

DIRECTORS' REPORT

Your Directors feel immense pleasure in presenting the Ninth Annual Report of your Company together with the Audited Accounts of the Company for the financial year ended 31st March, 2008.

Financial Results

(Rs. in lacs)

	2008	2007
Income	191.71	137.10
Expenditure (Excluding Depreciation)	147.76	118.16
Profit/(Loss) Before Depreciation	43.95	18.94
Depreciation	.76	1.53
Net Profit/(Loss) for the year	43.19	17.41
Profit/(Loss) brought forward from previous years	(116.85)	(134.25)
Accumulated Loss carried forward to Balance Sheet	(73.66)	(116.84)

The Directors have not recommended any dividend for the financial year ended March 31, 2008 due to the accumulated losses sustained by the Company. The Company has not accepted any deposits during the year.

Performance

The Directors are pleased to state that your Company has generated the highest ever net profit of Rs 43.19 lacs (previous year Rs. 17.41 lacs). A consistent financial discipline and active fund management has helped the Company to achieve this. Your Company has been making all out efforts continuously to reduce its operating costs on one hand and to enhance its income on the other. The Company has been able to increase its net brokerage income by Rs 4.45 lacs. The interest income from deposits has gone up by Rs 26.58 lacs from Rs 19.27 lacs to Rs 45.85 lacs.

Your Company currently has 38 registered sub-brokers of whom 12 are active.

The Road Ahead

Your Company shall continually endeavor to achieve its principal objective of providing greater business opportunities to the Members and Dealers of OTC Exchange of India through trading on the Capital Market Segment of National Stock Exchange of India limited at considerably low cost.

Information Technology & Infrastructure

Your company uses the Order Routing System (ORS) software provided and managed by Financial Technologies (India) Ltd. Your Company also plans to change its back office software so as to give clients and sub-brokers access on various reports through Internet. The software and hardware are continuously monitored to assess the need for up-gradations / modifications / replacements etc. based on capacity required and regulatory changes.

Corporate Governance

Your Company has observed the high standards of corporate governance. The Chief Executive Officer is in charge of day-to-day management of the affairs of the Company, subject to the superintendence, control and directions of the Board of Directors. At present there are 4 Directors on the Board. The Chairman of the Board is a non-executive Director.

During the financial year 2007-2008, the Board met five times. The names of members of the Company's Board of Directors, their attendance at the Board meetings and the number of their directorships are set out below:

Sr. No.	Name of the Member	Board Meetings attended during the year	Number of other Directorships (Public/ other companies)	Remarks
1	Shri S. C. Bhargava	5	15	Resigned w.e.f. 39 th Board Meeting held on June 28, 2008
2	Shri B. R. Gupta	2	5	Ceased to be a Director w.e.f. September 27, 2007
3	Shri Om Porwal	4	4	Resigned w.e.f. 39 th Board Meeting held on June 28, 2008
4	Shri R. B. L. Vaish	4	1	
5	Shri A. N. Chakrabarti	2	Nil	Appointed on September 27, 2007

6	Shri A. Manickavelu	5	1	
7	Shri Munesh Goel	5	Nil	

The paid-up capital of your Company being less than Rs. 5 crores, the provisions of Section 292A of the Companies Act, 1956 related to Audit Committee are not applicable.

Directors

In accordance with the provisions of the Companies Act, 1956, and pursuant to the Articles of Association of the Company, Shri A. Manickavelu, Shri R. B. L. Vaish and Shri A. N. Chakrabarti Directors of the Company, retire at the Ninth Annual General Meeting and are eligible for re-appointment.

As per SEBI's directive, Shri R. B. L. Vaish and Shri A. N. Chakrabarti, Directors, were appointed as Public Representative Directors for one year or next Annual General Meeting whichever is earlier. The Board of Directors has recommended the re-appointment of Shri R. B. L. Vaish and Shri A. N. Chakrabarti subject to approval of SEBI.

Directors' Responsibility Statement

The Directors confirm that-

- in the preparation of the Annual Accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- the accounting policies selected have been applied consistently and judgement and estimates are made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year ended on that date;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the applicable provisions of the Companies Act, 1956, for safeguarding of assets and for preventing and detecting fraud and irregularities;
- the Annual Accounts of your Company have been prepared on a going concern basis.

Auditors

The Statutory Auditors, M/s. Mittal & Associates, Chartered Accountants, Mumbai, will retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Board has recommended the re-

appointment of M/s. Mittal & Associates as Auditors to audit the accounts of the Company for the financial year ending on March 31, 2009. M/s. Mittal & Associates has confirmed their eligibility and willingness to accept the office of Statutory Auditors, if reappointed.

Personnel and Other Matters

There are no employees within the purview of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975. Your Company has recorded no Foreign Exchange earnings or outgo during the year 2007-2008.

The requirements of disclosure in terms of Section 217(1)(e) of the Companies Act, 1956, of steps taken with regard to conservation of energy and technology absorption do not apply to your Company. Since the Company does not own any manufacturing facility, the other particulars in the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are not applicable and hence have not been given. The Company has, however, used information technology extensively in its operations.

Pending Legal Cases

There are no legal cases pending against your Company in any court of law.


Acknowledgements

The Board of Directors would like to express their gratitude for the support and financial backing from OTC Exchange of India as also from promoter institutions of OTC Exchange of India.

The Board places on record their sincere appreciation and thanks for the valuable support, co-operation and guidance received from Securities and Exchange Board of India, National Stock Exchange of India Limited, Financial Technologies (India) Ltd., Stock Holding Corporation of India Limited, HDFC Bank Limited, Axis Bank Limited and all its constituents.

Your Company takes this opportunity to thank the Members and Dealers of OTC Exchange of India for providing their unstinting support. The Board of Directors place on record their appreciation of the contribution made by employees at all levels.

For and on behalf of the Board of Directors



Chairman

Mumbai
June 28, 2008