

NATRAJ

FIANACIAL & SERVICES LIMITES

25th ANNUAL REPORT 2008-2009

410, MAKER CHEMBER "V" NARIMAN POINT MUMBAI-400 021



"2009"

BOARD OF DIRECTORS

<i>MR.MANOJ PUNAMIYA</i>	<i>Director</i>
<i>MR. BINOD KUMAR SINHA</i>	<i>Director</i>
<i>MR. SANJAY K. CHOUDHARY</i>	<i>Director</i>
<i>MR. NITIN RATHOD</i>	<i>Director</i>
<i>MR. KETAN JAIN</i>	<i>Director</i>
<i>MR. KALASH AGARWAL</i>	<i>Director</i>

BANKERS

*BANK OF INDIA
HDFC BANK
ICICI BANK
SYNDICATE BANK*

STATUTORY AUDITORS

M/s DURGESH KABRA & CO.

*CHARTERED ACCOUNTANTS
C-9, SANJAY APARTMENTS,
NEAR GOKUL HOTEL,
S.V.P ROAD, BORIVALI (W),
MUMBAI: 400092.*

COMPLIANCE OFFICER

Mr. SUNIL SAMPAT

REGISTERED OFFICE

*410, 4TH FLOOR, MAKER CHAMBER- V,
NARIMAN POINT, MUMBAI: 400021.*

CORPORATE OFFICE

*62 - C, 6TH FLOOR, MITTAL TOWER,
NARIMAN POINT, MUMBAI: 400 021.*

REGISTRAR AND SHARE TRANSFER AGENT

*LINK INTIME INDIA PRIVATE LIMITED
C-13, PANNALAL SILK MILLS COMPOUND, L.B.S. MARG, BHANDUP (W),
MUMBAI: 400 078. Ph.: (022) 25963838 Fax: (022) 2594 6969*

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NATRAJ FINANCIAL & SERVICES LIMITED

Regd. Off: 410, 4th Floor, Maker Chamber V, Nariman Point, Mumbai: 400 021.

Ph. No.: 43417777

DIRECTORS REPORT TO THE MEMBERS

The Directors hereby present their report on the operations of the Company and its financial results for the year ended March 31, 2009.

1. Financial Results

	[Rupees in lacs]	
	For the year ended March 31,	
	<u>2009</u>	<u>2008</u>
Total Income	35.94	(42.59)
Profit Before Tax	11.12	(64.51)
Provision for Tax		
Current Tax	01.61	-
Deferred Tax	01.72	-
Profit After Tax	07.40	(64.51)

2. Dividend:

The Directors of the Company do not recommend dividend for the year under review due to future expansion plans.

3. Operations:

During the year under review, the Company has earned Net Profit After Tax to the tune of Rs.7.40 lacs as against Net Loss incurred to the tune of Rs.64.51 lacs for the corresponding previous financial year.

4. Directors:

During the year under review, there has been change in the Management of the Company as mentioned below:

Mr. Manoj Kumar Punamiya, Mr. Binod Kumar Sinha & Mr. Sanjay Kumar Choudhary were appointed as Additional Directors of the Company w.e.f. 17/02/2009.

Mr. Tejas Shah, Mr. Umesh Ved and Mr. Manmohan Vyas resigned as Directors of the Company w.e.f. 20/03/2009 and Mr. Asimkumar Santara and Mr. Vijay Kumar Dubey resigned as Directors of the Company w.e.f. 02/07/2009

Further Mr. Kailash Agarwal, Mr. Ketan Jain & Mr. Nitin Rathod were appointed as Directors of the Company w.e.f. 20/03/2009 in place of the resigning Directors.

5. Auditors:

M/s. Durgesh Kabra & Co., Chartered Accountants, Mumbai retire at the forthcoming Annual General Meeting and have expressed their willingness to continue as Auditors of the

Company for the forthcoming year, if re-appointed. The Company has received from them the Certificate under Section 224(IB) of the Companies Act, 1956, regarding their eligibility.

6. **Employees:**

The Company has no employees in the category specified under Section 217(2A) of the Companies Act, 1956.

7. **Deposits from Public:**

The Company has not raised any deposits from public during the year under review.

