----------------------------|----------|---------------------------|
| 1.      | Mr. Mahesh Chandra Agarwal | Chairman | Non-Executive-Independent |
| 2.      | Mr. Ram Narain Saxena      | Member   | Non-Executive-Independent |
| 3.      | Mr. Raghunandan Prasad     | Member   | Non- Executive            |

**(c) Meeting and Attendance:**

The Audit committee met Four times during the period. The representative of the Statutory Auditor is invitee to audit committee meetings. The details of attendance of the members at the meetings are as under: -

| Sr. No. | Name of Director           | Position | Category                  | Attendance at Audit Committee Meeting | Whether Attended the Last (19 <sup>th</sup> ) AGM |
|---------|----------------------------|----------|---------------------------|---------------------------------------|---|
| 1.      | Mr. Ram Narain Saxena      | Chairman | Non-Executive-Independent | 1                                     | NO  |
| 2.      | Mr. Raghunandan Prasad     | Member   | Non-Executive             | 4                                     | YES   |
| 3.      | Mr. Mahesh Chandra Agarwal | Member   | Non-Executive-Independent | 4                                     | YES   |

Out of the three members of the Audit Committee, Two of Directors are independent. Mr. Ram Narain Saxena, who is the Chairman of the Committee, was appointed the Chairman of the Committee as on 16.05.2007. All members of the Audit Committee have adequate financial and accounting knowledge.

In addition, the statutory Auditors and the Internal Auditors are invited to attend the meeting of the Audit Committee.

**(d) Scope of Audit Committee:**

- Reviewing the adequacy of the Internal Control System of the Company.
- Reviewing the Quarterly and half-yearly financial statements before submission to the board for approval.
- Reviewing the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.



Reviewing the annual financial statements before submission to the board for approval, in regard with:

- (1) Matters to be included in the Director's responsibility statement to be included in the Board's report in terms of Clause 2(AA) of Section 217 of the Companies Act, 1956.
- (2) Changes in Accounting policies
- (3) Compliance with the Listing and other legal requirements relating to financial statements
- (4) Disclosure of any related party transactions
- (5) Qualifications in the draft Audit report.

Reviewing, with the management, performance of statutory and internal auditors, the adequacy of internal control systems and suggestion for improvement of the same.

Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as have post-audit discussion to ascertain any area of concern

Fulfill such other duties and responsibilities as may be assigned to the Committee, from time to time, by the Board or the Chairman of the Board, or as may be required by law or regulation.

#### REMUNERATION COMMITTEE

(a) **Terms of Reference**

The Constitution, quorum, scope etc. of the Remuneration Committee covers the areas mentioned under Clause 49 of the Listing Agreement besides other terms as may be referred by the Board of Directors of the Company.

(b) **Composition, Name of the Members and Chairman of the Remuneration Committee**

During the year 2006- 2007, Remuneration Committee of the Company comprised of two Directors.

| Sr. NO. | Name of Director           | Category                 |
|---------|----------------------------|--------------------------|
| 1.      | Mr. Raghunandan Prasad     | Non Executive (Chairman) |
| 2.      | Mr. Mahesh Chandra Agarwal | Executive                |

(c) **Remuneration Policy**

The Remuneration Committee was constituted to determine the company's policy on remuneration packages for Executive and Non-executive directors of the company. The Remuneration policy is to remain competitive in the industry and to attract and retain talent and appropriately reward employees on their contribution.

(d) **Scope of Remuneration Committee**

Review and reassess the adequacy of this Committee annually and recommend any proposed changes to the Board for approval.

Establish an executive compensation program tied to the strategic and financial objectives of the Company, which is intended to motivate and rewarding executives, by tying their compensation closely to the Company's performance and returns to stock holders.



- Annually (i) review the selection of peer companies used for compensation analysis and (ii) review compensation methodologies, competitive practices, best practices and trends.
- Annually evaluate the appropriate level and form of compensation for board and committee service by non-employee members of the Board and recommend changes to the Board when appropriate.
- Review and approve the goals and objectives relevant to the compensation of the Chairman. Such goals and objectives may include financial as well as strategic and tactical goals and objectives.
- Evaluate the performance of the Chairman, including their performance relative to their respective goals and objectives, as well as their overall performance.
- Review and approve, or make recommendations to the Board with respect to, compensation of the executive officers (other than the Chairman)
- Monitor all general compensation programs, including equity incentives and benefit programs, applicable to the Company's employees.
- Oversee regulatory compliance with respect to compensation matters, including overseeing the Company's policies on structuring compensation programs to preserve tax deductibility, and, as and when required, establishing performance goals and certifying that performance goals have been attained.
- In accordance with the Company's Corporate Governance Guidelines, review and discuss, and submit to the Board at least annually, a report on succession planning for senior management positions.
- Prepare and review with the Corporate Governance and Nominating Committee an annual performance evaluation of the Committee.
- Fulfill such other duties and responsibilities as may be assigned to the Committee, from time to time, by the Board or the Chairman, or as may be required by law or regulation.

**SHARE TRANSFER & SHAREHOLDERS/ INVESTORS GRIEVANCE COMMITTEE**

**(a) Terms of Reference**

The Constitution, quorum, scope etc. of the Share Transfer/Investor Grievance Committee covers the areas mentioned under Clause 49 of the Listing Agreement besides other terms as may be referred by the Board of Directors of the Company.

**(b) Scope of this Committee**

The Shareholders' committee is empowered to perform all the functions of the Board in relation to share transfers/transmissions and handling of Shareholders' grievances.

**(c) Composition, Name of the Members and Chairman of the Remuneration Committee**

Following are the members of the Share Transfer & Shareholders/ Investors Grievance Committee:

| Sr. NO. | Name of Director           | Category                 |
|---------|----------------------------|--------------------------|
| 1.      | Mr. Raghunandan Prasad     | Non Executive (Chairman) |
| 2.      | Mr. Mahesh Chandra Agarwal | Executive                |

During the year company received 10 complaints. The compliance officer of the company properly and adequately replied to all the complaints. Our Share Transfer Agents within the statutory period, except in some cases in which there was delay, completed all share transfer work. On the date of this report one investors' complaints is pending.



## (6) GENERAL BODY MEETING

## (a) Details of Annual General Meeting (AGM) for the last Three Years:

| Description of Meeting | Date                            | Venue                                       | Time    | No. of Special resolution passed |
|------------------------|---------------------------------|---|---------|----------------------------------|
| 19 <sup>th</sup> AGM   | 16 <sup>th</sup> December, 2006 | 13/24, Village Daulatpur, New Delhi-110 043 | 9.30AM  | 0                                |
| 18 <sup>th</sup> AGM   | 16 <sup>th</sup> September 2005 | 13/24, Village Daulatpur, New Delhi-110 043 | 9.30 AM | 0                                |
| 17 <sup>th</sup> AGM   | 23 <sup>rd</sup> June, 2004     | 13/24, Village Daulatpur, New Delhi-110 043 | 9:30 AM | 1                                |

No Extra Ordinary General Meeting was held during the period under review.

## (b) Postal Ballot

No resolution was passed in the last (19<sup>th</sup>) AGM through Postal Ballot. In the ensuing 20<sup>th</sup> AGM also the company has not proposed any resolution for approval of the shareholders through postal ballot since none of the business items proposed requires approval through postal ballot as per provisions of the Companies Act, 1956 and rules framed there under.

## (7) SUBSIDIARY COMPANIES

RR Financial Consultants Limited has nine subsidiary companies, which are RR Equity Brokers Private Limited, RR Brokerage Assurance Services Private Limited, RR Commodity Brokers Private Limited, RR Investor Capital Services Private Limited RR Information & Investment Research Private Limited, RR Fine Art Private Limited, Arix Consultants Private Limited, Sarla Business Centre Private Limited & Priya Business Centre Private Limited. All the subsidiaries of RR Financial Consultants Limited are unlisted.

\*In view of the process of Restructuring, the Company has purchased the shares of RR Brokerage Assurance Services Private Limited, RR Equity Brokers Private Limited, RR Commodity Brokers Private Limited, RR Information & Investment Research Private Limited from the shareholders of these Companies to make them its 100% subsidiaries. Further the Company has disposed of RR Fine Arts Enterprise Private Limited as its subsidiary company.

As required under the new Clause 49 of the Listing Agreement, the Company has adopted a practice of placing the minutes and statements of all the significant transactions of all the un-listed subsidiary companies in the meeting of Board of Directors of RR Financial Consultants Limited. The Audit Committee of the Company regularly reviews the financials of the subsidiary companies.

## (8) DISCLOSURE

- Related parties & transaction with them as required under Accounting Standard 18 (AS- 18), issued by the Institute of Chartered Accountants of India, are furnished as item No.6 of Schedule B relating to Significant & Accounting Policies and Notes on Accounts attached to & forming part of Balance Sheet & Profit & Loss Account for the period ended 30.06.2007
- There is no pecuniary relationship or transaction with Independent/Non executive Director.
- None of transactions with any of any of related parties were in conflict with the interest of the Company.
- The Company has adopted all items to be included in the Report on Corporate Governance.

**(9) MEANS OF COMMUNICATION**

Complying with the provisions of the Listing Agreement, Norms, Guidelines and Circulars etc. and Information like Quarterly Financial results and other significant developments in the Company has been made available from time to time to the press and had also been submitted to the Stock Exchanges to enable them to put them on their websites. The Company has regularly published its Quarterly & half yearly financial results generally in the Newspaper i.e. Business Standard/ Pioneer (ENGLISH) & Hari Bhumi (HINDI).

Management Discussion and analysis report is attached to this report as Annexure-B.

**(10) CEO/CFO CERTIFICATION**

The Chairman has signed a certificate accepting responsibility for the financial statement and confirming the effectiveness of the internal control systems, as required in Clause 49 of the Listing Agreement with the Stock Exchanges that is given separately herewith.

**(11) SHAREHOLDERS' INFORMATION**

**Annual General Meeting : 20<sup>th</sup> Annual General Meeting**

Date : 31<sup>st</sup> December, 2007

Location : 13/24, VILLAGE DAULATPUR, NEW DELHI-110 043

Time : 9:30 A.M.

**Date of Book Closure**

The Transfer Books of the company shall remain closed from 27.12.2007 to 31.12.2007(both days inclusive) for the purpose of Annual General Meeting.

**Stock Code**

ISIN No. : INE 229D01011

Scrip Code : 511626 at Bombay Stock Exchange

**Listing on Stock Exchanges:**

The shares of the company are listed at Mumbai, Delhi, Kanpur, Ludhiana, Kolkata and Madras Stock Exchanges. However, there is **NO TRADING** during the period.

**Market Price Data**

The Company's equity shares are listed at Bombay Stock Exchange (BSE); The Trading had been suspended by the said exchange for the period in review under this Annual Report. Therefore, there is no Market Price Data available for the period under consideration.

**Dematerialization of Shares**

Company has entered into an agreement with CDSL & NSDL whereby the shareholders have the option to dematerialize their shares with either of depositories. Equity shares of Company are actively traded at Bombay Stock Exchange, Mumbai.

Status of Issued Share Capital as on 30.06.2007

| Total Issued Capital | No. of Shares  | % of Total Capital |
|----------------------|----------------|--------------------|
| Demat Form           | 4216580        | 76.20              |
| Physical Form        | 1313770        | 23.80              |
| <b>Total</b>         | <b>5530350</b> | <b>100</b>         |

**Registered Office** : 412-422, Indraprakash Building, 21, Barakhamba Road, New Delhi-110 001

**Corporate Office** : 412-422, Indraprakash Building, 21, Barakhamba Road, New Delhi-110 001



## Address for correspondence

|                             | Company  | REGISTRAR AND SHARE TRANSFER AGENT  |
|-----------------------------|--|---|
| Contact Person:<br>Address: | Mr. Vinay K. Chawla  | Mr. J.K. Singla   |
| Registered Office           | 412-422, Indraprakash Building,<br>21, Barakhamba Road,<br>New Delhi -110001 | Alankit Assignments Limited<br>RTA Division,<br>2E/21,<br>Jhandewalan Extension,<br>New Delhi -110055<br>011-5140060-63 |
| Corporate office            | -Do-   | 011-5140064   |
| Phone:                      | 011-23352496/97/98   |   |
| Fax-                        | 011-23353703   |   |

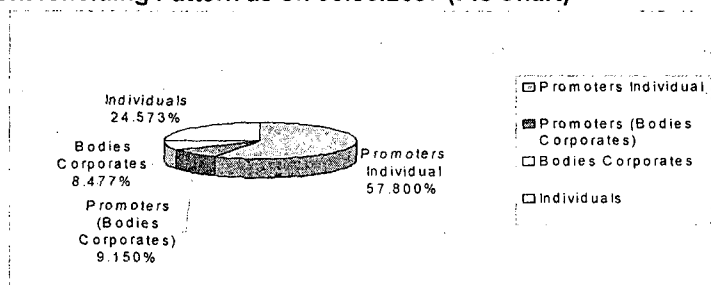
## Share Transfer System

The company's shares are traded in the Stock Exchanges compulsorily in demat mode. Physical Shares which are lodged with the Registrar and Transfer Agents/ or with the Company for transfer are processed and returned to the shareholders duly transferred within the time limit stipulated under the Listing Agreement subject to the documents being in order.

## Distribution Schedule as on 30.06.2007

| S.No. | Category(Amount) | No. of cases | % of Cases     | Total Shares   | Amount          | % of Amount    |
|-------|------------------|--------------|----------------|----------------|-----------------|----------------|
|       | From - To        |              |                |                |                 |                |
| 1     | 1 to 100         | 3861         | 75.795         | 385006         | 3850060         | 6.962          |
| 2     | 101 to 500       | 882          | 17.314         | 244075         | 2440750         | 4.413          |
| 3     | 501 to 1000      | 197          | 3.867          | 161620         | 1616200         | 2.922          |
| 4     | 1001 to 5000     | 124          | 2.434          | 259099         | 2590990         | 4.685          |
| 5     | 5001 to 10000    | 8            | 0.157          | 50800          | 508000          | 0.919          |
| 6     | 10001 to 20000   | 6            | 0.118          | 81250          | 812500          | 1.469          |
| 7     | 20001 to 30000   | 3            | 0.059          | 72000          | 720000          | 1.302          |
| 8     | 30001 to 40000   | 2            | 0.039          | 70570          | 705700          | 1.276          |
| 9     | 40001 to 50000   | 0            | 0              | 0              | 0               | 0              |
| 10    | 50001 to 100000  | 6            | 0.118          | 422950         | 4229500         | 7.648          |
| 11    | 100001 to 500000 | 4            | 0.079          | 711050         | 7110500         | 12.857         |
| 12    | 500001 to above  | 1            | 0.02           | 3071930        | 30719300        | 55.547         |
|       | <b>Total</b>     | <b>5094</b>  | <b>100.00%</b> | <b>5530350</b> | <b>55303500</b> | <b>100.00%</b> |

## Shareholding Pattern as on 30.06.2007 (Pie Chart)







## Statement showing Shareholding Pattern as on 30.06.2007

|   |                           |
|---|---------------------------|
| Name of Company: RR Financial Consultants Limited |                           |
| BSE Scrip Code: 511626                            | Quarter ended: 30.06.2007 |

| Category   | Category of Shareholder   | Number of Shareholders | Total Number of Shares | Number of Shares held in dematerialized form | Total Shareholding as a percentage of total number of shares |                            |
|------------|---|------------------------|------------------------|--|--|----------------------------|
|            |   |                        |                        |  | As a percentage of (A+B)                                     | As a percentage of (A+B+C) |
| <b>(A)</b> | <b>Shareholding of Promoter and Promoter Group</b>                          |                        |                        |  |  |                            |
| (1)        | Indian  |                        |                        |  |  |                            |
| (a)        | Individuals/ Hindu Undivided Family   | 4                      | 3196580                | 3196580                                      | 57.80  | 57.80                      |
| (b)        | Central Govt./ State Government(s)  |                        |                        |  |  |                            |
| (c)        | Bodies Corporate  | 4                      | 506100                 | 506100                                       | 9.15   | 9.15                       |
| (d)        | Financial Institutions/ Banks   | 0                      | 0                      | 0  | 0  | 0                          |
| (e)        | Any other (Specify)   | 0                      | 0                      | 0  | 0  | 0                          |
|            | <b>Sub-Total (A)(1)</b>   | <b>8</b>               | <b>3702680</b>         | <b>3702680</b>                               | <b>66.95</b>   | <b>66.95</b>               |
| <b>(2)</b> | <b>Foreign</b>  |                        |                        |  |  |                            |
| (a)        | Individuals (Non-resident Individuals/ Foreign Individuals)                 | 0                      | 0                      | 0  | 0  | 0                          |
| (b)        | <b>Bodies Corporate</b>   | 0                      | 0                      | 0  | 0  | 0                          |
| (c)        | Institutional   | 0                      | 0                      | 0  | 0  | 0                          |
| (d)        | Any Other (Specify)   | 0                      | 0                      | 0  | 0  | 0                          |
|            | <b>Sub-Total (A)(2)</b>   |                        |                        |  |  |                            |
|            | <b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b> | <b>8</b>               | <b>3702680</b>         | <b>3702680</b>                               | <b>66.95</b>   | <b>66.95</b>               |
| <b>(B)</b> | <b>Public Shareholding</b>  |                        |                        |  |  |                            |
| <b>(1)</b> | <b>Institutions</b>   | 0                      | 0                      | 0  | 0  | 0                          |
| (a)        | Mutual Funds/UTI  | 0                      | 0                      | 0  | 0  | 0                          |
| (b)        | Financial Institutions/ Banks   | 0                      | 0                      | 0  | 0  | 0                          |
| (c)        | Central Government/ State Government(s)                                     | 0                      | 0                      | 0  | 0  | 0                          |
| (d)        | Venture Capital Funds   | 0                      | 0                      | 0  | 0  | 0                          |
| (e)        | Insurance Companies   | 0                      | 0                      | 0  | 0  | 0                          |
| (f)        | Foreign Institutional Investor  | 0                      | 0                      | 0  | 0  | 0                          |
| (g)        | Foreign Venture Capital Investors   | 0                      | 0                      | 0  | 0  | 0                          |

|            |  |             |                |                |              |              |
|------------|--|-------------|----------------|----------------|--------------|--------------|
| (c)        | Central Government/<br>State Government(s)   | 0           | 0              | 0              | 0            | 0            |
| (d)        | Venture Capital Funds  | 0           | 0              | 0              | 0            | 0            |
| (e)        | Insurance Companies  | 0           | 0              | 0              | 0            | 0            |
| (f)        | Foreign Institutional<br>Investor  | 0           | 0              | 0              | 0            | 0            |
| (g)        | Foreign Venture Capital<br>Investors   | 0           | 0              | 0              | 0            | 0            |
| (h)        | Any other (Specify)  | 0           | 0              | 0              | 0            | 0            |
|            | <b>Sub-Total (B) (1)</b>   |             |                |                |              |              |
| <b>(2)</b> | <b>Non-Institutions<br/>Bodies Corporate</b>   | 49          | 468600         | 149300         | 8.473        | 8.473        |
| (a)        |  |             |                |                |              |              |
| (b)        | Individuals  |             |                |                |              |              |
|            | I. Individual<br>Shareholders holding<br>nominal share Capital<br>up to Rs.1 Lakh.   | 5030        | 1056400        | <b>260100</b>  | 19.10        | 19.10        |
|            | II. Individual<br>Shareholders holding<br>nominal share capital in<br>excess of Rs. 1 lakhs.                               | 7           | 302670         | <b>104500</b>  | 5.473        | 5.473        |
| (c)        | Any other (specify)  |             |                |                |              |              |
|            | <b>Sub-Total (B)(2)</b>  | <b>5086</b> | <b>1827670</b> | <b>513900</b>  | <b>33.05</b> | <b>33.05</b> |
|            | Total Public<br>Shareholding<br>(B)=(b)(1)+(B)(2)  | 5086        | 1827670        | 513900         | 33.05        | 33.05        |
|            | <b>TOTAL (A)+(B)</b>   | <b>5094</b> | <b>5530350</b> | <b>4216580</b> | <b>100</b>   | <b>100</b>   |
| (d)        | Shares held by<br>Custodians and against<br>which Depository<br>Receipts have been<br>issued<br>GRAND TOTAL<br>(A)+(B)+(C) |             |                |                |              |              |



CERTIFICATION

I, Rajat Prasad Director Certify that:

- a) I have reviewed financial statement and the cash flow statement for the period ended 30.06.2007 and that to the best of my knowledge and belief:
  - I. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - II. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of my knowledge and belief, no transaction entered into by the company during the period, which is fraudulent, illegal or violative of the company's code of conduct.
- c) Further, I accept responsibility for establish and maintain internal controls for financial reporting and Accordingly, I have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and I have disclosed to the auditors and the Audit committee, wherever applicable:
  - I. Deficiencies in the design or operation of the internal controls, if any of which I am aware and the steps have been taken or propose to take rectify these deficiencies.
  - II. Significant changes in the internal control over the financial reporting during the period;
  - III. Significant changes in accounting policies during the period and that the same have been disclosed in the notes to the financial statements;
  - IV. Instances of significant fraud of which I became and involvement therein, if any, of the management or an employee having a significant in the Company's internal control system.

For and On behalf of the Board of Directors

-Sd-

Rajat Prasad  
Director

Place : New Delhi  
Date : 29.09.2007



AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members of

**RR Financial Consultants Limited,**

We have examined the compliance of conditions of Corporate Governance by RR Financial Consultants Limited ("The Company") for the period ended on 30<sup>th</sup> June 2007 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **SANDEEP RAMESH GUPTA & Co.**

Chartered Accountants

-Sd-

**(SANDEEP GUPTA)**

Proprieter

Membership No. 90039

Place: New Delhi

Dated: 29.09.2007

**Management's Discussion and Analysis****Overview**

The company is leading financial services company and has earned a distinction in the field of capital fund raising, risk management and investor's need based research and advisory services. Investment and fund raising solutions are structured to clients' requirements with customized solutions being the key. Exploring opportunities through its network across the country and its ability to organize with professionalism and dedication is the core of RR Business aspirations. The Primary objective of the Company is to maintain a rapid pace of growth through quality service in all aspects of product innovations and investment avenues.

**Financial Performance**

The financial statements of the Company have been prepared in compliance with the requirements of the Companies Act, 1956 and the Generally Accepted Accounting Principals (GAAP) in India. The management of the Company accepts the responsibility of for the objectivity and integrity of these financial statements as well as, for various estimates and judgments used therein. The statement have been made on a prudent and reasonable basis, so that financial statements reflect in a true and fair manner, the form and substances of transactions and reasonably present the Company's state of affairs of the Company

**Opportunities**

The booming financial services sector presents a huge growth potential for our various businesses. The low penetration levels of equity, insurance, mutual funds and other financial service products present an opportunity for us. There is also substantial scope for expanding our institutional presence in the equities broking business, as its contribution is currently much lower than that of some of our major competitors. We can also substantially expand our business by cross selling our various products to our customers and offer wealth management solutions.

**Risks and concerns**

Economic slowdown, political instability and a further rise in interest ream, we continue to remain linked to the economic performance of the country. We would also be affected if the stock markets were to decline sharply. Increased competition in our markets also poses a concern. This could lead to diminishing investor confidence, resulting in lower business volumes. Any rise in interest rates in the developed markets leads to an outflow of funds from emerging markets like India to developed countries, adversely affecting the attractiveness of surging markets like India in the short term. Our other product offerings like tax saving schemes, insurance and mutual fund products are impacted by change in the government's taxation policies.

Also, manpower retention is a difficult measure considering the growing number of opportunities and ever-increasing number of players in this industry.

**Outlook**

The Indian financial services industry continues to remain buoyant powered by a strong economic performance, stable interest rates and changing demographics. India continues to remain under-penetrated in terms of insurance and investments in equity –both through direct investments and through mutual funds. Rising disposable income along with a growing number of investment options and their complexities necessitate the role of financial advisors. Our Company, with a one stop-investment-shop and multiple delivery channels, is positioned to capture the complete value chain from advice to execution. We have a superior technology platform with robust risk management systems. This, coupled with our growing geographical reach, should allow us to maintain our superior service delivery standards and improve cross selling within the group.

**Risk management systems**

We manage the risks associated with our broking operations through the use of internally developed credit algorithms implemented through fully automated risk management software and selective direct monitoring of certain operating parameters. Our automated risk management procedures rely primarily on internally developed risk management system as well as systems provided by our vendors. We manage our business



risk through strict compliance and internal checks. We have a well-managed internal audit and internal control system working along with the external audit performing checks at regular intervals to identify any discrepancies and rectify at the earliest.

**Human Resources**

The nature of our business requires a skilled and trained labour force, which is one of the key assets of our organization. Our human resource policy is based on the philosophy of 'owner mindset'. We believe that the key to our continued growth lies in unleashing the entrepreneurial energy of our employees. We encourage all employees to behave more as owners of their departments rather than employees. Our people are highly motivated and work towards increasing RR's brand and market share across our various product lines. We have developed some extensive in-house training modules. We lay an emphasis on 'on-the-job training' where an experienced and senior person mentors a junior executive. Further, prospective employees need to undergo pre-joining domain training and tests. This basically tests the understanding and aptitude of the employee for the job and reduces attrition and improves employee satisfaction.

**Internal control systems**

As remarked by the auditors in their report, the Company has an internal control system commensurate with its requirements and the size of the business. The Company has internal control systems that are adequate and commensurate to the size of the company to ensure that all the transactions are authorized, recorded and reported correctly under the overall supervision of Audit Committee of the Board of Directors. These systems provide efficiency to the operations and safeguard assets of the company as also the compliances of all statutes. There are adequate measures for the security of database.

**Cautionary statement**

The statements made in this report describe the Company's objectives and projections that may be forward looking statements within the meaning of applicable securities laws and regulations. The actual results might differ materially from those expressed or implied depending on the economic conditions, government policies and other incidental factors, which are beyond the control of the Company.



**SANDEEP RAMESH GUPTA & CO.**  
Chartered Accountants  
90/31 B, 1<sup>st</sup> Floor, Malviya Nagar  
New Delhi-110017

**REPORT OF THE AUDITOR ON THE CONSOLIDATED ACCOUNTS**

We have examined the attached Consolidated Balance Sheet of RR Financial Consultants Ltd. its subsidiaries as at 30<sup>th</sup> June 2007, and the Consolidated Profit and Loss Account Statement for the year ended on 30<sup>th</sup> June, 2007.

These consolidated financial statements are the responsibility of the management. Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with the generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion. We have audited the financial statement of its subsidiaries whose financial statements reflect total assets of Rs. 930.25 Lacs as at 30<sup>th</sup> June 2007 and total revenue of Rs. 58.37 Lacs for the previous year ended.

We did not audit the financial statements or RR Investors Capital Services Pvt. Ltd., RR Brokerage Assurance Services Pvt. Ltd., RR Commodity Brokers(P) LTD. , RR Equity Brokers (P) Ltd., RR Fine Art Enterprise (P) Ltd. and Arix Consultants (P) Ltd. for the period ended 30<sup>th</sup> June 2007 whose financial statements together reflect total assets of Rs.2540.97 Lacs... at 30<sup>th</sup> June 2007 and total revenue of Rs. 3437.16 Lacs... for the period ended. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries, is based solely on the reports of the other auditors.

We report that the consolidated financial statements have been prepared by the company in the accordance with the requirements of Accounting Standard (AS) 21 Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements M/s RR Financial Consultants Ltd. and its subsidiaries included in the consolidated financial statements.

On the basis of the information and explanation given to us and subject to the separate audit reports on individual audited financial statements of RR Financial Consultants Ltd. and its subsidiaries wherein the auditors have expressed their reservations by way of qualifications on the audited accounts, we are of the opinion that:-

1. The consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of RR Financial Consultants Ltd. and its subsidiaries as at 30<sup>th</sup> June 2007 and
2. The Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of RR Financial Consultants Ltd. and its subsidiaries for the period ended on that date.

Place: - New Delhi  
Date: - 29/09/2007

For **SANDEEP RAMESH GUPTA & CO.**  
Chartered Accountant

-sd-  
**(SANDEEP GUPTA)**  
Proprietor  
M.No. 90039



## RR FINANCIAL CONSULTANTS LTD.

| CONSOLIDATED BALANCE SHEET AS AT 30/06/2007                       |          | As at<br>30th June, 2007 | As at<br>30th June, 2006 |
|---|----------|--------------------------|--------------------------|
| Particulars   | Schedule |                          |                          |
| <b>SOURCES OF FUNDS</b>   |          |                          |                          |
| <b>SHAREHOLDERS FUNDS</b>   |          |                          |                          |
| Share Capital   | 1        | 55391000                 | 55391000                 |
| Reserves & Surplus  | 2        | 285629762                | 223565752                |
| Minority Interest :   |          |                          |                          |
| Share Capital   |          | 25173301                 | 23923301                 |
| Reserves & Surplus  |          | 45140005                 | 11071973                 |
| Share Application Money   |          | 0                        | 63750000                 |
| <b>LOAN FUNDS</b>   |          |                          |                          |
| Secured loans   | 3        | 18306295                 | 1041124                  |
| Unsecured Loans   |          | 22826504                 | 21734445                 |
| <b>TOTAL</b>  |          | <b>452466867</b>         | <b>400477595</b>         |
| <b>APPLICATION OF FUNDS</b>                                       |          |                          |                          |
| <b>FIXED ASSETS</b>   |          |                          |                          |
| Gross Block   | 4        | 237554586                | 234179574                |
| Less: Depreciation  |          | 67581329                 | 59991422                 |
| <b>INVESTMENTS</b>  |          |                          |                          |
|   | 5        | 169973257                | 174188152                |
|   |          | 23666964                 | 19180621                 |
| <b>CURRENT ASSETS,<br/>LOANS AND ADVANCES</b>                     |          |                          |                          |
| Stock in Trade  |          | 37280744                 | 38188650                 |
| Sundry Debtors  | 7        | 127483022                | 71016539                 |
| Cash & Bank balances  | 8        | 47211272                 | 26329631                 |
| Loans & Advances  | 9        | 137136796                | 151472656                |
|   |          | 349111835                | 287007476                |
| <b>LESS: CURRENT LIABILITIES<br/>AND PROVISIONS</b>               |          |                          |                          |
| Current Liabilities   | 10       | 75781224                 | 70939789                 |
| Provisions  | 11       | 14847694                 | 9436390                  |
|   |          | 90628918                 | 80376179                 |
| <b>NET CURRENT ASSETS</b>   |          |                          |                          |
| MISCELLANEOUS EXP.<br>(To the extent not written off or adjusted) | 12       | 258482916                | 206631297                |
|   |          | 343729                   | 477525                   |
| <b>TOTAL</b>  |          | <b>452466867</b>         | <b>400477595</b>         |
|   |          | 0                        | 0                        |
| Notes to Accounts & Accounting Policies                           | 15       |                          |                          |

As per our report of even date attached  
For : Sandeep Ramesh Gupta & Co.  
Chartered Accountants

For and on behalf of the Board

Sd/-  
Sandeep Gupta  
(Proprietor)

Sd/-  
Ragunandan Prasad  
( Director )

Sd/-  
Rajat Prasad  
( Director )

Place : New Delhi  
Date : 29-09-2007





| CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30th JUNE, 2007 |          | As at<br>30th June, 2007 | As at<br>30th June, 2006 |
|---|----------|--------------------------|--------------------------|
| Particulars   | Schedule |                          |                          |
| <b>INCOME</b>   |          |                          |                          |
| Income from Operation   | 13       | 364397247                | 346410293                |
| Other Income  |          | 11910241                 | 3844453                  |
| <b>Total</b>  |          | <b>376307488</b>         | <b>350254746</b>         |
| <b>EXPENDITURE</b>  |          |                          |                          |
| Operating and other Expenses  | 14       | 318298105                | 340714048                |
| Miscellaneous expenses written off                                      |          | 122909                   | 132585                   |
| Depreciation  | 4        | 7052587                  | 8008563                  |
| <b>Total</b>  |          | <b>325473601</b>         | <b>348855197</b>         |
| Profit(Loss) Before Taxation  |          | 50833891                 | 1399553                  |
| Provision for FBT   |          | 1858591                  | 570775                   |
| Provision for taxation  |          | 11250000                 | 5000000                  |
| Provision for Deferred Tax Liability                                    |          | -804285                  | -431509                  |
| Profit(Loss) After Taxation   |          | 38529585                 | -3739713                 |
| Balance Brought Forward   |          | 73540141                 | 77281045                 |
| <b>PROFIT AVAILABLE FOR APPROPRIATION</b>                               |          | <b>112069726</b>         | <b>73541331</b>          |
| Prior Year Adjustment   |          | 0                        | 0                        |
| Income Tax  |          | 717205                   | 1190                     |
| Others  |          | 4742166                  | 0                        |
| Merged Company Loss   |          | 0                        | 0                        |
| <b>BALANCE CARRIED TO BALANCE SHEET</b>                                 |          | <b>108044765</b>         | <b>73540141</b>          |
| Notes to Accounts   | 15       |                          |                          |

As per our report of even date attached  
For : Sandeep Ramesh Gupta & Co.  
Chartered Accountants

For and on behalf of the Board

Sd/-

**Sandeep Gupta**  
( Proprietor )

Sd/-

**Raghuandan Prasad**  
( Director )

Sd/-

**Rajat Prasad**  
( Director )

Place : New Delhi  
Date : 29-09-2007

Schedules Forming Part of Consolidated Balance Sheet

30th June, 2007

30th June, 2006

(Rs.)

(Rs.)

SCHEDULE 1 SHARE CAPITALAuthorised

6000000 (Previous year 60,00,000.00)

equity shares of Rs. 10/- each

ISSUED, SUBSCRIBED AND PAIDUP

55,30,350 (previous year 55,30,350)

equity shares of Rs. 10/- each

Add: Forfeited Shares

(Amt. Originally Paid Up)

|  |                 |                 |
|--|-----------------|-----------------|
|  | 55303500        | 55303500        |
|  | 0               | 0               |
|  | 0               | 0               |
|  | 87500           | 87500           |
|  | 0               | 0               |
|  | 0               | 0               |
|  | <u>55391000</u> | <u>55391000</u> |

(Note: out of the above 500,000 equity shares of Rs. 10/- each have been allotted for consideration other than cash by way of Bonus Shares by capitalisation of General Reserve. And 1552950 shares in consideration of Merged Companies)

SCHEDULE 2 RESERVES & SURPLUS

Share premium

General Reserve

As per last balance sheet

Capital Revaluation Reserve

Profit &amp; loss A/c

Less : Minority Interest

|  |                  |                  |
|--|------------------|------------------|
|  | 168901727        | 106401727        |
|  | 42726877         | 42726877         |
|  | 0                | 0                |
|  | 11096399         | 11968979         |
|  | 108044764        | 73540141         |
|  | 45140005         | 11071973         |
|  | <u>285629762</u> | <u>223565752</u> |

SCHEDULE 3 SECURED LOANS

Banks

(Loan from Schedule bank against

Pledge of Fixed Deposit)

Unsecured Loan

|  |                 |                 |
|--|-----------------|-----------------|
|  | 18306295        | 1041124         |
|  | 0               | 0               |
|  | 0               | 0               |
|  | 22826504        | 21734445        |
|  | <u>41132799</u> | <u>22775569</u> |



Schedules Forming Part of Consolidated Balance Sheet

30th June, 2007

**SCHEDULE 5 INVESTMENT**

At cost, other than trade (unless otherwise stated)

| Name of the company | No of Sh. | Rs.             | Rs.             |
|---------------------|-----------|-----------------|-----------------|
| <b>Quoted</b>       |           |                 |                 |
| Other Investment    |           | 22766964        | 19180621        |
| Mutual Funds        |           | 900000          | 0               |
|                     |           | <u>23666964</u> | <u>19180621</u> |

**SCHEDULE 7 SUNDRY DEBTORS**

|   |                  |                 |
|---|------------------|-----------------|
| More than six Months  | 41099400         | 25524287        |
| (Unsecured considered good for<br>outstanding less than six months) | 0                | 0               |
|   | <u>86383622</u>  | <u>45492252</u> |
|   | <u>127483022</u> | <u>71016539</u> |

**SCHEDULE 8 CASH AND BANK BALANCES**

|                             |                 |                 |
|-----------------------------|-----------------|-----------------|
| Balance with scheduled Bank | 43472791        | 11099388        |
| Cash in hand                | 3738481         | 1270816         |
|                             | <u>47211272</u> | <u>26329631</u> |

Schedules Forming Part of Consolidated Balance Sheet

**SCHEDULE 9 LOANS AND ADVANCES**

|   |                  |                  |
|---|------------------|------------------|
| (i) Advance to staff  | 66100            | 179037           |
| (ii) Advance tax including T.D.S.   | 18485201         | 17033699         |
| (iii) Public Issue application money  | 0                | 0                |
| (iv) Advance recoverable in cash or<br>in kind for the value to be received | 1660196          | 137228           |
| (v) Security Deposit  | 5157864          | 46720790         |
| (ix) Other  | 33737657         | 27646391         |
|   | <u>78029778</u>  | <u>59755510</u>  |
|   | <u>137136796</u> | <u>151472656</u> |

**SCHEDULE 10 CURRENT LIABILITIES**

|                   |                 |                 |
|-------------------|-----------------|-----------------|
| Sundry Creditors  | 0               | 0               |
| Other Liabilities | 31201494        | 49375022        |
|                   | <u>44579730</u> | <u>21564767</u> |
|                   | <u>0</u>        | <u>0</u>        |
|                   | <u>75781224</u> | <u>70939789</u> |

**SCHEDULE 11 PROVISIONS**

|              |                 |                |
|--------------|-----------------|----------------|
| For taxation | 0               | 0              |
|              | 14847694        | 9436390        |
|              | <u>0</u>        | <u>0</u>       |
|              | <u>14847694</u> | <u>9436390</u> |

**SCHEDULE 12 MISCELLANEOUS EXPENDITURE**

(To the extent not written off or adjusted)

|  |               |               |
|--|---------------|---------------|
| Public Issue Expenses                          | 433975        | 566560        |
| Less: (written off) Pre-operative to P & L A/C | 90246         | 89035         |
|  | <u>0</u>      | <u>0</u>      |
|  | <u>343729</u> | <u>477525</u> |


**Schedules Forming Part of Consolidated PROFIT AND LOSS ACCOUNT**

|   | 30th June, 2007<br>(Rs.) | 30th June, 2006<br>(Rs.) |
|---|--------------------------|--------------------------|
| <b>SCHEDULE 13 TOTAL INCOME</b>                             |                          |                          |
| Sale / Purchase of Shares / Debentures / Securities ( Net ) | 5850488                  | 309389                   |
| Brokerage / Adviseroy Services ect.                         | 348013900                | 338683145                |
| Interest (Net)  | 1116509                  | 1009324                  |
| Dividend  | 77544                    | 218459                   |
| Misc Balance / Stale Cheques Written Back                   | 5991753                  | 989435                   |
| Miscellaneous Income  | 7837279                  | 4724853                  |
| Profit on sale of land                                      | 34500                    | 50000                    |
| Closing Stock   | 35430643                 | 38154119                 |
|   | <b>A</b>                 | <b>404352616</b>         |
| Less: Opening Stock   | <b>B</b>                 | <b>39955369</b>          |
| <b>Income (A-B)</b>   | <b>364397247</b>         | <b>346410293</b>         |
| <b>SCHEDULE 14 OPERATING AND OTHER EXPENSES</b>             |                          |                          |
| Commission rebate/Sub Brokerage & M.E.S.                    | 167500310                | 205804676                |
| Salaries Bonus & Other Benefit                              | 58201780                 | 46932920                 |
| Books & Periodicals   | 887378                   | 744148                   |
| Printing & Stationery                                       | 13564953                 | 12196653                 |
| Postage, Telegram & Telephone expenses                      | 21490327                 | 20370884                 |
| Conveyance, & Vehicle Expenses                              | 3257863                  | 3403448                  |
| Staff Welfare   | 1778749                  | 1277413                  |
| Repair & Maintenance  | 13995170                 | 16060071                 |
| CDSL Expenses   | 296257                   | 58924                    |
| Data Purchase Exp.  | 759782                   | 93210                    |
| Legal Exp.  | 109374                   | 124891                   |
| Bank Charges  | 647496                   | 510742                   |
| Electricity Water and Sanitary                              | 2602839                  | 2653759                  |
| Entertainment   | 39491                    | 20348                    |
| Audit fee   | 31723                    | 30592                    |
| Advertisement, Publicity & conference expenses              | 2864601                  | 6391734                  |
| Membership & Subscription                                   | 58989                    | 37030                    |
| Professional & legal expenses                               | 2145327                  | 2216213                  |
| Director Remuneration                                       | 750000                   | 2250000                  |
| Security Services Charges                                   | 298729                   | 358899                   |
| Travelling  | 5671791                  | 4046930                  |
| Computer Maintenance  | 959043                   | 681783                   |
| Lease rent/Hire Charges/Licence Fees                        | 555860                   | 351629                   |
| Business Promotion  | 3141511                  | 2550965                  |
| Office Administration Overhead                              | 56                       | 0                        |
| Miscellaneous Expenses                                      | 10825045                 | 6675594                  |
| Secretarial Expenses  | 474222                   | 425552                   |
| Demat Charges   | 836435                   | 309834                   |
| Diwali Exp.   | 493041                   | 300529                   |
| FBT Paid / Tax Paid   | 42840                    | 97126                    |
| Rent  | 2162200                  | 2029485                  |
| Reimbursement of Exp.                                       | 117058                   | 40994                    |
| Loss on sale of Assets                                      | 157138                   | 437                      |
| Property tax  | 61687                    | 190549                   |
| Insurance   | 343305                   | 448028                   |
| Marketing Expenses  | 500000                   | 120000                   |
| Inspection Charges  | 6000                     | 50000                    |
| Transfer & other charges                                    | 669735                   | 858058                   |
|   | <b>318298105</b>         | <b>340714048</b>         |



SCHEDULE '15'  
RR FINANCIAL CONSULTANTS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. PRINCIPLES OF CONSOLIDATION

I. The consolidated financial statements (CFS) comprise the financial statements of RRFCCL and its following subsidiaries as at 30<sup>th</sup> June 2007.

| SI. NO. | NAME OF THE COMPANY.                                       | COUNTRY OF INCORPORATION | PERCENTAGE SHAREHOLDING AND VOTING POWER |
|---------|--|--------------------------|--|
| 1.      | RR Brokerage Assurance Services Pvt. Ltd.                  | India                    | 50.00                                    |
| 2.      | RR Investors Capital Services Pvt. Ltd.                    | India                    | 66.66                                    |
| 3.      | RR Information & Investment Research Pvt. Ltd.             | India                    | 93.84                                    |
| 4.      | RR Commodity Brokers (P) Ltd<br>( Through its Subsidiary ) | India                    | 59.12                                    |
| 5.      | Priya Business Centre<br>Pvt. Ltd.                         | India                    | 100.00                                   |
| 6.      | RR Equity Broker<br>Pvt. Ltd.*                             | India                    | 76.00                                    |
| 7.      | Sarla Business Centre<br>Pvt. Ltd.                         | India                    | 100.00                                   |
| 8.      | RR Fine Arts Enterprise (P) Ltd                            | India                    | 95.00                                    |
| 9.      | Arix Consultants (P) Ltd.                                  | India                    | 99.96                                    |

II. The consolidated financial statements have been prepared using uniform accounting policies, in accordance with the generally accepted accounting policies.

III. The effects of intragroup balances /Income/Expenses are eliminated in consolidation.

IV. The difference between the costs to the holding company of its investment in the subsidiary company over the holding company's portion of equity of the subsidiary has been reduced from share premium account.

V.(a) Minority interest in net results of consolidated subsidiaries for the year is identified and adjusted against the results of the group in order to arrive at the net results attributable to shareholders of the holding company.

(b) Minority interest share of net assets of consolidated subsidiaries is identified and presented in the Consolidated Financial Statements.

2. Previous years figures has been regrouped and rearranged wherever considered necessary so as to make them comparable with those of the current year.

3. The accounts of four subsidiaries, whose financial year closes on 31<sup>st</sup> March, have been prepared for the year ended on 30<sup>th</sup> June for the purpose of consolidation.

4. Capital commitments net of Advance Rs. Nil.

5. Additional information pursuant to Part II of Schedule VI to the Companies Act, 1956.



2. Previous years figures has been regrouped and rearranged wherever considered necessary so as to make them comparable with those of the current year.
3. The accounts of four subsidiaries, whose financial year closes on 31<sup>st</sup> March, have been prepared for the year ended on 30<sup>th</sup> June for the purpose of consolidation.
4. Capital commitments net of Advance Rs. Nil.
5. Additional information pursuant to Part II of Schedule VI to the Companies Act, 1956.

**As on 30/06/2007**

- |            |                                 |            |
|------------|---------------------------------|------------|
| <b>(a)</b> | Expenditure in foreign currency | <b>Nil</b> |
| <b>(b)</b> | Income in foreign currency      | <b>Nil</b> |
| <b>(c)</b> | Other information               | <b>Nil</b> |

6. As per the information available, there are no amounts due to small scale industrial undertakings. Correspondingly, there are also no small-scale industrial undertakings to which the company owes sums exceeding Rs. 1/- lac which are outstanding for more than 30<sup>th</sup> days.
7. Sundry debtors, creditors and few in-operative bank accounts are subject to confirmation.
8. Related Party Disclosure:-

(As identified by the Management)

- | (I) | Name of the related party    | Relationship            |
|-----|------------------------------|-------------------------|
|     | (1) Shri Rajat Prasad        | Key Management Personne |
|     | (2) RR Share trading (P) Ltd | Associate Co.           |

- II. Details of transaction of related parties:-

(Rs. In Lacs)

|                  |                                  |         |
|------------------|----------------------------------|---------|
| Remuneration     | Key Man. Personnel               | 7.50    |
| Amount. Due from | associate Cos / Key Man Personal | 232.62. |

9. As per the management all fees are received from financial services and capital markets. Therefore, in accordance with Accounting Standard 17 issued by The Institute of Chartered Accountants of India (AS17) on segment reporting, financial services is the only reportable business segment and cannot be segregated. In the circumstances segment information required by AS 17, cannot be furnished.
10. he management has not provided/accounted for deferred tax liability/assets, in accordance with the Accounting Standard 22 issued by The Institute of Chartered Accountants of India (AS22) on 'Accounting for Taxes On Income' as the same is not expected to be realized in the foreseeable future.

In term of our report of even date attached

For SANDEEP RAMESH GUPTA & CO  
Chartered Accountant

(SANDEEP GUPTA)  
(Proprietor)

(RAGHUNANDAN PRASAD)  
(Director)

(RAJAT PRASAD)  
(Director)

## SCHEDULE 4 FIXED ASSETS

| PARTICULARS           | GROSS BLOCK        |                  |                | DEPRECIATION       |                   |                  |                |                   | NET BLOCK          |                    |
|-----------------------|--------------------|------------------|----------------|--------------------|-------------------|------------------|----------------|-------------------|--------------------|--------------------|
|                       | AT<br>1/07/2006    | ADDITIONS        | DELETIONS      | AT<br>30/06/2007   | AT<br>1/07/2006   | FOR THE<br>YEAR  | SALE / Adj.    | Total             | AT<br>30/06/2007   | AT<br>1/07/2006    |
| Land                  | 51,300             | 0                | 0              | 51,300             | 0                 | 0                | 0              | 0                 | 51,300             | 51,300             |
| Plant and Machinery   | 16,440,243         | 338,885          | 0              | 16,779,128         | 12,536,508        | 1,613,341        | 0              | 14,149,849        | 2,629,279          | 3,903,735          |
| Vehicle               | 9,733,356          | 117,772          | 492,034        | 9,359,094          | 4,331,917         | 831,687          | 335,260        | 4,828,344         | 4,530,750          | 5,401,439          |
| Furniture and Fixture | 16,542,116         | 224,303          | 0              | 16,766,419         | 9,793,067         | 1,142,148        | 0              | 10,935,215        | 5,831,204          | 6,749,049          |
| Office Premises       | 172,667,481        | 900,000          | 0              | 173,567,481        | 23,018,967        | 1,544,168        | 0              | 24,563,135        | 149,004,345        | 149,648,513        |
| Office Equipment      | 152,040            | 131,008          | 0              | 283,048            | 3,527             | 113,094          | 0              | 116,621           | 166,428            | 148,513            |
| Computers             | 15,343,148         | 1,202,309        | 0              | 16,545,457         | 10,307,437        | 2,155,099        | 0              | 12,462,536        | 4,082,922          | 5,035,711          |
| Software              | 3,230,820          | 952,768          | 0              | 4,183,588          | 0                 | 524,750          | 0              | 524,750           | 3,658,838          | 3,230,820          |
| Generator             | 19,070             | 0                | 0              | 19,070             | 0                 | 880              | 0              | 880               | 18,191             | 19,070             |
| <b>Total</b>          | <b>234,179,574</b> | <b>3,867,045</b> | <b>492,034</b> | <b>237,554,586</b> | <b>59,991,422</b> | <b>7,925,166</b> | <b>335,260</b> | <b>67,581,329</b> | <b>169,973,257</b> | <b>174,188,152</b> |
| PREVIOUS YEAR         | 223,082,638        | 11,626,640       | 529,704        | 234,179,574        | 51,639,985        | 8,881,142        | 529,704        | 59,991,422        | 174,188,152        | 171,442,653        |

Note :-

Depreciation Charged to Profit & Loss Account 7,052,587

Debited in Revaluation Reserve A/c. 872,580









**SANDEEP RAMESH GUPTA & CO.**  
**CHARTERED ACCOUNTANTS**

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New Delhi – 110 065  
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90/31B, Malviya Nagar  
New Delhi – 110 017  
Ph: (91-11) 5564 8424,  
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E-mail: sandygupta@vsnl.com

**AUDITOR'S REPORT**

To the Members of

**RR FINANCIAL CONSULTANTS LIMITED:**

1. We have audited the Balance Sheet of RR Financial Consultants Limited as at June 30, 2007, the related Profit and Loss Account and also the Cash Flow Statement on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have also examined the matters specified in paragraphs 4 & 5 of the Companies (Auditor's Report) (Amendment) Order, 2004 (the 'Order'), for the period from July 1, 2006 to June 30, 2007, as they relate to the Company. Our report thereon is annexed.
4. Further to our comments in the Annexure referred to in paragraph 4, we report that:
  - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - (b) In our opinion, the Company has maintained proper books of account, as required by law, in so far as appears from our examination of those books;
  - (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report, comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ('the Act');
- (e) On the basis of the confirmation received from the Directors, and taken on record by the Board of Directors, none of the Directors is disqualified as on June 30, 2007 from being appointed as a Director in terms of section 274 (1) (g) of the Act; as on the said date.
- (f) In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give a true and fair view in conformity with the accounting principles generally accepted:
  - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at June 30, 2007, and
  - (ii) In the case of the Profit and Loss Account, the profit and loss for the period from July 1, 2006 to June 30, 2007.
  - (iii) In the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

**For Sandeep Ramesh Gupta & Co.**  
Chartered Accountants  
-sd/-

**Sandeep Gupta**  
Membership No.: 90039

Place: New Delhi  
Dated : 29.09.2007



## RR FINANCIAL CONSULTANTS LIMITED

## ANNEXURE TO AUDITORS' REPORT – JUNE 30th, 2007

1. (a) The Company has maintained proper records, showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets were physically verified during the period and no material discrepancies were noted. In our opinion, the frequency of verification is reasonable.
- (c) During the year, the company has not disposed off any substantial part of the fixed assets.
2. (a) The inventory of shares / debentures has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. (a) The Company has granted unsecured loan to companies covered in the register maintained under section 301 of the Companies Act, 1956. The detail are as follows:

S. No.      Number of Parties      Maximum outstanding (Rs. lacs)      Year end Balance(Rs. lacs)

| S. No. | Number of Parties | Maximum outstanding<br>(Rs. lacs) | Year end Balance<br>(Rs. lacs) |
|--------|-------------------|-----------------------------------|--------------------------------|
| 1.     | Four              | 347.58                            | 346.72                         |

- (b) In our opinion, the rate of interest and other terms and conditions of such loans are not, prima facie, prejudicial to the interest of the company.
- (c) The loan is recoverable on demand.
- (d) There is no overdue amount in excess of Rs. 1 Lakh in respect of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (e) The Company had taken unsecured loans, from persons covered in the register maintained under section 301 of the Act. The details are as follows:

| S. No. | Number of Parties | Maximum outstanding<br>(Rs. lacs) | Year end Balance<br>(Rs. lacs) |
|--------|-------------------|-----------------------------------|--------------------------------|
| 1.     | Six               | 549.89                            | 545.89                         |

- (f) In our opinion, terms and conditions of the loans taken by the Company are prima Facie not prejudicial to the interest of the Company.
- (g) The loan is repayable on demand.



4. In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and with regard to the sale of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the company.
5. (a) In our opinion, the contracts or arrangements referred to in section 301 of the Act, that need to be recorded in the register required to be maintained under the said section, have been adequately recorded.  
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public within the meaning of section 58A and 58AA or any other relevant provision of the Act, and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.
8. The Company is not covered by the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act.
9. (a) In our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, wealth tax, customs duty, excise duty and cess, as applicable, with the appropriate authorities except service tax and there are few delays in depositing of Provident Fund and ESI.  
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, customs duty, excise duty except service tax were in arrears, as at the end of the year for a period of more than six months from the date they became payable.  
(c) There are no dues of sales tax, income tax, customs duty, wealth-tax, excise duty and cess, which have not been deposited on account of any dispute.
10. There are no accumulated losses in the company. The company has not incurred cash losses in the financial year covered by our audit but incurred cash losses in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute, applicable to chit fund / nidhi / mutual benefit fund/societies, are not applicable to the Company. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
14. In our opinion, the Company has maintained proper records of transactions and contracts in respect of trading in securities, debentures and other investments and timely entries have been made therein. All shares, debentures and other investments have been held by the company in its own name.



15. In our opinion, and according to the information and explanation given to us, the terms and conditions on which the Company has given guarantee for loans taken by a Subsidiary from banks or financial institutions are not prejudicial to the interest of the company.
16. The Company has not obtained any term loans during the year.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the no funds raised on a short-term basis, which have been used for long-term investments.
18. According to the information and explanation given to us the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
19. The Company has not issued any debentures, and accordingly, the creation of a security or charge does not arise.
20. The Company has not raised any money by public issue during the period.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the period, nor have we been informed of such case by the management.

**For Sandeep Ramesh Gupta & Co.**  
Chartered Accountants

Place: New Delhi  
Dated: 29.09.2007

-sd-  
Sandeep Gupta  
Membership No.: 90039



**RR FINANCIAL CONSULTANTS LTD.**  
**BALANCE SHEET as on 30th June 2007**

| SOURCES OF FUNDS   | SCH. | <u>30th June 2007</u> |                    | <u>30th June 2006</u> |
|--|------|-----------------------|--------------------|-----------------------|
| <b><u>SHAREHOLDERS FUNDS</u></b>   |      |                       |                    |                       |
| Share Capital  | 1    | 55,391,000            |                    | 55,391,000            |
| Reserves & Surplus   | 2    | 202,242,747           | 257,633,747        | 201,716,459           |
|  |      |                       |                    | 257,107,459           |
| <b>SECURED LOANS</b>   | 3    |                       | 193,070            | 896,574               |
| <b>TOTAL</b>   |      |                       | <u>257,826,816</u> | <u>258,004,033</u>    |
| <b><u>APPLICATION OF FUNDS</u></b>                                       |      |                       |                    |                       |
| <b>FIXED ASSETS</b>  |      |                       |                    |                       |
| Gross Block  | 4    | 131,844,818           |                    | 130,820,567           |
| Less: Depreciation Reserve   |      | 38,962,265            | 92,882,553         | 34,540,042            |
|  |      |                       |                    | 96,280,525            |
| <b>INVESTMENTS</b>   | 5    |                       | 115,788,972        | 114,888,972           |
| <b>CURRENT ASSETS, LOANS AND ADVANCES</b>                                |      |                       |                    |                       |
| Stock in Trade   | 6    | 13,374,393            |                    | 16,097,869            |
| Sundry Debtors   | 7    | 13,040,908            |                    | 8,420,010             |
| Cash & Bank balances   | 8    | 2,246,013             |                    | 4,261,492             |
| Loans & Advances   | 9    | 82,246,779            |                    | 61,726,065            |
|  |      | <u>110,908,092</u>    |                    | <u>90,505,436</u>     |
| <b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>                          |      |                       |                    |                       |
| Current Liabilities  | 10   | 60,619,317            |                    | 39,124,106            |
| Provisions   | 11   | 1,256,054             |                    | 4,700,000             |
|  |      | <u>61,875,371</u>     |                    | <u>43,824,106</u>     |
| <b>NET CURRENT ASSETS</b>  |      |                       | 49,032,721         | 46,681,330            |
| <b>MISCELLANEOUS EXP.</b><br>(To the extent not written off or adjusted) | 12   |                       | 122,570            | 153,206               |
| <b>TOTAL</b>   |      |                       | <u>257,826,816</u> | <u>258,004,033</u>    |
| Notes on Accounts & Accounting Policies                                  | 16   |                       |                    |                       |

In term of our report of even date attached

For Sandeep Ramesh Gupta & Co.  
Chartered Accountants

Sandeep Gupta  
(Proprietor)

Place: New Delhi  
Dated : 29.09.2007

For and on behalf of Board  
For RR Financial Consultants Ltd.

-Sd-  
R.Prasad  
(Director)

-Sd-  
Rajat Prasad  
(Director)



**RR FINANCIAL CONSULTANTS LTD.**  
**PROFIT & LOSS ACCOUNT YEAR ENDED 30 June 2007**

|   | <u>SCH</u> | <u>30th June 2007</u>        | <u>30th June 2006</u>        |
|---|------------|------------------------------|------------------------------|
| <b><u>INCOME</u></b>  |            |                              |                              |
| Income from Operation   | 13         | 38,625,847                   | 71,736,343                   |
| Other income  | 14         | 9,130,706                    | 7,571,486                    |
| <b>Total</b>  |            | <b><u>47,756,553</u></b>     | <b><u>79,307,829</u></b>     |
| <b><u>EXPENDITURE</u></b>                                     |            |                              |                              |
| Operating and other Expenses                                  | 15         | 36,944,741                   | 81,717,370                   |
| Miscellaneous expenses written off                            |            | 30,636                       | 40,848                       |
| Depreciation  | 4          | 3,758,643                    | 3,782,330                    |
| <b>Total</b>  |            | <b><u>40,734,020</u></b>     | <b><u>85,540,548</u></b>     |
| <b>PROFIT/(LOSS) BEFORE TAXATION &amp; PRIOR PERIOD ITEMS</b> |            | <b>7,022,534</b>             | <b>(6,232,719)</b>           |
| Prior Period Items  |            | 4,742,166                    |                              |
| <b>PROFIT/(LOSS) BEFORE TAXATION</b>                          |            | <b>2,280,368</b>             | <b>(6,232,719)</b>           |
| Income Tax Adjustment For Earlier Years                       |            | <b>374,554</b>               | <b>-</b>                     |
|   |            | <b><u>2,654,922</u></b>      | <b><u>(6,232,719)</u></b>    |
| Provision for taxation  |            | 1,000,000                    | 3,000,000                    |
| Fringe Benefit Tax  |            | 256,054                      | 82,134                       |
| <b>Profit(Loss) After Taxation</b>                            |            | <b><u>1,398,868</u></b>      | <b><u>(9,314,853)</u></b>    |
| <br><b>PROFIT AVAILABLE FOR APPROPRIATION</b>                 |            | <br><b>1,398,868</b>         | <br><b>(9,314,853)</b>       |
| Balance Brought Forward                                       |            | 67,574,604                   | 76,889,457                   |
| <br><b>BALANCE CARRIED TO BALANCE SHEET</b>                   |            | <br><b><u>68,973,471</u></b> | <br><b><u>67,574,604</u></b> |

Notes to Accounts & Accounting Policies 16

In term of our report of even date attached

For Sandeep Ramesh Gupta & Co.  
Chartered Accountants

For and on behalf of Board  
For RR Financial Consultants Ltd.

Sandeep Gupta  
(Proprietor)

-Sd-  
R.Prasad  
(Director)

-Sd-  
Rajat Prasad  
(Director)

Place: New Delhi  
Dated : 29.09.2007

RR FINANCIAL CONSULTANTS LTD.  
SCHEDULE OF FIXED ASSETS FOR THE YEAR DENDING 30th JUNE 2007

SCHEDULE 4 FIXED ASSETS

| PARTICULAR            | GROSS BLOCK        |                  |                |                     | DEPRECIATION       |                   |                |                   | NET BLOCK           |                    |
|-----------------------|--------------------|------------------|----------------|---------------------|--------------------|-------------------|----------------|-------------------|---------------------|--------------------|
|                       | As at<br>1/7/2006  | ADDITIONS        | DELETIONS      | As at<br>30/06/2007 | As at<br>6/30/2006 | FOR THE<br>PERIOD | Sale/Adj.      | Total             | As at<br>30/06/2007 | As at<br>6/30/2006 |
| Land                  | 51,300             | -                | -              | 51,300              | -                  | -                 | -              | -                 | 51,300              | 51,300             |
| Plant and Machinery   | 15,230,152         | 226,479          | -              | 15,456,631          | 12,426,413         | 1,552,580         | -              | 13,978,993        | 1,477,638           | 2,803,739          |
| Office Premises       | 94,734,209         | 900,000          | -              | 95,634,209          | 9,453,717          | 1,544,168         | -              | 10,997,885        | 84,636,324          | 85,280,492         |
| Furniture and Fixture | 14,101,617         | -                | -              | 14,101,617          | 8,761,427          | 892,632           | -              | 9,654,059         | 4,447,558           | 5,340,190          |
| Vehicle               | 6,703,289          | 117,772          | 220,000        | 6,601,061           | 3,898,486          | 641,843           | 209,000        | 4,331,329         | 2,269,732           | 2,804,803          |
| <b>Total</b>          | <b>130,820,567</b> | <b>1,244,251</b> | <b>220,000</b> | <b>131,844,818</b>  | <b>34,540,043</b>  | <b>4,631,223</b>  | <b>209,000</b> | <b>38,962,266</b> | <b>92,882,552</b>   | <b>96,280,524</b>  |
| Previous year         | 130,923,905        | 426,366          | 529,704        | 130,820,567         | 30,414,838         | 4,654,909         | 529,704        | 3,454,043         | 96,280,524          | 100,509,067        |

**NOTE:**

Depreciation charged to Profit & Loss Account 3,758,643

Debited in Revaluation Reserve A/c 872,580

Shown in Balance Sheet 4,631,223





**SCHEDULE 6 CLOSING STOCK OF SECURITIES**  
(At cost or market price whichever is less)

|                                      | No. of Share/<br>Debenture<br>AS AT 30.06.2007 | Amount               | No. of Share/<br>Debenture<br>AS AT 30.06.2006 | Amount               |
|--------------------------------------|--|----------------------|--|----------------------|
| <b>QUOTED SHARE</b>                  |  |                      |  |                      |
| A P Rayon Ltd                        | 450.00   | 8,865.00             | 450  | 8,865.00             |
| Bhart Forge                          | 0.00   | -                    | 1,000  | 314,000.00           |
| Chambal Fertilizers & Chemicals Ltd  | 0.00   | -                    | 2,400  | 24,000.00            |
| Elder Health Care                    | 500.00   | 10,600.00            | 500  | 11,500.00            |
| Fortis Financial Service Ltd         | 5,000.00                                       | 50,000.00            | 25   | 886.25               |
| Fortis Financial Service Ltd         | 0.00   | -                    | 14,200   | 142,000.00           |
| Gold Bees                            | 1.00   | 900.00               | -  | -                    |
| Gujarat Injeet Ltd.                  | 150.00   | 649.50               | 150  | 649.50               |
| India Securities                     | 900.00   | 14,517.00            | 900  | 2,880.00             |
| India Securities                     | 2,400.00                                       | 38,712.00            | 2,400  | 7,680.00             |
| India Securities                     | 1,600.00                                       | 25,600.00            | 1,600  | 5,120.00             |
| India Securities                     | 100.00   | 1,613.00             | 100  | 320.00               |
| Jhun Jhun Wala                       | 0.00   | -                    | 50,000   | 2,330,000.00         |
| K C Textiles                         | 100.00   | 1,325.00             | 100  | 1,325.00             |
| Metalman Industries Ltd              | 0.00   | -                    | 6,664  | 96,628.00            |
| Modi Luff Ltd (RRSSBL)               | 1,200,000.00                                   | 3,072,000.00         | 1,200,000                                      | 3,072,000.00         |
| Modi Mirrless Black Stone Ltd        | 5,000.00                                       | 5,250.00             | 5,000  | 9,000.00             |
| Motorol India Ltd                    | 1,000.00                                       | 2,100.00             | 1,000  | 2,100.00             |
| Motorol India Ltd(bonus)             | 1,000.00                                       | -                    | 1,000  | -                    |
| Namaste Export Ltd                   | 100.00   | 350.00               | 100  | 350.00               |
| Namaste Export Ltd                   | 300.00   | 1,050.00             | 300  | 1,050.00             |
| Pai Peugeot                          | 123,300.00                                     | 73,980.00            | 123,300  | 73,980.00            |
| Parasram Puria Syn                   | 100,000.00                                     | 425,000.00           | 100,000  | 355,000.00           |
| Pashupati Spinning & Weaving Mill    | 30.00  | 212.70               | 30   | 195.00               |
| PCS data General Ltd.                | 450.00   | 4,500.00             | 450  | 4,500.00             |
| Phoenix International Ltd            | 0.00   | -                    | 90   | 315.00               |
| Pilte Cement                         | 10,000.00                                      | 25,500.00            | 10,000   | 25,500.00            |
| Rajasthan Brewaries                  | 4,200.00                                       | 24,150.00            | 4,200  | 24,150.00            |
| Rajasthan Brewaries                  | 300.00   | 1,725.00             | 300  | 1,725.00             |
| Rajasthan Brewaries                  | 600.00   | 3,450.00             | 600  | 3,450.00             |
| Rinki Petro                          | 4,000.00                                       | 36,240.00            | 4,000  | 34,000.00            |
| Sanghi Polyesters Ltd.               | 100.00   | 580.00               | 100  | 165.00               |
| Saraswati Industrial Syndicate       | 380.00   | 7,030.00             | 380  | 6,042.00             |
| Sarla Credit & Securities Ltd        | 5,300.00                                       | 53,000.00            | 5,300  | 53,000.00            |
| Sarla Credit & Securities Ltd        | 2,800.00                                       | 38,360.00            | 2,800  | 38,360.00            |
| Sarla Credit & Securities Ltd        | 3,300.00                                       | 45,210.00            | 3,300  | 45,210.00            |
| Sarla Credit & Securities Ltd        | 145,000.00                                     | 1,986,500.00         | 145,000  | 1,986,500.00         |
| TANFAC Industries Ltd                | 100.00   | 1,950.00             | 100  | 1,950.00             |
| Winsome Yarns Ltd                    | 1,800.00                                       | 18,000.00            | 1,800  | 18,000.00            |
| <b>Total of Quoted Shares</b>        |  | <b>5,978,919.20</b>  |  | <b>8,702,395.75</b>  |
| <b>Units of Mutual Fund</b>          |  |                      |  |                      |
| <b>UNQUOTED SHARE</b>                |  |                      |  |                      |
| Disce Electronics                    | 500.00   | 2,250.00             | 500  | 2,250.00             |
| Esanda Finance & Leasing Ltd         | 18,000.00                                      | 270,000.00           | 18,000   | 270,000.00           |
| Narayan Travels & Tours Ltd          | 350,000.00                                     | 3,500,000.00         | 350,000  | 3,500,000.00         |
| Narayan Travels & Tours Ltd(RRSSBL)  | 200,000.00                                     | 2,000,000.00         | 200,000  | 2,000,000.00         |
| Spartek Goods (P) Ltd                | 3,000.00                                       | 1,500,000.00         | 3,000  | 1,500,000.00         |
| <b>Total of Unquoted Shares</b>      |  | <b>7,272,250.00</b>  |  | <b>7,272,250.00</b>  |
| <b>UNQUOTED DEBENTURE</b>            |  |                      |  |                      |
| Pashupati Spinning & Weaving Mills   | 3,230.00                                       | 80,750.00            | 3,230  | 80,750.00            |
| Rathi Alloys Steel Ltd               | 100.00   | 1,700.00             | 100  | 1,700.00             |
| <b>Total of Unquoted Debentures</b>  |  | <b>82,450.00</b>     |  | <b>82,450.00</b>     |
| <b>QUOTED DEBENTURE / SECURITIES</b> |  |                      |  |                      |
| DCM Shri Ram Consolidate (NCD)       | 33.00  | 2,211.00             | 33   | 2,211.00             |
| Herdila Unimers Ltd. (NCD)           | 10.00  | 625.00               | 10   | 625.00               |
| ICICI Ltd                            | 14.00  | 5,600.00             | 14   | 5,600.00             |
| Niwas Spinning (FCD)                 | 4,975.00                                       | 32,337.50            | 4,975  | 32,337.50            |
| <b>Total</b>                         |  | <b>13,374,392.70</b> |  | <b>16,097,869.25</b> |

Market Value of Quoted Equity Shares Rs 70827983/- Market Value of Quoted Debentures Rs 40773.5/-  
Total Value Rs.78223456.70/- Previous Year Rs 71645744/-





**Schedules to the Balance Sheet**  
**as at 30th June, 2007**

**SCHEDULE 1 SHARE CAPITAL**

|   |                   |                   |
|---|-------------------|-------------------|
| Authorised<br>60,00,000 (Previous year 60,00,000)<br>equity shares of Rs. 10/- each                   | 60,000,000        | 60,000,000        |
| ISSUED, SUBSCRIBED AND PAIDUP<br>55,30,350(previous year 55,30,350)<br>equity shares of Rs. 10/- each | 55,303,500        | 55,303,500        |
| Add: Forfeited Shares<br>(Amt. Originally Paid Up)  | 87,500            | 87,500            |
|   | <u>55,391,000</u> | <u>55,391,000</u> |

(Note: out of the above 500,000 equity shares of Rs. 10/- each have been allotted for consideration other than cash by way of Bonus Shares by capitalisation of General Reserve. And 1552950 shares in consideration of Merged Companies)

**SCHEDULE 2 RESERVES & SURPLUS**

|                             |                    |                    |
|-----------------------------|--------------------|--------------------|
| Share premium               | 79,446,000         | 79,446,000         |
| General Reserve             | 42,726,877         | 42,726,877         |
| Capital Revaluation Reserve | 11,096,399         | 11,968,979         |
| Profit & loss A/c           | 68,973,471         | 67,574,604         |
|                             | <u>202,242,747</u> | <u>201,716,459</u> |

**SCHEDULE 3 SECURED LOANS**

|  |         |         |
|--|---------|---------|
| From Banks<br>(Against Hypothecation of car) | 193,070 | 896,574 |
|--|---------|---------|

**SCHEDULE 5 INVESTMENT**

(A)

At cost, other than trade (unless otherwise stated)

| <u>Name of the company</u>                                | <u>No. of Share</u> | <u>Amount</u>      | <u>No. of Share</u> | <u>Amount</u>      |
|---|---------------------|--------------------|---------------------|--------------------|
| Unquoted (in wholly owned subsidiary company)             |                     |                    |                     |                    |
| Equity Shares Fully Paid up                               |                     |                    |                     |                    |
| Priya Business Center P.Ltd.[F.V.Rs.10.00]                | 58,370              | 36,871,019         | 58,370              | 36,871,019         |
| Sarla Business Center P.Ltd.[F.V.Rs.10.00]                | 19,400              | 11,963,154         | 19,400              | 11,963,154         |
| RR Investor Capital Services P. Ltd. [F.V.Rs.10]          | 1,000,000           | 10,000,000         | 1,000,000           | 10,000,000         |
| RR Brokerge Assurance Ser.P.Ltd. [F.V.Rs.10]              | 1,250,000           | 12,500,000         | 1,250,000           | 12,500,000         |
| RR Information & Invest: Reasearch Pvt. Ltd (F V Rs. 100] | 30,500              | 305,000            | 30,500              | 305,000            |
| Arix Consultants Pvt. Ltd[F.V.Rs10]                       | 49,980              | 499,800            | 49,980              | 499,800            |
| RR Equity Brokers (P) Ltd.                                | 22,800,000          | 22,800,000         | 22,800,000          | 22,800,000         |
| RR Fine Arts (P) Ltd                                      | 949,999             | 19,949,999         | 949,999             | 19,949,999         |
|   |                     | <u>114,888,972</u> |                     | <u>114,888,972</u> |

(B)

|                           |                    |                    |
|---------------------------|--------------------|--------------------|
| Investment in Mutual Fund | 900,000            | -                  |
|                           | <u>900,000</u>     | <u>-</u>           |
| TOTAL                     | <u>115,788,972</u> | <u>114,888,972</u> |



**SCHEDULE 7 SUNDRY DEBTORS**

|   |                   |                  |
|---|-------------------|------------------|
| More than six Months  | 7,967,962         | 7,967,962        |
| Unsecured considered good for<br>outstanding less than six months | 5,072,946         | 452,048          |
|   | <u>13,040,908</u> | <u>8,420,010</u> |

**Schedules to the Balance Sheet  
as at 30th June, 2007**

**SCHEDULE 8 CASH AND BANK BALANCES**

|  |                  |                  |
|--|------------------|------------------|
| Balance with scheduled Banks<br>in current account and Fixed Deposit | 1,655,380        | 3,909,427        |
| Cash in hand   | 590,633          | 352,065          |
|  | <u>2,246,013</u> | <u>4,261,492</u> |

**SCHEDULE 9 LOANS AND ADVANCES**

|  |                   |                   |
|--|-------------------|-------------------|
| (i) Advance to staff   | 62,359            | 178,072           |
| (ii) Advance tax including T.D.S.  | 5,415,406         | 7,961,561         |
| (iii) Advance recoverable in cash or<br>in kind for the value to be received | 40,307,720        | 48,057,488        |
| (iv) Security Deposit  | 1,788,813         | 2,113,813         |
| (v) Advance to Subsidiaries  | 34,672,481        | 3,415,131         |
|  | <u>82,246,779</u> | <u>61,726,065</u> |

**SCHEDULE 10 CURRENT LIABILITIES**

|                           |                   |                   |
|---------------------------|-------------------|-------------------|
| Sundry Creditors          | 804,428           | 17,793,143        |
| Advance from Subsidiaries | 54,589,882        | 17,172,623        |
| Other Liabilities         | 5,225,007         | 4,158,340         |
|                           | <u>60,619,317</u> | <u>39,124,106</u> |

**SCHEDULE 11 PROVISIONS**

|                        |                  |                  |
|------------------------|------------------|------------------|
| Provision for Taxation | 1,000,000        | 4,700,000        |
| Provision for FBT      | 256,054          | -                |
|                        | <u>1,256,054</u> | <u>4,700,000</u> |

**SCHEDULE 12 MISCELLANEOUS**

|  |                |                |
|--|----------------|----------------|
| EXPENDITURE<br>(To the extent not written off or adjusted) | 153,206        | 194,054        |
| Less: written off to Profit & Loss A/c                     | 30,636         | 40,848         |
|  | <u>122,570</u> | <u>153,206</u> |



**Schedules to the Profit & Loss Account**  
**for the year ending 30th June 2007**

**30th June 2007**      **30th June 2006**

**SCHEDULE 13 TOTAL INCOME**

|  |                   |                   |
|--|-------------------|-------------------|
| Sale/Purchase of Shares/Debentures/Securities(Net) | 4,049,238         | 309,389           |
| Brokerage  | 28,477,333        | 69,405,802        |
| Consultancy Fees & Merchant Banking Fees           | 8,408,407         | 1,276,500         |
| Interest on Income tax                             | -                 | -                 |
| Interest (Net)                                     | 414,346           | 535,924           |
| Closing stock                                      | 13,374,393        | 16,097,869        |
| (A)  | <b>54,723,716</b> | <b>87,625,484</b> |
| Less : Opening Stock (B)                           | 16,097,869        | 15,889,141        |
| Income (A-B)                                       | <b>38,625,847</b> | <b>71,736,343</b> |

**Schedule NO 14 Other Income**

|                                     |                  |                  |
|-------------------------------------|------------------|------------------|
| Dividend                            | 6,230            | 46,752           |
| Miscellaneous Income                | 2,665,976        | 4,009,860        |
| Rental Income                       | 2,574,000        | 3,462,000        |
| Miscellaneous Balances W/ back      | -                | 2,874            |
| Income Tax Adjustment               | -                | -                |
| Insurance Claim Recd.               | -                | -                |
| Profit on sale of Fixed Asset (Car) | 34,500           | 50,000           |
| Unclaimed Liabilities Written Back  | 3,850,000        | -                |
|                                     | <b>9,130,706</b> | <b>7,571,486</b> |



**Schedules to the Profit & Loss Account**  
**for the year ending 30th June 2007**

**30th June 2007**

**30th June 2006**

**SCHEDULE 15 OPERATING AND OTHER EXPENSES**

|  |                          |                          |
|--|--------------------------|--------------------------|
| Commission rebate/Sub Brokerage                | 17,528,702               | 52,542,190               |
| Salaries Bonus & Other Benefit                 | 8,007,308                | 9,578,502                |
| Conveyance, & Vehicle Expenses                 | 600,087                  | 1,404,869                |
| Tour & Travelling                              | 366,081                  | 675,637                  |
| Staff Welfare                                  | 257,993                  | 341,301                  |
| Postage, Telegram & Telephone expenses         | 2,789,539                | 4,353,655                |
| Books & Periodicals                            | 33,521                   | 42,097                   |
| Business Promotion Exp                         | 127,809                  | 284,067                  |
| Entertainment Exp                              | 39,491                   | 20,348                   |
| Printing & Stationery                          | 155,400                  | 1,544,534                |
| Audit fee                                      | 16,530                   | 16,530                   |
| Advertisement, Publicity & conference expenses | 90,532                   | 63,164                   |
| Director Remuneration                          | 750,000                  | 2,250,000                |
| Electricity Water and Sanitary                 | 987,101                  | 1,281,026                |
| Miscellaneous Expenses                         | 1,306,461                | 641,067                  |
| Professional & legal expenses                  | 1,479,629                | 2,208,095                |
| Property Tax                                   | 61,687                   | 190,549                  |
| Lease / Hire Charges                           | 49,728                   | 120,323                  |
| Rent   | 746,000                  | 960,000                  |
| Repair & Maintenance                           | 1,098,574                | 2,650,829                |
| Secretarial Expenses                           | 225,546                  | 154,520                  |
| Security Services Charges                      | 227,023                  | 264,018                  |
| Loss on sale of Investment                     |                          | 130,050                  |
|  | <b><u>36,944,741</u></b> | <b><u>81,717,370</u></b> |



## RR FINANCIAL CONSULTANTS LTD.

## Standalone cash flow statement for the year ended 30 June,2007

| (In Rupees)  | 29 Jun-08 | 29 Jun-07 |
|--|-----------|-----------|
| <b>A. Cash flow from operating activities</b>                  |           |           |
| Profit before tax  | 2280368   | -6314853  |
| Adjustments for :  |           |           |
| Depreciation   | 3758643   | 3782330   |
| Amortisation of Capital Revaluation Reserve                    | 0         | 0         |
| Miscellaneous expenditure written off                          | 30636     | 40848     |
| Provision for doubtful debts and advances / (written back)     | -3850000  | -2874     |
| Bad debts written-off  | 0         | 0         |
| Interest and dividend income                                   | -420576   | -582675   |
| Interest expense   | 4742166   | 0         |
| Unrealised foreign exchange (gain) / loss                      | 0         | 0         |
| (Profit) / loss on sale of fixed assets                        | -34500    | -50000    |
| Profit on sale of investment                                   | 0         | 0         |
| Operating profit before working capital changes                | 6506737   | -3127224  |
| Adjustments for :  |           |           |
| (Increase) / decrease in inventories                           | 2723476   | -208728   |
| (Increase) / decrease in sundry debtors                        | -4620898  | 11214424  |
| (Increase) / decrease in loans and advances                    | -15105308 | -14844436 |
| Increase/(decrease) in trade payables and other liabilities    | 21020765  | 9613797   |
| Cash generated from operations                                 | 10524772  | 2647833   |
| Current taxes paid   | -5415406  | 0         |
| Net cash from operating activities (A)                         | 5109366   | 2647833   |
| <b>B. Cash flow from investing activities</b>                  |           |           |
| Purchase of fixed assets                                       | -1244251  | -426366   |
| Sale of fixed assets   | 44500     | 50000     |
| (Increase)/decrease in current investments                     | -900000   | -13700100 |
| Profit on sale of investment                                   | 0         | 0         |
| Loans/deposits with subsidiaries                               | 0         | 0         |
| Interest and dividend received                                 | 420576    | 582675    |
| Net cash used in investing activities (B)                      | -1679175  | -13493791 |
| <b>C. Cash flow from financing activities</b>                  |           |           |
| Proceeds from issue of share capital                           | 0         | 0         |
| Repayment of long term borrowings                              | -703504   | -770784   |
| Proceeds from long term borrowings                             | 0         | 0         |
| Repayment from short term borrowings                           | 0         | 0         |
| Interest paid  | -4742166  |           |
| Dividend paid  | 0         | 0         |
| Corporate dividend tax   | 0         | 0         |
| Net cash used in financing activities (C)                      | -5445670  | -770784   |
| Net increase in cash and cash equivalents (A+B+C)              | -2015479  | -11616742 |
| Cash and cash equivalents at the beginning of the year         | 4261492   | 15878234  |
| Effect of exchange rate on consolidation of foreign subsidiary | 0         | 0         |
| Cash and cash equivalents at the end of the year               | 2246013   | 4261492   |

## Notes:

- Cash flow statement has been prepared under the indirect method as set out in Accounting Standard - 3 issued by the Institute of Chartered Accountants of India
- Previous year's figures regrouped /recasted where ever necessary



**RR FINANCIAL CONSULTANTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM JULY 1st, 2006 TO JUNE 30th, 2007**

**SCHEDULE '16'**

**(All amounts in rupees)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements are prepared according to historical cost convention, on the accrual basis of accounting (except as stated below) and materially comply with the mandatory statements and Accounting Standards referred to in section 211(3C) of the Companies Act, 1956, ('the Act').

