

***TENTH
ANNUAL REPORT
2003-2004***



TRC Financial Services Limited

TRC FINANCIAL SERVICES LIMITED*TENTH ANNUAL REPORT 2003 -2004***BOARD OF DIRECTORS**

T. R. Chadha

Chairman

Prem Nath Anand

Anuj Anand

Harsukh B. Gohel

Manu Chadha

Sumant Chadha

P. C. Seth

Ashwani Tewari

Deepak Virmani

(Alternate to Prem Nath Anand)

Ajesh Tuli

*(Alternate to Anuj Anand)***COMPANY SECRETARY**

Nikhil Jain

AUDITORS

Johar & Kathpalia

Chartered Accountants

405, South-Ex Plaza-II

South Extension II

New Delhi-110049

BANKERS

Indian Overseas Bank

Karol Bagh, New Delhi

Canara Bank

SD Area, New Delhi

REGISTERED OFFICE

10223, First Floor

Indian Overseas Bank Building

Gurudwara Road

Karol Bagh

New Delhi-110005

STOCK EXCHANGE LISTING

Mumbai Stock Exchange

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NOTICE

Notice is hereby given that the Tenth Annual General Meeting of the Members of TRC Financial Services Limited will be held on Thursday, the 30th September, 2004 at 11.00 A.M. at ARJUN FARMS, (Khasra No.11/16) Village Pindwala Khurd, Jhatikra Road, New Delhi-110071, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March 2004 and the Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors' & Auditors thereon.
2. To appoint a Director in place of Mr. T. R. Chadha, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Manu Chadha, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Anuj Anand, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

"RESOLVED THAT M/s. Johar & Kathpalia, Chartered Accountants, New Delhi, be and are hereby re-appointed as Auditors of the company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at a remuneration, mutually agreed between the Board of Directors of the Company and the Auditors."

SPECIAL BUSINESS**Item No. 5**

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

"RESOLVED THAT in accordance with the provisions of Section 198, 269, 386, 387 and 388 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 (including any statutory modification or reenactment thereof for the time being in force), the consent of the company be and is hereby given for ratification of the increase in salary of Mr. Ashwani Gupta, Manager, from 01.04.04 to his present tenure, expiring on 14.09.04, as already approved by the Remuneration Committee (in accordance of the power conferred to it by the shareholders in the previous annual general meeting) of the Board of Directors of the Company, within limits prescribed under Schedule XIII of the Companies Act, 1956, and also for continuation of his term of appointment, as Manager, at the same salary, terms and conditions, as approved by the Remuneration Committee/ Board of Directors, w.e.f. 01-04-04, viz. the present salary, in accordance with the Section 386 of the Companies Act, 1956, for the period from 15-09-04 to 14-09-05 (with power to the Remuneration Committee / Board of Directors, to increase his salary, with in the limits permitted under Schedule XIII of the Companies Act, 1956) as follows:

Basic Salary	:	Rs. 13,500 per month
House Rent Allowance	:	Rs. 5,500 per month
Medical Reimbursement	:	Rs. 1,200 per month
Conveyance Allowance	:	Rs. 800 per month
		<u>Rs. 21,000 per month</u>

Expenses incurred in discharge of his duties shall also be reimbursed to him. These terms and conditions are in compliance to the norms laid down under Section II, Part II of Schedule XIII of the Companies Act, 1956."

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

Place : New Delhi

Date : 30.07.2004

(NIKHIL JAIN)

Company Secretary

Notes:

1. The explanatory statement as required by Section 173(2) of the Companies Act, 1956 in respect of Special Business is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL IN HIS/HER STEAD. A PROXY 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 COMMENCEMENT OF THE MEETING.
3. The Register of Members and Share Transfer Books of the company shall remain closed from 23rd September, 2004 to 30th September, 2004 (both days inclusive).
4. Members are requested to bring their copies of the Annual Report to the meeting, since additional copies will not be available.

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EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173(2) OF THE COMPANIES ACT, 1956**Item No. 5**

Mr. Ashwani Gupta, Chartered Accountant by profession, who is having vast experience of over 9 years, has been holding office of Manager U/s 386 of the Companies Act, 1956, since 15th September, 2001.

