

<b>Board of Directors</b>	: Shri T. B. Subramaniam (Chairman) Shri Sunil Goyal Shri Manoj Singrodia Shri K. V. S. Shyam Sunder Shri Burzin Somandy Shri Dhaval Desai Shri Narayan Pasari Shri K. M. Tulsian Shri Hemang Jangla Shri Parimal Sheth (Executive Director) Shri Rajesh Murarka (Executive Director & CEO) Shri Saurabh Agarwal (Executive Director & CFO)
<b>Registered Office</b>	: A-204, Rajeshri Accord, Telly Cross Lane, Off S. N. Road, Andheri (E), Mumbai - 400 069.
<b>Bankers</b>	: Bank of Maharashtra Dhanlaxmi Bank Limited UTI Bank Limited
<b>Auditors</b>	: M/s. Khurdia Jain & Co. Chartered Accountants Mumbai.
<b>Registrar and Share Transfer Agents</b>	: Sharex Dynamic (India) Private Limited Unit 1, Luthra Industrial Premises, Safed Pool, Andheri Kurla Road, Andheri (East), Mumbai - 400 072.

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the **14th Annual General Meeting** of the Members of **Ladderup Finance Limited** will be held on **Monday, the 24th day of September, 2007** at **4.00 p. m.** at **Hotel Suba Galaxy, N. S. Phadke Road, Off Western Express Highway, Andheri (E), Mumbai - 400 069**, to transact the following business:

### Ordinary Business:

1. To receive, consider and adopt the audited accounts for the year ended 31st March, 2007 and the reports of Directors and Auditors thereon.
2. To appoint a Director in place of **Shri T. B. Subramaniam** who retires by rotation & being eligible offers himself for re-appointment.
3. To appoint a Director in place of **Shri Dhaval Desai** who retires by rotation & being eligible offers himself for re-appointment.
4. To appoint a Director in place of **Shri Hemang Jangla** who retires by rotation & being eligible offers himself for re-appointment.
5. To appoint a Director in place of **Shri Narayan Pasari** who retires by rotation but does not offer himself for re-appointment.
6. To appoint **M/s Khurdia Jain & Co.**, Chartered Accountants, Mumbai, as auditors of the Company to hold office from conclusion of this Annual General Meeting, till conclusion of the next Annual General Meeting and to fix their remuneration.

### Special Business :

7. 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 Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, **Shri Burzin Somandy**, who was appointed as an Additional Director with effect from 2nd July, 2007 and who under Section 260 of the Companies Act, 1956 holds office upto the date of the Annual General Meeting and being, eligible, offers himself for appointment and in respect of whom the Company has received notice in writing from one of the members, pursuant to the provisions of Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of **Shri Burzin Somandy** for the office of Director, be and is hereby appointed as

Director of the Company, liable to retire by rotation."

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

**"Resolved that** subject to the provisions of the section 198, 269, 309, 310 and 314 of the Companies Act, 1956, Schedule XIII and other applicable provisions, if any, the consent of shareholders be and is hereby accorded to variation in the Managerial remuneration of **Shri Rajesh Murarka**, Executive Director and Chief Executive Officer with effect from 1st December, 2006 on such terms and conditions as approved by the Board."

**"Resolved further that** the Board is also authorized to vary/revise the aforesaid remuneration from time to time within the limits of Schedule XIII of the Companies Act, 1956 and is also authorized to take necessary steps for implementing the aforesaid resolution."

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

**"Resolved that** subject to the provisions of the section 198, 269, 309, 310 and 314 of the Companies Act, 1956, Schedule XIII and other applicable provisions, if any, the consent of shareholders be and is hereby accorded to variation in the Managerial remuneration of **Shri Saurabh Agarwal**, Executive Director and Chief Financial Officer with effect from 1st December, 2006, on such terms and conditions, as approved by the Board."

**"Resolved further that** the Board is also authorized to vary/revise the aforesaid remuneration from time to time within the limits of Schedule XIII of the Companies Act, 1956 and is also authorized to take necessary steps for implementing the aforesaid resolution."

Place : Mumbai  
Dated : 2nd July, 2007

***For and on behalf of the Board***

Regd. Office : A-204, Rajeshri Accord,  
Telly Cross Lane, Off S. N. Road,  
Andheri (E), Mumbai - 400 069.

***Saurabh Agarwal***  
***(Executive Director)***

**Notes:**

1. A member entitled to attend and vote at the meeting is entitled to appoint ONE OR MORE proxy to attend and vote instead of himself and a proxy need not be a member of the Company.
2. The proxies, in order to be effective should be deposited with the Company not less than 48 hours before the time fixed for the commencement of the meeting.
3. The Register of Members and Share Transfer Register shall remain closed from Monday, 17th September, 2007 to Monday, 24th September 2007 (both days inclusive).
4. The information as required to be provided under the Listing Agreement entered into by the Company with Stock Exchange regarding the directors who are proposed to be appointed/re-appointed and the Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the special business to be transacted at this Annual General Meeting is annexed hereto.
5. The Company has appointed a SEBI approved Registrar and Share Transfer Agent M/s. Sharex Dynamic (India) Private Limited having their office at Unit 1, Luthra Industrial Premises, Safed Pool, Andheri Kurla Road, Andheri (East), Mumbai - 400 072. Members are requested to send all communication such as relating to change of address, Transfer/Demat of shares etc. to M/s. Sharex Dynamic (India) Private Limited.
6. The shares of the company are in Demat category for all the investors. In view of this and also to ensure better services, we request those shareholders, who are yet to dematerialize their shares, to do so at the earliest.
7. Corporate Members are requested to send a duly certified copy of the Board resolution/Power of Attorney authorizing their representative to attend and vote at the Annual General Meeting.
8. Members/Proxies are requested to bring their admission slips along with the copies of the Annual Report to the Meeting.

9. Members having any queries in relation to the accounts are requested to send them atleast ten days in advance to enable the Company to collect the relevant information.
10. Members may note that no gifts/gift coupons shall be distributed at the meeting.

Place : Mumbai  
Dated : 2nd July, 2007

***For and on behalf of the Board***

Regd. Office : A-204, Rajeshri Accord,  
Telly Cross Lane, Off S. N. Road,  
Andheri (E), Mumbai - 400 069.

***Saurabh Agarwal***  
***(Executive Director)***

**EXPLANATORY STATEMENT  
AS REQUIRED BY SECTION 173(2) OF THE COMPANIES ACT, 1956**

**Item No. 7**

**Shri Burzin Somandy** was appointed as an Additional Director of the Company with effect from 2nd July, 2007 under section 260 of the Companies Act, 1956. The said Director will hold office upto the date of the Annual General Meeting. The Company has received a notice in writing from member proposing the candidature of **Shri Burzin Somandy** for the office of the Director under section 257 of the Companies Act, 1956. The information about **Shri Burzin Somandy** is given below:

1	Name	<b>Shri Burzin Somandy</b>
2	Age	38 Years
3	Qualification	<ul style="list-style-type: none"> <li>• Bachelor of Science from Boston College of USA</li> <li>• L. L. B. from Government Law College</li> <li>• Solicitor from the Incorporated Law Society, UK</li> </ul>
4	Experience	<ul style="list-style-type: none"> <li>• Leading lawyer with more than 14 years of experience in advising Multinational Companies, General Councils, Banks, Insurance Companies and Companies from Manufacturing as well as Service sector both at national and international levels</li> <li>• Authored articles in various leading journals on regular basis on various aspects of the law</li> <li>• Delivering lectures on regular basis in seminars, conferences etc organized by various government, semi-government and other organizations</li> </ul>
5	Nature of his expertise in specific functional areas	Expert in dealing with Civil Law matters especially pertaining to Corporate Laws, Overseas acquisitions and buyouts, Joint Ventures, India Entry services etc.
6	Number of directorship in other public companies	NIL

**Shri Burzin Somandy** is not holding any shares in the Company.

The Board of Directors recommends the resolution for approval of the members.

None of the Directors, except **Shri Burzin Somandy**, are concerned or interested in the said Resolution.

**Item No. 8**

**Shri Rajesh Murarka** was appointed as an Executive Director of the Company with effect from 25th April, 2005. **Shri Rajesh Murarka** has been instrumental in sustained growth of the Company and diversification of business activities in other segments of consultancy. Considering his contribution to the Company, the Board in their meeting held on 31st January, 2007 proposed to increase his remuneration subject to approval of the shareholders. The said remuneration is already approved by the remuneration committee meeting held on 8th December, 2006.

The major terms and conditions of his revised remuneration are as per following:

**I) Terms & Conditions:**

1. Name & Designation : **Shri Rajesh Murarka**, Executive Director and Chief Executive Officer
2. Variations in remuneration : With effect from 1st December, 2006 to remaining tenure of his appointment
3. Salary per month : Rs. 40,000/- with powers to Board to vary from time to time within the limits of Schedule XIII of the Companies Act, 1956
4. Other perquisites : Provision of Chauffeur driven Car for official use.
  - a) Salary specified herein shall be payable to the Executive Director notwithstanding the inadequacy or no profits in any financial year during the currency of tenure of his office as such.
  - b) The Executive Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.

- c) The Executive Director shall not become interested or otherwise concerned directly or through his wife or minor children, in any business, which is in conflict with the business of the Company.
- d) The terms and conditions of the said appointment and/or may be altered and varied from time to time by the Board as it may, in its discretion, deem fit so as not to exceed the limits specified in Schedule XIII the Companies Act, 1956, or any amendment hereafter in that regard.

None of the Directors of the company, except **Shri Rajesh Murarka**, are considered to be interested or concerned in this resolution.

The terms and conditions of the variation in managerial remuneration are open for inspection at the registered office of the Company during office hours from 10.00 a. m. to 12 noon from 17th September, 2007 till the date of Annual General Meeting.

**Item No. 9**

**Shri Saurabh Agarwal** was appointed as an Executive Director of the Company with effect from 29th June, 2004. The Company immensely benefited due to efforts of Shri Saurabh Agarwal, hence the Board in their meeting held on 31st January, 2007 proposed to increase his remuneration with effect from 1st December, 2006 subject to approval of the shareholders. The said remuneration is already approved by the remuneration committee meeting held on 8th December, 2006.

The major terms and conditions of his revised remuneration are as per following:

**I) Terms & Conditions:**

1. Name & Designation : **Shri Saurabh Agarwal**, Executive Director and Chief Financial Officer of Director
2. Variations in remuneration : With effect from 1st December, 2006 to remaining tenure of his appointment
3. Salary per month : Rs. 50,000/- with power to Board to vary from time to time within the limits of Schedule XIII of the Companies Act, 1956
4. Other perquisites : Provision of Chauffeur driven Car for official use.



- a) Salary specified herein shall be payable to the Executive Director notwithstanding the inadequacy or no profits in any financial year during the currency of tenure of his office as such.
- b) The Executive Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.
- c) The Executive Director shall not become interested or otherwise concerned directly or through his wife or minor children, in any business, which is in conflict with the business of the Company.
- d) The terms and conditions of the said appointment and/or may be altered and varied from time to time by the Board as it may, in its discretion, deem fit so as not to exceed the limits specified in Schedule XIII the Companies Act, 1956, or any amendment hereafter in that regard.

None of the Directors of the Company, except **Shri Saurabh Agarwal**, are considered to be interested or concerned in this resolution.

The terms and conditions of the variation in managerial remuneration are open for inspection at the registered office of the Company during office hours from 10.00 a. m. to 12 noon from 17th September, 2007 till the date of Annual General Meeting.

Place : Mumbai  
Dated : 2nd July, 2007

***For and on behalf of the Board***

Regd. Office : A-204, Rajeshri Accord,  
Telly Cross Lane, Off S. N. Road,  
Andheri (E), Mumbai - 400 069.

***Saurabh Agarwal***  
***(Executive Director)***

## DIRECTOR'S REPORT

To  
The Members,

Your Directors have pleasure in presenting the 14th Annual Report of the Company together with the Audited Statements of the Accounts for the year ended 31st March 2007.

### 1. Financial Results

The financial performance of the Company for the Financial Year 2006-2007 is summarised as under:

(Rs. in lakhs)

Particulars	2006-2007	2005-2006
Operational and Other Income	222.73	125.60
Profit before Depreciation & Tax	91.07	32.12
Less: Depreciation	3.55	1.90
Profit before tax	87.52	30.22
Less: Provision for taxation	26.07	7.92
Less: Provision for Fringe Benefits Tax	1.50	0.49
Add/(Less): Taxation of earlier years	0.02	(0.99)
Less/(Add): Deferred tax for the year	0.84	(1.54)
Profit after Tax for the year	59.13	22.36

### 2. Overview and Company Performance

The Indian economy is on the move and is expected to keep on rolling. This ensures that there would be no dearth of opportunities to grow. The next 3 to 4 years could see Corporate growth remain at high levels. Sustaining the growth is the next challenge. Indian Companies have, over the last decade, demonstrated capability to expand their mind sets and operations. Many Corporates have adopted strong governance practices and are ready for rapid growth to the next level which would require stronger execution capabilities, especially given the fact that most of the Companies have ambitious global plans. Furthermore, there are billions of dollars that have been invested in creating new capacities. Indian Corporates will have to ensure that these capacities deliver on the promise. Once again execution becomes the key focus area.