**a) Revenue Recognition**

- (a) Income from operations including brokerage is accounted for on accrual basis.
- (b) Lease Rentals are recognized as revenue over the lease period as per the terms of the lease agreements.
- (c) Interest on fixed deposits with banks is accounted for on Accrual Basis.

**b) Fixed Assets**

Fixed assets are stated at cost, including freight, installation, duties and taxes, finance charges and other incidental expenses incurred during construction or installation to bring the assets to their state of intended use. The amounts added on revaluation are credited in Revaluation Reserve.

Shop No.N-24 Connaught Place has been mortgaged against loan taken from bank by a subsidiary Company.

**c) Depreciation**

- a) Depreciation on fixed assets are provided to straight – line method in accordance with and at the rate specified in schedule XIV to the Companies Act, 1956. Pro- rata depreciation is charged in respect of additions made during the year with reference to the month in which the addition takes place.
- b) In respect of revalued assets, the Depreciation attributable to the amount is added on revaluation is adjusted against the Revaluation Reserve.

**d) Investments**

Investments are valued at acquisition cost Provision is made for diminution in the value of investment which is perceived to be permanent nature.

**e) Valuation of Stocks**

Stocks of quoted shares / debentures and other securities are valued at cost or market price whichever is less, by comparing each scrip with its market price. Market price of each scrip is determined on the basis of the closing price of the scrip prevailing at the principal stock exchange where the same is traded.

Stock of Unquoted shares & debentures are valued at cost.

**f) Retirement Benefits**

Provident fund benefits are recorded on the basis of contributions to the fund.

**g) Foreign Currency Transactions**

There is no transaction in foreign currency during the year.



#### h) Taxation

Provision for income tax for the current period is made on the basis of estimated tax liability as per the applicable provisions of the Income-tax Act, 1961.

#### 2. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Provision is made for all known liabilities except contingent liabilities that are disclosed at their estimated value as detail below:-

- |     |   |                            |
|-----|---|----------------------------|
| (a) | Bank guarantees outstanding Rs 1.95 Lac     | (30 June, 2006 - Rs. Nil). |
| (b) | Capital commitments net of Advances Rs. Nil | (30 June, 2006 - Rs. Nil). |

#### 3. DEFERRED TAX

The management has not provided / accounted for deferred tax liability / assets in terms of accounting standard (A.S. – 22) on 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountants of India as the same is not expected to be realized in the foreseeable future.

#### 4. SUPPLEMENTARY PROFIT AND LOSS STATEMENT DATA

|     |  |                       |                      |
|-----|--|-----------------------|----------------------|
| (a) | Capacity and production – Not applicable |                       |                      |
|     |  | <u>June 30, 2007.</u> | <u>June 30, 2006</u> |
| (b) | Earnings in foreign exchange -           | Nil                   | Nil                  |
| (c) | Expenditure in foreign currency          | Nil                   | Nil                  |
| (d) | Payments to auditors –Auditors Fees      | 16,530                | 16,530               |

#### 5. SEGMENT REPORTING

As per the management all fees are received from financial services and capital market. Therefore in accordance with accounting standard 17 on segment reporting, financial services are the only reportable business segment and cannot be segregated. In the circumstances segment information required by AS 17 of the Institute of Chartered Accountants of India, cannot be furnished.

#### 6. RELATED PARTY DISCLOSURES

##### List of Related Parties (as identified and certified by the Management)

| I. | Parties where control exists                 | Relationship |
|----|--|--------------|
| a. | RR Investors Capital Services (P) Ltd        | Subsidiary   |
| b. | RR Brokerage Assurance Services (P) Ltd      | Subsidiary   |
| c. | RR Information & Investment Research (P) Ltd | Subsidiary   |
| d. | Priya Business Centre Private Limited        | Subsidiary   |
| e. | Sarla Business Centre Private Limited        | Subsidiary   |
| f. | Arix Consultants (P) Ltd                     | Subsidiary   |
| g. | RR Commodity Brokerage (P) Ltd               | Subsidiary   |
| h. | RR Fine Arts Enterprises Pvt. Ltd.           | Subsidiary   |
| i. | RR Equity Brokers (P) Ltd.                   | Subsidiary   |


**II. Associates Companies**

Nil

**III. Key Management Personnel**

a. Rajat Prasad

Managing Director

b. Raghunandan Prasad

Director

**Transaction with Related Parties**

(Rs in lakhs)

| S.No. | Particulars                        | Subsidiary Companies | Associate Companies | Key Management Personnel |
|-------|------------------------------------|----------------------|---------------------|--------------------------|
| a.    | Purchase of Services               | 101.54               |                     |                          |
| b.    | Sale of Services                   | 56.22                |                     |                          |
| c.    | Rent Received                      | 25.74                |                     |                          |
| d.    | Miscellaneous Income Received      | 25.74                |                     |                          |
| e.    | Apportionment of Exp.              | 0                    |                     |                          |
| f.    | Investment as on 30.06.2007        | 1148.89              |                     |                          |
| g.    | Amt due from Cos. as at 30.06.2007 | 346.72               |                     |                          |
| h.    | Amt. due to Cos. as at 30.06.2007  | 545.89               |                     |                          |
| i.    | Remuneration.                      |                      |                     | 7.50                     |

**7. EARNING PER SHARE (EPS)**

|   | <u>June 30, 2007</u> | <u>June 30, 2006</u> |
|---|----------------------|----------------------|
| (a) Net Profit attributable to equity shareholders -<br>Net Profit after taxation -     | 13,98,867.53         | (9,314,853.18)       |
| (b) Weighted average number of equity shares (Nos.)<br>Denominator used for calculation | 55,30,350            | 55,30,350            |
| (c) Basic and Diluted Earning Per Share (Rs.) of<br>Rs. 10 each                         |                      |                      |
| 1) Before Extraordinary items   | .25                  | Nil                  |
| 2) After Extraordinary items  | .25                  | Nil                  |

**8. RECLASSIFICATION**

Previous year's figures have been regrouped or rearranged wherever considered necessary so as to make them comparable with those of the current year.

For and on behalf of Board  
For RR Financial Consultants Ltd

For Sandeep Ramesh Gupta & Co.  
Chartered Accountants

-sd/-

R. Prasad  
(Director)

-sd/-

Rajat Prasad  
(Director)

-sd/-

Sandeep Gupta  
Membership No.: 90039

Place: New Delhi  
Dated: 29/09/2007





**RR FINANCIAL CONSULTANTS LIMITED**

**Balance Sheet Abstract and Company's General Business Profile**

**I. Registration Details**

|                    |   |                 |
|--------------------|---|-----------------|
| Registration No.   | : | 55-23530        |
| State Code         | : | 55              |
| Balance Sheet Date | : | 30 06 2007      |
|                    |   | Date Month Year |

**II. Capital raised during the year (Amount in Rs. Thousands)**

|              |   |     |                   |   |     |
|--------------|---|-----|-------------------|---|-----|
| Public Issue | : | Nil | Right Issue       | : | Nil |
| Bonus Issue  | : | Nil | Private Placement | : | Nil |

**III. Position of Mobilisation and Deployment of Funds  
(Amount in Rs. Thousands)**

|                   |   |          |              |   |          |
|-------------------|---|----------|--------------|---|----------|
| Total Liabilities | : | 25,78,27 | Total Assets | : | 25,78,27 |
|-------------------|---|----------|--------------|---|----------|

**Source of Funds**

|                 |   |        |                    |   |          |
|-----------------|---|--------|--------------------|---|----------|
| Paid-up Capital | : | 55,391 | Reserves & Surplus | : | 20,22,43 |
| Secured Loans   | : | 193    | Unsecured Loans    | : | Nil      |

**Application of Funds**

|                    |   |         |                   |   |          |
|--------------------|---|---------|-------------------|---|----------|
| Net Fixed Assets   | : | 9,28,83 | Investments       | : | 1,14,889 |
| Net Current Assets | : | 4,90,33 | Misc. Expenditure | : | 1,23     |

**IV. Performance of the Company (Amount in Rs. Thousands)**

|                          |   |         |                         |   |         |
|--------------------------|---|---------|-------------------------|---|---------|
| Turnover                 | : | 4,77,57 | Total Expenditure       | : | 4,57,32 |
| Profit/(Loss) Before Tax | : | 22,80   | Profit/(Loss) After Tax | : | 13,99   |

**V. Generic Names of Three Pincipal Products/Services of Company (as per monetary terms)**

| <u>Product Description</u>      | : | <u>Item Code No.</u> |
|---------------------------------|---|----------------------|
| Merchant Banking                | : | Not Applicable       |
| Investment & Leasing            | : | Not Applicable       |
| Dealing in Financial Instrument | : | Not Applicable       |

**VI. Earning per share (in Rs.) Dividend Rate**

**(Weighted Average)**

Nil

Nil

For Sandeep Ramesh Gupta & Co.

For RR Financial Consultants Ltd

Chartered Accountants

-sd/-

Sandeep Gupta  
(Proprietor)

-sd/-

R. Prasad  
(Director)

-sd/-

Rajat Prasad  
(Director)

Place: New Delhi  
Date: 30/09/2007

**DIRECTORS' REPORT**

To the members of RR BROKERAGE ASSURANCE SERVICES PRIVATE LIMITED

Your Directors have pleasure in presenting the 7<sup>th</sup> Annual report together with the Audited Accounts of the Company for the year 01.07.2006 to 30.06.2007.

**OPERATING RESULTS**

During the year ended 30.06.2007

| <b>Particulars</b>        | <b>Amount (Rs)</b> |
|---------------------------|--------------------|
| Sales or any other income | 71,121,653         |
| Expenditure               | 51,449,754         |
| Profit/ (loss) Before Tax | 19,671,899         |
| Profit/(loss) After Tax   | 14,940,281         |
| Transfer to reserves      | NIL                |
| Proposed dividend         | NIL                |

**DIRECTORS**

Mr. Raghunandan Prasad, director of the company retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

**DIRECTORS RESPONSIBILITY STATEMENT**

As per the provision of section 217(2A) of the Companies Act, 1956, your Directors confirm as under:-

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) that the directors have selected such accounting policies and applied them consistently and made judgments 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 and of the profit if the company for that period;
- iii) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company for preventing and detecting fraud and other irregularities;
- iv) that the directors have prepared the annual accounts on a going concern basis.

**AUDITORS**

Mr. Rajiv Gupta, Chartered Accountant, Auditor of the company retires at the ensuing Annual General Meeting and being eligible offer themselves for reappointment as auditors of the Company to hold office from the conclusion of ensuing annual general meeting until the conclusion of next annual general meeting of the Company. As required under section 224-1B of the Companies Act, 1956 the company has obtained from them a confirmation to the effect that their appointment, if made, would be in conformity with the limits prescribed in the said section.

**FIXED DEPOSITS**

The company has not accepted or renewed any fixed deposit during the year under review.

**ENERGY CONSERVATION, TECHNOLOGY, ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO**

There has been no foreign exchange earning and outgo during the period under review.



The information relating to Conservation of Energy, Technology Absorption as required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable as the company is engaged mainly in securities related business.

**PARTICULARS OF EMPLOYEES IN TERMS OF SECTION 217(2A) OF THE COMPANIES ACT, 1956**

Your Directors place on record their appreciation for the efficient services rendered by the employees of the company.

None of the employee was in receipt of remuneration more than the limit prescribed under Section 217(2A) of the Companies Act, 1956 read with companies (Particulars of Employees) Rules, 1975 and hence no information is appended in this regard.

**ACKNOWLEDGEMENT**

Your Directors place on record their deep appreciation and gratitude for the co-operation and assistance extended to the company by banks and various Govt. departments.

By order of the Board  
For **RR Brokerage Assurance Services Private Limited**

Date: 28.09.2007  
Place: New Delhi

S/d-  
Rajat Prasad  
Director

S/d-  
Raghunandan Prasad  
Director



**RAJIV KUMAR GUPTA**  
Chartered Accountants

**23, SAINIK VIHAR,**  
**DELHI- 110 034**

**AUDITOR'S REPORT**

**TO THE MEMBER OF**  
**RR BROKERAGE ASSURANCE SERVICES PVT. LTD.**

1. We have audited the Balance Sheet of **M/s RR Brokerage Assurance Services Pvt. Ltd.** as at 30<sup>th</sup> June 2007, and the related Profit and Loss Account for the period from 1<sup>st</sup> July 2006 to 30<sup>th</sup> June 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have also examined the matters specified in paragraphs 4 & 5 of the Companies (Auditor's Report) (Amendment) Order, 2004 (the 'Order'), for the period ended 30<sup>th</sup> June 2007 as they relate to the Company. Our report thereon is annexed.
4. Further to our comments in the Annexure referred to in paragraph 3, we report that:
  - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - (b) In our opinion, the Company has maintained proper books of account, as required by law, in so far as appears from our examination of those books;
  - (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report, comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ('the Act');
  - (e) On the basis of the confirmation received from the Directors, and taken on record by the Board of Directors, none of the Directors is disqualified as on 30<sup>th</sup> June 2007 from being appointed as a Director in terms of section 274 (1) (g) of the Companies Act, 1956 on the said date;
  - (f) In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give a true and fair view in conformity with the accounting principles generally accepted:
  - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 30<sup>th</sup> June 2007, and
  - (ii) In the case of the Profit and Loss Account, of the profit for the period from 1<sup>st</sup> July 2006 to 30<sup>th</sup> June 2007.

**Place: NEW DELHI**  
**Date: 28 - 09 - 2007**

-sd/-  
**RAJIV KUMAR GUPTA**  
**CHARTERED ACCOUNTANT**  
**Membership No. 83497**



**RR BROKERAGE ASSURANCE SERVICES PVT. LTD.**

**ANNEXURE TO AUDITOR'S REPORT**

**(Referred to in paragraph 3 of our Report of even date)**

1. (a) The Company has maintained proper records, showing full particulars, including quantitative details and situation of fixed assets on the basis of available information.
- (b) As explained to us, the fixed assets were physically verified by the management during the year and no material discrepancies were noted. In our opinion, the frequency of verification is reasonable.
2. The nature of business of the Company is Insurance Broking activity and the Company is not involved in manufacturing / Trading activity as such the clause 2 of paragraph 4 of the Order, relating to inventory is not applicable to the Company during the period.
3. (a) The Company has granted interest free unsecured loans to 5 Parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the period was Rs.166.59 lacs and as on 30<sup>th</sup> June 2007 the balance of loans granted to such party was Rs. 106.04
- (b) In our opinion, the rate of interest and other terms and conditions of such loans were not, prima facie, prejudicial to the interest of the Company.
- (c) The party has repaid the principal amounts during the period.
- (d) There is no overdue amount in excess of Rs. One lakh in respect of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (e) The Company has not taken unsecured loans, from persons covered in the register maintained under section 301 of the Companies Act 1956.
- (f) The Company has not taken unsecured loans, and accordingly, the rate of interest and other terms and conditions do not arise.
- (g) The Company has not taken unsecured loans, and accordingly, payment of principal & interest does not arise.
4. In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchases of fixed assets and with regard to the services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the company.
5. (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the period have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public within the meaning of section 58A and 58AA or any other relevant provision of the Act, and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.
8. The Company is not covered by the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act.
9. (a) In our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, income tax, with the appropriate authorities except Service tax and there are few delays in



- deposit P.F and no other amount is outstanding as per books of accounts as per information and explanation given to us.
- (b) According to the information and explanations given to us, there are no dues of sales tax, income tax, customs duty, wealth-tax, excise duty and cess, except service tax which is in arrears which have not been deposited on account of any dispute.
10. In our opinion, the accumulated losses of the company are not more than fifty percent of its net worth. Further, the company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
11. The Company has not taken any loans from financial institutions or banks, nor floated debentures as at the balance sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute, applicable to chit fund/nidhi/mutual benefit fund/societies, are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion, and according to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the period.
16. The Company has not obtained any term loans.
17. The Company has not raised funds on a short-term basis, which have been used for long-term investments.
18. The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
19. The Company has not issued any debentures, and accordingly, the creation of a security or charge does not arise.
20. The Company has not raised any money by public issue during the period.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the period, nor have we been informed of such case by the management.

Place: NEW DELHI  
Date: 28 - 09 - 2007

S/d-  
RAJIV KUMAR GUPTA  
CHARTERED ACCOUNTANT  
Membership No. 83497



## RR BROKERAGE ASSURANCE SERVICES PVT. LTD.

**BALANCE SHEET AS AT 30-06-2007**

| <u>SOURCES OF FUNDS</u>                             | <u>SCH.</u> | <u>Amount In Rs.</u>    |                         |
|---|-------------|-------------------------|-------------------------|
|   |             | <u>As at 30-06-2007</u> | <u>As at 30-06-2006</u> |
| <b>SHAREHOLDERS FUNDS</b>                           |             |                         |                         |
| Share Capital                                       | 1           | 25000000.00             | 25000000.00             |
| Reserves & Surplus                                  | 2           | 17902247.00             | 2961966.00              |
| <b>LOAN FUNDS</b>                                   |             |                         |                         |
| Unsecured Loans                                     | 3           |                         | 0                       |
| <b>TOTAL</b>  |             | <b>42902247.00</b>      | <b>27961966.00</b>      |
| <b>APPLICATION OF FUNDS</b>                         |             |                         |                         |
| <b>FIXED ASSETS</b>                                 |             |                         |                         |
| Gross Block   | 4           | 948,183.00              | 949159.00               |
| Less : Depreciation                                 |             | 555,590.00              | 444464.00               |
| Net Block   |             | 392593.00               | 504695.00               |
| <b>INVESTMENTS</b>                                  |             | 4000000.00              | 713657.00               |
| <b>CURRENT ASSETS, LOANS AND ADVANCES</b>           |             |                         |                         |
| Sundry Debtors                                      | 5           | 14274890.00             | 6078135.00              |
| Cash & Bank balances                                | 6           | 5158995.00              | 5331722.00              |
| Loans & Advances                                    | 7           | 30089288.00             | 24153868.00             |
|   |             | 49523173.00             | 35563725.00             |
| <b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>     |             |                         |                         |
| Sundry Creditors and Other Li                       | 8           | 4955869.00              | 7564911.00              |
| Provision   | 9           | 6081450.00              | 1326700.00              |
|   |             | 11037319.00             | 8891611.00              |
| <b>NET CURRENT ASSETS</b>                           |             | <b>38485854.00</b>      | <b>26672114.00</b>      |
| <b>MISCELLANEOUS EXP.</b>                           | 10          | <b>23800.00</b>         | <b>71500.00</b>         |
| (To the extent not written off or adjusted)         |             |                         |                         |
| Profit & Loss Account                               |             |                         |                         |
| <b>TOTAL</b>  |             | <b>42902247.00</b>      | <b>27961966.00</b>      |
| significant Accounting policies & Notes on Accounts | 13          |                         | 0                       |

In term of our report of even date attached

For & On behalf of the Board of Directors  
For RR Brokerage Assurance Services Pvt. Ltd.

S/d-  
Rajiv Kumar Gupta  
( Chartered Accountants)  
M.N. 83497

S/d-  
R.PRASAD  
( Director)

S/d-  
RAJAT PRASAD  
( Director)

Place: New Delhi  
Date: 28-09-2007


**PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 30-06-2007**

|  | <u>SCHEDULE</u> | YEAR ENDED<br>30.06.2007<br><u>Amount In Rs.</u> | YEAR ENDED<br>30.06.2006<br><u>Amount In Rs.</u> |
|--|-----------------|--|--|
| <b><u>INCOME</u></b>   |                 |  |  |
| Income From Operations   | 11              | 70761129.00                                      | 44138632.00                                      |
| Interest on Fixed Deposits   |                 | 338716.00  | 288678.00  |
| Other Income From Investments  |                 | -16140.00  | 25950.00   |
| Misc. Balance Written Back   |                 | 37948.00   |  |
| <b>Total</b>   |                 | <u>71121653.00</u>                               | <u>44453260.00</u>                               |
| <b><u>EXPENDITURE</u></b>  |                 |  |  |
| Operating and Other Expenses   | 12              | 51290928.00                                      | 42365082.00                                      |
| Miscellaneous Expenses Written off   | 9               | 47700.00   | 35775.00   |
| Depreciation   | 4               | 111126.00  | 103696.00  |
| <b>Total</b>   |                 | <u>51,449,754.00</u>                             | <u>42504553.00</u>                               |
| <b>PROFIT/(LOSS) BEFORE TAXATION</b>   |                 | 19,671,899.00                                    | 1948707.00                                       |
| Provision for Taxation   |                 | 4500000.00                                       | 900000.00  |
| Provision for Fringe Benefit Tax   |                 | 591735.00  | 488100.00  |
| Deferred Tax Provision Written Back  |                 | -63285.00  | 73000.00   |
| Income tax adjusted of earlier years   |                 | -296832.00                                       | 0  |
| <b>Profit(Loss) After Taxation</b>   |                 | 14940281.00                                      | 487607.00  |
| Balance Brought Forward  |                 | 2961966.00                                       | 2474359.00                                       |
| <b>Profit Available For Appropriation<br/>(Balance Carried to Balance Sheet)</b> |                 | <u>17902247.00</u>                               | <u>2961966.00</u>                                |
| significant Accounting policies &<br>Notes on Accounts                           | 13              |  |  |

In term of our report of even date attached

For & On behalf of the Board of Directors

For RR Brokerage Assurance Services Pvt. Ltd.

S/d-  
Rajiv Kumar Gupta  
( Chartered Accountants)  
M.N. 83497

S/d-  
R.PRASAD  
( Director)

S/d-  
RAJAT PRASAD  
( Director)

Place: New Delhi  
Date: 28-09-2007





## RR BROKERAGE ASSURANCE SERVICES PVT. LTD.

SCHEDULES FORMING PART OF THE ACCOUNTS

|   | <u>Amount In Rs.</u><br><u>AS AT 30.06.2007</u> | <u>Amount In Rs.</u><br><u>AS AT 30.06.2006</u> |
|---|---|---|
| <b><u>SCHEDULE 1</u></b>                      |   |   |
| <b><u>SHARE CAPITAL</u></b>                   |   |   |
| <b><u>Authorised</u></b>                      |   |   |
| 25,00,000 (Previous year 25,00,000)           |   |   |
| Equity Shares of Rs. 10 each                  | 25000000.00<br>=====                            | 25000000.00<br>=====                            |
| <b><u>Issued,Subscribed and Paid up :</u></b> |   |   |
| 25,00,000(Previous Year 25,00,000) Equity     |   |   |
| Shares of Rs.10/- each Fully Paid Up          | 25000000.00                                     | 25000000.00                                     |
| <b><u>SCHEDULE 2</u></b>                      |   |   |
| <b><u>RESERVES AND SURPLUS</u></b>            |   |   |
| Profit & Loss Account                         | 17902247.00                                     | 2961966.00                                      |
|   | 17902247.00                                     | 2961966.00                                      |
| <b><u>SCHEDULE 3</u></b>                      |   |   |
| <b><u>UNSECURED LOANS</u></b>                 |   |   |
|   | Nil   | Nil   |
|   | Nil   | Nil   |

SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 30-06-2007 (12 months)  
 SCHEDULE - 4 FIXED ASSETS

| PARTICULARS     | GROSS BLOCK              |                   |                   | DEPRECIATION             |                     |                   |                 | (Amount in          | NET BLOCK           |
|-----------------|--------------------------|-------------------|-------------------|--------------------------|---------------------|-------------------|-----------------|---------------------|---------------------|
|                 | COST AS AT<br>01.07.2006 | ADDITIONS         | DEDUCT.<br>IONS   | COST AS AT<br>30.06.2007 | UP TO<br>01.04.2007 | FOR THE<br>PERIOD | SALE/<br>ADJST. | UP TO<br>30.06.2007 | AS AT<br>30.06.2007 |
| Computer        | 388,265.00               | 104,405.00        | -                 | 492,670.00               | 142,518.00          | 65,657.00         | -               | 208,175.00          | 284,495.00          |
| Car             | 560,894.00               | -                 | 131,000.00        | 429,894.00               | 301,946.00          | 45,165.00         | -               | 347,111.00          | 82,783.00           |
| Air Conditioner | -                        | 25,619.00         | -                 | 25,619.00                | -                   | 304.00            | -               | 304.00              | 25,315.00           |
| <b>TOTAL</b>    | <b>949,159.00</b>        | <b>130,024.00</b> | <b>131,000.00</b> | <b>948,183.00</b>        | <b>444,464.00</b>   | <b>111,126.00</b> | <b>-</b>        | <b>555,590.00</b>   | <b>392,593.00</b>   |
| PREVIOUS YEAR   | 871,879.00               | 77,280.00         | -                 | 949,159.00               | 340,768.00          | 103,696.00        | -               | 444,464.00          | 504,695.00          |





**RR BROKERAGE ASSURANCE SERVICES PVT. LTD.**

|  | <u>Amount In Rs.</u><br><u>AS AT 30-06-2007</u> | <u>Amount In Rs.</u><br><u>AS AT 30-06-2006</u> |
|--|---|---|
| <b><u>SCHEDULE -5 SUNDRY DEBTORS</u></b>                         |   |   |
| (Unsecured and considered good)                                  |   |   |
| Debts Outstanding for a period exceeding six months              |   |   |
| Other Debts  | 14274890.00                                     | 6078135.00                                      |
|  | <u>14274890.00</u>                              | <u>6078135.00</u>                               |
| <b><u>SCHEDULE -6 CASH AND BANK BALANCES</u></b>                 |   |   |
| Cash in hand   | 0   | 300000.00                                       |
| Fixed Deposits   | 5000000.00                                      | 5000000.00                                      |
| Balance with Scheduled Banks                                     |   |   |
| In Current Account   | 158995.00                                       | 31722.00  |
|  | <u>5158995.00</u>                               | <u>5331722.00</u>                               |
| <b><u>SCHEDULE - 7 LOANS AND ADVANCES</u></b>                    |   |   |
| (Unsecured considered good)                                      |   |   |
| Advances recoverable in cash or in kind for value to be received | 21084547.00                                     | 19058724.00                                     |
| Tax deducted at source   | 8742613.00                                      | 5020145.00                                      |
| Interest Receivable  | 262128.00                                       | 0   |
| Prepaid Expenses   | 0   | 75000.00  |
|  | <u>30089288.00</u>                              | <u>24153868.00</u>                              |
| <b><u>SCHEDULE 8 CURRENT LIABILITIES</u></b>                     |   |   |
| Sundry Creditors   | 0   | 0   |
| Other Liabilities  | 4544587.00                                      | 4287815.00                                      |
| Uti Bank Ltd.(Book Overdraft)                                    | 411282.00                                       | 3277096.00                                      |
|  | <u>4955869.00</u>                               | <u>7564911.00</u>                               |
| <b><u>SCHEDULE-9 PROVISIONS</u></b>                              |   |   |
| Provision For Income Tax   | 5400000.00                                      | 273700.00                                       |
| Deferred Tax Provision   | 89715.00  | 1053000.00                                      |
| Provision FOR FBT ( F.Y 2006-07)                                 | 591735.00                                       | 0.00  |
|  | <u>6081450.00</u>                               | <u>1326700.00</u>                               |
| <b><u>SCHEDULE - 10 MISCELLANEOUS EXPENDITURE</u></b>            |   |   |
| (To the extent not written off)                                  |   |   |
| Preliminary Expenses   | 71500.00  | 107275.00                                       |
| Less: Written off to Profit & Loss A/c                           | 47700.00  | 35775.00  |
|  | <u>23800.00</u>                                 | <u>71500.00</u>                                 |
| <b><u>SCHEDULE - 11 INCOME FROM OPERATION</u></b>                |   |   |
|  | <u>Amount In Rs.</u>                            | <u>Amount In Rs.</u>                            |
| Professional /Advisory Fee                                       | 375000.00                                       | 388831.00                                       |
| Brokerage  | 70386129  | 43749801.00                                     |
|  | <u>70761129.00</u>                              | <u>44138632.00</u>                              |



## RR BROKERAGE ASSURANCE SERVICES PVT. LTD.

SCHEDULE -12 ADMINISTRATIVE AND OPERATING EXPENSES

|                                  |                        |                           |
|----------------------------------|------------------------|---------------------------|
| Auditor's Remuneration           | 1102.00                | 1102.00                   |
| Insurance Premium                | 260000.00              | 386831.00                 |
| Advertisement & Publicity        | 1901500.00             | 1800000.00                |
| Bank Charges                     | 39599.00               | 34223.00                  |
| Books & Periodicals              | 853857.00              | 702051.00                 |
| Business Promotion               | 2055788                | 1606538.00                |
| Consultancy Fees                 | 650000.00              | 0                         |
| Computer Maintanance             | 604763.00              | 408320.00                 |
| Telecommunication Charges        | 1828442.00             | 1348016.00                |
| Travelling & Conveyance Expenses | 4167939.00             | 2624813.00                |
| Legal Expenses                   | 15000                  | 20284.00                  |
| Licence Fees                     | 175000.00              | 127155.00                 |
| Loss on sale of investment       | 37581.00               | 437.00                    |
| Vehicle Maintanance              | 945763                 | 853418.00                 |
| Membership & Subscription        | 50000                  | 37030.00                  |
| Printing & Stationery            | 7187702.00             | 6610225.00                |
| Miscellaneous Expenses           | 2595380                | 2391140.00                |
| Postage & Telegram               | 6597875.00             | 6252205.00                |
| Professional Expenses            | 15698.00               | 8118.00                   |
| Research & Development           | 81000.00               | 0                         |
| Salary & Manpower Expenses       | 13279337.00            | 10391752.00               |
| Staff Incentive                  | 8000.00                | 0                         |
| Staff Training expenses          | 140000.00              | 2500.00                   |
| Staff Welfare                    | 1346760.00             | 802501.00                 |
| Office Repair & Maintenance      | 5951200.00             | 5121951.00                |
| Rent                             | 450000.00              | 600000.00                 |
| Inspection Charges               | 6000.00                | 0                         |
| Demat charges                    | 292.00                 | 287.00                    |
| Misc.Balance W/off.              | 0                      | 201590.00                 |
| Food Provided to Employees       | 10000                  | 200.00                    |
| Diwali Exp.                      | 35350                  | 32396.00                  |
| <b>TOTAL</b>                     | <b><u>51290928</u></b> | <b><u>42365082.00</u></b> |



## RR BROKERAGE ASSURANCE SERVICES PVT. LTD.

### SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

#### SCHEDULE '13'

#### 1. Significant Accounting Policies

The accounts have been prepared on a going concern basis according to the historical cost convention according to the accrual system of accounting materially comply with the mandatory accounting statements and standards issued by the Institute of Chartered Accountants of India and the relevant presentational requirements of the Companies Act, 1956.

The significant accounting policies followed by the company are as follows:

- (i) **Valuation of Stock**  
Stock of shares/debentures and other securities is valued at Cost Price or Market Price whichever is lower.
  - (ii) **Investment**  
Investments are valued at Cost.
  - (iii) **Revenue Recognition**  
Income is being accounted for on accrual basis
  - (iv) **Depreciation**  
Depreciation is provided on the Straight Line Method at the rates prescribed by Schedule XIV of the Companies Act, 1956.
2. **Contingent Liabilities: Nil**
3. Previous year's figures have been regrouped or rearranged wherever considered necessary so as to make them comparable with those of the current year.
  4. Additional information pursuant to Part II of Schedule VI of the Companies Act, 1956 – Nil.
  5. Expenditure in Foreign Currency (Rs.) - Nil.
  6. As per the information available, there are no amounts due to small- scale industrial undertakings correspondingly there are also no small-scale industrial undertakings to whom the company owes sums exceeding Rs. One Lac which outstanding for more than 30 days.
  7. The company has provided a deferred tax liability of Rs. 80,000 on account of cumulative deferred tax assets on account of timing differences as stipulated in AS 22 – " Accounting for taxes on income" issued by the Institute of Chartered Accountants of India.
  8. List of Related Parties ( as identified and certified by the Management )
    - I. Parties where control exists
      - a. RR Financial Consultants Ltd. Relationship Holding Company
    - II. Associates Companies



- a. RR Investors Capital Services (P) Ltd
- b. RR Information & Investment Research (P) Ltd
- c. Priya Business Centre (P) Ltd
- d. Sarla Business Centre (P) Ltd
- e. Arix Consultants (P) Ltd
- f. RR Fine Art Enterprises (P) Ltd
- g. RR Equity Brokers (P) Ltd

III. Key Management Personnel

a. Rajat Prasad

Managing Director

b. Raghunandan Prasad

Director

Transaction with Related Parties

(Rs in lakhs)

| S. No. | Particulars   | Holding Companies | Associate Companies | Key Management Personnel |
|--------|---|-------------------|---------------------|--------------------------|
| a.     | Reimbursement/Appportionment of expenses                  |                   |                     |                          |
| b.     | Amt. due from Cos. as at 30.06.2007                       | 15.49             | 90.54               |                          |
| c.     | Amt. due Cos. on a/c of security deposit as at 30.06.2007 |                   | 100                 |                          |

9. **Segment Reporting:** Company operates into single business segment, namely Insurance Broking.

10. **Earning per Share (EPS)**

| Particulars   | 2005-2006 | 2006-2007 |
|---|-----------|-----------|
| (a) Net Profit /(Loss) available for Equity Shareholders in Numerators used for calculation | 487607    | 13140281  |
| (b) Weighted average number of equity shares (Nos.) denominator used for calculation        | 500000    | 13200000  |
| (c) Basic and Diluted Earning Per Share (Rs.) (Nominal Value Rs. 10/- per share)            |           |           |
| 1) Before Extraordinary Items   | 0.20      | 5.26      |
| 2) After Extraordinary Items  | 0.20      | 5.26      |

In terms of our audit report of even date attached.

For RR BROKERAGE ASSURANCE SERVICES PVT. LTD.

S/d-  
RAJIV KUMAR GUPTA  
CHARTERED ACCOUNTANTS  
M.No. 83497

S/d-  
R. PRASAD  
(DIRECTOR)

S/d-  
RAJAT PRASAD  
(DIRECTOR)

Place: NEW DELHI  
Date: 28 - 09 - 2007



**RR BROKERAGE ASSURANCE SERVICES PVT. LTD.**  
**Balance Sheet Abstract and Company's General Business Profile**

**I. Registration Details**

|                    |                 |
|--------------------|-----------------|
| Registration No.   | State Code      |
| 55-41107           | 55              |
| Balance Sheet Date | 30 06 2007      |
|                    | Date Month Year |

**II. Capital raised during the year (Amount in Rs. Thousands)**

|              |                   |
|--------------|-------------------|
| Public Issue | Right Issue       |
| Nil          | Nil               |
| Bonus Issue  | Private Placement |
| Nil          | Nil               |

**III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)**

|                   |              |
|-------------------|--------------|
| Total Liabilities | Total Assets |
| 42902             | 42902        |

**Source of Funds**

|                 |                    |
|-----------------|--------------------|
| Paid-up Capital | Reserves & Surplus |
| 25000           | 17902              |
| Secured Loans   | Unsecured Loans    |
| Nil             | Nil                |

**Application of Funds**

|                    |                   |
|--------------------|-------------------|
| Net Fixed Assets   | Investments       |
| 393                | 4000              |
| Net Current Assets | Misc. Expenditure |
| 38486              | 24                |
| Accumulated Losses |                   |
| Nil                |                   |

**IV. Performance of the Company (Amount in Rs. Thousands)**

|                          |                         |
|--------------------------|-------------------------|
| Turnover                 | Total Expenditure       |
| 71121                    | 51449                   |
| Profit/(Loss) Before Tax | Profit/(Loss) After Tax |
| 19671                    | 149.40                  |
| Earning Per Share in Rs. | Dividend rate %         |
| .60                      | Nil                     |

**V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)**

|                             |                  |
|-----------------------------|------------------|
| Item Code No.<br>(ITC Code) |                  |
| Product Description         | Insurance Broker |

|                             |  |
|-----------------------------|--|
| Item Code No.<br>(ITC Code) |  |
| Product Description         |  |

**For RR BROKERAGE ASSURANCE SERVICES PVT. LTD.**

Place: NEW DELHI  
 Date: 28 - 09 -2007

S/d-  
**R. PRASAD**  
 DIRECTOR

S/d-  
**RAJAT PRASAD**  
 DIRECTOR

**DIRECTORS' REPORT****To the members of RR Investor Capital Services Private Limited**

Your Directors have pleasure in presenting the 7<sup>th</sup> Annual report together with the Audited Accounts of the Company for the year 01.07.2006 to 30.06.2007.

