

SHARDUL
SECURITIES LIMITED



20th
ANNUAL REPORT
2004 - 2005

SHARDUL Securities Limited

BOARD OF DIRECTORS

Devesh Chaturvedi	- Chairman
Gagan Chaturvedi	- Vice Chairman
Dr. V. C. Shah	- Director
Bhupendra Shroff	- Director
Mukesh Shroff	- Director
Kantilal Shah	- Director
Charul Abuwala	- Director
Gyandeo Chaturvedi	- Director
R. Sundaresan	- 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.: 56340034
 Fax No. :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. : 28523474, 28560652/53, 56936291
 Fax : 28525207

NOTICE

NOTICE is hereby given that the Twentieth Annual General Meeting of the Members of Shardul Securities Limited will be held on Friday, 16th September, 2005 at 10.00 a.m at Ashoka Hall, Arcadia, NCPA Marg Nariman Point Mumbai 400 021 to transact the following business:-

AS ORDINARY BUSINESS:

1. To consider and adopt the audited Balance Sheet as at 31st March 2005 and Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Bhupendra Shroff, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Mukesh Shroff, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and in this regard to consider Special Notice received from a member and if thought fit to pass with or without modification(s) the following resolution as an ordinary resolution,
Resolved that M/s Rajen Damani & Associates, Chartered Accountants, be and hereby appointed as the auditors of the Company in place of M/s Rajen Damani & Co., Chartered Accountants, the retiring auditors of the Company who have intimated to the Company of their inability to act as Auditors of the Company, from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors

SPECIAL BUSINESS:

To consider, and if thought fit, to pass with or without modification(s) the following resolutions as an ordinary resolutions:

5. Appointment of Shri Kantilal M Shah as a Director of the Company:
“**Resolved that** in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Shri Kantilal M. Shah who was appointed as an additional Director and who ceases to hold office as per the provisions of Section 260 of the Companies Act, 1956, at this Annual General Meeting and in respect of whom the Company has received a notice from a Member in writing along with a deposit of Rs. 500/- proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”
6. Appointment of Shri Charul Abuwala as a Director of the Company:
“**Resolved that in** accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Shri Charul Abuwala who was appointed as an additional Director and who ceases to hold office as per the provisions of Section 260 of the Companies Act, 1956, at this Annual General Meeting and in respect of whom the company has received a notice from a Member in writing along with a deposit of Rs. 500/- proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”
7. Appointment of Shri Gyandeo Chaturvedi as a Director of the Company:
“**Resolved that** in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Shri Gyandeo Chaturvedi who was appointed as an additional Director and who ceases to hold office as per the provisions of Section 260 of the Companies Act, 1956, at this Annual General Meeting and in respect of whom the company has received a notice from a Member in writing along with a deposit of Rs. 500/- proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”
8. Increase in borrowing powers:
“**Resolved that** in supersession of the Resolution passed at the Annual General Meeting of the Company held on September 22, 1998 and pursuant to Section 293(1)(d) and other applicable provisions, if any of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow from time to time any sum or sums of money not exceeding at any time the sum of Rs.1000 Crores (rupees one thousand crores) over and above the aggregate of the paid up capital of the Company and its free reserves on such term and conditions as the Board may deem fit, notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Company apart from the temporary loans obtained from the bankers in the ordinary course of business, will exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.”
9. Creation of charges:
“**Resolved that** in supersession of the earlier resolution the consent of the company be and is hereby accorded pursuant to the provisions of Section 293(1)(a) of the Companies Act, 1956 to the Board of Directors of the Company (the Board) for creation of such hypothecations and / or mortgages and / or charges, on such terms and conditions and at such time or times and in such form or manner as it may think fit, on the whole or substantially the whole, or any one or more of the Company's undertakings or all its undertakings, including the present and / or future properties, whether movable or immovable, comprised in any of the existing and / or new undertaking of the Company, as the case may be, in favour of any banks or consortium of banks and / or financial institutions upto the value not exceeding Rs.1000 Crores (rupees one thousand crores) proposed to be borrowed from such banks, consortium of banks and / or financial institutions, together with interest thereon, and further / compound interest, if any, thereon, commitment charges, liquidated damages, costs, charges, expenses payable in the above connection in terms of the Agreement to be entered into between the Company and the said bank(s) or consortium of banks and / or financial institutions.
Resolved further that the Board be and is hereby authorized to finalise and execute such documents and any other deeds, papers, writings as may be required for creating the aforesaid mortgages and / or charges and to do all such acts, deeds and things as may be necessary or expedient for implementing this resolution.
Resolved further that the Board be and is hereby authorized to delegate the authority envisaged in this resolution, partly or wholly to any one or more directors or other officials of the company in order to give effect to this resolution.”
10. Directors sitting fees:
“**Resolved that** pursuant to the proposed revision in Clause No.49 of the Listing Agreement with the Stock Exchanges, the consent of the Company be and is hereby accorded to the payment to the non-executive Directors of the Company of Rs.5,000/- (Rupees Five Thousand Only) or such other amount as may be approved by the Board of Directors from time to time but not exceeding the limit prescribed under the Companies Act, 1956 for each meeting of the Board of Directors and / or Committee(s) thereof attended by them.”