The first 4 months of 2007 have seen Indian Companies closing deals to the tune of US\$ 30 billion in overseas acquisitions. During the same period acquisition worth US\$ 20 billion were made by overseas investors in India. The mood is obvious; Indian Inc. is thinking big and is thinking beyond.

In this backdrop, the financial services sector being in the centre of the corporate world is a large beneficiary of this changing scenario. Your Company, during the year 2006-07, continued to build its business and have shown all round robust growth with execution of large value added deals in the areas of Debt Syndication, Investment Banking and Corporate Advisory.

The client profile of the Company has also undergone changes with leading Companies from varied industry segments giving assignments to your Company in areas of Financial and Business Restructuring, Mergers and Acquisitions, Overseas Buyouts, Turnaround Strategies, Structured Finance Syndications and Business/Equity Valuations.

The Company has therefore expanded its product basket by specializing in providing Value Added Services which is the present day requirement of Indian Corporates.

Your Company has set up a strong professional team to execute these assignments. Further, the Company has followed prudent policies in the investment and financial segments which has given improved returns during the year. Thus, with overall growth of the business activities, your Company has achieved total operational and other income of Rs. 222.73 lakhs during the year with net profit of Rs. 59.13 lakhs as compared to the operational and other income of Rs. 125.60 lakhs and net profit of Rs. 22.36 lakhs during the previous year. The Company's business model is targeted towards maximising revenue generation from customers by offering full range of products and services to address all their financial and consultancy needs.

### **3. Dividend**

Since the Company will be required to plough back the profits so as to fund the future growth plans, the Board does not recommend any dividend for the year under review.

#### 4. Fixed Deposits

The Company has not accepted any deposits from the public during the year pursuant to the provisions of Section 58A of the Companies Act, 1956.

#### 5. Listing

The shares of the company are listed on "**Bombay Stock Exchange Limited**" being the regional stock exchange at Mumbai. The company has already requested the Ahmedabad and Jaipur Stock Exchanges for delisting of its shares. However, no information has been received so far. The Company has paid listing fees to Bombay Stock Exchange Limited, Mumbai up to the financial year 2007-2008.

#### 6. Directors

**Shri T. B. Subramaniam, Shri Dhaval Desai, Shri Narayan Pasari and Shri Hemang Jangla**, Directors of the Company retire by rotation at the ensuing Annual General Meeting of the Company and except Shri Narayan Pasari all other directors, being eligible, offer themselves for re-appointment.

**Shri Burzin Somandy** was appointed as Additional Independent Non-Executive Director of the Company on 2nd July, 2007. He holds office only up to the ensuing Annual General Meeting. The Company has received notice in writing, from a member, pursuant to Section 257 of the Companies Act, 1956, signifying his intention to propose **Shri Burzin Somandy** as Director of the Company. Consequently, appropriate Resolution in this regard is being placed for your approval at the ensuing Annual General Meeting.

The Managerial Remuneration of **Shri Rajesh Murarka** and **Shri Saurabh Agarwal** was revised by the Board during the financial year 2006-07 subject to approval of the shareholders of the Company in General Meeting.

#### 7. Directors' Responsibility Statement

Pursuant to the requirements under Section 217 (2AA) of the Companies Act, 1956 the Board of Directors confirm that:

- i. In the preparation of the accounts for financial year ended 31st March 2007, the applicable accounting standards have been followed.
- ii. The Directors had 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 at 31st March, 2007 and of the Profit of the Company for the year ended 31st March, 2007.
- iii. The Directors have taken proper and sufficient care for 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. The Directors have prepared the accounts on a going concern basis.

#### **8. Corporate Governance**

The Corporate Governance Code as contained in the Listing Agreement with the Stock Exchange is applicable in case of the Company. The Company has taken necessary steps for ensuring the compliance of the Code. A separate section on Corporate Governance is annexed and forms an integral part of this Report.

The Company has complied with the requirement of constructing of website during the financial year 2007-2008 and accordingly, all the mandatory information has been placed on the website of the Company.

#### **9. Subsidiary Company**

During the year, the Company acquired the entire equity capital of Ladderup Corporate Advisory Private Limited thereby making it its wholly owned subsidiary. A statement containing details as required under section 212 of the Companies Act, 1956 is enclosed herewith.

#### **10. Committees**

At the beginning of the year, the Company had three Committees viz Audit Committee, Shareholders' Grievance Committee and Remuneration Committee in place. However, considering the future business plans of investments into

Capital Market, the Company formed Investment Committee during the year with powers to decide on the investments being made by the Company into various avenues.

#### **11. Auditors**

**M/s Khurdia Jain & Co.**, Chartered Accountants, Mumbai retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

#### **12. Management Discussions and Analysis**

The Management Discussions and Analysis is annexed and forms an integral part of this Report.

#### **13. Particulars of the Employees**

There are no employees whose particulars are required to be given under Section 217(2A) of the Companies Act read with the Companies (Particulars of Employees) Rules, 1975.

#### **14. Information on Energy Conservation and Foreign Exchange**

Information required to be given under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 does not apply to your Company. There was no foreign exchange earning or outgo during the year.

#### **15. Appreciation**

Your Directors wish to thank all the shareholders, bankers and clients for lending their support in the various activities of the Company. Your Directors would like to place on record their appreciation to all the employees who have continued their support during the year.

*For and on behalf of the Board*

Place : Mumbai  
Dated : 2nd July, 2007

**T. B. Subramaniam**  
**Chairman**

## REPORT ON CORPORATE GOVERNANCE

### Company's philosophy on Corporate Governance

The Company's philosophy of Corporate governance is aimed at providing transparent working and assisting Shareholders to judge and understand the performance of the Company in an appropriate manner. It includes not only application and adaptation of statutory rules/ procedures and guidelines, but also includes application and adoption of good corporate practices followed by the Company so as to keep the Shareholders and Authorities well informed on the Company and enhance value of the stakeholders at large.

Clause 49 of the Listing Agreement with Stock Exchange sets norms and disclosures that are to be met by the Company on Corporate Governance front. We confirm our compliance with Corporate Governance criteria, as required under the said clause, vide this report.

### Board of Directors as on 2nd July, 2007

#### Composition

The Board composition is in conformity with the provisions of the Companies Act, 1956 and the Listing Agreement. The strength of the Board as on **2nd July, 2007** is 12 Directors comprising 3 Executive Directors (ED) and 9 other Directors (D).

#### The composition of the Board as on 2nd July, 2007 was as follows

<i>Name of Directors</i>	<i>Category of Directorship</i>	<i>No. of other Directorships*</i>	<i>No. of Committee Memberships</i>
Shri T. B. Subramaniam	Independent Non - Executive Chairman	2	6
Shri K. V. S. Shyam Sunder	Independent Non - Executive Director	-	-
Shri Dhaval Desai	Independent Non - Executive Director	2	-
Shri Narayan Pasari	Independent Non - Executive Director	1	-
Shri Sunil Goyal	Promoter - Director	1	3
Shri Manoj Singrodia	Promoter - Director	-	-
Shri K. M. Tulsian	Promoter - Director	-	-
Shri Hemang Jangla	Independent Non -Executive Director	1	1
Shri Parimal Sheth**	Executive Director	1	-
Shri Rajesh Murarka	Executive Director & Chief Executive Officer	-	-
Shri Saurabh Agarwal	Executive Director & Chief Financial Officer	-	-
Shri Burzin Somandy***	Independent Non - Executive Director	-	-

\*excludes directorships in Private Limited Companies.

\*\* Appointed with effect from 31st July, 2006

\*\*\* Appointed with effect from 2nd July, 2007.

#### Number and dates of Board Meetings held

Five Board Meetings were held during the year 2006-07, (on 27th April 2006, 30th June 2006, 31st July 2006, 31st October 2006 and 31st January 2007).

#### Composition of the Board of Directors and details of Meetings attended

<i>Name</i>	<i>No. of Board meetings Attended</i>	<i>Attendance at the last AGM</i>
Shri T. B. Subramaniam	4	Yes
Shri Narayan Pasari	5	Yes
Shri Dhaval Desai	-	-
Shri Sunil Goyal	3	Yes
Shri Manoj Singrodia	4	Yes
Shri K. M. Tulsian	2	Yes
Shri K.V.S. Shyam Sunder	4	Yes
Shri Hemang Jangla	3	Yes
Shri Parimal Sheth	3	Yes
Shri Rajesh Murarka	4	Yes
Shri Saurabh Agarwal	5	Yes

#### Re-appointment of Directors

1. Shri T. B. Subramaniam, Director retires by rotation and is eligible for re-appointment. He is an Independent Non Executive Director of the Company. He is a retired banker and specializes in Project Finance.
2. Shri Dhaval Desai, Director retires by rotation and is eligible for re-appointment. He is also Independent Non Executive Director of the Company. He is a Fellow Chartered Accountant and specializes in financial marketing and advertising.
3. Shri Hemang Jangla, Director retires by rotation and is eligible for re-appointment. He is also Independent Non Executive Director of the Company. He is a Commerce graduate by qualification and holds post graduate diploma in business administration and specializes in the financial market.
4. Shri Burzin Somandy was appointed as an Additional Independent Non-executive



Director of the Company with effect from 2nd July, 2007. He is a Science graduate with additional qualification of L. L. B. and Solicitor from the Incorporated Law Society, UK. He is expert in dealing with Civil Law matters especially pertaining to Corporate Laws, Overseas acquisitions and buyouts, Joint Ventures, India Entry Services etc.

### Board Committees

The Board has constituted Committees of Directors to monitor the activities and to deal with matters within the terms of reference of the respective Committees.

#### (a) Audit Committee

The Audit Committee was constituted on 04th October 2003 and was reconstituted on 2nd August 2005.

The members of the Audit Committee are Non Executive Directors, with majority of them being independent. The Chairman of the Committee is an Independent Director. The members have vast experience in the field of Banking, Finance and Accounts.

The functions of the Audit Committee are as per Company Law and Listing Agreement with the Stock Exchanges. These include Review of accounting and financial policies and procedures, review of financial reporting system, internal control system and procedures and ensuring compliance of statutory requirements.

The Audit Committee reviews the financial statements with the Statutory Auditors and the Management with reference to the accounting policies and practices before commending the same to the Board for its approval.

The committee met 4 times during the year under review on **30th June, 2006, 31st July, 2006, 31st October, 2006 and 31st January, 2007**

#### Composition of Audit Committee and details of the meeting attended

<i>Name</i>	<i>Category</i>	<i>No. of Committee meetings attended</i>
Shri T. B. Subramaniam	Chairman (Independent Non-Executive Director)	3
Shri Narayan Pasari	Member (Independent Non-Executive Director)	4
Shri Dhaval Desai	Member (Independent Non-Executive Director )	-
Shri Sunil Goyal	Member (Non-Executive Director)	3

**Board terms of reference of the Audit Committee are as mentioned below**

- Approving and implementing Audit procedures and techniques.
- Reviewing audit reports of Statutory Auditors with Management and Statutory Auditors.
- Reviewing financial reporting systems, internal control systems and control procedures.
- Ensuring compliance with regulatory guidelines.
- Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Approval of payment to statutory auditors for any other services rendered by statutory auditors.
- Reviewing, with the management, quarterly financial statements before submission to the Board for approval.
- Reviewing, with management, performance of statutory auditors, adequacy of the internal control systems.
- Reviewing the finding of any internal investigations where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Reviewing accounting treatment and confirmation of the fact that financial statement are giving true and fair view.

**(b) Remuneration Committee**

The Remuneration Committee was constituted on 30th January, 2004 and was re-constituted on 2nd August 2005.

The Remuneration Committee comprises of Non-executive Directors with an independent Director as Chairman. The terms of reference of the Remuneration Committee are to recommend to the Board, salary (including annual increments), perquisites and allowances, performance linked remuneration, if any, commission to be paid to the Company's Executive/Whole time Directors (ED/WTD) and to finalize the perquisites and allowances package within the overall ceiling fixed by the Board.

The Committee met two times during the year under report on 31st July, 2006 and 8th December, 2006.

