

Corporate Information

**BOARD OF DIRECTORS**

Shri Hari Kishan Lohia  
 Shri Mahesh Kumar Bajaj  
 Shri Basant Kumar Agarwal - (Resigned on 3.4.2007)  
 Shri Vineet Goenka  
 Shri Rajesh Kumar Bajaj - Managing Director  
 Shri Sudheer Kumar Jain - Whole-time Director

**COMPANY SECRETARY**

Shri Narendra Kumar Rai

**AUDITORS**

PATNI & CO.  
 Chartered Accountants  
 9, India Exchange Place  
 4th Floor, Room No. 7  
 Kolkata - 700 001

**BANKERS**

HDFC Bank Ltd.  
 Oriental Bank of Commerce  
 United Bank of India  
 IndusInd Bank Ltd.  
 Federal Bank  
 CITI Bank N.A.  
 Standard Chartered Bank  
 The Dhanalakshmi Bank Ltd.  
 Punjab National Bank  
 ICICI Bank Ltd.  
 UTI Bank Ltd.

**REGISTERED OFFICE**

6, Lyons Range  
 1st Floor  
 Kolkata - 700 001

**REGISTRAR AND SHARE TRANSFER AGENTS**

M/s. Niche Technologies Pvt. Ltd.  
 D-511, Bagree Market  
 71, B. R. B. Road  
 Kolkata - 700 001

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## Notice

NOTICE is hereby given that the 13th Annual General Meeting of the Members of Lohia Securities Limited will be held on Saturday, the 29th day of September, 2007 at The Palladian Lounge Telegraph Room, 6 Netaji Subhas Road, 2nd Floor, Kolkata 700 001 at 10.30 A.M. to transact the following business :

### Ordinary Business :

1. To consider and adopt the Accounts of the company for the financial year ended 31st March 2007, the Balance Sheet as at that date and reports of the Directors and Auditors thereon .
2. To declare dividend on ordinary shares for the year ended 31st March, 2007.
3. To appoint a Director in place of Shri Hari Kishan Lohia, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Vineet Goenka, who retires by rotation and being eligible, offers himself for reappointment.
5. To consider and, if thought fit, to pass the following resolution, with or without modification(s) as Ordinary Resolution:

“Resolved that M/s Patni & Co., Chartered Accountants, be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting of the Company, on such remuneration as may be decided by the Board of Directors of the Company.”

### Special Business :

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

#### Borrowing Powers

“RESOLVED THAT the consent of the Company be and is hereby granted, in accordance with Section 293(1)(d) and all other applicable provisions, if any, of the Companies Act, 1956 and the Articles of Association of the Company, to the Board of Directors of the Company, to borrow any sum or sums of money from time to time at their discretion, for the purpose of the business of the Company, which together with the monies already borrowed by the Company, (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed at any time, the aggregate of the paid-up capital of the Company and its free reserves (that is to say, reserves, not set apart for any specific purpose) by a sum not exceeding Rs.25 crore, and that the Board of Director be and is hereby empowered and authorised to arrange or fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, security or otherwise as it may think fit.”

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

#### Creation of Charges

“RESOLVED THAT the consent of the Company be and is hereby granted in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgage and/ or charge, in addition to the mortgages and/ or charges created/ to be created by the Company, in such form and manner and with such rankings as to priority and for such time and on such terms as the Board may determine, all or any of the movable and/ or immovable, tangible and/ or intangible properties of the Company, both present and future and/ or the whole or any part of the undertaking(s) of the Company together with the power to take over the management of the business and concern of the Company in certain events of default in favour of Banks, Financial Institutions and other Bodies Corporate (hereafter known as lenders) for securing the borrowings of the Company availed/ to be availed by way of loan(s) in rupee currency subject to the limits approved under Section 293 (1)(d) of the Companies Act, 1956 together with interest at the respective agreed rates, additional interest, compound interest in case of default, accumulated interest, liquidated damages, commitment charges, premia on prepayment, all other cost, charges and expenses and all other moneys payable in terms of loan agreements or any other document entered into / to be entered into between the Company and the lenders in respect of such loans/ borrowings and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors or Committee thereof and the lender(s).”

Notice (Contd.)

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board or Committee thereof be and is hereby authorised to finalise, settle and execute such documents/ deeds/ writings/ papers/ agreements as may be required and to do all acts, deeds, matters and things, as it may in its absolute discretion deemed necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creating mortgage/ charge as aforesaid and also to delegate all or any of the above powers to the Committee of Directors or the Managing Directors or the Principal Officer of the Company and generally to do all such acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution.”

By Order of the Board  
For Lohia Securities Limited

NARENDRA KR. RAI  
Company Secretary

Place : Kolkata

Date : 30th July, 2007

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 25th September, 2007 to Saturday 29th September, 2007 (both days inclusive).
3. As per recommendations of SEBI Committee on Corporate Governance for appointment of the Directors/ re-appointment of the retiring Directors, a statement containing details of the concerned Directors are attached herewith.
4. Dividend on equity shares, if declared at the meeting, will be made payable on or after 4th October, 2007 in respect of shares held in physical form to those members whose names appear in the Register of Members of the Company after giving effect to all valid share transfers lodged with the Company as at the end of business hours on 24th September, 2007 and in respect of shares held in the electronic form to those “Deemed Members” whose names appear in the statement of Beneficial Ownership furnished by the National Securities Depository Ltd. (NSDL) and the Central Depository Services (India) Ltd. (CDSL).
5. Members/ Proxies are requested to bring their Attendance Slip alongwith their copies of the Annual Report and Accounts to the Meeting.
6. Members seeking any information as regards the Accounts are requested to write to the Company at least one week in advance so as to enable the Management to keep the information ready.
7. Members who are holding Company’s shares in dematerialized form are requested to bring details of their Depository Account number for identification.
8. Members holding shares in physical form are requested to notify/ send the following to company’s Registrar and Share Transfer Agent- M/s. Niche Technologies Pvt. Ltd., D-511, Bagree Market, 71, B.R.B. Road, Kolkata- 700 001 :
  - i) any change in their address/ mandate/ bank details
  - ii) particulars of their bank account, in case the same have not been sent earlier, and
  - iii) share certificate(s), held in multiple accounts in identical order of names, for consolidation of such shareholdings into one account.
9. Shareholders holding shares in electronic form may kindly note that their bank account details as furnished by their depositories to the Company will be printed on their dividend warrants as per the applicable regulations of the depositories. Members are requested to notify any change in their bank account details to their Depository Participants immediately and not to send requests for change in their bank account details directly to the Company or to the Registrar and Share Transfer Agent.
10. Members are informed that dividends remaining unclaimed/ unpaid over a period of seven years shall be transferred to the Investor Education and Protection Fund of the Central Government. Members who have not encashed their dividend warrant(s)/ cheques are requested to make their claims to the Company before the expiry of the statutory period of seven years.

Notice (Contd.)

11. Members desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 109A of the Companies Act, 1956, are requested to submit the prescribed Form 2B for this purpose to the Registrar and Share Transfer Agent of the Company.

**ANNEXURE TO THE NOTICE**

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

RESOLUTION NOS. 3 & 4

**Appointment of Retiring Directors :**

Shri Hari Kishan Lohia and Shri Vincet Goenka retire from the Board by rotation and being eligible, offer themselves for re-appointment. A statement containing a brief resume in respect of the above Directors is attached hereto.

RESOLUTION NOS. 6 & 7

**Borrowing Powers and creation of charges :**

As per the provisions of Section 293(1)(d) of the Companies Act, 1956, the Board of the Company cannot except with the permission of the shareholders in General Meeting, borrow monies in excess of the aggregate of the paid-up capital of the Company and its free reserves.

The increasing business operations and future growth plans of the Company would necessitate restructuring of the borrowing limits by authorizing the Board of Directors to borrow monies which may exceed at anytime the aggregate of the paid-up capital of the Company and its free reserves but not exceeding Rs.25 crores.

The borrowings of the Company are, in general, required to be secured by suitable mortgage or charge on all or any of the movable and/ or immovable properties of the Company in such form, manner and ranking as may be determined by the Board of Directors of the Company, from time to time, in consultation, with the lender(s).

The mortgage and/ or charge by the Company of its movable and/ or immovable properties and/ or the whole or any part of the undertaking(s) of the Company in favour of the lenders with a power to take over the management of the business and concerns of the Company in certain events of default by the Company, may be regarded as disposal of the Company's undertaking(s) within the meaning of Section 293(1)(a) of the Companies Act, 1956. Hence, it is necessary to obtain approval for the same from the shareholders voting by postal ballot.

Your approval is sought by voting by postal ballot in terms of provisions of Section 192A of the Companies Act, 1956 read with the provisions of the Companies (passing of Resolution by Postal Ballot) Rules, 2001.

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

Place : Kolkata  
Date : 30th July, 2007

By Order of the Board  
For Lohia Securities Limited  
**NARENDRA KR. RAI**  
Company Secretary

## Notice (Contd.)

**ANNEXURE TO THE NOTICE OF ANNUAL GENERAL MEETING**

Details of the Director seeking re-appointment at the 13th Annual General Meeting

Name of the Director	Shri Hari Kishan Lohia	Shri Vineet Goenka
Date of Birth	13.11.1952	16.03.1975
Date of Appointment	06.01.1995	17.05.2004
Qualification Expertise in specific functional areas.	B.Com He has over 25 years experience of stock market. He is also a member of the Calcutta Stock Exchange. He is actively involved in formulating policies of administration of the Company.	B.Com, ACA, He is a Chartered accountant and has more than 8 years experience of capital market. He is giving his advises to Board on matters relating to administration, finance, investment and taxation.
List of Companies in which outside Directorship held .	Public Companies : Nil  Private Companies : 1. Lohia Fiscal Market Pvt. Ltd. 2. Luminant Commotrade Pvt. Limited 3. Lohia Stock Broking Pvt. Ltd. 4. Lohia Commodities Pvt. Ltd. 5. Shiv Lalit Consultancy Pvt. Ltd. 6. Daadi Stock Broking Pvt. Ltd.	Public Companies : Nil  Private Companies : 1. Choudhary Distributors Pvt. Ltd. 2. Ridhi Sidhi Distributor Pvt. Ltd. 3. Ratnagiri Barter Pvt. Limited
Chairman/ Member of the Committee of the Board of Directors of the Company (Lohia Securities Ltd.)	Nil	<ul style="list-style-type: none"> <li>• Member of Audit Committee</li> <li>• Member of Investors Grievance Committee</li> <li>• Member of Remuneration Committee</li> </ul>
Chairman/ Member of the Committees of the Directors of other Companies in which he is a Director	Nil	Nil

## Directors' Report

*Dear Shareholders,*

Your Directors have pleasure in presenting the 13th Annual Report and the Audited Accounts of your Company for the financial year ended 31st March, 2007.

**FINANCIAL HIGHLIGHTS**

Particulars	Current Year ended 31.03.2007 (Rs. in lakhs)		Previous Year ended 31.03.2006 (Rs. in lakhs)	
<b>Gross profit before interest, depreciation</b>		<b>776.16</b>		<b>1527.46</b>
Less : Interest	72.86		60.56	
Depreciation	49.65	122.51	45.40	105.96
<b>Profit before Tax</b>		<b>653.65</b>		<b>1421.50</b>
Less : Provision for Current Taxation	—		39.00	
Income Tax for Earlier Years	(0.40)		0.70	
Provision for Fringe Benefit Tax	1.87		1.61	
Securities Transaction Tax Paid	609.65		386.34	
Provision for Deferred Tax	(3.80)	607.32	0.84	428.49
<b>Profit after Tax</b>		<b>46.33</b>		<b>993.01</b>
Add Balance in Profit and Loss Account		634.67		564.48
<b>Amount Available for Appropriation</b>		<b>681.00</b>		<b>1557.49</b>
Appropriation :				
General Reserve	—		900.00	
Proposed Dividend on Equity Shares	50.00		20.00	
Tax on Dividend	8.50	58.50	2.81	922.81
<b>Balance carried to Balance Sheet</b>		<b>622.50</b>		<b>634.68</b>
Earnings Per Share		0.93		19.86

**DIVIDEND**

Your Directors are pleased to recommend a dividend of 10% (Previous year 4%) on Equity shares for the year ended 31st March, 2007. As, the Company will also pay a dividend tax of 16.995%, the total dividend outgo will be Rs.58.50 lakhs. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, the declared dividend which remained unpaid/ unclaimed for a period of 7 years have been transferred by the Company to the Investor Education and Protection Fund established by the Central Government pursuant to Section 205C of the said Act.

**OPERATIONS**

Operating Income for the period ended 31st March, 2007 was Rs. 1387.24 lakhs as compared to Rs.2025.86 lakhs for the period ended 31st March, 2006 resulting in annualized downfall of 31.52%. Operating Profit (Earnings before interest, depreciation and income tax) for the period ended 31st March, 2007 was Rs.776.16 lakhs as against Rs.1527.46 lakhs for the year ended 31st March 2006 with annualized diminution at 49.18%.

The Company has earned Profit before Tax of Rs.653.65 lakhs (as compared to last year's Rs.1421.50 lakhs) after meeting interest expenses of Rs. 72.86 lakhs (last year's Rs.60.56 lakhs) and depreciation of Rs. 49.65 lakhs (last year's Rs.45.40 lakhs) for the year ended 31st March, 2007. The Net profit for the year was Rs.46.33 lakhs (as compared to last year's Rs.993.01 lakhs). The Board has decided not to transfer to General Reserve any sum this year (Previous year Rs. 900 lakhs).

Your Company has opened a prestigious office of about 8000 square feet at 4 Brabourne Road, 5th Floor, Kolkata 700 001 with effect from April 2007 for which major expansion on capital accounts were made. It will enable the company to segregate its trading operations from accounting and back office operations. Another branch office was started at New Delhi. Your company is also setting up another office at Salt Lake, Kolkata.

## Directors' Report (Contd.)

**DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, the directors hereby confirm that:

- i) in the preparation of the annual accounts, applicable accounting standards have been followed and that there are no material departures from the same.
- ii) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2007 and of the profit of the company for the year ended on that date.
- iii) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the directors have prepared the annual accounts on a going concern basis.

**PUBLIC DEPOSITS**

The company has not accepted any deposit from the public or from employees during the year under review.

**DIRECTORS**

In accordance with the provisions of the Companies Act, 1956 and Article 90 of the Articles of Association of the Company, Shri Hari Kishan Lohia and Shri Vineet Goenka retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Brief resume of the Directors proposed to be re-appointed, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships/ chairmanships of Board Committees, as stipulated under Clause 49 of Listing Agreement with the stock exchange, are provided with the Annexure to the Notice of Annual General Meeting. Your Board of Directors has recommended their re-election. Shri Basant Kumar Agarwal resigned from the Directorship of the Company on 03.04.2007 for personal reasons. The Board places on record its appreciation for the services rendered by Shri Agarwal during his tenure as a member of the Board.

At the last Annual General Meeting, shareholders permitted the Company to pay Commission to Non-Executive Directors of the Company. However, your Directors waived the payment of Commission and sitting fees for the year.

**AUDITORS**

M/s. Patni & Co., Chartered Accountants, Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment. The Company has received a certificate from them to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956.

**AUDITORS' REPORT**

The Notes on accounts, referred to in the Auditors' Report, are self explanatory and therefore do not call for any further comments under Section 217(3) of the Companies Act, 1956.

**PARTICULARS OF EMPLOYEES**

None of the employees of the Company was in receipt of remuneration in excess of limits prescribed under Section 217(2A) of the Companies Act, 1956. Hence, particulars as required under the Companies (Particulars of Employees) Rules, 1975 are not given.

**CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION**

The company has no activity relating to conservation of energy or technology absorption, details of which are required to be furnished in this report as per the provision of Section 217(1)(e) of the Companies Act, 1956.

**Directors' Report (Contd.)**

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

During the year under review, the Company has incurred a sum of Rs. 8.35 lakhs in foreign currency for the purchase of electrical fittings for net-working of new office at Brabourne Road, Kolkata. There was no foreign exchange earning during the year.

**CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION & ANALYSIS REPORT**

Your Directors affirm their commitment to the Corporate Governance standards prescribed by the Securities Exchange Board of India (SEBI). Corporate Governance and Management Discussion and Analysis Report are set out as separate annexure to this report. The certificate of the Auditors, Messrs. Patni & Co., confirming compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Calcutta Stock Exchange is contained elsewhere in the Annual Report.

**ACKNOWLEDGEMENTS**

Your Directors place on record their sincere appreciation for the assistance and guidance and co-operation received from the Central and State Governments and all regulatory bodies. Your Directors thank the Banks associated with your Company for their support as well. Your Company's employees and dealers are instrumental in your Company scaling new heights, year after year. Their commitment and contribution is deeply acknowledged. The Board acknowledges with gratitude the understanding and support shown by its clients, investors, shareholders, and other business associates and looks forward to their continued support.

For and on behalf of the Board of Directors

**Rajesh Kumar Bajaj**  
Managing Director

**Sudheer Kumar Jain**  
Whole-time Director

Kolkata, the 30th day of July, 2007



## Management Discussion and Analysis Report

### Industry Structure and Developments

Growing at a clip of over 9% annually, India is one of the few markets that have enormous potential for growth and earnings in practically all sectors. There is no let up from the Government on the reform process, which has stimulated the economy. These developments at a macro level will have a positive impact on your Company.

The Indian Economy is showing strong business movement and sentiment. In 2006-07 the economy is estimated to have grown by 9.2%, building on 9.0% growth in the previous year. There are many positive features in this growth, which reinforces the solid foundations. During 2006-07, the manufacturing sector grew by 12.3% against growth of 9.1% of a year ago. The service sector accounts for three-fifth of GDP. Within services, trade, hotels, transport and communications and financial services recorded double digit growth for last two years. Inflation remained a major concern during the year with Wholesale Price Index hovering around 6.0% though it declined to 5.4% by 31st March, 2007. Consumer Price Index Inflation remained higher. The agriculture was not performing as well as was expected.

Capital markets also continued to boom. The National Stock Exchange (NSE) Index (S&P CNX Nifty) which was at 3402.55 points in March 2006 raised to 3821.65 points in March 2007, registering an increase of 12.32%. The Bombay Stock Exchange (BSE) Sensitive Index (Sensex) also registered increase of 15.29% from 11279.06 points to 13072.10 points during the same period. In the month of February 2007, BSE Sensex reached 14723.88 points and NSE S&P CNX Nifty reached 4245.30. The lowest BSE sensex was 8799.01 and NSE (S&P CNX Nifty) Index was 2595.65 in the month of June 2006. Thus, there was a fluctuation of 67.33% between High and Low in BSE Sensex during the year and 63.55% between NSE's High and Low. In the NSE trading value for CM segment during the year was Rs.19,40,094 crore as compared to previous year Rs.15,16,839 crore. The F&O segment of NSE has achieved a trading value of Rs.73,56,271 crore during the year as compared to Rs.48,24,250 crore of the year 2005-06.

Your Company has a note-worthy presence in the eastern region of the Indian Capital Market with Trading and Clearing Corporate Membership of the National Stock Exchange (Capital Market Segment as well as Derivative Market Segment), Membership of the Calcutta Stock Exchange and Dealership of the OTC Exchange of India and Deposit based membership of Bombay Stock Exchange Limited. Your Company has also become a Clearing and Trading Member of F&O Segment of BSE.

The stock broking and depository services have huge growth opportunities due to existing low penetration levels. However, these businesses are facing tremendous competitive pressures and regulatory compliances. As per SEBI, there were 9335 brokers (Cash market), 23479 sub-brokers, 994 Derivative Brokers (Trading and Clearing members) and 526 Depository participants as on 31.03.2006. Stockbrokers and Depository Participants have to comply with a lot of laws. The advances in technologies have affected these businesses. Your Company is gearing up well to face all such developments by increasing its reach across geographical areas and client segments, improving its infrastructure and technological, financial and human resources.

### Opportunities and Threats

The Company is concentrating its activities to a cross section of society across the Eastern India, Mumbai and Delhi. It is providing professional, value added, comprehensive and integrated financial and wealth management solutions across equities, derivatives, and depository segments. This feature helped the Company in generating more business than its competitors. The entry of large broking houses and banking companies with huge financial stake, is posing a threat to the Company. The stringent regulatory and Government policies have made the expansion of the business difficult.

### Activities- wise performance

Your Company has not performed satisfactorily because of increase in STT charges. During the year, the Broking & Trading activities of the Company posted a gross revenue of Rs.1372.98 lacs as compared to Rs. 2006.43 lacs for the year ended 31.03.2006 resulting in annualized decline of 31.57%. The Depository managed to bring in revenue of Rs. 14.25 lacs during the year as compared to Rs.19.43 lacs of last year.

### Outlook

The Company is now well prepared to grow its business in spite of the competitive environment it is facing. All out efforts are being made to keep the expenses under check so that resources could be deployed more gainfully. The Company is encouraging its workforce to acquire more and more knowledge about the market and intermediation works.

## Management Discussion and Analysis Report (Contd.)

The positive industrial growth trends are likely to continue in current fiscal. Your Company has an active role in trading in capital as well as derivative market. With increase in volume in both the markets, better price discovery is expected and it may enable the Company to earn better revenue through its trading activities.

With the separation of trading operations and accounting and back office operations, the system would concentrate on the core area of operations. The reduction of burden of machines in general and server etc. in particular would help the Company in the long run. Now, the system personnel would concentrate in the proper maintenance of all the equipments.

### Risks and Concerns

Your Company recognizes the importance of a comprehensive Risk Management system. This system will help not only to meet and comply with regulatory requirements but also to bring about an improvement in asset quality and profitability. It will eventually increase the shareholders' value. The Market Risk and Operational Risk, need to be identified, assessed, controlled and managed for effective and efficient operation. Your Company has endeavoured to bench-mark its Risk Management System on lines of market best practices and emerging regulatory norms.

A comprehensive risk evaluation methodology and processes for early identification and mitigation of all kinds of risks being in place, except for unforeseen circumstances and marginal exposure to financial risk in retail capital markets division, your Company is quite a risk free business.

### Internal Control System

The Company has an adequate system of internal control implemented by the management towards achieving efficiency in operations, optimum utilization of resources and effective monitoring thereof and compliance with applicable laws.

The philosophy of the Company with regard to internal control systems and their adequacy has been formulation of effective systems and their implementation to ensure that assets and interests of the Company are safeguarded with required checks and balances in place to determine the accuracy and reliability of accounting data.

The Company has an independent appraisal function to examine and evaluate the adequacy and effectiveness of the Company's internal control system. It appraises periodically about its activities and audit findings to the Audit Committee, Statutory Auditors and top management.

Internal Audit ensures that systems are designed and implemented with adequate internal controls commensurate with the size and operations; transactions are executed in accordance with the Company's policies and authorisation. The internal audit department undertakes extensive programmes of both pre and post audit checks and reviews and also carries out regular follow-up on observations made. The Audit Committee of the Board reviews the internal audit reports and the adequacy of internal control.

### Discussion on financial performance with respect to operational performance

During the year good condition of the Indian Capital Market, helped the Company to attain reasonable profit. This was largely due to increase in profit from trading activities. Clear understanding of business dynamics, emphasis on efficient recovery system alongwith an integrated approach to risk management has enabled the Company to make the best use of the available resources and achieve better results.

The overall performance of your Company has been satisfactory. This could be possible due to management's relentless focus on assets productivity, strengthening of internal efficiency, cost consciousness and improved realization on turnovers. During the year under review, the Operating Income of the Company for the period ended 31st March 2007 was Rs. 1387.24 lakhs as compared to Rs.2025.86 lakhs for the period ended 31st March 2006 resulting in annualized downfall of 31.52%. Operating Profit (Earnings before interest, depreciation and income tax) for the period ended 31st March, 2007 was Rs.776.16 lakhs as against Rs.1527.46 lakhs for the year ended 31st March 2006 with annualized diminutions at 49.18%.

### Material developments in human resource, industrial relation including number of people employed

The relations between the Management and the Employees at various levels have been quite cordial. To improve efficiency and for a more effective manpower utilisation, the Company has been constantly providing opportunities for learning and competitive remuneration. A challenging work environment has always been encouraged so as to create awareness amongst the employees for evaluation of their performance against the demanding standards. The employees are encouraged to improve their performance. They are provided training on the job as well as outside. Periodic group and individual meetings are conducted with employees and their feedback taken.

## Report on Corporate Governance

### Annexure to the Director's Report

The Directors present the Company's Report on Corporate Governance

### The Company's Governance Philosophy

Your Company is strongly committed to the adoption of the best Corporate Governance practices and their adherence in true spirit in all its business dealings to serve the best interest of all stakeholders encompassing clients, employees, shareholders and the society at large. The Company endeavours to ensure integrity, transparency, fairness and social accountability in all its business practices and dealings

### Board of Directors

In terms of the Company's Corporate Governance policy, all statutory and other significant and material information are placed before the Board to enable it to discharge its responsibilities of strategic supervision of the Company and as trustees of stakeholders.

### Composition

The Board of Lohia Securities Limited is a balanced one, comprising Executive and Non-Executive Directors. Executive Directors do not exceed one-third of the total strength of the Board. The Non-Executive Directors are eminent professionals, drawn from amongst persons with experience in business/finance/law. The Board of Directors elected one of them as Chairman at each of their meetings.

Name of the Directors	Category of Directors	No. of other Directorships held (*)
Shri Hari Kishan Lohia	Non-Executive Director, Promoter	Nil
Shri Mahesh Kumar Bajaj	Non-Executive Director, Promoter	Nil
Shri Rajesh Kumar Bajaj	Executive Director, Promoter	Nil
Shri Sudheer Kumar Jain	Executive Director, Promoter	Nil
Shri Basant Kumar Agarwal	Independent, Non Executive Director	Nil
Shri Vincet Goenka	Independent, Non-Executive Director	Nil

- The Directorships held by Directors as mentioned above, do not include Alternate Directorships and Directorships of Foreign Companies, Section 25 Companies and Private Limited Companies
- The Company did not have any material pecuniary relationship or transaction with the non-executive directors during the period under review.

### Meetings and Attendance

Nine Board meetings were held during the year, as against the minimum requirements of four meetings. The Company has held at least one Board Meeting in every three months and maximum time gap between any such two meetings was not more than four months. During the financial year ended 31st March, 2007, Board Meetings were held on 22.04.2006, 30.06.2006, 29.07.2006, 02.09.2006, 30.10.2006, 02.12.2006, 04.12.2006, 29.01.2007, and 24.03.2007.

### Attendance at Board Meetings and at Annual General Meeting (AGM)

Name of the Directors	No. of Board Meeting		Whether attended the last AGM
	Held	Attended	
Shri Hari Kishan Lohia	9	9	Yes
Shri Mahesh Kumar Bajaj	9	9	No
Shri Rajesh Kumar Bajaj	9	9	No
Shri Sudheer Kumar Jain	9	9	Yes
Shri Basant Kumar Agarwal	9	9	Yes
Shri Vincet Goenka	9	9	Yes

### COMMITTEES OF THE BOARD

#### A. Audit Committee

#### Composition

Your Company has an Audit Committee comprising of following three Non Executive Directors (two of them independent). All of them financially literate and most of them have accounting or related financial management expertise. The Chairman of the Committee is an independent Director.

## Report on Corporate Governance (Contd.)

Shri Basant Kumar Agarwal, Chairman

Shri Mahesh Kumar Bajaj

Shri Vineet Goenka

**Terms of Reference**

The terms of reference of the Committee include the powers and role including review of information as specified in Section 292A of the Companies Act, 1956 and Clauses 49II(C), 49II(D) and 49II(E) of the Listing Agreement, of the Company as well as that of its subsidiary companies. The Company, however, do not have any subsidiary.

