

NATRAJ

FIANACIAL & SERVICES LIMITES

25th ANNUAL REPORT 2008-2009

410, MAKER CHEMBER "V" NARIMAN POINT MUMBAI-400 021



"2009"

BOARD OF DIRECTORS

<i>MR.MANOJ PUNAMIYA</i>	<i>Director</i>
<i>MR. BINOD KUMAR SINHA</i>	<i>Director</i>
<i>MR. SANJAY K. CHOUDHARY</i>	<i>Director</i>
<i>MR. NITIN RATHOD</i>	<i>Director</i>
<i>MR. KETAN JAIN</i>	<i>Director</i>
<i>MR. KAILASH AGARWAL</i>	<i>Director</i>

BANKERS

*BANK OF INDIA
HDFC BANK
ICICI BANK
SYNDICATE BANK*

STATUTORY AUDITORS

M/s DURGESH KABRA & CO.

*CHARTERED ACCOUNTANTS
C-9, SANJAY APARTMENTS,
NEAR GOKUL HOTEL,
S.V.P ROAD, BORIVALI (W),
MUMBAI: 400092.*

COMPLIANCE OFFICER

Mr. SUNIL SAMPAT

REGISTERED OFFICE

*410, 4TH FLOOR, MAKER CHAMBER- V,
NARIMAN POINT, MUMBAI: 400021.*

CORPORATE OFFICE

*62 - C, 6TH FLOOR, MITTAL TOWER,
NARIMAN POINT, MUMBAI: 400 021.*

REGISTRAR AND SHARE TRANSFER AGENT

*LINK INTIME INDIA PRIVATE LIMITED
C-13, PANNALAL SILK MILLS COMPOUND, L.B.S. MARG, BHANDUP (W),
MUMBAI: 400 078. Ph.: (022) 25963838 Fax: (022) 2594 6969*

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NATRAJ FINANCIAL & SERVICES LIMITED

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

Ph. No.: 43417777

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, 2009.

1. Financial Results

	[Rupees in lacs]	
	For the year ended March 31,	
	<u>2009</u>	<u>2008</u>
Total Income	35.94	(42.59)
Profit Before Tax	11.12	(64.51)
Provision for Tax		
Current Tax	01.61	-
Deferred Tax	01.72	-
Profit After Tax	07.40	(64.51)

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.7.40 lacs as against Net Loss incurred to the tune of Rs.64.51 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, Mr. Binod Kumar Sinha & Mr. Sanjay Kumar Choudhary were appointed as Additional Directors of the Company w.e.f. 17/02/2009.

Mr. Tejas Shah, Mr. Umesh Ved and Mr. Manmohan Vyas resigned as Directors of the Company w.e.f. 20/03/2009 and Mr. Asimkumar Santara and Mr. Vijay Kumar Dubey resigned as Directors of the Company w.e.f. 02/07/2009

Further Mr. Kailash Agarwal, Mr. Ketan Jain & Mr. Nitin Rathod were appointed as Directors of the Company w.e.f. 20/03/2009 in place of the resigning Directors.

5. Auditors:

M/s. Durgesh Kabra & Co., Chartered Accountants, Mumbai retire at the forthcoming Annual General Meeting and have expressed their willingness to continue as Auditors of the

Company for the forthcoming year, if re-appointed. The Company has received from them the Certificate under Section 224(IB) of the Companies Act, 1956, regarding their eligibility.

6. Employees:

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

7. Deposits from Public:

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

8. 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. Ketan Jain	- Member, Independent & Non Executive
Mr. Manoj Punamiya	- Member, Non Executive

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

Mr. Manoj Punamiya	- Chairman & Non Executive
Mr. Nitin Rathod	- Member, Independent & Non Executive
Mr. Ketan Jain	- Member, Independent & Non Executive

Re-constitution of Remuneration Committee:

Mr. Sanjay Kumar Choudhary	- Chairman & Non Executive
Mr. Nitin Rathod	- Member, Independent & Non Executive
Mr. Ketan Jain	- Member, Independent & Non Executive

9. Auditors' Report:

M/s. Durgesh Kabra & Co., Chartered Accountants, Auditors of the Company retires at the conclusion of this Annual General Meeting and being eligible offers himself for reappointment.

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

10. 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.

11. 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 2009 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.

12. 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: 02/07/2009**

**MANOJ PUNAMIYA
CHAIRMAN.**

THE MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

(a) Industry structure and developments

Natraj Financial & Services Limited (NFSL), a member of Bombay Stock Exchange Limited, is carrying on stock broking operations in the Capital Markets Segment of the Bombay Stock Exchange. The industry to which the Company relates is the secondary market.

Share Broking, Investment and trading in securities are the core business of our Company. In spite of continued volatility, the trading and investment sector has been maintained its level of activities and catered to India's growing markets. Amidst a challenging business environment, your Company has reported satisfactory volumes. It was a satisfactory year for your Company and the Company is now under pressure to cut costs and improve its profitability further. In these type of industries the following golden rule to be applied i.e "the right decision at the right time."

(b) Opportunities and threats

The stock market operations involve inbuilt risk and uncertainty, which carries various opportunities and threats to the investors.

Indian Economy provides excellent growth opportunities as the increased thrust to power, road, ports, telecom and other urban infrastructure projects will create a positive environment for the Investment and Financial Services Industry in India. Further, growth of service sector also presents new opportunities for Investment and Financial Services Industry in India.

(c) Segment-wise or product-wise performance

The Company's main business is Share Broking Business trading and investment in shares and all the activities of the Company are related to its main business. As such there are no separate reportable segments.

(d) Outlook

The outlook for the Company is bright in future depending on the performance of securities market. Barring unforeseen circumstances, the Company expects to perform satisfactorily during the next year 2009-10.

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

(e) Risks and Concerns

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

(f) Internal Control Systems 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.

(g) Discussions on Financial Performance with respect to Operational Performance:

(Rs. in Lacs)

Highlights	2008-2009	2007-2008
Income from Operations	35.94	(42.59)
Profit before Interest, Depreciation and Tax	17.10	(57.80)
Interest Expenditure	01.21	02.06
Depreciation	04.78	04.63
Provision for Taxation (Including Deferred Tax & Fringe benefit tax)	03.72	(00.01)
Net Profit after Tax	07.39	(64.50)
Earnings per Share (in Rs.)		
- Basic	0.16	(1.48)
- Diluted	0.16	(1.48)

(h) 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 six non-executive directors, including the Chairman and out of the said six 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 Directorships *	No. of Members of other Board Comm.	No. of other Comm. Chairmanships
1.	@Mr. Umesh Ved	Independent Non Executive	-	-	-
2.	@Mr. Manmohan Vyas	Executive Director	-	-	-
3.	@Mr. Tejash Shah	Executive Director	-	-	-
4.	Mr. Asimkumar Santara	Independent Director	-	-	-
5.	Mr. Vijaykumar Dubey	Independent Director	-	-	-
6.	**Mr. Manoj Punamiya	Non Executive	13	-	-
7.	**Mr. Sanjay Kumar Choudhary	Non Executive	11	-	-
8.	**Mr. Binod Kumar Sinha	Non Executive	11	-	-
9.	#Mr. Nitin Rathod	Non Executive & Independent	2	-	-
10.	#Mr. Ketan Jain	Non Executive & Independent	1	-	-
11.	#Mr. Kailash Agarwal	Non Executive & Independent	8	-	-

* Excludes directorships in private limited companies.

** Appointed as Additional Directors at the Board Meeting held on 17/02/2009.

@Resigned as Directors w.e.f. 20/03/2009

#Appointed as Directors at the Board Meeting held on 20/03/2009

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 **Six (06)** Board Meetings during the year ended 31st March, 2009 i.e. on 28th May 2008, 30th June 2008, 31st July 2008, 31st October 2008, 28th January 2009 and 20th March 2009. The Table hereunder gives the attendance record of the Directors at the Board Meetings held during 2008-09 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. Tejash Shah	6	5	Yes
Mr. Manmohan Vyas	6	5	Yes
Mr. Umesh Ved	6	5	Yes
Mr. Asim Kumar Santara	6	6	No
Mr. Vijay Kumar Dubey	6	6	No
Mr. Manoj Punamiya**	6	1	N.A.
Mr. Sanjay Kumar Choudhary**	6	1	N.A.
Mr. Binod Kumar Sinha**	6	1	N.A.
Mr. Nitin Rathod #	6	1	N.A.
Mr. Ketan Jain #	6	1	N.A.
Mr. Kailash Agarwal #	6	-	N.A.

*** Appointed as Additional Directors at the Board Meeting held on 17/02/2009*

#Appointed as Directors at the Board Meeting held on 20/03/2009

3. Audit Committee

Terms of references of Audit Committee:

- a) To ensure transparency, integrity, correctness, statutory compliance, and credibility of all financial statements or announcements before their submissions to the Board.
- b) To hold periodic discussions with statutory auditors on the scope and content of audit; and to recommend the appointment, removal and remuneration of auditors.

- c) To review with management the adequacy of Company's internal control systems and the action taken on auditors' reports.
- d) To apprise the Board on the impact of accounting policies, standards and legislation.
- e) To examine and report on the Company's financial and risk management policies and major defaults if any.

Scope of the Audit Committee:

- a) Provide an open avenue of communication between the independent auditor and the Board of Directors ("BoD")
- b) 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.
- c) 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.
- d) Confirm and assure the independence of the external auditor.
- e) 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.
- f) Consider and review with the independent auditor the adequacy of internal controls including the computerised information system controls and security;
- g) Reviewing with the management the Quarterly financial statements before submission to the Board for approval.
- h) Reviewing with the management the annual financial statements before submission to the Board, focusing primarily on:
 - i. Any changes in the accounting policies and practices
 - ii. The going concern assumption
 - iii. Compliance with accounting standards
 - iv. Compliance with listing and other legal requirements concerning financial statements
 - v. Significant adjustment arising out of audit
 - vi. Disclosure of any related party transactions.
 - vii. Qualification in the draft audit report
- i) Consider and review with the management and the independent auditor;
 - i. Significant findings during the year, including the status of previous audit recommendations,
 - ii. Any difficulties encountered in the course of audit work including any restrictions on the scope of activities or access to required information.
- j) Review of the following information:
 - i. Management discussion and analysis of the financial conditions and results of operations;
 - ii. Statement of significant related party transactions submitted by the management;
 - iii. Management letters/letters of internal control weaknesses issued by the Statutory Auditors.

- k) 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.
- l) 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 of which two are 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. Ketan Jain	- Member, Independent & Non Executive
Mr. Manoj Punamiya	- Member, Non Executive

Audit Committee Meetings and Attendance during the financial year ended 31st March, 2009

During the financial year ended 31st March, 2009, Four Audit Committee Meetings were held on June 30, 2008, July 31 2008, October 31 2008 and January 28 2009. 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. Umesh Ved	4	4
**Mr. Asim Kumar Santara	4	4
**Mr. Vijay Dubey	4	4
@Mr. Nitin Rathod	N.A.	N.A.
@Mr. Ketan Jain	N.A.	N.A.
#Mr. Manoj Punamiya	N.A.	N.A.

**Ceased to be a member of the Audit Committee w.e.f. 20th March 2009.*

***Resigned as members of the Audit Committee w.e.f. 31st March 2009.*

@Inducted as Members of the Audit Committee w.e.f. 20/03/2009

Inducted as Member of the Audit Committee w.e.f. 17/02/2009

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:

1. Mr. Nitin Rathod - Chairman, Independent & Non Executive
2. Mr. Ketan Jain- Member - Independent & Non Executive
3. Mr. Manoj Punamiya - Member, Non Executive

5. Shareholder's Cum Investors Grievance Committee

The Shareholder's Cum Investors Grievance Committee is headed by Mr. Manoj Punamiya.

The composition of the reconstituted Shareholders' Cum Investors Grievance Committee is as under:

- Mr. Manoj Punamiya - Chairman & Non Executive
Mr. Nitin Rathod - Member, Independent & Non Executive
Mr. Ketan Jain - Member, Independent & Non Executive

Meetings and Attendance:

Four Shareholders/Investors Grievance Committee Meetings were held during the year ended March 31, 2009. 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	21/08/2006	12/D-1, Esteejeejay C.H.S., Sai Baba Nagar, Borivali (W), Mumbai 400092	11.30 a.m.
2007-2008	28/09/2007	12/D-1, Estee jeejay C.H.S., Sai Baba Nagar, Borivali (W), Mumbai 400092	3.00 p.m.
2007-2008	20/08/2008	12/D-1, Esteejeejay, C.H.S., Sai Baba Nagar, Borivali (W), Mumbai: 400 097.	4.00 p.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.10 of Schedule 12 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 *The Free Press Journal (English language)* and *Nav Shakti (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 Practising Company Secretary 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 Chairman'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	August 08, 2009, at 11.00 a.m.
ii.	Dates of book closures	05 th August 2009 to 08 th August 2009 (both days inclusive)
iii.	Venue of AGM	Conference Hall, 18 th 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):

Date	High (Rs.)	Low (Rs.)	No. of Shares	No. of Trades
April 2008	46.30	24.60	32000	237
May 2008	70.00	48.55	172400	402
June 2008	68.00	43.70	735450	586
July 2008	41.55	26.45	300950	347
August 2008	31.95	26.00	51250	149
September 2008	39.45	26.75	595347	867
October 2008	34.90	28.30	595906	410
November 2008	36.35	27.50	254187	346
December 2008	37.40	30.60	227935	322
January 2009	39.50	26.50	866131	478
February 2009	36.75	28.50	703731	616
March 2009	39.00	28.30	749835	488

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

I. CATEGORY-WISE DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2009

Category	Shareholders		Shares	
	Number	% to total Shareholders	Number	% to total Capital
PROMOTERS HOLDING				
Indian Promoters	5	01.62	2076845	46.15
Total of promoter holding	5	01.62	2076845	46.15
NON- PROMOTER HOLDING				
Institutional Investors				
Banks	1	0.41	600	0.01
FIs	0	0.00	0	0.00
Others				
Private Corporate Bodies	35	11.36	930576	20.68
Indian Public	261	84.74	1477931	32.85
NRIs / OCBs	0	0.00	0.00	0.00
Clearing Member	6	1.66	14048	0.31
Any Other (Shares in Transit)	0	0.00	0.00	0.00
Total of non-promoter holding	303	98.38	2423155	53.85
Grand Total	308	100.00	45,00,000	100.00

II. SLAB-WISE DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2009

Nominal Value of Rs.	Shareholders Number	% of Total	No. of Shares (Rs.10 each)	% to Equity
1 – 5000	205	66.558	230660	0.513
5001 – 10000	31	10.065	257900	0.573
10001 – 20000	12	03.896	191090	0.425
20,001 – 30,000	08	02.597	196500	0.437
30,001 – 40,000	03	00.974	95610	0.212
40,001 – 50,000	06	01.948	287580	0.639
50,001 – 1,00,000	02	00.649	200000	0.444
1,00,001 & Above	41	13.313	43540660	96.757
TOTALS	308	100.000	45000000	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 Intime Spectrum Registry Ltd, Mumbai – 400 078 under tripartite agreements. The distribution of dematerialized and physical shares as on March 31, 2009 was as follows:

	No. of shares	%
1. Dematerialized Shares		
NSDL	1517030	33.72
CDSL	2718470	60.41
	<u>4235500</u>	<u>94.13</u>
2. Physical Shares	264500	05.87
Total	<u>4500000</u>	<u>100.00</u>

Outstanding GDR/ADR/Warrants/Convertible instruments etc:

- There are no outstanding securities as at 31st March 2009.

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) 2596 3838
Fax No: (022) 2594 6969
Email-id:

CERTIFICATE ON CORPORATE GOVERNANCE

Pursuant to Clause 49 I (D) of the Listing Agreement entered into with the Stock Exchanges, 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: Mumbai
Date: 02nd July 2009

Manoj Punamiya
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, 2009, 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, 2009, no investor grievances are pending against the Company as on July 02, 2009, 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

Mumbai
02ND July 2009

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 2009 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 further state 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, 2009 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 2009.
 - ii) In the case of the Profit and Loss Account, of the Profit of the Company for the year ended on the date; and
 - iii) In the case of the cash flow statement, of the cash flows for the year ended on that date.

For **Durgesh Kabra & Co.**
Chartered Accountants

CA. Durgesh Kabra
Proprietor
M. No. 044075
Place: Mumbai.
Date: 2nd July, 2009

**Annexure refer to in Paragraph 1 of our report dated 2nd July, 2009, 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 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 (Shares) of the company has been physically verified by the management (through Demat Statement). In our opinion, the frequency of verification is reasonable.
(b) In our opinion, and according to information and explanation given to us the procedure 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 granted loans to one Company covered in register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.11,718,300/- and the year end balance is Rs.11,718,300/-
(b) In our opinion, rate of interest and other terms & conditions of such loans are not, prima facie, prejudicial to the interest of the company.
(c) There are no stipulations as to repayment of principal and interest amount.
(d) As informed to us, there is no overdue amount in excess of Rupees One lakh in respect of loan granted to Companies listed in the register maintain under section 301 of the Companies Act, 1956 since repayment Schedule is not stipulated.
(e) The Company has not taken loans from party covered in the register maintained under Section 301 of the Companies Act, 1956, hence para e to g 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 (shares), fixed assets and with regard to the sale of goods (shares) 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. (a) In respect of transactions covered under section 301 of the Companies Act, 1956. In our opinion and according to the information given to us, the 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 and that have been so entered.
(b) In our opinion and according to the information and explanations given to us, where such transactions are in excess of Rupees five lakhs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
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. The Company does not have a formal internal audit system commensurate with its size and nature of business but its financial and other internal checks ensure proper recording of financial transactions.
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 31.03.2009 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.
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; however the Company has incurred cash loss during 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 conversion of warrants 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.1 in Notes on Accounts in schedule 12)
 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

CA. Durgesh Kabra
Proprietor
M. No. 044075
Place: Mumbai.
Date: 2nd July, 2009.

NATRAJ FINANCIAL & SERVICES LIMITED
BALANCE SHEET AS AT 31st MARCH 2009

PARTICULARS	SCHE - DULE	AS AT 31-3-2009 Rs	AS AT 31-3-2008 Rs
<u>I. SOURCES OF FUNDS:</u>			
Shareholders' Funds			
Share Capital	1	45,000,000	43,875,000
Convertible Warrants		-	225,000
Reserves & Surplus	2	40,292,133	38,435,048
		85,292,133	82,535,048
Loan Funds			
Secured Loan	3	440,387	1,417,618
Unsecured Loan	4	-	966,672
		440,387	2,384,290
Deferred Tax Liabilities		212,515	33,286
Total		85,945,035	84,952,624
<u>II. APPLICATION OF FUNDS:</u>			
Fixed Assets			
Gross Block	5	4,750,744	4,750,744
Less : Depreciation		1,153,564	675,591
Net Block		3,597,180	4,075,153
Investments	6	1,331,389	1,331,389
Current Assets, Loans & Advances			
Inventories		-	3,665,837
Sundry Debtors	7	3,140,566	-
Cash & Bank Balances	8	36,628	96,159
Other Current assets		-	-
Loans & Advances	9	79,163,247	76,928,129
		82,340,442	80,690,125
Less: Current Liabilities & Provisions	10	1,463,970	1,352,136
Net Current Assets		80,876,472	79,337,989
Miscellaneous Expenditure			
(To the extent not written off or adjusted)			
Share Issue Expenses		139,993	208,093
Total		85,945,035	84,952,624
Significant Accounting Policies and Notes forming part of the Accounts	13		

For Durgesh Kabra & Co.
Chartered Accountants

CA. Durgesh Kabra
Proprietor
M. No. 044075
Place: Mumbai
Date : 2nd July 2009

For and on behalf of the Board

Directors **Directors**

NATRAJ FINANCIAL & SERVICES LIMITED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2009

P A R T I C U L A R S	SCHE - D U L E	31-3-2009 Rs.	31-3-2008 Rs.
<u>INCOME:</u>			
Income from operations	11	3,594,116	(943,729)
Other income		-	(3,315,644)
Total		3,594,116	(4,259,373)
<u>EXPENSES:</u>			
Expenses For Employees :			
Salaries		1,054,000	268,800
Staff Welfare Expenses		-	14,357
Administrative & other Exps	12	829,297	1,237,341
Depriciation		477,973	463,307
Interest & Finance Charge		121,265	206,791
Total		2,482,535	2,190,596
Profit Before Tax		1,111,581	(6,449,969)
Provision for FBT		39,382	49,741
Provision for Tax - Current Tax		160,886	-
- Deferred Tax		179,229	(48,660)
Profit After Tax		732,085	(6,451,051)
Less : Short Provision for earlier years		-	7,496
Profit Carried to Profit & Loss A/c		732,085	(6,458,547)
Basic EPS (Rs.)		0.16	(1.48)
Diluted EPS (RS.)		0.16	(1.48)

Significant Accounting Policies and Notes forming part of the Accounts 13

For Durgesh Kabra & Co.
Chartered Accountants

For and on behalf of the Board

CA. Durgesh Kabra
Proprietor
M. No. 044075
Place: Mumbai
Date : 2nd July 2009

Directors Directors

SCHEDULE 5 : FIXED ASSETS

ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 01.04.2008	ADDITIONS	DELETION/ ADJUSTMENTS	AS AT 31.03.2009	AS AT 01.04.2008	FOR THE PERIOD	DELETION/ ADJUSTMENTS	AS AT 31.03.2009	AS AT 31.03.2008	AS AT 31.03.2009
Computers	451,456	-	-	451,456	74,491	72,981	-	147,472	376,965	303,984
Motor Cars	4,250,288	-	-	4,250,288	597,407	402,671	-	1,000,078	3,652,881	3,250,210
Air Conditioner	49,000	-	-	49,000	3,693	2,321	-	6,014	45,308	42,986
TOTAL	4,750,744	-	-	4,750,744	675,591	477,973	-	1,153,564	4,075,153	3,597,180
PREVIOUS YEAR	4,554,636	-	196,108	4,750,744	212,284	463,307	-	675,591	4,342,352	4,075,153

NATRAJ FINANCIAL & SERVICES LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2009

P A R T I C U L A R S	31-3-2009 Rs.	31-3-2008 Rs.
S C H E D U L E - 1 :		
<u>SHARE CAPITAL</u>		
<u>Authorised Capital</u>		
60,00,000 Equity Shares of Rs.10/- each (Last year 60,00,000 Equity Shares of Rs.10/- each fully paid)	<u>60,000,000</u>	<u>60,000,000</u>
<u>Issued, subscribed and paid-up</u>		
45,00,000 Equity Shares of Rs.10/- each fully paid (Last year 43,87,500 Equity Shares of Rs.10/- each fully paid)	45,000,000	43,875,000
	<u>45,000,000</u>	<u>43,875,000</u>
S C H E D U L E - 2 :		
<u>RESERVES & SURPLUS</u>		
Security Premium		
As Per Last Balance Sheet	33,875,000	32,750,000
Add : Addition during the year	1,125,000	1,125,000
A	<u>35,000,000</u>	<u>33,875,000</u>
Capital Reserve		
As Per Last Balance Sheet	3,000,000	3,000,000
Add : Addition during the year	-	-
B	<u>3,000,000</u>	<u>3,000,000</u>
Profit & Loss Account		
As Per Last Balance Sheet	1,560,048	8,018,595
Add : Addition during the year	732,085	(6,458,547)
C	<u>2,292,133</u>	<u>1,560,048</u>
(A+B+C)	<u>40,292,133</u>	<u>38,435,048</u>
S C H E D U L E - 3 :		
<u>Secured Loan</u>		
Vehicle Loan - ICICI Bank limited (Secured against Hypothecation of Motor Car)	440,387	1,417,618
	<u>440,387</u>	<u>1,417,618</u>
S C H E D U L E - 4 :		
<u>Unsecured Loan</u>		
From Director	-	966,672
From Other	-	-
	<u>-</u>	<u>966,672</u>

NATRAJ FINANCIAL & SERVICES LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2009

P A R T I C U L A R S	31-3-2009		31-3-2008	
	Rs.		Rs.	
SCHEDULE - 6 :				
<u>INVESTMENTS : AT COST</u>				
1. INVESTMENTS: - (Long Term)	Face	No. of		No. of
Fully Paid up Quoted	value	Shares		Shares
	(Rs.)			
Autoline Industries Ltd	10	500	82,612	500 82,612
Cambridge Solution Ltd	10	2,000	173,500	2,000 173,500
Sunteck Realty Ltd	10	1,500	875,882	1,500 875,882
Unichem Lab. Ltd	5	1,050	199,395	1,050 199,395
			1,331,389	1,331,389
			1,331,389	1,331,389
TOTAL INVESTMENT			1,331,389	1,331,389
Market Value of quoted investments			3,014,923	2,560,703
SCHEDULE - 7 :				
<u>Sundry Debtors</u>				
(Unsecured, considered good)				
- Debts outstanding for a period exceeding six months			3,140,566	-
- Other debts			-	-
			3,140,566	-
SCHEDULE - 8 :				
<u>Cash & Bank Balance</u>				
Cash in Hand			10,210	19,386
Balance with Scheduled Bank In Current Accounts			26,418	76,773
			36,628	96,159
SCHEDULE - 9 :				
<u>Loans & Advances</u>				
(Unsecured, considered good)				
Advance Recoverable in cash or kind			65,553,687	64,082,744
Deposit			12,265,000	12,265,000
FBT, Advance Tax & TDS			1,344,560	580,385
			79,163,247	76,928,129
SCHEDULE - 10 :				
<u>Current Liabilities & Provisions</u>				
Current Liabilities				
Sundry Creditors				
- Total outstanding dues to Micro & Small Enterprises			-	
- Total outstanding dues to other then Micro & Small Enterprises			69,499	
Other Liabilities			1,138,070	1,296,003
Provision - For taxation			256,401	56,133
			1,463,970	1,352,136

NATRAJ FINANCIAL & SERVICES LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2009

P A R T I C U L A R S	31-3-2009 Rs.	31-3-2008 Rs.
S C H E D U L E - 11 :		
<u>INCOME FROM OPERATIONS :</u>		
Brokerage Income	-	90,331
Dividend Income	10,900	46,123
Bank Interest	-	7,397
Interest Income	3,560,726	2,199,848
{TDS of Rs.7,64,175 (previous year Rs.4,71,773)}		
<u>Income from Dealing in Share :</u>		
Sales	3,688,327	502,364,099
Less : Purchases	-	(508,648,965)
Less : Opening Stock	(3,665,837)	-
Add : Closing Stock	-	3,665,837
Loss on account of Misappropriation of Investments	-	(668,400)
	<u>3,594,116</u>	<u>(943,729)</u>
S C H E D U L E - 12 :		
<u>ADMINISTRATIVE & OTHER EXPENSES:</u>		
Advertising Expenses	19,545	20,689
Auditors Remuneration	38,605	39,326
Bank Charges	40,209	29,763
BSE Charges	307,093	39,746
BSE Admission Fees	-	250,000
BSE Annual Fees	-	7,000
Computer Expenses	-	12,374
Conveyance Expenses	12,766	6,684
Demate Charges	77,102	95,872
Electricity Expenses	-	93,210
General Expenses	-	46,221
Insurance	19,650	31,518
Listing Fees	61,084	60,000
Legal Fees	30,720	-
Motor Car Expenses	24,717	16,756
Misc. Expenses	2,983	21,460
Printing & Stationery	9,723	34,145
Professional Fees	-	114,118
Rent	99,000	102,000
Security Charges	-	42,000
Share Issue Expenses written off	68,100	68,100
Telephone Expenses	18,000	106,360
	<u>829,297</u>	<u>1,237,341</u>

NATRAJ FINANCIAL & SERVICES LIMITED

SCHEDULE '13'

ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS

NATURE OF BUSINESS:

Natraj Financial & Services Limited (NFSL) is engaged in the business of Stock Broking, Investment and Finance.

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, and 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 state otherwise. Dividends on investments are accounted for when the right to receive 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/disposed off during the year, is provided on pro-rata basis.

(d) Investments :

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

(e) Inventory ;

Inventories (Shares) are valued at cost or market value whichever less.

(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 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

- i. Preliminary Expenditure:
Preliminary expenses are amortized over a period of 10 years.
- ii. 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. The company had in the previous year received Rs. 20.25 Lacs from investors towards Conversion of 1,12,500 Convertible Warrants into 1,12,500 Equity Share of Rs. 10 per share (inclusive of premium of Rs. 10 per share) on preferential Basis. This money was received in terms of the resolution passed by the member of the Company in their Extra-ordinary General Meeting.
2. The Balance of Sundry Debtors, Loans & Advances and Current Liabilities are subject to confirmation from parties.
3. 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.
4. 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.
5. 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".
6. Additional information pursuant to the provisions of Clause 4b of Part II of Schedule VI of the Companies Act, 1956:

Particulars	2008-09	2007-08
Auditor Remuneration :		
- For Statutory Audit	38,605	39,326
- For Other matters	-	17,978

7. 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"

8. Accounts payable to Small Scale Industrial Undertaking the head of Sundry Creditors – Nil
(Previous Year – Nil)
9. Contingent Liabilities – Nil (Previous year – Nil)

10. **Related Party Disclosures :**

A. *Related Parties and Nature of Relationship :*

I. Companies in which Directors having significant influence

1. Sandesh Finvest Pvt Ltd.*
2. Satguru Capital & Finance Private Limited *
3. Superline Consultant Private Limited *
4. Gandhar Gautam Fab-Tax Pvt Ltd *
5. Sagar Tex Creation Pvt Ltd *
6. Columbia Global Ltd.
7. Cyber info Vision Pvt. Ltd.
8. Dynamic Finstock Pvt. Ltd
9. Gee Tele Network Ltd.
10. Gopi (India) Pvt. Ltd.
11. Mrunal Advisory Pvt. Ltd.
12. Mrunal Agency And Financials Pvt. Ltd
13. Reni Consultants Pvt. Ltd.
14. Rohan Corporate Services Pvt. Ltd.
15. Balaji universal tradelink private limited #
16. Balaji bullions & commodities (i) pvt ltd.#
17. Balaji lifestyle realtors private limited #
18. Balaji propbuilders private limited #
19. Balaji refineries limited #
20. Labh commodities private limited #
21. Om movies production private limited #
22. Amla global impex private limited #
23. Threewin maritime (i) private limited #
24. Satyam art and media private limited #
25. Blue techno projects limited #
26. Varun industries limited \$
27. Varun jewels private limited \$
28. Shri sai jewels private limited \$
29. Varun minerals corporation pvt. Ltd. \$
30. Varun petroleum corporation pvt. Ltd. \$
31. Varun real estate (india) pvt. Ltd \$
32. Varun capital market advisory pvt. Ltd \$
33. Varun earthtech limited \$
34. Rainbow sunlight jewels private limited \$
35. Aishnoni copper and alloys private limited \$
36. Bright telecom india private limited \$

II. Firms in which Directors are Partners/Proprietor

1. DMKH & Co. *
2. Sanklecha & Co. *
3. Shetty Santara & Associates
4. Umesh Ved & Associates
5. Silver coin #
6. Balaji builders & developers #
7. Parshvwa telesystem \$
8. Reliable associates \$
9. Rainbow silk \$

III. Key Management Personnel

1. Tejash Shah £
2. Manmohan H. Vyas £

* Related Director/Partner/ Proprietor retired on 26/06/2008

Related Director/Partner/ Proprietor appointed on 17/02/08

\$ Related Director/Partner/ Proprietor appointed on 20/03/08

£ Retired on 20/03/2009

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>			
Office Rent	-	-	45,000
Debit/Credit Balance O/s as on 31.03.2009	-		96,900Dr.
<u>Loan/Deposits Transactions</u>			
Deposits/Loans Taken	-	-	20,50,000
Deposits/Loans Repaid	-	-	30,16,672
Deposits/Loans Given	13,41,570	-	-
Deposits/Loans Repaid	12,16,913	-	-
Outstanding Dr./Cr. As on 31.03.2009	1,17,18,300 Dr.	-	-

11. **Earning per share (AS-20):**

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

Particulars	2008-2009	2007-2008
Net Profit after Tax (Rs.)	7,45,042	(64,50,568)
Weighted Average No. of Equity Shares	44,82,432	43,68,750
Dilutive Potential Equity Shares	-	1,12,500
Nominal Value of Share (Rs.)	10	10
Basic Earning per share (Rs.)	0.17	(1.48)
Diluted Earning per share (Rs.)	0.17	(1.48)

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

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

	<u>Amt (Rs.)</u>
Deferred Tax Liability during the year 31.03.2009	
Difference Between book & Tax depreciation	1,71,779/-

13. Segment Information (AS-17): Company has only one segment of activity namely “Investment and dealing & broking in Securities”. Since there is no export turnover there are no reportable geographical segments.

14. 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 of loss during the year.

15. 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	Unit	Quantity		Amount (Rs.)	
		Current Year	Previous Year	Current Year	Previous Year
Purchase & Sales					
Purchase	Shares	Nil	Nil	Nil	Nil
Sales	Shares	1,12,449	Nil	36,88,327	Nil

Details of	Unit	Quantity		Amount (Rs.)	
		Current Year	Previous Year	Current Year	Previous Year
Shares on Hand					
Opening Stock	Shares	1,12,449	Nil	36,65,837	Nil
Closing Stock	Shares	Nil	Nil	Nil	Nil

16. Schedule 1 to 12 forms the integral part of the Balance Sheet as at 31st March 2009 and the P & L A/c for the year ended on that date.

17. The Company does not have a full time Company Secretary though the same is required as per the provisions of Section 383A of the Companies Act, 1956

18. Prior year amounts have been regroup & reclassified, where necessary to confirm to current year’s presentation.

19. Balance Sheet abstract and company’s general business profile as per the annexure A.

For Durgesh Kabra & Co.,
Chartered Accountants

For and on behalf of the Board of the directors

CA. Durgesh Kabra
Proprietor
M. No. 44075
Place: Mumbai
Date: 2nd July, 2009

Manoj B. Punamiya
Director

Sanjay K. Chaudhary
Director

NATRAJ FINANCIAL & SERVICES LIMITED
CASH FLOW STATEMENT FOR THE FINANCIAL YEAR 2008-2009

Particulars	As at 31.03.2009	As at 31.03.2008
Cash Flow from Operating Activities		
Net profit before Tax as per Profit & Loss Account	1,111,581	(6,449,969)
Adjusted for:		
Depreciation	477,973	463,307
(Profit)/Loss on Sale of Investment	-	3,315,644
Share Issue Expenses written off	68,100	68,100
Operating Profit before Working Capital Changes	1,657,654	(2,602,919)
Adjusted for:		
(Increase)/ Decrease in Stock in trade	3,665,837	(3,665,837)
Trade and Other receivables	(3,140,566)	(19,713,471)
Trade Payables	(88,434)	685,599
Loans & Advances	(1,470,943)	
Income Tax Refund/(Paid)		(22,034)
Cash flow from Operations	(1,034,107)	(25,318,662)
Advance Tax & TDS	(764,175)	(486,773)
Cash Flow from Operating activities (A)	(140,628)	(25,805,435)
Cash Flow from Investing Activities		
Purchase of Investments	-	(6,927,354)
Sale of Investments	-	32,149,323
Purchase of Fixed Assets	-	(196,108)
Net Cash used in Investing Activities (B)	-	25,025,861
Cash Flow from Financing Activities		
Proceeds From Share Capital	1,125,000	1,125,000
Payment to Secured Loans	(977,231)	(959,936)
Payment to Unsecured Loans	(966,672)	(1,058,328)
Share Premium	1,125,000	1,125,000
Share Warrants	(225,000)	(225,000)
Share issue Expenses		(65,500)
Cash Flow from Financing Activities (C)	81,097	(58,764)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(59,531)	(838,337)
Opening Balance of Cash and Cash Equivalents	96,159	934,496
Closing Balance of Cash and Cash Equivalents	36,628	96,159

For Durgesh Kabra & Co.
Chartered Accountants

CA. Durgesh Kabra
Partner

M. No. 44075

Place: Mumbai

Date : June 2009

For and on behalf of the Board

Directors

Directors

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, 2009

2. Capital Raised During the Year

(Amt. Rs. in '000)

Public Issue	:	Nil
Rights Issue	:	Nil
Bonus Issue	:	Nil
Pvt. Placement (Promoters)	:	1,125.00

3. Position of mobilisation and deployment of Funds

(Amt. Rs. in '000)

Total Liabilities	:	85,945.04
Total Assets	:	85,945.04

Sources Of Funds

(Amt. Rs. in '000)

Paid Up Capital	:	45,000.00
Reserves & Surplus	:	40,299.58
Secured Loans	:	440.39
Unsecured Loans	:	-
Net Deferred Tax Liability	:	205.07

Application Of Funds

(Amt. Rs. in '000)

Net Fixed Assets	:	3,597.18
Investments	:	1,331.39
Net Current Assets	:	80,876.47
Miscellaneous Expenditure	:	139.99
Accumulated Losses	:	Nil

4. Performance Of Company

(Amt. Rs. in '000)

Turnover (Gross Receipts)	:	3,594.12
Total Expenditure	:	2,482.53
Profit/(Loss) before tax	:	1,111.58
Profit/(Loss) after tax	:	739.54
Earnings Per Share (in Rs.)	:	0.16
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