

NATRAJ FINANCIAL & SERVICES LIMITED

Regd. Off.: 410, 4th Floor, Maker Chamber V, Nariman Point, Mumbai – 400 021.

NOTICE

Notice is hereby given that the 26th Annual General Meeting of the Members of Natraj Financial and Services Limited will be held on **Friday, 29th October 2010**, at 11 a.m. at Conference Hall, 18th Floor, 'C' Wing, Mittal Tower, Nariman Point, Mumbai: 400 021, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March, 31st 2010 and the Profit and Loss account for the year ended as on that date and the Reports of the Directors' and Auditor's thereon.
2. To appoint a Director in place of Mr. Nitin Rathod, who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

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

"RESOLVED THAT M/s. DMKH & Co., Chartered Accountants, be and are hereby appointed as Statutory Auditors of the Company in place of M/s. Durgesh Kabra & Co., the retiring auditors to hold office until the conclusion of the next Annual General Meeting and they be remunerated by way of such fee as the Board of Directors may determine."

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

"RESOLVED THAT Mr. Damodar Hari Pai, who was appointed as an Additional Director of the Company by the Board of Directors of the Company and who holds office up to the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956 ('the Act') but who is eligible for appointment and in respect of whom the Company has received a notice in writing pursuant to the provisions of Section 257 of the Act from a member of the Company proposing his re-appointment as a Director of the Company and who has consented, if appointed, to act as Director, be and is hereby appointed as Director of the Company liable to retire by rotation."

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

"RESOLVED THAT pursuant to provisions of sections 198, 269 and 309 read with Schedule XIII of the Companies Act, 1956 including any other applicable provisions thereat and subject to such other approvals as may be necessary, the Members of the Company do and hereby approve the appointment of Mr. Manoj Punamiya as the Managing Director of the Company for a period of **Five years with effect from 2ND September 2009 [i.e. from 02/09/2009 till 01/09/2014]** upon the terms and conditions including remuneration which shall be in the range of **Rs.50,000/- to**

Rs.1,00,000/- per month and effective from January 1, 2010 and further the Board of Directors be and is also authorized to alter and vary the terms and conditions of the said appointment including remuneration thereof so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto, as may be agreed to between the Board of Directors and Mr. Manoj Punamiya."

"RESOLVED FURTHER THAT Mr. Nitin Rathod, Director of the Company be and is hereby authorised to take all such steps and do all other acts, deeds and things as may be necessary or desirable to give effect to this resolution for and on half of the Board of Directors of the Company."

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

**Place: Mumbai
Date: 06/10/2010**

**Richa Khangarot
Company Secretary**

NOTES:

1. A Member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and poll, to vote instead of himself such a proxy need not be a member of the company. Proxies in order to be valid and effective the instrument appointing proxy should however, be deposited at the registered office of the company not less than 48 hours before the commencement of the Annual General Meeting. Proxies submitted on behalf of Companies, Bodies Corporate, Societies etc. must be supported by certified copy of appropriate resolution /authority as applicable
2. The Register of Beneficial Owners, Register of Members and Share Transfer Books of the Company shall remain closed from **Wednesday 27th October 2010 to Friday 29th October 2010 (both days inclusive)** for the purpose of holding the A. G. M.
3. The Explanatory Statement pursuant to Section 173(2) of the Companies Act 1956 is annexed to the Notice.
4. Members requiring information on the accounts are requested to write to the Company at least 10 (Ten) days before the date of the meeting to enable the company to furnish the information.
5. Members/Proxies should bring the Attendance slip duly filled in for attending the Annual General Meeting.
6. The representative of a body corporate who is registered shareholder of the Company may attend and vote at the Annual General Meeting provided a certified true copy of the resolution of the Board of Directors or Governing body of such body corporate authorizing such person to act as its representative at the Annual General Meeting is lodged with the Company at its Registered Office not later than 48 hours before the commencement of the meeting.
6. Members having multiple folios in identical name(s) or joint name(s) in the same order are requested to write to the Registrar & Share Transfer Agent of the Company, M/s Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (W), Mumbai - 400 078 enclosing the respective share certificates so as to enable the Company to consolidate their holding in one folio.
7. Members are requested to:
 - i) Intimate change in their Registered Addresses, if any, in respect of Equity Shares held in electronic form (Dematerialized form) to their Depository Participants.
 - ii) Intimate the Registrar & Share Transfer Agent M/s Link Intime India Private Limited about any change in their Registered Addresses in respect of equity shares held in physical form.
 - iii) Quote the registered folio number / DP-ID And CL-ID in all future correspondence.
 - iv) Please bring their copies of Annual Report at the meeting.

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

ITEM NO. 3: The retiring auditors, namely, M/s. Durgesh Kabra & Co., Chartered Accountants have served their intention not to seek reappointment as the Statutory Auditors of the Company for F.Y. 2010-2011 due to pre-occupation. Thereafter M/s. DMKH & Co., was approached by the Board of Directors to act as the Statutory Auditors of the Company for F.Y. 2010-2011 subject to the approval by the Members of the Company. A written certificate has been obtained from M/s. DMKH & Co., Chartered Accountants to the effect that in case of their appointment as Statutory Auditors of the Company, the appointment will be in accordance with the limits prescribed under section 224(1B) of the Act.

Your directors recommend the Resolution for your approval.

None of the Directors of the Company may be deemed to be concerned in or interested in passing of the said resolution.

ITEM NO. 4: The Board of Directors had appointed Mr. Damodar Hari Pai as an Additional Director on March 19th, 2010 pursuant to Article 125 of the Article of Association and Section- 260 of the Companies Act, 1956, and whose appointment is valid till the date of Annual General Meeting. A notice in writing has been received by the Company from a member along with necessary deposit, proposing his candidature for the office of Director, under Section 257 of the Companies Act, 1956.

Mr. Damodar Hari Pai is having degree in Electrical Engineering. After completion of the course, he had worked with Crompton Parkinson Ltd, Bharat Heavy Electricals Industries and Crompton Greaves Ltd and has gained vast experience in the fields of Manufacturing, Administration & industrial relations. The Company will be immensely benefited with his rich experience and expertise. The Board of Directors are hopeful that his appointment will be beneficial in the interest of the Company and hence recommends the said resolution for approval of the members.

None of the Directors of the Company may be deemed to be concerned in or interested in passing of the said resolution.

ITEM NO.5: The Board of Directors at their meeting held on 2nd September 2010 proposed the appointment of Mr. Manoj Punamiya as the Managing Director of the Company under section 198, 269, 309 read with Schedule XIII of Companies Act 1956.

Mr. Manoj Punamiya is an experienced businessman and possesses good knowledge of the Industry in which company is carrying out its existing activities. Considering his expertise and experience and his total commitment to the business activities of the Company, his appointment as the Managing Director of the Company is recommended.

Further, the said remuneration was approved by the Remuneration Committee.

Except Mr. Manoj Kumar Punamiya (being himself), no other Director of the Company may be deemed to be interested in passing of said resolution.

For and on behalf of the Board of Directors

Place: Mumbai
Date: 06/10/2010

Richa Khangarot
Company Secretary

ANNEXURE TO THE NOTICE:

Mr. Damodar Hari Pai, 70 Years has done M.E. (Electrical Engineering) Degree in Electronic Engineering. He is currently working as a Consultant and holds Directorships in Ras Extrusions Ltd. and RAS Propack Lamipack Ltd.

He is Technocrat having vast Experience in manufacturing, Administration, Finance and HRD and handled various products like all types of Electrical Machines, Air Handling equipments like Fans, all types of Electricals Cables including Power cables up to 132 KV, Shaving Blade, Flexible Packaging and Plastic Collapsible Tube And Worked for on Bureau of Indian Standard (BIS) for all the Products and he also worked 15 Years in Asian Cable Corporation as Mangaer and retired as Vice President Operations.

He does not hold any Shares in the Company and he is not related to any other Directors of the Company,

Details of Directorship /Committee Position Held:

Directorship			Committee Position	
Sr. No.	Name of the Company	Position held	Name of the Committee	Position Held
1.	Ras Extrusions Ltd	Director	Audit Committee	Member
2.	RAS Propack Lamipack Ltd.	Director	Audit Committee	Member

Mr. Nitin Rathod, 44 years hold Bachelors degree in Commerce, He is Currently Director of Bright Telecom India Private Limited and Aishnoni Copper & Alloys Private Limited. He is handling all Administration, Finarice and HRD function of these Companies.

He does not hold any shares in the Company and he is not related to any Director of the Company.

Details of Directorship /Committee Position Held:

Directorship			Committee Position	
Sr. No.	Name of the Company	Position held	Name of the Committee	Position Held
1.	Bright Telecom India Private Limited	Director	N.A	N.A

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Ph. No.: +91-22-61147777

DIRECTORS' REPORT TO THE MEMBERS

The Directors hereby present their report on the operations of the Company and its financial results for the year ended March 31, 2010.

1. Financial Results

(Rupees in lacs)

Particulars	Standalone		Consolidated
	<u>31.03.2010</u>	<u>31.03.2009</u>	<u>31.03.2010</u>
Total Income	1356.72	35.94	1430.49
Profit before Tax	45.52	11.12	45.43
Provision for Tax			
- Current Tax	15.24	1.61	15.24
- Deferred Tax	(0.73)	1.72	(0.64)
Profit after Tax	31.01	7.40	30.83
Less: Minority interest	-	-	(0.01)
Profit attributable to group	-	-	30.84

2. Dividend:

The Directors of the Company do not recommend dividend for the year under review due to future expansion plans.

3. Operations:

During the year under review, the Company has earned Net Profit after Tax to the tune of Rs.31.01 lacs as against Net Profit incurred to the tune of Rs.7.40 lacs for the corresponding previous financial year.

4. Directors:

During the year under review, there has been change in the Management of the Company as mentioned below:

Mr. Manoj Kumar Punamiya, was appointed as Managing Director on 02/09/2009.

Mr. Kumarpal Javerchand Punamiya was appointed as Director on 10/02/2010 to fill in the casual vacancy occurred due to resignation of Mr. Kailash Shriram Agarwal.

Mr. Damodar Hari Pai was appointed as an Additional Director on 19/03/2010 and company has received notice u/s 257 of the Companies Act, 1956 proposing his candidature for reappointment subject to members' approval at the forthcoming annual general meeting.

5. Amalgamation

Pursuant to order dated July 16, 2010 of Hon'ble Mumbai High Court, Luxury Exports Private Limited has been amalgamated with the Company with April 1, 2009 as appointed date. Details

of the scheme have been disclosed in Note no 1 of Schedule 16 to the Accounts in the annual report.

Consequently, Balaji Corporation Private Limited which was a subsidiary of erstwhile Luxury Exports Private Limited has become a subsidiary of our company and accordingly Statement u/s 212 of the Companies Act, 1956 is enclosed to the accounts.

6. Preferential Issue

During the year under review the company has allotted 73,00,000 new Equity Shares through the Postal Ballot under section 81(1A) and other applicable provision of The Company Act, 1956. These shares were successfully listed on October 23, 2009.

7. Employees:

The Company has no employees in the category specified under Section 217(2A) of the Companies Act, 1956.

8. Deposits from Public:

The Company has not raised any deposits from public during the year under review.

9. Corporate Governance:

A report on Corporate Governance is enclosed herewith. Further due to change in the Management of the Company various committees of the Board of Directors are reconstituted as under:

Re-constitution of Audit Committee:

Mr. Nitin Rathod	- Chairman, Independent & Non Executive
Mr. Kumarpal Punamiya	- Member, Independent & Non Executive
Mr. Damodar Hari Pai	-Member, Independent & Non Executive

Re-constitution of Shareholders' Cum Investors' Grievance Committee:

Mr. Kumarpal Punamiya	- Chairman, Independent & Non Executive
Mr. Nitin Rathod	- Member, Independent & Non Executive
Mr. Damodar Hari Pai	-Member, Independent & Non Executive

Re-constitution of Remuneration Committee:

Mr. Nitin Rathod	- Chairman, Independent & Non Executive
Mr. Kumarpal Punamiya	- Member, Independent & Non Executive
Mr. Damodar Hari Pai	-Member, Non Executive

10. Auditors:

M/s. Durgesh Kabra & Co., Chartered Accountants, Auditors of the Company do not seek their re-appointment as Statutory Auditor of the company. Further, company has approached and received consent from DMKH & CO to act as Statutory Auditor of the company, subject to approval of members at the forthcoming AGM.

Auditors Report: Auditors Report as issued by M/s. Durgesh Kabra & Co., Chartered Accountants is self explanatory and need not calls for any explanation by your Board.

11. Conservation of Energy, Technology Absorption & Foreign Exchange Earnings & Outgo:

Considering the nature of activities of the company, the information required to be disclosed pursuant to Section - 217(1) (e) of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 relating to the conservation of energy and technology absorption do not apply to the Company. Hence no comment is being made on energy conservation. There is no foreign technology involved/absorbed. During the year under review, the company has not earned or spent any foreign exchange.

