

# *20th Annual Report*

**BHARAT  
BHUSHAN**

**BHARAT  
BHUSHAN  
FINANCE  
COMMODITY  
BROKERS  
LIMITED**

**&**

**2011-2012**

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

(Formerly known as Bharat Bhushan Share & Commodity Brokers Ltd.)

**BHARAT  
BHUSHAN**

<b>BOARD OF DIRECTORS</b>	:	SANT KUMARI AGRAWAL ARUN KUMAR GARG NISHA AHUJA VIJAY BHUSHAN JOGESH C. AHUJA KULDEEP GUPTA RAVINDRA SINGH
<b>AUDITORS</b>	:	M/S. P. BHOLUSARIA & CO. 26/11, SHAKTI NAGAR, DELHI - 110007
<b>REGD. OFFICE</b>	:	5-E, RANI JHANSI ROAD JHANDEWALAN EXTN., NEW DELHI - 110055 PHONE NO. 23540997 - 999 43566777
<b>SHARE TRANSFER AGENTS</b>	:	ALANKIT ASSIGNMENTS LTD. 2E/21 ALANKIT HOUSE JHANDEWALAN EXTN., NEW DELHI - 110055 PHONE : 23541234 42541234
<b>BANKERS</b>	:	ICICI BANK LTD. 9A PHELPS BUILDING CONNAUGHT CIRCUS NEW DELHI - 110001

# BHARAT BHUSHAN FINANCE & COMMODITY BROKERS LIMITED

(Formerly known as Bharat Bhushan Share & Commodity Brokers Ltd.)

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## NOTICE OF 20<sup>TH</sup> ANNUAL GENERAL MEETING-2012

Notice is hereby given that the 20<sup>th</sup> Annual General Meeting of the Members of M/s Bharat Bhushan Finance & Commodity Brokers Limited will be held at Shri Purushottam Hindi Bhawan Nyas Samiti (Regd.) 11 Vishnu Digamber Marg, Rouse Avenue, New Delhi – 110002 on Friday the 28<sup>th</sup> September, 2012 at 11.00 A.M. to transact the following business:-

### ORDINARY BUSINESS

- To receive, consider and adopt the audited balance sheet of the Company as on 31<sup>st</sup> March 2012 and the Audited Profit and Loss Account for the year ended on that date together with the reports of the Board of Directors and the Auditors thereon.
- To declare dividend for the year ended 31<sup>st</sup> March, 2012.
- To appoint a Director in the place of Mr. Kuldeep Gupta who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a Director in the place of Mr. Jogesh Ahuja 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 Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of the Board  
For Bharat Bhushan Finance & Commodity Brokers Ltd.  
Nisha Ahuja  
Director

Date: July 26, 2012.

Place: New Delhi

### NOTES:

- A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- Members /proxies should bring the enclosed attendance slip duly filled in and signed for attending the meeting.
- The register of Members and Share Transfer Books of the company will remain closed from 21<sup>st</sup> September, 2012 to 27<sup>th</sup> September, 2012 (both days inclusive).
- The payment of dividend, as recommended by the Board of Directors, subject to approval of the shareholders at the forthcoming Annual General Meeting, will be made after 15<sup>th</sup> October, 2012 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 20<sup>th</sup> September, 2012 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:
  - Intimate to the company's Registrar & Share Transfer Agent, changes, if any, in their respective addresses along with pin code number.
  - Quote folio no. / demat account no. in all their correspondence with the Company/ R&T Agent.
- The time limit for transfer of un-paid dividend declared for the financial year 2004-2005 will be expiring in December 2012 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 warrant for the year 2004-2005 or thereafter are requested to write to the Company or Company's registrar and share 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 provisions 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 2013, already stand paid to the Stock Exchanges.
- Members are requested to affix their signatures 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.

By order of the Board  
For Bharat Bhushan Finance & Commodity Brokers Ltd.  
NISHA AHUJA  
DIRECTOR

Place: New Delhi

Dated: July 26, 2012.

### MANAGEMENT'S DISCUSSION AND ANALYSIS

#### 1. Industry Trends and Business Analysis

The overall market mood remained negative during the financial year 2011-12; rather the momentum appears downhill due to negative feeds from the western markets. There were not much domestic triggers in the short terms. Macroeconomic worries arising from high oil prices also weighed on the domestic bourses. The uncertain global economy and messy domestic fiscal situation continued to be a major concern. Selling by the Foreign Institutional Investors (FIIs) driven primarily by the global market bleakness and the Indian rupee depreciation, higher interest rates and inflation led to the index falling sharply. The currency slid over 15% this year, the worst performance among Asian currencies.

The Euro zone debt worries continued to linger and become more contagion globally. Thus the negative feeds from both the global and the domestic market resulted in accelerated selling in the Indian market.

The market edged higher in the mid of April, 2011 as the outcome of substantial buying by foreign funds and prediction of normal monsoon for the June-September period boosted investor sentiments as a good rainfall could boost rural sales of automobiles, fast moving consumer goods and consumer durables as showing.

However expectations of normal monsoon were offset by rise in crude oil prices to 2-1/2 year high, inflation at high levels, worries about high interest rates and rising raw material costs.

The key benchmark indices fell in the closing stages April, 2011, as sustained selling by foreign institutional investors weighed on the sentiment. A sharp surge in global crude oil prices over the past few months raised macroeconomic worries. India imports majority of its crude oil requirements and high oil prices raised concerns about widening current account deficit. High oil prices have also raised concerns about higher oil subsidy bill for the government and its negative impact on the government's fiscal position.

The government eased rules on foreign investments accordingly foreign companies operating in India won't need prior approval from their existing joint-venture partners to operate separately in same business segments in order to promote the competitiveness of India as an investment destination and to be instrumental in attracting higher levels of FDI (foreign direct investment) and technology inflows into the country.

The government also liberalized the rules to allow conversion of non-cash items like import of capital goods, machinery and pre-operative or pre-incorporation expenses into equity with approval from the government. Earlier only external commercial borrowing, lump-sum fee and royalty were allowed to convert into equity.

The key benchmark indices tumbled in May 2011 tracking weak global stocks, sustained foreign fund selling, rise in crude oil prices and on fears high interest rates, worries higher inflation which may impact corporate profitability. However in the mid of the month the key benchmark indices rose after poll results showed the Congress party and its coalition is set to come in power in most of the states, helping allay fears of a political uncertainty.

Early arrival of monsoon in most part of the country at the beginning of the month of June, 2011, did give some positive start for the domestic bourses however, the market corrected following poor global markets, political worries and inflation worries. In the mid of the month the domestic market corrected as the Reserve Bank of India (RBI) raised its key lending rate by 25 basis points to 7.5%, its 10th such move in the last 15 months, after a mid-quarter monetary policy review on 16<sup>th</sup> June 2011, to tame inflation.

Key benchmark indices extended their winning streak in the end of June 2011, attaining their highest closing level in more than 8-weeks, as sustained buying by foreign funds over the past few sessions, firm global stocks and easing of food inflation in mid-June 2011 boosted sentiments. The recovery helped the Sensex to regain the psychological 18,000 level. A steep fall in crude prices boosted sentiments.

A second bailout package for Greece boosted world stocks in July 2011, pick up in monsoon rains and easing of food inflation helped equities registers gains.

The RBI raised repo rate—its key lending rates by 50 basis points at a policy review on 26<sup>th</sup> July 2011, to tame high inflation. Key benchmark indices tumbled on 26<sup>th</sup> July 2011, after a higher-than-expected hike of 50 basis points by the Reserve Bank of India (RBI) in its key lending rate at a policy review.

The stock market regulator Securities and Exchange Board of India (SEBI) made sweeping changes to the takeover code, including raising the threshold that triggers an open offer to 25% from 15%.

Strong bull conviction was the missing word in the domestic bourses during the last stages of July 2011 as the key benchmark indices reached five week closing low. The US and euro zone debt worries weighed heavily on the domestic market, as a result some of the heavy weights Q1FY12 excellent results couldn't trigger any reversal. The domestic inflation also threatens to impact the wider economy. Nervousness in the global markets due to a US debt impasse also weighed on the domestic market. During the month of August, 2011 sustained selling by foreign fund amid concerns about corporate earnings growth, worries over global economic growth and standoff between the government and anti-corruption activist Anna Hazare over the Lokpal Bill, pulled Indian shares lower for the 5th week in a row. The Sensex fell below the psychological 16,000 mark and the Nifty slid below 4,800 level. Besides, growing fears of another recession in the US, the world's biggest economy, dragged the market lower.

FIIs had sold shares worth a net Rs 10833.60 crore in August 2011.

Commercial banks raised lending rates after the Reserve Bank of India (RBI) in late July raised its key lending rate by a steeper-than-expected 50 basis points at a policy review. Fears of a possible US double-dip recession and worsening European sovereign-debt woes pushed Indian shares to 13-1/2-month lows on 5<sup>th</sup> August 2011. Gains in European shares triggered by a fall in crude oil prices aided a recovery in Indian shares on 22<sup>nd</sup> August 2011. The positive global cues helped Indian shares register gains for the second day in a row on 23<sup>rd</sup> August 2011. Key benchmark indices slumped to 18-1/2-month lows on 26<sup>th</sup> August 2011 as foreign institutional investors (FIIs) have pressed heavy sales this month amid the ongoing credit crisis in the euro zone.

During the month of September, 2011, amid huge volatility key benchmark indices edged higher buoyed by European policy makers' efforts to support European countries struggling with debt. Good monsoon rains also aided sentiment. Easing of overseas borrowing rules by the government which will help Indian firms tap cheaper cash abroad boosted sentiment.

Sustained buying by foreign funds in the month of October, 2011 underpinned sentiment. The market rose with the barometer index BSE Sensex settling above the psychological 17,000 mark and the S&P CNX Nifty regaining the psychological 5,000 level.

On 25<sup>th</sup> October, 2011 the RBI announced a 25 basis points hike in its key policy rate viz. the repo rate to 8.5% after half-yearly review of the monetary policy. In the month of October the food inflation accelerated to a six-month high, propelled by soaring vegetable prices.

Aggressive selling by the Foreign Institutional Investors (FIIs) driven primarily by the global market bleakness and the Indian rupee depreciation led to the index

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falling sharply during the months of November and December 2011. The Euro zone debt worries continued to linger and became more contagion globally. Concerns over slowing growth, weak corporate earnings and a faltering rupee affected investor sentiment adversely. Fears of a global economic slowdown also weighed on Indian stocks. Besides the euro zone fears the continuous rise in domestic food inflation remained major worry for the market. The domestic industry growth slowdown due to price inflation, credit squeeze and various other macro issues loomed largely over the market.

Heavy sell-off pushed the key benchmark indices to their lowest level in 28 months on 20<sup>th</sup> December 2011, its lowest closing level since 21 August 2009. Key benchmark indices tumbled to hit their lowest level in more than two years after the Reserve Bank of India spoiled sentiments by keeping cash reserve ratio (CRR) unchanged, despite tight liquidity in the system. Higher-than-expected inflation reading for November 2011 and a decline in industrial production in October 2011 also dampened sentiment. Plans to allow foreign multi-brand retailers to open shop in India were also suspended.

The Indian market had an impressive start for the year 2012 helped by the governments move to allow qualified foreign investors to invest directly in local equities. The improvement in manufacturing activity in December 2011 and a steep decline in food inflation to the negative territory helped the markets further. Taking cues from the global markets, the Indian market continued its upward trajectory as the Foreign Institutional investors (FIIs) continued buying Indian stocks during the month of January, 2012. The market seems to have discounted all the global and domestic negatives and has surprised many market watchers during the said month. The Indian rupee too strengthened against the dollar. Investors cheered the Central bank's move to cut the cash reserve ratio (CRR) requirement for banks by 50 basis points at a quarterly policy review on 24<sup>th</sup> January 2012. Food inflation hovered in negative terrain also boosted sentiment. Investors were also encouraged with stepping up of buying of Indian stocks by foreign funds. The barometer index, BSE Sensex, regained the psychological 17,000 mark on 31<sup>st</sup> January, 2012.

Meanwhile, market regulator Securities & Exchange Board of India (SEBI) has allowed auctioning of securities through stock exchanges and introduced a new method for institutional placement of stocks. As per the auctioning route, a special window can be used by promoter stakeholders to sell at least 1% of the paid-up capital of a company. Exchanges will provide a separate window for the offer for sale of shares which will co-exist with the normal trading hours. SEBI also said the auction method can be only used by promoters of top 100 companies based on average market capitalisation for sale of their stakes.

Inflows from foreign institutional investors (FIIs) remained positive in February, 2012 despite the broad based selling in Indian shares. However macroeconomic worries arising from high oil prices weighed on the domestic bourses.

Key benchmark indices edged higher on 12<sup>th</sup> March 2012 after the Reserve Bank of India (RBI) after market hours on 9<sup>th</sup> March 2012 announced a reduction of 75 basis points in banks' cash reserve ratio (CRR) requirement to ease liquidity situation in the banking system, in addition firm global stocks boosted sentiment and helped markets to extend gains. The RBI kept its policy rate viz. the repo rate steady at 8.50% at a mid-quarter policy review on 15<sup>th</sup> March 2012 saying that the risks to inflation have increased due to higher crude prices, the large fiscal deficit and a weakening local currency. Sustained buying of Indian stocks by FIIs also boosted sentiment. However the market declined subsequently due to uninspiring budgetary proposals and weak global markets. Finance Minister Mr. Pranab Mukherjee unveiled Union Budget 2012-13 on 16<sup>th</sup> March 2012, which set only modest targets for trimming a ballooning fiscal deficit. A lack of clarity on taxation of Participatory Notes (P-notes) has contributed to the volatility in the domestic share market during the month of March, 2012. Key benchmark indices reached their lowest closing level in eight weeks on 26<sup>th</sup> March 2012. The BSE Sensex lost 308.96 points or 1.78% to 17,052.78, its lowest closing level since 30<sup>th</sup> January 2012.

The total value of trade of the Indian Commodity Futures Market during the year 2011-12 stood at Rs. 151.89 lakh crore. Trading volumes in India's commodity exchanges in April 2011 to March 2012 has risen 53.89% to Rs 173,69,550.60 cr as against Rs 112, 86,676.02 cr, according to market regulator Forward Markets Commission. Trade in agri commodities was around Rs 22 lakh crore last fiscal and was 12.12 per cent of the total trade in all the commodity exchanges in the country, total volume of farm items traded in the 2011-12 fiscal was 4,942.09 lakh tonnes, which was 35.23 per cent of the volume of all commodities traded at the exchanges. Top five commodities — silver, gold, crude oil, copper & nickel — generated 86.8 per cent of business on the country's largest commodity exchange, the Multi Commodity Exchange (MCX). Soy oil, rapeseed/mustard seed, chana, soybean and guar seed remained the leading five performing commodities on India's second largest commodity futures market, the National Commodity & Derivatives Exchange (NCDEX).

## 2. Operating Results

The profitability of the Company in the current financial year is more or less at par as compared to the profitability of the Company in the previous financial year.

Particulars	(Rs. In Lacs)	
	Current year ended 31 <sup>st</sup> March, 2012	Previous year ended 31 <sup>st</sup> March, 2011
Total Income	93.65	90.19
Administrative and other Expenditure	35.64	30.99
Profit after depreciation & tax	46.67	48.23
Reserve & Surplus	383.21	356.19
Current Assets	160.90	235.58
Current Liabilities & Provisions	76.72	128.50
Net Current Assets	84.18	107.08
Share Capital	338.047	338.047

## 3. Future Prospects and Outlook

Given the robust growth prospects in India, the Company anticipates long-term and stable growth with the goal of achieving sustainable superior returns while managing risks prudently.

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 it will be the endeavour of the management to strengthen and expand our portfolio to further penetrate to the Indian stock market.

The commodities broking business is being strengthened with its initiatives to build a diversified commodities trading platforms.

The Management of the Company is moving ahead rigorously for expanding and stimulating the business of commodity trading apart from strengthening its portfolio and taking effective steps in order to accomplish the goal of enhancing the clientele and market for commodities trading.

## 4. Risks and concerns

Since the business of the Company pertains to financial and capital-intensive sector, its performances largely driven by the fluctuations in the country's macro economic indicators, country's economic growth, international demand, prices, the government policies towards the industry, interest rate volatility, economic cycle, market risk, liquidity risk and credit risk. The commodity derivatives activity of an organization is subject to regulations, inspections, penalties by Forward Market Commission (FMC). The management of the Company is quick to watch the deterioration in the business outlook and being prone to higher degree of risk moderated the growth parameters. The investment model adopted by the Company continues to be guided by maximization of return on investment, while maintaining emphasis on risk management.

## 5. Internal control systems and their adequacy

Your Company conducts its business with integrity and high standards of ethical behavior and in compliance with the applicable laws and regulations that govern its business.

The Company has a well-established framework of internal controls in operation supported by standard operation procedures policies and guidelines commensurate with its size to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and the transactions are authorized, recorded and reported correctly.

The internal control system is designed to ensure that all financial and other records are reliable for preparing financial statements and other data and for maintaining accountability of assets. Besides the Audit Committee of the Board of Directors of the Company periodically reviews the functionality and adequacy of the internal control system.

## 6. Human Resources

Your Company has made sustained efforts to make human resource management practice a strong catalyst in the growth of the Company by helping the creation of a competent human resource pool. The relationship with all the employees continues to be cordial. The management acknowledges the contribution of its employees and the spirit of commitment demonstrated by them in realizing the company's vision. The focus has been to create an environment where performance is rewarded, individuals are respected and associates get opportunities to realize their potential.

## DIRECTORS REPORT

Your Directors have pleasure in presenting the 20<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, 2012.

## FINANCIAL HIGHLIGHTS

Particulars	(Rs. In lacs)	
	Fiscal year ended March 31, 2012	Fiscal Year ended March 31, 2011
Total Income	93.65	90.19
Profit before depreciation & Tax	58.00	59.20
Depreciation	1.34	1.19
Profit Before Tax	56.67	58.01
Provision for Taxation	9.99	9.78
Profit After Tax	46.67	48.23
Balance Profit B/F from earlier year	236.21	217.27
Profit available for appropriation	282.88	265.50
APPROPRIATION:		
Transfer to Reserve Fund	9.33	9.65
Proposed Dividend	16.90	16.90
Provision for Dividend Tax	2.74	2.74
Profit C/F to Balance Sheet	253.90	236.21

## DIVIDEND

The directors recommend dividend amounting to 50 Paise per share (5%) for the financial year ended 31<sup>st</sup> March, 2012. If this recommendation is approved at the forthcoming Annual General Meeting, it would involve outflow (excluding dividend tax) of Rs. 16,90,200/-. Dividend tax will be subject to the applicable taxation rates.

## FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Your Company's performance in the financial year under review is similar to the performance in the previous financial year. In terms of profit after tax as its profit after tax in the current

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financial year is Rs. 46.67 Lacs as compared to previous year's profit after tax amounting to Rs. 48.23 Lacs. Despite worsening market conditions during the financial year under review the Company managed to maintain its net profitability as compared to the previous year's performance.

Overall the trend for the domestic market remained bearish as the global portfolio investors are going light on the emerging markets. Besides high interest rate and inflation, the sovereign debt crisis in the Euro zone, the political turmoil in Middle East, crude oil prices hike, the Rupee weakness against the USD continued to threaten domestic growth.

Global concerns continued to put negative pressure in the Indian bourses during the year as the participation of the foreign institutional investors (FII) and portfolio investors remained thin. Strong bull conviction was the missing word in the domestic bourses. The macro mood around the globe was sombre. The commodity markets were also volatile in view of the pressure on global commodity prices. Nevertheless the economy is expected to look up in the second half of the year.

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, are given as a separate statement in the Annual Report.

## COMMODITY MARKET

The Company earned a brokerage on commodity exchange of Rs. 19.90 Lacs in the financial year under review as compared to 8.22 Lacs in the previous financial year reflecting growth potential in this sector. The management of the Company had strengthened the profitability from commodity trading segment and focused on managing costs and prudent use of capital.

Your directors will continue to look for improvements in the business outlook for short and medium term and accordingly adjust its growth targets in the different segments of its business. With more experience in the line and prudent management of the commercial and financial risks, your directors aimed at achieving higher returns from this activity in the years to come.

## CORPORATE GOVERNANCE

A detailed report on Corporate Governance and a Certificate from the Practicing Company Secretary regarding compliance with conditions of Corporate Governance as stipulated by Clause 49 of the Listing Agreement with the stock exchanges, have been furnished in the Annual Report and forms part of this report.

## 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: -

- That in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2012, the applicable accounting standards have been followed.
- That the 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 31<sup>st</sup> March, 2012 and of the profit or loss of the company for the year under review.
- That the 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.
- That the directors have prepared the annual accounts for the year ended 31<sup>st</sup> March, 2012 on a going concern basis.

## DIRECTORS

In terms of Section 256 of the Companies Act, 1956 Mr. Kuldeep Gupta and Mr. Jogesh Ahuja, Directors of the company are liable to retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offer themselves for re-appointment. The Board of Directors recommends their re-appointment as Directors.

A brief resume of Directors recommended for appointment/ re-appointment as Director 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.

Mr. R.C. Mody, Director of the Company resigned from the Directorship of the Company w.e.f. 26.07.2012. In terms of Section 262 of the companies act, 1956, Mr. Arun Kumar Garg has been appointed as a Director of the company w.e.f. 26.07.2012 to fill in the casual vacancy caused by the resignation of Mr. R.C. Mody.

The Board places on record its gratitude for the most invaluable contribution made by Mr. R. C. Mody during his long tenure on the Board of the Company.

There are no other changes in the Composition of the Board of Directors of the Company.

## 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 is 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

Provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended from time to time are not applicable to the Company, since no employee of the Company was in receipt of the remuneration in excess of the limits as specified in the said rules.

## SUBSIDIARY COMPANIES

The company does not have any subsidiary company.

## LISTING OF SHARES

The Equity shares of the Company continue to be listed on the Bombay Stock Exchange Limited (BSE) and the Delhi Stock Exchange Association Limited (DSE).

## PUBLIC DEPOSITS

The Company has continued its policy for not accepting any public deposits during the year.

## STATUTORY INFORMATION

As the Company's operations do not involve any manufacturing or processing activities, the particulars as per The Companies (Disclosure of particulars in the report of Board of Directors) rules 1988, regarding conservation of energy and technology absorption are not applicable.

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**

**Date: July 26, 2012**

## REPORT ON CORPORATE GOVERNANCE

### COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Effective corporate governance practices constitute the strong foundations on which successful commercial enterprises are built to last. These practices are categorized through principle based standards and not just through a framework enforced by regulation.

Your Company believes that the management is the trustee of all investors' capital and is obligated to maximize shareholders value over the long term, while preserving the interests of all its stakeholders, such as employees, customers, business partners / vendors and the society at large. It is committed to high levels of ethics and integrity in all its business dealings that avoids all conflicts of interest. In order to conduct business with these principles, your company creates simple corporate structures based on business needs and maintains a high degree of transparency through regular disclosures and a focus on adequate control systems.

The objective of your Company is not only to meet the statutory requirements but also to go well beyond it by formulating such systems and procedures so as to make the management completely transparent and institutionally sound. The Company is fully committed to follow the procedures and practices in conformity with clause 49 of the Listing Agreement of the Stock Exchanges, as applicable, Your Directors present the Company's Report on Corporate Governance as under.

### Board of Directors

The Board of Directors comprises of 7 directors, out of which 4 directors are non-executive promoter directors, 1 director is non-executive director and 2 directors are independent Directors.

As per the declarations received by the Company, none of the Directors are disqualified under Section 274(1)(g) of the Companies Act, 1956 read with Companies (Disqualification of Directors under Section 274(1)(g) of the Companies Act, 1956) Rules, 2003.

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 25, 2011, July 20, 2011, October 20, 2011 and January 24, 2012. 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 all applicable 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.

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and at the last AGM, as also the number of Directorships and Committee position as held by them in other Public Limited Companies as on 31<sup>st</sup> March, 2012 are given below:

Name of Director	Category of Directorship	Attendance Board Last Meeting	AGM	*No. of other Directorship	**No of the other Board Committee As Chairman	As Member
Mr. Vijay Bhushan	Promoter / Non-Executive	4	Yes	4	3	1
Mrs. Nisha Ahuja	Promoter / Non-Executive	4	Yes	1	-	-
Mr. Jogesh C. Ahuja	Promoter / Non-Executive	4	No	1	-	-
Mrs. Sant Kumari Agrawal	Promoter / Non-Executive	4	No	-	-	-
Mr. Ravindra Singh	Independent	2	No	1	-	-
Mr. R.C. Mody#	Independent	4	Yes	-	-	-
Mr. Kuldeep Gupta	Independent	3	No	2	-	-

# Mr. R.C. Mody, Director of the Company resigned from the Directorship of the Company w.e.f. 26.07.2012. In terms of Section 262 of the companies act, 1956, Mr. Arun Kumar Garg has been appointed as a Director of the company w.e.f. 26.07.2012 to fill in the casual vacancy caused by the resignation of Mr. R.C. Mody.

\*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 listing Agreement, Membership/Chairmanship of only



# BHARAT BHUSHAN FINANCE & COMMODITY BROKERS LIMITED

(Formerly known as Bharat Bhushan Share & Commodity Brokers Ltd.)

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the Audit Committees and Shareholders/Investor's Grievances Committees of all Public Limited Companies have been considered.

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

- (i) Mr. Kuldeep Gupta  
Mr. Kuldeep Gupta is a commerce graduate from Delhi University and has also cleared intermediate level of Chartered Accountants from Institute of Chartered Accountants of India. He has the extensive experience of more than 20 years in the field of investments and stock market. He is also holding the directorship in M/s Triumph Engineering Limited, Triumph Trading Limited, GNG Stock Holdings Private Limited (Managing Director).
- (ii) Sh. Jogesh Ahuja  
Sh. Jogesh Ahuja is a commerce graduate from Shri Ram College of Commerce, Delhi University having extensive experience in the field of marketing, insurance and investment. Currently he is also holding the directorship in M/s Bharat Bhushan Equity Traders Limited and M/s Pushpdeep Builders Private Limited.

## 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 bhinvestments.in.

All the Board members and senior management personnel have affirmed compliance with this Code for the year ended 31<sup>st</sup> March 2012.

## BOARD COMMITTEES

### A. AUDIT COMMITTEE

During the Financial Year under review, the audit Committee of the Board comprised of four Non executive Directors majority being independent viz. Mr. Kuldeep Gupta, Mr. Vijay Bhushan, Mr. Ravindra Singh and Mr. R. C. Mody, 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 25, 2011, July 20, 2011, and October 20, 2011 and January 24, 2012. The attendance of the members of the meeting was as follows:

Name of the Member	Status	No. of meetings attended
Mr. Vijay Bhushan	Non - Executive	4
Mr. R.C. Mody*	Independent	4
Mr. Ravindra Singh	Independent	2
Mr. Kuldeep Gupta	Independent	3

\*Mr. R.C. Mody has resigned from the Directorship of the company on 26.07.2012.

The terms of reference of the Audit Committee are in accordance with the requirements of the Clause 49(II) of the Listing Agreement and as specified by the Board of Directors of the Company.

### B. REMUNERATION OF DIRECTORS/REMUNERATION COMMITTEE

As the Company is not having any Executive Director no remuneration is being paid to the directors except sitting fees, therefore, no remuneration committee has been constituted by the Company.

### C. SHAREHOLDERS/ INVESTOR GRIEVANCE COMMITTEE

During the Financial Year under review, the Board constituted Shareholders' / Investors' Grievance Committee comprising of Mrs. Nisha Ahuja, Mr. R.C. Mody, (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 resolve & redress the investors' complaints an exclusive e-mail ID was created namely, [investorgrievance@bharatbhushan.com](mailto:investorgrievance@bharatbhushan.com) on which the investors will 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. The Company Secretary acts as a compliance officer of the Company.

Pursuant to Circular no. CIR/OIAE/2/2011, dated on June 3, 2011 issued by Securities & Exchange Board of India (SEBI), SEBI has commenced processing of investor complaints in a centralized web based complaints redress system 'SCORES'. According to which complaints pertaining to listed companies will be electronically sent through SCORES at <http://scores.gov.in/Admin> and such companies are required to view the complaints pending against them and submit ATRs alongwith supporting documents electronically in SCORES. As mandated by the aforesaid SEBI circular the Company has submitted necessary documents for registration of the Company under SCORES and for obtaining USER ID and password for logging into SCORES.

During the year the Company received 40 requests/ complaints from shareholders. All the complaints were attended immediately and resolved to the satisfaction of the shareholders. There was no complaint outstanding as on 31<sup>st</sup> March, 2012.

The committee met at regular intervals to check whether investor correspondences/ grievances are solved within the time frame. Four meetings of Shareholders/Investors Grievance Committee were held during the financial year ended May 25, 2011, July 20, 2011, and October 20, 2011 and January 24, 2012. 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	4
Mr. Jogesh Ahuja	Non- Executive	4
Mr. R.C. Mody*	Independent	4

\*Mr. R.C. Mody has resigned from the Directorship of the company on 26.07.2012

## GENERAL BODY MEETINGS:

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

Financial Year	Location	Date	Time
2008-2009	Shah Auditorium, Rajniwas Marg, Delhi - 110 054	24.09.2009	11.00 A.M.
2009-2010	Shah Auditorium, Rajniwas Marg, Delhi - 110 054	30.08.2010	11.00 A.M.
2010-2011	Shah Auditorium, Rajniwas Marg, Delhi - 110 054	23.09.2011	11.30 A.M.

## DISCLOSURES

- a) **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 interest of the Company.

- b) **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

- a) **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.

- b) Management discussion and analysis forms part of the Report of the Directors.

## GENERAL SHAREHOLDERS INFORMATION

- 1) **Annual General Meeting**

Date : 28<sup>th</sup> September, 2012  
Venue : Shri Purushottam Hindi Bhawan Nyas Simiti ( Regd.)  
11 Vishnu Digamber Marg, Rouse Avenue,  
New Delhi - 110002  
Time : 11.00A.M.

- 2) **Announcement of Quarterly Results during the year ended 31.03.2012**

Quarter ended	Dates of Announcement
June, 2011	: 20 <sup>th</sup> July, 2011
September, 2011	: 20 <sup>th</sup> October, 2011
December, 2011	: 24 <sup>th</sup> January, 2012
March, 2012	: 16 <sup>th</sup> May, 2012

- 3) **Announcement of quarterly results for the year ended 31.03.2013**

Quarter ended	Tentative dates of Announcement
June, 2012	: Last week of July 2012
September, 2012	: Last week of October 2012
December, 2012	: Last week of January, 2013
March, 2013	: Last week of April, 2013 or Last week of May, 2013

- 4) **Book Closure**

The dates of the Book Closure are from 21<sup>st</sup> September, 2012 to 27<sup>th</sup> September, 2012 (both days inclusive).

- 5) **Dividend**

Your Directors recommended payment of dividend 0.50 paise per share subject to the declaration by shareholders in the ensuing Annual General Meeting and will be paid on or after 15<sup>th</sup> October, 2012.

- 6) A. Equity Shares listed on : The Bombay Stock Exchange  
Stock Exchanges at : & The Delhi Stock Exchange Association Ltd.  
B. Annual Listing Fees : Duly paid to both the above Stock Exchanges for the year 2012-13

## Stock Code

A. Trade Symbol at Stock Exchanges	: Bombay Stock Exchange Stock Code: BHAR BHUSH Stock No. : 511501
B. Demat ISIN in NSDL and CDSL	: INE900A01013

- 7) **Stock Market data (in Rs./per share) for the period: April 2011 to March 2012**

Months	High(Rs)	BSE	Low(Rs)
April 2011	11.48		9.52
May 2011	10.54		9.62
June 2011	10.71		9.52
July 2011	11.12		9.65
August 2011	11.17		9
September 2011	10.64		8.06
October 2011	10.69		9.6
November, 2011	11		9.45

# BHARAT BHUSHAN FINANCE & COMMODITY BROKERS LIMITED

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December, 2011	10.5	9.05%
January, 2012	10.05	8.9
February, 2012	11.5	9.25
March, 2012	10.15	8.75

8) **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 2011-12

Period	Company's share price	BSE Sensex
April 2011	103.27%	98.41%
May 2011	100.20%	95.15%
June 2011	100.69%	96.92%
July 2011	108.13%	93.58%
August 2011	92.26%	85.76%
September 2011	96.73%	84.61%
October 2011	98.71%	91.05%
November 2011	99.21%	82.92%
December 2011	96.92%	79.48%
January 2012	88.29%	88.42%
February 2012	91.96%	91.29%
March 2012	94.74%	89.50%

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).

## 11. 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<sup>st</sup> March, 2012, 27,44,899 shares have been dematerialized representing 81.2% of the total shares. (27,28,979 shares were in dematerialized form representing 80.729% of the total shares as on 31<sup>st</sup> March, 2011)

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

## DISTRIBUTION OF SHAREHOLDING AS ON 31<sup>st</sup> MARCH, 2012

Share holding of nominal value		Shareholders		Share/Debt Amount	
Rs.	Rs.	Number	% To Total	Rs.	% to Total
(1)	(2)	(3)	(4)	(5)	(6)
Upto 5000	3429	86.766	7148340	21.146	
5001 - 10000	313	7.92	2598370	7.687	
10001 - 20000	112	2.834	1671940	4.946	
20001 - 30000	40	1.012	1000550	2.96	
30001 - 40000	17	0.43	619420	1.832	
40001 - 50000	8	0.202	379200	1.122	
50001 - 100000	11	0.278	779220	2.305	
100001 and above	22	0.557	1960890	58.002	
<b>Total</b>	<b>3952</b>	<b>100.00</b>	<b>33804000</b>	<b>100.00</b>	

## 12. SHAREHOLDING PATTERN AS ON MARCH 31, 2012

CATEGORY	NO.OF SHARES HOLDING	% AGE HOLDING
A. Shareholding of Promoter and Promoter Group		
(1) Indian		
(a) Individuals/ Hindu Undivided Family	1749840	51.76
(b) Central Government/State Government(s)	—	—
(c) Bodies Corporate	—	—
(d) Financial Institutions/Banks	—	—
Any Other	—	—
Sub Total (A 1)	1749840	51.76
(2) Foreign	—	—
(a) Individuals	—	—
(Non- Resident Individuals/ Foreign Individuals)	—	—
(b) Bodies Corporate	—	—
(c) Institutions	—	—
(d) Any other	—	—
SUB -TOTAL (A2)	0	0
(B) Public Shareholding		
(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 (B) (1)	500	0.01
(2) Non- Institutions		
(a) Bodies Corporate	109514	3.24
(b) Individuals-		
(i) Individual shareholders holding nominal share capital upto Rs.1 lakh	1328526	39.30
(ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	150036	4.44
(c) Non Resident		
(i) Indian	29484	0.87
(ii) OCB	12500	0.37
SUB -TOTAL B((2a)+(2b)+(2c))	1630060	48.22
Total Public Shareholding (B)	1630560	48.24
C. Shares held by Custodians and against which depository Receipts have been issued	—	—
<b>GRAND TOTAL</b>	<b>3380400</b>	<b>100</b>

## 13. 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 Finance & Commodity Brokers Ltd.

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

Phone: (011) 43566777, 23540997-8-9, Fax: (011) 23540996

Email: commodities@bharatbhushan.com, investor@grievance@bharatbhushan.com

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

The Investors are advised to claim the encashed dividends for the year 2004-2005 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. 1,15,279/- (Rupees one Lac Fifteen Thousand Two Hundred Seventy Nine) unclaimed dividend for the year (2003-2004) 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 having Manager Finance responsible for looking in to the financial operations of the Company, hence the declaration regarding CEO/CFO is given under Clause 49 of the Listing Agreement by Manager Finance which was placed before the Board of Directors of the Company in its meeting held on 16<sup>th</sup> May, 2012.

Place: Delhi

Date: July 26, 2012.

Vijay Bhushan  
Director

Dear Sirs,

Sub: CEO/CFO Certificate

(Issued in accordance with provision of clause 49 of the listing Agreement)

Dear Sirs,

a) We have reviewed the financial statements and the cash flow of Bharat Bhushan Finance & Commodity Brokers Ltd. ('the Company') for the year ended 31<sup>st</sup> March 2012 and to the best of our knowledge and belief:

i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, and steps taken or proposed to be taken for rectifying these deficiencies.

d) We have indicated to the Auditors and Audit committee:

i) Significant Changes in the internal control over financial reporting during the year;

ii) Significant changes in accounting policies during the year and that the same have been disclosed suitably in the notes to the financial statements;

iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Date: 16<sup>th</sup> May, 2012.

Satish Aggarwal  
Manager Finance

## CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

TO THE MEMBERS OF BHARAT BHUSHAN FINANCE AND COMMODITY BROKERS LIMITED (formerly known as Bharat Bhushan Share & Commodity Brokers Ltd.)

We have examined all the relevant records of Bharat Bhushan Finance & Commodity Brokers Limited for the purpose of certifying compliance of the conditions of corporate governance under clause 49 of the Listing Agreement with Stock Exchanges of the financial year ended March 31, 2012. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of certification. The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

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

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

For PS & Associates  
Company Secretaries  
Pawan Sharma  
(Partner)

Place : New Delhi  
Date : 26/07/2012

C.P. No. 5127

# BHARAT BHUSHAN FINANCE & COMMODITY BROKERS LIMITED

(Formerly known as Bharat Bhushan Share & Commodity Brokers Ltd.)

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## Auditors' Report

To the Members,

Bharat Bhushan Finance & Commodity Brokers Ltd.

(Formerly known as Bharat Bhushan Share & Commodity Brokers Ltd.)

(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 2012.

(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.

We have audited the attached Balance Sheet of Bharat Bhushan Finance & Commodity Brokers Ltd. (Formerly Known as Bharat Bhushan Share & Commodity Brokers Ltd.) as at 31<sup>st</sup> March, 2012 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.

**FOR P. BHOLUSARIA & CO.  
CHARTERED ACCOUNTANTS  
PAWAN BHOLUSARIA  
PARTNER  
M.NO.80691  
FRN:000468**

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.

**Place: New Delhi  
Date: 16/05/2012**

## ANNEXURE TO AUDITOR'S REPORT

**(RE: BHARAT BHUSHAN FINANCE & COMMODITY BROKERS LTD.)**

**(Formerly Known as Bharat Bhushan Share & Commodity Brokers Ltd.)**

Referred to in Paragraph 2 of our report of even date for the year ended 31<sup>st</sup> March, 2012

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, 2012 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 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.