



16<sup>th</sup> ANNUAL REPORT 2008-2009

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## Chairman's Message

*Dear Shareholders,*

*I have joined the Board of Directors and have been elected as the Chairman in June 2009. I look forward to serving the interests of all stakeholders with the support of the Board alongside guiding the management team to achieve the long-term business objectives of the company.*

*We have had a very difficult 12 months (2008-09) period. Much has been written and read about the breakdown in the U.S. banking system, a plunge in investor confidence, credit crisis in global markets and a severe slowdown of global economic growth. Your company being one of the participants in the financial system, more specifically on the capital markets side, has been adversely affected by the sharp decline in volumes in the Indian stock markets as well as the lack of demand for financial products. In addition, it had to face certain internal challenges on the proprietary trading operations, resultant losses and thereafter few changes in the management. All of those issues have been addressed.*

*A brief on the operations, the restructuring and on the goals for the future has been presented in the Management Discussion and Analysis.*

*India's savings rate of 34% is main driver of growth. Only 6% of these savings get channelized into equities. With hardly 1.4 crore depository accounts yet, which may be nearly 1% of the country's population, the headroom to make financial services available to the larger population in India is unparalleled in the globe. Market players like Networth play a very important role in expanding the reach of financial services, especially investment products. While aiming for the growth of capital markets and the overall financial markets, with which Networth's growth is linked, I believe that some of the key issues require everyone's attention:*

- *The industry, comprising of so many intermediaries who are also distributors of financial products should share a common platform with the regulator in working towards*

*preventing any kind of systemic failure in the markets, but at the same time the industry should engage the regulator to have a pragmatic approach towards the larger operational challenges faced by the intermediaries.*

- *Creation of a large, trained and skilled human pool remains one of the biggest challenges for the industry. A surge in demand for financial products may still not mean sound and sustainable business for intermediaries in absence of a strong chain of advisors, catering to all classes of investors.*
- *Though an excellent regulatory mechanism exists for addressing/settling the grievances against registered intermediaries arising out of a normal financial transaction, on many occasions, investors have chosen alternate forums, including legal forums by filing criminal complaints etc. All this undermines the existing regulatory structure as the intermediaries remain exposed. This even discourages good Professionals from offering their valuable services to the not-so large organizations desirous of getting the best professional Board.*

*Networth remains committed to providing need-based and value-driven service to its customers pan-India and expects to grow its business with its customer-centric approach. The current year and years hereafter should be promising for Networth.*

*On behalf of the Board, I express my gratitude to all of you for your cooperation and continued support.*

*Yours sincerely,*

*R. Sankaran  
Chairman*

*29th July, 2009*



## Letter to the Shareholders

*Dear Shareholders,*

*We all have possibly been witnessing one of the worst Global Economic scenarios over the past 18 months. The impact is being felt even more as the bullish sentiments that were pushing the markets up, had to abruptly come crashing as the then mismatch between expectations versus the ground realities were ignored for too long. The world was not prepared, remained clueless about solutions because of the magnitude, and India, though largely unaffected by any home-grown crisis, still remains adversely affected. Uncertain Capital flow, depreciating rupee, rising commodity (essential) / food prices and the falling exports has taken its toll on our economy.*

*Your company has tried its best to overcome the challenges posed by dwindling revenues (due to significant drop in volumes) but requiring to exploring opportunities still, through expansion of its client base. With an aim to conserve cash to support future growth, we opted to merge few of our branches and converted several into Associates during the year.*

*Continuing with our strong belief in the retail intermediation business, we have embarked on a clear path to providing competitive and integrated (bouquet) of financial products & services encompassing Broking viz. Equities, Derivatives, Commodities & Currency derivatives; Third party & Investment products viz. Mutual Funds, Life Insurance, General Insurance, NCDs, Bonds, IPOs and Loan products viz. Loan against shares, Housing, Personal, Vehicle etc. All this is now being offered through the company's Money Management Centres (MMC).*

*The company entered into alliances with Punjab National Bank and METLIFE for online investment services to customers of PNB and Life Insurance distribution across Networth customers respectively.*

*Your company has developed one of the finest online investment portal that gives the comfort, flexibility and convenience to every customer for availing Networth's services and experience the ease at which the financial / portfolio needs can be met. Advisory capabilities are being built into the delivery channels viz. physical (offline) centres and on the portal.*

*With the Budget having laid a roadmap for growth in the coming years, we are positive on the markets picking up momentum and sustaining the same for some years. And with our clear focus, we are confident of capitalizing on the positive investor sentiments.*

*We are thankful to Mr. R. Sankaran who accepted our invitation to be the Board Chair. The breadth of his skills and vast experience will be utilized by the Management team to run the Company more effectively.*

*I also take this opportunity to thank all members of my extended teams spread across the country, our business associates, Clearing Member IL&FS, our Bankers, vendors and most importantly all of you for continuing to being our source of strength and support.*

*Yours sincerely,*

*Girish Dev  
Executive Director & CEO*

*29th July, 2009*

## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting their 16th Annual Report together with the Audited Accounts for the financial year ended March 31, 2009.

### 1. Financial Highlights

	Year Ended 31.03.2009	(Rs. in Lacs) Year Ended 31.03.2008
Total Earnings	3859.27	5174.41
Profit/Loss before depreciation, tax, amortization	(1114.56)	167.58
Less: Depreciation	215.40	162.31
Profit/Loss before Tax	(1329.96)	5.27
Tax: Current	-	18.47
Deferred	(26.67)	(20.32)
Wealth Tax	0.55	0.52
Fringe Benefit(Net of recovery on ESOP)	12.31	19.89
Prior Year Short/(Excess) Tax Provision	-	(3.48)
Profit/Loss after Tax (PAT)	(1316.15)	(9.80)
Extra Ordinary Item	-	319.40
Prior Period Adjustments	(2.23)	(4.12)
Profit/Loss after prior period adjustments	(1318.37)	305.48
Profit b/f from previous year	380.56	124.41
Surplus available for appropriation	(937.82)	429.89
Interim Dividend	-	42.17
Tax on Interim Dividend	-	7.17
Balance carried forward	(937.82)	380.56

### 2. Financial Performance

During the current year, the gross income of the Company was Rs. 3859.27 Lacs as compared to Rs. 5174.41 Lacs in the previous financial year. The Company incurred loss of Rs. 1316.14 Lacs as against Rs. 9.80 Lacs in the previous year.

### 3. Dividend

In view of the losses suffered by the Company, your Directors do not recommend any dividend for the year under review.

### 4. Public Deposits

The Company has not accepted any deposits from the public or employees during the year under review.

### 5. Management Discussion and Analysis

Management discussion and analysis report for the year under review as required under Clause 49 of the Listing Agreement is annexed hereto and forms part of this report.

### 6. Directors

The Board of Directors of your Company has appointed Mr. R. Sankaran as an Additional Director of the Company w.e.f. 11th June 2009. Subsequently, he was appointed as the Chairman of the Company.

In terms of the provisions of section 260 of the Companies Act, 1956 Mr. R. Sankaran shall hold the office upto the date of ensuing Annual General Meeting. The Company has received notice from member under Section 257 of the Companies Act, 1956 together with necessary deposit, proposing his candidature for the office of Director. The Board recommends his appointment as the Director of the Company.

During the year under review, the term of Mr. Sathyan Rajan as Managing Director of the Company expired on 17th January, 2009. Accordingly, he ceased to be the Managing Director of the Company. Mr. Sathyan Rajan subsequently resigned from the directorship of the Company w.e.f. 11th June, 2009. The Board places on record its appreciation for the valuable contribution made by Mr. Rajan to the development and growth of the Company during his tenure.

Further Mr. Raj Bhandari, Mr. Narender Surana and Mr. S. Neelakantan have resigned from the directorship of the Company w.e.f. 19th September 2008, 16th February, 2009 and 11th June, 2009 respectively. The Board places on record its sincere appreciation for the contribution made by the said directors during their tenure.

Pursuant to the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. S. P. Jain and Mr. Utsav Parekh retire by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment.

## 7. Directors' Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act 1956, the Directors, confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed consistently and that there are no material departures;
- they 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 as at 31st March, 2009 and of the loss of the Company for the year ended on that date;
- they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956, to safeguard the assets of the Company and prevent and detect fraud and other irregularities;
- they have prepared the annual accounts on a going concern basis.

## 8. Particulars of Employees under Section 217 (2A) of the Companies Act, 1956

The particulars of employees under Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of employees) Rules, 1975 are given:

### (A) Personnel who are in receipt of remuneration aggregating not less than Rs. 24,00,000/- per annum and employed throughout the year:

Sr. No.	Name	Age (Years)	Designation	Qualification	Date of Joining	Experience (Years)	Gross Remuneration (Rs.)	Previous Employment
1.	Mr. J. Gopalakrishnan	46	President & National Head - Sales	BSc, ACA	5 August, 04	20	24 Lacs	Karvy Stock Broking Ltd.
2.	Mr. Satish Pasari	43	Sr. VP & Head - Institutional Business	BE, MMS	10 July, 04	15	24 Lacs	Indiabulls Securities Ltd.
3.	Mr. Richeek Ganguly	46	Sr. VP & Regional Head - East & North	B.Com, CA, AICWA	26 August 05	19	24 Lacs	Karvy Stock Broking Ltd.
4.	Mr. Bishnupada Sahu	36	Vice President & Head Marketing	BE, MBA	11 April, 08	11	26.25 Lacs	ING (OptiMix)
5.	Mr. Deepak Sawhney	36	Head Research	B.Com, Risk Management and Technical Analysis, Boston, USA	7 May, 08	11	24 Lacs	Money Plant Advisory Services Pvt. Ltd.

### (B) Personnel who are in receipt of remuneration aggregating not less than Rs. 2,00,000/- per month and employed for the part of the year :

Sr. No.	Name	Age (Years)	Designation/ Nature of Duties	Qualification	Date of Joining	Experience (Years)	Gross Remuneration (Rs.)	Previous Employment
1.	Mr. Sathyan Rajan	43 years	Managing Director	M.Com	July, 2004	15 years	Rs. 23.92 Lacs	Indiabulls Securities Ltd.
2.	Mr. Raj Bhandari	36 years	Executive Director	B.Com	May, 2002	13 years	Rs. 4.80 Lacs	-

Notes:

- The above remuneration includes salaries, commission, contribution to Provident Fund and taxable value of perquisites.
- The appointment is contractual as per the policy/rules of the Company.
- Terms and conditions are as per the Appointment Letter given to the appointee from time to time.
- All the employees have adequate experience to discharge the responsibilities assigned to them.
- None of the above employees holds shares as prescribed in Section 217(2A)(a)(iii) of the Act and none of them is related to any Director.

## 9. Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

### (A) Conservation of Energy

As your Company does not own any manufacturing facility, the Statement giving details of conservation of energy in accordance with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is not applicable.

## **(B) Technology absorption, research and development**

The management keeps itself abreast of the technological advancements in the industry and has adopted the state of the art transaction, billing and accounting systems and also risk management solutions.

## **(C) Foreign Exchange Earnings and Outgo**

- a) The foreign exchange earnings of the Company was Nil
- b) The foreign exchange expenditure was Rs. 3.47 Lacs

## **10. Financial Statements of Subsidiary Companies**

As on 31st March, 2009 your Company has the following subsidiaries:

1. Networth Stock.Com Limited
2. Networth SoftTech Limited
3. Networth Wealth Solutions Limited
4. Ravisha Financial Services Private Limited
5. Networth Insurance Broking Private Limited

The Company has applied to Ministry of Corporate Affairs for exemption under section 212(8) of the Companies Act, 1956 for attaching the Balance Sheet, Profit and Loss Account, and other documents of the subsidiaries for the financial year ended March 31, 2009.

However, the accounts of the subsidiaries will be made available for inspection to any Member of the Company at the registered office of the company and that of the subsidiary company and a copy of the same will be made available to the Members of the Company or subsidiary on receipt of a request from them. The summarized financial information of the subsidiaries is included in this Annual Report. Pursuant to Accounting Standard AS 21 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company include the financial information of its subsidiaries.

## **11. Consolidated Financial Statement**

In compliance with the accounting standard 21 and the listing agreement entered into with the Bombay Stock Exchange Limited, the Annual Report includes the consolidated financial statements of Networth Stock.Com Limited, Networth SoftTech Limited, Networth Wealth Solutions Limited, Ravisha Financial Services Pvt. Ltd. and Networth Insurance Broking Pvt. Ltd. for the financial year 2008-09.

## **12. Convertible Warrants**

The Company had allotted 11,54,000 warrants convertible into even number of equity shares of Rs.10/- each at a price of Rs.131.40 to FIIs, bodies corporate and other individuals on 18th January, 2008. The said warrants stands cancelled at the expiry of the 18 months period from the date of allotment, since the said investors have not exercised their rights for conversion. As per Chapter XIII of SEBI (DIP Guidelines) 2000, the amount of 10% i.e Rs.1,51,63,560/- paid on allotment of share warrants has been forfeited.

## **13. Corporate governance**

A separate report on Corporate Governance forms part of the Annual Report, pursuant to Clause 49(VII) of the Listing Agreement. Your Company is compliant with the requirements of the Listing Agreement and necessary disclosures have been made in this regard in the Corporate Governance Report. The report on Corporate Governance is included as a part of the Directors' Report.

A certificate from Statutory Auditors of the Company regarding compliance with the requirements of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this report.

## **14. Auditors**

M/s. A. R. Sodha & Co., the Statutory Auditors of the Company will retire at the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a letter from them to the effect that they are willing to continue as Auditors if re-appointed and that their re-appointment if made would be within the limits prescribed under section 224 (1B) of the Companies Act, 1956.

Your Directors recommend their re-appointment as Statutory Auditors of the Company for the financial year 2009-2010 and to hold office upto the conclusion of the next Annual General Meeting of the Company.

## **15. Appreciation**

Your Directors take this opportunity to express their appreciation for the co-operation and assistance received from the shareholders, Company's clients, suppliers, bankers and other authorities during the year under review. Your Directors also wish to place on record their appreciation for the services rendered by all the employees of your Company.

For and on behalf of the Board of Directors

Place: Mumbai

Date: 29th July, 2009

**R. Sankaran**  
Chairman



## MANAGEMENT DISCUSSION AND ANALYSIS

### Indian Economy and Markets

The year 2008-09 had majority of the developed countries experience deep recession which has been the worst in recent memory, and India too is facing enormous challenges on the growth front. India's real GDP grew 6.7% during FY09 compared with the 9% during corresponding period of FY08.

A clear mandate helping establish a stable government does invoke enormous confidence amongst investors but with growth in Indian economy expected to be driven by local demand, we face some uphill tasks. Managing the rising commodity/food prices, mounting fiscal deficit, reduced capital inflows and the looming threat of a drought, all appear to be a set of issues with varying complexity in figuring out solutions that shall induce growth. Investors looking for indicators are not necessarily gaining confidence with occasional glimpses of very few positive indicators in the near-term.

On the domestic front, the Monsoons may ultimately be a decisive factor influencing the markets over the next 2 quarters.

The Indian stock markets while witnessing volatility and a continuous slide during 08-09, also reflected a notable trend of the contribution of retail volumes in the total volume declining from 61% in FY08 to 55% in FY09. This trend may continue for a large part of current year. A revival in sentiments, witnessed in the form of a dramatic uptick in the indices immediately after the general elections would be sustainable only with the government being able to push investment spending, especially infrastructure creation. Investor participation can be expected to increase in the markets with PSUs tapping the capital markets.

The silver lining during this period of crisis and uncertainty has been the relative strength of the Indian Financial sector vis-à-vis the Global Financial sector. The prudence of our policy makers combined with the lack of appetite for derivative products in India and the limited exposure to global markets helped us weather the credit crisis better than most others globally.

### NETWORTH Growth Strategy

The company continues to strongly believe in its retail franchise and is confident about tapping the huge potential existing in India. We foresee the retail expansion contributing the highest value to Networth's businesses over the next 3-4 years.

55 of the Company's branches were merged / converted into Associates during FY08-09. As on the date of this report, the company has a network of 257 centres spanning across 132 cities. The retail points of presence stands increased by 18% compared with the corresponding period of previous year.

The company has achieved a 22% growth in its retail client base over the past year.

We anticipate considerable re-jig in the basic structure of intermediation business in India with several of them being induced by regulatory changes and the rest due to combination of factors such as the company's need to expand & be profitable, and customers starting to seek value in every service.

- **Money Management Centres (MMC):** From a customer acquisition as well as a customer retention perspective, the company transformed all its existing centres into a multi-product set-up. Each centre i.e. a MMC now extends Broking, Investment, Insurance and Loan products to interested customers. The company carried out a re-branding exercise by changing its logo and colour combination, denoting and reflecting the underlying concept, belief and objective of a MMC, and most importantly signifying the value proposition to the customer. Besides, it highlights the company's integrated financial distribution capabilities, both through its physical (offline) centres as well as through its globally competitive online platform ([www.networthdirect.com](http://www.networthdirect.com)).
- **Institutional Client Business:** Renewed focus on this segment will provide the company with a huge fill-up to its revenues. With nearly 15% of the market volumes in FY09 being contributed by the Foreign Institutional Investors (FIIs) and Domestic Institutional Investors (DIIs), the company intends to draw the maximum of its existing empanelment's as well as approach more Institutions, especially domestic Insurance companies and FIIs.
- **Punjab National Bank E-trading Alliance:** A significant achievement and a strategic alliance for the company in terms of expanding its own footprint through the online channel. With nearly 4500 branches and approximately 4 crores customer base of PNB, this alliance throws open one of the most exciting opportunities for Networth to participate in extending investment products to PNB customers. As on the date of this report, 52 branches of PNB across India has been allotted to us to enroll their customers for broking services through us. This is expected to be 500 branches of PNB by the end of calendar year 2009 where we can service PNB customers.
- **Financing Business:** With an aim to enroll more high-networth individuals (HNI) customers, financing, especially loan against shares will be a focus area for the group. Through our subsidiary, Ravisha Financial Services Pvt. Ltd. (RFSPL), ESOP and IPO funding will be pushed enabling us to rope in corporates and their employees as our customers.

