

21<sup>st</sup> ANNUAL REPORT  
2011-2012



BOOK-POST

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**RISHAB FINANCIAL SERVICES LTD.,**

Administrative Office :

459, Mint Street, Sowcarpet,

Chennai - 600 001.

RISHAB FINANCIAL SERVICES LIMITED

ANNUAL REPORT 2011 - 2012

BOARD OF DIRECTORS : **Shri MANGALCHAND C SURANA**  
Chairman  
**Shri RAJESH SURANA**  
Managing Director  
**Shri RAMESH KUMAR**  
Director  
**Shri YESWANT CHOPRA**  
Director

AUDIT COMMITTEE : **Shri YESWANT CHOPRA**  
Chairman  
**Shri MANGALCHAND C SURANA**  
Member  
**Shri RAJESH SURANA**  
Member  
**Shri RAMESH KUMAR**  
Member

AUDITORS : **M/s. BHANDARI & KESWANI**  
Chartered Accountants  
75, Nungambakkam High Road,  
Chennai-600 034.

SHARES LISTED WITH : **MADRAS STOCK EXCHANGE LTD.,**  
11, Second Line Beach, Chennai-600 001.  
**BOMBAY STOCK EXCHANGE LTD.,**  
Phiroze JeeJee Bhoy Towers,  
Dalal Street, Mumbai-400 001.

REGISTERED OFFICE : **"HANWANT COMPLEX"**  
Old No.58, Govindappa Naicken Street,  
1<sup>st</sup> Floor, Chennai-600 001.  
Ph: 044-32966268

ADMINISTRATIVE OFFICE : No. 459, Mint Street,  
(And address for Sowcarpet, Chennai-600 079.  
communication) Ph.: 044-42051166 Fax : 044-42051581  
www.rishabfinance.com  
info@rishabfinance.com  
grievance.redressal@rishabfinance.com

BANKERS : **ICICI BANK LTD.,**  
**IDBI BANK LTD.,**  
**VIJAYA BANK**

SHARE TRANSFER/  
DEMAT AGENT : **CAMEO CORPORATE SERVICES LIMITED,**  
"Subramanian Building", V Floor,  
1, Club House Road, Chennai-600 002.  
Ph. : 044-28460390-95 Fax :044- 28460129

DEPOSITORY : **National Securities Depository Ltd.,**  
**(NSDL)**  
**Central Depository Services (India) Ltd.,**  
**(CDSL)**

**NOTICE**

Notice is hereby given that the Twenty First Annual General Meeting of the Members of Rishab Financial Services Limited will be held on Thursday, the 27<sup>th</sup> day of September, 2012 at 9.30 a.m. at No.2, "Sun Plaza", 1st Floor, #39, G. N. Chetty Road, Chennai-600 006, to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Balance Sheet as on March 31, 2012 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors.
2. To appoint a Director in the place of Shri Rajesh Surana, who retires by rotation and being eligible, and offer himself for re-appointment.
3. To appoint Auditors and to fix their remuneration. The retiring Auditors M/s. Bhandari and Keswani, Chartered Accountants, Chennai are eligible for re-appointment.

**SPECIAL BUSINESS :**

3. To consider and if deemed fit, to pass, with or without modification(s), the following as an ORDINARY RESOLUTION :  
"RESOLVED THAT Shri Ramesh Kumar, be and is hereby appointed as a Director of the Company".

By Order of the Board

For **RISHAB FINANCIAL SERVICES LIMITED**

Place: Chennai  
Date : 31.05.2012

**RAJESH SURANA**  
Managing Director

**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES, IN ORDER TO BE VALID, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Members are requested to bring in their admission slip duly filled in and handover at the entrance of the Meeting hall.
3. Members are requested to quote their Folio Number or their Client ID Number in all correspondence with the Company.
4. The register of members and share transfer books of the Company will remain closed from 25.09.12 to 27.09.12 (both days inclusive).
5. Members are requested to notify any change in their address.
6. Members are requested to bring their copies of the annual report to the meeting.
7. In terms of Clause 49 of the Listing Agreement with the Stock Exchanges, a brief resume of Directors who are proposed to be appointed/re-appointed at this meeting is given below :

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

**SPECIAL BUSINESS**

**ITEM NO. 3**

Shri Ramesh Kumar was appointed as an Additional Director of the Company during the year and shall hold office up to the date of this Annual General Meeting. His expertise in the Industry as a Businessman will be a great potential to the Company. Hence the Board recommends this resolution for your approval.

None of the Director is in anyway, concerned or interested in the resolution, except Shri.Ramesh Kumar himself.

By Order of the Board  
For **RISHAB FINANCIAL SERVICES LIMITED**

**RAJESH SURANA**  
Managing Director

Place: Chennai  
Date : 31.05.2012

**Details of Directors re-appointment in the Twenty First General Meeting to be held on Thursday, the 27th day of September 2012, pursuant to requirement of Clause 49 of Listing Agreement on Corporate Governance.**

**1. SHRI RAMESH KUMAR**

Shri Ramesh Kumar, was appointed as an Additional Director on 25.10.2011.

**Brief Resume and Nature of Expertise:**

Shri Ramesh Kumar holds a Bachelor's Degree in Commerce and has been in the business of Iron & Steel for the last fifteen years.

His extensive operational business experience is of immense use to the Company. He does not hold directorship in any other Company.

**He is on the following Committees of the Board of Directors:**

Share Transfer Committee	Chairman
Remuneration Committee	Member
Shareholder's Grievance Committee	Member
Audit Committee	Member

**Shareholdings of the Director :**

Shri Ramesh Kumar does not hold any shares in your Company.

Resolution seeking approval for his appointment is being placed for member's approval in the notice of the ensuing Annual General Meeting.

The Board of Directors considers that his appointment as a Director will be in the interests of the Company and recommend the passing of the Resolution.

Except Shri Ramesh Kumar none of the Directors of the Company is concerned or interested in the resolution under this item

## 2. SHRI RAJESH SURANA

Shri Rajesh Surana, was appointed as Managing Director on 28.09.2011 for a period of five years.

### Brief Resume and Nature of Expertise:

Shri Rajesh Surana graduated in Bachelor's Degree in Commerce in 1994 from Ahmedabad.

He has a rich experience in investment finance and securitisation, also as an investor in this field for past 23 years. His experience in these fields is of immense use to the Company.

Shri Rajesh Surana is a Director of Mangal Kiran Securities Limited and Anush Shares & Securities Private Limited.

### He is on the following Committees of the Board of Directors:

Audit Committee	Member
Share Transfer Committee	Member
Shareholder's Grievance Committee	Member
Remuneration Committee	Member

### Shareholdings of the Director :

Shri Rajesh Surana does not hold any shares in your Company.

Resolution seeking approval for his appointment is being placed for member's approval in the notice of the ensuing Annual General Meeting.

The Board of Directors considers that his appointment as a Director will be in the interests of the Company and recommend the passing of the Resolution.

Except Shri Rajesh Surana, none of the Directors of the Company are concerned or interested in the resolution under this item.

## DIRECTOR'S REPORT

The Board of Directors herein present the "Twenty First Annual Report" of the Company together with the Audited Accounts for the year ended 31st March 2012.

### FINANCIAL RESULTS AND APPROPRIATIONS

The financial results for the year ended 31st March 2012 are as follows:

PARTICULARS	Year ended 31.03.2012	Year ended 31.03.2011
	(Rs. in lakhs)	
FINANCIAL RESULTS		
Profit /Loss before Depreciation and Tax	15.47	15.01
Add/Less : Depreciation on Fixed Assets	(1.27)	(1.72)
Provision for Non-Performing Assets	(35.90)	(19.12)
Contingent Provision for Standard Assets	0.35	(0.59)
Profit /Loss Before Tax	(21.35)	(6.42)
Provision for Current Tax	(4.60)	(4.55)
Provision for Deferred Tax	(0.09)	0.10
Profit /Loss after Tax	(26.05)	(10.87)
Less : Transfer to Statutory Reserve	—	—
Add : Balance brought forward from previous Years	(156.78)	(145.91)
Deficit carried to Balance Sheet	(182.82)	(156.78)

## **DIVIDEND**

The directors have decided not to recommend any dividend in view of the accumulated losses.

