

PARAG PARIKH FINANCIAL  
ADVISORY SERVICES LIMITED

Fifteenth Annual Report  
2006-2007

Board of Directors	: Parag Parikh, Chairman : Gaurav H Dalmia : Sunil Gautam : Rajeev Thakkar : Sahil Parikh : Neil Parikh : Rajiv Sampat
Company Secretary	: Swapnil Walimbe
Auditors	: CVK & ASSOCIATES, Chartered Accountants
Bankers	: Citibank N A HDFC Bank Limited
Registered Office	: 103, Veena Chambers 21, Dalal Street, Fort Mumbai - 400 001.
Corporate Office	: Great Western Building, 1st Floor, 130/132, Shahid Bhagat Singh Marg Near Lion Gate, Fort Mumbai - 400 001.

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**Notice**

Notice is hereby given that the 15th Annual General Meeting of the shareholders of Parag Parikh Financial Advisory Services Limited will be held on Friday the September 14th 2007 at 3.00 pm at Great Western Building, 130/132, Shahid Bhagat Singh Road, Fort, Mumbai 400 001 to transact the following business:

**Ordinary Business:**

- 1 To receive, consider and adopt the audited Balance Sheet as at March 31st, 2007, the Profit and Loss Account for the year ended on that date, and the Report of the Directors' and Auditor's Report thereon.
- 2 To appoint CVK and Associates, Chartered Accountants as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting, to fix their remuneration and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT M/s. CVK and Associates, Chartered Accountants, be and are hereby reappointed as Statutory Auditors of the Company to hold the office till the conclusion of next Annual general Meeting at the remuneration to be fixed by the Board of Directors."

- 3 To appoint a director in place of Mr. Gaurav Dalmia, who retires by rotation and being eligible offers himself for re-appointment
- 4 To appoint a director in place of Mr. Sunil Gautam, who retires by rotation and being eligible offers himself for re-appointment

**Special Business**

- 5 To consider and if thought fit to pass, with or without modification, the following resolution as a Special Resolution:

" RESOLVED THAT Mr. Neil Parikh, director of the company hereby appointed as whole Time Director (WTD) w.e.f. 19th July 2007 liable to retire by rotation."

"RESOLVED FURTHER THAT Mr. Neil Parikh be paid remuneration on the following lines and which will be in compliance with Schedule XIII and other applicable provisions of the companies Act, 1956.

**Benefits:****PART A**

Mr. Neil Parikh will be paid a basic remuneration upto Rs. 50,000/- (Rupees Fifty Thousands Only) on monthly basis considering the relevant provisions of Companies Act, 1956 and in compliance with Schedule XIII of Companies Act, 1956.

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## PART B

### a. Perquisites :

In addition to basic remuneration stated in Part A ; Mr. Neil Parikh will be provided chauffer driven car, which will be used for official purpose.

He will be entitled to the reimbursement of the medical bills.

Club fees will be paid by the company, provided these facilities are necessary for the business purpose.

Expenditure with regard to entertainment and traveling expenses incurred in the course of the Company's business will be reimbursed by the Company.

### b. Other entitlement:

Contribution to Provident Fund:

Contribution to provident Fund to the extent, this is not taxable under the Income Tax Act, 1961.

Gratuity:

Gratuity shall not exceed half month's salary for each completed year of service and shall be subject to the maximum amount as may be permitted under the Gratuity Act.

Performance Linked Incentive:

Such amounts as may be decided by the board of Directors or any committee of the Board from time to time.

Any expenses incurred which in connection with discharging the duties as a Whole Time Director of the Company will not be considered as Perquisites.

Provided that the total remuneration paid to the Whole Time Director shall at all the time be within the limits stipulated by the Companies act, 1956.

c. In the absence or inadequacy of profits in any year, the remuneration by way of salary, perquisites / allowances and other entitlements will be in accordance with and shall not exceed the limits prescribed under Schedule XIII, Part II, Section II, Table (A) and other applicable provisions of the Companies Act, 1956.

## PART C

In the event of any statutory amendment(s) or modification(S) or relaxation(s) by the Central Government to Schedule XIII of the Companies Act, 1956 , the Board of Directors is authorized to vary or increase the remuneration including salary , commission, perquisites, allowance, etc. within such prescribed limit of ceiling in order to give effect to such modification(s), relaxation(s), or variation(s) without further reference to the Company in General Meeting. Provided that at all the time care should be taken that the total remuneration that will be paid to whole time director will within the limits set forth by Schedule XIII of the Companies Act, 1956 and Company is complying with the provisions of Section 198, 309,310 and section 269 of the Companies Act, 1956."

"RESOLVED FURTHER THAT total remuneration of Rs. 5,00,000/- paid during the year 2006-07 to Mr. Neil Parikh, for his professional services be and is hereby approved."

- 6 To consider and if thought fit to pass, with or without modification, the following resolution as a Special Resolution:

" RESOLVED THAT Mr. Rajiv Sampat, director of the company be appointed as whole Time Director (WTD) w.e.f. 19th July 2007 liable to retire by rotation."

"RESOLVED FURTHER THAT Mr. Rajiv Sampat be paid remuneration on the following lines and which will be in compliance with Schedule XIII and other applicable provisions of the companies Act, 1956.

Benefits:

## PART A

Mr. Rajiv Sampat will be paid a basic remuneration upto Rs. 50,000/- (Rupees Fifty Thousands Only) on monthly basis considering the relevant provisions of Companies Act, 1956 and in compliance with Schedule XIII of Companies Act, 1956.

## PART B

a. Perquisites : In addition to basic remuneration stated in Part A ; Mr. Rajiv Sampat will be provided chauffeur driven car, which will be used for official purpose.

He will be entitled to the reimbursement of the medical bills.

Club fees will be paid by the company, provided these facilities are necessary for the business purpose.

Expenditure with regard to entertainment and traveling expenses incurred in the course of the Company's business will be reimbursed by the Company.

b. Other entitlement:

Contribution to Provident Fund:

Contribution to provident Fund to the extent, this is not taxable under the Income Tax Act, 1961.

Gratuity:

Gratuity shall not exceed half month's salary for each completed year of service and shall be subject to the maximum amount as may be permitted under the Gratuity Act.

Performance Linked Incentive:

Such amounts as may be decided by the board of Directors or any committee of the Board from time to time.

Any expenses incurred which in connection with discharging the duties as a Whole Time Director of the Company will not be considered as Perquisites.

Provided that the total remuneration paid to the Whole Time Director shall at all the time be within the limits stipulated by the Companies act, 1956.

c. In the absence or inadequacy of profits in any year, the remuneration by way of salary, perquisites / allowances and other entitlements will be in accordance with and shall not exceed the limits prescribed under Schedule XIII, Part II, Section II, Table (A) and other applicable provisions of the Companies Act, 1956.

#### PART C

In the event of any statutory amendment(s) or modification(S) or relaxation(s) by the Central Government to Schedule XIII of the Companies Act, 1956 , the Board of Directors is authorized to vary or increase the remuneration including salary , commission, perquisites, allowance, etc. within such prescribed limit of ceiling in order to give effect to such modification(s), relaxation(s), or variation(s) without further reference to the Company in General Meeting. Provided that at all the time care should be taken that the total remuneration that will be paid to whole time director will within the limits set forth by Schedule XIII of the Companies Act, 1956 and Company is complying with the provisions of Section 198, 309,310 and section 269 of the Companies Act, 1956."

7 To consider and if thought fit to pass, with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT Mr. Rajeev Thakkar Director of the Company be appointed as a Whole Time Director of the Company w.e.f. 19th July 2007 liable to retire by rotation."

"RESOLVED FURTHER THAT Mr. Rajeev Thakkar be paid remuneration on the following lines and which will be in compliance with Schedule XIII and other applicable provisions of the companies Act, 1956.

Benefits:

PART A

Mr. Rajeev Thakkar will be paid a basic remuneration upto Rs. 100,000/- (Rupees One Lakh Only) on monthly basis considering the relevant provisions of Companies Act, 1956 and in compliance with Schedule XIII of Companies Act, 1956.

PART B

a. Perquisites : In addition to basic remuneration stated in Part A ; Mr. Rajeev Thakkar will be provided chauffeur driven car, which will be used for official purpose.

He will be entitled to the reimbursement of the medical bills.

Club fees will be paid by the company, provided these facilities are necessary for the business purpose.

Expenditure with regard to entertainment and traveling expenses incurred in the course of the Company's business will be reimbursed by the Company.

b. Other entitlement:

Contribution to Provident Fund:

Contribution to provident Fund to the extent , this is not taxable under the Income Tax Act, 1961.

Gratuity:

Gratuity shall not exceed half month's salary for each completed year of service and shall be subject to the maximum amount as may be permitted under the Gratuity Act.

Performance Linked Incentive:

Such amounts as may be decided by the board of Directors or any committee of the Board from time to time.

Any expenses incurred which in connection with discharging the duties as a Whole Time Director of the Company will not be considered as Perquisites.

Provided that the total remuneration paid to the managing Director shall at all the time be within the limits stipulated by the Companies act, 1956.

c. In the absence or inadequacy of profits in any year, the remuneration by way of salary, perquisites / allowances and other entitlements will be in accordance with and shall not exceed the limits prescribed under Schedule XIII, Part II, Section II, Table (B) and other applicable provisions of the Companies Act, 1956.

## PART C

In the event of any statutory amendment(s) or modification(S) or relaxation(s) by the Central Government to Schedule XIII of the Companies Act, 1956 , the Board of Directors is authorized to vary or increase the remuneration including salary , commission, perquisites, allowance, etc. within such prescribed limit of ceiling in order to give effect to such modification(s), relaxation(s), or variation(s) without further reference to the Company in General Meeting. Provided that at all the time care should be taken that the total remuneration that will be paid to whole time director will within the limits set forth by Schedule XIII of the Companies Act, 1956 and Company is complying with the provisions of Section 198, 309,310 and section 269 of the Companies Act, 1956."

"FURTHER RESOLVED THAT total remuneration of Rs.23,27,078/- paid during the year 2006-07 to Mr. Rajeev Thakkar, for his professional services be and is hereby approved."

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

"RESOLVED THAT total remuneration of Rs. 12,00,000/- paid during the year 2006-07 to Mr. Parag Parikh, for his professional services be and is hereby approved."

By Order Of the Board of Directors

Parag S Parikh,  
Chairman.  
Mumbai .July 19th 2007.  
103, Veena Chambers,  
Dalal Street, Fort,  
Bombay-400001

Notes:

1. A member entitled to attend and vote at meeting is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a member.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from September 1st 2007 to September 15th 2007 (both days inclusive).
3. Members are requested to bring their copies of the Annual Report while attending the Annual General Meeting.
4. Members desirous to obtain any information concerning the Accounts and Operations of the Company are requested to send their queries to the Company at least seven days prior to the date of the meeting, so that the information required by the members may be made available at the meeting.
5. Corporate members are requested to bring a certified true copy of a resolution pursuant to Section 187 giving authorisation for attending the meeting.
6. An explanatory Statement pursuant to Section 173 of the Companies Act,1956 in respect of the resolutions set out under Item 5 to 8 in annexed hereto .
7. Brief resume of Rajeev Thakkar, Rajiv Sampat, Neil Parikh are provided in the Explanatory statement of the respective points.
8. All the annexure and agreement are kept at the Registered office for inspection.



