

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting the Ninth Annual Report on the business and operations of the Company together with audited accounts for the year ended 31 March 2009.

FINANCIAL RESULTS

(Rs. in Crores)

	Year ended 31-3-2009	Year ended 31-3-2008
Total Income	124.66	130.21
Total Expenses	88.26	94.67
Profit before depreciation	36.40	35.54
Depreciation and Amortisation	8.31	8.42
Profit before tax	28.09	27.12
Provision for Tax	11.52	11.52
Profit after tax	16.57	15.60
Balance brought forward	36.86	21.43
Less : Transitional adjustment for Employee benefits	-	0.17
Amount available for appropriation	53.43	36.86
Proposed dividend	0.30	-
Tax including surcharge and education cess on dividend	0.05	-
Balance carried over to Balance Sheet	53.08	36.86

OPERATIONS

The Company's total income stood at Rs. 124.66 crores as compared to Rs. 130.21 crores in the corresponding previous year. Despite the meltdown in the global and Indian equity markets, the Company has sustained the profitability and registered a marginal increase in the profits after tax by 6% from Rs. 15.60 crores to Rs. 16.57 crores. This growth and stability was primarily on account of the initiatives and measures taken by the Company to offer a bouquet of financial services along with the core broking product and rationalise cost thereby improving productivity. The Company continues to strengthen its network and has a branch network of 45 branches across the country including separate linguistic business centres within these branches to cater to the needs of the local customers.

PROSPECTS AND OUTLOOK FOR THE FUTURE

Economic Outlook

The Indian economy grew by 9.0% in financial year 2007-08 with an average expansion of 8.8% over the past five years (FY04 through FY08), the fastest pace since independence. However,

financial year 2008-09 marked a clear break in this consistent growth momentum. The turbulence in the International financial markets did not leave India unscathed. India's current account deficit surged to the highest in 18 years in the quarter ended December 2008 as the global crisis stifled trade and capital inflows. The capital account balance turned negative during Q3FY09 for the first time since Q1FY99 mainly due to net outflows under portfolio investment, banking capital and short-term trade credit.

The primary impact of India's BoP that emerged at the end of Q3FY09 were:

- BoP account turned deficit in the first nine months of FY09 compared to a surplus during the corresponding period of FY08.
- Forex reserves declined by \$53.8 billion in the first nine months of FY09 compared to an addition of \$9 billion in the first nine months of FY08.
- Trade deficit increased due to a rise in imports, sharp decline in portfolio investment, slowdown in private remittances from Indians working abroad and increased external commercial borrowings.

A sharp fall in the GDP growth rate, exports and IIP numbers (fell to -1.2% in February 2009 vs a high of 12.2% recorded in October 2007), underscore the extent of slowdown in India. To provide a stimulus to the faltering economy, the government announced three stimulus packages that focused on sectors like textile, real estate, infrastructure etc.

However, despite the depleting foreign direct investment world wide, India has emerged as a preferred destination among foreign direct investors, with gross FDI inflows rising to \$23.8 billion during April '08 - January '09 as compared to \$14.5 billion recorded during the same period last year. While this is positive for the Indian economy, the key would be the sustainability of this trend in financial year 2009-10.

Capital Market

The BSE Sensex has declined by 38% in financial year 2008-09, making it one of the worst years for Indian equities in the last three decades. After scaling an all time high of 21,207 in January 2008, the BSE Sensex touched a low of 7,697 in October 2008 (a 3-year low). The key reason behind the decline can be attributed to a collapse in the global financial system and increased risk aversion. The financial debacle, which started with the failure of Bear Stearns, kicked off a raging global financial crisis causing the world's largest developed economies to slip into recession. Stock markets around the world fell, large financial institutions were nationalized or bought out, companies were forced into declaring bankruptcy as liquidity dried up in the financial system and governments world over, including India, had to announce stimulus packages to boost the economy.

Foreign Institutional Investors pulled out close to Rs. 50,000 crore from the domestic stock market in financial year 2008-09, almost equaling the inflow in the previous fiscal. Domestic investor participation also fell in the equity markets with Mutual funds providing little support to the markets by being net buyers of Rs. 6,952 cr as against Rs. 16,168 cr in FY08.

Outflow of funds, a sharp decline in key benchmark indices, increased volatility and risk aversion caused a sharp dip in trading volumes during financial year 2008-09.

The financial year 2009-10 has commenced with a positive note. Early signs of a recovery in trading volumes and FII inflows are visible. The volatility and risk aversion has come down significantly. Though domestic inflows continue to drive institutional interest in equity, resumption in FII flows could have a meaningful impact on Indian equities.

DIVIDEND

Your Directors are pleased to recommend a dividend of 2% for the year ended 31 March 2009. This dividend shall be subject to dividend distribution tax to be paid by the Company but will be tax-free in the hands of the members.

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

- A. Since the Company does not carry out any manufacturing activities, particulars to be disclosed with respect to conservation of energy and technology absorption under Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable.
- B. Details of earnings and expenses in foreign currency are reflected at schedule 13 (point no. 4) of the Financial statements.

DIRECTORS

Ms. Latika Monga and Mr. Abhay Aima retire by rotation at the ensuing Annual General meeting and are eligible for re-appointment.

Mr. C.N. Ram resigned as Director of the Company effective 2 May 2008 and Mr. Anish Shah resigned as Whole Time Director effective 16 March 2009. The Board places on record its appreciation for the services rendered by Mr. C.N. Ram and Mr. Anish Shah during their tenure with the Company.

PUBLIC DEPOSIT

During the year under review, the Company has not accepted any deposit pursuant to Section 58A of the Companies Act, 1956.

INFORMATION PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT, 1956

The information required to be given under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, is given in the Annexure enclosed.

