

TWELFTH ANNUAL REPORT 2005-2006



TRC Financial Services Limited

TRC FINANCIAL SERVICES LIMITED*TWELFTH ANNUAL REPORT 2005 -2006***BOARD OF DIRECTORS**

Manu Chadha *Chairman*
Sumant Chadha
P. C. Seth
Ashwani Tiwari
Suresh Chander Kapur

COMPANY SECRETARY

Pankaj Dixit

AUDITORS

Johar & Kathpalia
Chartered Accountants
405, South-Ex Plaza-II
South Extension II
New Delhi-110049

BANKERS

HDFC Bank Limited
Connaught Place , New Delhi

REGISTERED OFFICE

Suite 11A, Gobind Mansion
Indra Palace, H-Block
Connaught Place
New Delhi-110001

STOCK EXCHANGE LISTING

Mumbai Stock Exchange

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TRC FINANCIAL SERVICES LIMITED*TWELFTH ANNUAL REPORT 2005-2006***NOTICE**

Notice is hereby given that the Twelfth Annual General Meeting of the Members of TRC Financial Services Limited will be held on Friday, the 22nd September, 2006 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 2006 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. Manu Chadha, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Sumant Chadha, who retires by rotation and being eligible offers himself for re-appointment.
4. 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), following resolution, as an **Ordinary Resolution**:

"RESOLVED that Mr. Suresh Chander Kapur, who was appointed as an Additional Director by the Board of Directors of the Company, holds office upto the date of this Annual General Meeting, by virtue of section 260 of the Companies Act, 1956, read with Article 80 of the Article of Association of the Company and in respect of whom the company has received a notice, with deposit u/s 257 of the Companies Act, 1956, proposing him for the office of Director, be and is hereby appointed as the Director of the Company."

Item No.6

To consider and if thought fit, to pass, with or without modification(s), 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 to the appointment of Mr. Aditya Raj as Manager in terms of section 2(24) of the Companies Act, 1956 w.e.f 09.05.2006 to 08.05.2007 on the following terms and conditions :

Basic Salary	: Rs. 9,900 per month.
House Rent Allowance	: Rs. 3,900 per month.
Medical Reimbursement	: Rs. 700 per month.
Conveyance Allowance	: Rs. 800 per month.

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 to the Companies Act, 1956.

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

Place : New Delhi
Date : 31.07.2006

(Sumant Chadha)
Director

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 15th September, 2006 to 22nd September, 2006 (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. Suresh Chander Kapur was inducted as Additional Director of the Company, by the Board of Directors of the Company in their meeting held on 31st January, 2006, in terms of section 260 of the Companies Act, 1956, read with Article 80 of the Article of Association of the Company. He holds his office upto this Annual General Meeting.

The Company has also received notice, alongwith deposit, under Section 257 of the Companies Act, 1956, from some members of the company, proposing him Director, as candidate for the office of Director.

Information, regarding his brief resume, experience and his directorship/membership in other Companies/Committees, as required to be given under Corporate Governance, is furnished in the separate segment (viz. on Corporate Governance) of the Annual Report.

Memorandum of Interest

Mr. Suresh Chander Kapur will be interested in his appointment(s).

Item No. 5

Mr. Aditya Raj who occupies the position of a Manager under section 2 (24) of the Companies Act, 1956, subject to superintendence, control and direction of the Board of Directors, has the management of the whole or substantially the whole, of the affairs of the Company. He was appointed by a circular resolution dated 09.05.2006 and later ratified in the Board of Directors Meeting held on 27.05.2006. Mr. Aditya Raj is a B.Com. and having 7 year's experience in accounts department of this Company. His appointment has been 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

Place : New Delhi
Date : 31.07.2006

(Sumant Chadha)
Director

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DIRECTORS' REPORT

To The Members of
TRC Financial Services Limited

Your Directors' have pleasure in submitting the Twelfth Annual Report of your company together with the audited Statement of Accounts for the year ended 31st March, 2006.

FINANCIAL RESULTS

The financial results of the company for the year ended 31st March, 2006 compared to the previous year are summarised below:

	Year Ended 31.03.2006	(Rs. in lakhs) Year Ended 31.03.2005
Total Income	14.55	14.17
Profit (Loss) before interest & depreciation	(22.63)	(3.66)
Interest	—	0.06
Profit (Loss) after interest but before depreciation	(22.63)	(3.72)
Loss on Sale of Investments	—	—
Bad Debts Written Off	1.80	1.30
Owned Assets Sold/Written Off	—	—
Depreciation/Lease Equalisation/Lease Termination	21.33	19.98
Preliminary & Share Issue & Deferred Revenue Expenditure written off	—	1.62
Profit/(Loss) Before Tax	(45.77)	(26.62)
Provision for Tax	0.82	0.21
Profit/(Loss) After Tax	(46.58)	(26.83)

OPERATIONS

The operations of the company had been considerably reduced due to poor performance of the NBFC sector in general and of the company in particular. However, steps to consolidate operations, recover delinquent debts etc. have yielded good results.

