

# **SHARDUL SECURITIES LIMITED**

**(Formerly known as Shriyam Securities & Finance Limited)**



**18<sup>th</sup>  
ANNUAL REPORT  
2002-2003**

**SHARDUL**  
**Securities Limited**  
(Formerly known as Shriyam Securities & Finance Limited)

**BOARD OF DIRECTORS**

<b>Devesh Chaturvedi</b>	- Chairman
<b>Dr. V. C. Shah</b>	- Director
<b>Bhupendra K. Shroff</b>	- Director
<b>Gagan Chaturvedi</b>	- Director
<b>Mukesh Shroff</b>	- Director
<b>Girdhar Pathak</b>	- Director upto 29.10.2002
<b>R. Sundaresan</b>	- Executive Director

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**AUDITORS :**

**Rajen Damani & Co.**

**BANKERS :**

HDFC Bank Limited  
Syndicate Bank

**REGISTERED OFFICE :**

715, Tulsiani Chambers  
212, Nariman Point  
Mumbai 400 021  
Tel.Nos.: 56308500  
Fax No. : (022) 22846585

**SUBSIDIARY COMPANY :**

**Shriyam Broking Intermediary Ltd.**  
712-715, Tulsiani Chambers  
212, Nariman Point  
Mumbai 400 021

**REGISTRARS AND SHARE TRANSFER AGENT :**

**R & D Consultants Ltd.**  
610, Dalamal Towers  
212, Nariman Point  
Mumbai 400 021.  
Tel.No.: 22834347/22834374  
Fax : 22855759

## ANNUAL REPORT 2002-2003

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### NOTICE

**NOTICE** is hereby given that the Eighteenth Annual General Meeting of the Members of Shardul Securities Limited will be held on Friday, the 29<sup>th</sup> day of August 2003 at Registered Office of the Company at 715, Tulsiani Chambers, 212, Nariman Point, Mumbai 400 021, at 10.00 a.m. to transact the following business: -

#### ORDINARY BUSINESS :

1. To consider and adopt the Balance Sheet as at 31<sup>st</sup> March 2003, and the Profit & Loss Account for the year ended on that date alongwith the Report of the Board of Directors and the Auditors thereon.
2. To re-appoint Mr.Bhupendra Shroff, a Director of the Company, who retires by rotation and being eligible, offers himself for re-appointment.
3. To re-appoint Mr.Mukesh Shroff, a Director of the Company, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint, Rajen Damani & Co., Chartered Accountants, as the Statutory Auditors of the Company, 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.

#### SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modification(s) the following resolutions as Ordinary Resolutions :-

“**RESOLVED THAT** in accordance with the provisions of Section 198, 269 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification (s) or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to the re-appointment of Mr.R. Sundaresan, as a Whole-Time Director of the Company for a period of 3 years with effect from 16<sup>th</sup> June 2003 on the terms and conditions including remuneration as are set out in the Explanatory Statement attached to this notice with the liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or remuneration so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

#### NOTES :

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.
2. Members / Proxies should bring the Attendance Slip duly filled in for attending the meeting.
3. Explanatory Statement as required under Section 173(2) of the Companies Act, 1956, is annexed thereto.
4. Members who hold shares in dematerialised form are requested to bring their client ID and DP ID numbers for easy identification of attendance at the meeting.
5. Dividend declared in the earlier years and remaining unpaid will be deposited with the Government at the expiry of 7 years from the date of their transfer to unclaimed dividend account. Shareholders who have not encashed their Dividend Warrants are requested to make their claim to the office of Registrars and Transfer Agents M/s.R & D Consultants Limited.
6. Register of Members / Transfer books will remain closed from 28.08.2003 to 29.08.2003 (both days inclusive) for the purpose of Annual General Meeting.
7. A member desirous of getting any information on the accounts or operations of the Company is requested to forward his / her queries to the Company at least eight days prior to the meeting so that the required information can be made available at the Meeting.

**8. Re-appointment of Directors :-**

At the ensuing Annual General Meeting, Mr. Bhupendra K. Shroff and Mr. Mukesh Shroff, retiring by rotation and being eligible offer themselves for re-appointment. Mr. R. Sundaresan, being re-appointed as Whole-time Director. The information or details pertaining to these Directors, to be provided in terms of Clause 49 of the Listing Agreement are furnished in the Statement on Corporate Governance published elsewhere in this Report.

**By Order of the Board of Directors**

**Place: Mumbai**  
**Date : 28<sup>th</sup> June, 2003**

**R. Sundaresan**  
**(Executive Director)**

**Regd. Office :**  
715, Tulsiani Chambers  
212, Nariman Point  
Mumbai 400 021.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 :-**

**ITEM NO. 5 :-**

The present term of office of Mr.R. Sundaresan, Whole-time Director expired on 16<sup>th</sup> June 2003. The Board of Directors at its meeting held on 22<sup>nd</sup> May 2003 approved his re-appointment as Whole-time Director of the Company for a period of three years with effect from 16<sup>th</sup> June 2003 on the terms and conditions including remuneration as set out below, subject to the approval of shareholders of the Company at the Annual General Meeting.

Mr. R. Sundaresan is having vast experience in Financial, Banking and Corporate Advisory Sector. It is in the best interest of the company to continue to have him as a Whole-time Director.

The terms and conditions set out for re-appointment and payment of remuneration may be altered and varied from time to time by the Board of Directors of the company as it may at its discretion deem fit so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments made thereto.

Remuneration of Mr.R. Sundaresan with effect from 16<sup>th</sup> June 2003 will be as follows: -

- a) Salary : - Rs.25,000/- per month and one month equivalent as Bonus
- b) In addition to above remuneration, the Executive Director shall also be entitled to perquisites viz. Medical Reimbursement, Leave Travel Allowance (Rs.15,000/- p.a.) in accordance with the rules of the Company.
- c) The Company will provide the Executive Director car with a driver and telephone at residence. However, provision of car for use on company's business and telephone at residence shall be treated as perquisites as per Income Tax Rules, wherever applicable.
- d) Company's contribution to Provident Fund and payment of Gratuity shall be as per the Company Rules and Regulations.
- e) Company's contribution to Provident Fund, Gratuity payable, shall not be included in the computation of the ceiling on remuneration under schedule XIII to the Companies Act, 1956.

Your Directors recommend this Resolution for members approval.

None of the Directors except Mr.R. Sundaresan is concerned or interested in this Resolution.

The above explanation may also be taken as an abstract under Section 302 of the Companies Act, 1956.

**By Order of the Board of Directors**

**Place: Mumbai**  
**Date : 28<sup>th</sup> June, 2003**

**R. Sundaresan**  
**(Executive Director)**

**Regd. Office :**  
715, Tulsiani Chambers  
212, Nariman Point  
Mumbai 400 021.

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## ANNUAL REPORT 2002-2003

### DIRECTORS' REPORT TO SHAREHOLDERS

To,  
The Members of  
Shardul Securities Ltd.

Your Directors are pleased to present Eighteenth Annual Report and Audited Statements of Accounts for the year ended March 31, 2003.

**1. Financial Results :** (Rs. in lacs)

	2002-2003	2001-2002
Profit before Depreciation	224.58	221.70
<b>Less:</b> Depreciation	56.75	59.71
Profit before Taxation	167.83	161.99
<b>Less:</b> Provision for taxation		
Current	13.20	2.00
Deferred	78.79	79.04
Profit after Taxation	75.84	80.95
<b>Add:</b> Prior Year Adjustments	(0.59)	0.06
Profit after Prior Period Adjustments	75.25	81.01
Surplus / (Deficit) brought forward from previous years	(848.28)	(913.09)
	773.03	(832.08)
<b>Appropriations :</b>		
General Reserve as per RBI	15.05	16.20
Balance carried to Balance Sheet	(788.08)	(848.28)
	(773.03)	(832.08)

**2. Dividend :**

In view of carry forward of losses, your Directors are unable to declare a dividend for this year also.

**3. General Scenario :**

The global recession continued to hold sway on all segments of economy throughout the world, which had an impact on the Indian economy also. The capital market was reeling under pressure with no new issues of any significant size or volume hitting the market, which could have triggered a positive impact on the equity segment. The volumes were relatively low and the market capitalisation also was at a lower level than the previous year with the NSE (S&P CNX NIFTY) index touching a peak of 1146.60 points and low of 922.60 points during the year under review.

The most welcoming feature of the market was the lowering of the interest rates by the R.B.I. through open market operations and also auction of government securities, which helped in lowering the interest rates on borrowings in general. This gave rise to better credit offtake from banks and institutions, the impact of which could be seen in the coming years. There is also a huge volume of the trading on the debt instruments particularly in government securities, which provided ample scope for banks and institutions and also the broking community to improve their bottomlines. Signs of industrial recovery as well as the capital market recovery were visible during the fag end of the financial year which should auger well for the future.

**4. Performance:**

The Company's activities in the equity markets and merchant banking activities again recorded very low levels due to the market conditions. Your company again crossed Rs.35,000

crores of turnover in debt market broking activities during the year though trading activities on the debt market front came down drastically because of the Regulatory restrictions on trading in government securities in the secondary market by intermediaries with selected segments of the market.

The company achieved a net profit of Rs.75.25 lacs despite the low volume of trading activities after providing for a deferred taxation of Rs.78.79 lacs. The networth of the company during the current year has marginally increased to Rs.40.75 crores as compare to the previous year Rs. 39.90 crores.

**5. Management Discussion & Analysis**

**i) Industry Structure and Developments :**

**NBFC Sector :**

The intervention by the Regulatory Authorities in streamlining the working of NBFCs has paved the way for strengthening the Non-Banking Financing Sector in terms of adherence to prudential guidelines on maintenance of statutory reserve requirements, classification and status of NBFCs in terms of their main activities.

The resource mobilisation efforts of the NBFCs have been adversely affected in the light of present interest rates scenario but there has been a lot of improvement in retail financing activities of NBFCs, especially on the housing and auto financing segments. The health of the NBFC Sector in general has been improving and there are once again signs of this segment reviving to its full potentials and contributing to the economic growth of the company.

**ii) Opportunities and Threats: -**

The retail segment especially in auto financing area, housing and investment banking activities have been the focus areas for the NBFC sector and the market conditions have also been quite conducive for ample growth in these activities. Your company has been active in investment segment with positive results.

Banking Sector is the main threat to the entire NBFC Sector due to their access to low cost fund. Besides the spreads in the financing sector has narrowed down considerably. Despite the competitive conditions, your company was able to post reasonable profits.

**iii) Segmentwise or Productwise reporting: -**

Your Company is mainly engaged in the business of investment activities and all other activities of the Company revolve around the main business, and as such there are no separate reportable segments.

**iv) Outlook: -**

Your Company intends to focus on investment activities especially in Government Securities, Secured Debt Market and favourable trend on Stock Exchange for the particular sector generating reasonable returns over a period of time.

**v) Risks and Concerns:**

The industry is exposed to the normal business risk factors and interest rates volatility, economic cycle resulting in price risk on equity investment and credit risk. By adhering to a conservative and prudent financial profile the company has been able to measure its risk on its investment adequately.

**vi) Internal Control Systems and their Adequacy:**

The company has laid down proper systems and internal controls to ensure the information inputs are made and regular management information systems are in place for continuous monitoring of the portfolios.

- vii) **Human Resources:**  
The company has adequate number of experienced professionals with a total strength at 33 (including subsidiary Company). The company has been encouraging the staff to undergo various training programmes and qualitative professional exams.
- viii) **Cautionary Statement:**  
The Management Discussion and Analysis Report may contain certain statements that might be considered forward looking. These statements are subject to certain risk and uncertainties. Actual results may differ materially from those expressed in the statements as important factors could influence the Company's operation such as Government policies, local, political and economic development.
6. **Future prospects:**  
The Company has been actively considering to expand its activities in retail debt market and has proposed to open offices in New Delhi and Bangalore. The Company already has franchise arrangement at Hyderabad and Bangalore. With these arrangements, the company aims to improve its bottomline in the years to come.
7. **Subsidiary:**  
The wholly owned subsidiary viz. Shriyam Broking Intermediary Limited continued to remain profitable during period ended March 31, 2003. The Company earned a gross income of Rs. 244.45 lacs as against Rs. 246.46 lacs during the previous year and achieved a profit of Rs. 56.38 lacs as against Rs. 38.93 lacs during the previous year. However, the Company had to provide for an extraordinary expenditure of Rs. 38.38 lacs (previous year Rs. 7.60 lacs) towards SEBI Turnover fees relating to the previous years and hence the net profit of the company before tax was at Rs. 18.00 lacs (previous year Rs. 31.33 lacs). The merchant banking activities of the Company continued to be on a low profile. The Balance Sheet and Profit and Loss Account together with the Directors' Report of your subsidiary company is appended to the accounts of the company. Particulars required pursuant to section 212 of the Companies Act, 1956 also appended to the accounts of the Company.
8. **Change of name of the Company:-**  
The name of the Company was changed from Shriyam Securities & Finance Limited to Shardul Securities Limited with effect from 9th January 2003 when fresh Certificate of Incorporation was issued by the Registrar of Companies, Maharashtra.
9. **Directors:** -  
Mr. Bhupendra K. Shroff and Mr. Mukesh Shroff are retiring by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. Mr. Girdhar Pathak resigned from the Board on 29.10.2002. The Board places on record its appreciation of the services rendered by Mr. Girdhar Pathak during his tenure as Director.
10. **Re-appointment of Executive Director:** -  
Mr. R. Sundaresan, who was appointed as an Executive Director on 16<sup>th</sup> June 1998 for a period of 5 years and whose term was expiring on 16<sup>th</sup> June 2003 was re-appointed on 22<sup>nd</sup> May 2003 for further period of 3 years with effect from 16<sup>th</sup> June 2003. Your Directors recommend the approval of members for his re-appointment.
11. **Taxation :-**  
In opinion of Directors, the provision for Income Tax is sufficient to meet Income Tax demands.
12. **Donation :-**  
During the year the Company has given the donation of Rs. 6.00 lacs to Charitable Institutions viz. Shriyam Charitable Trust.
13. **Cashflow :-**  
As required by Clause 37 of the Listing Agreement, a cashflow statement is appended with this report.
14. **Directors' Responsibility Statement:** -  
Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed: -  
(i) That in the preparation of the accounts for the financial year ended 31<sup>st</sup> March, 2003, the applicable accounting standards have been followed alongwith proper explanations relating to material departures;  
(ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) 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;
- (iv) That the Directors have prepared the accounts for the financial year ended 31<sup>st</sup> March 2003 on a 'going concern' basis.
15. **Auditors and Auditors' Report:** -  
M/s. Rajen Damani & Co., Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting. The Company has received letter from them to the effect that their appointment, if made, would be within the prescribed limits under section 224(1-B) of the Companies Act, 1956. The notes to the Accounts referred to in the Auditors' Report are self-explanatory and, therefore, do not call for any further comments.
16. **Corporate Governance:** -  
Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, a Compliance Report on Corporate Governance alongwith Certificate of Compliance from the Auditors forms a part of this Report.
17. **Consolidated Accounts:** -  
In accordance with the requirements of Listing Agreement and the Accounting Standard -21 prescribed by the Institute of Chartered Accountants of India, Company had made additional disclosure in respect of Consolidated Financial Statements and Accounting Standard - 018 for Related Party transactions.
18. **Delisting of shares :**  
The earlier decision of the Company to delist the Equity Shares of the Company from Ahmedabad and Delhi Stock Exchanges has been kept in abeyance. The Company had already paid listing fee upto March 2004 to Mumbai Stock Exchange, Ahmedabad Stock Exchange and Delhi Stock Exchange.
19. **Appointment of Company Secretary**  
The Company's Secretarial work is handled under the supervision of Practising Company Secretary. The Board of Directors of the Company consists of practising Chartered Accountants and practising Company Secretary. The Company is in the process of appointing suitable qualified Company Secretary.
20. **Statutory information :-**  
1. **Personnel :-**  
Details of remuneration paid to employees as required by Section 217(2A) of the Companies Act, 1956, is not applicable to the Company as none of the employees is paid remuneration as stipulated in that Section.  
2. **Particulars required to be furnished by the Companies (Disclosure of particulars to the Report of Board of Directors) Rules, 1988.**  
(i) Part A & B pertaining to conservation of Energy and Technology Absorption are not applicable to the Company.  
(ii) The Company has not earned any Foreign Exchange and also there is no Foreign Exchange outflow during the year.  
3. **Deposits:** -  
a) There are no deposits which has remained unclaimed or claimed but not paid for which information is required to be given in this report. The Company does not hold any Public Deposits.  
b) The Company has complied with various requirements in terms of the capital adequacy under the guidelines issued by the Reserve Bank of India for the Non-Banking Financial Companies.
21. **Acknowledgment:** -  
The Board appreciates the co-operation and support extended by the Shareholders, Employees, Financial Institutions and Banks.