### Human Resources

The company's commitment towards its employees and its belief in its human capital was reflected in its 'no-retrenchment' policy, even during the extremely unpredictable circumstances during the year. This has helped the company introduce significantly important policy changes in the current year, encompassing greater focus on profitability of each MMC and the employees accepting variable compensation structure driven by performance parameters. The focus of employees in turn now is on making the MMC as the 'Hero' and helping the company achieve its vision of becoming the most trusted and largest independent financial distributor and attain the status of a credible financial institution.

The HR team has initiated an integrated program to enhance the involvement of every employee with a combination of Induction and Training programs which is proposed to be supplemented with an E-learning module.

The company's strength stood at 597 and the Group's human pool at 874 as on March'09.

#### **Risk Management and Internal Control systems**

The company continues to uphold the highest order of regulatory compliance and has been investing into Technology to strengthen its internal control mechanisms, besides sensitising and providing orientation to its employees on the constant need to adopt best practices with regard to risk management and compliance. In order to effectively marry the need to grow by enrolling more customers, with, the need to manage risks arising of non-acquaintance with customers because of the geographical spread, the company has introduced a prudent customer acceptance procedure. Further, it has evolved surveillance capabilities with more than 25 distinct parameters as the basis.

The market crash in Jan'08 and occasional but unprecedented volatility in the months that followed indicated towards the inherent systemic-risks which cannot get completely managed / addressed with any kind of systems and technology at an intermediary's end. However, to mitigate / minimize the damage / loss arising from such exceptional circumstances, the company has concentrated on pushing its equity trading business and has compromised on its overall trading volumes by introducing checks on trading in illiquid securities and limiting the exposure in derivatives segment for its retail customers.

The Internal Audit practice has only got strengthened further with SEBI making it mandatory for brokers to get half-yearly audits done. The Audit Committee is engaged closely in ensuring that the scope of our existing internal audit is continuously being enhanced to ensure adequate coverage of all areas of operations of the company.

#### **Outlook**

The long-term India growth story very much remains the strongest prospect across the globe. Investor participation in the capital markets will increase gradually over the next 3 quarters and thereafter we expect it to gather momentum. With concerns of safety of capital being highest in the minds of investors, instruments with reasonable coupon rates vz. NCDs and the IPOs / FPOs of PSUs would offer good opportunities of investment for the investors. The company through its MMCs will be reaching out to investors / customers with range of all products available in the market.

#### **Cautionary Statement**

Certain statements in the Management Discussion and Analysis describing the Company's objectives, predictions may be "forward-looking statements" within the meaning of applicable laws and regulations. Actual results may vary significantly from the forward-looking statements contained in this document due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India, volatility in interest rates, new regulations and government policies that may impact the Company's business as well as its ability to implement the strategy. The Company does not undertake to update these statements.

## REPORT ON CORPORATE GOVERNANCE

### 1. Company's Philosophy on Corporate Governance

The Company's philosophy on Corporate Governance envisages adherence to the highest levels of transparency, accountability and equity, in all areas of its operations and in all interactions with its stakeholders, including Shareholders, Employees, Government and other Agencies. The Company is committed to achieving the highest standards of Corporate Governance. It believes that all operations must be spearheaded towards attaining the final objective of enhancing shareholder value continuously.

The Company has and will continue to focus its resources, strength and strategies in order to achieve this commitment, while upholding the core values of transparency, integrity, honesty and accountability that are fundamental to the Company.

Our commitment to efficient company management, protection of stockholders' interests, and the transparency of corporate communications is vital for gaining and retaining the trust of investors, partners, employees, customers, and communities in which we work and do business.

### 2. Board of Directors

#### a) Composition

The Board has a judicious mix of executive, non executive and independent directors drawn from a cross-section of professionals and key stakeholders.

Composition and category of directors as on March 31, 2009

Category	No. of Directors
Promoter Directors	1
Executive Directors	1
Non-Executive Non-Independent Directors	3
Non-Executive Independent Directors	3
<b>Total</b>	<b>8</b>

Subsequent to March 31, 2009 the Company has appointed Mr. R. Sankaran as the Non-Executive Independent Chairman on the Board of the Company. Hence, the Company is complying with the provisions of clause 49 of the Listing Agreement relating to the Composition of Board i.e. where the Company has Independent Chairman, one third of the Board should consist of Independent Directors on the Board of the Company.

None of the Directors are member of more than 10 committees and the Chairman of more than 5 committees across all the Companies in which they are Directors.

#### b) Board Procedure

The agenda is prepared in consultation with the Chairman of the Board and the Chairman of the other committees. The agenda for the meetings of the Board and its committees, together with the appropriate supporting documents, are circulated well in advance of the meeting.

Matters discussed at Board meetings generally relate to Company's Business or otherwise their continuity, quarterly results of the Company, review of the reports of the Audit Committee and compliance with their recommendation(s), suggestion(s), non compliance of any regulation, statutory or listing requirements etc.

#### c) Board Meetings

Number of Board Meetings held and dates on which they were held during the year 2008-09

Quarter	No of Meetings	Dates on which held
Apr 08 to Jun 08	1	24 Jun 08
July 08 to Sept 08	3	2 Jul 08 31 Jul 08 27 Aug 08
Oct 08 to Dec 08	3	31 Oct 08 16 Dec 08 22 Dec 08
Jan 09 to Mar 09	3	12 Jan 09 29 Jan 09 5 Mar 09
<b>Total</b>	<b>10</b>	

Details of the Composition of the Board, category of the Directors and their attendance at Board Meetings and last Annual General Meeting:

C - Chairman, P - Promoter, MD - Managing Director, I - Independent Director, NED - Non - Executive Director, ED - Executive Director, CEO - Chief Executive Officer

Name	Category	Meetings held	Meetings attended	Last AGM
Mr. S. P. Jain	C/P/NED	10	9	Yes
Mr. Girish Dev	ED & CEO	10	10	Yes
Mr. Sathyan Rajan <sup>1</sup>	MD	10	9	Yes
Mr. Raj Bhandari <sup>2</sup>	ED	4	Nil	N.A.
Mr. Suhas Bade	I/NED	10	9	Yes
Mr. Narender Surana <sup>3</sup>	I/NED	9	Nil	No
Mr. S. Neelakantan	I/NED	10	3	No
Mr. Prem Rajani	I/NED	10	5	Yes
Mr. Ajay Kayan	NED	10	5	No
Mr. Utsav Parekh	NED	10	3	No

<sup>1</sup> Ceased to be MD w.e.f. 18th January 2009 and resigned as Director w.e.f. 11th June, 2009

<sup>2</sup> Resigned as director w.e.f. 19th September 2008

<sup>3</sup> Resigned as director w.e.f. 16th February 2009

Mr. R. Sankaran has been appointed as an Additional Director on the Board of the Company w.e.f. 11th June, 2009. Further, he has been appointed as the Chairman of the Company w.e.f. 23rd June, 2009. Mr. Sathyan Rajan and Mr. S. Neelakantan has resigned from the directorship of the company w.e.f. 11th June, 2009.

**d) Number of other directorship as on 31st March, 2009 are given below:**

Name	Chairmanship in other Board Committee	Membership in other Board Committee	No. of Directorship in other Public Ltd. Co.
Mr. S. P. Jain	-	-	5
Mr. Sathyan Rajan	-	-	4
Mr. Girish Dev	-	2	4
Mr. Suhas Bade	1	1	1
Mr. S. Neelakantan	1	1	-
Mr. Prem Rajani	-	1	4
Mr. Ajay Kayan	-	-	10
Mr. Utsav Parekh	-	4	6

In accordance with Clause 49 of the Listing Agreement, Membership/Chairmanships of only the Audit Committee and Shareholders / Investors' Grievance Committee of all Public Limited Companies including Network Stock Broking Limited are considered.

<sup>1</sup> Mr. Raj Bhandari and Mr. Narender Surana had resigned from the directorship of the company w.e.f. 19th September, 2008 and 16th February, 2009 respectively, hence the details of Chairmanship, Membership and Directorship of other Companies are not mentioned.

### 3. Audit Committee

Brief description of Terms of reference	
The scope of the activities of the Audit Committee is as set out in Clause 49 of the Listing Agreement entered with Bombay Stock Exchange Limited, where the shares of the Company are listed, read with Section 292A of the Companies Act, 1956. The terms of reference of the Audit Committee broadly are as under:	
1.	Oversight of the company's financial reporting process
2.	Reviewing, with the management, the annual and quarterly financial statements.
3.	Reviewing performance of statutory and internal auditors and adequacy of the internal control systems.
4.	Recommending appointment and removal of the statutory auditors and fixing of their fees.
5.	Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
6.	Reviewing the adequacy of internal audit function.
7.	Reviewing the related party transactions
8.	Discussion with internal auditors any significant findings and follow up there on.

The Audit Committee consists of 3 Independent Directors and 1 Executive Director. The Company Secretary acts as the Secretary of the Audit Committee.

The members of Audit committee met five times on 16th April 2008, 24th June 2008, 31st July 2008, 31st October 2008 and 29th January 2009 during the financial year ended 31st March 2009.

Composition, Meetings and Attendance during the year 2008-2009:

Name	Designation	Number of Meetings Held	Meetings Attended
Mr. S. Neelakantan	Chairman	5	3
Mr. Suhas Bade	Member	5	5
Mr. Girish Dev	Member	5	5
Mr. Prem Rajani <sup>1</sup>	Member	2	2

<sup>1</sup>Appointed as member of Committee w.e.f. 31st July, 2008

### 4. Investors Grievance Committee

The Committee met four times in a year on 24th June 2008, 31st July 2008, 31st October 2008 and 29th January 2009 to deal matters relating to redressal of Investors' Complaints regarding non-receipts of Annual Reports, delay in transfer of shares, dematerialization of shares, non-receipt of dividend warrants etc.

Composition, Meetings and Attendance during the year 2008-2009:

Name	Designation	Number of Meetings Held	Meetings Attended
Mr. Suhas Bade	Chairman	4	4
Mr. Girish Dev	Member	4	4
Mr. S Neelakantan	Member	4	1

#### Status of Investors' Complaint

Received during the year	Resolved during the year	Pending
3	3	0

#### Name and designation of the Compliance officer

Mrs. Trupti Lalpuria - Company Secretary

### 5. Remuneration Committee

Brief description of terms of reference:

The role of the remuneration committee is to review the market practices and to decide on remuneration package of Managing Director, Executive Directors and senior executives of the Company in accordance with the guidelines laid out by statute.

Composition of the Remuneration Committee during the year 2008-2009 is as follows:

Name	Designation
Mr. Suhas Bade	Chairman
Mr. S. Neelakantan <sup>1</sup>	Member
Mr. Narender Surana <sup>2</sup>	Member

<sup>1</sup> Resigned as Director w.e.f. 11th June, 2009

<sup>2</sup> Resigned as Director w.e.f. 16th February, 2009

No Meeting of remuneration committee was held during the year 2008-09.

Details of remuneration to the Directors and number of shares held by them in the Company:

Name of the Director	Designation	Amount (Rs.)	No. of Shares held
Mr. Sathyan Rajan (upto 17th January 2009)	Managing Director	15,81,931/-	925040
Mr. Girish Dev	Executive Director & CEO	13,18,400/-	443175
Mr. Raj Bhandari (upto 13th June 2008 )	Executive Director	3,42,780/-	850

Mr. S. P. Jain, the Chairman and Promoter of the Company and Mr. Suhas Bade, Director holds 2701223 equity shares and 7500 equity shares of the Company respectively. No other non-executive directors hold any shares or convertible instruments in the Company.

No sitting fee is paid to the non- executive directors.

## 6. Subsidiary Companies

As on 31.03.2009 the Company has following 5 subsidiaries

1. Networth Stock.Com Limited
2. Networth SoftTech Limited
3. Networth Wealth Solutions Limited
4. Ravisha Financial Services Private Limited
5. Networth Insurance Broking Private Limited

However, none of subsidiaries fall under the norms prescribed in Clause 49 of the Listing Agreement for "Material non-listed Indian Subsidiary".

## 7. General Body Meetings

### a) Location and time for the last three Annual General Meetings (AGMs):

Annual General Meeting	Date	Time	Venue
15th Annual General Meeting	25th September, 2008	4.30 p.m.	"Prince" The National Sports Club of India, Lala Lajpat Rai Marg, Worli, Mumbai - 400 011.
14th Annual General Meeting	28th September, 2007	4.30 p.m.	"Prince" The National Sports Club of India, Lala Lajpat Rai Marg, Worli, Mumbai - 400 011.
13th Annual General Meeting	25th September, 2006	4.00 p.m.	Kilachand Conference Room, 2nd Floor, Indian Merchants' Chamber, LNM IMC Bldg., Churchgate, Mumbai - 400 020.

### b) In the last three AGMs, following special resolutions were passed:

AGM held on	Special Resolution passed
25-09-2008	1) Approval of Members for appointment of Mr. Sathyan Rajan as Joint Managing Director and Managing Director 2) Approval of members for re-appointment of Mr. Girish Dev as the Executive Director & CEO of the Company for further period of 3 years
28-09-2007	1) Approval of members for the appointment of Mr. Girish Dev as Executive Director w.e.f. 15th February, 2007. 2) Approval of members for the re-appointment of Mr. S. P. Jain as the Chairman and Managing Director for a period of 1 year w.e.f. 1st September, 2007. 3) Approval of members for remuneration paid to Mr. Raj Bhandari, Executive Director. 4) Maintenance of registers and records at a place other than the registered office of the Company.

**c) Resolution passed through Postal Ballot**

The Company has passed various resolutions through postal ballot in respect of which the results were declared on 5th April, 2009. The details of the same as required under clause 49 has already been provided in the Annual Report of 2007-2008.

**8. DISCLOSURES**

**a) Related Party Transactions**

Transactions, with related parties are disclosed in the notes to the accounts at Note No. B4 to the Financial Statements in the Annual Report.

**b) Disclosure of Accounting treatment**

In the preparation of the financial statements, the Company has followed the accounting standards issued by the Institute of Chartered Accountants of India to the extent applicable.

**c) Disclosure of Risk Management**

The Company has initiated the risk assessment and minimization procedure.

**d) Compliance by the Company**

The Company has complied with the requirements of the Stock Exchange, SEBI and other statutory authorities on all matters relating to capital market. No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or other Statutory Authorities. The Company has paid the listing fees for the year 2008-09 to the Bombay Stock Exchange Limited.

**e) Code of Conduct**

The Company has laid down code of conduct for the Directors, Senior Management and Employees of the Company. The code has been posted on the website of the Company. A declaration to the effect that the Directors and Senior Managerial personnel have adhered to the same, signed by the Executive Director & CEO of the Company, forms part of this report along with the Auditors' Certificate on compliance of clause 49 of the Listing Agreement by the Company.

**f) Review of Directors' Responsibility Statement**

*The Board in its report has confirmed that the annual accounts for the year ended 31st March, 2009 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.*

**g) CEO / CFO Certification**

In terms of the requirements of Clause 49(V) of the Listing Agreement, the CEO and CFO have submitted necessary certificate to the Board at its meeting held on 23rd June, 2009 stating the particulars specified under the said clause.

**h) Code for Prevention of Insider Trading Practices**

In compliance with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading Regulations), 1992 the Company has framed a comprehensive Code of Conduct for prevention of Insider Trading for its designated employees. The Code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of the Company. During the year ended 31st March, 2009 the Code has been amended in light of the amendments to the SEBI Regulations.

**9. MEANS OF COMMUNICATIONS**

- a) The quarterly, half-yearly and full year results are published in Business Standard and Lakswadeep Mahanagar (Marathi).
- b) The audited financial results and the shareholding pattern as well as the press releases are displayed on the Company's website at [www.networthdirect.com](http://www.networthdirect.com). The Company also regularly provides information to the Stock Exchange as per the requirement of Listing Agreement and updates the same on the Company's website periodically.
- c) The Management Discussion and Analysis for the year ended 31st March, 2009 forms part of the Directors' Report.

**10. SHAREHOLDER INFORMATION**

**a) Next Annual General Meeting**

16th Annual General Meeting

Date : 14th September, 2009

Time : 4:00 p.m.

Venue : Kilachand Conference Room, 2nd Floor, Indian Merchants' Chamber, LNM IMC Bldg., Churchgate, Mumbai - 400 020.

**b) Financial Year : April 1 to March 31**

**c) Financial Calendar:**

Subject Matter	Tentative Dates of the Board Meeting
Financial results for the quarter ending 30th June, 2009	Last week of July, 09
Financial results for quarter ending 30th September, 2009	Last week of October, 09
Financial Reporting of 3rd Quarter ended on 31st December, 2010	Last week of January, 2010
Financial Reporting of 4th Quarter ended on 31st March, 2010	Mid week of May, 2010

**d) Date of Book Closure:** 8th September, 2009 to 14th September, 2009 (both days inclusive)

**e) Listing of Shares:** Bombay Stock Exchange Limited.

**f) Listing Fees:** The Company has paid the annual listing fees for the year 2009 - 2010.

**g) Stock Code & ISIN:** 511551, Demat ISIN Number in NSDL & CDSL - INE903D01011

**h) Market Price Data:** High & Low at BSE of the Equity Shares of the Company during each month for the year 2008-2009 as compared to BSE SENSEX.