AUDITORS:

M/s. Deloitte Haskins & Sells, Chartered Accountants, Statutory Auditors of the Company will retire at the conclusion of the forthcoming Annual General Meeting. Members are requested to consider their re-appointment on a remuneration, to be decided by the Board of Directors in mutual consultation with the Auditors.

DIRECTORS' RESPONSIBILITY STATEMENT:

The Board of Directors hereby state that:

1. in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. they have selected such accounting policies and 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 as at 31 March, 2009 and of the profit of the Company for the year ended on that date;
3. they have 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; and
4. they have prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT AND APPRECIATION:

Your Directors would like to place on record their gratitude for all the guidance and co-operation received from the Securities and Exchange Board of India, the Bombay Stock Exchange Limited, National Stock Exchange of India Limited, National Securities Depository Limited, Central Depository Services (India) Limited and other government and regulatory agencies.

Your Directors are grateful to the Company's customers and bankers for their continued support.

Your Directors would also like to take this opportunity to express their appreciation to the dedicated and committed team of employees for their contribution to the Company and rendering high quality services to the customers. The Directors also thank HDFC Bank Ltd. & Indocean eSecurities Holding Limited, Mauritius for the support received from them as major shareholders.

On behalf of the Board of Directors

Place: Mumbai
Date: 17 April 2009

Bharat Shah
Chairman

Annexure

Information pursuant to Section 217(2A) of the Companies Act, 1956.

Name and Qualification	Age in yrs.	Designation / Nature of Duties	Date of commencement of employment	Remuneration (Rs.)	Experience (No. of years)	Last Employment
Mr. Ajit Kumar Singh MBA, BE	39	Vice President & Head, Financial Planning Services	26 March 2007	24,56,992	17	HSBC
Mr. Amit Sharma B.Com	37	VP & Regional Manager, Branch Sales	9 November 2002	24,11,916	15	SSKI Investors Pvt. Ltd.
Mr. Aseem Dhru \$ B.Com, CA, CWA	39	Managing Director	1 January 2008	90,12,110	14	Anagram Limited
Mr. Ashish Rathi B.Com, ACA	29	VP & Head, Risk & Compliance	1 September 2003	27,54,909	7	Rafaga Info Knowledge
Mr. Biji Joseph Scaria B Tech, MMS	38	Vice President, Projects	22 July 2000	28,09,743	15	Tata Consultancy Services
Mr. Deepak Jasani B.Com, LLB, FCA, CFA	44	Vice-President & Head, Retail Research	7 April 2004	54,29,475	14	Kaji & Maulik Securities Ltd
Mr. Manoj Nanda MSc	41	Vice President, Projects	9 March 2006	27,15,638	16	TCG Software
Ms. Reynu Bhat BSc	46	Vice President & Head, Customer Care & Telebroking	15 January 2004	42,36,916	14	Microwave Communication Ltd
Mr. Uday Singh B.Com, MBA	35	Vice-President & Head, Retail Sales	21 December 2005	34,81,916	14	ICICI Prudential Life Insurance Company Ltd

Employed for part of the year

Mr. Anish Shah B.Com, ACA	42	Whole Time Director	12 January 2004	36,67,850	13	Dalal & Broacha Stock Broking Pvt. Ltd.
Mr. C.V. Ganesh B.Com, CA, CWA	37	Chief Financial Officer	2 May 2008	27,22,713	15	Citi Technology Services Ltd.
Mr. Mukesh Agarwal B.Com	26	Sr. Research Analyst	24 July 2006	37,05,232	8	IL&FS Investsmart
Mr. Puneet Gupta MBA	35	Vice President, Retail Sales	1 July 2000	39,43,511	13	Investsmart India Ltd.
Ms. Sanju Verma, MBA (Finance)	36	Executive Director & Head, Institutional Business	9 October 2006	1,40,87,981	13	Refco-Sify Securities India Pvt Ltd
Mr. Siddharth Shah \$ B.Com	49	Head, Branch Sales	8 May 2008	35,96,604	28	Anagram Securities Limited

\$ - Staff on deputation

Notes:

1. Remuneration as shown above includes salary, performance bonus paid during the year, house rent allowance, medical allowance, reimbursement of telephone bills, leave travel allowance, superannuation, other taxable allowances and Company's contribution to provident fund.
2. None of the above are related to any Director of the Company.
3. Nature of employment is contractual.

**AUDITORS' REPORT
TO THE MEMBERS OF
HDFC SECURITIES LIMITED**

1. We have audited the attached Balance Sheet of **HDFC SECURITIES LIMITED** as at 31 March, 2009, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above:
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2009;
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations from the directors as on 31st March, 2009 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2009 from being appointed as a director under Section 274 (1)(g) of the Companies Act, 1956.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Nalin M. Shah
Partner

MUMBAI, 17th April, 2009

(Membership No. 15860)

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- (i) The nature of the Company's business / activities during the year is such that clauses (ii), (viii), (x), (xiii), (xiv), (xv), (xvi), (xviii), (xix) and (xx) of CARO are not applicable.
- (ii) In respect of its fixed assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets were physically verified during the year by the Management in accordance with a programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification during the year.
- (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposals have, in our opinion, not affected the going concern status of the Company.
- (iii) According to the information and explanations given to us, there are no loans, secured or unsecured, granted or taken by the Company to or from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services. During the course of our audit, we have not observed any major weakness in such internal control systems.
- (v) To the best of our knowledge and belief and according to the information and explanations given to us, there were no contracts or arrangements that needed to be entered in the Register maintained under Section 301 of the Companies Act, 1956.
- (vi) The Company has not accepted any deposits from the public within the meaning of Section 58A and Section 58AA of the Companies Act, 1956.
- (vii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (viii) According to the information and explanations given to us in respect of statutory dues
- (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Wealth Tax, Service Tax, Cess and any other material statutory dues with the appropriate authorities during the year.
- (b) There were no undisputed amounts payable on account of the above dues, outstanding as at 31st March, 2009 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, details of disputed Income Tax, Customs Duty, Wealth Tax, Service Tax and Cess which have not been deposited as on 31st March, 2009 on account of any dispute are given below:

Name of statute	Nature of the dues	Amount (Rs. '000)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	1,923	Assessment year 2004-05	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	10,971	Assessment year 2005-06	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	14,374	Assessment year 2006-07	Income Tax Appellate Tribunal
Finance Act, 1994	Service Tax	377	Financial years 2005 and 2006	Commissioner of Central Excise (Appeals)

- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks.
- (x) In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xi) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, funds raised on short term basis have *prima facie* not been used during the year for long term investment.
- (xii) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company was noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Nalin M. Shah
Partner

(Membership No. 15860)

MUMBAI, 17th April, 2009

Balance Sheet as at 31 March, 2009

			As at <u>31 March, 2009</u>	(Rs '000) As at <u>31 March, 2008</u>
Sources of funds				
Shareholders' funds				
Share Capital	1	150,010	150,010	
Reserves and Surplus	2	802,467	952,477	790,249
Deferred Tax Liability			9,032	16,942
Total			961,509	807,191
Application of funds				
Fixed assets				
Gross Block	3	530,950	477,084	
Less: Depreciation and Amortisation		360,732	294,021	
Net Block			170,218	183,063
Capital Work-in-Progress			3,337	4,410
Investments	4		10	10
Current assets, Loans and advances				
Sundry Debtors	5	285,174	366,950	
Cash and Bank balances	6	1,511,865	888,712	
Loans and Advances	7	89,317	295,697	
		1,886,356	1,551,359	
Less:				
Current liabilities and Provisions				
Current liabilities	8	1,067,289	904,301	
Provisions		31,123	27,350	
		1,098,412	931,651	
Net Current assets			787,944	619,708
Total			961,509	807,191

The attached notes form part of the Accounts **13**

In terms of our report of even date attached.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants**NALIN M. SHAH**
PartnerPlace : Mumbai
Date : 17 April, 2009

For and on behalf of the Board

BHARAT SHAH
Chairman**ASEEM DHRU**
Managing Director**SANTOSH HALDANKAR**
Whole Time Director & Company Secretary**ABHAYAIMA**
Director**S. S. THAKUR**
Director

Profit and Loss Account for the year ended 31 March, 2009

		Year ended 31 March, 2009	(Rs '000) Year ended 31 March, 2008
Income			
Brokerage income (See Note 13)		999,369	1,098,803
Fee Income		131,608	157,803
Other income	9	115,665	45,514
		1,246,642	1,302,120
Expenditure			
Payments to and provisions for employees	10	439,077	370,790
Operating expenses	11	430,907	553,342
Finance charges	12	12,652	22,579
		882,636	946,711
Profit before depreciation and tax		364,006	355,409
Less: Depreciation and Amortisation		83,098	84,183
Profit before tax		280,908	271,226
Provision for taxation			
Current tax [See Note 9 (a)]		119,000	119,820
Fringe Benefit Tax [See Note 9(b)]		4,080	3,170
Deferred tax		(7,910)	(7,775)
Profit after Tax		165,738	156,011
Add: Balance brought forward from previous year		368,657	214,347
Transitional adjustment for Employee Benefits		-	(1,701)
		534,395	368,657
Amount available for appropriation			
Appropriation :			
a) Proposed dividend		3,000	-
b) Tax on dividend		510	-
c) Balance carried to Balance Sheet		530,885	368,657
		534,395	368,657
Earnings per Share (Basic & Diluted) (Rs)		11.05	10.40

(Face Value Rs 10)- (See Note 8)

The attached notes form part of the Accounts

13

In terms of our report of even date attached.

For and on behalf of the Board

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

BHARAT SHAH
Chairman

ABHAYAIMA
Director

NALIN M. SHAH
Partner

ASEEMDHURU
Managing Director

S. S. THAKUR
Director

Place : Mumbai
Date : 17 April, 2009

SANTOSH HALDANKAR
Whole Time Director & Company Secretary

Cash Flow Statement for the year ended 31 March, 2009

Particulars	Year ended 31 March, 2009	(Rs. '000) Year ended 31 March, 2008
(A) Cash flows from Operating activities :		
Net Profit before taxation	280,908	271,226
Adjustments for :		
Interest earned on Loans and Deposits	(262)	(1,393)
Loss / (Profit) on sale of Fixed Assets	425	(170)
Bad debts written off	-	21
Dividend received	(10,078)	(125)
Provision for Doubtful Debts	1,347	1,078
Provision for Wealth Tax	32	38
Depreciation and Amortisation	83,098	84,183
Interest paid	3,702	12,341
Operating profit before working capital changes	359,172	367,199
Adjustments for changes in working capital :		
Sundry Debtors	80,451	(180,453)
Loans and advances	206,380	(211,128)
Fixed deposits with Scheduled Banks under Lien	(231,400)	(347,751)
Current liabilities and provisions	165,580	479,382
Cash generated from Operations	580,183	107,249
Direct taxes paid (net of refunds)	(125,442)	(102,229)
Net Cash from Operating activities	454,741	5,020
(B) Cash flows from Investing activities :		
Additions to Fixed Assets and Capital work in progress	(71,166)	(59,615)
Repayment of Loans given	-	159,815
Loans given	-	(159,815)
Proceeds from sale of Fixed Assets	1,561	1,857
Interest received	241	1,379
Dividend received	10,078	125
Net Cash used in Investing activities	(59,286)	(56,254)
(C) Cash flows from Financing activities :		
Interest paid	(3,702)	(12,341)
Net Cash used in Financing activities	(3,702)	(12,341)
Net increase / (decrease) in cash and cash equivalents	391,753	(63,575)
Cash and cash equivalents at the beginning of the year	261,137	324,712
Cash and cash equivalents at the end of the year	652,890	261,137
Reconciliation		
Cash and cash equivalents at the end of the year	652,890	261,137
Add: Fixed deposits with Scheduled Banks under Lien	858,975	627,575
Cash and cash equivalents at the end of the year as per Schedule 6	1,511,865	888,712

In terms of our report of even date attached.

For and on behalf of the Board

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

BHARAT SHAH
Chairman

ABHAYAIMA
Director

NALIN M. SHAH
Partner

ASEEMDHURU
Managing Director

S. S. THAKUR
Director

Place : Mumbai
Date : 17 April, 2009

SANTOSH HALDANKAR
Whole Time Director & Company Secretary

Schedules forming part of the Accounts

	(Rs. '000)
As at <u>31 March, 2009</u>	As at <u>31 March, 2008</u>
Schedule 1 - Share Capital	
Authorised	
20,000,000 Equity shares of Rs. 10 each	200,000
Issued, Subscribed and Paid-up	150,010
15,001,000 Equity shares of Rs.10 each fully paid up. (includes 12,000,800 shares allotted as fully paid-up by way of bonus shares out of securities premium account) (8,849,839 shares are held by the Holding Company - HDFC Bank Ltd.)	150,010

Schedule 2 - Reserves and Surplus

Securities Premium Account	271,582	271,582
Profit and Loss Account	530,885	368,657
	<u>802,467</u>	<u>640,239</u>

Schedule 3 - Fixed assets

	<u>Gross Block</u>				<u>Depreciation / Amortisation</u>				<u>Net Block</u>	
	As at 01-04-2008	Additions during the year	Deletions/ Adjustments during the year	As at 31 -03- 2009	As at 01-04-2008	Charge for the year	on deletions during the year	As at 31 -03- 2009	As at 31 -03- 2009	As at 31 -03-2008
<u>Intangible Assets</u>										
Bombay Stock Exchange Card	28,816	-	-	28,816	22,209	2,882	-	25,091	3,725	6,607
Computer Software	138,959	4,529	-	143,488	81,235	22,795	-	104,030	39,458	57,724
Website Costs	4,241	-	-	4,241	4,241	-	-	4,241	-	-
<u>Tangible Assets</u>										
Leasehold Improvements	46,248	17,414	-	63,662	25,613	9,703	-	35,316	28,346	20635
Furniture & Fixtures	3,671	2,060	193	5,538	3,165	1,411	188	4,388	1,150	506
Computer Hardware	192,091	32,162	13,609	210,644	126,020	35,956	13,068	148,908	61,736	66,071
Office Equipments*	54,062	13,024	923	66,163	27,796	8,052	774	35,074	31,089	26,266
Motor Cars	8,996	3,050	3,648	8,398	3,742	2,299	2,357	3,684	4,714	5,254
Total	477,084	72,239	18,373	530,950	294,021	83,098	16,387	360,732	170,218	183,063
Previous year	421,170	60,299	4,385	477,084	212,538	84,183	2,700	294,021	183,063	208,632

* Office Equipments includes assets held for disposal, costing Rs. 9,253 thousand (Previous Year Rs. 9,253 thousand) which have been valued as NIL.

Schedules forming part of the Accounts (Contd.)

		(Rs. '000)
	As at <u>31 March, 2009</u>	As at <u>31 March, 2008</u>
Schedule 4 - Investments (See Note 12)		
Unquoted: (non trade) (at cost)		
Equity Shares (Long Term)		
130,000 (Previous year 10,000) Equity Shares of Re 1/- each fully paid-up of Bombay Stock Exchange Limited (Including bonus shares issued during the year)	10	10
	<u>10</u>	<u>10</u>
Schedule 5 - Sundry Debtors		
Outstanding for a period exceeding six months		
Secured - Considered Good	-	10
Unsecured - Considered Good	21,978	-
Unsecured - Considered Doubtful	697	35
Less : Provision for Doubtful Debts	697	35
Outstanding for a period of less than six months		
Secured - Considered Good	255,789	364,815
Unsecured - Considered Good	7,407	2,125
Unsecured - Considered Doubtful	1,066	381
Less : Provision for Doubtful Debts	1,066	381
	<u>285,174</u>	<u>366,950</u>
Schedule 6 - Cash and Bank Balances		
Cash on hand	9	3
In current accounts with Scheduled Banks	504,081	261,134
Fixed deposits with Scheduled Banks	1,007,775	627,575
[Including deposits under lien Rs 858,975 thousand (previous year Rs 627,575 thousand)]		
	<u>1,511,865</u>	<u>888,712</u>
Schedule 7 - Loans and Advances		
Unsecured, Considered Good		
Advances recoverable in cash or in kind or value to be received	59,391	68,259
Deposit with Stock Exchanges	28,626	226,138
Margin monies with clearing member	1,300	1,300
Unsecured, Considered Doubtful	679	679
Less : Provision for doubtful advances	679	679
	<u>89,317</u>	<u>295,697</u>

Schedules forming part of the Accounts (Contd.)

(Rs. '000)

As at
31 March, 2009

As at
31 March, 2008

Schedule 8 - Current Liabilities and Provisions
Current Liabilities

Sundry Creditors (See Note 11)	1,049,153	888,578	
Other Liabilities	5,979	8,949	
Advance Fees	<u>12,157</u>	<u>6,774</u>	
	1,067,289		904,301

Provisions

For taxes [Net]	18,473	20,805	
For employee benefits	9,140	6,545	
For Proposed Dividend	3,000	-	
For Tax on Dividend	<u>510</u>	<u>-</u>	
	31,123		27,350
	<u>1,098,412</u>		<u>931,651</u>

Schedule 9 - Other Income

Interest on fixed deposits [TDS - Rs. 17,560 thousand (previous year Rs. 8,723 thousand)]	80,143	42,324
Interest on loans and deposits [TDS - Rs. 21 thousand (previous year Rs. 14 thousand)]	262	1,393
Other Interest	11,514	952
Profit on sale of Fixed assets [Net]	-	170
Dividend on Long Term Investments	300	125
Dividend on Current Investments (See Note 12)	9,778	-
Miscellaneous income	<u>13,668</u>	<u>550</u>
	<u>115,665</u>	<u>45,514</u>

Schedule 10 - Payments to and provisions for employees (See Note 3)

Salaries, Wages and Bonus	398,288	348,766
Contribution to provident and other funds	11,176	8,667
Staff training and welfare expenses	13,734	11,824
Staff on Deputation	<u>15,879</u>	<u>1,533</u>
	<u>439,077</u>	<u>370,790</u>

Schedules forming part of the Accounts (Contd.)

	(Rs. '000)	
	Year ended <u>31 March, 2009</u>	Year ended <u>31 March, 2008</u>
Schedule 11 - Operating Expenses		
Stamp, registration and trading expenses	103,620	135,552
Outsourcing and Professional fees (See Note 3)	48,014	116,657
Directors' sitting fees	200	265
Repairs and maintenance - Buildings	15,883	10,598
- Others	<u>49,777</u>	<u>66,137</u>
	65,660	76,735
Rent	35,694	31,351
Rates and taxes	1,352	1,084
Membership and Subscriptions	4,208	3,334
Advertisement and Marketing	30,616	31,970
Commission	(1,581)	32,047
Electricity	21,114	13,157
Auditors' Remuneration		
Audit fees	800	600
Other matters	20	49
Out of pocket expenses	-	7
Website maintenance expenses	8,103	11,054
Printing and stationery	8,851	11,632
Insurance	1,043	996
Travelling and Conveyance expenses	12,457	10,055
Postage & communication expenses	79,603	69,871
SEBI turnover fees	983	958
Wealth Tax	32	38
Bad Debts written off	-	22
Less: Provision for doubtful debts	<u>-</u>	<u>1</u>
Provision for doubtful debts	1,347	1,078
Loss on Sale of Fixed Assets (Net)	425	-
Miscellaneous expenses	<u>8,346</u>	<u>4,831</u>
	<u>430,907</u>	<u>553,342</u>
Schedule 12 - Finance Charges		
Bank Guarantee Charges	8,753	9,395
Bank charges	197	843
Interest paid - others	<u>3,702</u>	<u>12,341</u>
	<u>12,652</u>	<u>22,579</u>

Schedules forming part of the Accounts (contd.)

Schedule 13 – Notes appended to and forming part of the Accounts for the year ended 31 March, 2009

1. Contingent liabilities

- Bank Guarantees Rs. 4,10,000 thousand (previous year - Rs. 10,25,000 thousand). These are issued in favour of the Exchanges to meet margin requirements.
- Claims against the Company not acknowledged as debt: For disputed trades – Rs. 24,930 thousand (previous year – Rs. 1,058 thousand).
- Income tax demands, net of amounts provided for, in respect of which appeals are pending – Rs. 8,503 thousand (previous year – Nil).
- Service tax demands, net of amounts paid for Rs. 377 thousand (previous year – Rs. 377 thousand).

2. Pending capital commitments

As at 31 March, 2009 the Company has contracts remaining to be executed on capital account and not provided for. The estimated amount of contracts (net of advances) towards fixed assets is Rs. 4,993 thousand (previous year - Rs 5,402 thousand).

3. Managerial Remuneration

(Rs. '000)

	FY 2008-09	FY 2007-08
Salary & incentive	11,913	12,354
Provident Fund	223	291
Superannuation	127	886
Gratuity	202	350
Perquisites	1,456	2,015
Total	13,921	15,896

Managerial remuneration excludes provision for gratuity and leave availment, since it is provided on actuarial valuation of the Company's liability to all its employees. Further, it also excludes incentives for the current year to two whole time directors since it is not yet ascertainable and hence the salaries & incentives for the current year includes an amount of Rs. 1,575 thousand of incentives for the previous year on payment basis. Remuneration amounting to Rs. 910 thousand is subject to the approval of the shareholders.

In the current year, the Company paid Rs. 1,600 thousand as remuneration and has accrued Rs. 500 thousand as increment to Mr. Bharat Shah, non-executive chairman, for services rendered by him. This is reflected as "Professional fees" in these financial statements. The Company has received permission from Central Government for the same.

4. a) Expenditure in Foreign Currency (on payment basis)

(Rs. '000)

	FY 2008-09	FY 2007-08
Travelling Expenses	63	366
Legal & Professional charges	1,439	1,200
Others	1,005	940
Total	2,507	2,506

b) Earnings in Foreign Currency (on payment basis)

(Rs. '000)

	FY 2008-09	FY 2007-08
Consultancy Fees	671	902
Advertisement income	355	Nil
Total	1,026	902

5. In terms of the Accounting Standard 15 on Employee Benefits (AS-15) as notified by the Companies Accounting Standard Rules, 2006, the following disclosures have been made as required by the Standard:

- The Company has recognised Rs. 10,072 thousand (previous year – Rs. 7,788 thousand) in the Profit and Loss Account under Company's Contribution to Provident Fund, which is maintained with the office of Regional Provident Fund Commissioner.
- The Company operates funded post retirement defined benefit plans for gratuity, details of which are as follows:

(i). Reconciliation of Defined Benefit Obligation

(Rs. '000)

Particulars	FY 2008-09	FY 2007-08
Opening Defined Benefit Obligation	3,309	2,578
Current Service Cost	1,552	985
Interest Cost	361	243
Actuarial Losses	334	556
Benefits paid	(696)	(1,053)
Closing Defined Benefit Obligation	4,860	3,309

(ii). Reconciliation of Fair value of Plan Assets

(Rs. '000)

Particulars	FY 2008-09	FY 2007-08
Opening Fair value of Plan Assets	1,751	1,828
Expected return on Plan Assets	192	168
Contributions	1,000	800
Benefits paid	(696)	(1,053)
Actuarial gain	(49)	8
Closing Fair value of Plan Assets	2,198	1,751

(iii). Amount to be recognised in Balance Sheet and movement in net liability

(Rs. '000)

Particulars	FY 2008-09	FY 2007-08
Present Value of Funded Obligation	4,860	3,309
Fair Value of Plan Assets	2,198	1,751
Net Liability Recognised in the Balance Sheet under 'Provision for employee benefits'	(2,662)	(1,558)

(iv). Expenses recognised in the Profit and Loss Account

(Rs. '000)

Particulars	FY 2008-09	FY 2007-08
Current Service Cost	1,552	985
Interest Cost	361	243
Expected return on Plan Assets	(192)	(168)
Actuarial Losses (net)	383	548
Net gratuity expenses included in 'Payments to and provisions for employees'	2104	1,608

(v). Description of Plan Assets

Particulars	FY 2008-09 % Invested	FY 2007-08 % Invested
Insurer Managed Funds	100	100
Grand Total	100	100

(vi). Summary of Actuarial Assumptions

Particulars	FY 2008-09	FY 2007-08
Discount Rate	7.50 %	8 %
Expected rate of return on Assets	8 %	8 %
Salary Escalation Rate	5 %	5 %
Mortality	Published notes under the LIC (1994-96) mortality tables	Published notes under the LIC (1994-96) mortality tables

(vii). Actual Return on Plan Assets

Particulars	FY 2008-09	FY 2007-08
Expected Return on Plan Assets	192	123
Actuarial gain/(loss) on Plan Assets	(49)	(19)
Actual return on Plan Assets	143	104

(viii). Other Details

The Employer's best estimate of the contributions expected to be paid to the plan during the next year – Rs . 2,897 thousand (FY 2007-08 – Rs. 2,387 thousand).

The estimates of future salary increase considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors. The above information is certified by the actuary and relied upon by the Auditors.

6. As per Accounting Standard on 'Related Party Disclosures' (AS-18) as notified by the Companies Accounting Standard Rules, 2006, the related parties of the Company are as follows:

1. Holding Company:

HDFC Bank Limited.

2. Key Management Personnel:

Mr. Aseem Dhru, Managing Director - (w.e.f. 7 April, 2008)

Mr. Sunil Shah, Managing Director – (upto 16 January, 2008)

Mr. Anish Shah, Whole Time Director - (upto 16 March, 2009)

Mr. Santosh Haldankar, Whole Time Director

The following transactions were carried out with the related parties in the ordinary course of business:

(Rs. in '000)

Nature of Transaction	Holding Company	Key Management Personnel
Placement of fixed deposits	15,92,900 (6,23,975)	Nil (Nil)
Refund of fixed deposits	10,87,500 (5,72,975)	Nil (Nil)
Rendering of services	240 (23,467)	Nil (Nil)
Receiving of services	60,691 (1,43,998)	Nil (Nil)
Interest received	40,648 (3,702)	Nil (Nil)
Interest paid	118 (2,059)	Nil (Nil)
Loan received	4,76,500 (15,30,000)	Nil (Nil)
Loan repaid	4,76,500 (15,30,000)	Nil (Nil)
Sale of fixed assets	Nil (1,100)	Nil (Nil)

Remuneration to Key Management Personnel	Nil	
Aseem Dhru		9,012 (Nil)
Sunil Shah		Nil (12,358)
Anish Shah		3,624 (3,342)
Santosh Haldankar		1,285 (197)
Balances outstanding as on 31 March, 2009:		
Receivables	25,293 (27,124)	Nil (Nil)
Payables	3,315 (1,26,177)	Nil (Nil)
Bank Balances	5,03,769 (2,57,425)	Nil (Nil)
Fixed Deposits	7,02,775 (1,34,875)	Nil (Nil)
Accrued Interest on Fixed Deposit - Receivable	9,342 (2,480)	Nil (Nil)
Amounts payable	Nil	
Aseem Dhru		Nil (Nil)
Sunil Shah		Nil (3,500)
Anish Shah		Nil (Nil)
Santosh Haldankar		Nil (Nil)

Figures in brackets pertain to the previous year.

7. Disclosures as required by Accounting Standard 19, "Leases", as notified by the Companies Accounting Standard Rules, 2006, are given below:

The Company has taken various office premises under lease and license agreements, which range between 33 months and 9 years. The Company has given refundable interest free security deposits under certain agreements.

Lease payments are recognised in the Profit and Loss Account under 'Rent' in Schedule 11.

The future minimum lease payments are as follows:

(Rs. '000)

	FY 2008-09	FY 2007-08
Not later than one year	23,040	27,351
Later than one year but not later than five years	69,374	49,137
Later than five years	25,645	11,371

8. In accordance with the Accounting Standard on 'Earnings Per Share' (AS 20), as notified by the Companies Accounting Standard Rules, 2006:

- (i) The Earnings Per Share is computed by dividing the Net Profit After Tax by the weighted average number of equity shares.
- (ii) The Company has not issued any potential equity shares; hence the weighted average number of Equity Shares for computation of Basic and Diluted Earnings Per Share would be 15,001,000.

		FY 2008-09	FY 2007-08
a. Calculation of weighted average number of equity shares:			
Number of shares at the beginning of the year	Nos.	15,001,000	15,001,000
Additions during the year	Nos.	-	-
Number of shares at the end of the year	Nos.	15,001,000	15,001,000
b. Net profit after tax available for equity shareholders	Rs. in '000	1,65,738	1,56,011
c. Basic and Diluted earnings per share of Rs.10 each	Rs.	11.05	10.40

9. **Taxation**

- a) Provision for current tax includes interest – Rs. 1,215 thousand (previous year Rs. 1,116 thousand) and earlier year's tax liability of Rs.13,340 thousand (previous year – Rs. 18,564).

- b) Provision for FBT is net of recoveries from employees amounting to Rs 136 thousand (previous year – Nil)

c) **Deferred Tax**

The components of deferred tax assets and liabilities arising on account of timing differences are:

(Rs. '000)

	31 March, 2009	31 March, 2008
<u>Assets</u>		
Provision for employee benefits	1,222	1,093
Provision for Doubtful debts	458	368
Total	1,680	1,461
<u>Liabilities</u>		
Depreciation	10,712	18,403
Total	10,712	18,403
Net Deferred tax liability	9,032	16,942*

* After consideration of Rs. 876 thousand, deferred tax on account of Transitional Adjustment on Employee Benefits.

10. Segment Reporting

The Company's business is to provide broking services to its clients in the capital market in India. All other activities of the Company revolve around the main business. As such, there are no reportable segments as per the Accounting Standard on Segment Reporting (AS-17), as notified by the Companies Accounting Standard Rules, 2006.

11. On the basis of the intimation received from 'suppliers' regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 there are 9 suppliers registered under the said Act and there are no amounts unpaid, to the said suppliers, as at the year end.

12. Investments

During the year the Company acquired and sold the following investments in Mutual funds (including Dividend reinvested)

Particulars	NAV	No. of units	Purchase cost (Rs.'000)
32ISD ICICI Prudential Institutional Liquid Plan - Super Institutional Daily Div-Reinvest Dividend	10.0005	10,25,72,867.27	10,25,780
HDFC Liquid Fund Premium Plan Dividend - Daily Reinvest (Statement Date : 25.11.08)	12.2598	1,31,41,207.18	1,61,109
28Q ICICI Prudential Flexible Income Plan Premium - Daily Dividend	10.5735	1,96,61,361.45	2,07,889

13. Brokerage rebate

Brokerage income of the current year includes provision for brokerage rebate in respect of the previous year no longer required written back amounting to Rs 17,935 thousand which had been provided as a constructive obligation, inspite of the discontinuance of the rebate scheme.

14. Comparative figures

The previous year's figures are regrouped and rearranged wherever necessary to conform to current year's presentation.

. Significant Accounting Policies

1 Basis of preparation

The accounts are prepared on historical cost convention, on accrual basis of accounting, and conform to the accounting principles generally accepted in India.

The preparation of the accounts requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the accounts and

the reported income and expenses during the reporting period. The Management believes that the estimates used in preparation of the accounts are prudent and reasonable. Future results could differ due to these estimates and differences between actual results and estimates are recognised in the periods in which the results are known/ materialise.

2 Revenue recognition

- a) Income from brokerage activities is recognised as income on the trade date of the transaction. Brokerage is stated net of rebate.
- b) Income from other services is recognised on completion of services.

3 Fixed assets and depreciation/amortisations

Fixed assets are capitalised at cost. Cost includes cost of purchase and all expenditure like site preparation, installation costs, and professional fees incurred for construction of the assets, etc. Subsequent expenditure incurred on assets put to use is capitalised only where it increases the future benefit/ functioning capability from/ of such assets.

Costs incurred for the development/customisation of the Company's website, Front-office System software and Back-office system software are capitalised.

Depreciation is charged over the estimated useful life of the fixed asset on a straight-line basis as under:

● Leasehold improvements	Over the primary period of lease.
● Computer Hardware – Personal Computers	3 years
● Computer Hardware – Others	4 years
● Computer Software	5 years
● Office equipments	6 years
● Furniture and Fixture	15 years
● Website Cost	5 years
● Motor cars	4 years
● Bombay Stock Exchange Card	10 years

Fixed assets costing less than Rs.5,000 are fully depreciated in the year of purchase.

4 Investments

All investments of long-term nature are valued at cost. Provision is made to recognise a diminution, other than temporary, in the value of Long-Term investments. Current investments are valued at cost or market value, whichever is lower.

5 Employee benefits

(a) Provident Fund:

The Company's Contribution to Recognised Provident Fund (maintained and managed by the Office of Regional Provident Fund Commissioner) paid/payable during the year is recognised in the Profit and Loss Account.

(b) Gratuity Fund:

The Company makes annual contributions to funds administered by trustees and managed by insurance companies for amounts notified by the said insurance companies. The Company accounts for the net present value of its obligations for gratuity benefits based on an independent external actuarial valuation determined on the basis of the projected unit credit method (PUCM) carried out annually. Actuarial gains and losses are immediately recognised in the Profit and Loss Account.

(c) Compensated Absences:

The Company has scheme of compensated absences for employees. The liability for which is determined on the basis of an actuarial valuation as at the end of the year in accordance with AS-15.

(d) Other Employee Benefits:

Other benefits are determined on an undiscounted basis and recognised based on the likely entitlement thereof on accrual basis.

6 Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year, using applicable tax rates and laws.

Deferred tax is recognised, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. They are measured using substantively enacted tax rates and tax regulations.

For and on behalf of the Board

BHARAT SHAH

Chairman

ASEEM DHURU

Managing Director

SANTOSH HALDANKAR

Whole Time Director & Company Secretary

ABHAYAIMA

Director

S. S. THAKUR

Director

Place: Mumbai

Date: 17 April, 2009

PART IV

Balance Sheet abstract and a Company's General Business Profile

I Registration Details

Registration No.	:	152193	State Code:	:	11
Balance Sheet Date	:	31-03-09			

II Capital Raised during the period (Amount in Rs. '000)

Public Issue	:	N I L	Rights Issue	:	N I L
Bonus Issue	:	N I L	Private Placement	:	N I L

III Position of Mobilisation and Deployment of Funds (Amount in Rs. '000)

Total Liabilities	:	961,509	Total Assets	:	961,509
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Sources of Funds (Amount in Rs. '000)

Paid-up Capital	:	150,010	Reserves & Surplus	:	802,467
Secured Loans	:	N I L	Unsecured Loans	:	N I L
Deferred Tax Liability	:	9,032			