The company is now only doing Loan financing activities.

DIVIDEND

Due to losses during the year under review, the Board of Directors do not recommend declaration of any dividend for the year ended 31.03.2006.

PUBLIC DEPOSITS

During the year, the company has neither accepted nor renewed any deposit. As on 31.03.2006, the outstanding public deposits amounted to Rs. Nil. Further the Company has resolved not to accept public deposits in future.

RBI CLASSIFICATION

The Reserve Bank of India has classified the company as "Category 'B' Non-Banking Finance Company".

CORPORATE GOVERNANCE

Your Company and its' Board, have taken adequate steps towards implementation of the provisions of Clause 49 of the listing agreement and it is 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.

DIRECTORS

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

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

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SEBI circular no. D&CC/F/TTC/Cir-15/2002 dated December 27, 2002. As on 30-06-06, 41,53,585 equity shares have been dematerialised, which is 83.05% 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, R&D AND 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 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 : 31.07.2006

(Sumant Chadha)
Director

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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.

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

The Board consists of seven directors, who are all non-executive directors. Out of seven directors five directors are independent directors i.e. 71%.

In the financial year 2005-2006, the Board met four times on 23.05.05, 30.07.05, 31.10.05 and 31.01.06 with clearly defined agenda, circulated well in advance before each meeting.

Attendance record of the participating Directors for the year ended 31.03.2006 are as follows:

Name of Director	Attendance at the Board Meetings	Attendance at previous AGM on 30.09.2005	No. of outside Director -ship held	Number of membership in other Board Committees	Number of Chairmanship of such Committees	Category
Mr. T.R.Chadha (Note No. I)	3	Not present	N/A	N/A	N/A	Chairman & Non Executive
Mr. Prem Nath Anand (Note No. II)	Nil	Not Present	N/A	N/A	N/A	Non Executive
Mr. Manu Chadha (Note No. III)	3	Present	5	3	1	Chairman & Non Executive
Mr. Sumant Chadha (Note No. II)	3	Present	1	Nil	Nil	Non Executive
Mr. Anuj Anand (Note No. II)	Nil	Not Present	N/A	N/A	N/A	Non Executive
Mr. H.B.Gohel (Note No. IV)	Nil	Not Present	N/A	N/A	N/A	Non Executive & independent
Mr. P.C. Seth	3	Not Present	Nil	Nil	Nil	Non Executive & independent
Mr. Ashwani Kumar Tewari	4	Present	Nil	Nil	Nil	Non Executive & independent
Mr. Deepak Virmani (Alternate to Mr. P.N.Anand) (Note No. II)	2	Not Present	N/A	N/A	N/A	Non Executive
Mr. Ajesh Tuli (Alternate to Mr. Anuj Anand) (Note No. II)	1	Not Present	N/A	N/A	N/A	Non Executive
Mr. Suresh Chander Kapur (Note No. V)	1	N/A	N/A	N/A	N/A	Non Executive & independent

Notes :

- I. On 11/11/05 due to the demise of Mr. T. R. Chadha office of the Chairman became vacant.
- II. Mr. Prem Nath Anand & Mr. Anuj Anand resigned from directorship during the year. Accordingly, the respective alternate directors Mr. Ajesh Tuli & Mr. Deepak Virmani deemed to have vacated their office.
- III. On 29/12/05 Mr. Manu Chadha was appointed as the Chairmen of the Board by way of Resolution by circulation to fill up the vacancy which was created because of the demise of Mr. T. R. Chadha.
- IV. Mr. H B Gohel resigned from the Board during the year.
- V. Mr.Suresh Chander Kapur was appointed as Additional Director during the year.

3. During the financial year 2005-2006, no commission was paid to any director of the company.

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4. 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.

5. Mr. Manu Chadha and Mr Sumant Chadha, the Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Their brief resume is as follows:

Mr. Manu Chadha, B. Com (H), LLB, is a practicing Chartered Accountant working as a partner with a firm of Chartered Accountants, since last 27 years. He poses vast experience in the spheres of Taxation and Auditing. He holds 7,49,058 shares in this Company.

Mr. Sumant Chadha, B. Com (H), LLB, is a practicing Chartered Accountant working as a Partner with a firm of Chartered Accountants, since last 22 years. He poses vast experience in the spheres of Taxation and Auditing. He holds 6,51,802 shares in this Company.

