

6th Annual Report

**BHARAT
BHUSHAN**

**BHARAT
BHUSHAN
SHARE
STOCK
BROKERS
LIMITED**

&

MD	<input checked="" type="checkbox"/>		BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		DIV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>		AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>		SHI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>

1997-98





BHARAT BHUSHAN SHARE & STOCK BROKERS LIMITED

BOARD OF DIRECTORS : SANT KUMARI AGGARWAL
R.C. MODY
NISHA AHUJA
BEHRAM A. HATHIKHANAVALA
VIJAY BHUSHAN
JOGESH C. AHUJA

FINANCIAL CONTROLLER : R.C. CHUGH

AUDITOR'S : M/S P. BHOLUSARIA & CO.
26/11, SHAKTI NAGAR
DELHI - 110 007.

REGD. OFFICE : 5-E, RANI JHANSI ROAD
JHANDEWALAN EXTN.,
NEW DELHI - 110 055.
PHONE NO. - 3540997-999

✓ **SHARE TRANSFER AGENTS** : I.I.T. CORPORATE SERVICES LTD.
5-E, RANI JHANSI ROAD
JHANDEWALAN EXTN.,
NEW DELHI - 110 055.
PHONE NO. - 3553701-704

BANKERS : BANK OF MADURA LTD.
E-4, CONNAUGHT CIRCUS,
NEW DELHI-110 001

BHARAT BHUSHAN SHARE & STOCK BROKERS LIMITED**NOTICE**

The 6th Annual General Meeting of M/S BHARAT BHUSHAN SHARE & STOCK BROKERS LTD. will be held at AIR FORCE AUDITORIUM, SUBOROTO PARK, NEW DELHI-110 010 on Friday the 25th Sept. '98 at 11.30 A.M. to transact the following business :

ORDINARY BUSINESS :

1. To receive and adopt the Director's Report and Audited Profit and Loss Account for the period ended 31st March, '98 and the Balance Sheet as at that date.
2. To declare dividend on Ordinary Shares.
3. To appoint a Director in place of Sh. R.C. Mody, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Sh. B.A. Hathikhanavala who retires by rotation and is eligible for reappointment.
5. To appoint Auditors and to fix their remuneration. M/S P. Bholusaria & Co. Chartered Accountants, New Delhi retire and are eligible for re-appointment.

SEPECIAL BUSINESS :

To consider and if thought fit to pass with or without modification the following resolution as a special resolution.

6. "RESOLVED THAT subject to all applicable provisions of the Companies Act, 1956, (including any statutory modification(s) or reenactment thereof and any Ordinance promulgated in this regard for the time being in force and as may be enacted/promulgated from time to time) and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company (herein referred to as the "Board"), the consent of the Company be and is hereby accorded to the Board to buy-back shares from the existing holders of the shares, on a proportionate basis and/or from the open market by using its free reserves or from such other sources as may be prescribed by law from time to time; provided that the aggregate of the shares so bought back shall not exceed the limit prescribed by the law.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and things and deal with all such matters and take all such steps in this regard as it may, in its absolute discretion, deem necessary, fit or proper".

Place : New Delhi.
Dated : 29th June 1998

BY Order of the Board
VIJAY BHUSHAN
DIRECTOR

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956 AND THE NATURE OF THE CONCERN OR INTEREST OF DIRECTORS UNDER SECTION 302 READ WITH SECTION 173 OF THE COMPANIES ACT 1956.

Buy back of own shares by the Companies is presently not allowed under the Companies Act, 1956. The Companies Bill, 1997, sought to lay down the operative provisions to regulate the buy back of shares/securities by companies. The said bill has not yet become the law. It is expected that, in due course of time, the law will be amended to allow such buy back.

It is proposed to buy back shares of the company limited to the extent permitted by law, from the existing share holders on a proportionate basis and/or from the open market subject to necessary enactment in this regard.

The buy back of shares as aforesaid would entail investing of an amount which would not be less than the market value of the shares of the company and shall be met out of the free reserves and/or out of the proceeds of an issue specifically made for the purpose or from such other sources as may be permitted by law. The shares so bought back shall be dealt with as per the prevailing law/regulation.

The Board is of the opinion that it will be in the best interest of the company if shareholders approve the said resolution, permitting such buy back, so that the company will be able to implement this resolution once the law is amended.

The resolution, if approved, will be operative and given effect to from the applicable date as may be prescribed in this regard.

The proposed Resolution as set out in this notice to be passed at the ensuing Annual General Meeting shall be valid upto 30th Sept., 1999.

The resolution is an enabling provision aimed at facilitating the Company to buy back its shares as soon as legally permissible.

The Directors recommend the resolution for approval by the shareholders.

None of the Directors of the Company is, in any way, concerned or interested in the resolution.