8. **Corporate Governance:**

A report on Corporate Governance is enclosed herewith. Further due to change in the Management of the Company various committees of the Board of Directors are reconstituted as under:

Re-constitution of Audit Committee:

Mr. Nitin Rathod	- Chairman, Independent & Non Executive
Mr. Ketan Jain	- Member, Independent & Non Executive
Mr. Manoj Punamiya	- Member, Non Executive

Re-constitution of Shareholders' Cum Investors' Grievance Committee:

Mr. Manoj Punamiya	- Chairman & Non Executive
Mr. Nitin Rathod	- Member, Independent & Non Executive
Mr. Ketan Jain	- Member, Independent & Non Executive

Re-constitution of Remuneration Committee:

Mr. Sanjay Kumar Choudhary	- Chairman & Non Executive
Mr. Nitin Rathod	- Member, Independent & Non Executive
Mr. Ketan Jain	- Member, Independent & Non Executive

9. **Auditors' Report:**

M/s. Durgesh Kabra & Co., Chartered Accountants, Auditors of the Company retires at the conclusion of this Annual General Meeting and being eligible offers himself for reappointment.

Auditors Report: Auditors Report as issued by M/s. Durgesh Kabra & Co., Chartered Accountants, Auditors of the Company is self explanatory and need not calls for any explanation by your Board.

10. **Conservation of Energy, Technology Absorption & Foreign Exchange Earnings & Outgo:**

Considering the nature of activities of the company, the information required to be disclosed pursuant to Section - 217(1) (e) of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 relating to the conservation of energy and technology absorption do not apply to the Company. Hence no comment is being made on energy

conservation. There is no foreign technology involved/absorbed. During the year under review, the company has not earned or spent any foreign exchange.

11. Directors' Responsibility Statement:

In terms of Section 217(2AA) of the Companies Act, 1956, your Directors state that:

- (i) In the preparation of the annual accounts, all the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (ii) The Company has 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 on 31st March 2009 and of the Profit & Loss Account of the company for the year ended on that date.
- (iii) The Company has 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) These Accounts have been prepared on a going concern basis.

12. Acknowledgements:

Your Directors greatly appreciate the co-operation and support of Shareholders and Employees of the Company.



**For and On behalf of the
Board of Directors**

**Place: Mumbai
Date: 02/07/2009**

**MANOJ PUNAMIYA
CHAIRMAN.**

THE MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

(a) Industry structure and developments

Natraj Financial & Services Limited (NFSL), a member of Bombay Stock Exchange Limited, is carrying on stock broking operations in the Capital Markets Segment of the Bombay Stock Exchange. The industry to which the Company relates is the secondary market.

Share Broking, Investment and trading in securities are the core business of our Company. In spite of continued volatility, the trading and investment sector has been maintained its level of activities and catered to India's growing markets. Amidst a challenging business environment, your Company has reported satisfactory volumes. It was a satisfactory year for your Company and the Company is now under pressure to cut costs and improve its profitability further. In these type of industries the following golden rule to be applied i.e "the right decision at the right time."

(b) Opportunities and threats

The stock market operations involve inbuilt risk and uncertainty, which carries various opportunities and threats to the investors.

Indian Economy provides excellent growth opportunities as the increased thrust to power, road, ports, telecom and other urban infrastructure projects will create a positive environment for the Investment and Financial Services Industry in India. Further, growth of service sector also presents new opportunities for Investment and Financial Services Industry in India.

(c) Segment-wise or product-wise performance

The Company's main business is Share Broking Business trading and investment in shares and all the activities of the Company are related to its main business. As such there are no separate reportable segments.

(d) Outlook

The outlook for the Company is bright in future depending on the performance of securities market. Barring unforeseen circumstances, the Company expects to perform satisfactorily during the next year 2009-10.

The Company continues to explore the possibilities of expansion in its activities and will make the necessary investments when attractive opportunities arise.

(e) Risks and Concerns

The Company's exposed to the market risk and credit risk and unforeseen events beyond Company's control. It is further exposed to risk of economic cycle. The company manages these risks by remaining very conservative and following other risk management practices.

(f) Internal Control Systems and their adequacy

The Company has in place adequate internal control systems and procedures commensurate with the size and nature of its business. These systems and procedures provide reasonable assurance of maintenance of proper accounting records, reliability of financial information, protection of resources and safeguarding of assets against unauthorized use. The management regularly reviews the internal control systems and procedures.

(g) Discussions on Financial Performance with respect to Operational Performance:**(Rs. in Lacs)**

Highlights	2008-2009	2007-2008
Income from Operations	35.94	(42.59)
Profit before Interest, Depreciation and Tax	17.10	(57.80)
Interest Expenditure	01.21	02.06
Depreciation	04.78	04.63
Provision for Taxation (Including Deferred Tax & Fringe benefit tax)	03.72	(00.01)
Net Profit after Tax	07.39	(64.50)
Earnings per Share (in Rs.)		
- Basic	0.16	(1.48)
- Diluted	0.16	(1.48)

(h) Human Resource Development

The Company believes that the human resources are vital resource in giving the company a competitive edge in the current business environment. The company's philosophy is to provide congenial work environment, performance oriented work culture, knowledge acquisition/dissemination, creativity and responsibility. As in the past, the company enjoyed cordial relations with the employees at all levels.

