

## RR FINANCIAL CONSULTANTS LIMITED



ANNUAL REPORT  
FOR THE PERIOD  
01.01.2003 TO 31.03.2004

**DIRECTORS' REPORT****TO THE MEMBERS OF RR FINANCIAL CONSULTANTS LIMITED**

Your Directors have pleasure in presenting the 17<sup>th</sup> Annual Report together with the Audited Accounts of the Company for the fifteen-month period 1st January, 2003 to 31st March, 2004.

**OPERATING RESULTS**

The Company's performance for the fifteen month period ended 31<sup>st</sup> March, 2004 has been satisfactory and the operating financial results are as summarised below:

|   | (Rs. In Lakh)  |                 |
|---|----------------|-----------------|
|   | Current Period | Previous Period |
| Gross Income  | 1290.11        | 965.05          |
| Profit/(Loss) before Depreciation and Taxation                    | 148.83         | (42.65)         |
| Depreciation  | 38.86          | 39.83           |
| Provision for Taxation  | 12.00          | 2.50            |
| Profit after Tax and Depreciation                                 | 97.97          | (84.98)         |
| Less: Income Tax Adjustment/ Adjustment relating to earlier years | 24.48          | -               |
| Profit available for appropriation                                | 73.49          | (84.98)         |
| Transfer to General Reserve                                       | -              | -               |
| Balance carried to Balance Sheet                                  | 73.49          | (84.98)         |

**DIVIDEND**

In view of the continuing need to conserve resources, no dividend has been recommended for the period under review.

**PERFORMANCE**

The total income of your company during the period under review is Rs.1290.11 Lakh as compared to Rs.965.05 Lakh in the previous period, registering an increase by Rs.325.06 lakh. The company registered a profit after tax and depreciation amounting to Rs.73.49 lakh as against loss of Rs.84.98 lakh in the previous period.

## DIRECTORS

Mr. Mahesh Chand Agarwal Director of the company retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

## DIRECTORS RESPONSIBILITY STATEMENT

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

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) that the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
- iii) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company for preventing and detecting fraud and other irregularities;
- iv) that the directors have prepared the annual accounts on a going concern basis.

## AUDIT COMMITTEE

The Board of Directors of the Company has constituted an Audit Committee of the Board in terms of provisions of Section 292A of the Companies Act, 1956.

## AUDITORS

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

**FIXED DEPOSITS**

The company has not invited, accepted, or renewed any fixed deposit during period and the company has no deposit, which is due or unclaimed at the end of the period.

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

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

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

**PERSONNEL**

Relations between the employees and the management remained cordial during the year under review. Your Directors place on record their appreciation for the efficient and dedicated services rendered by the employees of the company.

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

**CORPORATE GOVERNANCE**

In compliance with Clause 49 of Listing Agreement a report on Corporate Governance along with Auditors' Certificate is attached as Annexure to this Report.

**MANAGEMENT ANALYSIS AND DISCUSSION REPORT**

Management Discussion and Analysis Report as required under the Listing Agreement with Stock Exchanges is attached as Annexure to this Report.

**LISTING ON STOCK EXCHANGES**

The shares of the company are listed with Delhi, Mumbai, Kolkata, Kanpur, Madras and Ludhiana Stock Exchanges. With the wide and extensive network of Mumbai Stock Exchange, the investors have access to online dealings in the company's equity shares across the country. The company is taking steps to delist its equity shares from Delhi, Madras, Kolkata, Kanpur and Ludhiana stock exchanges as there is hardly any trading on these stock exchanges and listing fee payable to these stock exchanges no more offer

commensurate benefits to the company and its investors. Therefore, delisting of the equity shares from all but The Stock Exchange-Mumbai is considered necessary firstly on the ground that the cost to the company would stand reduced and secondly that the interest of the investor including that of the members located in the regions where the said Stock Exchanges are located would remain unaffected.

There was no trading in shares of the Company during the period under review. The revocation of suspension in trading by BSE due to some pending compliance is under way.

## ACKNOWLEDGEMENT

Your Directors place on record their deep appreciation and gratitude for the co-operation and assistance extended to the company by Stock Exchanges, SEBI, RBI, Banks, Clients and various Govt. departments. Your Directors also wish to place on record their appreciation of the whole hearted and continuous support extended by the members who have always been a source of strength for the company.

By order of the Board  
For RR FINANCIAL CONSULTANTS LTD.

Date 31<sup>st</sup> May, 2004  
New Delhi

Sd/=   
Raghunandan Prasad  
Director

Sd/=   
Rajat Prasad  
Managing Director

## REPORT ON CORPORATE GOVERNANCE

The detailed report on Corporate Governance as per the format prescribed by SEBI and incorporated in Clause 49 of the Listing Agreement is set out below:-

### 1. Company's philosophy on Code of Governance:

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

### 2. Board of Directors

| S. No | Name                    | Category      | Attendance at Board Meetings | Attended last AGM | No. of other Direct or-ship | No. of other Committee Memberships |           |
|-------|-------------------------|---------------|------------------------------|-------------------|-----------------------------|------------------------------------|-----------|
|       |                         |               |                              |                   |                             | Memb er                            | Chairma n |
| 1     | Mr. Rajat Prasad        | Executive     | 13                           | Yes               | 8                           | Nil                                | Nil       |
| 2     | Mr.Raghunandan Prasad   | Non Executive | 13                           | Yes               | 22                          | 3                                  | 2         |
| 3     | Mr.Mahesh Chand Agarwal | -do-          | 13                           | Yes               | 1                           | 3                                  | 1         |

During the financial period 01.01.2003 to 31.03.2004 , thirteen Board Meetings were held on 18.02.2003, 25.02.2003, 08.04.2003, 30.04.2003, 24.05.2003, 27.05.2003, 07.07.2003, 31.07.2003, 31.10.2003, 18.11.2003, 19.11.2003, 31.01.2004 and 29.03.2004. The maximum time gap between any two meetings was not more than four months.

### 3. Information about Directors seeking Re-appointment:

|                     |                          |
|---------------------|--------------------------|
| Name of Director    | Sh. Mahesh Chand Agarwal |
| Date of Birth       | 02-04-1955               |
| Date of Appointment | 17-07-2000               |
| Qualification       | B.Tech. MS(USA)          |

|   |   |
|---|---|
| Expertise in specific functional area                             | Diversified business experience in industry, investment banking and Corporate Advisory.     |
| List of Companies in which Directorships held                     | 1. CMR Design Automation Private Limited  |
| Member of the Committees of the Board of Directors of the Company | 1. Audit Committee.<br>2. Share Transfer/ Investors Grievance Committee.<br>3. Remuneration |
| Chairman/Member of the Committees of Directors of other Companies |   |
| a) Audit Committee  | NIL   |
| b) Shareholders/ Investors Grievance Committee                    | NIL   |
| c) Remuneration Committee   | YES   |

#### 4. Audit Committee:

The company has Audit Committee comprising of two Directors who are Non-Executive and independent Directors. The terms of reference stipulated by the Board to the Audit Committee covers areas mentioned under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956 besides other terms as may be referred to by the Board of Directors.

The Audit Committee met six times during the period. The representative of the Statutory Auditor is invitee to the Audit Committee meetings and the Company Secretary acts as ex-officio Secretary of the Audit Committee. The details of attendance of the Members at the meetings are as under:-

| S. No | Name of the Director   | Position | Category                  | Attendance at Audit Committee Meetings |
|-------|------------------------|----------|---------------------------|--|
| 1     | Mr. Raghunandan Prasad | Chairman | Non-Executive             | 6                                      |
| 2     | Mr M.C.Agarwal         | Member   | Non-Executive Independent | 6                                      |

## 5. Remuneration

No remuneration was paid to any other Director on account of sitting fees for attending various Board Meetings/Committee Meetings.

Mr. Rajat Prasad was appointed Managing Director w.e.f. 30.09.2000 on a gross salary of Rs. 125000/= per month. However Mr. Rajat Prasad has not drawn any remuneration from the Company since October 2003.

## 6. Share Transfer-cum-Shareholders' Grievance Committee:

|  |  |
|--|--|
| a) Non-Executive                           | Mr. Raghunandan Prasad                   |
| b) Non-Executive Independent               | Mr. M. C. Agarwal                        |
| Name and Designation of Compliance Officer | Mr. Ravinder Sharma<br>Company Secretary |

During the year, the company received six complaints. All share transfer work was completed by our Share Transfer Agents within the statutory period except in some cases in which there was delay. On the date of this report four investors complaints are pending.

## 7. General Body Meetings:

The last three Annual General Meetings were held as under:-

| Financial Period | Date       | Time     | Location                                       |
|------------------|------------|----------|--|
| 2001-2002        | 26.03.2003 | 9.30 am  | 13/24, Village Daulatpur, New Delhi - 110 043. |
| 2000-2001        | 27.12.2001 | 9.30 am  | -do-   |
| 1999-2000        | 23.12.2000 | 10.00 am | YMCA Hall, Parliament Street, New Delhi-110001 |



**8. Disclosures:**

- a) There are no transactions of the company of material nature with Promoters, Directors, Management, subsidiaries, or relatives, etc. which would have potential conflict with the interest of the company at large.
- b) There were no penalties, strictures imposed on the company by Stock Exchanges or SEBI or any regulatory authority on any matter related to capital markets during last 3 years.

**9. Means of Communication:**

- a) No half yearly report is sent to shareholder.
- b) Quarterly/half yearly results as soon as finalised are furnished to the concerned Stock Exchange(s) by fax followed by confirmation copy thereof and are normally published in the Financial Express/ Business Standard (National Dailies) and Jansatta/Rashtra Ka Vidhaan (Regional Language) Newspaper in the normal course.
- c) At present the company is not having any website.
- d) The Management Discussion and Analysis Report forms part of the Directors' Report.

**10. General Shareholder Information :****(i) Annual General Meeting**

- Date & Time : 23.06.2004 at 9.00 a.m.
- Venue : 13/24, Village Daulatpur  
New Delhi-110043

**(ii) Financial Period** : 01.01.2003 to 31.03.2004

**(iii) Dates of Book Closure** : 20.06.2004 to 22.06.2004  
(Both days inclusive)

**(iv) Dividend Payment** : Nil

**(v) Listing on Stock Exchanges :**

The shares of the company are listed at Mumbai, Delhi, Kanpur, Ludhiana, Kolkata and Madras Stock Exchanges. However there is no trading except at Mumbai Stock Exchange.

**(vi) Stock Code: BSE : 511626**

**Stock Market Data:** There was no trading in shares of the Company during the period under review. The revocation of suspension in trading by BSE due to some pending compliances is under way.

**(vii) Share Transfer System :**

The shares of the company are compulsorily traded in the demat form. For physical transfers the valid share transfers are registered and intimation sent within 30 days to enable the Shareholders to opt for dematerialisation as per SEBI guidelines.

**(viii) Distribution Schedule of Shareholding as on 31<sup>st</sup> March, 2004:****ON THE BASIS OF VALUE OF SHARES HELD**

| Nominal Share Value (Rs.) | No. of Share holders | % age to total Share holders | No. of Shares held | % age to total Shares held |
|---------------------------|----------------------|------------------------------|--------------------|----------------------------|
| Upto 5000                 | 5366                 | 99.410                       | 1123170            | 20.31                      |
| 5000 -10000               | 7                    | 0.130                        | 42900              | 0.78                       |
| 10001 - 20000             | 5                    | 0.093                        | 109150             | 1.97                       |
| 20001 - 30000             | 5                    | 0.093                        | 125100             | 2.26                       |
| 30001 - 40000             | 3                    | 0.056                        | 100000             | 1.81                       |
| 40001 - 50000             | 0                    | 0                            | 0                  | 0                          |
| 50001 - 100000            | 6                    | 0.111                        | 407650             | 7.37                       |
| 100001 & ABOVE            | 6                    | 0.111                        | 3622380            | 65.50                      |
| <b>TOTAL</b>              | <b>5398</b>          | <b>100</b>                   | <b>5530350</b>     | <b>100</b>                 |

**ON THE BASIS OF CATEGORY**

|                         |                |            |
|-------------------------|----------------|------------|
| Promoters/ Associates   | 3117830*       | 56.38      |
| Bodies Corporate/Public | 2412520        | 43.62      |
| <b>TOTAL</b>            | <b>5530350</b> | <b>100</b> |

**Dematerialisation of Shares and Liquidity:**

Upto 31.03.2004, 7.55% of equity shares of the company stand dematerialised.