Shareholders, in their previous AGM held on 30th September, 2003, had approved, his appointment as Manager and payment of following remuneration, w.e.f. 15.09.03 to 14.09.04:

Basic Salary	:	Rs. 11,000 per month
House Rent Allowance	:	Rs. 5,000 per month
Medical Reimbursement	:	Rs. 1,200 per month
Conveyance Allowance	:	Rs. 800 per month
		<u>Rs. 18,000 per month</u>

Considering his responsibilities in the company and the multiple folio's handled by him, the Remuneration Committee of the Board of Directors of the Company, had approved for increase in his salary, w.e.f. 01-04-04, subject to ratification by Shareholders, as follows:

Basic Salary	:	Rs. 13,500 per month
House Rent Allowance	:	Rs. 5,500 per month
Medical Reimbursement	:	Rs. 1,200 per month
Conveyance Allowance	:	Rs. 800 per month
		<u>Rs. 21,000 per month</u>

Hence, by virtue of resolution proposed, the consent of the shareholders is sought for both ratified approval for increase in salary for the period from 01-04-04 to 14-09-04, at above consolidated salary of Rs. 21,000/- p.m. and also for extension of term of his appointment for further one year from 15-09-04 to 14-09-05, at the above consolidated salary of Rs. 21,000/- p.m, with power to Remuneration Committee/ Board of Directors, to increase his salary, within limits permitted under Schedule XIII of the Companies Act, 1956, but subject to provisions of Section 198, 269, 386, 387, 388 and other applicable provisions of the Companies Act, 1956 (including any statutory modification or reenactment thereof for the time being in force).

His extension of appointment, will be made in compliance with Section 269 of the Companies Act, 1956.

Your Directors recommend adoption of the resolution.

Memorandum of Interest

None of the Director(s) is concerned or interested in the resolution.

By Order of the Board
For TRC FINANCIAL SERVICES LIMITED

(NIKHIL JAIN)
Company Secretary

Place : New Delhi
Date : 30.07.2004

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DIRECTORS' REPORT

To The Members of
TRC Financial Services Limited

Your Directors' have pleasure in submitting the Tenth Annual Report of your company together with the audited Statement of Accounts for the year ended 31st March, 2004.

FINANCIAL RESULTS

The financial results of the company for the year ended 31st March, 2004 compared to the previous year are summarised below:

	<i>(Rs. in lakhs)</i>	
	Year Ended 31.03.2004	Year Ended 31.03.2003
Total Income	23.40	45.79
Profit before interest & depreciation	8.84	18.85
Interest	0.06	0.26
Profit after interest but before depreciation	8.78	18.59
Loss on Sale of Investments	7.47	0.73
Bad Debts Written Off	5.11	7.24
Owned Assets Sold/Written Off	12.11	0.32
Depreciation/Lease Equalisation/Lease Termination	6.32	16.58
Preliminary & Share Issue & Deferred Revenue Expenditure written off	2.26	2.26
Profit/(Loss) Before Tax	(24.49)	(8.54)
Provision for Tax	0.08	0.14
Profit/(Loss) After Tax	(24.57)	(8.68)

OPERATIONS

The profitability of the company continued to be under strain due to decrease in spreads, high delinquency levels and slow down in disbursements. Further, the defaults have taken their toll by reducing the available balance for circulation in business. The entire focus of the company is at present on recoveries of its lease, hire and loan instalments.

During the year the company achieved a cash profit of Rs. 8.78 lakhs, as against Rs. 18.59 lakhs in the previous year with a net loss of Rs. 24.57 lakhs, as against a net loss of Rs. 8.68 lakhs in the previous year.

The company was well placed in respect of capital adequacy ratio at 217%, compared to the RBI norm of 15%.

DIVIDEND

Due to losses during the year under review, the Board of Directors do not recommend declaration of any dividend for the year ended 31.03.2004.

RESOURCES**Public Deposits**

During the year the company has neither accepted nor renewed any deposit. As on 31.03.2004, the outstanding public deposits amounted to Rs. Nil. Further the Board has decided not to accept public deposits in future.

CORPORATE GOVERNANCE

Your Company and its Board are committed to achieve the highest standards of the Corporate Governance. For the matters concerning Corporate Governance, you are requested to refer to the separate segment on the same, forming part of the Annual Report.

TRANSFERS TO INVESTORS EDUCATION AND PROTECTION FUND

In terms of Section 205-C of the Companies Act, 1956, an amount of Rs. 15,642 being the unpaid dividend (1995-96), which remained unclaimed/unpaid for more than 7 years was transferred during the year to the Investor Education and Protection Fund.