Mr. Suresh Chander Kapur, the Additional Director of the Company retire at the ensuing Annual General Meeting and being eligible offer himself for re-appointment.

Mr. Suresh Chander Kapur, is a science graduate. He was Chairman & Managing Director of Hindustan Vegetable Oils Corporation, a PSU for 9 years. He is presently working as Secretary General of Association of Synthetic Fibre Industry.

6. Number of other Boards or Board Committees in which a Director is a Member or Chairman

S. No.	Name of Director	No. of Directorship(s) held in other Companies and name of the Company	No. of Membership(s) in Committees of Board of other Companies	Chairmanship(s) Committees of Board of other Companies
01.	Mr. Manu Chadha	1. GIC Housing Finance Ltd.	NIL	NIL
		2. Ispat Industries Ltd.	3	1
		3. Himalyan Crest Power Ltd.	NIL	NIL
		4. Reliance Capital Asset Management Ltd.	NIL	NIL
		5. Kotla Hydro Power Ltd.	1	NIL
		6. SBI Funds Management Pvt. Ltd.	1	1
		7. TRC Corporate Consulting Pvt. Ltd.	NIL	NIL
02.	Mr. Sumant Chadha	1. Karma Energy Ltd.	NIL	NIL
		2. TRC Securities Pvt. Ltd.	NIL	NIL
		3. TRC Corporate Consulting Pvt. Ltd.	NIL	NIL
03.	Mr. Suresh Chander Kapur	NIL	NIL	NIL

7. The Statutory Registers that are required to be kept under various enactments are properly maintained and continuously updated.

8. BOARD COMMITTEES

Share Transfer and Investor Grievance Committee

The Share Transfer/investor Grievances Committee consists of Mr. Sumant Chadha as Chairman and Mr. Ashwani Tewari as member. 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 investor's complaints. The committee meets to review the transfers/ remat / demat / duplicate shares issue, executed by the RTA M/s Alankit Assignment Limited. During the year under review the Committee met 4 times, 23/05/05, 27/05/05, 24/11/05 and 24/01/06.

Half-yearly Transfer Audit and Quarterly Secretarial Audit in terms of the Listing Agreement are regularly carried out by an independent practicing Company Secretary.

Audit Committee

The Audit Committee of the Board consists of Mr. Ashwani Kumar Tewari as Chairman, Mr. P. C. Seth and Mr. Sumant Chadha, all being non executive directors. Mr. P. C. Seth and Mr. Ashwani Kumar Tewari, being independent directors in the committee. The Audit Committee is responsible for the areas specified by Clause 49 of the Listing Agreement and

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Section 292-A of the Companies Act, 1956, besides other roles as may be referred by the Board of Directors. There has been four Audit Committee meetings during the Financial Year 2005-2006, held on 23/05/05, 30/07/05, 31/10/05 and 31/01/06. The Audit Committee has reviewed the annual financial results, half-yearly results, internal audit report and internal working system of the company and has held discussion with the statutory auditors of the company.

Investment Committee

The committee consists of Mr. Sumant Chadha as Chairman, Mr. Ashwani Tiwari both 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 23/05/05, 30/07/05, 31/10/05 and 31/01/06.

Remuneration Committee

The committee consists of three independent directors, namely Mr. Ashwani Kumar Tiwari, Mr. P. C. Seth, and Mr. H. B. Gohel, to approve the remuneration of directors and manager. However, no remuneration has been paid to any Directors in the year under review. During the year under review the Committee meeting was held on 23-05-2005.

9. REMUNERATION OF DIRECTORS FOR 2005-2006

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 Kumar 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
Mr. Suresh Chander Kapur	Nil	Nil	Nil	Nil
Mr. Lalit Kumar Kapoor	Nil	Nil	Nil	Nil

The Company does not have any stock option scheme and no Commission was paid to any Director during the year 2005-2006.

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

Year	Venue	Date	Time
2005	Arjun Farms, (Khasra No. 11/16), Village Pindwala Khurd, Jhatikra Road, New Delhi-110 071	30.09.2005	11.00 a.m.
2004	Arjun Farms, (Khasra No. 11/16), Village Pindwala Khurd, Jhatikra Road, New Delhi-110 071	30.09.2004	11.00 a.m.
2003	Arjun Farms, (Khasra No. 11/16), Village Pindwala Khurd, Jhatikra Road, New Delhi-110 071	30.09.2003	11.00 a.m.

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

11. DISCLOSURES

- * During 2005-2006, 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.
- * The person heading the finance of the Company have certified the specified matters to the Board, as required under Clause 49 V.

12. MEANS OF COMMUNICATION

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