

# *11th Annual Report*

**BHARAT  
BHUSHAN**

**BHARAT  
BHUSHAN  
SHARE  
STOCK  
BROKERS  
LIMITED**

**&**

**Certified True Copy**

For Bharat Bhushan Share  
& Stock Brokers Ltd.

*[Signature]*

**Director**

**2002 - 2003**

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



|                              |   |   |
|------------------------------|---|---|
| <b>BOARD OF DIRECTORS</b>    | : | SANT KUMARI AGGARWAL<br>R.C. MODY<br>NISHA AHUJA<br>VIJAY BHUSHAN<br>JOGESH C. AHUJA<br>SHANKER SINGAL<br>R.S. ENDLAW           |
| <b>AUDITORS</b>              | : | M/S P. BHOLUSARIA & CO.<br>26/11, SHAKTI NAGAR<br>DELHI - 110 007   |
| <b>REGD. OFFICE</b>          | : | 5-E, RANI JHANSI ROAD<br>JHANDEWALAN EXTN.,<br>NEW DELHI - 110055.<br>PHONE NO. 23540997-999                                    |
| <b>SHARE TRANSFER AGENTS</b> | : | I.I.T. CORPORATE SERVICES LTD.<br>5-E, RANI JHANSI ROAD<br>JHANDEWALAN EXTN.,<br>NEW DELHI - 110 055.<br>PHONE NO. 23553701-704 |
| <b>BANKERS</b>               | : | ICICI BANK LTD.<br>9A PHELPS BUILDING,<br>CONNAUGHT CIRCUS<br>NEW DELHI - 110 001.  |

# BHARAT BHUSHAN SHARE & STOCK BROKERS LIMITED

## NOTICE OF THE MEETING

NOTICE is hereby given that the Eleventh Annual General Meeting of the Members of M/S BHARAT BHUSHAN SHARE & STOCK BROKERS LTD will be held at **SHAH AUDITORIUM, 2, RAJNIVAS MARG, CIVIL LINES, DELHI - 54** on **MONDAY, 29th September 2003** at **11.30 A.M** to transact the following business:-

### ORDINARY BUSINESS

- To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2003 and Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
- To declare dividend for the year ended 31<sup>st</sup> March, 2003.
- To appoint a director in place of Mr. Jogesh C. Ahuja who retires by rotation and being eligible offers himself for re-appointment.
- To appoint a director in place of Mrs. Sant Kumari Agarwal who retires by rotation and being eligible offers herself for re-appointment.
- To appoint M/s P.Bholusaria & Co., Chartered Accountants as Auditors to hold office from the conclusion of this meeting to the conclusion of the next Annual General Meeting and to fix their remuneration.

### SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to section 149(2A) and other applicable provision, if any of the Companies Act, 1956, approval be and is hereby accorded to the Board of Directors for the commencement of all or any of the businesses specified in sub-clause 24 and sub-clause 41 of the Other object clause of Part C of the Memorandum of Association of the Company."

#### Sub-clause 24

To plant, grow, cultivate and produce cotton, rubber tobacco, oil seeds grains, seeds, cereals, grass and all kinds of agricultural produce and food products and to carry on the business of planters, cultivators, weavers and buyers of every kind of agricultural, vegetable, minor or other product of soil and to prepare, manufacture and render marketable any such products either in its prepared, manufactured or raw state and; either wholesale or retail.

#### Sub-clause 41

To carry on the business as merchants, commission agents, manufactures, importers, exporters, indentors, contractors and suppliers of any material of any nature to any persons including Government Departments, Companies, public or private corporations, individual or bodies of individuals in India and abroad.

By order of the Board

Place : New Delhi  
Dated : 30th July, 2003

(NISHA AHUJA)  
DIRECTOR

### NOTES:

- A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE VALID AND EFFECTIVE MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN FORTY EIGHT HOURS BEFORE COMMENCEMENT OF THE MEETING. THE PROXY FORM IS ENCLOSED.
- Members/Proxies should bring the enclosed attendance slip duly filled in, for attending the meeting.
- The Register of Members and Share Transfer Books of the company will remain closed from 25<sup>th</sup> September 2003 to 29<sup>th</sup> September 2003 (both days inclusive).
- The dividend declared at the Meeting will be made payable after 29<sup>th</sup> September, 2003 in respect of shares held in physical form to those members whose names appear in the Register of Members of the Company after giving effect to all valid share transfers lodged with the company as at the end of business hours on 25<sup>th</sup> September, 2003 and in respect of shares held in the electronic form to those "Deemed Members" whose names appear in the statement of Beneficial Ownership furnished by the National Securities Depository Services (India) Ltd (NSDL) and the Central Depository Services (India) Ltd. (CDSL).
- Members are requested to :  
(a) Intimate to the Company's Registrar & Share transfer Agent, Changes, if any, in their respective addresses along with Pin Code Number.  
(b) Quote Folio Numbers in all their correspondence.
- The Time limit for transfer of Un-paid Dividend declared for Financial Year 1995-96 will be expiring in December 2003 and therefore the unclaimed amount will be transferred to the "Investor Education and Protection Fund". Those who have not yet encashed their dividend warrants for the year 1995-96 or thereafter are requested to write to the company or Company's Registrars and Transfer Agents.