### Explanatory Statement

Explanatory Statement as required under section 173 of the Companies Act, 1956 to the Item No.5, 6, 7 and 8 of the Notice for the 15th Annual General Meeting of Parag Parikh Financial Advisory Services Limited to be held on Friday the 14th September, 2007 at 3.00 pm at the Corporate Office of the Company at Great Western Building, 130/132, Shahid Bhagat Singh Road, Fort, Mumbai 400 001:

#### Item No.5

Mr. Neil Parikh is associated with the Company for last three years; he is a member of Institutional Dealing desk his efforts have helped the Company to expand the Clientele at the Institutional Desk. Considering the efforts put in by Mr. Neil Parikh, Company has paid him Rs. 5,00,000/- for this financial year towards his professional Services. Company seeks the approval from the members for the same. The Board wishes to appreciate the efforts put in by Mr. Neil Parikh by adequately compensating him. The Board proposes to pay him remuneration as set out in Item no. 5 of the notice.

Bio Data and a brief profile of Mr. Neil Parikh is stated below: .

Name	Address	Date of Birth	Age	Educational Qualification	Experience
Neil Parikh	61, Gitanjali, 73/75 Walkeshwar Road, walkeshwar, Bombay-400006	06/04/1982	25	B.A. in economics from North Carolina University (USA)	Neil Parikh is associated with Capital Markets for last 3 years.

None of the Directors except Mr. Neil Parikh himself, Mr. Parag Parikh as a father and . Mr. Sahil Parikh as a brother is interested in the resolution.

#### Item No.6

Mr. Rajiv Sampat is associated with the capital Markets for last fifteen years, he is a well-respected figure in the industry; his presence on the Board will be beneficial to the operations of the company. The Board wishes to appreciate the efforts put in by Mr. Rajiv Sampat by adequately compensating him. The Board proposes to pay him remuneration as set out in Item no. 6 of the notice.

Bio Data and a brief profile of Mr. Rajiv Sampat is stated below: .

Name	Address	Date of Birth	Age	Educational Qualification	Experience
Rajiv Sampat	10, National Garage, B.D. Desai Road, Bombay-400026.	01/11/1972	34	B.Com.	Rajiv Sampat is associated with Capital markets for last 15 years.

None of the Directors except Mr. Rajiv Sampat is interested in the resolution.

## Item No.7

Mr. Rajeev Thakkar is a Chartered Accountant by profession and is associated with the company for more than Six years. He is heading 'Portfolio Management Scheme' of the Company. His efforts and expertise helped the 'Portfolio Management Scheme' of the Company' to earn handsome profits during the said Financial Year. His efforts helped the Company to garner the Assets Under Management for PMS to the tune of Rs. 100 Crores. The Board wishes to compensate for his splendid performance and professional expertise by adequately compensating him with the professional fees in line with the industrial standards. The aggregate amount of Rs. 23,27,078/- paid to Mr. Rajeev Thakkar for the Financial Year 2006-2007 is reasonable and the Board recommends this payment. This compensation is paid to Mr. Rajeev Thakkar for the Professional Services rendered to the Company during the said financial year.

Considering the educational qualification, experience and the industry standards The Board wishes to appreciate the efforts put in by Mr. Rajeev Thakkar by adequately compensating him. The Board proposes to pay him remuneration as set out in Item no. 7 of the notice.

Bio Data and a brief profile of Mr. Rajeev Thakkar is stated below:.

Name	Address	Date of Birth	Age	Educational Qualification	Experience
Rajeev Thakkar	705, Himachal, Juhu Lane, Bombay.	19/07/72	35	B.Com. CA, ICWAI, CTM	Rajeev Thakkar is associated with Capital markets for last 12 years..

General Information	
Nature of industry	Company operates in Broking and Financial advisory industry.
Financial performance	Net profit for the Company before tax for the year is Rs. 139.44 lacs, profit after tax is Rs. 114.80 lacs
Foreign collaboration	Company has a Wholly owned subsidiary in USA, engaged in website development and related consultancy services.

Information about the appointee:	
Background details	<p>Mr. Rajeev Thakkar, is CA, ICWA, CTM by profession. He started his career as analyst in Fixed income securities and gradually moved as a Portfolio Manager of Fixed Income securities, now he is a Fund manager of Company's Portfolio Manager Scheme. He has more than twelve (12) years experience in this field.</p> <p>His efforts helped the PMS to earn handsome returns for the Financial year 2006-2007 of Rs. 146.01 lacs.</p> <p>During his tenure; PMS has garnered a total corpus of more than Rs. 100 crores.</p> <p>Higher corpus helps the Company to earn fixed management fees in addition to share in profits of the PMS.</p>
Past remuneration	He has been paid salary of Rs. 6,00,000/- and consultancy fees of Rs. 17,27,078/- for the financial year 2006-2007
Job profile and suitability	<p>Rajeev Thakkar joined the Company as head of Wholesale Debt market segment. Currently he is devoting his full attention to the Portfolio Management Scheme (PMS). His efforts has helped the Company to garner the funds under management to the tune of Rs. 100 crores.</p> <p>He is working as Fund Manager of the Company's PMS. Revenue from PMS forms considerable part of the total revenue of the Company.</p>
Remuneration proposed	Currently he is paid a basic salary of Rs. 80,000/- per month. Company proposes to pay him a remuneration upto Rs. 2,50,000/- per month , which is allowed and in compliance with Schedule XIII of the Companies Act, 1956.
Comparative remuneration profile with respect to industry, size of the Company	In finance industry professionals are remunerated based on the returns achieved & the asset under management which helps the company to earn fixed fees, we are adopting the same approach.
Pecuniary relationship with the Company	Rajeev Thakkar does not have any pecuniary relationship with the Company.
Relationship with other managerial personnel	Mr. Rajeev Thakkar , is not in any way related to other managerial personnel.

## Item No. 8

Parag Parikh, is M. Com ( Ind & Fin) , OPM (Harvard University) and has completed special Certification Programme on Behavioural Finance. He is a pioneer in introducing the concept of Behavioural 'Finance' in India. He is associated with Capital Markets for more than 25 years. His association and professional expertise helped the Company to achieve splendid returns during the current Financial Year. Board wishes to compensate Mr. Parag Parikh by remunerating him adequately considering the industry standards and the efforts put in by Mr. Parag Parikh. Company has paid him Rs. 12,00,000/- for this financial year towards his professional Services. Company seeks the approval from the member for the same.

Mumbai  
July 19th 2007

By Order Of The Board Of Directors  
Parag S Parikh,  
Chairman

## To the Shareholders

We are pleased to present our report on the business operations of the company and the audited financial statements for the year ended March 31, 2007.

Members of the Company should take a note that Parag Parikh Securities Limited, a sister concern of the Company which was also engaged in the Broking business has amalgamated with the Company with effect from 1st October 2006. The Honorable High Court at Bombay has approved this amalgamation vide its order dated 22nd June 2007. As per the Scheme of the amalgamation and in consultation with the Auditors of the Company the accounts of the amalgamated Company have been consolidated with the accounts of the Company for a period beginning on 1st October 2006 till 31st March 2007. Consequently the Balance Sheet of Parag Parikh Financial Advisory Services Ltd. as on 31st March 2007 includes the assets and liabilities of the erstwhile Parag Parikh Securities Ltd. and the Profit and Loss account includes the results of operations of the erstwhile Parag Parikh Securities Ltd. for a period of six months from 1st October 2006 to 31st March 2007. The results for the current year and last year are not comparable on account of the amalgamation.

### Financial Results

Highlights of the Financial Results as compared to those of the previous year are as follows:

Particulars	For the year ended 31-03-2007	For the year ended 31-03-2006
Operating Income	507.46	554.16
Other Income	35.35	17.64
Total Income	542.81	571.80
Profit before depreciation and tax	161.38	176.43
Depreciation	21.94	9.38
Profit before tax	139.44	167.05
Provision for taxation	31.00	50.00
Fringe Benefit Tax	3.76	2.32
Profit after tax	114.80	112.60
Share Capital	386.80	386.80
Reserves and Surplus	773.74	360.29

### Dividend

As shareholders are aware, the industry in which your company operates is undergoing consolidation and rapid transformation. The bigger players are gaining market share and we have seen the entry of large corporate houses and banks in the brokerage business. The company also has certain new initiative planned as mentioned later in the report. In view of these factors, your directors do not recommend any dividend for the year.

## Reserves and Surplus

Board proposes to transfer to the reserve an amount of Rs. 114.80 lacs.

## Deposits

The company has not accepted any deposits pursuant to the provisions of section 58A of the Companies Act, 1956.

## Results of operations

Brokerage : Total brokerage income saw a increase from Rs. 196.02 lacs in the previous year to Rs. 266.87 lacs in the current year. The current year brokerage is not comparable with last year's numbers on account of the amalgamation.

Brokerage in the institutional equity segment increased while there was a small fall in the brokerage from the retail brokerage group.

Research : Research is an integral part of the service that PPFAS provides to its brokerage customers. The research team of your company focuses on providing insights which are value based and investment oriented to the institutional and retail client base. There is no attempt to increase churn or to propagate momentum based ideas, which increase brokerage in the short run but are detrimental to the clients and to us as brokers in the long run. The coverage of stocks is across sectors and market capitalization. The research team is small and focused and provides breakthrough ideas rather than just churning out a number of voluminous reports.

Particulars	For the year ended 31-03-2007	For the year ended 31-03-2006
Equity brokerage	266.87	172.65
Debt brokerage	Nil	23.38
Total	266.87	196.03

As discussed in the last year's Directors' Report, PPFAS has discontinued its operations in the Wholesale Debt Market (WDM) segment during the year ended March 31, 2006. The company does not expect business conditions to improve in this segment and hence the Company has made an application to National Stock Exchange (NSE) for Surrender of WDM membership. The funds that will be freed will be used for more remunerative operations of the Company.

Portfolio management services : The fees from portfolio management services under equity related schemes has reduced from Rs. 300.10 lacs in the previous year to Rs. 146.01 lacs in the current year. The total assets under management increased during the year and shareholders will be happy to note that the total assets under management crossed Rs. 100 crores during the financial year.

PPFAS gets equity related fees as a fixed percentage of assets under management as well as a percentage of profits. While the component of fixed fees increased on account of the higher assets under management, the profit sharing fees were lower on account of the market conditions. (Sensex gave returns of 16% in FY 07 as compared to 71% in FY 06).

Overall the growth in business of this division was satisfactory in the financial year.

PPFAS continues to be cautious in seeking money to manage during times of euphoria. While this has kept the growth in assets under management at a moderate level, we have the satisfaction of not losing client money and faith and avoiding big investment mistakes.

New schemes : In order to offer customers a wider bouquet of services and to diversify the income streams of the company, PPFAS introduced Alpha Arbitrage Portfolio Management Scheme and Non-Discretionary Portfolio Management Scheme during the year ended March 31, 2007.

Alpha Arbitrage scheme is designed to enable clients to get higher returns as compared to traditional fixed income products without taking undue risk. This scheme has seen an excellent response from clients and we expect the total funds under management in arbitrage to increase rapidly in the new financial year.

Non-Discretionary scheme enables clients to focus on the core activities of taking investment decisions while all operations and accounting related work is taken care of by PPFAS. The client also gets audited accounting and capital gains statements from our PMS auditors Deloitte Haskins & Sells. Like the Alpha Arbitrage scheme, the response to the Non-Discretionary scheme has been very encouraging.

Mutual fund distribution & portfolio management, distribution of financial products : The fees from distribution and management of third party financial products increased from Rs. 27.19 lacs in the previous year to Rs. 31.50 lacs in the current year. In order to enable clients to make better-informed decisions relating to savings, borrowing, asset allocation, risk management etc., PPFAS has started offering financial planning services to its clients during last year. This area of the business is getting good response from the clients and the revenue from this stream has gone up from 0.57 lacs to Rs. 6.47 lacs during the current Financial Year.