**Attendance**

During the financial year ended on 31st March, 2007 meeting of the Audit Committee were held on 22nd April, 2006, 30th June, 2006, 29th July, 2006, 30th October, 2006, 29th January, 2007 and 24th March, 2007 which were attended by all the above members. The gap between two meetings never exceeded four months. Head of Finance, Accounts, Internal Auditors and Statutory Auditors also attended said meetings as and when invited by the Committee. The Company Secretary acts as the Secretary to the Committee.

**B. Remuneration Committee**

**Composition**

The Remuneration Committee comprises of three Non-Executive Directors, two of whom are independent. The Chairman of the Remuneration Committee is Shri Basant Kumar Agarwal. Shri Mahesh Kumar Bajaj and Shri Vineet Goenka are the two other members of this Committee.

**Terms of Reference**

The Remuneration Committee has been constituted to recommend/ review remuneration of the Managing Director and Whole-time Director based on their performance and defined assessment criteria.

**Meetings and Attendance**

The Remuneration Committee met on 30.06.2006 and approved grant of increments of the remuneration package of Shri Rajesh Kumar Bajaj- Managing Director, and Shri Sudheer Kumar Jain, Whole-time Director of the Company subject to approval of the members of the Company for the remaining period of their appointments.

**Remuneration of Directors**

The Remuneration Committee, comprising only of Non-Executive Directors, determines remuneration of Executive Directors and Senior Executive. The aggregate amount of salary paid for the year ended 31st March, 2007, to Shri Rajesh Kumar Bajaj, Managing Director of the Company was Rs. 4,20,000/- and Shri Sudheer Kumar Jain Whole-time Director was Rs.3,00,000/-. The Non-executive Directors are not paid any sitting fees for attending meeting of the Board and Committee thereof. During the year under report, no commission on net profit was paid to Non-Executive Directors.

**C. Shareholders/Investors Grievance Committee**

**Composition**

The Shareholders/ Investors Grievance Committee presently comprises of three Non -Executive Directors, two of whom are independent. The Chairman of the Shareholders/ Investors Grievance Committee is Shri Basant Kumar Agarwal. The other members of the Committee are Shri Mahesh Kumar Bajaj and Shri Vineet Goenka. Company Secretary is the Compliance Officer of the Committee.

**Terms of Reference**

Role of the Committee include redressal of shareholders' complaints relating to transfer of shares, exchange of share certificates, non-receipt of balance sheet, non-receipt of declared dividends etc. Pursuant to Clause 49IVG(iv) of the Listing Agreement, the Board of the Company has delegated the power of Share Transfer to Whole-time Director Shri Sudheer Kumar Jain. Shri Jain attended to share transfer formalities on a fortnightly basis and the same was ratified by the Committee at its meeting.

Number of complaints received and solved during the financial year ended on 31st March, 2007 and pending as on that date were as follows :

Number of Shareholder Complaints received during the year.	Nil
Number not solved to the satisfaction of the shareholders till 31st March, 2007	Nil
Number of Complaints pending as at 31st March, 2007	Nil

## Report on Corporate Governance (Contd.)

**Meetings and Attendance**

During the financial year ended 31st March, 2007, only one meeting of the Shareholders/ Investors Grievance Committee was held on 29.01.2007 for consideration of the future policies of the Company in relation to handling of investor grievances.

**General Body Meetings**

Location and time, where last three AGMs held

Financial Year	Date	Time	Place
2003-04	Saturday, 25th September, 2004	10.00A.M.	3, Pretoria Street, 1st Floor, Kolkata 700 071
2004-05	Saturday, 24th September, 2005	10.00A.M.	1 R.N.Mukherjee Road, 1st floor, Kolkata 700 001
2005-06	Wednesday, 27th September, 2006	4.30 P.M.	1 R.N.Mukherjee Road, 1st floor, Kolkata 700 001

Special Resolutions passed at the last 3 (three) AGM held

Financial Year	Items
2003-04	Nil
2004-05	Payment of Sitting fees to Non-Executive Directors
2005-06	Payment of Commission to Non-Executive Director

No resolution was passed through Postal Ballot.

At the ensuing Annual General Meeting there are two ordinary Resolution proposed to be passed through postal ballot.

Resume and other information of the Directors proposed to be re-appointed (including those retiring by rotation) at the ensuing Annual General Meeting are given in the Notice relating thereto to the shareholders as required under Clause 49IV(G) of the amended Listing Agreement.

**Disclosures**

- A Statement in summary form of transactions with related party in the ordinary course of business is placed periodically before the Audit Committee. The pricing of all transactions with the related parties were on arms length basis.
- There are no materially significant related party transactions i.e. transactions material in nature, with its Promoters, the Directors or the Management, their subsidiaries or relatives etc. having potential conflict with the interests of the Company at large.
- While preparation of financial statements for the year under review, no accounting treatment which was different from that prescribed in the Accounting standard followed.
- For the list of disclosures of related party relationship and transactions as per Accounting Standard AS-18, "Related Party Disclosures", Note 3 on Schedule Q to the Annual Audited Accounts of the Company for the year ended 31st March, 2007 may be referred to.
- In accordance with the requirement of Corporate Governance the Board of Directors of the Company has formulated a Code of Conduct for Directors and Senior Management Personnel of the Company and all concerned thereof has affirmed the compliance. The required declaration to this effect signed by the Managing Director and the Whole-time Director is appended as a separate Annexure to this Report. The Code of Conduct has been hosted on the Company's web site.
- No stricture was imposed on the Company by any regulatory authority on any matter related to capital market during the last three years.
- The Company has laid procedure to inform the Board Members about the risk assessment and minimization procedures. These procedures are periodically reviewed to ensure that executive management control risks through means of a properly defined framework.
- In accordance with the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulation, 1992 as amended in February, 2002, the Board of Directors of the Company has formulated the Code of Conduct for prevention of insider trading in Equity Shares of the Company by its Directors and Employees.
- The Board of Directors of the Company have received a Certificate from the Managing Director and a Whole-time Director of the Company in compliance of Clause 49(V) of the Listing Agreement.
- The Company has not made any public issue/ rights issue and preferential issues during the period under review.

## Report on Corporate Governance (Contd.)

- The Company does not presently have a Whistle Blower Policy.
- Non-Mandatory requirement to the extent of formation of Remuneration Committee, have been adopted.

**Means of Communication**

In compliance with the requirements of the Listing Agreements, the Company regularly intimates unaudited as well as audited financial results to the Calcutta Stock Exchange immediately after the Board takes them on record. Further coverage is given for the benefit of the shareholders and investors by publication of the financial results in the Financial Express and a Bengali newspaper circulating in the state of West Bengal.

**General Shareholder Information**

1. Annual General Meeting : Date, Time and Venue

Date	29th September, 2007 (Saturday)
Time	10.30 A.M.
Venue	The Paladian Lounge, Telegraph Room, 6 Netaji Subhas Road, 2nd Floor, Kolkata 700 001.

2. Financial Calendar

Financial reporting for the quarter ending June 30, 2007	End of July 2007
Financial reporting for the quarter ending September 30, 2007	End of October 2007
Financial reporting for the quarter ending December 31, 2007	End of January 2008
Financial reporting for the year ending March 31, 2008	End of June 2008
Annual General Meeting for the year ended March 31, 2008	Last fortnight of September, 2008

3. Dates of Book Closure : 25th September, 2007 to 29th September, 2007 (both dates inclusive)

4. Dividend Payment Date : On or after 4th October, 2007

5. Listing on Stock Exchange

The Calcutta Stock Exchange Association Limited  
7, Lyons Range, Kolkata- 700 001

Note : Listing fee for the year 2007-08 has been paid to the Calcutta Stock Exchange Association Ltd.

6. Stock Code

The Calcutta Stock Exchange Association Limited - 22123-LOHIASEC

ISIN Number : Partly Paid Shares - IN9803B01015

Fully Paid Shares - INE803B01017

7. Market Price Data

Monthly high and low quotes and volume of shares traded on Calcutta Stock Exchange (CSE) :

There were tradings aggregating to 2000 equity shares of the Company at CSE trading platform in the month of December 2006 at Rs. 6.00 during the financial year 2006-07

8. Stock Performance (Indexed) & Stock Performance during the last year (In Percentage) : The Company's share does not form a part of the CSE-40 or CSE-50 index

9. Registrars and Transfer Agents (Share transfer and communication regarding share certificates, dividends and change of address) : M/s. Niche Technologies Pvt. Ltd.  
D-511, Bagree Market  
71, B.R.B.B. Road, Kolkata - 700 001

10. Share Transfer System : Share transfers are registered and returned within a period of 15 days from the date of receipt, in case documents are complete in all respects. All share transfers are approved by the whole-time Director under the authority delegated to him by the shareholders/ investors Grievance Committee.

## Report on Corporate Governance (Contd.)

## 11. a) Distribution of Shareholding as at the year ended 31.3.2007

No. of Shares	No. of Shareholders	% of Total	No. of Shares	% of Total
Upto - 500	517	86.0233	71,590	1.4318
501 - 1,000	14	2.3295	12,700	0.2540
1,001 - 5,000	16	2.6622	49,351	0.9870
5,001 - 10,000	10	1.6639	74,450	1.4890
10,001 - 50,000	18	2.9950	3,81,800	7.6360
50,001 - 1,00,000	9	1.4975	6,87,860	13.7572
1,00,001 - & above	17	2.8286	37,22,249	74.4450
<b>Total</b>	<b>601</b>	<b>100.0000</b>	<b>50,00,000</b>	<b>100.0000</b>

## b) Distribution of Shareholding as at the year ended 31.3.2007

Category	No. of Shareholders	% of Total	No. of Shares	% of Total
<b>Bodies Corporate</b>				
Promoters	3	0.50	5,75,000	11.500
Others	14	2.33	10,43,960	20.879
	<b>17</b>	<b>2.83</b>	<b>16,18,960</b>	<b>32.379</b>
<b>Resident Individuals</b>				
Promoters (Directors & Relatives)	12	2.00	23,09,000	46.180
Others	572	95.17	10,72,040	21.441
	<b>584</b>	<b>97.17</b>	<b>33,81,040</b>	<b>67.621</b>
<b>TOTAL</b>	<b>601</b>	<b>100.00</b>	<b>50,00,000</b>	<b>100.000</b>

## 12. Dematerialisation of Shares and Liquidity

The Company's shares are available for trading in the depository systems of both the National Securities Depository Limited and the Central Depository Services (India) Limited. As on 31st March, 2007 a total of 31,95,743 shares of the Company, which forms 63.91% of the Share Capital of the Company stood dematerialised.

13. Outstanding GDR/ Warrants : None

14. Investor Correspondence : M/s. Niche Technologies Pvt. Ltd.  
D-511, Bagree Market,  
71, B.R.B.B. Road  
Kolkata - 700 001

The Shareholders may also contact Shri Narendra Kumar Rai, Company Secretary at the Registered Office of the Company for any assistance.

For and on behalf of the Board of Directors

Kolkata, the 30th day of July, 2007

**Rajesh Kumar Bajaj**  
Managing Director

**Sudheer Kumar Jain**  
Whole-time Director

Declaration for Compliance of Clause 49(D)(ii)

This is to certify that the Board of Directors of Lohia Securities Limited (The Company) in their meeting held on 29th December, 2005 adopted a Code of Conduct for all its Members and Company's Senior Management Personnel. The copy of said Code of Conduct has been posted on the Company's website.

I, Rajesh Kumar Bajaj son of Late Bhagirath Mal Bajaj, aged about 40 years, residing at 8/1/1 Alipore Road, Flat 6W, Kolkata - 700 027 and presently Managing Director of the Company, do hereby declare that all members of the Board of the Company and its Senior Management Personnel have affirmed compliance of the said Code of Conduct for the financial year ended 31st March, 2007 and the same has been duly noted by the Company's Board in their meeting held on Tuesday 3rd April, 2007.

Kolkata, 30th July, 2007

**Rajesh Kumar Bajaj**

Managing Director



## Auditors' Certificates on Corporate Governance

The Board of Directors  
Lohia Securities Limited  
6 Lyons Range, 1st Floor,  
Kolkata - 700 001

We have examined the compliance of conditions of Corporate Governance by M/s. Lohia Securities Limited, for the year ended 31st March, 2007 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement:

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

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

9, India Exchange Place  
Kolkata - 700 001  
Date : The 30th day of July, 2007

**For PATNI&CO.**  
*Chartered Accountants*  
**S.SUREKA**  
*Partner*  
*Membership No. 57918*

## Extract of Code of Conduct for Board Members and Senior Management

### Introduction

This Code of Conduct (hereinafter referred to as "the Code") has been framed and adopted by Lohia Securities Limited (hereinafter referred to as "the Company.") in compliance with the provisions of Clause 49 of the Listing Agreements entered into by the Company with the Stock Exchange.

### Applicability

The Code applies to the members of the Board of Directors (Hereinafter referred to as "Board Members" ) and Members of the Senior Management Team of the Company one level below the Executive Directors, viz. Business Heads and all other executives having similar or equivalent rank in the Company and the Company Secretary of the Company (hereinafter referred to as "Senior Managers").

The Company Secretary shall be the Compliance Officer for the purpose of this Code.

The Code shall come into force with effect from 1st January 2006 and future amendments/ modifications shall take effect from the date stated therein.

The Code shall be posted on the website of the Company in due course.

### Code of Conduct

The Board Members and Senior Managers of the Company:

1. Shall maintain and help the Company in maintaining highest degree of Corporate Governance practices.
2. Shall act in utmost good faith and exercise due care, diligence and integrity in performing their office duties.
3. Shall ensure that they use the Company's assets, properties, information and intellectual rights for official purpose only or as per the terms of their appointment.
4. Shall not seek, accept or receive, directly or indirectly, any gift, payments or favour in whatsoever form from Company's business associates, which can be perceived as being given to gain favour or dealing with the Company and shall ensure that the Company's interest are never compromised.
5. Shall maintain confidentiality of information entrusted by the Company or acquired during performance of their duties and shall not use it for personal gain or advantage.
6. Shall not commit any offences involving morale turpitude or any act contrary to law or opposed to the public policy.
7. Shall not communicate with any member of press or publicity media or any other outside agency on matters concerning the Company, except through the designated spokespersons or authorised otherwise.
8. Shall not, without the prior approval of the Board or Senior Management, as the case may be, accept employment or a position of responsibility with any other organization for remuneration or otherwise that are prejudicial to the interest of the Company and shall not allow personal interest to conflict with the interest of the Company.
9. Shall in conformity with applicable legal provisions disclose personal and/ or financial interest in any business dealings concerning the Company and shall declare information about their relatives (spouse, dependent children and dependent parents) including transactions, if any, entered with them.
10. Shall ensure compliance of the prescribed safety & environment related norms and other applicable codes, laws, rules, regulations and statutes, which if not complied with may, otherwise, disqualify him/ her from his/ her association with the Company.
11. Shall ensure compliance with SEBI(Prohibition of Insider Trading) Regulations, 1992 as also other regulations as may become applicable to them from time to time.

### Annual Compliance Reporting

Board Member and Senior Managers shall affirm compliance with this Code on an annual basis as at the end of each financial year of the Company within 7 days of the close of every financial year.

### Acknowledgement of Receipt of the Code

Each Board Members and Senior Managers both present and future shall acknowledge receipt of the code or any modification(s) thereto, in the acknowledgement form annexed to this code and forward the same to the Compliance Officer.

Any breach of the aforesaid Code brought to the notice of the Compliance Officer or any member of the Board or Senior Management shall be reported to the Board of Directors of the Company for necessary action.

## Auditor's Report

TO  
THE MEMBERS OF  
LOHIA SECURITIES LTD.

1. We have audited the attached Balance Sheet of M/s. Lohia Securities Limited as at 31st March, 2006 and also the annexed Profit & Loss Account of the company for the year ended on that date annexed thereto. These financial statements are responsibility of the management of the company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. 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 to support the financial statement, amounts and disclosure in the financial statement. An audit also includes assessing the accounting principles used in the preparation of financial statements, assessing significant estimates made by the Management in the preparation of financial statements and evaluating overall financial statement preparation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in term of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of the said order.

Further to our comments in the Annexure referred to in paragraph (3) above, we report that :

- a) We have obtained all the information and explanations to the best of our knowledge and belief, were necessary for the purposes 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 the books.
- c) The Balance sheet and Profit & Loss Account referred to in this report are in agreement with the books of account.
- d) In our opinion, the Profit & Loss Account and Balance Sheet comply with the Accounting Standard referred to in sub-section 3(C) of Section 211 of the Companies Act, 1956.
- e) On the basis of written representations received from the directors, as on March 31, 2007 and taken on record by the Board of Directors, we report that none of the director is disqualified as on March 31, 2007 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us and subject to notes given there on, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :
  - (a) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2007.  
And
  - (b) In the case of the Profit & Loss Account, of the Profit of the company for the year ended on that date.  
And
  - (c) In the case of the Cash Flow statements of the cash flow for the year ended on that date.

Place : 9, India Exchange Place  
Kolkata - 700 001  
Date : The 29th day of June, 2007

For PATNI & CO.  
CHARTERED ACCOUNTANTS  
S. SUREKA  
(Partner)  
Membership No. 57918

## Annexure to the Auditor's Report

In term of the information and explanations given to us and books of account examined by us in the normal course of audit and to the best of our knowledge and belief, we state as under :

- i) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets. These fixed assets were physically verified by the management during the year. We have been informed that no discrepancies were noticed on such physical verification. Substantial part of fixed assets has not been disposed of during the year, which will affect its status as going concern.
- ii) Physical verification of inventories has been conducted by the management during the year at reasonable intervals. In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business. The company is maintaining proper records of inventory. As informed to us, discrepancies found on physical verification of inventories as compared to book records were recorded in the books of accounts.
- iii) A) The company had not granted any loan, secured or unsecured to any party covered in the register maintained u/s 301 of the Companies Act, 1956. Hence question of reporting whether the terms and conditions of loan given are prejudicial to the interest of the company does not arise.  
B) The Company has taken unsecured loan from six parties covered in the register required to be maintained u/s 301 of The Companies Act, 1956. The maximum amount involved during the year was Rs. 3,97,50,000/-. In our opinion, the rate of interest and terms and conditions of loan taken by the company from companies, firms or other parties listed in the register required to be maintained under section 301 of the Companies Act, 1956, are not, prima facie, prejudicial to the interest of the company. The company is regular in payment of interest. There is no specific stipulation with regard to repayment of loans.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for purchase of inventory and fixed assets and for sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control.
- v) According to the information and explanations given to us, in our opinion contracts or arrangements that need to be entered into the register required to be maintained u/s 301 of the Companies Act, 1956 have been so entered.  
In our opinion, each of these contracts or arrangements made have been made at prices which are reasonable having regard to the prevailing market price at the relevant time.
- vi) According to information and explanations given to us, the company has not accepted any deposits from the public upto 31.3.2007.
- vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- viii) The company is not engaged in production, processing, manufacturing or mining activities. Hence, the provisions of Section 209(1)(d) do not apply to the company. Hence, no comment on maintenance of cost records u/s 209(1)(d) is required.
- ix) According to the records of the company, the company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Wealth Tax, Service tax, Sales Tax, Customs Duty, Excise Duty & Cess and any other statutory dues with appropriate authorities applicable to it. According to information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Service Tax, Sales Tax, Custom Duty and Excise Duty were outstanding as at the last date of the accounting year for a period of more than six months from the date they became payable. According to records of the company, there are no dues of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Service Tax, Excise Duty and Cess which have not been deposited on account of any dispute.
- x) The company has no accumulated losses. The company has not incurred cash losses in the financial year under report and in the immediately preceding financial year.

Annexure to the Auditor's Report (Contd.)

- xi) The Company has not defaulted in repayment of dues to financial institutions or banks or debenture holders.
- xii) As informed to us, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other similar securities.
- xiii) The company is not a chit fund, nidhi or mutual benefit fund/society.
- xiv) The company has maintained proper records of the transactions and contracts of dealing in shares, securities, debenture and other investment and we have been informed that timely entries have been made therein. As explained to us, all the shares have been held by the company in its own name except to the extent of exemption granted u/s 49 of the Companies Act, 1956.
- xv) The company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi) The term loans obtained by the company have been applied for the purpose for which they were raised.
- xvii) According to the information and explanation given to us, we report that no funds raised on short-term basis have been used for long term investment by the company.
- xviii) The company has not made any preferential allotment of shares to parties and companies covered in the Register required to be maintained under Section 301 of the Act.
- xix) The company has not issued any debenture.
- xx) The company has not raised any money by public issues during the period covered by our audit report.
- xxi) During the checks carried out by us, no fraud on or by the company has been noticed or reported during the year under report.

Place : 9, India Exchange Place  
Kolkata - 700 001  
Date : The 29th day of June, 2007

For **PATNI & CO.**  
**CHARTERED ACCOUNTANTS**  
**S. SUREKA**  
(Partner)  
Membership No. 57918

## Balance Sheet As At 31st March, 2007

	Schedules	2006 - 2007		2005 - 2006	
		Rs.	P.	Rs.	P.
<b>I. SOURCES OF FUNDS</b>					
<b>1. SHAREHOLDER'S FUNDS</b>					
a) Share Capital	"A"	49,796,250.00		49,778,250.00	
b) Reserves & Surplus	"B"	171,643,840.51		172,843,013.74	
<b>2. LOAN FUNDS</b>					
a) Secured Loans	"C"	13,621,031.84		30,426,305.05	
b) Unsecured Loans	"D"	41,300,000.00		49,900,000.00	
<b>3. DEFERRED TAX LIABILITY (NET)</b>					
		589,940.00		970,190.00	
<b>TOTAL</b>		<b>276,951,062.35</b>		<b>303,917,758.79</b>	
<b>II. APPLICATION OF FUNDS</b>					
<b>1. FIXED ASSETS</b>					
Gross Block	"E"	48,278,399.92		39,173,438.85	
Less : Depreciation		29,045,620.39		24,080,688.39	
Net Block		19,232,779.53		15,092,750.46	
Capital Work-in-Progress		10,845,127.97		—	
		30,077,907.50		15,092,750.46	
<b>2. INVESTMENTS</b>					
	"F"	2,795,212.00		1,966,745.00	
<b>3. CURRENT ASSETS AND LOANS &amp; ADVANCES</b>					
a) Inventories	"G"	59,679,242.46		103,825,185.39	
b) Sundry Debtors	"H"	5,807,201.57		6,703,580.42	
c) Cash & Bank Balances	"I"	150,530,575.61		132,970,677.55	
d) Loans & Advances	"J"	61,743,429.10		98,886,732.64	
		277,760,448.74		342,386,176.00	
<b>LESS : CURRENT LIABILITIES AND PROVISIONS</b>					
a) Current Liabilities	"K"	23,610,476.62		47,596,637.53	
b) Provisions	"L"	10,097,750.00		7,941,500.00	
		33,708,226.62		55,538,137.53	
<b>NET CURRENT ASSETS</b>					
		244,052,222.12		286,848,038.47	
<b>4. MISCELLANEOUS EXPENDITURE</b>					
(to the extent not written off or adjusted)					
Interest Suspense		25,720.73		10,224.86	
<b>TOTAL</b>		<b>276,951,062.35</b>		<b>303,917,758.79</b>	

Significant Accounting Policies and Notes to the Accounts "Q"

Schedules referred to above form an integral part of the Balance Sheet

As per our attached report of even date.

For **Patni & Co.**  
Chartered Accountants  
**S. Sureka**  
Partner  
Membership No. 57918

**Narendra Kumar Rai**  
Company Secretary

**Rajesh Kumar Bajaj**  
Managing Director

For and on behalf of Board of Directors  
**Sudheer Kumar Jain**  
Whole-time Director

## Profit &amp; Loss Account For the Year Ended 31st March, 2007

	Schedules	2006-2007		2005-2006	
		Rs.	P.	Rs.	P.
<b>I. INCOME</b>					
Income from Share operation	"M"	93,531,688.78		158,559,875.50	
Dividend		1,032,196.55		1,784,340.66	
Brokerage		33,410,613.38		35,325,719.60	
Interest (T.D.S. Rs.19,90,234.70 Previous Year Rs. 11,15,396.43)		9,053,369.10		4,933,537.80	
Receipts from DP Division		1,425,367.87		1,942,807.70	
Profit on Sale of Investment		113,802.00		—	
Miscellaneous Income	"N"	157,116.00		39,852.94	
<b>TOTAL</b>		<b>138,724,153.68</b>		<b>202,586,134.20</b>	
<b>II. EXPENDITURE</b>					
Payment to and Provision for Employees	"O"	12,400,061.39		5,531,345.00	
Other Expenses	"P"	48,708,267.51		44,282,023.37	
Interest Expenses		7,285,976.90		6,083,707.65	
Depreciation		4,964,932.00		4,540,479.78	
<b>TOTAL</b>		<b>73,359,237.80</b>		<b>60,437,555.80</b>	
<b>PROFIT/(LOSS) BEFORE TAX (A-B)</b>		<b>65,364,915.88</b>		<b>142,148,578.40</b>	
Less : Securities Transaction Tax		60,965,272.11		38,633,809.56	
Less : Provision for Taxes					
Current Tax		—		3,900,000.00	
Deffered Tax		(380,250.00)		83,522.00	
Fringe Benefit Tax		187,000.00		161,000.00	
Income Tax for Earlier year		(39,683.00)		70,420.98	
<b>PROFIT/(LOSS) AFTER TAX</b>		<b>4,632,576.77</b>		<b>99,299,825.86</b>	
Add : Balance brought forward from Previous year		63,467,263.74		56,447,937.88	
		<b>68,099,840.51</b>		<b>155,747,763.74</b>	
Less : Proposed Dividend for the year		5,000,000.00		2,000,000.00	
Less : Provision for Dividend Tax		849,750.00		280,500.00	
		<b>62,250,090.51</b>		<b>153,467,263.74</b>	
Less : Transferred to General Reserve		—		90,000,000.00	
<b>Balance as per Balance Sheet</b>		<b>62,250,090.51</b>		<b>63,467,263.74</b>	
<b>Basic/Diluted Earning Per Share</b>		<b>0.93</b>		<b>19.86</b>	
Significant Accounting Policies and Notes to the Accounts	"Q"				

Schedules referred to above form an integral part of the Profit & Loss Account

As per our attached report of even date.

For Patni & Co.  
Chartered Accountants  
S. Sureka  
Partner  
Membership No. 57918  
Kolkata, The 29th day of June, 2007

Narendra Kumar Rai  
Company Secretary

Rajesh Kumar Bajaj  
Managing Director

Sudheer Kumar Jain  
Whole-time Director

For and on behalf of Board of Directors

## Schedules Forming Part of the Balance Sheet and Profit &amp; Loss Account

	2006-2007		2005-2006	
	Rs.	P.	Rs.	P.
<b>SCHEDULE 'A'</b>				
<b>SHARE CAPITAL</b>				
<b>Authorised</b>				
75,00,000 Equity shares of Rs. 10/- each	75,000,000.00		75,000,000.00	
<b>Issued, subscribed &amp; paid up</b>				
50,00,000 Equity shares of Rs. 10/- each fully paid up	50,000,000.00		50,000,000.00	
Less : Calls in arrear	203,750.00		221,750.00	
<b>TOTAL</b>	<b>49,796,250.00</b>		<b>49,778,250.00</b>	
Note : Out of the above shares, 50,000 shares are allotted as fully paid up pursuant to a contract without payment being received in cash.				
<b>SCHEDULE 'B'</b>				
<b>RESERVES &amp; SURPLUS</b>				
<b>A. General Reserve</b>				
Opening Balance	90,100,000.00		100,000.00	
Add : Transfer from P/L A/c	—		90,000,000.00	
Sub - Total (A)	90,100,000.00		90,100,000.00	
<b>B. Profit &amp; Loss A/c</b>				
Profit & Loss Account	62,250,090.51		63,467,263.74	
Sub - Total (B)	62,250,090.51		63,467,263.74	
<b>C. Share Premium</b>				
Opening Balance	19,500,000.00		19,500,000.00	
Less : Calls in arrear	206,250.00		224,250.00	
Sub - Total (C)	19,293,750.00		19,275,750.00	
<b>TOTAL (A + B + C)</b>	<b>171,643,840.51</b>		<b>172,843,013.74</b>	
<b>SCHEDULE 'C'</b>				
<b>SECURED LOAN</b>				
<b>Loan against Car</b>				
ICICI Bank Ltd.	307,125.00		187,950.00	
<b>Term Loan</b>				
ICICI Bank Ltd.	6,661,876.00		7,895,318.00	
(Secured against personal guarantee of Directors and office premises of group companies)				
<b>Bank overdraft</b>				
HDFC Bank LAS A/c	5,056,645.48		17,980,660.93	
HDFC Bank FD/OD A/c	1,595,385.36		—	
DHANLAXMI Bank Ltd.	—		4,362,376.12	
<b>TOTAL</b>	<b>13,621,031.84</b>		<b>30,426,305.05</b>	
<b>SCHEDULE - 'D'</b>				
<b>UNSECURED LOAN</b>				
From Body Corporates	41,300,000.00		49,900,000.00	
<b>TOTAL</b>	<b>41,300,000.00</b>		<b>49,900,000.00</b>	



**SCHEDULE 'E'**  
**FIXED ASSETS**

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2006	Addition	Deduction	As at 31.03.2007	As at 01.04.2006	For the year	Adjustment for sale	As at 31.03.2007	As at 31.03.2007	As at 31.03.2006
Office	4,893,081.00	—	—	4,893,081.00	1,927,197.74	148,294.00	—	2,075,491.74	2,817,589.26	2,965,883.26
Office Equipment	1,199,043.74	691,353.00	—	1,890,396.74	274,887.36	176,858.00	—	451,745.36	1,438,651.38	924,156.38
Furniture & Fixtures*	2,683,829.21	58,696.00	—	2,742,525.21	1,408,135.97	235,074.00	—	1,643,209.97	1,099,315.24	1,275,693.24
Air Conditioner*	1,152,482.25	940,750.00	—	2,093,232.25	494,129.84	110,757.00	—	604,886.84	1,488,345.41	658,352.41
Car	3,629,074.00	392,010.00	—	4,021,084.00	1,854,934.14	520,776.00	—	2,375,710.14	1,645,373.86	1,774,139.86
Computer & Accessories*	25,432,802.16	6,130,698.07	—	31,563,500.23	18,090,523.14	3,751,996.00	—	21,842,519.14	9,720,981.09	7,342,279.02
Electrical Instalation	183,126.49	—	—	183,126.49	30,880.20	21,177.00	—	52,057.20	131,069.29	152,246.29
Generator*	—	891,454.00	—	891,454.00	—	—	—	—	891,454.00	—
<b>TOTAL</b>	<b>39,173,438.85</b>	<b>9,104,961.07</b>	<b>—</b>	<b>48,278,399.92</b>	<b>24,080,688.39</b>	<b>4,964,932.00</b>	<b>—</b>	<b>29,045,620.39</b>	<b>19,232,779.53</b>	<b>15,092,750.46</b>
<b>PREVIOUS YEAR</b>	<b>33,739,770.84</b>	<b>5,433,668.01</b>	<b>—</b>	<b>39,173,438.85</b>	<b>19,540,208.61</b>	<b>4,540,479.78</b>	<b>—</b>	<b>24,080,688.39</b>	<b>15,092,750.46</b>	<b>14,199,562.23</b>

**\*Notes :**

Furniture & Fixtures, Air-Conditioner, Computer & Accessories & Generator includes Rs. 9,112/-, Rs. 7,61,625/-, Rs. 20,29,000/- & Rs. 8,91,454/- respectively on which no depreciation has been charged as the same was not put into use.

Schedules Forming Part of the Balance Sheet and Profit & Loss Account

Lohia Securities Limited

## Schedules Forming Part of the Balance Sheet and Profit &amp; Loss Account

	<u>Qty.</u>	<u>2006-2007 Amount</u>	<u>Qty.</u>	<u>2005-2006 Amount</u>
<b><u>SCHEDULE - 'F'</u></b>				
<b><u>INVESTMENTS</u></b>				
<b>A. LONG TERM INVESTMENTS (AT COST)</b>				
<b>1. QUOTED</b>				
<b>Other than Trade</b>				
Ballarpur Industries Ltd.	874	33,212.00	874	33,212.00
Good Year India Ltd.	—	—	1,700	171,533.00
Sidheshwari Garments Ltd.	8,700	87,000.00	8,700	87,000.00
<b>SUB - TOTAL : - A</b>		<b>120,212.00</b>		<b>291,745.00</b>
<b>2. UNQUOTED</b>				
<b>Other than Trade</b>				
Nimbus Communication Ltd.	3,000	675,000.00	3,000	675,000.00
Ratnagiri Barter Pvt. Ltd.	50,000	500,000.00	50,000	500,000.00
The Calcutta Stock Exchange Association Ltd.	1	500,000.00	1	500,000.00
<b>SUB - TOTAL : - B</b>		<b>1,675,000.00</b>		<b>1,675,000.00</b>
<b>3. Units of Mutual Fund (Unquoted)</b>				
<b>Other than Trade</b>				
LIC MF India Vision Fund	100,000	1,000,000.00		—
<b>SUB - TOTAL : - C</b>		<b>1,000,000.00</b>		—
<b>TOTAL : - (A+B+C)</b>		<b>2,795,212.00</b>		<b>1,966,745.00</b>
Market value of Quoted Shares		<b>120,271.50</b>		<b>281,532.00</b>
Net Assets Value of Mutual Fund		<b>915,670.00</b>		—
<b><u>SCHEDULE - 'G'</u></b>				
<b><u>STOCK IN TRADE</u></b>				
<b>Name of the Company</b>				
Abhishek Industries Limited	—	—	7,000	201,950.00
Accel Frontline Limited	2,000	121,000.00	—	—
Adlabs Films Limited.	—	—	12,314	4,817,236.80
Ajanta Pharma Limited.	—	—	2,700	197,370.00
Allahabad Bank Limited	1	72.65	200	15,810.00
Alok Industries Limited	10,050	545,715.00	—	—
Alphageo India Limited	6,000	1,301,184.15	—	—
Anco Communications Limited	1,000	2,150.00	1,000	2,150.00
Andhra Bank	—	—	800	64,600.00
Ansal Housing & Construction Limited	2,000	537,900.00	—	—
Aptech Limited.	—	—	2,450	318,500.00
Areva T and D India Limited.	—	—	1,000	694,903.10
Arvind Mills Limited	4,300	185,545.00	—	—
Asian Electronics Limited.	—	—	500	216,500.00
Associated Cement Company Limited	—	—	4,502	3,375,986.50
Ashok Leyland Limited	1	38.40	—	—
Atul Limited	12,434	1,061,241.90	—	—
BAG Films Limited.	17,500	338,327.35	1,000	11,100.00
Bajaj Auto Limited	2	4,855.20	—	—
Bajaj Hindustan Limited	47	8,258.35	—	—
Force Motors Limited	—	—	500	274,500.00
Balmer Lawrie & Co. Limited	—	—	50	5,500.00

## Schedules Forming Part of the Balance Sheet and Profit &amp; Loss Account

	2006-2007		2005-2006	
	Qty.	Rs. P.	Qty.	Rs. P.
Ballarpur Industries Limited	9,125	978,656.25	—	—
Bank of India	2	334.00	—	—
Bank of Baroda	—	—	500	112,544.50
Bank of Rajasthan Limited.	5,800	224,750.00	100	4,415.00
Baroda Rayon Corp. Limited.	485	1,430.75	4,850	14,307.50
Bellary Steels and Alloys Limited	—	—	194,900	81,858.00
Bharati Shipyard Limited	200	67,425.00	300	66,300.00
Bharti Tele Ventures Limited	2	1,527.00	—	—
Blow Plast Limited	—	—	500	51,775.00
Blue Star Limited	—	—	1,000	614,104.70
BOC India Limited.	—	—	9,500	1,620,214.90
Castrol India Limited.	—	—	100	24,990.00
Carol Info Service Limited	2,401	118,369.30	—	—
Ceat limited	1,000	107,850.00	—	—
Century Textiles Limited	3	1,614.00	—	—
Centurian Bank of Punjab Limited	—	—	250,000	6,322,500.00
Cipla Limited	2	470.10	—	—
Colgate Palmolive (I) Limited	1,833	606,906.30	—	—
Dabur India Limited	1	94.50	—	—
Dewan Housing Finance Corporation Limited	25,475	1,556,522.50	1,000	65,150.00
Deccan Aviation Limited	10,000	922,500.00	—	—
Dhampur Sugar Mills Limited	—	—	2,000	461,825.00
Divi's Laboratories Limited	1	2,980.00	—	—
Dunlop India Limited.	1,000	5,500.00	1,000	5,500.00
Dwarkesh Sugar Limited	—	—	1,000	251,300.00
Emami Limited.	—	—	5,000	867,500.00
Eimco Elecon (India) Limited	250	71,975.00	—	—
Esab India Limited	2,100	639,660.00	—	—
Escorts India Limited	1	115.60	—	—
Essar Shipping Limited	—	—	20,000	657,997.80
Essar Steel Limited.	1,200	2,520.00	1,200	2,520.00
Finolex Industries Limited	—	—	5,600	389,200.00
Gail India Limited	4,504	1,191,533.20	—	—
Ganesh Housing Corporation Limited	2,000	672,784.75	—	—
Garden Silk Mills Limited	5,000	258,250.00	—	—
Gati Limited	2,565	231,905.10	—	—
Gateway Distripark Limited	800	120,651.55	300	76,065.00
Global Telesystem Limited	—	—	7,500	1,066,786.80
Goetze India Limited	—	—	2,310	528,181.50
Great Eastern Shipping Co. Limited	—	—	20,015	5,202,692.55
Gujrat Ambuja Cement Limited	107	11,416.90	41,254	4,142,969.35
Gujrat Industrial Power Company Limited	4,700	258,970.00	5,700	366,795.00
Gujrat Narmada Fertilisers Company Limited	5,898	548,219.10	—	—
Goodyear India Limited	1,100	170,830.00	—	—
Great Offshore Limited	1,550	891,354.25	—	—
HCL Technologies Limited	1	291.40	—	—
Himachal Futuristic Comm. Limited.	32,000	712,000.00	242,000	5,586,201.25
Himadri Chemical Limited	1,100	306,907.50	1,500	2,250.00
Hindalco - Partly paid-up Re.0.50/-	2,195	177,026.75	—	—
Hindustan Oil Exploration Limited	5,000	343,500.00	—	—
Hindustan Petroleum Exploration Limited	2	495.60	—	—
Hindustan Motors Limited	—	—	95,000	3,709,024.70

## Schedules Forming Part of the Balance Sheet and Profit &amp; Loss Account

	<u>Qty.</u>	<u>2006-2007</u> <u>Amount</u>	<u>Qty.</u>	<u>2005-2006</u> <u>Amount</u>
Hindustan Construction Company Limited	1	89.50	—	—
Hindustan Machine Tools Limited	4,700	337,460.00	—	—
Hitachi Home & Life Solution Limited	10,000	801,500.00	—	—
Honewall Automation Industries Limited	218	333,890.00	—	—
House of Pearl Fashion Limited	5,000	1,684,500.00	—	—
Hinduja TMT Limited	2,500	1,455,000.00	—	—
ICICI Bank Limited	3	2,560.05	—	—
IDEA Cellular Limited	2	189.20	—	—
Infrastructure Development Financecompany Limited	4,639	388,284.30	—	—
ITI Limited	—	—	7,000	477,750.00
IFCI Limited	1,486	44,412.10	33,500	361,800.00
IG Petrochemicals Limited	3,701	199,113.80	—	—
Igarashi Motors India Limited	—	—	7,636	1,375,583.80
ILFS Investsmart Limited.	—	—	200	42,760.00
India Bulls Finance Service Limited	5,496	2,295,129.60	2,500	580,850.10
India Bulls Real Estate Limited	7,450	1,966,997.50	—	—
Indian Hotels Corp.Limited	1,080	156,941.20	—	—
Indian Petro Chemicals Corp. Limited	—	—	800	199,654.90
Indian Resort Hotels Limited	7,622	3,070,522.70	—	—
Indo Rama Synth.(I) Limited	—	—	41,550	2,501,310.00
Indo Tech Transformers Limited	—	—	25	5,396.25
Indraprastha Medical Corporation Limited	—	—	5,000	178,500.00
Induj Infotech Limited	—	—	15	15.00
Industrial Development Bank of India	2	155.00	2,400	187,920.00
Inox Leisure Limited	23,100	2,528,295.00	—	—
Infosys Technologies Limited	2	3,985.00	—	—
Information Technologies India Limited	100	105.00	100	545.00
Ispat Industries Limited	200	2,660.00	500	4,950.00
ITC Limited	—	—	3,000	525,850.40
IOL Broadband Limited	500	188,950.00	—	—
IVRCL Infrastructure & Project Ltd	2	584.20	—	—
Jai Balaji Sponge Limited	111	6,532.80	—	—
Jaiprakash Associates Limited	—	—	1,000	469,150.00
Jai Prakash Hydro Power Limited	18,750	531,562.50	—	—
Jammu & Kashmir Bank	—	—	2,600	1,172,080.00
Jetking Infotrain Limited	1,000	318,793.15	—	—
JK Cement Limited	450	62,925.75	—	—
JK Lakshmi Cement Limited	15,000	1,586,250.00	—	—
JK Synthetic Limited	52,488	260,865.36	—	—
JK Industries Limited	2,800	313,180.00	—	—
Jindal Stainless Limited	—	—	425	43,002.40
JMC Projects (India) Limited	—	—	4,616	1,005,542.10
Kabra Extrusion Technik Limited	—	—	5,000	513,586.00
Kirti Finvest Limited	—	—	425,000	459,000.00
Kitply Industries Limited	—	—	1,500	14,625.00
LT Overseas Limited	500	20,134.50	—	—
LIC Housing Finance Limited	—	—	250	47,437.50
Lloyds Steel Industries Limited	—	—	25,000	261,250.00
LML Limited.	—	—	750	26,362.50
Madras Cements Limited	—	—	1,500	3,027,073.00
Mahindra & Mahindra Limited	5	3,829.25	—	—
Mahindra Gesco Developers Limited	827	460,492.95	600	276,630.00
Mangalam Cement Limited	—	—	11,800	1,220,063.75
Maruti Udyog Limited	3	2,398.00	—	—
Mascon Global Limited	3,162	30,039.00	—	—
Matrix Laboratories Limited	849	148,575.00	—	—

## Schedules Forming Part of the Balance Sheet and Profit &amp; Loss Account

	2006-2007		2005-2006	
	Qty.	Amount	Qty.	Amount
Mastek Limited	—	—	1,300	465,574.00
Mcleod Russel India Limited	3,912	218,444.55	2,742	378,213.50
Mind Tree Consultancy Limited	2,000	1,661,600.00	—	—
Mirc Electrtonics Limited.	1,000	17,500.00	—	—
Mid-Day Multimedia Limited	—	—	100	7,885.00
Mangalore Refcinery & Petrochemicals Limited	17,800	591,405.00	—	—
MSK Projects (India) Limited	—	—	7,186	682,490.50
Mukand Engg. Limited	—	—	3,213	107,880.30
Mukand Limited	—	—	5,500	534,098.95
Nalwa Sons Investment Limited	—	—	23	4,827.24
National Organic Chemical Industries Limited	—	—	200	4,870.00
National Thermal Power Corporation Limited	500	70,587.75	26,057	3,494,243.70
Nahar Export Limited	350	11,305.00	—	—
Nahar Spinnings Mills Limited	275	16,500.00	—	—
National Alluminium Co Limited	2,208	514,693.20	—	—
Net filer Finco Limited	1,125	157,500.00	—	—
Network 18 Fin Limited	15,250	5,204,825.00	—	—
Noida Toll Bridge Communication Limited	—	—	2,000	81,800.00
Oil Country Tubular Limited	—	—	10,000	155,999.00
Omax Auto Limited	7,700	708,400.00	—	—
Onward Technologies Limited	—	—	4,511	297,985.90
Opto Circuits (I) Limited	5,000	1,486,750.00	—	—
Orient Paper & Ind. Limited	634	269,418.30	800	168,720.00
Oriental Bank of Commerce	—	—	200	46,940.00
Oudh Sugar Mills Limited	3,975	258,573.75	—	—
Oswal Chemicals & Fertilisers Limited	—	—	25,000	927,500.00
Pacific Industries Limited	—	—	3,500	34,300.00
Pankaj Polymers Limited	15,000	149,850.00	—	—
Parsvnath Develpoers Limited	195	49,634.20	—	—
Pennar Aluminium Co. Limited	5,000	6,000.00	5,000	6,000.00
Petronet LNG Limited.	—	—	100	5,490.00
Polaris Software Lab Ltd	1,400	249,808.80	—	—
Prakash Industries Limited	7,000	234,150.00	—	—
Pricol Limited	21,701	712,877.85	—	—
Prism Cement Limited	—	—	41,291	1,154,204.35
Prudential Sugar Corpn. Limited	200	274.00	200	274.00
Rajshree Sugars and Chemicals Limited	—	—	2,200	307,786.85
Ram Krishna Forging Limited	—	—	700	72,100.00
Ramco Systems Pvt Limited	2,000	255,500.00	—	—
Ramyond Limited	500	169,313.00	—	—
Ranbaxy Laboratories Limited	—	—	200	79,724.20
Reliance Capital Venture Limited	—	—	200	4,970.00
Reliance Capital Limited	1	644.00	—	—
Reliance Communication Venture Limited	—	—	3,500	1,077,050.00
Reliance Energy Venture Limited	—	—	100	4,340.00
Reliance Energy Limited	296	143,526.90	—	—
Reliance Industrial Infrastructure Limited	—	—	1,000	391,500.00
Reliance Natural Resources Limited	2,500	55,375.00	31,600	1,006,959.25
Repro India Limited	—	—	1,000	221,800.00
Rolta India Limited	5,000	1,656,500.00	5,000	1,197,391.80
Reliance Petroleum Limited	2	143.10	—	—
RPG Cables Limited	—	—	1	39.10
RS Software	5,000	261,000.00	—	—
Sakthi Sugars Limited	—	—	309	55,547.00
Samtel Colour Limited	—	—	38,561	2,174,840.40
Sangam India Limited	200	15,065.00	4,000	300,597.40
Satnam Overseas Limited	—	—	5,000	421,750.00
Satyam Computer Services Limited	3	1,366.50	100	81,544.50
Sesa Goa Limited	450	766,552.50	—	—

## Schedules Forming Part of the Balance Sheet and Profit &amp; Loss Account

	2006-2007		2005-2006	
	Qty.	Amount	Qty.	Amount
Southern Online Bio Technologies Limited	46,250	475,450.00	—	—
Shiva Cement Limited	100,000	802,990.00	—	—
Shipping Corporation of India Limited	—	—	1,100	169,993.70
Shoppers Stop Limited	563	344,509.15	—	—
Shreyas Intermediates Limited	2,000	92,200.00	—	—
Shree Synthetics Limited	20	19.00	20	19.00
Shringar Cinemas Limited	4,500	232,200.00	7,700	497,420.00
Sterlite Industries (India) Limited	1	465.65	—	—
Sunflag Iron & Steel Co.	7,000	89,250.00	—	—
Surya Lakshmi Cotton Mills Limited	2,250	130,275.00	—	—
Surya Roashni Limited	4,500	220,275.00	—	—
Suzlon Energy Limited	1	975.00	—	—
Srei Infrastructure Finance Limited	4,500	210,825.00	500	26,325.00
Silverline Technologies Limited	25,000	388,750.00	—	—
SRF Limited.	—	—	450	123,039.70
SRF Polymers Limited	—	—	50	18,047.00
State Bank of India	1	980.00	250	240,707.00
Supreme Petro Chemical Limited	—	—	8,000	191,600.00
Surya Pharmaceutical Limited	13,500	843,075.00	2,700	386,755.50
Syndicate Bank	1	63.90	—	—
Swil Limited.	10,000	100,400.00	10,000	100,000.00
Talbro Automotive Components Limited	250	11,637.50	—	—
Tata Elxsi (I) Limited	2,300	658,848.60	—	—
Tata Iron & Steel Co. Limited	2	898.70	10,000	5,160,404.55
Tata Metaliks Limited	—	—	1,000	133,894.50
Tata Motors Limited.	304	221,372.80	353	319,432.70
Tata Consultancy Services Limited	5	6,008.00	—	—
Tata Tea Limited	—	—	11,002	9,537,633.80
Texmaco Limited	1,000	790,150.00	—	—
Tourism Finance Corporation Limited	4,000	54,200.00	—	—
The Indian Hotels Company Limited	—	—	2,000	2,669,562.50
Timex Watches Limited	—	—	2,500	94,500.00
Today's Writing Product Limited	—	—	5,500	423,225.00
Trigyn Technologies Limited	10,500	270,900.00	—	—
Tata Teleservices (Maharashtra) Services Limited	500	10,550.00	—	—
TVS Motor Company Limited	1,000	59,550.00	—	—
Usha Martin Infotech Limited	—	—	7,000	1,292,029.00
Vakrangee Softwares Limited	—	—	5,000	475,000.00
Videsh Sanchar Nigam Limited	—	—	17	6,906.50
Vijaya Bank	—	—	2,000	104,700.00
VIP Industries Limited	16,553	1,522,048.35	17,040	1,943,834.25
Vinay Cement Limited	36,779	1,176,928.00	—	—
Visual Soft Technologies Limited	—	—	250	31,838.50
Voltas Limited.	—	—	1,595	1,562,700.00
Welspun India Limited	3,000	213,900.00	—	—
Welspun Gujstanl Rohren Limited	3,000	311,700.00	—	—
Wipro Limited	4	2,237.60	—	—
ZEE Telefilms Limited	—	—	20,000	4,757,850.80
Zodiac Clothing Company Limited	—	—	468	130,766.80
<b>TOTAL</b>	<b>785,948</b>	<b>59,679,242.46</b>	<b>1,881,301</b>	<b>103,825,185.39</b>

## Schedules Forming Part of the Balance Sheet and Profit &amp; Loss Account

	2006-2007		2005-2006	
	Rs.	P.	Rs.	P.
<b><u>SCHEDULE 'H'</u></b>				
<b><u>SUNDRY DEBTORS</u></b>				
(Unsecured considered Good)				
Debts outstanding for a period exceeding six months	668,171.28		318,711.71	
Others	5,139,030.29		6,384,868.71	
<b>TOTAL</b>	<b>5,807,201.57</b>		<b>6,703,580.42</b>	
<b><u>SCHEDULE - 'I'</u></b>				
<b><u>CASH &amp; BANK BALANCES</u></b>				
Cash in hand (As certified by the management)	960,675.55		1,167,009.60	
Balance with Scheduled Banks on Current Account	6,819,900.06		34,909,180.83	
on Fixed deposit Account (Refer note no. 1(a), 7 & 8 of Schedule 'Q')	142,750,000.00		96,894,487.12	
<b>TOTAL</b>	<b>150,530,575.61</b>		<b>132,970,677.55</b>	
<b><u>SCHEDULE - 'J'</u></b>				
<b><u>LOANS &amp; ADVANCES</u></b>				
(Recoverable in cash or in kind or for value to be received)				
<b><u>ADVANCES</u></b>				
Income Tax	7,309,634.88		7,405,572.18	
Advance Fringe Benefit Tax	327,000.00		150,000.00	
Interest Receivable	5,841,561.11		2,547,639.84	
Prepaid Expenses	2,912,477.78		1,858,749.38	
Margin with Exchange	9,100,000.00		56,200,000.00	
Other Advances	5,239,843.33		3,464,759.24	
<b><u>DEPOSITS</u></b>				
Deposits With Exchange	22,170,201.00		21,970,201.00	
Telephone Deposits	108,520.00		105,620.00	
Electricity Deposits	14,000.00		14,000.00	
Security Deposits For Office	7,807,860.00		4,257,860.00	
Other Deposits	912,331.00		912,331.00	
<b>TOTAL</b>	<b>61,743,429.10</b>		<b>98,886,732.64</b>	
<b><u>SCHEDULE 'K'</u></b>				
<b><u>CURRENT LIABILITIES</u></b>				
Sundry Creditors for Goods	1,752,599.45		3,341,401.20	
Sundry Creditors for Expenses and others	4,809,074.91		3,097,159.29	
Advances Received from clients	394,629.66		408,164.83	
Margin from Clients	15,793,000.00		40,713,300.00	
Book Overdraft With Banks	9,781.10		36,612.21	
Mark to Market Margin	851,391.50		—	
<b>TOTAL</b>	<b>23,610,476.62</b>		<b>47,596,637.53</b>	

## Schedules Forming Part of the Balance Sheet and Profit &amp; Loss Account

	2006-2007		2005-2006	
	Rs.	P.	Rs.	P.
<b><u>SCHEDULE 'L'</u></b>				
<b><u>PROVISIONS</u></b>				
Provision for Taxation 04-05		—	1,600,000.00	
Provision for Taxation 05-06	3,900,000.00		3,900,000.00	
Provision for FBT 05-06	161,000.00		161,000.00	
Provision for FBT 06-07	187,000.00		—	
<b>SUB - TOTAL :- A</b>	<b>4,248,000.00</b>		<b>5,661,000.00</b>	
Proposed dividend	5,000,000.00		2,000,000.00	
Provision for Dividend Tax	849,750.00		280,500.00	
<b>SUB - TOTAL B</b>	<b>5,849,750.00</b>		<b>2,280,500.00</b>	
<b>TOTAL (A+B)</b>	<b>10,097,750.00</b>		<b>7,941,500.00</b>	
<b><u>SCHEDULE 'M'</u></b>				
<b><u>INCOME FROM OPERATION</u></b>				
Sales	1,851,485,513.06		1,771,222,507.07	
Closing Stock	59,679,242.46		103,825,185.39	
Profit (Loss) from Share Dealing	99,478,673.86		143,744,055.73	
	<b>2,010,643,429.38</b>		<b>2,018,791,748.19</b>	
Less : Purchases	1,813,286,555.21		1,831,917,458.98	
Less : Opening Stock	103,825,185.39		28,314,413.71	
<b>TOTAL</b>	<b>93,531,688.78</b>		<b>158,559,875.50</b>	
<b><u>SCHEDULE 'N'</u></b>				
<b><u>MISCELLANEOUS INCOME</u></b>				
Miscellaneous Receipt	157,116.00		39,852.94	
<b>TOTAL</b>	<b>157,116.00</b>		<b>39,852.94</b>	
<b><u>SCHEDULE 'O'</u></b>				
<b><u>PAYMENTS TO AND PROVISIONS FOR EMPLOYEES</u></b>				
Salary & Bonus	10,133,621.99		4,125,736.00	
Employer Contribution to Provident Fund	89,213.00		42,797.00	
Gratuity	315,333.00		135,046.00	
Staff Welfare	1,861,893.40		1,227,766.00	
<b>TOTAL</b>	<b>12,400,061.39</b>		<b>5,531,345.00</b>	



## Schedules Forming Part of the Balance Sheet and Profit &amp; Loss Account

	2006-2007		2005-2006	
	Rs.	P.	Rs.	P.
<b><u>SCHEDULE 'P'</u></b>				
<b><u>OTHER EXPENSES</u></b>				
Advertisement	140,490.65		32,040.00	
Auditors Remuneration	92,000.00		60,000.00	
Bad Debts W/O	—		821,692.81	
Bank Charges and Guarantee Commission	2,284,214.06		1,503,660.13	
Books & Periodicals	15,984.00		21,610.00	
Broker Note Stamp	3,899,344.00		2,232,947.00	
Car Expenses	92,738.00		62,565.65	
Communication(including V-SAT) Expenses	4,797,233.49		4,905,714.35	
Computer & Software Expenses	1,595,393.13		1,749,772.16	
Depository Charges	106,423.84		111,229.47	
Donation	58,502.00		500,000.00	
Electricity Charges	1,717,837.81		1,483,178.65	
Fees & Subscription	2,343,771.29		1,659,767.33	
General Expenses	197,970.93		128,423.80	
Insurance Charges	271,003.96		207,288.00	
Internal Audit Fees	332,500.00		77,412.20	
NSDL/CDSL Charges	409,672.37		518,231.13	
NSE, BSE,SEBI Expenses	16,954,125.44		14,007,492.95	
Postage & Courriers	149,913.63		129,271.00	
Printing & Stationery	952,722.40		900,883.95	
Professional Charges	7,282,303.00		7,159,000.00	
Legal & Professional Fees	109,925.00		129,464.50	
Rates & Taxes	94,738.93		138,398.25	
Registration & Share Transfer Expenses	12,000.00		12,000.00	
Rent	1,405,785.58		481,176.78	
Repairs & Maintenance	1,561,578.24		1,103,047.26	
Service Tax	—		78,036.00	
Sub Brokerage	628,227.96		3,546,155.00	
Training Charges	369,147.05		234,500.00	
Travelling & Conveyance Expenses	832,720.75		287,065.00	
<b>TOTAL</b>	<b>48,708,267.51</b>		<b>44,282,023.37</b>	

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**Schedules Forming Part of the Balance Sheet and Profit & Loss Account**

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**SCHEDULE - O****SIGNIFICANT ACCOUNTING POLICIES AND NOTES :****Significant Accounting Policies****(a) System of Accounting**

The Financial Statements are prepared under the historical cost convention, on accrual basis and in accordance with the provision of the Companies Act, 1956.

**(b) Fixed Assets**

(i) Fixed Assets are stated at their original cost of acquisition less accumulated depreciation.

(ii) Depreciation on fixed assets has been provided under written down value method on pro-rata basis as per rate prescribed under Schedule XIV of the Companies Act, 1956.

**(c) Inventory**

Inventories are valued at lower of cost or market price. The cost of the shares are determined on First In & First Out Basis.

**(d) Investments**

Long term Investments are stated at cost less provision for diminution in the value other than temporary, in the value of Investments.

**(e) Retirement Benefit****(i) Defined Contribution Plan :**

Company's contribution paid/payable during the year to the Provident Fund is charged to Profit and Loss Account.

**(ii) Defined Benefit Plan :**

The Company has opted for a Group Gratuity-cum Life Assurance Scheme of the Life Insurance Corporation of India (LIC), and contribution towards gratuity liability as determined by LIC is charged to the Profit & Loss Account. As far as company's liabilities towards leave encashment, company has the policy of paying the leave encashment at the end of the financial year.

**(f) Derivative Market Trading**

1. In respect of Option Contract, premium paid for contract expiring beyond the balance sheet date has been treated as current assets, adjusted for loss, if any

2. In respect of Futures Contract, Mark-to-Market debit balance has been recognized in the Profit & Loss Account and Mark-to-Market credit balance has been treated as current liabilities as per the guidance note issued by ICAI on accounting of Future & Option contract.

**(g) Taxation**

Provision of current tax is made with reference to taxable income computed for the accounting period for which the financial statements are prepared by applying the tax rates as applicable. The deferred tax charge is recognized using enacted tax rate. Deferred tax assets/liabilities are reviewed as at balance sheet date based on the developments during the year and reassess realization/liabilities in terms of AS-22 issued by ICAI.

## Schedules Forming Part of the Balance Sheet and Profit &amp; Loss Account

## Notes on Accounts

## 1. a) Contingent Liability

**Bank Guarantee :** The Company has taken Bank Guarantee of Rs. 1,050 Lakhs from HDFC Bank Ltd. against pledge of fixed deposit receipts of Rs. 525 Lakhs, of Rs. 100 Lakhs from Dhanlaxmi Bank Ltd. against pledge of fixed deposit receipts of Rs. 50 Lakhs, of Rs. 500 Lakhs from Punjab National Bank against pledge of Fixed Deposit of Rs. 250 Lakhs and of Rs. 100 Lakhs from United Bank of India against pledge of fixed deposits of Rs. 50 lakhs and creation of first charge against movable Plant & Machinery and book debts. The company has also taken bank guarantee of Rs. 200 Lakhs from Oriental Bank of Commerce against pledge of fixed deposits of Rs. 100 lakhs and creation of second charge against movable Plant & Machinery and book debts. The above mentioned bank guarantees have been given as margin money in favour of National Securities Clearing Corporation Ltd. The Company has taken Bank Guarantee of Rs. 80 lakhs against pledge of fixed deposit of Rs. 40 lakhs which has been given as Margin Money in favour of BOI Shareholding Limited for trading in Future & Option Segment of Bombay Stock Exchange Limited. The Company has taken Bank Guarantee of Rs. 150 Lakhs from HDFC Bank Ltd. against pledge of fixed deposit receipts of Rs. 75 Lakhs which has been given as margin money in favour of BOI Shareholding Limited, towards margin money and trade guarantee fund for trading in Capital Market Segment.

## b) Capital Commitment for Office

The company has made an application for the purchase of Office at Siliguri to Ambuja Realty Development Limited and paid Rs. 12,70,200 as application money, which represent 15% of cost. The company has a capital commitment of Rs. 71,97,800/- towards balance 85% of cost.

The company has taken an office at 4, Brabourne Road, 5th Floor, Kolkata - 700 001 on long term lease, in which set up work is going on. The estimated cost of total set up work out to be Rs. 2,70,55,330 out of which Rs. 1,08,45,127 has been incurred which is shown under Capital Work In Progress. There is a capital commitment of Rs. 1,62,10,203 towards the same.

## 2. Director's Remuneration

Salary & Bonus includes Rs. 7,20,000/- for the year 2006-2007 (Rs. 3,31,167 for the year 2005-2006). payment to Director's towards managerial remuneration under Section 198 of the Companies Act, 1956. Payments made to Directors are as follow :

Name of the DirectorAmount of Remuneration

1. Shri Rajesh Kumar Bajaj	Rs. 4,20,000/-
2. Shri Sudheer Kumar Jain	Rs. 3,00,000/-

1% commission on Net Profit payable to directors have been waived off by the directors. Consent letter for the wavier of the same has been received from the directors.

## 3. Compliance of Accounting Standards issued by the Institute of Chartered Accountants of India.

## (a) Segment Reporting

The company's operation predominantly comprises of only one segment "Activity relating to Capital Market" and therefore segment reporting is not applicable to the company.

## (b) Related Party Disclosure

Information given in accordance with Accounting Standard - 18

## (1) Related Party Relationship

i. Enterprises over which key management personnel exercises significant influence or where common control exists :

1. Ratnagiri Barter Pvt. Ltd.
2. Ridhi Sidhi Distributors Pvt. Ltd.
3. Choudhary Distributors Pvt. Ltd.
4. Lohia Commodities Pvt. Ltd.
5. Naryani Commodities (P) Ltd.
6. Narayani On Line Trading & Commodities Market (P) Ltd.
7. Naryani Electro Soft (P) Ltd.
8. Snehdeep Commerce (P) Ltd.

## Schedules Forming Part of the Balance Sheet and Profit &amp; Loss Account

## ii. Key Management Personnel:

1. Shri Rajesh Kumar Bajaj
2. Shri Sudheer Kumar Jain

## iii. Relatives of Key Management Personnel :

1. Necna Jain - Wife of Whole Time Director
2. Padam Chand Jain - Father of Whole Time Director
3. Rajesh Kumar Bajaj (HUF) - Managing Director is the Karta
4. Ramesh Kumar Bajaj - Brother of Managing Director
5. Sanjay Kumar Jain - Brother of Whole Time Director
6. Sudheer Kumar Jain (HUF) - Whole Time Director is the Karta
7. Sunita Bajaj - Wife of Managing Director
8. Bhanwari Devi Jain - Mother of Whole Time Director
9. Sanjay Kumar Jain (HUF) - Whole Time Director's Brother is Karta
10. Padam Chand Jain (HUF) - Whole Time Director's Father is Karta

## (2) Transactions with Related Parties :

(Figures in Lakhs)

Description of the nature of Transaction	Associates	Key Management Personnel	Relatives of Key Management Personnel
Brokerage Earned	1.43 (0.35)	0.01 (0.01)	3.47 (0.07)
Remuneration	— (—)	7.20 (3.31)	(—) (—)
Margin Deposit with the Company	19.6 (58.92)	(—) —	— (—)
Interest	2.32 (12.96)	(—) —	— (—)
Rent, Electricity & Maintenance Expenses	7.59 (4.97)	(—) —	— (—)

\* Previous year figures are given in bracket

## 4. Outstanding contracts

Outstanding contracts of the clients for the settlement period for which delivery / Expiry has not taken place has not been considered for the purpose of financial statement made up to 31st March' 2007. However brokerage income on such contract has been accounted for.

## 5. Auditors Remuneration

	2006-2007	2005-2006
(a) Statutory Audit Fee	40,000.00	30,000.00
(b) Tax Audit Fee	10,000.00	8,000.00
(c) Certification & Other Charges	42,000.00	22,000.00

## 6. Additional information pursuant to part - IV of Schedule VI to the Companies Act, 1956 is annexed as Annexure - I hereto.

## 7. The company has obtained a bank overdraft limit of Rs. 180 Lakhs from HDFC Bank Ltd and of 45 Lakhs from ICICI Bank Ltd. against pledge of Fixed Deposits of Rs. 200 Lakhs &amp; Rs. 50 Lakhs respectively

## 8. The company has pledged fixed deposits of Rs. 80 Lacs with national Securities Clearing Corporation Limited and of Rs. 7.50 Lacs with BOI shareholding Limited towards margin money.

## Schedules Forming Part of the Balance Sheet and Profit &amp; Loss Account

## 9. Quantitative details of item traded during the year ended 31st March, 2007.

	2006-2007		2005-2006	
	Qty.	Amount	Qty.	Amount
<b>Opening Stock</b>				
Shares	18,81,301	10,38,25,185.39	3,99,750	2,83,14,413.71
Mutual Fund	Nil	Nil	Nil	Nil
		<u>10,38,25,185.39</u>		<u>2,83,14,413.71</u>
<b>Purchases</b>				
Shares	1,63,84,844	150,30,56,028.50	1,97,65,895	172,88,67,458.98
Mutal Fund	2,42,56,417.15	31,02,30,526.71	75,40,250.63	10,30,50,000.00
		<u>181,32,86,555.21</u>		<u>183,19,17,458.98</u>
<b>Sales</b>				
Shares	1,74,80,197	154,07,77,953.61	1,82,84,344	166,84,28,501.88
Mutal Fund	2,41,56,417.15	31,07,07,559.45	75,40,250.63	10,27,94,005.19
		<u>185,14,85,513.06</u>		<u>177,12,22,507.07</u>
<b>Closing Stock</b>				
Shares	7,85,948	5,96,79,242.46	18,81,301	10,38,25,185.39
		<u>5,96,79,242.46</u>		<u>10,38,25,185.39</u>

## 10. The Company has pledged the following shares with the National Securities Clearing Corporation of India Ltd. towards Margin Money.

Name of the Company	No. of Shares	Book Value (Rs.)
Himachal Futuristic & Communication Ltd.	5,500	1,22,375
	<u>5,500</u>	<u>1,22,375</u>

## 11. The Company has pledged the following shares with the HDFC Bank Ltd. towards Loan against security.

Name of the Company	No. of Shares	Book Value (Rs.)
1. Atul Limited	11,500	9,81,525
2. Bank of Rajasthan Ltd	5,600	2,17,000
3. Ballarpur Industries Limited	9,000	9,65,250
4. Dewan Housing Finance Corporation Limited	25,000	15,27,500
5. Esab India Limited	1,500	4,56,900
6. Gail India Limited	1,500	3,96,825
7. Ganesh Housing Corporation Limited	5,800	5,39,110
8. Great Offshore Limited	1,500	8,62,601
9. IDFC Limited	4,500	3,76,650
10. India Bulls Finance Services Limited	4,500	18,79,200
11. Matrix Laboratories Limited	800	1,40,000
12. Network 18 Fin Limited	15,000	51,19,500
13. Pricol Limited	17,000	5,58,450
14. Raymond Limited	500	1,69,313
15. Rolta India Limited	4,000	13,25,200
16. Surya Pharmaceutical Limited	7,000	4,37,150
17. Tata Elxsi(I) Limited	2,200	6,30,212
18. Welspun Gujstani Rohren Limited	2,000	2,07,800
19. Welspun Limited	2500	1,78,250
<b>TOTAL</b>	<u>1,21,400</u>	<u>1,69,68,436</u>

## Schedules Forming Part of the Balance Sheet and Profit &amp; Loss Account

## 12. Expenditure in Foreign Currency

The company has incurred the Rs. 8,35,389.94/- (Previous year - NIL) in foreign currency for the purchase of electrical fittings for the Networking at New Office at Brabourne Road.

## 13. Components of Deferred Tax Liability (Net) shown in the Balance Sheet is as follow :

Particulars	As at 31.03.2006 (Rs.)	For the year	As at 31.03.2007 (Rs.)
<b>Liability Items :</b>			
Depreciation	987,690.00	1,60,700.00	1,148,390.00
<b>Asset Items</b>			
Brought Forward Loss	(16,050.00)	(160.00)	(16,210.00)
Disallowance U/s.40(b)	(1,450.00)	(5,40,790.00)	(542,240.00)
<b>Deferred Tax Liability (Net)</b>	<u>970,190.00</u>	<u>(3,80,250.00)</u>	<u>589,940.00</u>

## 14. In respect of Option Contract, position of open interest as on the Balance Sheet date is as under :

## A) Option Contract in respect of which premium is paid

Name of the Stock Option	Option Premium Carried Forward Net of Loss (Rs.)
ABB	148,300.00
ALOKTEXT	63,147.50
BAJAJHIND	271,082.50
BALRAMCHIN	840.00
BANKBARODA	21,000.00
BHARATFORG	12,100.00
BOMDYEING	10,500.00
CAIRN	17,250.00
CENTURYTEX	40,183.75
CESC	11,000.00
COLGATE	4,672.50
CUMMINSIND	2,850.00
DIVISLAB	49,975.00
GESHIP	1,830.00
GUJAMBCEM	5,051.90
HINDLEVER	48,550.00
ICICIBANK	44,747.50
IDBI	6,840.00
I-FLEX	6,000.00
IVRCLINFRA	14,250.00
JPASSOCIAT	11,325.00
MARUTI	25,620.00
MATRIXLABS	6,250.00
ONGC	1,361.25
PARSVNATH	20,860.00
RELCAPITAL	7,755.00
SAIL	64,530.00
SBIN	20,000.00
SIEMENS	22,500.00
SUZLON	11,000.00
SYNDIBANK	19,000.00

## Schedules Forming Part of the Balance Sheet and Profit &amp; Loss Account

Name of the Stock Option	Option Premium Carried Forward Net of Loss (Rs.)
TATASTEEL	98,516.25
UNIONBANK	15,540.00
WIPRO	5,940.00
ASHOKLEY	8,356.25
BPCL	15,840.00
DRREDDY	22,860.00
GAIL	51,187.50
HCLTECH	14,430.00
HINDALCO	1,196.25
HINDPETRO	25,870.00
IDEA	36,180.00
IDFC	37,465.00
ITC	36,112.50
JPHYDRO	5,312.50
M&M	41,062.50
NATIONALUM	5,750.00
NTPC	154,700.00
RANBAXY	15,520.00
RPL	425,785.00
SCI	32,000.00
TCS	5,237.50
<b>Sub-Total : (i)</b>	<b><u>2,045,233.15</u></b>
<b>Name of the Index Option</b>	
NIFTY	9,77,667.50
<b>Sub-Total : (ii)</b>	<b><u>9,77,667.50</u></b>
<b>Total : A (i+ii)</b>	<b><u>30,22,900.65</u></b>

## B) Option Contract in respect of which premium is received

Name of the Script	Option Premium Carried Forward Inclusive of Loss
IFCI	2,907,450.00
PRAJIND	495.00
TATAMOTORS	10,341.20
ACC	1,837.50
BHARTIARTL	14,200.00
INDIACEM	8,410.00
RCOM	16,625.00
RELIANCE	6,877.50
SATYAMCOMP	8,280.00
<b>Sub-Total : (B)</b>	<b><u>2,974,516.20</u></b>
<b>Total : (A-B)</b>	<b>48,384.45</b>

## Schedules Forming Part of the Balance Sheet and Profit &amp; Loss Account

Net open positions in respect of future contract are as follow :

Name of the Equity Stock Future	No of Contracts	No of Units	
		Long	Short
ABAN 26 April 07	15	3,000	-
ABB 26 April 07	2	1,000	-
ACC 26 April 07	7	2,625	-
ALBK 26 April 07	2	4,900	-
ALOKTEXT 26 April 07	5	-	16,750
ASHOKLEY 26 April 07	3	14,325	-
BAJAJHIND 26 April 07	9	-	17,100
BANKBARODA 26 April 07	2	-	2,800
BHARTIARTL 26 April 07	2	1,000	-
BHEL 26 April 07	1	150	-
BILT 26 April 07	25	47,500	-
BOMDYEING 26 April 07	1	-	300
CAIRN 26 April 07	3	7,500	-
CANBK 26 April 07	4	6,400	-
CENTURYTEX 26 April 07	4	1,700	-
CESC 26 April 07	1	550	-
COLGATE 26 April 07	1	-	525
CUMMINSIND 26 April 07	22	20,900	-
DABUR 31 May 07	1	-	2,700
DRREDDY 26 April 07	3	1,200	-
FEDERALBNK 26 April 07	1	-	1,300
GAIL 26 April 07	3	-	4,500
GDL 26 April 07	3	3,000	-
GNFC 26 April 07	2	-	5,900
GRASIM 26 April 07	1	525	-
GUJALKALI 26 April 07	2	2,800	-
GUJAMBCEM 26 April 07	3	-	6,186
GUJAMBCEM 31 May 07	2	4,124	-
HCC 26 April 07	5	7,000	-
HCC 31 May 07	3	-	4,200
HCLTECH 26 April 07	12	-	7,800
HINDALCO 26 April 07	1	1,595	-
HINDALCO 31 MAY 07	1	-	1,595
HINDLEVER 26 April 07	6	-	6,000
HINDPETRO 26 April 07	2	2,600	-
ICICIBANK 26 April 07	10	3,500	-
ICICIBANK 31 May 07	1	-	350
IDEA 26 April 07	1	-	2,700
IDFC 26 April 07	2	5,900	-
IFCI 26 April 07	20	1,57,500	-
IFLEX 26 April 07	3	-	450
IFLEX 31 May 07	1	150	-
INDHOTEL 26 April 07	20	-	35,000
INDIACEM 26 April 07	10	14,500	-
INFOSYSTCH 26 April 07	4	400	-
IOB 26 April 07	1	-	2,950
IOB 31 May 07	1	2,950	-
IPCL 31 May 07	1	1,100	-
ITC 26 April 07	1	-	1,125
ITC 31 May 07	1	2,250	-
IVRCLINFRA 26 April 07	2	1,000	-



## Schedules Forming Part of the Balance Sheet and Profit &amp; Loss Account

Name of the Equity Stock Future	No of Contracts	No of Units	
		Long	Short
JPHYDRO 26 April 07	3	-	18,750
JSTAINLESS 26 April 07	2	4,000	-
MATRIXLABS 26 April 07	20	25,000	-
MRPL 26 April 07	2	-	17,800
NATIONALUM 31 May 07	1	-	1,150
NICOLASPIR 26 April 07	14	14,630	-
NTPC 26 April 07	12	-	19,500
ONGC 26 April 07	1	-	225
ONGC 31 May 07	1	-	450
ORIENTBANK 26 April 07	8	9,600	-
PARSVNATH 26 April 07	2	1,400	-
PARSVNATH 31 May 07	1	-	700
PFC 26 April 07	1	-	2,400
PFC 31 May 07	1	2,400	-
PNB 26 April 07	1	600	-
POLARIS 26 April 07	1	-	1,400
PRAJIND 26 April 07	5	5,500	-
PRAJIND 31 May 07	1	1,100	-
PUNJILLOYD 26 April 07	33	-	49,500
RANBAXY 26 April 07	6	4,800	-
RANBAXY 31 May 07	1	-	800
RCOM 26 April 07	7	-	4,900
REL 26 April 07	3	1,650	-
RELCAPITAL 26 April 07	1	-	550
RELIANCE 26 April 07	2	-	300
RENUKA 26 April 07	1	1,000	-
RPL 26 April 07	21	-	70,350
SAIL 26 April 07	3	-	8,100
SATYAMCOMP 26 April 07	4	2,400	-
SBIN 26 April 07	13	3,250	-
SCI 26 April 07	3	-	4,800
SESAGOA 26 April 07	3	-	450
SESAGOA 31 May 07	3	450	-
SIEMENS 26 April 07	8	3,000	-
SIEMENS 31 May 07	4	-	752
SOBHA 26 April 07	3	1,050	-
SUZLON 26 April 07	1	200	-
SYNDIBANK 26 April 07	2	7,600	-
TATAMOTORS 26 April 07	5	2,060	-
TATASTEEL 26 April 07	25	16,875	-
TATASTEEL 31 May 07	8	-	5,400
TCS 26 April 07	1	250	-
TRIVENI 26 April 07	1	3,850	-
TVSMOTOR 26 April 07	1	2,950	-
UNIONBANK 26 April 07	1	-	2,100
VOLTAS 26 April 07	4	14,400	-
VSNL 26 April 07	1	-	525
TOTAL 26 April 07		<u>4,56,359</u>	<u>3,32,233</u>
NIFTY 26 April 07	66	3,300	-
NIFTY 31 May 07	2	100	-
TOTAL 26 April 07		<u>3,400</u>	<u>-</u>

## Schedules Forming Part of the Balance Sheet and Profit &amp; Loss Account

15. Capital Work-in-progress represent the expenditure incurred for the new office taken on lease at 4, Barbourne Road, Kolkata - 700 001. Followings are the details of Capital Work In Progress :

PARTICULARS	Amount Rs.
1. Installation of Air Conditioner	10,63,678.00
2. Electrical Installation	27,69,793.64
3. Furniture & Fittings	51,51,402.33
4. Office Equipment	2,73,500.00
5. Computer Accessories & Networking	15,86,754.00
<b>TOTAL</b>	<b><u>1,08,45,127.97</u></b>

16. The deferred payment liability amounting Rs. 12,01,158.00 included under Secured Loan in Balance Sheet represent Principal amount of installments of Term Loan taken from ICIC Bank Ltd., which is due within 12 months.
17. Previous year's figure have been re-grouped/re-arranged wherever considered necessary.

For Patni & Co.  
Chartered Accountants

**S. Sureka**  
Partner  
Membership No. 57918

Kolkata, The 29th day of June, 2007

For and on behalf of Board of Directors

**Narendra Kumar Rai**  
Company Secretary

**Rajesh Kumar Bajaj**  
Managing Director

**Sudheer Kumar Jain**  
Whole-time Director

## Cash Flow Statement For the Year Ended 31st March, 2007

Pursuant to Clause 32 of Listing Agreements(s) (as amended)

	31.3.2007		31.3.2006	
	Rs. Lacs	Rs. Lacs	Rs. Lacs	Rs. Lacs
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit Before Tax & Extraordinary Items		653.66		1,421.49
Add : Adjustment for :				
Depreciation	49.65		45.40	
Interest on Loan	71.63	121.28	60.56	105.96
		774.94		1,527.45
Less : Profit on Sale of Investment		1.14		—
		773.80		1,527.45
Operating Profit before Working Capital Adjustment				
(Increase)/Decrease in Inventories	441.46		(755.11)	
(Increase)/Decrease in Debtors	8.96		217.00	
(Increase)/Decrease in Loans & Advances	367.14		(288.62)	
Increase/(Decrease) in Current Liabilities	(239.59)	577.97	329.74	(496.99)
		1,351.77		1,030.46
Payment of Tax		620.97		(407.84)
<b>Net cash flow from operating activities</b>		<b>730.80</b>		<b>622.62</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Sale Proceed of Investment	2.85		—	
Purchase of Investment	(10.00)		—	
Purchase of fixed assets	(91.05)		(54.34)	
Capital Work-in-Progress	(108.45)		—	
(Increase)/decrease in fixed deposit	(458.56)		(203.39)	
<b>Net cash used in investing activities</b>		<b>(665.20)</b>		<b>(257.73)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Increase/(Decrease) in Secured Loan	(168.05)		230.05	
Increase/(Decrease) in Unsecured Loan	(86.00)		(283.69)	
Payment of Dividend & Dividend Tax	(22.81)		(11.40)	
Interest Paid	(71.63)		(60.56)	
Share Capital & Security Premium	0.36		—	
Misc. Expenses W/off	(0.15)		0.27	
<b>Net cash realised from financing activities</b>		<b>(348.28)</b>		<b>(125.33)</b>
Net Increase/(Decrease) in cash and cash equivalent		<b>(282.68)</b>		<b>239.56</b>
Add : Cash and cash equivalent as at 01.04.2006		<b>360.39</b>		<b>120.83</b>
<b>Cash and cash equivalent as at 31.3.2007</b>		<b>77.71</b>		<b>360.39</b>

For Patni & Co.  
Chartered Accountants

S. Sureka  
Partner  
Membership No. 57918

Kolkata, The 29th day of June, 2007

For and on behalf of Board of Directors

Narendra Kumar Rai  
Company Secretary

Rajesh Kumar Bajaj  
Managing Director

Sudheer Kumar Jain  
Whole-time Director

Statement Pursuant to Part - IV of Schedule - VI of the Companies Act, 1956

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

i) **REGISTRATION DETAILS**

Registration No. : L67120WB1995PLC067195

State Code : 21

Balance Sheet Date : 31.03.2007

ii) **CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. '000)**

Public Issue     N I L

Right Issue     N I L

Bonus Issue     N I L

Private Placement     N I L

iii) **POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. '000)**

Total Liabilities  3  1  0  6  5  9

Total Assets  3  1  0  6  5  9

**Sources of Funds :**

Paid up Capital   4  9  7  9  6

Reserves & Surplus  1  7  1  6  4  4

Secured Loans   1  3  6  2  1

Unsecured Loans   4  1  3  0  0

Deferred Tax Liabilities     5  9  0

**Application of Funds :**

Net Fixed Assets   3  0  0  7  8

Investments    2  7  9  5

Net Current Assets  2  4  4  0  5  2

Misc. Expenditure      2  6

Accumulated Losses     N I L

iv) **PERFORMANCE OF COMPANY (AMOUNT IN RS. '000)**

Turnover  1  3  8  7  2  4

Total Expenditure   7  3  3  5  9

Profit/(Loss) before Tax   6  5  3  6  5

Profit/(Loss) after Tax    4  6  3  3

Earning per Share in Rs.   0  .  9  3

Dividend Rate (%)     1  0

v) **GENERIC NAME OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY (AS PER MONETARY ITEMS)**

Item Code No. (ITC Code) : N.A.

Product Description : Shares & Securities

For and on behalf of Board of Directors

**Narendra Kumar Rai**  
Company Secretary

**Rajesh Kumar Bajaj**  
Managing Director

**Sudheer Kumar Jain**  
Whole-time Director