**OPERATING RESULTS**

During the year ended 30.06.2007

| Particulars               | Amount (Rs) |
|---------------------------|-------------|
| Sales or any other income | 238,132,700 |
| Expenditure               | 216,854,502 |
| Profit/ (loss) Before Tax | 21,278,198  |
| Profit/(loss) After Tax   | 16,019,838  |
| Transfer to reserves      | 16,019,838  |
| Proposed dividend         | Nil         |

**DIRECTORS**

Mr. Raghunandan Prasad, director of the company retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

**DIRECTORS RESPONSIBILITY STATEMENT**

As per the provision of section 217(2A) of the Companies Act,1956, your Directors confirm as under:-

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) that the directors have selected such accounting policies and applied them consistently and made judgments 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 and of the profit if the company for that period;
- iii) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company for preventing and detecting fraud and other irregularities;
- iv) that the directors have prepared the annual accounts on a going concern basis.

**AUDITORS**

M/S. Rajiv Kumar Gupta, Chartered Accountant, Auditor of the company retires at the ensuing Annual General Meeting and being eligible offer themselves for reappointment as auditors of the Company to hold office from the conclusion of ensuing annual general meeting until the conclusion of next annual general meeting of the Company. As required under section 224-1B of the Companies Act, 1956 the company has obtained from them a confirmation to the effect that their appointment, if made, would be in conformity with the limits prescribed in the said section.

**FIXED DEPOSITS**

The company has not accepted or renewed any fixed deposit during the year under review.

**ENERGY CONSERVATION, TECHNOLOGY, ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO**

There has been no foreign exchange earning and outgo during the period under review.





The information relating to Conservation of Energy, Technology Absorption as required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable as the company is engaged mainly in securities related business.

**PERSONNEL**

Your Directors place on record their appreciation for the efficient services rendered by the employees of the company. None of the employee was in receipt of remuneration more than the limit prescribed under Section 217(2A) of the Companies Act, 1956 read with companies (Particulars of Employees) Rules, 1975 and hence no information is appended in this regard.

**ACKNOWLEDGEMENT**

Your Directors place on record their deep appreciation and gratitude for the co-operation and assistance extended to the company by banks and various Govt. departments.

By order of the Board  
For **RR Investor Capital Services Private Limited**

Date: 13.09.2007  
Place: New Delhi

S/d-  
Raghunandan Prasad  
Director

S/d-  
Rajendra Singh Routella  
Director



**R K SEHGAL & ASSOCIATES**

COMPANY SECRETARIES C.P.NO. 4017

327C, Vashisht Complex, Sikanderpur, Gurgaon.

Tel: 0124- 4146132, 3919180, 9818246180, 9911256180

**COMPLIANCE CERTIFICATE**

Rule 3 of Companies (Compliance Certificate) Rules, 2001

Registration No. of the Company : 55-107923  
Nominal Capital : Rs. 2,50,00,000/-

The Members,

**RR INVESTOR CAPITAL SERVICES (P) LTD.**

412-422, Indraprakash, 21 Barakhamba Road, New Delhi-110001.

We, have examined the registers, records, books and papers of RR Investor Capital Services Pvt. Ltd. (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 30<sup>th</sup> June, 2007. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. During the year under scrutiny, the Company has not filed any forms and returns, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other Authorities under the Act and the rules made there under.
3. The Company being private limited company has the minimum prescribed paid-up capital and its maximum number of members during the said financial year was less than 50 excluding its past and present employees and the company during the year under scrutiny:
  - a. has not invited public to subscribe for its shares or debentures; and
  - b. has not invited or accepted any deposits from persons other than its members, directors or their relatives.
4. The Board of Directors met 4 (Four) times on, 30/09/2006, 20/11/2006, 14/03/2007, & 25/06/2007 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed.
5. The company was not required to close its register of members during the year.
6. The Annual General Meeting for the financial year ended on 30<sup>th</sup> June 2006 was held on 15<sup>th</sup> December 2006.
7. No Extraordinary General Meeting was held during the year under consideration.
8. The company being a subsidiary to a Public Company, provisions of Section 295 would be applicable but no Loans have been given to the Directors for the year ending 30.06.2007.
9. The company has duly complied with the provisions of section 297 of the Act in respect of the contracts specified in that section. Also all the transactions made in pursuance of contracts "or" arrangements have been made at prices which are reasonable having regard to prevailing prices at the relevant time.
10. The Company has duly recorded in the register maintained under section 301(3) of the Act, the general notices received from directors under section 299(3)(a) of the Act.
11. There were no instances falling within the purview of section 314 of the Act, the company has not obtained any approvals from the Board of Directors, members or Central Government.
12. The company has not issued any duplicate share certificates during the financial year.
13. The Company has :
  - a. made an allotment of 1,25,000 Equity shares of s. 10/- each and has delivered the Share Certificate to the allottees within the time prescribed in the Act. securities and has not received any shares for transfer, transmission, consolidation or any other purpose;
  - b. not deposited any amount in a separate Bank Account as no dividend was declared during the financial year;
  - c. the company was not required to post warrants to any member of the company as no dividend was declared during the financial year;



- d. there was no unpaid dividend;
- e. duly complied with the requirements of section 217 of the Act.
- 14. The Board of Directors of the company is duly constituted and there has been no change in the composition of the Board during the year.
- 15. The company's paid up capital is less than 5 Crores, so the Company is not required to comply with provisions of section 269 of the Act with regard to appointment of Managing Director/ Whole time Director/ Manager.
- 16. The company has not appointed any sole-selling agents during the year.
- 17. The company was not required to obtain any approvals from the Central Government, Company Law Board, Regional Director, Registrar or any other authorities.
- 18. The directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and rules made thereunder.
- 19. The Company has made further allotment of securities of 1,25,000 Equity Shares during the year under scrutiny.
- 20. The company has not bought back any shares during the financial year.
- 21. The company has not redeemed any preference shares/ debentures during the year.
- 22. There were no transactions necessitating the company to keep in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
- 23. The company has not invited/ accepted any deposits including any unsecured loans falling within the purview of section 58A during the financial year.
- 24. The company being a subsidiary to a Public Company, provisions of section 293(1)(d) of the Act shall be considered for applicability. The Company has taken unsecured Loans during the year ending 30.06.2007 but no consent of the shareholders in a General Meeting is required as the total borrowing does not exceed the aggregate of the paid-up capital and free reserves of the company.
- 25. The Company has duly complied with the provisions of Section 372A of the Act regarding Inter-corporate Loans & Investments for the year ending 30/06/2007.
- 26. The company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one State to another during the year under scrutiny.
- 27. The company has not altered the provisions with respect to objects of the company during the year under scrutiny.
- 28. The company has altered the provisions with respect to name of the company during the year under scrutiny.
- 29. The company has not altered the provisions with respect to share capital of the company during the year under consideration.
- 30. The company has not altered its articles of association during the financial year.
- 31. There was no prosecution initiated against or show cause notices received by the company for any offences under the Act and no fines and penalties or any other punishment was imposed on the company.
- 32. The company has not received any amount as security from its employees during the year under certification.
- 33. The company has not constituted provident fund pursuant to the provisions of Section 418 of the Act.

Place : New Delhi  
Date : 13.09.2007

**R K SEHGAL & ASSOCIATES**  
COMPANY SECRETARIES

-sd-  
**RAJ K SEHGAL**  
PROPRIETOR



**AUDITOR'S REPORT**

To the Members of

**RR INVESTORS CAPITAL SERVICES PVT. LIMITED:**

1. We have audited the Balance Sheet of **RR Investors Capital Services Pvt. Limited** as at June 30, 2007, and the related Profit and Loss Account for the period from July 1, 2006 to June 30, 2007. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have also examined the matters specified in paragraphs 4 & 5 of the Companies (Auditor's Report) (Amendment) Order, 2005 (the 'Order'), for the period from July 1, 2006 to June 30, 2007, as they relate to the Company. Our report thereon is annexed.
4. Further to our comments in the Annexure referred to in paragraph 4, we report that:
  - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - (b) In our opinion, the Company has maintained proper books of account, as required by law, in so far as appears from our examination of those books;
  - (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report, comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ('the Act');
  - (e) On the basis of the confirmation received from the Directors, and taken on record by the Board of Directors, none of the Directors is disqualified as on June 30, 2007 from being appointed as a Director in terms of section 274 (1) (g) of the Act; as on the said date.
  - (f) In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give a true and fair view in conformity with the accounting principles generally accepted:
    - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at June 30, 2007, and
    - (ii) In the case of the Profit and Loss Account, the profit for the period from July 1, 2006 to June 30, 2007.

-S/d-

Place: New Delhi  
Dated: 13<sup>th</sup> Sep'2007

**Rajiv Kumar Gupta**  
Chartered Accountants  
Membership No: - 83497



**RR INVESTORS CAPITAL SERVICES PVT. LTD  
ANNEXURE TO AUDITORS' REPORT-JUNE 30, 2007**

1. (a) The Company has maintained proper records, showing full particulars, including quantitative details and situation of fixed assets.
- (b) According to information and explanation given to us the fixed Assets were physically verified during the period and no material discrepancies were noted. In our opinion the frequency of verification is reasonable.
- (c) During the year, the Company has not disposed off any substantial part of the fixed assets.
2. (a) The Inventory of Pan Forms & Coupons has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The Procedures of Physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. (a) According to information and explanation given to us the Company has granted Unsecured loan to companies covered in the register maintained under section 301 of the Companies Act, 1956. The details are as follows:

| S. No. | Number of Parties | Maximum outstanding (Rs. Lacs) | Year end Balance (Rs. lacs) |
|--------|-------------------|--------------------------------|-----------------------------|
| 1.     | 4                 | 410.31                         | 218.43                      |

- (b) According to information and explanation given to us, in our opinion, the rate of Interest and other terms and conditions of such loans have been granted are not, prima facie, prejudicial to the interest of the company.
- (c) The loan is recoverable on demand.
- (d) As explained to us, as these loans are payable on demand, there is no overdue amount in excess of Rs. 1 Lakh in respect of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (e) As per information and explanation given to us the Company had taken unsecured loans, from persons covered in the register maintained under section 301 of the Companies Act, 1956. The Detail is as follows:
- (f) According to information and explanation given to us, In our opinion, the rate of interest and other terms and conditions of such loans have been taken are not, prima facie, prejudicial to the interest of the company.
4. In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and with regard to the sale of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the company.



4. In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and with regard to the sale of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the company.
5. (a) According to the information and explanation given to us the contracts or arrangements referred to in section 301 of the Act, that need to be recorded in the register required to be maintained under the said section, have been adequately recorded.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

| S. No. | Number of Parties | Maximum outstanding (Rs. Lacs) | Year end Balance (Rs. lacs) |
|--------|-------------------|--------------------------------|-----------------------------|
| 1.     | 2 (one)           | 37.16                          | 27.57                       |

6. The Company has not accepted any deposits from the public within the meaning of section 58A and 58AA or any other relevant provision of the Act, and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.
8. The Company is not covered by the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act.
9. (a) In our opinion, the Company is generally regular in depositing the undisputed Statutory dues including provident fund, employees state insurance, income tax, and no other amount is outstanding as per books of accounts, information and explanations given to us, with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, as at the end of the year for a period of more than six months from the date they became payable.
- (c) There are no dues of income tax, **which** have not been deposited on account of any dispute
10. There are no accumulated losses in the company. The company has not incurred cash losses in the financial year covered by our audit and the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute, applicable to chit fund / nidhi / mutual benefit fund/societies, are not applicable to the Company. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2005 are not applicable to the company.
14. In our opinion, the Company has maintained proper records of transactions and contracts in respect of trading in securities, debentures and other investments and timely entries have been made therein. All shares, debentures and other investments have been held by the company in its own name.



15. In our opinion, and according to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the period.
16. The Company has not obtained any term loans during the year.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the no funds rose on a short-term basis, which have been used for long-term investments.
18. According to the information and explanation given to us the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
19. The Company has not issued any debentures, during the period under audit and accordingly, the creation of a security or charge does not arise.
20. The Company has not raised any money by public issue during the period.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the period, nor have we been informed of such case by the management.

-S/d-

Place : New Delhi  
Dated : 13<sup>th</sup> Sep'2007

**Rajiv Kumar Gupta**  
Chartered Accountants  
Membership No :- 83497



**RR INVESTORS CAPITAL SERVICES PVT LTD.**

| <b>BALANCE SHEET AS ON</b> |   | <b>For the Year<br/>ended<br/>30.06.2007</b> | <b>For the Year<br/>ended<br/>30.06.2006</b> |
|----------------------------|---|--|--|
| <b>I</b>                   | <b>SOURCES OF FUNDS</b>   | <b>SCHEDULE</b>                              |  |
| 1                          | <b>Shareholders Funds</b>   |  |  |
|                            | Share Capital   | 1  | 15002000                                     |
|                            | Reserve & Surplus   | 2  | 101049288                                    |
|                            | <b>Secured Loan</b>   |  |  |
|                            | Standard Chartered Bank ( Secured<br>against car under hire purchase) |  | 20650  |
|                            |   |  | 144550                                       |
|                            | <b>TOTAL</b>  |  | <b>116071938</b>                             |
|                            |   |  | <b>100176000</b>                             |
| <b>II</b>                  | <b>APPLICATION OF FUNDS</b>   |  |  |
| 1                          | <b>Fixed Assets</b>   | 3  |  |
|                            | Gross Block   |  | 19259385                                     |
|                            | Less: Depreciation  |  | 12983985                                     |
|                            | Net Block   |  | 6275399                                      |
| 2                          | <b>INVESTMENT</b>   | 4  | 28890000                                     |
| 3                          | <b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>                           |  |  |
|                            | Closing Stock   | 5  | 48851  |
|                            | Sundry Debtors  | 6  | 65046959                                     |
|                            | Cash & Bank Balances  | 7  | 11789336                                     |
|                            | Loans & Advances  | 8  | 35049405                                     |
|                            | Subtotal:   | (C)  | 111934550                                    |
| 4                          | <b>CURRENT LIABILITIES &amp; PROVISIONS</b>                           |  |  |
|                            | Current Liabilities   | 9  | 24343011                                     |
|                            | Provision   | 10   | 6685000                                      |
|                            | Subtotal:   | (D)  | 31028011                                     |
|                            | <b>NET CURRENT ASSETS C-D</b>   |  | 80906539                                     |
|                            | <b>TOTAL</b>  |  | <b>116071938</b>                             |
|                            |   |  | <b>100176000</b>                             |
|                            |   |  | 0  |
|                            |   |  | 0  |
|                            | <b>Significant Accounting Policies &amp;<br/>Notes on Accounts</b>    | 14   |  |

As per our Audit report of even date attached

For RR Investors Capital Services Pvt. Ltd.

S/d

S/d

S/d

Rajiv Kumar Gupta  
(Chartered Accountant)  
M.No.83497  
Place: New Delhi  
Date: 13.09.2007

Raghunandan Prasad  
(Director)

Rajendra Singh Rautela  
(Director)





RR INVESTORS CAPITAL SERVICES PVT LTD.

| PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED |      | <u>30.06.2007</u>                       | <u>30.06.2006</u>                       |
|--|------|---|---|
| PARTICULARS                                | SCH. | For the year ended<br><u>30.06.2007</u> | For the year ended<br><u>30.06.2006</u> |
| <b><u>INCOME</u></b>                       |      |   |   |
| Income from Operations                     | 11   | 235,017,290                             | 299,892,160                             |
| Other Income                               | 12   | 3,115,410                               | 1,737,868                               |
| <b>Total</b>                               |      | <b>238,132,700</b>                      | <b>301,630,027</b>                      |
| <b><u>EXPENDITURE</u></b>                  |      |   |   |
| Operating and Other Expenses               | 13   | 214,665,010                             | 287,071,850                             |
| Depreciation                               |      | 2,142,643                               | 2,376,543                               |
| Loss on Sale of Assets                     |      | 3,772                                   | -                                       |
| Interest                                   |      | 43,079                                  | 83,305                                  |
| Rounding Off                               |      | (2)                                     | (2)                                     |
| <b>Total</b>                               |      | <b>216,854,502</b>                      | <b>289,531,696</b>                      |
| Profit before Tax                          |      | 21,278,198                              | 12,098,331                              |
| Provision for Tax                          |      | 5,500,000                               | 1,100,000                               |
| Fringe Benefit Tax                         |      | 669,179                                 | -                                       |
| Income Tax Adjustment of earlier year      |      | 45,819                                  | -                                       |
| Provision for Deferred Tax Liability       |      | (865,000)                               | 504,509                                 |
| Profit after Tax                           |      | 16,019,838                              | 11,502,840                              |
| Net Profit Carried to Balance Sheet        |      | 16,019,838                              | 11,502,840                              |

Significant Accounting Policies & Notes on Accounts 14

As per our Audit report of even date attached

For RR Investors Capital Services Pvt. Ltd.

S/d  
Rajiv Kumar Gupta  
(Chartered Accountant)  
M.No.83497  
Place: New Delhi  
Date: 13.09.2007

S/d S/d  
Raghunandan Prasad Rajendra Singh Rautela  
(Director) (Director)


**Schedule 1- Share Capital**

|  | <u>30.06.2007</u> | <u>30.06.2006</u> |
|--|-------------------|-------------------|
| <b>AUTHORISED</b>  |                   |                   |
| 2500000 Equity Shares of Rs.10/-each   | 25,000,000        | 25,000,000        |
| <b>ISSUED, SUBSCRIBED &amp; PAID UP</b>  |                   |                   |
| 1500200 Equity Shares of Rs. 10/- each fully paid up<br>(PREVIOUS YEAR 137200 EQUITY SHARE OF RS 10 EACH)<br>(Out of above 1125200 equity shares of Rs. 10/- each<br>have been allotted for consideration other than cash) | 15,002,000        | 13,752,000        |
| Share Application Money  | -                 | 63,750,000        |
| <b>Total</b>   | <b>15002000</b>   | <b>77502000</b>   |

**Schedule 2- Reserve & Surplus**

|                            | <u>30.06.2007</u>  | <u>30.06.2006</u> |
|----------------------------|--------------------|-------------------|
| Profit & Loss Account B/F  | 22,529,450         | 11,026,610        |
| Profit / Loss for the Year | 16,019,838         | 11,502,840        |
| Share Premium A/c          | 62,500,000         | -                 |
| <b>Total</b>               | <b>101,049,288</b> | <b>22,529,450</b> |

**Schedule 4- Investment In Uncoded Company**

|   |                   |                   |
|---|-------------------|-------------------|
| Investment                                  | 2,000,000         | -                 |
| Investment in Arohi Merchant (P) Ltd.       | 4,850,000         | 4,850,000         |
| Investment in Clarionet Vyapar (P) Ltd      | 1,000,000         | 1,000,000         |
| Investment in Infield Merchant (P) Ltd.     | 5,000,000         | 5,000,000         |
| Investment in RR Commodity Brokers (P) Ltd. | 7,840,000         | 7,840,000         |
| Investment in RR Equity Brokers (P) Ltd.    | 7,200,000         | 7,200,000         |
| Investment in Spartek Goods (P) Ltd.        | 1,000,000         | 1,000,000         |
| <b>Total</b>                                | <b>28,890,000</b> | <b>26,890,000</b> |

**Schedule- 5 Closing Stock**

|                                   | <u>30.06.2007</u> | <u>30.06.2006</u> |
|-----------------------------------|-------------------|-------------------|
| Stock of PAN Stationery (forms)   | 46,004            | 4,296             |
| Stock of PAN Stationery (coupons) | 2,847             | 30,235            |
| <b>Total</b>                      | <b>48,851</b>     | <b>34,531</b>     |

**Schedule- 6 Sundry Debtors**

|   | <u>30.06.2007</u> | <u>30.06.2006</u> |
|---|-------------------|-------------------|
| More than Six Months  | -                 | 8,621,202         |
| (Unsecured considered good for outstanding<br>less than six months) | 65,046,959        | 37,877,796        |
| <b>Total</b>  | <b>65,046,959</b> | <b>46,498,998</b> |



| <u>Schedule-7 Cash &amp; Bank Balances</u> | <u>30.06.2007</u> | <u>30.06.2006</u> |
|--|-------------------|-------------------|
| Balance with schedule Banks                | 1,996,768         | 5,248,318         |
| in current account & cash in hand          | 8,592,567         | 2,500,000         |
| in fixed deposit account                   | 1,200,000         | -                 |
| <b>Total</b>                               | <b>11,789,336</b> | <b>7,748,318</b>  |
| <br>                                       |                   |                   |
| <u>Schedule-8 Loans &amp; Advances</u>     | <u>30.06.2007</u> | <u>30.06.2006</u> |
| Loan to Different Parties                  | 28,500,000        | 38,529,085        |
| Advance or reconerable in cash or kind     | 2,689,371         | 2,682,790         |
| Advance Tax & TDS                          | 3,860,034         | 3,943,828         |
| <b>Total</b>                               | <b>35,049,405</b> | <b>45,155,703</b> |
| <br>                                       |                   |                   |
| <u>Schedule-9 Current Liabilities</u>      | <u>30.06.2007</u> | <u>30.06.2006</u> |
| Sundry Creditors & Expenses Payable        | 20,318,806        | 27,355,546        |
| Book Overdraft                             | 3,509,711         | 2,975,119         |
| Duties & Taxes                             | 514,493           | -                 |
| <b>Total</b>                               | <b>24,343,011</b> | <b>30,330,665</b> |
| <br>                                       |                   |                   |
| <u>Schedule-10 Provision</u>               | <u>30.06.2007</u> | <u>30.06.2006</u> |
| Income Tax Provision                       | 6,600,000         | 2,200,000         |
| Deferred Tax Liability                     | 85,000            | 950,000           |
| <b>Total</b>                               | <b>6,685,000</b>  | <b>3,150,000</b>  |



| <u>SCHEDULE 11 Income from Operation :</u>  | <u>30.06.2007</u>  | <u>30.06.2006</u>  |
|---|--------------------|--------------------|
| Brokerage & Commission                      | 235,017,290        | 299,892,160        |
| Income from Sale/Purchase of shares/MF(Net) | -                  | -                  |
| <b>Total</b>                                | <b>235,017,290</b> | <b>299,892,160</b> |

| <u>SCHEDULE 12 Other Income</u> | <u>30.06.2007</u> | <u>30.06.2006</u> |
|---------------------------------|-------------------|-------------------|
| Misc. Income                    | 458,229           | 412,428           |
| INTEREST INCOME                 | 363,447           | 184,722           |
| Misc. bal W/back                | 564,911           | 73,358            |
| Service Charges                 | 247,993           | -                 |
| Stale Cheque Wrt. Back          | 1,409,517         | 895,653           |
| Dividend Income                 | 71,314            | 171,707           |
| <b>Total</b>                    | <b>3,115,410</b>  | <b>1,737,868</b>  |

| <u>Schedule 13 Operating &amp; Other Expenses</u> | <u>30.06.2007</u>  | <u>30.06.2006</u>  |
|---|--------------------|--------------------|
| COMMISSION , BROKERAGE & DIRECT MARKETING EXP.    | 168,400,608        | 239,385,686        |
| Employee Cost                                     | 23,761,848         | 19,903,182         |
| ADVERTISMENT                                      | 687,265            | 4,067,321          |
| BANK CHARGES                                      | 458,934            | 347,866            |
| BUSINESS PROMOTION                                | 64,482             | 619,918            |
| COMPUTER REPAIR                                   | 354,280            | 273,463            |
| CONFERENCE EXPENSES                               | 8,346              | 276,562            |
| CONVEYANCE  | 2,375,367          | 1,952,457          |
| ELECTRICITY EXPENSES                              | 1,595,723          | 1,328,425          |
| Festival Exp.                                     | 372,519            | 182,211            |
| INTEREST & HIRE PURCHASE EXP.                     | 7,608              | 17,610             |
| Legal Expenses                                    | 94,374             | 98,607             |
| MISCELLANEOUS EXPENSES                            | 670,111            | 459,314            |
| OFFICE REPAIR & MAINTENANCE                       | 2,881,250          | 5,649,206          |
| POOJA EXPENSES                                    | 26,411             | 44,835             |
| RENT  | 3,090,200          | 3,331,485          |
| SECURITY CHARGES                                  | 71,706             | 94,881             |
| VEHICLE MAINTENANCE.                              | 101,147            | 132,084            |
| Insurance   | 12,422             | 22,227             |
| Marketing Expenses                                | 500,000            | 120,000            |
| Postage & Telegram                                | 3,325,917          | 3,439,174          |
| Printing & Stationery                             | 1,776,786          | 1,630,690          |
| Telephone Expenses                                | 3,589,807          | 3,113,340          |
| Fee & Taxes                                       | 432,389            | 575,796            |
| Audit fee   | 5,510              | 5,510              |
| <b>Total</b>                                      | <b>214,665,010</b> | <b>287,071,850</b> |

## Schedule-3

| Particulars          | Rate Of Depreciation | Original Cost as on 1.07.2006 | Additions During The Period | Sale During the Period | Total Cost as on 30.06.2007 | Accumulated Depreciation upto 30.06.2006 | Depreciation for the PERIOD | Accumulated Depreciation upto 30.06.2007 | WDV as on 30.06.2007 | WDV as on 30.06.2006 |                  |                |
|----------------------|----------------------|-------------------------------|-----------------------------|------------------------|-----------------------------|--|-----------------------------|--|----------------------|----------------------|------------------|----------------|
| Computer             | 16.21%               | 5,529,409                     | 397,734                     |                        | 5,927,143                   | 3,639,086                                | 940,910                     | 4,579,996                                | 1,347,147            | 1,890,323            | 641,766          | 299,144        |
| Fax Machine          | 4.75%                | 61,570                        | -                           |                        | 61,570                      | 16,817                                   | 2,925                       | 19,742                                   | 41,828               | 44,753               | 2,194            | 731            |
| Franking Machine     | 4.75%                | 75,480                        | -                           |                        | 75,480                      | 20,613                                   | 3,585                       | 24,198                                   | 51,282               | 54,867               | 2,688            | 897            |
| Furniture & Fixtures | 6.33%                | 2,113,766                     | 224,303                     |                        | 2,338,069                   | 131,485                                  | 144,679                     | 276,164                                  | 2,061,905            | 1,982,281            | 69,854           | 74,825         |
| Generator            | 4.75%                | 20,663                        | -                           |                        | 20,663                      | 5,641                                    | 981                         | 6,622                                    | 14,041               | 15,022               | 735              | 246            |
| Motor car            | 9.50%                | 2,161,348                     | -                           |                        | 2,161,348                   | 863,335                                  | 205,328                     | 1,068,663                                | 1,092,685            | 1,298,013            | 154,020          | 51,308         |
| Office Equipment     | 4.75%                | 968,539                       | 112,406                     |                        | 1,080,945                   | 48,105                                   | 49,287                      | 97,392                                   | 983,553              | 920,434              | 29,717           | 19,570         |
| Refrigerator         | 4.75%                | 14,414                        | -                           |                        | 14,414                      | 3,937                                    | 685                         | 4,622                                    | 9,792                | 10,477               | 514              | 171            |
| Scooter              | 9.50%                | 306,475                       | -                           | 141,034                | 165,441                     | 166,955                                  | 24,471                      | 65,164                                   | 100,277              | 139,520              | 21,836           | 2,635          |
| Software             | 16.21%               | 2,784,468                     | 369,256                     |                        | 3,153,724                   | 2,150,079                                | 481,900                     | 2,631,979                                | 521,745              | 634,389              | 338,569          | 143,331        |
| Voltage Stabilizer   | 4.75%                | 50,253                        | -                           |                        | 50,253                      | 9,747                                    | 2,387                       | 12,134                                   | 38,119               | 40,506               | 1,790            | 597            |
| Water Cooler         | 4.75%                | 13,835                        | -                           |                        | 13,835                      | 3,777                                    | 657                         | 4,434                                    | 9,401                | 10,058               | 493              | 164            |
| Water Tank           | 4.75%                | 5,337                         | -                           |                        | 5,337                       | 1,458                                    | 254                         | 1,712                                    | 3,625                | 3,879                | 191              | 63             |
| Website              | 16.21%               | 4,189,813                     | -                           |                        | 4,189,813                   | 3,905,220                                | 284,593                     | 4,189,813                                | -                    | 284,593              | 509,377          | (224,784)      |
| Cycle                | 100.00%              | 1,350                         | -                           |                        | 1,350                       | 1,350                                    | -                           | 1,350                                    | -                    | -                    | -                | -              |
| <b>TOTAL</b>         |                      | <b>18,296,720</b>             | <b>1,103,699</b>            |                        | <b>19,259,385</b>           | <b>10,967,605</b>                        | <b>2,142,643</b>            | <b>12,983,985</b>                        | <b>6,275,399</b>     | <b>7,329,115</b>     | <b>1,773,744</b> | <b>368,899</b> |
| Previous year        |                      | 15,524,854                    | 2,771,866                   |                        | 18,296,720                  | 8,591,062                                | 237,654                     | 10,967,605                               | 7,329,115            | 6,933,792            |                  |                |





**M/S RR INESTORS CAPITAL SERVICES PRIVATE LIMITED, DELHI**

**SCHEDULE-14**

**NOTES ON ACCOUNTS, CONTINGENT LIABILITIES AND ACCOUNTING  
POLICIES FORMING PART OF THE BALANCE SHEET AS AT 30TH JUNE, 2007 AND  
PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 1<sup>ST</sup> JULY'2006 TO 30<sup>TH</sup> JUNE'2007**

**A) SIGNIFICANT ACCOUNTING POLICIES:**

**Accounting Convention:**

The accounts have been prepared according to historical cost convention and on accrual system of accounting (except as stated below) and materially comply with the mandatory statements and standards issued by the Institute of Chartered Accountants of India and the relevant presentational requirements of the Companies Act, 1956. The significant accounting policies followed by the company are as given below: -

**i) Fixed Assets:**

a) Fixed assets have been shown at cost.

(b) Depreciation on fixed assets is provided on Straight Line method at the rates and in the manner as specified from time to time in Schedule XIV to the Companies Act, 1956. Depreciation on additions/deductions is calculated pro-rata from/to the date of addition/ deduction.

**ii) Revenue Recognition**

Brokerage is being accounted for on accrual basis.

iii) Gratuity is being accounted for on Cash Basis.

**iv) Treatment of Contingent Liabilities:**

Provision is made for all known liabilities except contingent liabilities, which are disclosed at their estimated value .

**v) Investment**

Investments are valued at cost.

**B) NOTES TO ACCOUNTS**

1. As per the information available, there are no amounts due to small-scale industrial undertakings Correspondingly there are also no small-scale industrial undertakings to which the company owes sums exceeding Rs. One Lac, which are outstanding for more than 30days.
2. The company has provided for deferred tax liabilities on account of timing differences as stipulated in AS 22 – "Accounting for taxes on Income" issued by the Institute of Chartered Accountants of India for a sum of Rs.85,000/=.
3. As per AS-2 stock is valued at lower of cost or market value.



**4. SEGMENT REPORTING**

As per the management the company's main & only business is distribution of financial products and all Brokerage/ Commission were received from that business. Hence the segment information required by AS 17 of the Institute of Chartered Accountants of India on segment reporting is not required.

**5. RELATED PARTY DISCLOSURES**

List of Related Parties (as identified and certified by the Management)

- I. Parties where control exists Relationship
  - a. RR Financial Consultants Limited Holding
- II. Associates Companies
  - a. RR Brokerage Assurance Services (P) Ltd
  - b. RR Information & Investment Research (P) Ltd
  - c. RR Equity Brokers Pvt. Ltd.
  - d. Arix Consultants Pvt. Ltd.
  - e. RR Commodity Broker (P) Ltd
- III. Key Management Personnel
  - a. Rajat Prasad Director
  - b. Raghunandan Prasad Director

Transaction with Related Parties

(Rs in lakhs)

| S.No. | Particulars                        | Holding Company | Associate Companies | Key Management Personnel |
|-------|------------------------------------|-----------------|---------------------|--------------------------|
| a.    | Sale of Services                   | 101.50          | 29.22               |                          |
| b.    | Purchase of Services               | 56.22           |                     |                          |
| c.    | Rent Paid                          | 16.74           |                     |                          |
| d.    | Office Repair Maintenance Paid     | 16.74           |                     |                          |
| e.    | Amt due from Cos. as at 30.06.2006 | 203.75          | 16.23               |                          |
| f.    | Amt. Due to Cos. As at 30.06.2006  | NIL             | 29.13               |                          |
| g.    | <b>Reimbursement of Expenses</b>   |                 |                     |                          |
| h.    | <b>Advertisement Expenses</b>      |                 | 2.37                |                          |
| i.    | Ex-Gratia Paid                     |                 |                     |                          |

**6. Earning Per Share**

| Particular  | (12 Months ending 30.06.2007) | (12 Months ending 30.06.2006) |
|---|-------------------------------|-------------------------------|
| a) Net Profit/ (Loss) available for Equity Shareholders Numerators used for calculation | 16019838                      | 10802481                      |
| b) Weighted average number of equity shares   | 1453325                       | 1375200                       |
| c) Basic and Diluted Earning per Share (Rs.)  | of RS. 100 each.              |                               |
| 1) Before Extraordinary items   | 11.02                         | 7.86                          |
| 2) After Extraordinary Items  |                               |                               |



7. Additional information pursuant to part II of Schedule VI to the Companies Act, 1956

As on 31-03-2007

|     |                                 |         |
|-----|---------------------------------|---------|
| (a) | Expenditure in foreign currency | Rs. Nil |
| (b) | Income in foreign currency      | Rs. Nil |
| (c) | Other information               | Rs. Nil |

8. Sundry debtors and creditors are subject to reconciliation / confirmation.

9. Previous year figures have been regrouped and rearranged wherever considered necessary so as to make symmetrical with that of the current year.

**As per our report of even date attached**

**For RR Investors Capital Services Pvt. Ltd.**

S/d-  
**Rajiv Kumar Gupta**  
(Chartered Accountant)  
M.No.83497

S/d-  
**Raghunandan Prasad**  
(Director)

S/d-  
**Rajendra Singh Rautela**  
(Director)

Place: New Delhi  
Date: 13.09.2007





**RR INVESTORS CAPITAL SERVICES PRIVATE LTD.  
Balance Sheet Abstract and Company's General Business Profile**

**I. Registration Details**

|                    |                 |            |    |
|--------------------|-----------------|------------|----|
| Registration No.   | 55-68119        | State Code | 55 |
|                    | Date Month Year |            |    |
| Balance Sheet Date | 30 06 2007      |            |    |

**II. Capital rose during the year (Amount in Rs. Thousands)**

|              |                   |
|--------------|-------------------|
| Public Issue | Right Issue       |
| Nil          | Nil               |
| Bonus Issue  | Private Placement |
| Nil          | Nil               |

**III. Position of Mobilization and Deployment of Funds  
(Amount in Rs. Thousands)**

|                             |                    |
|-----------------------------|--------------------|
| Total Liabilities           | Total Assets       |
| 116071                      | 116071             |
| <b>Source of Funds</b>      |                    |
| Paid-up Capital             | Reserves & Surplus |
| 15002                       | 101049             |
| Secured Loans               | Unsecured Loans    |
| 21                          | Nil                |
| <b>Application of Funds</b> |                    |
| Net Fixed Assets            | Investments        |
| 6275                        | 28890              |
| Net Current Assets          | Misc. Expenditure  |
| 80907                       | Nil                |
| Accumulated Losses          |                    |
| Nil                         |                    |

**IV. Performance of the Company (Amount in Rs. Thousands)**

|                          |                         |
|--------------------------|-------------------------|
| Turnover                 | Total Expenditure       |
| 234866                   | 216704                  |
| Profit/(Loss) Before Tax | Profit/(Loss) After Tax |
| 21278                    | 16020                   |
| Earning Per Share in Rs. | Dividend rate %         |
| 11.02                    | Nil                     |

**V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)**

|                               |                               |
|-------------------------------|-------------------------------|
| C Item Code No.<br>(ITC Code) |                               |
| Product Description           | Investment                    |
| Item Code No.<br>(ITC Code)   |                               |
| Product Description           | Dealing in Share & Securities |

**For RR Investors Capital Services Pvt. Ltd.**

Place: New Delhi  
Date: 13.09.2007

S/d-  
Raghunandan Prasad  
(Director)

S/d-  
Rajendra Singh Rautela  
(Director)

**DIRECTOR'S REPORT**

**To the members of RR Equity Brokers Private Limited**

Your Directors have pleasure in presenting the 3<sup>rd</sup> Annual report together with the Audited Accounts of the Company for the year 01.04.2006 to 31.03.2007

**OPERATING RESULTS**

During the year ended 31.03.2007,

| <b>Particulars</b>        | <b>Amount (Rs. )</b> |
|---------------------------|----------------------|
| Sales or any other income | 25948129             |
| Profit/(loss) Before Tax  | 702793.89            |
| Profit/(loss) After Tax   | 312793.89            |
| Transfer to reserves      | Nil                  |
| Proposed dividend         | Nil                  |

**DIRECTORS**

Mr. Rajat Prasad, director of the company retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment. There is no other change in the directorship of the Company.

**DIVIDEND**

To conserve the resources of the Company Board of Director decided not to declare any dividend.

**SUBSIDIARY COMPANIES**

The Company is subsidiary of RR financial Consultants Limited and the Company has one subsidiary Company in the name of RR Commodity Brokers Private Limited which has the membership of NCDEX and MCX.

**DIRECTORS RESPONSIBILITY STATEMENT**

As per the provision of section 217(2A) of the Companies Act, 1956, your Directors confirm as under:-

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) that the directors have selected such accounting policies and applied them consistently and made judgments 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 and of the profit if the company for that period;
- iii) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company for preventing and detecting fraud and other irregularities;
- iv) that the directors have prepared the annual accounts on a going concern basis.

**AUDITORS**

Mr. Rajiv Kumar Gupta, Chartered Accountant, Auditor of the company retires at the ensuing Annual General Meeting and being eligible offer themselves for reappointment as auditors of the Company to hold office from the conclusion of ensuing annual general meeting until the conclusion of next annual general meeting of the Company. As required under section 224-1B of the Companies Act, 1956 the company has obtained from them a confirmation to the effect that their appointment, if made, would be in conformity with the limits prescribed in the said section.



**FIXED DEPOSITS**

The company has not accepted or renewed any fixed deposit during the year under review.

**ENERGY CONSERVATION, TECHNOLOGY, ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO**

There has been no foreign exchange earning and outgo during the period under review.

The information relating to Conservation of Energy, Technology Absorption as required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable as the company is engaged mainly in securities related business.

**PARTICULARS OF EMPLOYEES IN TERMS OF SECTION 217(2A) OF THE COMPANIES ACT, 1956**

Your Directors place on record their appreciation for the efficient services rendered by the employees of the company. None of the employee was in receipt of remuneration more than the limit prescribed under Section 217(2A) of the Companies Act, 1956 read with companies (Particulars of Employees) Rules, 1975 and hence no information is appended in this regard.

**ACKNOWLEDGEMENT**

Your Directors place on record their deep appreciation and gratitude for the co-operation and assistance extended to the company by banks and various Govt. departments.