Juhu Branch : The company has set up its first retail branch at Juhu in Mumbai a couple of years back. The branch focuses on offering differentiated investment advisory and trade execution services in a cluttered competitive scenario. The branch does not rely on rock bottom pricing and higher churn to shore up volumes but focuses on long-term wealth creation processes.

Shareholders will be happy to note that the branch has achieved financial break-even in a short span of time and is now contributing positively to the bottom line of the company.

#### Human Resources

Your company operates in an industry where capable and committed employees are a key to success. It is an objective of the company to be a preferred employer for employees. However at the same time one cannot lose sight of the fact that the stock brokerage and investment management business is cyclical in nature.

To attract and retain the best of talent at the same time keep costs under control when times are difficult, your company had implemented a profit linked compensation scheme as mentioned in the last Directors' Report. The working of the scheme has been satisfactory.

#### New initiatives for the year

With the amalgamation of the two group companies behind us, the net-worth of PPFAS has gone up. Also we will have membership of both the exchanges under one legal entity. This may have a temporary transition impact during the new financial year for the name change and exchange related formalities. However we see a lot of synergies and increased business flow in the current and future years.

Parag Parikh Securities Limited, which has amalgamated with the Company, has sold its investment in the shares of Bombay Stock Exchange Ltd at a considerable profit. The funds that have been realized through this transaction will further increase the Net Worth of the Company.

PPFAS is currently in the process of setting up Internet based trading facilities for its client and is also contemplating becoming a depository participant with either NSDL or CDSL. We are in talks with banks for setting up bank payment gateway for clients to transfer money to PPFAS. These initiatives will significantly streamline operations on the retail brokerage side and also result in cost savings in the long run. Bank payment gateway will also enable portfolio management clients to transfer additional funds to PPFAS electronically.

#### Directors

Messrs Gaurav Dalmia and Sunil Gautam will retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for reappointment. The Board recommends their reappointment.

#### Auditors

The auditors, CVK & Associates, Chartered Accountants, Mumbai retire at the end of the forthcoming annual general meeting and being eligible and available for the reappointment, resolution to reappoint them is proposed.

## Directors' Responsibility Statement

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to the Directors' Responsibility Statement, it is hereby confirmed;

- a. that in the preparation of the accounts for the financial year ended 31st March, 2007 the applicable accounting standards have been followed;
- b. that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 under review;
- c. that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. that the Directors have prepared the accounts for the financial year ended 31st March, 2007 on a 'going concern' basis.

## Particulars of employees

Information as required under section 217(2A) of the Companies Act is given in the Annexure forming part of this report.

Mr. Rajeev Thakkar	Rs. 23,27,078/-
Mr. Alarkan	Rs. 27,90,000/-

Matters required to be reported upon as per the Companies (Disclosure of the Particulars in the report of the Board of the Directors) Rules, 1988:

In pursuance of the above requirements, we report as follows:

### a) Energy Consumption

The Company is engaged in rendering professional services, electricity cost is not a major component of cost, the scope for energy conservation is very limited. However, the Company positively recognizes the need and importance of conservation of energy.

### b) Technology, Absorption, Adoption and Innovation

As the Company is not engaged in any manufacturing activities, aspect of technology absorption, etc. does not apply to the Company. However, efforts are being made to improve the professional skills and adopt new techniques. Extensive use of computer systems for research and analysis is one such area.



## c) Foreign Exchange Earnings and Outgo

Foreign Exchange outgo during the year was 2569.90 USD and 2500 EURO.

## Consolidated Financial Statement of PPFAS with its subsidiary

In accordance with section 212 of the Companies Act, 1956 the audited accounts together with Directors' Report and Auditors' Report of the subsidiary company is appended and form part of the Annual Report. The statement pursuant to Section 212 of the Companies Act, 1956 also forms part of this report. This annual report also includes consolidated financial statements for the financial year 2006-2007.

## Acknowledgment

The directors wish to place on record their appreciation for the co-operation given to the company by its employees, clients, bankers and shareholders.

For and on behalf of the board of directors

Parag S Parikh  
Chairman

Mumbai  
July 19th 2007

By Order Of The Board Of Directors  
Parag S Parikh, Chairman

**Auditors' Report**

CVK & ASSOCIATES  
Chartered Accountants

2, Samarth Apartments  
D.S. Babrekar Road,  
Gokhale Road (North)  
Dadar, Mumbai 400 028  
Phones: 2446 8717,  
2445 1488  
Fax: 2446 6139

TO THE MEMBERS OF PARAG PARIKH FINANCIAL ADVISORY SERVICES LIMITED

1. We have audited the attached Balance Sheet of PARAG PARIKH FINANCIAL ADVISORY SERVICES LIMITED as at 31st March, 2007, and also the Profit & Loss Account 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.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that:

i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.

ii. In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books.

iii. The Balance Sheet and the Profit & Loss Account dealt with by this report, are in agreement with the books of account

iv. In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.

v. On the basis of written representations received from the directors, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2007 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read 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:

a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2007 and

b) in the case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date.

For CVK & ASSOCIATES  
Chartered Accountants

Place: Mumbai.  
Dated: July 19th 2007

(K.P. CHAUDHARI)  
Partner

Annexure referred to in paragraph 3 of our report of even date

The Annexure referred to in the Auditors' report to the Members of Parag Parikh Financial Advisory Services Limited (the Company) for the year ended 31st March, 2007. We report that:

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of Fixed Assets.  
(b) The Fixed Assets of the Company have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.  
(c) There was no disposal of any substantial part of the company's Fixed Assets during the year
2. (a) We are informed that the management of the Company has conducted verification of stock of Securities at reasonable intervals.  
(b) The procedures of verification of stock 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 stock of Securities and no major discrepancies were noticed on verification thereof.
3. The Company has neither granted, nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
4. There is adequate internal control procedure commensurate with the size of the Company and the nature of its business, for the purchase of shares, plant & machinery, equipment and other assets and for the sale of securities. No major weakness has been noticed in the internal controls during the course of our audit.
5. There are no transactions during the year that need to be entered into a register in pursuance of section 301 of the Companies Act, 1956.
6. The Company has not accepted any deposits from the public, so as to attract the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA of the Companies Act, 1956, and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. Maintenance of cost records has not been prescribed for the company by the Central Government, under section 209 (1) (d) of the Companies Act, 1956.
9. (a) As per the records of the Company, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Income-tax, Service-tax, Wealth Tax, Cess and any other statutory dues with the appropriate authorities. As per the records of the Company, there were no arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues outstanding of Income Tax, Service Tax and Wealth Tax on account of any dispute.

10. The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current and immediately preceding financial year.

11. As per the documents and records produced to us, the Company has not borrowed funds from financial institutions or banks and has not issued any debentures.

12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The provisions of any special statute applicable to the chit fund, nidhi, mutual benefit fund or society do not apply to the company.

14. In respect of trading in Shares, Securities, Debentures and Other Investments, proper records have been maintained by the Company of the transactions and contracts and timely entries have been made therein and the Securities are held by the Company in its own name.

15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

16. The Company has not obtained any term loans.

17. The funds raised on short-term basis have not been used by the Company for long-term investment or vice versa.

18. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.

19. The Company has not issued any debentures.

20. The Company has not raised any money by public issue.

Based upon the audit procedures applied and the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For CVK & ASSOCIATES  
Chartered Accountants

Place: Mumbai.  
Dated: July 19th 2007

(K.P. CHAUDHARI)  
Partner

## Balance Sheet As At 31st March 2007

	Schedule	Current year		Previous Year Rs.	
<b><u>SOURCES OF FUNDS:</u></b>					
<b><u>Shareholders' Funds:</u></b>					
Share Capital	A		38,680,000.0		38,680,000.0
Share Suspense Account	AA		26,468,050.0		-
Reserves & Surplus	B		77,374,260.0		36,029,322.0
			<b>142,522,310.0</b>		<b>74,709,322.0</b>
<b><u>APPLICATION OF FUNDS:</u></b>					
<b><u>Fixed Assets:</u></b>					
Gross Block	C	32,208,851.0		9,628,494.0	
Less: Accumulated Depreciation		12,702,119.0		6,255,588.0	
Net Block			19,506,732.0		3,372,906.0
Investments	D		42,009,503.0		24,403,431.0
Deferred Tax Assets (Refer Note No 8 in schedule "S")			960,583.0		425,623.0
<b><u>Current Assets, Loans &amp; Advances:</u></b>					
Sundry Debtors	E	15,253,614.0		15,029,528.0	
Cash & Bank Balances	F	52,806,143.0		23,765,903.0	
Loans & Advances	G	5,208,170.0		5,057,395.0	
Stock In Trade		21,946.0			
Deposits	H	35,996,999.0		32,167,041.0	
			109,286,872.0		76,019,867.0
<b><u>Less: Current Liabilities &amp; Provisions</u></b>					
Current Liabilities	I	24,231,887.0		23,495,333.0	
Provisions	J	5,009,493.0		6,017,172.0	
			29,241,380.0		29,512,505.0
Net Current Assets			80,045,492.0		46,507,362.0
			<b>142,522,310.0</b>		<b>74,709,322.0</b>

Notes to Accounts

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As per our Report of even date

For and on behalf of the Board of Directors of  
PPFAS LtdFor CVK & ASSOCIATES  
Chartered AccountantsParag S Parikh  
ChairmanRajeev Thakkar  
Director

K P Chaudhari, Partner

Place : Mumbai  
Date: 19th July 2007Swapnil Walimbe  
Company Secretary

## Profit &amp; Loss A/C As At 31st March 2007

	Schedule	Current year	Previous Year Rs.
<b>INCOME :</b>			
Brokerage	K	26,687,485.0	19,602,364.0
Advisory Services	L	18,397,954.0	32,801,155.0
Capital Gains / (Loss) on Investments	N	4,899,543.0	3,012,242.0
Profit on Share Trading	M	760,869.0	
Other Income	O	3,360,894.0	1,764,429.0
Deferred Tax Income		175,070.0	(9,027.0)
		54,281,815.0	57,171,163.0
<b>EXPENDITURE :</b>			
Employees' Remuneration & Benefits	P	23,563,795.0	22,984,514.0
Administration & Other Expenses	Q	14,579,501.0	16,357,886.0
Loss on Share Dealings	M	-	194,719.0
Depreciation	C	2,194,060.0	937,539.0
		40,337,356.0	40,474,658.0
Profit for the year		13,944,459.0	16,696,505.0
Add/Less : previous year REFUND/(Excess Paid)		695,155.0	(203,922.0)
Add : Excess Provision of Income Tax		315,840.0	
Less : Fringe Benefit Tax		375,573.0	232,315.0
Profit Before Provision for Taxation		14,579,88.0	16,260,268.0
Less: Provision for Taxation		3,100,000.0	5,000,000.0
Profit after Depreciation & Tax		11,479,881.0	11,260,268.0
Profit/(Loss) c/f to the Balance Sheet		11,479,881.0	11,260,268.0

EPS 2.97 2.91

Notes to Accounts s

As per our Report of even date

For and on behalf of the Board of Directors of  
PPFAS Ltd

For CVK & ASSOCIATES  
Chartered Accountants

Parag S Parikh  
Chairman

Rajeev Thakkar  
Director

K P Chaudhari, Partner

Swapnil Walimbe  
Company Secretary

Place : Mumbai  
Date: 19th July 2007

## Schedules Forming Part Of Balance Sheet As At March 31st, 2007

Schedule - A:	Current year	Previous Year Rs.
<u>Authorized Capital:</u>		
20,000,000 Equity Shares of Rs.10/- each	200,000,000.0	200,000,000.0
Total Rs.	<u>200,000,000.0</u>	<u>200,000,000.0</u>
<u>Issued, subscribed &amp; Paid-up Capital:</u>		
3868000 Equity Shares of Rs.10/- each fully paid	38,680,000.0	38,680,000.0
	<u>38,680,000.0</u>	<u>38,680,000.0</u>