MONTH	Price on BSE(Rs.)		BSE Sensitive Index	
	High	Low	High	Low
April 2008	86.45	65.00	17481	15298
May 2008	84.05	63.10	17736	16196
June 2008	72.00	46.15	16633	13406
July 2008	54.25	38.25	15130	12514
August 2008	54.55	40.00	15580	14002
September 2008	50.45	26.50	15107	12154
October 2008	33.95	16.05	13204	7697
November 2008	31.50	16.80	10945	8316
December 2008	25.80	18.60	10189	8467
January 2009	29.80	17.70	10470	8632
February 2009	26.65	17.65	9725	8619
March 2009	24.55	17.00	10127	8047

**i) Registrar & Share Transfer Agent**

Purva Sharegistry (India) Pvt. Ltd.

9, Shiv Shakti Industrial Estate, Ground Floor, Sitaram Mill Compound, J. R. Boricha Marg, Lower Parel, Mumbai - 400 011.

**J) Share Transfer System**

The share transfer is processed by the Registrar and Share Transfer Agent, Purva Sharegistry (India) Pvt. Ltd. and approved by Share Transfer Committee, if the documents are complete in all respects, within 15 days.

The Company obtains half yearly certificate of compliance in respect to the share transfer formalities from the Company Secretary in practice as required under clause 47(c) of the Listing Agreement and the copy of the certificate is filed with the Exchange.

**k) Shareholding Pattern as on 31st March, 2009**

Categories	No. of Shareholders	No. of Shares	% of shareholding
Promoters	4	29,80,473	26.54
Indian Bank	2	2,99,145	2.66
FII's	4	15,59,736	13.89
Non- Resident Indians	7	1,11,864	0.99
Bodies Corporate	167	29,06,298	25.88
Indian Public	4046	33,74,084	30.04
<b>Total</b>	<b>4230</b>	<b>1,12,31,600</b>	<b>100.00</b>



## Distribution Schedule

Share holding of nominal value of			Share Holders		Share Amount	
Rs.	(1)	Rs.	Number(2)	% to Total Nos. (3)	In Rs.(4)	% to Total Amount (5)
1	to	5,000	3699	87.45	5153140	4.59
5,001	to	10,000	215	5.08	1787220	1.59
10,001	to	20,000	128	3.03	1986070	1.77
20,001	to	30,000	58	1.37	1516010	1.35
30,001	to	40,000	20	0.47	720710	0.64
40,001	to	50,000	24	0.57	1130410	1.01
50,001	to	1,00,000	32	0.76	2287820	2.04
1,00,001	and	Above	54	1.28	97734620	87.02
<b>Total</b>			<b>4230</b>	<b>100</b>	<b>112316000</b>	<b>100</b>

### l) Dematerialization of Equity Shares and Liquidity

As on 31st March, 2009, 92.72% of the equity shares of the Company are held in dematerialised form.

### m) Outstanding ADRs, GDRs, Warrants or any convertible instruments, conversion date and impact on Equity.

The Company had allotted 11,54,000 warrants convertible into even number of equity shares of Rs.10/- each at a price of Rs.131.40 to FII, bodies corporate and other individuals on 18th January, 2008. The said warrants stands cancelled at the expiry of the 18 months period from the date of allotment, since the said investors have not exercised their rights for conversion. As per Chapter XIII of SEBI (DIP Guidelines) 2000, the amount of 10% i.e Rs.1,51,63,560/- paid on allotment of share warrants has been forfeited.

### n) Registered / Correspondence Office Address

Mrs. Trupti Lalpuria - Company Secretary  
Networth Stock Broking Ltd.  
2nd Floor, D. C. Silk Mills Compound, Kondivita Road,  
Andheri (East), Mumbai - 400 059.  
Tel. No: 3064 1600 Fax No: 2835 2405.

## CEO's DECLARATION ON CODE OF CONDUCT

As required by Clause 49 of the Listing Agreement, the CEO's declaration for Code of Conduct is given below:

To  
The Members of  
**Networth Stock Broking Ltd.**

I, Girish Dev, Executive Director & CEO of the Company declare that all Board Members and Senior Management of the Company have affirmed compliance with the Code of Conduct for the year ended 31st March, 2009.

For Networth Stock Broking Limited

Place: Mumbai  
Date : July 29, 2009

**Girish Dev**  
Executive Director & CEO

**AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITION OF CORPORATE  
GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

To,  
The Members of  
**NETWORTH STOCK BROKING LIMITED**

We have examined the compliance of conditions of Corporate Governance by **NETWORTH STOCK BROKING LIMITED** (the Company) for the year ended 31st March, 2009 as stipulated in Clause 49 of the Listing Agreement of the said Company with Bombay Stock Exchange Limited.

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

On the basis of the records and documents maintained by the Company and the information and explanations given to us, in our opinion, the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements with the Stock Exchanges subject to compliance of clause 49(I)(A)(ii) of Listing Agreement relating to independent directors as disclosed in annexure to the Directors Report relating to corporate governance.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders and Investors Grievance Committee.

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 A. R. Sodha & Co.**  
Chartered Accountants

Place : Mumbai  
Date : July 29, 2009

**A R Sodha**  
Partner  
M.No.31878

## AUDITORS' REPORT

To,  
The Members of  
**NETWORTH STOCK BROKING LIMITED**

We have audited the attached Balance Sheet of **NETWORTH STOCK BROKING LIMITED** as at 31st March 2009, and Profit and Loss Account and Cash Flow Statement 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.

We conducted our audit in accordance with 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 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003, as amended, issued by the Central Government in Terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks and verification as were considered necessary, we report, in the Annexure hereto on the matters specified in the Paragraph 4 of the said order.

Further to our comments in the Annexure referred to above, 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 purpose of our audit;
- b) In our opinion, proper books of accounts as required by law have been kept by the Company 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 accounts.
- d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report are in compliance with the Accounting standard referred to in Section 211 (3C) of the Companies Act, 1956.
- e) On the basis of written representations received from the Directors of the Company as at March 31, 2009 and taken on record by the Board of Directors, we report that no director is disqualified from being appointed as a Director of the company under clause (g) of subsection (1) of section 274 of the Companies Act, 1956.
- f) 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, give the information required by the Companies Act, 1956 in the manner so required and gives true and fair view in conformity with the accounting principles generally accepted in India:
  - i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2009
  - ii) In the case of Profit and Loss Account of the Results for the year ended on that date; and
  - iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**For A. R. Sodha & Co.**  
Chartered Accountants

Place : Mumbai  
Date : June 23, 2009

**A R Sodha**  
Partner  
M.No.31878

## ANNEXURE TO THE AUDITORS REPORT ON THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

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

On the basis of such checks as we considered appropriate and in terms of information and explanations given to us, we state that:

1. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b. We have been informed that, the fixed assets have been physically verified by the Management at reasonable intervals. In our opinion, the frequency of verification is reasonable with regard to the size of the company and nature of assets. According to information and explanations given to us by the management, no material discrepancy was noticed on such verification.
  - c. During the year the company has not disposed off a substantial part of its fixed assets and accordingly it has no effect on the going concern of the company.
2. a. According to information and explanation given to us, inventory represents securities lying on account of error in execution of transaction, verification and reconciliation of the same is conducted at reasonable interval.
  - b. According to information and explanation given to us, in our opinion verification and reconciliation of inventory followed by the management is reasonable and adequate in relation to size of the company and the nature of business.
  - c. The company is maintaining proper records of stock in error account and discrepancies were properly dealt with in the books of accounts.
3. a. According to the information and explanation given to us and on the basis of records furnished before us, the company has granted loans to three companies covered in the register maintained under section 301 of the Companies Act, 1956 in the nature of current account transaction and unsecured loans. The maximum amount outstanding during the year was Rs.698.38 Lacs and the year end balance is 162.50 Lacs.
  - b. There is no stipulation regarding rate of interest and other terms and conditions in respect of above transaction with subsidiaries. However, considering overall transaction and its object and implication in our opinion the transaction is not prejudicial to the interest of the company.
  - c. With respect to current account transaction the amount is regularly repaid in short duration and with respect to unsecured loans as there is no stipulation regarding repayment we cannot comment on it.
  - d. With respect to current account transaction the amount is regularly repaid in short duration therefore in our opinion there is no overdue amount. However with respect to loans as there is no stipulation regarding repayment we cannot comment on it.
  - e. According to the information and explanation given to us and records furnished before us for verification, the company has taken loan from one company covered in the register maintained under section 301 of the Companies Act, 1956 in the nature of current account transaction. The maximum amount outstanding during the year was Rs.162.28 Lacs and the year end balance is Nil
  - f. There is no stipulation regarding rate of interest and other terms and conditions in respect of above transaction with subsidiary. However, considering overall transaction and its object and implication in our opinion the transaction is not prejudicial to the interest of the company.
  - g. As this transaction is in the nature of current account transaction, the amount is regularly repaid in short duration.
4. According to the information and explanation given to us, in our opinion there is an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of fixed assets and sale of goods and services. On the basis of our examination of books and records of the company, neither we have come across nor have we been informed of any continuing failure to correct major weakness in the internal control.
5. a. In our opinion and according to the information and explanation given to us, the particulars of contract or arrangements that were required to be entered in the register maintained under Section 301 of the Companies Act 1956 have been so entered in the said register.
  - b. In respect of transactions entered exceeding the value of five lacs in the register maintained in pursuance of Section 301 of the Companies Act 1956, according to information and explanation given to us, the transactions made pursuance of such contracts or arrangements have been made at prices which are prima-facie reasonable having regard to prevailing market prices at the relevant time.
6. The company has not accepted any deposits from the public hence Clause 4(vi) of Companies (Auditor's Report) Order, 2003 is not applicable.
7. According to information and explanation given to us by the management, we are of the opinion that the Internal Audit is commensurate with the size of the company and the nature of its business.
8. According to information and explanations given to us, the Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of the services dealt with by the company.
9. a. According to information and explanations given to us and records examined by us, the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty, excise duty cess and other dues have generally been regularly deposited with the appropriate authorities except few delays in depositing service tax and tax deducted at source.
  - b. According to information and explanations given to us and records examined by us, no undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other dues were outstanding for a period of more than six months at year end.

- c. According to information and explanation given to us there are no disputes pending before the authorities in respect of sales tax, Income tax, Custom duty, service tax and cess except stated below

Particulars	Pending at	Demand	Remarks
Income Tax A.Y.2005-06	First Appellate Authority	Rs. 33.74 Lacs	Demand is after adjusting refund of Rs.1.78 Lacs
Income Tax A.Y.2006-07	First Appellate Authority	Rs. 43.83 Lacs	Demand is after adjusting refund of Rs.44.75 Lacs

10. The company has accumulated losses at the end of financial year which are less than 50% of its networth. The company has incurred cash losses for the financial year covered by our audit. However it has not incurred cash losses in immediately preceding financial year.
11. According to information and explanations given to us and the records made available to us by the management, in our opinion, the company has not defaulted in repayment of dues to a banks or Financial Institutions.
12. According to information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, company is not chit fund, nidhi, mutual fund, societies accordingly clause 4(xiii) of Companies (Auditor's Report) Order, 2003 is not applicable.
14. In our opinion and according to the information and explanations given to us, the Company has maintained proper records of transactions and contracts relating to dealing in shares, securities, debentures and other investments during the year and based on representations received by us from the management, timely entries have been made therein. Further such securities, debentures and other investments have been held by the Company in its own name except to the extent of the exemption granted under Section 49 of the Act.
15. As per the information and explanation provided to us, the company has not given any guarantee for loans taken by others from bank or financial institutions. Accordingly Clause 4(xv) of Companies (Auditor's Report) Order, 2003 is not applicable.
16. As per information and records furnished before us, the company has not accepted any term loans. Accordingly Clause 4(xvi) of Companies (Auditor's Report) Order, 2003 is not applicable.
17. According to information and explanations given to us and overall examination of records furnished before us, funds raised on short term basis have not been prima-facie, used for long term investment.
18. During the period, the company has not made allotment of shares on preferential basis. Accordingly Clause 4(xviii) of Companies (Auditor's Report) Order, 2003 is not applicable.
19. During the period, the Company has not issued any debentures. Accordingly Clause 4(xix) of Companies (Auditor's Report) Order, 2003 is not applicable.
20. The company has not raised any money by public issue during the year under audit. Accordingly Clause 4(xx) of Companies (Auditor's Report) Order, 2003 is not applicable
21. Based upon the audit procedure performed and information and explanation given by management we report that a fraud on company involving amount of Rs.238.86 Lacs has occurred on account of fraudulent trade practice (refer note no. 2 to notes to accounts schedule - 15).

Other than above, on the basis of examination of records and representation received from management, we have not come across any instance of fraud on or by the company noticed or reported during the period nor have we been informed of such instances by the management.

**For A. R. Sodha & Co.**  
Chartered Accountants

Place : Mumbai  
Date : June 23, 2009

**A R Sodha**  
Partner  
M.No.31878

## BALANCE SHEET AS AT MARCH 31, 2009

	Schedule No.	31.03.2009 Rupees	31.03.2008 Rupees
<b>SOURCES OF FUNDS :</b>			
(1) Shareholders' Funds :			
(a) Share Capital	1	112,316,000	112,316,000
(b) Share Application Money		15,162,363	15,163,560
(d) Reserves & Surplus	2	388,502,459	388,502,459
(2) Loan Funds	3	204,741,551	8,504,328
(3) Deferred Tax Liability		1,795,461	4,462,804
<b>TOTAL</b>		<u>722,517,834</u>	<u>528,949,151</u>
<b>APPLICATION OF FUNDS :</b>			
(1) Fixed Assets :			
(a) Gross Block	4	188,841,249	170,286,029
(b) Less : Depreciation		51,599,848	33,202,668
(c) Net Block		<u>137,241,401</u>	<u>137,083,362</u>
(2) Investments	5	103,422,242	103,450,521
(3) Current Assets, Loans & Advances :	6		
(a) Stock in Trade / Error		838,069	475,239
(b) Sundry Debtors		123,933,710	186,041,188
(c) Cash & Bank Balances		383,016,521	443,962,891
(d) Loans & Advances		<u>343,578,707</u>	<u>217,094,140</u>
	<b>A</b>	<u>851,367,007</u>	<u>847,573,458</u>
Less: Current Liabilities & Provisions :	7		
(a) Current Liabilities		418,466,147	477,388,736
(b) Provisions		<u>44,835,766</u>	<u>43,764,877</u>
	<b>B</b>	<u>463,301,913</u>	<u>521,153,614</u>
<b>Net Current Assets</b>	<b>(A-B)</b>	<u>388,065,094</u>	<u>326,419,844</u>
(4) Miscellaneous Expenditure	8	7,135	51,360
Profit & Loss A/c		93,781,962	(38,055,938)
<b>TOTAL</b>		<u>722,517,834</u>	<u>528,949,151</u>
Notes forming part of the accounts and Significant Accounting Policies	15		

As per our report of even date

**For A. R. Sodha & Co.**

Chartered Accountants

**A. R. Sodha**  
Partner  
M. No. 31878

Place : Mumbai  
Date : June 23, 2009

For and on behalf of the Board

**Girish Dev**  
Executive Director & CEO

**S. P. Jain**  
Director

**Trupti Lalpuria**  
Company Secretary

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009**

	Schedule No.	31.03.2009 Rupees	31.03.2008 Rupees
<b>INCOME</b>			
(a) Income from Operations		386,880,639	494,978,461
(b) Income from Trading & Arbitrage activities		(41,242,406)	-
(c) Other Income	9	40,289,049	22,462,292
		<u>385,927,282</u>	<u>517,440,753</u>
<b>EXPENDITURE</b>			
(a) Employment Cost	10	170,076,905	203,845,610
(b) Operating Expenses	11	100,673,253	72,121,771
(c) Administrative Expenses	12	197,082,059	207,898,476
(d) Interest & Financial Charges	13	29,551,119	16,817,043
		<u>497,383,336</u>	<u>500,682,899</u>
<b>PROFIT/LOSS BEFORE DEPRECIATION &amp; TAX</b>		<b>(111,456,054)</b>	16,757,854
Depreciation	4	21,539,763	16,230,920
<b>PROFIT/LOSS BEFORE TAX</b>		<b>(132,995,817)</b>	526,934
Less: Provision for Taxation			
- Current Year Tax		-	1,847,490
- Deferred Tax		(2,667,343)	(2,032,251)
- Wealth Tax		55,167	51,744
- Fringe Benefit Tax		1,230,803	1,988,611
- Prior Year Short/(Excess) Tax Provision		-	(348,414)
<b>PROFIT/LOSS AFTER TAX</b>		<b>(131,614,444)</b>	(980,246)
Add/(Less): Prior period adjustments & Extra Ordinary items	14	(223,457)	31,527,881
Add/(Less) : Profit brought forward from Previous Year		38,055,938	12,441,489
<b>PROFIT/LOSS AVAILABLE FOR APPROPRIATION</b>		<b>(93,781,962)</b>	42,989,123
Interim Dividend		-	4,216,578
Dividend Tax on Interim Dividend		-	716,607
Amount transfer to General Reserve		-	-
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>(93,781,962)</b>	<b>38,055,938</b>
Earnings Per Share - Basic		(11.74)	3.43
Earnings Per Share - Diluted		(11.74)	3.43
(Face Value of Rs.10/- per share)			
( Refer Note No. 5 of Part B of Schedule No. 15)			
Notes forming part of the accounts and Significant Accounting Policies	15		

