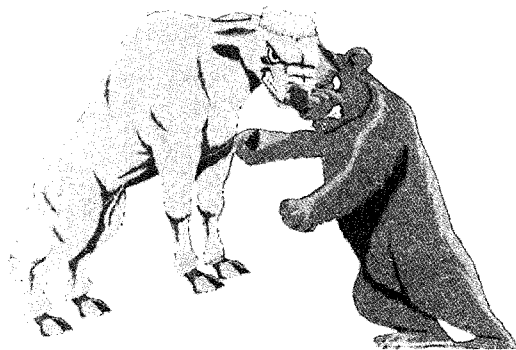


B.N. Rathi Securities Limited



Report



21st ANNUAL REPORT 2006-2007



B.N.RATHI SECURITIES LIMITED

BOARD OF DIRECTORS

Sri LAKSHMINIVAS SHARMA- Chairman
 Sri B.N.RATHI
 Sri K.HARISHCHANDRA PRASAD
 Sri K.N.RATHI
 Sri H.N.RATHI - Managing Director

AUDITORS

Kalyandas & Co.,
 Chartered Accountants
 15,Venkateshwara Colony,
 Narayanguda, Hyderabad - 500 029.

BANKERS

HDFC Bank Ltd.
 Karur Vysya Bank Ltd
 State Bank of Hyderabad

REGISTERED OFFICE

4-5-173, Hasmath Gunj,
 Sultan Bazar, Hyderabad - 500 095
 Phone : 040-24757284

CORPORATE OFFICE

6-3-652,Kautilya, Amrutha Estates,
 Somajiguda, Hyderabad-500082
 Phones : 040-30527777,30727777
 e-mail : info@bnrathi.com
 Web : www.bnrsecurities.com

STOCK EXCHANGES (LISTED)

The Hyderabad Stock Exchange Ltd.,
 3-6-275, Himayatnagar,
 Hyderabad - 500 029.

Bombay Stock Exchange Ltd.
 Phiroze Jeejeebhoy Towers,
 Dalal Street, Mumbai - 400 001.

REGISTRARS & SHARE TRANSFER AGENTS

Karvy Computershare Pvt. Ltd.
 Plot No. 17-24, Vittal Rao Nagar,
 Madhapur, Hyderabad - 500 081
 Phone : 040- 23420816-824
 Fax : 040 -23420814
 e-mail : mailmanager@karvy.com
 web: www.karvy.com

DEMAT ISIN NUMBER IN NSDL &CDSL INE710D01010



B.N.RATHI SECURITIES LIMITED

NOTICE

Notice is hereby given that the 21st Annual General Meeting of the Members of B.N.Rathi Securities Limited will be held at Rajasthani Graduates Association Hall, 5-4-790/1, 1st floor, Abids, Hyderabad-500001 on 14th September, 2007 at 9.30 a.m to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts for the year ended 31st March, 2007 together with the Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Shri Lakshmi Nivas Sharma, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Kamal Narayan Rathi, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint the Auditors and fix their remuneration.

SPECIAL BUSINESS

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

“ Resolved that Mr H. N. Rathi ,be and is hereby re-appointed as Managing Director of the company for further period of Three years with effect from 1st October, 2007 on the following terms and conditions

- i) Remuneration : Rs 80,000 (Rupees Eighty Thousand) per Month.
- ii) Perquisites:
 - a) Medical Reimbursement – Medical expenses incurred by the Managing Director for self and family including dependent parents subject to a ceiling of one month's salary per year or three month's in a block of three years to be reimbursed.
 - b) Leave Travel Concession- Self and family including dependent parents to and from any place in India once in a year in accordance with rules of the company.
 - c) Club Fees – Fees of club to a maximum of two clubs will be allowed. This will not include admission and Life Membership fee.
 - d) Personal Accident Insurance - For an amount to cover within the annual insurance premium which does not exceed Rs 5000/-
 - e) Provident Fund - Company's Provident Fund shall be twelve percent of the salary. It will not be a perquisite.
 - f) Gratuity – Gratuity payable at a rate not exceeding half month's salary for each completed year of service.
 - g) Car – Use of Company's car with driver for Company's business. This will not be considered as a perquisite.
 - h) Telephone at Residence - Free use of telephone at residence for official purpose. This will not be considered as a perquisite.
 - i) Leave – On full pay and allowances as per rules of the company but not more than one month's leave for every eleven months service to be allowed. Leave not availed would be allowed to be encashed.
 - j) Entertainment Expenses – The appointee shall be entitled to reimbursement of expenses actually and properly incurred for the business of the company.