Schedule - AA:	Current year	Previous Year Rs.
<u>Share Capital Suspense Account</u>		
2646805 Equity Shares of Rs.10/- each fully paid	26,468,050.0	-
(To Be issued to Share Holders of Parag Parikh Securities Ltd. As per the Scheme Of Amalgamation.(refer note no 3 of Schedule "S")	26,468,050.0	-

Schedule - B:	Current year Rs.	Previous Year Rs.
<u>Reserves &amp; Surplus:</u>		
General Reserve:	385,000.0	385,000.0
Capital Redemption Reserves	10,100,000.0	-
Profit & Loss Account:		
<u>Opening Balance</u>	35,644,324.0	24,384,054.0
Add: Profit for the year	11,479,881.0	11,260,268.0
<u>Add: Transferred On Amalgamation of P&amp;L a/c of PPSL</u> (refer note no 3 of Schedule "S")	19,765,055.0	-
<u>Balance Carried Forward</u>	66,889,260.0	35,644,322.0
Total Rs.	<u>77,374,260.0</u>	<u>36,029,322.0</u>



## Schedule C

Particulars	Rate of Dep.	Gross Block			Depreciation				Net Block		
		Opening Balance as on 01.04.06	Addition during the year	Added during the year	Closing Balance as on 31.03.07	Opening Balance as on 01.04.06	Addition during the year	On Asset sold during the year	Closing Balance as on 31.03.07	Closing Balance as on 31.03.06	
Air-conditioners	20.00%	1,263,404	-		1,263,404	796,600	75,872		872,472	390,932	271,763
BSE Membership Card		13,000,000			13,000,000				-	13,000,000	
Computer	40.00%	6,307,472	438,229		6,745,701	5,027,582	554,497		5,582,079	1,163,622	722,929
Electrical Fittings	20.00%	271,738	-		271,738	170,249	18,779		189,028	82,710	84,411
Motor Car	25.00%	3,717,903	880,730	-	4,598,633	1,247,769	624,401		1,872,170	2,726,463	858,712
Office Furniture	20.00%	2,567,365	36,250		2,603,615	1,930,224	116,085		2,046,309	557,306	492,535
Telephone Systems	20.00%	1,821,648	-		1,821,648	1,119,863	124,895		1,244,758	576,890	536,565
Electrical Equipment	20.00%	287,324	75,700		363,024	131,318	41,439		172,757	190,267	144,833
Software Packages	60.00%	338,000	1,203,088		1,541,088	84,454	638,092		722,546	818,542	253,546
Total Rs.		29,574,854	2,633,997	-	32,208,851	10,508,059	2,194,060		12,702,119	19,506,732	3,365,294
Total of Previous Year		9,148,955	1,753,772	1,274,233	9,628,494	6,137,294	937,593	819,245	6,255,588	3,372,906	3,011,661

Schedule D::Investments	No of shares	Cost for 31.03.07	MKT. Value on 31.03.07	No of shares	Cost for 31.03.06
<u>Quoted Investment</u> :					
Aventis Pharma Ltd.	1635.0	757332.1	2011213.5	1635.0	757332.0
Bharat Electronics Ltd.	1000.0	915000.0	1501000.0	0.0	0.0
BPCL	0.0	0.0	0.0	2065.0	698495.0
Castrol India Ltd.	5000.0	815960.0	1054500.0	0.0	0.0
Container Corporation of India Ltd.	1155.0	422463.8	2204317.5	1155.0	422463.8
Fairfield Atlas Ltd.	59561.0	4469152.0	4645758.0	0.0	0.0
Glaxo Smithkline Pharmaceuticals Ltd.	140.0	75375.0	156380.0	140.0	75375.0
Gujarat Gas Company Ltd.	364.0	186542.0	462243.6	364.0	186542.0
HDFC	0.0	0.0	0.0	1310.0	619173.0
HDFC BANK	0.0	0.0	0.0	2010.0	642179.5
Heritage Foods India Ltd.	0.0	0.0	0.0	9260.0	676047.0
HPCL	0.0	0.0	0.0	2005.0	670743.0
ITC LTD	3000.0	0.0	451200.0	0.0	0.0
Kitex Garments Ltd.	50000.0	603348.0	446000.0	0.0	0.0
Larsen & Toubro Ltd.	500.0	643608.0	809575.0	0.0	0.0
Maharashtra Scooters Ltd.	9130.0	1632567.0	2758629.5	5320.0	491643.0
Marico Ltd.	0.0	0.0	0.0	3450.0	451813.5
Morgan Stanley Mutual Fund	400.0	0.0	17048.0	0.0	0.0
Mphasis Ltd.	25600.0	4123481.0	7225600.0	0.0	0.0
NIIT Technologies Ltd.	8000.0	1139444.0	3490400.0	0.0	0.0
PAL Peugeot Ltd.	17200.0	318200.0	0.0	17200.0	318200.0
Pidilite Industries Ltd.	27950.0	791272.2	3158350.0	2795.0	791272.2
Prism Cement Ltd.	100.0	616.0	3180.0	100.0	616.0
Sonata Software Ltd.	66500.0	2411412.0	4166225.0	0.0	0.0
SRF Polymers Ltd.	5000.0	322573.0	581500.0	0.0	0.0
SSI Ltd	8000.0	1469650.0	1459200.0	10000.0	761226.0
Trent Ltd	400.0	260000.0	273860.0	0.0	0.0
Trent Ncd	400.0	200000.0	200000.0	0.0	0.0
VST Industries Ltd.	7000.0	3591007.0	2308600.0	4000.0	2056240.0
Wyeth Ltd.	3885.0	1657925.0	1768840.5	2035.0	668176.0
Total (i)		26806928.0	41153620.6		10287536.9
<u>Unquoted Investments</u> :					
Karrox Technologies Ltd.	50000.0	2000000.0		25000.0	1000000.0
Mumbai stock Exchange	10000.0	10000.0		0.0	0.0
PMS Arbitrage		6411388.0		0.0	0.0
HSBC Cash Fund	100864.7	1010997.0		0.0	0.0
Total (ii)		9432385.0			1000000.0
<u>Subsidiary Company</u>					
Dimension Venture INC USA	15000.0	740396.0	0.0	0.0	0.0
<u>Investment in Mutual Funds</u>					
Birla Income Fund Plus Plan B	0.0	0.0	0.0	0.0	39412.8
HSBC CASH FUND	501810.2	5029794.4			12225818.0
UTI Liquid Cash Plan Regular			0.0		850663.0
Total- (iii)		5770190.4	0.0		13115893.8
Total- (i) + (ii) + (iii)		42009503.4	41153620.6		24403430.7

Total Mkt. Value of Quoted Investments as of March 31, 2007 Rs. 41153621.0

Total Mkt. Value of Unquoted Investments as of March 31, 2007 Rs. Nil

Schedule - E:	Current year Rs.	Previous Year Rs.
Sundry Debtors:		
1.Outstanding for more than 6 months	nil	nil
Others-debts considered good		
<u>Secured</u>	nil	nil
Unsecured	15,253,614.0	15,029,528.0
	15,253,614.0	15,029,528.0
Less: Provision for Doubtful Debts	nil	nil
<u>Total Rs.</u>	15,253,614.0	15,029,528.0
Out of the above:		
a. Debts due by-		-
I) Directors or other officers of the Company	nil	nil
II) <u>Concerns in which Directors are interested</u>	nil	nil
b. <u>The maximum amount due by Directors or other</u>	nil	nil
officers of the company at any time during the year		

Schedule - F:	Current year Rs.	Previous Year Rs.
Cash & Bank Balances:		
I) Cash in Hand	146,191.0	92,357.0
Stock Broker Note Stamp	-	127,000.0
<u>II) Balances with Scheduled Banks</u>		
in current account		
<u>Bank of India</u>	144,327.0	15,272.0
HDFC Bank	20,561,488.0	12,263,327.0
<u>CITI Bank</u>	1,769,218.0	608,275.0
Standard Chartered Grindlays Bank	17,014.0	71,932.0
In Fixed Deposit account		
HDFC Bank Ltd	29,488,524.0	10,409,216.0
<u>Interest accrued</u>	679,381.0	178,524.0
Total Rs.	52,806,143.0	23,765,903.0

Schedule - G:	Current year Rs.	Previous Year Rs.
<u>Loans &amp; Advances:</u>		
(Unsecured & Considered good)		
<u>I) Advances recoverable in cash or in kind or for value to be received</u>		
Advance Income Tax	100,000.0	4,300,000.0
Income Tax for the Year	3,077,349.0	
<u>Tax deducted at source</u>	187,551.0	184,160.0
Income tax refund due	864,582.0	186,663.0
<u>Pre-paid Expenses</u>	577,497.0	360,698.0
Miscellaneous Loans & Advances	401,191.0	25,874.0
	5,208,170.0	5,057,395.0
Out of the above:		
<u>II) a. Debts due by-</u>		
I) Directors or other officers of the Company	nil	nil
<u>II) Concerns in which Directors are interested</u>	nil	nil
b. The maximum amount due by Directors or other officers of the company at any time during the year	nil	nil

Schedule - H:	Current year Rs.	Previous Year Rs.
<u>Deposits:</u>		
i) Deposit with National Stock Exchange		
<u>NSE Deposit for Capital Market</u>	5,600,000.0	5,600,000.0
NSE Deposit for Debt Market	10,000,000.0	10,000,000.0
<u>NSE Deposit for Futures &amp; Options</u>	800,000.0	800,000.0
NSE Deposit with Clearing Corporation	900,000.0	900,000.0
<u>NSE Deposit for Leases Line</u>	238,856.0	60,000.0
Deposit for Car Parking in BSE Towers	150,000.0	
<u>Base Capital Adequacy Deposit</u>	1,625,000.0	
Base Minimum Capital Deposit with BSE-Margin	2,500,000.0	
<u>FIXED DEPOSIT FOR GUARANTEE</u>	4,256,622.0	
	26,070,478.0	17,360,000.0
ii) Other Deposits:		
Electricity Deposit	228,571.0	119,079.0
<u>R S Vatcha &amp; Co</u>	30,700.0	14,900.0
Office Deposit	3,700,000.0	11,700,000.0
<u>Telephone Deposit</u>	54,706.0	20,206.0
U.S.Club Deposit	20,000.0	-
<u>STP Deposits</u>	-	38,856.0
ILFS initial Deposit	5,682,998.0	-
<u>NSDL STP Advance</u>	20,000.0	-
Vichare Courier Deposit	630.0	-
<u>Veena Chambers Condominium</u>	3,416.0	0.0
Municipal Deposit	500.0	-
<u>Mahindra Holiday Resorts Deposit</u>	185,000.0	-
Deposit with SHCIL-Initial margin	-	2,914,000.0
<u>(ii)</u>	9,926,521.0	14,807,041.0
Total Rs. (i) + (ii)	35,996,999.0	32,167,041.0

Schedule - I :	Current Year Rs.	Previous Year Rs.
<u>Current Liabilities:</u>		
Trade Creditors -	12,385,874.0	7,048,168.0
<u>other liability</u>	11,846,013.0	16,447,165.0
<u>Total Rs.</u>	<u>24,231,887.0</u>	<u>23,495,333.0</u>