To consider, and if thought fit, to pass, with or without modification(s) the following resolution as Special Resolution

11. **“Resolved that** in accordance with the provisions of Section 198, 309(4) and all other applicable provision, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof and the Articles of Association of the Company and subject to applicable statutory approval(s) if any, the Directors of the Company other than the Managing Director and Whole time Directors be paid annually, commission aggregating to Rs.5,00,000 (Rupees Five Lacs), in such proportion as may be decided by the Board of Directors for a period as may be decided by the Board of Directors from time to time but not exceeding 5(five) years from the financial year ended March 31, 2006, provided that the total commission payable to such Directors shall not exceed one percent of the net profits of the Company as computed in the manner referred to under Section 198(1) of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.”
12. Delisting of shares from Delhi Stock Exchange:
“Resolved that in continuation of the earlier resolution passed at the General Body Meeting held on 1st September, 1998, and in continuation of the application made to the Delhi Stock Exchange for delisting of the shares and awaiting approval of the said stock exchange and to substantiate with the said application for delisting from the said stock exchange and in accordance with Clause 5 of the SEBI (Delisting of Securities) Guidelines, 2003, 1,74,98,433 Equity shares of Rs 10/- each listed with the said stock exchange be and is hereby delisted as per the application for delisting made in the year 1998-99 with the said stock exchange”.
13. Delisting of shares from Ahmedabad Stock Exchange:
“Resolved that in continuation of the earlier resolution passed at the Annual General Meeting held on 1st September, 1998, and in continuation of the application made to the Ahmedabad Stock Exchange for delisting of the shares and awaiting approval of the said stock exchange and to substantiate with the said application for delisting from the said stock exchange and in accordance with Clause 5 of the SEBI (Delisting of Securities) Guidelines, 2003, 1,74,98,433 Equity shares of Rs 10/- each, listed with the said stock exchange be and is hereby delisted as per the application for delisting made in the year 1998-99 made with the said stock exchange”.

NOTES: -

1. A Member entitled to attend and vote at the Annual General Meeting (the Meeting) is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company, the instrument appointing proxy should however, be deposited at the Registered Office of the Company not less than forty eight hours before commencement of the meeting.
2. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
3. In terms of Articles 155 of the Articles of Association of the Company, the appointment of Directors and reappointment of directors at the ensuing Annual General Meeting and being eligible offer themselves for reappointment, the brief resumes of these Directors, nature of their expertise in specific functional areas and names of the Companies in which they hold directorship and membership/ chairmanship of Board Committees, as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges in India, are provided in the report on Corporate Governance forming part of the Annual Report, the Board of Directors of the Company commends the respective reappointments of the aforesaid Directors.
4. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Business to be transacted at the meeting is annexed hereto.
5. Members / Proxies are requested to bring the Attendance Slip duly filled in for attending the meeting.
6. Members who hold shares in dematerialized form are requested to bring their client ID and DP ID numbers for easy identification of attendance at the meeting, and those who holds shares in physical form are requested to write their Folio Numbers in the Attendance Slip for attending the Meeting.
7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
8. 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 Years 1996-97. 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..
9. Register of Members / Transfer books will remain closed from Thursday, 15th September,2005 to Friday, 16th September,2005 (both days inclusive) for the purpose of Annual General Meeting.
10. 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.
11. 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.
12. Members holding shares in electronic form are requested to notify /send their change in address/bank details to the respective Depositories, viz. NSDL & CDSL.

By Order of the Board of Directors

Place : Mumbai
Date : 29th June, 2005

Devesh Chaturvedi
(Chairman)

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

Explanatory Statements under Section 173(2) of the Companies Act, 1956.

Item No. 4

M/s.Rajen Damani & Co., Chartered Accountants, present auditors of the Company, have intimated to the Company their inability to continue as the statutory Auditors for the ensuing year. Accordingly the Company proposes to appoint M/s Rajen Damani & Associates, Chartered Accountants as the statutory auditors of the Company. The Company has received the 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.

None of the Directors of the Company are interested in this Resolution.

The Board of Directors recommends the said resolution for approval.

Item No. 5, 6 & 7 : Appointment of Directors: -

Shri Kantilal Shah, Shri Charul Abuwala and Shri Gyandeo Chaturvedi, who were appointed as an additional directors of the Company with effect from 31st March 2005 and 29th June 2005 (in case of Shri Gyandeo Chaturvedi) respectively by the Board of Directors under Section 260 of the Companies Act, 1956 and they hold office upto the date of the ensuing Annual General Meeting. A notice along with the deposit of Rs. 500/- has been received from a member under Section 257 of the Companies Act, 1956, proposing their appointment. The relevant details of directors being appointed/ re appointed is compiled under report on Corporate Governance form part of this Annual Report. Apart from Shri Kantilal Shah, Shri Charul Abuwala and Shri Gyandeo Chaturvedi, no other Director are interested in this Resolution.

The Board of Directors recommends the said resolution for approval.

Item No. 8

At the Annual General Meeting of the Company held on September 22, 1998 the Company had accorded its consent under Section 293(1)(d) of the Companies Act, 1956, to the Directors borrowing moneys up to a limit of Rs.200 Crores. Taking into account the future growth and expansion plans, additional finance is required for the funding of expanding future operations of the Company. Hence it is necessary to increase the borrowing limit of the Board of Directors from Rs.200 Crores to Rs.1000 Crores.

None of the Directors of the Company are interested in this Resolution.

The Board of Directors recommends the said resolution for approval.

Item No. 9

To meet the requirement of funds for expanding future operations of the Company also the increased working capital needs, the Company proposes to obtain in the coming years further financial assistance from financial institutions / banks / investing agencies by way of loans (including foreign currency loans), issue of debentures / bonds / other instruments on private placement basis or otherwise as set out in the Resolution. Therefore, the Resolution proposes the creation of mortgages, charges and hypothecations of the assets of the Company upto a value not exceeding Rs.1000 Crores.

To secure such borrowings, the Company would have to mortgage / charge / hypothecate the assets and properties of the Company, both present and future, as may be required by the lenders / trustees.

None of the Directors of the Company are interested in this Resolution.

The Board of Directors recommends the said resolution for approval.

Item No.10 & 11

The Securities and Exchange Board of India has issued a Circular to all the Stock Exchanges advising them to amend the Listing Agreement by inserting the revised Clause 49 relating to corporate governance requirements to be fulfilled by the Companies. The Stock Exchanges have accordingly amended the Listing Agreement with the Company. The said amendment in the Listing Agreement is effective from 1st April, 2005, one of the requirements stipulated under the revised clause is that all the fees / compensation payable to Non-Executive Directors, including the independent Directors, shall be fixed by the Board of Directors and shall require previous approval of the members in General Meeting.

At present, the Company is paying to all the Directors of the Company excluding Executive Directors, sitting fees of Rs.5,000/- (Rupees Five Thousand) for each of the meeting of the Board of Directors or a Committee(s) thereof attended by them.

In addition, pursuant to section 309 of the Companies Act, 1956, it is proposal to pay commission not exceeding in the aggregate, 1% per annum, of the net profits of the Company calculated under Sections 349 and 350 of the Companies Act, 1956, to the aforesaid Directors.

In view of the revised clause 49 of the Listing Agreement, the approval of members is requested for the payment of commission/sitting fees to all the Directors of the Company excluding Executive Directors and Directors who are in the employment of group Companies.

All Directors of the Company except Mr R. Sundaresan are interested in this Resolution.

The Board of Directors recommends the said resolution for approval.

Item 12 & 13

The Company's equity shares are listed on three Stock Exchanges in India, namely, at Ahmedabad, Delhi and Mumbai . With the extensive networking of The Stock Exchange, Mumbai (BSE) and the extension of the BSE terminals to other cities as well, investors have access to online dealings in the Company's equity shares across the country. The bulk of the trading in the Company's equity shares in any case takes place on the BSE and the depth and liquidity of trading in the Company's equity shares on the other Stock Exchange is negligible. The Company's equity shares are one of the scrips which the Securities and Exchange Board of India (SEBI) has specified for settlement only in dematerialised form by all investors, since April 5,1999. It is observed that the listing fees paid to the Stock Exchange, Ahmedabad (ASE) and Delhi Stock Exchange (DSE) is disproportionately higher compared to the extremely low trading volumes of the Company's shares with the said Stock Exchanges and the trading volume do not justify the listing fees paid to the Stock Exchange, Ahmedabad and Delhi and it was therefore proposed to get the shares delisted from the Stock Exchange, Ahmedabad and Delhi. The Company's application for delisting of the Company's shares on Ahmedabad and Delhi Stock Exchanges is pending since 1998-99 but in view of the SEBI's fresh guidelines referred to in the resolution at item no. 12 and 13 and as required by the said fresh guidelines the Company proposed to augment the said application for delisting, pending with the said stock exchanges, as referred to in the said resolution.

None of the Directors of the Company are interested in this Resolution.

The Board of Directors recommends the said resolution for approval.

By Order of the Board of Directors

Place : Mumbai

Date : 29th June, 2005

Regd. Office:

715, Tulsiani Chambers

212, Nariman Point

Mumbai 400 021.

**Devesh Chaturvedi
(Chairman)**

DIRECTORS' REPORT TO SHAREHOLDERS

To,
The Members of
Shardul Securities Ltd.

Your Directors are pleased to present the Twentieth Annual Report and the Audited Accounts for the year ended March 31, 2005.

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

	2004 - 2005	2003 - 2004
Profit before Depreciation	894.47	514.15
Less : Depreciation	65.62	60.87
Profit before Taxation	828.85	453.28
Less : Provision for taxation		
Current	180.00	35.50
Deferred	(68.97)	136.91
Profit after Taxation	717.82	280.87
Add : Prior Year Adjustments	0.03	(1.20)
Profit after Prior Period Adjustments	717.85	279.67
Surplus / (Deficit) brought forward from previous years	(564.34)	(788.07)
	153.51	(508.40)
Appropriations :		
Statutory Reserve Fund as per RBI	143.57	55.94
Balance carried to Balance Sheet	9.94	(564.34)
	153.51	(508.40)

2. Dividend: -

In order to consolidate and take advantage of the emerging business opportunities with improved networth your Directors do not recommended dividend for this year.

3. Management Discussions and Analysis Report: -
I. Financial Performance

The gross income for the financial year ended 31st March, 2005 was Rs.1166.72 lacs as compared to Rs.765.44 lacs in the previous year. The operating profit of the Company was at Rs.717.85 lacs as against Rs.279.67 lacs during the previous year.

The carried forward losses have totally been wiped out and the surplus of Rs.9.94 lacs was carried over to the Balance Sheet.

The Company's networth as on 31st March, 2005 stood at Rs.50.82 crores as against Rs.43.65 crores last year.

ii) Industry Structure & Development:-

The operations of the Non Banking Finance Companies are being regulated and supervised by Reserve Bank of India and the regulatory framework for NBFCs has been continuously strengthened in order to ensure healthy functioning, protecting the interest of the shareholders and depositors. The RBI is also moving towards a phase of non-acceptance of public deposits by NBFC over the years which has reduced the NBFCs leveraging ability to a great extent and depend more on own funds and inter corporate borrowings. Only NBFCs with strong capital base would be able to survive in the long run and this has been one of the factors for your Company to consolidate its networth adequately to take advantage of the emerging business opportunities.

The focus on interest rate regime is continuing to be soft though the inflationary pressures on account of the surging oil price has resulted in increase in interest rates and borrowing are becoming more expensive. However, the GDP growth which has crossed 8% mark during the last year resulted in buoyancy in the capital market and for the first time in the recent years the market witnessed more initial public offerings both from the private and public sector undertakings. The outlook for the market for the ensuing year has been highly optimistic with BSE index having crossed record levels during the first quarter of the current year.

iii) Business Review: -

Your company's operations continue to be mainly focused

on investment activities both in equity and debt markets. The investment portfolio of your Company is structured in a manner to achieve optimized returns on investment. Taking advantage of the boom in the capital market your Company achieved impressive growth in terms of profitability during the year. The company has not mobilised any public deposits nor intends to accept any deposits during the year under review.

iv) Opportunities and Threats:

With GDP forecast at more than 7% over next few years the Indian economy continues to provide attractive platform for growth opportunities. The retail segment especially in auto financing, housing and investment banking activities continue to be attractive for NBFC sector and the market conditions have also been quite conducive. With the Government relaxing investment in infrastructure projects, there are good opportunities for investment in these sectors also in future. The NBFCs will continue to face pressures from the banking sector and financial institutions and the threat has a direct impact on spreads bringing down the profit margins. However, your Company with strong net-worth base and being low debt is in vantage position to take advantage of the emerging opportunities in the capital markets as well as debt markets and improve the bottom line adequately.

v) 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.

vi) Outlook: -

Your Company intends continuing to focus on the investment activities especially in Government Securities, other Debt Market instruments and also equity markets to optimise reasonable returns over a period of time.

vii) 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.

viii) 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.

ix) Human Resources:

The company has adequate number of experienced professionals with a total strength at 39 (including subsidiary company). The company has been encouraging the staff to undergo various training programmes and qualitative professional exams.

x) 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.

4. Future prospects:

There are lot of new business opportunities emerging out of relaxation of the Government policy to permit foreign investments in the financial sector. The commodity market has been growing consistently and your company is examining the prospects of foraying in this area. With the Stock Market doing well opportunities for more intensive participation in all other related activities are also on the anvil. Your company is passing through a consolidation phase and is well poised to take on these business opportunities to improve the wealth of the shareholders.

5. Subsidiary:

The wholly owned subsidiary viz. Shriyam Broking Intermediary Ltd. continues to remain profitable during the year-ended 31.03.2005. The company has earned a gross income of Rs.

225.09 lacs as against Rs.225.64 lacs during the previous year and achieved a net profit after taxation of Rs. 21.37 lacs as against Rs.14.57 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 is appended to the accounts of the Company.

6. Directors: -

In terms of Article 155 of the Articles of Association of the Company, Shri Bhupendra Shroff and Shri Mukesh Shroff, Directors retire by rotation and being eligible offer themselves for re-appointment at the Annual General Meeting.

Shri Charul Abuwala and Shri Kantilal Shah, who were appointed as additional directors by the Board on 31st March 2005 and in respect of whom notice along with deposit of Rs. 500/- has been received from a member under Section 257 of the Companies Act, 1956, proposing their appointment.

