

B.N. Rathi Securities Limited



22nd ANNUAL REPORT 2007-2008



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
Smt.NISHA RATHI - Executive Director

AUDITORS

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

BANKERS

HDFC Bank Ltd.
Karur Vysya Bank Ltd
ICICI Bank Ltd
Andhra Bank

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)

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 22nd 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 24.09.2008 at 10-00 a.m. to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts for the year ended 31st March, 2008 together with the Reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Shri. B N Rathi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri K Harish Chandra Prasad, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint the Auditors and fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the provisions of Sections 193, 269, 309 read with Schedule XII and other applicable provisions, if any, of the Companies Act, 1956 Mrs.Nisha Rathi, Director be and is hereby appointed as Executive Director of the Company for a term of 3 years with effect from 1st May 2008 on the following terms & conditions:

i. Salary : Rs. 25,000 (Rupees Twenty Five Thousand) per Month

ii. In addition to the above the Executive Director is entitled to the following facilities:

- a) Free use of the Company's car with driver.
- b) Free telephone facility at residence.
- c) Encashment of Leave as per the rules of the Company.
- d) Club fee subject to maximum of two clubs. This will not include admission and life membership fee.
- e) Provident fund, superannuation benefits and gratuity as per the rules of the Company subject to the ceilings as per the guidelines for managerial remuneration in force from time to time.
- f) Reimbursement of medical expenses incurred for self and family subject to a ceiling of one month's salary in a year or 3 months' salary over a period of 3 years.
- g) Leave Travel Concession for self & family once in a year as per the rules of the company.

"RESOLVED FURTHER THAT the above mentioned salary and perquisites shall be paid and allowed as a minimum remuneration during the tenure of her office as the Executive Director, notwithstanding the absence or inadequacy of profits in any financial year as long as the minimum remuneration is within the prescribed limits under Section II of Part II of Schedule XIII of the Companies Act, 1956."

Date : 29.07.2008
Place : Hyderabad.

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

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 Corporate 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 19.9.2008 to 24.9.2008 (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 23.10.2008 to those members whose names appear on the Company's Register of Members as on 24.9.2008.
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. Members holding shares in the same name under different ledger folios are requested to apply for Consolidation of such folios and send the relevant share certificates to M/s Karvy Computershare Pvt Ltd, Share Transfer Agents of the Company for their doing the needful.
9. Members are requested to notify change in address, if any, immediately to M/s Karvy Computershare Pvt Ltd, Share Transfer Agents of the Company, quoting their folio number:

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

The ordinary resolution relates to the appointment of Mrs. Nisha Rathi as Executive Director of the Company. The Board approved and appointed Mrs. Nisha Rathi as Executive Director of the Company in their meeting held on 28.04.2008. Mrs. Nisha Rathi completed B.Com. She is working in our Organisation and has rich experience in handling Primary Market. As it is the requirement of Bombay Stock Exchange Ltd. to have a Designated Director for BSE Operations and after due discussions Mrs. Nisha Rathi has been appointed as Executive Director of the Company for a period of three years w.e.f. 1st May, 2008. Her appointment and remuneration fixed in accordance with Schedule XIII of the Companies Act, 1956 is subject to the approval of the share holders for which purpose the resolution, as set out in the Notice is proposed.

Further the same be treated as abstract of the contract to Section 302(1)(b) of the Companies Act, 1956.

Accordingly, the Board recommends the resolution for approval of the Members as an ordinary resolution.

None of the Directors except Mr. H N Rathi, Mr B N Rathi and Mr. K N Rathi are concerned or interested in the said Resolution.



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DIRECTORS REPORT

Dear Members,

Your Directors have pleasure in presenting the 22nd Annual Report together with Audited Statement of Accounts for the year ended 31st March, 2008.