## **PERFORMANCE**

The Company conducted fresh business to the extent of Rs.176.25 Lacs, during the year. The Company has continued the recovery process of funds that had been disbursed earlier.

## **FIXED DEPOSITS**

Your Company has not accepted any deposits from the shareholders/public during the year under review.

The Company does not have any Public deposits at the end of the year.

## **DIRECTORS**

Shri Rajesh Surana was appointed as a Managing Director on 28.09.2011 for a period of five years in the Company's Board Meeting. Shri Rajesh Surana, being eligible for appointment, offers himself for appointment.

In accordance with the provisions of the Companies Act, 1956, Ramesh Kumar, who was appointed as an additional director, retires at the ensuing Annual General Meeting. His appointment as a Director retiring by rotation is being considered under Special Business.

For the kind perusal of the shareholders, a brief resume of the Directors being appointed, nature of their expertise and the names of the companies in which they hold the directorship and the details of the membership of the committees of the Board, are mentioned in the Explanatory Statement. The Board of Directors recommends their appointments.

## **AUDITORS**

M/s. Bhandari & Keswani, Chartered Accountants, Chennai, retire at the ensuing Annual General Meeting and are eligible for re-appointment as Auditors of the Company till the next Annual General Meeting.

## **RBI GUIDELINES**

The Company continues to follow the prudential norms prescribed by the Reserve Bank of India for NBFCs.

Since your Company is not accepting deposits, your company has received Category B Certificate from RBI (i.e. a Company not accepting Public Deposits) on 03.12.2002.

## **ENERGY, TECHNOLOGY, FOREIGN EXCHANGE, INFORMATION REQUIRED U/S 217(1) (e) OF THE COMPANIES ACT, 1956.**

Your Company has no activity relating to conservation of energy / technology absorption. The Company does not have any foreign exchange earnings or outgo.

## **DISCLOSURE U/S 217 (2A) OF THE COMPANIES ACT, 1956.**

During the year under review, the Company has no employee who is in receipt of remuneration attracting the provisions of Section 217(2A) of the Companies Act, 1956.

## **CORPORATE GOVERNANCE**

Your Company has taken adequate steps to ensure that all mandatory provisions of Corporate Governance as prescribed under the amended Listing Agreement of the Stock Exchanges on which the Company is listed are complied with.

A separate report on Corporate Governance is included in the Annual Report, a declaration signed by the CEO that Code of Conduct has been complied on an annual basis is annexed and forms part of the Director's Report.

**RESPONSIBILITY STATEMENT OF THE BOARD OF DIRECTORS**

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

- (i) In the preparation of Annual Accounts, the applicable accounting standards have been generally followed;
- (ii) appropriate accounting policies have been selected and applied consistently and have 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 at the end of 31st March, 2012 of the Loss of the Company for that year;
- (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 and
- (iv) the annual accounts have been prepared on a going concern basis.

**ACKNOWLEDGEMENT**

Your Directors record their appreciation and their sincere thanks to the Company's Bankers, Customers and all others for their valuable support and co-operation. Your Directors also thank all the employees of the Company for their dedicated service and support.

For and on behalf of the Board of Directors

**MANGALCHAND C SURANA**

Chairman

Place : Chennai  
Date : 31.05.2012

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****ENVIRONMENT**

The present economy, in which your Company is in operation, has slowly improved in conditions with markets becoming little static and more vibrant. Your Company is confident of taking through your Company's business under these circumstances and your Company also seeks to be cautious in parting with the funds of the Company with close monitor on the cash flow management. It is significant that only quality services which are delivered have a long standing and sustain the overall business levels as such in the days ahead.

**OPPORTUNITIES AND THREATS**

The opportunities existing in the areas of Finance and Investment have been studied during the year by your Company. Your Company has made certain process models for entering into these new areas. The fact remains that the NBFC industry, in general, faces more challenges both in terms of stringent regulations and the trust reposed in the Company.

**OUTLOOK**

The Company has not yet taken off with the new business proposals. Your Company shall appropriately take up the new line of activity along with the existing business once the goal propositions are reasonably ascertained. The Company has taken steps to fully study the new business proposals.

**RISKS AND CONCERNS**

The Company conducted fresh business to the extent of Rs.1,76,25,000/- (Rupees One Crore Seventy Six Lakhs and Twenty Five Thousands Only) and the Company is in the process of collecting the receivables and hence there is no significant risk associated with this operation.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has a proper and adequate internal control system to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and those transactions are authorised, recorded and reported correctly.

The Audit Committee meets periodically with the Management and the Statutory Auditors to review the internal control systems.

### HUMAN RESOURCES DEVELOPMENT

There has been a little development in human resources / industrial relations and it is slowly increasing the functioning with a larger staff. The Company selects appropriate persons for the job, trains them and puts them on the job.

For and on behalf of the Board of Directors

**MANGALCHAND C SURANA**

Chairman

Place : Chennai

Date : 31.05.2012

### REPORT ON CORPORATE GOVERNANCE

#### MANDATORY REQUIREMENTS

As per the provisions of the Listing Agreement, the Company is required to comply with the Corporate Governance Code and the requirements as per the Report furnished below :

#### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

In line with the tradition of the Company, the Board of Directors of the Company view their role as trustees of the various stakeholders and the society at large and it is their endeavor to observe the best Corporate Governance Practices, which inter-alia include transparency, empowerment, accountability and fairness in all dealings and pursuing a policy of appropriate disclosure and communication.

The Company has established various cost effective systems and procedures to ensure the Board of Directors of the Company are well informed and well managed so as to fulfill its overall responsibilities and to provide the management the well thought strategic direction, in order to create long term share holder value and also to meet the other stake holders various interests as well.

The Company believes in sound ethical practices and transparency in all their operations, appropriate and most cost effective communication channels. The Company practices the best corporate and enterprise governance practices so as to enhance the sustainable visibility of the Company in the days to come.

#### COMPLIANCES

The Company complies with all the laws and regulations as applicable to the Company.



**BOARD OF DIRECTORS****Composition:**

In 2011-12, the Company had a Non-Executive Chairman and the numbers of independent Directors were not less than one-third of the total number of Directors. The numbers of Non-Executive Directors were more than 50% of the total number of Directors with the Managing Director being the only Executive Director on the Board of Directors of the Company.

None of the Directors on the Board is a member of more than 10 Committees and no Director is the Chairman of more than 5 Committees across all the Companies in which he is a Director.

The names and category of Directors on the Board, their attendance at the Board Meetings held during the year and also at the last Annual General Meeting, the number of Directorships and Committee Memberships held by them in other Companies are given below :

Name	Category	No. of Board Meetings attended during the year ended 31.03.2012	Whether attended AGM held on 29.09.2011	No. of Directorships in other Companies	No. of Committees position held	
					Chairman	Member
Shri Rajesh Surana Managing Director	Promoter Director, Executive, Non-Independent	18	Yes	2	NIL	4
Shri N. K. Surana Director (resigned on 25.10.2011)	Non-Executive	9	Yes	2	1	3
Shri Ramesh Kumar Director (Appointed on 25.10.2011)	Non-Executive Independent	8	No	NIL	1	3
Shri Yeswant Chopra Director	Non-Executive, Independent	17	Yes	NIL	2	2
Shri Mangalchand C Surana Chairman & Director	Promoter Director Executive, Non-Independent	18	Yes	2	1	3

Eighteen Board Meetings of the Company were held during the year and the gap between two meetings did not exceed four months. The Board meetings of the Company were held on 07.04.2011, 30.04.2011, 31.05.2011, 08.06.2011, 20.06.2011, 27.07.2011, 30.08.2011, 27.09.2011, 29.09.2011, 22.10.2011, 25.10.2011, 14.11.2011, 14.12.2011, 23.01.2012, 13.02.2012, 27.02.2012, 15.03.2012 and 30.03.2012.