- 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 copies of the Annual Report to the Meeting.
- As per the provision of the amended Companies Act 1956, facilities for making nomination is now available to the shareholders of the company in respect of shares held by them. Nomination forms are available for this purpose with the company & Share Transfer Agents i.e. M/S IIT CORPORATE SERVICES LTD.
- The shares of your company are listed on the Delhi Stock Exchange and the Stock Exchange, Mumbai and the annual listing fees upto march 2004, already stand paid to both the exchanges.
- Members are requested to affix their signature at the space provided for on the attendance sheet annexed to the proxy form and hand over the slip at the entrance to the place of the meeting.
- There will be no gift distribution at the Annual General Meeting.  
**Information required under Clause 49 VI A of the Listing Agreement with the Listing Agreement with The Stock Exchange, Mumbai (relating to Corporate Governance) with respect to the Directors retiring by rotation and being eligible seeking re-appointment is as under:**  
Mr. Jogesh C. Ahuja (54) is a commerce graduate from Delhi University; he has wide experience in the field of investment and insurance. He is actively involved in the affairs of the company since 1998.  
Mrs. Sant Kumari Agarwal (66) is wife of Promoter Director, Late Mr. Bharat Bhushan. She has been member of the Delhi Stock Exchange since 1979.

By order of the Board

Place : New Delhi  
Dated : 30th July, 2003

(NISHA AHUJA)  
DIRECTOR

### EXPLANATORY STATEMENTS

Pursuant to section 173 (2) of the Companies Act, 1956 the following Explanatory Statement set out all material facts relating to Item No. 6 of the accompanying Notice of the Annual General Meeting to be held on Monday, 29th September 2003.

#### Item No.6

Recently the Government of India removed the restrictions for the forward trading and has permitted the forward trading in 122 commodity including agricultural commodity such as oilseeds, edible oil, cereals, sugar etc. and precious metal such as Gold, Silver etc. The Government of India had set up a regulatory authority named as Forward Market Commission under the Forward Contracts (Regulation) Act, 1952. The market regulator has mandated four entities for setting up the nation wide online commodity exchange including National Commodity & Derivatives Exchange Ltd. With the experience gained in the business and to tap the business opportunity thrown open by commodity derivatives market, the Board of Directors of the company had decided to apply for the trading cum clearing membership of National Commodity & Derivatives Exchange Ltd. The existing main object of the company permits only to carry out the business of bullions and precious metals. The sub-clause 24 and sub-clause 41 of the other object of Part C of Memorandum of the Association permits the company to carry out the other activities as permitted under the trading cum clearing membership of National Commodity & Derivatives Exchange Ltd. According to Section 149 (2A) of the Company Act, 1956 the shareholders permission by way of Special resolution is required for adoption and carry out the business specified in the other object. The Board recommends this Resolution for your approval. None of the Directors of your company is interested in this Resolution.

### MANAGEMENT'S DISCUSSION AND ANALYSIS

#### 1. Operating Results

The total income earned by the Company for the year under review was Rs. 42.81 lakhs and having a net profit Rs. 14.90 lakhs as compared to a net profit of Rs. 20.52 lakhs during previous year on the total income of Rs. 58.78 lakhs earned in previous year. Administrative and other expenses were Rs. 25.41 lakhs as compared to Rs. 29.49 to previous year.

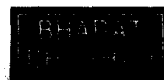
#### 2. Industry Trends and Business Analysis

The capital market and the financial services industry have been facing depression during the past 4-5 years. Due to general economic slowdown the industrial growth is very slow, which has directly affected the business. Various scams, restructuring and consolidations in the corporate and financial sector have also affected the business. The primary market has not shown any significant signs of improvement and has remained depressed, though the secondary market could see temporary improvements but the same is not able to thrust a sustained upward growth in the entire financial industry. During the recent past the debt market has also seen a downward trend in the wake of falling interest rates. All these factors have contributed to the present scenario of uncertainty, which has forced the companies like us to look at the business in a different perspective of business. In the aforesaid background of the company, during the year under review we have earned net profit of Rs. 14.90 lakhs.

#### 3. Future Prospects and Outlook

With the morale of various sectors of economy looking up and the economic growth is showing signs of improvement in background of receding war clouds, the capital market





# BHARAT BHUSHAN SHARE & STOCK BROKERS LIMITED

is expected to improve and stabilise. Recently the Government of India removed the restrictions for the forward trading and has permitted the forward trading in 122 commodity including agricultural commodity such as oilseeds, edible oil, cereals, sugar etc. and precious metal such as Gold, Silver etc. The Government of India had set up a regulatory authority named as Forward Market Commission under the Forward Contracts (Regulation) Act, 1952. The market regulator has mandated four entities for setting up the nation wide online commodity exchange including National Commodity & Derivatives Exchange Ltd. The company is under process of making application for trading cum membership of the National Commodity & Derivatives Exchange Ltd., it is a technology driven de-mutualized commodity exchange promoted by ICICI Bank limited, Life Insurance Corporation of India (LIC), National Bank for Agriculture and Rural Development (NABARD) and National Stock Exchange of India Limited (NSE). The rough estimate of the potential futures market in commodity is about Rs. 44,000 billion per annum. The Board of directors of the company has also given undertaking to subscribe Rs. 51 lacs in Bharat Bhushan Insurance Brokers Private Limited, when necessary licence under IRDA Insurance Brokers Regulations 2002 is received by them.

## 4. Risks and concerns

Although prospects are emerging in the financial sector, but continued global economic uncertainties, may cause serious threat to various sectors of our economy as well. These conditions may act as speed breaker and recovery may be largely affected.

## 5. Internal control system and their adequacy

The company has adequate internal controls commensurate with its size to ensure protection of assets against loss from unauthorised use and all the transactions are authorised, recorded and reported correctly.

Besides, the Audit Committee reviews the internal controls at periodic intervals in close coordination with the Auditors.

## 6. Financial Performance

- Share Capital: the Company's issued and Subscribed share Capital consists of Equity share Capital only. The Paid-up Share Capital as at 31<sup>st</sup> March 2003 stood at Rs. 33804000/- comprised of 3380400 Equity Shares of Rs. 10/- each.
- Reserves and Surplus: During the year review the reserve and surplus stood at Rs. 98.12 lakhs as against Rs. 98.48 lakhs during the previous year.
- Current Assets and Current Liabilities: the Current Assets and Current Liabilities for the period under review stood at Rs.351.49 and Rs. 92.75 Lakhs respectively against Rs. 167.72 and Rs. 35.46 lakhs for the previous year. The Net Current Assets (Currents Assets less Current Liabilities) as at the end of the year stood at Rs. 258.74 Lakhs compared to Rs. 132.27 Lakhs for the previous year.

## 7. Human Resources

The Company has adequate human resources to maintain its various activities as of now. However, on taking up further new activities, additional resources shall be made up according from time to time.

## REPORT OF THE DIRECTORS TO THE MEMBERS OF THE COMPANY

Your Directors have pleasure in presenting the Audited Accounts of your company for the 11<sup>th</sup> Financial Year ended 31<sup>st</sup> March 2003.

## FINANCIAL RESULTS

| PARTICULARS                          | YEAR ENDED<br>31ST MARCH 2003 | YEAR ENDED<br>31ST MARCH 2002 |
|--------------------------------------|-------------------------------|-------------------------------|
| Profit before Depreciation & Tax     | 17.40                         | 29.29                         |
| Depreciation                         | 0.94                          | 1.10                          |
| Profit before tax                    | 16.46                         | 29.19                         |
| Provision for taxation               |                               |                               |
| -Current                             | 1.55                          | 7.50                          |
| -Deferred (Net)                      | 0.01                          | 0.17                          |
| Profit after tax                     | 14.90                         | 20.52                         |
| Prior year adjustment                | —                             | 0.08                          |
| Balance profit B/F from earlier year | 59.47                         | 57.40*                        |
| Profit available for Appropriation   | 74.37                         | 78.00                         |
| <b>APPROPRIATION:</b>                |                               |                               |
| Transfer to Reserve Fund             | 2.88                          | —                             |
| Transfer to General Reserve          | —                             | 5.00                          |
| Proposed dividend                    | 13.52                         | 13.52                         |
| Provision for Dividend Tax           | 1.73                          | —                             |
| Profit C/F to Balance Sheet          | 58.14                         | 59.48                         |

## DIVIDEND

The directors recommend dividend @ 4% for the year ended on 31<sup>st</sup> March 2003. Which would attract dividend tax @ 12.81% on the dividend amount. If this recommendation is approved at the forthcoming Annual General Meeting, it would involve outflow (including dividend tax) of Rs. 15.25 lacs against an outflow of Rs. 13.52 lacs on this account during the previous year.

## FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Year under report has been difficult for the stock market as the market experienced general downtrend, which affected company's profitability for the year 2002-2003. It also affected the over all turnover in the stock market. The stock market index as on 31<sup>st</sup> March, 2003 was 14% lower than last year as a result of which there was a low valuation of stock held by the company at the end of the year. However, there has been a noticeable improvement during the past few months as a result of which there is a 23.49 % improvement in the sensex. The position on the date of this report is therefore considerably better than as on 31<sup>st</sup> March 2003.

Management Discussion and Analysis of Financial Condition and Results of Operation of the Company for the year under review, as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges, is given as a separate statement in the Annual Report.

## EXPANSION & DIVERSIFICATION PLANS

The company is examining the opportunities available for trading in the derivative segment apart from the insurance sector, which has now been opened for insurance brokers and commodity markets.

## CORPORATE GOVERNANCE

The Report on Corporate Governance as prescribed by the Listing Agreement is annexed and forms a part of Annual Report. The Auditors Certificate on compliance of the provisions of Corporate Governance as mentioned in the Listing Agreement is also attached.

## DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956 your Directors certify as follows :-

- In the preparation of the annual accounts, the applicable accounting standards had been followed.
- Your directors had 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 at the end of the financial year and of the profit of the company for that period.
- Your directors had 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.
- The directors had prepared the annual accounts on a going concern basis.

## DIRECTORS

Mr. Jogesh Ahuja and Mrs. Sant Kumari Agarwal retire by rotation at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment. During the year Mr. Behram A. Hathikhanavalia has resigned as director of the Company and board has accepted his resignation w.e.f. 9<sup>th</sup> September 2002.

## AUDITORS

Your Company's Statutory Auditors, M/S P.BHOLUSARIA & CO., Chartered Accountants, Delhi, retire at the conclusion of the forthcoming Annual General Meeting and have confirmed their eligibility and willingness to accept the office, if re-appointed.

## PARTICULARS OF EMPLOYEES

There are no employees 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 any fixed deposits during the year.

## STATUTORY INFORMATION

The Company's (Disclosure of particulars in the report of Board of Directors) rules 1988, requires the disclosure of particulars regarding conservation of energy in Form A and technology Absorption in Form B prescribed by the rules. The requirement of Forms A and B are not applicable, as our company is not a manufacturing company.

The company had no foreign Exchange out-go or inflow during the year.

## ACKNOWLEDGEMENTS

Your Directors express their sincere appreciation for the co-operation 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

**VJAY BHUSHAN**  
DIRECTOR

PLACE : New Delhi.  
Dated: 30<sup>th</sup> July, 2003

**NISHA AHUJA**  
DIRECTOR

# BHARAT BHUSHAN SHARE & STOCK BROKERS LIMITED

## REPORT ON CORPORATE GOVERNANCE

In compliance with clause 49 of the Listing Agreement with the Stock Exchanges, the Company hereby submits the report on the matters mentioned in the said clause and practices followed by the Company:

### 1. Company's Philosophy on code of Corporate Governance

The era of good Corporate Governance came into existence with the insertion of Clause 49 of the listing agreement. Your Company believes in attainment of highest levels of transparency in all facts of its operations. The Company is committed to maximise the Shareholders value by adopting the principles of good corporate governance in line with provisions stipulated in the listing agreement.

### 2. Board of Directors

The Board of your company comprises of 7 directors, out of whom 4 directors are non-executive directors and 3 directors are independent professionals. Mr. Vijay Bhushan is the Promoter of your company and chairman of the Board. The details of directors including the details of their board directorship and committee are given below:-

| Sl. No. | Name of the Director      | Category                 | Number of the Directorship held in other Companies | Number of Board committee memberships held in other |
|---------|---------------------------|--------------------------|--|---|
| 1       | Mr. Vijay Bhushan         | Promoter / Non-Executive | Four   | Four  |
| 2       | Mrs. Nisha Ahuja          | Promoter / Non-Executive | One  | ---   |
| 3       | Mr. Jogesh C. Ahuja       | Non-Executive            | ---  | ---   |
| 4       | Mrs. Sant Kumari Aggarwal | Non-Executive            | ---  | ---   |
| 5       | Mr. R. S. Endlaw          | Independent              | ---  | ---   |
| 6       | Mr. Shanker Singal        | Independent              | ---  | ---   |
| 7       | Mr. R. C. Mody            | Independent              | One  | One as chairman                                     |

\* Excludes Directorships in Private Limited companies, Bodies Corporate, Memberships of Managing committees of various Chambers/Bodies and Alternate Directorships.

### Meetings and Attendance

During the year ended 31<sup>st</sup> March 2003, four board meetings were held on the following dates: (i) June 17 (adjourned to June 18) (ii) July 27 (iii) October 26 (iv) January 16.

### Attendance of the directors at Board Meeting and at the Annual General Meeting (AGM) (September 30, 2002)

| Sl. No. | Name of the Director      | No. of Board Meetings | Whether attended the AGM |
|---------|---------------------------|-----------------------|--------------------------|
| 1       | Mr. Vijay Bhushan         | Four                  | Yes                      |
| 2       | Mrs. Nisha Ahuja          | Four                  | Yes                      |
| 3       | Mr. Jogesh C. Ahuja       | Four                  | No                       |
| 4       | Mrs. Sant Kumari Aggarwal | One                   | No                       |
| 5       | Mr. R. S. Endlaw          | Three                 | No                       |
| 6       | Mr. Shanker Singal        | Four                  | Yes                      |
| 7       | Mr. R. C. Mody            | Two                   | No                       |

### 3. Committee of the Board

#### A. Audit Committee

The terms of reference stipulated by the Board to the Audit Committee are, as contained under Clause 49 of the Listing Agreement, as follow:

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.
- Overseeing of the Company's financial reporting process and the disclosure of its financial information.
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the annual financial statements before submission to the board as provided in the Listing Agreement.
- Reviewing with the management and auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit functions.
- Reviewing with internal audits department any significant findings and follow up thereon.
- Reviewing the findings of any investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- Discussion with external auditors before the audit commences, nature and scope of audit commences, nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.

m. Reviewing the company's financial and risk management policies.

n. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

### Composition & Meetings:

The audit Committee was constituted on 20<sup>th</sup> March, 2002. The Committee met thrice during the year. The attendance of the members of the meeting were as follow:

| Name of the member | Status         | No. of meetings attended |
|--------------------|----------------|--------------------------|
| Mr. Shanker Singal | Independent    | Three                    |
| Mrs. Nisha Ahuja   | Non- Executive | Three                    |
| Mr. R.C. Mody      | Independent    | Two                      |

### B. Remuneration of Directors/Remuneration Committee

No remuneration has been paid to any of the Directors of the Company. Accordingly the need for remuneration committee has not arisen.