By Order of the Board,
for **B.N. Rathi Securities Limited**

Date : 25.07.2007
Place : Hyderabad.

H.N. Rathi
Managing Director



B.N.RATHI SECURITIES LIMITED

NOTES:

1. The relevant explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business set out under item 6 is annexed hereto.
2. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and a proxy need not be a member.
3. The instrument of Proxy in order to be effective shall be deposited at the Registered Office of the Company by not less than **48 hours before the commencement of the Meeting**.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 10.09.2007 to 14.09.2007 (Both days inclusive) for determining the names of members eligible for dividend, if approved, on equity shares. In respect of shares held in electronic form, dividend will be payable on the basis of beneficial ownership, as per details furnished by NSDL and CDSL, for this purpose.
5. Subject to the provisions of Section 206A of the Companies Act, 1956, dividend as recommended by the Board of Directors, if declared at the meeting, will be payable on or before 13.10.2007 to those members whose names appear on the Company's Register of Members as on 14.09.2007.
6. The valid transfer deeds should be lodged with the Registrar before the book closure date to determine entitlement of the dividend.
7. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are therefore requested to bring their copy of annual report to the Meeting.
8. Shareholders are requested to address all correspondence in relation to share matters to the Company's registrars and Share Transfer Agents: **Karvy Computershare Pvt Limited Unit : B.N.Rathi Securities Limited, Plot No. 17-24, Vittal Rao Nagar, Madhapur, Hyderabad - 81**

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956. Item No. 6

Shri H. N. Rathi's present five years term of office as the Managing Director of the company expires on 30th September, 2007. Shri H. N. Rathi has been in office as Managing Director since 1st October, 2002, Thus Completing a period of five years. During the tenure of Shri H.N. Rathi as the Managing Director, The company has made considerable progress in all the spheres and has since acquired good name and reputation in business.

The Directors confidently felt that the company should continue to avail the services of Shri H. N. Rathi as he is a very able and experienced person. Hence, the Board of Directors at their meeting held on 25.07.2007 has considered it necessary to re-appoint Shri H. N. Rathi as the Managing Director of the Company for a further period of three years with effect from 1st October, 2007. His appointment and remuneration is fixed in accordance with Schedule XIII to the Companies Act and is subject to the approval of the shareholders for which purpose, the resolution, as set out in the Notice is proposed.

Approval of the Members is sought by way of ordinary resolution at this Annual General Meeting for the re-appointment and payment of remuneration to Mr. H.N. Rathi as set out in the resolution.

None of the Directors except H.N. Rathi, himself, Mr. B.N. Rathi and K. N. Rathi are concerned or interested in the said Resolution. This may also be treated as abstract under section 302 of the Companies Act, 1956



B.N.RATHI SECURITIES LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 21st. Annual Report together with Audited Statements of Accounts for the year ended 31st March, 2007.

FINANCIAL RESULTS

The Financial Results for the year ended 31st March, 2007 are summarised as under:

	(Rs. In Lakhs)	
	2006-'07	2005-'06
Total Income	386.20	440.32
Total Expenditure	305.27	323.82
Profit before Tax	80.93	116.50
Provision for Taxation	28.87	42.48
Profit after Tax	52.06	74.02
Profit available for Appropriation	52.06	74.02
Provision for proposed Dividend	18.00	15.00
Provision for Dividend Tax	3.06	2.10
Balance carried to Balance Sheet	31.00	56.92

DIVIDEND:

Your Directors are pleased to recommend a Dividend @12% on the Paid up Equity Share Capital of the Company in respect of the financial year 2006-07. The total outgo on account of dividend, inclusive of dividend tax @16.995% stands at Rs 21.06 lakhs, for which necessary provision has been made in the accounts.

OPERATIONS:

The Company is presently operating on Cash and Derivatives Segment of the National Stock Exchange of India Ltd. There is significant increase in volume and clientele. Internet Trading has already commenced. The Depository Participant Services with CDSL is in the process and the Company is awaiting SEBI Registration.

LISTING:

The Equity Shares of the Company are listed on The Hyderabad Stock Exchange Ltd., and Bombay Stock Exchange Limited (Stock Code 523019). The annual listing fees for the year 2007-2008 has been paid to both the Stock Exchanges.

DIRECTORS:

The Board of Directors of the Company at its meeting held on 25.07.2007 re-appointed Sri H N Rathi as Managing Director for the period commencing 1st October 2007 and ending 30th September 2010.

Shri Lakshmi Nivas Sharma and Shri Kamal Narayan Rathi retire by rotation and are eligible for re-appointment.

AUDITORS:

The Auditors of the Company M/s. Kalyandas & Co. Chartered Accountants, Hyderabad retire at the ensuing Annual General Meeting of the Company and have given their consent for re-appointment. The company has also received a certificate from them under Section 224 (1-B) of the Companies Act, 1956.

FIXED DEPOSITS :

The Company has not accepted any deposits from the public.

PARTICULARS OF EMPLOYEES:

None of the employees are covered under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules, 1975 and forming part of the Directors report for the year ended 31st March, 2007



B.N.RATHI SECURITIES LIMITED

DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors confirm :

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) that they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2007 and of the profits of the company for that period;
- (iii) that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safe guarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) that they have prepared the annual accounts on a going concern basis.

STATUTORY COMPLIANCE:

The Company has complied with the concerned provisions relating to statutory compliances with regard to the affairs of the Company in all aspects.

COMPLIANCE CERTIFICATE:

The Compliance Certificate referred to in the provision to Sub - Section (1) of Section 383A of the Companies Act, 1956 was obtained.

CREDIT & GUARANTEE FACILITIES:

The Company has been availing facilities of Credit and Guarantee as and when required, for the business of the Company, from HDFC Bank Ltd. and Karur Vysya Bank Ltd. from time to time and the Company has taken the required steps to increase the Bank Guarantee limits. Personal Guarantees for obtaining Bank Guarantees for Working Capital Loans from Banks are given by the Managing Director and Director Sri B.N. Rathi without any consideration.

INTERNAL AUDIT:

M/s BNR Associates, Chartered Accountants, Hyderabad are internal Auditors of the Company, who are responsible for independently evaluating the operations and business internal process as per regulatory and legal requirements.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE:

The information pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of Directors) Rules, 1988 has not been given as the same is not applicable. The particulars regarding income and expenditure in Foreign Currency is nil.

ACKNOWLEDGEMENT:

Your Directors wish to place on record their appreciation for the valuable co-operation, support and assistance received from the Government departments and Local Authorities, Securities and Exchange Board of India, Financial Institutions, Banks, National Stock Exchange of India Limited, The Hyderabad Stock Exchange Limited and Bombay Stock Exchange Limited.

Your Directors also like to express their thanks to the share holders, esteemed clients and sub-brokers for their unstinted and also continued support and to the employees for their co-operation in achieving the corporate objectives.

For and on behalf of the Board

Date : 25.07.2007

Place : Hyderabad.

Lakshminivas Sharma
Chairman



B.N.RATHI SECURITIES LIMITED

AUDITOR'S REPORT

To
The Members of B.N.Rathi Securities Limited,

We have audited the attached Balance Sheet of **M/s B.N.RATHI SECURITIES LIMITED** as at 31st March, 2007 and also the Profit & Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We 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-statements. An audit includes examining, on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. We report that:

- a) We have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
- b) In our opinion, proper books of account as required by law, have been kept by the Company so far as it appears from our examination of the same.
- c) The Balance Sheet, Profit & Loss Account and Cash Flow statement dealt with by this report, are in agreement with the Books of Account of the Company.
- d) In our Opinion, the Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 subject to Notes on Accounts.
- e) As per the representations made by the Company and all its Directors, no Director is disqualified from being appointed as a Director U/s 274(1)(g) of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with notes on the accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the State of Affairs of the Company, as at 31st March, 2007 and
 - (ii) in case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date and
 - (iii) in the case of the Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date.
- g) As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us we further report the matters to the extent applicable as under: