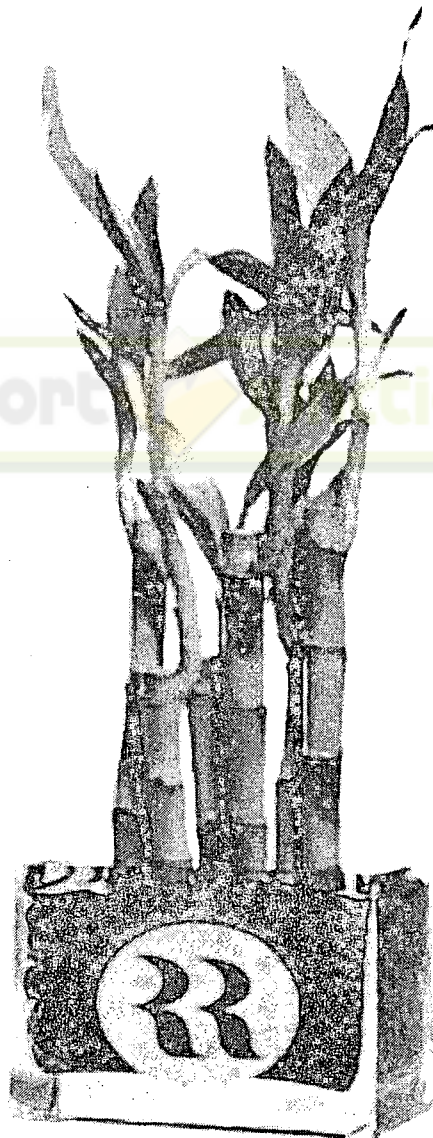


20th

**Annual Report of
RR Financial Consultants Limited**

2006-07



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RR Financial Consultants Limited

DEAR STAKEHOLDERS

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

Our principles are: -

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

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

-Sd-

RAGHUNANDAN PRASAD

Chairman

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BOARD OF DIRECTORS

Mr. Raghunandan Prasad

(NonExecutive-chairman)

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

Mr. Rajat Prasad

(Executive-Managing Director)

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

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

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

Mr. Ram Narain Saxena

(Non-Executive –Independent Director)

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

Mr. Mahesh Chandra Agarwal

(Non-Executive –Independent Director)

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

RR Financial Consultants Limited**ANNUAL REPORT 2007****BOARD OF DIRECTORS**

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

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

AUDITORS

M/s Sandeep Ramesh Gupta & Co.
 Chartered Accountants

B-102, East of Kailash
 New Delhi-110065

BANKERS

AXIS Bank Ltd.

Statesman House,
 148, Barakhamba Road
 New Delhi-110001

REGISTERED OFFICE

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

20th Annual General Meeting

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

RR Financial Consultants Limited**NOTICE**

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

ORDINARY BUSINESS

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

SPECIAL BUSINESS

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

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

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

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

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

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

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

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



RR Financial Consultants Limited

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

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

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

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

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

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

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

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

RR Financial Consultants Limited

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

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

By Order of the Board of Directors

-Sd-

Vinay K. Chawla
Company Secretary

Place : New Delhi
Date : 06.12.2007



NOTES:

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

RR Financial Consultants Limited

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

ITEM NO. 4

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

ITEM NO.5

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

ITEM NO.6

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

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

ITEM NO.7

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

ITEM NO.8

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

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

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

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