FRANCHISEE'S REPORT

The Financial Results for the year ended 31st March, 2008 are summarised as under:

(Fig. in Lakhs)

	2007-08	2006-07
Total Income	870.00	888.00
Total Expenditure	857.00	800.00
Profit before Tax	130.00	88.00
Provision for taxation	50.00	20.00
Profit after Tax	80.00	68.00
Profit available for Appropriation	80.00	68.00
Provision for proposed Equity Dividend	20.00	18.00
Provision for Corporate Dividend Tax	0.00	0.00
Balance carried to Balance Sheet	60.00	50.00

DECLARATION

Your Directors are pleased to recommend a Dividend @10% on the Paid up Equity Share Capital of the Company in respect of the financial year 2007-08. The Paid up Capital of the Company as on 31.03.2008 is Rs. 2,11,20,000 i.e. 2112000 shares of Rs. 10/- each. The Board in their meeting held on 29.07.2008 converted 200000 warrants into Equity Shares and are eligible for dividend for the year 2007-2008. The total outgo on account of dividend, inclusive of dividend tax @ 16.99% stands at Rs. 27.05 lakhs, for which necessary provision has been made in the accounts.

COMMENTS ON

During the year the Company commenced the operations of Depository Operations with CDSL. The Board of Directors are also pleased to inform that our Trading Membership with NSE has been approved and Trading has commenced. The Company is in the process of getting empanelled as Broker for secondary market operations with some of the financial institutions. A major portion of the Income is through stock broking operations, which is again depends upon the stock market as well as the policies of the Government.

INSURANCE

The assets of the company are adequately insured. The Company has also taken Stock Brokers Indemnity Insurance to cover the exposure arising from NSE & BSE operations, and also a Liability Insurance Policy for Central Depository Services (India) Limited.

LISTING

The Equity Shares of the Company are listed on Bombay Stock Exchange Limited (Stock Code 523019). The annual listing fees for the year 2008-2009 has been paid to the Stock Exchange.

DIRECTORS

The Board of Directors of the Company at its meeting held on 26.04.2008 appointed Mrs. Nisha Nair as Executive Director of the company for a period of three years commencing from 1st May 2008.

Sh. B. K. RAJH and Sh. K. Harish Chandra Prasad retire by rotation and being eligible have offered themselves 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 1955.

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, 2008.



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 judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at the end of the financial year 31.03.2008 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 required provisions relating to statutory compliance with regard to the affairs of the Company in all respects.

COMPLIANCE CERTIFICATE:

The Compliance Certificate referred as per 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 given for obtaining Bank Guarantees by the Managing Director and Director Sri B N Rathi without any consideration.

PREFERENTIAL ALLOTMENT OF EQUITY SHARES AND WARRANTS

In terms of resolution passed by the share holders at the Extra Ordinary General Meeting held on 10.12.2007 the company allotted 612000 fully paid-up equity shares of Rs.10/- each at a premium of Rs.12/- per share on preferential basis to other than promoters. The Company has also allotted on Preferential basis 850000 convertible warrants to be converted into equity shares within a period of 18 months from 29.12.2007 of Rs.10/- at a premium of Rs.12/- per share to the promoters and promoters group and has received a sum of Rs.47.30 lacs against allotment of warrants.

UTILISATION OF PROCEEDS FROM PREFERENTIAL ALLOTMENT OF EQUITY SHARES AND WARRANTS

The money raised out of the preferential allotment of equity shares and warrants is utilized for Deposit Based Membership of Bombay Stock Exchange Ltd, and for Margin, Bank Guarantee Working Capital.

INTERNAL AUDIT:

M/S S.B.KABRA & CO., Chartered Accountants, Hyderabad are the internal Auditors of the Company, who are responsible for independently evaluating the operations and business internal processes as per regulatory and legal requirements. M/s. T.R. Chadha & Co., Chartered Accountants are the Concurrent and Internal Auditors for CDSL Operations.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE:

The information pursuant to Section 217 (i) (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, Bombay Stock Exchange Limited and Central Depository Services (India) Limited.

Your Directors also acknowledge the continued support given by the valued and esteemed customers and sub-brokers and the sincere and dedicated services of the employees of the Company at all levels.

Your Directors also like to express their thanks to the shareholders for the confidence which they reposed in the management of the Company.

For and on behalf of the Board

Date : 29.07.2008
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, 2009 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 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, 2008 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: