

# **RICH**

**12<sup>TH</sup> ANNUAL REPORT  
2001-2002**

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**RICH CAPITAL AND FINANCIAL  
SERVICES LIMITED**

**‘RICH PALACE’ 3/105, VISHNUPURI, KANPUR – 208 002  
PHONES : 561313, 561190, 561651**

**RICH CAPITAL & FINANCIAL SERVICES LIMITED, KANPUR**

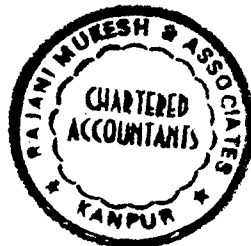
**AUDIT REPORT**

To,  
The Member of  
RICH CAPITAL AND FINANCIAL SERVICES LIMITED

We have audited the attached Balance Sheet of RICH CAPITAL AND FINANCIAL SERVICES LIMITED as at 31<sup>st</sup> March, 2002, and also the Profit & Loss Account of the Company for the period ended on that date annexed there to and report that:

1. As required by the manufacturing and other Companies (Auditor's Report) order, 1998 issued by the Company Law Board in terms of Section 227 (4-A) of the Companies Act, 1956, we annex here to a statement on the matter specified in paragraph 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph (1) above:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit:
  - b) In our opinion, proper books of account 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 the Profit & Loss Account dealt with by this report are in agreement with the books of accounts:
  - d) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view-
    - i) In the case of Balance Sheet, of state of affairs of the Company as at 31<sup>st</sup> March, 2002 and
    - ii) In the case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date.

For RAJANI MUKESH & ASSOCIATES,  
CHARTERED ACCOUNTANTS



*Mukesh Rajani*  
(MUKESH RAJANI)  
Proprietor

PALCE: KANPUR  
DATE : 29.06.2002

**ANNEXURE OF THE AUDITOR'S REPORT**

(Referred to in paragraph (1) of our report of even date)

1. The Company has maintained proper records to show full particulars including quantitative details and situation of Fixed Assets. We are informed by the management that the Fixed Assets have been physically verified by the management at the year end. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
2. The Company has not revalued any of its Fixed Assets during the period.
3. No discrepancies were noticed on verification of the stock as compared to book records.
4. In our opinion, the valuation of these stocks in fair and proper and in accordance with normally accepted accounting principles.
5. The Company has not taken any loan from Companies, Firm of other listed in the register maintained under section 301 of the Companies Act, 1956, and/or from Companies under the same management as defined under sub-section (1-B) of section 370 of Companies Act, 1956.
6. The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956, and/or from Companies under the same management as defined under sub-section (1-B) of section 370 of Companies Act, 1956.
7. In respect of loans or advance in the nature of loans given by the company, parties have repaid the principal and have also repaid the interest wherever applicable. In cases of defaults reasonable steps have been taken by the company for recovery.
8. 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 with regard to purchases of equipment and other assets.
9. According to information and explanation given to us there were no transactions of purchase of goods and materials and sale of good, materials and services aggregating during the year to Rs. 50,000/- or more in respect of each party in pursuances of contracts or engagements entered in the register maintained under section 301 of the Company Act, 1956.
10. There were no unserviceable or damaged stores, raw material of finished goods.
11. The Company has not accepted any deposit from public covered under the provision of section (58-A) of the Companies Act, 1956 and the companies (Acceptance of Deposits) Rules 1975.
12. There were no realizable by-products and scraps.
13. In our opinion, the Company has a system of internal audit commensurate with its size and the nature of its business.
14. The Central Government has not prescribed for maintenance during the relevant year, cost records under section 209 (1) (d) of the Companies Act, 1956 for the product of the company.
15. As explained, the provident fund act and Employees State Insurance Act are not applicable to the company.
16. According to the information and explanations given to us and the books and records examined by us, there were no undisputed amounts of Income Tax, Sales Tax, Custom Duty and Excise Duty outstanding for a period of more than six months as at 31<sup>st</sup> March, 2001 from the date they became payable.
17. During the course of our audit of books of accounts carried out in accordance with the generally accepted auditing practices, we have not come across any personal expenses which been charged to revenue accounts.
18. The company is not a sick Industrial Company within the meaning of section 3(1) (o) of the Sick Industrial Companies (Special Provision) Act, 1985.
19. In our opinion adequate documents and records are maintained by the Company in cases where loans and advances have been granted on the basis of security by way of pledge of shares, debentures and other securities.
20. The provisions of any special statute applicable to chit fund, Nidhi Mutual Benefit Society are not applicable to the company.



For RAJANI MUKESH & ASSOCIATES,  
CHARTERED ACCOUNTANTS

*Mukesh Rajani*  
(MUKESH RAJANI)  
Proprietor

PALCE: KANPUR  
DATE : 29.06.2002

**AUDITORS' CERTIFICATE**

(Under Clause 49 of the Listing Agreement)

**TO THE MEMBERS OF RICH CAPITAL & FINANCIAL SERVICES LTD.**

We have examined the compliance of condition of corporate governance by Rich Capital & Financial Services Ltd., for the year ended on 31<sup>st</sup> March, 2002, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange(s).

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

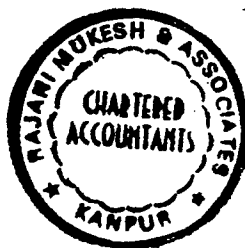
In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement, subject to the following:

1. The Audit Committee has only two (2) independent directors.
2. Chairman of the Audit Committee and Remuneration Committee is not an independent director.

We state that investor grievance(s) is/are pending for a period exceeding one month against the Company as per the records maintained by the Investors Grievance Committee.

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

Date: 29.06.2002



For Rajani Mukesh & Associates  
Chartered Accountant

*(Signature)*  
(Mukesh Rajani)  
Prop.

## CORPORATE GOVERNANCE

### 1. A BRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Rich Capital and Financial Services Ltd is committed to Good Corporate Governance. The fundamental objective of Rich's Corporate Governance is "enhancement of the long-term shareholder value while at the same time protecting the interest of other stakeholders." Rich's Code of Corporate Governance has been drafted in compliance with the code of "Corporate Governance" as promulgated by the Securities and Exchange Board of India (SEBI) on 25.01.2000.

### 2. BOARD OF DIRECTORS

The Board of Directors of Rich Capital & Financial Services Ltd is comprised of 4 Directors of which two are executive directors; and two are independent & Promoter directors.

During the Financial Year 2001-02, 8 meeting of the Board were held. These meetings were held on 15.04.2001, 12.07.2001, 30.08.2001, 30.09.2001, 16.10.2001, 20.12.2001, 14.01.2002, 11.03.2002

Details of Directors' attendance and other particulars are given below:

Director	No. of Board Meeting held	No. of Board Meeting attended	Last AGM attendance (Yes/No)	No. of memberships in Boards of other public Co.'s
Shashwat Agarwal	8	8	Yes	2
K. K. Agarwal	8	6	Yes	NIL
Rajeev Agarwal	8	8	Yes	1
Dhrupesh Shah	8	7	Yes	Nil

### 3. AUDIT COMMITTEE

#### Terms of Reference

The Audit Committee has inter alia the following mandate:



**Meeting and attendance during the year**

Members	Meetings Held	Meetings Attended
Mr. Shashwat Agarwal	2	2
Mr. Dhruvesh Shah	2	2
Mr. K. K. Agarwal	2	2

**Remuneration Policy**

The Committee recommends the remuneration payable to Executive Directors, based on their contribution to the growth and development of the Company.

**Details of remuneration paid/payable to all the Directors for FY 2001-02**

Mr. Shashwat Agarwal	-	Rs. 1,50,000/-
Mr. Rajeev Agarwal	-	Rs. 75,000/-

**5. INVESTORS' GRIEVANCE COMMITTEE****Terms of Reference**

The Investors' Grievance Committee facilitates prompt and effective redressal of shareholders' complaints and the reporting of the same to the Board periodically.

**Composition**

Mr. Shashwat Agarwal	-	Chairman
Mr. Dhruvesh Shat	-	Non-Executive Director
Mr. K. K. Agarwal	-	Non-Executive Director

**Meeting and attendance during the year**

Members	Meetings Held	Meetings Attended
Mr. Shashwat Agarwal	4	4
Mr. Dhruvesh Shah	4	4
Mr. K. K. Agarwal	4	4



1. Oversee Company's financial reporting process and disclosure of its financial information to ensure the financial statements are correct, sufficient and credible.
2. Recommend appointment and removal of Statutory auditors, fixation of audit fee and also approve payment for other services.
3. Review the adequacy of internal control systems with the Management, Statutory and internal auditors.
4. Review the Company's financial and risk management policies.

#### Composition

Mr. Shashwat Agarwal	-	Chairman
Mr. Dhruv Shah	-	Non-Executive Director
Mr. K. K. Agarwal	-	Non-Executive Director

#### Meetings and attendance during the year

Members	Meetings Held	Meetings Attended
Mr. Shashwat Agarwal	4	4
Mr. Dhruv Shah	4	4
Mr. K. K. Agarwal	4	4

#### 4. REMUNERATION COMMITTEE

##### Terms of Reference

The Remuneration Committee reviews the policy on remuneration packages for Executive Directors, their Service Contracts, Stock Option details etc.

However, remuneration to non-executive Directors will be decided by the Board of Directors.

##### Composition

Mr. Shashwat Agarwal	-	Chairman
Mr. Dhruv Shah	-	Non-Executive Director
Mr. K. K. Agarwal	-	Non-Executive Director





However trading of shares on Patna and Delhi Stock Exchanges have been remaining suspended since long.

## 8. MEANS OF COMMUNICATION

Half-Yearly report sent to each household shareholders.

No

Quarterly results – which newspapers normally published in; any website, where displayed; whether it also displays official news releases; and the presentations made to institutional investors or to the analysts

*The quarterly results are generally published in The Pioneer and Swatantra Bharat.*

Whether the Management Discussion and Analysis section is a part of the Annual Report or not

No

9. In line with recent amendments made to Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, Rich has formulated Policy on Prevention of Insider Trading applicable to the Company's Directors and all employees. This Policy was adopted by the Board at its Meeting held on 12<sup>th</sup> April, 2002.

10. As per Clause 49 of the Listing Agreement with Stock Exchange, Company is required to obtain a Certificate from the Auditors of the Company regarding compliance of conditions or Corporate Governance. Since the Company has implemented the Corporate Governance Code during the FY 2001-2002, the Auditors' Certificate in respect of Compliance thereof is enclosed in this Annual Report.

