DIRECTORS' REPORT

Your Directors have pleasure in presenting the Twelfth Annual Report together with the audited accounts of the company for the year ended March 31, 2008.

1. FINANCIAL RESULTS

The financial results for the year ended March 31, 2008 along with comparative figures for the previous year, are given below:

		(Rs. in lacs)
	31.3.2008	**31.3.2007**
Total Income	17262.55	12613.61
Total Expenditure	10561.92	10975.31
Profit/(Loss) Before Tax	**6700.63**	**1638.30**
Less : Provision for Income Tax (including deferred tax)	2184.85	41.97
Profit /(Loss) After Tax	**4515.78**	**1596.33**
Add: Balance in Profit & Loss Account brought forward	2435.14	1158.81
Amount available for Appropriation	6950.92	2755.14
Proposed Appropriations :		
Transfer to Statutory Reserve	904.00	320.00
General Reserve	226.00	0.00
Proposed Dividend	2025.11	0.00
Dividend Distribution Tax	344.17	0.00
Balance carried forward	**3451.64**	**2435.14**

During the financial year 2007-08, yields on securities in the domestic debt market exhibited high volatility. A spate of dated securities and treasury bill auctions combined with selling pressure across global bond markets took yield on 10 year security as high as 8.29 per cent in the first quarter. Later on, a medium term benign interest rate outlook and intermittent easy liquidity conditions took 10-year yield to intra year low of 7.38 per cent. However, liquidity tightening measures in the form of 150 bps CRR hike during the year and year end inflationary concerns resulted in 10-year yield closing the financial year at 7.94 per cent. The company, despite this volatility, made a profit before tax of Rs. 6700.63 lacs during the year ended March 31, 2008 due to prudent funds management and reorientation of trading strategies.

2. CAPITAL ADEQUACY

Capital adequacy ratio as on March 31, 2008 stood at 34.55 per cent against the RBI stipulation of 15 per cent.

3. DIVIDEND

The Board has recommended a final dividend of 15 per cent for the financial year 2007-08 amounting to Rs. 2025.11 lacs. The total outflow on account of said dividend shall be Rs. 2369.28 lacs (including Dividend Distribution Tax).

4. OTHER MATTERS

4.1. Directors

During the year, the Board of Directors met seven times to review strategic, operational, technological and financial matters besides laying down policies and procedures for operational

management of the company against the required minimum of 4 meetings in a year. The Audit Committee of the Board met four times, the Share Transfer Committee met twenty eight times and Shareholders' / Investor Grievance Committee met thirteen times.

Changes since last Annual General Meeting

No changes have taken place in the Board of Directors of the company since the date of last Annual General Meeting.

Retirement of Directors by Rotation

As per Article 99 of the Articles of Association of the company, Sh. K. Raghuraman, Dr. Kamal Gupta, Sh. S. K. Soni and Sh. A. K. Gupta shall retire by rotation in the forthcoming Annual General Meeting and are eligible for reappointment.

Corporate Governance

Corporate Governance for the company means achieving high level of accountability, efficiency, responsibility and fairness in all areas of operations. Our workforce is committed towards the protection of the interest of the stakeholders including shareholders, creditors, investors, customers, employees, etc. Our policies consistently undergo improvements keeping in mind our goal i.e. maximization of value of all the stakeholders. The Corporate Governance practices followed by the company are given in the Annual Report. A certificate from M/s Bansal R. Kumar and Associates, Statutory Auditors of the company regarding compliance of conditions of corporate governance stipulated by stock exchanges is enclosed with the report of corporate governance.

4.2. Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies (Amendment) Act, 2000, the Directors confirm that in the preparation of the annual accounts:

- The applicable accounting standards have been followed.
- Appropriate accounting policies have been selected and applied consistently, judgements and estimates made are reasonable and prudent so as to give true and fair view of the state of affairs of the company at the end of the financial year ended March 31, 2008 and the profit and loss account for the year ended March 31, 2008.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- The annual accounts have been prepared on a going concern basis.

4.3. Audit, Internal Control Systems & their adequacy

M/s Bansal R. Kumar and Associates, Chartered Accountants, Delhi were appointed as the Statutory Auditors of the company by the Comptroller & Auditor General of India for the financial year ended 31st March, 2008. The report of the auditors is self-explanatory.

The company considers Internal Audit to be a very significant part of its corporate governance practices. For the year 2007-08, the Board appointed M/s KPMG as the internal auditors of the company. The scope of Internal Audit included audit of treasury transactions on a monthly basis and reporting to the Audit Committee of the Board that the company has operated within the limits of various risk parameters laid down by the Board, Reserve Bank of India and other statutory authorities. Besides, they also audited and reviewed key business processes of the company on quarterly basis. All the reports of the Internal Auditors were submitted to

the Audit Committee and the monthly audit reports were submitted to Reserve Bank of India as well.

4.4. Human Resources

Total number of employees of the company as on March 31, 2008 was 37. The company has maintained peaceful and harmonious relations with its employees.

The information required under Section 217 of the Companies Act, 1956 read with the companies (Particulars of Employees)(Amendment) Rules, 2002 be treated as NIL as none of the employees of the company draws remuneration in excess of Rs. 200000/- p.m. No employee is related to any Director of the company.

4.5. Particulars required to be furnished by the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988.

a) Part A pertaining to the conservation of energy are not applicable to the company:

With regard to Part B pertaining to technology absorption, the company has installed the integrated treasury management software and RBI's Negotiated Dealing System with the help of IDRBT and reputed IT companies. The company recognizes the growing importance of Information Technology in the emerging business environment. The company has also implemented Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP) with the help of IDRBT (consultants for implementation of BCP and DRP) to identify and reduce risk exposures and proactively manage any contingencies.

b) Foreign Exchange earnings and outgoing:

The company has neither used nor earned any foreign exchange during the year under review.

4.6. Public Deposits

During the year ended March 31, 2008, the company has not accepted any deposits from the public within the meaning of the provisions of the Non- Banking Financial Companies (Reserve Bank) Directions, 1977 and RBI's circular dated 31st January, 1998.

4.7. Acknowledgement

Your Directors thank Government of India, Reserve Bank of India, Punjab National Bank, Commercial, Cooperative & Regional Rural banks, Financial Institutions, PF Trusts, Public Sector Undertakings and Private Sector Corporate Bodies and other valued clients for their whole-hearted support. We acknowledge the sincere and dedicated efforts put in by employees of the company at all levels.

On behalf of Board of Directors

Date : 11th July, 2008
Place : New Delhi

(K. C. Chakrabarty)
Chairman