The above mentioned statements are to be viewed with caution and judicious understanding, as the Company's operations involves inbuilt risk due to uncertain economic conditions and unforeseen events beyond the Company's control.

CORPORATE GOVERNANCE REPORT

1. Company's philosophy on code of governance:

The Company believes that while its primary responsibility is to generate sustainable returns for all its stakeholders, it must also make a harmonious contribution to the socio-economic environment in which it operates. Toward these ends, the Company strives to follow two guiding principles.

(i) The Company must not compromise on certain core values like Integrity, Statutory Compliance and Fairness in all of its internal or external dealings, transactions, financial statements or corporate announcements.

(ii) The Company must always remain sensitive to the long-term societal implications of its businesses.

2. Board of Directors

The Board of Directors comprises of six non-executive directors, including the Chairman and out of the said six directors, three directors are independent directors.

The composition of the Company's Board of Directors is in conformity with the listing agreement. The Company does not have any nominee director on its Board. All directors of the Company are liable to retire by rotation as per the provisions of the Companies Act, 1956.

The composition of the Board of Directors and other relevant details relating to them are given hereunder:

Sr. No.	Name of Directors	Category	No. of other Directorships *	No. of Members of other Board Comm.	No. of other Comm. Chairmanships
1.	@Mr. Umesh Ved	Independent Non Executive	-	-	-
2.	@Mr. Manmohan Vyas	Executive Director	-	-	-
3.	@Mr. Tejash Shah	Executive Director	-	-	-
4.	Mr. Asimkumar Santara	Independent Director	-	-	-
5.	Mr. Vijaykumar Dubey	Independent Director	-	-	-
6.	**Mr. Manoj Punamiya	Non Executive	13	-	-
7.	**Mr. Sanjay Kumar Choudhary	Non Executive	11	-	-
8.	**Mr. Binod Kumar Sinha	Non Executive	11	-	-
9.	#Mr. Nitin Rathod	Non Executive & Independent	2	-	-
10.	#Mr. Ketan Jain	Non Executive & Independent	1	-	-
11.	#Mr. Kailash Agarwal	Non Executive & Independent	8	-	-

* Excludes directorships in private limited companies.

** Appointed as Additional Directors at the Board Meeting held on 17/02/2009.

@Resigned as Directors w.e.f. 20/03/2009

#Appointed as Directors at the Board Meeting held on 20/03/2009

Board Meetings and Attendance of Directors

The Board meets at least once in a quarter to consider amongst other business the performance of the Company and quarterly financial results. When necessary, additional meetings are held. The Board meetings are generally held at the Registered Office of the Company at Mumbai. Agenda for each meeting along with explanatory notes are drafted and distributed well in advance to the Directors. Every Board Member is free to suggest the inclusion of items on the agenda.

There were **Six (06)** Board Meetings during the year ended 31st March, 2009 i.e. on 28th May 2008, 30th June 2008, 31st July 2008, 31st October 2008, 28th January 2009 and 20th March 2009. The Table hereunder gives the attendance record of the Directors at the Board Meetings held during 2008-09 and the last AGM:

Name of the Directors	Number of Board Meetings held during the year	Number of Board Meetings attended	Whether attended last AGM
Mr. Tejash Shah	6	5	Yes
Mr. Manmohan Vyas	6	5	Yes
Mr. Umesh Ved	6	5	Yes
Mr. Asim Kumar Santara	6	6	No
Mr. Vijay Kumar Dubey	6	6	No
Mr. Manoj Punamiya**	6	1	N.A.
Mr. Sanjay Kumar Choudhary**	6	1	N.A.
Mr. Binod Kumar Sinha**	6	1	N.A.
Mr. Nitin Rathod #	6	1	N.A.
Mr. Ketan Jain #	6	1	N.A.
Mr. Kailash Agarwal #	6	-	N.A.

** Appointed as Additional Directors at the Board Meeting held on 17/02/2009

#Appointed as Directors at the Board Meeting held on 20/03/2009

3. Audit Committee

Terms of references of Audit Committee:

- a) To ensure transparency, integrity, correctness, statutory compliance, and credibility of all financial statements or announcements before their submissions to the Board.
- b) To hold periodic discussions with statutory auditors on the scope and content of audit; and to recommend the appointment, removal and remuneration of auditors.