As per our report of even date

For and on behalf of the Board

**For A. R. Sodha & Co.**

Chartered Accountants

**Girish Dev**  
Executive Director & CEO

**S. P. Jain**  
Director

**A. R. Sodha**  
Partner  
M. No. 31878

Place : Mumbai  
Date: June 23, 2009

**Trupti Lalpuria**  
Company Secretary

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

	31.03.2009 Rupees	31.03.2008 Rupees
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before tax and extraordinary Items	(132,995,817)	526,934
Adjustments for		
Depreciation	21,539,763	16,230,920
Employees Compensation Expenses under ESOP		(387,253)
Preliminary/Share Issue Exp. Written off	44,225	69,339
Finance Expenses	6,481,984	16,817,043
Loss on assets sold/discarded	3,596,578	502,848
Provision for Doubtful Debts	17,489,386	29,459,566
Dividend Received	(1,600,170)	(11,073)
Interest Received	(37,679,469)	(22,870,697)
Operating profit before working capital changes	<u>(123,123,520)</u>	<u>40,337,626</u>
Adjustments for		
Decrease (Increase) in Trade and other Receivables	(96,399,179)	(90,998,697)
Increase (Decrease) in Trade Payable and Provisions	(59,103,990)	68,117,525
Cash Generated from operations	<u>(278,626,689)</u>	<u>17,456,455</u>
Income Tax Paid For The Year	14,134,995	(3,539,431)
Prior Period Items	(223,457)	(412,062)
<b>Net Cash From Operating Activities</b>	<u>(264,715,151)</u>	<u>13,504,961</u>
<b>B. Cash Flow From Investing Activities</b>		
Purchase of Fixed Assets	(31,077,766)	(62,140,685)
Sale of Fixed Assets	5,783,388	37,775,698
Purchase of Shares/ Mutual Funds	(49,990,000)	(83,432,302)
Sales of Shares/ Mutual Funds	50,018,279	-
Interest Received	37,679,469	22,870,697
Dividend Received	1,600,170	11,073
<b>Net Cash from Investing Activities</b>	<u>14,013,541</u>	<u>(84,915,520)</u>
<b>C. Cash flow From Financing Activities</b>		
Proceeds from Issue of Share Capital including Premium	-	358,508,628
Finance Expenses	(6,481,984)	(16,817,043)
Loan Funds	196,237,223	(1,233,385)
Equity Dividend & Corporate Dividend Tax	-	(4,933,185)
<b>Net Cash used in Financing Activities</b>	<u>189,755,239</u>	<u>335,525,016</u>
Net Increase in Cash & Cash Equivalents	<b>(A+B+C)</b> <u>(60,946,371)</u>	<u>264,114,457</u>
Opening Balance of Cash & Cash Equivalents	<u>443,962,891</u>	<u>179,848,434</u>
Closing Balance of Cash & Cash Equivalents	<u>383,016,521</u>	<u>443,962,891</u>

**Notes :**

- 1 The Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard 3 "Cash Flow Statements" issued by the Institute of Chartered Accountants of India.
- 2 Previous year's figures have been reclassified/regrouped to confirm with current year's presentation, where applicable.  
This is the Cash Flow Statement referred to in our report of even date.

As per our report of even date

For and on behalf of the Board

**For A. R. Sodha & Co.**

Chartered Accountants

**Girish Dev**  
Executive Director & CEO

**S. P. Jain**  
Director

**A. R. Sodha**  
Partner  
M. No. 31878

**Trupti Lalpuria**  
Company Secretary

Place : Mumbai  
Date: June 23, 2009



## SCHEDULES TO ACCOUNTS

	31.03.2009 Rupees	31.03.2008 Rupees
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL :</b>		
<b>Authorised</b>		
15,000,000 Equity Shares (P.Y.15,000,000) of Rs.10/- each	150,000,000	150,000,000
250,000 Cumulative Redeemable 6% Preference Shares (P.Y. 250,000) of Rs.100/- each	<u>25,000,000</u>	<u>25,000,000</u>
<b>Issued, Subscribed &amp; Paid-up</b>		
11,231,600 Equity Shares (P.Y. 11,231,600) of Rs.10/- each Fully Paid Up.	<u>112,316,000</u>	<u>112,316,000</u>
	<u><b>112,316,000</b></u>	<u><b>112,316,000</b></u>
<b>SCHEDULE 2</b>		
<b>RESERVES &amp; SURPLUS :</b>		
<b>(1) Security Premium</b>		
As Per last Balance Sheet	380,644,386	56,120,143
Add: Addition during year	-	331,205,571
Less: Share Issue Expenses	-	(6,681,328)
<b>A</b>	<u><b>380,644,386</b></u>	<u><b>380,644,386</b></u>
<b>(2) General Reserves</b>		
As Per last Balance Sheet	7,858,073	7,858,073
Add : Transfer from Profit & Loss Account	-	-
<b>B</b>	<u><b>7,858,073</b></u>	<u><b>7,858,073</b></u>
<b>(A+B)</b>	<u><b>388,502,459</b></u>	<u><b>388,502,459</b></u>
<b>SCHEDULE 3</b>		
<b>LOAN FUNDS :</b>		
<b>Secured Loans :</b>		
(1) Car Loans from Banks	6,405,769	8,504,328
(2) Overdraft against Fixed Deposits	<u>198,335,782</u>	-
	<u><b>204,741,551</b></u>	<u><b>8,504,328</b></u>

Note:

Vehicle loans are secured against hypothecation of vehicles purchased.

**SCHEDULE 4**

Schedule of Fixed Assets under Companies Act, 1956

(Amount in Rs)

Particulars	Depn. %	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 01.04.2008	Additions	Deductions	As at 31.03.2009	As at 01.04.2008	For the year	on Deductions	As at 31.03.2009	As at 31.03.2009	As at 31.03.2008
<b>Tangible Assets :</b>											
Air Conditioner	4.75	9,174,438	931,058	1,279,131	<b>8,826,366</b>	896,669	449,244	144,773	<b>1,201,141</b>	<b>7,625,225</b>	8,277,770
Computer Improvement to	16.21	63,451,171	20,799,050	6,299,289	<b>77,950,932</b>	21,667,507	11,671,101	2,318,339	<b>31,020,268</b>	<b>46,930,664</b>	41,783,664
Leased Assets		14,262,004	1,851,596	-	<b>16,113,600</b>	1,895,370	2,635,633	-	<b>4,531,003</b>	<b>11,582,597</b>	12,366,634
Furniture & Fixtures	6.33	20,351,850	1,414,346	3,786,881	<b>17,979,315</b>	2,648,012	1,258,045	552,734	<b>3,353,323</b>	<b>14,625,992</b>	17,703,838
Office Equipments	4.75	21,134,980	2,816,957	1,157,247	<b>22,794,691</b>	2,144,558	1,054,522	126,735	<b>3,072,345</b>	<b>19,722,346</b>	18,990,423
Vehicles	9.50	18,487,044	-	-	<b>18,487,044</b>	3,308,290	1,756,269	-	<b>5,064,559</b>	<b>13,422,486</b>	15,178,754
<b>Intangible Assets :</b>											
Computer Software	20.00	13,574,750	11,514,551	-	<b>25,089,301</b>	642,263	2,714,950	-	<b>3,357,213</b>	<b>21,732,088</b>	12,932,487
<b>TOTAL</b>	<b>A</b>	<b>160,436,237</b>	<b>39,327,558</b>	<b>12,522,547</b>	<b>187,241,249</b>	<b>33,202,668</b>	<b>21,539,763</b>	<b>3,142,580</b>	<b>51,599,851</b>	<b>135,641,398</b>	<b>127,233,570</b>
Add: Capital Work-in-Progress	<b>B</b>	9,849,792	(8,249,792)	-	<b>1,600,000</b>	-	-	-	-	<b>1,600,000</b>	9,849,792
<b>Current Year</b>	<b>(A+B)</b>	<b>170,286,029</b>	<b>31,077,766</b>	<b>12,522,547</b>	<b>188,841,249</b>	<b>33,202,668</b>	<b>21,539,763</b>	<b>3,142,580</b>	<b>51,599,851</b>	<b>137,241,398</b>	<b>137,083,362</b>
Previous Year		135,094,466	62,140,685	26,949,122	<b>170,286,029</b>	37,591,390	16,230,920	20,619,642	<b>33,202,668</b>	<b>137,083,362</b>	97,503,076

**Notes :**

1) Capital work in progress represents advance given for development of software

**31.03.2009**  
**Rupees**
**31.03.2008**  
**Rupees**
**SCHEDULE 5**  
**INVESTMENTS**
**I. Long Term Investments (At Cost)**
**a) QUOTED**

Equity Shares :

131 (P.Y.131) Shares of Sadbhav Engineering Ltd

**I**
24,235
24,235
24,235
24,235
**b) UNQUOTED**

Equity Shares :

**In Subsidiary Company :**

14,00,100 Shares (PY 14,00,100) of Networth Stock.Com Ltd.

**20,001,000**

20,001,000

50,000 Shares (PY 50,000) of Networth SoftTech Ltd.

**500,000**

500,000

10,00,000 Shares (PY 10,00,000) of Networth Wealth Solutions Ltd

**10,000,000**

10,000,000

49,99,900 Shares (PY 10,900) of Ravisha Financial Services P. Ltd

**62,804,023**

12,914,023

10,000 Shares (PY NIL) of Networth Insurance Broking Pvt Ltd

**100,000**

(Refer Note No. 8 of Part B of Schedule No. 15)

**II**
93,405,023
43,415,023
**c) In Associates Concern :**

9,49,400 Shares (PY 9,49,400) of Networth Financial Services Ltd.

**III**
**9,494,000**

9,494,000

**Other :**

877 Shares (P.Y.877) of Bombay Stock Exchange Ltd.

**IV**
**877**

877

**d) Other Investments :**

Insurance Policies

**V**
**494,107**

494,107

**Total Long term Investment**
**(I+II+III+IV+V=A) 103,418,242**
53,428,242
**II. Current Investments - At lower of Cost or Fair Value**
**Mutual Fund :**

Reliance Fixed Horizon Fund - VI - Series 2

(P. Y. 5001827.93 units NAV per unit Rs. 10.0051)

**-**

50,018,279

**Government Securities :**

National Savings Certificates

**4,000**

4,000

**Total Current Investment**
**B**
4,000
50,022,279
**Total Investment**
**(A+B)**
103,422,242
103,450,521

Aggregate Market Value of Quoted Investments

40,676
169,291

		31.03.2009 Rupees	31.03.2008 Rupees
<b>SCHEDULE 6</b>			
<b>CURRENT ASSETS, LOANS &amp; ADVANCES :</b>			
Stock in Trade / Error (As taken, valued & certified by Management)	A	<u>838,069</u>	<u>475,239</u>
Sundry Debtors <b>(Unsecured, Considered Good Except otherwise stated)</b>			
Client balances outstanding for more than six months		44,885,023	1,757,781
Other Clients Balances		124,477,057	211,648,885
Dues from Stock Exchanges		<u>1,520,582</u>	<u>2,094,088</u>
		<u>170,882,662</u>	<u>215,500,754</u>
Less: Provision for Doubtful Debts		<u>46,948,952</u>	<u>29,459,566</u>
	B	<u>123,933,710</u>	<u>186,041,188</u>
<b>Cash &amp; Bank Balances</b>			
Cash Balance		583,618	634,805
Balances with Scheduled Banks :			
in Current Account		25,657,776	25,393,980
in Fixed Deposit Accounts*		356,775,127	417,934,106
* Fixed Deposits includes deposits pledged with banks as security margin for guarantees issued by them in favour of Stock Exchanges and given as security against Overdrafts	C	<u>383,016,521</u>	<u>443,962,891</u>
<b>LOANS &amp; ADVANCES :</b>			
<b>(Unsecured, Considered Good Except otherwise stated)</b>			
<b>A) Advances and Loans to Subsidiary</b>		16,958,940	2,282,032
<b>B) Advances recoverable in cash or in kind or for value to be received</b>			
Advance Income Tax		50,460,243	36,325,249
Advance Fringe Benefit Tax		19,933,926	18,763,346
Advance Wealth Tax		51,744	-
Fringe Benefit Tax Recoverable under ESOP Scheme		5,905,810	6,933,463
Advance to Staff		1,864,156	1,223,781
Advance to Suppliers		8,418,587	(1,216,090)
Capital Advances Recoverable		10,000,000	
Prepaid Expenses		7,317,091	20,781,107
Other Advances		1,539	-
<b>C) Deposits</b>			
Deposit & Margins with Stock Exchanges		82,736,947	20,361,000
Trade Margin Security Deposit with IL & FS Ltd.		64,088,158	35,224,712
Deposits for Office Premises		71,021,920	71,565,426
Deposit for DP Empanelment		1,500,000	1,500,000
Deposit with National Securities Depositories Limited		1,010,000	1,000,000
Deposit with Central Depositories Services (India) Limited		250,000	250,000
Deposit with BSE under Securities Lending Scheme		1,003,148	1,000,000
Deposits for Telephone, VSAT, Electricity, etc.		<u>1,056,499</u>	<u>1,100,114</u>
	D	<u>343,578,707</u>	<u>217,094,140</u>
<b>TOTAL</b>	<b>(A+B+C+D)</b>	<u>851,367,007</u>	<u>847,573,458</u>

	31.03.2009 Rupees	31.03.2008 Rupees
<b>SCHEDULE 7</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS :</b>		
<b>A) Current Liabilities :</b>		
Sundry Creditors - Clients	311,132,621	371,656,887
Sundry Creditors - Banks & Financial Institutions	36,887,535	39,393,824
Sundry Creditors - Stock Exchanges	602,225	-
Security Deposit from Business Associates	19,735,479	10,823,009
Sundry Creditors - Others	44,728,802	52,824,837
Unclaimed Dividend*	144,701	144,901
Statutory Liabilities	<u>5,234,785</u>	<u>2,545,277</u>
	<b>418,466,147</b>	<b>477,388,736</b>
*Kept in Separate Bank A/c.		
<b>B) Provisions For :</b>		
Provision for Income Tax	24,740,000	24,740,000
Provision for Fringe Benefit Tax	17,911,629	16,714,506
Provision for Wealth Tax	106,911	51,744
Provision for Gratuity	<u>2,077,226</u>	<u>2,258,627</u>
	<b>44,835,766</b>	<b>43,764,877</b>
<b>SCHEDULE 8</b>		
<b>MISCELLANEOUS EXPENDITURE :</b>		
(To the extent not written off or adjusted)		
Authorised Capital Enhancement Expense.	-	35,100
Public Issue Expenses	<u>7,135</u>	<u>16,260</u>
	<b>7,135</b>	<b>51,360</b>
<b>SCHEDULE 9</b>		
<b>OTHER INCOME :</b>		
Interest on Fixed Deposit	37,679,469	20,116,047
Dividend on Shares	102,586	11,073
Dividend on Mutual Fund	1,497,584	1,287,463
Interest on Income Tax Refund	-	650,376
Bad Debts Recovered	972,730	-
Other Income	<u>36,679</u>	<u>397,333</u>
	<b>40,289,049</b>	<b>22,462,292</b>
<b>SCHEDULE 10</b>		
<b>EMPLOYMENT COST :</b>		
Salary & Other Allowances	161,219,359	189,444,453
(Refer Note No. 9 of Part B of Schedule No. 15)		
Contribution to Provident & other funds	6,182,997	10,802,773
Staff Welfare Expenses	2,611,996	3,542,969
Recovery of Expenses*	<u>62,552</u>	<u>55,415</u>
	<b>170,076,905</b>	<b>203,845,610</b>
* This represents recovery or charge against payment to employees by parent company for subsidiary and vice versa.		
<b>SCHEDULE 11</b>		
<b>OPERATING EXPENSES :</b>		
Demat Charges	3,463,575	5,473,537
Commission	56,830,058	26,680,111
Stamp Duty & Exchange Charges	7,184,661	14,601,418
Connectivity Charges	16,123,767	14,112,049
Insurance Charges - NSE, BSE & CDSL	2,374,473	1,639,460
Membership Fees	3,080,515	1,793,255
Software Charges	<u>11,616,204</u>	<u>7,821,941</u>
	<b>100,673,253</b>	<b>72,121,771</b>

	<b>31.03.2009</b>	<b>31.03.2008</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>SCHEDULE 12</b>		
<b>ADMINISTRATIVE EXPENSES :</b>		
Professional Charges	44,962,472	40,556,473
Telephone Charges	8,756,207	12,695,278
Electricity Charges	12,886,470	11,886,651
Rent, Rates & Taxes	75,271,714	40,932,458
Repairs & Maintenance	5,859,578	10,319,938
Insurance Charges	246,148	144,895
Fees & Subscription Charges	149,797	243,001
Postage & Courier Charges	17,026,497	18,920,981
Advertisement	207,377	394,953
Bad Debts Written Off	3,934,379	21,341,708
Conveyance & Travelling	5,081,413	4,063,604
Printing, Stationery & Xerox Charges	8,595,312	9,313,479
Business Promotion Expenses	1,579,900	4,260,876
Directors' Remuneration	4,854,613	8,322,180
Provident Fund Administrative Charges	402,989	494,663
Profession Tax	44,060	20,070
Provision for Doubtful Debts	17,489,386	29,459,566
Charity & Donations	6,101	-
Share Registrar's Charges	30,434	42,886
Miscellaneous Expenses	(239,400)	2,304,956
Staff Recruitment Expenses	364,941	1,098,616
Staff Uniform Charges	18,993	19,060
Auditors' Remuneration	512,000	690,000
Loss on Exchange Fluctuation	3,624	-
Loss on Assets sold / discarded	3,596,578	502,848
Miscellaneous Expenditures W/off	44,225	69,336
Recovery of Expenses*	<u>(14,603,751)</u>	<u>(10,200,000)</u>
	<u>197,082,059</u>	<u>207,898,476</u>

\* This represents recovery of expenses, in agreed proportion towards utilization of common facilities, from subsidiary and associate concerns.

#### **SCHEDULE 13**

##### **INTEREST & FINANCIAL CHARGES :**

Bank Charges	2,543,984	1,368,253
Bank Guarantee Charges	4,395,077	4,903,245
Interest on Car Loan	749,593	880,403
Interest on Corporate Deposits	-	349,989
Interest on Bank Overdraft	<u>21,862,465</u>	<u>9,315,153</u>
	<u>29,551,119</u>	<u>16,817,043</u>

#### **SCHEDULE 14**

##### **EXTRA-ORDINARY & PRIOR PERIOD ADJUSTMENTS :**

Prior Period Adjustment	(223,457)	(412,062)
Profit on Buyback of BSE Shares	-	41,925,453
Less: Income Tax on Above	-	(9,985,510)
	<u>(223,457)</u>	<u>31,527,881</u>

## SCHEDULE 15

### ACCOUNTING POLICIES and NOTES FORMING PART OF ACCOUNTS

#### A. SIGNIFICANT ACCOUNTING POLICIES

##### 1. Basis of Accounting

Financial statements are prepared under the historical cost convention ignoring changes if any in purchasing power of money on accrual basis of accounting and in conformity with the accounting principles generally accepted in India.

##### 2. Use of Estimates

The preparation of financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### 3. Revenue Recognition

Income from Operations primarily Brokerage Income is recognised on the trade date.

Commission for distribution of financial products is recognised when the financial products are issued to the buyers by Principle

Trail commission for distribution of financial products is recognised on receipt basis.

In respect of Interest Income, is recognised on a time proportion basis.

##### 4. Fixed Assets

Fixed Assets are stated at cost of acquisition as reduced by accumulated depreciation and impairment losses, if any. Cost comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

##### 5. Depreciation

Depreciation on fixed assets has been provided on pro-rata basis on straight line method at the rates prescribed by Schedule XIV to the Companies Act, 1956 from the month following the month of purchase/ acquisition of Assets.

Considering the factors like utility of software, its nature, technological developments etc, if the management is of the opinion that the cost of acquisition of software and related expenses requires to be written off in the year of acquisition, then it is charged to revenue in the year of acquisition.

Improvement to leasehold premises is written off over period of lease agreement on straight line basis.

##### 6. Investments

Investments intended to be held for more than a year are classified as long term Investments. Long term Investments are valued at cost less permanent diminution in value, if any, in the opinion of the management. The current investments are valued at lower of cost or market value.

##### 7. Stock in Trade.

Stock in trade, comprising of securities held as a result of error in execution of orders, is valued at cost or market value, whichever is lower.

##### 8. Employee Benefits

Employer's Contribution to the Provident Fund and Pension fund are charged to the Profit and Loss Account of the period to which they relate.

The annual contribution to the Group Gratuity Assurance Scheme of Life Insurance Corporation of India, determined on the basis of actuarial valuation by the said corporation is charged to Profit and Loss Account.

Short Term Employee Benefit payable within one year are provided on accrual basis at actual value.

##### 9. Foreign Currency Transaction:

- Initial Recognition:

Foreign currency transactions are recorded in the reporting currency i.e. rupee value, by applying exchange rate between the reporting currency and the foreign currency on the date of transaction.

- Conversion:

Foreign currency monetary items are reported using the exchange rate on the balance sheet date. Non monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction.

- Exchange Differences :

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in the previous financial statement, are recognised as income or as expenses in the year in which they arise.

#### 10. Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income of the year.

Deferred tax for the year is recognized, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognized and carried forward only if there is reasonable/virtual certainty of its realisation.

The carrying amount of Deferred Tax Assets are reviewed at each balance sheet date and written down or written up, to reflect the amount that is reasonably / virtually certain, as the case may be, to be realized.

#### 11. Borrowing Cost:

Borrowing costs directly attributable to development of qualifying asset are capitalized till the date qualifying asset is ready for put to use for its intended purpose as part of cost of that asset. Other Borrowing costs are recognized as expense in the period in which they are incurred.

#### 12. Lease Rental

Operating lease rental are charged to profit and loss account on accrual basis.

#### 13. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period and adjusted for the effects of all dilutive potential equity shares.

#### 14. Provisions

A provision is recognised when the company has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

### B) Notes To Accounts

#### 1. Change in accounting policy:

Hitherto, the company was recognizing brokerage income at the completion of each settlement. However, from the year under consideration, the company has changed its revenue recognition policy from completion of settlement date to trade date. Had the same policy been followed, brokerage income would have been lowered by Rs.2,082,028 and the reserves would have been lowered by Rs. 2,082,028.

2. During the year a client of the Company had transacted in a particular scrip in the usual course and had an obligation to pay about Rs. 239 lacs to the Company, which was later on detected as a fraudulent transaction perpetrated by the said client along with a set of clients who had transacted in the said scrip through a number of brokers. The Company had instantly taken up the matter with the concerned authorities to appropriately safeguard the company. SEBI investigated the matter and passed an interim order on 5th June, 2009 finding that the said set of clients had perpetrated a fraud on the brokers including the Company and as such ordered to withhold the payouts to the selling clients till final order is passed. The Company is confident of getting a favorable order in this matter.

#### 3. Segment Reporting :

During the year under consideration, the company has Three operative segments namely, Capital Market (CM) Segment, Financial Product Distribution (FPD) segment, and Depository Participant (DP) segment. As the FPD, DP, does not fall within the parameters of "reportable segment" enunciated in Accounting Standard 17 "Segmental Reporting", the company has only one reportable segment i.e. CM. In view of above and considering Accounting Standard Interpretation 20 "Disclosure of Segment Information", the company has not furnished the Segmental Reporting.

**4. Related Party Disclosures:**

## a) List of Related Parties and Relationship:

<b>Name Of The Related Party</b>	<b>Nature Of Relationship</b>
Networth Stock.Com Ltd. Networth SoftTech Ltd. Networth Wealth Solutions Ltd. Ravisha Financial Services Private Ltd. Networth Insurance Broking Private Ltd. Networth Financial Services Ltd.	99.96% Subsidiary Company 100% Subsidiary Company 100% Subsidiary Company 100% Subsidiary Company 100% Subsidiary Company Associate Company
<b>Key Management Personnel</b> Sathyan Rajan Raj Bhandari Girish Dev	Managing Director Executive Director Executive Director
<b>Others</b> S. P. Jain Kanta Jain Pukhraj Bhandari S.P. Jain HUF Vijay Bhandari	Chairman Relative of Director/ Key Management Personnel
Trinity Capital Cartier Holding (Prop. Manasa Rajan) Networth Easylife Financial Advisory Private Limited Networth Insurance Private Limited Networth Finmart Limited Sun Capital Advisory Services Private Limited Networth Agro Services Limited Suncap Commodities Limited Networth Retail Pvt. Ltd.	Enterprises over which Director/ Key Managerial Personnel are able to exercise significant influence



b) Transaction with the Related Parties . (Amount in Rs., Previous years figures in italics)

Transactions	Subsidiaries	Associate	Key Company Personnel	Relatives of Key Management Personnel	Total
Revenue Received	<b>15,295,471</b> <i>8,936,585</i>		<b>618,517</b> <i>69,004</i>	<b>1,582,624</b> <i>5,366,630</i>	<b>17,496,612</b> <i>14,372,219</i>
Rendering of Services	<b>21,300,000</b>	-	<b>4,854,613</b> <i>8,322,180</i>	<b>490,000</b> <i>620,000</i>	<b>26,644,613</b> <i>8,942,180</i>
Other Transaction	<b>608,200</b>	-	<b>111,667</b> <i>970,000</i>	<b>1,844,445</b> <i>1,616,740</i>	<b>2,564,312</b> <i>2,586,740</i>
Contribution towards Share Capital/Share application money during the period.	-	-	<i>864,000</i>	-	- <i>864,000</i>
Loan Availed	-			- <i>50,000,000</i>	- <i>50,000,000</i>
Loan Given	<b>60,750,000</b>				<b>60,750,000</b> -
Outstanding Balance of Loan Given	<b>16,250,000</b>				<b>16,250,000</b>
Current Account transaction (Maximum O/s Credit/(Debit) Balance)	<b>16,227,908</b> <i>27,793,454</i>				<b>16,227,908</b> <i>27,793,454</i>
Investment / Advance for Purchase of shares	<b>49,990,000</b> <i>20,500,000</i>		<i>5,909,091</i>	<i>6,972,727</i>	<b>49,990,000</b> <i>33,381,818</i>
Outstanding Balance included in current liabilities	-	<b>17,054,109</b> <i>17,054,109</i>	<b>108,216</b> <i>32,988</i>	<b>15,222</b> <i>108,794</i>	<b>17,177,547</b> <i>17,195,891</i>
Outstanding Balance included in current assets	<i>2,282,032</i>	<b>494,906</b> -	<b>7,156,277</b> <i>10,226,096</i>	<b>5,238,811</b> <i>5,339,874</i>	<b>13,104,028</b> <i>17,848,002</i>
Guarantee Availed by Company	- -	- -	<b>340,000,000</b> <i>340,000,000</i>	- -	<b>340,000,000</b> <i>340,000,000</i>

5. Earnings Per Share:

Sr. No.	Particulars	Year ended on 31st March 2009	Year ended on 31st March 2008
a)	Net profit or loss for the period attributable to equity shareholders Basic (Rs.) Diluted (Rs.)	(131,837,901) (131,837,901)	30,547,634 30,547,634
b)	Weighted Number of Shares outstanding during the period for calculating Basic Earnings per Share Add: Adjustment for potential dilutive shares (Preferential Allotment) Weighted number of shares used for Calculation of Dilutive Earnings per share	11,231,600 NIL 11,231,600	8,901,509 NIL 8,901,509
c)	Earnings per share (Equity shares having face value Rs 10/-) Basic (Rs.) Diluted (Rs.)	(11.74) (11.74)	3.43 3.43

**6. Deferred Tax Asset / Liabilities:**

The components of deferred tax assets/liability as at 31st March, 2009 in accordance with Accounting Standard 22 "Accounting for Taxes on Income" are as under

**Timing Difference:****(Amount in Rs.)**

Particulars	For the year ended 31.3.2009	For the year ended 31.3.2008
<b>Deferred Tax Liabilities:</b>		
Depreciation	3,142,623	36,42,209
DTL due to change in Tax Rate	(405,745)	924,751
<b>Total "A"</b>	<b>2,736,878</b>	<b>45,66,960</b>
<b>Deferred Tax Assets:</b>		
Provision for Doubtful Debts	5,404,220	100,13,306
MAT Credit under Income Tax Act	Nil	(3,13,000)
Unabsorbed Depreciation Loss	Nil	(31,01,095)
<b>Total "B"</b>	<b>5,404,220</b>	<b>65,99,211</b>
<b>Deferred Tax Liability (Net) "(A-B)"</b>	<b>(2,667,343)</b>	<b>(20,32,251)</b>

**7. Additional Information pursuant to the provisions of paragraphs 4, 4B, 4C and 4D of part II of Schedule VI to the Companies Act, 1956, to the extent applicable.**

- Foreign Currency Transaction

Particulars	Current Yr. (Rupees)	Previous Yr. (Rupees)
a) Foreign Currency Out go	346,630	11,125
b) Foreign Currency Inflow	Nil	Nil

- Directors Remuneration

Particulars	Current Yr. (Rupees)	Previous Yr. (Rupees)
Director Remuneration	4,854,613	8,322,180

Computation of net profit u/s 349 of the Companies Act, 1956 is not furnished as no commission is payable / paid to the Directors. The reimbursement or payment of expenses as per the contractual appointment, are not in the nature of personal expenses, as the same are accepted/incurred under contractual obligation as per the business practices. Also the expenditure incurred in the normal course of business, in accordance with the generally accepted business practices, on employees and directors, is not considered as expenditure of personal nature. There for the same has not been considered for the above purpose.

- Payment to Auditors:

Particulars	Current Yr. (Rupees)	Previous Yr. (Rupees)
For Statutory Audit	375,000	275,000
For Tax Audit	125,000	125,000
Other Services	113,000	290,000
<b>Total</b>	<b>613,000</b>	<b>690,000</b>

## 8. Investment in Subsidiaries :

During the year, the company has formed/acquired / invested in subsidiaries as under

Name of the Subsidiary	Amount Invested (Rs.)	Nature of Business
Networth Insurance Broking Private Limited	1,00,000	Operation not commenced
Ravisha Financial Services Pvt. Ltd	5,00,00,000	NBFC

## 9. Employee Benefits :

The disclosures required under Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006, are given below:

### Defined Contribution Plan

Contribution to Defined Contribution Plan, recognized and charged to profit and loss account for the year are as under:

Particulars	2008-09 (Rs.)	2007-08 (Rs.)
Employer's Contribution to Provident and Pension Fund	45,37,231	55,70,279

### Defined Benefit Plan:

The employees' gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Particulars	2008-09 (Rs.)	2007-08 (Rs.)
<b>a. Amount recognized in Profit and Loss Account</b>	(1,81,401)	29,77,935
<b>b. Reconciliation of opening and closing balances of Defined Benefit obligation</b>		
Defined Benefit obligation at beginning of the year	32,87,251	16,32,011
Current Service Cost	14,00,170	13,54,204
Interest Cost	2,62,980	1,30,560
Actuarial (gain) / loss	(17,57,118)	1,70,476
Benefits paid	Nil	Nil
Settlement cost	Nil	Nil
Defined Benefit obligation at year end	31,93,283	32,87,251
<b>c. Reconciliation of opening and closing balances of fair value of plan assets</b>		
Fair value of plan assets at beginning of the year -	10,28,624	6,49,121
Expected return on plan assets	82,290	51,930
Actuarial gain/(loss) -	5,143	25,995
Employer contribution	Nil	30,157
Benefits Paid -	Nil	Nil
Fair value of plan assets at year end	11,16,057	10,28,624
Actual return on plan assets	87,433	77,925/-
<b>d. Reconciliation of fair value of assets and obligations</b>		
Fair value of plan assets as at 31st March	11,16,057	10,28,624/-
Present value of obligation as at 31st March	31,93,283	32,87,251/-
Amount recognised in Balance Sheet	20,77,226	22,58,627/-
<b>e. Investment Details % invested</b>		
As at 31st March		
L.I.C. Group Gratuity (Cash Accumulation) Policy	34.95%	31.29%
<b>f. Actuarial assumptions</b>		
Mortality Table	LIC (94-96) Ultimate	LIC (94-96) Ultimate
Discount rate (per annum)	8%	8%
Rate of escalation in salary (per annum)	4%	4%
Expected rate of return on plan assets (per annum)	8%	8%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

**10. Events Occurring After the Balance Sheet Date:**

To the best of knowledge of the management, there are no events occurring after the Balance Sheet date that provide additional information materially affecting the determination of the amounts relating to the conditions existing at the Balance Sheet Date that requires adjustment to the Assets or Liabilities of the Company.

**11. Capital Commitments:**

There are outstanding Capital commitments amounting to Rs.76,40,480/- (previous year Rs. 69,23,563/- on account of development of software.

**12. In the opinion of the Directors of the Company, the Current Assets and loans and advances have a value on realization in the ordinary course of business at least equal to the amount at which items are stated in the Balance Sheet.**

**13. Contingent Liability:**

The management of the Company does not anticipate any contingent liability having material effect on the position stated in the Balance Sheet at the year end except disputed income tax demand of Rs.81,56,891/- (P.Y. Rs. 33,73,888/-) which is pending before first appellate authority.

**14. Details about the Micro, Small and Medium Enterprises:**

In absence of information regarding vendors covered under the Micro, Small and Medium Enterprises Development Act, 2006, disclosure relating to amounts unpaid as at the year end together with interest paid / payable under this Act has not been given.

**15. Previous year's figure have been recast and rearranged wherever found necessary.**

As per our report of even date

For and on behalf of the Board

**For A. R. Sodha & Co.**

Chartered Accountants

**Girish Dev**  
Executive Director & CEO

**S. P. Jain**  
Director

**A. R. Sodha**

Partner

M. No. 31878

Place : Mumbai

Date: June 23, 2009

**Trupti Lalpuria**  
Company Secretary

**STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956  
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I Registration Details**

Registration No.	:	75393
State Code No.	:	11
Balance Sheet Date	:	31.03.2009

**II Capital raised during the year**

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

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

Total Liabilities	:	722,518
Total Assets	:	722,518

**Sources of funds**

Paid-up Capital	:	112,316
Reserves & Surplus	:	388,502
Secured/Unsecured Loans	:	204,742

**Application of funds**

Net Fixed Assets	:	137,241
Investments	:	103,422
Deferred Tax Asset	:	(1,795)
Net Current Assets	:	388,065
Misc. Expenditure	:	7
Accumulated losses	:	93,782

**IV Performance of Company (Amount Rs. In Thousands)**

Turnover	:	385,927
Total Expenditure	:	497,383
Profit before taxes	:	(132,996)
Profit after taxes	:	(131,614)
Earnings Per Share	:	(11.74)
Dividend Rate	:	Nil

**V Generic Names of Three Principal Products/Services of the Company**

Product Description	:	Item Code No.
Stock Broking	:	N.A.
Advisory	:	N.A.

## STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

Statement pursuant to Section 212 of the Companies Act, 1956 relating to Company's interest in the Subsidiary Companies. (Amount in Rs.)

Sr. No.	Name of the subsidiary company	Networth Stock.Com Ltd.	Networth Wealth Solutions Ltd.	Ravisha Financial Services Pvt. Ltd.	Networth SoftTech Ltd.	Networth Insurance Broking Pvt. Ltd.
1	Financial Year of the Subsidiary Company ended on	31.03.2009	31.03.2009	31.03.2009	31.03.2009	31.03.2009
2	Date from which it became Subsidiary Company	06.09.2003	29.02.2008	21.04.2008	29.06.2007	07.07.2008
3	a) Number of Shares held by Networth Stock Broking Ltd in the Subsidiary as on March 31, 2009 b) Extent of Interest of Holding Company as at March 31, 2009	14,00,100 Equity Shares of the face value of Rs. 10/- each fully paid up  99.96%	10,00,000 Equity Shares of the face value of Rs. 10/- each fully paid up  100%	49,99,900 Equity Shares of the face value of Rs. 10/- each fully paid up  100%	50,000 Equity Shares of the face value of Rs. 10/- each fully paid up  100%	10,000 Equity Shares of the face value of Rs. 10/- each fully paid up  100%
4	The net aggregate amount of the Profit / (Loss) so far at it concerns the members of the Holding Company a) Not Dealt with the Holding Company's Accounts i. For the financial Year ended on March 31, 2009 ii. For the previous financial years of the Subsidiary Company since they became the Holding Company's Subsidiary b) Dealt with in the Holding Company's Accounts i. For the financial Year ended on March 31, 2009 ii. For the previous financial years of the Subsidiary Company since they became the Holding Company's Subsidiary	  7,838,895  (6,720,864)  Nil  (41,313)	  (23,017,458)  Nil  Nil	  3,159,590  Nil  Nil	  39,381  Nil  Nil	  Nil  Nil  Nil

For and on behalf of the Board

**Girish Dev**  
Executive Director & CEO

**S. P. Jain**  
Director

**Trupti Lalpuria**  
Company Secretary

## INFORMATION WITH REGARD TO SUBSIDIARY COMPANIES

Statement pursuant to Section 212(8) of the Companies Act, 1956 relating to Company's interest in the Subsidiary Companies. (Amount in Rs.)

Sr. No.	Name of the subsidiary company	Networth Stock.Com Ltd.	Networth Wealth Solutions Ltd.	Ravisha Financial Services Pvt. Ltd.	Networth SoftTech Ltd.	Networth Insurance Broking Pvt. Ltd.
1.	Financial year ends on	31.03.2009	31.03.2009	31.03.2009	31.03.2009	31.03.2009
2.	Share Capital	14,007,000	10,000,000	50,000,000	500,000	100,000
3.	Reserve & Surplus	6,981,070	(23,017,458)	14,382,342	39,381	-
4.	Total Assets	51,944,366	19,555,577	77,823,304	1,840,531	319,549
5.	Total Liabilities	30,956,296	32,573,035	13,440,963	1,301,150	219,549
6.	Investments (excluding investments in subsidiary companies)	17,537,819	-	-	-	-
7.	Turnover & Other Income	25,800,900	17,362,066	16,139,021	9,300,000	N.A. *
8.	Profit/(Loss) before Taxation	8,126,898	(22,845,520)	4,576,863	127,707	N.A. *
9.	Provision for Taxation	284,866	171,938	1,417,273	88,325	N.A. *
10.	Profit/ (Loss) after Taxation	7,842,032	(23,017,458)	3,159,590	39,381	N.A. *
11.	Proposed Dividend	Nil	Nil	Nil	Nil	Nil

\* Since the above subsidiary has not commenced any business till March 31 2009, all the pre-operative expenses have been capitalized, hence no Profit & Loss account Statement is prepared.

## AUDITORS' REPORT

To,  
The Members of  
**NETWORTH STOCK BROKING LIMITED**

We have audited the attached Consolidated Balance Sheet of **NETWORTH STOCK BROKING LIMITED** and its subsidiaries and associate (referred to as 'Group') as at March 31, 2009 and the Consolidated Profit and Loss Account and the consolidated Cash Flow Statement 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.

We conducted our audit in accordance with 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 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 presentation. We believe that our audit provides a reasonable basis for our opinion

We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of the Accounting Standard (AS) 21, Consolidated Financial Statements and Accounting Standard (AS) 23, Accounting for Investment in Associates issued by the Institute of Chartered Accountants of India.

We report that in our opinion and to the best of our information and according to the explanations given to us, the attached consolidated financial statements gives a true and fair view in conformity with the accounting principles generally accepted in India:

- i) In the case of Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2009
- ii) In the case of Consolidated Profit & Loss Account of the results for the year ended on that date; and
- iii) In the case of Consolidated Cash Flow Statement, of the Cash flows for the year ended on that date.

**For A. R. Sodha & Co.**  
Chartered Accountants

Place: Mumbai  
Date : June 23, 2009

**A. R. Sodha**  
Partner  
M. No. 31878



## CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009

	Schedule No.	31.03.2009 Rupees	31.03.2008 Rupees
<b>SOURCES OF FUNDS :</b>			
(1) Shareholders' Funds :			
(a) Share Capital	1	112,316,000	112,316,000
(b) Share Application Money		15,162,363	15,163,560
(d) Reserves & Surplus	2	388,502,459	388,372,459
(2) Loan Funds	3	223,257,648	8,504,328
(3) Minority Interest		14,877	5,036
(4) Deferred Tax Liability		697,190	4,546,819
<b>TOTAL</b>		<u>739,950,536</u>	<u>528,908,203</u>
<b>APPLICATION OF FUNDS :</b>			
(1) Fixed Assets :			
(a) Gross Block	4	191,705,818	180,947,324
(b) Less : Depreciation		51,895,425	33,354,503
(c) Net Block		<u>139,810,393</u>	<u>147,592,821</u>
(2) Investments	5	26,726,571	71,534,186
(3) Current Assets, Loans & Advances :	6		
(a) Stock in Error		838,069	740,483
(b) Sundry Debtors		148,958,607	186,170,153
(c) Cash & Bank Balances		461,736,060	471,089,076
(d) Loans & Advances		352,297,315	230,646,174
	A	<u>963,830,051</u>	<u>888,645,886</u>
Less: Current Liabilities & Provisions :	7		
(a) Current Liabilities		456,571,903	505,482,812
(b) Provisions		49,668,980	44,226,985
	B	<u>506,240,882</u>	<u>549,709,797</u>
Net Current Assets	(A-B)	<u>457,589,169</u>	<u>338,936,088</u>
(4) Miscellaneous Expenditure	8	668,226	603,530
(5) Profit & Loss A/c		115,156,177	(29,758,423)
<b>TOTAL</b>		<u>739,950,536</u>	<u>528,908,203</u>
Notes forming part of the accounts and Significant Accounting Policies	16		

As per our report of even date

**For A. R. Sodha & Co.**

Chartered Accountants

**A. R. Sodha**  
Partner  
M. No. 31878

Place : Mumbai  
Date: June 23, 2009

For and on behalf of the Board

**Girish Dev**  
Executive Director & CEO

**S. P. Jain**  
Director

**Trupti Lalpuria**  
Company Secretary

## CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

	Schedule No.	31.03.2009 Rupees	31.03.2008 Rupees
<b>INCOME</b>			
(a) Sales		265,244	14,378,330
(b) Income from Operations		426,757,033	511,193,185
(c) Income/Loss from Trading & Arbitrage activities		(41,242,406)	-
(d) Other Income	9	46,695,125	23,504,306
		<u>432,474,996</u>	<u>549,075,821</u>
<b>EXPENDITURE</b>			
(a) Cost of Goods sold	10	265,244	14,456,939
(b) Employment Cost	11	205,524,493	210,285,617
(c) Operating Expenses	12	110,373,824	77,439,256
(d) Administrative Expenses	13	201,460,540	220,293,103
(e) Interest & Financial Charges	14	36,177,262	17,157,695
		<u>553,801,363</u>	<u>539,632,610</u>
<b>PROFIT/LOSS BEFORE DEPRECIATION &amp; TAX</b>		<b>(121,326,367)</b>	9,443,211
Depreciation	4	21,683,503	16,327,142
<b>PROFIT/LOSS BEFORE TAX</b>		<b>(143,009,869)</b>	(6,883,931)
Less: Provision for Taxation			
- Current Year Tax		3,028,083	1,847,490
- Deferred Tax		(3,849,630)	(2,018,360)
- Wealth Tax		55,167	51,744
- Fringe Benefit Tax		1,350,209	2,003,031
- Prior Year Short/(Excess) Tax Provision		(2,800)	(348,414)
<b>PROFIT/LOSS AFTER TAX</b>		<b>(143,590,898)</b>	(8,419,423)
Add/(Less): Prior period adjustments & Extra Ordinary items	15	869,229	31,342,612
Add/(Less): Share of Loss of Associate		(353,635)	(494,994)
Add/(Less): Goodwill on consolidation		(630,508)	(122,952)
Add/(Less): Misc Exp w/off on Consolidation		(1,198,890)	920
Add/(Less) : Minority Interest		(9,898)	3,279
Add/(Less) : Profit brought forward from Previous Year		<u>29,758,423</u>	<u>12,382,167</u>
<b>PROFIT/LOSS AVAILABLE FOR APPROPRIATION</b>		<b>(115,156,177)</b>	34,691,608
Interim Dividend		-	4,216,578
Dividend Tax on Interim Dividend		-	716,607
Amount transfer to General Reserve		-	-
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>(115,156,177)</b>	<u>29,758,423</u>
Earnings Per Share - Basic		(12.90)	2.52
Earnings Per Share - Diluted		(12.90)	2.52
(Face Value of Rs.10/- per share)			
(Refer Note No. 3 of Part B of Schedule No. 16)			
Notes forming part of the accounts and Significant Accounting Policies	16		

As per our report of even date

**For A. R. Sodha & Co.**

Chartered Accountants

**A. R. Sodha**  
Partner  
M. No. 31878

Place : Mumbai  
Date: June 23, 2009

For and on behalf of the Board

**Girish Dev**  
Executive Director & CEO

**S. P. Jain**  
Director

**Trupti Lalpuria**  
Company Secretary

## STATEMENT OF CONSOLIDATED CASH FLOW ANNEXED TO THE BALANCE SHEET AS AT MARCH 31, 2009

	31.03.2009 Rupees	31.03.2008 Rupees
<b>A. Cash Flow from Operating Activities</b>		
Net Profit/Loss before tax and extraordinary Items	(143,009,869)	(6,883,931)
Adjustments for		
Depreciation	21,683,503	16,327,142
Employees Compensation Expenses under ESOP		(387,253)
Preliminary/Share Issue Exp. Written off	155,134	738,471
Finance Expenses	7,796,101	17,157,695
Loss on assets sold/discarded	3,596,578	502,848
Provision for Doubtful Debts	19,063,083	29,459,566
Dividend Received	(2,821,420)	(11,073)
Interest Received	(38,508,695)	(23,912,712)
Operating profit before working capital changes	<u>(132,045,585)</u>	<u>32,990,754</u>
Adjustments for		
Decrease (Increase) in Stock in Trade		3,399,824
Decrease (Increase) in Trade and other Receivables	(119,161,253)	(69,910,858)
Increase (Decrease) in Trade Payable and Provisions	(33,969,001)	61,558,683
Cash Generated from operations	<u>(285,175,839)</u>	<u>28,038,403</u>
Income Tax Paid For The Year	9,330,826	(3,553,851)
Prior Period Items	(223,457)	(597,331)
<b>Net Cash From Operating Activities</b>	<u>(276,068,470)</u>	<u>23,887,221</u>
<b>B. Cash Flow From Investing Activities</b>		
Purchase of Fixed Assets	(33,281,040)	(72,216,871)
Sale of Fixed Assets	5,783,388	37,775,698
Purchase of Shares/ Mutual Funds	(58,802,709)	(63,073,484)
Sales of Shares/ Mutual Funds	100,018,279	-
Interest Received	39,601,686	23,912,712
Dividend Received	1,728,429	11,073
<b>Net Cash from Investing Activities</b>	<u>55,048,033</u>	<u>(73,590,872)</u>
<b>C. Cash flow From Financing Activities</b>		
Proceeds from Issue of Share Capital including Premium		358,378,628
Share Issue expenses	(459,928)	(17,157,695)
Finance Expenses	(7,796,101)	1,048,647
Loan Funds	219,923,449	-
Equity Dividend & Corporate Dividend Tax	-	(4,933,185)
<b>Net Cash used in Financing Activities</b>	<u>211,667,420</u>	<u>337,336,395</u>
Net Increase in Cash & Cash Equivalents	<b>(A+B+C)</b> <u>(9,353,016)</u>	<u>287,632,744</u>
Opening Balance of Cash & Cash Equivalents	<u>471,089,076</u>	<u>183,456,332</u>
Closing Balance of Cash & Cash Equivalents	<u>461,736,060</u>	<u>471,089,076</u>

**Notes :**

1. The Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard 3 "Cash Flow Statements" issued by the Institute of Chartered Accountants of India.
2. Previous year's figures have been reclassified/regrouped to confirm with current year's presentation, where applicable.  
This is the Cash Flow Statement referred to in our report of even date.

As per our report of even date

For and on behalf of the Board

**For A. R. Sodha & Co.**

Chartered Accountants

**Girish Dev**  
Executive Director & CEO

**S. P. Jain**  
Director

**A. R. Sodha**

Partner

M. No. 31878

Place : Mumbai

Date: June 23, 2009

**Trupti Lalpuria**

Company Secretary

## SCHEDULES TO CONSOLIDATED ACCOUNTS

	31.03.2009 Rupees	31.03.2008 Rupees
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL :</b>		
<b>Authorised</b>		
15,000,000 Equity Shares (P.Y.15,000,000) of Rs.10/- each	150,000,000	150,000,000
250,000 Cumulative Redeemable 6% Preference Shares (P.Y. 250,000) of Rs.100/- each	<u>25,000,000</u>	<u>25,000,000</u>
<b>Issued, Subscribed &amp; Paid-up</b>		
11,231,600 Equity Shares (P.Y. 11,231,600) of Rs.10/- each Fully Paid Up.	<u>112,316,000</u>	<u>112,316,000</u>
	<u>112,316,000</u>	<u>112,316,000</u>
<b>SCHEDULE 2</b>		
<b>RESERVES &amp; SURPLUS :</b>		
<b>(1) Security Premium</b>		
As Per last Balance Sheet	380,514,386	56,120,143
Add: Addition during year	130,000	331,205,571
Less: Share Issue Expenses		(6,811,328)
	<b>A</b> <u>380,644,386</u>	<u>380,514,386</u>
<b>(2) General Reserves</b>		
As Per last Balance Sheet	7,858,073	7,858,073
Add : Transfer from Profit & Loss Account		
	<b>B</b> <u>7,858,073</u>	<u>7,858,073</u>
	<b>(A+B)</b> <u>388,502,459</u>	<u>388,372,459</u>
<b>SCHEDULE 3</b>		
<b>LOAN FUNDS :</b>		
<b>Secured Loans :</b>		
(1) Car Loans from Banks	6,405,769	8,504,328
(2) Overdraft against Fixed Deposits	216,851,879	-
	<u>223,257,648</u>	<u>8,504,328</u>

**Note:**

Vehicle loans are secured by hypothecation of concerned vehicles purchased.

**SCHEDULE 4**

Schedule of Fixed Assets under Companies Act, 1956

(Amount in Rs)

Particulars	Depn. %	GROSS BLOCK				DEPRECIATION			NET BLOCK		
		As at 01.04.2008	Additions	Deductions	As at 31.03.2009	As at 01.04.2008	For the year	on Deductions	As at 31.03.2009	As at 31.03.2009	As at 31.03.2008
<b>Tangible Assets :</b>											
Air Conditioner	4.75	9,174,438	995,686	1,279,131	<b>8,890,994</b>	896,669	449,244	144,773	<b>1,201,141</b>	<b>7,689,853</b>	8,277,770
Computer Improvement to	16.21	63,867,573	21,750,317	6,212,845	<b>79,405,045</b>	21,794,045	11,797,245	2,318,339	<b>31,272,950</b>	<b>48,132,095</b>	42,073,528
Leased Assets		14,262,004	1,851,596	-	<b>16,113,600</b>	1,895,370	2,635,633	-	<b>4,531,003</b>	<b>11,582,597</b>	12,366,634
Furnitures & Fixtures	6.33	20,357,090	1,983,526	3,565,708	<b>18,774,908</b>	2,648,260	1,262,930	552,734	<b>3,358,456</b>	<b>15,416,453</b>	17,708,708
Office Equipments	4.75	21,374,633	3,127,539	1,157,247	<b>23,344,926</b>	2,169,486	1,067,353	126,735	<b>3,110,104</b>	<b>20,234,821</b>	19,205,147
Vehicles	9.50	18,487,044	-	-	<b>18,487,044</b>	3,308,290	1,756,269	-	<b>5,064,559</b>	<b>13,422,486</b>	15,178,754
<b>Intangible Assets :</b>											
Computer Software	20.00	13,574,750	11,514,551	-	<b>25,089,301</b>	642,263	2,714,950	-	<b>3,357,213</b>	<b>21,732,088</b>	12,932,487
<b>TOTAL</b>	<b>A</b>	<b>161,097,532</b>	<b>41,223,215</b>	<b>12,214,930</b>	<b>190,105,818</b>	<b>33,354,381</b>	<b>21,683,624</b>	<b>3,142,580</b>	<b>51,895,425</b>	<b>138,210,393</b>	<b>12,774,3029</b>
Add: Capital Work-in-Progress	<b>B</b>	<b>19,849,792</b>	<b>(18,249,792)</b>		<b>1,600,000</b>	-	-	-	-	<b>1,600,000</b>	<b>19,849,792</b>
Current Year	<b>(A+B)</b>	<b>180,947,324</b>	<b>22,973,423</b>	<b>12,214,930</b>	<b>191,705,818</b>	<b>33,354,381</b>	<b>21,683,624</b>	<b>3,142,580</b>	<b>51,895,425</b>	<b>139,810,393</b>	<b>147,592,821</b>
Previous Year		135,679,575	72,216,871	26,949,122	180,947,324	37,647,003	16,327,142	20,619,642	33,354,503	147,592,821	98,032,574

Notes :

1) Capital work in process represents advance given for development of software

**31.03.2009**  
**Rupees**
**31.03.2008**  
**Rupees**
**SCHEDULE 5**
**INVESTMENTS**
**I. Long Term Investments (At Cost)**
**a) QUOTED**

Equity Shares :

131 (P.Y.131) Shares of Sadbhav Engineering Ltd

I	<u>24,235</u>	<u>24,235</u>
	<u>24,235</u>	<u>24,235</u>

**b) UNQUOTED**

Equity Shares :

**In Subsidiary Company :**

Advance for Shares of Ravisha Financial Services Pvt Ltd

-	13,032,205
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**In Associates Concern :**

9,49,400 Shares (PY 9,49,400) of Rs. 10 each of Networth Financial Services Ltd.