Schedule - J:	Current Year Rs.	Previous Year Rs.
<u>Provisions:</u>		
Provision for Gratuity	1,582,922.0	875,586.0
<u>Provision for Taxation</u>	3,100,000.0	5,000,000.0
Auditor's Remuneration	326,571.0	141,586.0
<u>Total Rs.</u>	<u>5,009,493.0</u>	<u>6,017,172.0</u>

Schedules Forming Part Of Profit & Loss A/c For Year Ended March 31st 2007

Schedule - K:	Current Year Rs.	Previous Year Rs.
<u>Brokerage:</u>		
<u>Capital Market - Brokerage</u>	26,687,485.0	17,264,140.0
Debt Market - Brokerage	-	2,338,224.0
<u>Total Rs.</u>	<u>26,687,485.0</u>	<u>19,602,364.0</u>

Schedule - L:	Current Year Rs.	Previous Year Rs.
<u>Advisory Services:</u>		
<u>Placement Charges-WDM</u>	-	15,550.0
Placement Charges-MF	3,150,045.0	2,718,982.0
<u>Investment Advisory Fees</u>	646,500.0	57,000.0
Portfolio Management Fees	14,601,409.0	30,009,623.0
<u>Total Rs.</u>	<u>18,397,954.0</u>	<u>32,801,155.0</u>

Schedule - M:	Current Year Rs.	Previous Year Rs.
<u>Profit/(Loss) on Share Dealings:</u>		
<u>Profit/(Loss) on Share Dealings</u>	98,599.0	(167,521.0)
Profit/(Loss) on Derivative trading	662,270.0	(27,198.0)
<u>Total Rs.</u>	<u>760,869.0</u>	<u>(194,719.0)</u>

Schedule - N:	Current year Rs.	Previous Year Rs.
Capital Gains		
<u>Short Term capital Gain/(Loss)</u>	(107,940.0)	638,487.0
Long Term Capital Gains/(Loss)	5,007,483.0	2,373,755.0
<u>Total Rs.</u>	<u>4,899,543.0</u>	<u>3,012,242.0</u>

Schedule - O:	Current year Rs.	Previous Year Rs.
Other Income		
<u>A. Interest</u>		
Interest on FD with HDFC Bank	2,005,325.0	566,002.0
<u>Total Rs.</u>	<u>2,005,325.0</u>	<u>566,002.0</u>
B. Dividend On Shares & MF	1,090,562.0	628,072.0
<u>C. Bad Debts Recovered</u>	-	204,518.0
D: Rent Income	200,000.0	284,886.0
<u>E: Other Income</u>	65,007.0	80,951.0
Total A+B+C+D+E	<u>3,360,894.0</u>	<u>1,764,429.0</u>

Schedule - P:	Current year Rs.	Previous Year Rs.
Employees' Remuneration & Benefits:		
<u>Salaries</u>	21,892,606.0	21,907,081.0
Gratuity & Ex Gratia Payments	335,000.0	-
<u>Employer's Contribution to PF</u>	820,044.0	628,498.0
PF Administration Charges	95,245.0	70,743.0
<u>Staff Welfare &amp; Training</u>	420,900.0	378,192.0
Total Rs.	<u>23,563,795.0</u>	<u>22,984,514.0</u>

Schedule - Q:	Current year Rs.	Previous Year Rs.
Administrative Expenses:		
Advertisement	34,342.0	0.0
Audit Fees	168,360.0	177,550.0
Bank Guarantee Charges	73,256.0	8,026.0
Bank Interest & Charges	22,084.0	4,427.0
Books & Periodicals	71,654.0	30,693.0
BSE General Expenses	36,394.0	-
Communication Expenses	976,776.0	887,372.0
Conveyance	485,033.0	236,333.0
Commission & Procurement Charges	-	8,784.0
DMAT Charges	127,397.0	49,314.0
Electricity Charges	664,272.0	604,860.0
Entertainment & Business Promotion	572,000.0	320,567.0
Funds Placement Charges	-	970,176.0
Insurance Premiums	219,359.0	36,330.0
Internet Charges	177,570.0	183,073.0
Lease Line Charges	113,011.0	-
Membership & Subscriptions	1,833,246.0	2,365,952.0
Miscellaneous Expenditure	125,777.0	120,397.0
Postage & Courier Charges	189,099.0	133,430.0
Printing & Stationery	518,838.0	623,433.0
Professional Charges	2,639,768.0	5,188,474.0
Professional Tax	2,000.0	2,000.0
Rent, Rates & Taxes	673,704.0	676,704.0
Repairs & Maintenance	555,534.0	468,441.0
Securities Transaction Tax	144,829.0	22,580.0
Seminar Education Expenses	879,486.0	150,331.0
Security Service Charges	84,852.0	0.0
Software Systems, Training & Services	18,941.0	360,850.0
Service Tax on Shares	12,333.0	0.0
Stamp Duty for Capital Market	1,470,180.0	1,562,023.0
Sundry Balance W/Off	5,999.0	0.0
Traveling Expenses	571,597.0	160,396.0
Transaction Charges	670,920.0	803,564.0
Turnover Charges-SEBI	11,000.0	20,000.0
Vehicle Maintenance Expenses	346,339.0	24,956.0
VSAT Charges	83,551.0	156,850.0
Total Rs.	14,579,501.0	16,357,886.0

**Schedule –S: Notes to Accounts**

## 1. Significant Accounting Policies

## a) Accounting Convention

The financial statements are prepared under the historical cost convention and materially comply with the mandatory accounting standards issued by the Institute of Chartered Accountants of India.

## b) Revenue Recognition

Revenue from Brokerage, Interest and other business is generally recognized on accrual basis. Dividend is accounted on Cash basis for the sake of convenience, considering its materiality.

## c) Fixed Assets

Fixed Assets are valued at cost less accumulated depreciation. The cost of an asset comprises of its purchase price and any directly attributable cost of bringing the asset to its present condition for intended use.

## d) Investments

Investments are valued at their acquisition costs.

## e) Stock-in-trade

The Stock-in-trade is valued at 'Lower of Cost or net Realisable Value'.

## f) Depreciation

Depreciation on Fixed Assets is provided by Written Down Value method.

## g) Portfolio Management Scheme (PMS)

The Investments under the PMS are made on behalf of and in the respective names of the Investors. Therefore, the amounts received under PMS and the corresponding Investments made do not get reflected in the Financial Statements of the Company.

## h) Share Transactions

Gain or loss on sale of shares, Derivatives, Mutual Fund units etc. held as investments and/or stock in trade, is shown at net values.

## i) Foreign Currency Transactions

Transactions in foreign currencies are recorded at the actual realized rates of currencies.

## j) Retirement Benefits

Contributions to Provident Fund & Gratuity are accounted on accrual basis.

## k) Deferred Tax

Deferred tax resulting from Timing Difference between book and taxable profit is accounted for using the tax rates & laws that have been enacted or substantively enacted as on the Balance Sheet date. The deferred tax asset is recognised & carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future

## 2. WDM Segment

As the margins in the WDM segment are getting stretched management is of the opinion that it is in the interest of the Company to surrender the WDM membership and concentrate on Equity and F&O Segment. Accordingly the Board has approved at its meeting to make an application to the National Stock Exchange (NSE) for surrender of WDM Membership.

In accordance with this Board authority, Company has applied to the National Stock Exchange for surrender of WDM Membership and the same is in process with the National Stock Exchange.



### 3. Scheme of Amalgamation of Parag Parikh Securities Limited (PPSL) with Parag Parikh Financial Advisory Services Limited (PPFAS)

(a) In accordance with the scheme of Amalgamation (hereinafter referred as the Scheme) of the erstwhile Parag Parikh Securities Limited (hereinafter referred as PPSL) with Parag Parikh Financial Advisory Services Limited as approved by the shareholders at a meeting held on 22nd December, 2006 and subsequently sanctioned by the Hon High Court dated 22nd June 2007, copies of which were filed with Registrar of Companies on 18th July 2007, the assets and properties, & all its debts, liabilities, duties and obligations of the erstwhile PPSL were transferred to and vested in PPFAS with effect from 1st October, 2006 (the appointed date). The scheme has accordingly been given effect to in these accounts.

(b) PPSL was engaged primarily in the business of Share Broking.

© The Amalgamation has been accounted for under the "Pooling of Interests" method as prescribed by the Accounting Standard (AS 14) "Accounting for Amalgamations" issued by The Institute of Chartered Accountants of India. Accordingly, the assets, liabilities & reserves of the erstwhile PPSL as at 1st October, 2006 have been taken over at their book values.

(d) Pursuant to the scheme of Amalgamation 26,46,805 Equity shares of Rs. 10 each, fully paid up, will be allotted to the shareholders of PPSL in the ratio of 2.35 shares of the company for every 1 share held in Parag Parikh Securities Limited.

(e) As stipulated in the scheme of Amalgamation, all reserves of PPSL have been transferred to the corresponding reserve accounts.

Accordingly, the Amalgamation has resulted in transfer of assets, liabilities & reserves and issue of shares by way of consideration in accordance with the terms of the scheme at following summarized values:

Particulars	Rs in Lacs	
Fixed Assets (Net)		156.94
Investments		231.67
Deferred Tax Assets		3.60
Current Assets	194.79	
Less: Current Liabilities & Provisions	23.67	171.12
Net Asset Transferred		<u>563.33</u>
1. Consideration for Amalgamation		
Issue of shares pending allotment *		264.68
26,46,805 Equity Shares in the ratio of 2.35 Equity Shares of PPFAS for every 1 Equity Share of PPSL		
2. Add: Transfer of Reserves Capital Redemption Reserve (As it is)		101.00
3. Profit & Loss Account Balance as on 30-09-06	349.70	
Less: Transferred to "Share Capital Suspense Account"	152.05	197.65
		<u>563.33</u>

\* Pending Allotment, an amount of Rs. 264.68 Lacs has been shown under the Share Capital Suspense Account as at 31st March, 2007 (Schedule 'AA')

## 4. Profit/Loss on Share Dealings is worked out as follows:

## I) Share Trading

Turnover & Profit / (Loss) on Share Dealing Amt. In Rs.	FY 2006-2007	FY 2005-2006
Opening Stock in Trade	Nil	Nil
Add: Purchases during the year	32,804,699	15,922,103
Less: Sales	32,881,352	15,754,582
Closing Stock	21,946	NIL
Profit/ (Loss) for the year on Share dealing	98,599	(26,357)
Difference in Realisable value & Cost	Nil	Nil
Net Closing Stock	Nil	Nil

## II) Derivative Trading

Turnover & Profit / (Loss) on Share Dealing Amt. In Rs.	FY 2006-2007	FY 2005-2006
Purchases	37,980,672	68,25,919
Less: Sales	38,642,942	67,98,721
Loss for the year on trading	662,270	(27,198)

a) The amount payable to the Small Scale Undertaking is NIL. (Previous year Nil).

5. Funds received from various investors and invested on their behalf & in their respective names under the Portfolio Management Scheme, as at 31st March, 2007 are Rs.80.14 crores under 'Cognito Scheme' Rs.15.60 crores under 'Progeny Scheme' and Rs. 8.45 crores under Alpha Arbitrage Scheme.

6. Stamp Duty: Apart from the stamp duty paid by the company, the Superintendent of Stamps had demanded duty also on squared off transactions which has been disputed by the Brokers Association. The amount of such disputed stamp duty is approximate Rs. 20 lacs, which has been shown as a contingent liability.

