

# **SHARDUL**

## **SECURITIES LIMITED**

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



**19<sup>th</sup>**  
**ANNUAL REPORT**  
**2003 - 2004**

**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>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.: 56308709  
Fax No. : (022) 22846585

**SUBSIDIARY COMPANY :**

**Shriyam Broking Intermediary Ltd.**  
714, Tulsiani Chambers  
212, Nariman Point  
Mumbai 400 021

**REGISTRARS AND SHARE TRANSFER AGENT :**

**Bigshare Services Pvt. Ltd.**  
E-2/3, Ansa Industrial Estate,  
Sakivihar Road, Saki Naka,  
Andheri (East), Mumbai 400 072.  
Tel. No. : 28470652/53, 28473474  
Fax : 28475207

## ANNUAL REPORT 2003-2004

### NOTICE

NOTICE is hereby given that the **Eighteenth Annual General Meeting** of the Members of **Shardul Securities Limited** will be held on Thursday, 16th September, 2004 at 10.00 a.m at 715, Tulsiani Chambers, 212, Nariman Point, Mumbai 400 021, the Registered Office of the Company to transact the following business:-

#### ORDINARY BUSINESS:

1. To consider and adopt the audited Profit & Loss Account for the year ended 31st March 2004, and the Balance Sheet as on that date together with the Report of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Dr.V.C Shah , who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Shri Gagan Chaturvedi , who retires by rotation and is eligible for re-appointment.
4. To appoint, Rajen Damani & Co., Chartered Accountants, as the Auditors of the Company, to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

#### 5. COMMENCEMENT OF BUSINESS

Commencement of new business - Approval of the shareholders

To consider and if thought fit pass the following resolution as a special resolution:

**RESOLVED THAT** pursuant to Section 149(2A) of the Companies Act 1956 and all other applicable provisions of the said Act, if any, the approval of the Members be and is hereby accorded to the Board of Directors to the commencement of all or any of the business specified in clause (15) of Other Objects clause III (C) of the Objects clause of Memorandum of Association of the Company, viz.

"To carry on business as producers, importers, exporters, buyers, sellers, distributors, stockists, agents and brokers of coal, coke, charcoal, petroleum-coke, copper, iron ore, bauxite, kyanite, fire clay, china clay, salt, sodium chloride, calcium phosphate, nickel, beryllium, uranium, zinc, lead asbestos tin alumina, mercury, silicon, sulphur, graphite, brass aluminum, silica sand, bentonite, quartz, dextrine, magnesite, dolomite, ferro-alloys, corundum, manganese, mica, silver, gold, platinum and other precious, semi precious commercial minerals and stones and to act as metal foundries, manufacturers, agents and dealers of metals, sheets, wires, rods, squares, plates, metal, foils, pipes, tubes, ingots, billets, circles, parts, coils, utensils, ornaments, decorative and art materials and jewellery made wholly or partly from any one more of the metals and materials mentioned herein."

6. Change of place of keeping register of members, etc.

To consider and if thought fit pass the following resolution as a special resolution:

**RESOLVED THAT** pursuant to the provisions of section 163 of the Companies Act, 1956 and all other applicable provisions of the said Act, if any, approval of the Members be and is hereby accorded to the register of members, the index of members, the register and index of debenture holders and copies of all annual returns prepared under section 159 of the Act together with the copies of certificates and documents required to be annexed thereto under section 161 of the Act or any one or more of them, be kept at the company's registrar and share transfer agent's office at at E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East), Mumbai 400 072. instead of being kept at the registered office of the company.

7. Authority to Directors to contribute to charitable funds / association undertaking program of rural development.

To consider and if thought fit pass the following resolution as an ordinary resolution :

**RESOLVED THAT** pursuant to the provisions of Section 293(1) (e) of the Companies Act, 1961 and all other applicable provisions of the said Act, if any, consent of the Company be and is hereby accorded to the Board of Directors to contribute and/or subscribe and/or otherwise to assist from time to time to any national charitable, benevolent, public or general and other funds, and to an association or institution which has as its object the undertaking of any program of rural development approved by the prescribed authority under section 35CCA of the Income-tax Act, 1961 and/or incur expenditure on any program of rural development and to divest any assets if any created thereby as provided in section 35CC of the Income-tax Act, 1961 notwithstanding that such contributions, subscriptions and expenditure do not directly relate to the business of the Company or the welfare of its employees, upto a total sum of Rs 50,00,000 (Rupees Fifty Lacs only) in any financial year, as may be considered proper by the Board notwithstanding that such amounts in any financial year may exceed Rs.50,000 or 5% of the Company's average net profit as determined in accordance with the provisions of the Companies Act, 1956, during the three financial years immediately preceding, whichever is greater.

#### 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. 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.
4. Members are hereby informed that that the Company has transferred to "Investor Education and Protection Fund" of the Central Government all unclaimed Dividends upto Dividend for the Financial Year 1995-96. Dividend declared in the earlier years and remaining unpaid will be deposited with the above fund of the Government at the expiry of 7 years from the date of their transfer to unclaimed dividend account. Amounts transferred to this Fund cannot be recovered. Shareholders who have not encashed Dividend Warrants are requested to make their claim to the office of Registrar of Companies , Hakoba Compound, 2nd floor, Dattaram Lad Marg, Kalachowki, Mubai 400 33 and Transfer Agents M/s Bigshare Services Pvt. Ltd..
5. Register of Members / Transfer books will remain closed from Wednesday, 15th September, 2004 to Thursday, 16th September, 2004 (both days inclusive) for the purpose of Annual General Meeting.
6. 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.
7. Members holding shares in physical form are requested to notify /send the following to the Company's Registrars and Share Transfer Agents to facilitate better service :
  - a. any change in their address/mandate/bank details.
  - b. Particulars of their bank account in case the same have not been sent earlier.
  - c. Share certificate(s) held in multiple accounts in identical names or joint accounts in the same order of names for consolidation of such shareholding into one account.

8. Members holding shares in electronic form are requested to notify /send their change in address/bank details to the respective Depositories, viz. NSDL & CSDL.
9. Re-appointment of Directors: -  
At the ensuing Annual General Meeting, Dr.V.C Shah and Mr.Gagan Chaturvedi, retiring by rotation and being eligible offer themselves for re-appointment. 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 of on Corporate Governance published elsewhere in this Report.
10. The business at Serial No. 5 requires consent of the Members only through postal ballot. Postal Ballot Paper enclosed along with a self addressed Inland Letter of the Company must be posted so as to reach the Company at its registered office not later than 3rd September,2004 Consent or otherwise received after this date will be strictly treated as if the reply from Members has not been received. The Ballot Paper must be duly filled in , the preference for or against the resolution clearly marked and signed by the sole shareholder or joint shareholder in the order of seniority in which they appear in the Register of Members of the Company ( or in respect of the beneficiaries of shares held in electronic form , as per the list furnished by the Depositories). The resolution at serial No. 5 will not be taken up for voting at the Annual General Meeting and will have to be voted by postal ballot only and the result will be declared/ announced by the Chairman at the venue of the Annual General Meeting on Thursday, 16th September,2004.

By Order of the Board of Directors

Place : Mumbai  
Date : 29th June, 2004

**R. Sundaresan**  
(Executive Director)

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

### EXPLANATORY STATEMENT

The following is an explanatory statement pertaining to item Nos. 5,6 & 7of the Notice:-

#### Item No. 5

The Company presently carries on the business of dealing in securities For some time past, the Board of Directors of the Company has been considering proposals for expanding the Company's activities. After taking into account the financial resources of the Company and other relevant factors, the Board considers it possible and desirable to diversify the Company's activities by undertaking the business of dealers in gold ,silver, platinum and other precious commercial minerals and stones The Company is authorized to undertake the proposed business under clause 15 of clause III ( C ) of its Memorandum of Association. The Board is satisfied that the proposed business can be combined conveniently with the existing business of the Company under the existing circumstances.

According to Section 149(2A) of the Companies Act,1956 no company can commence any new business which is not germane to the business it was carrying on as on 31st March 2004, unless the Company has approved the commencement of such new business by a special resolution passed in that behalf. As the commencement of the proposed business in terms of clause( 15 ) of clause III ( C)of the Memorandum of Association of Company may be considered to be the commencement of a new business within the meaning of section 149(2A) of the Act, it is necessary to obtain the approval of the members by a special resolution to such commencement of new business pursuant to the said section. The resolution is intended for this purpose.

The Company's Memorandum of Association is open for inspection at the Company's registered office during usual business hours on any working day.

The Board recommends the acceptance of the resolution.

No Director of the Company has any interest or concern in the resolution.

#### Item No.6

Under section 163 of the Companies Act, 1956, certain documents which are normally required to be kept at the registered office of company may be kept at any other place if such other place has been approved by a special resolution passed by the company in general meeting. In view of change of Registrar and Share Transfer Agents from R & D Consultants Ltd to Big Share Services Pvt Ltd it has become necessary to shift the current records of the share department to the new Registrar and Share Transfer Agent's office premises at E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka,Andheri(East),Mumbai 400 072.

Approval of the members is sought, in terms of section 163 of the Companies Act, 1956, for shifting of the company's registers of members and debenture holders and other returns, books, certificates and documents pertaining thereto from the registered office to the proposed new location at Big Share Services Pvt Ltd at E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka,Andheri(East),Mumbai 400 072..

#### Item No.7

As per the provisions of section 293(1)(e) of the Companies Act, 1956, the Directors of the Company can contribute to charitable or other institutions in excess of Rs.50,000 or 5% of the Company average net profit, only if authorized by the Company in general meeting by a resolution which specifies the limit for such contribution. In view of the Government's desire to encourage rural development work by companies and others and, further, of increase in the business and activities of the Company, the Company may be required to contribute amounts in excess of the existing limit prescribed u/s 293 (1) (e) to various bodies. Such bodies may be associations/institutions, having as their objects the undertaking of any program of rural development (approved under section 35CCA of the Income-tax Act, 1961) and/or charitable organizations ; the Company may also decide to incur expenditure directly by itself on any program of rural development as provided in section 35CC of the Income-tax Act, 1961 and this may amount to "contribution to charitable and other funds not directly relating to the business of the Company or welfare of its employees" and would, therefore, attract the provisions of section 293(1)(e) of the Companies Act, 1956. The proposed resolution seeks to now authorize the Directors to make such contributions/expenditure up to a limit of Rs50,00,000/ -(Rupees Fifty Lacs only) in any one financial year.

None of the Directors has any interest in this resolution.

By Order of the Board of Directors

Place : Mumbai  
Date : 29th June, 2004

**R. Sundaresan**  
(Executive Director)

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

## ANNUAL REPORT 2003-2004

### DIRECTORS' REPORT TO SHAREHOLDERS

To,

The Members of

**Shardul Securities Ltd.**

Your Directors are pleased to present Nineteenth Annual Report and Audited Statements of Accounts for the year ended March 31, 2004.

1. Financial Results :-	(Rs. in lacs)	
	2003 - 2004	2002 - 2003
Profit before Depreciation	514.15	224.58
Less : Depreciation	60.87	56.75
Profit before Taxation	453.28	167.83
Less : Provision for taxation		
Current	35.50	13.20
Deferred	136.91	78.79
Profit after Taxation	280.87	75.84
Add : Prior Year Adjustments	(1.20)	(0.59)
Profit after Prior Period Adjustments	279.67	75.25
Surplus / (Deficit) brought forward from previous years	(788.08)	(848.28)
	(508.41)	(773.03)
<b>Appropriations :</b>		
General Reserve as per RBI	55.94	15.05
Balance carried to Balance Sheet	(564.35)	(788.08)
	(508.41)	(773.03)

#### 2. Dividend :-

In view of carry forward of losses, your Directors do not propose to declare a dividend.

#### 3. General Scenario :-

The soft interest rate regime ushered in during the year, witnessed a drastic fall in the interest rates on Government securities market from about 10% to 5% on a 10 year security paper. This had a cascading effect on the interest earnings of the investors in general. While the interest rates on deposits of banks and other investment opportunities came down, there was no corresponding fall in the rate of interests on lending by the banks though selectively certain segment of borrowers were able to bargain for lower interest rates. As a result of the reduction in the interest rates, the foreign exchange rate market also witnessed rupee appreciating considerably against the dollar by almost 10% during the year. The economy was quite buoyant with the inflation rate being maintained below 5% throughout the year and the general economic activities received adequate support through investments both via FDI route and domestic investments.

The year also witnessed a few PSU public issues boosting the stock market resulting in a healthy growth in the trading volumes. Though the interest rates affected the debt market yet there was good volume of trading in the bond markets throughout the year. There was significant growth in the agricultural sector, industrial sector and small savings which contributed to a better GDP growth.

#### 4. Performance :-

Given the above market scenario, your company recorded an impressive growth during the year in terms of its income levels with profit after taxation registering more than 370% growth from 75.84 lacs during 2002-03 to Rs.280 lacs during 2003-04. The gross income registered an increase of almost 2.5 times the previous year at Rs.522.65 lacs. The carry forward losses have come down by more than Rs.250 lacs during the year through appropriations.

The Company made impressive gains in trading activities in bond markets and other security markets besides scoring gains on investments in equity market as well.

#### 5. Management Discussion & Analysis :-

##### i) Industry Structure and Development :-

###### NBFC Sector :

RBI has continued to exercise a tight leash on the NBFC sector, and your company has been complying with the various provisions of RBI strictly. The company has not mobilised any public deposits and has continued to exercise prudence in investments, both in equity and debt market segments to optimise the returns.

