

**23<sup>rd</sup>**  
**Annual Report of**  
**RR Financial Consultants Limited**  
**2009-2010**



## Index

S.No.	PARTICULARS	PAGE No.
1.	CHAIRMAN'S SPEECH	1
2.	BOARD OF DIRECTORS	2
3.	NOTICE	4
4.	DIRECTOR'S REPORT	10
5.	CORPORATE GOVERNANCE REPORT	14
6.	MANAGEMENT'S DISCUSSION AND ANALYSIS	26
7.	CONSOLIDATED FINANCIAL STATEMENT	28
8.	FINANCIAL STATEMENT OF RRFCL	37
9.	STATEMENT PURSUANT TO SECTION 212(8)	54
10.	ATTENDANCE SLIP & PROXY FORM	----

## Chairman's Speech...

### DEAR STAKEHOLDERS

I am pleased to present before you the 23<sup>rd</sup> Annual Report of "RR Financial Consultants Limited" (RRFC) and would like to thank you for having reposed your confidence in RRFC. RR has re-engineered itself in a rapidly changing environment while retaining its core values in a economy witnessing phenomenal growth. We have made great progress in reshaping RR into a more focused value oriented organization while consistently enhancing our professional streams. Each of our businesses has developed its own strategy in face of stiff competition to reach a position of profitable market leadership.

#### **Our principles are: -**

- € Adhere to principles, practices and values to be a business leader
- € Build strong and diversify product strengths.
- € Create value through efficiency and products.
- € Devote resources to improve quality and up gradation of people.
- € Enhance value for clients, employees and shareholders

With a strong belief in our principles and enthusiasm of our people, we are looking to the future with confidence.

-Sd-

**RAGHUNANDAN PRASAD**  
Chairman

## Board of Directors

### **Mr. Raghunandan Prasad**

(Non Executive-chairman)

He is B.Com, L.LB, FCA, MBA and has Diversified business experience in Merchant Banking & Financial Services related areas. He retired as the Chairman of Indian Airlines.

### **Mr. Rajat Prasad**

(Executive-Managing Director)

He is B.Com (H), ACA and has varied experience in areas of Management, Marketing, Corporate Finance and Investment Banking. He is the main architect of growth of RR. He has reengineered the company to become a leader in financial & insurance services in India.

He is constantly involved in Organizational Building and Development, motivating people, managing /Supporting Teams to achieve results, Building and Maintaining Relationships and spotting opportunities.

He co-founded RR Financial Consultants Limited in 1986 and presently is the Managing Director.

### **Mr. Mahesh Chandra Agarwal**

(Non-Executive –Independent Director)

He is B. Tech MS (USA) and has to his credit 23 year of Rich Experience in Investment Banking & Corporate Advisory. He has to his credit directorship in CMR Design Automation Pvt. Ltd., besides RRFCC, in order to provide his guidance and important suggestion for the betterment of the companies.

### **Mr. Rajesh Aggarwal**

(Non-Executive –Independent Director)

He is B.Com with more than 10 years experience in Capital Market, Merchant Banking, Portfolio Management, dealing in securities, Placement of high volume debt to the institutional and other clients, fund raising programme through private placement route for several corporate, both Public & Private.

**ANNUAL REPORT 2010**

**BOARD OF DIRECTORS**

Mr. Raghunandan Prasad  
 Mr. Rajat Prasad  
 Mr. Mahesh Chandra Agarwal  
 Mr. Rajesh Aggarwal

Non Executive Chairman  
 Executive (Managing Director)  
 Non-Executive Independent Director  
 Non-Executive Independent Director

**AUDITORS**

**M/s Sandeep Ramesh Gupta & Co.**  
 (Chartered Accountants)  
 B-102, East of Kailash  
 New Delhi-110065

**BANKERS**

**AXIS Bank Ltd.**  
 Statesmen House  
 148, Barakhamba Road,  
 New Delhi-110001

**REGISTERED OFFICE**

47, M. M. Road, Rani Jhansi Marg, Jhandewalan, New Delhi – 110055

23<sup>rd</sup> Annual General Meeting

Day: Friday

Date: December 31<sup>st</sup> 2010

Time: 9: 30 A.M

Venue: 13/24, Village Daulatpur, New Delhi-110043

## RR FINANCIAL CONSULTANTS LIMITED

Regd off: 47, M. M. Road, Rani Jhansi Marg, Jhandewalan, New Delhi – 110055

### NOTICE

**NOTICE** is hereby given that the **Twenty Third Annual General Meeting (AGM)** of the members of **RR Financial Consultants Limited** will be held on **Friday, the 31<sup>st</sup> December 2010**, at **9:30 A.M** at 13/24 Village Daulatpur, New Delhi - 110043, to transact the following businesses:

#### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as on 30<sup>th</sup> June, 2010, Profit & Loss Account for the period ended on that date and the Reports of the Board of Directors & Auditors thereon.
2. To declare and approve dividend on equity shares of the Company.
3. To appoint a Director in place of Mr. Rajesh Agrawal, who retires by rotation at this meeting and being eligible, offer himself for re-appointment.
4. To appoint M/s Sandeep Ramesh Gupta & Co., Chartered Accountants as Auditors of the company to hold office from the conclusion of this meeting to the conclusion of the next meeting and to fix their remuneration.

#### **SPECIAL BUSINESS**

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

**“RESOLVED** that pursuant to the provisions of Section 198, 269, 309 & 310 and all other applicable provisions of the Companies Act, 1956 read with Section I of Part II of Schedule XIII to the Companies Act 1956 and other related provisions if any, Mr. Rajat Prasad be and is hereby Re appointed as Managing Director of the Company with effect from 1<sup>st</sup> October 2010 for a period of five years with revised remuneration, as set out in the Explanatory Statement annexed hereto.

**FURTHER RESOLVED** that in the event of absence or inadequacy of profits in any financial year the remuneration as above shall be paid as minimum remuneration subject to the ceiling as prescribed in schedule XIII of the Companies Act, 1956.

**FURTHER RESOLVED** that the Board of Directors of the Company be and are hereby authorized to take all necessary steps as a may be required to give effect to this resolution.

**FURTHER RESOLVED** that the remuneration Committee and/ or the Board of Directors of the Company may revise the remuneration payable to Mr. Rajat Prasad from time to time at its discretion subject, however, to the overall limits laid down under schedule XIII read with other applicable provisions of the Companies Act, 1956 without further reference to the shareholders.”

6. To consider and if thought fit, to pass with or without modification, the following as an Ordinary resolution:

**“RESOLVED THAT** the consent of the Company be and is hereby granted, in accordance with Section 293 (1)(d) and all other applicable provisions, if any, of the Companies Act, 1956 and the Article of Association of the Company, to the Board of Directors of the Company, to borrow any sum or sums of money from time to time at their discretion, for the purpose of the business of the Company, which together with monies already borrowed by the Company, (apart from temporary loans obtained from the Company’s Bankers in the ordinary course of business) may exceed at any time, the aggregate of the paid-up capital of the Company and its free reserves (that is to say, reserves, not set apart for any specific purpose) by a sum not exceeding ₹ 400 Crores (Rupees Four Hundred Crores Only), and that the Board of Directors be and is hereby empowered and authorized to arrange or fix the terms and condition or all such monies to be borrowed from time to time as to interest, repayment, security or otherwise as it may think fit.”

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

**“RESOLVED that** pursuant to applicable provisions of the Companies Act, 1956, Article 58 of the Articles of Association of the company and in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009, and such other approvals, permissions and sanctions as may be necessary and subject to such terms and modifications as may be specified while according such approvals, the Board of Directors be and is hereby authorized to capitalized a sum of ₹ 5,53,03,500 out of Share Premium Account and be distributed amongst the equity shareholders of the company, by issue of 5530350 equity shares of ₹ 10 each credited as fully paid up to the equity shareholders in the proportion of One equity shares for every One equity shares held by them on the record date to be declared by the board.

**RESOLVED FURTHER THAT** the issue and allotment of Bonus shares shall be subject to the following terms and conditions:-

- a. New Equity Shares of Re.10/- each to be allotted as Bonus Shares shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari passu in all respects with and carry the same rights as the existing Equity Shares and shall be entitled to participate in full in any dividends to be declared for the financial year in which the Bonus Shares are allotted;
- b. No letter of allotment shall be issued to the allottees of the Bonus shares and the Share Certificates in respect of the new Equity Shares shall be issued and dispatched to the allottees thereof within the period prescribed or that may be prescribed in this behalf, from time to time, except that the Bonus shares will be credited to the demat accounts of the allottees who are holding the existing Equity Shares in electronic form;
- c. The allotment of fully paid new Equity Shares as Bonus Shares to the extent that they relate to non-resident members of the Company, shall be subject to the approval, if necessary, of Reserve Bank of India under the Foreign Exchange Management Act, 1999 and Rules framed there under.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this Resolution, the Board be and is hereby authorized to do all such acts, deeds and things and give such directions as may be necessary or desirable and to settle all questions or difficulties whatsoever that may arise with regard to the issue, allotment and distribution of the new Equity Shares.”

8. 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, 81(1A) of the companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and pursuant to relevant provisions of the Securities And Exchange Board Of India (Issue Of Capital And Disclosure Requirements) Regulations, 2009 and amendments thereto as in force and subject to all other applicable rules,



regulations and guidelines of the Securities and Exchange Board of India (SEBI), the applicable provisions of Foreign Exchange Management Act, 1999 (FEMA), Foreign Exchange Management (Transfer or Issue of Security by a person Resident outside India) regulations, 2000, Issue of Foreign Currency Convertible Bonds and ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993 and enabling provisions of the Memorandum and Articles of Association of the company and the Listing Agreements entered into by the company with the Stock Exchanges where the shares of the Company are listed and subject to requisite approvals, consents, permissions and/or sanctions of SEBI, the Stock Exchanges, Reserve Bank of India (RBI), and all other authorities as may be required, whether in India or outside India, (hereinafter referred to as "Appropriate Authorities), and subject to such conditions as may be prescribed by any of them while granting any such conditions as may be prescribed by any of them while granting any such approval, consent, permission, and/or sanction (hereinafter referred to as "Requisite Approvals"), which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any committee thereof which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution), the consent of the member of the company be and is hereby accorded to the Board at their absolute discretion to create, offer, issue and allot in one or more tranches, in the course of domestic/international offerings to Domestic/ Foreign Investors/institutional Investors/ Foreign Institutional investors, trusts Mutual funds, Banks, financial Institutions, Insurance Companies, Pension Funds, retail public or otherwise, whether Members of the Company or not, such number of Global Depository Receipts (GDR) or American Depository receipts (ADRs), Qualified Institutional placements(QIPS), Foreign Convertibles Currency Bonds (FCCB), with or with out Green Shoe Option, Equity shares and/or Equity Shares (through depository receipt Mechanism or directly to Investors) and/or any other financial instruments convertible into Equity Shares or otherwise, in registered or bearer form and/or any security convertible into Equity shares, securities, linked to Equity Shares and/or securities with or without detachable warrants with right Exchange(s) where the company's shares are listed or proposed to be listed , Issuance of shares on Rights basis to the Existing Shareholders and to resolve and settle all questions and difficulties that may arise in the proposed issue, offer and allotment of any of the aforesaid Securities, utilization of the issue proceeds and to do all acts, deed and things in connection therewith and incidental thereto as the board may in its absolute discretion deem fit, without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers conferred by this resolution on it, to Rajat Prasad & Raghunandan Prasad, Directors or Company Secretary of the company to give effect to the aforesaid resolution."

**By Order of the Board of Directors**

*Sd/-*  
**Rajat Prasad**  
Managing Director

Place : New Delhi  
Date : 02.12.2010



**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH 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 meeting.
2. Members proxies should bring the attendance slip sent herewith duly filled in for attending the Annual General Meeting. Members are requested to bring their copy of Annual Report while attending the Annual General Meeting.
3. The Register of Members and the Share Transfer books shall remain closed from 11.12.2010 to 14.12.2010 (both days Inclusive).
4. If dividend on equity shares as recommended by the Directors is approved at the meeting, the payment of such dividend will be made to those members of the Company whose name appear on the Register of Members and as per beneficial owners position received from National Securities Depository Services (India) Limited (NSDL) and Central Depository Services (India) Ltd. as at the close of December 11, 2010.
5. Members desiring any information as regards accounts are requested to write to the Company at least 7 days before the date of meeting, so as to enable the management to keep the information ready/proxies should bring their copy of the Annual Report for reference at the meeting as also the attendance slip duly filled in for attending the meeting.
6. Members desirous of appointing their nominee for the shares held by them may apply in the revised nomination form (Form 2B) in duplicate. Members are informed that in case of joint holders attending the meeting, only such joint holder who is first in the order of names will be entitled vote.

**By Order of the Board of Directors**

*Sd/-*  
**Rajat Prasad**  
**Managing Director**

Place : New Delhi  
Date : 02.12.2010

## Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special business items

### ITEM NO. 5

Mr. Rajat Prasad, Managing Director of the company was appointed for a period of 5 year w.e.f 30.09.2005. He has completed five year of his term of office on 29<sup>th</sup> September 2010. Considering his contribution to the growth of the Company, the Board of Directors in their meeting held on 28<sup>th</sup> September 2010 re-appointed Mr. Rajat Prasad as Managing Director of the Company for a period of five years with effect from 1<sup>st</sup> October 2010, subject to the approval of the shareholders on the terms and conditions given below. The terms and conditions and revised remuneration provided herein below;

- a) Salary of ₹ 2, 50, 000/- per month.
- b) Commission on net profits as per the provisions of the Companies Act, 1956 at the rate to be determined by the Board of Directors from time to time.
- c) A company maintained Car with Driver for official and personal use. As and when needed. The valuation for personal use shall be as per Income Tax Rules.
- d) One mobile and one telephone at residence for official use, which will be available for his personal use also as and when needed. The Company shall Recover Expenditure on personal long distance calls.
- e) Gratuity at the rate not exceeding half a month's salary for each completed year of service.
- f) Reimbursement of Entertainment Expenses incurred in the ordinary course of business.