## 7. Contingent Liabilities

Contingent Liabilities Amt. In Rs.	FY 2006-2007	FY 2005-2006
HDFC Bank Guarantee	90,000,000	2,500,000
Stamp Duty	2,000,000	2,000,000

## 8. Major Components of Deferred Tax Assets

Deferred Tax Assets	(Amount in Rs.)		
I. Opening Balance			425,623.0
Balance transferred from Parag Parikh Securities Limited as on 1-10-2006			359,890.0
II Changes during the Year			
a. Timing Difference in Depreciation			
As per Accounts	2,194,060.0		
As per Income tax Act	2,008,946.0		
Under charged for tax purpose	185,144.0		
Deferred Tax @ 33.66%		62,309.0	62,309.0
b. Gratuity under charged for tax purpose Deferred Tax @ 33.66%	335,000.0	112,761.0	112,761.0
III. Deferred Tax Income charged to P& L Account			175,070.0
IV. Net Deferred tax Assets as per Balance Sheet.			960,583.0

\* Deferred tax asset on Capital Loss has not been recognised as there is no virtual certainty that the same would actually be absorbed

## 9. Particulars of Directors Remuneration

Name	Amount In Rs	Head of Expense
Parag S. Parikh	12,00,000/-	Consultancy Fees
Rajeev Thakkar	17,27,078/-	Consultancy Fees
	6,00,000/-	Salary
Neil Parikh	5,00,000/-	Salary

## 10. Particulars of Auditor's Remuneration

Particulars	FY 2006-2007	FY 2005-2006
a) As Auditor	84,180.0	88,775.0
b) For Other Services	84,180.0	88,775.0
Total	168,360.0	1,77,550.0

## 11. Value of Imports

Particulars	FY 2006-2007	FY 2005-2006
Value of Imports	Nil	Nil

## 12. Expenditure in Foreign Exchange

Particulars	FY 2006-2007	FY 2005-2006
Earnings in Foreign Exchange (USD)	2569.90	828.04
(EURO)	2500.00	0.00

## 13. Foreign Exchange Earnings

Particulars	FY 2006-2007	FY 2005-2006
Earnings in Foreign Exchange (US\$)	Nil	Nil

14. Previous year's figures have been regrouped wherever necessary.

15. Considering the Accounting Standard 18 (AS18), Company would like to state that there are no such transactions, apart from normal share trading and share investment.

As per our Report of even date

For CVK & ASSOCIATES Chartered  
Accountants

K P Chaudhari, Partner

For and on behalf of the Board

Parag S Parikh,  
Chairman

Rajeev Thakkar,  
Director

Mumbai.  
July 19th 2007

Swapnil Walimbe,  
Company Secretary

## General Profile

### Registration Details

Registration No.	11-68970 of 1992 .
State Code	11
Balance Sheet Date	March 31st ,2007.

### Capital Raised During The Year

Public Issue	NIL
Right Issue	NIL
Bonus Issue	NIL
Private Placement	NIL

### Position of Mobilisation and Development of Funds: (Rs. In'000)

Total liabilities	142,522.0
Total Assets	142,522.0

#### Sources of Funds:

Paid-up Capital	38,680.0
Reserves and Surplus	77,374.0
Secured Loans	NIL
Unsecured Loans	NIL

#### Application of Funds:

Net Fixed Assets	19,507.0
Investments	42,009.0
Net Current Assets	80,045.0
Net Deferred Tax Assets	961.0
Miscellaneous Expenditures	NIL
Accumulated losses	NIL

### Performance of the Company: (Rs. In'000)

Turnover	54,282.0
Total Expenditure (Including Depreciation.)	40,337.0
Profit Before Tax	13,944.0
Profit After Tax	11,480.0
Earnings Per Share (EPS) (in Rs.)	2.97
Dividend Declared	NIL

Principle Services rendered by the Company:

Equity Dealing

F&O Dealing

PMS

Mutual Fund Distribution

Financial Planning

As per our Report of even date.  
For CVK & ASSOCIATES Chartered Accountants

K P Chaudhari, Partner

For and on behalf of the Board

Parag S Parikh,  
Chairman

Rajeev Thakkar,  
Director

Mumbai.  
July 19th 2007

Swapnil Walimbe,  
Company Secretary

Statement pursuant to Section 212 of the Companies Act, 1956 relating to company's interest in subsidiary company:

1. Name of the Subsidiary Company	Dimension Venture Inc.
2. The Financial Year of the subsidiary company ended on	31st March 2007.
3. Date from which it became subsidiary	1st October 2006
4. Number of shares hold by the holding company in the subsidiary company at the end of the financial year of the subsidiary company.	15000 shares of the face value US\$ 1 fully paid.
5. The net aggregate amount of the subsidiary company's profit/(loss) so far as it concerns the member of the holding company	
a. Not dealt with in the holding company's accounts	
I. for the financial year ended on 31st March 2007	(Loss 13,414.17 in US\$) (INR 5,87,406 )
ii. for the previous financial year of the subsidiary company.	(Profit in USD 15998.52) (INR 7,11,454.18)
b. Dealt with in Holding Company's accounts	
I. for the financial year ended on 31st March 2007	NIL
ii. for the previous financial year of the subsidiary company.	NIL

**Board Of Directors' Report**

To,  
The Shareholders:

Yours Directors have pleasure in presenting the 5th Annual Report together with account of the Company for the year ended March 31st, 2007.

1. Activities:

The Company is mainly dealing in consultancy, advisory, web designing and internet technologies.

2. Financial Operating:

During the year the Company has made a net loss of 13,414.17 USD ( i.e. 5,87,406 INR) as compared to previous year net profit of 15,998.52 USD ( i.e. 7,11,454 INR).

3. Dividend:

Your Directors do not recommend any dividend for the year.

4. Deposits:

The Company has not accepted any deposits from the public.

5. Directors' Responsibilities Statement:

The Directors state as an averment of their responsibility :

- a) that in the preparation of the accounts for the financial year ended 31st Mar. , 2007, the applicable accounting standards have been followed along with proper explanation relating to the material departure , if any as far as possible.
- b) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the company for the year 31st March, 2007.
- c) That the Directors have taken proper and sufficient care for the maintenance of the 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.
- d) That the Directors have prepared the accounts for the financial year ended 31st March 2007 on a 'going concern' basis.

6. Currency:

All figures appearing in the accounts are in the US Dollars and has been denoted as USD or US\$.

7. Post Balance Sheet Events:

Board would like to intimate its members that the holding Company Parag Parikh Securities Limited has amalgamated with Parag Parikh Financial Advisory Services Limited. The High Court at Bombay, India has approved the scheme of amalgamation of Parag Parikh Securities Limited with Parag Parikh Financial Advisory



Services Limited vide its order dated 22nd June 2007. Taking this change into consideration now Parag Parikh Financial Advisory Services Limited is the holding Company of Dimension Inc.

8. Acknowledgment:

The Directors wish to place on record their appreciation for the cooperation given to the Company by its employees at all levels, its Bankers, Clients and all other who have directly and / or indirectly contributed to the Company's progress.

By Order of The Board Of Directors  
For Dimension Venture, Inc.

Mr. Parag S. Parikh, Director

**Auditors Report**

FRANK A. ELMORE, CPA, P.A.  
CERTIFIED PUBLIC ACCOUNTANT

Member:  
American Institute Of CPA's  
N.C. Association Of CPA's  
Carolina 27514

123,kingstone Drive,  
Suite 105 Chapel Hill  
North  
Tel: (919) 967-5733  
Fax: (919) 967-1905

To,  
The Board of Directors and Shareholders  
Of Dimension Ventures, Inc.  
DBA Dimension Studio  
1818 Airport Road, Suite 309  
Chapel Hill, NC 27514.

I have compiled the accompanying balance sheet of Dimension Ventures, Inc. as of March 31, 2007 and the related statements of income and retained earnings and statement of cash flows for the year ended, in accordance with Statements on standards for Accounting and review services issued by American Institute of Certified Public Accounts.

The company prepares its financial statements on the accrual basis of accounting. The cash basis of accounting is used for income tax purposes.

A compilation is limited to presenting in the form of final statements information that is the representation of management. I have not audited or reviewed the accompanying financial statements and accordingly do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures required by generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the company's financial position, result of operations, and cash flows; accordingly, these financial statements are not designed for those who are not informed in such matters.

Frank A. Elmore, CPA , P.A.

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**Balance Sheet**

Average Rate for US \$ Is 43.79

Closing Rate for US \$ Is 43.10

Particulars	31-Mar-07	31-Mar-07
CURRENT ASSETS	Amount In US \$	Amount In US \$
Checking/savings		
Wachovia Checking	1500.65	
Wachovia Money Market Account	25487.71	
Pay Pal Account	731.89	
Deferred Federal I.Tax	106.00	
Deferred NC Corporate Taxes	0.00	
Total of Current Assets		27826.25
Fixed Assets		
Office Equipment	1920.53	
Computer Equipment	5335.84	
Furniture & Fixtures	180.82	
Software	1270.93	
Accumulated Depreciation	-7700.81	
Total of Fixed Assets		1007.31
Other Assets		
Prepaid Federal Taxes	1200.00	
Prepaid State Taxes	600.00	
Organisation Cost	625.00	
Allowance For Amortaziation	-625.00	
Total of Other Assets		1800.00
<b>TOTAL ASSETS</b>		<b>30633.56</b>
Other Current Liabilities		
Customer Advances	5932.50	5932.50
Equity		
Capital Stock	15000.00	
Retained Earnings	23115.23	
Net Income	-13414.17	
Total of Equity		24701.06
Total Liabilities & Equity		<b>30633.56</b>

## Profit &amp; Loss A/C

Particulars	Amount In Us \$
Web Development Charges	20063.25
Fees for Update and changes	1200.00
Interest Income	248.47
Other Income	34.28
TOTAL INCOME	21546.00
Consulting Expenses	24000.00
Amortization Expenses	125.00
Bank Service Charges	134.65
Deprecation	460.35
Domain Charges	60.00
Gifts and Promotion	703.72
Office Supplies	53.85
Accounting	1697.75
Legal Fees	188.49
Fines	40.00
Federal Corporate I.Tax	2400.00
NC Corporate I.Tax	1184.00
Telephone	350.56
Internet Charges	7.95
Traveling Expenses Airline	947.20
Traveling Expenses	1767.59
Staff Welfare	425.66
Web Hosting Charges	413.40
TOTAL EXPENSES	34960.17
Net Income/ -Loss	-13414.17
Difference in Exchange Rate	0.00
Net Income/ -Loss	-13414.17