##### ii) Opportunities and Threats :-

The retail segment especially in auto financing, housing and investment and banking activities continue to be attractive for NBFC sector and the market conditions have also been quite conducive and as a result your company has been active in the investment segment with good results.

##### 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 27 (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 opened a branch office in New Delhi and has activated the Calcutta Office for retail debt market

operations. The Company also has its associate offices in Hyderabad and Bangalore, mainly for retail debt market activities which are yielding good results. We hope to improve the ultimate profitability significantly in the next few years to come once these operational centers become more productive.

#### 7. **Subsidiary :-**

The wholly owned subsidiary viz. Shriyam Broking Intermediary Ltd. continues to remain profitable during the year ended 31.03.2004. The company has earned a gross income of Rs.225.64 lacs as against Rs.244.45 lacs during the previous year and achieved a net profit after taxation of Rs.14.57 lacs as against Rs.10.35 lacs during the previous year. The merchant banking activities however continue to be on a low profile. The Balance Sheet and Profit & 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. **Directors :-**

Dr. V. C. Shah and Mr. Gagan Chaturvedi, Directors are retiring by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

#### 9. **Taxation :-**

In opinion of Directors, the provision for Income Tax is sufficient to meet Income Tax demands.

#### 10. **Donation :-**

During the year the Company has given the total donation of Rs.6 lacs to various Trusts.

#### 11. **Cashflow :-**

As required by Clause 37 of the Listing Agreement, a cashflow statement is appended with this report.

#### 12. **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 31st March, 2004, the applicable accounting standards have been followed along with 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 31st March 2004 on a 'going concern' basis.

#### 13. **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.

#### 14. **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.

#### 15. **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-18 for Related Party transactions.

#### 16. **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 consist of practising Chartered Accountants or practising Company Secretary. The Company is in the process of appointing suitable qualified Company Secretary.

#### 17. **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 2005 to Mumbai Stock Exchange, Ahmedabad Stock Exchange and Delhi Stock Exchange.

#### 18. **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 to the extent of Rs. 6.72 lacs 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.
4. The Company has transferred to "Investor Education and Protection Fund" of the Central Government all Unclaimed Dividends upto and including Dividend for the Financial Year 1995 - 96.

#### 19. **The Company has changed its Registrar & Share Transfer Agents (RTA) From M/s. R & D Consultants Ltd., to M/s. Bigshare Services Pvt. Ltd., E/2/3, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (E), Mumbai - 400 072. Tel. (022) 2847 0652 / 28470653, Fax (022) 2847 5207. All the Shareholders are requested to send their Correspondence to the address of new RTA.**

#### 20. **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 : 29th June 2004

**DEVESH CHATURVEDI**  
(CHAIRMAN)

## ANNUAL REPORT 2003-2004

### Report on Corporate Governance

The Company pursuant to the 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 Eight times during financial year ended 31st March 2004. The Board Meetings were held on 22nd May 2003, 28th June 2003, 31st July 2003, 29th August, 2003, 13th October 2003, 23rd October, 2003, 30th January 2004, & 11th March 2004. The Annual General Meeting of the Company was held on 29th August, 2003 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	7	Yes	2	1	—
Dr. V. C. Shah	NED	6	Yes	6	1	1
Mr. Bhupendra K. Shroff	NED	8	Yes	8	1	3
Mr. Gagan Chaturvedi	NED	8	Yes	4	2	—
Mr. Mukesh Shroff	NED	5	Yes	4	4	—
Mr. R. Sundaresan	ED	6	No	1	—	—

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

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

- Dr. Vinodchandra .C. Shah, aged 76 years, M.Com.(Bombay University), Ph D.(Eco) (Columbia) was appointed as a Director on 6th April 1993. Dr. Shah has worked as Economic Advisor in Embassy of India at Belgium for 6 years and worked as General Manager of ICICI for 15 years. He is a Member of the Audit Committee and the Remuneration Committee of the Board of Directors of the Company. He hold Directorship in Binani Industries Ltd., ORG Informatics Ltd., Ambalal Sarabhai Enterprises Ltd., Coastal Roadways Ltd., Essem Coated Steel (J&K) Ltd., and Binani Lead Ltd.
- Mr. Gagan Chaturvedi, aged 35 years, M.Com., AICWA, FCA., MCSE, MBA, was appointed as Director on 6th April 1993 He is a member of Share Transfer Committee and Investor Grievance Committee of the Board of Directors of the Company. He holds Directorship in Gagan Stock Broking Pvt. Ltd., Harinim Trade & Travels Pvt. Ltd., A to Z Broking Services Pvt.Ltd. and Shriyam Infotech Corporation Ltd.

#### 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 the 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 15. Due to change in the Registrars and Transfer Agents, there were some requests for dematerialisation which were pending for processing / approval as at 31st March 2004, however, they were subsequently satisfactorily resolved in early April, 2004.

#### 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 2003-2004, the Committee met 4 times. The Committee Meetings were held on 24th June 2003, 24th July 2003, 20th October 2003 and 24th January 2004. 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	4
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. The Company has, however, received a showcause notice from the Registrar of Companies, Mumbai for delayed Transfer of an application money to "Investor Education and Protection Fund" of Central Government and the Company has made an application for compounding of an offence under Section 621 A of the Companies Act, 1956 in the said matter.

#### 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 2003-2004

### GENERAL SHAREHOLDER INFORMATION

1. **Annual General Meeting** :  
**Date & Time** : Thursday, 16th September, 2004 at 10.00 a.m.  
**Venue** : 715, Tulsiani Chambers,  
212, Nariman Point,  
Mumbai 400 021.
2. **Financial Calendar** : 2004-05  
(tentative)  
**Board Meetings**  
Results for the quarter ending June 30, 2004 : Last week of July, 2004  
Results for the quarter ending September 30, 2004 : Last week of October, 2004  
Results for the quarter ending December 31, 2004 : Last week of January, 2005  
Results for the year ending 31st March, 2005 : Last week of June, 2005
3. **Book closure dates** : 15th September, 2004 to 16th September, 2004.
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 2005.
7. **Dematerialisation of shares and Liquidity :-**  
84.43% of the Equity Shares have been dematerialised upto 31st March 2004. Trading in Equity Shares of the Company is permitted only in dematerialised form with effect from 24th 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 2003-2004 were 9,57,032 and its value was Rs.43,06,664/-.
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 31st March 2004 :-**  
I) The Distribution of Shareholding as on 31st March 2004 :-

No. of Equity Shares held	Shareholders		Shares held	
	No.	%	No.	%
Upto 500	17,974	96.75	20,38,082	11.65
501 – 1000	269	1.45	2,19,339	1.25
1001-2000	148	0.80	2,18,475	1.25
2001-3000	52	0.28	1,32,350	0.75
3001-4000	33	0.18	1,12,875	0.65
4001-5000	24	0.13	1,09,081	0.62
5001-10,000	25	0.13	1,82,900	1.05
10,001 and above	52	0.28	1,44,85,331	82.78
<b>TOTAL</b>	<b>18,577</b>	<b>100.00</b>	<b>1,74,98,433</b>	<b>100.00</b>

II) Shareholding Pattern as on 31st March 2004 :-

Category	No. of Shares	%
Promoters	1,16,07,968	66.33
Financial Institutions / Banks / Mutual Fund	13,98,610	8.00
Corporate Bodies	12,40,590	7.09
Indian Public	32,51,065	18.58
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
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.
2002-2003	Registered office of the Company at 712/715, Tulsiani Chambers 212, Nariman Point, Mumbai 400 021.	29.08.2003	10.00a.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 2003-2004 were as follows :  
The Stock Exchange, Mumbai – Code No.512393

Month	Share Price		BSE Sensex	
	High	Low	High	Low
April, 2003	1.20	1.00	3221.90	2904.44
May, 2003	3.00	1.00	3200.48	2934.78
June, 2003	3.30	2.25	3632.84	3170.38
July, 2003	3.50	2.25	3835.75	3534.06
August, 2003	4.48	2.16	4277.64	3722.08
September, 2003	3.86	2.50	4473.57	4097.55
October, 2003	4.80	2.09	4951.11	4432.93
November, 2003	5.20	3.25	5135.00	4736.70
December, 2003	5.95	3.38	5920.76	5082.82
January, 2004	6.01	3.87	6249.60	5567.68
February, 2004	6.00	3.98	6082.80	5550.17
March, 2004	5.25	4.50	5951.03	5324.78

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.

<b>13. Investors Correspondence for Transfer / dematerialisation of shares, payment of dividend on shares and any other query relating to shares.</b>	<i>For Share held in physical form</i>	<b>For shares held in demat form</b>
	<b>Bigshare Services Pvt. Ltd.</b> E-2/3 Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri(East), Mumbai 400 072.	To the Depository Participant.
<b>14. Registrar &amp; Share Transfer Agents</b>	<b>Bigshare Services Pvt. Ltd.</b> E-2/3 Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri(East), Mumbai 400 072.	

## ANNUAL REPORT 2003-2004

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### AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Board of Directors  
**Shardul Securities Limited**  
(Formerly known as Shriyam Securities & Finance Ltd)  
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, 2004, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges of India.

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 grievances is pending for a period exceeding one month against the Company as per the records maintained by the shareholders / investor grievance committee.

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

For **RAJEN DAMANI & CO.**  
Chartered Accountants

Place : Mumbai  
Dated : 29<sup>th</sup> June, 2004

**Rajen. J. Damani**  
(Proprietor)  
Membership No : 34375

**AUDITORS' REPORT**

To

The Members,

**SHARDUL SECURITIES LTD.****(FORMERLY SHRIYAM SECURITIES AND FINANCE LTD.)**

We have audited the attached Balance Sheet of 'SHARDUL SECURITIES LTD', as at 31st March, 2004 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. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. 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 Companies (Auditor's Report) Order, 2003 issued by Central Government of India in terms of Section 227(4A) of the Companies Act 1956, we give in the Annexure hereto a statement on the matters specified in the paragraphs 4 and 5 of the said order, to the extent applicable to Company.
2. Further to our comments in the Annexure referred to in paragraph (1) above, we state that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of those books;
  - c) The Balance Sheet, Profit and 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 and Loss Account and Cash Flow Statement complies with the mandatory Accounting Standards referred to in section 211(3C) of the Companies Act, 1956;
  - e) On the basis of written representations received from the Directors as at 31st March, 2004 and taken on record by the Board of Directors, we report that none of the directors of the Company are disqualified as on 31st March, 2004 from being appointed as a director in terms of Section 274(1)(g) 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 together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2004;
    - ii) in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
    - iii) in the case of the Cash Flow Statement of the Cash Flow for the year ended on that date.

For **RAJEN DAMANI & CO.**

Chartered Accountants

**Rajen. J. Damani**

(Proprietor)

Membership No : 34375

Place : Mumbai

Dated : 29th June, 2004

**ANNEXURE TO THE AUDITORS REPORT OF SHARDUL SECURITIES LTD.****FOR THE YEAR ENDED 31ST MARCH, 2004.****(FORMERLY SHRIYAM SECURITIES AND FINANCE LTD.)****(Referred to in paragraph 1 of our report of the even date)**

- i.
  - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) As explained to us, the fixed assets other than the assets on lease, have been physically verified by the management in accordance with a phased programme of verification, which in our opinion, is reasonable, considering the size and nature of its business. No material discrepancies were noticed on such verifications.
  - c) As per the information and explanations given to us, during the year, the Company has not disposed off any substantial part of fixed assets that would affect the going concern.
- ii.
  - a) As explained to us, inventories have been physically verified by the Management at reasonable intervals.
  - b) In our opinion and according to the information and explanation given to us, the procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) On the basis of our examination of inventory records, we are of the opinion that the company is maintaining proper records of inventory. As explained to us, no material discrepancies have been noticed on physical verification of inventories as compared to book records.

## ANNUAL REPORT 2003-2004

- iii. a) The Company has taken loan from a company covered in register maintained under section 301 of the companies Act, 1956. The maximum amount involved during the year was Rs 111.74 Lacs and the same is repaid during the year. The Company had not given loans secured or unsecured to any companies covered in the register maintained under section 301 of the Companies Act, 1956.
- b) In our opinion the rate of interest and other terms and conditions on which the aforesaid loan have been taken from company listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to interest of the Company.
- c) In respect of loan taken as aforesaid, the Company has repaid the principal amounts as stipulated and regular in payment of interest thereon.
- d) In respect of the aforesaid loan, there are no overdue amounts.
- iv. 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 the purchases of securities and fixed assets and sale of securities. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control procedures.
- v. a) According to the information and explanation given to us, we are of the opinion that transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956, have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions of purchase of securities, sale of securities and services made in pursuance of contracts or arrangement required to be entered in the register maintained under section 301 of the Companies Act, 1956, exceeding the value of Rs 5,00,000/- in respect of any party during the year have been made at prices, which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. The Company has not accepted deposits from public and hence directives issued by Reserve bank of India and provision of section 58A and 58AA of the Companies Act, 1956 and rules framed there under are not applicable for the year under audit.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- viii. a) According to the information and explanations records given to us and according to the books and records as produced and examined by us, in our opinion the undisputed statutory dues in respect of Investor Education and Protection Fund, Sales tax, Provident Fund, Employees State Insurance, Income tax, Service tax and other material statutory dues as applicable have been regularly deposited by the Company during the year with appropriate authorities.
- b) The Wealth tax, Customs duty, Excise duty and Cess are not applicable to the Company.
- c) According to the information and explanations given to us, there are no such statutory dues, which have not been deposited on account of any dispute.
- ix. The company has accumulated losses of Rs. 564.35 Lacs at the end of the financial year. The Company has not incurred any cash losses during the current financial year and the immediately preceding financial year.
- x. Based on our audit procedures and the information and explanations given by management, we are of the opinion that the company has not defaulted in repayment of dues to any banks.
- xi. The company has maintained proper records of transactions and contracts in respect of trading in shares, debentures and other securities and timely entries have been made therein. The investments are held by the company in its own name except for certain securities, which are lodged for transfer or are pledged with banks and a corporate.
- xii. According to the information and explanation given by the management, in our opinion the terms and condition of guarantees, given on behalf of the subsidiary are not prejudicial to the interest of company.
- xiii. According to the information and explanations given to us the company has not obtained any term loans.
- xiv. On the basis of review of utilization of funds, which is based on overall examination of the Balance Sheet of the company as at 31st March, 2004 we find that the company's long term source of funds amounted to Rs. 4623.55 Lacs, of which the long-term application of funds amounted were Rs. 2630.84 Lacs. During the accounting year covered by our report, the company generated Rs. 138.07 Lacs from long term sources and balance Rs. 199.21 Lacs from short term sources for long-term applications aggregating Rs. 337.28 Lacs.
- xv. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

In view of the nature of activities carried by the Company, clause no (viii) and (xiii) of Companies (Auditor's Report) Order, 2003 is not applicable to the Company. Further in view of the absence of conditions prerequisite to the reporting requirement of clauses (xii), (xviii) and (xx), the said clauses are, at present, not applicable.

For **RAJEN DAMANI & CO.**  
Chartered Accountants

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

Membership No : 34375

Place : Mumbai  
Dated : 29th June, 2004

**BALANCE SHEET AS AT 31ST MARCH, 2004**
**(Rs. in Lacs)**

	Schedule	As at 31st March, 2004	As at 31st March, 2003
<b>I SOURCES OF FUNDS</b>			
<b>1 Shareholders Fund</b>			
Share Capital	A	1749.84	1749.84
Reserves and Surplus	B	2614.78	2335.11
		<b>4364.62</b>	4084.95
<b>2 Deferred Tax</b>		<b>258.93</b>	122.02
<b>3 Loan Funds</b>			
Secured Loans	C	813.17	652.28
Unsecured Loans	D	—	200.08
		<b>813.17</b>	852.36
<b>Total</b>		<b>5436.72</b>	5059.33
<b>II APPLICATIONS OF FUNDS</b>			
<b>1 Fixed Assets</b>			
Gross Block	E	1988.19	1913.79
Less: Depreciation		429.04	368.17
		<b>1559.15</b>	1545.62
Lease Adjustments		(238.96)	(256.37)
		<b>1320.19</b>	1289.25
<b>2 Investments</b>	F	<b>1310.65</b>	1181.45
<b>3 Current Assets, Loans and Advances</b>			
Current Assets	G	2651.37	2558.91
Loans and Advances	H	385.22	376.71
		<b>3036.59</b>	2935.62
<b>Less : Current Liabilities &amp; Provisions</b>			
Current Liabilities	I	31.57	202.94
Provisions	J	199.14	153.75
		<b>230.71</b>	356.69
<b>Net Current Assets</b>		<b>2805.88</b>	2578.93
<b>4 Miscellaneous Expenditure</b>	K	—	9.70
<b>Total</b>		<b>5436.72</b>	5059.33
<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 29th June, 2004.

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, 2004

(Rs. in Lacs)

	Schedule	2003-2004	2002-2003
<b>INCOME</b>			
Income from Operations	L	127.39	230.85
Income from dealing in securities	M	600.36	91.17
Other Income	N	37.69	50.69
		<b>765.44</b>	372.71
<b>EXPENDITURE</b>			
Administrative Expenses	O	163.55	101.72
Interest & Financial Charges		78.04	36.60
Depreciation		60.87	56.75
Miscellaneous Expenditure Written Off	P	9.70	9.81
		<b>312.16</b>	204.88
<b>Profit before Taxation</b>		<b>453.28</b>	167.83
Provision for Taxation			
Current		35.50	13.20
Deferred		136.91	78.79
		<b>172.41</b>	91.99
<b>Profit after Taxation</b>		<b>280.87</b>	75.84
Prior period adjustment (net)		(1.20)	(0.59)
<b>Profit after prior period adjustment</b>		<b>279.67</b>	75.25
Surplus / (Deficit) brought forward from previous year		(788.08)	(848.28)
		<b>(508.41)</b>	(773.03)
<b>APPROPRIATIONS</b>			
Transferred to General Reserve 2 (as per RBI Guidelines)		55.94	15.05
Balance carried to Balance Sheet		(564.35)	(788.08)
		<b>(508.41)</b>	(773.03)
<b>Basic and diluted earning per equity share of Rs.10 each (in Rupees)</b>		<b>1.60</b>	0.43
<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 29th June, 2004.

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, 2004	As at 31st March, 2003
<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	297.88
Add: Transfer from Profit & Loss Account	—	—
	<b>297.88</b>	<b>297.88</b>
General Reserve 2 (As per RBI Guidelines)		
Balance as per last Balance Sheet	151.72	136.67
Add: Transfer from Profit & Loss Account	55.94	15.05
	<b>207.66</b>	<b>151.72</b>
Profit and Loss Account	<b>(564.35)</b>	<b>(788.08)</b>
	<b>2614.78</b>	<b>2335.11</b>
<b>SCHEDULE 'C'</b>		
<b>Secured Loan</b>		
From Bank	559.41	652.28
(Bank overdraft is secured by way of lien of Bank fixed deposits of Rs.800 Lacs)		
From Corporate Body	253.76	—
(Secured against pledge of shares belonging to company and its directors & their relatives)		
	<b>813.17</b>	<b>652.28</b>
<b>SCHEDULE 'D'</b>		
<b>Unsecured Loan</b>		
Short term	—	200.00
Inter corporate deposit	—	0.08
Interest accrued and due	—	200.08
	<b>—</b>	<b>200.08</b>

**Schedule 'E':**
**FIXED ASSETS**
**(Rs. in Lacs)**

Description of Assets	Gross Block				Depreciation				Net Block		
	As at 1/4/03	Additions	Deductions	As at 31/3/04	Up to 31/03/03	For the Year	Deductions	Upto 31/3/04	Lease Adjustment	As at 31/03/04	As at 31/03/03
<b>A. Owned Assets</b>											
Office Premises	1059.88	—		1059.88	56.70	17.28		73.98		985.90	1003.18
Computers	3.81	—		3.82	2.03	0.62		2.65		1.16	1.78
Furniture & Fixtures	70.47	58.62		129.09	30.08	4.56		34.64		94.46	40.40
Vehicles	23.67	3.70		27.36	9.62	2.48		12.11		15.26	14.04
Plant & machinery	20.96	12.08		33.04	7.75	1.02		8.76		24.27	13.21
<b>Total</b>	<b>1178.79</b>	<b>74.40</b>	<b>—</b>	<b>1253.19</b>	<b>106.18</b>	<b>25.96</b>	<b>—</b>	<b>132.14</b>	<b>—</b>	<b>1121.05</b>	<b>1072.61</b>
<b>B. Leased Assets</b>											
Plant & Machinery	735.00	—	—	735.00	261.99	34.91	—	296.90	(238.96)	199.14	216.64
<b>Total</b>	<b>735.00</b>	<b>—</b>	<b>—</b>	<b>735.00</b>	<b>261.99</b>	<b>34.91</b>	<b>—</b>	<b>296.90</b>	<b>(238.96)</b>	<b>199.14</b>	<b>216.64</b>
<b>Grand Total</b>	<b>1913.79</b>	<b>74.40</b>	<b>—</b>	<b>1988.19</b>	<b>368.17</b>	<b>60.87</b>	<b>—</b>	<b>429.04</b>	<b>(238.96)</b>	<b>1320.19</b>	<b>1289.25</b>
Previous Year	1365.78	639.80	91.79	1913.79	373.50	56.75	62.08	368.17	(256.37)	1289.25	

**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.



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## SCHEDULES FORMING PART OF THE BALANCE SHEET

(Rs. in lacs)

	Face Value/ Issue Price(Rs)	As at 31st March, 2004	Quantity As at 31st March, 2003	As at 31st March, 2004	Value As at 31st March, 2003
<b>SCHEDULE 'F'</b>					
<b>Investments</b>					
<b>Long Term Investments</b>					
<b>Government Securities</b>					
<b>Unquoted</b>					
Indira Vikas Patra	—	—	—	—	31.69
<b>Sub Total</b>				—	31.69
<b>Trade Investments</b>					
<b>In Equity shares - Quoted</b>					
Fully Paid-up					
Reliance Industries Limited	10	3850	—	19.78	—
Haldyn Glass Limited	10	1400	1400	0.28	0.28
Reliance Energy Limited	10	20150	—	71.56	—
Saint Gobain Sekurit Limited	10	107101	—	10.71	—
SRF Limited	10	150000	—	44.61	—
Micro Ink & Resins Limited	10	12500	—	66.23	—
<b>Sub Total</b>				213.17	0.28
<b>Other Investments</b>					
<b>In Equity shares - Unquoted</b>					
Fully Paid up					
<b>In Subsidiary</b>					
Shriyam Broking Intermediary Limited	10	10000000	10000000	1000.00	1000.00
<b>In Others</b>					
A to Z Broking Services Private Limited	10	950000	950000	95.48	95.48
<b>Sub Total</b>				1095.48	1095.48
<b>In Mutual Funds</b>					
Fully paid up units					
LIC Mutual Fund Index Fund - Sensex Advantage Plan.	10	20000	20000	2.00	2.00
UTI Variable Investment Scheme - Index Link Plan	10	—	20000	—	2.00
Tata Income Fund Growth Plan	10	—	247633	—	50.00
<b>Sub total</b>				2.00	54.00
<b>Total Investments</b>				1310.65	1181.45
<b>Market Value of Quoted Investments</b>				317.95	0.02

## SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31st March, 2004		As at 31st March, 2003	
<b>SCHEDULE 'G'</b>				
<b>Current Assets</b>				
Interest accrued on Investments.		—		4.68
Stock-in-Trade (Certified and valued by Management)		1650.45		1694.79
Sundry Debtors (Unsecured, Considered good)				
Outstanding for a period -				
(a) exceeding six months.	0.05		0.05	
(b) Others				
(i) From a subsidiary Company	166.93		14.67	
(ii) From Others	25.11	192.09	33.93	48.65
<b>Cash &amp; Bank Balances</b>				
Cash in hand		—		0.03
Balance with Scheduled Banks				
—In Current Accounts	8.83		10.76	
—In Fixed Deposit Account	800.00		800.00	
		808.83		810.76
<b>Total</b>		2651.37		2558.91

**SCHEDULES FORMING PART OF THE BALANCE SHEET**
**(Rs. in Lacs)**

	As at 31st March, 2004	As at 31st March, 2003
<b>SCHEDULE 'H'</b>		
<b>Loans and Advances</b>		
Sundry Deposits	350.58	350.57
Advance Income Tax (net of provisions)	12.34	10.79
Loans	5.00	5.00
Advances recoverable in cash or in kind or for value to be received	17.30	10.35
	<u>385.22</u>	<u>376.71</u>
<b>SCHEDULE 'I'</b>		
<b>Current Liabilities</b>		
Sundry Creditors(Other than SSI)	22.70	186.89
Unclaimed Dividend	5.30	7.03
Other Liabilities	3.57	9.02
	<u>31.57</u>	<u>202.94</u>
<b>SCHEDULE 'J'</b>		
<b>Provisions</b>		
Provision for sub standard and doubtful assets	199.14	153.75
	<u>199.14</u>	<u>153.75</u>
<b>SCHEDULE 'K'</b>		
<b>Miscellaneous Expenditure</b>		
(To the extent not written off or adjusted)		
Deferred Revenue Expenses	—	9.70
	<u>—</u>	<u>9.70</u>

**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT**
**(Rs. in Lacs)**

	2003-04	2002-03
<b>SCHEDULE 'L'</b>		
<b>Income from Operations</b>		
Interest	102.62	118.39
(Tax deducted at source Rs.17.06 Lacs Previous year Rs.15.04 lacs)		
Lease Income	—	7.16
Lease Equalisation	17.41	7.16
	<u>17.41</u>	<u>7.16</u>
Consultancy Fees	7.36	105.30
(Tax deducted at source Rs.Nil Previous year Rs. 5.51 Lacs)		
	<u>127.39</u>	<u>230.85</u>

