

15th Annual Report 2009

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FINANCIAL ENGINEERS

TRANSWARRANTY FINANCE LIMITED



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BOARD OF DIRECTORS



Mr. Suresh N. Talwar
Chairman



Mr. Kumar Nair
Managing Director



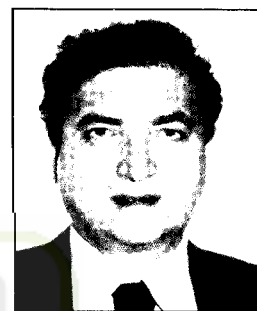
Raghu R. Palat
Director



Mr. Jay Chandran
Director



Mr. K. K. Dastur
Director



Mr. Pravin Khatau
Director

Mr. Suresh Talwar, the Chairman is a distinguished and reputed Solicitor & Advocate and Senior Partner of Talwar Thakore and Associates, one of the leading firm of Solicitors in India. He is the legal counsel to many large Indian and Multinational Companies, Indian and foreign banks and is on the board of several leading companies such as Merck, Cadbury, Sandvik Asea, Esab India, Johnson & Johnson, Madura Coats, Uhde India, Wyeth, Blue Star, etc.

Mr. Kumar Nair, F.C.A., the Managing Director has over two decades of experience in Financial Services, Capital Market and Investment Banking. Prior to this he was a key member of the core senior management team in Kotak Mahindra Finance Limited with wide experience in Financial Services.

Mr. Raghu Palat, F.C.A. from England and Wales, Director is an eminent Banker, Professional Trainer, Investment Advisor and Author. He was with the American Express Bank and Bank Internasional Indonesia in senior management positions. He has authored several books in finance and investments. He is the faculty at Bankers Training College and I.C.F.A.I.

Mr. K Jay Chandran, MBA, is a principal consultant with Frost & Sullivan, Singapore, reputed international firm of Management, Business & Technology Consultants.

Mr. Pravin Khatau, MBA from Wharton was a senior director in Goldman Sachs & Co., and Barings in London. Presently he is a private equity investor through his company LRM Holdings, Monaco.

Mr. K. K. Dastur, is B.Com, A.C.A. He has vast experience in Finance, Commercial and General Administration. He was employed with Godrej Industries Ltd. since 1965 and retired as Executive Director (Finance) in 2002.

CORPORATE INFORMATION

Board of Directors

Mr. Suresh N. Talwar *Chairman*

Mr. Kumar Nair *Managing Director*

Mr. Raghu R. Palat

Mr. K. K. Dastur

Mr. Pravin Khatau

Mr. N. R. Achan (Till 22/10/08)

Mr. K. Jay Chandran

Company Secretary

Mr. G. K. Prem Kumar

Auditors

M/s Haridas Associates,
Chartered Accountants,
3, Air View Society, Off. Nanda Patkar Road,
Opp. Rane Hospital, Vile - Parle (E),
Mumbai - 400 057.

Solicitors & Advocates

Talwar Thakore & Associates
Hague Building, 9, Sprott Road,
Ballard Estate, Mumbai - 400 001.

Bankers

ICICI Bank Limited

The Catholic Syrian Bank Limited

The Federal Bank Limited

HDFC Bank Limited

Registered and Corporate Office

403, Regent Chambers,
Nariman Point,
Mumbai - 400021.
Tel. No. : 91-022-22047965/66
Fax No. : 91-022-66306655
Website : www.transwarranty.com
e-mail id : mail@transwarranty.com

Registrar & Share Transfer Agent

Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound,
L B S Marg, Bhandup (West),
Mumbai - 400 078.
Tel. No. 91-022-25963838
Fax No. 91-022-25946969
e-mail : isrl@intimespectrum.com

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NOTICE

NOTICE is hereby given that, the 15th Annual General Meeting of the members of Transwarranty Finance Limited will be held on Wednesday, the 5th August 2009 at -11.00 a.m at M C Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubbhash Marg, Mumbai 400001 to transact the following business.

Ordinary Business :

1. To receive, consider, and adopt the Balance Sheet as at 31.03.2009 and the Profit and Loss Account for the year ended as on that date and the report of the Directors and the Auditors thereon.
2. To declare a dividend for the financial year ended 31.03.2009.
3. To appoint a Director in place of Mr. Raghu R Palat who retires by rotation and being eligible offers himself for reappointment.
4. To appoint M/s. Rahul Gautam Divan & Associates, Chartered Accountants as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on such remuneration as may be mutually agreed upon between the auditors and the Board of Directors of the Company.

[The appointment of an auditor other than the retiring auditor requires special notice. In this regard, the Company has received a notice from a shareholder proposing the name of Rahul Gautam Divan & Associates as auditors in place of Mr. Harshad B. Desai who will cease to be the auditor at the conclusion of the ensuing Annual General Meeting and who has expressed his unwillingness to be appointed as an auditor. Members may consider the appointment of M/s Rahul Gautam Divan & Associates as Statutory Auditors of the Company from the conclusion of the ensuing Annual General Meeting.]

Special Business:

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

"RESOLVED THAT, pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its approval to the reappointment of Mr. Kumar Nair as Managing Director of the Company for a further period of 5 years with effect from 30.08.2009 on the terms and conditions including those relating to remuneration as set out in the Explanatory Statement annexed to this Notice.

6. To consider and if thought fit to pass with or without modification/s the following resolution as a special resolution:

"RESOLVED THAT pursuant to the provisions of Section

81(1A) and all other applicable provisions, of the Companies Act, 1956, the provisions contained in the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 (**"the Guidelines"**) (including any statutory amendment, modification or re-enactment to the Act or the Guidelines for the time being in force) and the Memorandum and Articles of Association of the Company and subject to such approvals, permissions, sanctions and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, approval and consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee including Remuneration & Compensation Committee of the Board) to re-price the proposed Employee Stock Option Scheme, (**"ESOS Scheme - 2008"**) as detailed in the explanatory statement to this Notice, and offer, issue and allot stock options under the said proposed ESOS Scheme - 2008 at any time to or for the benefit of employees at such price, in such manner and on such terms and conditions as may be fixed or determined by the Board in accordance with the Guidelines or other applicable provisions of any law as may be prevailing at that time.

Mumbai
May 14, 2009

By the Order of the Board

Registered Office
403, Regent Chambers
Nariman Point, Mumbai 400021

Sd/-
G K Prem Kumar
Company Secretary

NOTES :

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself on a poll only and the proxy need not be a member.
2. Proxies in order to be effective must be received by the Company not less than forty eight hours before the commencement of the meeting. Proxy Form is enclosed.
3. Members / Proxies should bring duly filled Attendance Slips sent herewith to attend the meeting.
4. All documents referred to in the Notice will be available for inspection by the members at the Registered Office of the Company between 10.30 a.m to 12.30 p.m. on all working days up to the date of Annual General Meeting.
5. Members who are holding Company's shares in dematerialized form are requested to bring details of their Depository Account Number for identification.

6. The Register of members and share transfer books of the Company will remain closed from 28.07.2009 to 05.08.2009 (both days inclusive)
7. Members requiring further information on accounts at the meeting are requested to send the queries in writing so as to reach at the Registered Office of the Company at Mumbai at least 10 days before the meeting.
8. Members holding shares in physical form are requested to notify any change in their address to the Company's Registrar and Transfer Agents, **Link Intime India Pvt Ltd.** Members holding shares in electronic form may intimate any such change to their respective Depository Participants (DPs).
9. Members are informed that, dividend of Rs. 42,890/- for the period 2006-07 and dividend of Rs. 62,707/- for the period 2007-08 are outstanding as unclaimed. There are no unclaimed dividends transferable to Central Government under Section 205 A of the Companies Act, 1956.
10. Members are requested to address all correspondences, including dividend matters to the Registrars & Transfer Agents of the Company.

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

As required by Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to the business mentioned under the item Nos. 5 and 6 of the accompanying Notice.

Item No. 5

Appointment of Mr. Kumar Nair as Managing Director

Mr. Kumar Nair, aged 47 years is a Chartered Accountant. He has 23 years of experience in the Capital Market and Investment Banking industry. His core competencies in financial services industry encompasses wide gamut of functions like Corporate finance, Trade finance, Project finance, Stock/ Commodities/ Foreign Exchange, Banking Research, Investment Banking. He was with Kotak Mahindra Finance Limited for 9 years and was last positioned as Vice President. He has been the Managing Director of the Company since 1994.

His term of office will expire on 29th August, 2009 and his continuance in the Company is extremely required in the interest of the stakeholders.

His terms of appointment are as follows:

A. Terms of appointment:

Period: For a period of 5 (Five) years with effect from 30th August, 2009.

B. Terms of Remuneration:

1) Basic Salary:

Rs. 65,000/- per month in the scale or Rs. 65,000/- to Rs. 4,00,000/- per month (Annual increase in salary to be decided by the Board of Directors) in compliance as provided under Schedule XIII, Part II, Section II of the Companies Act, 1956.

2) HRA

50% of Basic Salary

3) Commission:

An amount by way of commission payable annually in addition to the above salary and perquisites not exceeding one and half times the annual basic salary, subject to the further ceiling limit that the commission together with salary and perquisites shall not exceed 1% of the net profit as calculated under Section 349 of the Companies Act, 1956.

4) Perquisites & Allowances:

In addition to Salary, HRA & Commission as stated above, perquisites will be restricted to an amount of Rs.3,25,000/- (Rupees Three lakh Twenty Five Thousand only) per annum.

Managing Director can avail/utilize the benefit of the perquisites in any forms / types / manners, including perquisites of Gas, Electricity, water, reimbursement of Medical Expenses (for self & family), Leave Travel Assistance, reimbursement of traveling expenses (for self & family), fees & subscription to clubs, Personal Accident Insurance, and such other perquisites which the Managing Director wants to avail, irrespective of any maximum ceiling limit for any individual types / items of perquisites availed / utilized by him in any form / type / manner.

The Managing Director is also entitled to the Company's car with driver for official use.

The valuation of the perquisites will be as per the Income Tax Rules, 1962.

The following perquisites will not be included in the computation of the ceiling of perquisites:

- (i) Contribution to the Provident fund in accordance with the rules of the Company.
- (ii) Gratuity payable in accordance with the Rules of the Company.
- (iii) Encashment of leave at the end of tenure.

Minimum Remuneration:

If in any financial year, the Company has no profit or its profits are



inadequate as computed under Section 349 of the Companies Act, 1956, the Company shall pay salary, HRA and perquisites as specified above, excluding commission, as minimum remuneration.

No sitting fee shall be paid to the Managing Director for attending the meetings of the Board of Directors or any committee thereof.

Approval of members under Sections 269, 309, 310 read with Schedule XIII to the Companies Act, 1956 is required for the reappointment and revision of remuneration of Managing Director. Further the remuneration payable to him has been approved by the Remuneration Committee of the Board of Directors of the Company. Further the Company has not made any default in repayment of any of its debts (including public deposits) or debentures or interest payable thereon for a continuous period of 30 days in the preceding financial year before the date of appointment of such managerial person.

None of the Directors of the Company other than Mr. Kumar Nair is interested in the said resolution.

The Board of Directors commends the Resolution for your approval.

Item No. 6

The Company evolved the Employee Stock Option Scheme 2008 ("ESOS 2008") to reward the employees for their past association and performance as well as to motivate them to contribute to the growth and profitability of the Company. The Company also intends to use this scheme to attract and reward talent and performance in the organization. The Company views employee stock options as instrument that would enable the employee to share the value they would create and contribute to the Company in the years to come.

This ESOS 2008 was formulated by the Compensation Committee of the Board of Directors of the Company and approved by it in its meeting held on 04 April 2008. Vide the same meeting the exercise price of the option was fixed at Rs.20/-. Subsequently, the stock market crashed and is on a downward trend. Hence the present market price of the share is ruling around an average price of Rs.10/-. Hence the scheme has become unattractive to the employees due to wide variation in the market price.

Under Regulation 7.5 of SEBI ESOP guidelines 2003, a Company may re-price the options which are not exercised (whether or not they have been vested) if the ESOS were rendered unattractive

due to fall in the price of the shares in the market, provided that, the Company ensures that such re-pricing shall not be detrimental to the interest of employees and approval of the shareholders in general meeting has been obtained for such re-pricing.

Accordingly, since the Company's ESOS 2008 has become unattractive due to the present market price and keeping the objective of the scheme intact, the Company proposes to re-price the Stock option. The Company is yet to vest the options to the employees.

In compliance with the said guidelines the following information is provided additionally:

1. The Company has not varied the terms of the ESOS 2008 in any manner which may be detrimental to the interest of the employees.
2. The Company shall by special resolution in a general meeting vary the terms of ESOS offered pursuant to an earlier resolution of a general body but not yet exercised by the employee provided such variation is not prejudicial to the interest of the option holder.
3. The Company shall comply with Clause 6.3 if applicable to such variation of terms as they do to the original grant of option.
4. Detailed disclosure:
 - i) Variation - Re-pricing of the option to a price of Rs. 10/- per share.
 - ii) Rationale - Price was rendered unattractive due to fall in the price of the shares in the market.
 - iii) All the employees who have been granted Stock Options are beneficiaries of such variations and are available on the records of the Company.

Pursuant to the amendment to the ESOP Guidelines, 2003 and all other applicable provisions consent of the members is being sought to re-pricing of the options.

None of the directors of the Company (except the promoters who are excluded) and the directors of the subsidiary companies are in any way, concerned or interested in the resolution, except to the extent of their shareholding in the Company and /or the securities that may be offered to them under the scheme.

ADDITIONAL INFORMATION PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT WITH REGARD TO DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE 15TH ANNUAL GENERAL MEETING:

I Name of Director : Mr. Raghu R. Palat

Date of birth : 02.10.1948

Date of appointment of Board : 27.12.1997

Qualification : FCA from Institute of Chartered Accountants of England and Wales and ACA from Institute of Chartered Accountants of India.

Experience in specific : With American Express Bank for 15 years in Senior Management capacity and with Bank International Indonesia for 3 years as Chief Executive Officer and Country Head of India - operations.

No. of shares held : 3000

Other directorship : i) Cheque Mate Infotech Pvt Ltd
ii) Cortlandt R and Consultancy Pvt Ltd
iii) Bharati AXA Trustee Services Pvt Ltd

Committee Memberships : NIL

II Name of Director : Mr. Kumar Nair

Date of birth : 24.03.1962

Date of appointment of Board : 27.12.1997

Qualification : Bsc., FCA from Institute of Chartered Accountants of India.

Experience in specific : He was with Kotak Mahindra Finance Limited for 9 years as Vice President.

Nature of his expertise : He has 23 years of experience in the Capital Markets and Investment Banking industry.

No. of shares held : 74,94,433

Other directorship : i) Transwarranty Capital Pvt. Ltd
ii) Transwarranty Forex & Commodities Pvt. Ltd
iii) Transwarranty Credit Care Pvt. Ltd.
iv) Transwarranty Advisors Pvt. Ltd
v) Transwarranty Pvt. Ltd
vi) Menon Bearings Ltd
vii) Marksans Pharma Ltd
viii) Vertex Securities Limited

Committee Memberships:

Name of Co.	Audit Committee	Shareholders Committee	Compensation Committee	Remuneration Committee
Marksans Pharma Ltd	Member	Member	Member	Member
Vertex Securities Ltd				Member



DIRECTORS' REPORT

To

The Members,
Transwarranty Finance Limited

Your Directors have pleasure in presenting the 15th Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2009.

Financial Results	2008-09 (Rs.)	2007-08 (Rs.)
Total Income	44,268,336	65,952,752
Gross Profit	12,723,140	38,016,417
Less Interest and Finance Charges	1,284,328	1,014,745
Depreciation	697,168	787,430
Profit/(Loss) before Tax	10,741,644	36,214,242
Less Provision for tax	3,654,000	12,450,000
Provision for Fringe Benefit Tax	280,700	301,450
Deferred Tax Liability/(Assets)	(4,255)	(16,720)
Profit/(Loss) after Tax	6,811,199	23,479,819
Balance brought forward	14,789,753	13,385,443
Profit available for appropriation	21,606,078	36,864,955
Appropriations		
Reserves u/s 45 1C of RBI Act	1,362,240	4,695,902
Proposed Dividend	4,200,000	14,000,000
Corporate Dividend Tax	713,790	2,379,300
General Reserve	1,000,000	1,000,000
Profit/(Loss) carried to Balance Sheet	14,330,048	14,789,753

Business:

The performance of the Company during the year under review, is as follows:

The Company along with its subsidiary companies has achieved consolidated revenue of Rs. 133.94 million, which is not comparable with the previous year, since Vertex Securities Limited became a subsidiary during the current financial year

The Company on its own has three major focus areas of operations consisting of Trade Finance, Corporate Finance and Investment Banking and has recently activated Microfinance.

Income from Trade Finance was Rs.14.34 mn compared to Rs.11.17 mn in the previous year. The business experienced excellent growth due to the increased requirement of working capital by client companies and our ability to meet those increased demands, both domestic and cross border.

Income from Corporate Finance was Rs.22.92 mn compared to Rs.24.67 mn in the previous year. The company had excellent corporate finance mandates in hand and could have achieved much superior performance but for the credit crunch in the financial system experienced for more than half the year. The banking system rebounded in the last quarter and some of the mandates could get executed with the rest carried forward to the next financial year.

Investment Banking had a very disappointing year with a nominal income of Rs.0.45 mn. The company had excellent mandates in Investment Banking too and had term sheets issued and MOU signed in 5 transactions, which did not result in closed transaction and due to under performance of client companies compared to their projections in some cases and stock market crash causing valuation mismatch and corresponding change in dilution estimates.

The company entered Micro finance business through acquisition of a small firm engaged in the business for the business for the last 8 years. This business has enormous potential to scale up, if adequate resources can be raised.

During the year, the total Income from operations was Rs.44.27 mn compared to Rs.65.95 mn in the previous year. Gross profit was at Rs.12.72 mn as against Rs. 38.02 mn in the previous year. The profit after tax was Rs.6.81 mn as against Rs.23.48 mn in the previous year. During the year Rs.1.36 mn was appropriated to reserves u/s 45 1C of RBI Act 1935 and Rs.1.00 million to General Reserves. Earning per share is Rs.0.49 against Rs.1.68 in the previous year on a weighted average basis as per Accounting Standard 20 issued by the Institute of Chartered Accountants of India.

Dividend during the year:

Your Directors recommend dividend of 30 paise per share for the financial year 2008-09. The dividend will absorb Rs. 4,913,790/- including corporate dividend tax amounting to Rs.713,790/-.

Future Outlook:

The company is extremely confident of achieving excellent growth in its business and profits in the following years since we are a well diversified Company with a large bouquet of financial products and services.

The company has launched microfinance and gold lending to re-enter fund based business and is hoping to disburse Rs.100 crores in the following year, subject to availability of funds.

Employees' Stock Option Plan 2008.

Employees Stock Option Plan

a)	Number of Option granted	5,54,000 Options granted on 04/04/2008 - 1st Grant 1,30,000 Options granted on 30/07/2008 - IInd Grant
b)	The Pricing formula	Options granted shall be exercisable at a price of Rs. 20 per share.
c)	Options Vested	22,663 Options were vested on 2nd April, 2009.
d)	Options exercised	Nil
e)	Total No. of shares arising as a result of exercise of options	Nil
f)	Options lapsed	19,000 options have lapsed during the year 2008-09 consequent to resignation of the concerned employees from the service of the company.

g)	Variation of terms of Options	a) The Board of Directors has decided to re-price the option @ Rs.10/- per share subject to approval from the shareholders at the A.G.M. b) ESOP not vested or lapsed shall be carried forward to the 5th Year.
h)	Money realized by exercisable Options	Nil
i)	Total No. of Options in force	6,42,337
j)	Employee wise details of options granted to	
i)	Senior Management Personnel:	

Sr. No.	Name	No. Options granted	Designation
1	Mr. S. N. Talwar	50,000	Chairman
2	Mr. Raghu R Palat	50,000	Director
3	Mr. Pravin Khatau	50,000	Director
4	Mr. Ranjan Verghese	50,000	Managing Director-Vortex Securities Ltd.
5	Mr. U. Ramachandran	50,000	Chief Financial Officer

	ii) Any other employee who receives a grant in any one year of options amounting to 5% or more of options granted during the year	Nil
	iii) Identified employees who were granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Nil
k)	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS-20) "Earning Per Share"	Not Applicable
l)	a) The difference between the employee compensation cost calculated using the intrinsic value of the stock options and the employee compensation cost that would have been recognized if it had used the fair value of the options.	Nil
	b) The impact of this difference on the profits and on the EPS of the company	Not Applicable
m)	Weighted average exercise prices and weighted average fair values of options disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	Weighted Average Exercise Price = Rs. 20 Weighted Average Fair Value = Rs. 20
n)	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted average information	The company opted intrinsic value method for accounting of compensation cost arising out of ESOP. However, for disclosure in para (l) above the following assumptions have been made.

i) risk- free interest rate	7%
ii) expected life	1 year to 5 years
iii) expected volatility	50% - 55%
iv) expected dividends, and	2.25% - 10 %
v) the price of the underlying share in market at the time of option grant	Rs. 20 per share - I Grant Rs. 18 per share - II Grant

Subsidiary Companies:

Transwarranty Capital Pvt. Ltd. (TCPL)

The company continued to build its Merchant Banking business offering the entire suite of Services and successfully executed Open Offers under SEBI Take over code regulations, ESOPs, Valuation of shares, direct listing of companies in BSE, valuation of companies for Mergers & Acquisition, buy back of shares, reverse mergers etc. and has also secured more mandates including for Initial Public Offers (IPO's) and Rights Issues.

The company had transferred all retail stock broking business to Vertex Securities Ltd. (VSL). The number of empanelment with various Financial Institutions for secondary market investments has gone up to 18 and the process of empanelment is continuing.

The company earned income of Rs.7.69 million as compared to Rs.20.21 million in the previous year. The drop in income was due to the transfer of retail broking business to the other subsidiary company Vertex Securities Limited (VSL) and the infrastructure and compliance cost remain unchanged.

To avoid duplication of costs and investments of maintaining 2 subsidiary companies, both engaged in the business of stock broking and to create a unified & large stock broking company for both retail and institutional broking, it has been decided to merge TCPL with VSL under the common brand of "Transwarranty".

To provide greater focus, the Merchant Banking business is being proposed to be transferred into another subsidiary company of TFL with necessary approval from SEBI to transfer the Merchant Banking registration.

Vertex Securities Limited

Vertex Securities Limited (VSL) is engaged in the following businesses:

1. Retail Stock Broking having 12,500 clients and around 175 employees
2. Retail Commodity Broking (through its wholly owned subsidiary company)

VSL and its wholly owned subsidiary company have membership in

1. BSE
2. NSE
3. Cochin Stock Exchange
4. MCX
5. NCDEX
6. NMCE
7. NSDL (for depository services)

The income for the year was Rs.68.55 mn compared to Rs.92.75 mn in the previous year.



Transwarranty Forex & Commodities Pvt. Ltd.

The number of empanelment for Forex Broking with various Banks has gone up to 14 and the process of empanelment is continuing.

The brokerage income for the year was Rs.0.51 mn as compared to Rs.1.31 mn in the previous year.

Transwarranty Credit Care Pvt Ltd: The income was Rs. 2.63 mn compared to Rs.2.23 mn in the previous year.

Auditors' Report:

The Auditors report to the shareholders does not contain any qualifications.

A company, whose securities are listed on the Stock Exchanges, is compulsorily required to follow the accounting standards prescribed by the Institute of Chartered Accountants of India. In accordance with the Accounting Standards AS 21 on consolidated financial statement read with Accounting Standard 23 on Accounting for Investments in Associates, the Directors have provided the Audited consolidated financial statements in the Annual Report. In the year under review provisions have been made for deferred tax liabilities/ (assets).

Pursuant to Section 212 of the Companies Act, 1956 Directors Report, Balance Sheet and Profit & Loss account of the Subsidiary companies are attached with this Report. These documents are also available for inspection during business hours at the Registered Office of the Company.

Directors:

Mr. Raghu R. Palat retire by rotation and being eligible, offers for re-appointment. Pursuant to clause 49(g)(1) of the Listing Agreement with the Stock Exchanges, brief resume of the Directors being reappointed has been provided in the Notice convening the Annual General Meeting.

Mr. N. R. Achan resigned from the Board of Directors with effect from 22.10.2008. The Board places on record their appreciation for the valuable contributions made by Mr. N. R. Achan during his tenure as the Director of the Company.

Directors' Responsibility statement:

As required under Section 217(2AA) of the Companies Act, 1956, your Directors hereby confirm that:

In the preparation of the Annual Accounts for the year 2008-09, the applicable Accounting Standards have been followed and there are no material departures;

The accounting policies selected and applied are consistent and the judgment and estimates made 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 profit of the Company for the financial year;

Proper and sufficient care has been taken 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;

The annual accounts have been prepared on a going concern basis.

Particulars of employees' u/s 217 (2A) of the Companies Act, 1956:

None of the employees of the Company employed throughout the financial year/part of the year were in receipt of remuneration in excess of the limits as prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and hence no particulars are required to be given.

Auditors:

Mr. Harshad B. Desai, the Statutory Auditor of the company will cease to be the auditor at the conclusion of the ensuing Annual General Meeting and he has expressed his unwillingness to be appointed as an auditor. In this regard the company has received a notice from a shareholder proposing the name of M/s Rahul Gautam Divan & Associates as auditor in place of Mr. Harshad B. Desai. Members may consider the appointment of M/s Rahul Gautam Divan & Associates as Statutory Auditors of the Company from the conclusion of ensuing Annual General Meeting.

Corporate Governance Report:

Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, a Report on Corporate Governance with Auditors Certificate on Compliance with the conditions of Corporate Governance and a Management Discussion & Analysis Report has been attached and form part of the Annual Report.

Annexure to Directors' Report showing particulars with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo.

The particulars as prescribed under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, are not applicable to the Company. The Company has not carried out any specific research and development activities. The information related to Technology absorptions, adaptation and innovation is reported to be Nil.

Acknowledgments:

The Management of your Company is grateful to the Regulatory Authorities, Share holders, Company's Bankers, Financial Institutions, Banks, Insurance Companies, Mutual Funds, Foreign Institutional Investors, Clients, Business Associates etc for their continued support and co-operation.

The Directors also wish to place on record their appreciation of the co-operation, active involvement and dedication of the employees, which enabled the Management to contribute to the growth of the Company.

For and on behalf of the Board of Directors

Mumbai
May 14, 2009

Registered Office:
403, Regent Chambers,
Nariman Point,
Mumbai 400 021

Sd/
Suresh N Talwar
Chairman