

# *15th Annual Report*

**BHARAT  
BHUSHAN**

**BHARAT  
BHUSHAN  
SHARE  
COMMODITY  
BROKERS  
LIMITED** &

**2006-2007**

**BHARAT BHUSHAN SHARE & COMMODITY BROKERS LIMITED**  
(Formerly Bharat Bhushan Share & Stock Brokers Ltd.)**BHARAT  
BHUSHAN**

<b>BOARD OF DIRECTORS</b>	:	SANT KUMARI AGGARWAL R.C. MODY NISHA AHUJA VIJAY BHUSHAN JOGESH C. AHUJA SHANKER SINGAL R.S. ENDLAW
<b>AUDITORS</b>	:	M/S P. BHOLUSARIA & CO. 26/11, SHAKTI NAGAR DELHI - 110 007
<b>REGD. OFFICE</b>	:	5-E, RANI JHANSI ROAD JHANDEWALAN EXTN., NEW DELHI - 110 055. PHONE NO. 23540997-999
<b>SHARE TRANSFER AGENTS</b>	:	ALANKIT ASSIGNMENTS LTD. 2E/21 ALANKIT HOUSE JHANDEWALAN EXTN., NEW DELHI - 110 055 PHONE : 23541234 42541234
<b>BANKERS</b>	:	ICICI BANK LTD. 9A PHELPS BUILDING, CONNAUGHT CIRCUS NEW DELHI-110 001

# BHARAT BHUSHAN SHARE & COMMODITY BROKERS LIMITED

(Formerly Bharat Bhushan Share & Stock Brokers Ltd.)



## NOTICE OF THE MEETING

NOTICE is hereby given that the Fifteenth Annual General Meeting of the Members of M/s BHARAT BHUSHAN SHARE & COMMODITY BROKERS LTD. (formerly Bharat Bhushan Share & Stock Brokers Ltd.) will be held at Shah Auditorium, 2, Rajniwas Marg, Civil Lines, Delhi-110 054, On Friday the 28th September, 2007 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, 2007 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, 2007.
- To appoint a director in place of Sh. R.C.Mody who retires by rotation and being eligible offers himself for re-appointment.
- To appoint a director in place of Sh. R.S. Endlaw who retires by rotation and being eligible offers himself 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.

Place : New Delhi

Dated: 20.07.2007

By order of the Board  
(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 24th September, 2007 to 28th September 2007 (both days inclusive).
- The dividend declared at the Meeting will be made payable after 28th September, 2007 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 24th September, 2007 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 the financial year 1999-2000 will be expiring in December 2007 and therefore the amount of unclaimed dividend will be transferred to the "Investor Education and Protection Fund". Those who have not yet encashed their dividend warrants for the year 1999-2000 or thereafter are requested to write to the Company or Company's Registrar 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.
- The shares of your company are listed on the Delhi Stock Exchange and the Bombay Stock Exchange and the annual listing fees upto March 2008, already stand paid to the both the Stock 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.

Place : New Delhi

Dated: 20.07.2007

By order of the Board  
(NISHA AHUJA)  
DIRECTOR

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### 1. Industry Trends and Business Analysis

Unlike previous two financial years, the year 2006-07 was a volatile year for the capital market.

A major correction of 368 points occurred in a single trading session on 11 September, 2006. The benchmark Sensex witnessed a 183-point (1.26%) correction in the week, from 9 Feb - 15 February 2007. The Sensex had touched an all-time of 14,723.88 on 9 February 2007. From an all-time high of 14,723.88 struck on 9 February 2007, the Sensex has corrected a sharp 1,838 points (14.27%) in less than a month. On 16 March, 2007 the BSE Sensex settled at 12,430.40, down from the psychologically important 12,500 level. On a weekly basis, it was the fifth consecutive week of losses for the market. The Sensex was down 3.7%, and the Nifty 3% for this week

During the year 2006-07 Inflation has been a immense concern. Several steps to contain it have been rendered futile. The wholesale price index rose 6.09% in the 12 months to 7 April 2007. The annual rate had moderated to below 6%, recently, after hitting 6.69% on 27 January 2007, its highest in more than two years, on the back of Reserve Bank of India (RBI) tightening policy and the government cutting duties on a range of items to rein in prices. Indian shares had slipped to a five-month low after a rise in inflation spooked investors already unnerved by the market turmoil. Data released on 16 March 2007, showed that India's annual inflation rate rose 6.46% for the week ended 3 March 2007, heading back towards two-year highs hit last month, and raising the prospect of a central bank action to contain price pressures.

The banking sector also remained under pressure following the 50-basis-point increase in the cash reserve ratio (CRR) by the Reserve Bank of India (RBI). CRR is the percentage of banks' total deposits they have to keep with it. At its quarterly policy review on 31 January 2007, RBI had raised its key short-term rate, the repo rate, by 25 basis points. Recently, private sector ICICI Bank raised its benchmark reference rate on corporate loans and home loans by 100 basis points.

The Indian Agribusiness/Commodity sector is characterized by lack of adequate, reliable and timely information and analysis on various vital aspects of the business such as latest prices and trends at major national and international markets, demand and supply pattern, scientific forecasting, crop & weather information and its impact on Agribusiness sector.

### 2. Operating Results

In this financial year high volatility in the capital market effected the performance of the company.

Particulars	(Rs. In Lacs)	
	Current year ended 31 <sup>st</sup> March, 2007	Previous year ended 31 <sup>st</sup> March, 2006
Total Income	81.79	115.90
Profit after depreciation & tax	38.42	70.78
Administrative and other Expenditure	36.26	34.49
Reserve & Surplus	220.70	198.19
Current Assets	352.25	287.78
Current Liabilities	92.93	88.78
Net Current Assets	259.32	198.99
Share Capital	338.04	338.04

### 3. Future Prospects and Outlook

The Company as a NBFC engaged predominantly in the business of investment in securities and future prospects are closely linked with the buoyancy of the stock market which apart from political factors is a function of corporate performance and overall economic growth.

The Company has significant quoted investments, which are exposed to fluctuations in stock prices. These investments represent a material portion of the Company's business and are vulnerable to fluctuations in the stock markets. Any decline in the prices of the Company's quoted investments may affect its financial positions and the results of its operations. Nevertheless your company has a well-diversified portfolio of stocks to mitigate any stock market fluctuations and the management continuously monitors market exposure and manages an active portfolio. In the coming years we will strengthen and expand our portfolio to further penetrate to the Indian stock market.

Surveys indicate that domestic capital expenditure plans remain robust and should set the stage for future growth momentum. Similarly, infrastructure development should help unshackle the economy from supply constraints. The twin roles of funding this investment and distributing its benefits widely will be played by a growing and deepening Indian financial sector.

Apart from the above the Company is focusing on stimulating the business of commodity trading as well. The management is emphasizing on augmenting our marketing operations in order to enhance clients and market for commodities and setting up a marketing division for NCDEX. At subsequent phases trading in more commodities would be facilitated.

### 4. Risks and concerns

The Company is in a capital-intensive sector and technologically driven. Its performances depends on the country's economic growth, international demand, prices, the government policies towards the industry and the environment within which it operates including interest rate volatility, economic cycle, market risk, liquidity risk and credit risk. The commodity derivatives activity of an organization could be subject to regulations, inspections, penalties by Forward Market Commission (FMC).

However, the Company is quite prepared to manage these risks by formulating effective financial profile and by following prudent business and risk management practices.

### 5. Internal control system and their adequacy

The Company has an effective system of accounting and administrative control which ensures that all assets are safeguarded and protected against loss, against unauthorized use or disposition. Your Company has a strong reporting system, which evaluates and forewarns the management on issue related to compliance.

Besides, the Audit Committee of the Board of Directors reviews periodically the adequacy of internal control.

### 6. Human Resources

The Company's HRD activities involve total approach to develop the employees with emotional maturity, creativity, customer focus and quality consciousness to get the best performances and long term commitment from them.

The relations with the employees remained cordial during the year.

### DIRECTORS REPORT

Your Directors have pleasure in presenting the 15<sup>th</sup> Annual Report on the business and operations of your Company together with the Audited Accounts for the financial year ended March 31, 2007.

# BHARAT BHUSHAN SHARE & COMMODITY BROKERS LIMITED

(Formerly Bharat Bhushan Share & Stock Brokers Ltd.)

**BHARAT  
BHUSHAN**

## FINANCIAL HIGHLIGHTS

	Fiscal year ended 31 <sup>st</sup> March, 2007	(Rs. In lacs) Fiscal Year ended 31 <sup>st</sup> March, 2006
Profit before depreciation & Tax	45.53	81.40
Depreciation	2.98	2.27
Profit Before Tax	42.55	79.13
Provision for Taxation		
- Current	4.45	8.25
- Deferred - Charge/(Savings)	(0.62)	(0.19)
- Fringe Benefits	0.30	0.29
Profit After Tax	38.42	70.78
Balance Profit B/F from earlier year	127.04	85.81
Profit available for appropriation	165.36	156.61
APPROPRIATION:		
Transfer to Reserve Fund	7.71	14.16
Transfer to General Reserve	—	—
Proposed Dividend	13.52	13.52
Provision for Dividend Tax	2.29	1.89
Profit C/F to Balance Sheet	141.83	127.04

## DIVIDEND

The directors recommend dividend @ 4% If this recommendation is approved at the forthcoming Annual General Meeting, it would involve outflow (excluding dividend tax) of Rs. 1352160/- Dividend tax will be subject to the applicable taxation rates.

## FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The year 2006-07 was an extremely volatile year for the capital markets. The S&P CNX Nifty saw a high of 4245.30 and low of 2595.65 during the year. While the Nifty jumped 87% during the year 2005-06 it could manage a rise of only 13% during the year 2006-07. During 2006-07 many scrips which fell heavily during the May 2006 could not recover fully even though the Nifty touched a new high in February 2007. The year 2006-07 also witnessed a rapid rise in interest rates specially during the last quarter.

The aforesaid circumstances has had an adverse impact on the performance of your company leading to a fall in net profits from Rs 70.78 lakhs to Rs.38.42 lakhs.

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.

## COMMODITY MARKET

Your Company is a member of NCDEX through which we are conducting commodities trading in agricultural products, metals and bullion. During the year under review, the company made efforts on augmenting this business.

The company's turnover on account of this business during the year under review was Rs. 130 crores whereas the turnover during the last financial year was Rs. 29 crores. With more experience in the line and prudent management of the commercial and financial risks, your company is confident of achieving higher returns from this activity in the years to come.

## CORPORATE GOVERNANCE

A separate section on Corporate Governance and a certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance is enclosed herewith.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to Director's Responsibility Statement, your Directors certify as follows: -

- In the preparation of the annual accounts for the financial year ended March 31, 2007, the applicable accounting standards have been followed.
- Your directors 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 March 31, 2007 and of the profit of the company for the year under review.
- Your directors 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.
- Your directors have prepared the annual accounts of the Company on a going concern basis.

## DIRECTORS

Sh. R.C.Mody and, Sh. R.S.Endlaw, Directors of the Company are retiring by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Board of Directors recommends their re-appointment as Directors.

A brief resume of Directors retiring by rotation at the ensuing Annual General Meeting, nature of their expertise in specific functional areas, and names of companies in which they hold the directorship and the membership/Chairmanship of committees of the Board, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are given in section on Corporate Governance in this Annual Report.

## AUDITORS

Your Company's Statutory Auditors, M/S P.BHOLUSARIA & CO., Chartered Accountants, Delhi, holds office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956. They are not otherwise disqualified within the meaning of sub-section (3) of Section 226 of the Companies Act, 1956, for such appointment.

## 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 would like to express their sincere appreciation for the co-operation patronage, assistance and guidance by their business associates, bankers and clients and other business constituents for their continued support throughout the year. Your Directors also sincerely acknowledge the significant contributions made by all the employees for their dedicated services to the Company.

The Board would like to take this opportunity to express its gratitude 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

**NISHA AHUJA**  
DIRECTOR

PLACE : New Delhi.

Dated: 20.07.2007

## REPORT ON CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The company's philosophy on Corporate Governance is to practice transparency in its operations and maintain a professional approach, accountability and equity in its dealing with its stakeholders, the creditors, the government, the depositories and the employees and every individual who comes in contact with the company.

The company believes that its vision coupled with its business principles and core dimensions, would create the culture of High Performance Environment to enhance overall stakeholder value. The Company believes that fairness in corporate procedures, full disclosures in reporting system, total transparency in corporate culture, fiduciary and trustee relationship and maximization of shareholders value are the pillars on which the structure of the Corporate Governance rests.

With emphasis on transparency, integrity and accountability the Board of directors of the Company adopted the principles of good corporate governance by setting up an Audit Committee & Shareholders'/Investors' Grievance Committee. Given below is the report of the directors on Corporate Governance in accordance with the provisions of Clause 49 of the Listing Agreement.

### 1. Board of Directors

The Board of Directors comprises 7 directors, out of which 4 directors are non-executive promoter directors and 3 directors are independent Directors.

The Board is responsible for the management of the business and meets at least once in a quarter for discharging its role and functions and to consider quarterly performance of the Company and financial results. During the year under review, 4 Board Meetings were held on May 13, 2006, July 29, 2006, October 27, 2006, and January 30, 2007. The gap between any two consecutive meetings did not exceed four months. To enable the board to discharge its responsibilities effectively and take informed decisions, the necessary information is made available to the Board through agenda. The Board members in consultation with the Chairman may bring up other matters for consideration at the Board meetings. Requisite information under the statute and as per the revised guidelines on Corporate Governance and other material and significant information are placed before the Board to enable it to discharge its responsibility of strategic supervision of the Company.

### Details about the Company's Board of Directors:

Name of the Director	Category of Directorship	Attendance		*No. of other Directorship	**No. of other Committee	
		Board Meeting	Last AGM		As Chairman	As Member
Mr. Vijay Bhushan	Promoter / Non- Executive	4	Yes	4	3	1
Mrs. Nisha Ahuja	Promoter / Non- Executive	3	Yes	1	—	—
Mr. Jogesh C. Ahuja	Non- Executive	3	Yes	1	—	—
Mrs. Sant Kumari Aggarwal	Non- Executive	4	No	—	—	—
Mr. R. S. Endlaw	Independent	4	No	—	—	—
Mr. Shanker Singal	Independent	3	Yes	—	—	—
Mr. R. C. Mody	Independent	4	No	1	1	—

\*Directorships in Private Limited companies, Associations, Memberships of Managing committees of various Chambers/Bodies as well as Alternate Directorships are excluded.

\*\*In accordance with Clause 49 of the Listing Agreement, Membership/Chairmanship of only the Audit Committees and Shareholders'/Investor's Grievance Committees of all Public Limited Companies have been considered.



# BHARAT BHUSHAN SHARE & COMMODITY BROKERS LIMITED

(Formerly Bharat Bhushan Share & Stock Brokers Ltd.)



Brief resume of Directors being re-appointed at the ensuing Annual General Meeting, nature of their expertise in specific functional areas is furnished hereunder:

- Sh. R.C. Mody  
Sh. R.C. Mody is a post graduate, Certificated Associate of Indian Institute of Bankers, Chief General Manager (Retd), Reserve Bank of India, Industrial & Export Credit having experience of more than 35 years in the Reserve Bank of India.
- Sh. R.S. Endlaw  
Sh. R.S. Endlaw is a renowned Advocate, with his forte being fiscal laws, and commercial laws having extensive experience of more than two decade and has conducted litigation in all major forums in the country.

## CODE OF CONDUCT

The Board of Directors of the Company has laid down a Code of Conduct for all Board Members and Senior Management personnel. The said Code of Conduct has also been posted on the website of Bharat Bhushan Group.

All the Board members and senior management personnel have affirmed compliance with this Code for the year ended 31<sup>st</sup> March, 2007.

## BOARD COMMITTEES

### A. AUDIT COMMITTEE

The audit Committee of the Board is comprising of four Non executive Directors majority being independent viz. Mr. Shanker Singal, Mr. Vijay Bhushan, Mr. R.C. Mody and Mr. R.S. Endlaw. Mr. Shanker Singal, Independent Director, chairs the Audit Committee. All the members of the Committee are eminent professionals and draw upon their experience and expertise across a wide spectrum of functional areas such as finance and corporate strategy. The primary objective of the Audit Committee is to monitor and effectively supervise the Company's financial reporting process with a view to provide accurate, timely and proper disclosures and the integrity and the quality of the financial reporting.

The Composition of the Audit Committee meets the requirements of section 292A of the Companies Act, 1956, and clause 49 of the Listing Agreement. The Company Secretary acts as a secretary of the Audit Committee meeting.

### MEETINGS

During the year under review, the Committee met four times held on May 13, 2006, July 29, 2006, October 27, 2006, and January 30, 2007. The attendance of the members of the meeting was as follows:

Name of the member	Status	No. of meetings attended
Mr. Shanker Singal	Independent	Three
Mr. Vijay Bhushan	Non - Executive	Four
Mr. R.C. Mody	Independent	Four
Mr. R.C. Endlaw	Independent	Four

### B. REMUNERATION OF DIRECTORS/REMUNERATION COMMITTEE

As the Company is not having any Executive Director, therefore, no remuneration committee has been constituted by the Company.

### C. SHAREHOLDERS' INVESTOR GRIEVANCE COMMITTEE

The Board has constituted Shareholders' / Investors' Grievance Committee comprising of Mrs. Nisha Ahuja, Mr. R.S. Endlaw, (Independent Director) and Mr. Jogesh C. Ahuja. The Committee is chaired by Mrs. Nisha Ahuja, non-executive director.

The Company has been taking all steps to ensure that Shareholder's/Investor's Grievances activities are given due priority and matters/issues are resolved at the earliest. The Committee reviews complaints received and appropriate action is taken promptly. The Committee also oversees the performance of the Registrars and Transfer Agents and recommends measures to improve the level of investor services. To protect the interests of investors an exclusive e-mail ID was formed namely, [investorgrievance@bharatbhushan.com](mailto:investorgrievance@bharatbhushan.com) for redressal of investor Complaints in which the investors would be able to register their complaints and also take necessary follow-up actions thereon. The said email ID has also been posted on the website of Bharat Bhushan Group. The company secretary acts as a compliance officer of the meeting. During the year the Company received 94 requests/ complaints from shareholders. All the complaints were attended to promptly and resolved to the satisfaction of the shareholders. There was no complaint outstanding as on 31<sup>st</sup> March, 2007.

The committee met at regular intervals considering the volume of investor correspondence/ grievance. Two meetings of Shareholders/Investors Grievance Committee were held during the financial year ended 31<sup>st</sup> March, 2007 viz., on 29<sup>th</sup> July, 2006 & 30<sup>th</sup> January, 2007. The attendance of each member of the Committee is given below:

Name of the member	Status	No. of meetings attended
Mrs. Nisha Ahuja	Non- Executive	Two
Mr. Jogesh Ahuja	Non- Executive	Two
Mr. R.S. Endlaw	Independent	Two

### GENERAL BODY MEETINGS :

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

Financial Year	Location	Date	Time
2003-2004	Shah Auditorium, Rajniwas Marg, Delhi - 110 054	29.09.2004	11.30 A.M.
2004-2005	Shah Auditorium, Rajniwas Marg, Delhi - 110 054	29.09.2005	11.30 A.M.
2005-2006	Shah Auditorium, Rajniwas Marg, Delhi - 110 054	29.09.2006	11.30 A.M.

## DISCLOSURES

- Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or 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.
- Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI, or any statutory authority, on any matter related to capital markets, during the last three years.**  
The Company has complied with all the requirements of the Listing agreement with the Stock Exchanges as well as regulations and guidelines of SEBI. No penalties have been levied or strictures have been passed by SEBI, Stock Exchanges or any other Statutory Authority on matters relating to capital markets, in the last three years.

## MEANS OF COMMUNICATION

- QUARTERLY RESULTS**  
Pursuant to the Clause 41 of the Listing Agreement of the Company with the Stock Exchanges, the Company regularly intimated quarterly Unaudited as well as Audited financial results to Stock Exchanges immediately after they are taken on record by the Board. Quarterly results were published in "The Pioneer" (English) and "Vir Arjun" (Hindi) at Delhi.
- The Company posts its financial results on SEBI website [sebidiffar.nic.in](http://sebidiffar.nic.in) for all the quarters.
- Management discussion and analysis forms part of the Report of the Directors.

## GENERAL SHAREHOLDERS INFORMATION

- Annual General Meeting**  
Date : September 28, 2007  
Venue : Shah Auditorium, 2, Rajniwas Marg, Civil Lines, Delhi - 110054  
Time : 11.30 A.M.
- Announcement of Quarterly Results during the year ended 31.03.2007**  
Quarter ended : Dates of Announcement  
June, 2006 : 29<sup>th</sup> July, 2006  
September, 2006 : 27<sup>th</sup> October, 2006  
December, 2006 : 30<sup>th</sup> January, 2007  
March, 2007 : 19<sup>th</sup> May, 2007
- Announcement of quarterly results for the year ended 31.03.2008**  
Quarter ended : Tentative dates of Announcement  
June, 2007 : Last week of July 2007  
September, 2007 : Last week of October 2007  
December, 2007 : Last week of January, 2008  
March, 2008 : Last week of April, 2008 or Last week of June, 2008
- Book Closure**  
The dates of the Book Closure are from 24<sup>th</sup> September, 2007 to 28<sup>th</sup> September, 2007
- Dividend**  
Your Directors recommended payment of dividend @ 4% subject to the approval of shareholders in the ensuing Annual General Meeting and will be paid on or after 23<sup>rd</sup> October, 2007.
- A Equity Shares listed on** : The Bombay Stock Exchange, & The Delhi Stock Exchange Association Ltd., New Delhi  
**Stock Exchange at** : Duly paid to both the above Stock Exchanges for the year 2007-08

### B. Annual Listing Fees

### Stock Code

- Trade Symbol at Stock Exchanges** : Bombay Stock Exchange  
Stock Code: BHAR BHUSH  
Stock No. : 511501
- Demat ISIN in NSDL and CDSL** : INE900A01013
- Stock Market data (In Rs./per share) for the period: April 2006 to March 2007**

Months	BSE	High (Rs.)	Low (Rs.)
April 2006		9.60	6.61
May 2006		14.90	7.90
June 2006		12.50	6.50
July 2006		8.54	5.71
August 2006		8.38	6.00
September 2006		8.35	6.70
October 2006		7.88	6.75
November 2006		7.99	6.85
December 2006		8.80	7.21
January 2007		10.80	7.45
February 2007		10.05	7.44
March 2007		8.35	7.03

- Share Price performance in comparison to broad based indices-BSE Sensex**  
Company's share price performance in comparison to BSE Sensex for the financial year 2006-07

# BHARAT BHUSHAN SHARE & COMMODITY BROKERS LIMITED

(Formerly Bharat Bhushan Share & Stock Brokers Ltd.)

**BHARAT  
BHUSHAN**

Period	Company's share price	BSE Sensex
April 2006	101.80%	106.76%
May 2006	135.09%	92.19%
June 2006	93.19%	94.05%
July 2006	77.12%	95.25%
August 2006	97.17%	103.71%
September 2006	91.26%	110.41%
October 2006	91.39%	115.00%
November 2006	99.23%	121.42%
December 2006	101.16%	122.22%
January 2007	119.54%	125.00%
February 2007	97.56%	114.70%
March 2007	96.40%	115.89%

## 9. Registrar and Share Transfer Agents:

For shares held in Physical Mode / Depository Mode

M/s Alankit Assignments Ltd.

2E/21, Alankit House

Jhandewalan Extn.,

New Delhi - 110 055.

Tel.: 23541234, 42541234, Email: rta@alankit.com

## 10. Share Transfer System

The Company's Registrars and Share Transfer Agents, M/s Alankit Assignments Ltd. (Alankit), having its registered office at 2E/21, Alankit House, Jhandewalan Extn., New Delhi - 110 055 have adequate Infrastructure to process the share transfers. Share transfer is usually affected within a maximum period of 15 days from the date of receipt, if the documents submitted are in order. The Board of directors confirms all share transfers/ transmission. In the demat segment as well Alankit is 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 available under dematerialization form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL). The Company's shares are compulsorily traded in dematerialized form as per SEBI guidelines.

As on 31 March, 2007, 25,87,679 shares have been dematerialized representing 76.55% of the total shares. (25,26,280 shares were in dematerialized form representing 74.73% of the total shares as on 31<sup>st</sup> March, 2006)

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

## DISTRIBUTION OF SHAREHOLDING AS ON 31<sup>st</sup> MARCH, 2007

Share holding of nominal value		Shareholders		Share/Debiture Amount	
Rs.	Rs.	Number	% To Total	Rs.	% To Total
(1)	(2)	(3)	(4)	(5)	(6)
Upto 5000		3812	87.072	8403640	24.86
5001 - 10000		341	7.789	2865770	8.478
10001 - 20000		108	2.421	1805690	4.75
20001 - 30000		46	1.028	1158710	3.428
30001 - 40000		17	0.388	617650	1.827
40001 - 50000		14	0.32	657230	1.944
50001 - 100000		16	0.365	1106790	3.274
100001 and above		27	0.617	17388520	51.439
<b>Total</b>		<b>4878</b>	<b>100.00</b>	<b>33804000</b>	<b>100.00</b>

## 11. SHAREHOLDING PATTERN AS ON MARCH 31, 2007

CATEGORY	NO.OF SHARES	% AGE HOLDING
<b>A. Shareholding of Promoter and Promoter Group</b>		
(1) Indian		
(a) Individuals/Hindu Undivided Family	1417085	41.92
(b) Central Government/State Government(s)	—	—
(c) Bodies Corporate	—	—
(d) Financial Institutions/Banks	—	—
Any Other	—	—
Sub Total	1417085	41.92
(2) Foreign	—	—
(a) Individuals(Non- Resident Individuals/ Foreign Individuals)	—	—
(b) Bodies Corporate	—	—
(c) Institutions	—	—
(d) Any other	—	—
SUB-TOTAL	1417085	41.92
<b>B. Public Shareholding</b>		
(1) Institutions	—	—
(a) Mutual Funds and UTI	500	0.01
(b) Financial Institutions/Banks	—	—
(c) Central Government/State Government(s)	—	—

(d) Venture Capital Funds	—	—
(e) Insurance Companies	—	—
(f) Foreign Institutional Investors	—	—
(g) Foreign Venture Capital Investors	—	—
(h) Any Other	—	—
SUB - TOTAL	500	0.01
(2) Non- Institutions	—	—
(a) Bodies Corporate	158135	4.71
(b) Individuals-	—	—
(i) Individual shareholders holding nominal Share Capital upto Rs.1 lakh	1522874	45.05
(ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	232175	6.87
(c) Non Resident	—	—
(i) Indian	36131	1.07
(ii) OCB	12500	0.37
SUB - TOTAL	1962815	58.06
Total Public Shareholding	1963315	58.08
<b>C. Shares held by Custodians and against which depository Receipts have been issued</b>		
<b>GRAND TOTAL</b>	<b>3380400</b>	<b>100</b>

## 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 & Commodity Brokers Ltd.**

(Formerly Bharat Bhushan Share & Stock Brokers Ltd.)

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

Phone: (011) 23540667-8-9, 23548996, Fax: (011) 23540996

Email: [nae@bharatbhushan.com](mailto:nae@bharatbhushan.com)

[investorgrievance@bharatbhushan.com](mailto:investorgrievance@bharatbhushan.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 1999-2000 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.90,535/- (unclaimed dividend for the year 1998-1999) 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.

## DECLARATION UNDER CLAUSE 49 OF THE LISTING AGREEMENT

Since the company is not having any CEO/CFO, hence the declaration under Clause 49 of the Listing Agreement need not to be given.

## AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members

Bharat Bhushan Share & Commodity Brokers Ltd.

(Formerly Bharat Bhushan Share & Stock Brokers Ltd.)

New Delhi.

We have examined the compliance of conditions of Corporate Governance by Bharat Bhushan Share & Commodity Brokers Ltd. for the year ended on 31<sup>st</sup> March 2007 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 has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring the compliance with the conditions of Corporate Governance as stipulated in the said clause. 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 based on 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 except that the company is not having CEO/CFO.

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

Place : New Delhi

Date : 20<sup>th</sup> July, 2007

For P.BHOLUSARIA & CO.

CHARTERED ACCOUNTANTS

AMIT GOEL

PARTNER

M.NO. 92648

# **BHARAT BHUSHAN SHARE & COMMODITY BROKERS LIMITED**

**(Formerly Bharat Bhushan Share & Stock Brokers Ltd.)**



## **Auditors' Report**

To the Members,  
Bharat Bhushan Share & Commodity Brokers Ltd.

**(Formerly Bharat Bhushan Share & Stock Brokers Ltd.)**

We have audited the attached Balance Sheet of Bharat Bhushan Share & Commodity Brokers Ltd. (formerly Bharat Bhushan Share & Stock Brokers Ltd.) as at 31<sup>st</sup> March, 2007 and the Profit and Loss Account for the year ended on that date annexed thereto and Cash Flow Statement for the year ended on that date. 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the statements. An audit also included 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.
2. As required by the Companies (Auditor's Report) Order 2003 (as amended) 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 hereto 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 in paragraph 2 above, we report that:
  - a) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinions, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of those books.
  - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion the Balance Sheet Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred in sub-section (3C) 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 is disqualified as on 31<sup>st</sup> March, 2007 from being appointed as 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 explanation given to us, the said accounts read together with the Significant Accounting Policies and other 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 so far as it relates to Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2007.
- (ii) In so far as it relates to the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
- (iii) In so far as it relates to the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**FOR P. BHOLUSARIA & CO.**  
**CHARTERED ACCOUNTANTS**  
**PAWAN BHOLUSARIA**

**Place : New Delhi**  
**Date : 19/05/2007**

**PARTNER**  
**M.NO.80691**

## **ANNEXURE TO AUDITOR'S REPORT**

**(RE: BHARAT BHUSHAN SHARE & COMMODITY BROKERS LTD.)**  
**(FORMERLY BHARAT BHUSHAN SHARE & STOCK BROKERS LTD.)**

Referred to in Paragraph 2 of our report of even date for the year ended 31<sup>st</sup> March, 2007

- i.) In respect of its fixed assets:
  - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b. As explained to us, the fixed assets have been physically verified by the management during the year, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
  - c. The Company has not disposed of substantial part of fixed assets during the year and therefore going concern status of the Company is not affected.
- ii.) In respect of its inventories :
  - a. According to the information and explanations given to us the Inventories have been Physically verified by the management during the year at reasonable intervals.
  - b. In our opinion and according to the information and explanations given to us, the procedures of 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.
  - c. The company has maintained the proper records of inventories. The discrepancies noticed on verification between the physical verification and the book records were not material and have been properly dealt with in the books of accounts.
- iii.) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:  
 Accordingly, paragraphs 4(iii)(a) (b), (c) ,(d), (e), (f) and (g) of the order are not applicable.
- iv.) In our opinion and according to the information and explanation

# **BHARAT BHUSHAN SHARE & COMMODITY BROKERS LIMITED**

**(Formerly Bharat Bhushan Share & Stock Brokers Ltd.)**



given to us, there is adequate internal control System commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and also for the sale of goods and services. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor we have been informed of any instance of major weaknesses in the aforesaid Internal Control System.

v.) In respect of transactions covered under Section 301 of the Companies Act, 1956:

a. According to the information and explanations given to us, the particulars of contracts or arrangements, that needed to be entered into in the register required to be maintained under Section 301 of the Companies Act, 1956 have been so entered.

b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered into in the register maintained under Section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

vi.) 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 Act.

vii.) According to the information and explanations given to us, the Company has an internal audit system commensurate with its size and nature of its business.

viii.) The nature of business activities is such that clause 4(viii) of Companies (Auditors Report) 2003 regarding maintenance of cost record, is not applicable to the Company.

ix.) In respect of statutory dues :

a. According to the records of the Company and information and explanation given to us, undisputed statutory dues including provident fund, Investor education and protection fund, employee state Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom duty, Excise duty, Cess and other statutory dues to the extent applicable have been regularly deposited with the appropriate authorities. There are no undisputed amount payable in respect of the aforesaid dues which were outstanding as at 31<sup>st</sup>, March 2007 for a period of more than six months from the date of becoming payable.

b. According to the information and explanation given to us, there are no dues of Income Tax/Sales Tax/ Wealth tax/Service Tax/ Custom tax/excise duty /Cess, outstanding on account of any dispute.

x.) The Company has not any accumulated losses and also not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.

xi.) As the Company has not any outstanding dues of financial institutions, banks or debenture holders during the year, paragraph 4 (xi) of the order is not applicable.

xii.) According to the information and explanation given to us, adequate documents & records have been maintained by the Company in respect of loans and advances granted on the basis of Security by way of pledge of shares, debentures and other securities.

xiii.) As the Company is not a chit fund or a nidhi/mutual benefit funds/ society to which the provisions of special statute relating to chit fund are applicable, paragraph 4 (

xiii) of the order is not applicable.

xiv.) According to information & explanation given to us, the Company has maintained proper records of transactions and contracts in respect of trading in shares, securities, debentures and other investments and timely entries have been made therein. All the shares / debentures / units etc. have been held by the company in its own name or pledged with others except for certain shares pending for dematerialisation or bad deliveries pending for rectification.

xv.) According to the information and explanation given to us, during the year , the company has not given any guarantee for loans taken by others from banks or financial Institutions.

xvi.) According to the information and explanation given to us, during the year, the Company has not obtained any term Loan.

xvii.) On the basis of overall examination of the balance sheet of the Company and information and explanation given to us, we report that during the year, the company has not raised funds either on short term basis or long term basis.

Xviii) During the year, the Company has not made any preferential allotment of shares.

xix.) The company has not issued any debentures during the year.

xx.) The company has not raised any money by way of public issue, during the year.

xxi.) In our opinion and according to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the year nor we have been informed of such case by management.

**FOR P. BHOLUSARIA & CO.**  
CHARTERED ACCOUNTANTS

**PAWAN BHOLUSARIA**  
PARTNER  
M.NO.80691

**Place : New Delhi**  
**Date : 19/05/2007**



**BHARAT BHUSHAN SHARE & COMMODITY BROKERS LIMITED**  
**(Formerly Bharat Bhushan Share & Stock Brokers Ltd.)**

**BALANCE SHEET AS AT 31ST MARCH, 2007**

(AMOUNT IN RUPEES)

PARTICULARS	ANNEXURE	AS AT 31ST MARCH, 2007	AS AT 31ST MARCH, 2006
<b>SOURCE OF FUNDS</b>			
<b>SHAREHOLDERS FUND</b>			
<b>SHARE CAPITAL</b>	I	33804000	33804000
<b>RESERVES &amp; SURPLUS</b>	II	<u>22069839</u>	<u>19819286</u>
		<u>55873839</u>	<u>53623286</u>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>	III		
GROSS BLOCK		3199156	3094652
LESS : DEPRECIATION		<u>1829744</u>	<u>1531277</u>
NET BLOCK		1369412	1563375
<b>INVESTMENTS</b>	IV	28751198	32401537
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>	V		
STOCK IN TRADE		15178277	10242593
SUNDRY DEBTORS		2926	30400
CASH & BANK BALANCES		9991311	7730446
LOANS & ADVANCES		<u>10052702</u>	<u>10774488</u>
		<u>35225216</u>	<u>28777927</u>
<b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b>	VI		
CURRENT LIABILITIES		6629226	5914478
PROVISIONS		<u>2663874</u>	<u>2964006</u>
		<u>9293100</u>	<u>8878484</u>
<b>NET CURRENT ASSETS</b>		25932116	19899443
<b>DEFERRED TAX ASSET / LIABILITY (NET)</b> (Refer Annexure X : Note No. 11)		(178887)	(241069)
<b>TOTAL</b>		<u>55873839</u>	<u>53623286</u>
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	IX		
<b>NOTES ON ACCOUNTS</b>	X		

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

FOR & ON BEHALF OF THE BOARD

PAWAN BHOLUSARIA  
PARTNER

RITU MOHINDRA  
COMPANY SECRETARY

VIJAY BHUSHAN  
DIRECTOR

NISHA AHUJA  
DIRECTOR

PLACE : NEW DELHI  
DATE : 19.05.2007