Application of Funds (Amount in Rs. '000)

Net Fixed Assets	:	173,555	Investments	:	10
Net Current Assets	:	787,944	Misc. Expenditure	:	N I L
Accumulated losses	:	N I L			

IV Performance of Company (Amount in Rs. '000)

Turnover	:	1,246,642	Total Expenditure	:	965,734
Profit/Loss before Tax	:	280,908	Profit/Loss after Tax	:	165,738
Earning Per Share in Rs.	:	11.05	Dividend Rate %	:	2%

V Generic Names of Principal Product/Services of the Company (as per monetary terms)

Item Code No. (ITC Code) : -

Product Description : Stock broking and related services

CORPORATE GOVERNANCE

REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

PHILOSOPHY OF THE COMPANY ON THE CODE OF CORPORATE GOVERNANCE

The philosophy on Corporate Governance of your Company envisages the attainment of the highest level of transparency, accountability and equity in all facets of its operations and in all its interactions with its shareholders, customers, employees, stock exchanges and all regulatory bodies.

BOARD OF DIRECTORS:

The composition of the Board of Directors of the Company is governed by the Companies Act, 1956 & the SEBI (Stock-brokers and Sub-brokers) Regulations, 1992. The present strength of the Board comprises of 6 Directors, of which 2 are professional Whole Time Directors and 4 are Non-Executive Directors. Mr. Bharat Shah is the Non-Executive Chairman of the Company. Mr. Aseem Dhru is the Managing Director of the Company. Mr. Santosh Haldankar is the Whole Time Director & Company Secretary of the Company. The other directors on the Board are Mr. Abhay Aima, Mr. S.S. Thakur and Ms. Latika Monga.

The Directors of the Company have wide experience and optimum combination in the field of finance, banking and broking.

The Company has not entered into any materially significant transactions during the year, which could have a potential conflict of interest between the Company and its Directors, management or their relatives, other than the transactions entered into in the normal course of business.

REMUNERATION OF DIRECTORS

Mr. Bharat Shah

Mr. Bharat Shah was appointed as the Non-Executive Chairman of the Company for a period of 5 years with effect from 1 July 2007. During the financial year 2008-09, Mr. Shah was paid remuneration (including perquisites) of Rs. 16.00 lacs.

Mr. Aseem Dhru

Mr. Aseem Dhru was appointed as the Managing Director of the Company for a period of 3(three) years with effect from 7 April 2008. Total remuneration (including perquisites) of Rs. 90.12 lacs was paid to Mr. Dhru for the financial year 2008-09.

Mr. Anish Shah

Mr. Anish Shah was re-appointed as Whole Time Director of the Company for a period of 3 years w.e.f. 16 September 2006. Total remuneration (including perquisites) of Rs. 36.68 lacs was paid to Mr. Anish Shah for part of the financial year 2008-09.

Mr. Santosh Haldankar

Mr. Santosh Haldankar was appointed as a Whole Time Director of the Company for a period of 3 years with effect from 10 January 2008. Total remuneration (including perquisites) of Rs. 12.85 lacs was paid to Mr. Haldankar for the financial year 2008-09.

BOARD MEETINGS:

During the year under review, 5 (five) Board Meetings were held on 11 April 2008, 2 May 2008, 5 September 2008, 5 December 2008 and 6 February 2009.

Details of attendance of Directors at the Board Meetings and their Directorship in other Companies are as follows:

Names of Directors	Attendance at the Board Meeting	Directorship of other Companies	Sitting Fees (Rs.)
Mr. Abhay Aima Non-Executive	5	2	40,000
Mr. Aseem Dhru Managing Director	5	1	-
Mr. Anish Shah* Whole Time Director	2	-	-
Mr. Bharat Shah Non-Executive	5	4	75,000
Mr. C.N. Ram* Non-Executive	-	3	-
Ms. Latika Monga Non-Executive	1	1	10,000
Mr. S.S. Thakur Non-Executive	5	13	75,000
Mr. Santosh Haldankar Whole Time Director	5	-	-

* Mr. Anish Shah ceased to be Director w.e.f. 16 March 2009.
Mr. C.N. Ram ceased to be Director w.e.f. 2 May 2008.

COMMITTEES OF THE BOARD:

The various committees of the Board are as follows:

Audit Committee:

The Audit Committee is chaired by Mr. S.S. Thakur. The other members of the Committee are Mr. Abhay Aima, Mr. Bharat Shah & Ms. Latika Monga. The Committee met 5 times during the year.

The terms of reference to the Audit Committee interalia includes the following:

- a. Reviewing the adequacy of internal control systems and significant audit findings;
- b. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- c. Recommending appointment and removal of internal & external auditors and their fees;
- d. Reviewing with management, the financial statements focussing primarily on accounting policies and practices, compliances with other requirements concerning financial statements;
- e. Reviewing the adequacy of the Audit and Compliance function, including their policies, procedures techniques and other regulatory requirements;
- f. Review the Company's financial and risk management policies.

Compensation Committee:

The Compensation Committee approves the HR policies, compensation to various officers of the Company (including Managing & Whole time Director) and any other matter relating to compensation. The Committee comprises of 4 Directors viz. Mr. Bharat Shah, Mr. S.S. Thakur, Mr. Abhay Aima & Ms. Latika Monga. The committee met 3 times during the year.

CAPEX Committee

The CAPEX Committee considers and approves all capital expenditure incurred by the Company for its various projects, branch set up, etc. from time to time. The Committee consists of Mr. Bharat Shah, Mr. S.S. Thakur and Mr. Aseem Dhru. The Committee met 2 times during the year.

Share Allotment and Transfer Committee:

The share Allotment and Transfer Committee approves and monitors allotments, transfers, transmission, splitting and consolidation of shares issued by the Company. The Committee consists of Mr. Bharat Shah and Mr. Aseem Dhru.