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SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT				
			(Rs. in Lacs)	
		2003-04		2002-03
<b>SCHEDULE 'M'</b>				
<b>Income from dealing in securities</b>				
Profit on sale of investments (Net)		3.44		2.58
Profit on dealing in stocks		596.92		88.59
		<u>600.36</u>		<u>91.17</u>
<b>SCHEDULE 'N'</b>				
<b>Other Income</b>				
Dividend on				
Investments	0.70		3.86	
Others	14.05	14.75	9.00	12.86
		<u>21.87</u>		<u>25.73</u>
(Tax deducted at source of Rs.Nil Previous year Rs.1.27 Lacs)				
Bad debts recovered		21.87		25.73
Rent and Compensation		—		9.00
Miscellaneous Income		1.07		3.10
		<u>37.69</u>		<u>50.69</u>
<b>SCHEDULE 'O'</b>				
<b>Administrative Expenses</b>				
Payment to Employees				
- Salary, Bonus & Allowance	7.40		7.12	
- Contribution to Provident & Other Fund	0.22		0.28	
- Welfare Expenses	0.36	7.98	0.07	7.47
		<u>36.64</u>		<u>25.64</u>
Professional and Other Service Charges		0.96		0.89
Telephone and Lease line Charges		0.25		0.44
Membership and Subscriptions		15.10		5.07
Rent, Rates and Taxes		1.01		0.95
Postage and Telegrams		7.74		0.48
Advertisement and Business Promotion		14.40		0.25
Repairs and Maintenance		6.59		1.01
Printing and Stationery		1.08		0.53
Payment to Auditors		0.35		0.28
Directors Sitting Fees		—		12.22
Loss on sale of Fixed Assets (Net)		10.77		3.66
Travelling and Conveyance		7.34		6.94
Electricity Charges		6.00		6.00
Donations		45.38		27.98
Provision for sub standard and doubtful assets		1.96		1.91
Miscellaneous Expenses		<u>163.55</u>		<u>101.72</u>
<b>SCHEDULE 'P'</b>				
<b>Miscellaneous Expenditure written off</b>				
Preliminary Expenses		—		0.09
Deferred Revenue Expenses		9.70		9.72
		<u>9.70</u>		<u>9.81</u>

**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) Depreciation :**

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

**(E) 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.

**(F) Foreign Currency Transactions :**

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

**(G) 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.

**(H) Miscellaneous Expenditures :**

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

**(I) 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.

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

Company has followed "Valuation of Inventories" (AS2) 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. The lease income on assets to leasees which are classified as non performing assets is not recognised.
- (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 / Securities	3.79	184.72	3.30	306.80
- Bond	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>
<b>Purchases/Transfers</b>				
- Shares / Securities	666.66	126964.98	65.44	10694.24
- Bonds	525.73	55102.52	442.96	48794.33
<b>Total</b>	<b>1192.39</b>	<b>182067.50</b>	<b>508.40</b>	<b>59488.57</b>
<b>Sales / Transfers</b>				
- Shares / Securities	655.70	126574.01	64.95	10824.05
- Bonds	527.43	56134.75	429.15	47403.35
<b>Total</b>	<b>1183.13</b>	<b>182708.76</b>	<b>494.10</b>	<b>58227.40</b>
<b>Closing Stock</b>				
- Shares / Securities	14.75	909.45	3.79	184.72
- Bonds	12.48	741.00	14.18	1510.07
<b>Total</b>	<b>27.23</b>	<b>1650.45</b>	<b>17.97</b>	<b>1694.79</b>

(Rs.in lacs)

**2003-2004**      2002-2003

- (D) i) Expenditure in Foreign Currency. **6.72**      —
- ii) Earning in Foreign Currency. —      —
- (E) Interest Income includes Rs.0.24 Lacs (Previous Year Rs.3.99 Lacs) as interest earned on Long Term Investments.

(F) Earning per Share :

	<b>2003-2004</b>	2002-2003
i) Net Profit after tax available for Equity Shareholders (Rs.in lacs)	<b>279.67</b>	75.25
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>1.60</b>	0.43

**(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.

Chaturvedi & Shah

iii) **Key Managerial Personnel and their relatives :**

Shri R. Sundaresan - Executive Director

Shri Viraf Katrak - Chief Executive Officer.

Mrs. S. Vijayalaxmi - Relative of Shri R. Sundaresan

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.	—	110.00	—	110.00
	(—)	(60.00)	(—)	(60.00)
b) Returned during the year.	—	110.00	—	110.00
	(—)	(60.00)	(—)	(60.00)
c) Balance as at 31st March, 2004.	—	—	—	—
	(—)	(—)	(—)	(—)
<b>Investments</b>				
a) Balance as at 31st March, 04	1000.00	95.48	—	1095.48
	(1000.00)	(95.48)	(—)	(1095.48)
<b>Stock-in-trade</b>				
a) Purchased during the year.	—	4281.17	—	4281.17
	(—)	(—)	(—)	(—)
b) Sales / Redeemed during the year.	—	5067.72	—	5067.72
	(—)	(—)	(—)	(—)
c) Brokerage paid during the year.	11.35	—	—	11.35
	(4.32)	(—)	(—)	(4.32)
d) Balance as at 31st March, 2004.	—	—	—	—
	(—)	(—)	(—)	(—)
<b>Sundry Debtors as at 31st March, 2004.</b>				
	166.93	—	—	166.93
	(14.67)	(—)	(—)	(14.67)
<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)
c) Balance as at 31st March, 2004.	—	350.00	—	350.00
	(—)	(350.00)	(—)	(350.00)
<b>Income</b>				
Received from services.	—	—	—	—
	(—)	(105.00)	(—)	(105.00)
<b>Expenditure</b>				
Payments and provisions for Remuneration & Services.	—	1.74	6.53	8.27
	(20.00)	(—)	(5.69)	(25.69)
<b>Contingent Liability Bank Guarantees as at 31st March, 2004.</b>				
	165.00	—	—	165.00
	(110.00)	(—)	(—)	(110.00)

(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)

Particulars	(Rs. in Lacs)	
	Outstanding Balance as on 31st March, 2004	Maximum Balance Outstanding during the year
i) Loans and advances in the nature of loans to subsidiaries	Nil	Nil
ii) Loans and advances in the nature of loans to associates	Nil	Nil
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 – Loan to employee/others (in ordinary course of business)	Nil	Nil
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	Nil	Nil

(J) **Deferred Tax :**

The break-up of deferred tax Liability as at March 31, 2004 is as under :

	(Rs. in lacs)			
	Deferred Tax Asset	Current Year Deferred Tax Liability	Deferred Tax Asset	Previous Year Deferred Tax Liability
Timing Differences on account of :				
Fixed Assets	—	258.93	—	254.30
Unabsorbed Depreciation Loss.	—	—	13.30	—
Carry forward business Loss / Capital Loss.	—	—	118.98	—
Total	—	258.93	132.28	254.30
Net Deferred Tax Liability.		258.93		122.02

(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 :**

	(Rs. in Lacs)	
	Current Year	Previous Year
Audit Fees	0.76	0.31
Tax Audit Fees	0.16	0.11
Certification Charges	0.16	0.11
Total	1.08	0.53

(Payment of professional fees to a Proprietary concern / firm in which the auditor is interested as a Proprietor / partner Current Year Rs.0.25 Lacs (Previous year Rs.0.28 Lacs)

(M) **Directors Remuneration :**

Salary to Executive Directors as under :-

Shri R. Sundaresan Rs. 2.89 Lacs (P. Y. Rs. 3.25 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, 2004.

(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		
Secured	—	—
b) Inter-corporate loans and borrowings	<b>253.76</b> (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	<b>385.22</b> (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).	<b>199.19</b> (217.13)	0.05 (0.05)
2) Operating Lease.	—	—
iv) Break up of investments		
a) Current Investments (Stock in trade)		
1) Quoted		
• Shares		
- Equity	<b>883.03</b> (158.30)	
• Debentures and Bonds	—	
• Govt. Securities & PSU Bonds	<b>741.00</b> (1510.07)	
2) Unquoted		
• Shares		
- Equity	<b>26.42</b> (26.42)	
• Debentures and Bonds	—	
b) Long Term Investments		
1) Quoted		
• Shares		
- Equity	<b>213.17</b> (0.28)	
2) Unquoted		
• Shares		
- Equity	<b>1095.48</b> (1095.48)	
- Preference	—	
• Debentures, Bonds and Units	(—) <b>2.00</b> 54.00	
• Government Securities	—	
• PSU Bonds	(31.69)	
	—	
	(—)	



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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
	—	(350.00)	(350.00)
3) Other related parties	—	—	—
b) Other than related parties	199.19	35.22	234.41
	(217.13)	(26.71)	(243.84)
Total	199.19	385.22	584.41
	(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)			
a) Related Parties			
1) Subsidiaries		1086.60	1000.00
		(1071.73)	(1000.00)
2) Companies in the same group		108.49	95.48
		(108.30)	(95.48)
3) Other related parties		—	—
b) Other than related parties		1968.40	1865.63
		(1785.43)	(1780.76)
Total		3163.49	2961.11
		(2965.46)	(2876.24)
		Amount	
vii) Other information			
a) Gross Non Performing Assets			
1) Related parties		—	—
2) Other than related parties		251.56	(251.56)
b) Net Non Performing Assets			
1) Related Parties		—	—
2) Other than related parties		199.14	(153.75)
c) Assets acquired in satisfaction of debt		—	—

### (P) Stock in Trade

	(Rs. in lacs)			
	As at 31st March, 2004		As at 31st March, 2003	
Equity Shares	Quantity	Value	Quantity	Value
Apollo Tyres Limited	150	0.37	150	0.07
Adlab Films Limited	25,100	24.87	—	—
ATV Project (India) Limited	650	—	650	—
Aurobindo Pharma Limited	—	—	2,418	5.12
Ashok Leyland Limited	18,078	45.76	—	—
Bajaj Hindustan Limited	5,966	12.43	—	—
BASF India Ltd.	10,000	12.03	—	—
BOC India Limited	10,000	3.73	—	—
Bajaj Auto Finance Limited	—	—	7,893	3.68
Bayer ABS Limited	20,000	17.47	23,945	14.31
Chennai Petroleum Limited	10,000	11.32	—	—
Cybermate Infotech Limited	15,000	0.38	15,000	0.60

	As at 31st March, 2004		(Rs. in lacs)	
	Quantity	Value	Quantity	Value
<b>Equity Shares</b>				
Dabur India Limited	—	—	10,000	3.59
Dalmia Cement (Bharat) Limited	15,000	42.86	—	—
DCM Shriram Consolidated Limited	—	—	16,530	8.65
Escorts Limited	1,50,000	93.83	—	—
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
GTL Ltd.	20,000	16.15	—	—
Goetze (I) Limited	10,000	7.77	—	—
Gujarat Mineral Development Limited	20,000	36.87	—	—
Glenmark Pharmaceuticals Limited	10,000	14.37	—	—
Gujarat Industries Power Co. Ltd.	—	—	45,000	6.84
Hindustan Ink & Resins Limited	10,550	61.85	—	—
Himatsingka Seide Limited	—	—	10,000	10.09
Hindustan Power Plus Limited	50,500	18.18	25,000	7.93
Hindustan Construction Co. Ltd.	—	—	29,132	16.63
India Glycols Limited	10,100	8.40	100	0.02
Jupiter Bioscience Limited	—	—	10,000	3.58
Jindal Steel & Power Limited	—	—	7,000	22.45
Jindal Vijayanagar Steel Limited	1,00,000	8.20	—	—
Karturi.Com Limited	1,800	0.03	1,800	0.03
Kopran Limited	—	—	20,000	3.69
Kochi Refineries Limited	—	—	3,750	1.55
Mafatlal Industries Limited	3	—	3	—
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
Murudeshwar Ceramics Limited	40,000	10.08	—	—
Nicholas Piramal India Limited	—	—	4,500	9.28
NRB Bearings Limited	—	—	8,799	5.29
Oriental Paper & Ind. Limited	29,499	8.22	—	—
Prag Bosimi Synthetics Ltd.	87,500	2.92	—	—
Paraj Industries Limited	—	—	10,000	4.99
Polyplex Corpn. Limited	59,219	89.78	—	—
Ritesh Polyesters Limited(Partly paid)	29,200	—	29,200	—
Radico Khaitan Limited	—	—	16,566	5.37
Steel Authority of India Limited	75,000	24.19	—	—
Sesa Goa Limited	5,500	26.32	—	—
Sterlite India Ltd.	6,000	30.61	—	—
Saint Gobain Sekurit India Limited	1,42,752	18.77	—	—
Sudarshan Chemicals Limited	12	—	12	—
Syngenta India Limited	5,000	7.10	—	—
Samtel Colours Limited	—	—	35,800	6.46
Sun Pharmaceutical Industries Ltd.	—	—	2,000	5.41
Thomas Cook(I) Limited	5,000	21.47	—	—
Vijaya Bank	17,600	4.22	—	—

## ANNUAL REPORT 2003-2004

	(Rs. in lacs)			
	As at 31st March, 2004		As at 31st March, 2003	
	Quantity	Value	Quantity	Value
<b>Equity Shares</b>				
West Coast Paper Mills Limited	—	—	6,010	5.47
Zenzar Technologies Limited	14,000	10.94	—	—
Nifty Apr1010caleur	—	—	1,000	0.20
Vidushan Comm. & Investment Pvt. Ltd.	950	26.42	950	26.42
Arvind Mills	4,19,440	191.05	—	—
<b>Total Equity Shares</b>	14,75,410	909.45	3,78,698	184.72
<b>Government Securities</b>				
8% GOI Relief Bonds 2007	3,000	3.05	—	—
8.5% GOI Relief Bonds 2007	2,500	2.54	—	—
<b>Total Government Securities</b>	5,500	5.59	—	—
<b>BONDS</b>				
<b>A. State Govt. Guarantee Bonds</b>				
GSFC 13.25% Bonds 2005-6-7	1,03,000	113.82	—	—
APPFCL 10.65% Bonds 2013	6,000	7.03	—	—
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
MSEB 12% SLR Bonds 2011	50,000	62.02	—	—
MKVDC 11% Bonds 2010	1,57,000	153.69	—	—
<b>Total State Govt. Guarantee Bonds</b>	3,16,000	336.56	2,93,000	311.26
<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
SSNNL 8.95% Bonds 2016	1,00,000	103.07	—	—
KIDC 11% Bonds 2009	5,000	5.31	—	—
GEB 11.5% Bonds 2015	1,000	1.22	—	—
PFC Deep Discount Bond 2022	1,50,000	47.25	—	—
SSNNL DDB 2014	6,70,000	242.00	—	—
<b>Total PSU Bonds</b>	9,26,000	398.85	11,25,000	1,198.81
<b>Grand Total</b>	27,22,910	1650.45	17,96,698	1,694.79

**(Q) Contingent Liabilities:**

	Rs. in Lacs	
Particulars	As at 31st March, 2004	As at 31st March, 2003
Allotment money & Calls unpaid on partly paid shares / Debentures	2.19	2.19
Bank Guarantees Outstanding	165.00	110.00

As per our report of even date

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

**Rajen J. Damani**  
*Proprietor*

Mumbai, Dated 29th June, 2004.