DIRECTORS

Mr. T. R. Chadha, Mr. Manu Chadha and Mr. Anuj Anand, the Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

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DE-LISTING OF SHARES

Equity shares of your Company have been de-listed from the 'The Delhi Stock Exchange Association (DSE)' with effect from 31st March, 2004 and the 'The Jaipur Stock Exchange Limited (JSE)' with effect from 31st May, 2004, in accordance with the approval received from the shareholders in the previous annual general meeting.

However, the equity shares will continue to be listed at The Stock Exchange, Mumbai (BSE).

DEMATERIALISATION OF SHARES

The company has appointed M/s Alankit Assignments Limited as a common agency for both physical and De-mat mode as per SEBI circular no. D&CC/F/TTC/Cir-15/2002 dated December 27, 2002. As on 15-07-04, 37,50,885 equity shares have been dematerialised, which is 75% of the total equity capital.

AUDITORS

M/s. Johar & Kathpalia, Chartered Accountants retire and being eligible, offer themselves for re-appointment.

PARTICULARS ON ENERGY CONSERVATION, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNING AND OUTGO

Information to be given pursuant to Section 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars) Rules, 1988 to the extent applicable, is given below:

Foreign Exchange Earnings and Outgo:

Foreign Exchange earnings	:	Nil
Foreign Exchange outgo	:	Nil

PARTICULARS OF EMPLOYEES

There is no employee covered under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm:

1. That in the preparation of annual accounts, the applicable accounting standards have been followed.
2. That the Directors have selected such accounting policies and have 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 loss of the company for that period.
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. That the Directors have prepared the annual accounts on a going concern basis.

ACKNOWLEDGMENTS

Your Directors' place on record their deep appreciation to the Bankers, Shareholders, Fixed Deposit Holders and Customers for their co-operation and support and to the staff members for their contribution towards the performance of the company.

For and on behalf of the Board

Place : New Delhi
Date : 30.07.2004

(T.R.CHADHA)
Chairman

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REPORT ON CORPORATE GOVERNANCE**1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

This Report on Corporate Governance forms part of the Directors Report. This section, besides being in compliance with the mandatory requirement of the listing agreement, gives an insight into the process of the Company's Philosophy on code of governance.

The company believes in values of Transparency, Professionalism and Accountability in its dealings with its Employees, Shareholders, Government and Clients. The company is committed to achieving the high standards of Corporate Governance. The company is agreed to give respect to the laws of the land and rights of all stakeholders and in turn to earn respect report from all stakeholders.

2. BOARD OF DIRECTORS**Category of Directors**

The Board consists of eight directors, who are all non-executive directors. Out of eight directors three directors are independent directors i.e. 38%.

In the financial year 2003-2004, the Board met five times on 03.05.03, 28.06.03, 26.07.03, 30.10.03, and 31.01.04 with clearly defined agenda, circulated will in advance before each meeting.

Attendance record of the participating Directors for the year ended 31.03.2004 are as follows:

Name of Director	Attendance at the Board Meetings	Attendance at previous AGM on 30.09.2003	No. of outside Director -ship held	Number of membership in other Board Committees	Number of Chairmanship of such Committees	Category
Mr. T.R.Chadha	5	Not present	Nil	Nil	Nil	Chairman & Non Executive
Mr. Prem Nath Anand	Not present	Not Present	6	Nil	Nil	Non Executive
Mr. Manu Chadha	2	Present	3	3	1	Non Executive
Mr. Sumant Chadha	5	Present	1	Nil	Nil	Non Executive
Mr. Anuj Anand	Not present	Not present	5	Nil	Nil	Non Executive
Mr. H.B.Gohel	Not present	Not present	Nil	Nil	Nil	Non Executive & independent
Mr. P.C. Seth	3	Not present	Nil	Nil	Nil	Non Executive & independent
Mr. Ashwani Tewari	3	Not present	Nil	Nil	Nil	Non Executive & independent
Mr. Deepak Virmani (Alternate to Mr. P.N.Anand)	5	Present	Nil	Nil	Nil	Non Executive
Mr. Ajesh Tuli (Alternate to Mr. Anuj Anand)	5	Not Present	Nil	Nil	Nil	Non Executive

- During the financial year 2003-2004, no commission was paid to any director of the company.
- All the Non Executive Directors hold Directorships within the limit of 15 as prescribed under the Companies Act, 1956. They are also holding membership/chairmanship in committees of various companies within the limits stipulated under the Clause 49 of the Listing Agreement.
- The Statutory Registers that are required to be kept under various enactments are properly maintained and continuously updated.