Asset Group	Property Description	Date in Service	Tax Cost	Sec 179 Exp Current=c	Tax Bonus Amount	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depreciation	Tax Net Book Value	Tax Method	Tax Period
3	Wireless Ethernet Equipment	12/02/03	278.15	-	-	221.1	30.4	251.5	26.6	200DB	5
5	Computer Equipment	03/28/03	1924.93	-	-	1,529.9	210.7	1,740.6	184.3	200DB	5
11	Computer & Accessories	01/11/04	2212.76	2,212.8	-	2,212.8	-	2,212.8	-	200DB	5
13	Apple Computer & Accessories	05/07/06	920	-	-	-	184.0	184.0	736.0	200DB	5
	Computer Equipment		5335.84	-	-	3,963.8	425.1	4,388.9	947.0		
Group	Furniture & Fixtures										
4	Desk, Chair	05/03/03	180.82	-	-	117.3	18.2	135.4	45.4	200DB	7
	Furniture & Fixtures		180.82	-	-	117.3	18.2	135.4	45.4		
Group	Office Equipment										
6	Fax Machine	05/03/03	156.19	-	-	124.1	17.1	141.2	15.0	200DB	5
9	Digital Voice Recorder	8/27/03	106.99	107.0	-	107.0	-	107.0	-	200DB	5
10	Mobile Phones	01/03/05	787.2	787.2	-	787.2	-	787.2	-	200DB	7
12	Mobile Phones	2/28/06	870.15	870.2	-	870.2	-	870.2	-	200DB	7
	Office Equipment		1920.53	-	-	1,888.5	17.1	1,905.6	15.0		
Group	Organisation Cost										
1	Organisation Cost	4/24/02	625.00	-	-	500.0	125.0	625.0	-	Amort	5
	Organisation Cost		625.00	-	-	500.0	125.0	625.0	-		
Group	Software										
2	Software - Electric Rain	06/08/02	159.00	-	-	159.0	-	159.0	-	Amort	3
7	I Mac Computer Software	3/28/03	212.93	-	-	212.9	-	212.9	-	Amort	3
8	Macromedia/ Shockwave Software	4/28/03	899	899.0	-	899.0	-	899.0	-	Amort	3
	Software		1270.93	-	-	1,270.9	-	1,270.9	-		
	Grand Total		9333.12	-	-	7,740.5	585.4	8,325.8	1,007.3		

## Statement of Cash Flow April 2006 through March 2007

Particulars	Amount in USD	Amount in USD
	31.03.2007	31.03.2006
Operating Activities		
Net Income/ (Loss)	-13414.17	15998.52
Adjustments to reconcile net Income	0.00	0.00
to net cash provided by the operations	0.00	0.00
Accounts receivable	0.00	0.00
Deferred Federal Income Taxes	0.00	106.00
Deferred NC Corporate Taxes	600.00	0.00
NC Corporate Tax Timing Difference	0.00	0.00
Accounts Payable	0.00	0.00
Customer Advances	3990.00	1942.50
Employee Loan Payable	0.00	0.00
Net Cash Provided by Operating Activities	<u>-8824.17</u>	<u>18047.02</u>
Investment Activities		
Office Equipments	0.00	870.15
Computer Equipments	920.00	0.00
Furniture & Fixture	0.00	0.00
Software	0.00	0.00
Accumulated Depreciation	489.65	7240.46
Allowances for Amortisation	125.00	500.00
Net Cash Provided by Investment Activities	<u>1534.65</u>	<u>8610.61</u>
Net Cash Increase/ (decrease) for the Period	-10358.82	15230.92
Cash at the Beginning of the Period	38185.07	22954.15
Cash at the end of the Period	<u>27826.25</u>	<u>38185.07</u>

**Auditors' Report**

CVK & ASSOCIATES  
Chartered Accountants

2, Samarth Apartments  
D.S. Babrekar Road,  
Gokhale Road (North)  
Dadar, Mumbai 400 028  
Phones: 2446 8717,  
2445 1488  
Fax: 2446 6139

Auditors Report on the Consolidated Financial Statements of Parag Parikh Financial Advisory Services Limited and Its subsidiary Dimension Venture Inc.

To ,  
The Board of Directors of the Parag Parikh Financial Advisory Services Limited

We have examined the attached Balance Sheet of Parag Parikh Financial Advisory Services Limited and Its subsidiary Dimension Venture Inc. as at 31st March 2007 and also the consolidated Profit & Loss account for the year ended on that date annexed thereto . These consolidated financial statements are the responsibilities of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 prepared in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement . An audit includes examining on 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.

We did not audit the financial statements of the foreign subsidiary company, which reflects total assets of Rs. 4.02 lakhs as at 31st March, 2007 and total revenue of Rs. 9.29 lakhs for the year ended on that date .We understand that as per the laws applicable to the subsidiary company in the country of its registration, its accounts are not required to be audited in that country. However the said financial statements have been compiled and commented upon by a qualified accountant from that country whose reports has been furnished to us, and our opinion , in so far as it relates to the amounts included in respect of the said subsidiary, is based on the said report.



On the basis of the information and the explanations given to us and on consideration of the separate audit report on the financial statements of Parag Parikh Financial Advisory Services Limited & report of the qualified accountant of its subsidiary Dimension Venture Inc. the consolidated financial statements together with the accounting principles generally accepted in India.

a) in the case of consolidated Balance Sheet , of the state of affairs of the company & its subsidiary as at 31st March, 2007 and

b) in the case of Profit and loss account, of the profit of the company for the year ended on that date.

For CVK & Associates  
Chartered Accountants

K P Chaudhari  
Partner

Mumbai  
July 19, 2007.

## Consolidated Balance Sheet As At 31st March 2007

Particulars	Schedule	Current year	
<b>SOURCES OF FUNDS :</b>			
<b>Shareholders' Funds :</b>			
Share Capital	A		38,680,000.0
Share Suspense Account	AA		26,468,050.0
Reserves & Surplus	B		77,656,077.0
			<u>142,804,127.0</u>
<b>APPLICATION OF FUNDS :</b>			
<b>Fixed Assets :</b>			
Gross Block	C	32,590,179.0	
<u>Less</u> : Accumulated Depreciation		13,039,337.0	
Net Block			19,550,842.0
Investments	D		41,269,107.0
Deferred Tax Assets (Refer Note No 8 in schedule "S")			960,583.0
<b>Current Assets, Loans &amp; Advances :</b>			
Sundry Debtors	E	15,253,614.0	
Cash & Bank Balances	F	54,000,886.0	
Loans & Advances	G	5,247,219.0	
Stock In Trade		21,946.0	
Deposits	H	35,996,999.0	
			110,520,664.0
<u>Less</u> : Current Liabilities & Provisions			
Current Liabilities	I	24,487,576.0	
Provisions	J	5,009,493.0	
			29,497,069.0
Net Current Assets			81,023,595.0
			<u>142,804,127.0</u>

Notes to Accounts

s

As per our Report of even date

For and on behalf of the Board of Directors of  
PPFAS LtdFor CVK & ASSOCIATES  
Chartered AccountantsParag S Parikh  
ChairmanRajeev Thakkar  
Director

K P Chaudhari, Partner

Place: Mumbai  
Date: 19th July, 2007Swapnil Walimbe  
Company Secretary

## Consolidated Profit &amp; Loss A/C As At 31st March 2007

Particulars	Schedule	Current year Rs.
<b><u>INCOME</u> :</b>		
Brokerage	K	26,687,485.0
Advisory Services	L	18,397,954.0
Capital Gains / (Loss) on Investments	N	4,899,543.0
Profit on Share Trading	M	760,869.0
Other Income	O	3,367,520.0
Web Development Charges		139,791.0
Fees for Updates and Changes		52,548.0
Deferred Tax Income		175,070.0
		54,480,780.0
<b><u>EXPENDITURE</u> :</b>		
Employees' Remuneration & Benefits	P	23,582,434.0
Administration & Other Expenses	Q	15,292,029.0
Depreciation	C	2,187,790.0
		41,062,253.0
Profit for the year		13,418,527.0
Add: previous year REFUND/excess provided		1,010,995.0
Less : Fringe Benefit Tax		375,573.0
Profit Before Taxation		14,053,949.0
Less: Provision for Taxation		3,100,000.0
Less: Difference in Foreign exchange Rate		71,695.0
Profit after Depreciation & Tax		10,882,254.0
Profit/(Loss) c/f to the Balance Sheet		10,882,254.0

Notes to Accounts

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As per our Report of even date

For and on behalf of the Board of Directors of  
PPFAS Ltd

For CVK &amp; ASSOCIATES

Chartered Accountants

Parag S Parikh  
ChairmanRajeev Thakkar  
Director

K P Chaudhari, Partner

Place: Mumbai

Swapnil Walimbe

Date: 19th July, 2007

Company Secretary

**Schedules Forming Part Of Balance Sheet As At March 31st, 2007**

Schedule - A:	Current year Rs
Authorized Capital:	
20,000,000 Equity Shares of Rs.10/- each	200,000,000.0
Total Rs.	200,000,000.0
Issued, subscribed & Paid-up Capital:	
3868000 Equity Shares of Rs.10/- each fully paid	38,680,000.0
Total Rs.	<u>38,680,000.0</u>

Schedule - AA:	Current year Rs
Share Capital Suspense Account	
2646805 Equity Shares of Rs.10/- each fully paid	26,468,050.0
(To Be issued to Share Holders of Parag Parikh Securities Ltd. As per the Scheme Of Amalgamation.(refer note no 3 of Schedule "S")	
Total Rs.	<u>26,468,050.0</u>

Schedule - B:	Current year Rs
Reserves & Surplus:	
<u>General Reserve:</u>	385,000.0
Capital Redemption Reserves	10,100,000.0
Profit & Loss Account:	
Opening Balance	36,523,768.0
Add: Profit for the year	10,882,254.0
Add: 'Transferred on amalgamation (refer note no 3 of Schedule "S")	19,765,055.0
Balance Carried Forward	<u>67,171,077.0</u>
Total Rs.	<u>77,656,077.0</u>

## Schedule C

Particulars	Rate of Dep.	Gross Block				Depreciation				Net Block	
		Opening Balance as On 01.04.06	Addition	sold during the year	Closing balance as on 31.03.07	Opening Balance as on 01.04.06	Addition during the year	On Asset sold during the year	Closing Balance as on 31.03.07	Closing Balance as on 31.03.07	Closing Balance as on 31.03.06
Air-conditioners	20.00%	1,263,404	-		1,263,404	796,600	75,872		872,472	390,932	271,763
BSE Membership Card		13,000,000			13,000,000				-	13,000,000	
Computer	40.00%	6,307,472	438,229		6,745,701	5,027,582	554,497		5,582,079	1,163,622	722,929
Electrical Fittings	20.00%	271,738	-		271,738	170,249	18,779		189,028	82,710	84,411
Motor Car	25.00%	3,717,903	880,730	-	4,598,633	1,247,769	624,401		1,872,170	2,726,463	858,712
Office Furniture	20.00%	2,567,365	36,250		2,603,615	1,930,224	116,085		2,046,309	557,306	492,535
Telephone Systems	20.00%	1,821,648	-		1,821,648	1,119,863	124,895		1,244,758	576,890	536,565
Electrical Equipment	20.00%	287,324	75,700		363,024	131,318	41,439		172,757	190,267	144,833
Software Packages	60.00%	338,000	1,203,088		1,541,088	84,454	638,092		722,546	818,542	253,546
Dimension Venture Assets					381,328				337,218	44,110	
Total Rs.		29,574,854	2,633,997	-	32,590,179	10,508,059	2,187,790	-	13,039,337	19,550,842	3,365,294

	No of shares	Cost for 31.03.07	Market Value on 31.03.07
<u>Quoted Investment :</u>			
Aventis Pharma Ltd.	1635	757332	2011214
Bharat Electronics Ltd.	1000	915000	1501000
Castrol India Ltd.	5000	815960	1054500
Container Corporation of India Ltd.	1155	422464	2204318
Fairfield Atlas Ltd.	59561	4469152	4645758
Glaxo Smithkline Pharmaceuticals Ltd.	140	75375	156380
Gujarat Gas Co.Ltd.	364	186542	462244
ITC ITD.	3000	0	451200
Kitex Garments Ltd.	50000	603348	446000
L&T	500	643608	809575
Mharashtra Scooters Ltd.	9130	1632567	2758630
Morgan Stanley Mutual Fund	400	0	17048
Mphasis Ltd.	25600	4123481	7225600
NIIT Technologies Ltd.	8000	1139444	3490400
Pal Peugeot Ltd.	17200	318200	0
Pidilite Industries Ltd.	27950	791272	3158350
Prism Cement Ltd.	100	616	3180
Sonata Software LTD.	66500	2411412	4166225
SRF Polymer Ltd.	5000	322573	581500
SSI Ltd	8000	1469650	1459200
Trent Ltd	400	260000	273860
Trent Ncd	400	200000	200000
VST Industries Ltd.	7000	3591007	2308600
Wyeth Ltd.	3885	1657925	1768841
<u>Unquoted Investments :</u>			
Karrox Technologies Limited	25000	1000000	1000000
Investment in PPFAS Ltd	0	0	470000
Mumbai stock Exchange	10000	10000	10000
PMS Arbitrage	0	6411388	0
HSBC Cash Fund	100865	1010997	0
Total- (i)		35239313	42633621
<u>Unquoted Investments :</u>			
Sterlite Industries Debentures			
Investment in Shares-Karrox tech.	25000	1000000	0
(ii)		1000000	0
<u>Investment in Mutual Funds</u>			
Birla Income Fund Plus Plan B			
HSBC CASH FUND	501810	5029794	5029794
UTI Liquid Cash Plan Regular			0
Total- (iii)		5029794	5029794
Total- (i) + (ii) + (iii)		41269107	47663415

Schedule - E:	Current year Rs
Sundry Debtors:	
1.Outstanding for more than 6 months	nil
Others-debts considered good	
Secured	nil
Unsecured	15,253,614.0
	<u>15,253,614.0</u>
Less: Provision for Doubtful Debts	nil
Total Rs.	<u>15,253,614.0</u>
Out of the above:	
II a. Debts due by-	
I) Directors or other officers of the Company	nil
II) Concerns in which Directors are interested	nil
b. The maximum amount due by Directors or other officers of the company at any time during the year	nil

Schedule - F:	Current year Rs
Cash & Bank Balances:	
I) Cash in Hand	146,191.0
II) Balances with Scheduled Banks	
in current account	
Bank of India	144,327.0
HDFC Bank	20,561,488.0
CITI Bank	1,769,218.0
Stand Chartered Grindlays Bank	17,014.0
In Fixed Deposit account	
HDFC Bank Ltd	29,488,524.0
Foreign Banks	1,194,743.0
Interest accrued	679,381.0
Total Rs.	<u>54,000,886.0</u>

Schedule - G:	Current year Rs
Loans & Advances:	
(unsecured & Considered good)	
I) Advances recoverable in cash or in kind or for value to be received	
Advance Income Tax	100,000.0
Income Tax for the Year	3,077,349.0
Income Tax refund Due	864,582.0
Tax deducted at source	187,551.0
Pre-paid Expenses	577,497.0
Prepaid Federal Taxes	25,860.0
Prepaid State Taxes	8,620.0
Federal State Taxes	4,569.0
Miscellaneous Loans & Advances	401,191.0
	<u>5,247,219.0</u>
Out of the above:	
II) a. Debts due by-	
I) Directors or other officers of the Company	nil
II) Concerns in which Directors are interested	nil
b. The maximum amount due by Directors or other officers of the company at any time during the year	nil

Schedule - H:	Current year Rs
Deposits:	
i) Deposit with National Stock Exchange	
NSE Deposit for Capital Market	5,600,000.0
NSE Deposit for Debt Market	10,000,000.0
NSE Deposit for Futures & Options	800,000.0
NSE Deposit with Clearing Corporation	900,000.0
NSE Deposit for Leases Line	238,856.0
Deposit for Car Parking in BSE Towers	150,000.0
Base Capital Adequacy Deposit	1,625,000.0
Base Minimum Capital Deposit with BSE-Margin	2,500,000.0
FIXED DEPOSIT FOR GUARANTEE	4,256,622.0
	<u>26,070,478.0</u>
ii) Other Deposits:	
Electricity Deposit	228,571.0
R S Vatcha & Co	30,700.0
Office Deposit	3,700,000.0
Telephone Deposit	54,706.0
U.S.Club Deposit	20,000.0
ILFS initial Deposit	5,682,998.0
NSDL STP Advance	20,000.0
Vichare Courier Deposit	630.0
Veena Chambers Condominium	3,416.0
Municipal Deposit	500.0
Mahindra Holiday Resorts Deposit	185,000.0
(ii)	9,926,521.0
Total Rs. (i) + (ii)	<u>35,996,999.0</u>



Schedule - I:	Current year Rs
Current Liabilities:	
Trade Creditors -	12,641,564.0
other liability	11,846,012.0
Total Rs.	<u>24,487,576.0</u>

Schedule - J:	Current year Rs
Provisions:	
Provision for Gratuity	1,582,922.0
Provision for Taxation	3,100,000.0
Auditor's Remuneration	326,571.0
Total Rs.	<u>5,009,493.0</u>

## Schedules Forming Part Of Profit &amp; Loss A/c For Year Ended March 31st 2007

Schedule - K:	Current year Rs
Brokerage:	
Capital Market - Brokerage	26,687,485.0
Total Rs.	<u>26,687,485.0</u>

Schedule - L:	Current year Rs
Advisory Services:	
Placement Charges-MF	3,150,045.0
Investment Advisory Fees	646,500.0
Portfolio Management Fees	14,601,409.0
Total Rs.	<u>18,397,954.0</u>

Schedule - M:	Current year Rs
Profit/(Loss) on Share Dealings:	
Profit/Loss on Share Dealings	98,599.0
Loss on Derivative trading	662,270.0
Total Rs.	<u>760,869.0</u>

Schedule - N:	Current year Rs
Capital Gains	
Short Term capital Gain	(107,940.0)
Long Term Capital Gains	5,007,483.0
Total Rs.	<u>4,899,543.0</u>

Schedule - O:	Current year Rs
Other Income	
A. Interest	
Interest on FD with HDFC Bank	2,003,129.0
Interest from other source	5,125.0
Interest on cd a/c	2,196.0
Total Rs.	<u>2,010,450.0</u>
B. Dividend On Shares & MF	1,090,562.0
C: Rent Income	200,000.0
D: Other Income	66,508.0
Total A+B+C+D	<u>3,367,520.0</u>

Schedule - P:	Current year Rs
Employees' Remuneration & Benefits:	
Salaries	12,129,428.0
Incentives	9,763,178.0
Gratuity & Ex Gratia Payments	335,000.0
Employer's Contribution to PF	820,044.0
PF Administration Charges	95,245.0
Staff Welfare & Training	439,539.0
Total Rs.	<u>23,582,434.0</u>

Schedule - Q:	Current year Rs
Administrative Expenses:	
Advertisement	34,342.0
Accounting Charges	14,541.0
Amortization Expenses	5,475.0
Audit Fees	168,360.0
Bank Guarantee Charges	75,795.0
Bank Interest & Charges	22,084.0
Books & Periodicals	71,654.0
BSE General Expenses	36,394.0
Communication Expenses	981,780.0
Conveyance	485,033.0
Consultancy Charges	613,060.0
DMAT Charges	127,397.0
Domain Charges	657.0
Electricity Charges	664,272.0
Entertainment & Business Promotion	572,000.0
Gifts and Promotion	3,687.0
Federal Corporate Taxes	33,762.0
Insurance Premiums	219,359.0
Internet Charges	177,570.0
Lease Line Charges	113,011.0
Legal Fees	3,663.0
Membership & Subscriptions	1,833,246.0
Miscellaneous Expenditure	127,529.0
N.C. Corporate Income Taxes	10,465.0
Postage & Courier Charges	189,099.0
Printing & Stationery	518,838.0
Professional Charges	2,639,768.0
Professional Tax	2,000.0
Rent, Rates & Taxes	673,704.0
Repairs & Maintenance	555,534.0
Securities Transaction Tax	144,829.0
Seminar Education Expenses	879,486.0
Security Service Charges	84,852.0
Software Systems, Training & Services	18,941.0
Service Tax on Shares	12,333.0
Stamp Duty for Capital Market	1,470,180.0
Sundry Balance W/Off	5,999.0
Traveling Expenses	585,578.0
Transaction Charges	670,920.0
Turnover Charges-SEBI	11,000.0
Vehicle Maintenance Expenses	346,339.0
VSAT Charges	83,551.0
Web Hosting Charges	3,941.0
Total Rs.	15,292,029.0

**Schedule: R**

## Significant Accounting Policies:

## a) Accounting Convention:

The financial statements are prepared under the historical cost convention and materially comply with the applicable accounting standards in the country of incorporation.

## b) Principles of Consolidation:

The consolidated financial statements are related to Parag Parikh Financial Advisory Services Limited and its subsidiary company Dimension Ventures Inc. The consolidated statements have been prepared on the following basis,

1) the financial statements of the company and its subsidiary are combined on line by line basis by adding together the book values of the like items of assets, liabilities, income & expenses in accordance with the Accounting Standard (AS)21- "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

2) In case of foreign subsidiary, revenue items and fixed assets are consolidated at the average rate prevailing during the year. Other assets & liabilities are valued at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in profit & loss account. This policy is adopted as per Accounting Standard (AS) 21- "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

## c) Investments:

Investments other than in subsidiaries have been accounted as per Accounting Standard 13 on Accounting for investments.

## d) Other Significant Accounting Standards:

These are set out in notes to accounts under significant accounting policies for financial statements of the respective companies.

Previous year figures have been regrouped wherever necessary.

For CVK & ASSOCIATES Chartered  
Accountants

K P Chaudhari, Partner

Mumbai.  
July 19th 2007

For and on behalf of the Board

Parag S Parikh, Chairman

Rajeev Thakkar, Director

Swapnil Walimbe, Company Secretary

Parag Parikh Financial Advisory Services Limited  
Registered Office: 103, Veena Chambers, Dalal Street, Mumbai - 400 001

**Attendance Card**

Fifteenth Annual general meeting - September 14, 2007 at. 3.00 pm

Full Name of Member :

Regd. Folio No. :

Full Name of Proxy, if any :

I hereby record my presence at the Fifteenth Annual General Meeting of the Company on September 14, 2007 at 3.00 pm at Great Western Building, 1st Floor, 130-132, SBS Marg, Near Lion Gate, Fort, Mumbai - 400 023.

\_\_\_\_\_  
Member's/Proxy'S Signature

Note: Members are requested to record their attendance by delevtering the attendance slip, duly signed at the gate.

Parag Parikh Financial Advisory Services Limited  
Registered Office: 103, Veena Chambers, Dalal Street, Mumbai - 400 001

**Form of Proxy**

I/We \_\_\_\_\_ of \_\_\_\_\_ being a Member/Members of Parag Parikh Financial Advisory Services Limited hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to vote for me/us and on my/our behalf at the 15th Annual General Meeting of the Company to be held on September 14, 2007 at 3.00 pm and at any adjournment thereof.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2007.

For office Use only

Proxy No. :

Reg Folio No. :

No of Shares :

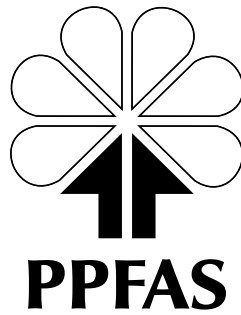
Affix one  
Rupee  
Revenue  
Stamp

Notes:

1. The form should be signed across the stamp as per specimen signature registered with the Company.
2. The proxy Form must be deposited at the Registered Office of the company not less than 48 hours before the time fixed for holding the Meetings.
3. A proxy need not be a Member.







PARAG PARIKH FINANCIAL  
ADVISORY SERVICES LIMITED

130/132, Great Western Building, Shahid Bhagat Singh Marg,  
Near Lion Gate, Fort, Mumbai - 400 023.  
Tel: 2284 6555, Fax: 2284 6553