

THIRTEENTH ANNUAL REPORT 2006-2007



TRC Financial Services Limited

TRC FINANCIAL SERVICES LIMITED*THIRTEENTH ANNUAL REPORT 2006 -2007***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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NOTICE

Notice is hereby given that the Thirteenth Annual General Meeting of the Members of TRC Financial Services Limited will be held on Friday, the 28th September, 2007 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 2007 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. P.C. Seth, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Ashwani Tewari, 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 in accordance with the provision 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 09.05.2007 to 08.05.2008 on the following terms and conditions:

Basic Salary	: Rs. 11,400.00 per month.
House Rent Allowance	: Rs. 4,400.00 per month.
Medical Reimbursement	: Rs. 1,200.00 per month.
Conveyance Allowance	: Rs. 800.00 per month.

The above remuneration is w.e.f. from 1st day of April, 2007 as approved by the Remuneration Committee and well within the permitted limit under Schedule XIII of the Companies Act, 1956.

He is also entitled for any Festival Allowances as applicable in similar trade and industry.

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 : 31.07.2007

(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 21st September, 2007 to 28th September, 2007 (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.

TRC FINANCIAL SERVICES LIMITED*THIRTEENTH ANNUAL REPORT 2006-2007***EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173(2) OF THE COMPANIES ACT, 1956****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 re-appointed by the Board of Directors Meeting held on 30.05.2007. Mr. Aditya Raj is a B.Com. and having more than 8 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 : 31.07.2007

(Sumant Chadha)
Director

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DIRECTORS' REPORT

To The Members of
TRC Financial Services Limited

Your Directors' have pleasure in submitting the Thirteenth Annual Report of your company together with the audited Statement of Accounts for the year ended 31st March, 2007.

FINANCIAL RESULTS

The financial results of the company for the year ended 31st March, 2007 compared to the previous year are summarised below:

	Year Ended 31.03.2007	Year Ended 31.03.2006
	(Rs. in lakhs)	
Total Income	18.00	14.55
Profit (Loss) before interest & depreciation	8.29	(22.63)
Interest	—	—
Profit (Loss) after interest but before depreciation	8.29	(22.63)
Loss on Sale of Investments	—	—
Bad Debts Written Off	0.21	1.80
Owned Assets Sold/Written Off	—	—
Depreciation/Lease Equalisation/Lease Termination	8.75	21.33
Preliminary & Share Issue & Deferred Revenue Expenditure written off	—	—
Profit/(Loss) Before Tax	(0.46)	(45.77)
Provision for Tax	0.52	0.82
Profit/(Loss) After Tax	(0.97)	(46.58)

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 delinquency debts etc. have yielded good results.

The company is now only doing Loan financing activities.

DIVIDEND

Due to loss during the year under review, the Board of Directors do not recommend declaration of any dividend for the year ended 31.03.2007.

PUBLIC DEPOSITS

During the year, the company has neither accepted nor renewed any deposit. As on 31.03.2007, 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. P.C. Seth and Mr. Ashwani Kumar Tewari, 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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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 30-06-07, 43,42,085 equity shares have been dematerialised, which is 86.82% 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 : 31.07.2007

(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 five directors, who are all non-executive directors. Out of five directors three directors are independent directors i.e. 60%.

In the financial year 2006-2007, the Board met four times on 27.05.06, 31.07.06, 23.10.06 and 31.01.07 with clearly defined agenda, circulated well in advance before each meeting.

Attendance record of the participating Directors for the year ended 31.03.2007 are as follows:

Name of Director	Attendance at the Board Meetings	Attendance at previous AGM on 22.09.2006	No. of outside Director -ship held	Number of membership in other Board Committees	Number of Chairmanship of such Committees	Category
Mr. Manu Chadha	2	Present	7	3	1	Chairman & Non Executive
Mr. Sumant Chadha	4	Present	2	Nil	Nil	Non Executive
Mr. P.C. Seth	4	Not Present	Nil	Nil	Nil	Non Executive & independent
Mr. Ashwani Kumar Tewari	4	Not Present	Nil	Nil	Nil	Non Executive & independent
Mr. Suresh Chander Kapur	4	Not Present	Nil	Nil	Nil	Non Executive & independent

3. During the financial year 2006-2007, no commission was paid to any director of the company.

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. P. C. Seth and Mr. Ashwani Kumar Tewari, 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. P. C. Seth, is a member of Institute of Chartered Accountants of England and Wales and is a very senior Chartered Accountant (qualified in 1966). He served with East India Hotels Limited and Oberoi Hotels for eleven years in important and senior level management positions.

Mr. Ashwani Kumar Tewari, B. Com (H), is a practicing Chartered Accountant working as a Partner with a reputed firm of Chartered Accountants, since last 11 years. He poses vast experience in the spheres of Auditing, Investigation Work, Valuation of Business and Viability Studies.

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.	1	NIL
		5. Kotla Hydro Power Ltd.	1	NIL

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		6. Brady Air Ltd.	NIL	NIL
		7. TRC Corporate Consulting Pvt. Ltd.	NIL	NIL
02.	Mr. Sumant Chadha	1. Karma Energy Ltd.	NIL	NIL
		2. PNB Housing Finance Ltd.	NIL	NIL
		3. TRC Securities Pvt. Ltd.	NIL	NIL
		4. TRC Corporate Consulting Pvt. Ltd.	NIL	NIL
03.	Mr. Suresh Chander Kapur	NIL	NIL	NIL
04.	Mr. P. C. Seth	NIL	NIL	NIL
05.	Mr. Ashwani Kumar Tewari	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, 27/05/06, 31/07/06, 23/10/06 and 31/01/07.

Half-yearly Transfer Audit and Quarterly Secretarial Audit in terms of the Listing Agreement are regularly carried out by an independent practising 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 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 2006-2007, held on 27/05/06, 31/07/06, 23/10/06 and 31/01/07. 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 27/05/06, 31/07/06, 23/10/06 and 31/01/07.

Remuneration Committee

The committee consists of two independent directors, namely Mr. Ashwani Kumar Tiwari and Mr. P. C. Seth, 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 27-05-2006.

9. REMUNERATION OF DIRECTORS FOR 2006-2007

Name of the Director	Sitting Fee	Salaries and Perquisites	Commission	Total
Mr. Manu Chadha	Nil	Nil	Nil	Nil
Mr. Sumant Chadha	Nil	Nil	Nil	Nil
Mr. P.C. Seth	Nil	Nil	Nil	Nil
Mr. Ashwani Kumar Tewari	Nil	Nil	Nil	Nil
Mr. Suresh Chander Kapur	Nil	Nil	Nil	Nil

The Company does not have any stock option scheme and no Commission was paid to any Director during the year 2006-2007.