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*

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**
**PART IV**
**I. Registration details**

Registration No.	11-36937	State Code	11
Balance Sheet Date	31/03/2004		

**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	543672	Total Assets	543672
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**Sources of Funds**

Paid-up Capital	174984	Reserves and surplus	261478
Secured Loans	81317	Deferred Tax	25893
		Unsecured Loans	—

**Application of funds**

Net fixed assets	132019	Investments	131065
Net current assets	280588	Misc. Expenditure	Nil
Accumulated losses	Nil		

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

Turnover	76544	Total Expenditure	31216
Profit before tax	45328	Profit after tax	28087
Earning per share (in Rs.)	1.60	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.

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 29th June, 2004.

## ANNUAL REPORT 2003-2004

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2004.				
	As at 31st March, 2004		As At 31st March, 2003	
<b>A. Cash Flow from operating activities</b>				
Net Profit before tax, Extraordinary and prior period items		453.28		167.83
Adjustments for:				
Non cash Items				
Depreciation	60.87		56.75	
Provision for non-performing assets	45.38		27.98	
Lease Equalisation	(17.41)		—	
Miscellaneous Expenditure w/off	9.70	98.54	9.81	94.54
Profit on sale of Investments		(3.44)		(2.58)
Loss on sale of Fixed Assets		—		12.22
Interest received on investments		(0.24)		(3.99)
Dividend received on investments		(0.70)		(3.86)
		94.16		96.33
<b>Operating Profit before working capital changes</b>		547.44		264.16
Adjustments for :				
Trade & Receivables		(138.76)		41.50
Inventories		44.34		(1349.76)
Trade Payable		(171.37)		131.10
Loans & Advances		(8.51)		53.65
		(274.30)		(1123.51)
<b>Cash (used) in / generated from operations</b>		273.14		(859.35)
Direct Taxes paid		(35.50)		(13.20)
<b>Cash inflow / (outflow) before extraordinary and prior period items</b>		237.64		(872.55)
Extraordinary and prior period items		(1.20)		(0.59)
<b>Net Cash from / (used) in operation activities</b>		236.44		(873.14)
<b>B. Cash flow from investment activities</b>				
Purchase of fixed assets (including capital work-in-progress)		(74.40)		(13.42)
Sale of fixed assets		—		0.53
Purchase of investments		(262.88)		(4712.51)
Sale of investments		137.13		4711.15
Interest received on investments		0.24		3.99
Dividend received on investments		0.70		3.86
<b>Net cash (used) in investment activities</b>		(199.21)		(6.40)
<b>C. Cash flow from financing activities</b>				
Bank borrowing		(92.87)		652.28
Inter Corporate deposit		53.68		200.08
<b>Net cash (used) in / from financing activities</b>		(39.19)		852.36
<b>Net (decrease) / increase in cash and cash equivalents</b>		(1.96)		(27.18)
Cash and cash equivalents as at 1st April 2003		810.79		837.97
Cash and cash equivalents as at 31st March 2004		808.83		810.79

As per our report of even date

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

**Rajen J. Damani**  
Proprietor

Mumbai, Dated 29th June, 2004.

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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**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 31/03/2004.	:	1,00,00,000 Equity Shares of Rs.10/- each.
d)	Extent of interest of holding Company in the subsidiary as at 31/03/2004.	:	100 %.
e)	Net aggregate amount of the subsidiary Company's profit / (loss)	:	
i.	For the subsidiary Company's year ended 31/03/2004.	:	Rs. 14.57 lacs
ii.	For the previous financial year since it became a subsidiary.	:	Rs. 72.37 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 31/03/2004.	:	NIL
ii.	For the previous Financial year since it became a subsidiary.	:	NIL

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For and on behalf of the Board

<b>Devesh Chaturvedi</b>	-	<i>Chairman</i>
<b>Dr. V. C. Shah</b>	-	<i>Director</i>
<b>Bhupendra Shroff</b>	-	<i>Director</i>
<b>Gagan Chaturvedi</b>	-	<i>Director</i>
<b>Mukesh Shroff</b>	-	<i>Director</i>
<b>R. Sundaresan</b>	-	<i>Executive Director</i>

Mumbai, Dated 29th June, 2004.

# SHRIYAM

## BROKING INTERMEDIARY LIMITED

**BOARD OF DIRECTORS**

Shri Viraf Katrak

Shri R. Sundaresan

Shri Yogendra Chaturvedi

Shri Makhnallal Chaturvedi

**AUDITORS**

Pathak H. D. &amp; Associates

**BANKERS**

HDFC Bank Ltd.

**REGISTERED OFFICE**714, 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 Ninth Annual Report of your Company together with Audited Statement of Accounts for the year ended 31st March 2004.

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

Audited Financial results for the year ended 31st March 2004 :-

	As at 31st March, 2004	As at 31st March, 2003
Gross Income	225.64	244.45
Less: Expenditure	204.59	226.45
Profit before taxation	21.05	18.00
Less: Provision for taxation		
Current	5.25	8.00
Deferred	1.23	(0.35)
Net Profit	14.57	10.35

**2. DIVIDEND :-**

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

**3. GENERAL SCENARIO :**

The general buoyancy in the economic activities due to the softening of the interest rates augured well for the stock markets. The exchanges witnessed a higher turnover as compared to the previous year with the index crossing almost 6200 marks on the Bombay Stock Exchange during the year through it came down subsequently after the election results. Similarly, the WDM segment also had robust turnover during the first half of 2003 - 04 through in the second half the volume of trading came down drastically thereby the

income levels of WDM segment during the second half was well below our targeted levels. Further, due to the increase in service tax and also reduction in the levels of brokerage paid by the banks in the debt market segment, the gross income of the company came down from Rs. 244.45 lacs to Rs. 225.64 lacs during the current year. Due to higher wage commitment and also increase in other administrative expenses, there was also a marked increase in the expenditure from Rs. 188.07 lacs to Rs. 204.59 lacs during the current year and as a result the profit before taxation stood at Rs. 21.05 lacs during the current year as against Rs. 18.00 lacs during the previous year.

The market continues to be encouraging though during the last few months the volumes have come down due to negative sentiments. However, the outlook for the current year appears to be positive and the market scenario is expected to be encouraging during the ensuing year.

**4. DIRECTORS :-**

Mr. R. Sundaresan and Mr. Yogendra 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, 2004, the applicable accounting standards have been followed along with 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 2004 on a 'going concern' basis.

**6. AUDITORS :-**

M/s. Pathak H. D. & Associates, have intimated to the Company their desire not to be appointed as the statutory Auditors for the ensuing year. Accordingly, the Company proposes to appoint M/s. Rajen Damani & Co., Chartered Accountants as the Statutory Auditors of the Company. 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 2003, 15<sup>th</sup> September 2003, 20<sup>th</sup> November 2003 and on 20<sup>th</sup> February 2004 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 :-**

- Part A & B pertaining to conservation of Energy and Technology Absorption are not applicable to the Company.
- 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 : 28.06.2004

**[ R. Sundaresan ]**  
Chairman

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

**Auditors' Report**

To the Members,  
Shriyam Broking Intermediary Limited

We have audited the attached Balance Sheet of Shriyam Broking Intermediary Limited as at 31st March 2004 and the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

- We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- As required by the Companies (Auditor's Report) Order 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- Further to our comments in the Annexure referred to in paragraph 2 above, we report that :
  - We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - 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;
  - The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
  - In our opinion the Balance Sheet and the Profit and Loss Account dealt with by this report comply with the mandatory Accounting Standards referred in sub-section (3C) of section 211 of the Companies Act, 1956;
  - In our opinion, and based on information and explanations given to us, none of the directors are disqualified as on 31st March, 2004 from being appointed as directors in terms of clause (g) of sub-section (1) of section 274 of the Companies Act 1956;
  - In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required, and present a true and fair view, in conformity with the accounting principles generally accepted in India :
    - In so far as it relates to Balance Sheet, of the state of affairs of the Company as at 31st March, 2004;
    - In so far as it relates to the Profit and Loss Account, of the Profit of the Company for the year ended on that date.

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

Place : Mumbai  
Dated : 28.06.2004

**R. S. Vahia**  
Partner  
Membership No.: 30658



**ANNEXURE TO AUDITOR'S REPORT****Referred to in Paragraph 2 of our report of even date**

1. In respect of its fixed assets :
  - a. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
  - b. As explained to us, the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancy was noticed on such physical verification.
  - c. In our opinion, the Company has not disposed off substantial part of fixed assets during the year and the going concern status of the Company is not affected.
2. In respect of its inventories :  
Since the Company is a service Company clause 4(ii) of the Companies (Auditor's Report) Order 2003 relating to Inventories is not applicable to the Company.
3. The Company has not granted or taken any loans, secured or unsecured, to/from companies, firms or other parties as listed in the register maintained under section 301 of the Companies Act, 1956. Therefore, clause 4(iii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
4. 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. During the course of our audit, we have not observed any major weaknesses in internal controls.
5. In respect of transactions covered under Section 301 of the Companies Act, 1956:
  - a. In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of contracts or arrangements, that are needed to be entered into the register maintained under Section 301 of the Companies Act, 1956.
  - b. In our opinion and according to the information and explanations given to us, there are no transactions in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 aggregating during the year to Rs. 5,00,000/- (Rupees Five Lacs only) or more in respect of any party.
6. The Company has not accepted any deposits from the public and therefore the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA of the Act are not applicable.
7. In our opinion, and according to the information and explanations given to us, the Company has an internal audit system commensurate with its size and nature of its business however the same needs to be strengthened.
8. The Company is not required to maintain the Cost Records as prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956.
9. In respect of statutory dues:
  - a. According to the records of the Company, undisputed statutory dues including  
Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other statutory dues to the extent applicable have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amount payable in respect of the aforesaid dues were outstanding as at 31st March, 2004 for a period of more than six months from the date of becoming payable.
  - b. The disputed statutory dues comprise of Rs. 19.75 lacs in respect of Income tax pending before the commissioner of Income tax Appeals and the Final Liability on disputed SEBI Turnover Fees is pending before SEBI shall be determined on the Crystallisation of Liability.
10. The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
11. The Company has neither taken any loans from a financial institution and a bank nor issued any debentures. Accordingly, clause 4 (xi) of the order is not applicable.
12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
14. According to the information and explanation given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, clause 4 (xiv) of the order is not applicable to the extent, and the long term investments has been held in the name of the Company.
15. According to the information and explanation given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions. Accordingly, clause 4 (xv) of the order is not applicable.
16. The Company has not obtained any term loans during the year. Accordingly, clause 4 (xvi) of the order is not applicable.
17. According to the information and explanations given to us and on overall examination of the Balance Sheet of the Company, we are of the opinion that the long-term funds raised by the company are applied for long-term investments.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures. Accordingly clause 4(xix) of the order is not applicable.
20. As a company being a closely held company, the provisions of the clause 4(xx) of the order is not applicable.
21. In our opinion and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year that can have a material bearing on the financial position of the Company.

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

**R. S. Vahia**  
Partner

Place : Mumbai  
Dated : 28.06.2004

Membership No.: 30658

**BALANCE SHEET AS AT 31st MARCH, 2004**

	Schedule	As at 31st March, 2004	(Rs. In Lacs) As at 31st March, 2003
<b>I SOURCES OF FUNDS</b>			
1 <b>Shareholders Fund</b>			
Share Capital	A	1,000.00	1,000.00
Reserve and Surplus	B	87.31	72.95
		1,087.31	1,072.95
2 <b>Deferred Tax</b>		7.37	6.13
<b>Total</b>		1,094.68	1,079.08
<b>II APPLICATION OF FUNDS</b>			
1 <b>Fixed Assets</b>			
Gross Block	C	273.66	237.50
Less: Depreciation		34.09	26.84
Net Block		239.57	210.66
2 <b>Investments</b>	D	300.06	300.06
3 <b>Current Assets, Loans and Advances</b>			
Current Assets	E	679.69	379.55
Loans & Advances	F	262.90	272.55
		942.59	652.10
<b>Less: Current Liabilities</b>	G	388.24	84.95
Net Current Assets		554.35	567.15
4 <b>Miscellaneous Expenditure</b>	H	0.70	1.21
<b>Total</b>		1,094.68	1,079.08
<b>Significant Accounting Policies &amp; Notes on Accounts</b>	M		

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: 28-06-2004

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

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31st MARCH, 2004**

	Schedule	For the year ended 31st March, 2004	(Rs. In Lacs) For the year ended 31st March, 2003
<b>INCOME</b>			
From Operation	I	203.43	218.73
Other Income	J	22.21	25.72
		225.64	244.45
<b>EXPENDITURE</b>			
Administrative & Other Expenses	K	192.27	176.56
Rent, Rates & Taxes	L	2.39	2.28
Interest & Financial Charges		2.17	2.19
Depreciation		7.25	6.53
Preliminary Expenses Written off		0.51	0.51
		204.59	188.07
<b>Profit Before Extra Ordinary Item &amp; Tax</b>		21.05	56.38
<b>Extra Ordinary Item</b>		—	38.38
<b>Profit Before Tax</b>		21.05	18.00
Provision for Taxation			
Current		5.25	8.00
Deferred tax		1.23	(0.35)
		6.48	7.65
<b>Profit after Tax</b>		14.57	10.35
Short /Excess Provision of Tax of earlier years		(0.21)	0.58
Balance brought forward		72.95	62.02
		72.74	62.60
<b>APPROPRIATION</b>		87.31	72.95
Balance carried to Balance Sheet		87.31	72.95
		87.31	72.95
<b>Significant Accounting Policies &amp; Notes on Accounts</b>	M		

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: 28-06-2004

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

## ANNUAL REPORT 2003-2004

### SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31st March, 2004	(Rs. In Lacs) As at 31st March, 2003
<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
	<u>1,000.00</u>	<u>1,000.00</u>
<b>Issued Subscribed and Paid up.</b>		
10000000 (Previous Year 10000000)		
Equity Shares of Rs. 10/- each.	1,000.00	1,000.00
	<u>1,000.00</u>	<u>1,000.00</u>
<b>SCHEDULE - B</b>		
<b>Reserve &amp; Surplus</b>		
Balance in Profit & Loss Account	87.31	72.95
	<u>87.31</u>	<u>72.95</u>

### SCHEDULE : C FIXED ASSETS

Description of Assets	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	As at 01.04.03	Addition	Deletion / Adjust- ment	As at 31.03.04	Up to 01.04.03	For the Period	Up to 31.03.04	As at 31.03.04	As at 31.03.03
Stock Exchange									
Membership Cards	175.50	—		175.50	—	—	—	175.50	175.50
Computers	29.27	0.79		30.06	17.63	4.81	22.44	7.62	11.64
Office Equipments	12.25	2.84		15.09	1.69	0.66	2.35	12.74	10.56
Furniture & Fixtures	13.15	—		13.15	5.01	0.83	5.84	7.31	8.14
Office Premises	—	29.99		29.99	—	0.25	0.25	29.74	—
Vehicles	7.33	2.54		9.87	2.51	0.70	3.21	6.66	4.82
TOTAL	237.50	36.16	—	273.66	26.84	7.25	34.09	239.57	210.66
Previous Year	232.61	4.89	—	237.50	20.32	6.53	26.84	210.66	

	As at 31st March, 2004 Nos. (Rs. in Lacs)	As at 31st March, 2003 Nos. (Rs. in Lacs)
<b>SCHEDULE - D</b>		
<b>Investments</b>		
Long Term Investments		
Equity Shares (Fully paid -up)		
<b>Trade - Unquoted</b>		
Equity Market Project India Ltd.	5,000	0.50
	<u>5,000</u>	<u>0.50</u>
<b>Non Trade - Quoted</b>		
Reliance Industries Ltd. of Rs.10/- each	154,800	296.62
Rallis India Ltd. Rs. 10/- each	250	0.77
Syndicate Bank Ltd. Rs. 10/- each	4,300	0.43
HCL Technologies Ltd. Rs. 10/- each	600	1.74
	<u>159,950</u>	<u>299.56</u>
Total Investments	<u>164,950</u>	<u>300.06</u>
Market Value of quoted Investment	<u>836.27</u>	<u>429.71</u>

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

	(Rs in Lacs)	
	As at 31st March, 2004	As at 31st March, 2003
<b>SCHEDULE - E</b>		
<b>Interest Accrued on Investment</b>	<b>2.29</b>	2.11
<b>Sundry Debtors</b>		
(Unsecured considered good)		
Outstanding for a period		
Exceeding six months	—	51.33
Others	<b>201.32</b>	45.02
	<b>201.32</b>	96.35
<b>Cash &amp; Bank Balances</b>		
Cash on hand	<b>2.99</b>	3.20
Balances with Scheduled Banks		
- In Current Accounts	<b>165.39</b>	67.61
- In Fixed Deposit Accounts	<b>307.70</b>	210.28
(FD's amounting to Rs.307.20 Lacs)		
Pledged with Various Exchanges)	<b>476.08</b>	281.09
<b>Total Current Assets</b>	<b>679.69</b>	379.55
<b>SCHEDULE - F</b>		
<b>Loans &amp; Advances</b>		
(Unsecured and considered good)		
Deposits	<b>246.86</b>	246.36
Advance Income Tax (Net)	<b>10.41</b>	10.57
Advance recoverable in cash or in		
kind or for value to be received (includes interest		
free advances of Rs. 2.13 Lacs, maximum balance outstanding		
during the year Rs. 2.63 Lacs, Previous Year Rs. 9.24 Lacs)	<b>5.63</b>	15.62
	<b>262.90</b>	272.55
<b>SCHEDULE - G</b>		
<b>Current Liabilities</b>		
<b>Sundry Creditors</b>		
Due to SSI	—	—
Due to Other	<b>385.49</b>	82.34
Other Liabilities	<b>2.75</b>	2.61
	<b>388.24</b>	84.95
<b>SCHEDULE - H</b>		
<b>Miscellaneous Expenditure</b>		
(To the extent not written off or adjusted)		
Preliminary Expenses	<b>0.70</b>	1.21
	<b>0.70</b>	1.21

## ANNUAL REPORT 2003-2004

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

	For the Period ended on 31st March, 2004	(Rs. In Lacs) For the Period ended on 31st March, 2003
<b>SCHEDULE - I</b>		
<b>Income from operation</b>		
Brokerage	192.68	164.21
Merchant Banking Fees (TDS Rs. Nil, Pr. Year 2.71 Lacs)	—	50.49
Advisory Fees	10.75	4.03
	<u>203.43</u>	<u>218.73</u>
<b>SCHEDULE - J</b>		
<b>Other Income</b>		
Dividends		
-on Long Term Investments (TDS Rs. Nil, Previous Year Nil )	7.90	7.43
Interest (Gross) (TDS Rs. 3.22 Lacs, Previous Year Rs. 0.46 Lacs)	13.98	15.41
Miscellaneous income	0.33	2.88
	<u>22.21</u>	<u>25.72</u>
<b>SCHEDULE - K</b>		
<b>Administrative &amp; Other Expenses</b>		
Salary, Bonus, Medical & Trans allowances	47.43	45.43
PF & EPS	2.42	2.83
Staff Welfare	1.16	1.77
Professional Charges	9.24	7.29
Transaction Charges	5.99	4.16
Stamp Charges	49.78	40.12
Lease Line & Telephone Charges	23.06	22.27
Membership & Subscription	2.42	2.39
Printing & Stationery	5.08	2.75
Repairs & Maintenance (Others)	4.86	4.70
Travelling and Conveyance	8.45	6.76
Insurance Charges	0.64	0.56
Bad Debts	—	20.80
Directors Sitting fees	0.05	0.02
Payment to Auditors	0.22	0.22
Donation	3.55	3.51
Postage & Telegramme	0.74	0.37
Business Promotion	14.39	5.56
Electricity Charges	0.38	0.18
Brokerage Paid	11.10	3.30
Miscellaneous Expenses	1.31	1.57
	<u>192.27</u>	<u>176.56</u>
<b>SCHEDULE - L</b>		
Rent,Rates & Taxes	0.78	0.37
Professional Tax	0.07	0.03
SEBI Regn Fee	0.71	0.70
SEBI Regn Fee (Merchant Banking)	0.83	1.18
	<u>2.39</u>	<u>2.28</u>

**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 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) Balances of Sundry Debtors and Sundry Creditors are subject to confirmation.

**3) Contingent Liabilities :**

Bank Guarantees amounting to Rs. 165 Lacs (Previous year Rs. 110 lacs)

- 4) The previous year's figures have been regrouped /re-arranged wherever necessary.

- 5) 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
Sales / Adjustment	—	—	1,881	1.70
Closing Stock	—	—	—	—

**6) Deferred Tax**

The deferred tax Liability as at March 31, 2004 is on account of timing differences of Depreciation on Fixed Assets is Rs. 7.37 Lacs (Pr.Yr. 6.13 Lacs).

**7) Payment to Auditors**

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

**8) Directors Remuneration :**

Salary to Executive Directors

as under :-	Current Year	Previous Year
1) Shri Yogendra Chaturvedi	<b>Rs. 1,52,000</b>	Rs. 152,006
2) Shri Makhanlal Chaturvedi	<b>Nil</b>	Rs. 126,400

**9) Shares held by holding Company**

No. of Shares	Percentage
10000000	100

- 10) Extra Ordinary item comprise of payment towards disputed SEBI Turnover Fees amounting to Rs. Nil (Pr.Yr. 38.38 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.

As per our report of even date <b>For Pathak H D &amp; Associates</b> Chartered Accountants	For and on behalf of the Board
<b>R. S. Vahia</b> Partner	<b>Viraf Katrak</b> - Director
	<b>R. Sundaresan</b> - Director
	<b>Yogendra Chaturvedi</b> - Director
Place : Mumbai Dated : 28th June, 2004	<b>Makhan Lal Chaturvedi</b> - Director

## ANNUAL REPORT 2003-2004

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

#### PART IV

##### I REGISTRATION DETAILS

Registration No.	11-81401	State Code	11
Balance Sheet Date	31-Mar-04		

##### II CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

##### III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)

Total Liabilities	109,468	Total Assets	109,468
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##### SOURCES OF FUNDS

Paid up Capital	100,000	Reserve & Surplus	8731
Secured Loans	Nil	Deferred Tax	737
		Unsecured Loans	Nil

##### Application of Funds :

Net Fixed Assets	23,957	Investments	30,006
Net Current Assets	56,435	Miscellaneous Expenditure	70

##### IV PERFORMANCE OF COMPANY (Amount in Rs. Thousands)

Turnover	22,564	Total Expenditure	20,459
Profit Before Tax	2,105	Profit After Tax	1,457
Earning Per Share (in Rs.)	0.15	Dividend rate (%)	Nil

##### V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY (As per monetary terms)

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: 28-06-2004

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 2003-2004

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### AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To

The Board of Directors

**SHARDUL SECURITIES LTD.**

(FORMERLY SHRIYAM SECURITIES AND FINANCE LTD.)

We have examined the attached Consolidated Balance Sheet of SHARDUL SECURITIES LIMITED ("the Company") and SHRIYAM BROKING INTERMEDIARY LIMITED ("the subsidiary") as at 31st March, 2004 and also the Consolidated Profit & Loss Account and Consolidated 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. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. 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.

We did not audit the financial statements of Shriyam Broking Intermediary Limited, whose financial statements reflects total assets of Rs. 1482.92 Lacs as at 31st March, 2004 and total revenues of Rs. 225.64 Lacs for the year then ended. These financial statements have been audited by other auditors whose report have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiary is based solely on the report of the other auditors.

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 the Company and the subsidiary included in the consolidated financial statements.

On the basis of information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company, its subsidiary, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Company as at 31st March, 2004;
- ii) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Company for the year ended ; and
- iii) in the case of the Consolidated Cash Flow Statement of the consolidated cash flows of the Company for the year ended on that date.

For **RAJEN DAMANI & CO.**  
Chartered Accountants

Place : Mumbai  
Dated : 29th June, 2004

**Rajen. J. Damani**  
(Proprietor)  
Membership No: 34375.

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2004**
**(Rs. in Lacs)**

	Schedule	As at 31st March, 2004	As at 31st March, 2003
<b>I SOURCES OF FUNDS</b>			
<b>1 Shareholders Fund</b>			
Share Capital	A	1749.84	1749.84
Reserves and Surplus	B	2702.09	4451.93
			2408.06
			4157.90
<b>2 Deferred Tax</b>			266.30
			128.15
<b>3 Loan Funds</b>			
Secured Loans	C	813.17	652.28
Unsecured Loans	D	—	200.08
		813.17	852.36
<b>Total</b>		<b>5531.40</b>	<b>5138.41</b>
<b>II. APPLICATIONS OF FUNDS</b>			
<b>1 Fixed Assets</b>			
Gross Block	E	2261.85	2151.29
Less: Depreciation		463.13	395.01
		1798.72	1756.28
Lease Adjustments		(238.96)	(256.37)
Net Block		1559.76	1499.91
<b>2 Investments</b>	F	610.71	481.51
<b>3 Current Assets, Loans and Advances</b>			
Current Assets	G	3164.13	2923.79
Loans and Advances	H	648.12	649.26
		3812.25	3573.05
<b>Less: Current Liabilities &amp; Provisions</b>			
Current Liabilities	I	252.88	273.22
Provisions	J	199.14	153.75
		452.02	426.97
Net Current Assets		3360.23	3146.08
<b>4 Miscellaneous Expenditure</b>	K	0.70	10.91
<b>Total</b>		<b>5531.40</b>	<b>5138.41</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>Rajen J. Damani</b>		<b>Bhupendra Shroff</b> - Director	
Proprietor		<b>Gagan Chaturvedi</b> - Director	
Mumbai, Dated 29th June, 2004.		<b>Mukesh Shroff</b> - Director	
		<b>R. Sundaresan</b> - Executive Director	

## ANNUAL REPORT 2003-2004

### CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004

(Rs. in Lacs)

	Schedule	2003-2004	2002-2003
<b>INCOME</b>			
Income from Operations	L	333.45	436.64
Income from dealing in securities	M	611.71	95.49
Other Income	N	45.92	65.03
		<u>991.08</u>	<u>597.16</u>
<b>EXPENDITURE</b>			
Administrative Expenses	O	358.21	260.56
Interest & Financial Charges		80.21	38.79
Depreciation		68.12	63.28
Miscellaneous Expenditure Written Off	P	10.21	10.32
		<u>516.75</u>	<u>372.95</u>
<b>Profit before Extra Ordinary Items &amp; Taxation</b>		<u>474.33</u>	<u>224.21</u>
Extra Ordinary Items		—	38.38
<b>Profit before Taxation</b>		<u>474.33</u>	<u>185.83</u>
Provision for Taxation			
Current		40.75	21.20
Deferred		138.14	78.44
		<u>178.89</u>	<u>99.64</u>
<b>Profit after Taxation</b>		<u>295.44</u>	<u>86.19</u>
Prior period adjustment (Net)		(1.41)	(0.01)
<b>Profit after prior period adjustment</b>		<u>294.03</u>	<u>86.18</u>
Surplus /(Deficit) brought forward from previous year.		(715.13)	(786.26)
		<u>(421.10)</u>	<u>(700.08)</u>
<b>APPROPRIATIONS</b>			
Transferred to General Reserve 2 (as per RBI Guidelines)		55.94	15.05
Balance carried to Balance Sheet		(477.04)	(715.13)
		<u>(421.10)</u>	<u>(700.08)</u>
<b>Basic and diluted earning per equity share of Rs.10/- each (in Rupees)</b>		<u>1.68</u>	<u>0.49</u>
<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 29th June, 2004.	<b>R. Sundaresan</b> - Executive Director		

**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET**
**(Rs. in Lacs)**

	As at 31st March, 2004	As at 31st March, 2003
<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	297.88
Add : Transfer to Profit & Loss Account	—	—
	<b>297.88</b>	<b>297.88</b>
General reserve 2 (As per RBI Guidelines)		
Balance as per last Balance Sheet.	151.72	136.67
Add: Transfer from Profit & Loss Account	55.94	15.05
	<b>207.66</b>	<b>151.72</b>
Profit and Loss Account	(477.04)	(715.13)
	<b>2702.09</b>	<b>2408.06</b>
<b>SCHEDULE 'C'</b>		
<b>Secured Loans</b>		
From Bank	559.41	652.28
(Bank overdraft is secured by way of lein on Bank fixed deposits of Rs.800.00 lacs)		
From Corporate Body	253.76	—
(Secured against pledge of shares belonging to company and its directors & their relatives)		
	<b>813.17</b>	<b>652.28</b>
<b>SCHEDULE 'D'</b>		
<b>Unsecured Loans</b>		
Short Term		
Inter Corporate Deposit	—	200.00
Interest accrued and due	—	0.08
	—	<b>200.08</b>

**Schedule 'E':  
FIXED ASSETS**
**(Rs. in Lacs)**

										(Rs. in Lakhs)		
Description of Assets	Gross Block				Depreciation				Net Block			
	As at 1/4/03	Additions	Deduc- tions	As at 31/3/04	Up to 31/03/03	For the Year	Deduc- tions	Upto 31/3/04	Lease Adjustment	As at 31/03/04	As at 31/03/03	
<b>A. Owned Assets</b>												
Stock Exchange Cards	175.50	—	—	175.50	—	—	—	—	—	175.50	175.50	
Office Premises	1059.88	29.99	—	1089.87	56.70	17.53	—	74.23	—	1015.64	1003.18	
Computers	33.08	0.79	—	33.87	19.66	5.43	—	25.09	—	8.78	13.42	
Furniture & Fixtures	83.62	58.62	—	142.24	35.09	5.39	—	40.48	—	101.76	48.54	
Vehicles	31.00	6.24	—	37.24	12.13	3.18	—	15.31	—	21.93	18.86	
Plant & machinery	33.21	14.92	—	48.13	9.44	1.68	—	11.12	—	37.01	23.77	
<b>Total</b>	<b>1416.29</b>	<b>110.56</b>	<b>—</b>	<b>1526.85</b>	<b>133.02</b>	<b>33.21</b>	<b>—</b>	<b>166.23</b>	<b>—</b>	<b>1360.62</b>	<b>1283.27</b>	
<b>B. Leased Assets</b>												
Plant & Machinery	735.00	—	—	735.00	261.99	34.91	—	296.90	(238.96)	199.14	216.64	
Computers												
<b>Total</b>	<b>735.00</b>	<b>—</b>	<b>—</b>	<b>735.00</b>	<b>261.99</b>	<b>34.91</b>	<b>—</b>	<b>296.90</b>	<b>(238.96)</b>	<b>199.14</b>	<b>216.64</b>	
<b>Grand Total</b>	<b>2151.29</b>	<b>110.56</b>	<b>—</b>	<b>2261.85</b>	<b>395.01</b>	<b>68.12</b>	<b>—</b>	<b>463.13</b>	<b>(238.96)</b>	<b>1559.76</b>	<b>1499.91</b>	
Previous Year	1598.38	644.70	91.79	2151.29	393.81	63.28	62.08	395.01	(256.37)	1499.91		

**Notice**

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.

# ANNUAL REPORT 2003-2004

## SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

(Rs. in lacs)

	Face Value/ Issue Price (Rs.)	Quantity 31st March, 2004	Quantity 31st March, 2003	Value 31st March, 2004	Value 31st March, 2003
<b>SCHEDULE 'F'</b>					
<b>Investments</b>					
<b>Long Term Investments</b>					
<b>Government Securities</b>					
<b>Unquoted</b>					
Indira Vikas Patra	—	—	—	—	31.69
Sub Total				—	31.69
<b>Trade Investments</b>					
<b>In Equity shares - Quoted</b>					
Fully Paid-up					
Haldyn Glass Limited	10	1400	1400	0.28	0.28
HCL Technologies Limited	10	600	600	1.74	1.74
Micro Ink & Resins Limited	10	12500	—	66.23	—
Rallis India Limited	10	250	250	0.77	0.77
Reliance Energy Limited	10	20150	—	71.56	—
Reliance Industries Limited	10	158650	154800	316.40	296.62
Saint Gobain Sekurit Limited	10	107101	—	10.71	—
SRF Limited	10	150000	—	44.61	—
Syndicate Bank Limited	10	4300	4300	0.43	0.43
Sub - Total				512.73	299.84
<b>Other Investments</b>					
<b>In Equity shares - Unquoted</b>					
Fully Paid-up					
<b>In Others</b>					
A to Z Broking Services Pvt. Ltd.	10	950000	950000	95.48	95.48
Equity Market Project India Limited	10	5000	5000	0.50	0.50
Sub - Total				95.98	95.98
<b>Mutual Funds</b>					
<b>Fully paid up units</b>					
LIC Mutual Fund Index Fund - Sensex					
Advantage Plan	10	20000	20000	2.00	2.00
UTI Variable Investment Scheme - Index					
Link Plan	10	—	20000	—	2.00
Tata Income Fund Growth Plan	10	—	247633	—	50.00
Sub - Total				2.00	54.00
<b>Total Investments</b>				610.71	481.51
<b>Market Value of Quoted Investments</b>				1154.22	429.73
<b>SCHEDULE 'G'</b>					
<b>Current Assets</b>					
Interest accrued on Investments.				2.29	6.79
Stock-in-Trade				1650.45	1694.79
(Certified and valued by Management)					
Sundry Debtors					
(Unsecured, Considered good)					
Outstanding for a period -					
(a) exceeding six months.		0.05		51.38	
(b) Other debts		226.43		78.95	
			226.48		130.33
<b>Cash &amp; Bank Balances</b>					
Cash in hand				2.99	3.23
Balance with Scheduled Banks					
—In Current Accounts		174.22		78.37	
—In Fixed Deposit Account		1107.70		1010.28	
			1281.92		1088.65
<b>Total</b>				3164.13	2923.79

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

(Rs. in lacs)

	As at 31st March, 2004	As at 31st March, 2003
<b>SCHEDULE 'H'</b>		
<b>Loans and Advances</b>		
Sundry Deposits	597.44	596.93
Advance Income Tax (net of provisions)	22.75	21.36
Advances recoverable in cash or in kind or for value to be received	27.93	30.97
	<u>648.12</u>	<u>649.26</u>
<b>SCHEDULE 'I'</b>		
<b>Current Liabilities</b>		
Sundry Creditors (Other than SSI)	241.26	254.56
Unclaimed Dividend	5.30	7.03
Other Liabilities	6.32	11.63
	<u>252.88</u>	<u>273.22</u>
<b>SCHEDULE 'J'</b>		
<b>Provisions</b>		
Provision for sub standard and doubtful assets	199.14	153.75
	<u>199.14</u>	<u>153.75</u>
<b>SCHEDULE 'K'</b>		
<b>Miscellaneous Expenditure</b>		
(To the extent not written off or adjusted)		
Preliminary Expenses	0.70	1.21
Deferred Revenue Expenses	—	9.70
	<u>0.70</u>	<u>10.91</u>

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

(Rs. in Lacs)

	2003-2004	2002-2003
<b>SCHEDULE 'L'</b>		
<b>Income from Operations</b>		
Interest	116.60	133.80
(Tax deducted at source Rs.17.51 Lacs Previous Year Rs.18.95 Lacs)		
Lease Income	—	7.16
Lease equalisation	17.41	—
Professional & Consultancy Fees	18.11	135.79
(Tax deducted at source Rs. Nil Previous Year Rs.8.22 Lacs)		
Brokerage	181.33	159.89
	<u>333.45</u>	<u>436.64</u>
<b>SCHEDULE 'M'</b>		
<b>Income from dealing in securities</b>		
Profit on sale of investments(Net)	3.44	2.58
Profit on dealing in stocks	608.27	92.91
	<u>611.71</u>	<u>95.49</u>

## ANNUAL REPORT 2003-2004

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT				
			(Rs. in Lacs)	
	2003-2004		2002-2003	
<b>SCHEDULE 'N'</b>				
<b>Other Income</b>				
Dividend				
From Investments	8.60		11.29	
From Others	14.05	22.65	9.00	20.29
(Tax deducted at source Nil Previous Year Rs.2.23 Lacs)				
Bad debts recovered		21.87		25.73
Rent and Compensation		—		9.00
Miscellaneous Income		1.40		10.01
		45.92		65.03
<b>SCHEDULE 'O'</b>				
<b>Administrative Expenses</b>				
Payment to Employees				
- Salary, bonus & Allowances	54.83		52.55	
- Contribution to Provident Fund & Other Fund	2.64		3.11	
- Welfare Expenses	1.52		1.84	
		58.99		57.50
Professional and Other Service Charges		45.88		12.93
Transaction Charges		5.99		4.16
Stamp Charges		49.78		40.12
Bad Debts		—		20.80
Telephone Charges & Lease Line Charges		24.00		23.16
Membership and Subscriptions.		2.67		2.83
Rent, Rates and Taxes		15.88		5.44
Postage and Telegrams		1.75		1.32
Advertisement and Business Promotion.		22.13		6.04
Repairs & Maintenance		19.26		4.95
Printing & Stationery		11.67		3.76
Payment to Auditors		1.30		0.75
Directors Sitting Fees		0.40		0.30
Travelling & Conveyance		19.22		10.42
Loss on sale of Fixed Assets (Net)		—		12.22
Electricity Charges		7.72		7.12
Donations		9.55		9.51
Provision for sub standard and doubtful assets		45.38		27.98
Miscellaneous Expenses		16.64		9.25
		358.21		260.56
<b>SCHEDULE 'P'</b>				
<b>Miscellaneous Expenditure written off</b>				
Preliminary Expenses		0.51		0.60
Deferred Revenue Expenses		9.70		9.72
		10.21		10.32

**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

**2. 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. The lease income on assets to leasee which are classified as non performing assets is not recognised.
- (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 / Securities	3.79	184.72	3.32	308.50
- Bond	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>
<b>Purchases/Transfers</b>				
- Shares / Securities	666.66	126959.31	65.44	10692.08
- Bonds	525.73	55102.52	442.96	48794.33
<b>Total</b>	<b>1192.39</b>	<b>182061.83</b>	<b>508.40</b>	<b>59486.41</b>
<b>Sales / Transfers</b>				
- Shares / Securities	655.70	126579.69	64.97	10827.91
- Bonds	527.43	56134.75	429.15	47403.35
<b>Total</b>	<b>1183.13</b>	<b>182714.44</b>	<b>494.12</b>	<b>58231.26</b>
<b>Closing Stock</b>				
- Shares / Securities	14.75	909.45	3.79	184.72
- Bonds	12.48	741.00	14.18	1510.07
<b>Total</b>	<b>27.23</b>	<b>1650.45</b>	<b>17.97</b>	<b>1694.79</b>



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	<u>2003-2004</u>	<u>(Rs.in lacs)</u> <u>2002-2003</u>
(D) (i) Expenditure in Foreign Currency.	6.72	—
(ii) Earning in Foreign Currency.	—	—
(E) Interest Income include Rs.0.24 Lacs (Previous Year Rs.3.99) as interest earned on Long Term Investments.		
(F) <b>Earning per Share :</b>		
	<u>2003-2004</u>	<u>(Rs.in lacs)</u> <u>2002-2003</u>
(i) Net Profit after tax available for Equity Shareholders (Rs. in lacs)	<b>294.03</b>	86.18
(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>1.68</b>	0.49

(G) **Related Party Disclosures**

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.
  - Chaturvedi & Shah
- ii) Key Managerial Personnel and their relatives :
  - Shri Devesh Chaturvedi - Chairman
  - Shri R. Sundaresan - Executive Director & Director (Subsidiary)
  - Shri Viraf Katrak - Chief Executive Officer & Director (Subsidiary)
  - Shri Yogendra Chaturvedi - Director (Subsidiary)
  - Mrs. S. Vijayalaxmi - 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.

	<u>Associates</u>	<u>Key Management Personnel &amp; Relatives.</u>	<u>(Rs. in lacs)</u> <u>Total</u>
<b>Loans / Advances taken</b>			
a) Taken during the year.	110.00	—	110.00
	(60.00)	(—)	(60.00)
b) Returned during the year.	110.00	—	110.00
	(60.00)	(—)	(60.00)
c) Balance as at 31 <sup>st</sup> March, 2004.	—	—	—
	(—)	(—)	(—)
<b>Investments</b>			
a) Balance as at 31 <sup>st</sup> March, 04	95.48	—	95.48
	(95.48)	(—)	(95.48)
<b>Stock-in-trade</b>			
a) Purchased during the year.	4281.17	—	4281.17
	(—)	(—)	(—)
b) Sales / Redeemed during the year.	5067.72	—	5067.72
	(—)	(—)	(—)
<b>Loans / Advances Deposits to Others</b>			
a) Given during the year	—	—	0.22
	(9.00)	(0.60)	(9.60)
b) Returned during the year.	—	0.22	0.22
	(9.00)	(0.04)	(9.04)
c) Balance as at 31 <sup>st</sup> March, 2004.	350.00	0.34	350.34
	(350.00)	(0.56)	(350.56)
<b>Income</b>			
a) Brokerage Received	1.38	0.50	1.88
	(0.63)	(0.38)	(1.01)
b) Received from Services	—	—	—
	(105.00)	(—)	(105.00)
<b>Expenditure</b>			
a) Payments and provisions for Remuneration & Services.	1.74	11.78	13.52
	(—)	(12.42)	(12.42)

(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	776.79	214.29	—	991.08
	(377.03)	(220.13)	—	(597.16)
Inter Segment	(11.35)	11.35	—	—
	(-4.32)	(24.32)	(-20.00)	(—)
Total	765.44	225.64	—	991.08
	(372.71)	(244.45)	(-20.00)	(597.16)
<b>Result</b>				
Segment Result (Before Tax)	464.63	9.70		474.33
	(192.15)	(-6.32)		(185.83)
Provision for Tax				178.89
				(99.64)
Profit after Tax				294.03
				(86.18)
<b>Other Information</b>				
Segment Assets	4500.50	1482.92		5983.42
	(4401.35)	(1164.03)		(5565.38)
Segment Liabilities	1302.81	228.68		1531.49
	(1331.07)	(76.41)		(1407.48)
Capital Expenditure*	74.40	36.16		110.56
	(13.42)	(4.90)		(18.32)
Depreciation	60.87	7.25		68.12
	(56.75)	(6.53)		(63.28)
Non-cash expenses other than depreciation.	55.08	0.51		55.59
	(37.79)	(0.51)		(38.30)

- includes capital work-in-progress

**Notes :**

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

(I) **Deferred Tax**

- The break-up of deferred tax Liability as at March 31, 2004 is as under :

	Current Year		Previous Year	
	Deferred Tax Asset	Deferred Tax Liability	Deferred Tax Assets	Deferred Tax Liability
Timing Differences on account of :				
Fixed Assets	—	266.30	—	260.43
Unabsorbed Depreciation Loss.	—	—	13.30	—
Carry forward business Loss.	—	—	118.98	—
<b>Total</b>	—	266.30	132.28	260.43
Net Deferred Tax Liability		266.30		128.15

(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.

## ANNUAL REPORT 2003-2004

### K. Payments to Auditors :

	(Rs. in lacs)	
	Current Year	Previous Year
Audit Fees	0.88	0.43
Tax Audit Fees	0.21	0.16
Certification Charges & Other capacity	0.21	0.16
<b>TOTAL</b>	<b>1.30</b>	<b>0.75</b>

(Payment of professional fees to a proprietorship firm/firm in which the auditor is interested as a proprietor/partner Current Year Rs.0. 24 Lacs (Previous Year Rs.0.50 Lacs)

### L. Directors Remuneration :

Salary to Executive Directors as under :-

	(Rs. in Lacs)	
	Current Year	Previous Year
Shri R. Sundaresan	2.89	3.25
Shri Yogendra Chaturvedi	1.52	1.52
Shri Makhan Lal Chaturvedi	—	1.26

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, 2004.

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	-	<b>100%</b>
Interest (with its nominee)		

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 subsidiary company extra ordinary item comprise of payments towards disputed SEBI turnover fees for amounting to Rs. Nil (Previous Year Rs.38.38 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)	
Particulars	As at 31.03.2004	As at 31.03.2003
Allotment money & Calls unpaid on partly paid shares / Debentures	2.19	2.19
Bank Guarantees Outstanding	165.00	110.00

As per our report of even date

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

**Rajen J. Damani**  
Proprietor

Mumbai, Dated 29th June, 2004.

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, 2004**
**(Rs. in Lacs)**

	<b>As at</b>		<b>As at</b>	
	<b>31st March, 2004</b>		<b>31st March, 2003</b>	
<b>A. Cash Flow from operating activities</b>				
<b>Net Profit before tax, Extraordinary and prior period items</b>		<b>474.33</b>		<b>224.21</b>
<b>Adjustments for:</b>				
Non cash Items				
Depreciation	<b>68.12</b>		63.28	
Provision for non- performing assets	<b>45.38</b>		27.98	
Lease Equalisation	<b>(17.41)</b>		—	
Miscellaneous Expenditure w/off	<b>10.21</b>	<b>106.30</b>	10.32	101.58
Investments	<b>(3.44)</b>		(2.58)	
Fixed Assets	<b>—</b>		12.22	
Interest received on investments	<b>(0.24)</b>		(3.99)	
Dividend received on investments	<b>(8.60)</b>	<b>94.02</b>	(11.29)	95.94
<b>Operating Profit before working capital changes</b>		<b>568.35</b>		<b>320.15</b>
<b>Adjustments for:</b>				
Trade & Receivables	<b>(91.65)</b>		115.93	
Inventories	<b>44.34</b>		(1348.06)	
Trade Payable	<b>(20.34)</b>		117.90	
Loans & Advances	<b>1.15</b>		15.72	
		<b>(66.50)</b>		<b>(1098.51)</b>
<b>Cash generated from / (used) in operations</b>		<b>501.85</b>		<b>(778.36)</b>
Direct Taxes paid		<b>(40.75)</b>		<b>(21.20)</b>
<b>Cash inflow / (outflow) before extraordinary and prior period items</b>		<b>461.10</b>		<b>(799.56)</b>
Extraordinary and prior period items		<b>(1.41)</b>		<b>(38.39)</b>
<b>Net cash from operation / (used) in activities</b>		<b>459.69</b>		<b>(837.95)</b>
<b>B. Cash flow from investing activities</b>				
Purchase of fixed assets (including capital work-in-progress)	<b>(110.56)</b>		(18.31)	
Sale of fixed assets	<b>—</b>		0.53	
Purchase of investments	<b>(262.88)</b>		(4712.50)	
Sale of investments	<b>137.13</b>		4711.16	
Interest received on investments	<b>0.24</b>		3.99	
Dividend received on investments	<b>8.60</b>		11.29	
<b>Net cash (used) in investing activities</b>		<b>(227.47)</b>		<b>(3.84)</b>
<b>C. Cash flow from financing activities</b>				
Bank borrowing	<b>(92.87)</b>		652.28	
Inter Corporate deposit	<b>53.68</b>		200.08	
<b>Net cash (used) in / from financing activities</b>		<b>(39.19)</b>		<b>852.36</b>
<b>Net increase in cash and cash equivalents</b>		<b>193.03</b>		<b>10.57</b>
<b>Cash and cash equivalents as at 1st April 2003</b>		<b>1091.88</b>		<b>1081.31</b>
<b>Cash and cash equivalents as at 31st March 2004</b>		<b>1284.91</b>		<b>1091.88</b>

As per our report of even date

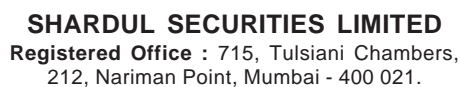
**For Rajen Damani & Co.**  
Chartered Accountants

**Rajen J. Damani**  
Proprietor

Mumbai, Dated 29th June, 2004.

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



**To be handed over at the entrance of the Meeting Venue**

Client ID No.  
Name of the Member  
attending the Meeting

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I hereby record my presence at the 19th **ANNUAL GENERAL MEETING** at the Registered Office of the Company at 715, Tulsiani Chambers, Nariman Point, Mumbai - 400 021, on Thursday, September 16, 2004.

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

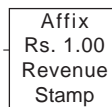
**SHARDUL SECURITIES LIMITED**  
Registered Office : 715, Tulsiani Chambers,  
212, Nariman Point, Mumbai - 400 021.

## PROXY FORM

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 September 16, 2004 at 10.00 and at any adjournment thereof.

of



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

**SHARDUL SECURITIES LIMITED**

715, Tulsiani Chambers,  
212, Nariman Point,  
Mumbai - 400 021.

**Serial No. :****POSTAL BALLOT FORM**

- (1) Name (s) of Shareholder(s)  
including Joint-Holders if any :
- (2) Registered Address of the Sole /  
First named Shareholder :
- (3) Registered Folio No. /  
DPID No. / Client No. \* :  
(\* Applicable to investors holding  
shares in dematerialised form)
- (4) No. of Shares held :
- (5) I/We hereby exercise my/our vote in respect of the Special Resolution to be passed through Postal Ballot for the business stated in the Notice of the Company by sending my/our assent or dissent of the said Resolution by placing the tick (3) mark at the appropriate places in box below :

Item No.	Description	No. of Shares Held	I / We assent to the Resolution	I/We dissent to the Resolution
1.	Special Resolution under Section 149(2A) of the Companies Act, 1956, authorizing the Board of Directors of the Company to commence and carry on the business of dealer in gold, silver, platinum and other precious commercial minerals and stones.			

Place :

Date :

---

[Signature of the Shareholder(s)]**INSTRUCTIONS**

- Shareholder dealing to exercise his/her vote by postal ballot may complete this Postal Ballot (no. other form or public copy thereof is permitted to be used for the purpose) and send it to the Scrutinizer at the address of Company. The reverse of this form acts as a self-addressed envelope. The postage will be borne and paid for by the Company. Envelopes containing Postal Forms if deposited with the Company in Person or if sent by courier at the expense of the Shareholder, shall also be accepted by the Company.
- The self-addressed envelope bears the name of the Scrutinizer appointed by the Board of Directors of the Company.
- This form should be completed and signed by the Shareholder. In case of joint share holding, this form should be completed and signed (as per the specimen signature(s) registered with the Company) by the first named Shareholder and in his/her absence, by the next named Shareholder.
- Unsigned Postal Ballot forms will be rejected.
- Daily completed Postal Ballot forms should reach the Company not later than the close of working hours on 3rd September, 2004. Postal Ballot forms received after the date will be strictly treated as if the reply from such Shareholders has not been received.
- In the case of shares held by companies, trusts, societies etc., the duly completed Postal Ballot Form should be accompanied by a certified true copy of the relevant Board Resolution / Authorisation.
- Voting rights shall be reckoned on the paid up value of the shares registered in the name of the Shareholders on the date of dispatch of the Notice pursuant to Section 192A (2) of The Act.
- Shareholders are requested not to send any other paper along with the Postal Ballot form in the enclosed self addressed postage prepaid envelope, as such envelope will be sent to the Scrutinizer and any extraneous paper found in such envelope would be destroyed by the Scrutinizer.

To open cut here

Postage will be paid by addressee

**BUSINESS REPLY ENVELOPE**

B.R. Permit No. MBI - S - 1276  
Nariman Point Post Office,  
Mumbai - 400 021.

No Postage stamp necessary if posted in India

To open cut here

To,

**THE SCRUTINISER**  
**SHARDUL SECURITIES LIMITED**  
715, Tulsiani Chambers,  
212, Nariman Point,  
Mumbai - 400 021.

**FOLD HERE**

**SENDER'S NAME AND ADDRESS**

**PIN**