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<b>Composition of Remuneration Committee and details of meeting attended</b>																												
<b>Name</b>	<b>Category</b>	<b>No. of Committee meetings attended</b>																										
Shri T. B. Subramaniam	Chairman (Independent Non-Executive Director)	1																										
Shri Narayan Pasari	Member (Independent Non-Executive Director)	2																										
Shri Manoj Singrodia	Member (Director)	1																										
Shri Dhaval Desai	Member (Independent Non-Executive Director)	-																										
<p>There is no remuneration policy as such, however the Executive Directors are receiving remuneration as fixed by the Board and other Non-Executive Independent Directors do not receive any remuneration except sitting fees.</p> <p>Details of remuneration paid to Non-Executive Directors during Financial Year 2006-07</p> <table border="1"> <thead> <tr> <th><b>Name</b></th> <th><b>Sitting Fees (Rs.)</b></th> </tr> </thead> <tbody> <tr> <td>Shri T. B. Subramaniam</td> <td>8000/-</td> </tr> <tr> <td>Shri Narayan Pasari</td> <td>10000/-</td> </tr> <tr> <td>Shri Dhaval Desai</td> <td>Nil</td> </tr> <tr> <td>Shri Sunil Goyal</td> <td>6000/-</td> </tr> <tr> <td>Shri Manoj Singrodia</td> <td>4000/-</td> </tr> <tr> <td>Shri K. M. Tulsian</td> <td>2000/-</td> </tr> <tr> <td>Shri Hemang Jangla</td> <td>3000/-</td> </tr> <tr> <td>Shri K. V. S. Shyamsunder</td> <td>4,000/-</td> </tr> </tbody> </table> <p><b>Details of remuneration paid to Executive Directors during Financial Year 2006-07</b></p> <table border="1"> <thead> <tr> <th><b>Name</b></th> <th><b>Salary (Rs.)</b></th> </tr> </thead> <tbody> <tr> <td>Shri Rajesh Murarka</td> <td>4,00,000/-</td> </tr> <tr> <td>Shri Saurabh Agarwal</td> <td>4,40,000/-</td> </tr> <tr> <td>Shri Parimal Sheth</td> <td>4,00,000/-</td> </tr> </tbody> </table>			<b>Name</b>	<b>Sitting Fees (Rs.)</b>	Shri T. B. Subramaniam	8000/-	Shri Narayan Pasari	10000/-	Shri Dhaval Desai	Nil	Shri Sunil Goyal	6000/-	Shri Manoj Singrodia	4000/-	Shri K. M. Tulsian	2000/-	Shri Hemang Jangla	3000/-	Shri K. V. S. Shyamsunder	4,000/-	<b>Name</b>	<b>Salary (Rs.)</b>	Shri Rajesh Murarka	4,00,000/-	Shri Saurabh Agarwal	4,40,000/-	Shri Parimal Sheth	4,00,000/-
<b>Name</b>	<b>Sitting Fees (Rs.)</b>																											
Shri T. B. Subramaniam	8000/-																											
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Shri Saurabh Agarwal	4,40,000/-																											
Shri Parimal Sheth	4,00,000/-																											

Following is the list of Non-Executive Directors and their Shareholdings in the Company.

<i>Name of the Non-Executive Directors</i>	<i>Number of Equity Shares</i>	<i>Non convertible Instruments</i>
Shri Sunil Goyal	80,500	N. A.
Shri Manoj Singrodia	42,400	N. A.
Shri K. M. Tulsian	-	N. A.
Shri Narayan Pasari	2,500	N. A.
Shri T. B. Subramaniam	1,100	N. A.
Shri Dhaval Desai	-	N. A.
Shri Hemang Jangla	-	N. A.
Shri K. V. S. Shyam Sunder	-	N. A.

**(c) Shareholders/Investors Grievance Committee**

The Shareholders/Investors Grievance Committee was constituted on 4th October 2003 and was reconstituted as on 2nd August 2005 with following members:

<i>Name</i>	<i>Designation</i>	<i>No. of the meeting attended</i>
Shri Dhaval Desai	Chairman (Independent Non-Executive Director)	-
Shri K.M. Tulsian	Member (Independent Non-Executive Director)	1
Shri Hemang Jangla	Member (Independent Non Executive Director)	1

The role and function of the Shareholders/Investors Grievance Committee is to effectively redress the complaints received from the shareholders relating to dematerialization, transfer of shares, non-receipt of the balance sheet and dividend etc. The Committee overviews the steps to be taken for improving further quality of service to the investors.

The Committee met during the year on **7th November, 2006**

To expedite the process of share transfer the Board has delegated necessary powers to the Registrar and Share transfer Agent viz; M/s. Sharex Dynamic (India) Private Limited. During the year under report the company did not receive any investor complaints and hence no complaints were pending as on 31st March, 2007.

**Shri Saurabh Agarwal**, Executive Director and Chief Financial Officer of the Company is the Compliance officer of the Company.

**(d) Investment Committee**

Investment Committee was constituted on 31st January, 2007 comprising of the following members:

The Committee met 2 times during the year under review on 8th February, 2007 and 1st March, 2007

**Composition of Investment Committee and details of the meeting attended**

<b>Name</b>	<b>Category</b>	<b>No. of Committee meetings attended</b>
Mr. Manoj Singrodia	Chairman	2
Mr. Saurabh Agarwal	Member	2
Mr. Parimal Sheth	Member	2

**Board terms of reference of the Investment Committee are as described below**

- a. To invest surplus funds of the Company in all types of securities.
- b. To execute necessary investment documents.
- c. To buy, sell, trade, hold, pledge in all types of securities
- d. To take all other necessary actions related to investment/ disinvestment.
- e. To report to the Board about the investments / disinvestments in securities since last Board meeting.

**General Body Meetings:**

**Details of last three Annual General Meetings are given below:**

<i>Financial Year</i>	<i>Date</i>	<i>Time</i>	<i>Venue</i>
2003-04	21st September 2004	10.00 a.m.	4, Neelkanth Udyog Bhavan, Sakinaka Junction, Andheri Kurla Road, Andheri (E), Mumbai - 400 002
2004-05	18th August 2005	10.00 a.m.	A-204, Rajeshri Accord, Telly Cross Lane, Off S. N. Road, Andheri (East), Mumbai - 400 069.
2005-06	5th September 2006	10.00 a.m.	Hotel Imperial Palace, 45, Telly Park Road, Andheri (East), Mumbai - 400 069.

The Shareholders passed all the resolutions set out in the respective notices.

1. Following Special Resolutions were passed in the Annual General Meeting of the Company held on 21st September, 2004:
  - a. Appointment of Shri Saurabh Agarwal as Executive Director of the Company pursuant to the provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII, for a period of five years with effect from 29th June, 2004.
  - b. Insertion of Article No. 107A in the Articles of Association regarding "passing of resolution by postal ballot ", pursuant to the provisions of Sections 31, 192A and other applicable provisions, if any, of the Companies Act, 1956.
2. Following Special Resolutions were passed in the Annual General Meeting of the Company held on 18th August, 2005:
  - a. Appointment of Shri Rajesh Murarka as Executive Director of the Company pursuant to the provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII, for a period of five years with effect from 25th April, 2005.
  - b. Amendment of Article No. 107A in the Articles of Association regarding "passing of resolution by postal ballot ", pursuant to the provisions of Sections 31, 192A and other applicable provisions, if any, of the Companies Act, 1956.

3. There were no special resolution passed in the Annual General Meeting held on 5th September, 2006.

Further no special resolution was passed through postal ballot in the aforesaid meetings and no postal ballot is proposed at the ensuing Annual General Meeting.

**Disclosures:**

**Materially significant Related Party Transactions**

During the year under review, besides the transactions reported elsewhere in the Annual Report, there were no other related party transactions with the promoters, Directors, the management or their relatives during the year with potential conflict of interest with the Company at large. There were no instance of non-compliance on any matter related to the Capital markets during the past three years and none of the Stock Exchanges or SEBI imposed any penalties or strictures on the Company.

The Company has complied with mandatory provisions of corporate governance and is in the process of adopting the non-mandatory provisions of corporate governance including the Whistle Blower Policy. Further a letter of affirmation signed by Mr. Rajesh Murarka, CEO and Mr. Saurabh Agarwal, CFO has been received, certifying that no personnel has been denied access to the Audit Committee.

**Statutory Compliance**

The Company has complied with the requisite regulations relating to capital markets. There were no penalties/strictures imposed on the Company by the Stock Exchange or SEBI or any other statutory authority on any matter related to capital markets during the last 3 years except penalty of Rs. 1,75,000 imposed by SEBI for violation of Regulation 6(2) and Regulation 8(3) of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997. However, the Company has requested SEBI to waive the same and no further communication has been received from SEBI till date.

**Means of Communication**

Quarterly results are taken on record by the Board of Directors and submitted to the Stock Exchange in terms of the requirement of clause 41 of the Listing Agreement.

The Company has its own website in the name of [www.ladderup.com](http://www.ladderup.com) on which all the corporate information is made available to the general public.

Management discussion & Analysis Report is attached herewith forming part of the Annual Report.

**General Shareholders Information:**

Annual General Meeting : **On Monday, 24th September, 2007 at 4.00 p. m.**  
Day, Date, Time and Venue : **at Hotel Suba Galaxy, N.S. Phadke Road, Off**  
Date of Book Closure : **Western Express Highway, Andheri (E),**  
**Mumbai - 400 069.**

From Monday, 17th September, 2007 to Monday,  
24th September, 2007.

Dividend payment date : Not Applicable

**Financial Year/Calendar 2007-08**

Results for first quarter ending : On or before 31st July 2006

Results for first quarter ending : On or before 31st July 2007.  
June 30, 2007

Results for second quarter ending : On or before 31st October 2007.  
September 30, 2007

Results for third quarter ending : On or before 31st January 2008.  
December 31, 2007

Results for financial year ending : On or before 30th June 2008.  
March 31, 2008

Registered Office : A-204, Rajeshri Accord, Telly Cross Lane,  
Off S. N. Road, Andheri (E), Mumbai - 400 069.

Registrar and Transfer System : Sharex Dynamic (India) Private Limited  
Unit No.1, Luthra Industrial Premises, Safed Pool,  
Andheri Kurla Road, Andheri (East),  
Mumbai - 400 072.  
Tel. No. 022 28515606/28515644  
Fax No. 022 28512885.  
Email - sharexindia@vsnl.com

**M/s. Sharex Dynamic (India) Private Limited** is a SEBI authorised Registrar and Share Transfer Agents and they are authorised for both physical and electronic transfers and dematerialization of shares and all matters related to shareholders records.

Share Transfer System : Physical transfer of shares are processed by the Share Transfer Agents and approved by the Shareholders/Investors Grievance Committee. Transfer of shares is affected and share certificates are sent to the transferee within 30 days from the



date of receipt, provided the relevant documents are complete in all respects.

Listing on Stock Exchange : Bombay Stock Exchange Limited  
Stock Code : 530577

Demat ISIN Number in NSDL and CDSL : INE 519D01015

Market price data : The market price data of the Company are as given below:

Month	High (Rupees)	Low (Rupees)
April-06	7.20	4.00
May-06	6.90	4.00
June-06	6.09	3.40
July-06	5.64	2.72
August-06	4.87	2.86
September-06	8.25	4.05
October-06	7.15	3.65
November-06	7.45	4.60
December-06	9.63	4.91
January-07	11.20	7.30
February-07	14.69	8.85
March-07	16.26	12.55

**Distribution of shareholding as on 31st March, 2007:**

Distribution of Shares (Slab-Wise)	No. of Shareholders	% to total No. of shareholders	No. of Shares held	% to total share Capital
Upto 500	480	57.62	135776	3.39
501-1000	136	16.33	110119	2.75
1001-5000	152	18.25	332524	8.31
5001-10000	26	3.12	196220	4.9
10001-100000	27	3.24	1045361	26.12
100001 & above	12	1.44	2182600	54.53
<b>Total</b>	<b>833</b>	<b>100.00</b>	<b>4002600</b>	<b>100.00</b>

**Shareholding Pattern as on 31st March 2007**

Category	No. of Shares	% of Shares
Indian Promoters	2232150	55.77
Foreign Promoters	Nil	Nil
Persons Acting in concerts	Nil	Nil
Institutional Investors	Nil	Nil
Private Corporate Bodies	810849	20.26
Indian Public	958601	23.95
NRIs/OBC	Nil	Nil
Others (Clearing Members)	1000	0.02

**Dematerialization of shares and liquidity**

As per the notification issued by SEBI, the shares of the company are traded compulsorily in dematerialized form with effect from 8th May, 2000.

As on 31st March, 2007, 37.05% of your Company's Equity Shares representing 14,82,840 Equity shares are held on dematerialized mode and the balance were in paper form.

Company has not issued either ESOP or any GDRs/ADRs/ Warrants/ Convertible instrument. Since company is in the business of dealing in shares, stocks and other non fund based activities, the information about plants is not available.

**Address for correspondence**

Shareholders should address correspondence to the Company's Registrar and Share Transfer Agents at the address mentioned above. Shareholders could also contact at the Registered office of the Company at the address mentioned above.

**Compliance Certificate**

As required under clause 49 of the Listing Agreement, M/s. HS Associates, Company Secretaries have verified the compliance of the corporate governance norms by the Company. Their report is annexed hereto.

**STATEMENT PURSUANT TO SECTION 212 (1) (E) OF THE COMPANIES ACT,  
1956 RELATING TO SUBSIDIARY COMPANIES**

Name of the Subsidiary Company	:	Ladderup Corporate Advisory Private Limited
Financial Year ending of the Subsidiary	:	31st March 2007
Holding Company's interest number of shares held	:	10,000 Equity Shares of Rs. 10/- each, fully paid up
Extent of holding	:	100%
For the financial year of the subsidiary - Profit/(Losses) so far as it concerns the members of the holding Company and not dealt with in the books of accounts of the holding Company	:	Not Applicable since the subsidiary Company did not have any business activity during the year
- Profit/(Losses) so far as it concerns the members of the holding Company and dealt with in the books of accounts of the holding Company	:	Not Applicable
For the previous financial years of the subsidiary since it became a subsidiary		
- Profit/(Losses) so far as it concerns the members of the holding Company and not dealt with in the books of accounts of the holding Company	:	Not Applicable since the subsidiary Company was formed during financial year 2006-2007
- Profit/(Losses) so far as it concerns the members of the holding Company and dealt with in the books of accounts of the holding Company	:	Not Applicable since the subsidiary Company was formed during financial year 2006-2007

## DECLARATION

I, **Rajesh Murarka**, Executive Director and Chief Executive Officer of the Company hereby declare that all Board members and senior management personnel have affirmed compliance with the Corporate Governance code on an annual basis.

**For Ladderup Finance Limited**

**(Rajesh Murarka)**

Executive Director and Chief Executive Officer

Date: July 02, 2007

Place: Mumbai

## CERTIFICATE

To,  
**The Board of Directors,  
Ladderup Finance Limited  
A-204, Rajeshri Accord,  
Telly Cross Lane, Off S. N. Road,  
Andheri (East), Mumbai - 400 069.**

We have reviewed the implementation of Corporate Governance procedures by the Company during the year ended March 31, 2007 with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination is neither an audit nor an expression of opinion on the financial statements of the Company.

On the basis of the above and according to the information and explanations given to us, in our opinion, the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchange, except non compliance of sub-clauses I (D) (i) and (IV) (G) (ii) (non posting of code of conduct and quarterly results on the website of the Company).

We further state that our examination of 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 H S Associates**  
Company Secretaries,

Hemant Shetye  
(Partner)

Mumbai, 30th June, 2007  
FCS - 2827  
COP-1483

## MANAGEMENT DISCUSSION AND ANALYSIS

### **Economic Scenario**

India has now steadfastly established as an important place in the World Economy. The economy continues to grow at an impressive pace - industrial growth rate at over 13%, GDP marching well towards the 10% mark and foreign investors moving in rapidly to set up their base confidently in the Indian market place. The financial services sector has shown a steady growth at 11%.

Indian Corporates are also on the move, whether in Telecom, Retail, Real Estate, SEZs or the Information Technology and the Financial Services sector - the growth has picked up momentum. A new trend is being seen in the Indian Corporate scenario and that is of consolidation in various sectors viz. Telecom, Steel, Cement, Retail and Infrastructure. The emergence of the SME segment and moving towards a bigger growth story are the effects of a strong and fast developing economy, which is now sustainable and appealing.

The Foreign Direct Investment in the last financial year was US\$ 15 billion and in the ongoing fiscal the Government has targeted the same at US\$ 25 billion. The annual FII investment portfolio in India has crossed US\$ 5 billion and the gross FII investment in the country till now, from the time they were allowed to invest in the Indian equity market, stands well over US\$ 50 billion. The Foreign exchange reserves have crossed US\$ 200 billion adding strength to the economy.

The Indian primary market has also come of age and can easily absorb the current US\$ 12 billion worth of fresh paper coming into the market. Going by the past, the primary market has demonstrated to the Indian Corporates that the capital market has sufficient liquidity to help meet their aspirations for growth and can easily repeat it - All this augurs well for the economy. The emergence of Private Equity players in the Indian horizon with investments being made across the sectors have helped India Inc to pace their growth faster.

On the global side, Indian Companies are well placed as compared to their Asian counterparts. As per a recent research report by a leading foreign brokerage firm, India and China represent the future of the global economy. Both economies now need to fine-tune their development strategies by expanding their economic power bases, which could play an increasing role in driving global growth for the respective nations in the years to come.

### **Company Overview**

The financial sector is in the midst of great transformation, driven by shifts in the customer preferences due to enabling technological innovations. The strong performance from India's financial services industry can be attributed to the robust economic growth. In the global competitive scenario, this year has been a year of transition for the Company. The Company came out with various structured finance products and innovative finance models for its clients. The Company's focus areas has been Big Ticket Syndication, Structured Corporate Advisory and Investment Banking activities and Investment and Trading activities.

In view of the boom in the Indian economy and various expansion and consolidation activities happening in the industries, the Company has set upon the task of repositioning itself to translate the new challenges into business opportunities through knowledge driven initiatives. The Company has set its foot strongly into the corporate financial consultancy field by providing services in the areas of Public Issues, Private Equity placements, Merger and

Acquisitions, Turnaround Strategies, Business and Equity valuation to various Indian companies in the mid-sized groups during the last two years. In other words, the Company has expanded the product basket in the financial services sector and with that end in view, the Company has also acquired the entire equity share capital of Ladderup Corporate Advisory Private Limited during the financial year 2006-07 thus making it wholly owned subsidiary with focused approach on providing Corporate Consultancy services to its ever expanding customer base.

#### **Internal Control System and Adequacy**

The Company has maintained a proper and adequate system of internal control. This is to ensure that all assets are protected against loss from unauthorized use or disposition and the transactions are authorized, recorded and reported correctly.

The Company has a strong reporting system, which evaluates and forewarns the management on issues related to compliance. The performance of the Company is regularly reviewed by the Board of Directors to ensure that it is in keeping with the overall corporate policy and in line with pre-set objectives.

The internal control system is designed to ensure that all the financial and other records are reliable for preparing financial statements and other records and data are correctly kept for maintaining accountability of the assets.

#### **Risk and Concerns**

The Company now has a strong foothold into the area of corporate consultancy services, which has always been very unpredictable, unprecedented and challenging. Besides this, in a bullish economy, these services are further challenged by various new entrants and economic, monetary and primary market behavior.

Further, this particular segment in tandem with the business of loan syndication is more dependent on external factors viz government policies, performance of Capital Markets, Central Bank Decisions etc.

The Company has already set up a strong team of professional in place and is in the process of adding further professionals to the team, which will add value to the business of the Company.

The management of the Company analyses and evaluates on a continuous basis various risks associated with the business and adopts risk management practices to minimize the adverse impact of these risks. Both external as well as internal developments are assessed regularly.

#### **Cautionary Statement**

Statement in the Management Discussion and Analysis describing the Company's objectives, estimates and expectation may be forward looking statements within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the company's operations include economic conditions in the domestic market in which the company operates, changes in the government regulations, tax laws and other statutes and other incidental factors.

**The Board of Directors,  
Ladderup Finance Limited  
A-204, Rajeshri Accord,  
Telly Cross Lane, Off S. N. Road,  
Andheri (East), Mumbai - 400 069**

We, **Rajesh Murarka**, Chief Executive Officer & Executive Director and **Saurabh Agarwal**, Chief Financial Officer & Executive Director of the Company do hereby certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31st March 2007 and to the best of our knowledge and belief:
- These statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;
  - These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee
- There have been no significant changes in internal controls during the year;
  - There have been no significant changes in accounting policies during the year; and
  - There have been no instances of significant fraud of which we are become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

For **Ladderup Finance Limited**

**Rajesh Murarka**  
**Executive Director and CEO**  
Mumbai, July 02, 2007

For **Ladderup Finance Limited**

**Saurabh Agarwal**  
**Executive Director and CFO**



## AUDITORS' REPORT

To  
The Members,

We have audited the attached Balance Sheet of **Ladderup Finance Limited** as at 31st March 2007, 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.

1. 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 materials misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditors' Report) Order, 2003 (as amended) issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that :
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion, proper books of accounts as required by law have been kept by the Company as appears from our examination of such books.
  - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of accounts.
  - d) In our opinion the Balance Sheet, Profit & Loss Account and Cash Flow Statement comply with the requirements of the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956.
  - e) On the basis of written representations received from all the Directors of the Company as on 31st March 2007 and taken on record by the Board of Directors, we report that none of the Directors of the Company are disqualified as on 31st

March 2007, from being appointed as a director in terms of clause (g) of sub section (1) to Section 274 of the Companies Act, 1956.

- f) 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 notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2007.
  - ii. In the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date.
  - iii. In the case of the Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date.

for **Khurdia Jain & Co.**  
**Chartered Accountants**

**Sampat Khurdia**  
**Partner**  
**Mem. No. 33615**

Place : Mumbai  
Date : 2<sup>nd</sup> July, 2007

## ANNEXURE TO THE AUDITORS' REPORT

**Annexure** referred to in Paragraph 2 of our Report of even date on the accounts of **Ladderup Finance Limited** for the year ended 31st March, 2007.

In our opinion and according to the information and explanation given to us, we further report that:

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Physical verification of major Fixed Assets was conducted by the management during the year, which is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The Company has not disposed off any of its assets during the year.
- (ii) (a) The stock of inventories has been physically verified at reasonable intervals during the year by the management.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancy was noticed on physical verification.
- (iii) (a) The Company has granted unsecured loan to its Wholly owned subsidiary, (receivable on call basis) covered in the register maintained under section 301 of the Companies Act, 1956. The aggregate maximum amount outstanding during the year was Rs. 41.26 Lakhs and the year-end balance of such loan was Rs. 41.26 Lakhs.
- (b) The said loan is interest free but the other terms and conditions, on which the said loan has been granted, are prima facie, not prejudicial to the interest of the Company.
- (c) In view of our comments in para iii(a) and iii (b) above, clauses 4 (iii) (c) and (d) of the said Order are not applicable.
- (d) The Company has not taken any loans, secured or unsecured from companies, firms and other parties covered in the register maintained under Section 301

of the Companies Act, 1956. Accordingly, paragraphs 4 (iii) (f) & (g) of the Order are not applicable.

- (iv) There are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of inventory and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control systems.
- (v)
  - (a) Based on the audit procedures performed by us, we are of the opinion that particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
  - (b) The transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) 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.
- (viii) Maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956.
- (ix)
  - (a) The Company is regular in depositing undisputed statutory dues including income tax and service tax with appropriate authorities. There are no arrears of outstanding of these dues as at the last day of the financial year for a period of more than six months from the date they become payable. The laws relating to provident fund, investor education protection fund, employee state insurance, sales tax, wealth tax, custom duty, excise duty and cess do not apply to the Company for the year under report.
  - (b) There are no dues of sales tax, income tax, custom duty, wealth tax, excise duty and cess, which have not been deposited on account of any dispute.
- (x) The Company does not have accumulated losses at the end of financial year. The Company has not incurred cash losses during the current financial year and in the immediately preceding financial year.

- (xi) The Company has no dues to any financial institution, bank or debenture holders.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or nidhi / mutual benefit fund / society.
- (xiv) Based on the records examined by us, the Company is maintaining proper records of the transactions and contracts and timely entries have been made in respect of dealing in shares and securities and the same have been held by the Company in its own name except to the exemption, if any, granted under Section 49 of the Act.
- (xv) The Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The Company has not obtained any term loans during the year.
- (xvii) On an overall examination of the balance sheet of the Company, we are of the opinion that no short-term funds have been used for long-term investments.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the year.
- (xix) The Company has not issued any debentures.
- (xx) The Company has not raised any money by public issues during the year.
- (xxi) Based on our audit procedures, we are of the opinion that no fraud on or by the Company has been noticed or reported during the year.

for ***Khurdia Jain & Co.***  
***Chartered Accountants***

***Sampat Khurdia***  
***Partner***  
***Mem. No. 33615***

Place : Mumbai  
Date : 2<sup>nd</sup> July, 2007

## BALANCE SHEET AS AT 31ST MARCH, 2007

Particulars	Schedules	As at 31.03.2007 (Rs.)	As at 31.03.2006 (Rs.)
<b>I Sources of Funds</b>			
<b>Shareholders Funds</b>			
Share Capital	1	40,026,000	40,026,000
Reserves & Surplus	2	10,063,735	4,173,896
<b>Loans Funds</b>			
Secured Loans	3	1,111,251	1,333,326
<b>Deferred Tax Liabilities (Net)</b>		218,107	133,726
		<u>51,419,094</u>	<u>45,666,948</u>
<b>II Application of Funds</b>			
<b>Fixed Assets</b>			
Gross Block	4	7,069,924	6,225,205
Less: Depreciation		1,748,360	1,370,235
<b>Net Block</b>		<u>5,321,564</u>	<u>4,854,970</u>
<b>Investments</b>	5	<b>6,981,384</b>	<b>3,290,457</b>
<b>Current Assets, Loans &amp; Advances</b>			
Inventories	6	8,427,945	8,476,859
Sundry Debtors	7	7,220,844	807,767
Cash & Bank Balances	8	254,363	381,744
Loans & Advances	9	30,861,774	30,156,412
		<u>46,764,926</u>	<u>39,822,782</u>
<b>Less : Current Liabilities &amp; Provisions</b>	10	<u>7,648,780</u>	<u>2,301,261</u>
<b>Net Current Assets</b>		<u>39,116,146</u>	<u>37,521,521</u>
		<u>51,419,094</u>	<u>45,666,948</u>
Significant Accounting Policies & Notes on Accounts	15		
<b>As per our Report of even date</b>			
For <b>KHURDIA JAIN &amp; CO.</b> Chartered Accountants	For and on behalf of the Board		
<b>Sampat Khurdia</b> Partner M.No.: 33615 MUMBAI DATE : 2 <sup>nd</sup> July 2007	<b>Rajesh Murarka</b> Executive Director & CEO  <b>Parimal Sheth</b> Executive Director MUMBAI DATE : 2 <sup>nd</sup> July 2007	<b>Saurabh Agarwal</b> Executive Director & CFO  <b>Dhaval Desai</b> Director	