By order of the Board  
For **RR Equity Brokers Private Limited**

Date: 31.08.2007  
Place: New Delhi

S/d-  
Rajat Prasad  
Director (Chairman)



**Auditors' Report**

- 1) We have audited the attached Balance Sheet of **RR Equity Brokers Pvt. Ltd.**, as at 31<sup>st</sup> March 2007, and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion
- 3) As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4) Further to our comments in the Annexure referred to above, we report that:
  - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of such books.
  - iii) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account.
  - iv) In our opinion, the Balance Sheet and the Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - v) On the basis of written representations received from the directors, as on 31<sup>st</sup> March 2007 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - iv) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon vide Schedule 12 give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
    - a) in the case of the Balance Sheet, of the state of affairs of the company as at 31<sup>st</sup> March 2007,
    - b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date.

PLACE: NEW DELHI  
DATE : 31.08.2007

-sd/-  
**RAJIV KUMAR GUPTA**  
CHARTERED ACCOUNTANT  
M.NO.83497



ANNEXURE TO AUDITORS' REPORT

Re: RR EQUITY BROKERS PRIVATE LIMITED

Referred to in paragraph 3 of our report of even date.

- 1)
  - (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
  - (b) As explained to us the fixed assets have been physically verified by the management during the year and in our opinion the frequency of verification is reasonable, having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such physical verification.
- 2) The nature of business of the Company is Equity activity and the Company is not involved in manufacturing/ Trading Activity as such the note on Inventory Control is not applicable to the Company.
- 3) In respect of loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
  - (a) The company has granted loan to one company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.28 Lakh and the year-end balance of loans granted to such party was Rs.28 Lakh.
  - (b) In our opinion and according to the information and explanations given to us, interest free loans and advances and other terms and conditions are not, *prima facie*, of such loans are not prejudicial to the interest of the company.
  - (c) As explained to us in respect of loan given by the company, there is no stipulation with regard to its repayment.
  - (d) There is no overdue amount in excess of Rs.1 Lakh in respect of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
  - (e) The Company had taken loan from three Companies covered in the register maintained under section 301 of the Companies Act, 1956. The Maximum amount involved during the year was Rs 151 Lakh and the year-end balance of loans taken from such parties was Rs. 151 Lakh.
  - (f) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from companies, firms or other parties listed in the register maintained under section 301 of the Company.
  - (g) As explained to us in respect of loan taken by the company, there is no stipulation with regard to its repayment.
- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchases of inventory, fixed assets and also for the sale of goods. During the course of our audit, we have not observed any major weakness in internal controls.
- 5) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 have been so entered.
- 6) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under section 301 and exceeding the value of five lakh rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing prices at the relevant time.



- 7) The Company has not accepted any deposits from the public.
- 8) In our opinion, the internal audit system of the Company is commensurate with its size and nature of its business.
- 9) The maintenance of cost records under section 209 (1)(d) of the Companies Act, 1956 are not applicable to the Company.
- 10)
  - (a) According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, custom duty, excise-duties and other statutory dues applicable to it. However as explanation provident fund was not deposited because P.F. no. was not allotted
  - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, wealth-tax, sales tax, customs duty and excise duty were outstanding, as at for a period of more than six months from the date they became payable.
  - (c) According to the records of the company, there are no dues of sale tax, income tax, customs tax/ wealth-tax, excise duty which have not been deposited on account of any dispute.
- 11) The accumulated losses of the company are not more than fifty percent of its net worth. The company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
- 12) Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to financial institution, or debenture holders.
- 13) In our opinion and according to the information and explanation given to us. no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- 14) In our opinion, the Company is not a chit fund or a nidhi /mutual benefit fund/ society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
- 15) The Company has maintained proper records of transactions and contracts in respect of trading in securities, debentures and other investments and timely entries have been made therein. All shares, debentures and other investments have been held by the Company in its own name.
- 16) The company has not given any guarantee for loans taken by others from bank or financial institutions.
- 17) According to the information and explanations given to us, the company has made preferential allotments of shares to parties and companies covered in the register maintained under section 301 of the Act. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the company.
- 18) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
- 19) During the year, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- 20) During the year, the Company has not raised any money by public issue.
- 21) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

PLACE: NEW DELHI

DATE : 31.08.2007

-S/d-  
**RAJIV KUMAR GUPTA**  
CHARTERED ACCOUNTANT



## RR EQUITY BROKERS PVT. LTD.

## BALANCE-SHEET AS AT 31ST MARCH, 2007

|   | Schedule No. | As at<br>31st March, 2007 | As at<br>31st March, 2006 |
|---|--------------|---------------------------|---------------------------|
| <b>(A) SOURCES OF FUNDS</b>                                       |              |                           |                           |
| <b>1 Shareholders' Funds</b>                                      |              |                           |                           |
| (a) Share Capital   | I            | 30,000,000.00             | 30,000,000.00             |
| (b) Reserves & Surplus  |              |                           |                           |
| <b>2 Loan Funds</b>   |              |                           |                           |
| (a) Secured Loans   |              |                           |                           |
| (b) Unsecured Loans   | II           | 15,397,824.00             | 26,403,321.49             |
| <b>TOTAL</b>  |              | <b>45,397,824.00</b>      | <b>56,403,321.49</b>      |
| <b>(B) APPLICATION OF FUNDS</b>                                   |              |                           |                           |
| <b>1 Fixed Assets</b>   | III          |                           |                           |
| Gross Block   |              | 8,596,977.30              | 5,554,195.30              |
| Less : Depreciation   |              | 1,195,022.41              | 305,864.00                |
| Net Block   |              | 7,401,954.89              | 5,248,331.30              |
| <b>2 Investments</b>  | IV           | 7,240,000.00              | 7,240,000.00              |
| <b>3 Current Assets, Loans &amp; Advances</b>                     |              |                           |                           |
| (a) Cash and Bank Balances  | V            | 7,453,272.91              | 3,785,064.61              |
| (b) Sundry Debtors  | VI           | 14,733,548.82             | 963,717.12                |
| (c) Other Current Assets  | VII          | 22,960,596.00             | 22,283,555.00             |
| (d) Loans & Advances  | VIII         | 17,674,827.00             | 17,543,000.00             |
|   |              | 62,822,244.73             | 44,575,336.73             |
| <b>Less : Current Liabilities &amp; Provisions</b>                | IX           | 37,575,316.94             | 25,246,927.79             |
| <b>Net Current Assets</b>   |              | 39,888,882.68             | 50,538,036.28             |
| Miscellaneous Expenditure & Debit<br>balance of Profit & Loss A/c | X            | 5,508,941.32              | 5,865,285.21              |
| <b>TOTAL</b>  |              | <b>45,397,824.00</b>      | <b>56,403,321.49</b>      |

The Schedules referred to above and notes thereon form an integral part of the Balance sheet

In terms of my report of even date attached

For and on behalf of the Board

S/d

RAJIV KUMAR GUPTA  
(Chartered Accountant)  
M.No. 83497

S/d

RAJAT PRASAD  
(Director)

S/d

RAJESH AGARWAL  
(Director)

PLACE : NEW DELHI  
DATE : 31.08.2007



**RR EQUITY BROKERS PVT. LTD.**  
**PROFIT & LOSS ACCOUNT AS ON 31ST MARCH, 2007**

|  | For the Year Ended<br>31st March, 2007 | For the Year Ended<br>31st March, 2006 |
|--|--|--|
| <b>INCOME FROM OPERATION</b>                     |  |  |
| Brokerage Income                                 | 17,642,660.36                          | 4,861,407.43                           |
| Depository Income                                | 681,694.82                             | 62,050.00                              |
| <b>OTHER INCOME</b>                              |  |  |
| Profit from Sale of Shares                       |  | 6,972.75                               |
| Other Income                                     | 1,792,785.99                           | -                                      |
| Income From IPO                                  | 4,232,038.45                           | 67,031.00                              |
| Late Payment Charges                             | 168,276.38                             | -                                      |
| Stamp Paper                                      | 221,788.00                             | -                                      |
| Connectivity Charges                             | 435,098.00                             | -                                      |
| Interest Received                                | 773,787.00                             | 232,070.00                             |
| <b>Total</b>                                     | <b>25,948,129.00</b>                   | <b>5,229,531.18</b>                    |
| <b>EXPENDITURE</b>                               |  |  |
| Audit Fees                                       | 2,500.00                               | -                                      |
| Bank charges and Gurantee Commission             | 92,678.23                              | 109,387.41                             |
| Bad Debts  | 71,071.67                              | -                                      |
| Business Promotion                               | 1,026,604.63                           | -                                      |
| Demat charges                                    | 855,232.77                             | 120,902.65                             |
| Electricity & Water charges                      | 26,686.00                              | 50,182.00                              |
| CDSL Bill Expenses                               | 235,697.07                             | -                                      |
| Preliminary Expenses written off                 | 43,550.00                              | 43,550.00                              |
| Penalty and fine charges                         | 329,253.29                             | 31,682.29                              |
| Insurance Premium                                | 41,205.00                              | 35,419.00                              |
| Miscellaneous Expenses                           | 1,126,216.09                           | 760,971.76                             |
| Office Rent                                      | 600,000.00                             | 600,000.00                             |
| Office Maintenance charges                       | 3,316,376.74                           | 476,219.45                             |
| Printing, Stationery & Courier charges           | 2,619,362.21                           | 815,174.17                             |
| Repair & Maintenance                             | 752,476.44                             | 558,481.00                             |
| Recruitment & Advertisement                      | 188,309.00                             | 552,229.00                             |
| Salary allowances                                | 8,596,356.82                           | 4,034,181.00                           |
| Diwali Expenses                                  | 78,348.00                              | -                                      |
| Secretarial, Legal & Consultancy charges         | 144,902.00                             | 313,075.00                             |
| Stamp Paper Charges                              | 138,790.00                             | 509,450.00                             |
| Staff Welfare Account                            | 119,677.10                             | 117,590.00                             |
| Travelling & Conveyance charges                  | 1,106,430.76                           | 404,611.40                             |
| Telephone, V Set & Lease Line charges            | 2,844,452.88                           | 1,129,159.68                           |
| Depreciation                                     | 889,158.41                             | 305,864.00                             |
| <b>Total</b>                                     | <b>25,245,335.11</b>                   | <b>10,968,129.81</b>                   |
| Profit/(Loss) Before Taxation                    | 702,793.89                             | (5,738,598.63)                         |
| Provision for Taxation (FBT)                     | 320,000.00                             | -                                      |
| Provision for Deferred Tax                       | -                                      | -                                      |
| Provision for Taxation                           | 70,000.00                              | -                                      |
| Profit After Tax                                 | 312,793.89                             | (5,738,598.63)                         |
| Add : Balance brought forward from previous year | (5,691,085.21)                         | 47,513.42                              |
| Balance carried to Balance Sheet                 | (5,378,291.32)                         | (5,691,085.21)                         |

The Schedules referred to above and notes thereon form an integral part of the Profit & Loss Account

In terms of my report of even date attached

For and on behalf of the Board

S/d

S/d

S/d

RAJIV KUMAR GUPTA  
(Chartered Accountant)  
M.No. 83497

RAJAT PRASAD  
(Director)

RAJESH AGARWAL  
(Director)

PLACE : NEW DELHI

DATE : 31.08.2007





**RR EQUITY BROKERS PVT. LTD.**  
**DETAILS OF SCHEDULES**

|  | As at<br>31st March, 2007 | As at<br>31st March, 2006 |
|--|---------------------------|---------------------------|
| <b>SCHEDULE - I SHARE CAPITAL</b>  |                           |                           |
| <b>Authorised</b>  |                           |                           |
| 30000000 (Previous Year 30000000) Equity Shares of<br>of Rs. 1/- each  | 30,000,000.00             | 30,000,000.00             |
|  | <b>30,000,000.00</b>      | <b>30,000,000.00</b>      |
| <b>Subscribed, Issued &amp; Paid up Share Capital</b>  |                           |                           |
| 30000000 Equity Shares of Rs. 1/- Each fully paid up<br>(Previous year 30000000 Equity Shares of Rs. 1/- Each) | 30,000,000.00             | 30,000,000.00             |
|  | <b>30,000,000.00</b>      | <b>30,000,000.00</b>      |
| <b>SCHEDULE - II UNSECURED LOANS</b>   |                           |                           |
| From Director  | 300,000.00                | 300,000.00                |
| From Corporate   | 15,097,824.00             | 26,103,321.49             |
|  | <b>15,397,824.00</b>      | <b>26,403,321.49</b>      |
| <b>SCHEDULE - IV INVESTMENT ( AT COST )</b>  |                           |                           |
| Investment in Subsidiary Company<br>58000 Equity Shares of Rs 10 Each  | 7,240,000.00              | 7,240,000.00              |
|  | <b>7,240,000.00</b>       | <b>7,240,000.00</b>       |
| <b>SCHEDULE - V CASH AND BANK BALANCES</b>   |                           |                           |
| a). Cash in hand   | 320,938.00                | 223,186.00                |
| b). Balance with Scheduled Banks in Current Account  | 4,456,853.91              | 1,011,878.61              |
| c). Fixed Deposit for Bank Guarantee & Margin Money  | 2,675,481.00              | 2,550,000.00              |
|  | <b>7,453,272.91</b>       | <b>3,785,064.61</b>       |
| <b>SCHEDULE - VI SUNDRY DEBTORS</b>  |                           |                           |
| Sundry Debtors   | 14,733,548.82             | 963,717.12                |
|  | <b>14,733,548.82</b>      | <b>963,717.12</b>         |
| <b>SCHEDULE - VII OTHER CURRENT ASSETS</b>   |                           |                           |
| Advances recoverable in cash or kind   | 500,896.00                | 137,228.00                |
| Deposites  | 22,415,845.00             | 22,143,000.00             |
| TDS Receivable   | 43,855.00                 | 3,327.00                  |
|  | <b>22,960,596.00</b>      | <b>22,283,555.00</b>      |
| <b>SCHEDULE - VIII LOANS &amp; ADVANCES</b>  |                           |                           |
| Margin with Alankit Assignments  | 6,958,000.00              | 7,693,000.00              |
| Loan & Advances  | 10,716,827.00             | 9,850,000.00              |
|  | <b>17,674,827.00</b>      | <b>17,543,000.00</b>      |
| <b>SCHEDULE - IX CURRENT LIABILITIES &amp; PROVISIONS</b>  |                           |                           |
| Receipt from Client in Margin Account  |                           | 3,295,000.00              |
| Sundry Creditors   | 27,943,109.18             | -                         |
| Other Liability  | 9,242,207.76              | 3,072,801.75              |
| <b>B. Provisions</b>   |                           |                           |
| Income Tax   | 70,000.00                 | -                         |
| Fringe Benefit Tax   | 320,000.00                | 157,830.00                |
|  | <b>37,575,316.94</b>      | <b>6,525,631.75</b>       |
| <b>SCHEDULE - X MISCELLANEOUS EXPENDITURES</b>   |                           |                           |
| Preliminary Expenses   | 130,650.00                | 174,200.00                |
| Profit/(Loss) trf from P/L A/c   | 5,378,291.32              | 5,691,085.21              |
|  | <b>5,508,941.32</b>       | <b>5,865,285.21</b>       |

**SCHEDULE - III FIXED ASSETS**

| PARTICULARS         | GROSS BLOCK                 |                                |                                   |                              | DEPRECIATION                |                  |           |                   | NET BLOCK                    |                              |
|---------------------|-----------------------------|--------------------------------|-----------------------------------|------------------------------|-----------------------------|------------------|-----------|-------------------|------------------------------|------------------------------|
|                     | As At<br>1st April,<br>2006 | Addition<br>During<br>the Year | Sale/Adjust<br>During<br>the Year | As At<br>31st March,<br>2007 | As at<br>1st April,<br>2006 | For The Year     | Deletions | Total             | As At<br>31st March,<br>2007 | As At<br>31st March,<br>2006 |
| Computer            | 1,762,391.80                | 973,182.00                     | -                                 | 2735573.80                   | 164,064.00                  | 345,758.81       | -         | 509,822.81        | 2225750.99                   | 1598327.80                   |
| Furniture & Fixture | 328,023.00                  | 17,813.00                      | -                                 | 345836.00                    | 13,693.00                   | 20,653.95        | -         | 34,346.95         | 311489.05                    | 314330.00                    |
| Generator           | 19,869.00                   | -                              | -                                 | 19869.00                     | 424.00                      | 923.64           | -         | 1,347.64          | 18521.36                     | 19445.00                     |
| Office Equipment    | 2,046,554.50                | 437,871.00                     | -                                 | 2484425.50                   | 48,914.00                   | 106,290.33       | -         | 155,204.33        | 2329221.17                   | 1997640.50                   |
| Software            | 1,397,357.00                | 1,613,916.00                   | -                                 | 3011273.00                   | 78,769.00                   | 415,531.68       | -         | 494,300.68        | 2516972.32                   | 1318588.00                   |
| <b>TOTAL</b>        | <b>5,554,195.30</b>         | <b>3,042,782.00</b>            | <b>-</b>                          | <b>8596977.30</b>            | <b>305864.00</b>            | <b>889158.41</b> | <b>-</b>  | <b>1195022.41</b> | <b>7401954.89</b>            | <b>5248331.30</b>            |
| Previous Year       | -                           | 5,554,195.30                   | -                                 | 5,554,195.30                 | -                           | 305,864.00       | -         | 305,864.00        | 5,248,331.30                 | -                            |





RR EQUITY BROKERS PRIVATE LIMITED

Significant Accounting Policies & Notes on Accounts

ANNEXURE 'B'

1. Significant Accounting Policies

The accounts have been prepared on a going concern basis according to the historical cost convention according to the accrual system of accounting materially comply with the mandatory accounting statements and standards issued by the Institute of Chartered Accountants of India and the relevant presentational requirements of the Companies Act, 1956.

The significant accounting policies followed by the company are as follows:

(i) Revenue Recognition

Income is being accounted for on accrual basis (ii) Fixed Assets and Depreciation

Depreciation is provided on the Straight Line Method at the rates prescribed by Schedule XIV of the Companies Act, 1956.

(iii) Investment

Investments are valued at Cost.

(iv) Foreign Currency Transactions

There is no transaction in foreign currency during the year.

(v) Taxation

Provision for Income Tax for the current period is made on the basis of estimated tax liability as per the applicable provisions of the Income Tax Act, 1961.

2. Contingent Liabilities Rs. Nil

3. Deferred Tax

In view of the substantial carried forward losses and marginal taxable income for the current year and due to uncertainty with the further taxable income, the company has not recorded cumulative deferred tax assets on account of timing differences as stipulated in AS - 22 - "Accounting for taxes on Income" issued by the Institute of Chartered Accountants of India.

5 RELATED PARTY DISCLOSURES

List of Related Parties (as identified and certified by the Management)

I. Parties where control exists

a. Parties having control (directly or indirectly)

RR Financial Consultants Ltd is the holding company

b. RR Investors Capital Services (P)Ltd

RR Commodity Brokers (P) Ltd

RR Brokerage Assurance Services (P) Ltd.

II. Key Management Personal

a. Rajat Prasad - Director

b. Rajesh Agarwal - Director



## Transaction with Related Parties

(Rs. in lakhs)

| Description of the nature of the Transactions | Amount outstanding as on     |         |                              |         |
|---|------------------------------|---------|------------------------------|---------|
|   | 31 <sup>st</sup> March, 2007 |         | 31 <sup>st</sup> March, 2006 |         |
|   | Receivable                   | Payable | Receivable                   | Payable |
| <b>UNSECURED LOANS</b>                        |                              |         |                              |         |
| RR Investors Capital Services (P) Ltd.        | Nil                          | 73.08   | Nil                          | 234.92  |
| RR Financial Consultants Ltd.                 | 28.04                        | Nil     | Nil                          | 1.18    |
| RR Commodity Brokers (P) Ltd.                 | Nil                          | 37.90   | Nil                          | 24.93   |
| RR Brokerage Assurance Services (P) Ltd.      | Nil                          | 40.00   | Nil                          | Nil     |
| Director                                      | Nil                          | 3.0     | Nil                          | 3.0     |

**Purchase of Securities :**

| Particulars                                | Holding Company | Associates Company |
|--|-----------------|--------------------|
| Rent paid to RR Financial Consultants Ltd. | 6,00,000        | Nil                |
| Purchase of Services                       | 38,04,837       | Nil                |

**6. Earning per Share (EPS)**

| <u>Particular</u>                                       | <u>2006-2007</u> | <u>2005-2006</u> |
|---|------------------|------------------|
| a) Net Profit /(Loss) available for Equity Shareholders |                  |                  |
| Net Profit after Taxation                               | 7,02,793         | (57,38,599)      |
| b) Basic Earning Per Share-                             |                  |                  |
| Total number of equity shares outstanding               | 3,00,00,000      | 3,00,00,000      |
| Basic EPS   | 0.02             | (0.19)           |

For RR EQUITY BROKERS PVT. LTD.

-S/d-  
**RAJIV KUMAR GUPTA**  
 (CHARTERED ACCOUNTANT)

-S/d-  
**RAJAT PRASAD**  
 (DIRECTOR)

-S/d-  
**RAJESH AGRAWAL**  
 (DIRECTOR)

Place: New Delhi  
 Date : 31.08.2007



**RR EQUITY BROKERS PVT. LTD.**

**Balance Sheet Abstract and Company's General Business Profile**

|      |   |                         |
|------|---|-------------------------|
| I.   | Registration Details  |                         |
|      | Registration No.  | State Code              |
|      | U-67120-MH-2004-PTC-145502  |                         |
|      | Balance Sheet Date  | 31 03 2007              |
|      |   | Date Month Year         |
| II.  | Capital raised during the year (Amount in Rs. Thousands)                              |                         |
|      | Public Issue  | Right Issue             |
|      | Nil   | Nil                     |
|      | Bonus Issue   | Private Placement       |
|      | Nil   | 0 Nil                   |
| III. | Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)            |                         |
|      | Total Liabilities   | Total Assets            |
|      | 82973   | 82973                   |
|      | Source of Funds   |                         |
|      | Paid-up Capital   | Reserves & Surplus      |
|      | 30000   | 0                       |
|      | Secured Loans   | Unsecured Loans         |
|      | Nil   | 15397                   |
|      | Application of Funds  |                         |
|      | Net Fixed Assets  | Investments             |
|      | 7401  | 7240                    |
|      | Net Current Assets  | Misc. Expenditure       |
|      | 25246   | 0                       |
|      | Accumulated Losses  |                         |
|      | 5508  |                         |
| IV.  | Performance of the Company (Amount in Rs. Thousands)                                  |                         |
|      | Turnover  | Total Expenditure       |
|      | 25948   | 25245                   |
|      | Profit/(Loss) Before Tax  | Profit/(Loss) After Tax |
|      | 702   | 312                     |
| V.   | Generic Names of Three Principal Products/Services of Company (as per monetary terms) |                         |
|      | Item Code No.   |                         |
|      | (ITC Code)  |                         |
|      | Product Description   | Equity Broker           |
|      | Item Code No.   |                         |
|      | (ITC Code)  |                         |
|      | Product Description   |                         |

For RR EQUITY BROKERS PVT. LTD.

Place: New Delhi  
Date : 31.08.2007

-S/d-  
**RAJAT PRASAD**  
DIRECTOR

-S/d-  
**RAJESH AGARWAL**  
DIRECTOR

**DIRECTOR'S REPORT**

**To the members of RR Commodity Brokers Private Limited**

Your Directors have pleasure in presenting the 7<sup>th</sup> Annual report together with the Audited Accounts of the Company for the year 01.04.2006 to 31.03.2007

**OPERATING RESULTS**

During the year ended 31.03.2007

| <i>Particulars</i>        | <i>Amount (Rs)</i> |
|---------------------------|--------------------|
| Sales or any other income | 3782075.74         |
| Profit/ (loss) Before Tax | 95578.38           |
| Profit/(loss) After Tax   | (60585.62)         |
| Transfer to reserves      | Nil                |
| Proposed dividend         | Nil                |

**DIRECTORS**

Mr. Rajat Prasad, director of the company retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment. There is no other change in the directorship of the Company.

**DIVIDEND**

During the year the Company has not declared any dividend.

**SUBSIDIARY COMPANIES**

The Company does not have any subsidiary Company.

**DIRECTORS RESPONSIBILITY STATEMENT**

As per the provision of section 217(2A) of the Companies Act, 1956, your Directors confirm as under:-

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) that the directors have selected such accounting policies and applied them consistently and made judgments 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 and of the profit if the company for that period;
- iii) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company for preventing and detecting fraud and other irregularities;
- iv) that the directors have prepared the annual accounts on a going concern basis.

**AUDITORS**

Mr. Rajiv Kumar Gupta, Chartered Accountant, Auditor of the company retires at the ensuing Annual General Meeting and being eligible offer themselves for reappointment as auditors of the Company to hold office from the conclusion of ensuing annual general meeting until the conclusion of next annual general meeting of the Company. As required under section 224-1B of the Companies Act, 1956 the company has obtained from them a confirmation to the effect that their appointment, if made, would be in conformity with the limits prescribed in the said section.

**FIXED DEPOSITS**

The company has not accepted or renewed any fixed deposit during the year under review.



**ENERGY CONSERVATION, TECHNOLOGY, ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO**  
There has been no foreign exchange earning and outgo during the period under review.

The information relating to Conservation of Energy, Technology Absorption as required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable as the company is engaged mainly in securities related business.

**PARTICULARS OF EMPLOYEES IN TERMS OF SECTION 217(2A) OF THE COMPANIES ACT, 1956**

Your Directors place on record their appreciation for the efficient services rendered by the employees of the company. None of the employee was in receipt of remuneration more than the limit prescribed under Section 217(2A) of the Companies Act, 1956 read with companies (Particulars of Employees) Rules, 1975 and hence no information is appended in this regard.

**ACKNOWLEDGEMENT**

Your Directors place on record their deep appreciation and gratitude for the co-operation and assistance extended to the company by banks and various Govt. departments.

By order of the Board  
For **RR Commodity Brokers Private Limited**

Date 31.08.2007  
Place: New Delhi

S/d-  
Rajat Prasad  
Director

S/d-  
Rajesh Agrawal  
Director



**RAJIV KUMAR GUPTA**

CHARTERED ACCOUNTANT

23, SAINIK VIHAR DELHI-110034

**Auditors' Report**

- 1) We have audited the attached Balance Sheet of **RR Commodity Brokers Private Limited**, as at 31<sup>st</sup> March 2007, and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion
- 3) As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4) Further to our comments in the Annexure referred to above, we report that:
  - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of such books.
  - iii) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account.
  - iv) In our opinion, the Balance Sheet and the Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - v) On the basis of written representations received from the directors, as on 31<sup>st</sup> March 2007 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - iv) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon vide Schedule 12 give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
    - a) in the case of the Balance Sheet, of the state of affairs of the company as at 31<sup>st</sup> March 2007,
    - b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date.

S/d-

PLACE: NEW DELHI

DATE : 31.08.2007

**RAJIV KUMAR GUPTA**

CHARTERED ACCOUNTANT

M.NO.83497





**ANNEXURE TO AUDITORS' REPORT**

Re: RR COMMODITY BROKERS PRIVATE LIMITED

Referred to in paragraph 3 of our report of even date.

- 1)
  - (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
  - (b) As explained to us the fixed assets have been physically verified by the management during the year and in our opinion the frequency of verification is reasonable, having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such physical verification.
- 2) The nature of business of the Company is Commodity Broking activity and the Company is not involved in manufacturing/Trading Activity as such the note on Inventory Control is not applicable to the Company.
- 3) In respect of loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
  - (a) The company has granted loan to one company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.38 Lakh and the year-end balance of loans granted to such party was Rs.38 Lakh.
  - (b) In our opinion and according to the information and explanations given to us, interest free loans and advances and other terms and conditions are not, *prima facie*, of such loans are not prejudicial to the interest of the company.
  - (c) As explained to us in respect of loan given by the company, there is no stipulation with regard to its repayment.
  - (d) There is no overdue amount in excess of Rs.1 Lakh in respect of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
  - (e) The Company had taken loan from three Companies covered in the register maintained under section 301 of the Companies Act, 1956. The Maximum amount involved during the year was Rs 40 Lakh and the year-end balance of loans taken from such parties was Rs. 40 Lakh.
  - (f) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from companies, firms or other parties listed in the register maintained under section 301 of the Company.
  - (g) As explained to us in respect of loan taken by the company, there is no stipulation with regard to its repayment.
- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchases of inventory, fixed assets and also for the sale of goods. During the course of our audit, we have not observed any major weakness in internal controls.
- 5) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 have been so entered
- 6) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under section 301 and exceeding the value of five lakh rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing prices at the relevant time.



- 7) The Company has not accepted any deposits from the public.
- 8) In our opinion, the internal audit system of the Company is commensurate with its size and nature of its business.
- 9) The maintenance of cost records under section 209 (1)(d) of the Companies Act, 1956 are not applicable to the Company.
- 10)
  - (a) According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including investor education protection fund, income-tax, sales-tax, wealth-tax, custom duty, excise-duties and other statutory dues applicable to it. However as explains to me Provident Fund and E.S.I. are not applicable to the company
  - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, wealth-tax, sales tax, customs duty and excise duty were outstanding, as at for a period of more than six months from the date they became payable.
  - (c) According to the records of the company, there are no dues of sale tax, income tax, customs tax/ wealth-tax, excise duty/ cess which have not been deposited on account of any dispute.
- 11) The accumulated losses of the company are not more than fifty percent of its net worth. The company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
- 12) Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to financial institution, or debenture holders.
- 13) In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- 14) In our opinion, the Company is not a chit fund or a nidhi /mutual benefit fund/ society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
- 15) The Company has maintained proper records of transactions and contracts in respect of trading in securities, debentures and other investments and timely entries have been made therein. All shares, debentures and other investments have been held by the Company in its own name.
- 16) The company has not given any guarantee for loans taken by others from bank or financial institutions.
- 17) According to the information and explanations given to us, the company has made preferential allotments of shares to parties and companies covered in the register maintained under section 301 of the Act. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the company.
- 18) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we repeat that the no funds raised on sheet. Basis has been used for long-term investment.
- 19) During the year, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- 20) During the year, the Company has not raised any money by public issue.
- 21) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

S/d-

PLACE: NEW DELHI

DATE : 31.08.2007

**RAJIV KUMAR GUPTA**

CHARTERED ACCOUNTANT

M.NO. 83497



**RR COMMODITY BROKERS PVT. LTD., NEW DELHI**  
**BALANCE-SHEET AS AT 31ST MARCH, 2007**

|  | Schedule No. | As at 31st March, 2007 | As at 31st March, 2006 |
|--|--------------|------------------------|------------------------|
| <b>(A) SOURCES OF FUNDS</b>                                    |              |                        |                        |
| <b>1 Shareholders' Funds</b>                                   |              |                        |                        |
| (a) Share Capital  | I            | 981,000.00             | 981,000.00             |
| (b) Reserves & Surplus   | II           | 6,570,369.66           | 6,660,000.00           |
| <b>2 Loan Funds</b>  |              |                        |                        |
| (a) Secured Loans  |              |                        |                        |
| (b) Unsecured Loans  | III          | 4,041,172.00           | 41,172.00              |
| <b>TOTAL</b>   |              | <b>11,592,541.66</b>   | <b>7,682,172.00</b>    |
| <b>(B) APPLICATION OF FUNDS</b>                                |              |                        |                        |
| <b>1 Fixed Assets</b>  | IV           |                        |                        |
| Gross Block  |              | 947,561.00             | 618,783.00             |
| Less : Depreciation  |              | (124,528.32)           | (22,964.00)            |
| Net Block  |              | 823,032.68             | 595,819.00             |
| <b>2 Investments</b>   |              |                        |                        |
| <b>3 Current Assets, Loans &amp; Advances</b>                  |              |                        |                        |
| (a) Cash and Bank Balances                                     | V            | 3,139,639.17           | 576,116.82             |
| (b) Sundry Debtors   | VI           | 2,199,339.27           | 736,519.58             |
| (b) Loans & Advances   | VII          | 11,255,352.97          | 6,761,908.50           |
|  |              | 16,594,331.41          | 8,074,544.90           |
| <b>Less : Current Liabilities &amp; Provisi</b>                | VIII         | 5,824,822.43           | 1,017,236.62           |
| <b>Net Current Assets</b>                                      |              | 11,592,541.66          | 7,653,127.28           |
| Miscellaneous Expenditure & Debit balance of Profit & Loss A/c | IX           |                        | 29,044.72              |
| <b>TOTAL</b>   |              | <b>11,592,541.66</b>   | <b>7,682,172.00</b>    |

The Schedules referred to above and notes thereon form an integral part of the Balance sheet

In terms of my report of even date attached

For and on behalf of the Board

RR Commodity Brokers Private Limited

S/d

S/d

S/d

RAJIV KUMAR GUPTA  
(Chartered Accountant)  
M.No. 83497

RAJAT PRASAD  
(Director)

RAJESH AGARWAL  
(Director)

PLACE : NEW DELHI  
DATE : 31.08.2007



**RR COMMODITY BROKERS PVT. LTD., NEW DELHI**  
**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007**

|  | For the year ended<br>31st March, 2007 | For the year ended<br>31st March, 2006 |
|--|--|--|
| <b>INCOME FROM OPERATION</b>                     |  |  |
| Income from Operation                            | 3,742,788.52                           | 303,289.12                             |
| Other Income                                     | 10,209.22                              | 15,483.63                              |
| Interest on Fixed Deposite                       | 29,078.00                              | 14,657.00                              |
|  | <b>3,782,075.74</b>                    | <b>333,429.75</b>                      |
| <b>EXPENDITURE</b>                               |  |  |
| Audit Fee  | 1,050.00                               | 1,050.00                               |
| Business Expenses                                | -                                      | 6,875.00                               |
| Bank charges & Bank Gurrantee Charges            | 20,422.26                              | 23,418.25                              |
| Conveyance Charges                               | 172,027.00                             | -                                      |
| Courier Charges                                  | 110,708.00                             | -                                      |
| Demat Charges                                    | 20,245.78                              | -                                      |
| Insurance Premium                                | 8,418.00                               | 9,744.50                               |
| Internet Charges                                 | 51,565.00                              | -                                      |
| Lease Line & V-Sat Charges                       | 269,376.00                             | -                                      |
| Miscellaneous Expenses                           | 525,539.14                             | 4,942.00                               |
| Officw Repair & Maintinance                      | 521,457.00                             | -                                      |
| Other Expenses                                   | 251,810.00                             | -                                      |
| Printing & Stationery                            | 154,458.00                             | 39,214.00                              |
| Penalty Charges                                  | 24,615.86                              | 5,407.72                               |
| Preliminary Expenses written off                 | -                                      | 20,708.00                              |
| Recruitment Charges                              | 31,500.00                              | -                                      |
| Salary Expenses                                  | 1,270,671.00                           | 93,433.00                              |
| Secretarial & Legal charges                      | 1,122.00                               | 116,350.00                             |
| Telephone Expenses                               | 149,948.00                             | 10,822.00                              |
| Depreciation                                     | 101,564.32                             | 22,964.00                              |
|  | <b>3,686,497.36</b>                    | <b>354,928.47</b>                      |
| <b>Profit/(Loss) Before Taxation</b>             | 95,578.38                              | (21,498.72)                            |
| Fringe Benefit Tax                               | 22,164.00                              | -                                      |
| Provision for Deferred Tax                       | 124,000.00                             | -                                      |
| Provision for Taxation                           | 10,000.00                              | -                                      |
| Profit After Tax                                 | (60,585.62)                            | (21,498.72)                            |
| Add : Balance brought forward from previous year | (29,044.72)                            | (7,546.00)                             |
| <b>Balance carried to Balance Sheet</b>          | <b>(89,630.34)</b>                     | <b>(29,044.72)</b>                     |

The Schedules refered to above and notes thereon form an integral part of the Profit & Loss Account

In terms of my report of even date attached

For and on behalf of the Board  
**RR Commodity Brokers Private Limited**

S/d  
**RAJIV KUMAR GUPTA**  
 (Chartered Accountant)  
 M.No. 83497

S/d  
**RAJAT PRASAD**  
 (Director)

S/d  
**RAJESH AGARWAL**  
 (Director)

PLACE : NEW DELHI  
 DATE : 31.08.2007



**RR COMMODITY BROKERS PVT. LTD., NEW DELHI**  
**DETAILS OF SCHEDULES**

|  | As at<br>31st March, 2007 | As at<br>31st March, 2006 |
|--|---------------------------|---------------------------|
| <b>SCHEDULE - I SHARE CAPITAL</b>  |                           |                           |
| <b>Authorised</b>  |                           |                           |
| 500000 Equity Shares of Rs. 10/- Each<br>(Previous year 500000 Shares of Rs 10/- Each) | 5,000,000.00              | 5,000,000.00              |
|  | <b>5,000,000.00</b>       | <b>5,000,000.00</b>       |
| <b>Issued, Subscribed &amp; Paid up Capital</b>  |                           |                           |
| 98100 Equity Shares of Rs. 10/- Each<br>(Previous year 98100 Shares of Rs 10 Each)     | 981,000.00                | 981,000.00                |
|  | <b>981,000.00</b>         | <b>981,000.00</b>         |
| <b>SCHEDULE - II RESERVE &amp; SURPLUS</b>   |                           |                           |
| Share Premium  | 6,660,000.00              | 6,660,000.00              |
| Profit/Loss trf from Profit & Loss A/c<br>(89,630.34)                                  | (89,630.34)               |                           |
|  | <b>6,570,369.66</b>       | <b>6,660,000.00</b>       |
| <b>SCHEDULE - III UNSECURED LOANS</b>  |                           |                           |
| RR Investors Capital Services (P) Ltd.   | 1,041,172.00              | 41,172.00                 |
| RR Brokerage Assurance Services (P) Ltd.   | 3,000,000.00              | -                         |
|  | <b>4,041,172.00</b>       | <b>41,172.00</b>          |
| <b>SCHEDULE - V CASH AND BANK BALANCES</b>   |                           |                           |
| a). Cash in hand   | 166.00                    | 166.00                    |
| b). Balance with Scheduled Banks in Current Account                                    | 3,139,473.17              | 575,950.82                |
|  | <b>3,139,639.17</b>       | <b>576,116.82</b>         |
| <b>SCHEDULE - VI SUNDRY DEBTORS</b>  |                           |                           |
| a). Less than six months   | 2,199,339.27              | 736,519.58                |
| b). More than six months   | -                         | -                         |
|  | <b>2,199,339.27</b>       | <b>736,519.58</b>         |
| <b>SCHEDULE - VII LOANS &amp; ADVANCES</b>   |                           |                           |
| Deposits   | 7,407,266.98              | 4,217,974.50              |
| Other Loan & Advances  | 3,789,510.99              | 2,493,963.00              |
| TDS Receivable   | 40,534.00                 | 35,314.00                 |
| Interest Receivable  | 18,041.00                 | 14,657.00                 |
|  | <b>11,255,352.97</b>      | <b>6,761,908.50</b>       |
| <b>SCHEDULE - VIII CURRENT LIABILITIES AND PROVISIONS</b>                              |                           |                           |
| <b>A. CURRENT LIABILITIES</b>  |                           |                           |
| Sundry Creditors (Net)   | 5,130,248.77              | 966,548.28                |
| Other Liability  | 540,573.66                | 50,688.34                 |
| <b>B. PROVISIONS</b>   |                           |                           |
| Deffered Tax   | 124,000.00                | -                         |
| Taxation   | 10,000.00                 | -                         |
| Frindge Benefit Tax  | 20,000.00                 | -                         |
|  | <b>5,824,822.43</b>       | <b>1,017,236.62</b>       |
| <b>SCHEDULE - IX MISCELLANEOUS EXPENDITURES</b>  |                           |                           |
| Profit/(Loss) trf from P/L A/c   | -                         | 29,044.72                 |
|  | -                         | <b>29,044.72</b>          |

**SCHEDULE - IV FIXED ASSETS**

| PARTICULARS   | GROSS BLOCK                 |                                |                                   |                              | DEPRECIATION                |                   |           |                   | NET BLOCK                    |                              |
|---------------|-----------------------------|--------------------------------|-----------------------------------|------------------------------|-----------------------------|-------------------|-----------|-------------------|------------------------------|------------------------------|
|               | As At<br>1st April,<br>2006 | Addition<br>During<br>the Year | Sale/Adjust<br>During<br>the Year | As At<br>31st March,<br>2007 | As at<br>1st April,<br>2006 | For The Year      | Deletions | Total             | As At<br>31st March,<br>2007 | As At<br>31st March,<br>2006 |
| V-Sat         | 153,903.00                  | -                              | -                                 | 153,903.00                   | 3,605.00                    | 7,139.16          | -         | 10,744.16         | 143,158.84                   | 150,298.00                   |
| Computer      | -                           | 22,100.00                      | -                                 | 22,100.00                    | -                           | 1,492.67          | -         | 1,492.67          | 20,607.33                    | - 0.00                       |
| Software      | 464,880.00                  | 306,678.00                     | -                                 | 771,558.00                   | 19,359.00                   | 92,932.49         | -         | 112,291.49        | 659,266.51                   | 445,521.00                   |
| <b>TOTAL</b>  | <b>618,783.00</b>           | <b>328,778.00</b>              | <b>-</b>                          | <b>947,561.00</b>            | <b>22,964.00</b>            | <b>101,564.32</b> |           | <b>124,528.32</b> | <b>823,032.68</b>            | <b>595,819.00</b>            |
| Previous Year | -                           | -                              | -                                 | 618,783.00                   | -                           | 22,964.00         | -         | 22,964.00         | 595,819.00                   | -                            |





**RR COMMODITY BROKERS PRIVATE LIMITED**  
**Significant Accounting Policies & Notes on Accounts**  
**ANNEXURE 'B'**

**1. Significant Accounting Policies**

The accounts have been prepared on a going concern basis according to the historical cost convention according to the accrual system of accounting materially comply with the mandatory accounting statements and standards issued by the Institute of Chartered Accountants of India and the relevant presentational requirements of the Companies Act, 1956.

The significant accounting policies followed by the company are as follows: (i) **Revenue Recognition**

Income is being accounted for on accrual basis

(ii) **Fixed Assets and Depreciation**

Depreciation is provided on the Straight Line Method at the rates prescribed by Schedule XIV of the Companies Act, 1956.

(iii) **Investment**

Investments are valued at Cost.

(iv) **Foreign Currency Transactions**

There is no transaction in foreign currency during the year.

(v) **Taxation**

Provision for Income Tax for the current period is made on the basis of estimated tax liability as per the applicable provisions of the Income Tax Act, 1961.

**2. Capital Commitments and Contingent Liabilities**

Bank guarantees outstanding Rs. Nil

**3. Deferred Tax**

The company has made provision for Rs. 1,24,000 deferred tax assets having on account of timing differences as stipulated in AS – 22 – "Accounting for taxes on Income" issued by the Institute of Chartered Accountants of India.

**4. Supplementary Profit and Loss Statement Data**

**31<sup>st</sup> March, 2007      31<sup>st</sup> March, 2006**

|   |      |      |
|---|------|------|
| (a) Capacity and Production –Not applicable | Nil  | Nil  |
| (b) Earnings in foreign exchange –          | Nil  | Nil  |
| (c) Expenditure in foreign currency         | Nil  | Nil  |
| (d) Payment to Auditors – Audit Fees        | 1050 | 1050 |

**5 RELATED PARTY DISCLOSURES**

**List of Related Parties (as identified and certified by the Management)**

**I. Parties where control exists**

a. Parties having control (directly or indirectly)

RR Financial Consultants Ltd is the holding company

b. RR Investors Capital Services (P)Ltd

RR Equity Brokers (P) Ltd

RR Brokerage Assurance Services (P) Ltd.



II. Key Management Personal

- a. Rajat Prasad - Director
- b. Raghunandan Prasad - Director

Transaction with Related Parties

| Description of the nature of the Transactions | (Rs. in lakhs)               |         |                              |         |
|---|------------------------------|---------|------------------------------|---------|
|   | Amount outstanding as on     |         |                              |         |
|   | 31 <sup>st</sup> March, 2007 |         | 31 <sup>st</sup> March, 2006 |         |
|   | Receivable                   | Payable | Receivable                   | Payable |
| <b>Sundry Creditors</b>                       |                              |         |                              |         |
| RR Equity Brokers (P) Ltd                     | 37.89                        | Nil     | 24.92                        | Nil     |
| RR Investors Capital Services (P) Ltd.        | Nil                          | 10.41   | Nil                          | 0.41    |
| RR Brokerage Assurance Services (P) Ltd       | 30.00                        | Nil     | Nil                          | Nil     |
| RR Financial Consultants Ltd.                 | Nil                          | 0.00    | Nil                          | 0.01    |

6. Earning per Share (EPS)

| Particular   | 2006-2007 | 2005-2006 |
|--|-----------|-----------|
| a) Net Profit/(Loss) available for Equity Shareholders |           |           |
| Net Profit after Taxation                              | 95578     | (21498)   |
| b) Basic Earning Per Share-                            |           |           |
| Total number of equity shares outstanding              | 98100     | 98100     |
| Basic EPS  | 0.98      | (0.22)    |

7. Reclassification

Previous year's figures have been regrouped wherever necessary so as to make them comparable with those of the current year.

In terms of our report of even date attached

For RR COMMODITY BROKERS PVT. LTD.

-sd-  
**RAJIV KUMAR GUPTA**  
 (CHARTERED ACCOUNTANT)  
 M.NO. 83497

S/d-  
**RAJAT PRASAD**  
 (DIRECTOR)

S/d-  
**RAJESH AGRAWAL**  
 (DIRECTOR)

Place: New Delhi  
 Date : 31.08.2007





**RR COMMODITY BROKERS PVT. LTD.**

**Balance Sheet Abstract and Company's General Business Profile**

**I. Registration Details**

|                    |                 |
|--------------------|-----------------|
| Registration No.   | State Code      |
| <b>55-105442</b>   | <b>55</b>       |
| Balance Sheet Date | Date Month Year |
| <b>31 03 2007</b>  |                 |

**II. Capital raised during the year (Amount in Rs. Thousands)**

|              |                   |
|--------------|-------------------|
| Public Issue | Right Issue       |
| Nil          | Nil               |
| Bonus Issue  | Private Placement |
| Nil          | 0 Nil             |

**III. Position of Mobilisation and Deployment of Funds  
(Amount in Rs. Thousands)**

|                      |                    |
|----------------------|--------------------|
| Total Liabilities    | Total Assets       |
| 17417                | 17417              |
| Source of Funds      |                    |
| Paid-up Capital      | Reserves & Surplus |
| 981                  | 6570               |
| Secured Loans        | Unsecured Loans    |
| Nil                  | 4041               |
| Application of Funds |                    |
| Net Fixed Assets     | Investments        |
| 823                  | Nil                |
| Net Current Assets   | Misc. Expenditure  |
| 10769                | 0                  |
| Accumulated Losses   |                    |
| Nil                  |                    |

**IV. Performance of the Company (Amount in Rs. Thousands)**

|                          |                         |
|--------------------------|-------------------------|
| Turnover                 | Total Expenditure       |
| 3782                     | 3686                    |
| Profit/(Loss) Before Tax | Profit/(Loss) After Tax |
| 95                       | -60                     |

**V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)**

|                             |                  |
|-----------------------------|------------------|
| Item Code No.<br>(ITC Code) |                  |
| Product Description         | Commodity Broker |
| Item Code No.<br>(ITC Code) |                  |
| Product Description         |                  |

For RR COMMODITY BROKERS PVT. LTD.

Place: New Delhi  
Date : 31.08.2007

S/d-  
**RAJAT PRASAD**  
DIRECTOR

S/d-  
**RAJESH AGRAWAL**  
DIRECTOR

**DIRECTORS' REPORT****To the members of RR INFORMATION & INVESTMENT RESEARCH PRIVATE LIMITED**

Your Directors have pleasure in presenting the 12<sup>th</sup> Annual report together with the Audited Accounts of the Company for the year 01.04.2006 to 31.03.2007

**OPERATING RESULTS**

During the year ended 31.03.2007

| <b>Particulars</b>        | <b>Amount (Rs)</b> |
|---------------------------|--------------------|
| Sales or any other income | 4,035,894          |
| Expenditure               | 4,549,869.85       |
| Profit/ (loss) Before Tax | ( 5,13,975.85)     |
| Profit/(loss) After       | (5,13,975.85)      |
| Transfer to reserves      | NIL                |
| Proposed dividend         | NIL                |

**DIRECTORS**

Mr. Rajat Prasad, director of the company retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

**DIRECTORS RESPONSIBILITY STATEMENT**

As per the provision of section 217(2A) of the Companies Act, 1956, your Directors confirm as under:-

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) that the directors have selected such accounting policies and applied them consistently and made judgments 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 and of the profit if the company for that period;
- iii) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company for preventing and detecting fraud and other irregularities;
- iv) that the directors have prepared the annual accounts on a going concern basis.

**AUDITORS**

Mr. Rajiv Kumar Gupta, Chartered Accountant, Auditor of the company retires at the ensuing Annual General Meeting and being eligible offer themselves for reappointment as auditors of the Company to hold office from the conclusion of ensuing annual general meeting until the conclusion of next annual general meeting of the Company. As required under section 224-1B of the Companies Act, 1956 the company has obtained from them a confirmation to the effect that their appointment, if made, would be in conformity with the limits prescribed in the said section.

**FIXED DEPOSITS**

The company has not accepted or renewed any fixed deposit during the year under review.

**ENERGY CONSERVATION, TECHNOLOGY, ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO**

There has been no foreign exchange earning and outgo during the period under review.

The information relating to Conservation of Energy, Technology Absorption as required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable as the company is engaged mainly in securities related business.



## **RR Information & Investment Research Private Limited**

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### **PARTICULARS OF EMPLOYEES IN TERMS OF SECTION 217(2A) OF THE COMPANIES ACT, 1956**

Your Directors place on record their appreciation for the efficient services rendered by the employees of the company. None of the employee was in receipt of remuneration more than the limit prescribed under Section 217(2A) of the Companies Act, 1956 read with companies (Particulars of Employees) Rules, 1975 and hence no information is appended in this regard.

### **ACKNOWLEDGEMENT**

Your Directors place on record their deep appreciation and gratitude for the co-operation and assistance extended to the company by banks and various Govt. departments.

By order of the Board  
For **RR Information & Investment Research Private Limited**

Date: 30.08.2007  
Place: New Delhi

S/d-  
Rajat Prasad  
Director

S/d-  
Raghunandan Prasad  
Director



**SANDEEP RAMESH GUPTA & CO.**  
**CHARTERED ACCOUNTANTS**

B-102, East Of Kailash  
New Delhi – 110 065  
Phone: (91-11) 2683 5848

90/31B, Malviya Nagar  
New Delhi – 110 017  
Ph: (91-11) 5564 8424, Fax: (91-11) 5100 3436  
E-mail: sandygupta@vsnl.com

**AUDITOR'S REPORT**

To the Members of

**RR INFORMATION & INVESTMENT RESEARCH PRIVATE LIMITED:**

1. We have audited the Balance Sheet of **RR Information & Investment Research Private Limited** as at March 31, 2007, and the related Profit and Loss Account for the year ended 31st March 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have also examined the matters specified in paragraphs 4 & 5 of the Companies (Auditor's Report) (Amendment) Order, 2004 (the 'Order'), for the period from April 1, 2006 to March 31, 2007 as they relate to the Company. Our report thereon is annexed.
4. Further to our comments in the Annexure referred to in paragraph 4, we report that:
  - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - (b) In our opinion, the Company has maintained proper books of account, as required by law, in so far as appears from our examination of those books;
  - (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report, comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ('the Act');
  - (e) On the basis of the confirmation received from the Directors, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2007 from being appointed as a Director in terms of section 274 (1) (g) of the Act;
  - (f) In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give a true and fair view in conformity with the accounting principles generally accepted:
    - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at March 2007 and
    - (ii) In the case of the Profit and Loss Account, the profit for the period from April 1, 2006 to March 2007

**Sandeep Ramesh Gupta & Co.**  
Chartered Accountants

Place: New Delhi  
Date: 30.08.2007

-sd/-  
**Sandeep Gupta**  
Membership No.: 90039



**RR INFORMATION & INVESTMENT RESEARCH PRIVATE LIMITED**

**ANNEXURE TO AUDITORS' REPORT – March 2007**

1. (a-c) The company has maintained proper records showing full particulars, including quantities details and situation of fixed assets.
  - b) All fixed Assets have been physically verified by the management during the year . As informed no material discrepancies where noticed on such verification.
  - c) There was no substantial disposal of fixed assets during the year.
2. The clause 2 of paragraph 4 of the Order, relating to inventory is not applicable to the Company during the period.
3. (a-d) The Company has not granted any loans, secured or unsecured to companies / firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
  - (e) The Company had taken unsecured loans, from persons covered in the register Maintained under section 301of the Act. The details are as follows:

| S. No. | Number of Parties | Maximum outstanding (Rs. lacs) | Year end Balance (Rs. lacs) |
|--------|-------------------|--------------------------------|-----------------------------|
|        | ONE               | 7.09                           | 7.09                        |

- (f) In our opinion, terms and conditions of the loans taken by the Company are prima Facie not prejudicial to the interest of the Company.
- (g) The loan is repayable on demand.
4. In our opinion, the internal control system of the Company, relating to the purchase of fixed assets is adequate and commensurate with the size and nature of its business. In our opinion, there is no continuing failure to correct major weaknesses in the internal control system.
5. (a) In our opinion, the contracts or arrangements referred to in section 301 of the Act, that needed to be recorded in the register required to be maintained under the said section, have been adequately recorded.
  - (b) In our opinion, the transactions made in pursuance of such contracts or arrangements have been made at reasonable terms.
6. The Company has not accepted any deposits from the public within the meaning of section 58A and 58AA or any other relevant provision of the Act, and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.
8. The Company is not covered by the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act.
9. (a) In our opinion, the Company is regular in depositing the undisputed statutory dues including income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess, as applicable, with the appropriate authorities except provident fund as Provided Fund No. is awaited .
  - (b) There are no dues of sales tax, income tax, customs duty, wealth-tax, excise duty and cess, which have not been deposited on account of any dispute.



10. In our opinion, the accumulated losses of the company are more than fifty percent of its net worth. Further the company has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. The Company has not taken any loans from financial institutions or banks, nor floated debentures as at the balance sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute, applicable to chit fund/nidhi/mutual benefit fund/societies, are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion, and according to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the period.
16. The Company has not obtained any term loans.
17. The Company has not raised funds on a short-term basis, which have been used for long-term investments.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
19. The Company has not issued any debentures, and accordingly, the creation of a security or charge does not arise.
20. The Company has not raised any money by public issue during the period.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the period, nor have we been informed of such case by the management.

**Sandeep Ramesh Gupta & Co.**

Chartered Accountants

-sd/-

Place: New Delhi

Date: 30.08.2007

**Sandeep Gupta**

Membership No.: 90039



RR INFORMATION & INVESTMENT RESEARCH (P) LTD.  
BALANCE SHEET AS AT 31ST MARCH 2007

| SOURCES OF FUNDS   | SCH. | As at 31.3.2007<br>Amount Rs. | As at 31.3.2006<br>Amount Rs. |
|--|------|-------------------------------|-------------------------------|
| <b><u>SHAREHOLDERS FUND</u></b>  |      |                               |                               |
| Share Capital  | 1    | 325,000.00                    | 325,000.00                    |
| Reserve & Surplus  |      |                               |                               |
| Unsecured Loans  | 3    | 709,582.03                    | 636,297.03                    |
| <b>TOTAL</b>   |      | <b>1,034,582.03</b>           | <b>961,297.03</b>             |
| <b><u>APPLICATION OF FUNDS</u></b>                                       |      |                               |                               |
| <b><u>FIXED ASSETS</u></b>   |      | 24779.00                      | 7800.00                       |
| <b><u>INVESTMENTS</u></b>  |      |                               |                               |
| <b><u>CURRENT ASSETS, LOANS AND ADVANCES</u></b>                         |      |                               |                               |
| Sundry Debtors   | 4    | 1,583,087.00                  | 1,077,193.00                  |
| Cash & Bank Balances   | 5    | 146,826.19                    | 416,128.03                    |
| Loans & Advances   | 6    | 262,752.73                    | 119,611.49                    |
|  |      | <b>2,017,444.92</b>           | <b>1,620,732.52</b>           |
| <b><u>LESS: CURRENT LIABILITIES AND PROVISIONS</u></b>                   |      |                               |                               |
| Current Liabilities  | 7    | 1,463,153.33                  | 656,928.08                    |
| Provision  | 8    | 60,350.00                     | 31,190.00                     |
|  |      | <b>1,523,503.33</b>           | <b>688,118.08</b>             |
| <b><u>NET CURENT ASSETS</u></b>  |      | 493,941.59                    | 932,614.44                    |
| <b>MISCELLANEOUS EXP.</b><br>(To the extent not written off or adjusted) | 9    |                               | 2,018.00                      |
| <b>PROFIT AND LOSS A/C</b>   | 2    | 540,640.44                    | 26,664.59                     |



**NOTES TO ACCOUNTS**

(As per schedule B annexed)

**TOTAL**

**1,034,582.03**

**961,297.03**

**In terms of our report of even dated attached**

**For RR Information & Investment Research (P) Ltd**

-sd-

**Sandeep Ramesh Gupta & Co.**  
Chartered Accountants

-sd/-

**R. PRASAD**  
(Director)

-sd/-

**RAJAT PRASAD**  
(Director)

**Sandeep Gupta**  
M.No. 90039

Place: New Delhi

Date: 30.08.2007





RR INFORMATION & INVESTMENT RESEARCH (P) LTD.  
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2007

| <b>INCOME</b>                                    | <b>SCH.</b> | <b>31.03.2007</b>   | <b>31.03.2006</b>   |
|--|-------------|---------------------|---------------------|
| Income from operation                            | 10          | 4,035,894.00        | 2,463,420.00        |
| <b>TOTAL</b>                                     |             | <b>4,035,894.00</b> | <b>2,463,420.00</b> |
| <b>EXPENDITURE</b>                               |             |                     |                     |
| Operating and other expenses                     | 11          | 4,538,930.85        | 2,584,171.81        |
| Loss on Sale of Investments                      |             | -                   | -                   |
| Depriciation                                     |             | 8921.00             | 11700.00            |
| Misc. exp. Written off                           |             | 2018.00             | 2016.00             |
| <b>Total</b>                                     |             | <b>4,549,869.85</b> | <b>2,597,887.81</b> |
| <b>PROFIT \ LOSS BEFORE TAXTION</b>              |             | (513,975.85)        | (134,467.81)        |
| Provision for defered tax                        |             |                     | 1190.00             |
| Profit \ loss after Taxation                     |             | (513,975.85)        | (135,657.81)        |
| Income Tax Adjustments for previous years        |             | 0                   | 0                   |
| <b>Profit \ Loss available for Appropriation</b> |             | (513,975.85)        | (135,657.81)        |
| Last Year Profit Brought Forward                 |             | (26,664.59)         | 108,993.22          |
| <b>Balance Carried forward to Balance Sheet</b>  |             | <b>(540,640.44)</b> | <b>(26,664.59)</b>  |

In terms of our report of even dated attached

For RR Information & Investment Research (P) Ltd

-sd/-

Sandeep Ramesh Gupta & Co.  
Chartered Accountants

Sandeep Gupta  
M.No. 90039

Place: New Delhi  
Dated : 30.08.2007

-sd/-

R. PRASAD  
(Director)

-sd/-

RAJAT PRASAD  
(Director)



Schedule - A  
**FIXED ASSETS**  
 (AS per COMPANIES ACT)

| Name of the Assets | Opening Balance<br>as on 1.04.2006 | Addition     | closing balance<br>as on 31.3.2006 | depreciation | Rate of Dep | W.D.V as<br>on 31.3.07 |
|--------------------|------------------------------------|--------------|------------------------------------|--------------|-------------|------------------------|
| Computer           | 7800                               | 15400        | 23200                              | 7390.00      | 16.21%      | 15810.00               |
| TELEVISION         | 0                                  | 10500        | 10500                              | 1531.00      | 4.75%       | 8969.00                |
|                    |                                    |              |                                    |              |             |                        |
| <b>TOTAL</b>       | <b>7800</b>                        | <b>25900</b> | <b>33700</b>                       | <b>8921</b>  |             | <b>24779.00</b>        |
| Previous Year      | 0                                  | 19500        | 19500                              | 11700        |             | 7800                   |



## RR Information & Investment Research Private Limited

### RR INFORMATION & INVESTMENT RESEARCH (P) LTD.

| <u>SCHEDULE 1 SHARE CAPITAL</u>                                      | <u>31.3.2007</u>    | <u>31.3.2006</u>    |
|--|---------------------|---------------------|
| <b><u>Authorised</u></b>   |                     |                     |
| 10000 (Pre. Year 10,000)<br>equity shares of Rs. 100/-               | 1,000,000.00        | 1,000,000.00        |
| <b><u>Issued Subscribed and Paidup</u></b>                           |                     |                     |
| 3250 equity shares of Rs 100/- each                                  | 325,000.00          | 325,000.00          |
|  | <b>325,000.00</b>   | <b>325,000.00</b>   |
| <b><u>Schedule 2 Reserves &amp; Surplus</u></b>                      |                     |                     |
| Profit & Loss A/c<br>(As per Accounts annexed)                       | (540,640.44)        | (26,664.59)         |
|  | <b>(540,640.44)</b> | <b>(26,664.59)</b>  |
| <b><u>Schedule 3 Unsecured Loans</u></b>                             |                     |                     |
| From Directors   |                     |                     |
| From Others  | 709,582.03          | 636,297.03          |
|  | 709,582.03          | 636,297.03          |
| <b><u>Schedule 4 Sundry Debtors</u></b>                              |                     |                     |
| (Unsecured considered good   |                     |                     |
| More than six months   | 377,405.00          | 520,637.00          |
| Less than six months)  | 1,205,682.00        | 556,556.00          |
|  | <b>1,583,087.00</b> | <b>1,077,193.00</b> |
| <b><u>Schedule 5 Cash &amp; Bank Balances</u></b>                    |                     |                     |
| Balance with scheduled bank  | 58,260.19           | 327,562.03          |
| Cash in hand   | 88,566.00           | 88,566.00           |
|  | <b>146,826.19</b>   | <b>416,128.03</b>   |
| <b><u>Schedule 6 Loans &amp; Advances</u></b>                        |                     |                     |
| Advances recoverable in cash or in<br>kind for value to be received. |                     |                     |
| security deposit   | 3,000.00            | 3,000.00            |
| Prepaid Expenses   | 60,000.00           | 60,000.00           |
| TDS  | 199,752.73          | 56,611.49           |
|  | <b>262,752.73</b>   | <b>119,611.49</b>   |
| <b><u>Schedule 7 Current Liabilities</u></b>                         |                     |                     |
| Sundry Creditors   | 1,449,847.33        | 637,328.08          |
| Expenses payable   | 13,306.00           | 19,600.00           |
|  | <b>1,463,153.33</b> | <b>656,928.08</b>   |



**Schedule 8 Provision**

|                 |                  |                  |
|-----------------|------------------|------------------|
| For Taxation    | 30,000.00        | 30,000.00        |
| For Defered tax | 1,190.00         | 1,190.00         |
| F.B.T.          | 29,160.00        |                  |
|                 | <b>60,350.00</b> | <b>31,190.00</b> |

**Schedule 9 Misc. Expenditure**

(to the extent not written off or adjusted)

|  |          |                 |
|--|----------|-----------------|
| Preliminary Expenses                   | 2018.00  | 4034.00         |
| Less: written off to Profit & Loss A/c | 2,018.00 | <u>2,016.00</u> |
|  | -        | <u>2,018.00</u> |

**Schedule 10 Income from Operation**

|                           |                     |                     |
|---------------------------|---------------------|---------------------|
| Advertisement             | 1,481,000.00        | 1,803,000.00        |
| Magzine Sale              | 271,750.00          | 521,618.00          |
| Misc. Income              | 1.00                | 129.00              |
| Misc Balances written off |                     | 17,550.00           |
| Intt on Income tax        | -                   | -                   |
| Subscription Received     |                     | 121,123.00          |
| Mis income                | 2,283,143.00        |                     |
|                           | <b>4,035,894.00</b> | <b>2,463,420.00</b> |

**Schedule 11 Operating & other exp.**

|                               |                     |                     |
|-------------------------------|---------------------|---------------------|
| Salaries & Allowances         | 1,818,341.25        | 715,374.00          |
| Audit Fee                     | 1,122.00            | 1,653.00            |
| Consultancy fees              |                     | 40,994.00           |
| Bank Charges                  | 5,769.36            | 5,609.83            |
| Bad Debt                      | 1,174.00            | 17,157.00           |
| Book & Periodicals            | -                   | -                   |
| Business Promotion            | -                   | -                   |
| Comp.Rep & Maintance/Software | -                   | -                   |
| Data Base Purchased           | 456,016.00          | 90,000.00           |
| Conveyance                    | 78,258.00           | 6,887.00            |
| Freinge benefit tax paid      | 29,160.00           | 344.00              |
| Misc. Exp                     | 2,560.00            | 9,881.00            |
| Office repair and Maintenance | 200,056.00          | 1,308.00            |
| Telephone Exp                 | 195,148.24          | 66,591.17           |
| Toor and Travels              | 7,002.00            |                     |
| Staff Welfare                 | -                   | -                   |
| Staff Training Exp            | 62,247.00           | -                   |
| Postage & Telegram            | 144,343.00          | 44,394.81           |
| Printing Stationery           | 1,537,734.00        | 1,583,978.00        |
| Professional Charges          | -                   | -                   |
|                               | <b>4,538,930.85</b> | <b>2,584,171.81</b> |



**RR INFORMATION & INVESTMENT RESEARCH PRIVATE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE PERIOD FROM APRIL 1, 2006 TO March 2007**

**ANNEXURE 'B'**

(All amounts in rupees)

**1. BACKGROUND**

RR Information & Investment Research Private Limited ('the Company') was incorporated at New Delhi, with the objective of magazine publication and investment research.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting, and comply with the Accounting Standards referred to in section 211(3C) of the Companies Act, 1956, ('the Act').

**a) Revenue Recognition**

Income from subscription is accounted for on cash basis and other sources is recognized on accrual basis.

**b) Fixed Assets and Depreciation**

Fixed assets are stated at cost, including freight, installation, duties and taxes, finance charges and other incidental expenses incurred during construction or installation, net of accumulated depreciation.

Depreciation is computed on the straight – line method basis, at rates prescribed under Schedule XIV of the Act, on a pro-rata basis. Individual assets if acquired for less than Rs. 5, 000 are expensed in the year of acquisition.

**c) Investments**

Investments are stated at cost.

**d) Foreign Currency Transactions**

There is no transaction in foreign currency during the year.

**e) Taxation**

Provision for income tax for the current period is made on the basis of estimated tax liability as per the applicable provisions of the Income-tax Act, 1961.

**3. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

(a) Bank guarantees outstanding Rs Nil (March 2006 – Nil).

**4. DEFERRED TAX**

There is no difference between the Book Profit & tax profit, as such deferred tax provision is nil.

**5. SUPPLEMENTARY PROFIT AND LOSS STATEMENT DATA**

|  | <u>31 St March</u><br><u>2007</u> | <u>March 31,</u><br><u>2006</u> | <u>March 31, 2005</u> |
|--|-----------------------------------|---------------------------------|-----------------------|
| (a) Capacity and production – Not applicable |                                   |                                 |                       |
| (b) Earnings in foreign exchange -           | Nil                               | Nil                             | Nil                   |
| (c) Expenditure in foreign currency          | Nil                               | Nil                             |                       |
| (d) Payments to auditors –Auditors Fees      | 1122                              | 1653                            | 1653                  |



**6. SEGMENT REPORTING**

The Company's primary segments of operations is (a) doing investment research & Publishing magazine.

**7. RETIREMENT BENEFITS**

Gratuity / PF / ESI are not applicable to the company.

**8. RELATED PARTY DISCLOSURES**

**List of Related Parties (as identified and certified by the Management)**

**I. Parties where control exists**

- (a) Parties having control (directly or indirectly)
  - RR Financial Consultants Ltd is the holding company
- (b) Other Parties
  - RR Investors Capital Services (P) Ltd
  - RR Brokerage Assurance Services (P) Ltd.

**II. Key Management Personnel**

- (a) Rajat Prasad – Director
- (b) Raghunandan Prasad – Director



## Transaction with Related Parties

(Rs in lakhs)

| Description of the nature of the transactions | Volume of transaction during |      | Amount outstanding as on |         |            |         |                |         |
|---|------------------------------|------|--------------------------|---------|------------|---------|----------------|---------|
|   | April 1, 2006 to March 2007  |      | March 2007               |         | March 2006 |         | March 31, 2005 |         |
|   | Dr.                          | Cr.  | Receivable               | Payable | Receivable | Payable | Receivable     | Payable |
| RR Financial Consultants Ltd                  | 1.02                         | 1.75 | NIL                      | 7.95    | Nil        | 6.36    | Nil            | Nil     |
| RR Investors Capital Services (P) Ltd         | 8.14                         | 6.46 | 7.16                     | NIL     | 2.77       | Nil     | 12.28          | 12.45   |
| RR Brokerage Assurance Services (P) Ltd       | 3.0                          | .01  | 2.99                     | NIL     | NIL        | NIL     | NIL            | NIL     |
| <b><u>Reimbursement of Expenses:</u></b>      |                              |      |                          |         |            |         |                |         |
| RR Investors Capital Services (P) Ltd         | Nil                          | Nil  | NIL                      | Nil     | Nil        | Nil     | Nil            | Nil     |
| RR Brokerage Assurance Services (P) Ltd       | 21.52                        | Nil  | Nil                      | Nil     | Nil        | Nil     | Nil            | Nil     |
| <b><u>Advertisement Income</u></b>            |                              |      |                          |         |            |         |                |         |
| RR Financial Consultants Ltd                  | Nil                          | Nil  | Nil                      | Nil     | Nil        | Nil     | Nil            | Nil     |
| RR Investors Capital Services (P) Ltd         | 2.7                          | Nil  | NIL                      | Nil     | Nil        | Nil     | Nil            | Nil     |



| 8. EARNING PER SHARE (EPS)                      | March<br>31,2007 | March 31, 2006 | March 31, 2005 |
|---|------------------|----------------|----------------|
| a) Profit attributable to equity shareholders - |                  |                |                |
| Net Profit after taxation -                     | (513976)         | (134123)       | 18168          |
| (b) Basic earnings per share -                  |                  |                |                |
| Total number of equity shares outstanding       | 3250             | 3,250          | 3,250          |
| Basic EPS                                       | (158.15)         | (41.26)        | 5.59           |

**9. COMPARITIVES**

Previous year's figures have been regrouped wherever necessary so as to make them comparable with those of the current year.

For and on behalf of Board  
For RR Information & Investment Research (P) Ltd

Sar. Jeep Ramesh Gupta & Co.  
Chartered Accountants

-sd/-

-sd/-

-sd/-

R. Prasad  
(Director)

Rajat Prasad  
(Director)

Sandeep Gupta  
Membership No.: 90039

Place: New Delhi  
Date: 30.08.2007





**RR INFORMATION & INVESTMENT RESEARCH PRIVATE LIMITED**

**Balance Sheet Abstract and Company's General Business Profile**

**I. Registration Details**

Registration No. : 55- 68119  
 State Code : 55  
 Balance Sheet Date : 31 03 2007  
 Date Month Year

**II. Capital raised during the year (Amount in Rs. Thousands)**

Public Issue : Nil Right Issue : Nil  
 Bonus Issue : Nil Private Placement : Nil

**III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)**

Total Liabilities : 325 Total Assets : 325

**Source of Funds**

Paid-up Capital : 325 Reserves & Surplus : Nil  
 Secured Loans : Nil Unsecured Loans : Nil

**Application of Funds**

Net Fixed Assets : 25 Investments : Nil  
 Net Current Assets : (216) Misc. Expenditure : Nil  
 Accumulated Losses : (27)

**IV. Performance of the Company (Amount in Rs. Thousands)**

Turnover : 4036 Total Expenditure : 4550  
 Profit/(Loss) Before Tax : (514) Profit/(Loss) After Tax : (514)  
 Earning Per Share in Rs. : (158) Dividend rate % : Nil

**V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)**

Item Code No.  
 (ITC Code)  
 Product Description : Business Centre facilities

For Sandeep Ramesh Gupta & Co.  
 Chartered Accountants

For RR Information & Investment Research (P) Ltd

-sd/-  
 Sandeep Gupta  
 (Proprietor)  
 Place: New Delhi  
 Date: 30.08.2007

-sd/-  
 R. Prasad  
 (Director)

-sd/-  
 Rajat Prasad  
 (Director)

**DIRECTORS' REPORT**

To the members of Arix Consultants Private Limited

Your Directors have pleasure in presenting the 7<sup>th</sup> Annual report together with the Audited Accounts of the Company for the year 01.07.2006 to 30.06.2007.

**OPERATING RESULTS**

During the year ended 30.06.2007

| <i>Particulars</i>        | <i>Amount (Rs)</i> |
|---------------------------|--------------------|
| Sales or any other income | 3,527,659.99       |
| Expenditure               | 2,972,955.20       |
| Profit/ (loss) Before Tax | 5,54,704.79        |
| Profit/(loss) After Tax   | 5,54,704.79        |
| Transfer to reserves      | 5,54,704.79        |
| Proposed dividend         | Nil                |

**DIRECTORS**

Mr. Sudhir Bhalla director of the company retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment

**DIRECTORS RESPONSIBILITY STATEMENT**

As per the provision of section 217(2A) of the Companies Act,1956, your Directors confirm as under:-

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) that the directors have selected such accounting policies and applied them consistently and made judgments 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 and of the profit if the company for that period;
- iii) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company for preventing and detecting fraud and other irregularities;
- iv) that the directors have prepared the annual accounts on a going concern basis.

**AUDITORS**

M/S. Rajiv Kumar Gupta, Chartered Accountant, Auditor of the company retires at the ensuing Annual General Meeting and being eligible offer themselves for reappointment as auditors of the Company to hold office from the conclusion of ensuing annual general meeting until the conclusion of next annual general meeting of the Company. As required under section 224-1B of the Companies Act, 1956 the company has obtained from them a confirmation to the effect that their appointment, if made, would be in conformity with the limits prescribed in the said section.

**FIXED DEPOSITS**

The company has not accepted or renewed any fixed deposit during the year under review.



**ENERGY CONSERVATION, TECHNOLOGY, ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO**

There has been no foreign exchange earning and outgo during the period under review.

The information relating to Conservation of Energy, Technology Absorption as required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable as the company is engaged mainly in securities related business.

**PERSONNEL**

Your Directors place on record their appreciation for the efficient services rendered by the employees of the company.

None of the employee was in receipt of remuneration more than the limit prescribed under Section 217(2A) of the Companies Act, 1956 read with companies (Particulars of Employees) Rules, 1975 and hence no information is appended in this regard.

**ACKNOWLEDGEMENT**

Your Directors place on record their deep appreciation and gratitude for the co-operation and assistance extended to the company by banks and various Govt. departments.

By order of the Board  
For **Arix Consultants Private Limited**

Date: 29.09.2007  
Place: New Delhi

**-S/d-**  
Rajat Prasad  
Director

**-S/d-**  
Sudhir Bhalla  
Director



**RAJIV KUMAR GUPTA**

**CHARTERED ACCOUNTANT**

23, SAINIK VIHAR DELHI-110034

**AUDITOR'S REPORT**

To the Members of

**ARIX CONSULTANTS PRIVATE LIMITED:**

1. We have audited the Balance Sheet of **Arix Consultants Private Limited** as at June 30, 2007, and the related Profit and Loss Account for the year ended 30<sup>th</sup> June 2007, These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have also examined the matters specified in paragraphs 4 & 5 of the Companies (Auditor's Report) (Amendment) Order, 2004 (the 'Order'), for the period from July 1, 2006 to June 30, 2007 as they relate to the Company. Our report thereon is annexed.
4. Further to our comments in the Annexure referred to in paragraph 4, we report that:
  - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - (b) In our opinion, the Company has maintained proper books of account, as required by law, in so far as appears from our examination of those books;
  - (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report, comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ('the Act');
  - (e) On the basis of the confirmation received from the Directors, and taken on record by the Board of Directors, none of the Directors is disqualified as on June 30, 2007 from being appointed as a Director in terms of section 274 (1) (g) of the Act;
  - (f) In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give a true and fair view in conformity with the accounting principles generally accepted:
    - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at June 2007 and
    - (ii) In the case of the Profit and Loss Account, the profit for the period from July 1, 2006 to June 30<sup>th</sup> 2007.

Place: New Delhi  
Date: 29.09.2007

-sd/-  
Rajiv Kumar Gupta  
Chartered Accountants  
Membership No.:83497



**ARIX CONSULTANTS PRIVATE LIMITED**

**ANNEXURE TO AUDITORS' REPORT –30th June 2007**

1. (a-c) The company has maintained proper records showing full particulars, including quantities details and situation of fixed assets.
  - b) All fixed Assets have been physically verified by the management during the year. As informed no material discrepancies were noticed on such verification.
  - c) There was no substantial disposal of fixed assets during the year.
2. The clause 2 of paragraph 4 of the Order, relating to inventory is not applicable to the Company during the period.
3. (a) The Company has granted unsecured loan to companies covered in the register maintained under section 301 of the Companies Act, 1956. The detail are as follows:

| S. No. | Number of Parties | Maximum outstanding<br>(Rs. lacs) | Year end Balance<br>(Rs. lacs) |
|--------|-------------------|-----------------------------------|--------------------------------|
| 1.     | 1                 | 11.75                             | 11.75                          |

- (b) In our opinion, the rate of interest and other terms and conditions of such loans are not, prima facie, prejudicial to the interest of the company.
- (c) The loan is recoverable on demand.
- (d) There is no overdue amount in excess of Rs. 1 Lakh in respect of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (e) The Company had taken unsecured loans, from persons covered in the register maintained under section 301 of the Act. The details are as follows:

| S. No. | Number of Parties | Maximum outstanding<br>(Rs. lacs) | Year end Balance<br>(Rs. lacs) |
|--------|-------------------|-----------------------------------|--------------------------------|
| 1.     | 2                 | 7.22                              | 7.22                           |

- (f) In our opinion, terms and conditions of the loans taken by the Company are prima Facie not prejudicial to the interest of the Company.
- (g) The loan is repayable on demand.
4. In our opinion, the internal control system of the Company, relating to the purchase of fixed assets is adequate and commensurate with the size and nature of its business. In our opinion, there is no continuing failure to correct major weaknesses in the internal control system.
5. (a) In our opinion, the contracts or arrangements referred to in section 301 of the Act, that needed to be recorded in the register required to be maintained under the said section, have been adequately recorded.
- (b) In our opinion, the transactions made in pursuance of such contracts or arrangements have been made at reasonable terms.



6. The Company has not accepted any deposits from the public within the meaning of section 58A and 58AA or any other relevant provision of the Act, and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.
8. The Company is not covered by the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act.
9. (a) In our opinion, the Company is regular in depositing the undisputed statutory dues including income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess, as applicable, with the appropriate authorities except provident fund as Provided Fund No. is awaited .  
  
(b) There are no dues of sales tax, income tax, customs duty, wealth-tax, excise duty and cess, which have not been deposited on account of any dispute.
10. In our opinion, the company no accumulated losses. Further the company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. The Company has not taken any loans from financial institutions or banks, nor floated debentures as at the balance sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute, applicable to chit fund/nidhi/mutual benefit fund/societies, are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion, and according to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the period.
16. The Company has not obtained any term loans.
17. The Company has not raised funds on a short-term basis, which have been used for long-term investments.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
19. The Company has not issued any debentures, and accordingly, the creation of a security or charge does not arise.
20. The Company has not raised any money by public issue during the period.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the period, nor have we been informed of such case by the management.

PLACE: NEW DELHI  
DATE: 29.09.2007

-sd-  
RAJIV KUMAR GUPTA  
CHARTERED ACCOUNTANTS  
M.NO. 83497



| <b>ARIX CONSULTANTS PVT. LTD.</b>                                       |      |                                   |                     |                                    |
|---|------|-----------------------------------|---------------------|------------------------------------|
| <b>BALANCE SHEET AS AT 30.06.2007</b>                                   |      |                                   |                     |                                    |
|   | SCH. | AMOUNT (Rs.)                      |                     | AMOUNT (Rs.)                       |
|   |      | As at 30.06.2007                  |                     | As at 30.06.2006                   |
| <b>SOURCES OF FUNDS</b>   |      |                                   |                     |                                    |
| <b>SHAREHOLDERS' FUNDS</b>  |      |                                   |                     |                                    |
| Share Capital   | 1    | 500,000.00                        | 500,000.00          |                                    |
| Reserves & Surplus  | 2    | 916,652.24                        | 361,947.45          |                                    |
| Unsecured Loans   | 3    | 722,242.00                        | 2,138,894.24        | 1,274,187.48                       |
| <b>TOTAL</b>  |      |                                   | <b>2,138,894.24</b> | <b>2,136,134.93</b>                |
| <b>APPLICATION OF FUNDS</b>   |      |                                   |                     |                                    |
| <b>FIXED ASSETS</b>   |      |                                   |                     |                                    |
| Computers   | 4    | 23334.00                          | 23334.00            | 0.00                               |
| <b>INVESTMENTS</b>  |      | <b>300,000.00</b>                 | <b>300,000.00</b>   | <b>2,000,000.00</b>                |
| <b>CURRENT ASSETS, LOANS AND ADVANCES</b>                               |      |                                   |                     |                                    |
| Loans & Advances  | 5    | 1,651,971.00                      |                     | 234,412.00                         |
| Sundry Debtors  | 6    | 765,756.00                        |                     | 162,000.00                         |
| Cash & Bank Balances  | 7    | 29,920.24                         |                     | 161,013.93                         |
|   |      | 2,447,647.24                      |                     | 557,425.93                         |
| <b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>                         |      |                                   |                     |                                    |
| Sundry Creditors and Other Liabilities                                  | 8    | 650,280.00                        |                     | 301,380.00                         |
| Provisions  | 9    | -                                 |                     | 148,500.00                         |
|   |      | 650,280.00                        |                     | 449,880.00                         |
| <b>NET CURRENT ASSETS</b>   |      |                                   | <b>1,797,367.24</b> | <b>107,545.93</b>                  |
| <b>MISC. EXPENDITURE</b><br>(To the extent not written off or adjusted) | 10   |                                   | 18,193.00           | 28,589.00                          |
| <b>Profit &amp; Loss Account</b>  |      |                                   |                     |                                    |
| <b>TOTAL</b>  |      |                                   | <b>2,138,894.24</b> | <b>2,136,134.93</b>                |
| <b>Significant Accounting Policies &amp; Notes of Accounts</b>          | 13   |                                   |                     |                                    |
| As per our report of even date attached.                                |      |                                   |                     |                                    |
| -sd-  |      | -sd-                              |                     | -sd-                               |
| <b>RAJIV KUMAR GUPTA</b><br>( Chartered Accountant)<br>M. No. 83497     |      | <b>RAJAT PRASAD</b><br>(Director) |                     | <b>SUDHIR BHALLA</b><br>(Director) |
| Place : New Delhi   |      |                                   |                     |                                    |
| Date :29.09.2007  |      |                                   |                     |                                    |



**ARIX CONSULTANTS PVT. LTD.**

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30-06-2007**

| PARTICULARS  | SCH. | <u>FOR THE YEAR<br/>ENDED 30.06.2007</u> | <u>FOR THE YEAR<br/>ENDED 30.06.2006</u> |
|--|------|--|--|
| <b><u>INCOME</u></b>   |      |  |  |
| Income from Operations   | 11   | 3,527,659.99                             | 1,638,753.47                             |
| <b>TOTAL</b>   |      | <u><b>3,527,659.99</b></u>               | <u><b>1,638,753.47</b></u>               |
| <b><u>EXPENDITURE</u></b>  |      |  |  |
| Operating & Other Expenses   | 12   | 2,961,329.20                             | 1,238,311.92                             |
| Depreciation   |      | 1,230.00                                 | -  |
| Preliminary Expenses Written Off   |      | 10,396                                   | 10,396                                   |
| <b>TOTAL</b>   |      | <u><b>2,972,955.20</b></u>               | <u><b>1,248,707.92</b></u>               |
| <b>PROFIT/(LOSS) BEFORE TAXATION</b>   |      | <b>554,704.79</b>                        | <b>390,045.55</b>                        |
| Provision for Taxation   |      | -  | -  |
| <b>Profit (Loss) After Taxation</b>  |      | <b>554,704.79</b>                        | <b>390,045.55</b>                        |
| Balance Brought Forwad   |      | 361,947.45                               | (28,098.10)                              |
| <b>Profit available for Appropriation<br/>(Balance carried to Balance Sheet)</b> |      | <u><b>916,652.24</b></u>                 | <u><b>361,947.45</b></u>                 |

-sd-  
**RAJIV KUMAR GUPTA**  
 ( Chartered Accountant )  
 M. No. 83497

-sd-  
**RAJAT PRASAD**  
 (Director)

-sd-  
**SUDHIR BHALLA**  
 (Director)

Place : New Delhi  
 Date : 29.09.2007



**ARIX CONSULTANTS PVT. LTD.****(FORMERLY RR FINANCE & INVESTMENT ADVISORS PVT. LTD.)****SCHEDULES FORMING PART OF THE ACCOUNTS PERIOD OF 01.07.2006 TO 30.06.2007**

|   | AMOUNT (Rs.)<br>As at 30.06.2007 | AMOUNT (Rs.)<br>As at 30.06.2006 |
|---|----------------------------------|----------------------------------|
| <b>Schedule 1- Share Capital</b>                    |                                  |                                  |
| <b>AUTHORISED</b>                                   |                                  |                                  |
| 10,00,000 (Previous Year 10,00,000)                 | 10,000,000.00                    | 10,000,000.00                    |
| Equity Shares of Rs. 10/-each                       | <b>10,000,000.00</b>             | <b>10,000,000.00</b>             |
| <b>ISSUED, SUBSCRIBED &amp; PAID UP</b>             |                                  |                                  |
| 50,000(Previous Year 10,000)                        | 500,000.00                       | 500,000.00                       |
| Equity Shares of Rs. 10/-each Fully Paid-Up         | <b>500,000.00</b>                | <b>500,000.00</b>                |
| <b>Schedule 2- Reserves &amp; Surplus</b>           |                                  |                                  |
| Profit & Loss Account                               | 916,652.24                       | 361,947.45                       |
|   | <b>916,652.24</b>                | <b>361,947.45</b>                |
| <b>Schedule 3- Unsecured Loans</b>                  |                                  |                                  |
| From Director                                       | -                                | -                                |
| From Others   | 722,242.00                       | 1,274,187.48                     |
|   | <b>722,242.00</b>                | <b>1,274,187.48</b>              |
| <b>Schedule 5- Loans &amp; Advances</b>             |                                  |                                  |
| Advances recoverable in cash or in kind             | 1,651,971.00                     | 234,412.00                       |
|   | <b>1,651,971.00</b>              | <b>234,412.00</b>                |
| <b>Schedule 6-Sundry Debtors</b>                    |                                  |                                  |
| (Unsecured and considered good)                     |                                  |                                  |
| Debts Outstanding for a period exceeding six months |                                  |                                  |
| Other Debts   | 765,756.00                       | 162,000.00                       |
|   | <b>765,756.00</b>                | <b>162,000.00</b>                |
| <b>Schedule-7 Cash &amp; Bank Balances</b>          |                                  |                                  |
| <b>Balance with schedule Banks</b>                  |                                  |                                  |
| in current account                                  | 9,560.24                         | 61,013.93                        |
| Cash in Hand  | 20,360.00                        | 100,000.00                       |
|   | <b>29,920.24</b>                 | <b>161,013.93</b>                |
| <b>Schedule-8 Current Liabilities</b>               |                                  |                                  |
| Expenses Payable                                    | 650,280.00                       | 301,380.00                       |
|   | <b>650,280.00</b>                | <b>301,380.00</b>                |



| <b>Schedule-9 Provisions</b>  |                     |                     |
|---|---------------------|---------------------|
| Provision for Taxation  | -                   | 148,500.00          |
| <b>TOTAL:-</b>  | -                   | <b>148,500.00</b>   |
| <b>Schedule-10 Misc. Expenditure (To the extent not Written /Off)</b> |                     |                     |
| Preliminary Expenses  | 28,589.00           | 38,985.00           |
| Preliminary Expenses W/off  | 10,396.00           | 10,396.00           |
|   | <b>18,193.00</b>    | <b>28,539.00</b>    |
| <b>Schedule -11 Income from Operations</b>                            |                     |                     |
| Consultancy Fee   | 3,004,222.00        | 1,444,820.00        |
| Brokerage income  | -                   | -                   |
| Claim Settlement Fees   | -                   | -                   |
| Misc Income   | 507,039.00          | 174,186.00          |
| Income From Mutual Funds  | 16,398.99           | 19,747.47           |
|   | <b>3,527,659.99</b> | <b>1,638,753.47</b> |
| <b>Schedule -12 Operating &amp; Other Expenses</b>                    |                     |                     |
| Bank Charges  | 2,184.18            | 4,787.82            |
| Audit Fee   | 1,653.00            | 1,653.00            |
| Travelling Expenses   | 406,159.08          | 159,411.70          |
| Filing Fee  | -                   | 500.00              |
| Legal Expenses  | -                   | 6,000.00            |
| Business Promotions   | 3,182.00            | 40,442.00           |
| Computer Repairs & Maintenance  | 1,892.00            | -                   |
| Postage & Telegrams   | 225,000.00          | 100,000.00          |
| Printing & Stationery   | 175,951.00          | 22,695.40           |
| Telephone Exp.  | 21,876.00           | 9,655.00            |
| Salary Exp.   | 1,475,000.00        | 658,460.00          |
| Misc. Exp.(Others)  | 284,428.00          | 32,086.00           |
| Loss On Mutual Funds  | 115,784.94          | -                   |
| Diwali Exp.   | -                   | 21,500.00           |
| Frindge Benefit Tax   | 8,219.00            | 16,415.00           |
| Inspection Charges  | -                   | 50,000.00           |
| Office Repairs and Maintenance  | 240,000.00          | 99,406.00           |
| Staff Welfare   | -                   | 15,300.00           |
|   | <b>2,961,329.20</b> | <b>1,238,311.92</b> |



**Schedule - 4**

**FIXED ASSETS**

| Name of the Assets             | Opening Balance<br>as on 1.07.2006 | Addition         | Deletion | closing balance<br>as on 30.06.2007 | depreciation    | Rate of Dep | W.D.V as<br>on 30.06.07 |
|--------------------------------|------------------------------------|------------------|----------|-------------------------------------|-----------------|-------------|-------------------------|
| <b>(AS per Income tax Act)</b> |                                    |                  |          |                                     |                 |             |                         |
| Computer                       | -                                  | 24,564.00        | -        | 24,564.00                           | 1,230.00        | 16.21%      | 23,334.00               |
| Others                         | -                                  | -                | -        | -                                   | -               | -           | -                       |
| <b>TOTAL</b>                   | <b>-</b>                           | <b>24,564.00</b> |          | <b>24,564.00</b>                    | <b>1,230.00</b> | <b>-</b>    | <b>23,334.00</b>        |
| Previous Year                  | 0                                  | 0                | 0        | 0                                   | 0               | 0           | 0                       |



**ARIX CONSULTANTS PRIVATE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM July 1st, 2006 To June 30th 2007**

**ANNEXURE '13'**

**(All amounts in rupees)**

**1. BACKGROUND**

Arix Consultants Private Limited ('the Company') was incorporated at New Delhi, with the objective of magazine publication and investment research.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting, and comply with the Accounting Standards referred to in section 211(3C) of the Companies Act, 1956, ('the Act').

**a) Revenue Recognition.**

Income from subscription is accounted for on cash basis and other sources is recognized on accrual basis.

**b) Fixed Assets and Depreciation**

Fixed assets are stated at cost, including freight, installation, duties and taxes, finance charges and other incidental expenses incurred during construction or installation, net of accumulated depreciation.

Depreciation is computed on the straight – line method basis, at rates prescribed under Schedule XIV of the Act, on a *pro-rata* basis. Individual assets if acquired for less than Rs. 5, 000 are expensed in the year of acquisition.

**c) Investments**

Investments are stated at cost.

**d) Foreign Currency Transactions**

There is no transaction in foreign currency during the year.

**e) Taxation**

Provision for income tax for the current period is made on the basis of estimated tax liability as per the applicable provisions of the Income-tax Act, 1961.

**3. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

(a) Bank guarantees outstanding Rs Nil (June 2006 – Nil).

**4. DEFERRED TAX**

There is no difference between the Book Profit & tax profit, as such deferred tax provision is nil.

**5. SUPPLEMENTARY PROFIT AND LOSS STATEMENT DATA**

| (a) | Capacity and production – Not applicable | <u>30 June 2007</u> | <u>30 June, 2006</u> |
|-----|--|---------------------|----------------------|
| (b) | Earnings in foreign exchange -           | Nil                 | Nil                  |
| (c) | Expenditure in foreign currency          | Nil                 | Nil                  |
| (d) | Payments to auditors –Auditors Fees      | 1653                | 1653                 |

**6. SEGMENT REPORTING**

The Company's primary segments of operations is (a) doing consultancy.



**7. RETIREMENT BENEFITS**

Gratuity / PF / ESI are not applicable to the company.

**8. RELATED PARTY DISCLOSURES**

**List of Related Parties (as identified and certified by the Management)**

**I. Parties where control exists**

- (a) Parties having control (directly or indirectly)
  - RR Financial Consultants Ltd is the holding company
- (b) Other Parties
  - RR Investors Capital Services (P) Ltd
  - RR Brokerage Assurance Services (P) Ltd.
  - RR Equity Brokers (P) Ltd.
  - RR Commodity Brokers (P) Ltd.

**II. Key Management Personnel**

- (a) Rajat Prasad – Director
- (b) Sudhir Bhalla – Director

**Transaction with Related Parties**

**(Rs in lakhs)**

| Description of the nature of the transactions | Volume of transaction during |       | Amount outstanding as on |         |            |         |            |         |
|---|------------------------------|-------|--------------------------|---------|------------|---------|------------|---------|
|   | June, 2007                   |       | June, 2007               |         | June 2006  |         | June 2005  |         |
|   | Dr.                          | Cr.   | Receivable               | Payable | Receivable | Payable | Receivable | Payable |
| RR Financial Consultants Ltd                  | 11.75                        | Nil   | 11.75                    | Nil     | Nil        | Nil     | Nil        | 1.34    |
| RR Investors Capital Services (P) Ltd         | 2                            | 2     | Nil                      | 1       | Nil        | 1.00    | Nil        | Nil     |
| RR Brokerage Assurance Services (P) Ltd       | 63.76                        | 59.65 | Nil                      | 6.22    | Nil        | 10.34   | Nil        | Nil     |
| RR Commodity Brokers Pvt.Ltd.                 | 1.00                         | 1.00  | Nil                      | Nil     | Nil        | Nil     | Nil        | Nil     |

**8. COMPARITIVES**

Previous year's figures have been regrouped wherever necessary so as to make them comparable with those of the current year.

For and on behalf of Board  
For Arix Consultants (P) Ltd

Rajiv Kumar Gupta  
Chartered Accountants  
-sd-  
Rajiv Kumar Gupta  
Membership No.: 83497

-sd-  
Sudhir Bhalla  
(Director)

-sd-  
Rajat Prasad  
(Director)

Place: New Delhi  
Date: 29.09.2007



**ARIX CONSULTANTS PRIVATE LIMITED**

**Balance Sheet Abstract and Company's General Business Profile**

**I. Registration Details**

Registration No. : 55- 101336  
 State Code : 55  
 Balance Sheet Date : 30 06 2007  
 Date Month Year

**II. Capital raised during the year (Amount in Rs. Thousands)**

Public Issue : Nil Right Issue : Nil  
 Bonus Issue : Nil Private Placements : Nil

**III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)**

Total Liabilities : 2138.89 Total Assets : 2138.89

**Source of Funds**

Paid-up Capital : 500 Reserves & Surplus : 916.65  
 Secured Loans : Nil Unsecured Loans : 722.24

**Application of Funds**

Net Fixed Assets : 23.33 Investments : 300  
 Net Current Assets : 1797.37 Misc. Expenditure : 18.19  
 Accumulated Losses : Nil

**IV. Performance of the Company (Amount in Rs. Thousands)**

Turnover : 3527.66 Total Expenditure : 2972.96  
 Profit/ (Loss) Before Tax : 554.7 Profit/(Loss) After Tax : 554.7  
 Earning per Share in Rs. : 11.10 Dividend rate % : Nil

**V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)**

Item Code No.  
 (ITC Code)  
 Product Description : Business Centre facilities

-sd-

For Rajiv Kumar Gupta  
 Chartered Accountants  
 Rajiv Kumar Gupta  
 (Chartered Accountant)  
 Place: New Delhi  
 Date: 29.09.2007

For Arix Consultants (P) Ltd

-sd-  
 Sudhir Bhalla  
 (Director)

-sd-  
 Rajat Prasad  
 (Director)

**DIRECTORS' REPORT****To the members of Sarla Business Centre Private Limited**

Your Directors have pleasure in presenting the 13<sup>th</sup> Annual report together with the Audited Accounts of the Company for the year 01.07.2006 to 30.06.2007.

**OPERATING RESULTS**

During the year ended 30<sup>th</sup> June 2007,

| Particulars          | Amount |
|----------------------|--------|
| Expenditure          | 1214   |
| Net loss             | 1214   |
| Transfer to reserves | Nil    |
| Proposed dividend    | Nil    |

**DIRECTORS**

Mr. Raghunandan Prasad, director of the company retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

**DIRECTORS RESPONSIBILITY STATEMENT**

As per the provision of section 217(2A) of the Companies Act, 1956, your Directors confirm as under:-

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) that the directors have selected such accounting policies and applied them consistently and made judgments 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 and of the profit if the company for that period;
- iii) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company for preventing and detecting fraud and other irregularities;
- iv) that the directors have prepared the annual accounts on a going concern basis.

**AUDITORS**

M /S. Sandeep Ramesh Gupta & Co, Chartered Accountant, Auditor of the company retires at the ensuing Annual General Meeting and being eligible offer themselves for reappointment as auditors of the Company to hold office from the conclusion of ensuing annual general meeting until the conclusion of next annual general meeting of the Company. As required under section 224-1B of the Companies Act, 1956 the company has obtained from them a confirmation to the effect that their appointment, if made, would be in conformity with the limits prescribed in the said section.

**FIXED DEPOSITS**

The company has not accepted or renewed any fixed deposit during the year under review.

**ENERGY CONSERVATION, TECHNOLOGY, ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO**

There has been no foreign exchange earning and outgo during the period under review.

The information relating to Conservation of Energy, Technology Absorption as required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable as the company is engaged mainly in securities related business.



**PARTICULARS OF EMPLOYEES IN TERMS OF SECTION 217(2A) OF THE COMPANIES ACT, 1956**

Your Directors place on record their appreciation for the efficient services rendered by the employees of the company.

None of the employee was in receipt of remuneration more than the limit prescribed under Section 217(2A) of the Companies Act, 1956 read with companies (Particulars of Employees) Rules, 1975 and hence no information is appended in this regard.

**ACKNOWLEDGEMENT**

Your Directors place on record their deep appreciation and gratitude for the co-operation and assistance extended to the company by banks and various Govt. departments.

By order of the Board  
For **Sarla Business Centre Private Limited**

Date: 27.09.2007  
Place: New Delhi

S/d-  
Raghunandan Prasad  
Director

S/d-  
Rajat Prasad  
Director





**SANDEEP RAMESH GUPTA & CO.**  
**CHARTERED ACCOUNTANTS**

B-102, East Of Kailash  
New Delhi – 110 065  
Phone: (91-11) 2683 5848

90/31B, Malviya Nagar  
New Delhi – 110 017  
Ph: (91-11) 5564 8424, Fax: (91-11) 5100 3436  
E-mail: sandygupta@vsnl.com

**AUDITOR'S REPORT**

To the Members of

SARLA BUSINESS CENTRE PRIVATE LIMITED:

1. We have audited the Balance Sheet of Sarla Business Centre Private Limited as at June 30, 2007, and the related Profit and Loss Account for the period July 1, 2006 to June 30, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Further to our comments in the Annexure referred to in paragraph 4, we report that:
  - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - (b) In our opinion, the Company has maintained proper books of account, as required by law, in so far as appears from our examination of those books;
  - (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report, comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ('the Act');
  - (e) On the basis of the confirmation received from the Directors, and taken on record by the Board of Directors, none of the Directors is disqualified as on June 30, 2007 from being appointed as a Director in terms of section 274 (1) (g) of the Act;
  - (f) In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give a true and fair view in conformity with the accounting principles generally accepted:
  - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at June 30, 2007.
  - (ii) In the case of the Profit and Loss Account, the Loss for the period from July 1, 2006 to June 30, 2007.
4. We have also examined the matters specified in paragraphs 4 & 5 of the Companies (Auditor's Report) (Amendment) Order, 2004 (the 'Order'), for the period from July 1, 2006 to June 30, 2007, as they relate to the Company. Our report thereon is annexed.

**Sandeep Ramesh Gupta & Co.**

Chartered Accountants

Place: New Delhi  
Dated: 27/09/2007

-Sd/-

Sandeep Gupta  
Membership No.: 90039



**SARLA BUSINESS CENTRE PRIVATE LIMITED**

**ANNEXURE TO AUDITORS' REPORT – JUNE 30, 2007**

1. (a) The Company has maintained proper records, showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets were physically verified during the period and no material discrepancies were noted. In our opinion, the frequency of verification is reasonable.
- (c) A substantial part of the fixed assets has not been disposed off by the Company during the period.
2. The clause 2 of paragraph 4 of the Order, relating to inventory is not applicable to the Company during the period.
3. (a) The Company has granted unsecured loan to companies covered in the register maintained under section 301 of the Companies Act, 1956. The detail are as follows:

| S. No. | Number of Parties | Maximum outstanding (Rs. lacs) | Amount (Rs. lacs) |
|--------|-------------------|--------------------------------|-------------------|
| 1.     | One               | 26.69                          | 78.25             |

- (b) In our opinion, the rate of interest and other terms and conditions of such loans are not, prima facie, prejudicial to the interest of the company.
- (c) The loan is recoverable on demand.
- (d) There is no overdue amount in excess of Rs. 1 Lakh in respect of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (e) The Company had taken unsecured loans, from persons covered in the register maintained under section 301 of the Act. The details are as follows:

| S.NO. | Number of Parties | Maximum Outstanding (Rs. Lacs) | Year Ended Balance (Rs. Lacs) |
|-------|-------------------|--------------------------------|-------------------------------|
| 1     | One               | 51.36                          | 51.36                         |

- (f) In our opinion, terms and conditions of the Loans taken by the Company are prima Facie not prejudicial to the interest of the Company.
- (a) The loan is repayable on demand
4. In our opinion, the internal control system of the Company, relating to the purchase of fixed assets is adequate and commensurate with the size and nature of its business. In our opinion, there is no continuing failure to correct major weaknesses in the internal control system.
5. (a) In our opinion, the contracts or arrangements referred to in section 301 of the Act, that needed to be recorded in the register required to be maintained under the said section, have been adequately recorded.



- (b) In our opinion, the transactions made in pursuance of such contracts or arrangements have been made at reasonable terms.
6. The Company has not accepted any deposits from the public within the meaning of section 58A and 58AA or any other relevant provision of the Act, and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.
8. The Company is not covered by the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act.
9. (a) In our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess, as applicable, with the appropriate authorities.  
(b) There are no dues of sales tax, income tax, customs duty, wealth-tax, excise duty and cess, which have not been deposited on account of any dispute.
10. The Company is having accumulated losses for the previous three years. However, the accumulated losses are not more than 50% of the net worth. The company has incurred minor cash losses in the financial year and the immediately preceding financial year.
11. The Company has not taken any loans from financial institutions or banks, nor floated debentures as at the balance sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute, applicable to chit fund/nidhi/mutual benefit fund/societies, are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion, and according to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the period.
16. The Company has not obtained any term loans.
17. The Company has not raised funds on a short-term basis, which have been used for long-term investments.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
19. The Company has not issued any debentures, and accordingly, the creation of a security or charge does not arise.
20. The Company has not raised any money by public issue during the period.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the period, nor have we been informed of such case by the management.

**Sandeep Ramesh Gupta & Co.**

Chartered Accountants

Place : New Delhi

Dated: 27/09/2007

-Sd/-

Sandeep Gupta

Membership No.: 90039

**SARLA BUSINESS CENTRE PRIVATE LIMITED**  
**BALANCE SHEET AS AT 30TH JUNE, 2007**

| <u>LIABILITIES</u>   | AS AT 30.06.2007 | AS AT 30.06.2006 | <u>ASSETS</u>                                     | AS AT 30.06.2007 | AS AT 30.06.2006 |
|--|------------------|------------------|---|------------------|------------------|
| <u>SHARE CAPITAL</u>   |                  |                  | <u>FIXED ASSETS</u>                               |                  |                  |
| <u>AUTHORISED</u>  |                  |                  | (As per Schedule 'A')                             | 14,997,643.00    | 14,997,643       |
| 100000 Equity Shares of<br>Rs. 10/- each   | 1,000,000        | 1,000,000        | <u>INVESTMENTS</u>                                | 4,302,620.00     | 4,302,620        |
| <u>ISSUED, SUBSCRIBED</u>  |                  |                  | <u>CURRENT ASSETS,</u>                            |                  |                  |
| <u>CALLED AND PAID UP</u>  |                  |                  | Cash in Hand                                      | 9,819.00         | 9,819            |
| 19400 Equity Shares of Rs. 10/-<br>each fully paid up  | 194,000          | 194,000          | Balance with Schedule Banks<br>in Current Account | 4,732.00         | 24,780           |
| (All the above shares are held by<br>RR Financial Consultants Ltd.<br>the company's Holding Company) |                  |                  | <u>LOANS &amp; ADVANCES</u>                       |                  |                  |
| <u>RESERVES &amp; SURPLUS</u>  |                  |                  | (Unsecured Considers Goods)                       |                  |                  |
| Share Premium  | 18,216,000       | 18,216,000       | Loans to Holding Company                          | 7,825,373.00     | 2,669,438        |
| <u>CURRENT LIABILITIES</u>   |                  |                  | Others  | 112947           | 112,947          |
| <u>&amp; PROVISIONS</u>  |                  |                  | <u>PROFIT &amp; LOSS ACCOUNT</u>                  |                  |                  |
| Expenses P'ble   | -                | 12,165           | (Debit balance as per annexed account)            | 2,386,133        | 2,384,919        |
| Provision for Taxation   | 80,000           | 80,000           |   |                  |                  |
| Sundry Creditors   | 5,149,267        | -                |   |                  |                  |
| Security Deposit   | 6,000,000        | 6,000,000        |   |                  |                  |
| <u>NOTES TO ACCOUNTS</u>   |                  |                  |   |                  |                  |
| (As per schedule 'B' annexed)  |                  |                  |   |                  |                  |
|  | 29,639,267       | 24,502,165       |   | 29,639,267       | 24,502,165       |

*In terms of our Audit report of even date attached*

For Sandeep Ramesh Gupta & Co.  
Chartered Accountants

For Sarla Business Centre (P) Ltd

s/d

Sandeep Gupta  
(Proprietor)  
Place: New Delhi  
Dated : 27/09/2007

s/d  
R. PRASAD  
(Director)

s/d  
RAJAT PRASAD  
(Director)





**SARLA BUSINESS CENTRE PRIVATE LIMITED**  
**PROFIT & LOSS ACCOUNT FOR THE 12 MONTHS ENDED ON 30TH JUNE, 2007**

| <u>PARTICULARS</u>        | <u>30.06.2007</u> | <u>30.06.2006</u> | <u>PARTICULARS</u>               | <u>30.06.2007</u> | <u>30.06.2006</u> |
|---------------------------|-------------------|-------------------|----------------------------------|-------------------|-------------------|
| To Filing Fee             | -                 | 600               | By Profit on sale of Investments | -                 | -                 |
| To Audit Fee              | 1,102.00          | 1,383             | By loss carried down             | 1,214             | 301,921           |
| To Bank Charges           | 112.00            | 83                |                                  |                   |                   |
| To Depreciation           | -                 | 299,855           |                                  |                   |                   |
| To Misc Balances w/o      | -                 | -                 |                                  |                   |                   |
| To Profit Carried down    | -                 | -                 |                                  |                   |                   |
|                           | <b>1,214</b>      | <b>301,921</b>    |                                  | <b>1,214</b>      | <b>301,921</b>    |
| To Balance b/d            | 1,214             | 301,921           | By Balance b/d                   | -                 | -                 |
| To Income Tax Paid        | -                 | 80,367            | Balance Sheet                    | 2,386,133         | 2,384,919         |
| To Provision for Taxation | -                 | -                 |                                  |                   |                   |
| To balance b/f            | 2,384,919         | 2,002,631         |                                  |                   |                   |
|                           | <b>2,386,133</b>  | <b>2,384,919</b>  |                                  | <b>2,386,133</b>  | <b>2,384,919</b>  |

For Sandeep Ramesh Gupta & Co.  
Chartered Accountants

s/d

**SANDEEP GUPTA**  
(Proprietor)

Place: New Delhi

Dated : 27/09/2007

For Sarla Business Centre (P) Ltd

s/d

**R. PRASAD**  
(Director)

s/d

**RAJAT PRASAD**  
(Director)

**SARLA BUSINESS CENTRE PRIVATE LIMITED****SCHEDULE 'A'****SCHEDULE OF FIXED ASSETS FOR THE PERIOD 12 MONTHS ENDED 30TH JUNE, 2007**

(Amount in Rupees)

| Particulars     | Gross Block         |          |           |                     | Depreciation        |              |           |                     | Net Block           |                     |
|-----------------|---------------------|----------|-----------|---------------------|---------------------|--------------|-----------|---------------------|---------------------|---------------------|
|                 | As at<br>30.06.2006 | Addition | Deduction | As at<br>30.06.2007 | As at<br>30.06.2006 | For the year | Deduction | As at<br>30.06.2007 | As at<br>30.06.2007 | As at<br>30.06.2006 |
| Office Premises | 18,396,000          | -        | -         | 18,396,000          | 3,398,357           | -            | -         | 3,398,357           | 14,997,643          | 14,997,643          |
| <b>Total</b>    | <b>18,396,000</b>   | <b>-</b> | <b>-</b>  | <b>18,396,000</b>   | <b>3,398,357</b>    | <b>-</b>     | <b>-</b>  | <b>3,398,357</b>    | <b>14,997,643</b>   | <b>14,997,643</b>   |
| Previous year   | 18,396,000          | -        | -         | 18,396,000          | 3,098,502           | 299,855      | -         | 3,398,357           | 14,997,643          |                     |



**SARLA BUSINESS CENTRE PRIVATE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE PERIOD FROM JULY 1, 2006 TO JUNE 30, 2007**

**'SCHEDULE B'**

**(All amounts in rupees)**

**1. BACKGROUND**

Sarla Business Centre Private Limited ('the Company') was incorporated on November 9, 1994, at New Delhi, with the objective of carrying the business of hiring out the business center facilities.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting, and comply with the Accounting Standards referred to in section 211(3C) of the Companies Act, 1956, ('the Act').

**a) Revenue Recognition**

Revenue from hiring out of business centre facilities is recognized on accrual basis.

**b) Fixed Assets and Depreciation**

Fixed assets are stated at cost, including freight, installation, duties and taxes, finance charges and other incidental expenses incurred during construction or installation, net of accumulated depreciation.

Depreciation is computed on the straight-line method basis, at rates prescribed under Schedule XIV of the Act, on a pro-rata basis. Individual assets if acquired for less than Rs 5, 000 are expensed in the year of acquisition.

Depreciation on Office premises not provided during the year, as there is no business activities during the year.

**c) Investments**

Investments are stated at cost.

**d) Retirement Benefits**

There is no employee in the company during the financial year.

**e) Foreign Currency Transactions**

There is no transaction in foreign currency during the year.

**f) Taxation**

Provision for income tax for the current period is made on the basis of estimated tax liability as per the applicable provisions of the Income-tax Act, 1961.

**3. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

(a) Bank guarantees outstanding Rs Nil (June 30, 2007 - Rs Nil).

**4. DEFERRED TAX**

In view of the substantial carried forward losses and no taxable income for the current year and due to uncertainty with the future taxable income, the company has not recorded cumulative deferred tax assets on account of timing differences as stipulated in AS-22 "Accounting for taxes on income" issued by ICAI.



## 5. SUPPLEMENTARY PROFIT AND LOSS STATEMENT DATA

|  | <u>June 30, 2007</u> | <u>June 30, 2006</u> |
|--|----------------------|----------------------|
| (a) Capacity and production – Not applicable |                      |                      |
| (b) Earnings in foreign exchange -           | Nil                  | Nil                  |
| (c) Expenditure in foreign currency          | Nil                  | Nil                  |
| (d) Payments to auditors –Auditors Fees      | 1,102                | 1,383                |

## 6. SEGMENT REPORTING

The Company's primary segments of operations are (a) Hiring out of business center facilities.

## 7. RELATED PARTY DISCLOSURES

### List of Related Parties (as identified and certified by the Management)

#### I. Parties where control exists

##### (a) Parties having control (directly or indirectly)

- RR Financial Consultants Ltd is the 100% holding company

##### (b) Other Parties

-RR Brokerage Assurance Services (P) Ltd  
Priya Business Centre (P) Ltd.

#### II. Key Management Personnel

##### (a) Rajat Prasad – Director

##### (b) Raghunandan Prasad – Director





## Transaction with Related Parties

(Rs in lakhs)

| Description of the nature of the transactions | Volume of transaction during  |        | Amount outstanding as on |         |              |         |
|---|-------------------------------|--------|--------------------------|---------|--------------|---------|
|   | July 1, 2006 to June 30, 2007 |        | June 30, 2007            |         | July 1, 2006 |         |
|   |                               |        | Receivable               | Payable | Receivable   | Payable |
| <b>Security Deposit</b>                       | Dr.                           | Cr.    |                          |         |              |         |
| RR Brokerage Assurance Services (P) Ltd       | Nil                           | Nil    | Nil                      | 60      | Nil          | 60      |
| <b>Loans &amp; Advances</b>                   | 70.00                         | 18.45  | 78.25                    | Nil     | 26.69        | Nil     |
| RR Financial Consultants Ltd                  |                               |        |                          |         |              |         |
| <b>Unsecured Loan</b>                         |                               |        |                          |         |              |         |
| Priya Business Centre (P) Ltd.                | 115.52                        | 166.88 | Nil                      | 51.36   | Nil          | Nil     |

## 8. EARNING PER SHARE (EPS)

|  | <u>June 30, 2007</u> | <u>June 30, 2006</u> |
|--|----------------------|----------------------|
| (a) Profit attributable to equity shareholders - Net Profit after taxation - | (1,214)              | (3,82,288)           |
| (b) Basic earnings per share - Total number of equity shares outstanding     | 19,400               | 19,400               |
| Basic EPS  | (00.06)              | (19.71)              |

## 9. COMPARITIVES

Previous year's figures have been regrouped or rearranged wherever considered necessary so as to make them comparable with those of the current year.

For: Sarla Business Centre (P) Ltd.

Sandeep Ramesh Gupta & Co.  
Chartered AccountantsSd/-  
Raghunandan Prasad  
(Director)Sd/-  
Rajat Prasad  
(Director)Sd/-  
Sandeep Gupta  
Membership No.: 90039Place : New Delhi  
Dated: 27/09/2007





## DIRECTORS' REPORT

### To the Members of Priya Business Centre Private Limited

Your Directors have pleasure in presenting the 13<sup>th</sup> Annual report together with the Audited Accounts of the Company for the year 01.07.2006 to 30.06.2007.

## OPERATING RESULTS

During the year ended 30.06.2007

| Particulars          | Amount (Rs) |
|----------------------|-------------|
| Expenditure          | 1,460       |
| Net Loss             | 1460        |
| Transfer to reserves | Nil         |
| Proposed dividend    | Nil         |

## DIRECTORS

Mr. Raghunandan Prasad, director of the company retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

## DIRECTORS RESPONSIBILITY STATEMENT

As per the provision of section 217(2A) of the Companies Act, 1956, your Directors confirm as under:-

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) that the directors have selected such accounting policies and applied them consistently and made judgments 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 and of the profit if the company for that period;
- iii) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company for preventing and detecting fraud and other irregularities;
- iv) that the directors have prepared the annual accounts on a going concern basis.

## AUDITORS

M /S. Sandeep Ramesh Gupta & Co, Chartered Accountant, Auditor of the company retires at the ensuing Annual General Meeting and being eligible offer themselves for reappointment as auditors of the Company to hold office from the conclusion of ensuing annual general meeting until the conclusion of next annual general meeting of the Company. As required under section 224-1B of the Companies Act, 1956 the company has obtained from them a confirmation to the effect that their appointment, if made, would be in conformity with the limits prescribed in the said section.

## FIXED DEPOSITS

The company has not accepted or renewed any fixed deposit during the year under review.

## ENERGY CONSERVATION, TECHNOLOGY, ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

There has been no foreign exchange earning and outgo during the period under review.

The information relating to Conservation of Energy, Technology Absorption as required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable as the company is engaged mainly in securities related business.



**PARTICULARS OF EMPLOYEES IN TERMS OF SECTION 217(2A) OF THE COMPANIES ACT, 1956**

Your Directors place on record their appreciation for the efficient services rendered by the employees of the company. None of the employee was in receipt of remuneration more than the limit prescribed under Section 217(2A) of the Companies Act, 1956 read with companies (Particulars of Employees) Rules, 1975 and hence no information is appended in this regard.

**ACKNOWLEDGEMENT**

Your Directors place on record their deep appreciation and gratitude for the co-operation and assistance extended to the company by banks and various Govt. departments.

*By order of the Board*  
**For Priya Business Centre Private Limited**

Date: 27.09.2007  
Place: New Delhi

**S/d-**  
Raghunandan Prasad  
Director

**S/d-**  
Rajat Prasad  
Director



**SANDEEP RAMESH GUPTA & CO.  
CHARTERED ACCOUNTANTS**

B-102, East Of Kailash  
New Delhi – 110 065  
Phone: (91-11) 2683 5848

90/31B, Malviya Nagar  
New Delhi – 110 017  
Ph: (91-11) 5564 8424, Fax: (91-11) 5100 3436  
E-mail: sandygupta@vsnl.com

**AUDITOR'S REPORT**

To the Members of

**PRIYA BUSINESS CENTRE PRIVATE LIMITED.**

1. We have audited the Balance Sheet of **Priya Business Centre Private Limited** as at June 30, 2007, and the related Profit and Loss Account for the period July 1, 2006 to June 30, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Further to our comments in the Annexure referred to in paragraph 4, we report that:
  - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - (b) In our opinion, the Company has maintained proper books of account, as required by law, in so far as appears from our examination of those books;
  - (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report, comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ('the Act');
  - (e) On the basis of the confirmation received from the Directors, and taken on record by the Board of Directors, none of the Directors is disqualified as on June 30, 2007 from being appointed as a Director in terms of section 274 (1) (g) of the Act;
  - (f) In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give a true and fair view in conformity with the accounting principles generally accepted:
  - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at June 30, 2007, and
  - (ii) In the case of the Profit and Loss Account, of the loss for the period from July 1, 2006 to June 30, 2007.



4. We have also examined the matters specified in paragraphs 4 & 5 of the Companies (Auditor's Report) (Amendment) Order, 2004 (the 'Order'), for the period from July 1, 2006 to June 30, 2007, as they relate to the Company. Our report thereon is annexed.

Sandeep Ramesh Gupta & Co.  
Chartered Accountants

Place: New Delhi  
Dated: 27/09/2007

Sd/-

Sandeep Gupta  
Membership No.: 90039



**PRIYA BUSINESS CENTRE PRIVATE LIMITED**

**ANNEXURE TO AUDITORS' REPORT – JUNE 30, 2007**

1. (a) The Company has maintained proper records, showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets were physically verified during the period and no material discrepancies were noted. In our opinion, the frequency of verification is reasonable.
- (c) A substantial part of the fixed assets has not been disposed off by the Company during the period.
2. The clause 2 of paragraph 4 of the Order, relating to inventory is not applicable to the Company during the period.
3. (a) The Company has granted unsecured loan to companies covered in the register maintained under section 301 of the Act, 1956. The detail are as follows:

| S. No. | Number of Parties | Maximum outstanding (Rs. lacs) | Amount (Rs. lacs) |
|--------|-------------------|--------------------------------|-------------------|
| 1.     | One               | 297.29                         | 297.29            |

- (d) In our opinion, the rate of interest and other terms and conditions of the loans taken by the Company are prima facie not prejudicial to the interest of the Company.
- (e) The loan is repayable on demand.
4. In our opinion, the internal control system of the Company, relating to the purchase of fixed assets is adequate and commensurate with the size and nature of its business. In our opinion, there is no continuing failure to correct major weaknesses in the internal control system.
5. (a) In our opinion, the contracts or arrangements referred to in section 301 of the Act, that needed to be recorded in the register required to be maintained under the said section, have been adequately recorded.
- (b) In our opinion, the transactions made in pursuance of such contracts or arrangements have been made at reasonable terms.
6. The Company has not accepted any deposits from the public within the meaning of section 58A and 58AA or any other relevant provision of the Act, and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.
8. The Company is not covered by the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act.
9. (a) In our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess, as applicable, with the appropriate authorities.



- (b) There are no dues of sales tax, income tax, customs duty, wealth-tax, excise duty and cess, which have not been deposited on account of any dispute.
10. The Company is having accumulated losses for the previous three years. However, the accumulated losses are not more than 50% of the net worth. The company has incurred cash losses in the financial year and in the immediately preceding financial year.
11. The Company has not taken any loans from financial institutions or banks, nor floated debentures as at the balance sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute, applicable to chit fund/nidhi/mutual benefit fund/societies, are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion, and according to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the period.
16. The Company has not obtained any term loans.
17. The Company has not raised funds on a short-term basis, which have been used for long-term investments.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
19. The Company has not issued any debentures, and accordingly, the creation of a security or charge does not arise.
20. The Company has not raised any money by public issue during the period.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the period, nor have we been informed of such case by the management.

Sandeep Ramesh Gupta & Co.  
Chartered Accountants

New Delhi  
Dated: 27/09/2007

Sd/-  
Sandeep Gupta  
Membership No.: 90039





**PRIYA BUSINESS CENTRE PRIVATE LIMITED**  
BALANCE SHEET AS AT 30TH JUNE, 2007

| <b>LIABILITIES</b>                  | <b>AS AT 30.06.2007</b> | <b>AS AT 30.06.2006</b> | <b>ASSETS</b>                          | <b>AS AT 30.06.2007</b> | <b>AS AT 30.06.2006</b> |
|-------------------------------------|-------------------------|-------------------------|--|-------------------------|-------------------------|
| <b>SHARE CAPITAL</b>                |                         |                         | <b>FIXED ASSETS</b>                    |                         |                         |
| <b>AUTHORISED</b>                   |                         |                         | (As per Schedule 'A')                  | 47,236,119.00           | 47,236,119              |
| 100000 Equity Shares of Rs. 10/- ea | 1,000,000               | 1,000,000               |  |                         |                         |
| <b>ISSUED, SUBSCRIBED</b>           |                         |                         | <b>INVESTMENTS</b>                     | 4314344                 | 4,314,344               |
| <b>CALLED AND PAID UP</b>           |                         |                         |  |                         |                         |
| 58370 Equity Shares of Rs. 10/-     |                         |                         | <b>CURRENT ASSETS,</b>                 |                         |                         |
| each fully paid up                  | 583700                  | 583,700                 | Cash in Hand                           | 368.00                  | 368                     |
| (All the above shares are held by   |                         |                         | Balance with Scheduled Banks           |                         |                         |
| RR Financial Consultants Ltd.,      |                         |                         | in Current Account                     | 3,041.00                | 808,299                 |
| the company's Holding Company)      |                         |                         |  |                         |                         |
| <b>RESERVES &amp; SURPLUS</b>       |                         |                         | <b>LOANS &amp; ADVANCES</b>            |                         | 1,972,282               |
| Share Premium                       | 56796300                | 56,796,300              | (Unsecured considered good)            | 28,835,237.00           |                         |
| <b>UNSECURED LOANS</b>              | 29729056                | -                       | <b>PROFIT &amp; LOSS ACCOUNT</b>       | 10,735,294              | 10,733,834              |
|                                     |                         |                         | (Debit balance as per annexed account) |                         |                         |
| <b>CURRENT LIABILITIES</b>          |                         |                         |  |                         |                         |
| <b>&amp; PROVISIONS</b>             |                         |                         |  |                         |                         |
| Expenses Payable                    | 15347                   | 14,245                  |  |                         |                         |
| Advance against sale of property    | 0                       | 3,671,000               |  |                         |                         |
| Security Deposit                    | 4000000                 | 4,000,000               |  |                         |                         |
| <b>NOTES TO ACCOUNTS</b>            |                         |                         |  |                         |                         |
| (As per schedule 'B' annexed)       |                         |                         |  |                         |                         |
|                                     | <b>91,124,403</b>       | <b>65,065,245</b>       |  | <b>91,124,403</b>       | <b>65,065,245</b>       |

*In terms of our audit report of even date attached*

For Sandeep Ramesh Gupta & Co.  
Chartered Accountants

For Priya Business Centre (P) Ltd

Sd/-  
SANDEEP GUPTA  
(Proprietor)

s/d  
R. PRASAD  
(Director)

s/d  
RAJAT PRASAD  
(Director)

Place: New Delhi  
Dated: 27/09/2007

**PRIYA BUSINESS CENTRE PRIVATE LIMITED**  
**PROFIT & LOSS ACCOUNT FOR THE 12 MONTHS ENDED ON 30TH JUNE, 2007**

| <u>PARTICULARS</u> | <u>30.06.2007</u> | <u>30.06.2006</u> | <u>PARTICULARS</u>    | <u>30.06.2007</u> | <u>30.06.2006</u> |
|--------------------|-------------------|-------------------|-----------------------|-------------------|-------------------|
| To Audit Fee       | 1,102.00          | 1,383             | By loss carried down  | 1,460             | 937.908           |
| To Bank Charges    | 302.00            | 859               |                       |                   |                   |
| To Depreciation    | -                 | 935,066           |                       |                   |                   |
| To Office Exp.     | 56.00             | 0                 |                       |                   |                   |
| To Filing Fees     | -                 | 600               |                       |                   |                   |
| To Prel. exps w/o  | -                 | -                 |                       |                   |                   |
|                    | <b>1,460</b>      | <b>937.908</b>    |                       | <b>1,460</b>      | <b>937.908</b>    |
| To balance b/d     | 1,460             | 937,908           | By balance carried to | -                 | -                 |
| To balance b/f     | 10,733,834        | 9,795,926         | Balance Sheet         | 10,735,294        | 10,733,834        |
|                    | <b>10,735,294</b> | <b>10,733,834</b> |                       | <b>10,735,294</b> | <b>10,733,834</b> |

For Sandeep Ramesh Gupta & Co.  
Chartered Accountants

Sd/-  
**SANDEEP GUPTA**  
(Proprietor)  
Place: New Delhi  
Dated: 27/09/2007

For Priya Business Centre (P) Ltd

s/d  
**R. PRASAD**  
(Director)

s/d  
**RAJAT PRASAD**  
(Director)



## PRIYA BUSINESS CENTRE PRIVATE LIMITED

## SCHEDULE 'A'

## SCHEDULE OF FIXED ASSETS FOR THE 12 MONTHS ENDED 30TH JUNE,2007

(Amount in Rupees)

| Particulars     | Gross Block       |          |           |                   | Depreciation      |              |           |                   | Net Block         |                   |
|-----------------|-------------------|----------|-----------|-------------------|-------------------|--------------|-----------|-------------------|-------------------|-------------------|
|                 | As at             | Addition | Deduction | As at             | As at             | For the year | Deduction | As at             | As at             | As at             |
|                 | 30.06.2006        |          |           | 30.06.2007        | 30.06.2007        |              |           | 30.06.2007        | 30.06.2007        | 30.06.2006        |
| Office Premises | 57,366,000        | -        | -         | 57,366,000        | 10,129,881        | -            | -         | 10,129,881        | 47,236,119        | 47,236,119        |
| <b>Total</b>    | <b>57,366,000</b> | <b>-</b> | <b>-</b>  | <b>57,366,000</b> | <b>10,129,881</b> | <b>-</b>     | <b>-</b>  | <b>10,129,881</b> | <b>47,236,119</b> | <b>47,236,119</b> |
| Previous year   | 57,366,000        | -        | -         | 57,366,000        | 9,194,815         | 935,066      | -         | 10,129,881        | 47,236,119        |                   |





**PRIYA BUSINESS CENTRE PRIVATE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE PERIOD FROM JULY 1, 2006 TO JUNE 30, 2007**

**ANNEXURE 'B'**

(All amounts in rupees)

**1. BACKGROUND**

Priya Business Centre Private Limited ('the Company') was incorporated on November 9, 1994, at New Delhi, with the objective of carrying the business of hiring out the business center facilities.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting, and comply with the Accounting Standards referred to in section 211(3C) of the Companies Act, 1956, ('the Act').

**a) Revenue Recognition**

Revenue from hiring out of business centre facilities is recognized on accrual basis.

**b) Fixed Assets and Depreciation**

Fixed assets are stated at cost, including freight, installation, duties and taxes, finance charges and other incidental expenses incurred during construction or installation, net of accumulated depreciation.

Depreciation is computed on the straight-line method basis, at rates prescribed under Schedule XIV of the Act, on a pro-rata basis. Individual assets acquired for less than Rs 5,000 are expensed in the year of acquisition.

Depreciation on Office premises not provided during the year, as there is no business activities during the year.

**c) Investments**

Investments are stated at cost.

**d) Retirement Benefit**

There is no employee in the company during the financial year.

**e) Foreign Currency Transactions**

There is no transaction in foreign currency during the year.

**f) Taxation**

Provision for income tax for the current period is made on the basis of estimated tax liability as per the applicable provisions of the Income-tax Act, 1961.

**3. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

(a) Bank guarantees outstanding Rs Nil ( June 30, 2007 - Rs Nil).

**4. DEFERRED TAX**

In view of the substantial carried forward losses and no taxable income for the current year and due to uncertainty with the future taxable income, the company has not recorded cumulative deferred tax assets on account of timing differences as stipulated in AS-22 "Accounting for taxes on income" issued by ICAI.



5. SUPPLEMENTARY PROFIT AND LOSS STATEMENT DATA

|  | <u>June 30, 2007</u> | <u>June 30, 2006</u> |
|--|----------------------|----------------------|
| (a) Capacity and production – Not applicable |                      |                      |
| (b) Earnings in foreign exchange -           | Nil                  | Nil                  |
| (c) Expenditure in foreign currency          | Nil                  | Nil                  |
| (d) Payments to auditors –Auditors Fees      | 1,102                | 1,383                |

6. SEGMENT REPORTING

The Company's primary segments of operations are (a) Hiring out of business center facilities.

7. RELATED PARTY DISCLOSURES

List of Related Parties (as identified and certified by the Management)

I. Parties where control exists

(a) Parties having control (directly or indirectly)

- RR Financial Consultants Ltd is the 100% holding company & its other subsidiary companies.

(b) RR Brokerage Assurance Services (P) Ltd

II. Key Management Personnel

(a) Rajat Prasad – Director

(b) Raghunandan Prasad – Director

Transaction with Related Parties

(Rs in lakhs)

| S.NO | Particulars                      | Subsidiary Companies | Associate Companies | Key Management Personnel |
|------|----------------------------------|----------------------|---------------------|--------------------------|
| a.   | Amt. due From Co. as at 30/03/07 | 00                   | 51.36               | 00                       |
| b.   | Amt due to Co. as at 31/03/07    | 00                   | 337.30              | 00                       |
| c.   | Amt. due From Other              | 00                   | 00                  | 232.62                   |
|      |                                  |                      |                     |                          |



8. EARNING PER SHARE (EPS)

|  | <u>June 30, 2007</u> | <u>June 30, 2006</u> |
|--|----------------------|----------------------|
| (a) Loss attributable to equity shareholders -<br>Net loss after taxation -              | (1,460)              | (9,37,908)           |
| (b) Basic earnings per share -<br>Total number of equity shares outstanding<br>Basic EPS | 58,370<br>(00.03)    | 58,370<br>(16.07)    |

9. COMPARITIVES

Previous year's figures have been regrouped or rearranged wherever considered necessary so as to make them comparable with those of the current year.

For: Priya Business Centre (P) Ltd.

Sandeep Ramesh Gupta & Co.  
Chartered Accountants

Sd/-  
Raghunandan Prasad  
(Director)

Sd/-  
Rajat Prasad  
(Director)

Sd/-  
Sandeep Gupta  
Membership No.: 90039

Place: New Delhi  
Dated: 27/09/2007



**PRIYA BUSINESS CENTRE (P) LTD.**

**Balance Sheet Abstract and Company's General Business Profile**

**I. Registration Details**

Registration No. : 55- 62579  
 State Code : 55  
 Balance Sheet Date : 30 06 2007  
 Date Month Year

**II. Capital raised during the year (Amount in Rs. Thousands)**

Public Issue : Nil Right Issue : Nil  
 Bonus Issue : Nil Private Placement : Nil

**III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)**

Total Liabilities : 91,124 Total Assets : 91,124

**Source of Funds**

Paid-up Capital : 584 Reserves & Surplus : 56,796  
 Secured Loans : Nil Unsecured Loans : Nil

**Application of Funds**

Net Fixed Assets : 47,236 Investments : 4,314  
 Net Current Assets : Misc. Expenditure : Nil  
 Accumulated Losses :

**IV. Performance of the Company (Amount in Rs. Thousands)**

Turnover : Nil Total Expenditure : 936  
 Profit/(Loss) Before Tax : (00.01) Profit/(Loss) After Tax : (00.01)  
 Earning Per Share in Rs. : (00.03) Dividend rate % : Nil

**V. Generic Names of Three Pincipal Products/Services of Company (as per monetary terms)**

Item Code No.  
 (ITC Code)  
 Product Description : Business Centre facilities

For Sandeep Ramesh Gupta & Co.  
 Chartered Accountants

For Priya Business Centre (P) Ltd.

-sd/-  
 Sandeep Gupta  
 (Proprietor)

-sd/-  
 Raghunandan Prasad  
 (Director)

-sd/-  
 Rajat Prasad  
 (Director)

Place : New Delhi  
 Date : 27/09/2007



## DIRECTORS' REPORT

### To the members of RR FINE ART ENTERPRISES PRIVATE LIMITED

Your Directors have pleasure in presenting the 3<sup>rd</sup> Annual report together with the Audited Accounts of the Company for the year 01.04.2006 to 31.03.2007.

## OPERATING RESULTS

During the year ended 31.03.2007,

| Particulars                   | Amount |
|-------------------------------|--------|
| Sales or any other income     | 150000 |
| Expenditure                   | 7197   |
| Profit/(loss) before Taxation | 142803 |
| Profit/(loss) after Taxation  | 142803 |
| Transfer to reserves          | 142803 |
| Proposed dividend             | Nil    |

## DIRECTORS

Mr. Rajat Prasad, director of the company retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

## DIRECTORS RESPONSIBILITY STATEMENT

As per the provision of section 217(2A) of the Companies Act, 1956, your Directors confirm as under:-

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) that the directors have selected such accounting policies and applied them consistently and made judgments 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 and of the profit if the company for that period;
- iii) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company for preventing and detecting fraud and other irregularities;
- iv) that the directors have prepared the annual accounts on a going concern basis.

## AUDITORS

Mr. Rajiv Kumar Gupta, Chartered Accountant, Auditor of the company retires at the ensuing Annual General Meeting and being eligible offer themselves for reappointment as auditors of the Company to hold office from the conclusion of ensuing annual general meeting until the conclusion of next annual general meeting of the Company. As required under section 224-1B of the Companies Act, 1956 the company has obtained from them a confirmation to the effect that their appointment, if made, would be in conformity with the limits prescribed in the said section.

## FIXED DEPOSITS

The company has not accepted or renewed any fixed deposit during the year under review.

## ENERGY CONSERVATION, TECHNOLOGY, ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

There has been no foreign exchange earning and outgo during the period under review.





The information relating to Conservation of Energy, Technology Absorption as required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable as the company is engaged mainly in securities related business.

**PARTICULARS OF EMPLOYEES IN TERMS OF SECTION 217(2A) OF THE COMPANIES ACT, 1956**

Your Directors place on record their appreciation for the efficient services rendered by the employees of the company. None of the employee was in receipt of remuneration more than the limit prescribed under Section 217(2A) of the Companies Act, 1956 read with companies (Particulars of Employees) Rules, 1975 and hence no information is appended in this regard.

**ACKNOWLEDGEMENT**

Your Directors place on record their deep appreciation and gratitude for the co-operation and assistance extended to the company by banks and various Govt. departments.

By order of the Board  
For **RR Fine Art Enterprises Private Limited**

Date: 02.09.2007  
Place: New Delhi

**-S/d-**  
Rajat Prasad  
Director

**-S/d-**  
Raghunandan Prasad  
Director



**R K SEHGAL & ASSOCIATES**

**COMPANY SECRETARIES C.P.NO. 4017**

327C, Vashisht Complex, Sikanderpur, Gurgaon.

Tel: 0124- 4146132, 3919180, 9818246180, 991125618

**COMPLIANCE CERTIFICATE**

Rule 3 of Companies (Compliance Certificate) Rules, 2001

Registration No. of the Company : U51909DL2007PTC132354  
Nominal Capital : Rs. 10,00,000

The Members,  
**RR Fine Arts Enterprises Private Limited**  
412-422, 4<sup>th</sup> Floor, Indraprakash,  
Barakhamba Road,

**New Delhi-110001**

We, have examined the registers, records, books and papers of RR Fine Arts Enterprises Pvt. Ltd. (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31<sup>st</sup> March, 2007. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. During the year under scrutiny, the Company has not filed any forms and returns with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other Authorities under the Act and the rules made there under.
3. The Company being private limited company has the minimum prescribed paid-up capital and its maximum number of members during the said financial year was less than 50 excluding its past and present employees and the company during the year under scrutiny:
  - a. has not invited public to subscribe for its shares or debentures; and
  - b. has not invited or accepted any deposits from persons other than its members, directors or their relatives.
4. The Board of Directors met 4 (Four) times on, 16.06.2006, 16.08.2006, 15.12.2006 & 15.03.2007 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed.
5. The company was not required to close its register of members during the year.
6. The Annual General Meeting for the financial year ended on 31<sup>st</sup> March 2006 was held on 29.09.2006.
7. No Extraordinary General Meeting was held during the year under consideration.
8. The company being a subsidiary to a Public Company, provisions of Section 295 would be applicable but no Loans have been given to the Directors for the year ending 31.03.2007.
9. The company being a subsidiary to a Public Company, provisions of Section 297 would be applicable and all contracts and arrangements made by the company have been made at reasonable terms for the year ending 31.03.2007.
10. The Company has duly recorded in the register maintained under section 301(3) of the Act, the general notices received from directors under section 299(3)(a) of the Act.
11. There were no instances falling within the purview of section 314 of the Act, the company has not obtained any approvals from the Board of Directors, members or Central Government.
12. The company has not issued any duplicate share certificates during the financial year.
13. The Company has :
  - a. Not made any allotment of securities and has not received any shares for transfer, transmission, consolidation or any other purpose;
  - b. not deposited any amount in a separate Bank Account as no dividend was declared during the financial year;
  - c. the company was not required to post warrants to any member of the company as no dividend was declared during the financial year;
  - d. there was no unpaid dividend;
  - e. duly complied with the requirements of section 217 of the Act.



## RR Fine Art Enterprises Private Limited

14. The Board of Directors of the company is duly constituted and there has been no change in the composition of the Board during the year.
15. The company's paid up capital is less than 5 Crores, so the Company is not required to comply with provisions of section 269 of the Act with regard to appointment of Managing Director/ Whole time Director/ Manager.
16. The company has not appointed any sole-selling agents during the year.
17. The company was not required to obtain any approvals from the Central Government, Company Law Board, Regional Director, Registrar or any other authorities.
18. The directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and rules made thereunder.
19. The Company has not made further allotment of securities during the year under scrutiny.
20. The company has not bought back any shares during the financial year.
21. The company has not redeemed any preference shares/ debentures during the year.
22. There were no transactions necessitating the company to keep in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The company has not invited/ accepted any deposits including any unsecured loans falling within the purview of section 58A during the financial year.
24. The company being a subsidiary to a Public Company, provisions of section 293(1)(d) of the Act shall be considered for applicability. The Company has taken unsecured Loans to a tune of Rs. 4,297,067/- as on year ending 31.03.2007 but no consent of the shareholders in a General Meeting is required as the total borrowing does not exceed the aggregate of the paid-up capital and free reserves of the Company.
25. The company being subsidiary to a Public Company, provisions of section 372A regarding inter corporate loans and investments are not applicable to the company for the year ending 31.03.2007.
26. The company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one State to another during the year under scrutiny.
27. The company has not altered the provisions with respect to objects of the company during the year under scrutiny.
28. The company has not altered the provisions with respect to name of the company during the year under scrutiny.
29. The company has not altered the provisions with respect to share capital of the company during the year under consideration.
30. The company has not altered its articles of association during the financial year.
31. There was no prosecution initiated against or show cause notices received by the company for any offences under the Act and no fines and penalties or any other punishment was imposed on the company.
32. The company has not received any amount as security from its employees during the year under certification.
33. The company has not constituted provident fund pursuant to the provisions of Section 418 of the Act.

Place : New Delhi  
Date : 02.09.2007

R K SEHGAL & ASSOCIATES  
COMPANY SECRETARIES

-sd-

RAJ K SEHGAL  
PROPRIETOR

### ANNEXURE A

Registers as maintained by the company

1. Register of members' u/s 150 of the companies Act, 1956.
2. Register of Directors u/s 303 of the companies Act, 1956
3. Register of Directors' shareholding u/s 307 of the companies Act, 1956
4. Register of Contracts, firms and companies in which Directors are interested u/s 301 of the Companies Act, 1956
5. Register of Application and Allotment
6. Register of Share Transfers
7. Books of Accounts
8. Minute Books of Board Meetings and General Meetings u/s 193



**RAJIV KUMAR GUPTA**

CHARTERED ACCOUNTANT  
23, SAINIK VIHAR DELHI-110034

**AUDITOR'S REPORT**

To the Members of

**RR FINE ARTS ENTERPRISE PVT LTD**

1. We have audited the Balance Sheet of **RR FINE ARTS ENTERPRISE PVT LTD** at 1<sup>st</sup> April, 2006 to March 2007, and the related Profit and Loss Account for the period April 1<sup>st</sup>, 2006 to 31<sup>st</sup> March 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have also examined the matters specified in paragraphs 4 & 5 of the Companies (Auditor's Report) (Amendment) Order, 2004 (the 'Order'), for the period from 1<sup>st</sup> April 2006 to March, 2007 as they relate to the Company. Our report thereon is annexed.
4. Further to our comments in the Annexure referred to in paragraph 4, we report that:
  - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - (b) In our opinion, the Company has maintained proper books of account, as required by law, in so far as appears from our examination of those books;
  - (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report, comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ('the Act');
  - (e) On the basis of the confirmation received from the Directors, and taken on record by the Board of Directors, none of the Directors is disqualified as on March, 2007 from being appointed as a Director in terms of section 274 (1) (g) of the Act;
  - (f) In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give a true and fair view in conformity with the accounting principles generally accepted:
    - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at March, 2007, and
    - (ii) In the case of the Profit and Loss Account, the profit for the period from 1<sup>st</sup> April 2006 to 31<sup>st</sup> March 2007.

Place: New Delhi  
Dated: 02.09.2007

-sd/-  
Rajiv Kumar Gupta  
Chartered  
Accountants Membership No.: 83497



**RR FINE ARTS ENTERPRISE PVT LTD**

**ANNEXURE TO AUDITORS' REPORT –**

1. (a-c) There is no fixed asset of the company.
2. (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. (a-d) The Company has not granted any loans, secured or unsecured to companies / firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956
- (e) The company has taken unsecured loans from persons covered in the register maintained under sections 301 of the Act . The details are as follows :

| S.No | Number of parties | Maximum Outstanding (Rs. In Lacs) | Year end Balance (Rs. In Lacs) |
|------|-------------------|-----------------------------------|--------------------------------|
| 1    | One               | 429.70                            | 429.70                         |

- (f) In our opinion terms and conditions of the loans taken by the company are prima facie not prejudicial to the interest of the Company
- (f) The loan is repayable on demand
1. In our opinion, the internal control system of the Company is adequate and commensurate with the size and nature of its business. In our opinion, there is no continuing failure to correct major weaknesses in the internal control system.
2. (a) In our opinion, the contracts or arrangements referred to in section 301 of the Act, that needed to be recorded in the register required to be maintained under the said section, have been adequately recorded.
- (b) In our opinion, the transactions made in pursuance of such contracts or arrangements have been made at reasonable terms.
3. The Company has not accepted any deposits from the public within the meaning of section 58A and 58AA or any other relevant provision of the Act, and the rules framed there under.
4. In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.
5. The Company is not covered by the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act.
- (a) In our opinion, the Company is regular in depositing the undisputed statutory including provident fund, employees' state insurance, income tax, sales tax, wealth tax, Service tax, customs duty, excise duty and cess, as applicable, with the appropriate authorities.
- (b) There are no dues of sales tax, income tax, customs duty, wealth-tax, excise duty and cess, which have not been deposited on account of any dispute.



9. In our opinion, the Company is having accumulated losses in this year. However, the accumulated losses are not more than 50% of the net worth. The company has incurred cash losses during the financial year covered by our audit.
10. The Company has not taken any loans from financial institutions or banks, nor floated debentures as at the balance sheet date.
11. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
12. The provisions of any special statute, applicable to chit fund/nidhi/mutual benefit fund/societies, are not applicable to the Company.
13. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
14. In our opinion, and according to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the period.
15. The Company has not obtained any term loans.
16. The Company has not raised funds on a short-term basis, which have been used for long-term investments.
17. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
18. The Company has not issued any debentures, and accordingly, the creation of a security or charge does not arise.
19. The Company has not raised any money by public issue during the period.
20. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the period, nor have we been informed of such case by the management.

-sd/-

PLACE: NEW DELHI  
DATE: 02.09.2007

**RAJIV KUMAR GUPTA**  
CHARTERED ACCOUNTANTS  
M.NO. 83497

**RR Fine Art Enterprises Private Limited**



**RR FINE ARTS ENTERPRISES PVT LTD.  
BALANCE SHEET AS AT 31.03.2007**

|  |     | 31.03.2007        | 31.03.2006        |
|--|-----|-------------------|-------------------|
|  | SCH | AMOUNT (Rs.)      | AMOUNT (Rs.)      |
| <b><u>SOURCES OF FUNDS</u></b>                     |     |                   |                   |
| <b><u>SHAREHOLDERS FUNDS</u></b>                   |     |                   |                   |
| Share Capital                                      | 1   | 1,000,000         | 1,000,000         |
| <b><u>Reserve &amp; Surplus</u></b>                | 2   | 19,132,416        | 19,000,000        |
| <b><u>LOAN FUNDS</u></b>                           |     |                   |                   |
| Unsecured Loans                                    | 3   | 4,297,067         | 2,275,067         |
| <b>TOTAL SOURCE OF FUNDS</b>                       |     | <b>24,429,483</b> | <b>22,275,067</b> |
| <b><u>APPLICATION OF FUNDS</u></b>                 |     |                   |                   |
| <b><u>CURRENT ASSETS, LOANS &amp; ADVANCES</u></b> |     |                   |                   |
| Cash & Bank Balances                               | 4   | 527,325           | 12,670            |
| Closing stock                                      | 5   | 23,857,500        | 22,206,250        |
|  |     | <b>24,384,825</b> | <b>22,218,920</b> |
| <b><u>CURRENT LIABILITIES &amp; PROVISIONS</u></b> |     |                   |                   |
| Current Liabilities                                | 6   | 3,858             | 2,756             |
| <b>NET CURRENT ASSETS</b>                          |     | <b>24,380,967</b> | <b>22,216,164</b> |
| <b>Profit &amp; Loss Account</b>                   |     | <b>132,416</b>    | <b>(10,387)</b>   |
| <b>MISC. EXPENDITURE</b>                           | 7   | 48,516            | 48,516            |
| (To the extent not written off or adjusted)        |     |                   |                   |
| <b>TOTAL APPLICATION OF FUNDS</b>                  |     | <b>24,429,483</b> | <b>22,275,067</b> |
|  |     |                   | 0                 |

In terms of our Audit report of even date attached

For RR Fine Arts Enterprises Pvt Ltd

**RAJIV KUMAR GUPTA**  
Chartered Accountants  
( M.No. 83497)

**R.PRASAD**  
Director

**RAJAT PRASAD**  
Director

Place : New Delhi  
Date: 02.09.2007



**RR FINE ARTS ENTERPRISES PVT LTD.  
Profit & Loss for the Period ended 31.3.2007**

| PARTICULARS                           | SCH | As on<br>31.03.2007<br><u>Amount Rs.</u><br>(Rs.) | As on<br>31.3.2006<br><u>Amount Rs.</u><br>(Rs.) |
|---------------------------------------|-----|---|--|
| <b>INCOME</b>                         |     |   |  |
| Income from Operation                 | 8   | 150000  | 0  |
|                                       |     |   | 0  |
| <b>TOTAL (A)</b>                      |     | <u>150,000</u>                                    | <u>-</u>   |
| <b>EXPENDITURE</b>                    |     |   |  |
| Operating & Other Exp                 | 9   | 7,197   | 9,285  |
| <b>TOTAL (B)</b>                      |     | <u>7,197</u>                                      | <u>9,285</u>                                     |
| <b>PROFIT/LOSS (A-B)</b>              |     | 142,803   | (9,285)  |
| Profit B / F                          |     | -10387  | -1102  |
| <b>Balance C / F to Balance Sheet</b> |     | <u>132,416</u>                                    | <u>(10,387)</u>                                  |

In terms of our Audit report of even date attached

For RR Fine Arts Enterprises Pvt Ltd

-sd-  
**RAJIV KUMAR GUPTA**  
 Chartered Accountants  
 ( M-No. 83497)

-sd-  
**R.PRASAD**  
 Director

-sd-  
**RAJAT PRASAD**  
 Director

Place : New Delhi  
 Date: 2.9.2007





## RR Fine Art Enterprises Private Limited

### RR FINE ARTS ENTERPRISES PVT LTD.

#### Schedule 1- Share Capital

##### AUTHORISED

10,00,000 Equity Shares of Rs.1/-each

31.03.2007

Amount Rs.

1,000,000

31.3.2006

Amount Rs.

1,000,000

##### ISSUED , SUBSCRIBED & PAID UP

###### Paid up Share Capital

(10,00,000 equity shares of Rs. 1/- each)

Shares application money

(Pending Allotment)

1,000,000

1,000,000

1,000,000

1,000,000

#### Schedule 2- Reserve & Surplus

Share Premium A/c

19,132,416

19,000,000

19,132,416

19,000,000

#### Schedule 3- Unsecured Loan

From Holding Copmany

Shiva Insurance Agency Pvt LTd

4,297,067

2,275,067

4,297,067

2,275,067

#### Schedule- 4 Cash & Bank Balances

Cash

520,001.00

1.00

Balance with schedule Banks

7,323.75

12,668.75

in current account

527,325

12,670

#### Schedule- 5 Closing stock

At cost price or market price whichever is lower

As per inventory taken valued and certified by the director)

23,857,500.00

22,206.250

23,857,500.00

22,206,250

#### Schedule - 6 CURRENT LIABILITIES

Expenses Payable

Audit Fees

3,858.00

2756



**SCHEDULE 7 MISCELLANEOUS**

**EXPENDITURE**

(To the extent not written off or adjusted)

Less: written off to Profit & Loss A/c

48,516.00 48,516

48,516 48,516

**Schedule - 8 Income from Operation**

Closing stock

21,701,250.00 22,206,250

Less- Opening stock

20,050,000.00 20,050,000

Increase in stock

1,651,250.00 2,156,250

Add : Sale of Paintng

300,000.00 -

Income from operation

1,951,250.00 2,156,250.00

Less- Purchase

1,801,250.00 2,156,250

150,000 -

**Schedule - 9 Operating & Other Exp**

Audit fees

1,102 1,654

Bank Charges

6,095 5,331

Misc Expenses

- 300

Software Development charges

- 2,000

7,197 9,285



**RR FINE ARTS ENTERPRISE PVT LTD**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE PERIOD FROM April 1<sup>st</sup> 2006 TO March 2007.**

**ANNEXURE 'B'**

**(All amounts in rupees)**

**1. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements are prepared on a going concern basis according to the historical cost convention according to the accrual system of accounting materially comply with the mandatory accounting statements and standards issued by the Institute of Chartered Accountants of India and the relevant presentational requirements of the Companies Act, 1956.

**a) Revenue Recognition**

Income from operation is accounted on accrual basis.

**b) Fixed Assets and Depreciation**

The company does not have any fixed asset as on 31<sup>st</sup> March 2007

**c) Investments**

Investments are stated at cost.

**d) Inventory**

Stocks of painting is valued at cost.

**e) Retirement Benefits**

There was no employee in the company as on 31<sup>st</sup> March 2007

**f) Foreign Currency Transactions**

There is no transaction in foreign currency during the year.

**g) Taxation**

Provision for income tax for the current period is made if applicable on the basis of estimated tax liability as per the applicable provisions of the Income-tax Act, 1961.

**2. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

(a) Bank guarantees outstanding Rs Nil (March 2007 - Rs NA).

**3. DEFERRED TAX**

No Provision has been made for the deferred tax liability as the company has no fixed assets as stipulated in AS 22- "Accounting for taxes on income " issued by the Institute of Chartered Accountants of India

**4. SUPPLEMENTARY PROFIT AND LOSS STATEMENT DATA**

|  |                   |
|--|-------------------|
| (a) Capacity and production – Not applicable | <u>March 2007</u> |
| (b) Earnings in foreign exchange -           | Nil               |
| (c) Expenditure in foreign currency          | Nil               |
| (d) Payments to auditors –Auditors Fees      | 1102              |



5. RELATED PARTY DISCLOSURES

List of Related Parties (as identified and certified by the Management)

I. Parties where control exists

- a. Parties having control (directly or indirectly)
  - RR Financial Consultants Ltd is the holding company

II. Key Management Personnel

- a. Rajat Prasad – Director
- b. Raghunandan Prasad – Director

Transactions with related parties Rs. In Lacs

| Sl. No. | Particulars | Associates | Holding |
|---------|-------------|------------|---------|
| 1.      | Due From    | 0          | 429.70  |

6. EARNING PER SHARE (EPS)

March 2007

|     |  |                         |
|-----|--|-------------------------|
| (a) | Profit(Loss) attributable to equity shareholders -<br>Net Profit after taxation -    | 142803                  |
| (b) | Basic earnings per share -<br>Total number of equity shares outstanding<br>Basic EPS | <u>NA</u><br><u>NIL</u> |

For RR FINE ARTS ENTERPRISE PVT LTD

-sd/-  
Raghunandan Prasad  
(Director)

-sd/-  
Rajat Prasad  
(Director)

-sd/-  
RAJIV KUMAR GUPTA  
CHARTERED ACCOUNTANTS  
M. NO. 83497

Place: New Delhi  
Dated: 02.09.2007

**RR FINANCIAL CONSULTANTS LIMITED**

Regd. Office: 412-422, Indraprakash, 21, Barakhamba Road, New Delhi-110 001

**ATTENDANCE SLIP**

**ANNUAL GENERAL MEETING**

To be handed over at the entrance of the meeting venue.

**Name of the attending member (In block letters)**

Mr./Mrs./Miss \_\_\_\_\_ Name of the proxy (in block letters to be filled in by Proxy attending instead of the member) \_\_\_\_\_

No. of shares held: \_\_\_\_\_ Ledger Folio No. \_\_\_\_\_

DP Id No.\* \_\_\_\_\_ Client Id.\* \_\_\_\_\_

I hereby record my presence at the TWENTIETH ANNUAL GENERAL MEETING on Monday, the 31<sup>st</sup> day of December, 2007, at 9.30 A.M at 13/24, village Daulatpur, New Delhi- 110043.

\_\_\_\_\_  
(Member's Signature)

\_\_\_\_\_  
(Proxy's Signature.)

- Note: 1. Shareholders / proxies are requested to bring the attendance slip with them.
- 2. Additional/Duplicates attendance slips will not be issued the meeting hall.
- \*Applicable for investors holding share in electronics form.

**Tear Here**

**RR FINANCIAL CONSULTANTS LIMITED**

Regd. Office: 412-422, Indraprakash, 21, Barakhamba Road, New Delhi-110 0101

**PROXY FORM**

I/we \_\_\_\_\_ of \_\_\_\_\_

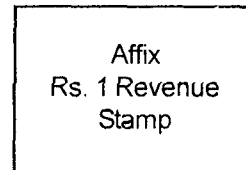
being a member/Members of **RR Financial Consultants Ltd.** hereby Appoint \_\_\_\_\_ of \_\_\_\_\_

as my / our proxy to attend and vote for me /us on my / our behalf at the Twentieth ANNUAL GENERAL MEETING on Monday, the 31<sup>st</sup> day of December, 2007, at 9:30 A.M. at 13/24, Village Daulatpur, New Delhi-110 043 and at any adjournment thereof.

Affix

Rs. 1 Revenue Stamp

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2007



Signature:

Note: The Proxy, to be effective, should be deposited at the Company's Registered office not later than 48 Hours before the commencement of aforesaid meeting. Proxy need not be a member of the Company.

\* Applicable for investors holding shares in electronic form.