**BOARD PROCEDURE**

A detailed agenda folder is sent to each Director in advance of the Board and Committee meetings. To enable the Board to discharge its responsibilities effectively, the Managing Director briefs the Board at every meeting on the overall Company's performance.

**DIRECTORS SEEKING APPOINTMENT /RE-APPOINTMENT**

A brief resume containing his expertise in specific functional areas, directorships / membership of Committees held in respect of Directors retiring by rotation/being appointed at the ensuing Annual General Meeting forms part of the Explanatory Statement to the Notice of the Annual General Meeting.

**AUDIT COMMITTEE**

The Audit Committee comprises of 4 Directors. Shri N K Surana as Chairman, Shri Mangalchand C Surana, Shri Rajesh Surana and Shri Yeswant Chopra as Members, upto the period of directorship of Shri N K Surana. Later, the chairmanship was taken over by Shri Yeswant Chopra, with the additional member as Shri Ramesh Kumar, after his induction as a director. (Except Shri Rajesh Surana and Shri Mangal Chand Surana, all are Independent Directors)

Five Audit Committee Meetings were held during the year 2011-2012 on the following dates: 31.05.2011, 27.07.2011, 25.10.2011, 14.11.2012 and 13.02.2012. The above meetings were attended by the Members of the Committee and the Statutory Auditors attended these meetings on invitation.

The broad's terms of reference to the Audit Committee is to:

- \* Review of financial reporting process, draft financial statements and auditor's report before submission to the Board;
- \* Internal controls and internal audit systems;
- \* Risk management policies and practices;
- \* Related party transactions;
- \* Recommendation of appointment / removal of Auditors and their remuneration.

### REMUNERATION OF DIRECTORS

Other than the sitting fees paid to the Directors for attending the Board Meetings of the Company. The Chairman and the Managing Director have not been paid any remuneration during the year 2011-2012. There is no scheme of Stock Option to Directors of the Company.

### REMUNERATION COMMITTEE (Non-Mandatory)

The Remuneration Committee constitutes four Directors.

(1) Shri Yeswant Chopra as Chairman, (2) Shri Rajesh Surana, (3) Shri Mangalchand C Surana and (4) Shri N K Surana as Members. After the period of directorship of Shri N K Surana, Shri Ramesh Kumar took charge as a member after his induction as a director.

The scope of the Remuneration Committee inter alia includes the determination on behalf of the Board / Shareholders with agreed terms of reference, the Company's policy on specific remuneration packages for Executive Director, including pension rights and any other payments.

The Board shall from time to time provide requisite guidelines / scope of work for the Remuneration Committee and the Committee will discharge such other functions as are required under the provisions of the Listing Agreement and the Companies Act, 1956.

The Committee decided that it shall meet as and when there is a need to decide on any matters pertaining to remuneration of the Directors.

### SHAREHOLDER'S / INVESTOR'S GRIEVANCE COMMITTEE

The Shareholder's / Investor's Grievance Committee comprises of Shri Yeswant Chopra as Chairman, Shri N K Surana, Shri Mangalchand C Surana and Shri Rajesh Surana as members, upto the period of directorship of Shri N K Surana. Later, the Chairmanship was taken over by Shri Ramesh Kumar, after his induction as a director and Shri Yeswant Chopra, Shri Mangalchand C Surana and Shri Rajesh Surana as members,

The Committee oversees all matters encompassing the Shareholder's / Investor's related issues such as non-receipt of Share Certificates after transfer, non-receipt of Annual Reports, etc. In addition, the Board also from time to time provides the requisite guidelines / scope of work for the Grievance Committee and the Committee discharges such other functions as are required under the provisions of the Listing Agreement and the Companies Act, 1956.

The Committee met on the following dates:

- 30<sup>th</sup> June, 2011
- 30<sup>th</sup> September, 2011
- 4<sup>th</sup> January, 2012
- 31<sup>st</sup> March, 2012

The Committee reviewed the status of various complaints received from the Shareholders / Investors and the redressal measures taken by the Company.

A statement of the various complaints received and cleared by the Company during the year 2011-2012 is hereunder.

Nature of Complaints/Requests	Received	Cleared
Complaints / Requests	Nil	Nil
Total	Nil	Nil