### ITEM NO. 6

Pursuant to the provisions of Clause (d) subsection (1) of section 293 of the Companies Act, 1956, the Board of Directors can not borrow more than the aggregate of the paid up capital of the Company and its free reserves at any time except with the consent of the shareholders of the Company in a General Meeting. Also the Company is in the process of its expansion programme and for which additional funds shall be required in the future.

### ITEM NO. 7

With a view to reward the shareholders of the Company, your Directors have proposed that sums not exceeding ₹ 5,53,03,500 be drawn from the 'Share Premium Account' of the Company and capitalized and transferred to Share Capital Account towards issue and allotment of Equity Shares not exceeding 5530350 Equity Shares of ₹ 10 each as Bonus Shares, credited as fully paid-up, to the members holding Equity Shares as on the Record Date to be specified in this behalf. The Bonus Shares will be issued in the proportion of One new Equity Share for every One Equity Share held on the Record Date. The said Bonus Shares shall rank pari-passu with the then existing Equity Shares.

The Board recommends the Resolution for approval of the shareholders.

The Directors of the Company may be deemed to be concerned or interested in the Resolution to the extent of Bonus Shares that may be allotted in respect of the existing shares held by them or by Companies, Bodies Corporate or Trusts of which the directors of the Company are directors, members or beneficiaries.

**ITEM NO. 8**

RR Financial Consultants Limited is the flagship company of RR Group. In order to mobilize funds for the normal capital expenditure, ongoing expansion, general corporate purposes etc, it is proposed to make an offering by way of public offer and / or private placement of Foreign Currency Convertible Bonds (FCCB), Global Depository Receipts (GDR), American Depository Receipts (ADR) or any other equity and / or preference share related instruments. Also, the company is desirous of raising funds through various methods including a Right Issue for further expansion of the Company and smooth functioning of the affairs of the Company.

The Board has, in its meeting held on 2<sup>nd</sup> December 2010, discussed this proposal and recommended this resolution for your approval. None of the Directors is concerned or interested in this resolution.

**By Order of the Board of Directors**

*Sd/-*  
**Rajat Prasad**  
**Managing Director**

Place : New Delhi  
Date : 02.12.2010

## DIRECTORS' REPORT

### THE MEMBERS,

#### RR FINANCIAL CONSULTANTS LIMITED

Your Directors take pleasure in presenting the Twenty Third Annual Report and Audited Statement of Accounts of the Company for the period ended on 30<sup>th</sup> June, 2010 along with the Audited Accounts, Auditor's Report for the year ending 30<sup>th</sup> June, 2010.

### FINANCIAL RESULTS

(1) A quick Glance on the financial achievements of the Company and its Subsidiaries for the year 2009-10

Name of the Companies (Subsidiaries as at 30 <sup>th</sup> June 2010)	Revenues	(Amount in ₹)	
		Profit before Depreciation and Tax	Profit after Tax
RR Financial Consultants Limited ( <i>Holding Company</i> )	87,499,348	49,964,376	43,595,071
RR Equity Brokers Private Limited (as at 31.03.2010)	75,976,413	6,340,803	2,730,589
RR Insurance Brokers Private Limited (Nine months)	10,471,2980	7,892,692	2,978,541
RR Investor Capital Services Private Limited	272,683,654	13,447,580	4,370,354
Arix Consultants Private Limited	187,511	18,785	137,342
RR Infra Estates Private Limited	927,310	589,473	588,641
RR Fincap Private Limited	942,685	691,729	491,729

(2) The Standalone financial results of the Company for the period under review are summarized below. The previous figures in the financial statements have been regrouped, wherever necessary

S. No.	Particulars	(₹ in lacs)	
		As on 30 <sup>th</sup> June 2010	As on 30 <sup>th</sup> June 2009
1	Gross Income	874.99	953.25
2	Profit/Loss before Dep. & Tax	499.64	475.69
3	Depreciation	28.69	20.38
4	Provision for Taxation	35.00	27.50
5	Profit after Tax	435.95	318.63
6	Balance Brought Forward	1512.81	1258.89
7	Profit available for appropriation	1948.76	1577.52
8	Transfer to General Reserve	NIL	NIL
9	Proposed Dividend	NIL	55.30
10	Corporate Dividend Tax	NIL	09.40
11	Balance Carried to Balance Sheet	1948.76	1512.82

## SHARE CAPITAL

The Share Capital remained the same during the period under review.

## SUBSIDIARY COMPANIES

As on 30.06.2010, RR Financial Consultants Limited has six subsidiary companies. The names of the subsidiaries along with the Percentage of Holding company in these Subsidiary Companies is given as below:-

As required under the new Clause 49 of the Listing Agreement, the Company has adopted a practice of placing the minutes and statements of all the significant transactions of all the un-listed subsidiary companies in the meeting of Board of Directors of RR Financial Consultants Limited. The Audit Committee of the Company regularly reviews the financials of the subsidiary companies.

Name of the Companies	% of Holding
RR Equity Brokers Private Limited	100%
RR Insurance Brokers Private Limited	100%
RR Investor Capital Services Private Limited	66.65%
Arix Consultants Private Limited	100%
RR Infra Estates Private Limited	100%
RR Fincap Private Limited	100%

The Subsidiaries i.e. RR Commodity Brokers (P) Ltd, RR IT Solutions (P) Ltd, RR Information & Investment Research (P) Ltd becomes 100% Subsidiary of RR Equity Brokers (P) Limited (Wholly owned subsidiary of RRFC) and RR Investor Securities Trading (P) Ltd becomes 100% Subsidiary of RR Investor Capital Services (P) Ltd, earlier was the subsidiary of RR Financial Consultants Limited.

## REVIEW OF PERFORMANCE

The Total Income of the company during the period under review is ₹ 874.99 Lacs as compared to ₹ 953.25 Lacs in the previous period. The Company registered a Profit after Tax and Depreciation amounting ₹ 499.64 Lacs as against profit of ₹ 475.69 Lacs in the previous year.

## DIRECTORS

Mr. Rajesh Agrawal, director of the company retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

## PUBLIC DEPOSIT

Your company has never invited/accepted any deposit from the public within the meaning of Section 58A of the Companies Act, 1956 and the Rules made there under during the period under review.

## AUDITORS

M/s Sandeep Ramesh Gupta & Co., Chartered Accountants, the Auditors of the Company retire at the ensuing Annual General Meeting and shall be eligible for reappointed as the auditors of the Company from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company. The necessary eligibility certificate under Section 224(1B) of the Companies Act, 1956 has been received from them. The Audit Committee and Board of Directors have also recommended the appointment of M/s Sandeep Ramesh Gupta & Co., Chartered Accountants, as the auditors of the Company. Also, The Board of Directors of the Company are hereby authorized to fix their remuneration plus traveling and other out of pocket expenses incurred by them in connection with Statutory audit and/or continuous audit and also such other remuneration, as may be decided to be paid by the Board of Directors for performing the duties of auditing the accounts of the company.

## AUDITORS REPORT

The observation made by the Auditors in their report is self-explanatory and does not require any clarification.

## DIVIDEND

Your Directors are please to recommend for your consideration and approval payment of dividend @ 10 % amounting to ₹ 1 per equity share of ₹ 10/- each for the financial year 2009-10. Total amount of dividend outgo for the financial year shall be ₹ 64.70 Lacs (including Corporate Dividend Tax amounting to ₹ 9.40 Lacs).

## LISTING ON STOCK EXCHANGES

The shares of the company are listed with Delhi, Mumbai, Kolkata, Kanpur, Madras and Ludhiana Stock Exchanges. With the wide and extensive network of Mumbai Stock Exchange, the investors have access to online dealings in the company's equity shares across the country. The company is taking steps to delist its equity shares from Delhi, Madras, Kolkata, Kanpur and Ludhiana stock exchanges as there is hardly any trading on these stock exchanges and listing fee payable to these exchanges no more offer commensurate benefits to the company and its investors. Therefore, delisting of the equity from all Stock Exchanges except Bombay Stock Exchange is considered necessary, firstly on the ground that the cost to the company would stand reduced and secondly that the interest of the members located in the regions where the said Stock Exchanges are located would remain unaffected.

## DIRECTORS RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217(2AA) OF COMPANIES ACT, 1956:

### The Board of Directors hereby confirms that:

1. In the preparation of the annual accounts, all the applicable accounting standards had been followed. Your Directors had selected the accounting policies, which are in the best interest of the company and are as prudent so as to give a true and fair view of state of affairs of the company and of the profit or loss of the company for the accounting period ended 30<sup>th</sup> June 2010.
2. Your Directors had taken proper and sufficient care for the maintenance of accounting records for the period ended 30<sup>th</sup> June, 2010 in accordance with provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
3. Your Directors had prepared annual accounts on a going concern basis.

## PERSONNEL

The Directors hereby wish to place their appreciation for the efficient and loyal services rendered by the staff of the Company. The Company has not paid any remuneration attracting the provisions, of the Companies (Particulars of Employees) Rules, 1975 read with section 217(2A) of the Company Act, 1956. Hence, no information is required to be appended to this regard.

## CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION AND INNOVATION

Since the Company does not own any manufacturing facility, the provision of Section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of particular in the Report of Board of Directors) Rules 1988, are not applicable.

## FOREIGN EXCHANGE EARNINGS & OUTGO

There is no Foreign Exchange earnings & Foreign Exchange Outflow during the year under review.

## CORPORATE GOVERNANCE

A separate statement on Corporate Governance is produced as a part of the Annual Report with a certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under clause 49 of Listing Agreement of the Stock Exchanges as **Annexure A**. A certificate from the auditors, M/s Sandeep Gupta & Co., Chartered Accountants, of the Company regarding compliance of the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this Directors' Report as **Annexure A1**.

## MANAGEMENT ANALYSIS AND DISCUSSION REPORT

Management discussion and analysis Report as required under the Listing Agreement with Stock Exchange is attached as **Annexure B** of this Report.

## PARTICULARS REQUIRED AS PER SECTION 212 OF THE COMPANIES ACT, 1956

The Company has filed necessary application for the approval of Ministry of Corporate Affairs, Government of India dispensing with the requirements to attach various documents in respect of subsidiary companies, as set out in sub-section (1) of section 212 of the Companies Act, 1956, and approval thereof is granted by the Ministry of Corporate Affairs. Accordingly, the Balance Sheet, Profit & Loss Account and other documents of the subsidiaries of the company are not being attached with the Balance Sheet of the Company. A statement containing brief financial details of the Company's subsidiaries for the year ended as on June 30, 2010 is included in the Annual Report. The company will make available the audited annual accounts and related information of the subsidiary companies, on request by any member of the company. These documents will also be available for inspection during business hours at our Registered Office.

## ACKNOWLEDGEMENT

Your Board of Directors wishes their sincere thanks to Clients, Government Regulators, Stock Exchanges, Statutory Bodies, Bankers, and Agencies, and Business Associates for having extended their continued support. Your Directors would like to place on record their sincere appreciation of the employees for their continuing support and unparalleled efforts in ensuring an excellent all-round operational performance. Also Your Directors wish to extend their appreciation for the wholehearted, sincere and continuous support & belief extended by the members who have also been a tremendous source of support for the company.

On Behalf of the Board of Directors

Place : New Delhi  
Date : 30.08.2010

-Sd-  
**RAGHUNANDAN PRASAD**  
(Chairman)

-Sd-  
**RAJAT PRASAD**  
(Managing Director)

## CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's philosophy on Corporate Governance is to attain highest standards of transparency, accountability and business prosperity with the ultimate objective to enhance long-term economic value of the Company, its shareholders. Your Company will continue its efforts towards raising its standards in Corporate Governance and will also review its system and procedures constantly in order to keep pace with the changing economic environment.

Key elements of good corporate governance principles include honesty, trust and integrity, openness, performance orientation, responsibility and accountability, mutual respect, and commitment to the organization.

Your Directors and Management have developed a model of governance that aligns the values of the corporate participants and have ensured Timely and adequate evaluation of this model periodically for its effectiveness. Senior Executives have conducted themselves honestly and ethically, especially concerning actual or apparent disclosure in financial reports and Statements.

Corporate Governance is not just a discipline imposed by a regulator, rather a culture that guides the Board, management and employees to function towards best interest of stakeholders. It involves essentially a creative, generative and positive thinking activity that adds value to the various stakeholders that are served as end customers of the Corporate Entity.

### 2. BOARD OF DIRECTORS

#### COMPOSITION OF THE BOARD as on 30.06.2010

S. No.	Status of the Director	No. of Director	Percentage of Total Strength
1	Executive	1	25
2	Non Executive	1	25
3	Non Executive/Independent	2	50
	TOTAL	4	100

#### Category of Directorship, qualifications etc., of Directors as on 30.06.2010:

S. No.	Name of the Director	Designation	Date of Joining	Status of the Director	Academic Qualifications	No. of Shares held in RRFC
1	Mr. Rajat Prasad	Managing Director	01.11.1987	Executive	B.Com (H), ACA	3084899
2	Mr. Raghunandan Prasad	Chairman	15.06.1990	Non Executive	B.Com, L.LB, FCA, MBA	32350
3	Mr. Mahesh Chandra Agarwal	Director	17.07.2000	Non Executive/ Independent	B. Tech, MS (USA)	14000
4.	Mr. Rajesh Agarwal	Director	29.04.2008	Non Executive/ Independent	B.Com.	600



### Brief Resume of the Directors to be appointed/re-appointed:

#### Mr. Rajesh Aggarwal

He is B.Com. with more than 10 years experience in Capital Market, Merchant Banking, Portfolio Management, dealing in securities, Placement of high volume debt to the institutional and other clients, fund raising programme through private placement route for several corporate, both public & Private.

### Details of Other Directorships, Chairmanship of Directors on Board and/or Board Committees of other Companies

#### Category of Directorship, qualifications etc., of Directors as on 30.06.2010:

S. No.	Name of the Director	No. of Directorships/ Chairmanship in other Board*	No. of Memberships in Committees of board of other Companies	No. of Chairmanship in Committees of board of other Companies**
1	Mr. Rajat Prasad	8	NIL	NIL
2	Mr. Raghunandan Prasad	15	NIL	NIL
3	Mr. Mahesh Chandra Agarwal	1	NIL	NIL
4.	Mr. Rajesh Aggarwal	2	NIL	NIL

\* Directorship in Companies incorporated outside India is excluded for this purpose.

\*\* For this purpose Audit Committee, Shareholders/Investors' Grievance Committee and Remuneration Committee is considered.

#### Attendance of Directors at the Board Meetings and the Last (22<sup>nd</sup>) Annual General Meeting

Name of the Director	No. of Board Meeting held during the tenure of the Director	No. of Board Meeting attended	Attendance at the Last AGM
Mr. Rajat Prasad	14	14	YES
Mr. Raghunandan Prasad	14	9	YES
Mr. Mahesh Chandra Agarwal	14	5	YES
Mr. Rajesh Aggarwal	14	6	YES

#### DETAILS OF BOARD MEETINGS HELD DURING THE FINANCIAL YEAR 2009-2010

Fourteen meeting of the Board of Directors held during the period under review. The Board regularly met to consider amongst other business matters, the quarterly performance of the Company, financial results & activities. Directors attending the meeting actively participated in the deliberations at these meetings.

During the period under review, the date on which Board meetings held were as follows:

S. No	Date of Meeting	Board Strength	No. of Directors Present
1	01.09.2009	4	2
2	20.10.2009	4	2
3	31.10.2009	4	4
4	05.11.2009	4	2
5	30.11.2009	4	2
6	04.12.2009	4	2
7	19.01.2010	4	2
8	30.01.2010	4	4
9	05.02.2010	4	2
10	02.03.2010	4	2
11	30.04.2010	4	4
12	05.05.2010	4	2
13	27.05.2010	4	2
14	05.06.2010	4	2

### 3. Committees of the Board

Currently, the Board has three committees, the Audit Committee, the Remuneration Committee and the Shareholders' Grievance Committee. The Board is responsible for constituting, assigning, co-opting and fixing terms of service for committee members. The Committees appointed by the Board focus on specific areas and make informed decisions within the authority delegated.

The chairman of the Board, in consultation with the Compliance Officer and the committee chairman, determines the frequency and duration of the committee meetings. Normally, Audit Committee meets four times a year, whereas the Shareholders' Committee and Remuneration Committee meet as and when the need arises. Recommendations of the committees are submitted for the Board's approval. The quorum for meetings is either two members or one-third of the members of the committee, whichever is higher.

#### AUDIT COMMITTEE

##### (a) Terms of Reference

The Constitution, quorum, scope etc. of the Audit Committee covers the areas mentioned under Clause 49 of the Listing Agreement and Section 292(A) of the Companies Act, 1956, besides other terms as may be referred by the Board of Directors of the Company.

##### (b) Composition, Name of the Members and Chairman of the Audit Committee

During the year 2009-2010, Audit Committee of the Company comprised of three Directors out of which two are Non- executive (Independent Director).

Sr. No	Name of Director	Position	Category
1.	Mr. Mahesh Chandra Agarwal	Chairman	Non-Executive-Independent
2.	Mr. Raghunandan Prasad	Member	Non- Executive
3.	Rajesh Aggarwal	Member	Non-Executive-Independent

##### (c) Meeting and Attendance:

The Audit committee met Four times during the period. The representative of the Statutory Auditor is invitee to audit committee meetings. The details of attendance of the members at the meetings are as under: -

Sr. No.	Name of Director	Position	Category	Attendance at Audit Committee Meeting	Whether Attended the Last (19 <sup>th</sup> ) AGM
1.	Mr. Mahesh Chandra Agarwal	Chairman	Non-Executive-Independent	4	YES
2.	Mr. Raghunandan Prasad	Member	Non-Executive	4	YES
3.	Mr. Rajesh Aggarwal	Member	Non-Executive-Independent	4	YES

Out of the three members of the Audit Committee, Two of Directors are independent. Mr. Mahesh Chandra Agarwal is the Present Chairman of the Committee. All members of the Audit Committee have adequate financial and accounting knowledge.

In addition, the statutory Auditors and the Internal Auditors are invited to attend the meeting of the Audit Committee.

##### (d) Scope of Audit Committee:

- Reviewing the adequacy of the Internal Control System of the Company.
- Reviewing the Quarterly and half-yearly financial statements before submission to the board for approval.

- Reviewing the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Reviewing the annual financial statements before submission to the board for approval, in regard with:
  - (1) Matters to be included in the Director's responsibility statement to be included in the Board's report in terms of Clause 2(AA) of Section 217 of the Companies Act, 1956.
  - (2) Changes in Accounting policies
  - (3) Compliance with the Listing and other legal requirements relating to financial statements
  - (4) Disclosure of any related party transactions
  - (5) Qualifications in the draft Audit report.
- Reviewing, with the management, performance of statutory and internal auditors, the adequacy of internal control systems and suggestion for improvement of the same.
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as have post-audit discussion to ascertain any area of concern
- Fulfill such other duties and responsibilities as may be assigned to the Committee, from time to time, by the Board or the Chairman of the Board, or as may be required by law or regulation.

#### SHARE TRANSFER & SHAREHOLDERS/ INVESTORS GRIEVANCE COMMITTEE

##### (a) Terms of Reference

The Constitution, quorum, scope etc. of the Share Transfer/Investor Grievance Committee covers the areas mentioned under Clause 49 of the Listing Agreement besides other terms as may be referred by the Board of Directors of the Company.

##### (b) Scope of this Committee

The Shareholders' committee is empowered to perform all the functions of the Board in relation to share transfers/transmissions and handling of Shareholders' grievances.

##### (c) Composition, Name of the Members and Chairman of the Shareholders/Investors Grievance Committee

Following are the members of the Share Transfer & Shareholders/ Investors Grievance Committee:

Sr. No	Name of Director	Category
1.	Mr. Raghunandan Prasad	Non Executive (Chairman)
2.	Mr. Rajat Prasad	Executive

During the year company received 8 complaints. The compliance officer of the company properly and adequately replied to all the complaints. Our Share Transfer Agents within the statutory period, except in some cases in which there was delay, completed all share transfer work. On the date of this report no investors' complaints are pending.

#### 4. GENERAL BODY MEETING

(a) Details of Annual General Meeting (AGM) for the last Three Years:

Description of Meeting	Date	Venue	Time	No. of Special resolution passed
22 <sup>nd</sup> AGM	31 <sup>st</sup> December, 2009	13/24, Village Daulatpur, New Delhi-110 043	9.30AM	4
21 <sup>st</sup> AGM	31 <sup>st</sup> December, 2008	13/24, Village Daulatpur, New Delhi-110 043	9.30AM	0
20 <sup>th</sup> AGM	31 <sup>st</sup> December, 2007	13/24, Village Daulatpur, New Delhi-110 043	9.30AM	3

No Extra Ordinary General Meeting was held during the period under review.

(b) Postal Ballot

No resolution was passed in the last (22<sup>nd</sup>) AGM through Postal Ballot. In the ensuing 23<sup>rd</sup> AGM also the company has not proposed any resolution for approval of the shareholders through postal ballot since none of the business items proposed requires approval through postal ballot as per provisions of the Companies Act, 1956 and rules framed there under.

## 5. SUBSIDIARY COMPANIES

RR Financial Consultants Limited has Six subsidiary companies, which are RR Equity Brokers Private Limited, RR Insurance Brokers Private Limited, RR Investor Capital Services Private Limited, Arix Consultants Private Limited, RR Infra Estates Private Limited and RR Fincap Private Limited. All the subsidiaries of RR Financial Consultants Limited are unlisted.

As required under the new Clause 49 of the Listing Agreement, the Company has adopted a practice of placing the minutes and statements of all the significant transactions of all the un-listed subsidiary companies in the meeting of Board of Directors of RR Financial Consultants Limited. The Audit Committee of the Company regularly reviews the financials of the subsidiary companies.

The Subsidiaries i.e. RR Commodity Brokers (P) Ltd, RR IT Solutions (P) Ltd, RR Information & Investment Research (P) Ltd becomes 100% Subsidiary of RR Equity Brokers (P) Limited (Wholly owned subsidiary of RRFC) and RR Investor Securities Trading (P) Ltd becomes 100% Subsidiary of RR Investor Capital Services (P) Ltd, earlier was the subsidiary of RR Financial Consultants Limited.

## 6. DISCLOSURE

- a. Related parties & transaction with them as required under Accounting Standard 18 (AS- 18), issued by the Institute of Chartered Accountants of India, are furnished as item No.6 of Schedule B relating to Significant & Accounting Policies and Notes on Accounts attached to & forming part of Balance Sheet & Profit & Loss Account for the period ended 30.06.2010.
- b. There is no pecuniary relationship or transaction with Independent/Non executive Director.
- c. None of transactions with any of any of related parties were in conflict with the interest of the Company.
- d. The Company has adopted all items to be included in the Report on Corporate Governance.

## 7. MEANS OF COMMUNICATION

Complying with the provisions of the Listing Agreement, Norms, Guidelines and Circulars etc. and Information like Quarterly Financial results and other significant developments in the Company has been made available from time to time to the press and had also been submitted to the Stock Exchanges to enable them to put them on their websites. The Company has regularly published its Quarterly & half yearly financial results generally in the Newspaper i.e. Pioneer (ENGLISH) & Hari Bhumi (HINDI).

## 8. CEO/CFO CERTIFICATION

The Managing Director has signed a certificate accepting responsibility for the financial statement and confirming the effectiveness of the internal control systems, as required in Clause 49 of the Listing Agreement with the Stock Exchanges that is given separately herewith.

## 9. SHAREHOLDERS' INFORMATION

Annual General Meeting	: 23 <sup>rd</sup> Annual General Meeting
Date	: 31 <sup>st</sup> December, 2010
Location	: 13/24, VILLAGE DAULATPUR, NEW DELHI-110 043
Time	: 9:30 A.M.

### Date of Book Closure

The Transfer Books of the company shall remain closed from 11.12.2010 to 14.12.2010(both days inclusive) for the purpose of Annual General Meeting and Dividend.

### Stock Code

ISIN No. : INE 229D01011  
Scrip Code : 511626 at Bombay Stock Exchange

### Listing on Stock Exchanges:

The shares of the company are listed at Mumbai, Delhi, Kanpur, Ludhiana, Kolkata and Madras Stock Exchanges.

### **Market Price Data**

High - Low (based on the closing prices) and number of share traded during each month in the financial year 2009-2010 on the Bombay Stock Exchange Limited.

Month	Bombay Stock Exchange Limited		
	High (₹)	Low (₹)	Total No. of Share Traded
Jul-09	49.30	28.25	48057
Aug-09	54.70	31.25	117104
Sep-09	78.40	37.30	270241
Oct-09	69.50	48.60	81739
Nov-09	66.75	47.00	71779
Dec-09	64.85	45.05	45557
Jan-10	75.00	51.50	196241
Feb-10	83.80	60.50	121095
Mar-10	79.70	52.00	51595
Apr-10	103.40	60.25	239644
May-10	89.90	63.60	147372
Jun-10	75.00	63.50	33712

### **Dematerialization of Shares**

Company has entered into an agreement with CDSL & NSDL whereby the shareholders have the option to dematerialize their shares with either of depositories. Equity shares of Company are actively traded at Bombay Stock Exchange, Mumbai.

Status of Paid up Share Capital as on 30.06.2010

Total Issued Capital	No. of Shares	% of Total Capital
Demat Form	3129700	56.60
Physical Form	2400650	43.40
Total	5530350	100.00

**Registered Office**

47, M. M. Road, Rani Jhansi Marg, Jhandewalan, New Delhi-110 055

**Corporate Office**

47, M. M. Road, Rani Jhansi Marg, Jhandewalan, New Delhi-110 055

**Address for correspondence**

	<b>Company</b>	<b>REGISTRAR AND SHARE TRANSFER AGENT</b>
Contact Person:	RR Financial Consultants Limited	Link Intime India Private Limited
Address:	47, M. M. Road, Rani Jhansi Marg, Jhandewalan, New Delhi-110 055	A-40, 2 <sup>nd</sup> Floor, Naraina Industrial Area, Phase - II, New Delhi-110028.
Registered Office:	011-23636362/63	011 – 41410592/93/94
Phone:	011-23636845	
Fax:		

**Share Transfer System**

The company's shares are traded in the Stock Exchanges compulsorily in demat mode. Physical Shares which are lodged with the Registrar and Transfer Agents/ or with the Company for transfer are processed and returned to the shareholders duly transferred within the time limit stipulated under the Listing Agreement subject to the documents being in order.

Distribution Schedule as on 30.06.2010

S. No.	Category(Amount)	No. of cases	% of Cases	Total Shares	Amount	% of Amount
	From - To					
1	Upto 2500	3481	85.486	363430	3634300	6.57
2	2501 to 5000	326	8.006	122267	1222670	2.21
3	5001 to 10000	140	3.438	111843	1118430	2.02
4	10001 to 20000	57	1.400	82244	822440	1.49
5	20001 to 30000	14	0.344	33760	337600	0.61
6	30001 to 40000	13	0.319	47308	473080	0.86
7	40001 to 50000	5	0.123	22509	225090	0.41
8	50001 to 100000	9	0.221	55543	555430	1.00
9	100001 & above	27	0.663	4691446	46914460	84.83
	Total	4072	100.00%	5530350	55303500	100.00%

### Statement showing Shareholding Pattern

<b>Name of Company: RR Financial Consultants Limited</b>						
Scrip Code: 511626			Quarter ended: 30.06.2010			
Category	Category of Shareholder	Number of Shareholders	Total Number of Shares	Number of Shares held in dematerialized form	Total Shareholding as a percentage of total number of shares	
					As a percentage of (A+B)	As a percentage of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group					
(1)	Indian					
(a)	Individuals/ Hindu Undivided Family	4	3209549	1709549	58.04	58.04
(b)	Central Govt./ State Government(s)					
(c)	Bodies Corporate	5	559402	559402	10.12	10.12
(d)	Financial Institutions/ Banks	0	0	0	0	0
(e)	Any other (Specify)	0	0	0	0	0
	Sub-Total (A)(1)	9	3768951	2268951	68.15	68.15
(2)	Foreign					
(a)	Individuals (Non-resident Individuals/ Foreign Individuals)	0	0	0	0	0
(b)	Bodies Corporate	0	0	0	0	0
(c)	Institutional	0	0	0	0	0
(d)	Any Other (Specify)	0	0	0	0	0
	Sub-Total (A)(2)					
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	9	3768951	2268951	68.15	68.15
(B)	Public Shareholding					
(1)	Institutions	0	0	0	0	0
(a)	Mutual Funds/UTI	0	0	0	0	0
(b)	Financial Institutions/ Banks	0	0	0	0	0
(c)	Central Government/ State Government(s)	0	0	0	0	0
(d)	Venture Capital Funds	0	0	0	0	0
(e)	Insurance Companies	0	0	0	0	0
(f)	Foreign Institutional Investor	0	0	0	0	0
(g)	Foreign Venture Capital Investors	0	0	0	0	0

(h)	Any other (Specify)	0	0	0	0	0
	Sub-Total (B) (1)					
(2)	Non-Institutions Bodies Corporate	102	771248	470948	13.95	13.95
(a)						
(b)	Individuals					
	I. Individual Shareholders holding nominal share Capital up to ₹1 Lakh.	3915	772147	331847	13.96	13.96
	II. Individual Shareholders holding nominal share capital in excess of ₹ 1 lakhs.	5	202150	42200	03.65	03.65
(c)	Others	6	294	294	0.005	0.005
	1. Non- Resident Indian					
	2. Clearing Members	2	100	100	0.001	0.001
	3. HUFs	33	15460	15360	0.279	0.279
	Sub-Total (B)(2)	4063	1761399	860749	31.85	31.85
	Total Public Shareholding (B)=(b)(1)+(B)(2)	4063	1761399	860749	31.85	31.85
	TOTAL (A)+(B)	4072	5530350	3129700	100.00	100.00
(d)	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0	0
	GRAND TOTAL (A)+(B)+(C)					

**(1)(b) Statement showing Shareholding of persons belonging to the category “Promoter and Promoter Group”**

Sr. No.	Name of the shareholder	Number of Shares	Shares as a percentage of total number of shares (i.e. Grand Total (A)+(B)+(C) indicated in Statement at para (l)(a) above
1.	Mr. Rajat Prasad	3084899	55.78
2.	Mr. Raghunandan Prasad	32350	0.58
3.	Ms. Priya Prasad	13750	0.25
4.	M/s Priyadarshini Holdings (P) Ltd.	194025	3.51
5.	M/s Sabre Trading & Finance (P) Ltd.	194025	3.51
6.	Mrs. Sarla Prasad	78550	1.42
7.	M/s Prasad Holdings Pvt. Ltd.	59025	1.07
8.	M/s R.P Credits (P) Ltd.	59025	1.07
9.	M/s Priya Darshan Real Estates P Ltd	53302	0.96
	Total	3768951	68.15



**(I)(c) Statement showing Shareholding of persons belonging to the category “Public” and holding more than 1% of the total number of shares**

Sr. No.	Name of the shareholder	Number of Shares	Shares as a percentage of total number of shares(i.e. Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above
1.	Narayan Travels & Tours Limited	213600	3.86
2	Shiva Insurance Agency Pvt. Ltd.	273570	4.95
3	Ritu Prasad	60200	1.09
4	Raghunandan	99750	1.80
	Total	647120	11.70

**(I)(d) Statement showing details of locked-in shares**

Sr.No.	Name of the shareholder	Number of locked-in shares	Locked-in Shares as a percentage of total number of shares (i.e. Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above
1.	Mr. Rajat Prasad	4,00,000	7.23

**(II)(a) Statement showing details of Depository Receipts(DRs)**

Sr.No.	Type of outstanding DR (ADRs, GDRs, SDR, etc)	Number of outstanding DRs	Number of shares underlying outstanding DRs	Shares underlying outstanding DRs as a percentage of total number of shares {i.e. Grand Total (A)+(B)+(C) indicated in statement at para(I)(a) above}
1.	NIL	NIL	NIL	NIL
2.	NIL	NIL	NIL	NIL
	TOTAL	NIL	NIL	NIL

**(II)(b) Statement showing Holding of Depository Receipts (DRs), where underlying shares are in excess of 1% of the total number of shares**

Sr. No.	Name of the DR Holder	Type of Outstanding DR(ADRs, GDRs, SDRs etc)	Number of Shares underlying outstanding DRs	Shares underlying outstanding DRs as a percentage of total number of Shares {i.e. Grand Total (A)+(B)+(C) indicated in statement at para (I)(a) above}
1.	NIL	NIL	NIL	NIL
2.	NIL	NIL	NIL	NIL
			TOTAL	NIL

**ANNEXURE-A1**

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To,  
The Members of  
**RR Financial Consultants Limited,**

We have examined the compliance of conditions of Corporate Governance by RR Financial Consultants Limited ("The Company") for the period ended on 30<sup>th</sup> June 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For SANDEEP RAMESH GUPTA & Co.  
Chartered Accountants**

-Sd-

**(SANDEEP GUPTA)  
Partner**

Membership No. 90039

Place : New Delhi  
Dated : 30<sup>th</sup> August, 2010

## CERTIFICATION

I, Rajat Prasad Director Certify that:

- a) I have reviewed financial statement and the cash flow statement for the period ended 30.06.2010 and that to the best of my knowledge and belief:
  - I. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - II. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of my knowledge and belief, no transaction entered into by the company during the period, which is fraudulent, illegal or violative of the company's code of conduct.
- c) Further, I accept responsibility for establish and maintain internal controls for financial reporting and Accordingly, I have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and I have disclosed to the auditors and the Audit committee, wherever applicable:
  - I. Deficiencies in the design or operation of the internal controls, if any of which I am aware and the steps have been taken or propose to take rectify these deficiencies.
  - II. Significant changes in the internal control over the financial reporting during the period;
  - III. Significant changes in accounting policies during the period and that the same have been disclosed in the notes to the financial statements;
  - IV. Instances of significant fraud of which I became and involvement therein, if any, of the management or an employee having a significant in the Company's internal control system.

**For and On behalf of the Board of Directors**

Sd/-

**Rajat Prasad  
Director**

Place : New Delhi  
Date : 30<sup>th</sup> August, 2010

## Management's Discussion and Analysis

### Overview

The company is leading financial services company and has earned a distinction in the field of Capital raising, Insurance & Broking services and research and advisory services. Exploring opportunities through its network across the country and its ability to organize with professionalism and dedication is the core of RR Business aspirations. The Primary objective of the Company is to maintain a rapid pace of growth through quality service in all aspects of product innovations and investment avenues.

### Financial Performance

The financial statements of the Company have been prepared in compliance with the requirements of the Companies Act, 1956 and the Generally Accepted Accounting Principals (GAAP) in India. The management of the Company accepts the responsibility of for the objectivity and integrity of these financial statements as well as, for various estimates and judgments used therein. The statement have been made on a prudent and reasonable basis, so that financial statements reflect in a true and fair manner, the form and substances of transactions and reasonably present the Company's state of affairs of the Company

### Opportunities

The company has following verticals i.e. Stock & Commodity Broking, Financial Product Distribution, Insurance Broking, Investment Banking and Lending Business. The main source of income being Brokerage, the Company expects to show stable growth in coming years. The company has been granted a NBFC Licence by RBI to its wholly owned subsidiary RR Fincap Private Limited.

### Risks and concerns

The Company's main risk remains costs which are growing at a fast pace. The company has increased the variable salary structures and is consistently making conscious efforts to mitigate this risk.

### Outlook

The Company has broad based its revenue stream to cover all the major segments of Financial & Insurance business and foresees a stable to good growth in the coming years.

### Risk management systems

We manage the risks associated with our broking operations through the use of fully automated risk management software's and selective direct monitoring of certain operating parameters. Our automated risk management procedures rely primarily on internally developed risk management system as well as systems provided by our vendors. We manage our business risk through strict compliance and internal checks. We have a well-managed internal audit and internal control system working along with the external audit performing checks at regular intervals to identify any discrepancies and rectify at the earliest.

### Human Resources

The nature of our business requires a skilled and trained human capital, which is one of the key assets of our organization. Our human resource policy is based on the philosophy of 'owner mindset'. We believe that the key to our continued growth lies in unleashing the entrepreneurial energy of our employees. We encourage all employees to behave more as owners of their departments rather than employees. Our people are highly motivated and work towards increasing RR's brand and market share across our various product lines. We have developed some extensive in-house training modules. We lay an emphasis on 'on-the-job training' where an experienced and senior person mentors a junior executive. Further, prospective employees need to undergo pre-joining domain training and tests. This basically tests the understanding and aptitude of the employee for the job and reduces attrition and improves employee satisfaction.

### Internal control systems

As remarked by the auditors in their report, the Company has an internal control system commensurate with its requirements and the size of the business. The Company has internal control systems that are adequate and commensurate to the size of the company to ensure that all the transactions are authorized, recorded and reported correctly under the overall supervision of Audit Committee of the Board of Directors. These systems provide efficiency to the operations and safeguard assets of the company as also the compliances of all statutes. There are adequate measures for the security of database.

### Cautionary statement

The statements made in this report describe the Company's objectives and projections that may be forward looking statements within the meaning of applicable securities laws and regulations. The actual results might differ materially from those expressed or implied depending on the economic conditions, government policies and other incidental factors, which are beyond the control of the Company.



**SANDEEP RAMESH GUPTA & CO.**  
C H A R T E R E D   A C C O U N T A N T S

B-102, East Of Kailash  
New Delhi – 110 065  
Phone: (91-11) 26835848

90/31B, Malviya Nagar  
New Delhi – 110 017  
Ph: (91-11) 5564 8424, Fax: (91-11) 5100 3436  
E-mail: sandygupta@vsnl.com

**REPORT OF THE AUDITOR ON THE CONSOLIDATED ACCOUNTS**

We have examined the attached Consolidated Balance Sheet of RR Financial Consultants Ltd. its subsidiaries as at 30<sup>th</sup> June 2010, and the Consolidated Profit and Loss Account Statement for the year ended on 30<sup>th</sup> June 2010.

These consolidated financial statements are the responsibility of the management. Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with the generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We have audited the financial statement of its subsidiaries whose financial statements reflect total assets of ₹ 622.68 Lacs as at 30<sup>th</sup> June 2010 and total revenue of ₹ 33.92 Lacs for the previous year ended.

We did not audit the financial statements of RR Insurance Brokers (P) Ltd., RR Fincap (P) Ltd., Arix Consultant (P) Ltd., RR Investor Capital Services (P) Ltd., RR Equity Brokers (P) Ltd. and Four Subsidiaries of RR Infra Estates (P) Ltd. for the period ended 30<sup>th</sup> June 2010 whose financial statements together reflect total assets of ₹ 4,444.34 Lacs as at 30<sup>th</sup> June 2010 and total revenue of ₹ 6,532.79 Lacs for the period ended. These financial statements have been audited by other.

Auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries, is based solely on the reports of the other auditors.

We report that the consolidated financial statements have been prepared by the company in the accordance with the requirements of Accounting Standard (AS) 21 Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements M/s RR Financial Consultants Ltd. and its subsidiaries included in the consolidated financial statements.

On the basis of the information and explanation given to us and subject to the separate audit reports on individual audited financial statements of RR Financial Consultants Ltd. and its subsidiaries wherein the auditors have expressed their reservations by way of qualifications on the audited accounts, we are of the opinion that:-

1. The consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of RR Financial Consultants Ltd. and its subsidiaries as at 30<sup>th</sup> June 2010 and
2. The Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of RR Financial Consultants Ltd. and its subsidiaries for the period ended on that date.