For and on behalf of Board of Directors

Place : Mumbai  
Dated : 28<sup>th</sup> June 2003

DEVESH CHATURVEDI  
(CHAIRMAN)

## ANNUAL REPORT 2002-2003

### Report on Corporate Governance

(The Company pursuant to code on Corporate Governance introduced by Securities and Exchange Board of India (SEBI) furnished the Report as under :

**1. Company's Philosophy on the Code of Governance: -**

The Company's philosophy on Corporate Governance envisage attainment of the highest levels of transparency, accountability and equity at all levels of its operation and in all its inter-actions with its stakeholders including shareholders, employees, Government Agencies and others. The Company strives for excellence with twin objective of enhancing customer satisfaction and shareholder value.

**2. Board of Directors: -**

The current strength of the Board consists of 6 Directors out of which one is Whole-Time (Executive) Director and 5 Non-Executive Directors. The Company does have a non-executive Chairman and the Board already consists of 3 Independent Directors.

**3. Board Meetings: -**

The Board of Directors of the Company met seven times during financial year ended 31<sup>st</sup> March 2003. The Board Meetings were held on 24<sup>th</sup> May 2002, 29<sup>th</sup> June 2002, 30<sup>th</sup> July 2002, 29<sup>th</sup> October 2002, 10<sup>th</sup> January 2003, 30<sup>th</sup> January 2003 & 24<sup>th</sup> March 2003. The Annual General Meeting of the Company was held on 17<sup>th</sup> September 2002 at the Registered Office of the Company at 715, Tulsiani Chambers, 212, Nariman Point, Mumbai 400 021.

**4. Attendance: -**

Attendance of each Directors at the Board Meetings, last Annual General Meeting, and number of other Directorship of each Director in various companies as given below :

Name of the Director	Category	Attendance Particulars		No. of other directorships and committee member/chairmanship		
		Board Meeting	Last AGM	Other Directorships	Committee Memberships	Committee Chairmanships
Mr. Devesh Chaturvedi	CH	2	No	2	1	—
Dr. V.C. Shah	NED	4	Yes	6	1	1
Mr. Bhupendra K. Shroff	NED	7	Yes	8	3	3
Mr. Gagan Chaturvedi	NED	7	Yes	4	2	—
Mr. Mukesh Shroff	NED	4	No	4	4	—
Mr. Girdhar Pathak *	NED	4	Yes	—	—	2
Mr. R. Sundaresan	ED	7	Yes	1	—	—

CH - Chairman ; NED - Non Executive Director; ED - Executive Director

\* Resigned with effect from 29.10.2002.

**5. Details of Directors being appointed / re-appointed at the Annual General Meeting :-**

- a) Mr. Bhupendra K. Shroff, aged 65 years, M. Com., LLb., F.C.S., C.I.A. (USA), was appointed as a Director on 6th April 1993. He is a practising Company Secretary for several years and also the Member of the Audit Committee and the Chairman of Share Transfer Committee, Investor Grievance Committee and Remuneration Committee of the Board of Directors of the Company. He hold Directorship in Reliance Consultancy Services Ltd., Asian Star Diamonds Intl. Pvt. Ltd., R & D Consultants Ltd., Ultra Separation Technologies Pvt. Ltd., Shree Chaitnya Yarnrex Pvt. Ltd., Axis Financial Services Pvt. Ltd., Asian Star Company Ltd. and Khira Steel Works Private Limited.
- b) Mr. Mukesh Shroff, aged 39 years, B.Com., was appointed as Director on 31st October, 1993. He had over eighteen years experience of dealings in shares and Financial Market. He is a member of Audit Committee, Share Transfer Committee, Investor Grievance Committee and Remuneration Committee of the Board of Directors of the Company. He holds Directorship in V. B. Desai Financial Services Ltd., Desai Industrial Finance Company Ltd. Indranil Securities Pvt. Ltd., and Merican Funds Ltd.
- c) Mr. R. Sundaresan, aged 52 years, M.Sc., M.B.A., C.A.I.I.B, was appointed as Whole-time Director on 16th June, 1998 and re-appointed as Whole-time Director on 16.06.2003. Mr. R. Sundaresan is having vast experience in Financial, Banking and Corporate Advisory Sector.

**6. Board Committees :-**

The Company constituted four committees of Directors, namely Share Transfer Committee, Investor Grievance Committee, Remuneration Committee and Audit Committee to deal with matters requiring urgent decisions and monitoring of the activities falling within their terms of reference, comprising mainly of non-executive Directors. Each of these committees have their respective charters approved by the Board. The minutes of the meeting are recorded and placed before the Board for its information.

7. **Share Transfer Committee :-**

The Share Transfer Committee approves and monitors, transfers, transmission, split and consolidation of share certificates, issued by the Company. The Share Transfer Committee comprises of Mr.B.K. Shroff - Chairman, Mr.Gagan Chaturvedi and Mr.Mukesh Shroff – All Non-Executive Directors. The Committee meets once in a fortnight and all effects to transfer are given and duly endorsed Share Certificates are despatched within a period of 30 days from the date of receipt, if documents are clear in all respects. Request for dematerialised (demat) received from shareholders are effected within an average period of 15 days.

8. **Investor Grievance Committee :-**

The Company has constituted the Investor Grievance Committee comprising of Mr.B.K. Shroff, Mr.Gagan Chaturvedi and Mr.Mukesh Shroff, all Non-Executive Directors. Mr.B.K. Shroff is the Chairman of the Committee. The Committee oversees the performance of the Registrar and Transfer Agents and recommends measures to improve the level of investors services.

The total number of complaints / requests / queries received and replied to the satisfaction of the shareholders during the year under review was 11. No complaints or transfers or requests for dematerialisation were pending for processing / approval as at 31<sup>st</sup> March 2003.

9. **Audit Committee :-**

The Board of Directors has constituted Audit Committee of Directors to exercise powers and discharge function as stipulated in section 292A of the Companies Act, 1956, Clause 49 of the Listing Agreement with Stock Exchanges and other statutory / regulatory provisions. Audit Committee consists of 4 Directors –

a)	Shri Devesh D. Chaturvedi	Non-Executive Director
b)	Dr. V. C. Shah	Non-Executive / Independent Director, Chairman of the Committee.
c)	Shri B. K. Shroff	Non-Executive / Independent Director
d)	Shri Mukesh Shroff	Non-Executive / Independent Director

The terms of reference of the Audit Committee include :-

- 1) To review the Company's financial reporting process and its financial statements.
- 2) To review with management the annual financial statements before submission to the Board.
- 3) To review the accounting and financial policies and practices.
- 4) To review the efficacy of the internal control mechanism and monitor risk management policies adopted by the Company and ensure compliance with regulatory guidelines.
- 5) To review reports furnished by the internal and statutory auditors, and ensure that suitable follow-up action is taken.
- 6) To examine accountancy, taxation and disclosure aspects of all significant transactions.
- 7) To review compliance with Stock Exchange and legal requirements concerning financial statements.

Besides the Committee Members, Senior Executives of accounts, finance, internal audit, statutory auditors were standing invitees for on the spot clarification / explanation. During the year 2002-2003, the Committee met 4 times. The Committee Meetings were held on 24<sup>th</sup> June 2002, 24<sup>th</sup> July 2002, 18<sup>th</sup> October 2002 and 20<sup>th</sup> January 2003. The attendance of each Member of the Committee is given below :-

Name of Director	No. of Meeting attended
1. Dr. V. C. Shah	4
2. Mr. Devesh D. Chaturvedi	3
3. Mr. B. K. Shroff	4
4. Mr. Mukesh Shroff	4

10. **Remuneration Committee: -**

Remuneration Committee has been constituted comprising of 3 independent Non-Executive Directors, viz. Mr.B.K. Shroff – Chairman and Dr.V.C. Shah and Mr.Mukesh Shroff – Members to determine and review the remuneration package of Executive Directors, Senior Executive, etc.

11. **Disclosure on material transactions with related parties: -**

Details of the material transactions with related parties have been disclosed as Point No. G to Schedule "Q" of the Balance Sheet "Notes on Accounts".

12. **Details of Non-Compliance: -**

The Company has not made any non-compliance of statutory regulations and no penalty has been imposed by the Stock Exchanges, or SEBI or any other statutory authority nor any strictures passed by them except that the Company under SEBI Regularisation Scheme 2002 had paid Rs.20,000/- towards late filing of disclosure statement under Regulation 8 of the SEBI (Substantial Acquisition of Shares and Takeover) Regulation, 1997.

13. **Means of Communications: -**

The quarterly results are published in the proforma prescribed by the Listing Agreement in one English language Newspaper (Free Press Journal) and one Marathi language Newspaper (Navshakti). Management Discussion and Analysis forms part of the Directors' Report.



## ANNUAL REPORT 2002-2003

### GENERAL SHAREHOLDER INFORMATION

**1. Annual General Meeting:**

Date & Time : August 29, 2003 at 10.00 a.m.  
 Venue : 715, Tulsiani Chambers  
 212, Nariman Point  
 Mumbai 400 021.

**2. Financial Calendar 2003-04 (tentative)**

**Board Meetings**

Results for the quarter ending June 30, 2003 : Last week of July, 2003  
 Results for the quarter ending September 30, 2003 : Last week of October, 2003  
 Results for the quarter ending December 31, 2003 : Last week of January, 2004  
 Results for the year ending 31<sup>st</sup> March, 2004 : Last week of June, 2004

3. **Book closure dates** : Thursday, August 28, 2003 to Friday, August 29, 2003.  
 4. **Dividend Payment Date** : Not Applicable  
 5. **Registered Office** : 715, Tulsiani Chambers  
 212, Nariman Point, Mumbai 400 021

**6. Equity shares listed on Stock Exchanges at -**

- a) The Stock Exchange, Mumbai  
 b) The Stock Exchange, Ahmedabad  
 c) The Delhi Stock Exchange Association Ltd.

The earlier decision of the Company to delist the Equity Shares from Ahmedabad and Delhi Stock Exchanges has been kept in abeyance. The Company had already paid listing fee to all the above Exchanges upto March, 2004.

**7. Dematerialisation of shares and Liquidity: -**

83.52% of the Equity Shares have been dematerialised upto 31<sup>st</sup> March 2003. Trading in Equity Shares of the Company is permitted only in dematerialised form with effect from 24<sup>th</sup> July 2000 as per notification issued by the Securities and Exchange Board of India (SEBI). The shares of the company are regularly traded at Mumbai Stock Exchange. Total number of shares traded during the financial year 2002-2003 were 3,20,929 and its value was Rs.8,07,477/-.

**8. Stock Code :-**

- i) Trading symbol at The Stock Exchange, Mumbai (Physical Segment) SHARDUL SECU.  
 ii) Demat ISIN Number in NSDL & CDSL – Equity Shares - INE037B01012.

**9. Distribution of Shareholding and Shareholding Pattern as on 31<sup>st</sup> March 2003 :-**

- i) **The Distribution of Shareholding as on 31<sup>st</sup> March 2003 :-**

No. of Equity Shares held	Shareholders		Shares held	
	No.	%	No.	%
Upto 500	18,739	96.55	21,29,694	12.17
501 – 1000	309	1.59	2,47,706	1.42
1001-2000	158	0.81	2,32,072	1.33
2001-3000	56	0.29	1,42,299	0.81
3001-4000	33	0.17	1,13,652	0.65
4001-5000	29	0.15	1,30,341	0.74
5001-10,000	28	0.14	1,99,350	1.14
10,001 and above	57	0.30	1,43,03,319	81.74
<b>TOTAL</b>	<b>19,409</b>	<b>100.00</b>	<b>1,74,98,433</b>	<b>100.00</b>

- ii) **Shareholding Pattern as on 31<sup>st</sup> March 2003: -**

Category	No. of Shares	%
Promoters	1,07,45,566	61.40
Financial Institutions / Banks / Mutual Fund	18,05,000	10.32
Corporate Bodies	14,09,640	7.97
Indian Public	35,38,027	20.31
NRI/OCB	200	—
<b>TOTAL</b>	<b>1,74,98,433</b>	<b>100.00</b>

**10. General Body Meetings: -**

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

Year	Location	Date	Time
1999-2000	Y.B. Chavan Centre, Mumbai 400 021.	05.09.2000	10.00 a.m.
2000-2001	Registered office of the Company at 712/715, Tulsiani Chambers 212, Nariman Point Mumbai 400 021.	30.08.2001	10.00 a.m.
2001-2002	Registered office of the Company at 712/715, Tulsiani Chambers 212, Nariman Point Mumbai 400 021.	17.09.2002	10.00 a.m.

**NOTE:** No resolutions requiring postal ballot for matters as required under Clause 4 of the Companies (Passing of Resolution by Postal Ballot) Rules 2001 have been placed for Shareholder's approval at the Meeting.

**11. Share Transfer Systems: -**

Presently Share Transfer in physical form are processed and share certificate returned within a period of 10 to 15 days from the date of receipts, subject to the documents being clear in all respects. Registrars And Transfer Agent had as per SEBI guidelines offered the facility of Transfer-cum-Demat. Under the said system, after the share transfer is effected, a letter will be sent to the transferee indicating the details of transferred shares and in case transferee wishes to demat the shares, he can approach a Depository Participant (DP) with the letter. The DP will based on the letter, generate a demat request which he will send to the Registrars and Transfer Agent alongwith the option letter issued by the Registrars and Transfer Agent. On receipt of the same, the Registrars and Transfer Agent will demat the shares. In case the transferee does not wish to dematerialise the shares, he need not exercise the option and the Registrars and Transfer Agent will despatch the share certificate after 15 days.

**12. Market Price Data: -**

Monthly high/low market price of the Company's Equity Shares traded on The Stock Exchange, Mumbai and BSE Sensex during the last financial year 2002-2003 were as follows :

**The Stock Exchange, Mumbai – Code No.12393**

Month	Share Price		BSE Sensex	
	High	Low	High	Low
April, 2002	3.75	2.45	3538.49	3296.88
May, 2002	4.25	2.60	3478.02	3097.73
June, 2002	4.10	4.00	3377.88	3148.57
July, 2002	5.15	4.00	3366.74	2932.35
August, 2002	5.40	4.00	3185.08	2931.78
September, 2002	4.10	4.00	3227.62	2973.97
October, 2002	3.60	2.55	3038.92	2828.48
November, 2002	4.00	3.25	3245.98	2928.63
December, 2002	2.85	1.85	3413.83	3186.62
January, 2003	3.10	1.85	3416.92	3199.18
February, 2003	2.45	1.55	3341.61	3218.37
March, 2003	2.25	1.50	3311.57	3039.83

Although our shares are listed at the Stock Exchange, Ahmedabad and The Delhi Stock Exchange Association Ltd., at Delhi, there are no transactions of the Company's Equity Shares at these Stock Exchanges.

13. Investors Correspondence for Transfer / dematerialisation of shares, payment of dividend on shares and any other query relating to shares.
- |   |                                      |
|---|--------------------------------------|
| <i>For Share held in physical form</i>  | <b>For shares held in demat form</b> |
| <b>R &amp; D Consultants Ltd.</b><br>610, Dalamal Towers<br>212, Nariman Point<br>Mumbai 400 021. | To the Depository Participant.       |

14. Registrar & Share :  
Transfer Agent
- R & D Consultants Ltd.**  
610, Dalamal Towers  
212, Nariman Point  
Mumbai 400 021.

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### COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Board of Directors  
**Shardul Securities Limited**  
Formerly known as Shriyam Securities & Finance Limited.  
715 Tulsiani Chambers  
Nariman Point  
Mumbai 400 021

We have examined the compliance of conditions of corporate governance by Shardul Securities Limited, for the year ended 31<sup>st</sup> March, 2003, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of the conditions of corporate governance is the responsibility of the management. Our examination, conducted in the manner described in the 'Guidance Note on Certification of Corporate Governance' issued by the Institute of Chartered Accountants of India, was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

We state that no investor grievance is pending for a period exceeding one month against the company as per the records maintained by the Company.

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.

For **Rajen Damani & Co.**  
*Chartered Accountants*

Place : Mumbai  
Date : 28th June 2003

**Rajen J Damani**  
*(Proprietor)*

**AUDITORS' REPORT**

To,

The Members

**Shardul Securities Limited**

(Formerly known as Shriyam Securities & Finance Limited)

We have audited the attached Balance Sheet of Shardul Securities Limited as at 31<sup>st</sup> March 2003 and also the Profit & Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956 we annexe hereto a statement on the matters specified in the said Order to the extent applicable to company.
2. Further, to our comments in the Annexure referred to in paragraph 1 above: -
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief are necessary for the purpose of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
  - c) The Balance Sheet and Profit & Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of account;
  - d) In our opinion the Balance Sheet, the Profit & Loss Account and Cash Flow Statement dealt with by this Report comply with the accounting standards referred to in section 211(3c) of the Companies Act, 1956;
  - e) As per the information and explanation given to us none of the directors of the Company is disqualified from being appointed as a director under clause (g) of sub-section (1) of Section 274 of the Companies act, 1956.
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon give the information required by the Companies Act, 1956 in the manner, so required and give true and fair view in conformity with the accounting principles generally accepted in India:
    - i) in the case of the Balance Sheet of the State of Affairs of the Company as on 31<sup>st</sup> March 2003
    - ii) in the case of the Profit & Loss Account, of the 'PROFIT' of the Company for the year ended on that date and
    - iii) in the case of Cash Flow Statement, of the Cash Flow for the year ended on that date.