### C. Shareholders / Investors Grievance Committee

The Board of Directors of the Company has constituted a Shareholders / Investors Grievance Committee, comprising of the following Directors viz Mr. R. S. Endlaw, chairman of the committee and Mr. Vijay Bhushan. However, the Board has delegated the power of approving transfer of shares to the Share Transfer Committee comprising of Mrs. Nisha Ahuja and Mr. Vijay Bhushan, Directors.

This committee, inter alia, approves issue of duplicate share certificates, declared dividends, etc. and also oversees and reviews all matters connected with the delay in securities transfer. The committee oversees the performance of the Registrar and Share Transfer Agents, and recommends measures for overall improvement in the quality of investor services.

### 4. General Body Meeting

The last three Annual General Meetings of the Company were held as under

| Financial Year | Date       | Time       | Location                                      |
|----------------|------------|------------|---|
| 2001-2002      | 30.09.2002 | 11.30 A.M. | Shah Auditorium, Rajniwas Marg, Delhi 110 054 |
| 2000-2001      | 28.09.2001 | 11.30 A.M. | Shah Auditorium, Rajniwas Marg, Delhi 110 054 |
| 1999-2000      | 29.09.2000 | 11.30 A.M. | Shah Auditorium, Rajniwas Marg, Delhi 110 054 |

No special resolution was put through postal ballot last year.

a. Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors of the Company of material nature, with its promoters, the directors of the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the company at large.

None of the transactions with any of the related parties were in conflicts with the interest of the Company.

b. Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchanges, SEBI or any statutory authority on any matter related to capital markets, during the last three years.

### 5. Means of Communication

(a) In compliance with the requirement of the listing agreement, the Company regularly intimates unaudited as well as audited financial results to the Stock Exchanges immediately after they are taken on the record by the Board. These financial results are normally published in The Pioneer (English newspaper) and Vir Arjun (Hindi newspaper). The results are not sent individually to the shareholders. Further the Company has also applied for the registration of Electronic Data Information Filing and Retrieval (EDIFAR) with the requirement of the Stock Exchanges.

(b) Management Discussion and Analysis Report forms part of the Report of the Directors.

### 6. General Information for Shareholders:

- Date, Time and Venue of the Annual General Meeting : 29<sup>th</sup> September 2003  
11.30 a.m.  
Shah Auditorium  
2, Rajniwas Marg,  
Civil Lines, Delhi 110 054
- Financial reporting for the Quarter ending (tentative) : Last week of July 2003  
30<sup>th</sup> June 2003 : Last week of October 2003 or  
30<sup>th</sup> September 2003 : Last week of November 2003  
31<sup>st</sup> December 2003 : Last week of January 2004  
31<sup>st</sup> March 2004 : Last week of April 2004 or  
Last week of June 2004
- Period of Book Closure : 25<sup>th</sup> September 2003 to  
29<sup>th</sup> September 2003
- Dividend payment date (tentative) : 4<sup>th</sup> November 2003
- Equity Shares listed on Stock Exchange at : The Stock Exchange, Mumbai  
The Delhi Stock Exchange  
Association Ltd., New Delhi.

# BHARAT BHUSHAN SHARE & STOCK BROKERS LIMITED

## (f) Stock Code

(1) Trade Symbol at Stock Exchanges : The Stock Exchange, Mumbai  
Stock Code: BHAR BHUSH  
Stock No. : 511501

(2) Demat ISIN in NSDL and CDSL : INE900A01013

## 7. Dates of Book Closure

The share transfer Books and Register of Members of the company will remain closed from 25<sup>th</sup> September 2003 to 29<sup>th</sup> September 2003 (both days inclusive)

## 8. Listing of Equity shares on Stock Exchanges, etc.

The Company's shares are listed and were traded on the Stock Exchange at Delhi and Bombay Stock Exchange and listing fees for the year 2002-2003 and 2003-2004 have been paid to these Stock Exchanges.

Stock Market price for the period: April 2002 to March 2003

| Months    | BSE        |           |
|-----------|------------|-----------|
|           | High (Rs.) | Low (Rs.) |
| April     | 3.60       | 2.45      |
| May       | 2.80       | 2.20      |
| June      | 4.30       | 2.50      |
| July      | 8.00       | 2.85      |
| August    | 10.80      | 7.50      |
| September | 7.95       | 4.95      |
| October   | 4.70       | 4.25      |
| December  | 12.25      | 4.90      |
| January   | 11.45      | 11.45     |
| February  | —          | —         |
| March     | —          | —         |

## Share Price performance in comparison to broad based indices- BSE Sensx

Company's share price performance in comparison to BSE Sensx for the financial year 2002-03

| % Change In           | Company's comparison to Sensx |      |
|-----------------------|-------------------------------|------|
| Company's Share Price | Sensx                         |      |
| 218%                  | (-12%)                        | 230% |

## 9. Registrar and Share Transfer Agents:

For shares held in Physical Mode / Depository Mode

I.I.T. Corporate Services Ltd.,

5-E, Rani Jhansi Road,

Jhandewalan Extn., New Delhi-110 055

Tel: 23553701/04, Email: itcsl@delhi@indiatimes.com

## 10. Share Transfer System

With a view to expedite the process of share transfers, the Board of Directors of the Company has delegated the power of transfer to some of the Directors with an appropriate individual limits.

Share transfer is normally effected within a maximum period of 15 days from the date of receipt, if the documents submitted are in order. The Board of directors approves all share transfers/transmission. In the demat segment M/s I.I.T. Corporate Services Ltd., 5-E, Rani Jhansi Road, Jhandewalan Extn., New Delhi-110 055 are acting as Registrar for providing the connectivity with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL)

## Dematerialisation of Shares

The shares of the Company are in compulsory demat segment. The Company's share are available for trading in the depository systems, of both the National Depository Limited and the Central Depository Services (India) Limited as on 31<sup>st</sup> March 2003, 18,82,800 Equity shares of the Company forming 56% of the share Capital of the Company, stand dematerialised.

International Securities Identification Number- 900A01013 (with NSDL and CDSL)

| Share holding of nominal value of (Rs.) | Number of Shareholders | Amount of Shareholders (Rs.) | Percent age(%) |
|---|------------------------|------------------------------|----------------|
| Upto 2,500                              | 3033                   | 3944570                      | 11.6687        |
| 2,501-5,000                             | 1922                   | 7203500                      | 21.3092        |
| 5,001-10,000                            | 426                    | 3560430                      | 10.5324        |
| 10,001-20,000                           | 103                    | 1571230                      | 4.64798        |
| 20,001-30,000                           | 42                     | 1030570                      | 3.04861        |
| 30,001-40,000                           | 12                     | 450600                       | 1.33295        |
| 40,001-50,000                           | 11                     | 522600                       | 1.54594        |
| 50,001-1,00,000                         | 9                      | 587000                       | 1.73645        |
| 1,00,000 and above                      | 20                     | 14934100                     | 44.1777        |

## 11. Pattern of shareholding as on March 31, 2003

| CATEGORY   | NO OF SHARES | % AGE HOLDING |
|--|--------------|---------------|
| A. Promoter's holding  |              |               |
| 1. Promoters*  |              |               |
| — Indian Promoters   | 1221510      | 36.14         |
| — Foreign Promoters  |              |               |
| 2. Persons acting in Concert #   | 120510       | 3.56          |
| Sub-Total  | 1342020      | 39.70         |
| B. Non-Promoters holding   | 2037880      | 60.29         |
| C. Institutional Investors   |              |               |
| 1. Mutuals Funds and UTI   | 500          | 0.01          |
| 2. Banks, Financial Institutions, Insurance Companies (Central/State Gov. Institutions, Non-Government Institutions) |              |               |
| 3. FIs   |              |               |
| Sub-Total  | 500          | 0.01          |
| D. Others  |              |               |
| 1. Private Corporate Bodies  | 144849       | 4.28          |
| 2. Indian Public   | 1825031      | 53.99         |
| 3. NRI's /OCBs   | 57700        | 1.71          |
| 4. Directors Friends   | 10300        | 0.31          |
| Sub-Total  | 2037880      | 60.29         |
| Grand Total  | 3380400      | 100           |

## 12. Address for Correspondence

The Company's registered office is situated at 5-E, Rani Jhansi Road, Jhandewalan Extn., New Delhi -110055. The shareholders may address their communication / suggestion / queries to:

Bharat Bhushan share & Stock Brokers Ltd.

5-E, Rani Jhansi Road, Jhandewalan Extn., Delhi-110055

Phone: (011) 23540997-8-9, 3549996, Fax: (011) 23540996

Email: bbsstld@hotmail.com

## 13. Transfer of unclaimed amount to the Investor Education and Protection Fund:

The Investors are advised to claim the unencashed dividends for the year 1995-96 onwards lying in the unpaid dividend accounts of the Company before the same gets credited to the Investor Education and Protection Fund. During the year under review the Company has credited a sum Rs. 94719.13 to the Investor Education and Protection Fund pursuant to section 205C of the Companies Act, 1956 and the Investor Education and Protection Fund (Awareness and Protection of Investor) Rules, 2001.

## Auditor's certificate on Compliance of conditions of Corporate Governance

To the Members of Bharat Bhushan Share & Stock Brokers Ltd., New Delhi.

We have examined the compliance of conditions of Corporate Governance by Bharat Bhushan Share & Stock Brokers Ltd. for the year ended 31st March, 2003, as stipulated in clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

As required by the guidance notes issued by the Institute of Chartered Accountants of India, we have to state that Registrar and Share Transfer Agent of the Company and the management have maintained records to show Investors' Grievance against the Company and have certified that as on 31st March 2003 there were no Investors' Grievances remaining pending for a period exceeding one month.

We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

FOR P. BHOLUSARIA & CO.,  
CHARTERED ACCOUNTANTS

Place : New Delhi  
Date : 30th July, 2003

(VEENU AGGARWAL)  
Partner



# BHARAT BHUSHAN SHARE & STOCK BROKERS LIMITED

## AUDITOR'S 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 31<sup>st</sup> March, 2003 and 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.

1. 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 misstatement. 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.
2. As required by Manufacturing and Other Companies (Auditors Report) Order, 1988 issued by the Central Government of India 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.
3. Further to our comments in the Annexure referred to above, 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 as far as appears from our examination of those books;
  - (c) The Balance sheet and Profit & Loss Account dealt with by this report are in agreement with the books of accounts.
  - (d) 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 3(C) of section 211 of the Companies Act, 1956.
  - (e) As per the information and explanations given to us, none of the Directors of the Company are disqualified as on 31<sup>st</sup> March, 2003 from being appointed as a Director in terms of Clause (g) of Sub-Section (1) of Section 274 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 together with significant accounting policies and notes on accounts and annexures 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 :-
    - (i) In the case of the Balance Sheet, of the State of Affairs of the company as at 31<sup>st</sup> March, 2003; and
    - (ii) In the case of the Profit & Loss Account, of the Profit for the year ended on that date.

FOR P. BHOLUSARIA & CO.,  
CHARTERED ACCOUNTANTS

PLACE : NEW DELHI  
DATE : 18<sup>th</sup> June, 2003

VEENU AGGARWAL  
PARTNER

### ANNEXURE TO THE AUDITOR'S REPORT

(ANNEXURE REFERRED TO IN PARAGRAPH 2 OF THE AUDITOR'S REPORT TO THE MEMBERS OF BHARAT BHUSHAN SHARE & STOCK BROKERS LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2003)

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 year and no discrepancy was noticed on such verification. In our opinion, frequency of verification is reasonable having regard to the size of the company and the nature of its fixed assets.
2. None of the Fixed Assets have been revalued during the year.
3. According to the information and explanations given to us, the Stock-in trade have been physically verified by the management during the year. In our opinion the frequency of verification is reasonable.
4. In our opinion and according to the information and explanations given to us, the procedure for Physical 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.
5. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of accounts.
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 and is on the same basis as in the preceding year.

7. According to information and explanations given to us, the Company has not taken any loans from Companies, firms or parties listed in the register maintained under section 301 of the Companies Act, 1956. In terms of Section 370(6) of the Companies Act, provisions of the section 370 are not applicable to the company on or after 31<sup>st</sup> October 1998.
8. According to information and explanations given to us, the Company has not granted any loans to Companies, firms or parties listed in the register maintained under section 301 of the Companies Act, 1956. In terms of Section 370(6) of the Companies Act, provisions of the section 370 are not applicable to the company on or after 31<sup>st</sup> October 1998.
9. The parties (including employees) to whom loans and advances in the nature of loans have been given by the company, are repaying the principal amounts as stipulated and are also regular in payment of interest wherever applicable. There are however, no stipulations in writing.
10. 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/sales of shares/debentures etc. but it needs further strengthening.
11. According to the information and explanations given to us, the transactions of purchase of shares/ debentures and sale of shares/debentures etc. and services made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rs.50,000/- or more in respect of each party, have been made at prices which are reasonable having regard to the prevailing market prices for such securities or services where such market prices are available or the prices at which transactions for similar securities or services have been made with other parties.
12. The Company has not accepted any deposits from the public during the year to which the provisions of section 58A of the Companies Act, 1956, and Reserve Bank of India guidelines as applicable to NBFCs.
13. According to information and explanations given to us, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.
14. As per the information provided to us, the provision of Employees State Insurance & Provident Fund Act are not yet applicable to the Company.
15. According to information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Custom Duty and Excise Duty as at 31<sup>st</sup> March, 2003 which are outstanding for a period of more than six months from the date they became payable.
16. According to the information and explanations given to us, no personal expenses of Employees or Directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice nor we have been informed of any such expenses by the management.
17. 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 authorization and control on the allocation of labour jobs is not applicable.
18. 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 year.
19. We are informed that the provision of any special statutes applicable to Chit Funds, Nidhi or Mutual benefits society does not apply to the Company.
20. According to information and explanations given to us, the Company has maintained proper records of its transactions and contracts in respect of Investments in shares / debentures / units etc. All the shares / debentures/ units etc. have been held by the Company in its own name or pledged with others except to the extent of certain shares/ debentures, which are either lodged for transfer or held with valid respective transfer deeds or the documents for getting the shares dematerialised in its name. As per Depository Participants Statements, there are some shares in the name of company pertaining to others for which the company has obtained the necessary confirmations.
21. The company is not a Sick Unit within the meaning of Section 3(1)(o) of Sick Industries Companies ( Special Provisions ) Act, 1985.
22. Other Clauses of the aforesaid order are not applicable to the Company during the year under review.

FOR P. BHOLUSARIA & CO.,  
CHARTERED ACCOUNTANTS

PLACE : NEW DELHI  
DATE : 18<sup>th</sup> June, 2003

VEENU AGGARWAL  
PARTNER

**BHARAT BHUSHAN SHARE & STOCK BROKERS LIMITED****BALANCE SHEET AS AT 31st MARCH, 2003**

(AMOUNT IN RUPEES)

| PARTICULARS  | ANNEXURE | AS AT<br>31st MARCH, 2003 | AS AT<br>31st MARCH, 2002 |
|--|----------|---------------------------|---------------------------|
| <b>SOURCES OF FUNDS</b>                            |          |                           |                           |
| SHAREHOLDERS' FUNDS                                |          |                           |                           |
| SHARE CAPITAL                                      | I        | 33804000                  | 33804000                  |
| RESERVES & SURPLUS                                 | II       | 9812458                   | 9848115                   |
|  |          | <b>43616458</b>           | <b>43652115</b>           |
| <b>TOTAL</b>                                       |          | <b>43616458</b>           | <b>43652115</b>           |
| <b>APPLICATION OF FUNDS</b>                        |          |                           |                           |
| <b>FIXED ASSETS :</b>                              |          |                           |                           |
| GROSS BLOCK  | III      | 2110807                   | 2047003                   |
| LESS: DEPRECIATION                                 |          | 987212                    | 892815                    |
| NET BLOCK  |          | <b>1123595</b>            | <b>1154188</b>            |
| <b>INVESTMENTS</b>                                 | IV       | <b>16515618</b>           | <b>28914553</b>           |
| <b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>        | V        |                           |                           |
| INVENTORIES  |          | 27986242                  | 11089242                  |
| SUNDRY DEBTORS                                     |          | 23204                     | 72893                     |
| CASH AND BANK BALANCES                             |          | 3651676                   | 675986                    |
| OTHER CURRENT ASSETS                               |          | 162                       | 316                       |
| LOANS AND ADVANCES                                 |          | 3487782                   | 4934203                   |
|  |          | <b>35149066</b>           | <b>16772640</b>           |
| <b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b> | VI       |                           |                           |
| CURRENT LIABILITIES                                |          | 6766986                   | 1390243                   |
| PROVISIONS   |          | 2508330                   | 2155405                   |
|  |          | <b>9275316</b>            | <b>3545648</b>            |
| <b>NET CURRENT ASSETS</b>                          |          | <b>25873750</b>           | <b>13226992</b>           |
| <b>DEFERRED TAX ASSET/LIABILITY (NET)</b>          |          | <b>(191184)</b>           | <b>(190190)</b>           |
| <b>MISCELLANEOUS EXPENDITURE</b>                   | VII      | <b>294679</b>             | <b>546572</b>             |
| (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)        |          |                           |                           |
| <b>TOTAL</b>                                       |          | <b>43616458</b>           | <b>43652115</b>           |
| SIGNIFICANT ACCOUNTING POLICIES                    | X        |                           |                           |
| NOTES ON ACCOUNTS                                  | XI       |                           |                           |

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

FOR & ON BEHALF OF THE BOARD

VEENU AGGARWAL  
PARTNER

VIJAY BHUSHAN  
DIRECTOR

NISHA AHUJA  
DIRECTOR

PLACE : NEW DELHI  
DATED : 18TH June, 2003



**VIJAY BHUSHAN SHARE & STOCK BROKERS LIMITED****PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2003**

(AMOUNT IN RUPEES)

| PARTICULARS                                 | ANNEXURE | CURRENT YEAR ENDED<br>31st MARCH, 2003 | PREVIOUS YEAR ENDED<br>31st MARCH, 2002 |
|---|----------|--|---|
| <b>INCOME</b>                               |          |  |   |
| INCOME FROM OPERATIONS & OTHER SOURCES      | VIII     | 4280954                                | 5877627                                 |
|   |          | <u>4280954</u>                         | <u>5877627</u>                          |
| <b>EXPENDITURE</b>                          |          |  |   |
| ADMINISTRATIVE & OTHER EXPENSES             | IX       | 2540814                                | 2948652                                 |
|   |          | <u>2540814</u>                         | <u>2948652</u>                          |
| PROFIT BEFORE DEPRECIATION & TAX            |          | 1740140                                | 2928975                                 |
| LESS : DEPRECIATION                         |          | 94397                                  | 109837                                  |
| PROVISION FOR TAXATION                      |          |  |   |
| - CURRENT                                   |          | 155000                                 | 750000                                  |
| - DEFERRED (NET)                            |          | 994                                    | 17240                                   |
| PROFIT AFTER DEPRECIATION AND TAX           |          | 1489749                                | 2051898                                 |
| ADD : EXCESS PROVISION OF TAX WRITTEN BACK  |          | -                                      | 7652                                    |
| ADD : SURPLUS BROUGHT FORWARD               |          | 5947715                                | 5913275                                 |
| LESS : DEFERRED TAX FOR EARLIER YEARS (NET) |          | <u>-</u>                               | <u>172950</u>                           |
|   |          | 5947715                                | 5740325                                 |
| PROFIT AVAILABLE FOR APPROPRIATION          |          | <u>7437464</u>                         | <u>7799875</u>                          |
| <b>APPROPRIATIONS</b>                       |          |  |   |
| PROPOSED DIVIDEND                           |          | 1352160                                | 1352160                                 |
| DIVIDEND TAX ON ABOVE                       |          | 173246                                 |   |
| TRANSFERRED TO GENERAL RESERVE              |          | -                                      | 500000                                  |
| TRANSFERRED TO RESERVE FUND                 |          | 297950                                 |   |
| <b>SURPLUS CARRIED FORWARD</b>              |          | <u>5614108</u>                         | <u>5947715</u>                          |
|   |          | <u>7437464</u>                         | <u>7799875</u>                          |
| FACE VALUE PER EQUITY SHARE                 |          | 10                                     | 10                                      |
| EARNING PER SHARE                           |          |  |   |
| - BASIC & DILUTED                           |          | 0.441                                  | 0.607                                   |

SIGNIFICANT ACCOUNTING POLICIES

X

NOTES ON ACCOUNTS

XI

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

FOR &amp; ON BEHALF OF THE BOARD

VEENU AGGARWAL  
PARTNER

VIJAY BHUSHAN  
DIRECTOR

NISHA AHUJA  
DIRECTOR

PLACE: NEW DELHI  
DATED : 18TH June, 2003