Place : New Delhi  
Date : 30/08/2010

for: **SANDEEP RAMESH GUPTA & CO.**

(Chartered Accountant)

Sd/-

**SANDEEP GUPTA**

(Partner)

Membership No. 90039

## RR FINANCIAL CONSULTANTS LTD.

## CONSOLIDATED BALANCE SHEET AS AT 30th JUNE,2010

( Amount in ₹ )

Particulars	Schedule	As at	
		30th June, 2010	30th June, 2009
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS FUNDS</b>			
Share Capital	1	55,391,000	55,391,000
Reserves & Surplus	2	485,221,502	393,179,764
Minority Interest :			
Share Capital		5,002,200	5,022,200
Reserves & Surplus		46,539,711	45,284,232
Share Application Money		-	-
<b>LOAN FUNDS</b>			
Secured loans	3	34,693,985	47,185,483
Unsecured Loans	3a	15,206,726	5,290,708
<b>TOTAL</b>		<b>642,055,124</b>	<b>551,353,387</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	4	313,720,767	303,833,288
Less: Depreciation		60,474,066	74,729,538
		253,246,701	229,103,750
<b>INVESTMENTS</b>			
	5	58,862,490	8,794,567
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Stock in Trade		23,600,005	44,730,048
Sundry Debtors	7	187,108,741	229,270,378
Cash & Bank balances	8	37,897,355	43,790,580
Loans & Advances	9	261,920,472	161,773,804
		510,526,574	479,564,808
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>			
Current Liabilities	10	126,386,207	122,373,292
Provisions	11	54,716,616	44,133,996
		181,102,823	166,507,288
<b>NET CURRENT ASSETS</b>			
MISCELLANEOUS EXP.	12	329,423,751	313,057,520
(To the extent not written off or adjusted)		522,183	397,551
<b>TOTAL</b>		<b>642,055,124</b>	<b>551,353,387</b>
<b>Notes to Accounts &amp; Accounting Policies</b>	15		

As per our report of even date attached

**For : Sandeep Ramesh Gupta & Co.**

Chartered Accountants

For and on behalf of the Board

Sd/-

Sandeep Gupta

( Proprietor )

Membership No. 90039

Sd/-

Raghunandan Prasad

( Director )

Sd/-

Rajat Prasad

( Managing Director )

Sd/-

Shilpi Bhardwaj

( Company Secretary )

Place : New Delhi

Date : 30/08/2010

## RR FINANCIAL CONSULTANTS LTD.

## CONSOLIDATED PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED 30th JUNE, 2010

( Amount in ₹ )

Particulars	Schedule	As at 30th June, 2010	As at 30th June, 2009
<b>INCOME</b>			
Income from Operation	13	744,170,457	603,967,348
Other Income		-	983,975
<b>Total</b>		<b>744,170,457</b>	<b>604,951,323</b>
<b>EXPENDITURE</b>			
Operating and other Expenses	14	622,942,344	498,894,063
Miscellaneous expenses written off		132,618	88,114
Depreciation	4	7,978,465	6,177,782
<b>Total</b>		<b>631,053,427</b>	<b>505,159,959</b>
Profit(Loss) Before Taxation		113,117,030	99,791,364
Capital Revaluation Reserve		-	10,616,762
Provision for FBT		(45,304)	1,915,354
Provision for taxation		18,798,500	12,157,000
Provision for Deferred Tax Liability		1,019,142	652,413
Profit(Loss) After Taxation		93,344,692	74,449,835
Balance Brought Forward		278,342,677	211,217,233
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>		<b>371,687,369</b>	<b>285,667,068</b>
Prior Year Adjustment		-	-
Income Tax		-	-
Income Tax Adjst. For Earlier Years		(17,444)	789,240
Proposed Dividend		-	5,530,350
Dividend Tax		-	939,882
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>371,704,813</b>	<b>278,407,596</b>
<b>Notes to Accounts</b>	15		

As per our report of even date attached

**For : Sandeep Ramesh Gupta & Co.**

Chartered Accountants

Sd/-

**Sandeep Gupta**

( Proprietor )

(Membership No. : 90039)

Sd/-

**Raghunandan Prasad**

(Director)

Sd/-

**Rajat Prasad**

(Managing Director)

Sd/-

**Shilpi Bhardwaj**

(Company Secretary)

For and on behalf of the Board

Place : New Delhi

Date : 30/08/2010



Schedules Forming Part of Consolidated Balance Sheet

30th June, 2010

30th June, 2009

**SCHEDULE 1 SHARE CAPITAL**Authorised

12000000 (Previous year 60,00,000.00) equity shares of ₹ 10/- each	<b>120,000,000</b>	60,000,000
---	--------------------	------------

ISSUED, SUBSCRIBED AND PAIDUP

55,30,350(previous year 55,30,350) equity shares of ₹ 10/- each	<b>55,303,500</b>	55,303,500
	-	-
	-	-
Add: Forfeited Shares (Amt. Originally Paid Up)	<b>87,500</b>	87,500

	<b>55,391,000</b>	<b>55,391,000</b>
--	-------------------	-------------------

*( Note: Out of the above 5,00,000 Equity Share of ₹ 10/-each have been allotted for consideration other than cash by way of Bonus Shares by capitalisation of General Reserve. And 1552,950/- share in consideration of Merged Companies )*

**SCHEDULE 2 RESERVES & SURPLUS**

Share premium	<b>117,329,523</b>	117,329,523
General Reserve	<b>42,726,877</b>	42,726,877
Profit & loss A/c	<b>371,704,813</b>	278,407,596
Less : Minority Interest	<b>46,539,711</b>	45,284,232

	<b>485,221,502</b>	<b>393,179,764</b>
--	--------------------	--------------------

**SCHEDULE 3 SECURED LOANS**

Banks ( Loan from Sch. Bank Agst. Mortgage of Property )	<b>33,884,456</b>	45,974,028
Banks ( Loan from Sch. Bank Agst. Hypothecation of car)	<b>809,529</b>	1,211,455

	<b>34,693,985</b>	<b>47,185,483</b>
--	-------------------	-------------------

**SCHEDULE 3a UNSECURED LOANS**

Others	<b>15,206,726</b>	5,290,708
--------	-------------------	-----------

	<b>15,206,726</b>	<b>52,476,191</b>
--	-------------------	-------------------

Schedules Forming Part of Consolidated Balance Sheet

30th June, 2010

30th June, 2009

**SCHEDULE 5 INVESTMENT**

At cost, other than trade (unless otherwise stated)

Name of the company	No of Sh.	(₹)	(₹)
		-	-
<b>Unquoted</b>			
Joy Print Hotel	15,200	1,520,000	
Joy Print Plastic Dealers	15,200	1,520,000	
		-	-
Other Investment		55,822,490	8,616,964
Mutual Funds		-	177,603
		<b>58,862,490</b>	<b>8,794,567</b>

**SCHEDULE 7 SUNDRY DEBTORS**

(Unsecured considered good)

More than six Months		60,157,477	71,121,981
Less than six months		126,951,264	158,148,397
		-	-
		<b>187,108,741</b>	<b>229,270,378</b>

**SCHEDULE 8 CASH AND BANK BALANCES**

Balance with scheduled Bank / Fixed Deposit		35,753,355	42,678,269
Cash in hand		2,144,000	1,112,311
		<b>37,897,355</b>	<b>43,790,580</b>

**SCHEDULE 9 LOANS AND ADVANCES**

(I) Advance to staff		2,000	11,000
(ii) Advance tax including T.D.S.		84,653,059	46,331,177
(iii) Public Issue application money		2,000,000	-
(iv) Advance recoverable in cash or in kind for the value to be received		85,385,609	42,422,188
(v) Security Deposit		44,344,289	65,710,061
(vi) Other		45,535,515	7,299,378
		<b>261,920,472</b>	<b>161,773,804</b>



## Schedules Forming Part of Consolidated Balance Sheet

30th June, 2010

30th June, 2009

**SCHEDULE 10 CURRENT LIABILITIES**

Sundry Creditors	54,278,835	80,891,323
Other Liabilities	72,107,372	41,481,969

---

	126,386,207	122,373,292
--	-------------	-------------

---

**SCHEDULE 11 PROVISIONS**

Provisions for Taxation	51,234,099	35,808,678
Provisions for FBT	158,450	1,855,086
Provisions for Deferred Tax Liability	3,324,067	-
Provisions for Dividend	-	5,530,350
Provisions for Tax on Dividend	-	939,882

---

	54,716,616	44,133,996
--	------------	------------

---

**SCHEDULE 12 MISCELLANEOUS EXPENDITURE**

Expenditure (To the extent not written off or adjusted)		
Public Issue Expenses	654,501	543,361
Less: (written off) / Pre-operative to P & L A/C	132,318	145,810

---

	522,183	397,551
--	---------	---------

---

**SCHEDULE 4 FIXED ASSETS**

PARTICULARS	GROSS BLOCK			DEPRECIATION					NET BLOCK	
	AT 1/07/2009	ADDITIONS	DELETIONS	AT 30/06/2010	AT 1/07/2009	FOR THE YEAR	SALE / Adj.	Total	AT 30/06/2010	AT 30/06/2009
Land	193,768	0	142,468	51,300	4,304	1,746	6,050	0	51,300	193,768
Plant and Machinery	17,592,690	326,980	1,681,290	16,238,380	16,287,239	653,069	2,064,794	14,875,514	1,362,866	1,305,448
Vehicle	11,978,504	2,727,114	4,580,620	10,124,998	7,253,005	1,033,772	2,245,027	6,041,750	4,083,249	4,725,497
Furniture and Fixture	17,495,925	2,510,950	2,623,510	17,383,365	12,147,283	1,138,758	698,353	12,587,688	4,795,677	5,348,639
Office Premises	220,147,386	32,148,500	13,242,159	239,053,727	19,337,038	728,950	1,923,726	18,142,262	220,911,465	200,810,348
Office Equipment	4,413,590	1,930,914	0	6,344,504	516,938	220,947	0	737,885	5,606,620	3,896,949
Computers	22,214,983	6,074,360	16,565,092	11,724,251	16,506,273	2,522,324	15,310,335	3,718,262	8,005,990	5,719,036
Software	9,776,711	3,003,799	0	12,780,510	2,686,466	1,678,030	0	4,364,496	8,416,015	7,131,192
Generator	19,730	0	0	19,730	5,341	870	0	6,210	13,520	14,389
<b>Total</b>	<b>303,833,288</b>	<b>48,722,617</b>	<b>38,835,139</b>	<b>313,720,766</b>	<b>74,743,886</b>	<b>7,978,465</b>	<b>22,248,285</b>	<b>60,474,066</b>	<b>253,246,700</b>	<b>229,140,972</b>
PREVIOUS YEAR	273,242,687	53,887,026	23,244,576	303,885,137	70,955,659	7,099,768	3,311,262	74,744,165	229,140,972	202,242,731

Schedules Forming Part of Consolidated PROFIT AND LOSS ACCOUNT

30th June, 2010

30th June, 2009

**SCHEDULE 13 TOTAL INCOME**

Sale / Purchase of Shares / Debentures / Securities ( Net )	1,402,583	(28,189,472)
Brokerage / Adviseroy Services ect.	705,922,129	546,892,716
Interest ( Net )	5,720,992	5,608,575
Dividend	106,270	1,907,853
Misc Balance / Stale Cheques Written Back	1,198,204	1,419,703
Profit on Sale of Investment	484,148	-
Profit on Sale of Fixed Assets	13,117,544	38,831,056
Miscellaneous Income	5,727,806	6,184,438
Closing Stock	23,600,006	44,730,048
	<b>A</b>	<b>757,279,682</b>
Less: Opening Stock	<b>B</b>	<b>13,109,225</b>
	<b>Income (A-B)</b>	<b>744,170,457</b>
		<b>603,967,348</b>

**SCHEDULE 14 OPERATING AND OTHER EXPENSES**

Commission rebate/Sub Brokerage & M.E.S.	320,895,407	217,005,271
Salaries Bonus & Other Benefit	136,995,754	96,775,466
Books & Periodicals	2,714,896	2,970,435
Printing & Stationery	14,358,846	20,241,643
Postage, Telegram & Telephone expenses	34,927,729	36,349,523
Conveyance,& Vehicle Expenses	10,119,330	10,887,728
Staff Welfare	4,244,076	8,153,555
Repair & Maintenance	27,758,941	33,552,077
Data Purchase Exp.	80,259	67,874
Legal Exp.	300,007	54,250
Bank Charges	1,177,866	7,092,841
Electricity Water and Sanitary	4,155,650	3,335,660
Audit fee	66,587	52,818
Advertisement, Publicity & conference expenses	2,757,733	3,292,869
Membership & Subscription	1,871	144,100
Consultancy Fee	7,634,352	3,032,082
Director Remuneration	3,647,025	3,343,145
Security Services Charges	1,645,448	3,003,607
Tour & Travelling	9,612,762	6,755,182
Computer Maintenance	3,555,813	3,369,258
Lease rent/Hire Charges/Licence Fees	110,000	345,830
Business Promotion	7,393,029	9,714,717
Miscellaneous Expenses	14,702,901	17,952,895
Secretarial Expenses	1,401,921	349,384
Demat Charges	1,300,630	956,745
Festival / Diwali Exp.	1,038,579	655,435
Rent	7,451,260	8,859,682
Property tax	256,494	11,721
Interest Paid (Net)	2,072,726	51,093
Insurance	564,454	517,177
	<b>622,942,344</b>	<b>498,894,063</b>

## RR FINANCIAL CONSULTANTS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## 1. PRINCIPLES OF CONSOLIDATION

I. The consolidated financial statements (CFS) comprise the financial statements of RRFCL and its following subsidiaries as at 30<sup>th</sup> June 2010.

Sl. No.	NAME OF THE COMPANY	COUNTRY OF INCORPORATION	PERCENTAGE SHAREHOLDING AND VOTING POWER
1.	RR Insurance Brokers (P) Ltd.	India	100 %
2.	RR Fincap (P) Ltd.	India	100 %
3.	Arix Consultants (P) Ltd	India	100 %
4.	RR Investors Capital Services Pvt. Ltd.	India	66.66 %
5.	RR Equity Brokers (P) Ltd.	India	100 %
6.	RR Infra Estates (P) Ltd.	India	100 %

II. The consolidated financial statements have been prepared using uniform accounting policies, in accordance with the generally accepted accounting policies.

III. The effects of inter group balances are eliminated in consolidation.

IV. The difference between the costs to the holding company of its investment in the subsidiary company over the holding company's portion of equity of the subsidiary has been reduced from share premium account.

V. (a) Minority interest in net results of consolidated subsidiaries for the year is identified and adjusted against the results of the group in order to arrive at the net results attributable to shareholders of the holding company.

(b) Minority interest share of net assets of consolidated subsidiaries is identified and presented in the Consolidated Financial Statements.

2. Previous years figures has been regrouped and rearranged wherever considered necessary so as to make them comparable with those of the current year. However during the year out of Four subsidiaries i.e. RR Information & Investment Research (P) Ltd., RR Commodity Brokers (P) Ltd., RR Investor Securities Trading (P) Ltd (Formerly known as Share Trading (P) Ltd) , RR IT Solution (P) Ltd. was subsidiary of RR Financial Consultants Ltd. but three of them became subsidiaries of RR Equity Brokers (P) Ltd and One become subsidiaries of RR Investor Capital Services (P) Ltd. Further one subsidiaries i.e. Lakshminarayan Buildwell (P) Ltd has become subsidiaries of RR Infra Estates (P) Ltd and two new subsidiaries i.e. RR Investors Retail Services (P) Ltd and RR Investors Distribution Company (P) Ltd. of RR Equity Brokers (P) Ltd has been incorporate during the year. Hence previous years figures are not comparable.

3. The accounts of two subsidiaries, whose financial year closes on 31<sup>st</sup> March, have been prepared for the year ended on 30<sup>th</sup> June for the purpose of consolidation.

4. Capital commitments net of Advance ₹ Nil.

5. Additional information pursuant to Part II of Schedule VI to the Companies Act, 1956.

As on 30/06/2010

(a)	Expenditure in foreign currency	Nil
(b)	Income in foreign currency	Nil
(c)	Other information	Nil
(d)	Bank Guaranties	₹ 2.50 Crore (Net of Security Amount)



- 6. As per the information available, there are no amounts due to small scale industrial undertakings. Correspondingly, there are also no small-scale industrial undertakings to which the company owes sums exceeding ₹ 1/- lacs which are outstanding for more than 30<sup>th</sup> days.
- 7. Sundry debtors, creditors and few in-operative bank accounts are subject to confirmation.
- 8. Related Party Disclosure:-

(As identified by the Management)

I. Name of the related party	Relationship
(1) Shri Rajat Prasad	Key Management Personnel
(2) Shri Rajender Singh Rautela	
(3) Smt Minu Tondon	
(4) Shri Rajesh Agrawal	
(5) Shri Sandeep Mahajan	
(6) Shri Naresh Chandra Varshney	
(7) Shri Monojit Bose	

II. Details of transaction of related parties:-  
(₹ In Lacs)

Remuneration	Key Man. Personnel	₹ 36.47
--------------	--------------------	---------

- 9. As per the management all fees are received from financial services and capital markets. Therefore, in accordance with Accounting Standard 17 issued by The Institute of Chartered Accountants of India (AS17) on segment reporting, financial services is the only reportable business segment and cannot be segregated. In the circumstances segment information required by AS 17, cannot be furnished.
- 10. The management has not provided/accounted for deferred tax liability/assets is holding company, in accordance with the Accounting Standard 22 issued by The Institute of Chartered Accountants of India (AS22) on 'Accounting for Taxes On Income' as the same is not expected to be realized in the foreseeable future.

In term of our report of even date attached

For : **SANDEEP RAMESH GUPTA & CO**  
Chartered Accountant

Sd/-

Sd/-

Sd/-

Sd/-

**SANDEEP GUPTA**  
(Proprietor)  
Membership No. 90039

**RAGHUNANDAN PRASAD**  
(Director)

**RAJAT PRASAD**  
(Managing Director)

**Shilpi Bhardwaj**  
(Company Secretary)

Place :- New Delhi  
Date :- 30-08-2010



**SANDEEP RAMESH GUPTA & CO.**  
CHARTERED ACCOUNTANTS

B-102, East Of Kailash  
New Delhi – 110 065  
Phone: (91-11) 2683 5848

90/31B, Malviya Nagar  
New Delhi – 110 017  
Ph: (91-11) 5564 8424, Fax: (91-11) 5100 3436  
E-mail: sandygupta@vsnl.com

**AUDITOR'S REPORT**

To the Members of

**RR FINANCIAL CONSULTANTS LIMITED:**

1 We have audited the Balance Sheet of RR Financial Consultants Limited as at June 30, 2010, the related Profit and Loss Account and also the Cash Flow Statement on that date 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. Those 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 disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3 We have also examined the matters specified in paragraphs 4 & 5 of the Companies (Auditor's Report) (Amendment) Order, 2004 (the 'Order'), for the period from July 1, 2009 to June 30, 2010, as they relate to the Company. Our report thereon is annexed.

4 Further to our comments in the Annexure referred to in paragraph 4, we report that:

- (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, the Company has maintained proper books of account, as required by law, in so far as appears from our examination of those books;
- (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report, comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ('the Act');
- (e) On the basis of the confirmation received from the Directors, and taken on record by the Board of Directors, none of the Directors is disqualified as on June 30, 2010 from being appointed as a Director in terms of section 274 (1) (g) of the Act; as on the said date.
- (f) In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give a true and fair view in conformity with the accounting principles generally accepted:
  - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at June 30, 2010, and
  - (ii) In the case of the Profit and Loss Account, the profit and loss for the period from July 1, 2009 to June 30, 2010.
  - (iii) In the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

**For Sandeep Ramesh Gupta & Co**  
Chartered Accountants

Sd/-

**Sandeep Gupta**

Membership No.: 90039

Place: New Delhi  
Date: 30.08.2010

## RR FINANCIAL CONSULTANTS LIMITED

### ANNEXURE TO AUDITORS' REPORT – 30th, June 2010

1(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 period and no material discrepancies were noted. In our opinion, the frequency of verification is reasonable.

2(a) The inventory of shares / debentures has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

(b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

(c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.

3(a) The Company has granted unsecured loan to companies covered in the register maintained under section 301 of the Companies Act, 1956. The detail are as follows:

S. No.	Number of Parties	Maximum outstanding (₹ lacs)	Year end Balance (₹ lacs)
1.	Seven	1995.45	1427.25

(b) In our opinion, the rate of interest and other terms and conditions of such loans are not, prima facie, prejudicial to the interest of the company.

(c) The loan is recoverable on demand.

(d) There is no overdue amount in excess of ₹ 1 Lakh in respect of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.

(e) The Company had taken unsecured loans, from persons covered in the register maintained under section 301 of the Act. The details are as follows:

S. No.	Number of Parties	Maximum outstanding (₹ lacs)	Year end Balance (₹ lacs)
1.	Four	711.35	356.61

(f) In our opinion, terms and conditions of the loans taken by the Company are prima-Facie not prejudicial to the interest of the Company.

(g) The loan is repayable on demand.



4 In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and with regard to the sale of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the company.

5 (a) In our opinion, the contracts or arrangements referred to in section 301 of the Act, that need to be recorded in the register required to be maintained under the said section, have been adequately recorded.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

6 The Company has not accepted any deposits from the public within the meaning of section 58A and 58AA or any other relevant provision of the Act, and the rules framed there under.

7 In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.

8 The Company is not covered by the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act.

9 (a) In our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, wealth tax, customs duty, excise duty and cess, as applicable, with the appropriate authorities except service tax and there are delays in depositing of Provident Fund and ESI, amount not quantified by the management.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, customs duty, excise duty except service tax, were in arrears, as at the end of the year for a period of more than six months from the date they became payable and there were some delay in depositing the amount of PF and ESI amount to ₹ 1935/- and provident fund ₹ 14463/- were arrears as on 30<sup>th</sup> June 2010.

(c) There are no dues of sales tax, income tax, customs duty, wealth-tax, excise duty and cess, which have not been deposited on account of any dispute.

10. There are no accumulated losses in the company. The company has not incurred cash losses in the financial year covered by our audit but incurred cash losses in the immediately preceding financial year.

11. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The provisions of any special statute, applicable to chit fund / nidhi / mutual benefit fund/societies, are not applicable to the Company. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

14. In our opinion, the Company has maintained proper records of transactions and contracts in respect of trading in securities, debentures and other investments and timely entries have been made therein. All shares, debentures and other investments have been held by the company in its own name.

15. In our opinion, and according to the information and explanation given to us, the terms and conditions on which the Company has given guarantee for loans taken by a Subsidiary from banks or financial institutions are not prejudicial to the interest of the company.

16. The Company has not obtained any term loans during the year.

17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the no funds raised on a short-term basis, which have been used for long-term investments.

18. According to the information and explanation given to us the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.

19. The Company has not issued any debentures, and accordingly, the creation of a security or charge does not arise.

20. The Company has not raised any money by public issue during the period.

21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the period, nor have we been informed of such case by the management.

Place: New Delhi  
Dated: 30.08.2010

**For Sandeep Ramesh Gupta & Co.**  
Chartered Accountants

Sd/-

**Sandeep Gupta**  
Membership No.: 90039



**RR FINANCIAL CONSULTANTS LTD.  
BALANCE SHEET AS ON 30.06.2010**

( Amount in ₹ )

	SCH.	As at 30th June, 2010		As at 30th June, 2009	
<b>SOURCES OF FUNDS</b>					
<b>SHAREHOLDERS FUNDS</b>					
Share Capital	1	55,391,000		55,391,000	
Reserves & Surplus	2	317,049,276	372,440,276	273,454,204	328,845,204
<b>SECURED LOANS</b>	3		392,086		2,829,488
<b>Unsecured Loans</b>	3a		7,000,000		
<b>TOTAL</b>			<b>379,832,362</b>		<b>331,674,692</b>
<b>APPLICATION OF FUNDS</b>					
<b>FIXED ASSETS</b>					
Gross Block	4	72,170,196		85,984,355	
Less: Depreciation Reserve		37,611,791	34,558,405	38,800,677	47,183,678
<b>INVESTMENTS</b>	5		213,294,277		234,122,019
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>					
Stock in Trade	6	12,952,522		13,022,557	
Sundry Debtors	7	201,335		200,000	
Cash & Bank balances	8	449,429		2,967,348	
Loans & Advances	9	174,051,360		130,850,036	
		<b>187,654,646</b>		<b>147,039,940</b>	
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>					
Current Liabilities	10	46,248,995		84,077,727	
Provisions	11	9,450,000		12,658,092	
		55,698,995		96,735,819	
<b>NET CURRENT ASSETS</b>			131,955,651		50,304,121
<b>MISCELLANEOUS EXP.</b> (To the extent not written off or adjusted)	12		24,029		64,874
<b>TOTAL</b>			<b>379,832,362</b>		<b>331,674,692</b>
Notes on Accounts & Accounting Policies	16				

In term of our report of even date attached

For Sandeep Ramesh Gupta & Co.  
Chartered Accountants

Sd/-

**Sandeep Gupta**  
(Proprietor)  
Membership No.90039  
Place: New Delhi  
Dated :30-08-2010

For and on behalf of Board  
For RR Financial Consultants Ltd

Sd/-

**R. Prasad**  
(Director)

Sd/-

**Rajat Prasad**  
(Managing Director)

Sd/-

**Shilpi Bhardwaj**  
(Company Secretary)

**RR FINANCIAL CONSULTANTS LTD.**  
**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30th June, 2010**

(Amount in ₹)

	Schedule	For the year ended 30th June, 2010	For the year ended 30th June, 2009
<b>INCOME</b>			
Income from Operation	13	72,544,040.58	54,464,865.84
Other income	14	14,955,307.86	40,860,316.82
Total		87,499,348.44	95,325,182.66
<b>EXPENDITURE</b>			
Operating and other Expenses	15	37,534,978.11	47,757,332.95
Miscellaneous expenses written off			
Depreciation		2,869,299.00	2,038,216.00
Total		40,404,277.11	49,795,548.95
<b>PROFIT/(LOSS) BEFORE TAXATION &amp; PRIOR PERIOD ITEMS</b>		47,095,071.33	45,529,633.71
Prior Period Items		-	-
Capital Revaluation Reserve			10,616,762.00
Provision for taxation		3,500,000.00	2,750,000.00
Fringe Benefit Tax		-	300,000.00
<b>Profit(Loss) After Taxation</b>		43,595,071.33	31,862,871.71
Balance Brought Forward		151,281,327.51	125,888,687.92
<b>Profit available for Appropriation</b>		194,876,398.84	157,751,559.63
<b>APPROPRIATIONS:</b>			
Proposed Dividend		-	5,530,350.00
Tax on Proposed Dividend		-	939,882.00
Balance carried to Balance Sheet		194,876,398.84	151,281,327.63
Notes to Accounts & Accounting Policies In term of our report of even date attached	16		

**For Sandeep Ramesh Gupta & Co.**  
**Chartered Accountants**

**For and on behalf of Board**  
**For RR Financial Consultants Ltd**

Sd/-  
**Sandeep Gupta**  
 (Proprietor)  
 Membership No.90039  
 Place: New Delhi  
 Date : 30-08-2010

Sd/-  
**R. Prasad**  
 (Director)

Sd/-  
**Rajat Prasad**  
 (Managing Director)

Sd/-  
**Shilpi Bhardwaj**  
 (Company Secretary)

Schedules to the Balance Sheet as at 30<sup>th</sup> June 2010

2010

2009

**SCHEDULE 1 SHARE CAPITAL**

Authorized

120,00,000 (Previous year 60,00,000)  
equity shares of ₹ 10/- each**120,000,000**

60,000,000

ISSUED, SUBSCRIBED AND PAIDUP

55,30,350(previous year 55,30,350)  
equity shares of ₹ 10/- each**55,303,500**

55,303,500

Add: Forfeited Shares

(Amt. Originally Paid Up)

**87,500**

87,500

**55,391,000****55,391,000**

*(Note: out of the above 500,000 equity shares of ₹ 10/- each have been allotted for consideration other than cash by way of Bonus Shares by Capitalization of General Reserve. And 1552950 shares in consideration of Merged Companies)*

**SCHEDULE 2 RESERVES & SURPLUS**

Share premium

**79,446,000**

79,446,000

General Reserve

**42,726,877**

42,726,877

Profit &amp; loss A/c

**194,876,399**

151,281,328

**317,049,276****273,454,204****SCHEDULE 3 SECURED LOANS**

From Banks

(Against Hypothecation of car)

**392,086**

561,805

From Banks

(Against Fixed Deposit)

-

2,267,683

**392,086****2,829,488****SCHEDULE 3a UNSECURED LOANS**

from Others

**7,000,000**

-

**7,000,000**

-

Schedules to the Balance Sheet as at 30<sup>th</sup> June 2010

2010

2009

**SCHEDULE 5 INVESTMENT**

At cost, other than trade (unless otherwise stated)

**Name of the company**

Unquoted (in wholly owned subsidiary company)	No. of Share	Amount	No. of Share	Amount
Equity Shares Fully Paid up				
RR Infra Estate Pvt. Ltd.	77,770	48,834,173	77,770	48,834,173
RR Investor Capital Services P. Ltd. [F.V. ₹10]	1,000,000	10,000,000	1,000,000	10,000,000
RR Insurance Brokers (P).Ltd. [F.V. ₹.10]	2,500,000	56,700,000	2,500,000	56,700,000
RR Information & Invest. Research Pvt. Ltd (F.V ₹ 100)			30,500	305,000
Arix Consultants Pvt. Ltd[F.V. ₹10]	49,980	499,800	49,980	499,800
RR Equity Brokers (P) Ltd.	5,000,000	64,760,304	5,000,000	64,760,304
RR Investors Securities Trading Pvt. Ltd.			50,000	20,100,000
RR Commodity Brokers Pvt. Ltd.			98,100	12,753,000
RR Fincap Pvt. Ltd.( F.V. ₹ 1 each)	20,000,000	20,000,000	20,000,000	20,000,000
RR IT SOLUTIONS (P) LTD.		-	100,000	100,000
RR Equity Brokers P. Ltd (F.V.10)	1,250,000	12,500,000.00		
Others				
Dws Money Plus Fund		-		69,742
		<u>213,294,277</u>		<u>234,122,019</u>

**SCHEDULE 7 SUNDRY DEBTORS**

More than six Months	201,335	-
Unsecured considered good for outstanding less than six months		200,000
	<u>201,335</u>	<u>200,000</u>

**SCHEDULE 8 CASH AND BANK BALANCES**

Balance with scheduled Banks in current account and Fixed Deposit	333,847	2,849,776
Cash in hand	115,582	117,572
	<u>449,429</u>	<u>2,967,348</u>

Schedules to the Balance Sheet as at 30<sup>th</sup> June 2010

2010

2009

**SCHEDULE 9 LOANS AND ADVANCES**

(i) Advance to staff	2,000	11,000
(ii) Advance tax including T.D.S.	22,596,258	14,976,229
(iii) Advance recoverable in cash or in kind for the value to be received	5,108,477	8,002,237
(iv) Security Deposit	3,198,813	3,198,813
(v) Advance to/ Debtors -Subsidiaries	142,725,812	104,241,756
(vi) Advance to Property	420,000	420,000
	<u>174,051,360</u>	<u>130,850,036</u>

**SCHEDULE 10 CURRENT LIABILITIES**

Sundry Creditors	4,395,676	2,580,361
Advance from/ Creditors - Subsidiaries	35,661,459	56,652,642
Other Liabilities	6,191,859	24,844,724
	<u>46,248,995</u>	<u>84,077,727</u>

**SCHEDULE 11 PROVISIONS**

Provision for Taxation	9,450,000	5,950,000
Provision for FBT	-	237,860
Proposed Dividend		5,530,350
Tax on Proposed Dividend		939,882
	<u>9,450,000</u>	<u>12,658,092</u>

**SCHEDULE 12 MISCELLANEOUS**

EXPENDITURE	64,874	122,570
(To the extent not written off or adjusted)		
Less: written off to Profit & Loss A/c	40,845	57,696
	<u>24,029</u>	<u>64,874</u>

## Schedules to the Profit &amp; Loss Account for the year ending 30th June, 2010

2010

2009

**SCHEDULE 13 TOTAL INCOME**

Sale/Purchase of Shares/Debentures/Securities(Net)	589,643	402,074
Brokerage & Consultancy	72,602,898	54,396,282
Income on FNO	(615,900)	
Auxiliary Services	36,235	
Interest on Income tax	-	-
Interest (Net)	-	-
Duplicate Share Issue Fees	1,200	500
Closing stock	12,952,522	13,022,557
	<b>85,566,598</b>	<b>67,821,412</b>
(A)		
Less :Opening Stock (B)	13,022,557	13,356,547
	<b>72,544,041</b>	<b>54,464,866</b>
Income (A-B)		

**Schedule NO 14 Other Income**

Dividend	20,250	734,530
Miscellaneous Income	146,226	624,362
Depreciation Return back	1,703,982	
Profit on Sale of Mutual Fund	(32,695)	-
Profit on Sale of Investment	-	-
Expenses Payable Written Back	-	670,368
Profit on sale of Fixed Asset	13,117,544	38,831,056
	<b>14,955,308</b>	<b>40,860,317</b>

**SCHEDULE 15 OPERATING AND OTHER EXPENSES**

Audit Fees	16,545	16,545
Commission rebate/Sub Brokerage	24,350,119	27,355,732
Salaries Bonus & Other Benefit	2,822,354	6,229,034
Conveyance & Vehicle Expenses	315,240	782,944
Tour & Traveling	60,337	160,353
Staff Welfare	305,470	144,517
Postage Telegram & Telephone expenses	388,216	631,415
Books & Periodicals	1,560	50,185
Business Promotion Exp	65,057	283,598
Entertainment Exp	-	-
Printing & Stationery	459,437	181,360
Advertisement Publicity & conference expenses	7,827	174,346
Marketing Exp.	-	-
Electricity Water and Sanitary	140,941	698,211
Miscellaneous Expenses	457,958	2,891,156
CONSULTANCY CHARGES OF BUSINESS DEVELOPMENT	3,067,154	2,053,360
Professional & legal expenses	2,289,810	862,236
Property Tax	67,608	11,721
Lease / Hire Charges	-	-
Rent	625,000	2,628,739
Repair & Maintenance	1,111,995	2,380,636
Secretarial Expenses	576,852	272,881
Security Services Charges	53,110	243,083
Merchant Banking Fees	-	-
Intt. Paid ( Net )	311,545	(352,414)
Misc Expenses written off	40,845	57,696
	<b>37,534,978</b>	<b>47,757,333</b>



**SCHEDULE OF FIXED ASSETS FOR THE YEAR ENDING 30<sup>th</sup> June 2010**

**SCHEDULE 4 FIXED ASSETS**

PARTICULAR	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01/07/2009	ADDITIONS	DELETIONS	As at 30/06/2010	As at 01/07/2009	FOR THE PERIOD	Sale/Adj.	Total	As at 30/06/2010	As at 30/06/2009
Land	51,300	-	-	51,300	-	-	-	-	51,300	51,300
Plant and Machinery	16,049,880	188,500	-	16,238,380	15,983,642	595,854	1,703,982	14,875,514	1,362,866	66,238
Office Premises	48,031,386	-	13,242,159	34,789,227	5,808,800	728,950	1,923,726	4,614,024	30,175,203	42,222,586
Furniture and Fixture	14,485,093	-	-	14,485,093	11,477,256	916,907	-	12,394,163	2,090,930	3,007,837
Vehicle	7,366,696	-	760,500	6,606,196	5,530,979	627,588	430,477	5,728,090	878,106	1,835,717
<b>Total</b>	<b>85,984,355</b>	<b>188,500</b>	<b>14,002,659</b>	<b>72,170,196</b>	<b>38,800,677</b>	<b>2,869,299</b>	<b>4,058,185</b>	<b>37,611,791</b>	<b>34,558,405</b>	<b>47,183,678</b>
Previous year	131,844,818	869,267	27,891,500	104,822,585	38,962,266	4,577,984	4,388,512	39,151,738	47,183,678	92,882,552

### SCHEDULE 6 VALUATION OF STOCK

Name of Scrips	As at 30.06.2010		As at 30.06.2009	
	No. of Shares /Debenture	(₹)	No. of Shares /Debenture	(₹)
<b>QUOTED SHARE</b>				
A P Rayon Ltd	450	8,865.00	450	8,865.00
Elder Health Care	500	18,500.00	500	12,075.00
Gujarat Inject Ltd.	150	232.50	150	232.50
India Securities	5000	67,000.00	5000	127,620.00
K.C. Textiles	100	1,325.00	100	1,325.00
Modi Luft Ltd (RRSSBL)(Spice Jet)	1,200,000	3,072,000.00	1,200,000	3,072,000.00
Modi Mirrless Black Stone Ltd	5,000	5,250.00	5,000	5,250.00
Motorol India Ltd	1,000	2,100.00	1,000	2,100.00
Motorol India Ltd(bonus)	1,000	0.00	1,000	0.00
Namaste Export Ltd	400	3,240.00	400	3,240.00
Pal Peugeot	123,300	73,980.00	123,300	73,980.00
Parasram Puria Syn.	100,000	95,000.00	100,000	95,000.00
Pashupati Spinning & Weaving Mill	30	195.00	30	195.00
PCS data General Ltd;	450	4,500.00	450	4,500.00
Pitte Cement	10,000	40,000.00	10,000	40,000.00
Rajashtan Brewaries	5,100	29,325.00	5,100	29,325.00
Rinki Petro	4,000	1,000.00	4,000	1,000.00
Sanghi Polyesters Ltd.	100	325.00	100	325.00
Saraswati Industrial Syndicate	380	7,030.00	380	7,030.00
Sarla Credit & Securities Ltd	156,400	2,123,070.00	156,400	2,123,070.00
TANFAC Industries Ltd	100	1,950.00	100	1,950.00
Winsome Yams Ltd	1,800	2,160.00	1,800	18,000.00
<b>Total of Quoted Shares</b>		<b>5,557,048.00</b>		<b>5,627,082.50</b>
<b>UNQUOTED SHARE</b>				
Disco Electronics	500	2,250.00	500	2,250.00
Esanda Finance & Leasing Ltd	18,000	270,000.00	18,000	270,000.00
Narayan Travels & Tours Ltd	550,000	5,500,000.00	550,000	5,500,000.00
Spartek Goods (P) Ltd	3,000	1,500,000.00	3,000	1,500,000.00
<b>Total of Unquoted Shares</b>		<b>7,272,250.00</b>		<b>7,272,250.00</b>
<b>UNQUOTED DEBENTURE</b>				
Pashupati Spinning & Weaving Mills	3,230	80,750.00	3,230	80,750.00
Rathi Alloys Steel Ltd.	100	1,700.00	100	1,700.00
<b>Total of Unquoted Debentures</b>		<b>82,450.00</b>		<b>82,450.00</b>
<b>QUOTED DEBENTURE / SECURITIES</b>				
DCM Shri Ram Consolidate (NCD)	33	2,211.00	33	2,211.00
Herdila Unimers Ltd. (NCD)	10	625.00	10	625.00
ICICI Ltd.	14	5,600.00	14	5,600.00
Niwas Spinning (FCD)	4,975	32,338.00	4,975	32,338.00
<b>Total of Quoted Debentures</b>		<b>40,774.00</b>		<b>40,774.00</b>
<b>Total Stock</b>		<b>12,952,522.00</b>		<b>13,022,556.50</b>

## Standalone cash flow statement for the year ended 30 June,2010

( Amount in ₹ )

	30-Jun-10	30-Jun-09
<b>A Cash flow from operating activities</b>		
Profit before tax	47095071	45529634
Adjustments for :		
Depreciation	2869299	2038216
Amortisation of Capital Revaluation Reserve	0	
Miscellaneous expenditure written off	40845	57696
Interest and dividend income	-20250	-1086944
Interest expense	311545	
Unrealised foreign exchange (gain) / loss	0	0
(Profit) / loss on sale of fixed assets	-13117544	-38831056
Profit on sale of investment	0	0
<b>Operating profit before working capital changes</b>	<b>37178966</b>	<b>7707546</b>
Adjustments for :		
(Increase) / decrease in inventories	70035	333990
(Increase) / decrease in sundry debtors	-1335	351339
(Increase) / decrease in loans and advances	-43201324	-40354270
Increase/(decrease) in trade payables and other liabilities	-23545641	19978745
<b>Cash generated from operations</b>	<b>-29499299</b>	<b>-11982650</b>
Current taxes paid		250830
Cash Flow before Extra ordinary Items	-29499299	-12233480
Extra-ordinary items		
<b>Net cash from operating activities (A)</b>	<b>-29499299</b>	<b>-12233480</b>
<b>B Cash flow from investing activities</b>		
Purchase of fixed assets	-188500	-4406346
Sale of fixed assets	23062018	41454000
(Increase)/decrease in current investments	20827742	-39069742
Profit on sale of investment	0	0
Loans/ deposits with subsidiaries	-20991183	12535814
Interest and dividend received	20250	1086944
<b>Net cash used in investing activities (B)</b>	<b>22730327</b>	<b>11600670</b>
<b>C Cash flow from financing activities</b>		
Proceeds from issue of share capital	0	0
Repayment of long term borrowings	-2437402	
Proceeds from long term borrowings	7000000	563077
Repayment from short term borrowings	0	0
Interest paid	-311545	
Dividend paid		
Corporate dividend tax		
<b>Net cash used in financing activities (C)</b>	<b>4251053</b>	<b>563077</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>-2517919</b>	<b>-69733</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>2967348</b>	<b>3037081</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>449429</b>	<b>2967348</b>

**Notes:**

- Cash flow statement has been prepared under the indirect method as set out in Accounting Standard - 3 issued by the Institute of Chartered Accountants of India
- Previous year's figures regrouped / recasted where ever necessary

For : Sandeep ramesh Gupta & Co.  
(Chartered Accountants)

For and on behalf of Board

Sd/-  
**Sandeep Gupta**  
(Proprietor)  
Membership No. 90039

Sd/-  
**R.Prasad**  
(Director)

Sd/-  
**Rajat Prasad**  
(Managing Director)

Sd/-  
**Shilpi Bhardwaj**  
(Company Secretary)

Place : New Delhi  
Dated : 30-08-2010

**RR FINANCIAL CONSULTANTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOR THE PERIOD FROM JULY 1st, 2009 TO JUNE 30th, 2010****SCHEDULE 'B'****(All amounts in rupees)****SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements are prepared according to historical cost convention, on the accrual basis of accounting (except as stated below) and materially comply with the mandatory statements and Accounting Standards referred to in section 211(3C) of the Companies Act, 1956, ('the Act').

**Revenue Recognition**

- (a) Income from operations including brokerage is accounted for on accrual basis.
- (b) Lease Rentals are recognized as revenue over the lease period as per the terms of the lease agreements.
- (c) Interest on fixed deposits with banks is accounted for on Accrual Basis.

**Fixed Assets**

Fixed assets are stated at cost, including freight, installation, duties and taxes, finance charges and other incidental expenses incurred during construction or installation to bring the assets to their state of intended use. The amounts added on revaluation are credited in Revaluation Reserve.

Shop No. N-24 Connaught Place has been mortgaged against loan taken from bank by a subsidiary Company.

**Depreciation**

- a) Depreciation on fixed assets are provided to straight – line method in accordance with and at the rate specified in schedule XIV to the Companies Act, 1956. Pro- rata depreciation is charged in respect of additions made during the year with reference to the month in which the addition takes place.
- b) In respect of revalued assets, the Depreciation attributable to the amount is added on revaluation is adjusted against the Revaluation Reserve.

**Investments**

Investments are valued at acquisition cost Provision is made for diminution in the value of investment which is perceived to be permanent nature.

**Valuation of Stocks**

Stocks of quoted shares / debentures and other securities are valued at cost or market price whichever is less, by comparing each scrip with its market price. Market price of each scrip is determined on the basis of the closing price of the scrip prevailing at the principal stock exchange where the same is traded.

Stock of Unquoted shares & debentures are valued at cost.

**Retirement Benefits**

Provident fund benefits are recorded on the basis of contributions to the fund.

**Foreign Currency Transactions**

There is no transaction in foreign currency during the year.

### Taxation

Provision for income tax for the current period is made on the basis of estimated tax liability as per the applicable provisions of the Income-tax Act, 1961.

### 2. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Provision is made for all known liabilities except contingent liabilities that are disclosed at their estimated value as detail below:-

(a) Bank guarantees outstanding	(30 June, 2010 - ₹ 695 Lac).
(b) Capital commitments net of Advances	(30 June, 2010 - ₹. Nil).

### 3. DEFERRED TAX

The management has not provided / accounted for deferred tax liability / assets in terms of accounting standard (A.S. – 22) on 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountants of India as the same is not expected to be realized in the foreseeable future.

### 4. SUPPLEMENTARY PROFIT AND LOSS STATEMENT DATA

	<u>June30,2010</u>	<u>June 30, 2009</u>
(a) Capacity and production – Not applicable		
(b) Earnings in foreign exchange -	Nil	Nil
(c) Expenditure in foreign currency	Nil	Nil
(d) Payments to auditors –Auditors Fees	16,545	16,545

### 5. SEGMENT REPORTING

As per the management all fees are received from financial services and capital market. Therefore in accordance with accounting standard 17 on segment reporting, financial services is the only reportable business segment and cannot be segregated. In the circumstances segment information required by AS 17 of the Institute of Chartered Accountants of India, cannot be furnished.

### 6. RELATED PARTY DISCLOSURES

List of Related Parties (as identified and certified by the Management)

#### Parties where control exists

RR Investors Capital Services (P) Ltd  
 RR Insurance Brokers (P) Ltd  
 Arix Consultants (P) Ltd  
 RR Equity Brokers (P) Ltd.  
 RR Fincap (P) Ltd.  
 RR Infra Estates (P) Ltd.

#### Relationship

Subsidiary  
 Subsidiary  
 Subsidiary  
 Subsidiary  
 Subsidiary  
 Subsidiary



RR Investors Securities Trading (P) Ltd. (Formally Known as RR Share Trading (P) Ltd.)

RR Commodity Brokers (P) Ltd.

RR IT Solutions (P) Ltd.

RR Information &amp; Investment Research (P) Ltd.

**Key Management Personnel**Rajat Prasad  
Raghunandan PrasadManaging Director  
Director**Transaction with Related Parties**

(₹ in lakhs)

S.No.	Particulars	Subsidiary Companies	Associate Companies	Key Management Personnel
a.	Purchase of Services	243.50		
b.	Sale of Services			
c.	Rent Received			
d.	Miscellaneous Income Received			
e.	Apportionment of Exp.			
f.	Investment as on 30.06.2010			
g.	Amt due from Co. as at 30.06.2010	1427.25		
h.	Amt due to Co. as at 30.06.2010	356.61	43.94	
i.	Remuneration			
j.	Sale of properties	131.17		

**7. EARNING PER SHARE (EPS)**

	June 30, 2010	June 30, 2009
(a) Net Profit attributable to equity shareholders - Net Profit after taxation -	43595071	31,862,872
(b) Weighted average number of equity shares (Nos.) Denominator used for calculation	55,30,350	55,30,350
(c) Basic and Diluted Earning Per Share of ₹. 10 each	7.88	5.76
1) Before Extraordinary items		
2) After Extraordinary items		

**8. RECLASSIFICATION**

Previous year's figures have been regrouped or rearranged wherever considered necessary so as to make them comparable with those of the current year.

For and on behalf of Board  
For RR Financial Consultants LtdFor Sandeep Ramesh Gupta & Co.  
Chartered Accountants

Sd/-

Sd/-

Sd/-

Sd/-

R. Prasad (Director)  
Rajat Prasad (Managing Director)  
Shilpi Bhardwaj (Company Secretary)Sandeep Gupta  
Membership No.: 90039Place : New Delhi  
Dated: 30/08/2010

## RR FINANCIAL CONSULTANTS LIMITED

### Balance Sheet Abstract and Company's General Business Profile

#### I. Registration Details

Registration No	:	55- 23530		
State Code	:	55		
Balance Sheet Date	:	30	06	2010
		Date	Month	Year

#### II. Capital raised during the year (₹ in Thousands)

Public Issue	:	Nil	Right Issue	:	Nil
Bonus Issue	:	Nil	Private Placement	:	Nil

#### III. Position of Mobilization and Deployment of Funds (₹ in Thousands)

Total Liabilities	:	379832	Total Assets	:	379832
-------------------	---	--------	--------------	---	--------

##### Source of Funds

Paid-up Capital	:	55303	Reserves & Surplus	:	317049
Secured Loans	:	392	Unsecured Loans	:	7000

##### Application of Funds

Net Fixed Assets	:	34558	Investments	:	213294
Net Current Assets	:	124955	Misc. Expenditure	:	24

#### IV. Performance of the Company (₹ in Thousands)

Turnover	:	87499	Total Expenditure	:	40404
Profit/(Loss) Before Tax	:	47095	Profit/(Loss) After Tax	:	43595

#### V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

<u>Product Description</u>	:	<u>Item Code No</u>
Investment	:	Not Applicable
Dealing in Financial Instrument	:	Not Applicable

#### VI. Earning per share (in ₹) (Weighted Average)

7.88

#### Dividend Rate

Nil

For Sandeep Ramesh Gupta & Co.  
Chartered Accountants

Sd/-

**Sandeep Gupta**  
(Proprietor)

For RR Financial Consultants Ltd

Sd/-

**R. Prasad**  
(Director)

Sd/-

**Rajat Prasad**  
(Managing Director)

Sd/-

**Shilpi Bhardwaj**  
(Company Secretary)

Place: New Delhi  
Date: 30/08/2010

**Statement Pursuant to Section 212 (8) of the Companies Act, 1956  
regarding Financial Details of Subsidiary Companies for the year ended on 30th June 2010**

Sr.No.	Particulars	RR Equity Brokers Pvt Ltd	RR Insurance Brokers Pvt Ltd	RR Investor Capital Services Pvt Ltd #	Arix Consultants Pvt Ltd	RR Infra Estates Pvt Ltd #	RR Fincap Pvt Ltd
1	Financial Year Ending on	March 31st 2010	March 31st 2010	June 30th 2010	June 30th 2010	June 30th 2010	June 30th 2010
2	Share Capital	50000000	25000000	15002000	500000	777700	20000000
3	Reserve & Surplus	5037978	56942040	139580327	1323730	61847397	911389
4	Total Assets	132516721	104807842	194318154	2311717	200624182	53579977
5	Total Liabilities	132516721	104807842	194318154	2311717	200624182	53579977
6	Details of Investment (except in case of investment in subsidiaries)	0	0	0	0	8616963	50245527
7	Turnover (incl. other income)	75976412	104712980	279116781	187511	1180353	942685
8	Profit before Tax	3585589	7525194	10077640	15842	641506	691729
9	Provision for Current & Deferred Tax	855000	4546653	7590722	(121500)	832	200000
10	Profit After Tax	2730589	2978541	2486918	137342	640674	491729
11	Proposed Dividend	0	0	0	0	0	0

# Consolidated

Note :- The above details have been annexed in terms of Letter No. 47 / 663 / 2010- CL -III Dated 30/08/2010 issued by Govt. of India, Ministry of Corporate affairs u/s 212 (8) of the Companies Act, 1956.



## RR FINANCIAL CONSULTANTS LIMITED

Regd. Office: 47, M.M. Road, Rani Jhansi Marg, Jhandewalan, New Delhi - 110055

### ATTENDANCE SLIP

### ANNUAL GENERAL MEETING

To be handed over at the entrance of the meeting venue.

Name of the attending member (In block letters)

Mr./Mrs./Miss \_\_\_\_\_ Name of  
the proxy (in block letters to be filled in by Proxy attending instead of the  
member) \_\_\_\_\_

No. of shares held: \_\_\_\_\_ Ledger Folio No. \_\_\_\_\_

DP Id No.\* \_\_\_\_\_ Client Id.\* \_\_\_\_\_

I hereby record my presence at the Twenty Third ANNUAL GENERAL MEETING on Friday, the 31st day of December, 2010, at 9.30 A.M at 13/24, village Daulatpur, New Delhi- 110043.

\_\_\_\_\_  
(Member's Signature)

\_\_\_\_\_  
(Proxy's Signature.)

- Note: 1. Shareholders / proxies are requested to bring the attendance slip with them.  
2. Additional/Duplicates attendance slips will not be issued the meeting hall.  
\*Applicable for investors holding share in electronics form.

----- Tear Here -----

## RR FINANCIAL CONSULTANTS LIMITED

Regd. Office: 47, M. M. Road, Rani Jhansi Marg, Jhandewalan, New Delhi - 110055

### PROXY FORM

I/we \_\_\_\_\_ of \_\_\_\_\_

being a member/Members of **RR Financial Consultants Ltd.** hereby Appoint

\_\_\_\_\_ of \_\_\_\_\_  
as my / our proxy to attend and vote for me /us on my / our behalf at the Twenty Third ANNUAL  
GENERAL MEETING on Friday, the 31st day of December, 2010, at 9:30 A.M. at 13/24, Village  
Daulatpur, New Delhi-110 043 and at any adjournment thereof.

Signed this -----day of -----2010

Signature:

Affix  
₹ 1  
Revenue  
Stamp

Note: The Proxy, to be effective, should be deposited at the Company's Registered office not later than 48 Hours before the commencement of aforesaid meeting. Proxy need not be a member of the Company.

\* Applicable for investors holding shares in electronic form.

**BOOK POST**  
**UNDER CERTIFICATE OF POSTING**

To, \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*If undelivered, please return to*

**RR FINANCIAL CONSULTANTS LIMITED**  
*Regd. Office : 47, M.M. Road, Rani Jhansi Marg,  
Jhandewalan, New Delhi – 110055.*