NOTES :

Kindly note that THERE SHALL BE NO GIFT DISTRIBUTION AT THE ANNUAL GENERAL MEETING.

1. Explanatory Statements pursuant to provisions of section 173(2) of the Companies Act, 1956 in respect of the Special Business is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE

BHARAT BHUSHAN SHARE & STOCK BROKERS LIMITED

EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING. THE PROXY FORM IS ENCLOSED.

3. Members/Proxies should bring the Attendance slip duly filled in for attending the meeting.
4. Members seeking further information on the accounts or any other matter contained in the notice are requested to write to the company at least 7 days before the meeting so that relevant information can be kept ready at the meeting.
5. The Register of members & Share Transfer Books of the company will remain closed from 11th Sept., 1998 to 25th Sept., 1998 (both days inclusive).
6. Members attending the meeting are requested to bring their copy of Annual Report as extra copies will not be supplied at the time of meeting.

7. Kindly note that the dividend warrants for the year ended 30th June '95 remaining unclaimed are required to be transferred to General Revenue a/c of the Central Government by the end of this year. Such of the members who have not drawn the payment may kindly get the validity of the dividend warrants extended & draw the payment before the amount is transferred to Revenue A/c of the Central Government.
8. Persons holding shares in the identical names in different folios are requested to apply for consolidation of the said folios and send relevant share certificates, to the company for this purpose.

Place : New Delhi.
Dated : 29th June, 1998

BY Order of the Board
VIJAY BHUSHAN
DIRECTOR

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BHARAT BHUSHAN SHARE & STOCK BROKERS LIMITED**DIRECTORS' REPORT**

Your Directors have pleasure in presenting the 6th Annual Report on the business & operations of the Company together with the Audited Accounts for the period 1st July 1997 to 31st March, 1998.

The Company has earned an income of Rs. 40.08 Lacs for the nine month period against Rs. 63.08 Lacs in the previous year. The net profit after taxation is Rs. 8.00 Lacs against Rs. 8.88 Lacs during previous year.

FINANCIAL RESULTS

Particulars	For the 9 month period ended 31.3.98 (Rs.)	For the 12 month period ended 30.6.97 (Rs.)
Profit before Depreciation & Interest	2549271	3173518
Depreciation & Interest	249030	334817
Profit before tax	2300241	2838701
Provision for taxation	1500000	1950000
Profit after tax	800241	888701
Prior year adjustment	+ 23841	— 39055
Balance profit B/F from		
Balance Sheet	2203440	2843794
Profit available for appropriation	3027522	3693440
Appropriation :		
Transfer to General Reserve	200000	—
Proposed Dividend	1014120	1355000
Provision for Dividend Tax	101412	135000
Profit C/F to Balance Sheet	1711990	2203440

DIVIDEND

The Directors recommend to maintain the dividend at the rate of 4% per annum on pro rata basis on which dividend tax at the rate of 10% has to be paid for the nine month period ended on 31st March, '98 which if approved at the forthcoming Annual General Meeting will absorb a sum of Rs. 11.15 lacs.

ACTIVITIES

Your company's profitability has improved inspite of continued depression in the capital market. In view of the depressed state of the capital market, the company has not renewed its merchant banking authorisation. There was also declining trend in the Income from Corporate Finance activities. However, with the strict control over expenditure the management could improve the profitability by 5.5% over the last year figures.

The figures for the current period are not strictly comparable with the previous years figures due to change in accounting year. The figures of current year are of nine months against twelve months in the previous year.

DIRECTORS

Sh. R.C. Mody & Sh. B.A. Hathikhanvala retire by rotation and being eligible offer themselves for re-appointment.

AUDITORS

The Auditors M/s P. Bholusaria & Co., retire at the conclusion of this Annual General Meeting & being eligible offer themselves for re-appointment.

AUDITORS REMARKS

The observations made by the Auditors with reference to notes on the accounts for the year under report are self explanatory and need no further comments from the Directors.

PARTICULARS OF EMPLOYEES

There is no employee in receipt of remuneration in excess of amount specified in Section 217(2A) read with Companies (particulars of employees) rules 1975 as amended.

SUBSIDIARY COMPANIES

The Company does not have any subsidiary company.

FIXED DEPOSITS

The Company has not accepted fixed deposit till date.

STATUTORY INFORMATION

The Company's (Disclosure of particulars in the report of Board of Directors) Rules 1988, require the disclosure of particulars regarding Conservation of Energy in Form A and Technology Absorption in Form B prescribed by the rules. The requirements of Forms A and B are not applicable as the company is not a manufacturing company.

The Company had no foreign Exchange out-go or inflow during the period.

ACKNOWLEDGEMENTS

Your Directors express their sincere appreciation for the patronage, assistance and guidance by their business associates, bankers and clients.

The Board members also place on record their appreciation of the services rendered by the dedicated employees of the Company.

The Board is also beholden to you all, partners in our enterprise, for your confidence, encouragement and unstinting support.

For & on Behalf of the Board of Directors

(Vijay Bhushan)
Director

PLACE : NEW DELHI
DATED : 29TH JUNE, 98

(Nisha Ahuja)
Director

BHARAT BHUSHAN SHARE & STOCK BROKERS LIMITED**AUDITORS' REPORT****TO THE MEMBERS OF
BHARAT BHUSHAN SHARE & STOCK BROKERS
LIMITED**

We have audited the attached Balance Sheet of Bharat Bhushan Share & Stock Brokers Limited as at 31st March, 1998 and the Profit & Loss Account for the period ended on that date annexed thereto and report that :-

1. As required by Manufacturing and Other Companies (Auditors Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph 1 above :
 - (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 said books.
 - (c) The Balance Sheet and Profit & Loss Account referred to in this report are in agreement with the books of accounts.
 - (d) In our opinion and to the best of our information and according to the explanations given to us the said accounts subject to Note No. 21 of Annexure X regarding overdue Interest amounting to Rs. 277400/- in a bill discounting transaction which has not been accounted for and hence the profit is lower by Rs. 277400/- and read together with the other notes and significant accounting policies thereon give the information required by Companies Act, 1956 in the manner so required and give a true and fair view :-
 - (i) In the case of Balance Sheet of the State of Affairs of the company as at 31st March, 1998.
 - (ii) In the case of the Profit & Loss Account of the Profit for the period ended on that date.

FOR P. BHOLUSARIA & CO.
Chartered Accountants.

Place : New Delhi
Date : 29th June'98

(PAWAN BHOLUSARIA)
Partner

ANNEXURE TO THE AUDITOR'S REPORT

**(ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE
AUDITOR'S REPORT TO THE MEMBERS OF BHARAT
BHUSHAN SHARE & STOCK BROKERS LIMITED ON THE
ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH 1998)**

1. The Company has maintained proper records showing full particulars including quantitative details and location of Fixed Assets. The Fixed Assets have been physically verified by the management during the period, and no discrepancy was noticed on such verification.
2. None of the Fixed Assets have been revalued during the period.
3. As explained to us Stock-in-trade has been Physically verified by the Management at reasonable intervals.
4. In our opinion and according to the information and explanations given to us, the procedure for Physical Verification of Stocks followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
5. As explained to us, no discrepancies have been noticed on physical Verification of Stocks as compared to book records.
6. In our opinion and on the basis of our examination, valuation of Stock, is fair and proper and in accordance with the normally accepted accounting principles.
7. The Company has entered into transactions for services rendered with firms / companies listed in the register maintained under section 301 of the Companies Act, 1956 aggregating to more than Rs. 50000/- during the period and in our opinion the prices charged are reasonable as compared to prevailing market prices.
8. The Company has not taken any loans from Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. We are informed that there are no Companies under the same management as this Company within the meaning of section 370 (1-B) of the Companies Act, 1956.
9. The Company has not granted any loans to Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. We are informed that there are no Companies under the same management as this Company within the meaning of section 370 (1-B) of the Companies Act, 1956.
10. The parties to whom loans and advances have been given are repaying the principal amount and are also regular in

BHARAT BHUSHAN SHARE & STOCK BROKERS LIMITED

payment of interest wherever applicable. There are however no stipulations in writing.

11. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of shares/debentures but it needs further strengthening.
12. The Company has not accepted any deposits from the public during the period to which the provisions of section 58A of the Companies Act, 1956 and Reserve Bank of India guidelines as applicable to NBFCs would apply.
13. The Company does not have any formal internal audit system but has procedures to maintain sufficient checks on its transactions.
14. There are no undisputed amounts payable in respect of Income-Tax, Wealth Tax, Custom Duty and Excise Duty as at 31st March, 1998 which are outstanding for a period of more than six months from the date they became payable.
15. In our opinion and according to the information and explanations given to us, personal expenses have not been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice.
16. The Company has not granted loans and advances on the basis of security by way of pledge of shares/debentures and other securities during the period.
17. We are informed that the provisions of any special statutes applicable to Chit Funds, Nidhi or Mutual benefits society do not apply to the Company.
18. The shares/debentures in hand have been physically verified during the period by the management and no major discrepancies have been noticed on such verifications.
19. The Company has maintained proper records of its transactions and contracts in respect of investments in shares/debentures. All the shares have been held by the Company in its own name except to the extent of certain shares which are either lodged for transfer or held with valid transfer forms.
20. The provision of Employees State Insurance & Provident Fund Act are not yet applicable to the Company.
21. The service activities of the Company are such that the question of recording receipts, issues and allocation of man hours to the relative job does not arise. Consequently the authorisation and control on the allocation of labour jobs is not applicable.

FOR P. BHOLUSARIA & CO.
Chartered Accountants.

Place : New Delhi
Date : 29th June '98

(PAWAN BHOLUSARIA)
Partner

**BHARAT
BHUSHAN**
BHARAT BHUSHAN SHARE & STOCK BROKERS LIMITED
BALANCE SHEET AS AT 31ST MARCH, 1998

(AMOUNT IN RUPEES)

PARTICULARS	ANNEXURE	AS AT 31ST MARCH, 1998	AS AT 30TH JUNE, 1997
SOURCES OF FUNDS			
SHAREHOLDER'S FUNDS			
— SHARE CAPITAL	I	33788500	33788500
— RESERVES & SURPLUS	II	3111990	3403440
TOTAL		36900490	37191940
APPLICATION OF FUNDS			
— FIXED ASSETS			
— GROSS BLOCK	III	3309621	3436575
LESS : DEPRECIATION		911904	686986
LEASE ADJUSTMENT A/C		337592	199498
NET BLOCK		2060125	2550091
INVESTMENTS	IV	4943391	5876529
CURRENT ASSETS, LOANS & ADVANCES	V		
— INVENTORIES OF SHARES		16277385	1843938
— SUNDRY DEBTORS		738955	4654925
— CASH & BANK BALANCES		7243911	632785
— OTHER CURRENT ASSETS		23746	79169
LOANS & ADVANCES		16482532	26071210
TOTAL		40766529	33282027
LESS : CURRENT LIABILITIES & PROVISIONS	VI		
— LIABILITIES		8453167	1284772
— PROVISIONS		3970532	4975000
TOTAL		12423699	6259772
NET CURRENT ASSETS		28342830	27022255
— MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)	VII	1554144	1743065
TOTAL		36900490	37191940

ACCOUNTING POLICIES & NOTES ON ACCOUNTS X

AS PER OUR REPORT OF EVEN DATE ANNEXED
FOR P. BHOLUSARIA & CO.
CHARTERED ACCOUNTANTS

FOR & ON BEHALF OF THE BOARD

PAWAN BHOLUSARIA
PARTNER

R.C.CHUGH
FINANCIAL CONTROLLER

NISHA AHUJA
DIRECTOR

VIJAY BHUSHAN
DIRECTOR

PLACE : NEW DELHI
DATE : 29TH JUNE 1998

BHARAT BHUSHAN SHARE & STOCK BROKERS LIMITED**PROFIT & LOSS FOR THE PERIOD 1ST JULY, 1997 TO 31ST MARCH, 1998**

(AMOUNT IN RUPEES)

PARTICULARS	ANNEXURE	CURRENT PERIOD ENDED 31ST MARCH, 1998	PREVIOUS YEAR ENDED 30TH JUNE, 1997
INCOME			
INCOME FROM OPERATIONS & OTHER SOURCES	VIII	4083830	6308616
		<u>4083830</u>	<u>6308616</u>
EXPENDITURE			
ADMINISTRATIVE & OTHER EXPENSES	IX	1345638	2883205
		<u>1345638</u>	<u>2883205</u>
PROFIT BEFORE DEPRECIATION		2738192	3425411
LESS : DEPRECIATION		249030	334817
PROFIT BEFORE TAX		<u>2489162</u>	<u>3090594</u>
DEDUCT			
PRELIMINARY & SHARE ISSUE EXPENSES WRITTEN OFF		188921	251893
PROVISION FOR INCOME TAX		1500000	1950000
PROFIT AFTER TAX		800241	888701
LESS : BALANCES NO MORE RECOVERABLE (NET)		356	39055
ADD : EXCESS PROVISION WRITTEN BACK		24197	-
SURPLUS BROUGHT FORWARD		<u>2203440</u>	<u>2843794</u>
PROFIT AVAILABLE FOR APPROPRIATION		<u>3027522</u>	<u>3693440</u>
APPROPRIATIONS			
TRANSFER TO GENERAL RESERVE		200000	-
PROPOSED DIVIDEND		1014120	1355000
DIVIDEND TAX ON ABOVE		101412	135000
SURPLUS CARRIED FORWARD		<u>1711990</u>	<u>2203440</u>
TOTAL		<u><u>3027522</u></u>	<u><u>3693440</u></u>

ACCOUNTING POLICIES & NOTES ON ACCOUNTS / X

AS PER OUR REPORT OF EVEN DATE ANNEXED
FOR P. BHOLUSARIA & CO.
CHARTERED ACCOUNTANTS

FOR & ON BEHALF OF THE BOARD

PAWAN BHOLUSARIA
PARTNER

R.C.CHUGH
FINANCIAL CONTROLLER

NISHA AHUJA
DIRECTOR

VIJAY BHUSHAN
DIRECTOR

PLACE : NEW DELHI
DATE : 29TH JUNE'1998