8,665,533	7,926,483
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**Other :**

877 Shares (P.Y.877) of Rs. 10 each of Bombay Stock Exchange Ltd.

II	<u>877</u>	<u>877</u>
	<u>8,666,410</u>	<u>20,959,565</u>

**c) Other Investments :**

Insurance Policies

III	494,107	494,107
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**Total Long term Investment**

(I+II+III=A)	<u>9,184,752</u>	<u>21,477,907</u>
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**II. Current Investments - At lower of Cost or Fair Value**
**Mutual Fund :**

960,186.64 units of Uti Cash Plan Mutual Fund

17,503,819	50,018,279
------------	------------

(NAV as on 31.03.2009 Rs. 18.23)

**Government Securities :**

National Savings Certificates

38,000	38,000
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Total Current Investment

B	<u>17,541,819</u>	<u>50,056,279</u>
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Total Investment

(A+B)	<u>26,726,571</u>	<u>71,534,186</u>
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Aggregate Market Value of Quoted Investment

<u>40,676</u>	<u>169,291</u>
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31.03.2009  
Rupees

31.03.2008  
Rupees

**SCHEDULE 6**

**CURRENT ASSETS, LOANS & ADVANCES :**

Stock in Trade / Error (As taken, valued & certified by Management)	838,069	740,483
<b>A</b>	<u>838,069</u>	<u>740,483</u>
Sundry Debtors (Unsecured, Considered Good Except otherwise stated)		
- outstanding for more than six months	45,143,000	2,224,909
- Other Balances	151,301,976	211,795,025
Dues from Stock Exchanges	1,520,582	2,094,088
	197,965,559	216,114,022
Less: Provision for Doubtful Debts	49,006,952	29,943,869
<b>B</b>	<u>148,958,607</u>	<u>186,170,153</u>
<b>Cash &amp; Bank Balances</b>		
Cash Balance	706,710	639,555
Balances with Scheduled Banks :		
- in Current Account	30,647,783	36,446,321
- in Fixed Deposit Accounts	430,381,567	434,003,200
<b>C</b>	<u>461,736,060</u>	<u>471,089,076</u>
<b>LOANS &amp; ADVANCES :</b>		
<b>(Unsecured, Considered Good Except otherwise stated)</b>		
<b>A) Advances recoverable in cash or in kind or for value to be received</b>		
Advance Income Tax	56,918,305	37,910,202
Advance Fringe Benefit Tax	20,068,341	18,794,543
Advance Wealth Tax	51,744	-
Fringe Benefit Tax Recoverable under ESOP Scheme	5,905,810	6,933,463
Advance to Staff	1,941,302	1,223,781
Advance to Suppliers	8,754,959	3,716,541
Capital Advances Recoverable	10,000,000	-
Prepaid Expenses	8,008,862	23,125,903
Other Advances	336,964	-
<b>B) Deposits</b>		
Deposit & Margins with Stock Exchanges	99,519,197	23,755,879
Trade Margin Security Deposit with IL & FS Ltd. (Including Interest Accrued of Rs. 4,24,712)	64,088,158	35,224,712
Deposits for Office Premises	71,738,420	74,965,426
Deposit for DP Empanelment	1,500,000	1,500,000
Deposit with National Securities Depositories Limited	1,010,000	1,000,000
Deposit with Central Depositories Services (India) Limited	250,000	250,000
Deposit with BSE under Securities Lending Scheme	1,003,148	1,000,000
Deposits for Telephone, VSAT, Electricity, etc.	1,202,107	1,245,722
<b>D</b>	<u>352,297,315</u>	<u>230,646,174</u>
<b>TOTAL</b>	<b>(A+B+C+D) 963,830,051</b>	<b>888,645,886</b>

	31.03.2009 Rupees	31.03.2008 Rupees
<b>SCHEDULE 7</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS :</b>		
<b>A) Current Liabilities :</b>		
Sundry Creditors - Clients	338,569,467	382,075,752
Sundry Creditors - Banks & Financial Institutions	36,887,535	39,393,824
Sundry Creditors - Stock Exchanges	1,495,576	195,182
Security Deposit from Business Associates	20,240,479	11,023,009
Sundry Creditors - Others	52,914,236	70,072,401
Unclaimed Dividend*	144,701	144,901
Statutory Liabilities	6,319,909	2,577,743
	<u>456,571,903</u>	<u>505,482,812</u>
*Kept in Separate Bank A/c.		
<b>B) Provisions For :</b>		
Provision for Income Tax	28,477,841	25,171,000
Provision for Fringe Benefit Tax	18,062,636	16,745,614
Provision for Wealth Tax	106,911	51,744
Prov. For Commission refund on 1st year premium	260,000	-
Provision for Gratuity	2,761,592	2,258,627
	<u>49,668,980</u>	<u>44,226,985</u>
<b>SCHEDULE 8</b>		
<b>MISCELLANEOUS EXPENDITURE :</b>		
(To the extent not written off or adjusted)		
Authorised Capital Enhancement Exps	-	35,100
Pre - Operative Expenses	-	24,405
Preliminary Expenses	661,091	527,764
Public Issue Expenses	7,135	16,261
	<u>668,226</u>	<u>603,530</u>
<b>SCHEDULE 9</b>		
<b>OTHER INCOME :</b>		
Interest on Fixed Deposit	43,951,014	21,158,062
Gain/loss on exchange fluctuation	2,284	-
Dividend on Shares	102,586	11,073
Dividend on Mutual Fund	1,629,662	1,287,463
Interest on Income Tax Refund	-	650,376
Bad Debts Recovered	972,730	-
Other Income	36,849	397,333
	<u>46,695,125</u>	<u>23,504,306</u>
<b>SCHEDULE 10</b>		
<b>Cost of Goods Sold :</b>		
Opening Stock	265,244	3,665,068
Add: Purchase	-	11,057,115
Less: Closing Stock	-	(265,244)
	<u>265,244</u>	<u>14,456,939</u>

	31.03.2009 Rupees	31.03.2008 Rupees
<b>SCHEDULE 11</b>		
<b>EMPLOYMENT COST :</b>		
Salary & Other Allowances	194,971,213	195,575,731
Contribution to Provident & other funds	7,633,131	11,048,959
Staff Welfare Expenses	2,857,597	3,605,512
Recovery of Expenses*	62,552	55,415
	<u>205,524,493</u>	<u>210,285,617</u>

\* This represents recovery or charge against payment to employees by parent company for subsidiary and vice versa.

#### **SCHEDULE 12**

##### **OPERATING EXPENSES :**

Demat Charges	3,616,758	5,493,197
Commission	64,486,831	28,973,782
Stamp Duty & Exchange Charges	7,531,705	15,163,711
Connectivity Charges	16,273,157	14,646,621
Insurance Charges - NSE, BSE & CDSL	2,400,986	1,676,220
Membership Fees	3,167,361	2,004,566
Software Charges	12,734,752	9,313,919
Transportation Expenses	102,856	111,435
Clearing & Settlement Charges	59,418	55,806
	<u>110,373,824</u>	<u>77,439,256</u>

#### **SCHEDULE 13**

##### **ADMINISTRATIVE EXPENSES :**

Professional Charges	26,735,994	41,291,590
Telephone Charges	9,456,327	12,819,958
Electricity Charges	12,923,536	11,896,147
Rent, Rates & Taxes	75,814,787	41,007,458
Repairs & Maintenance	6,209,334	10,736,199
Insurance Charges	246,148	145,285
Fees & Subscription Charges	277,939	299,001
Postage & Courier Charges	17,449,298	19,256,842
Advertisement	208,557	394,953
Bad Debts Written Off	4,364,829	21,841,368
Conveyance & Travelling	5,663,970	4,166,146
Printing, Stationery & Xerox Charges	9,252,470	9,600,517
Business Promotion Expenses	1,913,671	4,263,913
Directors' Remuneration	4,854,613	8,322,180
Provident Fund Administrative Charges	501,713	510,644
Profession Tax	102,990	31,250
Provision for Doubtful Debts	19,063,083	29,943,869
Charity & Donations	6,101	-
Share Registrar's Charges	30,434	42,886
Miscellaneous Expenses	181,890	2,343,179
Staff Recruitment Expenses	1,054,125	1,102,616
Staff Uniform Charges	18,993	19,060
Auditors' Remuneration	658,500	767,500
Loss on Exchange Fluctuation	3,624	-
Loss on Assets sold / discarded	3,596,578	502,848
Miscellaneous Expenditures W/off	155,134	187,693
Share Capital Structure Charges	115,000	-
Service Tax & Education Cess credit	456,702	-
Recovery of Expenses*	144,200	(1,200,000)
	<u>201,460,540</u>	<u>220,293,103</u>

\* This represents recovery of expenses, in agreed proportion towards utilization of common facilities, from subsidiary and associate concerns.



31.03.2009  
Rupees

31.03.2008  
Rupees

**SCHEDULE 14**

**INTEREST & FINANCIAL CHARGES :**

Bank Charges	2,692,299	1,441,074
Bank Guarantee Charges	5,084,353	5,171,077
Interest on Car Loan	749,593	880,403
Interest on Corporate Deposits	-	349,989
Interest on Loan availed	3,112,464	-
Interest on Bank Overdraft	<u>24,538,553</u>	<u>9,315,153</u>
	<u>36,177,262</u>	<u>17,157,695</u>

**SCHEDULE 15**

**EXTRA-ORDINARY & PRIOR PERIOD ADJUSTMENTS :**

Prior Period Adjustment	869,229	(597,331)
Profit on Buyback of BSE Shares	-	41,925,453
Less: Income Tax on Above	-	(9,985,510)
	<u>869,229</u>	<u>31,342,612</u>

**SCHEDULE 16**

**Notes Forming Part of The Consolidated Balance Sheet as at 31st March 2009 and Consolidated Profit & Loss Account for the year ended March 31, 2009**

**A. Significant Accounting Policies**

**1. Basis of Accounting**

The consolidated Financial Statements of Networth Stock Broking Limited ("the Company") and its domestic subsidiaries Networth Stock.Com Limited, Networth Wealth Solutions Limited, Ravisha Financial Services Pvt. Ltd, Networth SoftTech Limited and Networth Insurance Broking Pvt. Ltd. is prepared under the historical cost convention in accordance with the generally accepted accounting principles in India & the Accounting Standards 21 on Consolidation of Financial Statement, issued by the Institute of Chartered Accountants of India to the extent possible in the same formats that is adopted by the Company for its separate financial statements.

**2. Principles of Consolidation**

- a) The financial statements of the Parent Company & its Subsidiaries have been combined on a line by line basis by adding together the books values if like items of assets, liabilities, income & expenses after fully eliminating inter company balance.
- b) The consolidated financial statements are prepared by adopting uniform accounting policies for like company ended on transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Parent company's separate financial statements except otherwise stated elsewhere in this schedule.
- c) The excess of cost to the Parent company of its investments in the subsidiaries over the Parent's portion of equity of the subsidiary at the dates subsidiaries is recognised in the financial statements as goodwill.
- d) Minority Interests in the Consolidated financial statements is identified & recognised after taking into consideration:
  - The amount of equity attributable to minorities at the date on which investments in a subsidiary is made.
  - The minorities share of movement in equity since the date parent subsidiary company came into existence..
  - The losses attributable to the minorities are adjusted against the Minority interest in the equity of the subsidiary.
  - The excess of profit over the minority interest in the equity, is adjusted against Profit and Loss of the Parent Company.

**3. The subsidiary considered in the consolidated financial statements is:**

Name of the Subsidiary Company	Financial year of the subsidiary company ended on	Extent of Holding Company's Interest	Country of Incorporation
Networth Stock.com Ltd.	March 31, 2009	99.96%	India
Networth SoftTech Ltd.	March 31, 2009	100%	India
Networth Wealth Solutions Ltd.	March 31, 2009	100%	India
Ravisha Financial Services Pvt. Ltd.	March 31, 2009	100%	India
Networth Insurance Broking Pvt. Ltd.	March 31, 2009	100%	India

#### **4. Investment in Associates :**

Investment in entities in which the holding company has significant influence but not a controlling interest are reported according to the equity method i.e. the investment is initially recorded at cost, identifying any goodwill / capital reserve arising at the time of acquisition. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the investor's share of net assets of the investee. The consolidated profit and loss account includes the investor's share of the results of the operations of the investee.

#### **5. Use of Estimates**

The preparation of financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets & liabilities on the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **6. Revenue Recognition**

Income from Operations primarily Brokerage Income is recognised on the trade date.

Commission for distribution of financial products is recognised when the financial products are issued to the buyers by Principle

Trail commission for distribution of financial products is recognised on receipt basis.

In respect of Interest Income, is recognised on a time proportion basis.

#### **7. Fixed Assets**

Fixed Assets are stated at cost of acquisition as reduced by accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

#### **8. Depreciation**

Depreciation on Fixed Assets has been provided on pro-rata basis on straight line method at the rates prescribed by Schedule XIV to the Companies Act, 1956 from the month following the month of purchase/ acquisition of Assets.

Considering the factors like utility of software, its nature, technological developments etc, the management is of the opinion that the cost of acquisition of software and related expenses require to be written off in the year of acquisition, then it is charged to revenue in the year of acquisition.

#### **9. Investments**

Investments intended to be held for more than a year are classified as long term Investments. Long term investments are valued at cost less permanent diminution in value, if any, in the opinion of the management. The current investments are valued at lower of cost or market value.

#### **10. Inventory**

Inventory of Commodities as at year end is valued at cost or net realisable value whichever is lower.

Stock in error, comprising of securities held as a result of error in execution of orders, is valued at cost or market value, whichever is lower.

#### **11. Employee Benefits**

Employer's Contribution to the Provident Fund & Pension fund are charged to the Profit & Loss Account of the period to which they relate.

The annual contribution to the Group Gratuity Assurance Scheme of Life Insurance Corporation of India, determined on the basis of actuarial valuation by the said corporation is charged to profit & Loss Account.

Short Term Employee Benefit payable within one year are provided on accrual basis at actual value.

#### **12. Foreign Currency Transaction:**

- Initial Recognition:

Foreign currency transactions are recorded in the reporting currency i.e. rupee value, by applying to the foreign currency amount, the exchange rate between the reporting currency & the foreign currency at the date of transaction.

- Conversion:

Foreign currency monetary items are reported using the closing rate. Non monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction.

- Exchange Differences :

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in the previous financial statement, are recognised as income or as expenses in the year in which they arise.

### **13. Taxes on Income**

Current tax is determined as the amount of tax payable in respect of taxable income of the year.

Deferred tax for the year is recognized, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognized and carried forward only if there is reasonable/virtual certainty of its realisation.

Deferred Tax assets on MAT Credit is provided if there is reasonable certainty that sufficient future taxable income will arise during which credit can be availed & reviewed on year to year basis.

### **14. Lease Rental**

Operating lease rental are charged to profit and loss account on accrual basis.

### **15. Segment Reporting Policies**

The Company's operating businesses are organized and managed separately according to the nature of services provided, with each segment representing a strategic business unit that offers different services and or serves different markets.

### **16. Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period and adjusted for the effects of all dilutive potential equity shares.

### **17. Provisions**

A provision is recognised when the company has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. In respect of reward scheme of the company, the provision for liability is made as and when rewards are redeemed.

## **B. NOTES TO ACCOUNTS**

### **1. Segment Reporting**

The company has identified three reportable segments viz. Broking, Wealth Management and Non banking financial business. Segments have been identified and reported taking into account nature of products and services, the differing risks and returns and the internal business reporting systems. The accounting policies adopted for segment reporting are in line with the accounting policy of the company with following additional policies for segment reporting.

(a) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Others".

(b) Segment assets and segment liabilities represent assets and liabilities in respective segments. Investments, tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Others".

Sr. No	Particulars	Year Ended on March 31, 2009
<b>1</b>	<b>Segment Revenue (net sale / income from each segment)</b>	
	a) Broking	4,113.23
	b) Wealth management	165.30
	c) Non banking financial business	116.58
	d) Others	93.00
	Total	4,488.11
	Less: Inter segment revenue	220.54
	<b>Net sales / income from operations</b>	<b>4,267.57</b>
<b>2</b>	<b>Segment Results Profit/ (Loss) before tax and interest</b>	
	a) Broking	(1,349.64)
	b) Wealth management	(231.24)
	c) Non banking financial business	44.49
	d) Others	1.31
	Total	(1,535.09)
	Less: Interest Expenses	(308.68)
	Add: Un-allocable income	17.69
	ii. Interest Income	395.98
	<b>Total Profit/Loss Before Tax</b>	<b>(1,430.10)</b>
<b>3</b>	<b>Capital Employed (Segment Assets - Segment Liabilities)</b>	
	a) Broking	3,530.67
	b) Wealth management	36.05
	c) Non banking financial business	665.41
	d) Others	9.67
	<b>Total</b>	<b>4,241.80</b>

As this is the first year segment reporting is applicable, previous years figures are not mentioned

## 2. Related Party Disclosures

a) List of Related Parties & Relationship:	
<b>Name of the Related Party</b>	<b>Nature of Relationship</b>
Networth Stock.Com Ltd. Networth SoftTech Ltd Networth Wealth Solutions Ltd Ravisha Financial Services Private Limited Networth Insurance Broking Pvt Ltd	Subsidiary Company
Networth Financial Services Ltd.	Associate Company
<b>Key Management Personnel</b>	
Raj Bhandari	Director
Sathyan Rajan	Director
Girish Dev	Director
S P Jain	Director
<b>Others</b>	
Kanta Jain S.P. Jain HUF Pukhraj Bhandari Vijay Bhandari Trinity Capital Manasa Rajan (Prop. Cartier Holding) Networth Easylife Financial Advisory Private Limited Networth Insurance Private Limited Networth Finmart Limited Sun Capital Advisory Services Private Limited Networth Agro Services Limited Suncap Commodities Limited Networth Retail Pvt. Ltd.	Relatives of & Enterprises controlled by Key Management Personnel

B) Transaction with the Related Parties. (Amount in Rs., Previous years figures in italics )

Transactions	Associate Company	Key Management Personnel	Relatives of Key Management Personnel	Total
Revenue Received		618,517 <i>69,004</i>	1,582,624 <i>5,405,992</i>	2,201,141 <i>5,474,996</i>
Rendering of Services	-	4,854,613 <i>8,322,180</i>	490,000 <i>620,000</i>	5,344,613 <i>8,942,180</i>
Other Transaction	-	111,667 <i>1,045,000</i>	1,844,445 <i>1,545,168</i>	1,956,112 <i>2,590,168</i>
Contribution towards Share Capital/Share application money during the period.	-	864,000	-	864,000
Loan Availed			50,000,000	50,000,000
Investment / Advance for Purchase of shares		5,909,091		5,909,091
Outstanding Balance included in current liabilities	17,054,109 <i>17,054,109</i>	108,216 <i>32,988</i>	15,222 <i>168,396</i>	17,177,547 <i>17,255,493</i>
Outstanding Balance included in current assets	-	7,156,277 <i>13,626,096</i>	5,238,811 <i>5,339,874</i>	12,395,088 <i>18,965,970</i>
Guarantee Availed by Company	-	340,000,000 <i>340,000,000</i>	-	340,000,000 <i>340,000,000</i>

3. Earnings per Share

Sr. No.	Particulars	Year ended on 31st March 2009
a)	Net profit or loss for the period attributable to equity shareholders Basic (Rs.) Diluted (Rs.)	 (144,914,600) (144,914,600)
b)	Weighted Number of Shares outstanding during the period for calculating Basic Earnings per Share	11,231,600
c)	Earnings per share (Equity shares having face value Rs 10/-) Basic (Rs.) Diluted (Rs.)	 (12.90) (12.90)

4. Deferred Tax Asset / Liabilities:

During the current year, the deferred tax liability has been provided in accordance with Accounting Standard 22 on Accounting for Taxes on Income issued by The Institute of Chartered Accountants of India. Deferred Tax Liability is on account of Depreciation. The working of Deferred Tax Liability is as under.

Timing Difference:

(Amount in Rs.)

Particulars	For the year ended 31.3.2009	For the year ended 31.3.2008
<b>Deferred Tax Liabilities:</b>		
Depreciation	3,317,255	3,656,100
DTL due to change in Tax Rate	(405,745)	924,751
<b>Total</b> "A"	<b>2,911,510</b>	<b>4,580,851</b>
<b>Deferred Tax Assets:</b>		
Provision for Gratuity	271,237	-
Provision for Doubtful Debts	6,040,142	10,013,306
MAT Credit under Income Tax Act	449,760	(313,000)
Unabsorbed Depreciation Loss	-	(3,101,095)
<b>Total</b> "B"	<b>6,761,139</b>	<b>6,599,211</b>
<b>Deferred Tax Liability (Net)</b> "(A-B)"	<b>(3,849,630)</b>	<b>(2,018,360)</b>

5. In the opinion of the Directors of the Company the Current Assets and loans and advances have a value on realization in the ordinary course of business at least equal to the amount at which items are stated in the Balance Sheet.

6. Creditors are subject to confirmation from parties and necessary adjustment if any to be made on receipt of such confirmation.

**7. Contingent Liability**

The management of the Company does not anticipate any contingent liability having material effect on the position stated in the Balance Sheet at the year end except disputed income tax demand of Rs.81,56,891/- (P.Y. Rs. 33,73,888/-) which is pending before first appellate authority.

**8. Events Occurring After the Balance Sheet Date:**

To the best of knowledge of the management, there are no events occurring after the Balance Sheet date that provide additional information materially affecting the determination of the amounts relating to the conditions existing at the Balance Sheet Date that requires adjustment to the Assets or Liabilities of the Company.

9. Previous year's figure have been recast and rearranged wherever found necessary.

As per our report of even date

For and on behalf of the Board

**For A. R. Sodha & Co.**

Chartered Accountants

**Girish Dev**  
Executive Director & CEO

**S. P. Jain**  
Director

**A. R. Sodha**

Partner

M. No. 31878

**Trupti Lalpuria**  
Company Secretary

Place : Mumbai

Date: June 23, 2009

## NOTICE

Notice is hereby given that the Sixteenth Annual General Meeting of the members of **NETWORTH STOCK BROKING LIMITED** will be held on Monday, the 14th September, 2009 at 4.00 p.m. at Kilachand Conference Room, 2nd Floor, Indian Merchants' Chamber, LNM IMC Building, Churchgate, Mumbai - 400 020 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2009 and the Profit and Loss Account of the Company for the year ended on that date together with Report of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. S. P. Jain, who retires by rotation, and being eligible, offers himself for re - appointment.
3. To appoint a Director in place of Mr. Utsav Parekh, who retires by rotation, and being eligible, offers himself for re - appointment
4. To appoint M/s. A. R. Sodha & Co., Chartered Accountants, Mumbai as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

### SPECIAL BUSINESS

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

**"RESOLVED THAT** Mr. R. Sankaran, who was appointed as an Additional Director by the Board of Directors with effect from 11th June, 2009 pursuant to Article 87 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956 and holds the office upto the date of this Annual General Meeting, and in respect of whom the Company has received notice under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, who shall be liable to retire by rotation."

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

**"RESOLVED THAT** in supersession of the earlier resolution passed and subject to the provisions of the Foreign Exchange Management Act (FEMA) 1999, the Companies Act, 1956 and all other applicable laws, rules, regulations, guidelines and the Articles of Association of the Company and subject to approval, consent, permission of the Government of India, the Reserve Bank of India and other appropriate authorities, institutions or bodies as may be necessary and subject to such conditions as may be prescribed by any of the concerned authorities while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors (hereinafter referred to as the "Board" which term shall include a Committee of Directors) approval of the Company be and is hereby accorded for the investment in the Equity Shares of the Company by Foreign Institutional Investors registered with the Securities and Exchange Board of India upto 49% of the paid-up Equity Share Capital/value of each series of Convertible Debentures and by Non Resident Indians upto 24% of the paid-up Equity Share Capital/value of each series of Convertible Debentures with effect from such date(s) and in such tranches/stages as the Board may in its sole and absolute discretion decide from time to time."

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

**"RESOLVED THAT** pursuant to section 31 and all other applicable provisions of the Companies Act, 1956, the Articles of Association of the Company be altered in the following manner:

-That the existing Article No. 89(1) of the Article of Association of the Company be substituted by the following new Article:

89(1). The fees payable to a Director for attending a meeting of the Board or Committee/s thereof shall be such sum as may be decided by the Board from time to time, subject to such limit as may be prescribed in that behalf, from time to time, by the Central Government under or pursuant to the Companies Act, 1956.

**"RESOLVED FURTHER THAT** Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things as may be required to give effect to the above resolution."

By order of the Board  
**For Networkth Stock Broking Limited**

Place : Mumbai  
Date : July 29, 2009

**R. Sankaran**  
Chairman

### Registered Office :

2nd Floor, D. C. Silk Mills Compound,  
Kondivita Road, Andheri (East),  
Mumbai - 400059.

**Notes:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM IS ENCLOSED HEREWITH. PROXIES TO BE EFFECTIVE SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, 8th September 2009 to Monday, 14th September 2009 (both days inclusive).
3. Members having multiple folios in identical names or in joint names in the same order are requested to send the share certificate(s) to the Company's Registrar & Share Transfer Agents M/s. Purva Sharegistry (India) Private Limited, for consolidation of all such shareholding into one folio to facilitate better services.
4. Corporate Members are requested to send a duly certified copy of the Board resolution pursuant to Section 187 of the Companies Act, 1956 authorising their representative to attend and vote at the Annual General Meeting.
5. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 relating to the special business to be transacted at the Meeting is annexed hereto.
6. Members / Proxies should bring the enclosed attendance slip duly filled in for attending the meeting along with the Annual Report. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
7. Members desirous of getting any information about the accounts of the Company are requested to send their queries so as to reach atleast ten days before the meeting at the Registered Office of the Company, so that the information required can be made readily available at the meeting and the same can be suitably replied.
8. The Statutory registers maintained under Section 307 of the Companies Act, 1956 will be available at the venue for inspection by members.
9. Details of directors seeking appointment / reappointment at the forthcoming Annual General Meeting to be held on 14th day of September 2009 (in pursuance of clause 49 of the Listing Agreement):

Name of the Director	Mr. Utsav Parekh	Mr. S. P. Jain	Mr. R. Sankaran
Date of Birth	28/08/1956	12/04/1964	03/08/1946
Nationality	Indian	Indian	Indian
Date of Appointment on Board	24/06/2008	02/12/1993	11/06/2009
Qualifications	B.Com (Hon.)	B. Com, FCA	Masters Degree in Economics, Diploma in Business Management and Diploma in Financial Management
Shareholding in the Company Equity shares of Rs. 10/- each	Nil	2701223 (as on 31.03.2009)	Nil
Other Directorships	Mcnally Bharat Engineering Company Ltd. Mc Leod Russel India Ltd. Lend Lease Company (India) Ltd. SMIFS Capital Markets Ltd. Bengal Aerotropolis Projects Ltd. Xpro India Ltd.	Networth Finmart Ltd. Networth Stock.Com Ltd. Suncap Commodities Ltd. Networth Agro Services Ltd. Sun Global Investment Ltd., U.K. Sun Capital Advisory Services Pvt. Ltd. Networth Retail Pvt. Ltd. Networth Easy Life Financial Services Pvt Ltd. Networth Insurance Services Pvt. Ltd. Reflex Technologies Pvt. Ltd. Vishwakarma Kaushal Kendra (Sec. 25 Co.)	DBS Chola AMC Ltd. Navin Flourine International Ltd. IGFT Pvt. Ltd. Palomino Risk Consultancy Pvt. Ltd. Purple Infotech Pvt. Ltd.



**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

**Item No. 5**

The Board of Directors of the Company appointed Mr. R. Sankaran as an Additional Director of your Company w.e.f. 11th June, 2009 to broaden the Board. He is an eminent consultant in the field of financial services over past three decades. He has worked with Standard Chartered Bank as the Head of the Merchant Banking division and as a Senior Partner with Arthur Andersen. He was the Founder Chairman of Ind Global Financial Trust Limited. His rich experience in the financial sector will be beneficial to the Company.

The Company has received a notice under Section 257 of the Companies Act, 1956 together with requisite deposit from a member signifying the intention to propose the name of Mr. R. Sankaran for appointment as a Director of the Company.

Your Directors recommend the resolution as set out at item No. 5 of the notice for your approval.

Except Mr. R. Sankaran, none of the directors are interested in the proposed resolution.

**Item No. 6**

At present, Foreign Institutional Investors (FIIs) and Non-Resident Indians (NRIs) are permitted to invest in equity shares/convertible Debentures of the company upto 24% (not exceeding 10% of the paid up capital individually and 24% of paid up capital collectively) and 10% (not exceeding 5% of the paid up capital individually and 10% of paid up capital collectively) of the paid-up capital of the company respectively under FEMA Act, 1999. Under FEMA Act, 1999, investment beyond the above ceilings, the company requires the members' approval.

The members are requested to pass the said resolution as a special resolution to empower and authorise the Board of Directors to permit FIIs and NRIs to purchase/acquire Equity Shares and /or Convertible Debentures upto a maximum of 49% (collectively) and 24% (collectively) respectively of the paid-up capital of the company from time to time subject to individual respective limits for each of them. It is proposed to increase the limit of investment by FIIs upto 49% of the paid-up Equity Share Capital of the Company/value of each series of Convertible Debentures. It is proposed to increase the limit of investment by NRIs upto 24% with effect from such date(s) and in such tranches/stages as the Board may in its sole and absolute discretion decide from time to time.

Your Directors recommend the resolution as set out at item No. 6 of the notice for your approval.

None of the Directors of the Company are interested in the proposed resolution.

**Item No. 7**

The present article 89 (1) of the Articles of Association provides for payment of sitting fees of Rs.250/- to each Director of the Company for attending the Board meeting or committee thereof. In view of the vital role played by the non executive Director in the functioning of the Company and the valuable guidance the Company receive from them, it is proposed to amend the said provision in the Article of Association relating to sitting fees, this will enable the Company to pay higher sitting fees to its Directors within the permissible limits of the Companies Act, 1956 or any rules thereon.

Your Directors recommend the resolution as set out at item No. 7 of the notice for your approval.

All the Directors of the Company are interested in the above proposal, except Mr. Girish Dev.

By order of the Board  
**For NETWORTH STOCK BROKING LIMITED**

Place : Mumbai  
Date : July 29, 2009

**R. Sankaran**  
Chairman

**Registered Office :**  
2nd Floor, D.C. Silk Mills Compound,  
Kondivita Road, Andheri (East),  
Mumbai 400059.

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By order of the Board  
**For NETWORTH STOCK BROKING LIMITED**

Place : Mumbai  
Date : July 29, 2009

**R. Sankaran**  
Chairman

**Registered Office :**  
2nd Floor, D.C. Silk Mills Compound,  
Kondivita Road, Andheri (East),  
Mumbai 400059.

**ATTENDANCE SLIP**

**16th Annual General Meeting - 14th September, 2009**

Regd. Folio No. \_\_\_\_\_ DP ID \_\_\_\_\_ Client ID \_\_\_\_\_ No. of Shares held: \_\_\_\_\_

Name & Address of Shareholder \_\_\_\_\_

I/We certify that I/We am/are a registered Shareholder / proxy for the Registered Shareholder of the Company.

I/We hereby record my/our presence at the 16<sup>th</sup> Annual General Meeting of the Company to be held on Monday, 14<sup>th</sup> September 2008 at 4.00 p.m. at Kilachand Conference Room, 2nd Floor, Indian Merchants' Chamber, LNM IMC Building, Churchgate, Mumbai 400 020.

If signed by Proxy, his name should be here in block letters.

Member's / Proxy Signature \_\_\_\_\_

Note: Shareholders/ Proxy holders are requested to bring this attendance Slip to the meeting and hand over the same at the entrance duly signed.

**NETWORTH STOCK BROKING LIMITED**

Registered Office: 2nd Floor, D. C. Silk Mills Compound, Kondivita Road, Andheri (East), Mumbai 400059

**PROXY FORM**

**16th Annual General Meeting - 14th September, 2009**

I/We \_\_\_\_\_ of \_\_\_\_\_

In the district of \_\_\_\_\_ being a member/members of **NETWORTH STOCK BROKING LIMITED** hereby appoint \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to vote for me/us and on my/our behalf at the 16th Annual General Meeting to be held on Monday, 14th September, 2009 at 4:00 p.m. at Kilachand Conference Room, 2nd Floor, Indian Merchants' Chamber, LNM IMC Building, Churchgate, Mumbai 400 020 and any adjournment thereof.

As witness my/our hand(s) this \_\_\_\_\_ day of \_\_\_\_\_ 2009.

Revenue  
Stamp  
1 Re.

Signed by the Member \_\_\_\_\_

Regd. Folio No. \_\_\_\_\_ DP ID \_\_\_\_\_ Client ID \_\_\_\_\_ No. of Shares held: \_\_\_\_\_

Note: The Proxy form must be returned so as to reach the Registered Office of the Company at 2nd Floor, D. C. Silk Mills Compound, Kondivita Road, Andheri (East), Mumbai 400059 not less then Forty Eight hours before the time for holding the aforesaid meeting.

Every child needs guidance...  
...so does your Network



Every plant needs nurturing...  
...so does your Network

**Networth Stock Broking Ltd.,**

2nd Floor, D. C. Silk Mills Compound, Kondivita Road, Andheri (East), Mumbai - 400 059, India. Tel.: +91-22-3064 1600 Fax.: +91-22-2835 2405

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