12. Directors' Responsibility Statement:

In terms of Section 217(2AA) of the Companies Act, 1956, your Directors state that:

- (i) In the preparation of the annual accounts, all the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (ii) The Company has selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as on 31st March 2010 and of the Profit & Loss Account of the company for the year ended on that date.
- (iii) The Company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- (iv) These Accounts have been prepared on a going concern basis.

13. Acknowledgements:

Your Directors greatly appreciate the co-operation and support of Shareholders and Employees of the Company.

For and On behalf of the Board of Directors

Place: Mumbai
Date: October 6, 2010

Nitin Rathod
Director

Kumar Pal Punamiya
Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A. SEGMENT INFORMATION

SEGMENT I - BULLIONS

Industry at a glance:

- Worldwide gems and jewellery industry had been mounting at a good pace and is currently estimated at over US\$135 billion. In India, it accounts for nearly 20% of total Indian exports.
- Diamond jewellery consumption is likely to come down due to world economic slowdown. The gems and jewellery sector has been witnessing a lot of changes, as a result of which the manufacturing is largely focused on technological innovations and sophisticated designs.
- India's dominance in the cutting and polishing segment can be attributed to superior craftsmanship, low cost of Indian labour and superior technology.
- In India the Gems and Jewellery Industry is well supported by the Government & EXIM policies.

Opportunities:

- Move up the value chain and have presence in manufacturing and retailing.
- Industry moving towards consolidation.
- Shift in buying patterns: Consumer demand is shifting towards diamond and branded jewellery, leading to high growth.
- Worldwide there has been increased outsourcing of jewellery fabrication to low cost countries like India and China.
- In India availability of superior design skills and craftsmanship along with cheap labour forms as a catalyst for efficient manufacturing set up.

Threats:

- Threat from China, Sri Lanka and Thailand's entry in the small diamond segment.
- Infrastructure bottlenecks, absence of latest technology.
- Change in government's support and incentives
- Increase in unorganized sector
- Possible Long-term threat from other luxury brands & Chinese exports.
- Threat from starting polishing units in diamond Producing Nations.
- Threat from world economic slowdown.

Financial and Operating performances:

Your Company's revenues from Bullions Segment for the financial year 2009-10 is Rs.11,58,80,500/-.

SEGMENT II - SECURITIES

Industry at a glance:

The second segment that the Company earns its revenue falls under Securities i.e. financial products like shares, stocks, debentures, etc. Your Company is gearing up well

to face all such developments by increasing its reach across geographical areas and client segments, ramping up its infrastructure and technological, financial and human resources.

Opportunities & Threats:

The rising economy leading to higher investible surplus with families provide huge opportunities for the Company. The rise of bank and very large broking houses with huge financial muscle power in this segment, some of them having been promoted/co-promoted by industrial conglomerates/global financial powerhouses, pose a threat to the Company, along with game changing structural changes in the industry.

Financial and Operating performances:

Your Company's revenues from Securities Segment for the financial year 2009-10 is Rs. 11,653,179/-.

SEGMENT III – REAL ESTATE

Industry Structure and Development:

The growth of housing is related to construction and as such it is also connected to core sector industries like Cement, Iron & steel and Housing finance. Since Company is into the field of infrastructure development project, it is belief that Company will be able to achieve reasonably good position in the market despite of global slowdown.

Opportunities & threats:

The Company's main thrust is to satisfy the requirement of potential customer in timely manner and at reasonable price. To meet the demand of customers in the field of Infrastructure Project and entering in this field is a new challenge but Company wants to grab the opportunity in this field as it of the opinion that the said Industry is a booming Industry.

Financial Performance with respect to Operational Performance:

Your Company's revenues from Securities Segment for the financial year 2009-10 is Rs. 50,00,000/-.

B. OUTLOOK

The Company continues to explore the possibilities of expansion in its activities and will make the necessary investments when attractive opportunities arise.

C. RISKS AND CONCERNS

The Company's exposed to the market risk and credit risk. It is further exposed to risk of economic cycle. The company manages these risks by remaining very conservative and following other risk management practices.

D. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has in place adequate internal control systems and procedures commensurate with the size and nature of its business. These systems and procedures provide reasonable assurance of maintenance of proper accounting records, reliability of financial information, protection of resources and safeguarding of assets against unauthorized use. The management regularly reviews the internal control systems and procedures.

E. DISCUSSIONS ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

	(Rs. in Lacs)	
Highlights	2009-2010	2008-2009
Income from Operations	1,356.72	35.94
Profit before Interest, Depreciation and Tax	50.15	17.10
Interest Expenditure	0.50	1.21
Depreciation	4.13	4.78
Provision for Taxation (Including Deferred Tax & Fringe benefit tax)	14.51	3.72
Net Profit after Tax	31.01	7.39
Earnings per Share (in Rs.)		
- Basic	0.36	0.16
- Diluted	0.16	0.16

Previous year's figures do not include the figures of LEPL and hence are not comparable to those of the current year.

F. HUMAN RESOURCE DEVELOPMENT

The Company believes that the human resources are vital resource in giving the company a competitive edge in the current business environment. The company's philosophy is to provide congenial work environment, performance oriented work culture, knowledge acquisition/dissemination, creativity and responsibility. As in the past, the company enjoyed cordial relations with the employees at all levels.

The above mentioned statements are to be viewed with caution and judicious understanding, as the Company's operations involves inbuilt risk due to uncertain economic conditions and unforeseen events beyond the Company's control.

CORPORATE GOVERNANCE REPORT

1. Company's philosophy on code of governance:

The Company believes that while its primary responsibility is to generate sustainable returns for all its stakeholders, it must also make a harmonious contribution to the socio-economic environment in which it operates. Toward these ends, the Company strives to follow two guiding principles.

- i. The Company must not compromise on certain core values like Integrity, Statutory Compliance and Fairness in all of its internal or external dealings, transactions, financial statements or corporate announcements.
- ii. The Company must always remain sensitive to the long-term societal implications of its businesses.

2. Board of Directors

The Board of Directors comprises of three non-executive directors, including the Managing Director and out of the said four directors, three directors are independent directors.

The composition of the Company's Board of Directors is in conformity with the listing agreement. The Company does not have any nominee director on its Board. All directors of the Company are liable to retire by rotation as per the provisions of the Companies Act, 1956.

The composition of the Board of Directors and other relevant details relating to them are given hereunder:

Sr. No.	Name of Directors	Category	No. of other Director-ships ##	No. of Members of other Board Comm.	No. of other Committees Chairmanships
1.	Mr. Manoj Punamiya	Executive Director	16	-	-
2.	Mr. Nitin Gulraj Rathod	Non Executive & Independent Director	2	-	-
3.	*Mr. Sanjay Kumar Choudhary	Non Executive	1	-	-
4.	*Mr. Binod Kumar Sinha	Non Executive	3	-	-
5.	\$Mr. Ketan Babulal Jain	Non Executive & Independent	4	-	-
6.	#Mr. Kailash Agarwal	Non Executive & Independent	8	-	-
7.	@Mr. Kumarpal Javerchand Punamiya	Director appointed in casual vacancy	2	-	-
8.	**Mr. Damodar Hari Pai	Additional director	2	2	-

* Vacated under section 283 (1) (g) at the Board Meeting held on 16/11/2009

\$ Resigned from Directorship w.e.f. 30.10.2009

Resigned from Directorship w.e.f. 10.02.2010

@ Appointed as Director in casual vacancy at the Board Meeting held on 10/02/2010

** Appointed as Additional Directors at the Board Meeting held on 19/03/2010

Including Private Limited Company's Directorship

Board Meetings and Attendance of Directors

The Board meets at least once in a quarter to consider amongst other business the performance of the Company and quarterly financial results. When necessary, additional meetings are held. The Board meetings are generally held at the Registered Office of the Company at Mumbai. Agenda for each meeting along with explanatory notes are drafted and distributed well in advance to the Directors. Every Board Member is free to suggest the inclusion of items on the agenda.

There were Twelve (12) Board Meetings during the year ended 31st March, 2010 i.e. on 30th April 2009, 2nd July 2009, 30th July 2009, 8th August 2009, 2nd September 2009, 3rd October 2009, 10th October 2009, 30th October 2009, 16th November 2009, 30th January 2010, 5th February 2010 and 19th March 2010 The Table hereunder gives the attendance record of the Directors at the Board Meetings held during 2009-10 and the last AGM:

Name of the Directors	Number of Board Meetings held during the year	Number of Board Meetings attended	Whether attended last AGM
Mr. Manoj Punamiya	12	12	Yes
Mr.Sanjay Kumar Choudhary	12	1	No
Mr. Binod Kumar Sinha	12	-	No
Mr. Nitin Rathod	12	12	Yes
Mr. Ketan Jain	12	8	Yes
Mr. Kailash Agarwal	12	-	No
Mr. Kumarpal Javerchand Punamiya	12	1	N.A
Mr..Damodar Hari Pai	12	-	N.A

3. Audit Committee

Terms of references of Audit Committee:

- To ensure transparency, integrity, correctness, statutory compliance, and credibility of all financial statements or announcements before their submissions to the Board.
- To hold periodic discussions with statutory auditors on the scope and content of audit and to recommend the appointment, removal and remuneration of auditors.
- To review with management the adequacy of Company's internal control systems and the action taken on auditors' reports.
- To apprise the Board on the impact of accounting policies, standards and legislation.
- To examine and report on the Company's financial and risk management policies and major defaults if any.

Scope of the Audit Committee:

- Provide an open avenue of communication between the independent auditor and the Board of Directors ("BoD")
- Recommending the appointment, re-appointment and if required the replacement or removal of statutory auditors, fixation of audit fees and also to approve the payment for other services.
- Meet Four times a year or more frequently as circumstances require. The Audit Committee may ask members of management or others to attend meetings and provide pertinent information as necessary.
- Confirm and assure the independence of the external auditor.

5. Review with independent auditor the co-ordination of audit efforts to assure completeness of coverage, reduction of redundant efforts and the effective use of all audit resources.
6. Consider and review with the independent auditor the adequacy of internal controls including the computerised information system controls and security;
7. Reviewing with the management the Quarterly financial statements before submission to the Board for approval.
8. Reviewing with the management the annual financial statements before submission to the Board, focusing primarily on:
 - a) Any changes in the accounting policies and practices
 - b) The going concern assumption
 - c) Compliance with accounting standards
 - d) Compliance with listing and other legal requirements concerning financial statements
 - e) Significant adjustment arising out of audit
 - f) Disclosure of any related party transactions.
 - g) Qualification in the draft audit report
9. Consider and review with the management and the independent auditor;
 - a) Significant findings during the year, including the status of previous audit recommendations,
 - b) Any difficulties encountered in the course of audit work including any restrictions on the scope of activities or access to required information.
10. Review of the following information:
 - a) Management discussion and analysis of the financial conditions and results of operations;
 - b) Statement of significant related party transactions submitted by the management;
 - c) Management letters/letters of internal control weaknesses issued by the Statutory Auditors
11. To look into the reasons for substantial default in the payment to the depositors, debentures holders, shareholders (in case of non payment of declared dividends) and creditors.
12. Carrying out any other function as is mentioned in the terms of reference of Audit Committee.

Composition of the Audit Committee

The Audit Committee comprises of Three Non-Executive Directors who are also Independent Directors. The Audit Committee is constituted in accordance with the Corporate Governance Code of the Listing Agreement and the provisions of the Companies Act, 1956. The statutory auditors are invited to the Audit Committee Meetings whenever required. The quorum for the Audit Committee Meeting is two members.

The composition of the reconstituted Audit Committee as on date of this report is as follows:

Mr. Nitin Rathod	Chairman, Independent & Non Executive
Mr. Damodar Hari Pai	Member, Independent & Non Executive
Mr. Kumar Pal Javerchand Punamiya	Member, Independent & Non Executive

Audit Committee Meetings & Attendance during the financial year ended 31st March, 2010

During the financial year ended 31st March, 2010, Five Audit Committee Meetings were held on April 30, 2009, June 30 2009, July 30, 2009, October 30, 2009 and January 30, 2010. The table hereunder gives the attendance record of the Audit Committee members.

Name of the Audit Committee Members	No. of meetings held	No. of meetings attended
Mr. Nitin Rathod	5	5
Mr. Ketan Babulal Jain *	5	5
Mr. Manoj Punamiya	5	4
Mr. Kailash Agarwal **	5	-

* Ceased to be member of the Audit Committee w.e.f. 30.10.2009

** Ceased to be member of the Audit Committee w.e.f. 01.02.2010

The Management is responsible for the Company's internal controls and the financial reporting process. The independent auditors are responsible for performing an independent audit of the Company's financial statements in accordance with the applicable accounting standards and for issuing a report thereon. The Committee's responsibility is to monitor these processes. The Committee is also responsible to oversee the processes related to the financial reporting and information dissemination, in order to ensure that the financial statements are true, correct, sufficient and credible.

4. Remuneration of Directors:

Scope of Remuneration Committee:

To Determine on behalf of the Board and shareholders with agreed terms of reference, the Company's policy on specific remuneration packages for Executive Directors including pension rights and any compensation payments. To Consider and recommend to Board commission/ other remuneration package for the Non-Executive Chairman of the Company and such other matters concerning remuneration as may be referred by the Board from time to time.

Composition:

The Composition of the reconstituted Remuneration Committee as on date of this report is as follows:

Mr. Nitin Rathod	Chairman, Independent & Non Executive
Mr. Damodar Hari Pai	Member, Independent & Non Executive
Mr. Kumar Pal Javerchand Punamiya	Member, Independent & Non Executive

5. Shareholder's Cum Investors Grievance Committee

The Shareholder's Cum Investors Grievance Committee was headed by Mr. Manoj Punamiya. The composition of the reconstituted Shareholders' Cum Investors Grievance Committee is as under:

Mr. Kumar Pal Javerchand Punamiya	Chairman, Independent & Non Executive
Mr. Damodar Hari Pai	Member, Independent & Non Executive
Mr. Nitin Rathod	Member, Independent & Non Executive

Meetings and Attendance:

Four Shareholders/Investors Grievance Committee Meetings were held during the year ended March 31, 2010. All the members of the Committee were present in all the Meetings held during the year.

The Committee expresses satisfaction with the Company's performance in dealing with investors' grievance and its share transfer system.

Status of number of shareholders' complaints received, pending & redressed is as under:

- | | | |
|-------|--|-----|
| (i) | No. of Shareholder's complaints received | Nil |
| (ii) | No. of complaints not redressed and pending as on date | Nil |
| (iii) | No. of share transfers pending for more than a fortnight | Nil |

6. General Body Meeting

Location and time where last three Annual General Meetings were held are given below:

Financial Year	Date	Location of the Meeting	Time
2006-2007	28/09/2007	12/D-1, Esteejeejay C.H.S., Sai Baba Nagar, Borivali (W), Mumbai 400092	03.00 P.M.
2007-2008	20/08/2008	12/D-1, Esteejeejay C.H.S., Sai Baba Nagar, Borivali (W), Mumbai 400092	04.00 P.M.
2008-2009	08/08/2009	Conference Hall, 18 th Floor, C Wing, Mittal Tower, Nariman Point, Mumbai- 400 021.	11.00 A.M.

7. Disclosures

The Company has been complying with all statutory requirements and no penalties or strictures have been imposed on it by SEBI, BSE or any regulatory or statutory body on any matter.

Related Party Transactions:

Your Company places all the aforesaid details before the Audit Committee periodically. A comprehensive list of related party transactions as required by the Accounting Standard (AS) 18 issued by the Institute of Chartered Accountants of India, forms part of the Note No.11 of Schedule 16 to the Accounts in the Annual Report. However, these transactions are not likely to have any conflict with the interests of the Company at large.

8. Means of Communication

- (i) The quarterly results of the Company are published in two newspapers in compliance with the provisions of Clause 41 of the listing agreement. Generally, the same are published in *Business Standard (English language)* and *Mumbai Lakshadweep (Marathi language)* in Mumbai. As the results of the Company are published in the newspapers, half-yearly reports are not sent to each household of shareholders. The quarterly results as well as the proceedings of the Annual General Meeting are submitted to the Bombay Stock Exchange Limited, immediately after the conclusion of the respective meeting.
- (ii) No presentations were made to the institutional investors or to analysts during the year under review.
- (iii) The Management Discussion and Analysis Report forms a part of this Annual Report.

Certificate on Corporate Governance:

As required by Clause 49 of the Listing Agreement, a certificate from the Statutory Auditors regarding compliance with all the conditions of Corporate Governance norms is given as an annexure to this Report.

CEO Declaration:

As required by Clause 49 of the Listing Agreement, the CEO i.e. the Managing Director's declaration on compliance of the Company's code of conduct is provided as an Annexure to Report.

9. General Shareholder Information

i.	Date and time of Annual General Meeting of Shareholders	Friday, October 29, 2010, at 11.00 a.m.
ii.	Dates of book closures	Wednesday, October 27, 2010 to Friday, October 29, 2010 (both days inclusive)
iii.	Venue of AGM	Conference Hall, 18th Floor, C Wing, Mittal Tower, Nariman Point, Mumbai: 400 021
iv.	Listing on stock exchanges	The Equity Shares of the Company are listed on Bombay Stock Exchange Limited. There is no default in payment of Annual Listing Fees as prescribed.
v.	Stock Exchange Code	512047 (Bombay Stock Exchange Limited)
vi.	Financial year	April to March
vii.	Dividend payment date	N.A.

Share Transfer System :

All share transfer, dematerialization and related work is managed by a common agency, Link Intime India Private Limited, Bhandup (W), Mumbai-78. Shareholders are requested to send all share transfer requests, demat/remat requests, correspondence relating to shares i.e. change of address, Power of Attorney, etc. to the registrar and transfer agents.

Market Price Data (Monthly High/Low on BSE):

Month	High (Rs.)	Low (Rs.)	No. of Shares	No. of Trades
April 2009	38.95	27.10	1,25,640	154
May 2009	47.00	33.50	32,475	215
June 2009	47.95	33.75	3,40,090	233
July 2009	45.40	31.10	1,20,862	189
August 2009	49.85	39.00	23,601	165
September 2009	62.50	40.50	98,296	298
October 2009	67.50	39.95	2,41,117	454
November 2009	42.95	30.10	74,806	390
December 2009	35.95	31.55	30,732	196
January 2010	39.85	32.75	91,821	209
February 2010	38.40	31.95	59,097	66
March 2010	38.55	27.50	1,95,872	265

Comparative Performance: No meaningful comparison is possible with any index.

I. CATEGORY-WISE DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2010

Category	Shareholders		Shares	
	Number	% to total Shareholders	Number	% to total Capital
PROMOTERS HOLDING				
Indian Promoters	6	1.18	39,86,845	33.79
Total of promoter holding	6	1.18	39,86,845	33.79
NON- PROMOTER HOLDING				
Institutional Investors				
Banks	1	0.19	600	0.01
FIIs	0	0.00	0	0.00
Others				
Corporate Bodies	52	10.22	8,04,833	6.82
Indian Public	431	84.67	69,89,329	59.23
NRIs / OCBs	2	0.40	3,600	0.03
Clearing Member	17	3.34	14,793	0.13
Total of non-promoter holding	503	98.82	78,13,155	66.21
Grand Total	509	100.00	1,18,00,000	100.00

II. SLAB-WISE DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2010

NOMINAL VALUE OF RS.	SHAREHOLDERS NUMBER	% OF TOTAL	NO. OF SHARES (Rs.10 each)	%TO EQUITY
1 – 5000	303	59.53	3,86,380	0.327
5001 – 10000	54	10.61	4,63,580	0.393
10001 – 20000	29	05.70	4,63,060	0.392
20,001 – 30,000	31	06.09	8,52,400	0.722
30,001 – 40,000	08	01.57	2,71,240	0.230
40,001 – 50,000	06	01.18	2,81,480	0.239
50,001 – 1,00,000	15	02.94	11,94,530	1.012
1,00,001 & Above	63	12.38	11,40,87,330	96.684
TOTALS	509	100.000	11,80,00,000	100.000

10. Dematerialization of Shares:

The Company's shares are available for trading in dematerialized form under both the Depository Systems – NSDL and CDSL. Connectivity with both NSDL and CDSL is provided by Link Intime India Pvt. Ltd., Mumbai – 400 078 under tripartite agreements. The distribution of dematerialized and physical shares as on March 31, 2010 was as follows:

	No. of shares	%
1. Dematerialized Shares		
NSDL	69,64,263	59.02
CDSL	45,71,867	38.74
	<u>1,15,36,130</u>	<u>97.76</u>
2. Physical Shares	2,63,870	02.24
Total	<u>1,18,00,000</u>	<u>100.00</u>

Outstanding GDR/ADR/Warrants/Convertible instruments etc:

- There are no outstanding securities as at 31st March 2010.

11. Plant location:

The Company does not have any plant.

12. Investors Correspondence:

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (West),
Mumbai - 400078
Tel No: (022) 25946970
Fax No: (022) 2594 6969

Certificate on Corporate Governance

Pursuant to Clause 49 I (D) of the Listing Agreement entered into with the Stock Exchange, I hereby declare that all the Board members and senior management personnel of the Company have affirmed compliances with the Code of Conduct for the current year.

For NATRAJ FINANCIAL & SERVICES LIMITED

**Place: Ranchi
Date: 6th October 2010**

**Manoj Punamiya
Managing Director**

Certificate from the Auditors of the Company

Auditors' Certificate on Compliance with the conditions of Corporate Governance Under Clause 49 of the Listing Agreement

To The Members of Natraj Financial & Securities Limited:

We have examined the compliance of conditions of Corporate Governance by Natraj Financial & Services Limited (the Company) for the year ended March 31, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange in India.

- 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 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 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 state that in respect of investor grievances received during the year ended March 31, 2010, no investor grievances are pending against the Company as on October 6, 2010, as per the records maintained by the Company and presented to the Shareholder's/Investors' Grievance Committee.
- 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: DURGESH KABRA & CO.
Chartered Accountants**

**Place: Mumbai
Date: 6th October, 2010**

**DURGESH KABRA
PROPRIETOR
Membership No. 044075**

DURGESH KABRA & CO

CHARTERED ACCOUNTANTS

C-9, Sanjay Apartments, Near Gokul Hotel, SVP Road, Borivali (W), Mumbai –400 092
E-mail : info@dmkhca.com, website : www.dmkhca.com Ph: 022-28916494, Fax 022-28916495

AUDITORS' REPORT

To,
The Members of **NATRAJ FINANCIAL & SERVICES LIMITED**

We have audited the attached balance sheet of the **NATRAJ FINANCIAL & SERVICES LIMITED** as at 31st March 2010 and also the profit and loss account and the cash flow statement for the year ended 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.

We have conducted our audit in accordance with 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.

In Accordance with the provisions of Section 227 of the Companies Act, 1956, we report that:

1. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks of books and records of the Company as we considered appropriate and according to the information and explanations given to us during the course of audit, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the annexure referred to above, we report that:
 - i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii. In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of these books.
 - iii. The Balance Sheet and the Profit and Loss account referred to in this report are in agreement with the books of account.
 - iv. In our opinion the Balance Sheet and the Profit and Loss account referred to in this report comply with mandatory Accounting Standards referred to in sub section 3C of section 211 of the Companies Act, 1956.
 - v. On the basis of the information and explanations given to us, and on the basis on the written representations received from the Directors and taken on record, none of the directors of the company is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.

- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and other notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
- i) In the case of the Balance sheet, of the state of affairs of the Company as at 31st March 2010.
 - ii) In the case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date; and
 - iii) In the case of the cash flow statement, of the cash flows of the Company for the year ended on that date.

For Durgesh Kabra & Co.
Chartered Accountants
Firm Reg. No. – 102793W

CA. Durgesh Kabra
Proprietor
M. No. 044075
Place: Mumbai.
Date: 06/10/2010

**Annexure refer to in Paragraph 1 of our report dated 06/10/2010, to the members of
NATRAJ FINANCIAL & SERVICES LIMITED**

1. (a) The Company has maintained proper records showing full Particulars, including quantitative details and situation of fixed Assets on the basis of information available.
(b) As explained to us, all the fixed assets have been physically verified by the management during the year. There is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such physical verification.
(c) In our opinion and according to information and explanation given to us no substantial part of fixed asset has been disposed off by the company during the year and the going concern status of the company is not affected.
2. (a) As explained to us, the inventory of the company has been physically verified by the management . In our opinion, the frequency of verification is reasonable.
(b) In our opinion and according to information and explanation given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to size of the company and the nature of its business.
(c) In our opinion, the company is maintaining proper records of inventory. As per the information and explanations provided to us and having regard to the size of the company, no material discrepancies have been noticed on physical verification of inventory as compared to book records.
3. (a) The Company has not granted any loans to party covered in register maintained under section 301 of the Companies Act, 1956, hence para (b) to (d) of the clause 4 (iii) of the order is not applicable to the company.
(b) The Company has not taken loans from party covered in the register maintained under Section 301 of the Companies Act, 1956, hence para (f) to (g) of the clause 4 (iii) of the order is not applicable to the company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. Further, on the basis of our examination of the books and records of the company, and according to the information and explanation given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures.
5. In respect of transactions covered under section 301 of the Companies Act, 1956. In our opinion and according to the information given to us, there are no such transactions made in pursuance of contracts or arrangements that needed to be entered into in the register maintained under section 301 of the Companies Act, 1956, hence para (b) of the clause 4 (v) of the order is not applicable to the company.
6. The Company has not accepted any deposits during the year and consequently the provision of section 58A and 58AA of the Companies Act, 1956 and the rules framed there under are not applicable.
7. In our opinion, the Company has an Internal Audit System commensurate with the size and nature of the business.

8. We have been informed that the maintenance of cost records has not been prescribed by the central government under section 209(1) (d) of the Companies Act, 1956.
9. (a) According to the information and explanation given to us the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including income tax, sales tax, wealth tax, customs duty, excise duty, service tax, cess and other material statutory dues applicable except stamp duty.
- (b) According to the information and explanation given to us no undisputed statutory dues including income tax, sales tax, wealth tax, customs duty, excise duty, service tax, cess and other material statutory dues applicable were in arrears as at 31.03.2010 for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us, there are no dues of income tax, sales tax, customs duty, wealth tax, service tax, excise duty and cess which has been deposited on account of any dispute except the below.

Name of the Statute	Nature of the Dues	Amount Disputed Rs.	Year to which amount related	Forum where Dispute is pending
Income Tax Act, 1961	Income tax and Interest thereon	8,08,662/-	A.Y. 2006-07	Commissioner of Income Tax (Appeal)

10. The Company does not have any accumulated losses at the end of the year. The company has not incurred any cash losses for the year under review and immediately preceding such current year.
11. According to the records of the company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to Financial Institution or Banks.
12. We are informed that the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and the securities. Accordingly the provisions of the clause 4 (xii) of the order are not applicable to the company.
13. The Company is not a chit fund or a nidhi/mutual benefit fund/society. Accordingly the provisions of the clause 4 (xiii) of the order are not applicable to the company.
14. In our opinion, the company has maintained proper records of the transactions and contracts of the investments dealt in by the company and timely entries have been made therein. The investments made by the company are held in its own name.
15. According to the information and explanation given to us the company has not given any guarantee for loans taken by others from banks or financial institutions.
16. According to the information and explanation given and based on the documents and records produced, on an overall basis, the term loans have been applied for the purpose for which they were obtained.

17. According to the information and explanations provided to us and an overall examination of the balance sheet and the cash flow statement of the Company, in our opinion no funds raised on short term have been used for long term investment.
18. During the year the Company has allotted equity shares on preferential basis to the company covered in the register maintained under Section 301 of the Companies Act 1956. The issue of shares is at a price, which has been prescribed under Preferential Issue Guidelines issued by Securities & Exchange Board of India. In our opinion the same is not prejudicial to the Interest of Company. (Reference is also invited to point no.2 in Notes on Accounts in schedule 16)
19. According to the information and explanations provided to us, during the year the Company has not issued any Debentures. Accordingly the provisions of the clause 4 (xix) of the order are not applicable to the company.
20. According to the information and explanations provided to us, during the year the Company has not raised any money by way of public issues. Accordingly the provisions of the clause 4 (xx) of the order are not applicable to the company.
21. Based upon the Audit procedures performed and information and explanation given to us, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For Durgesh Kabra & Co.
Chartered Accountants
Firm Reg. No. – 102793W

CA. Durgesh Kabra
Proprietor
M. No. 044075
Place: Mumbai.
Date: 06/10/2010

NATRAJ FINANCIAL & SERVICES LIMITED
BALANCE SHEET AS AT 31st MARCH 2010

P A R T I C U L A R S	SCHE - D U L E	A S A T 31-3-2010 Rs.	A S A T 31-3-2009 Rs.
<u>I. SOURCES OF FUNDS:</u>			
Shareholders' Funds			
Share Capital	1	23,08,00,000	4,50,00,000
Reserves & Surplus	2	11,89,11,094	4,02,99,583
		34,97,11,094	8,52,99,583
Loan Funds			
Secured Loan	3	-	4,40,387
Unsecured Loan	4	18,00,000	-
		18,00,000	4,40,387
Deferred Tax Liabilities		1,32,297	2,05,065
Total		35,16,43,391	8,59,45,035
<u>II. APPLICATION OF FUNDS:</u>			
Fixed Assets			
Gross Block	5	43,15,128	47,50,744
Less : Depreciation		14,38,271	11,53,564
Net Block		28,76,857	35,97,180
Investments	6	63,31,389	13,31,389
Current Assets, Loans & Advances			
Sundry Debtors	7	12,01,29,182	31,40,566
Cash & Bank Balances	8	12,38,895	36,628
Loans & Advances & Deposits	9	33,70,82,294	7,91,63,247
		45,84,50,371	8,23,40,442
Less: Current Liabilities & Provisions	10	11,66,20,923	14,63,970
Net Current Assets		34,18,29,448	8,08,76,472
Miscellaneous Expenditure			
(To the extent not written off or adjusted)			
Share Issue Expenses		6,05,698	1,39,993
Total		35,16,43,391	8,59,45,035
Significant Accounting Policies and Notes forming part of the Accounts	16		

For Durgesh Kabra & Co.
Chartered Accountants
Firm Reg. No. – 102793W

For and on behalf of the Board

C.A. Durgesh Kabra
Proprietor
M. No. 044075
Place: Mumbai
Date : 06/10/2010

Director

Director

NATRAJ FINANCIAL & SERVICES LIMITED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010

P A R T I C U L A R S	SCHE - D U L E	31-3-2010 Rs.	31-3-2009 Rs.
<u>INCOME:</u>			
Sales	11	12,75,33,679	36,88,327
Increase/(decrease) in Inventories	12	-	(36,65,837)
Other income	13	81,38,480	35,71,626
Total		13,56,72,159	35,94,116
<u>EXPENSES:</u>			
Purchases	14	12,71,53,516	-
Expenses For Employees		7,74,790	10,54,000
Administrative & Other Expenses	15	27,28,396	8,29,297
Depreciation		4,13,424	4,77,973
Interest & Finance Charges		50,346	1,21,265
Total		13,11,20,473	24,82,535
Profit Before Tax		45,51,686	11,11,581
Provision for FBT		-	39,382
Provision for Tax - Current Tax		15,23,864	1,60,886
- Deferred Tax		(72,768)	1,71,779
Profit After Tax carried to Profit & Loss A/c		31,00,590	7,39,534
Basic EPS (Rs.)		0.36	0.16
Diluted EPS (Rs.)		0.16	0.16

Significant Accounting Policies and Notes forming part of the Accounts

16

For Durgesh Kabra & Co.
Chartered Accountants
Firm Reg. No. – 102793W

For and on behalf of the Board

C.A. Durgesh Kabra
Proprietor
M. No. 044075
Place: Mumbai
Date : 06/10/2010

Director **Director**

NATRAJ FINANCIAL & SERVICES LIMITED
CASH FLOW STATEMENT FOR THE FINANCIAL YEAR 2009-2010

Particulars	As at 31.03.2010	As at 31.03.2009
A. Cash Flow from Operating Activities		
Net profit before Tax as per Profit & Loss Account	45,51,686	11,11,581
Adjusted for:		
Depreciation	4,13,424	4,77,973
(Profit)/Loss on Sale of Fixed Assets	1,99,399	-
Share Issue Expenses written off	2,02,334	68,100
Operating Profit before Working Capital Changes	53,66,844	16,57,654
Adjusted for:		
(Increase)/ Decrease in Stock in trade	-	36,65,837
Trade and Other receivables	(37,25,63,515)	(31,40,566)
Trade Payables	11,46,07,291	(88,434)
Income Tax Refund/(Paid)	(9,79,716)	(14,70,943)
	(25,89,35,940)	(10,34,106)
Cash flow from Operations	(25,35,69,096)	6,23,547
Advance Tax & TDS	(5,44,147)	(7,64,175)
	(25,41,13,243)	(1,40,628)
B. Cash Flow from Investing Activities		
Sale/(Purchase) of Fixed Assets	1,07,500	-
	1,07,500	-
C. Cash Flow from Financing Activities		
Proceeds From Share Capital	7,30,00,000	11,25,000
Payment to Secured Loans	(4,40,387)	(9,77,231)
Payment to Unsecured Loans	-	(9,66,672)
Share Issue Expenses	(6,55,519)	-
Share Premium	18,32,30,000	11,25,000
Share Warrants	-	(2,25,000)
	25,51,34,094	81,097
Opening Balance of Cash and Cash Equivalents	36,628	96,159
Add: Balance transferred on merger	73,916	-
	1,10,544	96,159
Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C)	11,28,351	(59,531)
	12,38,895	36,628

For Durgesh Kabra & Co.
Chartered Accountants
Firm Reg. No. – 102793W

For and on behalf of the Board

CA. Durgesh Kabra
Proprietor
M. No. 44075
Place: Mumbai
Date : 06/10/2010

Director

Director

NATRAJ FINANCIAL & SERVICES LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH 2010

P A R T I C U L A R S	31-3-2010 Rs.	31-3-2009 Rs.
SCHEDULE - 1 :		
<u>SHARE CAPITAL</u>		
<u>Authorised Capital</u>		
1,50,00,000 Equity Shares of Rs.10/- each (Last year 60,00,000 Equity Shares of Rs.10/- each fully paid)	<u>15,00,00,000</u>	<u>6,00,00,000</u>
<u>Issued, subscribed and paid-up</u>		
1,18,00,000 Equity Shares of Rs.10/- each fully paid (Last year 45,00,000 Equity Shares of Rs.10/- each fully paid)	11,80,00,000	4,50,00,000
Share Suspense	11,28,00,000	-
[Pursuant to the Scheme of Amalgamation of Luxury Exports Pvt. Ltd. (LEPL) with company, 1,12,80,000 equity shares of Rs. 10/- each to be issued to the shareholders of LEPL as fully paid up.]		
Also refer Note II 1 (d) under Schedule 16	<u>23,08,00,000</u>	<u>4,50,00,000</u>
SCHEDULE - 2 :		
<u>RESERVES & SURPLUS</u>		
<u>Security Premium</u>		
As Per Last Balance Sheet	3,50,00,000	3,38,75,000
Add : Addition during the year	18,32,30,000	11,25,000
Add : Adjustment during the year	45,00,000	-
Add : Adjustment during the year	(11,22,00,000)	-
Also refer Note II 1 (c) & II 1 (d) under Schedule 16		
A	<u>11,05,30,000</u>	<u>3,50,00,000</u>
<u>Capital Reserve</u>		
As Per Last Balance Sheet	30,00,000	30,00,000
B	<u>30,00,000</u>	<u>30,00,000</u>
<u>Profit & Loss Account</u>		
As Per Last Balance Sheet	22,99,583	15,60,048
Add : Addition during the year	31,00,590	7,39,535
Add : Adjustment during the year	(19,079)	-
Also refer Note II 1 (d) under Schedule 16		
C	<u>53,81,094</u>	<u>22,99,583</u>
(A+B+C)	<u>11,89,11,094</u>	<u>4,02,99,583</u>
SCHEDULE - 3 :		
<u>SECURED LOAN</u>		
Vehicle Loan - ICICI Bank Limited (Secured against Hypothecation of Motor Car)	-	4,40,387
	<u>-</u>	<u>4,40,387</u>
SCHEDULE - 4 :		
<u>UNSECURED LOAN</u>		
From Directors	-	-
From Others	18,00,000	-
	<u>18,00,000</u>	<u>-</u>

NATRAJ FINANCIAL & SERVICES LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH 2010

SCHEDULE 5 : FIXED ASSETS

ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	AS AT 01.04.2009	ADDITIONS	DELETION/ ADJUSTMENTS	AS AT 31.03.2010	AS AT 01.04.2009	FOR THE YEAR	DELETION/ ADJUSTMENTS	AS AT 31.03.2010	AS AT 31.03.2009
Computers	4,51,456	5,328	3,91,944	64,840	1,47,472	9,647	1,22,703	30,424	3,03,984
Motor Cars	42,50,288	-	-	42,50,288	10,00,078	4,03,777	-	28,46,433	32,50,210
Air Conditioner	49,000	-	49,000	-	6,014	-	6,014	-	42,986
TOTAL	47,50,744	5,328	4,40,944	43,15,128	11,53,564	4,13,424	1,28,717	28,76,857	35,97,180
PREVIOUS YEAR	47,50,744	-	-	47,50,744	6,75,591	4,77,973	-	35,97,180	40,75,153

NATRAJ FINANCIAL & SERVICES LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH 2010

PARTICULARS			31-3-2010 Rs.	31-3-2009 Rs.
SCHEDULE - 6 :				
<u>INVESTMENTS : AT COST</u>				
INVESTMENTS: - (Long Term)	Face value	No. of Shares		
Fully Paid-up, Quoted	(Rs.)			
Autoline Industries Ltd	10	500	82,612	82,612
Cambridge Solution Ltd	10	2,000	1,73,500	1,73,500
Sunteck Realty Ltd	2	7,500	8,75,882	8,75,882
Unichem Laboratories Ltd	5	1,050	1,99,395	1,99,395
			<u>13,31,389</u>	<u>13,31,389</u>
Investment in Subsidiary				
Fully Paid-up				
Balaji Corporation Pvt Ltd	10	5,00,000	50,00,000	-
			<u>63,31,389</u>	<u>13,31,389</u>
TOTAL INVESTMENT			<u>63,31,389</u>	<u>13,31,389</u>
Market Value of quoted investments			<u>49,89,273</u>	<u>30,14,923</u>
SCHEDULE - 7 :				
<u>SUNDRY DEBTORS</u>				
(Unsecured, considered good)				
- Debts outstanding for a period exceeding six months			30,89,877	31,40,566
- Other debts			11,70,39,305	-
			<u>12,01,29,182</u>	<u>31,40,566</u>
SCHEDULE - 8 :				
<u>CASH & BANK BALANCES</u>				
Cash in Hand			6,10,846	10,210
Balance with Scheduled Banks In Current Accounts			6,28,050	26,418
			<u>12,38,895</u>	<u>36,628</u>
SCHEDULE - 9 :				
<u>LOANS & ADVANCES & DEPOSITS</u>				
(Unsecured, considered good)				
Advance Recoverable in cash or in kind			32,13,17,803	6,55,53,687
Deposits			1,40,40,000	1,22,65,000
FBT, Advance Tax & TDS			17,24,491	13,44,560
			<u>33,70,82,294</u>	<u>7,91,63,247</u>
SCHEDULE - 10 :				
<u>CURRENT LIABILITIES & PROVISIONS</u>				
Current Liabilities				
Sundry Creditors				
- Total outstanding dues to Micro & Small Enterprises			-	-
- Total outstanding dues to other than Micro & Small Enterprises			11,40,81,032	69,499
Other Liabilities			7,59,627	11,38,070
Provision for taxation			17,80,264	2,56,401
			<u>11,66,20,923</u>	<u>14,63,970</u>

NATRAJ FINANCIAL & SERVICES LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH 2010

P A R T I C U L A R S	31-3-2010 Rs.	31-3-2009 Rs.
SCHEDULE - 11 :		
<u>SALES:</u>		
Sales of Gold	11,58,80,500	-
Sales of Shares	1,16,53,179	36,88,327
	12,75,33,679	36,88,327
SCHEDULE - 12 :		
<u>INCREASE/(DECREASE) IN INVENTORIES</u>		
Opening Stock	-	36,65,837
Closing Stock	-	-
	-	(36,65,837)
SCHEDULE - 13:		
<u>OTHER INCOME</u>		
Profit on Sale of Property	50,00,000	-
Dividend Income	8,900	10,900
Interest Income	31,29,580	35,60,726
{TDS of Rs.3,26,628/- (previous year Rs.7,64,175)}		
	81,38,480	35,71,626
SCHEDULE - 14 :		
<u>PURCHASES</u>		
Purchase of Gold	11,24,01,500	-
Purchase of Shares	1,47,52,016	-
	12,71,53,516	-
SCHEDULE - 15 :		
<u>ADMINISTRATIVE & OTHER EXPENSES:</u>		
Advertising Expenses	95,762	19,545
Auditors Remuneration	66,180	38,605
Bank Charges	45,382	40,209
BSE Charges & Annual Fees	1,38,145	3,07,093
Conveyance Expenses	8,768	12,766
Demat Charges	82,235	77,102
Insurance	13,789	19,650
Listing Fees	20,364	61,084
Legal Fees	22,925	30,720
Loss on Sale of Fixed Asset	1,99,399	-
Motor Car Expenses	-	24,717
Miscellaneous Expenses	8,358	2,983
Printing & Stationery	18,122	9,723
Professional Fees	11,26,562	-
Rent	1,20,000	99,000
Miscellaneous Expenses written-off	2,02,334	68,100
Telephone Expenses	3,012	18,000
Sundry Balance written-off	5,57,059	-
	27,28,396	8,29,297

NATRAJ FINANCIAL & SERVICES LIMITED

SCHEDULE '16'

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS

NATURE OF BUSINESS:

Natraj Financial & Services Limited (NFSL) is engaged in the business of Real Estate, Investment, Finance and Bullion Trading.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of preparation:

The Financial Statements of the company are prepared under the historical cost convention on accrual basis of accounting, in accordance with the mandatory accounting standards issued by the Institute of Chartered Accountants of India and referred to in Section 211 (3C) of the Companies Act, 1956, and generally accepted accounting principles in India. The accounting policies have been consistently applied by the company during the year. The significant accounting policies are as follows:

(a) **Basis of Accounting:**

These accounts are prepared on the historical cost convention and on the mercantile basis.

(b) **Revenue Recognition:**

All incomes and expenditure are recognized as per 'Accounting Standard- 9' accounted on accrual basis except where stated otherwise.

Dividends on investments are accounted for when the right to receive the dividend is established.

(c) **Fixed Assets:**

Fixed Assets are stated at cost less depreciation, cost includes all identifiable expenditure incurred to bring the assets to its present condition and location. Depreciation is provided on Straight Line Method, at the rates specified in Schedule XIV to the Companies Act, 1956. Depreciation on fixed assets added during the year, is provided on pro-rata basis.

(d) **Investments :**

All investments are of long term in nature and are valued at Cost.

(e) **Inventory :**

Inventories are valued at cost or market value whichever is lower.

(f) **Retirement and other employee benefits**

- i. P.F. and E.S.I.C. Scheme is not applicable to the Company.
- ii. Gratuity is accounted as and when it becomes due.

(g) **Contingent Liabilities**

Claims against the company not acknowledged as debts relating to normal business transactions and show cause notices and demands disputed by the company are treated as contingent liabilities. Provision, if any is made when it is probable that a liability may be incurred and the amount can be reasonably estimated.

(h) **Earning per share**

Basic earning per shares are calculated by dividing the net profit for the year attributable to equity shareholders by the total number of weighted Average number of equity shares outstanding during the period. Diluted earning per shares are calculated by dividing the net profit for the year attributable to equity shareholders by the total number of weighted Average number of equity shares outstanding during the period and also included dilutive potential equity shares outstanding during the period.

(i) **Miscellaneous Expenditure**

Other Expenditure:

Initial Legal & professional fees for BSE Membership & Stamp Duty for Issue of Share Certificates are amortized over a period of 5 years.

(j) **Taxation:**

Current tax is determined as the tax payable in respect of taxable income for the year if any.

Deferred tax for the year is recognised on timing difference; being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised and carried forward only if there is a reasonable / virtual certainty of realization

II. **NOTES ON ACCOUNTS :**

1. **Event Occurring after the Balance Sheet Date-**

The Audited Financial statements were approved by Board of Director on 29/05/2010 along with Auditor report. The above Financial Statements are restated after giving the effect of merged entity Luxury Exports Private Limited with the Company.

Amalgamation of Luxury Exports Private Limited with Company :

The Amalgamation of Luxury Exports Private Limited with Appointed Date as 1st April, 2009, has been completed and approved by the Hon'ble High Court of Judicature at Mumbai. The financial statements include effects of this amalgamation.

- a) In accordance with the Scheme of Amalgamation of the erstwhile Luxury Exports Private Limited (hereinafter referred to as LEPL) with the Natraj Financial And Services Limited (hereinafter referred to as Company) as sanctioned by the Hon'ble High Court of Mumbai, the assets, liabilities and reserves of the LEPL were transferred to and vested in the Company w.e.f 1st April, 2009. The Hon'ble Mumbai High Court passed their order Dt.16th July, 2010 approving the merger. The certified copies of the said orders were duly filed with the Registrar of Companies within the due date.
- b) LEPL was registered to carry on business in India and or outside India as dealers, trader, importer, exporter of goods, items, products and to deal in metal scrap, ferrous and non-ferrous metals, diamonds, precious/semi-precious stones, iron, steel, hardware items, aluminum items, machineries, engineering goods, cement, building materials, stones, minerals electronic and electrical items, mobile, mobile accessories, woods including plywood, chemicals, drugs, cosmetics, general pharmacy item, rubber, plastic items, tyre tubes, computers, scrap material, automobiles, accessories, agricultural products, grocery, textile items, yarns, fabrics, garments, papers and stationery items.

The company also invested in its subsidiary, Balaji Corporation Private Limited, which is engaged in the business of real estate.

- c) The amalgamation has been accounted for under the pooling of interests method as prescribed by the Accounting Standard (AS 14 - Accounting for Amalgamations) issued by The Institute of Chartered Accountants of India. Accordingly, the assets, liabilities and reserves of erstwhile LEPL have been taken over at their books values. The difference between the amount recorded as share capital to be issued and the amount of share capital of the LEPL, i.e. Rs.1122.00 Lacs has been adjusted in Security Premium of the Company.
- d) As stipulated in the Scheme of Amalgamation and in accordance with the Accounting Standard AS 14 - Accounting for Amalgamations, issued by The Institute of Chartered Accountants of India, Security Premium for Rs.45.00 Lacs and Profit & Loss Account for Rs.(0.19) Lacs of erstwhile LEPL have been transferred to the corresponding Reserves accounts.

10. Accounts payable to Small Scale Industrial Undertaking the head of
Sundry Creditors – Nil
(Previous Year – Nil)

11. **Related Party Disclosures :**

A. Related Parties and Nature of Relationship :

I. Companies in which Directors having significant influence

1. Balaji Universal Tradelink Private Limited
2. Balaji Bullions & Commodities (I) Private Limited
3. Balaji Lifestyle Realtors Private Limited
4. Balaji Propbuilders Private Limited
5. Balaji Refinery Limited
6. Labh Commodities Private Limited
7. Om Movies Production Private Limited
8. Amla Global Impex Private Limited
9. Threewin Maritime (I) Private Limited
10. Luxury Exports Private Limited
11. Hill View Impex Private Limited
12. Jaguar Energy & Power Limited
13. Jaguar Gems & Jewellery Limited
14. Orbit Diamonds Private Limited
15. Shree Baiju Trading & Investments Pvt. Ltd.
16. Varun Industries Limited \$
17. Varun Jewels Private Limited \$
18. Shri Sai Jewels Private Limited \$
19. Varun Minerals Corporation Private Limited \$
20. Varun Petroleum Corporation Private Limited \$
21. Varun Real Estate (India) Private Limited \$
22. Varun Capital Market Advisory Private Limited \$
23. Varun Earthtech Limited \$
24. Rainbow Sunlight Jewels Private Limited #
25. Aishnoni Copper and Alloys Private Limited
26. Bright Telecom India Private Limited
27. RAS Extrusions Limited @
28. RAS Propack Lamipack Limited @
29. Paridhi Overseas Private Limited*

II. Subsidiary
Balaji Corporation Private Limited

III. Firms in which Directors are Partners/Proprietor

1. Silver Coin
2. Balaji Builders & Developers
3. Burhani Builders & Developers
4. Balaji Enterprises
5. Devshanti Developers
6. Parshvwa Telesystem
7. Reliable Associates #
8. Rainbow Silk #

IV. Key Management Personnel
Manoj Punamiya

- # Related Director/Partner/ Proprietor Resigned on 30.10.2009
 \$ Related Director/Partner/ Proprietor Resigned on 10.02.2010
 @ Related Director/Partner/ Proprietor Appointment on 19.03.2010
 * Related Director/Partner/ Proprietor Appointment on 10.02.2010

B. Transaction with Related Parties.

	Companies in which Directors having Significant Influence	Firms in which Directors are Partners or Proprietors	Key Management personnel & their relative.
<u>Transaction Value</u>			
Director Remuneration	-	-	1,50,000/-
Debit/Credit Balance O/s as on 31.03.2010	-		1,50,000/-
<u>Loan/Deposits Transactions</u>			
Deposits/Loans Taken	-	-	-
Deposits/Loans Repaid	-	-	-
Deposits/Loans Given	-	-	-
Deposits/Loans Repaid	-	-	-
Outstanding Dr./Cr. As on 31.03.2010	-	-	-

12. Earning per share (AS-20):

The company has issued potential equity shares, accordingly, basic and diluted earnings per share are as under:-

Particulars	2009-2010	2008-2009
Net Profit after Tax (Rs.)	31,00,590	7,39,534
Weighted Average No. of Equity Shares for computing Basic EPS	87,20,000	44,82,432
Dilutive impact of shares to issued pursuant to Merger	1,12,80,000	-
Weighted Average No. of Equity Shares for computing Diluted EPS	2,00,00,000	44,82,432
Nominal Value of Share (Rs.)	10	10
Basic and diluted Earning per share (Rs.)	0.36	0.16
Diluted Earning per Share	0.16	0.16

13. Accounting for taxes on income (AS-22):

Break up of net deferred Tax Liabilities into major components of the respective balance are as follows:

	Amt (Rs.) 31.03.2010	Amt (Rs.) 31.03.2009
Deferred Tax Assets/(Liabilities) during the year		
Difference Between Book & Tax depreciation	(72,768/-)	1,71,779/-

14. Segment Information (AS-17):

The Segments are identified based on the dominant sources and nature of risks and return. Unallocated Corporate Expenses relate to the enterprises as a whole and are not attributable to the segments.

Sr. No.	Particulars	2009-10	2008-09
1	Segment Revenue		
	a) Bullion	115,880,500	-
	b) Securities	11,653,179	3,688,327
	c) Real Estate	5,000,000	-
	d) others	3,138,480	3,571,626
	Total	135,672,159	7,259,953
	Less : -		
	Intersegment Revenue	-	-
	Sales/Income from operation	135,672,159	7,259,953
2	Segment Results		
	[Profit/(Loss) before tax and interest from each segment]		
	a) Bullion	3,479,000	-
	b) Securities	(3,098,837)	22,490
	c) Real Estate	5,000,000	-
	d) others	3,138,480	3,571,626
	Total	8,518,644	3,594,116
	Less : -		
	i) Interest	50,346	121,265
	ii) Other un-allocable expenditure net unallocable income	3,916,611	2,361,270
	Total profit before Tax	4,551,686	1,111,581

15. As required by accounting standard (AS 28) "Impairment of Assets" issued by the Institute of Chartered Accountants of India, the company has carried out the assessment of impairment of assets. There has been no impairment loss during the year.
16. Additional information pursuant to the provisions of Paragraph 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956:

Details of Purchase & Sales		Quantity	
		Current Year	Previous Year
Purchase	Shares (Nos.)	8000	Nil
	Gold (kg)	70	Nil
Sales	Shares (Nos.)	8000	1,12,449
	Gold (kg)	70	Nil

Details of Stock on Hand		Quantity	
		Current Year	Previous Year
Opening Stock	Shares (Nos.)	Nil	1,12,449
	Gold (kg)	Nil	Nil
Closing Stock	Shares (Nos.)	Nil	Nil
	Gold (kg)	Nil	Nil

17. Schedule 1 to 15 form an integral part of the Balance Sheet as at 31st March 2010 and the P & L A/c for the year ended on that date.
18. Prior year amounts have been regrouped & reclassified, where necessary, to confirm to current year's presentation.

19. The Company has not received the required information from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been made.

20. Balance Sheet abstract and company's general business profile as per the annexure A.

For Durgesh Kabra & Co.,
Chartered Accountants
Firm Reg. No. – 102793W

For and on behalf of the Board of the directors

CA. Durgesh Kabra
Proprietor
M. No. 44075
Place: Mumbai
Date: 06.10.2010

Director

Director

NATRAJ FINANCIAL & SERVICES LIMITED

ANNEXURE : A

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. Registration Details

Registration No.	:	L74999MH1984PLC032274
State Code	:	11
Balance Sheet Date	:	31st March, 2010

2. Capital Raised During the Year (Amt. Rs. in '000)

Public Issue	:	Nil
Rights Issue	:	Nil
Bonus Issue	:	Nil
Pvt. Placement (Preferential Issue and Merger)	:	185,800.00

3. Position of mobilisation and deployment of Funds (Amt. Rs. in '000)

Total Liabilities	:	351,643.39
Total Assets	:	351,643.39

Sources Of Funds (Amt. Rs. in '000)

Paid Up Capital	:	230,800.00
Reserves & Surplus	:	118,911.09
Secured Loans	:	-
Unsecured Loans	:	1,800.00
Net Deferred Tax Liability	:	132.30

Application Of Funds (Amt. Rs. in '000)

Net Fixed Assets	:	2,876.86
Investments	:	6,331.39
Net Current Assets	:	341,829.45
Miscellaneous Expenditure	:	605.70
Accumulated Losses	:	-

4. Performance Of Company (Amt. Rs. in '000)

Turnover (Gross Receipts)	:	135,672.16
Total Expenditure	:	131,120.47
Profit/(Loss) before tax	:	4,551.69
Profit/(Loss) after tax	:	3,100.59
Earnings Per Share (in Rs.)	:	0.36
Dividend, if any	:	
-on Preference Shares	:	Nil
-on Equity Shares	:	Nil

5. Generic Names of Principal Products,

Services of the Company:

Item Code No.	:	
(ITC Code)	:	Not Applicable
Product Description	:	

For and on behalf of the Board

Directors **Director**

Statement in accordance with the provisions of Section 212 of the Companies Act, 1956

Name of the Subsidiary			Balaji Corporation Pvt. Ltd.
1.	Financial year of the subsidiary ended on		31.03.2010
2.	Extent of interest of the Company in subsidiary		
	(a) Face value	Rs.	10
	(b) No. of shares held by the Company	Nos.	5,00,000
	(c) Shareholding Percent	%	96.15
3.	Net aggregate amount of profit/ (losses) of the subsidiary so far as it concerns the members of the holding company and is not dealt with in accounts of the holding company		
	- For the financial year of the subsidiary	Rs.	(16,605)
	- For the previous financial years of the company since it became a subsidiary	Rs.	Nil
4.	Net aggregate amount of profit/ (losses) of the subsidiary so far as it concerns the members of the holding company and is dealt with in accounts of the holding company		
	- For the financial year of the subsidiary	Rs.	Nil
	- For the previous financial years of the company since it became a subsidiary	Rs.	Nil
5.	Capital	Rs.	52,00,000
6.	Reserves	Rs.	9,98,67,058
7.	Total Assets	Rs.	37,83,13,604
8.	Total Liabilities	Rs.	37,83,13,604
9.	Total Income	Rs.	Nil
10.	Total Expenditure	Rs.	8,665
11.	Profit after taxation	Rs.	(17,269)
12.	Proposed Dividend	Rs.	Nil

DURGESH KABRA & CO

CHARTERED ACCOUNTANTS

C-9, Sanjay Apartments, Near Gokul Hotel, SVP Road, Borivali (W), Mumbai –400 092

E-mail : info@dmkhca.com, website : www.dmkhca.com Ph: 022-28916494, Fax 022-28916495

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To,

The Board of Directors of **NATRAJ FINANCIAL & SERVICES LIMITED**

1. We have audited the attached Consolidated Balance Sheet of **NATRAJ FINANCIAL & SERVICES LIMITED** and its subsidiary (the group), as at March 31,2010, and also the Consolidated Profit & Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These Consolidated 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 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 mis-statement. 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 did not audit the Financial Statement of Subsidiaries, whose financial statement reflect the group's share of net assets of Rs. 3,780.61 lacs as at March 31, 2010 and group share of net loss (after tax) of Rs. 0.17 Lacs for the year ended on that date, which are considered in the Consolidated Financial Statements. This Financial Statement and other financial information have been audited by other auditor 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 report of the other auditors.
4. We report that the Consolidated Financial Statements have been prepared by the Company's management in accordance with the requirements of Accounting Statement-21, "Consolidated Financial Statement" issued by the Instituted of Chartered Accountants of India.
5. Based on our audit, and on consideration of the report of the other auditors on the separated financial statement of the Subsidiaries and other financial information of its components, in our opinion and to the best of our information and according to the explanations given to us, the attached Consolidated Financial Statement give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2010.
 - (b) In the case of the Consolidated Profit & Loss account, of the Profit of the Group for the year ended on that date; and
 - (c) In the case of Consolidated Cash Flow Statement, of the Cash Flows of the Group for the year ended on that date.

For **Durgesh Kabra & Co.**

Chartered Accountants

Firm Reg. No. – 102793W

CA. Durgesh Kabra

Partner

M. No. 044075

Place: Mumbai.

Date: 06.10.2010

NATRAJ FINANCIAL & SERVICES LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2010

P A R T I C U L A R S	SCHE - D U L E	AS AT 31-3-2010 Rs.
<u>I. SOURCES OF FUNDS:</u>		
Shareholders' Funds		
Share Capital	1	23,08,00,000
Reserves & Surplus	2	21,49,37,112
		44,57,37,112
Loan Funds		
Secured Loan	3	-
Unsecured Loan	4	27,50,05,000
		27,50,05,000
Minority Interest		40,41,041
Deferred Tax Liabilities		1,40,901
Total		72,49,24,054
<u>II. APPLICATION OF FUNDS:</u>		
Fixed Assets		
Gross Block	5	48,87,895
Less : Depreciation		14,62,750
Net Block		34,25,145
Investments	6	13,31,389
Current Assets, Loans & Advances		
Inventory	7	37,64,88,633
Sundry Debtors	8	12,01,29,182
Cash & Bank Balances	9	19,03,734
Loans & Advances & Deposits	10	33,81,45,896
		83,66,67,445
Less: Current Liabilities & Provisions	11	11,73,25,073
Net Current Assets		71,93,42,372
Miscellaneous Expenditure		
(To the extent not written off or adjusted)		
Share Issue Expenses		6,15,148
Deferred Revenue Expenses		2,10,000
Total		72,49,24,054
Significant Accounting Policies and Notes forming part of the Accounts	19	
For Durgesh Kabra & Co.	For and on behalf of the Board	
Chartered Accountants		
Firm Reg. No. – 102793W		
C.A. Durgesh Kabra	Director	Director
Proprietor		
M. No. 044075		
Place: Mumbai		
Date : 06/10/2010		

NATRAJ FINANCIAL & SERVICES LIMITED
CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010

P A R T I C U L A R S	SCHE - D U L E	31-3-2010 Rs.
<u>INCOME:</u>		
Sales	12	12,75,33,679
Increase/(decrease) in Inventories	13	73,76,530
Other income	14	81,38,480
Total		<u>14,30,48,689</u>
<u>EXPENSES:</u>		
Purchases	15	12,71,53,516
Cost of Construction	16	73,76,530
Expenses For Employees	17	7,74,790
Administrative & Other Expenses	18	27,37,061
Depreciation		4,13,424
Interest & Finance Charges		50,346
Total		<u>13,85,05,668</u>
Profit Before Tax		45,43,021
Provision for FBT		-
Provision for Tax - Current Tax		15,23,864
- Deferred Tax		(64,164)
Profit before Minority Interest		30,83,322
Minority Interest		(664)
Profit for the period carried to profit & loss A/c		<u>30,83,986</u>
Basic EPS (Rs.)		0.35
Diluted EPS (Rs.)		0.15

Significant Accounting Policies and Notes forming part of the Accounts

19

For Durgesh Kabra & Co.
Chartered Accountants
Firm Reg. No. – 102793W

For and on behalf of the Board

C.A. Durgesh Kabra
Proprietor
M. No. 044075
 Place: Mumbai
 Date : 06/10/2010

Director

Director

NATRAJ FINANCIAL & SERVICES LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL YEAR 2009-2010

Particulars	As at 31.03.2010
A. Cash Flow from Operating Activities	
Net profit before Tax as per Profit & Loss Account	45,43,021
Adjusted for:	
Depreciation	4,37,903
(Profit)/Loss on Sale of Fixed Assets	1,99,399
Share Issue Expenses written off	2,75,484
Operating Profit before Working Capital Changes	<u>54,55,808</u>
Adjusted for:	
(Increase)/ Decrease in Stock in trade	(73,76,530)
Trade and Other receivables	(37,26,18,317)
Trade Payables	11,47,45,844
Income Tax Refund/(Paid)	(9,79,716)
	<u>(26,62,28,719)</u>
Cash flow from Operations	<u>(26,07,72,911)</u>
Advance Tax & TDS	(5,44,147)
	<u>(26,13,17,058)</u>
Cash Flow from Operating Activities (A)	<u><u>(26,13,17,058)</u></u>
B. Cash Flow from Investing Activities	
Sale/(Purchase) of Fixed Assets	(4,65,267)
	<u>(4,65,267)</u>
Net Cash used in Investing Activities (B)	<u><u>(4,65,267)</u></u>
C. Cash Flow from Financing Activities	
Proceeds From Share Capital	7,30,00,000
Payment to Secured Loans	(4,40,387)
Payment to Unsecured Loans	-
Proceeds from Unsecured Loans	55,33,000
Share Issue Expenses	(6,55,519)
Share Premium	18,32,30,000
Share Warrants	-
	<u>26,06,67,094</u>
Net Cash used in Financing Activities (C)	<u><u>26,06,67,094</u></u>
Opening Balance of Cash and Cash Equivalents	36,628
Add: Balance transferred on merger	73,916
Add: Opening Balance on first consolidation	<u>29,08,421</u>
	<u>30,18,965</u>
Net Increase/(Decrease) in Cash and Cash Equivalentents (A + B + C)	<u>(11,15,231)</u>
	<u><u>19,03,734</u></u>

