



## **B.N.RATHI SECURITIES LIMITED**

<b>BOARD OF DIRECTORS</b>	Sri LAXMINIVAS SHARMA	- Chairman
	Sri BADRI NARAYAN RATHI	- Director
	Sri K.HARISHCHANDRA PRASAD	- Director
	Sri VIJAY KUMAR TAORI	- Director
	Sri HARI NARAYAN RATHI	- Managing Director
	Sri CHETAN RATHI	- Executive Director

<b>AUDITORS</b>	Kalyandas & Co., Chartered Accountants 15,Venkateshwara Colony, Narayanguda, Hyderabad - 500029.
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<b>BANKERS</b>	HDFC Bank Ltd. AXIS Bank Ltd ICICI Bank Ltd State Bank of India
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<b>REGISTERED OFFICE</b>	6-3-652,Kautilya, Amrutha Estates, Somajiguda, Hyderabad-500082 Phones : 040-30527777,30727777 e-mail : support@bnrsecurities.com Web : www.bnrsecurities.com
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<b>STOCK EXCHANGES (LISTED)</b>	Bombay Stock Exchange Ltd.(523019) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.
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<b>REGISTRARS &amp; SHARE TRANSFER AGENTS</b>	Karvy Computershare Pvt. Ltd. Plot No. 17-24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081 Tel No.040-44655000 Fax No.040-23420814, Toll Free No.1800-3454-001 E-mail : einward.ris@karvy.com Web Site : www.karvy.com Regd.Office : Karvy House 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad - 500 034
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<b>DEMAT ISIN NUMBER IN NSDL &amp;CDSL</b>	INE710D01010
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## B.N.RATHI SECURITIES LIMITED

### NOTICE

Notice is hereby given that the 26<sup>th</sup> Annual General Meeting of the Members of B N Rathi Securities Limited will be held on 31<sup>st</sup> July 2012 at 10.00 A.M. at Surana Udyog Auditorium Federation House, FAPCCI, Red Hills, Hyderabad-500 004. to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Accounts for the year ended 31<sup>st</sup> March, 2012 together with the Reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. Badri Narayan Rathi who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. K.Harishchandra Prasad who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint the Auditors and fix their remuneration.

For and on behalf of the Board  
for **B.N. Rathi Securities Limited**

Date : 30.05.2012

Place : Hyderabad.

**HARI NARAYAN RATHI**  
MANAGING DIRECTOR

**NOTES:**

1. 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.
2. 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.**
3. The Register of Members and Share Transfer Books of the Company will remain closed from 25.07.2012 to 31.07.2012 (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.
4. Subject to the provisions of the Companies Act, 1956, dividend as recommended by the Board of Directors, if declared at the meeting, will be payable on or before 31.07.2012 to those members whose names appear on the Company's Register of Members as on 31.07.2012.
5. 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.
6. 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.
7. Shareholders are requested to address all correspondence relating to their shareholding/change of address if any to the Company's Registrar and Share Transfer Agents M/s Karvy Computershare Pvt Ltd., quoting their folio number.

For and on behalf of the Board  
for **B.N. Rathi Securities Limited**

Date : 30.05.2012

Place : Hyderabad.

**HARI NARAYAN RATHI**  
MANAGING DIRECTOR



## B.N.RATHI SECURITIES LIMITED

### DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 26th Annual Report together with Audited Statements of Accounts for the year ended 31st March, 2012.

#### FINANCIAL RESULTS:

The Financial Results for the year ended 31st March, 2012 are summarised as under:

	(Rs. In Lakhs)	
	2011-12	2010-11
Total Income	624.53	696.90
Total Expenditure	570.12	608.23
Profit before Tax	54.41	88.67
Provision for taxation	15.49	28.02
Profit after Tax	38.92	60.65
Transfer to General Reserves	-	1.51
Profit available for Appropriation	38.92	59.14
Provision for proposed Equity Dividend	25.20	30.24
Provision for Corporate Dividend Tax	4.09	4.91
Balance carried to Balance Sheet	9.63	24.00

#### DIVIDEND

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 2011-12. The total outgo on account of dividend, inclusive of dividend tax @ 16.2225% stands at Rs. 29.29 lakhs, for which necessary provision has been made in the accounts.