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007**

Particulars	Schedules	Year ended 31.03.2007 (Rs.)	Year ended 31.03.2006 (Rs.)
<b>I. Income</b>			
Operational & Other Income	11	22,272,660	12,560,352
Increase/(Decrease) in Stocks of Shares & Securities <sup>12</sup>		(48,914)	(1,708,804)
		<u>22,223,746</u>	<u>10,851,548</u>
<b>II. Expenditure</b>			
Purchases		3,859,730	4,127,903
Administrative and Other Expenses	13	9,125,032	3,479,286
Financial Expenses	14	132,142	32,228
Depreciation		355,265	189,909
		<u>13,472,169</u>	<u>7,829,325</u>
<b>Profit before tax</b>		8,751,577	3,022,223
Less : Provision for Tax			
- Current Tax		2,607,000	792,000
- Deferred Tax Liability / (Assets)		84,381	(153,722)
- Fringe Benefits Tax		150,000	49,000
- Short / (Excess) Provision of Earlier Years		(2,503)	99,083
<b>Profit after Tax</b>		<u>5,912,699</u>	<u>2,235,862</u>
Add : Balance brought forward from previous year		2,237,330	448,641
<b>Balance available for appropriation</b>		<u>8,150,029</u>	<u>2,684,503</u>
<b>Appropriations:</b>			
Transfer to Special Reserve under section 45IC of RBI Act		1,182,540	447,172
Balance carried forward to Balance Sheet		6,967,489	2,237,330
		<u>8,150,029</u>	<u>2,684,503</u>
Earning Per Share (Basic)		1.48	0.56
Significant Accounting Policies & Notes on Accounts	15		
<b>As per our Report of even date</b>			
For <b>KHURDIA JAIN &amp; CO.</b> Chartered Accountants	For and on behalf of the Board		
<b>Sampat Khurdia</b> Partner M.No.: 33615	<b>Rajesh Murarka</b> Executive Director & CEO	<b>Saurabh Agarwal</b> Executive Director & CFO	
MUMBAI DATE : 2 <sup>nd</sup> July 2007	<b>Parimal Sheth</b> Executive Director MUMBAI DATE : 2 <sup>nd</sup> July 2007	<b>Dhaval Desai</b> Director	

## CASH FLOW STATEMENT

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2007

Particulars	Amount (in Rs.)	
	For the year ended 31.03.2007	For the year ended 31.03.2006
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before taxation & extraordinary items	8,751,577	3,022,223
<b>Add/(Less) Adjustments for:</b>		
depreciation	355,265	189,909
Interest on Loan	126,778	28,918
Profit from Sale of Securities	(1,807,550)	(301,980)
Profit from Sale of Fixed Assets	-	(1,171,815)
Increase/(Decrease) in Other Liability	2,897,520	(146,770)
(Increase)/Decrease in Debtors	(6,413,077)	673,896
(Increase)/Decrease in Inventories	48,914	1,708,804
(Increase)/Decrease in Loans and advances	(382,383)	(989,855)
(Increase)/ Decrease in Deposits	-	(1,018,000)
Net Income Tax paid	(1,392,242)	(245,657)
<b>Net Cash Flow from Operating Activities (a)</b>	<b>2,949,568</b>	<b>1,749,674</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Securities	(11,070,086)	(3,987,535)
Sales of Securities	9,194,709	1,547,059
Investment in Partnership Firm	(8,000)	-
Sale of Fixed Asset	-	1,720,000
Purchase of Fixed Assets	(844,719)	(1,690,436)
<b>Net Cash Flow from Investment Activities (b)</b>	<b>(2,728,096)</b>	<b>(2,410,913)</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Secured Loans (Net of repayment)	(222,075)	1,005,670
Interest on Loans	(126,778)	(28,918)
<b>Net Cash Flow from Financing Activities (c)</b>	<b>(348,853)</b>	<b>976,752</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (a+b+c)</b>	<b>(127,381)</b>	<b>315,513</b>
<b>Add: Cash &amp; Cash Equivalents at the beginning of year</b>	<b>381,744</b>	<b>66,231</b>
<b>Cash &amp; Cash Equivalents at the end of year</b>	<b>254,363</b>	<b>381,744</b>
<p><b>As per our Report of even date</b>  For <b>KHURDIA JAIN &amp; CO.</b>  Chartered Accountants</p>		
<p><b>For and on behalf of the Board</b></p>		
<p><b>Sampat Khurdia</b>  Partner  <b>M.No.: 33615</b></p> <p>MUMBAI  DATE : 2<sup>nd</sup> July 2007</p>	<p><b>Rajesh Murarka</b>  Executive Director &amp; CEO</p> <p><b>Parimal Sheth</b>  Executive Director  MUMBAI  DATE : 2<sup>nd</sup> July 2007</p>	<p><b>Saurabh Agarwal</b>  Executive Director &amp; CFO</p> <p><b>Dhaval Desai</b>  Director</p>



## SCHEDULES FORMING PART OF BALANCE SHEET

Particulars	As at 31.03.2007 Amount (Rs.)	As at 31.03.2006 Amount (Rs.)
<b><u>SCHEDULE 1</u></b>		
<b><u>Share Capital</u></b>		
<u>Authorised</u>		
50,00,000 Equity Shares of Rs. 10/- each	50,000,000	50,000,000
<u>Issued, Subscribed &amp; Paid-up</u>		
40,02,600 Equity Shares of Rs. 10/- each fully paid-up	<b>40,026,000</b>	<b>40,026,000</b>
<b><u>SCHEDULE 2</u></b>		
<b><u>Reserves &amp; Surplus</u></b>		
<u>General Reserve</u>		
Special Reserve under Section 45 IC of RBI Act	250,000	250,000
<u>Opening Balance</u>		
Transfers during the year	552,787	105,615
Closing Balance	1,182,540	447,172
<u>Revaluation Reserve</u>		
Opening Balance	1,735,327	552,787
Less: Depreciation on revalued assets	1,133,779	2,313,280
Deductions during the year	22,860	34,292
Closing Balance	-	1,145,209
Profit & Loss Account	1,110,919	1,133,779
	6,967,489	2,237,330
	<b>10,063,735</b>	<b>4,173,896</b>
<b><u>SCHEDULE 3</u></b>		
<b><u>Secured Loans</u></b>		
Hire Purchase Loan from HDFC Bank (Secured Against Specific Asset)	61,388	200,163
Hire Purchase Loan from ICICI Bank (Secured Against Specific Asset)	755,386	1,133,163
Hire Purchase Loan from Oriental Bank of Commerce (Secured Against Specific Asset)	294,477	-
	<b>1,111,251</b>	<b>1,333,326</b>

## SCHEDULES FORMING PART OF BALANCE SHEET

### SCHEDULE - 4 FIXED ASSETS (AT COST LESS DEPRECIATION)

(Amount in Rupees)

Description	Gross Block			Depreciation			Net Block			
	As At 01.04.2006	Additions During the Year	Deductions During the Year	As At 31.03.2007	Upto 31.03.2006 Revalued Assets	Provided for the Year	Adjustment during the year	Upto 31.03.2007	As At 31.03.2007	As At 31.03.2006
Premises	2,078,750	-	-	2,078,750	402,296	11,024	-	436,180	1,642,570	1,676,454
Computers	935,635	251,850	-	1,187,485	664,352	68,431	-	732,784	454,701	271,283
Office Equipments	352,850	-	-	352,850	153,340	16,760	-	170,100	182,750	199,510
Furniture & Fittings	748,433	-	-	748,433	50,869	46,882	-	97,751	650,682	697,564
Motor Cars	1,995,985	406,869	-	2,402,854	93,828	198,171	-	291,999	2,110,855	1,902,157
Air Conditioners	113,552	186,000	-	299,552	5,550	13,997	-	19,547	280,005	108,002
<b>Total</b>	<b>6,225,205</b>	<b>844,719</b>	<b>-</b>	<b>7,069,924</b>	<b>1,370,235</b>	<b>22,860</b>	<b>-</b>	<b>1,748,360</b>	<b>5,321,564</b>	<b>4,854,970</b>
Previous Year	6,613,519	2,339,248	2,727,562	6,225,205	1,531,390	34,292	(385,356)	1,370,235	4,854,970	5,082,129

## SCHEDULES FORMING PART OF BALANCE SHEET

Particulars	As at 31.03.2007 Amount (Rs.)	As at 31.03.2006 Amount (Rs.)
<b>SCHEDULE 5</b>		
<b>Investments (At cost)</b>		
<b>Trade - In Equity Shares</b>		
<b>Quoted - Fully paid up</b>	<b>Face Value (Rs./Share)</b>	
50,000 (previous year 50,000) Equity Shares of Capman Financials Limited	10.00	500,000
1,500 (previous year Nil) Equity Shares of Areva T & D Limited	10.00	1,312,268
2,000 (previous year Nil) Equity Shares of BPL Limited	10.00	179,560
8,000 (previous year Nil) Equity Shares of Dena Bank Limited	10.00	271,326
1,000 (previous year Nil) Equity Shares of Maharashtra Scooters Limited	10.00	370,346
5,000 (previous year Nil) Equity Shares of NOCIL Limited	10.00	131,850
2,000 (previous year Nil) Equity Shares of Ranbaxy Laboratories Limited	5.00	836,728
3,000 (previous year Nil) Equity Shares of Shri Digvijay Cement Company Limited	10.00	60,133
500 (previous year Nil) Equity Shares of Tech Mahindra Limited	10.00	783,362
5,000 (previous year Nil) Equity Shares of Varun Shipping Limited	10.00	372,235
5,000 (previous year Nil) Equity Shares of VST Tiller Limited	10.00	595,130
3,500 (previous year Nil) Equity Shares of Welspun Gujarat Stahl Rohren Limited	5.00	412,090
Nil (previous year 61,000) Equity Shares of Kisan Mouldings Limited	10.00	-
Nil (previous year 6,800) Equity Shares of Standard Industries Limited	5.00	-
		1,525,000
		217,100
(Market Value Rs. 5,260,825/-; previous year Rs. 3,034,310/-)		

## SCHEDULES FORMING PART OF BALANCE SHEET

Particulars	As at 31.03.2007 Amount (Rs.)	As at 31.03.2006 Amount (Rs.)
<b>Unquoted</b>		
4,800 (previous year 4,800) Equity Shares of Chetan Securities Private Limited of Rs. 10/- each, fully paid up	48,000	48,000
371,880 (previous year 371,880) Equity Share of Havmore Insurance Brokers Private Limited of Rs. 10/- each, fully paid up  (Refer note 5 of Schedule 15)	1,000,357	1,000,357
<b>In wholly owned Subsidiary Company</b>		
10,000 (previous year Nil) Equity Shares of Ladderup Corporate Advisory Private Limited of Rs. 10/- each, fully paid up	100,000	-
<b>In Partnership Firm</b>		
New India Spinning Company (Fixed Capital)	7,500	
New India Spinning Company (Current Capital)	500	-
	6,981,384	3,290,457
<b><u>SCHEDULE 6</u></b>		
<b><u>Inventories</u></b>		
Stock of Shares and Securities (Refer Annexure I) (As taken, valued and certified by directors)	8,427,945	8,476,859
	8,427,945	8,476,859
<b><u>SCHEDULE 7</u></b>		
<b><u>Sundry Debtors</u></b>		
(Unsecured, considered good)		
Due for more than six months	961,361	191,372
Other Debts	6,259,483	616,395
	7,220,844	807,767
<b><u>SCHEDULE 8</u></b>		
<b><u>Cash &amp; Bank Balances</u></b>		
Cash in hand	52,184	36,473
Balances with Scheduled Banks In Current Account	202,179	345,271
	254,363	381,744

## SCHEDULES FORMING PART OF BALANCE SHEET

Particulars	As at 31.03.2007 Amount (Rs.)	As at 31.03.2006 Amount (Rs.)
<b><u>SCHEDULE 9</u></b>		
<b><u>Loans &amp; Advances</u></b>		
(Unsecured, considered good)		
Advance recoverable in cash or kind or for value to be received	900,000	240,000
Inter Corporate Deposits	10,119,775	3,894,824
Other Advances	15,391,366	22,658,700
Other Deposits	2,080,000	2,080,000
Advance Tax & Tax Deducted at Source	2,370,633	1,282,888
	30,861,774	30,156,412
<b><u>SCHEDULE 10</u></b>		
<b><u>Current Liabilities &amp; Provisions</u></b>		
<b><u>Current Liabilities</u></b>		
Other Liabilities	4,050,780	1,153,261
<b><u>Provisions</u></b>		
Provision for Income Tax	3,399,000	1,099,000
Provision for Fringe Benefits Tax	199,000	49,000
	7,648,780	2,301,261
<b><u>SCHEDULE 11</u></b>		
<b><u>Operational &amp; Other Income</u></b>		
Sales	3,919,777	4,339,280
Interest on Loans	2,187,993	1,611,201
(TDS Rs. 457,044/-; previous year Rs. 344,333/-)		
Other Interest	20,130	24,308
Financial & Management Consultancy Fees	14,230,937	5,103,430
(TDS Rs. 785,627/- ; previous year Rs. 262,411/-)		
Dividends	103,825	7,403
Profit on Sale of Fixed Assets	-	1,171,815
Profit on Sale of Investments	1,807,550	301,980
Other income	2,448	935
	22,272,660	12,560,352

## SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT

Particulars	Year Ended 31.03.2007 Amount (Rs.)	Year Ended 31.03.2006 Amount (Rs.)
<b><u>SCHEDULE 12</u></b>		
<b><u>Increase/ (Decrease) in Stocks of Shares &amp; Securities</u></b>		
Closing Stocks	8,427,945	8,476,859
Less : Opening Stocks	8,476,859	10,185,663
	(48,914)	(1,708,804)
<b><u>SCHEDULE 13</u></b>		
<b><u>Administrative &amp; Other Expenses</u></b>		
Salaries	2,171,177	1,111,117
Staff Welfare Expenses	181,401	137,127
Rent	406,800	406,800
Insurance Expenses	59,255	29,912
Printing & Stationery	56,131	46,887
Communication Costs	298,961	242,818
Travelling & Conveyance	319,532	214,290
Vehicle Maintenance Expenses	684,811	279,778
Electricity Expenses	279,080	95,430
Auditors Remuneration	20,000	22,448
Legal & Statutory Expenses	98,229	61,077
Professional Charges	3,376,565	91,280
Bad Debts Written Off	217,400	228,621
Office Expenses	262,880	242,300
Business Promotion Expenses	594,548	226,558
Miscellaneous Expenses	98,263	42,843
Preliminary & Share Issue Expenses Written Off	-	-
	9,125,032	3,479,286
<b><u>SCHEDULE 14</u></b>		
<b><u>Financial Expenses</u></b>		
Bank Charges	5,363	3,310
Interest on Unsecured loans	51,390	-
Interest on Car Loan	75,388	28,918
	132,142	32,228

## SCHEDULE FORMING PART OF ACCOUNT

### SCHEDULE 15

#### Significant Accounting Policies and Notes on Accounts

##### I. Significant Accounting Policies

###### 1. Basis of Accounting

The Company has adopted the accrual concept in the preparation of accounts, except where otherwise stated.

###### 2. Fixed Assets

Fixed Assets are stated at cost less depreciation except premises, which are stated at revalued cost less depreciation.

###### 3. Depreciation

- i) Depreciation on fixed assets is provided on straight-line method at the rates and in the manner as specified in Schedule XIV of the Companies Act, 1956.
- ii) Depreciation on revalued assets to the extent of revaluation is charged from Revaluation Reserve.

###### 4. Investments

Investments are classified into long term investments and current investments. Investments, which are intended to be held for less than one year, are classified as current investments and investments, which are intended to be held for more than one year, are classified as long term investments. Long term investments are accounted at cost and any decline in value, other than temporary is provided for. Current investments are valued at cost or market/fair value, whichever is lower.

###### 5. Inventory

Stock of shares and securities is valued at lower of cost or market value.

###### 6. Income Recognition

- i) Fees for project advisory, loan syndication and corporate consultancy are accounted for on the substantial completion of assignments.
- ii) Profit or Loss from dealing in shares and securities are recognized on settlement dates.
- iii) Dividend on shares is being considered on receipt basis.
- iv) In respect of other heads of income, the Company follows the practice of accounting on accrual basis.

###### 7. Provision for Income Tax

Provision for current income tax is made after considering exemptions/ deductions available and at the rates applicable under the Income Tax Act, 1961.

Deferred Tax arising on account of timing difference between book and taxable profits and carried forward losses and which are capable of reversal in one or more subsequent periods is recognized using the tax rates and tax laws that have been enacted.

## II. Notes on Accounts

1. In the opinion of Board of Directors, the Current Assets, Loans and Advances are approximately of the value stated as realisable in the ordinary course of business and the provisions of all known liabilities are adequate.
2. Auditor's Remuneration: (Amount in Rs.)

Particulars	Current Year	Previous Year
Statutory Audit	15,000	15,000
Tax Audit	4,000	4,000
Others	1,000	1,000
<b>Total</b>	<b>20,000</b>	<b>20,000</b>

Directors' Remuneration: (Amount in Rs.)

Particulars	Current Year	Previous Year
Directors Remuneration	1,240,000	452,310
Directors Sitting Fees	37,000	26,000
<b>Total</b>	<b>1,277,000</b>	<b>478,310</b>

3. Additional information pursuant to the provisions of paragraph 3, 4C and 4D have been given herein below to the extent applicable:
  - i) The quantitative information of opening stock, purchases, sales and closing stock of shares & securities is given below. Details regarding Closing Stock are annexed in Annexure I hereto.  
Particulars in respect of opening stock, purchases, sales and closing stock:

(Amount in Rs.)

Shares and Securities	Quantity		Amount	
	Current Year	Previous Year	Current Year	Previous Year
Opening Stock	642,800	1,133,490	8,476,859	10,185,663
Purchases	13,410	32,905	38,59,730	4,127,903
Sales	13,410	509,405	39,19,777	4,339,280
Closing Stock	642,800	642,800	84,27,945	8,476,859

- ii) Expenditure, earning and remittance in foreign currency: Nil



4. Profit on sale of current investments is net of purchases of Rs. 73.87 lacs and sales of Rs. 91.95 lacs.
5. Investment in 371,800 equity shares of Havmore Insurance Brokers Private Limited is not registered in the name of the Company, for which valid transfer documents are held by the Company.
6. The Company has entered into partnership with Mr. Mukesh Goyal under the firm name M/s New India Spinning Company for venturing into Textile Industry on 31st January, 2007. The profit/loss sharing ratio in the said firm, as on 31st March 2007, is as under:

Name of the Partner	Profit/Loss Sharing Ratio
M/s. Ladderup Finance Limited	75%
Shri Mukesh Goyal	25%

7. The Company has acquired the entire issued share capital of Ladderup Corporate Advisory Private Limited on 21st February, 2007 as a result of which the said Company has become a wholly owned subsidiary of the Company..
8. Advances recoverable in cash or kind includes Rs. 900,000 towards Share Application money paid to Ladderup Corporate Advisory Private Limited against which the allotment of shares is pending. Further, Intercorporate deposit also includes Rs. 4,126,000 given as unsecured loan to Ladderup Corporate Advisory Private Limited, its wholly owned subsidiary.

**9. Related Party Disclosures:**

Related party disclosures as required by the Accounting Standard -18 on "Related Party disclosures" issued by the Institute of Chartered Accountants of India are given below.

(a) Disclosure of related party transactions:

(i) Related parties where common interest exist

- 1) **Singrodia Goyal & Co.,**
- 2) Havmore Insurance Brokers Private Limited
- 3) Ladderup Corporate Advisory Private Limited
- 4) New India Spinning Company

(ii) Directors & their relatives

Mr. Sunil Goyal	Director
Mr. Manoj Singrodia	Director
Mrs. Santosh Singrodia	Relative of Director
Mrs. Usha Goyal	Relative of Director

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

(Amount in Rs.)

Nature of Transaction	Refer to (a) (i) above		Refer to (a) (ii) above	
	Current Year	Previous Year	Current Year	Previous Year
Rent Paid	Nil	Nil	406,800	406,800
Sales of Investments	Nil	Nil	13,18,000	Nil
Professional Charges Paid	Nil	Nil	813,740	Nil
Unsecured Loan Given	4,126,000	Nil	Nil	Nil
Outstanding Payable	6,04,980	Nil	Nil	Nil
Share Application Money	9,00,000	2,40,000	Nil	Nil
Outstanding Receivables	4,126,000	Nil	Nil	Nil
Deposits	Nil	Nil	2,035,000	2,035,000

10. As per the provisions laid down in Accounting Standard 17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India, the Company's business activities can be classified into three segments namely Investment & Trading in shares & securities, Consultancy and Finance activities. The information about all the segments is given in Annexure II to the Notes on accounts.

#### 11. Deferred Taxes

In accordance with Accounting Standard - 22, "Accounting for taxation on Income issued by ICAI, the deferred tax asset for the current year amounting to Rs. 84,381/- has been recognized in the Profit and Loss Account.

a) The tax effect of significant timing (temporary) differences that resulted in Deferred tax Liability and description of the items that create the differences are as follows: (Amount in Rs.)

Particulars	Deferred Tax Liability as at 1st April 06	Current Year change	Deferred Tax Liability as at 31st March 07
Difference between book & tax depreciation	133,726	84,381	218,107
<b>Deferred Tax Liability</b>	<b>133,726</b>	<b>84,381</b>	<b>218,107</b>

12. The Company has transferred an amount of Rs.11,82,540/- equivalent to 20% of the profits after tax of the Company to Special Reserve Account in compliance to section 45 IC of the Reserve Bank of India Act, 1934.

13. Balance of Sundry Debtors is subject to confirmation and reconciliation.

14. Previous year figures have been regrouped, reclassified and rearranged wherever necessary.

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I. Registration Details**Registration No. : **11 - 74278**State Code : **11**Balance Sheet Date : **31** **3** **2007**  
Date Month Year**II. Capital raised during the year (Rs. in Thousands)**

Public Issue	<b>Nil</b>	Rights Issue	<b>Nil</b>
Bonus Issue	<b>Nil</b>	Private Placement / Promoters Contribution	<b>Nil</b>
Call Unpaid Received	<b>Nil</b>		

**III. Position of Mobilisation and Deployment of Funds (Rs. in Thousands)**

Total Liabilities	<b>51419</b>	Total Assets	<b>51419</b>
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**Source of Funds**

Paid-up Capital	<b>40026</b>	Reserves and Surplus	<b>10064</b>
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Share Application Money

Secured Loans	<b>1111</b>	Unsecured Loans	<b>Nil</b>
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Deferred Tax Liability	<b>218</b>		
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**Application of Funds**

Net Fixed Assets	<b>5322</b>	Investments	<b>6981</b>
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Net Current Assets	<b>39116</b>	Misc. Expenditure	<b>Nil</b>
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Accumulated Losses	<b>Nil</b>		
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IV. **Performance of Company. (Rs. in Thousands)**

Turnover and Income	<b>22224</b>	Total Expenditure	<b>13472</b>
+ - Profit/Loss Before Tax	<b>8752</b>	Profit/Loss After Tax	<b>5913</b>
(Please tick appropriate box, + Profit, - for Loss)			
Earning Per Share in (Rs.)	<b>1.48</b>	Dividend Rate %	<b>Nil</b>

V. **Generic Names of Three Principal Products/Services of Company (As Per Monetary Terms)**

Item Code No. (ITC Code) -

Product Description	<b>1</b>	<b>Dealing in Shares, Stock &amp; Investments</b>
	<b>2</b>	<b>Leasing, Bill Discounting &amp; Loan Syndication</b>
	<b>3</b>	<b>Financial &amp; Management Consultancy</b>

Signatories to Schedule "1" to "15"

For **KHURDIA JAIN & CO.**  
Chartered Accountants

For and on behalf of the Board

**Sampat Khurdia**  
Partner  
M.No.: 33615

**Rajesh Murarka**  
Executive Director & CEO

**Saurabh Agarwal**  
Executive Director & CFO

**Parimal Sheth**  
Executive Director

**Dhaval Desai**  
Director

MUMBAI  
DATE : 2<sup>nd</sup> July 2007

MUMBAI  
DATE : 2<sup>nd</sup> July 2007

**Annexure 'I'****Details of Closing Stock of Shares and Securities as at 31st March 2007**

Particulars	As at 31/03/2007	
	Nos.	Value (Rs.)
Mikado Textile Limited	123300	-
Meractor Lines Limited	6250	224,063
Silverline Technology Limited	100	1,555
Sunflag Iron & Steel Limited	350	2,328
Vandana Hitech Systems Private Limited	12800	3,200,000
Vinayaka Capsec Private Limited	500000	5,000,000
	<b>642800</b>	<b>8,427,945</b>

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<b>Annexure 'II'</b>				
<b>Segment Information for the year ended 31st March, 2007</b>				
Amount (Rs.)				
<b>Particulars</b>	<b>Investment &amp; Trading Activities</b>	<b>Consultancy Services</b>	<b>Finance Activities</b>	<b>Total</b>
<b>Revenue</b>				
External sales	5,831,152	14,230,937	2,187,993	22,250,082
Inter segment sales	-	-	-	-
<b>Total Revenue</b>	<b>5,831,152</b>	<b>14,230,937</b>	<b>2,187,993</b>	<b>22,250,082</b>
<b>Result</b>				
Segment Result	1,872,351	9,716,327	2,121,603	<b>13,710,281</b>
Unallocated Income				22,578
Unallocated corporate Expense				4,981,282
Profit before tax				8,751,577
Income taxes				2,604,497
Fringe Benefits Tax				150,000
Deferred tax				84,381
<b>Net Profit</b>				<b>5,912,699</b>
<b>Other Information</b>				
Segment Assets	19,244,092	4,623,139	25,020,782	48,888,013
Unallocated Corporate Assets				10,179,861
<b>Total Assets</b>				<b>59,067,874</b>
Segment Liabilities	262,528	3,183,874	4,656	3,451,058
Unallocated Corporate liabilities				5,308,973
Deferred Tax Liabilities				218,107
<b>Total liabilities</b>				<b>8,978,139</b>

## AUDITORS' REPORT

### Auditors' Report on (Consolidated) Financial Statements

#### Auditor's Report to the Board of Directors of Ladderup Finance Limited on the Consolidated Financial Statements of Ladderup Finance Limited and its Subsidiary.

We have audited the attached Consolidated Balance Sheet of **Ladderup Finance Limited** (hereinafter referred as "the Company"), the holding Company and its subsidiary Ladderup Corporate Advisory Private Limited (hereinafter collectively referred to as "the Group" as at 31st March, 2007, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date prepared in accordance with the accounting principles generally accepted in India.

1. These financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these financial statements based on our Audit. We conducted our Audit in accordance with generally accepted auditing standards in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An Audit includes, examining on a test basis, evidence supporting the amounts and disclosures in financial statements. An Audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
2. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements" and other applicable Accounting Standards issued by the Institute of Chartered Accountants of India and on basis of the separate audited financial statements of the Company and its subsidiary included in the consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the separate Audit Reports on individual audited financial statements of the Company and its subsidiary, we are of the opinion that the consolidated financial statements give a true and fair view:

- (a) In case of consolidated Balance Sheet, of the consolidated state of affairs of the group as at 31st March, 2007 ;

- (b) In case of consolidated Profit and Loss Account, of the consolidated results of operations of the group for the year ended on that date; and
- (c) In case of consolidated Cash Flow Statement, of the consolidated cash flows of the group for the year ended on that date.

for ***Khurdia Jain & Co.***  
***Chartered Accountants***

***Sampat Khurdia***  
***Partner***  
***Mem. No. 33615***

Place : Mumbai  
Date : 2<sup>nd</sup> July, 2007



## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2007

Particulars	Schedules	As at 31.03.2007 (Rs.)
<b>I Sources of Funds</b>		
<b>Shareholders Funds</b>		
Share Capital	1	40,026,000
Reserves & Surplus	2	10,063,735
<b>Loans Funds</b>		
Secured Loans	3	1,111,251
Unsecured Loans	4	6,890,000
<b>Deferred Tax Liabilities (Net)</b>		218,107
		<b>58,309,094</b>
<b>II Application of Funds</b>		
<b>Fixed Assets</b>		
Gross Block	5	7,069,924
Less: Depreciation		1,748,360
<b>Net Block</b>		<b>5,321,564</b>
<b>Investments</b>	6	<b>6,881,384</b>
<b>Current Assets, Loans &amp; Advances</b>		
Inventories	7	8,427,945
Sundry Debtors	8	7,220,844
Cash & Bank Balances	9	260,273
Loans & Advances	10	37,841,774
		<b>53,750,836</b>
<b>Less : Current Liabilities &amp; Provisions</b>	11	<b>7,669,642</b>
<b>Net Current Assets</b>		<b>46,081,194</b>
Micellaneous Expenditure	12	24,952
		<b>58,309,094</b>
Significant Accounting Policies & Notes on Accounts	17	
<b>As per our Report of even date</b>		
For <b>KHURDIA JAIN &amp; CO.</b> Chartered Accountants	For and on behalf of the Board	
<b>Sampat Khurdia</b> Partner <b>M.No.: 33615</b>	<b>Rajesh Murarka</b> Executive Director & CEO	<b>Saurabh Agarwal</b> Executive Director & CFO
MUMBAI DATE : 2 <sup>nd</sup> July 2007	<b>Parimal Sheth</b> Executive Director MUMBAI DATE : 2 <sup>nd</sup> July 2007	<b>Dhaval Desai</b> Director

**CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007**

Particulars	Schedules	Year ended 31.03.2007 (Rs.)
<b>I. Income</b>		
Operational & Other Income	13	22,272,660
Increase/(Decrease) in Stocks of Shares & Securities	14	(48,914)
		<u>22,223,746</u>
<b>II. Expenditure</b>		
Purchases		3,859,730
Administrative and Other Expenses	15	9,125,032
Financial Expenses	16	132,142
Depreciation		355,265
		<u>13,472,169</u>
<b>Profit before Tax</b>		8,751,577
Less : Provision for Tax		
- Current Tax		2,607,000
- Deferred Tax Liability / (Assets)		84,381
- Fringe Benefits Tax		150,000
- Short / (Excess) Provision of Earlier Years		(2,503)
<b>Profit after Tax</b>		<b>5,912,699</b>
Add : Balance brought forward from previous year		2,237,330
<b>Balance available for appropriation</b>		<u><b>8,150,029</b></u>
<b>Appropriations:</b>		
Transfer to Special Reserve under section 45IC of RBI Act		1,182,540
Balance carried forward to Balance Sheet		6,967,489
		<u>8,150,029</u>
Earning Per Share (Basic)		1.48
Significant Accounting Policies & Notes on Accounts	17	
AS PER OUR REPORT OF EVEN DATE		
For <b>KHURDIA JAIN &amp; CO.</b>	<b>For and on behalf of the Board</b>	
CHARTERED ACCOUNTANTS		
<b>Sampat Khurdia</b>	<b>Rajesh Murarka</b>	<b>Saurabh Agarwal</b>
Partner	Executive Director & CEO	Executive Director & CFO
<b>M.No.: 33615</b>	<b>Parimal Sheth</b>	<b>Dhaval Desai</b>
	Executive Director	Director
MUMBAI	MUMBAI	
DATE : 2 <sup>nd</sup> July 2007	DATE : 2 <sup>nd</sup> July 2007	

## CASH FLOW STATEMENT

### CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2007

Particulars	Amount (in Rs.)
	For the year ended 31.03.2007
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>	
Net profit before taxation & extraordinary items	8,751,577
<b>Add/(Less) Adjustments for:</b>	
depreciation	355,265
Interest on Loan	126,778
Profit from Sale of Securities	(1,807,550)
Profit from Sale of Fixed Assets	-
Increase/(Decrease) in Other Liability	2,918,382
(Increase)/Decrease in Debtors	(6,413,077)
(Increase)/Decrease in Inventories	48,914
(Increase)/Decrease in Loans and advances	(6,597,617)
(Increase)/ Decrease in Deposits	-
Net Income Tax paid	(1,392,242)
Preliminary and Pre operative Expenditure	(24,952)
<b>Net Cash Flow from Operating Activities (a)</b>	<b>(4,034,522)</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>	
Purchase of Securities	(10,970,086)
Sales of Securities	9,194,709
Investment in Partnership Firm	(8,000)
Sale of Fixed Asset	-
Purchase of Fixed Assets	(844,719)
<b>Net Cash Flow from Investment Activities (b)</b>	<b>(2,728,096)</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>	
Secured Loans (Net of repayment)	(222,075)
Unsecured Loan	6,890,000
Interest on Loans	(126,778)
<b>Net Cash Flow from Financing Activities (c)</b>	<b>6,541,147</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (a+b+c)</b>	<b>(121,471)</b>
<b>Add: Cash &amp; Cash Equivalents at the beginning of year</b>	<b>381,744</b>
<b>Cash &amp; Cash Equivalents at the end of year</b>	<b>260,273</b>
<b>As per our Report of even date</b>	
For <b>KHURDIA JAIN &amp; CO.</b> Chartered Accountants	For and on behalf of the Board
<b>Sampat Khurdia</b> Partner <b>M.No.: 33615</b>	<b>Rajesh Murarka</b> Executive Director & CEO
MUMBAI DATE : 2 <sup>nd</sup> July 2007	<b>Saurabh Agarwal</b> Executive Director & CFO
	<b>Parimal Sheth</b> Executive Director MUMBAI DATE : 2 <sup>nd</sup> July 2007
	<b>Dhaval Desai</b> Director

## SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET

Particulars	As at 31.03.2007 Amount (Rs.)
<b>SCHEDULE 1</b>	
<b>Share Capital</b>	
<u>Authorised</u>	
50,00,000 Equity Shares of Rs. 10/- each	50,000,000
<u>Issued, Subscribed &amp; Paid-up</u>	
40,02,600 Equity Shares of Rs. 10/- each fully paid-up	40,026,000
<b>SCHEDULE 2</b>	
<b>Reserves &amp; Surplus</b>	
<u>General Reserve</u>	
Special Reserve under Section 45 IC of RBI Act	250,000
Opening Balance	552,787
Transfers during the year	1,182,540
Closing Balance	1,735,327
<u>Revaluation Reserve</u>	
Opening Balance	1,133,779
Less: Depreciation on revalued assets	22,860
Deductions during the year	-
Closing Balance	1,110,919
Profit & Loss Account	6,967,489
	<b>10,063,735</b>
<b>SCHEDULE 3</b>	
<b>Secured Loans</b>	
Hire Purchase Loan from HDFC Bank (Secured Against Specific Asset)	61,388
Hire Purchase Loan from ICICI Bank (Secured Against Specific Asset)	755,386
Hire Purchase Loan from Oriental Bank of Commerce (Secured Against Specific Asset)	294,477
	<b>1,111,251</b>
<b>SCHEDULE 4</b>	
<b>Unsecured Loans</b>	
Inter Corporate Deposit	6,890,000
	<b>6,890,000</b>

# SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET

SCHEDULE - 5 FIXED ASSETS (AT COST LESS DEPRECIATION)												
(Amount in Rupees)												
Description	Gross Block					Depreciation					Net Block	
	As At 01.04.2006	Additions During the year	Deductions During the year	As At 31.03.2007	Upto 31.03.2006	Dep. On Revalued Assets	Provided for the year	Adjustment during the year	Upto 31.03.2007	As At 31.03.2007	As At 31.03.2006	
Premises	2,078,750	-	-	2,078,750	402,296	22,860	11,024	-	436,180	1,642,570	1,676,454	
Computers	935,635	251,850	-	1,187,485	664,352	-	68,431	-	732,784	454,701	271,283	
Office Equipments	352,850	-	-	352,850	153,340	-	16,760	-	170,100	182,750	199,510	
Furniture & Fittings	748,433	-	-	748,433	50,869	-	46,882	-	97,751	650,682	697,564	
Motor Cars	1,995,985	406,869	-	2,402,854	93,828	-	198,171	-	291,999	2,110,855	1,902,157	
Air Conditioners	113,552	186,000	-	299,552	5,550	-	13,997	-	19,547	280,005	108,002	
<b>Total</b>	<b>6,225,205</b>	<b>844,719</b>	<b>-</b>	<b>7,069,924</b>	<b>1,370,235</b>	<b>22,860</b>	<b>355,265</b>	<b>-</b>	<b>1,748,360</b>	<b>5,321,564</b>	<b>4,854,970</b>	
Previous Year	6,613,519	2,339,248	2,727,562	6,225,205	1,531,390	34,292	189,909	(385,356)	1,370,235	4,854,970	5,082,129	

**SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET**

Particulars	As at 31.03.2007 Amount (Rs.)	
<b>SCHEDULE 6</b>		
<b>Investments (At cost)</b>		
<b>Trade - In Equity Shares</b>		
<b>Quoted - Fully paid up</b>	<b>Face Value (Rs. / Share)</b>	
50,000 (previous year 50,000) Equity Shares of Capman Financials Limited	10.00	500,000
1,500 (previous year Nil) Equity Shares of Areva T & D Limited	10.00	1,312,268
2,000 (previous year Nil) Equity Shares of BPL Limited	10.00	179,560
8,000 (previous year Nil) Equity Shares of Dena Bank Limited	10.00	271,326
1,000 (previous year Nil) Equity Shares of Maharashtra Scooters Limited	10.00	370,346
5,000 (previous year Nil) Equity Shares of NOCIL Limited	10.00	131,850
2,000 (previous year Nil) Equity Shares of Ranbaxy Laboratories Limited	5.00	836,728
3,000 (previous year Nil) Equity Shares of Shri Digvijay Cement Company Limited	10.00	60,133
500 (previous year Nil) Equity Shares of Tech Mahindra Limited	10.00	783,362
5,000 (previous year Nil) Equity Shares of Varun Shipping Limited	10.00	372,235
5,000 (previous year Nil) Equity Shares of VST Tiller Limited	10.00	595,130
3,500 (previous year Nil) Equity Shares of Welspun Gujarat Stahl Rohren Limited	5.00	412,090
Nil (previous year 61,000) Equity Shares of Kisan Mouldings Limited	10.00	-
Nil (previous year 6,800) Equity Shares of Standard Industries Limited	5.00	-
(Market Value Rs. 5,260,825/-; previous year Rs. 3,034,310/-)		

## SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET

Particulars	As at 31.03.2007 Amount (Rs.)
<b>Unquoted</b>	
4,800 (previous year 4,800) Equity Shares of Chetan Securities Private Limited of Rs. 10/- each, fully paid up	48,000
371,880 (previous year 371,880) Equity Share of Havmore Insurance Brokers Private Limited of Rs. 10/- each, fully paid up	1,000,357
(Refer note 5 of Schedule 17)	
<b>In Partnership Firm</b>	
New India Spinning Company (Fixed Capital)	7,500
New India Spinning Company (Current Capital)	500
	6,881,384
<b><u>SCHEDULE 7</u></b>	
<b><u>Inventories</u></b>	
Stock of Shares and Securities (Refer Annexure I) (As taken, valued and certified by directors)	8,427,945
	8,427,945
<b><u>SCHEDULE 8</u></b>	
<b><u>Sundry Debtors</u></b>	
(Unsecured, considered good)	
Due for more than six months	961,361
Other Debts	6,259,483
	7,220,844
<b><u>SCHEDULE 9</u></b>	
<b><u>Cash &amp; Bank Balances</u></b>	
Cash in hand	52,184
Balances with Scheduled Banks In Current Account	208,089
	260,273

**SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET**

PARTICULARS	AS AT 31.03.2007 Amount (Rs.)
<b>SCHEDULE 10</b>	
<b>Loans &amp; Advances</b>	
(Unsecured, considered good)	
Advance recoverable in cash or kind or for value to be received	12,006,000
Inter Corporate Deposits	5,993,775
Other Advances	15,391,366
Other Deposits	2,080,000
Advance Tax & Tax Deducted at Source	2,370,633
	<u>37,841,774</u>
<b>SCHEDULE 11</b>	
<b>Current Liabilities &amp; Provisions</b>	
<b>Current Liabilities</b>	
Other Liabilities	4,050,780
Liability for Expenses	20,862
<b>Provisions</b>	
Provision for Income Tax	3,399,000
Provision for Fringe Benefits Tax	199,000
	<u>7,669,642</u>
<b>SCHEDULE 12</b>	
<b>Miscellaneous Expenditure</b>	
Preliminary Expenses	22,020
Pre operative Expenses	2,932
	<u>24,952</u>
<b>SCHEDULE 13</b>	
<b>Operational &amp; Other Income</b>	
Sales	3,919,777
Interest on Loans	2,187,993
(TDS Rs. 457,044/-; previous year Rs. 344,333/-)	
Other Interest	20,130
Financial & Management Consultancy Fees	14,230,937
(TDS Rs. 785,627/- ; previous year Rs. 262,411/-)	
Dividends	103,825
Profit on Sale of Fixed Assets	-
Profit on Sale of Investments	1,807,550
Other income	2,448
	<u>22,272,660</u>



**SCHEDULES FORMING PART OF CONSOLIDATED PROFIT & LOSS ACCOUNT**

Particulars	Year Ended 31.03.2007 Amount (Rs.)
<b><u>SCHEDULE 14</u></b>	
<b><u>Increase/ (Decrease) in Stocks of Shares &amp; Securities</u></b>	
Closing Stocks	8,427,945
Less : Opening Stocks	8,476,859
	<u>(48,914)</u>
<b><u>SCHEDULE 15</u></b>	
<b><u>Administrative &amp; Other Expenses</u></b>	
Salaries	2,171,177
Staff Welfare Expenses	181,401
Rent	406,800
Insurance Expenses	59,255
Printing & Stationery	56,131
Communication Costs	298,961
Travelling & Conveyance	319,532
Vehicle Maintenance Expenses	684,811
Electricity Expenses	279,080
Auditors Remuneration	20,000
Legal & Statutory Expenses	98,229
Professional Charges	3,376,565
Bad Debts Written Off	217,400
Office Expenses	262,880
Business Promotion Expenses	594,548
Miscellaneous Expenses	98,263
Preliminary & Share Issue Expenses Written Off	-
	<u>9,125,032</u>
<b><u>SCHEDULE 16</u></b>	
<b><u>Financial Expenses</u></b>	
Bank Charges	5,363
Interest on Unsecured loans	51,390
Interest on Car Loan	75,388
	<u>132,142</u>

## SCHEDULE FORMING PART OF ACCOUNT

### **SCHEDULE 17**

#### **Significant Accounting Policies and Notes on Accounts**

1. Ladderup Finance Limited has prepared the consolidated financial statements by consolidating its accounts with its 100% subsidiary in accordance with Accounting Standard 21 (Consolidated Financial Statements) of The Institute of Chartered Accountants of India.

The Consolidated financial statements comprise the financial statements of Ladderup Finance Limited ("the Company) and its subsidiary. The financial statements of each of these are prepared according to uniform accounting policies, in accordance with generally accepted accounting principles in India. The effects of inter company transactions between consolidated companies are eliminated in consolidation.

#### **Company included in consolidation**

Ladderup Corporate Advisory private Limited, a wholly owned subsidiary.

#### **Other Significant Accounting Policies**

These are set out in the Notes to Accounts under the section " Significant Accounting Policies" of Ladderup Finance Limited & Ladderup Corporate Advisory private Limited.

### **II. Notes on Accounts**

1. In the opinion of Board of Directors, the Current Assets, Loans and Advances are approximately of the value stated as realisable in the ordinary course of business and the provisions of all known liabilities are adequate.
2. Auditor's Remuneration: (Excluding Service Tax) (Amount in Rs.)

Particulars	Current Year	Previous Year
Statutory Audit	*17,500	15,000
Tax Audit	4,000	4,000
Others	1,000	1,000
<b>Total</b>	<b>22,500</b>	<b>20,000</b>

\* Rs. 2500 included in Preliminary Expenses

Directors' Remuneration: (Included in Salaries) (Amount in Rs.)

Particulars	Current Year	Previous Year
Directors Remuneration	1,240,000	452,310
Directors Sitting Fees	37,000	26,000
<b>Total</b>	<b>1,277,000</b>	<b>478,310</b>

3. Additional information pursuant to the provisions of paragraph 3, 4C and 4D have been given herein below to the extent applicable:

i) The quantitative information of opening stock, purchases, sales and closing stock of shares & securities is given below. Details regarding Closing Stock are annexed in Annexure I hereto.

Particulars in respect of opening stock, purchases, sales and closing stock:

(Amount in Rs.)

Shares and Securities	Quantity		Amount	
	Current Year	Previous Year	Current Year	Previous Year
Opening Stock	642,800	1,133,490	8,476,859	10,185,663
Purchases	13,410	32,905	38,59,730	4,127,903
Sales	13,410	509,405	39,19,777	4,339,280
Closing Stock	642,800	642,800	84,27,945	8,476,859

ii) Expenditure, earning and remittance in foreign currency: Nil

4. Profit on sale of current investments is net of purchases of Rs. 73.87 lacs and sales of Rs. 91.95 lacs.

5. Investment in 371,800 equity shares of Havmore Insurance Brokers Private Limited is not registered in the name of the Company, for which valid transfer documents are held by the Company.

6. No provision is considered necessary in respect of Gratuity and other retirement benefits payable, since none of the employees have put in the minimum required number of years of service with the Company.

7. The Company has entered into partnership with Shri. Mukesh Goyal under the firm name M/s New India Spinning Company for venturing into Textile Industry on 31st January, 2007. The profit/loss sharing ratio in the said firm, as on 31st March 2007, is described as under:

Name of the Partner	Profit/Loss Sharing Ratio
M/s. Ladderup Finance Limited	75%
Shri Mukesh Goyal	25%

**8. Related Party Disclosures:**

Related party disclosures as required by the Accounting Standard -18 on "Related Party disclosures" issued by the Institute of Chartered Accountants of India are given below.

(a) Disclosure of related party transactions:

(i) Related parties where common interest exist

- 1) Singrodia Goyal & Co., Chartered Accountants
- 2) Havmore Insurance Brokers Private Limited
- 3) New India Spinning Company

(ii) Directors & their relatives

Mr. Sunil Goyal	Director
Mr. Manoj Singrodia	Director
Mrs. Santosh Singrodia	Relative of Director
Mrs. Usha Goyal	Relative of Director

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

(Amount INR)

Nature of Transaction	Refer to (a) (i) above		Refer to (a) (ii) above	
	Current Year	Previous Year	Current Year	Previous Year
Rent Paid	Nil	Nil	406,800	406,800
Sales of Investment	Nil	Nil	13,18,000	Nil
Professional Charges Paid	Nil	Nil	813,740	Nil
Outstanding Payable	6,04,980	Nil	Nil	Nil
Share Application Money	Nil	2,40,000	Nil	Nil
Deposits	Nil	Nil	2,035,000	2,035,000

9. As per the provisions laid down in Accounting Standard 17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India, the company's business activities can be classified into three segments namely Investment & Trading in shares & securities, Consultancy and Finance activities. The information about all the segments is given in annexure I to the Notes on accounts.

**10. Deferred Taxes:**

In accordance with Accounting Standard - 22, "Accounting for taxation on Income issued by ICAI, the Deferred Tax Asset for the current year amounting to Rs. 115,854/- has been recognized in the Profit and Loss Account.

- a) The tax effect of significant timing (temporary) differences that resulted in Deferred tax Liability and description of the items that create the differences are as follows:

(Amount in Rs.)

Particulars	Deferred Tax Liability as at 1st April 06	Current Year change	Deferred Tax Liability as at 31st March 07
Difference between book & tax depreciation	133,726	115,854	249,580
Deferred Tax Liability	133,726	115,854	249,580

11. Balance of Sundry Debtors is subject to confirmation and reconciliation.
12. Previous year figures have been regrouped, reclassified and rearranged wherever necessary.
13. This being the first year of consolidation of amount, previous year figures are not given.

For **KHURDIA JAIN & CO.**  
CHARTERED ACCOUNTANTS

**Sampat Khurdia**  
Partner  
M.No.: 33615

MUMBAI  
DATE : 2<sup>nd</sup> July 2007

For and on behalf of the Board

**Rajesh Murarka**  
Executive Director & CEO  
  
**Parimal Sheth**  
Executive Director

**Saurabh Agarwal**  
Executive Director & CFO  
  
**Dhaval Desai**  
Director

MUMBAI  
DATE : 2<sup>nd</sup> July 2007

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<b>Annexure 'I'</b>				
<b>Segment Information for the year ended 31st March, 2007</b>				
Amount (Rs.)				
<b>Particulars</b>	<b>Investment &amp; Trading Activities</b>	<b>Consultancy Services</b>	<b>Finance Activities</b>	<b>Total</b>
<b>Revenue</b>				
External sales	5,831,152	14,230,937	2,187,993	22,250,082
Inter segment sales	-	-	-	-
<b>Total Revenue</b>	<b>5,831,152</b>	<b>14,230,937</b>	<b>2,187,993</b>	<b>22,250,082</b>
<b>Result</b>				
Segment Result	1,872,351	9,716,327	2,121,603	<b>13,710,281</b>
Unallocated Income				22,578
Unallocated corporate Expense				4,981,282
Profit before tax				8,751,577
Income taxes				2,604,497
Fringe Benefits Tax				150,000
Deferred tax				84,381
<b>Net Profit</b>				<b>5,912,699</b>
<b>Other Information</b>				
Segment Assets	18,244,092	4,623,139	20,894,782	43,762,013
Unallocated Corporate Assets				22,191,771
<b>Total Assets</b>				<b>65,953,784</b>
Segment Liabilities	262,528	3,183,874	4,656	3,451,058
Unallocated Corporate liabilities				12,219,835
Deferred Tax Liabilities				218,107
<b>Total liabilities</b>				<b>15,889,001</b>

**LADDERUP FINANCE LIMITED**

Registered Office: A-204, Rajeshri Accord, Telly Cross Lane,  
Off S. N. Road, Andheri (E), Mumbai - 400 069.

**PROXY FORM**

I/We \_\_\_\_\_ of \_\_\_\_\_  
being a Member/Members of Ladderup Finance Limited hereby appoint \_\_\_\_\_  
\_\_\_\_\_ of \_\_\_\_\_ or failing  
him \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ as my/our proxy in my/our absence to attend and vote for me/us on behalf at the  
Thirteenth Annual General Meeting of the Company to be held at 4.00 p.m. on Monday, 24th  
September, 2007 or any adjournment thereof.

Signed on this \_\_\_\_\_ day of \_\_\_\_\_ 2007

Folio No./Client ID No. \_\_\_\_\_

No. of Shares held \_\_\_\_\_

Affix  
Revenue  
Stamp of  
Re. 1/-

Signature/s of member/s

**NOTES :**

- A) Proxies in order to be effective, must be received at the registered office of the Company not later than 48 hours before the time fixed for holding the meeting.
- B) A proxy need not be a member.

**LADDERUP FINANCE LIMITED**

Registered Office: A-204, Rajeshri Accord, Telly Cross Lane,  
Off S. N. Road, Andheri (E), Mumbai - 400 069.

**ATTENDANCE SLIP**

Please complete this attendance slip and hand it over at the entrance of the venue.

Folio No./Client ID No. \_\_\_\_\_

No. of Shares Held \_\_\_\_\_

Name and Address \_\_\_\_\_

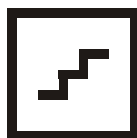
Jointly with \_\_\_\_\_

Full name of the proxy if attending meeting \_\_\_\_\_

hereby record my presence at the Annual General Meeting of the Company on Monday, 24th  
September, 2007 at 10.00 a. m.

Signature of Member/Joint Member/  
Proxy attending the meeting

Note: The practice of distributing copies of Annual Report at the Annual General Meeting has  
been discontinued. Members attending the meeting are requested to bring their copies of  
Annual Report with them.



**Ladderup**  
Finance Limited

**14<sup>TH</sup> ANNUAL REPORT 2006 - 2007**



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If not delivered please return to:

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[www.ladderup.com](http://www.ladderup.com)