For Durgesh Kabra & Co.
Chartered Accountants
Firm Reg. No. – 102793W

For and on behalf of the Board

CA. Durgesh Kabra
Proprietor
M. No. 44075
Place: Mumbai
Date : 06/10/2010

Director Director

NATRAJ FINANCIAL & SERVICES LIMITED
SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2010

P A R T I C U L A R S	31-3-2010 Rs.
SCHEDULE - 1 :	
<u>SHARE CAPITAL</u>	
<u>Authorised Capital</u>	
1,50,00,000 Equity Shares of Rs.10/- each	<u>15,00,00,000</u>
(Last year 60,00,000 Equity Shares of Rs.10/- each fully paid)	
<u>Issued, subscribed and paid-up</u>	
1,18,00,000 Equity Shares of Rs.10/- each fully paid	11,80,00,000
(Last year 45,00,000 Equity Shares of Rs.10/- each fully paid)	
Share Suspense	11,28,00,000
[Pursuant to the Scheme of Amalgamation of Luxury Exports Pvt. Ltd. (LEPL) with company, 1,12,80,000 equity shares of Rs. 10/- each to be issued to the shareholders of LEPL as fully paid up.]	
Also refer Note II 1 (d) under Schedule 19	<u>23,08,00,000</u>
SCHEDULE - 2 :	
<u>RESERVES & SURPLUS</u>	
Security Premium	
As Per Last Balance Sheet	3,50,00,000
Add : Addition during the year	18,32,30,000
Add : Adjustment during the year	45,00,000
Add : Adjustment during the year	(11,22,00,000)
Also refer Note II 1 (c) & II 1 (d) under Schedule 19	
A	<u>11,05,30,000</u>
Capital Reserve	
As Per Last Balance Sheet	30,00,000
B	<u>30,00,000</u>
Capital Reserve on Consolidation	
Consolidation of Balaji Corporation Pvt Ltd	9,60,42,622
C	<u>9,60,42,622</u>
Profit & Loss Account	
As Per Last Balance Sheet	22,99,583
Add : Addition during the year	30,83,986
Add : Adjustment during the year	(19,079)
Also refer Note II 1 (d) under Schedule 19	
D	<u>53,64,490</u>
(A+B+C+D)	<u>21,49,37,112</u>
SCHEDULE - 3 :	
<u>SECURED LOAN</u>	
Vehicle Loan - ICICI Bank Limited	-
(Secured against Hypothecation of Motor Car)	
	<u>-</u>
SCHEDULE - 4 :	
<u>UNSECURED LOAN</u>	
From Directors	-
From Others	27,50,05,000
	<u>27,50,05,000</u>

NATRAJ FINANCIAL & SERVICES LIMITED
SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2010

SCHEDULE 5 : FIXED ASSETS

ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	AS AT 01.04.2009	ADDITIONS	DELETION/ ADJUSTMENTS	AS AT 31.03.2010	AS AT 01.04.2009	FOR THE YEAR	DELETION/ ADJUSTMENTS	AS AT 31.03.2010	AS AT 31.03.2009
Computers	4,51,456	5,328	3,91,944	64,840	1,47,472	9,647	1,22,703	34,416	-
Motor Cars	42,50,288	-	-	42,50,288	10,00,078	4,03,777	-	14,03,855	-
Air Conditioner	49,000	37,000	49,000	37,000	6,014	4,413	6,014	4,413	-
Site Equipment	-	5,35,767	-	5,35,767	-	20,066	-	20,066	-
TOTAL	47,50,744	5,78,095	4,40,944	48,87,895	11,53,564	4,37,903	1,28,717	14,62,750	34,25,145

NATRAJ FINANCIAL & SERVICES LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH 2010

P A R T I C U L A R S	31-3-2010 Rs.	
SCHEDULE - 6 :		
<u>INVESTMENTS : AT COST</u>		
INVESTMENTS: - (Long Term)	Face	No. of
Fully Paid-up, Quoted	value	Shares
	(Rs.)	
Autoline Industries Ltd	10	500
Cambridge Solution Ltd	10	2,000
Sunteck Realty Ltd	2	7,500
Unichem Laboratories Ltd	5	1,050
		82,612
		1,73,500
		8,75,882
		1,99,395
		13,31,389
TOTAL INVESTMENT		13,31,389
Market Value of quoted investments		49,89,273
SCHEDULE - 7 :		
<u>INVENTORIES (As taken, valued and certified by the management)</u>		
(At lower of cost and realisable value)		
Construction Project		37,64,88,633
SCHEDULE - 8 :		
<u>SUNDRY DEBTORS</u>		
(Unsecured, considered good)		
- Debts outstanding for a period exceeding six months		30,89,877
- Other debts		11,70,39,305
		12,01,29,182
SCHEDULE - 9 :		
<u>CASH & BANK BALANCES</u>		
Cash in Hand		7,59,630
Balance with Scheduled Banks In Current Accounts		10,84,105
Pay Order in Hand		60,000
		19,03,734
SCHEDULE - 10 :		
<u>LOANS & ADVANCES & DEPOSITS</u>		
(Unsecured, considered good)		
Advance Recoverable in cash or in kind		32,18,81,405
Deposits		1,45,40,000
FBT, Advance Tax & TDS		17,24,491
		33,81,45,896
SCHEDULE - 11 :		
<u>CURRENT LIABILITIES & PROVISIONS</u>		
Current Liabilities		
Sundry Creditors		
- Total outstanding dues to Micro & Small Enterprises		-
- Total outstanding dues to other than Micro & Small Enterprises		11,47,28,839
Other Liabilities		8,15,970
Provision for taxation		17,80,264
		11,73,25,073

NATRAJ FINANCIAL & SERVICES LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH 2010

P A R T I C U L A R S	31-3-2010 Rs.
S C H E D U L E - 12 :	
<u>SALES:</u>	
Sales of Gold	11,58,80,500
Sales of Shares	1,16,53,179
	<u><u>12,75,33,679</u></u>
S C H E D U L E - 13 :	
<u>INCREASE/(DECREASE) IN INVENTORIES</u>	
Opening Stock	36,91,12,103.00
Closing Stock	37,64,88,633.00
	<u><u>73,76,530.00</u></u>
S C H E D U L E - 14:	
<u>OTHER INCOME</u>	
Profit on Sale Of Property	50,00,000
Dividend Income	8,900
Interest Income	31,29,580
{TDS of Rs.3,26,628/- (previous year Rs.7,64,175)}	
	<u><u>81,38,480</u></u>
S C H E D U L E - 15 :	
<u>PURCHASES</u>	
Purchase of Gold	11,24,01,500
Purchase of Shares	1,47,52,016
	<u><u>12,71,53,516</u></u>
S C H E D U L E - 16 :	
<u>COST OF CONSTRUCTION</u>	
Land	-
Building Material	9,79,173
Excavation Charges	21,02,500
Electricity Expenses	3,17,402
Site Expenses	4,88,074
Depreciation	24,479
Labour Charges	10,57,853
Insurance Charges	84,242
Rent, Rates & Overheads	5,13,438
Overheads Allocated	
Office & Administrative	11,14,137
Expenses for Employees	6,95,232
	<u><u>73,76,530</u></u>
S C H E D U L E - 17 :	
<u>EXPENSES FOR EMPLOYEES</u>	
Incurred during the year	14,70,022
Less: Allocated to Cost of Construction	6,95,232
	<u><u>7,74,790</u></u>

NATRAJ FINANCIAL & SERVICES LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH 2010

P A R T I C U L A R S	31-3-2010 Rs.
SCHEDULE - 18 :	
<u>ADMINISTRATIVE & OTHER EXPENSES:</u>	
Advertising Expenses	95,762
Auditors Remuneration	1,10,300
Bank Charges	53,262
BSE Charges & Annual Fees	1,38,145
Conveyance Expenses	8,768
Demat Charges	82,235
Insurance	13,789
Listing Fees	20,364
Legal Fees	22,925
Loss on Sale of Fixed Assest	1,99,399
Motor Car Expenses	-
Miscellaneous Expenses	70,091
Printing & Stationery	30,481
Professional Fees	17,86,375
Rent	1,20,000
Security Services	2,50,838
Miscellanoous Expenses written-off	2,75,484
Telephone Expenses	15,921
Sundry Balance written-off	5,57,059
	38,51,198
Less: Allocated to Cost of Construction	11,14,137
	27,37,061

NATRAJ FINANCIAL & SERVICES LIMITED

SCHEDULE '19'

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS

NATURE OF BUSINESS:

Natraj Financial & Services Limited (NFSL) is engaged in the business of Real Estate, Investment, Finance and Bullion Trading.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of preparation:

The consolidated financial statements are prepared in accordance with AS 21 on Consolidated Financial Statements notified under Companies Accounting Standard Rules, 2006.

- i. The financial statements of the holding company and its subsidiary company are prepared according to uniform accounting policies, according to generally accepted accounting policies in India.
- ii. The financial statements of the holding company and its subsidiary have been combined on a line-by-line basis by adding together like items of assets, liabilities, incomes and expenses after eliminating all inter-company balances / transactions and resulting unrealized gain / loss, if any.
- iii. The financial statements of subsidiary used in consolidation are drawn up to the same reporting dates as that of the holding company.
- iv. The deficit value of the consideration given over the net value of the identifiable assets acquired in the subsidiary company is recognised as "Capital Reserve on Consolidation".
- v. Minority Interest's share of net profit/loss of consolidated subsidiary for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the company.
- vi. Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and equity of the company's shareholders.
- vii. Subsidiaries included in Consolidation

Name of the Enterprise	Nature of Business	Share holding/ Controlling Interest
Balaji Corporation Private Limited	Real Estate	96.15 %

The significant accounting policies are as follows:

(a) **Basis of Accounting:**

These accounts are prepared on the historical cost convention and on the mercantile basis.

(b) **Revenue Recognition:**

All incomes and expenditure are recognized as per 'Accounting Standard- 9' accounted on accrual basis except where stated otherwise.

Dividends on investments are accounted for when the right to receive the dividend is established.

Revenue from Real Estate Projects is recognised on the "Percentage of Completion Method" of accounting. Revenue comprises the aggregate amounts of sale price in terms of the agreement entered

into and is recognised on the basis of percentage of actual cost incurred thereon, including proportionate land cost and total estimated cost of projects under execution, subject to such additional costs being 20% or more of the total estimated costs.

Where aggregate of payment received provides sufficient evidence of buyers' commitment to make the complete payment, revenue is recognised only to the extent of realization.

The estimate of saleable areas and costs are reviewed periodically by the management and any effect of changes in estimates to exceed total revenues from the project, the loss is recognised immediately.

(c) **Fixed Assets:**

Fixed Assets are stated at cost less depreciation, cost includes all identifiable expenditure incurred to bring the assets to its present condition and location. Depreciation is provided on Straight Line Method, at the rates specified in Schedule XIV to the Companies Act, 1956. Depreciation on fixed assets added during the year, is provided on pro-rata basis.

(d) **Investments :**

All investments are of long term in nature and are valued at Cost.

(e) **Inventory :**

Inventories are valued at cost or market value whichever is lower. Cost is determined on FIFO basis.

Projects in progress are valued at cost. Cost includes cost of land, development expenses, materials, construction, services, borrowing costs, other overheads relating to projects and advance against projects under execution.

(f) **Retirement and other employee benefits**

- i. P.F. and E.S.I.C. Scheme is not applicable to the Company.
- ii. Gratuity is accounted as and when it becomes due.

(g) **Contingent Liabilities**

Claims against the company not acknowledged as debts relating to normal business transactions and show cause notices and demands disputed by the company are treated as contingent liabilities. Provision, if any is made when it is probable that a liability may be incurred and the amount can be reasonably estimated.

(h) **Earning per share**

Basic earning per shares are calculated by dividing the net profit for the year attributable to equity shareholders by the total number of weighted Average number of equity shares outstanding during the period. Diluted earning per shares are calculated by dividing the net profit for the year attributable to equity shareholders by the total number of weighted Average number of equity shares outstanding during the period and also included dilutive potential equity shares outstanding during the period.

(i) **Miscellaneous Expenditure**

Other Expenditure:

Initial Legal & professional fees for BSE Membership & Stamp Duty for Issue of Share Certificates are amortized over a period of 5 years.

(j) **Taxation:**

Current tax is determined as the tax payable in respect of taxable income for the year if any.

Deferred tax for the year is recognised on timing difference; being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised and carried forward only if there is a reasonable / virtual certainty of realization

II. NOTES ON ACCOUNTS :

1. Amalgamation of Luxury Exports Private Limited with Company

The Amalgamation of Luxury Exports Private Limited with Appointed Date as 1st April, 2009, has been completed and approved by the Honble High Court of Judicature at Mumbai. The financial statements include effects of this amalgamation.

- a) In accordance with the Scheme of Amalgamation of the erstwhile Luxury Exports Private Limited (hereinafter referred to as LEPL) with the Natraj Financial And Services Limited (hereinafter referred to as Company) as sanctioned by the Hon'ble High Court of Mumbai, the assets, liabilities and reserves of the LEPL were transferred to and vested in the Company w.e.f 1st April, 2009. The Hon'ble Mumbai High Court passed their order Dt.16th July, 2010 approving the merger. The certified copies of the said orders were duly filed with the Registrar of Companies within the due date.
- b) LEPL was registered to carry on business in India and or outside India as dealers, trader, importer, exporter of goods, items, products and to deal in metal scrap, ferrous and non-ferrous metals, diamonds, precious/semi-precious stones, iron, steel, hardware items, aluminum items, machineries, engineering goods, cement, building materials, stones, minerals electronic and electrical items, mobile, mobile accessories, woods including plywood, chemicals, drugs, cosmetics, general pharmacy item, rubber, plastic items, tyre tubes, computers, scrap material, automobiles, accessories, agricultural products, grocery, textile items, yarns, fabrics, garments, papers and stationery items.

The company also invested in its subsidiary, Balaji Corporation Private Limited, which is engaged in the business of real estate.

- c) The amalgamation has been accounted for under the pooling of interests method as prescribed by the Accounting Standard (AS 14 - Accounting for Amalgamations) issued by The Institute of Chartered Accountants of India. Accordingly, the assets, liabilities and reserves of erstwhile LEPL have been taken over at their books values. The difference between the amount recorded as share capital to be issued and the amount of share capital of the LEPL, i.e. Rs.1122.00 Lacs has been adjusted in Security Premium of the Company.
- d) As stipulated in the Scheme of Amalgamation and in accordance with the Accounting Standard AS 14 - Accounting for Amalgamations, issued by The Institute of Chartered Accountants of India, Security Premium for Rs.45.00 Lacs and Profit & Loss Account for Rs.(0.19) Lacs of erstwhile LEPL have been transferred to the corresponding Reserves accounts.

Consequent to the Amalgamation of LEPL with the Company and in accordance with the terms of Scheme of Amalgamation, the Company would allot 188 equity shares of the Company of Rs.10 each to the shareholders of LEPL for every 1 equity share of face value of Rs.10 held by them, total 1,12,80,000 equity shares would thus be allotted.

- e) During the period between the Appointed Date and the Effective Date as erstwhile LEPL carried on the existing business in trust on behalf of the company, all vouchers, documents, etc., for the period are in the name of erstwhile LEPL. The title deeds for landed properties, licenses, agreements, loan documents, etc., if any, are being transferred in the name of the Company.
 - f) Previous year's figures do not include the figures of LEPL and hence are not comparable to those of the current year.
2. The company has issued 73,00,000 new Equity Shares through the Postal Ballot dated 02/07/2009 under section 81(1A) and other applicable provision of The Company Act, 1956. These shares have been allotted at a price of Rs. 35.10 each which is in accordance with the Preferential Issue Guidelines issued by Securities & Exchange Board of India.

3. Contingent Liabilities –

Contingent Liabilities in respect of Income Tax Demand for the A.Y. 2007-08 of Rs. 8,08,662/- is not provided in the books of Accounts.

Corporate Guarantee – Rs. 3500.00 Lacs (P.Y. Rs. 3500.00 Lacs)

4. The Balance of Sundry Debtors, Loans & Advances and Current Liabilities are subject to confirmation from parties.
5. The Company has not provided for Gratuity and Leave Encashment to Employees on accrual basis, which is not in conformity with AS – 15 issued by ICAI. However, in the opinion of management the amount involved is negligible and has no impact on Profit & Loss Account.
6. In the opinion of the management, loans & advances are recoverable at the value stated in the financial statements and adequate provisions have been made in the accounts for all known liabilities.
7. Additional information pursuant to the provisions of Clause 4a of Part II of Schedule VI of the Companies Act, 1956:
Commission (u/s 349) “Nil”.
8. Additional information pursuant to the provisions of Clause 4b of Part II of Schedule VI of the Companies Act, 1956:

Auditor Remuneration :	2009-10	2008-09
- For Statutory Audit	75,000	35,000
- For Tax Audit	15,000	-
- For Vat Audit	10,000	-
- Service Tax	10,300	3,605

9. Additional information pursuant to the provisions of Paragraphs 4d of Part II of Schedule VI of the Companies Act, 1956:
a. Expenditure in Foreign currency “Nil”
b. Earning in Foreign currency “Nil”
10. Accounts payable to Small Scale Industrial Undertaking the head of Sundry Creditors – Nil
(Previous Year – Nil)

11. **Related Party Disclosures :**

A. *Related Parties and Nature of Relationship :*

I. Companies in which Directors having significant influence

1. Balaji Universal Tradelink Private Limited
2. Balaji Bullions & Commodities (I) Private Limited
3. Balaji Lifestyle Realtors Private Limited
4. Balaji Propbuilders Private Limited
5. Balaji Refinery Limited
6. Labh Commodities Private Limited
7. Om Movies Production Private Limited
8. Amla Global Impex Private Limited
9. Threewin Maritime (I) Private Limited
10. Luxury Exports Private Limited
11. Hill View Impex Private Limited

12. Jaguar Energy & Power Limited
13. Jaguar Gems & Jewellery Limited
14. Orbit Diamonds Private Limited
15. Shree Baiju Trading & Investments Pvt. Ltd.
16. Varun Industries Limited \$
17. Varun Jewels Private Limited \$
18. Shri Sai Jewels Private Limited \$
19. Varun Minerals Corporation Private Limited \$
20. Varun Petroleum Corporation Private Limited \$
21. Varun Real Estate (India) Private Limited \$
22. Varun Capital Market Advisory Private Limited \$
23. Varun Earthtech Limited \$
24. Rainbow Sunlight Jewels Private Limited #
25. Aishnoni Copper and Alloys Private Limited
26. Bright Telecom India Private Limited
27. RAS Extrusions Limited @
28. RAS Propack Lamipack Limited @
29. Paridhi Overseas Private Limited*

II. Firms in which Directors are Partners/Proprietor

1. Silver Coin
2. Balaji Builders & Developers
3. Burhani Builders & Developers
4. Balaji Enterprises
5. Devshanti Developers
6. Parshvwa Telesystem
7. Reliable Associates #
8. Rainbow Silk #

III. Key Management Personnel

1. Manoj Punamiya

Related Director/Partner/ Proprietor Resigned on 30.10.2009

\$ Related Director/Partner/ Proprietor Resigned on 10.02.2010

@ Related Director/Partner/ Proprietor Appointment on 19.03.2010

* Related Director/Partner/ Proprietor Appointment on 10.02.2010

B. Transaction with Related Parties.

	Companies in which Directors having Significant Influence	Firms in which Directors are Partners or Proprietors	Key Management personnel & their relative.
<u>Transaction Value</u>			
Director Remuneration	-	-	1,50,000
Reimbursement of Expenses	50,000	-	
Debit/Credit Balance O/s as on 31.03.2010	50,000	-	1,50,000
<u>Loan/Deposits Transactions</u>			
Advance Repaid	30,099	-	-
Deposits/Loans Taken	-	-	-
Deposits/Loans Repaid	-	2,24,720	-
Deposits/Loans Given	-	-	-
Deposits/Loans Repaid	-	-	-
Outstanding Dr./Cr. As on 31.03.2010	-	-	-

12. Earning per share (AS-20):

The company has issued potential equity shares, accordingly, basic and diluted earnings per share are as under:-

Particulars	2009-2010	2008-2009
Net Profit after Tax (Rs.)	30,83,986	7,39,534
Weighted Average No. of Equity Shares for computing Basic EPS	87,20,000	44,82,432
Dilutive impact of shares to issued pursuant to Merger	1,12,80,000	-
Weighted Average No. of Equity Shares for computing Diluted EPS	2,00,00,000	44,82,432
Nominal Value of Share (Rs.)	10	10
Basic and diluted Earning per share (Rs.)	0.35	0.16
Diluted Earning per Share	0.15	0.16

13. Accounting for taxes on income (AS-22):

Break up of net deferred Tax Liabilities into major components of the respective balance are as follows:

	Amt (Rs.)	Amt (Rs.)
	31.03.2010	31.03.2009
Deferred Tax Assets/ (Liabilities) during the year		
Difference Between Book & Tax depreciation	(72,768/-)	1,71,779/-

14. Segment Information (AS-17):

The Segments are identified based on the dominant sources and nature of risks and return. Unallocated Corporate Expenses relate to the enterprises as a whole and are not attributable to the segments.

Sr. No.	Particulars	2009-10	2008-09
1	Segment Revenue		
	a) Bullion	115,880,500	-
	b) Securities	11,653,179	3,688,327
	c) Real Estate	5,000,000	-
	d) others	3,138,480	3,571,626
	Total	135,672,159	7,259,953
	Less : -		
	Intersegment Revenue	-	-
	Sales/Income from operation	135,672,159	7,259,953
2	Segment Results		
	[Profit/(Loss) before tax and interest from each segment]		
	a) Bullion	3,479,000	-
	b) Securities	(3,098,837)	22,490
	c) Real Estate	4,991,335	-
	d) others	3,138,480	3,571,626
	Total	8,509,979	3,594,116
	Less : -		
	i) Interest	50,346	121,265
	ii) Other un-allocable expenditure net unallocable income	3,916,611	2,361,270
	Total profit before Tax	4,543,021	1,111,581

15. As required by accounting standard (AS 28) “Impairment of Assets” issued by the Institute of Chartered Accountants of India, the company has carried out the assessment of impairment of assets. There has been no impairment loss during the year.
16. Additional information pursuant to the provisions of Paragraph 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956:

Details of Purchase & Sales		Quantity	
		Current Year	Previous Year
Purchase	Shares (Nos.)	8000	Nil
	Gold (kg)	70	Nil
Sales	Shares (Nos.)	8000	1,12,449
	Gold (kg)	70	Nil

Details of Stock on Hand		Quantity	
		Current Year	Previous Year
Opening Stock	Shares (Nos.)	Nil	1,12,449
	Gold (kg)	Nil	Nil
Closing Stock	Shares (Nos.)	Nil	Nil
	Gold (kg)	Nil	Nil

17. Schedule 1 to 15 form an integral part of the Balance Sheet as at 31st March 2010 and the P & L A/c for the year ended on that date.
18. Prior year amounts have been regrouped & reclassified, where necessary, to confirm to current year’s presentation.
19. The Company has not received the required information from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been made.
20. Balance Sheet abstract and company’s general business profile as per the annexure A.
21. Being the first year of consolidation Previous years’ figures have not been given.

For Durgesh Kabra & Co.,
Chartered Accountants
 Firm Reg. No. – 102793W

For and on behalf of the Board of the directors

CA. Durgesh Kabra
Proprietor
M. No. 44075
 Place: Mumbai
 Date: 06.10.2010

Director

Director

NATRAJ FINANCIAL & SERVICES LIMITED

REGISTERED OFFICE: 410, MAKER CHAMBER –V, 4th FLOOR NARIMAN POINT, MUMBAI -400 021

ATTENDANCE SLIP

	Members' Folio/ Client & DP-ID No. _____
	No. of Shares _____ _____

I hereby record my presence at the 26th Annual General Meeting held on Friday, October 29, 2010, at 11.00 a.m. at Conference Hall, 18th Floor, C Wing, Mittal Tower, Nariman Point, Mumbai - 400 021, India.

Name of Member/Proxy _____ Signature of Member/Proxy _____

Notes:

Member/Proxy holder must bring the admission slip to the Meeting and hand-over at the entrance duly signed.

NATRAJ FINANCIAL & SERVICES LIMITED

REGISTERED OFFICE: 410, MAKER CHAMBER –V, 4th FLOOR NARIMAN POINT, MUMBAI -400 021

PROXY FORM

Members' Folio/ Client & DP-ID No. _____ No. of Shares _____ _____	Affix Rs.1 Revenue Stamp
---	--------------------------------

I/We _____
of _____
being a member/members of the above named Company, hereby appoint -
_____ of _____ or
failing him/her- _____ of _____
_____ of _____ as
my/our proxy to attend and vote for me/us on my/our behalf at the 26th Annual General Meeting of the
Company to be held on Friday, October 29, 2010, at 11.00 a.m. at Conference Hall, 18th Floor, C Wing,
Mittal Tower, Nariman Point, Mumbai - 400 021, India.

Notes:

1. The instrument of Proxy form shall be deposited at the Registered Office of the Company, not less than 48 hours before the time fixed for holding the Meeting.
2. The form should be signed across the stamp as per specimen signature registered with the Company.
3. A proxy need not to be member.

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