#### OPERATIONS

The performance of the company during the year has gone down by Rs. 72.37 Lakhs in gross income and Rs. 21.74 Lakhs net income due to market conditions which still persists. The Company deferred the Rights Issue which was proposed earlier due to adverse market conditions.

#### 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 & MCX-SX 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 2012- 2013 is paid to the Stock Exchange.

#### DIRECTORS

Sri Badri Narayan Rathi & Sri K. Harishchandra Prasad, retire by rotation and being eligible offers 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, 1956.

#### AUDITORS' REPORT

The Board has duly reviewed the Statutory Auditors 'Report on the Accounts for the year ended March 31, 2012 and has noted that the same does not have any reservation, qualification or adverse remarks.

#### FIXED DEPOSITS

The Company has not accepted any deposits from the public.



## B.N.RATHI SECURITIES LIMITED

### PARTICULARS OF EMPLOYEES:

None of the employees is 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, 2012.

For and on behalf of the Board  
**B.N. Rathi Securities Limited**

Date : 30.05.2012  
Place : Hyderabad.

**LAXMINIVAS SHARMA**  
CHAIRMAN

### ANNEXURE TO THE DIRECTORS REPORT: 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 31.03.2012 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 safeguarding 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.

### UN PAID / UN CLAIMED DIVIDEND:

In terms of the provisions of Section 205C of the Companies Act, 1956 the Company is obliged to transfer dividends which remain unpaid or unclaimed for a period of seven years from the date of declaration to the credit of the Investor education and Protection Fund established by the Central Government. Accordingly, the Members are hereby informed that the Seven years period for payment of the dividend pertaining to financial year 2004-2005 will expire on September 29, 2012 and thereafter the amount standing to the credit in the said account will be transferred to the "Investor Education and Protection Fund" of the Central Government.

### COMPLIANCE CERTIFICATE:

The Compliance Certificate referred as per the provision to Sub - Section (1) of Section 383A of the Companies Act, 1956 is 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 Axis Bank Ltd. Personal Guarantees are given for obtaining Bank Guarantees by the Managing Director Mr. Hari Narayan Rathi and Executive Director Mr. Chetan Rathi without any consideration.

### SUBSIDIARY COMPANY:

B N Rathi Comtrade Private Limited, the Wholly owned subsidiary of your Company, recorded net profit Rs.60.91 Lakhs as against Rs.41.65 Lakhs in the previous year, registering a good growth in value and volume terms.

### CONSOLIDATED FINANCIAL STATEMENTS:

In accordance with the Accounting Standards AS-21, notified by Companies (Accounting Standards) Rule, 2006, the consolidated financial statements covered in this annual report by the Company include financial information of its subsidiary B N Rathi Comtrade Private Limited and forms part of this annual report.



## **B.N.RATHI SECURITIES LIMITED**

### **INTERNAL AUDIT:**

M/s. T. R.Chadha & Co., Chartered Accountants, Hyderabad are the internal Auditors of the Company, and are the Concurrent and Internal Auditors for CDSL Operations also.

### **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 are 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, MCX Stock Exchange Limited and Central Depository Services (India ) Limited.

Your Directors also acknowledge the continued support given by the valued and esteemed Clients 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 continued confidence reposed in the management of the Company.

For and on behalf of the Board  
**B.N. Rath Securities Limited**

Date : 30.05.2012  
Place : Hyderabad.

**LAXMINIVAS 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 31<sup>st</sup> March, 2012 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 31<sup>st</sup> March, 2012 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 Flow 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:



## **B.N.RATHI SECURITIES LIMITED**

- 1) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets of the Company have been physically verified by the management at the year end and no serious discrepancies were noticed on such verification. Fixed Assets disposed off during the year are not material and therefore do not affect the going concern assumption.
- 2) The stock of inventory has been physically verified by the management at reasonable intervals. In our opinion, and according to the information given to us, the procedure for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business. In our opinion the company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- 3)
  - a) The Company has not granted secured or unsecured loan to companies, firms or other parties covered in the register maintained under section 301 of the Act.
  - b) The Company has not obtained unsecured loans from companies, firms or other parties covered in the register maintained under section 301 of the Act. However during the year the company has obtained and repaid unsecured loan of Rs. 50 Lakhs from Managing Director of the company, The rate of interest, terms and conditions are prima facie not prejudicial to the interest of the company.
- 4) In our opinion there are internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for sale of stock (shares) and services requires Improvement. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have been informed of any instance of major weakness in the aforesaid internal control systems.
- 5) In our opinion and according to the explanation given to us, the particulars of Contracts or arrangements required to be entered in the register under Section 301 of the Companies Act, 1956 have been entered and transactions aggregating during the Financial year to Rupees Five Lakhs or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices for such securities or the prices at which transactions for similar securities or services have been made with other parties.
- 6) The Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA or any other relevant Provisions of the Companies Act, 1956 and the Rules framed there under.
- 7) In our opinion the Company has a system of internal audit which commensurate with its size and nature of its business.
- 8) The Central Government has not prescribed the maintenance of cost records under clause (d) of the sub-section (1) of Section 209 of the Act for any of its products.
- 9)
  - a) The Company is regular in depositing with appropriate authorities undisputed amount of Provident Fund, Investor Education and Protection Fund, Income Tax, Service Tax and other statutory dues as applicable and no undisputed amounts payable are outstanding as at 31<sup>st</sup> March, 2012 for a period of more than six months from the date they become payable.
  - b) The Company has disputed Income Tax Demand Rs. 1,44,656/- for the Assessment year 2006- 07 and Rs. 79,900 for the Asst. year 2007-08 and the first appeal is pending disposal.
- 10) The Company has no accumulated losses as at 31<sup>st</sup> March, 2012 and it has not incurred cash losses in the financial year under report or in the immediately preceeding financial year.



## **B.N.RATHI SECURITIES LIMITED**

- 11) The Company has not defaulted in repayment of dues to any financial institutions or banks.
- 12) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) The Company is not a chit fund, nidhi or mutual benefit fund/society.
- 14) The Company is a Member of NSE, BSE and MCX-SX, renders services for investors in purchase and sale of shares and securities and also deals in shares and securities. The Company has maintained proper records of the transactions and contracts of purchases and sale of shares and other securities and timely entries have been made therein. The Company has held the shares in the name of the Company.
- 15) According to the information and explanations given to us and the representations made by the management, the Company has not given any guarantee for Loans taken by others from Banks or Financial Institutions.
- 16) The Company has not obtained any term loans during the year.
- 17) On the basis of our examinations of the books of account and the information and explanations given to us, in our opinion the funds raised on short-term basis have not been used for long term investment.
- 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 Act during the year.
- 19) The Company has not issued any debentures during the year.
- 20) The Company has not raised any money by public issues during the year.
- 21) According to the explanation and information given to us, based upon the audit procedures performed and representations made 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 **KALYANDAS & Co.**  
Firm Regd. No. 001677S  
**Chartered Accountants.**

Date : 30.05.2012  
Place : Hyderabad

**(G.KALYANDAS)**  
Partner  
Membership No.:7102





# B.N.RATHI SECURITIES LIMITED

## Balance Sheet as at March 31, 2012

Particulars	Note No	Figures as at the end of current reporting period Rs.	Figures as at the end of previous reporting period Rs.
<b>I EQUITY AND LIABILITIES</b>			
<b>1.Shareholder's Funds</b>			
(a) Share Capital	1	2,52,00,000	2,52,00,000
(b) Reserves and Surplus	2	5,51,27,945	5,42,08,075
<b>2.Non- Current Liabilities</b>			
(a) Long-Term Borrowings	3	25,00,000	-
(b) Other Long Term Liabilities	4	1,35,56,272	3,51,02,542
<b>3 Current Liabilities</b>			
(a) Trade Payables	5	6,66,41,215	14,19,89,993
(b) Other Current Liabilities	6	39,95,716	19,87,348
(c) Short-Term Provisions	7	45,61,238	63,14,568
<b>Total :</b>		<b>17,15,82,386</b>	<b>26,48,02,526</b>
<b>II ASSETS</b>			
<b>1.Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	8	58,33,006	62,54,232
(ii) Intangible Assets		8,63,702	13,57,331
(b) Non-Current Investments	9	99,99,800	99,99,800
(c) Deferred tax assets (net)	10	1,05,354	22,085
(d) Long term loans and advances	11	1,91,55,204	1,93,90,313
<b>2.Current Assets</b>			
(a) Current investments			
(b) Stock-in-Trade	12	15,55,028	29,75,300
(c) Trade receivables	13	2,03,91,601	5,51,31,079
(d) Cash and cash equivalents	14	11,13,81,839	16,67,59,064
(e) Short-term loans and advances	15	22,96,852	29,13,322
<b>Total :</b>		<b>17,15,82,386</b>	<b>26,48,02,526</b>

Significant Accounting Policies and Notes on Financial Statements.

As per our report of even date

For **KALYANDAS & CO.,**

Firm Regd. No. 001677S

Chartered Accountants

For and on behalf of the Board

**LAXMINIVAS SHARMA**  
CHAIRMAN

**G. KALYANDAS**

Membership No.7102

Partner

Date : 30.05.2012

Place: Hyderabad

**HARI NARAYAN RATHI**  
MANAGING DIRECTOR



## B.N.RATHI SECURITIES LIMITED

### Statement of Profit and Loss for the year ended March 31, 2012

Particulars	Note No	Figures as at the end of current reporting period Rs.	Figures as at the end of previous reporting period Rs.
I Revenue from operations	16	5,32,86,192	6,26,00,059
II Other Income	17	91,67,014	70,90,059
III <b>Total Revenue (I+II)</b>		<b>6,24,53,206</b>	<b>6,96,90,118</b>
IV Expenses			
Employee Benefit Expense	18	1,18,96,606	1,01,96,928
Finance Costs	19	31,66,326	29,65,214
Depreciation and Amortization Expense		21,58,884	23,97,490
Other Administrative Expenses	20	1,38,38,334	1,12,00,985
Sharing Brokerage		2,59,51,619	3,40,62,308
<b>Total Expenses:</b>		<b>5,70,11,769</b>	<b>6,08,22,925</b>
V Profit before tax (III - IV)		54,41,437	88,67,193
VI <b>Tax expense:</b>			
(1) Current tax		16,32,431	28,00,000
(2) Deferred tax Add/(less)		83,269	(1,515)
VII <b>Profit for the Year</b>		<b>38,92,275</b>	<b>60,65,678</b>
VIII <b>Earning per equity share:</b>			
Basic & Diluted		1.54	2.41

### Significant Accounting Policies and Notes on Financial Statements

As per our report of even date  
For **KALYANDAS & CO.,**  
Firm Regd. No. 001677S  
Chartered Accountants

**G. KALYANDAS**  
Membership No.7102  
Partner  
Date : 30.05.2012  
Place: Hyderabad

For and on behalf of the Board

**LAXMINIVAS SHARMA**  
CHAIRMAN

**HARI NARAYAN RATHI**  
MANAGING DIRECTOR