**For Rajen Damani & Co.**  
Chartered Accountants

Place : Mumbai  
Date : 28<sup>th</sup> June 2003

**Rajen J. Damani**  
(Proprietor)

**ANNEXURE TO THE AUDITORS' REPORT OF SHARDUL SECURITIES LIMITED FOR  
THE YEAR ENDED 31<sup>ST</sup> MARCH 2003**

**(Referred to in paragraph 1 of our report of the even date)**

In our opinion and according to information and explanations given to us, we herein report that: -

1. The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets. According to the information and explanations given to us, the fixed assets have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable and no material discrepancies were noticed on such verification.
2. None of the fixed assets have been revalued during the year.

## ANNUAL REPORT 2002-2003

3. The stocks of shares and securities have been physically verified by the management during the year at reasonable intervals.
4. According to the explanation and information received by us, the procedure for physical verification of stocks followed by the Company is in our opinion reasonable and adequate having regard to the size of the company and the nature of its business.
5. According to the explanation and information received by us, no discrepancies have been noticed on physical verification of stocks as compared to book records.
6. In our opinion, the valuation of stocks is fair and is in accordance with the normally accepted accounting principles and is on the same basis as in the preceding years.
7. The Company has not taken any loans secured or unsecured from Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 or from the Companies under the same management as defined under Section 370(1B) of the Companies Act, 1956.
8. The Company has not granted any loans secured or unsecured to Companies, Firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 or to Companies under the same management as defined under section 370(1B) of the Companies Act, 1956.
9. In respect of other parties, to whom loans and advances in the nature of loans given, are repaying the principal amounts as stipulated and are also regular in the payment of interest, wherever applicable.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase and sale of securities and assets.
11. According to the information and explanations given to us, the Company has entered into transactions for the sale and purchase of securities and consultancy services made in pursuance of contracts or agreements entered in the Registers maintained under Section 301 of the Companies Act, 1956 (1 of 1956) and aggregating during the period to 50,000 (Fifty Thousand only) or more in respect of each party are made at price which are reasonable having regard to the prevailing market price for sale and purchase of securities and which are also reasonable having regard to the nature of services rendered.
12. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from public during the year under audit and hence the directives issued by the Reserve Bank of India and the provisions of Section 58-A of the Companies Act, 1956 and the rules framed thereunder to the extent, are not applicable to the Company.
13. In our opinion, the Company has an internal audit system commensurate with its size and nature of the business.
14. According to the records of the Company, Provident Fund dues have been regularly deposited with the appropriate authority.
15. According to the information and explanations given to us, there were no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty & Excise Duty which have remained outstanding as at the last day of the financial year for a period of more than six months from the date they become payable.
16. According to the information and explanations given to us, no personal expenses of employees or directors have been charged to the revenue account, other than those payable under contractual obligation or in accordance with the generally accepted business practices.
17. The Company, being a Finance Company, the provisions of Section 3(1)(O) of the Sick Industrial Companies (Special Provisions) Act, 1985 are not applicable to the Company.
18. As explained to us the consultancy activities of the Company does not involve any receipt, issue or consumption of materials and hence the question of recording and allocation of the same does not arise.
19. As explained to us, the consultancy activities of the company are undertaken at fees agreed with the parties and hence the Company does not consider it necessary to allocate man hours utilised to the relative jobs.
20. Since the Company's consultancy activities does not involve consumption of material and store and allocation of man- hours the questions of authorisation and internal control for the issue and allocation of stores and labour to jobs does not arise.
21. In our opinion and according to information and explanation given to us, adequate documents and 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.
22. According to the records and information made available to us, no provisions of any special statute applicable to Chit Fund, Nidhi or Mutual Benefits Society are applicable to the Company.
23. According to the information and explanation given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The investments are held by the Company in its own name except bearer investment in Indira Vikas Patra issued by Central Government.

**For Rajen Damani & Co.**  
Chartered Accountants

**Rajen J. Damani**  
(Proprietor)

Place : Mumbai  
Date : 28<sup>th</sup> June 2003

**BALANCE SHEET AS AT 31ST MARCH, 2003**
**(Rs. in Lacs)**

	Schedule	As at 31st March,2003		As at 31st March,2002	
<b>I. SOURCES OF FUNDS</b>					
<b>1. Shareholders Fund</b>					
Share Capital	A	1749.84		1749.84	
Reserves and Surplus	B	2335.11	4084.95	2259.86	4009.70
			122.02		43.23
<b>2. Deferred Tax</b>					
<b>3. Loan Funds</b>					
Secured Loans	C	652.28		—	
Unsecured Loans	D	200.08	852.36	—	—
<b>Total</b>			<b>5059.33</b>		<b>4052.93</b>
<b>II. APPLICATIONS OF FUNDS</b>					
<b>1. Fixed Assets</b>					
Gross Block	E	1913.79		1365.78	
Less: Depreciation		368.17		373.51	
Lease Adjustments		(256.37)		(267.65)	
Net Block		1289.25		724.62	
Add: Capital Work in Progress		—		626.38	
			1289.25		1351.00
<b>2. Investments</b>					
<b>3. Current Assets, Loans and Advances</b>					
Current Assets	G	2558.91		1277.82	
Loans and Advances	H	376.71		430.36	
			2935.62		1708.18
<b>Less: Current Liabilities &amp; Provisions</b>					
Current Liabilities	I	202.94		71.84	
Provisions	J	153.75		131.45	
			356.69		203.29
<b>Net Current Assets</b>			<b>2578.93</b>		<b>1504.89</b>
<b>4. Miscellaneous Expenditure</b>					
	K		9.70		19.51
<b>Total</b>			<b>5059.33</b>		<b>4052.93</b>
<b>Significant accounting policies &amp; Notes to Accounts.</b>					
	Q				

As per our report of even date

**For Rajen Damani & Co.**  
Chartered Accountants

**Rajen J. Damani**  
Proprietor

Mumbai, Dated 28th June, 2003.

For and on behalf of the Board

**Devesh Chaturvedi** - Chairman

**Dr. V. C. Shah** - Director

**Bhupendra Shroff** - Director

**Gagan Chaturvedi** - Director

**Mukesh Shroff** - Director

**R. Sundaresan** - Executive Director

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### PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2003

(Rs. in Lacs)

	Schedule	2002-2003	2001-2002
<b>INCOME</b>			
Income from Operations	L	230.85	55.63
Income from dealing in securities	M	91.17	475.49
Other Income	N	50.69	77.68
		372.71	608.80
<b>EXPENDITURE</b>			
Administrative Expenses	O	101.72	252.49
Interest & Financial Charges		36.60	124.57
Depreciation		56.75	59.71
Bad Debts Written off		—	28.25
Transferred from General Reserve.		—	(28.25)
Miscellaneous Expenditure Written Off	P	9.81	10.04
		204.88	446.81
<b>Profit before Taxation</b>		167.83	161.99
Provision for Taxation			
Current		13.20	2.00
Deferred		78.79	79.04
		91.99	81.04
<b>Profit after Taxation</b>		75.84	80.95
Prior period adjustment (net)		(0.59)	0.06
<b>Profit after prior period adjustment</b>		75.25	81.01
Surplus / (Deficit) brought forward from previous year		(848.28)	(913.09)
		(773.03)	(832.08)
<b>APPROPRIATIONS</b>			
Transferred to General Reserve (as per RBI Guidelines)		15.05	16.20
Balance carried to Balance Sheet		(788.08)	(848.28)
		(773.03)	(832.08)
<b>Basic and diluted earning per equity share of Rs.10 each (in Rupees)</b>		0.43	0.46
<b>Significant accounting policies &amp; Notes to Accounts.</b>			

As per our report of even date

**For Rajen Damani & Co.**  
Chartered Accountants

**Rajen J. Damani**

Mumbai, Dated 28th June, 2003.

For and on behalf of the Board

**Devesh Chaturvedi** - Chairman

**Dr. V. C. Shah** - Director

**Bhupendra Shroff** - Director

**Gagan Chaturvedi** - Director

**Mukesh Shroff** - Director

**R. Sundaresan** - Executive Director

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

(Rs. in Lacs)

	As at 31st March, 2003	As at 31st March, 2002
<b>SCHEDULE 'A':</b>		
<b>Share Capital</b>		
<b>Authorised</b>		
2,00,00,000 Equity Shares of Rs.10/- each	2000.00	2000.00
10,00,000 Cumulative Redeemable Preference Shares of Rs. 100/- Each	1000.00	1000.00
	<b>3000.00</b>	<b>3000.00</b>
<b>Issued and Subscribed</b>		
1,74,98,433 Equity Shares of Rs.10/- each	1749.84	1749.84
	<b>1749.84</b>	<b>1749.84</b>
<b>SCHEDULE 'B':</b>		
<b>Reserves &amp; Surplus</b>		
Capital Reserve	6.90	6.90
Share Premium Account	2666.69	2666.69
General Reserve 1		
Balance as per Last Balance Sheet	297.88	290.32
Less: Transfer to Profit & Loss Account	—	28.25
	<b>297.88</b>	<b>262.07</b>
Add : Provision for Deferred Tax	—	35.81
	<b>297.88</b>	<b>297.88</b>
General reserve 2 (As per RBI Guidelines)		
Balance as per last Balance Sheet.	136.67	120.47
Add: Transfer from Profit & Loss Account	15.05	16.20
	<b>151.72</b>	<b>136.67</b>
Profit and Loss Account	<b>(788.08)</b>	<b>(848.28)</b>
	<b>2335.11</b>	<b>2259.86</b>
<b>SCHEDULE 'C':</b>		
<b>Secured Loan</b>		
From Bank	652.28	—
(Bank overdraft is secured by way of lien on Bank fixed deposits of Rs.800.00 Lacs)	<b>652.28</b>	<b>—</b>
<b>SCHEDULE 'D':</b>		
<b>Unsecured Loan</b>		
Short term		
Inter corporate deposit	200.00	—
Interest accrued and due	0.08	—
	<b>200.08</b>	<b>—</b>

**Schedule 'E':**  
**FIXED ASSETS**

(Rs. in Lacs)

Description of Assets	Gross Block				Depreciation				Net Block		
	As at 1/4/02	Additions	Deductions	As at 31/3/03	Up to 31/03/02	For the Year	Deductions	Upto 31/3/03	Lease Adjustment	As at 31/03/03	As at 31/03/02
<b>A. Owned Assets</b>											
Office Premises	427.38	632.51		1059.88	46.40	10.30		56.70		1003.18	380.98
Computers	50.61	-	46.80	3.81	47.01	1.82	46.80	2.03		1.78	3.60
Furniture & Fixtures	70.20	0.27		70.47	25.62	4.46		30.08		40.40	44.58
Vehicles	16.64	7.02		23.67	7.46	2.17		9.62		14.04	9.18
Plant & machinery	22.14	-	1.18	20.96	7.18	1.01	0.44	7.75		13.21	14.96
<b>Total</b>	<b>586.97</b>	<b>639.80</b>	<b>47.98</b>	<b>1178.79</b>	<b>133.67</b>	<b>19.76</b>	<b>47.24</b>	<b>106.18</b>	<b>0.00</b>	<b>1072.61</b>	<b>453.30</b>
<b>B. Leased Assets</b>											
Plant & Machinery	778.81		43.81	735.00	239.83	36.99	14.84	261.99	(256.37)	216.64	271.32
<b>Total</b>	<b>778.81</b>	<b>0.00</b>	<b>43.81</b>	<b>735.00</b>	<b>239.83</b>	<b>36.99</b>	<b>14.84</b>	<b>261.99</b>	<b>(256.37)</b>	<b>216.64</b>	<b>271.32</b>
<b>Grand Total</b>	<b>1365.78</b>	<b>639.80</b>	<b>91.79</b>	<b>1913.79</b>	<b>373.50</b>	<b>56.75</b>	<b>62.08</b>	<b>368.17</b>	<b>(256.37)</b>	<b>1289.25</b>	<b>724.62</b>
Previous Year	1405.92	-	40.14	1365.78	324.88	59.71	11.08	373.51	(267.65)	724.62	
Capital Work-in-Progress										-	626.38

**Notes :**

- Office Premises includes -
  - 5 shares of Rs. 50/- each of Tulsiani Chamber Premises Co-op.Society Limited.
  - 5 shares of Rs. 50/- each of Parekh Vora Chambers Premises Co-op.Society Limited.
  - 10 shares of Rs.50/- each of Laxmi Finance & Leasing Companies Commercial Premises Co-Op.Society Limited.
- Capital Work in Progress includes cost for premises under construction and interest capitalised on loans thereon.



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### SCHEDULES FORMING PART OF THE BALANCE SHEET

		As at 31st March, 2003 Nos.	(Rs. in lacs)	As at 31st March, 2002 Nos.	(Rs. in lacs)
<b>SCHEDULE 'F'</b>					
<b>Investments</b>					
<b>Long Term Investments</b>					
<b>Quoted (Non-trade)</b>					
<b>Equity shares (Fully paid up of Rs.10/- each)</b>					
Hylden Glass Ltd.	1400	0.28		1400	0.28
Master Growth of Unit Trust of India	—	—		200	0.02
<b>Sub - Total</b>		<b>0.28</b>			<b>0.30</b>
<b>Unquoted</b>					
<b>Trade</b>					
<b>Equity shares (Fully paid up of Rs. 10 each)</b>					
<b>In Subsidiary</b>					
Shriyam Broking Intermediary Ltd.	10000000	1000.00		10000000	1000.00
<b>Others</b>					
Shriyam Infotech Corporation Ltd.	—	—		49	—
A to Z Broking Services Pvt. Ltd.	950000	95.48		—	—
<b>Non-Trade</b>					
<b>Mutual Funds</b>					
<b>Units (Fully paid up of Rs.10/- each)</b>					
Grindlay Super Saver Income Fund	—	—		1020196.21	102.74
LIC Mutual Fund Index Fund - Sensex Advantage Plan.	20000	2.00		—	—
UTI Variable Investment Scheme - Index Link Plan.	20000	2.00		—	—
Reliance Liquid Fund	—	—		359523.09	42.80
Tata Income Fund Growth Plan	247632.63	50.00			
<b>Government Securities</b>					
Indira Vikash Patra		31.69			31.69
<b>Sub total</b>		<b>1181.17</b>			<b>1177.23</b>
<b>Total Investments</b>		<b>1181.45</b>			<b>1177.53</b>
<b>Market Value of Quoted Investments</b>		<b>0.02</b>			<b>0.06</b>
<b>SCHEDULE 'G'</b>					
<b>Current Assets</b>					
Interest accrued on Investments.		4.68			0.69
Stock-in-Trade (Certified and valued by Management)		1694.79			345.03
Sundry Debtors (Unsecured, Considered good)					
Outstanding for a period -					
(a) exceeding six months.	0.05			0.05	
(b) Others					
(i) From a subsidiary Company	14.67			91.57	
(ii) From Others	33.93	48.65		2.51	94.13
<b>Cash &amp; Bank Balances</b>					
Cash in hand		0.03			0.06
Balance with Scheduled Banks					
— In Current Accounts	10.76			226.30	
— In Fixed Deposit Account	800.00			611.61	
<b>Total</b>		<b>810.76</b>		<b>837.91</b>	
<b>Total</b>		<b>2558.91</b>		<b>1277.82</b>	

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

(Rs. in Lacs)

	As at 31st March, 2003	As at 31st March, 2002
<b>SCHEDULE 'H'</b>		
<b>Loans and Advances</b>		
Sundry Deposits	350.57	350.53
Advance Income Tax (net of provisions)	10.79	36.65
Loans	5.00	8.86
Advances recoverable in cash or in kind or for value to be received	10.35	34.32
	<u>376.71</u>	<u>430.36</u>
<b>SCHEDULE 'I'</b>		
<b>Current Liabilities</b>		
Sundry Creditors	186.89	48.50
Unclaimed Dividend	7.03	7.06
Other Liabilities	9.02	16.28
	<u>202.94</u>	<u>71.84</u>
<b>SCHEDULE 'J'</b>		
<b>Provisions</b>		
Provision for sub standard and doubtful assets	153.75	131.45
	<u>153.75</u>	<u>131.45</u>
<b>SCHEDULE 'K'</b>		
<b>Miscellaneous Expenditure</b>		
(To the extent not written off or adjusted)		
Preliminary Expenses	—	0.09
Deferred Revenue Expenses	9.70	19.42
	<u>9.70</u>	<u>19.51</u>

**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT**

(Rs. in Lacs)

	2002-2003	2001-2002
<b>SCHEDULE 'L'</b>		
<b>Income from Operations</b>		
Interest	118.39	44.64
(Tax deducted at source Rs.15.04 Lacs Previous year Rs.6.17 lacs)		
Lease Income	7.16	10.74
Less : Lease equalisation	—	—
	<u>105.30</u>	<u>0.25</u>
Consultancy Fees (Tax deducted at source Rs.5.51 Previous year Rs.Nil)	230.85	55.63
	<u>230.85</u>	<u>55.63</u>

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### SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

(Rs. in Lacs)

	2002-2003	2001-2002
<b>SCHEDULE 'M'</b>		
<b>Income from dealing in securities</b>		
Profit on sale of investments (Net)	2.58	1.27
Profit on dealing in stocks	88.59	474.22
	91.17	475.49
<b>SCHEDULE 'N'</b>		
<b>Other Income</b>		
Dividend		
From Others	9.00	7.33
From Investments	3.86	40.57
Previous year Rs.Nil		
(Tax deducted at source of Rs. 1.27 Lacs)		
Bad debts recovered	25.73	17.00
Rent and Compensation	9.00	7.50
Miscellaneous Income	3.10	5.28
	50.69	77.68
<b>SCHEDULE 'O'</b>		
<b>Administrative Expenses</b>		
Payment to Employees		
- Salary, Bonus & Allowance	7.12	5.16
- Contribution to Provident & Other Fund	0.28	—
- Welfare Expenses	0.07	0.17
	7.47	5.33
Professional and Other Service Charges	25.64	84.56
Membership and Subscriptions	0.44	0.18
Rent, Rates and Taxes	5.07	0.16
Postage and Telegrams	0.95	0.69
Advertisement and Business Promotion	0.48	13.74
Repairs and Maintenance	0.25	1.07
Printing and Stationery	1.01	1.05
Payment to Auditors	0.53	0.53
Directors Sitting Fees	0.28	0.45
Loss on sale of Fixed Assets (Net)	12.22	0.06
Travelling and Conveyance	3.66	5.48
Electricity Charges	6.94	7.89
Donations	6.00	1.00
Provision for sub standard and doubtful assets	27.98	125.78
Miscellaneous Expenses	2.80	4.52
	101.72	252.49
<b>SCHEDULE 'P'</b>		
<b>Miscellaneous Expenditure written off</b>		
Preliminary Expenses	0.09	0.20
Deferred Revenue Expenses	9.72	9.84
	9.81	10.04

**SCHEDULE 'Q'**

**Significant accounting policies & Notes on Accounts**

**1. Significant Accounting Policies :**

**(A) Basis of preparation of Financial Statements :**

- i) The financial statements have been prepared under the historical cost convention, in accordance with the generally accepted accounting principles and the provisions of the Companies Act 1956, as adopted consistently by the Company.
- ii) All items of income and expenditure having a material bearing on the financial statements are recognised on accrual basis.

**(B) Revenue Recognition :**

- i) *Lease Rentals:*  
Lease rentals are accounted on the accrual basis.
- ii) *Credit Syndication and other Services:*  
Income is recognised upon completion of the respective assignments.

**(C) Fixed Assets :**

The Fixed Assets are stated at Cost less accumulated depreciation and after taking into consideration the lease adjustment account. All cost including financing costs relating to the borrowings attributable to the Fixed Assets are capitalised till the asset is put to use.

**(D) Capital Work-in-Progress:**

Capital Work-in-Progress includes Cost of Assets and interest on the funds deployed thereon.

**(E) Depreciation:**

Depreciation is provided on Straight Line Method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

**(F) Lease Transactions:**

The lease transactions for the year have been accounted / restated as per the guidance note issued by the Institute of Chartered Accountants of India on Accounting for leases.

**(G) Foreign Currency Transactions :**

Revenue and Expenditures transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of the transaction.

**(H) Borrowing Costs:**

Borrowing Costs which are directly attributable to the acquisition / construction of fixed assets, till the time such assets are ready for intended use, are capitalised as part of the assets. Other borrowing costs are recognised as an expense in the year in which they are incurred.

**(I) Miscellaneous Expenditures :**

Preliminary expenses and deferred revenue expenditure are written off over the period of the enduring benefit of such expenses.

**(J) Investments :**

Company has followed "Accounting for Investments" (AS13) issued by Institute of Chartered Accountants of India which is mandatory with effect from 1st April 1995 and accordingly :

- i) Investments are classified into current investments and long term investments.
- ii) Current Investments are valued, scripwise, at cost or market price whichever is lower.
- iii) Long term investments are valued at cost. Provision for diminution is made scripwise to recognise a decline, other than temporary.

**(K) Stock-in Trade :**

Company has followed "Valuation of Inventories" (AS 2) issued by Institute of Chartered Accountants of India which is mandatory with effect from 1st April 1999 and accordingly stock-in-trade is valued scripwise, at Cost or Market Price whichever is lower.

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### 2. Notes on Accounts :

(A) (i) The Company has followed the Reserve Bank of India Guidelines applicable to the Non Banking Financial Companies in respect of prudential norms for Income Recognition, Assets Classification and Capital Adequacy.

(ii) In compliance with the Prudential Norms issued by the Reserve Bank of India, effective May, 1998 the unrealised interest / lease income on accounts which have been classified as non-performing assets has been reversed. Bad debts amounting to Rs. NIL (Previous Year Rs.28.25 lacs) have also been charged to the Profit & Loss Account. This charge of Rs.NIL (Previous Year Rs.28.25 lacs) has been adjusted against withdrawal from General Reserve.

(B) In the opinion of the Board, the Current Assets, Loans & Advances are approximately of the value stated, if realised in the ordinary course of business. The provisions of all known liabilities are adequate and neither in excess of or nor short of the amounts reasonably necessary.

(C) Information in respect of Opening Stock, Purchases, Sales and Closing Stock :

Particulars	Current Year		Previous Year	
	Quantity (Lacs)	Value (Rs. in lacs)	Quantity (Lacs)	Value (Rs. in lacs)
<b>Opening stock</b>				
- Shares / Sensex	3.30	306.80	2.70	424.38
- Bond	0.37	38.23	0.02	2.15
<b>Total</b>	<b>3.67</b>	<b>345.03</b>	<b>2.72</b>	<b>426.53</b>
<b>Purchases/Transfers</b>				
Shares / Sensex	65.44	10694.24	28.04	3657.00
Bonds	442.96	48794.33	3082.47	347297.74
<b>Total</b>	<b>508.40</b>	<b>59488.57</b>	<b>3110.51</b>	<b>350954.74</b>
<b>Sales / Transfers</b>				
Shares / Sensex	64.95	10824.05	27.44	3784.25
Bonds	429.15	47403.35	3082.12	347726.21
<b>Total</b>	<b>494.10</b>	<b>58227.40</b>	<b>3109.56</b>	<b>351510.46</b>
<b>Closing Stock</b>				
Shares / Sensex	3.79	184.72	3.30	306.80
Bonds	14.18	1510.07	0.37	38.23
<b>Total</b>	<b>17.97</b>	<b>1694.79</b>	<b>3.67</b>	<b>345.03</b>

(Rs.in lacs)

**2002-2003**

2001-2002

(D) (i) Expenditure in Foreign Currency.

—4                      0.06

(ii) Earning in Foreign Currency.

—                              —

(E) Interest Income include Rs.3.99 Lacs (Previous Year Rs.0.69) as interest earned on Long Term Investments.

(F) **Earning per Share :**

**2002-2003**

2001-2002

(i) Net Profit after tax available for Equity Shareholders (Rs. in lacs)

**75.25**                      81.01

(ii) Weighted average of number of Equity Shares outstanding during the year (in lacs).

**174.98**                      174.98

(iii) Basic and Diluted Earnings per share of Rs.10/- each (in Rs.)

**0.43**                      0.46

**(G) Related Party Disclosures**

List of related parties with whom transactions have taken place during the year :

- i) Subsidiaries :  
Shriyam Broking Intermediary Limited.
- ii) Associates :  
A to Z Broking Services Pvt. Ltd.  
Pradeep Sandeep Trading & Investments Pvt. Ltd.  
Shriyam Counter Trading Pvt. Ltd.  
Shriyam Corporate Services Pvt. Ltd. (Until May 2002)  
Shriyam Infotech Corporation Limited (Until March, 2003)  
Chaturvedi & Shah
- iii) Key Managerial Personnel and their relatives :  
Shri R. Sundaresan - Executive Director  
Shri Viraf Katrak - Chief Executive Officer.  
Mrs. Binaifer V.Katrah - Relative of Shri Viraf Katrak
- iv) Transactions during the year with related parties. Reimbursement of expenses has not been treated as related party transactions.

	(Rs. in lacs)			
	Subsidiaries	Associates	Key Management Personnel & Relatives.	Total
<b>Loans / Advances taken</b>				
a) Taken during the year.	—	60.00	—	60.00
	(—)	(149.00)	(—)	(149.00)
b) Returned during the year.	—	60.00	—	60.00
	(—)	(149.00)	(—)	(149.00)
c) Balance as at 31 <sup>st</sup> March, 2003.	—	—	—	—
	(—)	(—)	(—)	(—)
<b>Investments</b>				
a) Balance as at 31 <sup>st</sup> March, 03	1000.00	95.48	—	1095.48
	(1000.00)	(—)	(—)	(1000.00)
<b>Stock-in-trade</b>				
a) Purchased during the year.	—	—	—	—
	(—)	(4608.23)	(—)	(4608.23)
b) Sales / Redeemed during the year.	—	—	—	—
	(—)	(4577.38)	(—)	(4577.38)
c) Brokerage paid during the year.	4.32	—	—	4.32
	(2.41)	(—)	(—)	(2.41)
d) Balance as at 31 <sup>st</sup> March, 2003.	—	—	—	—
	(—)	(—)	(—)	(—)
<b>Sundry Debtors as at 31<sup>st</sup> March, 2003.</b>				
	14.67	—	—	14.67
	(91.57)	(—)	(—)	(91.57)
<b>Loans / Advances and Deposits to Others</b>				
a) Given during the year	—	9.00	—	9.00
	(—)	(—)	(—)	(—)
b) Returned during the year.	—	9.00	—	9.00
	(—)	(—)	(0.25)	(0.25)
c) Balance as at 31 <sup>st</sup> March, 2003.	—	350.00	—	350.00
	(—)	(350.00)	(—)	(350.00)
<b>Income</b>				
Received from services.	—	105.00	—	105.00
	(—)	(—)	(—)	(—)
<b>Expenditure</b>				
a) Payments and provisions for Remuneration & Services.	20.00	—	5.69	25.69
	(20.00)	(—)	(5.46)	(25.46)
<b>Contingent Liability</b>				
a) Bank Guarantees as at 31 <sup>st</sup> March, 2003.	110.00	—	—	110.00
	(250.00)	(—)	(—)	(250.00)

Figures in bracket indicates previous year.

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(H) In the opinion of the management the Company is mainly engaged in the business of Investment Activities and all other activities of the Company revolve around the main business, and as such, there are no separate reportable segments.

(I) Disclosure of loans / advances and investments in its own shares by the listed companies, their subsidiaries, associates etc. (as certified by the management).

<b>Particulars</b>	<b>Outstanding Balance as on 31<sup>st</sup> March, 2003</b>	<b>(Rs. in Lacs) Maximum Balance Outstanding during the year</b>
i) Loans and advances in the nature of loans to subsidiaries	Nil	Nil
ii) Loans and advances in the nature of loans to associates A to Z Broking Services Pvt. Ltd.	Nil	9.00
iii) Loans and advances in the nature of loan where there is a) no repayment schedule or repayment beyond seven years.	Nil	Nil
b) No interest or interest below section 372A of the Companies Act – A to Z Broking Services Pvt. Ltd.	Nil	9.00
Loan to employee (in ordinary course of business)	Nil	1.54
iv) Loans and advances in nature of loans to firms / companies in which directors are interested.	Nil	Nil
v) Investments by loanee in the shares of parent company and subsidiary company when the company has made a loan or advance in the nature of loan - A to Z Broking Services Pvt. Ltd.	<b>No. of shares 1587150</b>	<b>(Rs. in lacs) Amount 174.75</b>

(J) **Deferred Tax :**

The break-up of deferred tax Liability as at March 31, 2003 is as under :

	<b>Deferred Tax Asset</b>	<b>(Rs. in lacs) Deferred Tax Liability</b>
Timing Differences on account of :		
Fixed Assets	—	254.30
Unabsorbed Depreciation Loss.	13.30	—
Carry forward and business Loss / Capital Loss.	118.98	—
<b>Total</b>	<b>132.28</b>	<b>254.30</b>
<b>Net Deferred Tax Liabilities.</b>		<b>122.02</b>

(K) **Taxation :**

Provision for Taxation for the current year has been made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961.

(L) **Payments to Auditors :**

	<b>Current Year</b>	<b>(Rs. in Lacs) Previous Year</b>
Audit Fees	0.31	0.31
Tax Audit Fees	0.11	0.11
Certification Charges	0.11	0.11
<b>TOTAL</b>	<b>0.53</b>	<b>0.53</b>

(Payment of professional fees to a firm in which the auditor is interested as a partner Current Year Rs. 0.28 Lacs (Previous year Rs.Nil).

(M) **Directors Remuneration :**

Salary to Executive Directors as under :

Shri R. Sundaresan Rs. 3.25 Lacs ( P.Y. Rs. 1.71 Lacs)

The company is of the opinion that the computation of net profit under section 349 of the Companies Act, 1956 is not required to be made as no commission is paid / payable to the Directors for the year ended 31st March, 2003.

(N) Previous year's figures have been regrouped, rearranged and / or reclassified wherever necessary.

(O) Disclosure of details as required by Para 9BB of Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.

Particulars	(Rs. in lacs)	
	Amount Outstanding	Amount Overdue
i) Loans and advances availed by NBFC inclusive of interest thereon but not paid		
a) Debentures		
1) Secured	—	—
b) Inter-corporate loans and borrowings	200.08	—
c) Other Public Deposits	—	—
d) Security Deposit – Lease	—	—
e) Assigned Liabilities	—	—
ii) Break up of Loans and Advances including bills receivable (other than those included in (iii) below)		
a) Secured	—	—
b) Unsecured	376.71	—
iii) Break up of Leased Assets and Stock on hire and hypothecation loans towards Equipment Leasing, Hire Purchase activities.		
a) Lease assets (including Receivables for Assets on Lease) including lease rentals under sundry debtors.		
1) Financial Lease (Net of depreciation and lease adjustment).	217.13	0.05
2) Operating Lease.	—	—
iv) Break up of investments		
a) Current Investments		
1) Quoted		
• Shares		
- Equity	158.30	
• Debentures and Bonds	1510.07	
• PSU Bonds	—	
2) Unquoted		
• Shares		
- Equity	26.42	
• Debentures and Bonds	—	
b) Long Term Investments		
1) Quoted		
• Shares	0.28	
- Equity		
2) Unquoted		
• Shares		
- Equity	1095.48	
- Preference	—	
• Debentures, Bonds and Units	54.00	
• Government Securities	31.69	
• PSU Bonds	—	



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	Amount (Net of Provisions)		
	Secured	Unsecured	Total
v) Borrower group-wise classification of all leased assets (including Receivables for Assets on Lease), stock on hire and loans and advances.			
a) Related Parties			
1) Subsidiaries			
2) Companies in the same group		350.00	350.00
3) Other related parties			
b) Other than related parties	217.13	26.71	243.84
Total	217.13	376.71	593.84
vi) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)		<b>Market Value / Break up Value or fair value or NAV</b>	<b>Book Value (net of provisions)</b>
a) Related Parties			
1) Subsidiaries		1071.73	1000.00
2) Companies in the same group			
3) Other related parties		108.30	95.48
b) Other than related parties		1785.43	1780.76
Total		2965.46	2876.24
		<b>Amount</b>	
vii) Other information			
a) Gross Non Performing Assets			
1) Related parties		—	
2) Other than related parties		251.56	
b) Net Non Performing Assets			
1) Related Parties		—	
2) Other than related parties		153.75	
c) Assets acquired in satisfaction of debt		—	

(P) **Stock in Trade**

	As at 31/03/2003		(Rs. in lacs) As at 31/03/2002	
	Quantity	Value	Quantity	Value
<b>Equity Shares</b>				
Apollo Tyres Limited	150	0.07	150	0.07
Asian Paint (India) Limited	-	-	3,000	9.42
ATV Project (India) Limited	650	-	650	-
Aurobindo Pharma Limited	2,418	5.12	-	-
Rayban Sun Optics India Limited	-	-	20,000	9.83
Bharat Earth Movers Limited	-	-	5,000	2.34
Bharat Petroleum Corporation Ltd.	-	-	5,000	15.66
Bluedart Express Limited	-	-	4,000	3.34
Bajaj Auto Finance Limited	7,893	3.68	-	-
Bayer ABS Limited	23,945	14.31	-	-
C-Mac Entum Electronics Limited	-	-	2,050	0.89
e-Serve International Limited	-	-	1,300	6.59
Colour Chem Limited	-	-	2,000	2.41
Container Corporation of India Ltd.	-	-	3,000	7.48
Crompton Greaves Limited	-	-	5,000	2.15
Cybermate Infotech Limited	15,000	0.60	15,000	1.25
Dabur India Limited	10,000	3.59	2,000	1.11
Digital Global Soft. Limited	-	-	500	2.83
DCM Shriram Consolidated Limited	16,530	8.65	-	-
ETC Networks Limited	-	-	10,000	2.92
Eicher Motors Limited	1,749	1.21	-	-
Encore Software Limited	7,000	0.67	-	-
Federal Tech. Limited	4,800	0.48	4,800	0.48
Great Eastern Shipping Co. Ltd.	-	-	15,000	4.51
Global Telesystems Limited	-	-	5,000	5.24

**(P) Stock in Trade**

	As at 31/03/2003		(Rs. in lacs) As at 31/03/2002	
	Quantity	Value	Quantity	Value
<b>Equity Shares</b>				
Global Trust Bank Limited	-	-	20,000	5.27
Goodlass Nerolac Paints Limited	-	-	4,000	4.36
Gujarat Industries Power Co. Ltd.	45,000	6.84	-	-
Hindustan Ink & Resins Limited	-	-	5,000	15.63
Hughes Software Systems Limited	-	-	35	0.10
Himatsingka Seide Limited	10,000	10.09	-	-
Hindustan Power Plus Limited	25,000	7.93	-	-
Hindustan Construction Co. Ltd.	29,132	16.63	-	-
IDBI Bank Limited	-	-	5,000	1.40
Indian Glycols Limited	100	0.02	100	0.02
Infosys Technologies Limited	-	-	1,000	37.35
Jupiter Bioscience Limited	10,000	3.58	-	-
Jindal Steel & Power Limited	7,000	22.45	-	-
Karnataka Bank Limited	-	-	4,600	5.73
Karturi.Com Limited	1,800	0.03	1,800	0.03
Kerbs Biochemicals Limited	-	-	5,000	5.46
Korparan Limited	20,000	3.69	-	-
Kochi Refineries Limited	3,750	1.55	-	-
Macmillan India Limited	-	-	1,000	2.97
Mafatlal Industries Limited	3	-	3	-
Maharashtra Scooters Limited	-	-	5,000	2.30
Marico Industries Limited	-	-	4,050	10.47
Modern Syntex (India) Limited	21	-	21	-
Modern Threads (India) Limited	20	-	20	-
Moulik Finance & Resorts Limited	21,000	-	21,000	-
Monsanto India Limited	1,000	4.64	-	-
Novartis India Limited	-	-	2,000	4.84
Nicholas Piramal India Limited	4,500	9.28	-	-
NRB Bearings Limited	8,799	5.29	-	-
Odessey Technologies Limited	-	-	15,000	6.35
Oriental Bank of Commerce	-	-	5,000	1.94
Pritishnandy Communications Ltd.	-	-	10,000	3.69
Paraj Industries Limited	10,000	4.99	-	-
Ranbaxy Laboratories Limited	-	-	1,000	8.78
Ritesh Polyesters Limited	29,200	-	29,200	-
Radico Khaitan Limited	16,566	5.37	-	-
Shipping Corporation of India Limited	-	-	10,000	6.42
Shriram Honda Power Equipment Ltd.	-	-	3,040	2.61
South East Asia Mariner & Construction Ltd.	-	-	20,000	16.61
Sri Adhikari Brothers Television Ltd.	-	-	500	0.81
Subex Systems Limited	-	-	16,400	20.09
Sudarshan Chemicals Limited	12	-	12	-
Sundaram Fastners Limited	-	-	10,000	23.55
Sygenta Software Limited	-	-	5,000	4.32
Samtel Colours Limited	35,800	6.46	-	-
Sun Pharmaceutical Industries Ltd.	2,000	5.41	-	-
Tata Telecom Limited	-	-	5,000	8.49

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(P) Stock in Trade	As at 31/03/2003		(Rs. in lacs) As at 31/03/2002	
	Quantity	Value	Quantity	Value
<b>Equity Shares</b>				
Videsh Sanchar Nigam Limited	-	-	5,000	9.35
Visual Soft Technologies Limited	-	-	5,000	12.44
Wockhardt Limited	-	-	1,000	5.57
West Coast Paper Mills Limited	6,010	5.47	-	-
Zuari Industries Limited	-	-	5,750	1.33
Nifty Apr1010caleur	1,000	0.20	-	-
Vidushan Comm. & Investment Pvt. Ltd.	950	26.42	-	-
<b>Total Equity Shares</b>	<b>3,78,698</b>	<b>184.72</b>	<b>3,29,981</b>	<b>306.80</b>
<b>Government Securities</b>				
GOI 10.18% Loan 2026	-	-	1,000	1.22
WBSDL 11.50% 2008	-	-	2,000	1.88
<b>Total Government Securities</b>	<b>-</b>	<b>-</b>	<b>3,000</b>	<b>3.10</b>
<b>BONDS</b>				
<b>A. State Govt. Guarantee Bonds</b>				
MSRDS 13.50% Bonds 2011	-	-	34000	35.13
APPFCL 12.50% Bonds 2013	25,000	26.96	-	-
APPFCL 11.60% Bonds 2014	2,28,000	242.22	-	-
13.25% Kerala Infra Inv. Bonds 2006	40,000	42.08	-	-
<b>Total State Govt. Guarantee Bonds</b>	<b>2,93,000</b>	<b>311.25</b>	<b>34,000</b>	<b>35.13</b>
<b>B. PSU BONDS</b>				
IIBI 13.00% Bonds (SLR) 2007	5,000	6.24	-	-
IFCI 13.00% Bonds (SLR) 2008	10,000	10.96	-	-
SSNNL 9.50% Bonds 2009	30,000	31.28	-	-
IFCI 12.00% Bonds (SLR) 2012	25,000	28.15	-	-
IFCI 11.50% Bonds (SLR) 2008 – (14/06/2008)	10,000	10.55	-	-
IFCI 11.50% Bonds (SLR) 2008 – (13/12/2008)	35,000	36.91	-	-
SAIL 14.00% Bonds 2005	10,000	10.79	-	-
IFCI 11.50% (SLR) Bonds 2009 – (30/05/2009)	10,00,000	1,063.93	-	-
<b>Total PSU Bonds</b>	<b>11,25,000</b>	<b>1,198.81</b>	<b>-</b>	<b>-</b>
<b>Grand Total</b>	<b>17,96,698</b>	<b>1,694.79</b>	<b>3,66,981</b>	<b>345.03</b>
<b>(Q) Contingent Liabilities:</b>				
				<b>Rs. in Lacs</b>
<b>Particulars</b>		<b>As at 31.3.2003</b>		<b>As at 31.3.2002</b>
Allotment money & Calls unpaid on partly paid shares / Debentures		2.19		2.19
Bank Guarantees Outstanding		110.00		250.00

As per our report of even date

For and on behalf of the Board

**For Rajen Damani & Co.**

**Devsh Chaturvedi** - Chairman

Chartered Accountants

**Dr. V. C. Shah** - Director

**Bhupendra Shroff** - Director

**Rajen J. Damani**

**Gagan Chaturvedi** - Director

Proprietor

**Mukesh Shroff** - Director

**R. Sundaresan** - Executive Director

Mumbai, Dated 28th June, 2003.

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**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**  
**PART IV**

**I. Registration details**

Registration No.	11-36937	State Code	11
Balance Sheet Date	31/03/2003		

**II. Capital raised during the year (Amount in Rs. Thousands)**

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

**III. Position of Mobilisation and deployment of funds ( Amount in Rs. Thousands)**

Total liabilities	505933	Total Assets	505933
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**Sources of Funds**

Paid-up Capital	174984	Reserves and surplus	233511
Secured Loans	65228	Deferred Tax	12202
		Unsecured Loans	20008

**Application of funds**

Net fixed assets	128925	Investments	118145
Net current assets	257893	Misc. Expenditure	970
Accumulated losses	Nil		

**IV. Performance of company (Amount in Rs. Thousands)**

Turnover	37271	Total Expenditure	20488
Profit before tax	16783	Profit after tax	7525
Earning per share (in Rs.)	0.43	Dividend rate (%)	—

**V. Generic names of three principal products / services of company (as per monetary terms)**

Item Code No. (ITC Code)	—
Service Description.	Investments, Finance & Other related activities.

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As per our report of even date

For and on behalf of the Board

**For Rajen Damani & Co.**
**Devesh Chaturvedi** - *Chairman*
*Chartered Accountants*
**Dr. V.C. Shah** - *Director*
**Bhupendra Shroff** - *Director*
**Rajen J. Damani**
**Gagan Chaturvedi** - *Director*
*Proprietor*
**Mukesh Shroff** - *Director*
**R. Sundaresan** - *Executive Director*

Mumbai, Dated 28th June, 2003.

## ANNUAL REPORT 2002-2003

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2003.

	2002-2003	2001-2002
<b>A. Cash Flow from operating activities</b>		
Net Profit before tax and prior period items	167.83	161.99
Adjustments for:		
Non cash Items	94.54	195.53
Investments	(2.58)	(1.27)
Fixed Assets	12.22	0.06
Interest received on Investments	(3.99)	(0.69)
Dividend received on Investments	(3.86)	(40.57)
	96.33	153.06
Operating Profit before working capital changes	264.16	315.05
Adjustments for:		
Trade & Receivables	41.50	283.19
Inventories	(1349.76)	81.50
Trade Payable	131.10	43.31
Loans & Advances	53.65	103.81
	(1123.51)	511.81
Cash (used) in / generated from operations	(859.35)	826.86
Direct Taxes paid	(13.20)	(2.00)
Cash (outflow) / inflow before prior period items	(872.55)	824.86
Prior period items	(0.59)	0.06
Net Cash (used) in / from operation activities	(873.14)	824.92
<b>B. Cash flow from investing activities</b>		
Purchase of fixed assets (including capital work-in-progress)	(13.42)	(29.35)
Sale of fixed assets	0.53	0.80
Purchase of Investments	(4712.51)	(1507.26)
Sale of investments	4711.15	1331.31
Interest received on investments	3.99	0.69
Dividend received on investments	3.86	40.57
	(6.40)	(163.24)
Net cash (used) in investing activities	(6.40)	(163.24)
<b>C. Cash flow from financing activities</b>		
Bank borrowing	652.28	—
Inter corporate deposit	200.08	—
	852.36	—
Net cash from financing activities	852.36	—
Net (decrease) / increase in cash and cash equivalents	(27.18)	661.68
Cash and cash equivalents as at 1st April 2002	837.97	176.29
Cash and cash equivalents as at 31st March 2003	810.79	837.97

As per our report of even date

For and on behalf of the Board

For Rajen Damani & Co.

Devesh Chaturvedi - Chairman

Chartered Accountants

Dr. V.C. Shah - Director

Bhupendra Shroff - Director

Rajen J. Damani

Gagan Chaturvedi - Director

Proprietor

Mukesh Shroff - Director

R. Sundaresan - Executive Director

Mumbai, Dated 28th June, 2003.

**Statement Pursuant To Section 212 Of The Companies Act, 1956 Relating To Companies Interest  
In The Subsidiary Company.**

- a) Name of subsidiary Company : Shriyam Broking Intermediary Limited
- b) Date from which it became subsidiary. : September 27, 1994.
- c) Number of shares held by  
Shardul Securities Limited  
with its nominee in the  
subsidiary as at 31/03/2003. : 1,00,00,000 Equity Shares of Rs.10/- each.
- d) Extent of interest of holding  
Company in the subsidiary as at  
31/03/2003. : 100 %.
- e) Net aggregate amount of the  
subsidiary Company's profit/  
(loss) not dealt with in the  
Company's accounts. :
- i. For the subsidiary Company's  
year ended 31/03/2003. : Rs. 10.35 lacs
- ii. For the previous financial  
year since it became a  
subsidiary. : Rs. 62.02 lacs
- f) Net aggregate amount of the  
subsidiary Company's profit/loss dealt  
with in the Company's accounts. : Not Applicable.
- i. For subsidiary Company's  
period ended 31/03/2003. : NIL
- ii. For the previous Financial  
year since it became a subsidiary. : NIL

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For and on behalf of the Board

**Devesh Chaturvedi** - *Chairman*  
**Dr. V.C. Shah** - *Director*  
**Bhupendra Shroff** - *Director*  
**Gagan Chaturvedi** - *Director*  
**Mukesh Shroff** - *Director*  
**R. Sundaresan** - *Executive Director*

Mumbai, Dated 28th June, 2003.

# SHRIYAM

## BROKING INTERMEDIARY LIMITED

**BOARD OF DIRECTORS**

Shri Viraf Katrak

Shri R. Sundaresan

Shri Yogendra Chaturvedi

Shri Makhanlal Chaturvedi

**AUDITORS**

Pathak H. D. &amp; Associates

**BANKERS**

HDFC Bank Ltd.

**REGISTERED OFFICE**712 - 715, Tulsiani Chambers  
212, Nariman Point, MUMBAI - 400 021.**DIRECTORS' REPORT**

To,

The Members of  
Shriyam Broking Intermediary Limited,  
Mumbai.

Your Directors have pleasure in presenting the Eighth Annual Report of your Company together with Audited Statement of Accounts for the year ended 31st March 2003.

**1. FINANCIAL RESULTS AND REVIEW OF OPERATIONS :-**

Audited Financial results for the year ended 31st March 2003 :-

	(Rs.in lacs)	
	As at 31st March, 2003	As at 31st March, 2002
Gross Income	244.45	238.46
<b>Less:</b> Expenditure	226.45	207.13
Profit before taxation	18.00	31.33
<b>Less:</b> Provision for taxation		
<b>Current</b>	8.00	5.25
Deferred	(0.35)	0.32
Net Profit	10.35	25.76

During the year under review, the capital markets continued to be sluggish due to the impact of recessionary trend in the global economy and the equity markets in particular witnessed a thin volume in trading. No new issues of significant size or volume came up during the year, which could have triggered a positive impact on the capital market as well. However, the debt market continued to witness yet another year of big volumes, thanks to the falling interest rates on government borrowings and also the lowering of interest rates by R.B.I through open market operations. Your Company has also taken advantage of the situation and achieved a turnover of more than Rs.35,000 crores in debt market broking.

**2. DIVIDEND: -**

In order to consolidate, the Company has not declared any dividend for this year.

**3. FUTURE OUTLOOK / PLAN: -**

Sign of recovery in the market is visible and the capital market has already witnessed improving volumes during the beginning of the current year with a new issue viz., Maruti Udyog Ltd. hitting the market with great success. The coming year is likely to witness volume based trading, both in equity markets and debt markets and should auger well for your company to position itself well to achieve better working results.

**4. DIRECTORS: -**

Mr.Viraf Katrak and Mr.Makhanlal Chaturvedi retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

**5. DIRECTORS' RESPONSIBILITY STATEMENT: -**

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed :-

- (i) That in the preparation of the accounts for the financial year ended 31<sup>st</sup> March, 2003, the applicable accounting standards have been followed alongwith proper explanations relating to material departures;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) 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;

(iv) That the Directors have prepared the accounts for the financial year ended 31<sup>st</sup> March 2003 on a 'going concern' basis.

**6. AUDITORS :-**

M/s.Pathak H.D. & Associates, the Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting. The Company has received letter from them to the effect that their appointment, if made, would be within the prescribed limit under section 224(1-B) of the Companies Act, 1956.

**7. CONSTITUTION OF AUDIT COMMITTEE :-**

As required by the provisions of Section 292A of the Companies Act, 1956, the Board of Directors had constituted Audit Committee comprising of three Directors i.e. Mr.R. Sundaresan, Mr.Viraf Katrak and Mr. Yogendra Chaturvedi. During the year Committee meetings were held on 25<sup>th</sup> June 2002, 15<sup>th</sup> September 2002, 20<sup>th</sup> November 2002 and on 20<sup>th</sup> February 2003 and all Committee members were present at all the meetings.

**8. DEPOSITS :-**

The Company has not accepted any deposits from the public. Hence no information is required to be appended to this Report.

**9. STATUTORY INFORMATION :-**

**1. Personnel :-**

Details of remuneration paid to employees as required by section 217(2A) of the Companies Act, 1956, is not applicable to the company as none of the employees is paid remuneration as stipulated in that section.

**2. Particulars required to be furnished by the Companies (Disclosure of particulars to the Report of Board of Directors) Rules, 1988 :-**

- (i) Part A & B pertaining to conservation of Energy and Technology Absorption are not applicable to the Company.
- (ii) Foreign Exchange earning and outgo: The Company has not earned any Foreign Exchange and also there is no Foreign Exchange outflow during the year.

**10. ACKNOWLEDGEMENT :-**

Your Directors would like to express their appreciation of the co-operation and assistance received from the bankers, business constituents and holding company - Shardul Securities Limited during the year under review.

Your Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers and staff, resulting in the successful performance during the year.

**For and on behalf of the Board**

Place : Mumbai  
Date : 28.06.2003

**[R.Sundaresan]**  
Chairman

Regd. Office :  
712-715, Tulsiani Chambers,  
212, Nariman Point,  
Mumbai 400 021.

**AUDITORS' REPORT**

To

The Members of  
Shriyam Broking Intermediary Limited.

We have audited the attached Balance Sheet of SHRIYAM BROKING INTERMEDIARY LIMITED as at 31<sup>st</sup> March 2003 and the Profit and Loss Account for the year ended on that date annexed thereto and report that :

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable to the Company.
2. Further to our comments in the Annexure referred to in paragraph (1) above :-
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c) The Balance Sheet and the Profit and Loss Account referred to in this report are in agreement with the books of account.
  - d) In our opinion and to the best of our information and according to the explanation given to us the said Balance Sheet and Profit and Loss Account read together with the notes thereon, give the information required under the Companies Act, 1956 in the manner so required and give a true and fair view :
    - i) in the case of Balance Sheet of the State of Affairs of the Company as at 31<sup>st</sup> March 2003, and
    - ii) in the case of the Profit and Loss Account of the profit of the company for the year ended on that date.
  - e) In our opinion, and based on information and explanations given to us, none of the directors are disqualified as on 31<sup>st</sup> March 2003 from being appointed, as directors in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
  - f) In our opinion, the Profit & Loss Account and the Balance Sheet comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

**For PATHAK H. D. & ASSOCIATES**  
Chartered Accountants

Place : Mumbai  
Date : 28<sup>th</sup> June, 2003

**(R. S. VAHIA)**  
Partner



## ANNUAL REPORT 2002-2003

### ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE AUDITORS REPORT OF EVEN DATE

1. The Company has maintained proper records showing full particulars including quantitative details and location of fixed assets. The fixed assets have been physically verified by the management during the year. No discrepancies were noticed on such verification, as compared to the available records.
2. None of the fixed assets have been revalued during the year.
3. As explained to us, the Stocks of shares etc. have been physically verified by Management at reasonable intervals.
4. In our opinion and according to the information and explanations given to us, the procedure for physical verification of stocks followed by the Management is reasonable and adequate in relation to the size of the Company and the nature of its business.
5. As explained to us, no discrepancies have been noticed on physical verification of stocks as compared to book records.
6. In our opinion and on the basis of our examination the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles.
7. The Company has not taken any, loan secured or unsecured from the Companies, firms other parties as listed in the register maintained under Section 301 of the Companies Act, 1956. As per the information and the explanations given to us there is no Company under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956.
8. The Company has not granted any loan to the Companies, firm or other parties as listed in the register maintained under Section 301 of the Companies Act, 1956. As per the information and the explanations given to us there is no company under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956.
9. In respect of Loans & advances in the nature of loan given by the company, the parties have generally repaid the principal amount as stipulated and have also been generally regular in the payment of interest, where applicable.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for purchase of office equipment's, computers and other assets.
11. According to information and the explanations given to us, there are no transactions of purchase of goods materials and services made in pursuance of contracts or arrangements required to be entered in the register maintained under Section 301 of companies Act, 1956 aggregating during the year Rs.50, 000/- or more in respect of each party.
12. The Company has not accepted the deposits from the public during the year and hence the question of complying with the requirements of Section 58A of the Companies Act, 1956 or the directive issued by the Reserve Bank of India does not arise.
13. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business. However the scope of the same needs to be adequately enlarged and strengthened.
14. According to the records of the company, Provident Fund dues have generally been regularly deposited. As per the information and the explanations given to us Employee's State Insurance Scheme are not applicable to the company for the year under audit.
15. According to the information and the explanations given to us, no undisputed amount payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duty and Excise Duty were outstanding as at 31st March, 2003 for a period of more than six months from the date they became payable.
16. According to the information and the explanations given to us no personal expenses of employees or directors have been charged to the revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice.
17. The Company is not a sick industrial company within the meaning of clause (O) of sub-section (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
18. According to the information and the explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares / debentures.
19. The provisions of any special statute applicable to chit fund, nidhi or mutual benefit society does not apply to the company.
20. The Company has maintained proper records of transactions and contracts in respect of shares and timely entries have been made therein. The investments are held by the Company in its own name.
21. There are no damaged goods as identified and hence no provision is required for the same.

**For PATHAK H. D. & ASSOCIATES  
Chartered Accountants**

Place : Mumbai  
Dated : 28<sup>th</sup> June, 2003

**(R.S. VAHIA)**  
Partner

**BALANCE SHEET AS AT 31st MARCH, 2003**

	Schedule	As at		(Rs. In Lacs)	
		31st March, 2003	31st March, 2003	As at 31st March, 2002	As at 31st March, 2002
<b>I SOURCES OF FUNDS</b>					
1 Shareholders Fund					
Share Capital	A	1,000.00		1,000.00	
Reserve and Surplus	B	72.95	1,072.95	62.02	1,062.02
2 Deferred Tax			6.13		6.48
<b>Total</b>			<b>1,079.08</b>		<b>1,068.50</b>
<b>II APPLICATION OF FUNDS</b>					
1 Fixed Assets					
Gross Block	C	237.50		232.61	
Less: Depreciation		26.84		20.32	
Net Block			210.66		212.29
2 Investments	D		300.06		300.06
3 Current Assets, Loans and Advances					
Current Assets	E	379.55		494.84	
Loans & Advances	F	272.55		234.62	
		652.10		729.46	
Less: Current Liabilities	G	84.95		175.04	
Net Current Assets			567.15		554.42
4 Miscellaneous Expenditure	H		1.21		1.73
<b>Total</b>			<b>1,079.08</b>		<b>1,068.50</b>
Significant Accounting Policies & Notes on Accounts	L				

As per our report of even date  
**Pathak H. D. & Associates**  
Chartered Accountants

For and on behalf of the Board

**R. S. VAHIA**  
Partner  
Place: MUMBAI  
Date: 28-06-2003

**Viraf Katrak** Director  
**R. Sundaresan** Director  
**Yogendra Chaturvedi** Director  
**Makhan Lal Chaturvedi** Director

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31st MARCH, 2003**

	Schedule	For the		(Rs. In Lacs)	
		year ended 31st March, 2003	year ended 31st March, 2003	For the year ended 31st March, 2002	For the year ended 31st March, 2002
<b>INCOME</b>					
From Operation	I	214.70		204.01	
Other Income	J	29.75	244.45	34.45	238.46
<b>EXPENDITURE</b>					
Administrative & Other Expenses	K	178.84		176.51	
Interest & Financial Charges		2.19		16.33	
Depreciation		6.53		6.18	
Preliminary Expenses Written off		0.51		0.51	
			188.07		199.53
Profit Before Extra Ordinary Item & Tax			56.38		38.93
Extra Ordinary Item			38.38		7.60
Profit Before Tax			18.00		31.33
Provision for Taxation					
Current		8.00		5.25	
Deferred tax W/Back		(0.35)	7.65	0.32	5.57
Profit after Tax			10.35		25.76
Short /Excess Provision of Tax of earlier years		0.58		—	
Balance brought forward		62.02		42.41	
Less Provision for deferred tax		—	62.60	6.15	36.26
Profit available for appropriation			72.95		62.02
<b>APPROPRIATION</b>					
Balance carried to Balance Sheet			72.95		62.02
			72.95		62.02
Significant Accounting Policies & Notes on Accounts	L				

As per our report of even date  
**Pathak H. D. & Associates**  
Chartered Accountants

For and on behalf of the Board

**R. S. VAHIA**  
Partner  
Place: MUMBAI  
Date: 28-06-2003

**Viraf Katrak** Director  
**R. Sundaresan** Director  
**Yogendra Chaturvedi** Director  
**Makhan Lal Chaturvedi** Director

## ANNUAL REPORT 2002-2003

### SCHEDULES FORMING PART OF THE BALANCE SHEET

	<b>As at 31st March, 2003</b>	<b>(Rs. In Lacs) As at 31st March, 2002</b>
<b>SCHEDULE - A</b>		
<b>Share Capital</b>		
<b>Authorised</b>		
10000000 (Previous Year 10000000) Equity Shares of Rs. 10/- each.	1,000.00	1,000.00
	1,000.00	1,000.00
<b>Issued Subscribed and Paid up.</b>		
10000000 (Previous Year 10000000) Equity Shares of Rs. 10/- each.	1,000.00	1,000.00
	1,000.00	1,000.00
<b>SCHEDULE - B</b>		
<b>Reserve &amp; Surplus</b>		
Balance in Profit & Loss Account	72.95	62.02
	72.95	62.02

#### SCHEDULE : C

##### FIXED ASSETS

Description of Assets	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at 01.04.02	Addition	Deletion / Adjust- ment	As at 31.03.03	Up to 01.04.02	For the Period	Up to 31.03.03	As at 31.03.03	As at 31.03.02
Stock Exchange Membership Cards	175.50	—	—	175.50	—	—	—	175.50	175.50
Computers	27.15	2.12	—	29.27	13.10	4.53	17.63	11.64	14.05
Office Equipments	9.82	2.43	—	12.25	1.20	0.49	1.69	10.56	8.62
Furniture & Fixtures	12.81	0.34	—	13.15	4.20	0.81	5.01	8.14	8.61
Vehicles	7.33	—	—	7.33	1.82	0.70	2.51	4.82	5.51
<b>TOTAL</b>	<b>232.61</b>	<b>4.89</b>	<b>—</b>	<b>237.50</b>	<b>20.32</b>	<b>6.53</b>	<b>26.84</b>	<b>210.66</b>	<b>212.29</b>
Previous Year	244.64	3.97	16.00	232.61	14.14	6.18	20.32	212.29	

	<b>As at 31st March, 2003 Nos. (Rs. in Lacs)</b>	<b>As at 31st March, 2002 Nos. (Rs. in Lacs)</b>
<b>SCHEDULE - D</b>		
<b>Investments</b>		
<b>Long Term Investments</b>		
<b>Equity Shares (Fully paid -up)</b>		
<b>Trade - Unquoted</b>		
Equity Market Project India Ltd	5,000	0.50
	5,000	0.50
<b>Non Trade - Quoted</b>		
Reliance Industries Ltd	154,800	296.62
Rallis India Ltd	250	0.77
Syndicate Bank Ltd	4,300	0.43
HCL Technologies Ltd	600	1.74
	—	—
	159,950	299.56
Total Investments	164,950	300.06
Market Value of quoted Investment	429.71	467.64

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

	As at 31st March, 2003	(Rs in Lacs) As at 31st March, 2002
<b>SCHEDULE - E</b>		
<b>Interest Accrued on Investment</b>	2.11	8.09
<b>Stock in Trade</b> (As taken, valued and Certified by Management)	—	1.70
<b>Sundry Debtors</b> (Unsecured considered good) Outstanding for a period Exceeding six months	51.33	73.79
Others	45.02	167.93
	<u>96.35</u>	<u>241.72</u>
<b>Cash &amp; Bank Balances</b>		
Cash on hand	3.20	3.28
Balances with Scheduled Banks		
- In Current Accounts	67.61	33.07
- In Fixed Deposit Accounts	210.28	206.98
	<u>281.09</u>	<u>243.33</u>
(FD's amounting to Rs. 185.28) Pledged with Various Exchanges)		
<b>Total Current Assets</b>	<u>379.55</u>	<u>494.84</u>
<b>SCHEDULE - F</b>		
<b>Loans &amp; Advances</b> (Unsecured and considered good)		
Deposits	246.36	216.25
Advance Income Tax (Net)	10.57	14.23
Advance recoverable in cash or in kind or for value to be received (includes interest free advances of Rs. 9.23, maximum balance outstanding during the year Rs. 9.24, Previous Year Rs. 1.67)	15.62	4.14
	<u>272.55</u>	<u>234.62</u>
<b>SCHEDULE - G</b>		
<b>Current Liabilities</b>		
<b>Sundry Creditors</b>		
Due to SSI	—	—
Due to Other	82.34	163.31
Other Liabilities	2.61	11.73
	<u>84.95</u>	<u>175.04</u>
<b>SCHEDULE - H</b>		
<b>Miscellaneous Expenditure</b> (To the extent not written off or adjusted)		
Preliminary Expenses	1.21	1.73
	<u>1.21</u>	<u>1.73</u>

## ANNUAL REPORT 2002-2003

### SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

	(Rs. In Lacs)	
	For the Period ended on 31st March, 2003	For the Period ended on 31st March, 2002
<b>SCHEDULE - I</b>		
<b>Income from operation</b>		
Brokerage	164.21	160.02
Profit/ (Loss) on dealing in Shares & securities	—	(0.01)
Merchant Banking Fees (TDS Rs. 1.66, Pr. Year Nil)	30.49	3.00
Introductory Fees (TDS Rs. 1.05, Pr. Year Rs. 2.09)	20.00	41.00
	214.70	204.01
	214.70	204.01
<b>SCHEDULE - J</b>		
<b>Other Income</b>		
Dividends		
-on Long Term Investments (TDS Rs. 0.96, Previous Year Nil )	7.43	6.64
Interest (Gross) (TDS Rs.3.91, Previous Year Rs. 3.22)	15.41	21.97
Miscellaneous income	6.91	5.84
	29.75	34.45
	29.75	34.45
<b>SCHEDULE - K</b>		
<b>Administrative &amp; Other Expenses</b>		
Salary, Bonus, Medical & Trans allowances	45.43	30.03
PF & EPS	2.83	1.20
Staff Welfare	1.77	1.67
Professional Charges	7.29	13.83
Transaction Charges	4.16	5.40
Stamp Charges	40.12	55.77
Lease Line & Telephone Charges	22.27	24.09
Membership & Subscription	2.39	4.09
Printing & Stationery	2.75	2.84
Repairs & Maintenance (Others)	5.07	3.13
Travelling and Conveyance	6.76	6.25
Insurance Charges	0.56	1.26
Bad Debts	20.80	—
Directors Sitting fees	0.02	0.02
Payment to Auditors	0.22	0.21
Donation	3.51	1.56
Postage & Telegrams	0.37	0.29
Business Promotion	5.56	16.69
Electricity Charges	0.18	0.08
Advisory & Introductory Fees	3.30	—
Miscellaneous Expenses	3.48	8.10
	178.84	176.51
	178.84	176.51

**NOTES TO THE ACCOUNTS**
**SCHEDULE : L**
**1) Significant Accounting Policies :**
**(A) Basis of preparation of financial statements:**

- i) The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956.
- ii) All income and expenditure items having a material bearing on the financial statements are recognised on accrual basis.

**(B) Revenue Recognition :**

- i) **Brokerage**  
Brokerage income is accounted in the year in which they fall due and is exclusive of service tax.
- ii) **Dividends**  
Dividends are accounted in the year in which they are declared.

**(C) Fixed Assets :**

Stock Exchange Membership card right have been shown as Fixed Assets and stated at cost. All other Fixed Assets have been stated at cost less accumulated depreciation. All costs attributable to the acquisition of Fixed Assets are capitalised.

**(D) Depreciation :**

No depreciation is provided on Stock Exchange Membership card and on all other Fixed Assets, depreciation is provided on straight line basis at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956 on pro-rata basis.

**(E) Stock in Trade :**

Stock in Trade are valued scripwise, at Cost or Market Price whichever is lower.

**(F) Investment :**

Long term investments are valued at cost. Provision for diminution is made scripwise to recognise a decline, other than temporary.

**(G) Preliminary Expenses :**

Preliminary Expenses are amortised over a period of ten years.

**2) Sundry Debtors :**

Sundry Debtors includes Rs .Nil (Previous year Rs.Nil Lacs) receivables from Directors and relatives of the Directors. Maximum amount due at any time during the year Rs. 0.24 Lacs (Previous year Rs. 4.76 Lacs)

**3) Balances of Sundry Debtors and Sundry Creditors are subject to confirmation.**
**4) Contingent Liabilities :**

Bank Guarantees amounting to Rs. 110 Lacs (Previous year Rs. 250 lacs)

**5) The previous year's figures have been regrouped /re-arranged wherever necessary.**
**6) Particulars in respect of opening stock, Purchases, Sales and Closing Stock.**

Particulars	Current Year		Previous Year	
	Quantity (Units)	Value (Rs. in Lacs)	Quantity (Units)	Value (Rs. in Lacs)
Opening Stock	1,881	1.70	2,231	2.16
Sales / Adjustment	1,881	1.70	350	0.45
Closing Stock	—	—	1,881	1.70

**7) Deferred Tax**

The deferred tax Liability as at March 31, 2003 is on account of timing differences of Depreciation on Fixed Assets is Rs. 6.13 Lacs (Pr. Yr. 6.48 Lacs).

**8) Payment to Auditors**

	Current Year	Previous Year
Audit Fees	Rs. 10,800	Rs. 10,500
Tax Audit Fees	Rs. 5,400	Rs. 5,250
In other capacity	Rs. 5,400	Rs. 5,250
<b>TOTAL</b>	<b>Rs. 21,600</b>	<b>Rs. 21,000</b>

**9) Directors Remuneration :**

Salary to Executive Directors as under :-

	Current Year	Previous Year
1) Shri Yogendra Chaturvedi	Rs.152,006	154,497
2) Shri Makhantal Chaturvedi	Rs. 126,400	171,000

**10) Shares held by holding Company**

	No.of Shares	Percentage
	10000000	100

**11) Extra Ordinary item comprise of payment towards disputed SEBI Turnover Fees amounting to Rs.38.38 Lacs (Pr.Yr. 7.60 lacs)The said matter has been taken up by the Brokers forum with SEBI and the Final liability as and when crystallised, shall be accounted accordingly.**

As per our report of even date For Pathak H D & Associates Chartered Accountants	For and on behalf of the Board  Viraf Katrak - Director  R. S. Vahia - Director Partner R.Sundaresan - Director Yogendra Chaturvedi - Director  Place : Mumbai Dated : 28th June, 2003 Makhan Lal Chaturvedi - Director
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## ANNUAL REPORT 2002-2003

### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

#### PART IV

<b>I</b>	<b>REGISTRATION DETAILS</b>			
	Registration No.	11-81401	State Code	11
	Balance Sheet Date	31-Mar-03		
<b>II</b>	<b>CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)</b>			
	Public Issue	Nil	Right Issue	Nil
	Bonus Issue	Nil	Private Placement	Nil
<b>III</b>	<b>POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)</b>			
	Total Liabilities	107,908	Total Assets	107,908
	<b>SOURCES OF FUNDS</b>			
	Paid up Capital	100,000	Reserve & Surplus	7295
	Secured Loans	Nil	Unsecured Loans	Nil
	<b>Application of Funds:</b>			
	Net Fixed Assets	21,066	Investments	30,006
	Net Current Assets	56,715	Miscellaneous Expenditure	121
<b>IV</b>	<b>PERFORMANCE OF COMPANY (Amount in Rs. Thousands)</b>			
	Turnover	24,445	Total Expenditure	22,645
	Profit Before Tax	1,800	Profit After Tax	1,035
	Earning Per Share (in Rs.)	0.10	Dividend rate (%)	Nil
<b>V</b>	<b>GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY (As per monetary terms)</b>			
	Item Code No.	-		
	(ITC Code)	-		
	Service Description		Share / Stock Brokering Services	
			Merchant Banking	

As per our report of even date

**Pathak H. D. & Associates**  
Chartered Accountants

**R. S. VAHIA**  
Partner

Place: MUMBAI  
Date: 28-06-2003

For and on behalf of the Board

**Viraf Katrak** Director

**R.Sundaresan** Director

**Yogendra Chaturvedi** Director

**Makhan Lal Chaturvedi** Director

## CONSOLIDATED STATEMENT OF ACCOUNTS



## ANNUAL REPORT 2002-2003

### REPORT OF THE AUDITORS TO THE BOARD OF DIRECTORS OF SHARDUL SECURITIES LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SHARDUL SECURITIES LIMITED AND ITS SUBSIDIARY.

We have examined the attached consolidated balance sheet of **Shardul Securities Limited** and its subsidiary, as at **31st March 2003** and also the consolidated Profit & Loss Account and Consolidated Cash Flow Statement for the year ended on the date annexed thereto. These financial statements are the responsibility of management of Shardul Securities Limited. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with generally accepted accounting standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free from material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
2. We did not audit the financial statement of Shriyam Broking Intermediary Limited whose financial statements reflect total assets of Rs. 1164.02 lacs as at 31st March 2003 and total revenue of Rs. 244.46 lacs for the year ended on that date. These financial statements are audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amount included in respect of subsidiary, is based solely on the report of the other auditors.
3. We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Shardul Securities Limited and its Subsidiary included in the consolidated financial statements.
4. On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited statements of Shardul Securities Limited and its subsidiary, we are of the opinion that :
  - (a) the consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Shardul Securities Limited and its subsidiary as at 31st March, 2003
  - (b) the consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of Shardul Securities Limited and its subsidiary for the year ended on that date and
  - (c) In case of the consolidated Cash Flow Statement of the Consolidated Cash Flow of the Company for the year ended.

For **Rajen Damani & Co.**  
Chartered Accountants

Place : Mumbai  
Date : 28<sup>th</sup> June, 2003

**Rajen J. Damani**  
(Proprietor)

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2003

(Rs. in Lacs)

	Schedule	As at 31st March,2003		As at 31st March,2002	
<b>I. SOURCES OF FUNDS</b>					
<b>1. Shareholders Fund</b>					
Share Capital	A	1749.84		1749.84	
Reserves and Surplus	B	2408.06	4157.90	2321.88	4071.72
			128.15		49.71
<b>2. Deferred Tax</b>					
<b>3. Loan Funds</b>					
Secured Loans	C	652.28		—	
Unsecured Loans	D	200.08	852.36	—	—
<b>Total</b>			<b>5138.41</b>		<b>4121.43</b>
<b>II. APPLICATIONS OF FUNDS</b>					
<b>1. Fixed Assets</b>					
Gross Block	E	2151.29		1598.38	
Less: Depreciation		395.01		393.81	
Lease Adjustments		(256.37)		(267.65)	
Net Block		1499.91		936.92	
Add: Capital Work in Progress		—		626.38	
			1499.91		1563.30
			481.51		477.59
<b>2. Investments</b>					
<b>3. Current Assets, Loans and Advances</b>					
Current Assets	G	2923.79		1681.09	
Loans and Advances	H	649.26		664.98	
			3573.05		2346.07
<b>Less: Current Liabilities &amp; Provisions</b>					
Current Liabilities	I	273.22		155.32	
Provisions	J	153.75		131.45	
			426.97		286.77
Net Current Assets			3146.08		2059.30
<b>4. Miscellaneous Expenditure</b>					
	K		10.91		21.24
<b>Total</b>			<b>5138.41</b>		<b>4121.43</b>
<b>Significant accounting policies &amp; Notes to Accounts.</b>					
Q					
As per our report of even date			For and on behalf of the Board		
<b>For Rajen Damani &amp; Co.</b> Chartered Accountants			<b>Devesh Chaturvedi</b> - Chairman		
Rajen J. Damani Proprietor			Dr. V. C. Shah - Director		
Mumbai, Dated 28th June, 2003.			Bhupendra Shroff - Director		
			Gagan Chaturvedi - Director		
			Mukesh Shroff - Director		
			R. Sundaresan - Executive Director		

## ANNUAL REPORT 2002-2003

### CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2003

(Rs. in Lacs)

	Schedule	2002-2003	2001-2002
<b>INCOME</b>			
Income from Operations	L	436.64	259.21
Income from dealing in securities	M	95.49	477.89
Other Income	N	65.03	90.17
		597.16	827.27
<b>EXPENDITURE</b>			
Administrative Expenses	O	260.56	409.00
Interest & Financial Charges		38.79	140.90
Depreciation		63.28	65.89
Bad Debts Written off		—	28.25
Transferred from General Reserve		—	(28.25)
Miscellaneous Expenditure Written Off	P	10.32	10.56
		372.95	626.35
<b>Profit before Extra Ordinary Items &amp; Taxation</b>		<b>224.21</b>	<b>200.92</b>
Extra Ordinary Items.		38.38	7.60
		185.83	193.32
<b>Profit before Taxation</b>			
Provision for Taxation			
Current		21.20	7.25
Deferred		78.44	79.36
		99.64	86.61
<b>Profit after Taxation</b>		<b>86.19</b>	<b>106.71</b>
Prior period adjustment (Net)		(0.01)	0.06
		86.18	106.77
<b>Profit after prior period adjustment</b>			
Surplus /(Deficit) brought forward from previous year.		(786.26)	(876.83)
		(700.08)	(770.06)
<b>APPROPRIATIONS</b>			
Transferred to General Reserve (as per RBI Guidelines)		15.05	16.20
Balance carried to Balance Sheet		(715.13)	(786.26)
		(700.08)	(770.06)
<b>Basic and diluted earning per equity share of Rs.10/- each (in Rupees)</b>		<b>0.49</b>	<b>0.61</b>
<b>Significant accounting policies &amp; Notes to Accounts.</b>			
Q			
As per our report of even date	For and on behalf of the Board		
<b>For Rajen Damani &amp; Co.</b>	<b>Devesh Chaturvedi</b>	- Chairman	
Chartered Accountants	<b>Dr. V. C. Shah</b>	- Director	
	<b>Bhupendra Shroff</b>	- Director	
<b>Rajen J. Damani</b>	<b>Gagan Chaturvedi</b>	- Director	
Proprietor	<b>Mukesh Shroff</b>	- Director	
Mumbai, Dated 28th June, 2003.	<b>R. Sundaresan</b>	- Executive Director	

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

(Rs. in Lacs)

	As at 31st March, 2003	As at 31st March, 2002
<b>SCHEDULE 'A'</b>		
<b>Share Capital</b>		
Authorised		
2,00,00,000 Equity Shares of Rs.10/- each	2000.00	2000.00
10,00,000 Cumulative Redeemable Preference Shares of Rs. 100/- Each	1000.00	1000.00
	<u>3000.00</u>	<u>3000.00</u>
<b>Issued and Subscribed</b>		
1,74,98,433 Equity Shares of Rs.10/- each	1749.84	1749.84
	<u>1749.84</u>	<u>1749.84</u>
<b>SCHEDULE 'B'</b>		
<b>Reserves &amp; Surplus</b>		
Capital Reserve	6.90	6.90
Share Premium Account	2666.69	2666.69
General Reserve 1		
Balance as per Last Balance Sheet	297.88	290.32
Less: Transfer to Profit & Loss Account	—	28.25
	<u>297.88</u>	<u>262.07</u>
Add : Provision for Deferred Tax	—	35.81
	<u>297.88</u>	297.88
General reserve 2 (As per RBI Guidelines)		
Balance as per last Balance Sheet.	136.67	120.47
Add: Transfer from Profit & Loss Account	15.05	16.20
	<u>151.72</u>	<u>136.67</u>
Profit and Loss Account	(715.13)	(786.26)
	<u>2408.06</u>	<u>2321.88</u>
<b>SCHEDULE 'C'</b>		
<b>Secured Loans</b>		
From Bank	652.28	—
(Bank overdraft is secured by way of loan on Bank fixed deposits of Rs.800.00 lacs)	<u>652.28</u>	<u>—</u>
<b>SCHEDULE 'D'</b>		
<b>Unsecured Loans</b>		
Short Term	200.00	—
Inter Corporate Deposit	0.08	—
Interest accrued and due	<u>200.08</u>	<u>—</u>

**Schedule 'C':  
FIXED ASSETS**

(Rs. in Lacs)

Description of Assets	Gross Block			Depreciation				Net Block			
	As at 1/4/02	Additions	Deductions	As at 31/3/03	Up to 31/03/02	For the Year	Deductions	Upto 31/3/03	Lease Adjustment	As at 31/03/03	As at 31/03/02
<b>A. Owned Assets</b>											
Stock Exchange Cards	175.50	—	—	175.50	—	—	—	—	—	175.50	175.50
Tenancy Right	—	—	—	—	—	—	—	—	—	—	—
Office Premises	427.38	632.51	—	1059.89	46.40	10.30	—	56.70	—	1003.18	380.98
Computers	77.76	2.13	46.80	33.09	60.12	6.35	46.80	19.67	—	13.42	17.64
Furniture & Fixtures	83.01	0.61	—	83.62	29.82	5.27	—	35.09	—	48.54	53.19
Vehicles	23.97	7.02	—	30.99	9.27	2.86	—	12.13	—	18.86	14.70
Plant & machinery	31.96	2.43	1.18	33.21	8.37	1.50	0.44	9.44	—	23.77	23.59
<b>Total</b>	<b>819.58</b>	<b>644.70</b>	<b>47.98</b>	<b>1416.30</b>	<b>153.98</b>	<b>26.28</b>	<b>47.24</b>	<b>133.03</b>	<b>—</b>	<b>1283.27</b>	<b>665.60</b>
<b>B. Leased Assets</b>											
Plant & Machinery	778.81	—	43.81	735.00	239.83	36.99	14.84	261.99	(256.37)	216.64	243.72
Computers	—	—	—	—	—	—	—	—	—	—	—
<b>Total</b>	<b>778.81</b>	<b>—</b>	<b>43.81</b>	<b>735.00</b>	<b>239.83</b>	<b>36.99</b>	<b>14.84</b>	<b>261.99</b>	<b>(256.37)</b>	<b>216.64</b>	<b>243.72</b>
<b>Grand Total</b>	<b>1598.39</b>	<b>644.70</b>	<b>91.79</b>	<b>2151.30</b>	<b>393.81</b>	<b>63.28</b>	<b>62.08</b>	<b>395.01</b>	<b>(256.37)</b>	<b>1499.91</b>	<b>936.92</b>
Previous Year	1650.56	3.97	56.14	1598.38	339.00	65.89	11.07	393.81	(267.65)	936.92	626.38
Capital Work-in-Progress	—	—	—	—	—	—	—	—	—	—	—

**Notes:**

- Office Premises includes -
  - 5 shares of Rs. 50/- each of Tulsiani Chamber Premises Co-op.Society Limited.
  - 5 shares of Rs. 50/- each of Parekh Vora Chambers Premises Co-op.Society Limited.
  - 10 shares of Rs.50/- each of Laxmi Finance & Leasing Companies Commercial Premises Co-Op.Society Limited.
- Capital Work in Progress includes cost for premises under construction and interest capitalised on loans thereon.

## ANNUAL REPORT 2002-2003

### SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

		As at 31st March, 2003 Nos.	(Rs. in lacs)	As at 31st March, 2002 Nos.	(Rs. in lacs)
<b>SCHEDULE 'F'</b>					
<b>Investments</b>					
<b>Long Term Investments</b>					
<b>Quoted (Non-trade)</b>					
<b>Equity shares (Fully paid up of Rs.10/- each)</b>					
Hylden Glass Ltd.	1400	0.28		1400	0.28
Master Growth of Unit Trust of India	—	—		200	0.02
Reliance Industries Limited	154800	296.62		154800	296.62
Rallis India Limited	250	0.77		250	0.77
Syndicate Bank Limited	4300	0.43		4300	0.43
HCL Technologies	300	1.74		300	1.74
<b>Sub - Total</b>		<b>299.84</b>		<b>299.86</b>	
<b>Unquoted</b>					
<b>Trade</b>					
<b>Equity shares (Fully paid up of Rs.10/- each)</b>					
A to Z Broking Services Pvt. Ltd.	950000	95.48			
Shriyam Infotech Corporation Ltd.	—	—		49	—
Equity Market Project India Limited	5000	0.50		5000	0.50
<b>Non-Trade</b>					
<b>Mutual Funds</b>					
<b>Units (Fully paid up of Rs.10/- each)</b>					
Grindlay Super Saver Income Fund	—	—		1020193.21	102.74
LIC Mutual Fund Index Fund - Sensex Advantage Plan	20000	2.00		—	—
UTI Variable Investment Scheme - Index Link Plan	20000	2.00		—	—
<b>Reliance Liquid Fund</b>				359523.09	42.80
Tata Income Fund Growth Plan	247632.63	50.00		—	—
<b>Government Securities</b>					
Indira Vikash Patra		31.69			31.69
<b>Sub total</b>		<b>181.67</b>		<b>177.73</b>	
<b>Total Investments</b>		<b>481.51</b>		<b>477.59</b>	
<b>Market Value of Quoted Investments</b>		<b>429.73</b>		<b>467.70</b>	
<b>SCHEDULE 'G'</b>					
<b>Current Assets</b>					
Interest accrued on Investments.		6.79			8.77
Stock-in-Trade (Certified and valued by Management)		1694.79			346.73
Sundry Debtors (Unsecured, Considered good)					
Outstanding for a period - (a) exceeding six months.	51.38			73.84	
(b) Other debts	78.95			170.44	
		<b>130.33</b>		<b>244.28</b>	
<b>Cash &amp; Bank Balances</b>					
Cash in hand		3.23			3.34
Balance with Scheduled Banks					
—In Current Accounts	78.37			259.37	
—In Fixed Deposit Account	1010.28			818.60	
		<b>1088.65</b>		<b>1077.97</b>	
<b>Total ...</b>		<b>2923.79</b>		<b>1681.09</b>	

**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET**

	As at 31st March, 2003 Nos. (Rs. in lacs)	As at 31st March, 2002 Nos. (Rs. in lacs)
<b>SCHEDULE 'H'</b>		
<b>Loans and Advances</b>		
Sundry Deposits	596.93	566.78
Advance Income Tax (net of provisions)	21.36	50.88
Advances recoverable in cash or in kind or for value to be received	30.97	47.32
	649.26	664.98
<b>SCHEDULE 'I'</b>		
<b>Current Liabilities</b>		
Sundry Creditors	254.56	120.24
Unclaimed Dividend	7.03	7.06
Other Liabilities	11.63	28.02
	273.22	155.32
<b>SCHEDULE 'J'</b>		
<b>Provisions</b>		
Provision for sub standard and doubtful assets	153.75	131.45
	153.75	131.45
<b>SCHEDULE 'K'</b>		
<b>Miscellaneous Expenditure</b> (To the extent not written off or adjusted)		
Preliminary Expenses	1.21	1.82
Deferred Revenue Expenses	9.70	19.42
	10.91	21.24

**SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT**

(Rs. in Lacs)

	2002-2003	2001-2002
<b>SCHEDULE 'L'</b>		
<b>Income from Operations</b>		
Interest	133.80	66.61
(Tax deducted at source Rs.18.95 Lacs Previous Year Rs.9.39 Lacs)		
Lease Income	7.16	10.74
Less : Lease equalisation	—	—
Professional & Consultancy Fees	135.79	24.25
(Tax deducted at source Rs.8.22 Lacs Previous Year Rs.2.09 Lacs)		
Brokerage	159.89	157.61
	436.64	259.21
<b>SCHEDULE 'M'</b>		
<b>Income from dealing in securities</b>		
Profit on sale of investments(Net)	2.58	1.27
Profit on dealing in stocks	92.91	476.62
	95.49	477.89

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### SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT

(Rs. in Lacs)

	2002-2003	2001-2002
<b>SCHEDULE 'N'</b>		
<b>Other Income</b>		
Dividend		
From Others	9.00	7.33
From Investments	11.29	47.21
(Tax deducted at source Rs.2.23 Lacs)	—	—
Previous Year Rs.Nil)		
Bad debts recovered	25.73	17.00
Rent and Compensation	9.00	7.50
Miscellaneous Income	10.01	11.13
	65.03	90.17
	65.03	90.17
<b>SCHEDULE 'O'</b>		
<b>Administrative Expenses</b>		
Payment to Employees		
- Salary, bonus & Allowances	52.54	35.19
- Contribution to Provident Fund & Other Fund	3.11	1.20
- Welfare Expenses	1.84	1.84
	57.49	38.23
Professional and Other Service Charges	12.93	78.39
Transaction Charges	4.16	5.40
Stamp Charges	40.12	55.77
Bad Debts	20.80	—
Lease Line & Telephone Charges	23.16	24.98
Membership and Subscriptions.	2.83	4.27
Rent, Rates and Taxes	5.07	0.16
Postage and Telegrams	1.32	0.97
Advertisement and Business Promotion.	6.04	30.43
Repairs & Maintenance	5.32	4.20
Printing & Stationery	3.76	3.89
Payment to Auditors	0.75	0.74
Directors Sitting Fees	0.30	0.47
Travelling & Conveyance	10.42	11.73
Loss on sale of Fixed Assets (Net)	12.22	0.06
Electricity Charges	7.12	7.97
Donations	9.51	2.56
Provision for sub standard and doubtful assets	27.98	125.78
Miscellaneous Expenses	9.26	13.00
	260.56	409.00
	260.56	409.00
<b>SCHEDULE 'P'</b>		
<b>Miscellaneous Expenditure written off</b>		
Preliminary Expenses	0.60	0.72
Deferred Revenue Expenses	9.72	9.84
	10.32	10.56
	10.32	10.56

**ACCOUNTING POLICIES ON CONSOLIDATED ACCOUNTS**
**SCHEDULE 'Q'**
**Significant accounting policies & Notes on Accounts**
**1. Significant Accounting Policies :**
**(A) Principles of consolidation :**

The consolidated financial statements relate to Shardul Securities Limited ("the Company") and its subsidiary company. The consolidated financial statements have been prepared on the following basis;

- i) The financial statements of the Company and its subsidiary company have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses.
- ii) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.

**(B) Other significant accounting policies :**

These are set out under "Significant Accounting Policies" of the financial statements of the Company and Shriyam Broking Intermediary Limited

**1. Note on consolidated accounts.**

(A) (i) The Company has followed the Reserve Bank of India Guidelines applicable to the Non Banking Financial Companies in respect of prudential norms for Income Recognition, Assets Classification and Capital Adequacy.

(ii) In compliance with the Prudential Norms issued by the Reserve Bank of India, effective May, 1998 the unrealised interest / lease income on accounts which have been classified as non-performing assets has been reversed. Bad debts amounting to Rs.NIL lacs (Previous Year Rs.28.25 lacs) have also been charged to the Profit & Loss Account. This charge of Rs.NIL lacs (Previous Year Rs.28.25 lacs) has been adjusted against withdrawal from General Reserve.

(B) In the opinion of the Board, the Current Assets, Loans & Advances are approximately of the value stated, if realised in the ordinary course of business. The provisions of all known liabilities are adequate and neither in excess of or nor short of the amounts reasonably necessary.

(C) Information in respect of Opening Stock, Purchases, Sales and Closing Stock :

Particulars	Current Year		Previous Year	
	Quantity (Lacs)	Value (Rs. in lacs)	Quantity (Lacs)	Value (Rs. in lacs)
<b>Opening stock</b>				
- Shares / Sensex	3.32	308.50	2.72	426.54
- Bond	0.37	38.23	0.02	2.15
<b>Total</b>	<b>3.69</b>	<b>346.73</b>	<b>2.74</b>	<b>428.69</b>
<b>Purchases/Transfers</b>				
Shares / Sensex	65.44	10692.08	28.04	3655.78
Bonds	442.96	48794.33	3082.47	347297.74
<b>Total</b>	<b>508.40</b>	<b>59486.41</b>	<b>3110.51</b>	<b>350953.52</b>
<b>Sales / Transfers</b>				
Shares / Sensex	64.97	10827.91	27.44	3785.89
Bonds	429.15	47403.35	3082.12	347726.21
<b>Total</b>	<b>494.12</b>	<b>58231.26</b>	<b>3109.56</b>	<b>351512.10</b>
<b>Closing Stock</b>				
Shares / Sensex	3.79	184.72	3.32	308.50
Bonds	14.18	1510.07	0.37	38.23
<b>Total</b>	<b>17.97</b>	<b>1694.79</b>	<b>3.69</b>	<b>346.73</b>



## ANNUAL REPORT 2002-2003

	<b>2002-2003</b>	<b>(Rs. in lacs)</b>
(D) (i) Expenditure in Foreign Currency.	—	0.06
(ii) Earning in Foreign Currency.	—	—
(E) Interest Income include Rs.3.99 Lacs (Previous Year Rs.0.69) as interest earned on Long Term Investments.		
(F) <b>Earning per Share :</b>		<b>(Rs.in lacs)</b>
	<b>2002-2003</b>	2001-2002
(i) Net Profit after tax available for Equity Shareholders (Rs. in lacs)	<b>86.18</b>	106.77
(ii) Weighted average of number of Equity Shares outstanding during the year (In lacs).	<b>174.98</b>	174.98
(iii) Basic and Diluted Earnings per share of Rs.10/- each (in Rs.)	<b>0.49</b>	0.61
<b>G. Related Party Disclosures</b>		
List of related parties with whom transactions have taken place during the year:		
i) Associates :		
A to Z Broking Services Pvt. Ltd.		
Pradeep Sandeep Trading & Investments Pvt. Ltd.		
Shriyam Counter Trading Pvt. Ltd.		
Shriyam Corporate Services Pvt. Ltd.	-	Until May, 2002
Shriyam Infotech Corporation Limited Chaturvedi & Shah	-	Until March, 2003
ii) Key Managerial Personnel and their relatives :		
Shri Devesh Chaturvedi	-	Chairman
Shri V.C. Shah	-	Director
Shri Girdhar Pathak	-	Director
Shri R. Sundaresan	-	Executive Director & Director (Subsidiary)
Shri Viraf Katrak	-	Chief Executive Officer & Director (Subsidiary)
Shri Yogendra Chaturvedi	-	Director (Subsidiary)
Shri Makhan Lal Chaturvedi	-	Director (Subsidiary)
Mrs.Vijayalaxmi R.Sundaresan	-	Relative of Shri R. Sundaresan
Mrs.Binaifer V. Katrak	-	Relative of Shri Viraf Katrak
iii) Transactions during the year with related parties. Reimbursement of expenses has not been treated as related party transactions.		
	<b>Associates</b>	<b>Key Management Personnel &amp; Relatives.</b>
		<b>(Rs. in lacs)</b>
		<b>Total</b>
<b>Loans / Advances taken</b>		
a) Taken during the year.	60.00	—
	(149.00)	(—)
b) Returned during the year.	60.00	—
	(165.00)	(—)
c) Balance as at 31 <sup>st</sup> March,2003.	—	—
	(—)	(—)
<b>Investments</b>		
a) Balance as at 31 <sup>st</sup> March,03	95.48	—
	(—)	(—)
<b>Stock-in-trade</b>		
a) Purchased during the year.	—	—
	(4608.23)	(—)
b) Sales / Redeemed during the year.	—	—
	(4577.33)	(—)
<b>Loans / Advances Deposits to Others</b>		
a) Given during the year	9.00	0.60
	(100.00)	(—)
b) Returned during the year.	9.00	0.04
	(100.00)	(0.25)
c) Balance as at 31 <sup>st</sup> March, 2003.	350.00	0.56
	(350.00)	(—)
<b>Income</b>		
a) Brokerage Received	0.63	0.38
	(1.42)	(0.32)
b) Received from Services	105.00	—
	(—)	(—)
<b>Expenditure</b>		
a) Payments and provisions for Remuneration & Services.	—	12.42
	(—)	(14.02)

H. The Company is organised into following reportable segments referred to in Accounting Standard (AS 17) "Segment Reporting".

	(Rs. in Lacs)			
	Investment with Related activities	Others	Elimination	Total
<b>Revenue</b>				
External	377.03	220.13		597.16
	(611.22)	(216.05)		(827.27)
Inter Segment	(4.32)	24.32	(20.00)	—
	(-2.41)	(22.41)	(-20.00)	(—)
Total	372.71	244.45	(20.00)	597.16
	(608.81)	(238.46)	(-20.00)	(827.27)
<b>Result</b>				
Segment Result (Before Tax)	192.15	(6.32)		185.83
	(184.40)	(8.92)		(193.32)
Provision for Tax				99.64
				(86.61)
Profit after Tax				86.18
				(106.77)
<b>Other Information</b>				
Segment Assets	4401.35	1164.03		5565.38
	(3164.65)	(1243.54)		(4408.20)
Segment Liabilities	1331.07	76.41		1407.48
	(246.52)	(89.96)		(336.48)
Capital Expenditure*	13.42	4.90		18.32
	(29.35)	(3.97)		(33.32)
Depreciation	56.75	6.53		63.28
	(59.71)	(6.18)		(65.89)
Non-cash expenses other than depreciation.	9.81	0.51		10.32
	(10.04)	(0.52)		(10.56)

\* includes capital work –in- progress

**Notes :**

- i) The Company's main business segment is Investment & related activities, other operation include Broking and Merchant banking etc.
- ii) Since all the operations of the Company are within India, as such there is no separate reportable geographical segment.

**I. Deferred Tax**

- i) The break-up of deferred tax Liability as at March 31, 2003 is as under :

	(Rs. in lacs)	
	Deferred Tax Asset	Deferred Tax Liability
Timing Differences on account of :		
Depreciation on Fixed Assets	—	260.43
Capital Work in Progress	—	—
Unabsorbed Depreciation Loss.	13.30	—
Carry forward and business Loss.	118.98	—
	-----	-----
<b>Total</b>	<b>132.28</b>	<b>260.43</b>
	=====	=====
<b>Net Deferred Tax Liabilities.</b>		<b>128.15</b>

**J. Taxation :**

Provision for Taxation for the current year has been made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961.

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### K. Payments to Auditors :

	(Rs. in lacs)	
	<u>Current Year</u>	<u>Previous Year</u>
Audit Fees	0.43	0.42
Tax Audit Fees	0.16	0.16
Certification Charges & Other capacity	0.16	0.16
<b>TOTAL...</b>	<b>0.75</b>	<b>0.74</b>

(Payment of professional fees to a firm in which the auditor is interested as a partner Current Year Rs.0.50 Lacs (Previous Year Rs.Nil).

### L. Directors Remuneration:

Salary to Executive Directors as under: -

	(Rs. in Lacs)	
	<u>Current Year</u>	<u>Previous Year</u>
Shri R. Sundaresan	3.25	1.71
Shri Yogendra Chaturvedi	1.52	1.54
Shri Makhan Lal Chaturvedi	1.26	1.71

The company is of the opinion that the computation of net profit under section 349 of the Companies Act, 1956 is not required to be made as no commission is paid / payable to the Directors for the year ended 31st March, 2003.

M. Previous year's figures have been regrouped, rearranged and / or reclassified wherever necessary.

N. The subsidiary companies considered in the consolidated financial statement is –

Name of the subsidiaries	-	<b>Shriyam Broking Intermediary Limited</b>
Country of Incorporation	-	<b>India</b>
Proportion of ownership Interest.	-	<b>100%</b>

O. The consolidated financial statement have been prepared in accordance with Accounting Standard (AS 21) "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

P. In case of the Subsidiaries Company extra ordinary item comprise of payments towards disputed SEBI turnover fees amounting to Rs.38.38 lacs (Previous Year Rs.7.60 lacs). The said matter has been taken up by the brokers forum with SEBI and the final liability as and when crystalised shall be accounted accordingly.

### Q. Contingent Liabilities :

	Rs. in Lacs	
<b>Particulars</b>	<b>As at 31.3.2003</b>	As at 31.3.2002
Allotment money & Calls unpaid on partly paid shares / Debentures	2.19	2.19
Bank Guarantees Outstanding	110.00	250.00

As per our report of even date

**For Rajen Damani & Co.**  
*Chartered Accountants*

**Rajen J. Damani**  
*Proprietor*

Mumbai, Dated 28th June, 2003.

For and on behalf of the Board

**Devesh Chaturvedi** - *Chairman*  
**Dr. V. C. Shah** - *Director*  
**Bhupendra Shroff** - *Director*  
**Gagan Chaturvedi** - *Director*  
**Mukesh Shroff** - *Director*  
**R. Sundaresan** - *Executive Director*

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2003.**

	2002-2003	2001-2002
<b>A. Cash Flow from operating activities</b>		
<b>Net Profit before tax and prior period items</b>	<b>224.21</b>	200.92
<b>Adjustments for:</b>		
Non cash Items	101.58	202.23
Investments	(2.58)	(1.27)
Fixed Assets	12.22	0.06
Interest received on Investments	(3.99)	(0.69)
Dividend received on Investments	(11.29)	(47.21)
	<u>95.94</u>	<u>153.12</u>
<b>Operating Profit before working capital changes</b>	<b>320.15</b>	354.04
<b>Adjustments for:</b>		
Trade & Receivables	115.93	622.92
Inventories	(1348.06)	81.96
Trade Payable	117.90	(539.29)
Loans & Advances	15.72	101.30
	<u>(1098.51)</u>	<u>266.89</u>
<b>Cash (used) in / generated from operations</b>	<b>(778.36)</b>	620.93
Direct Taxes paid	(21.20)	(7.25)
<b>Cash (outflow) / inflow before extraordinary and prior period items</b>	<b>(799.56)</b>	613.68
Extraordinary and prior period items	(38.39)	(7.54)
<b>Net Cash (used) in / from operation activities</b>	<b>(837.95)</b>	606.14
<b>B. Cash flow from investing activities</b>		
Purchase of fixed assets (including capital work-in-progress)	(18.31)	(33.32)
Sale of fixed assets	0.53	16.81
Purchase of Investments	(4712.50)	(1507.26)
Sale of investments	4711.16	1331.31
Interest received on investments	3.99	0.69
Dividend received on investments	11.29	47.21
	<u>(3.84)</u>	<u>(144.56)</u>
<b>Net cash (used) in investing activities</b>	<b>(3.84)</b>	(144.56)
<b>C. Cash flow from financing activities</b>		
Bank borrowing	652.28	—
Inter corporate deposit	200.08	—
	<u>852.36</u>	<u>—</u>
<b>Net cash from financing activities</b>	<b>852.36</b>	—
<b>Net increase in cash and cash equivalents</b>	<b>10.57</b>	461.58
<b>Cash and cash equivalents as at 1st April 2002</b>	<b>1081.31</b>	619.73
<b>Cash and cash equivalents as at 31st March 2003</b>	<b>1091.88</b>	1081.31

As per our report of even date

For and on behalf of the Board

**For Rajen Damani & Co.**

*Chartered Accountants*

**Rajen J. Damani**

*Proprietor*

Mumbai, Dated 28th June, 2003.

**Devesh Chaturvedi** - *Chairman*

**Dr. V.C. Shah** - *Director*

**Bhupendra Shroff** - *Director*

**Gagan Chaturvedi** - *Director*

**Mukesh Shroff** - *Director*

**R. Sundaresan** - *Executive Director*



**SHARDUL SECURITIES LIMITED**  
 Registered Office : 715, Tulsiani Chambers,  
 212, Nariman Point, Mumbai - 400 021.

**ATTENDANCE SLIP**

To be handed over at the entrance of the Meeting Venue

Members Folio No.

Client ID No.  
 Name of the Member  
 attending the Meeting

In case of Proxy, Name of Proxy

I hereby record my presence at the 18th **ANNUAL GENERAL MEETING** at the Registered Office of the Company at 712, Tulsiani Chambers, Nariman Point, Mumbai - 400 021. on Friday, August 29, 2003.

\_\_\_\_\_  
 Member's / Proxy's Signature  
 (To be signed at the time of handing over this slip)

Note : Members / Joint Members are requested to bring the attendance slips with them.

**SHARDUL SECURITIES LIMITED**  
 Registered Office : 715, Tulsiani Chambers,  
 212, Nariman Point, Mumbai - 400 021.

**PROXY FORM**

I / We \_\_\_\_\_

of \_\_\_\_\_

being a Member / Members of Shardul Securities Limited hereby appoint \_\_\_\_\_

of \_\_\_\_\_

or failing him \_\_\_\_\_

of \_\_\_\_\_

as my/our Proxy and vote for me/us and and on my/our behalf of at the **EIGHTEENTH ANNUAL GENERAL MEETING** of the Company to be held at Mumbai on August 29, 2003 at 10.00 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2003.

Signed by the said \_\_\_\_\_

of \_\_\_\_\_

Affix Rs. 1.00 Revenue Stamp
---------------------------------------

Note : If a **Member is unable to attend the Meeting**, he may sign this form and send it to the Company's Registered Office so as to reach them not less than 48 hours before the Meeting.

BOOK - POST

If undelivered, please return to :  
**Shardul Securities Limited**  
Regd. Office : 715, Tulsiani Chambers,  
212, Nariman Point, Mumbai - 400 021.

Crystal - 022 - 2382 3151/52