6. BOARD COMMITTEES**Share Transfer and Investor Grievance Committee**

The Share Transfer/Investor Grievances Committee consists of Mr. Sumant Chadha as Chairman, and Mr. Deepak Virmani and Mr. Ajesh Tuli. The main function of the Share Transfer and Investor Grievance Committee is to supervise and ensure efficient transfer of shares, dematerialisation of shares and timely attendance of investors complaints. The committee meets generally every month to review the transfers/ remat/demat/duplicate shares issue, if any, executed by the RTA M/s Alankit Assignment Limited. During the year under review the Committee met 14 times.

Audit Committee

The Audit Committee of the Board consists of Mr. Ashwani Tewari as Chairman, and Mr. P. C. Seth and Mr. Deepak Virmani, all being non executive directors. Mr. P. C. Seth and Mr. Ashwani Tewari, being independent directors in the committee.

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Mr. Ashwani Tewari, director is the chairman of the Audit Committee. The Audit Committee is responsible for the areas specified by Clause 49 of the Listing Agreement and Section 292-A of the Companies Act, 1956, besides other roles as may be referred by the Board of Directors. There have been four Audit Committee meetings during the Financial Year 2003-2004, held on 28.06.2003, 26.07.2003, 30.10.2003 and 31-01-2004. The Audit Committee has reviewed the annual financial results, half yearly results, quarterly results, internal audit report and internal working system of the company.

Investment Committee

The committee consists of Mr. Sumant Chadha as Chairman, Mr. Deepak Virmani and Mr. Ajesh Tuli all being non executive directors. The committee is responsible for decision of sale and purchase of shares of other companies held in stock. During the year under review the Committee met four times on 03.05.2003, 26.07.2003, 30.10.2003 and 31.01.2004.

Remuneration Committee

The company constituted a Remuneration Committee comprising of three independent directors, namely Mr. H.B.Gohel, Mr. P.C.Seth and Mr. Ashwani Tewari, to approve the remuneration of directors and manager. However, no remuneration has been paid to any Director in the year under review. During the year under review the Committee meeting was held on 05.04.2003 and 03.05.2003.

7. REMUNERATION OF DIRECTORS FOR 2003-2004

Name of the Director	Sitting Fee	Salaries and Perquisites	Commission	Total
Mr. T.R.Chadha	Nil	Nil	Nil	Nil
Mr. Prem Nath Anand	Nil	Nil	Nil	Nil
Mr. Manu Chadha	Nil	Nil	Nil	Nil
Mr. Sumant Chadha	Nil	Nil	Nil	Nil
Mr. Anuj Anand	Nil	Nil	Nil	Nil
Mr. H.B. Gohel	Nil	Nil	Nil	Nil
Mr. P.C. Seth	Nil	Nil	Nil	Nil
Mr. Ashwani Tewari	Nil	Nil	Nil	Nil
Mr. Deepak Virmani (Alternate to Mr. P.N. Anand)	Nil	Nil	Nil	Nil
Mr. Ajesh Tuli (Alternate to Mr. Anuj Anand)	Nil	Nil	Nil	Nil

The Company does not have any stock option scheme. No Commission was paid to any Director during the year 2003-2004.

8. GENERAL BODY MEETING (held in last 3 years)

Year	Venue	Date	Time
2002-03	Arjun Farms, (Khasra No. 11/16), Village Pindwala Khurd, Jhatikra Road, New Delhi-110 071	30.09.2003	11.00 a.m.
2001-02	Arjun Farms, (Khasra No. 11/16), Village Pindwala Khurd, Jhatikra Road, New Delhi-110 071	30.09.2002	10.30 a.m
2000-01	Arjun Farms, (Khasra No. 11/16), Village Pindwala Khurd, Jhatikra Road, New Delhi-110 071	03.08.2001	11.30 a.m.

There was no other General Body Meeting in the last three years and no resolution was put through postal ballot.

9. DISCLOSURES

During 2003-2004, there has been no materially significant transaction entered by the company with any party, which is considered to have potential conflict with the interest of the company at large.

There has not been any non-compliance, penalties or strictures imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority, on any matter relating to any of capital market, during the last three years.

10. MEANS OF COMMUNICATION

The quarterly results, half-yearly and audited annual results and the shareholding pattern of the Company are intimated to the shareholders on quarterly basis, through the EDIFAR-SEBI website, www.sebidifar.nic.in.

The Quarterly, Half Yearly and Audited Annual Results are also published by the Company in Newspapers, Financial Express (English), Delhi/Jansatta (Hindi) Delhi.