Shri Gyandeo Chaturvedi, who was appointed as an additional director by the Board on 29th June 2005, and in respect of whom notice along with the deposit of Rs. 500/- has been received from a member under Section 257 of the Companies Act, 1956, proposing his appointment.

Brief resume of the Directors proposed to be appointed/reappointed, nature of their experience in specific functions and area and number of companies in which they hold membership/chairmanship of Board Committees as stipulated under clause 49 of the Listing Agreement of Stock Exchange are provided in the Report of Corporate Governance forming part of the Annual Report

7. Taxation: -

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

8. Donation: -

During the year the Company has given the total donation of Rs.35.48 lacs to various Trusts.

9. Cashflow:-

As required by Clause 37 of the Listing Agreement, a Cash Flow Statement is appended with this report.

10. 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, 2005, 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 judgments 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 2005 on a 'going concern' basis.

11. Auditors and Auditors' Report: -

M/s.Rajen Damani & Co., Chartered Accountants, present auditors of the Company, have intimated to the Company their inability to continue as the statutory Auditors for the ensuing year. Accordingly the Company proposes to appoint M/s Rajen Damani & Associates., Chartered Accountants as the statutory auditors of the Company. The Company has received the 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.

The notes to the Accounts referred to in the Auditors' Report are self-explanatory and, therefore, do not call for any further comments.

12. Corporate Governance: -

Report on Corporate Governance stipulated under Clause 49

of the Listing Agreement with Stock Exchange form part of this annual report. A certificate from the auditors of the Company M/s Rajen Damani & Co., Chartered Accountants confirming compliance of conditions of Corporate Governance as stipulated under aforesaid clause 49 is annexed to and forms part of this Report.

13. 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.

14. Appointment of Company Secretary: -

The Company's Secretarial work is handled under the supervision of practising Company Secretary. The Company is in the process of appointing suitable qualified Company Secretary.

15. Delisting of Shares: -

The Company's equity shares are listed on three Stock Exchanges in India, namely, at Ahmedabad, Delhi and Mumbai. With the extensive networking of The Stock Exchange, Mumbai (BSE) and the extension of the BSE terminals to other cities as well, investors have access to online dealings in the Company's equity shares across the country. The bulk of the trading in the Company's equity shares in any case takes place on the BSE and the depth and liquidity of trading in the Company's equity shares on the other Stock Exchange is lower.

The Company's equity shares are one of the scrips which the Securities and Exchange Board of India (SEBI) has specified for settlement only in dematerialised form by all investors, since April 5,1999. It is observed that the listing fees paid to the Stock Exchange, Ahmedabad (ASE) and Delhi Stock Exchange (DSE) is disproportionately higher compared to the extremely low trading volumes of the Company's shares with the said Stock Exchanges and the trading volume do not justify the listing fees paid to the Stock Exchange, Ahmedabad and Delhi and it is therefore proposed to get the shares delisted from the Stock Exchange, Ahmedabad and Delhi. The Companies application for delisting of the Companies shares on Ahmedabad and Delhi Stock Exchanges is pending since 1998-99 but in view of the SEBI fresh guidelines referred to in the resolution at item no. 12 and 13 and as required by the said fresh guidelines the Company proposed to augment the said application for delisting, pending with the said stock exchanges, as referred to in the said resolutions.

16. 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 the Company has spent Rs 16.76 lacs as and by way of Foreign Exchange outflow during the year.

3. Deposits: -

- a) There are no deposits, which has remained unclaimed or claimed but not paid for which information is required to be given in this report. The Company does not hold any Public Deposits nor is accepting any 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.

17. Acknowledgment: -

Your Directors appreciate the co-operation and support extended by the Shareholders, Employees, Financial Institutions and Banks.

For and on behalf of Board

Place : Mumbai
Dated : 29th June 2005

**Devesh Chaturvedi
(CHAIRMAN)**

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 interactions 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.

The Company is committed to achieve the highest standards of Corporate Governance.

2. Board of Directors: -

The current strength of the Board consists of 9 Directors out of which one is Whole-Time (Executive) Director and 8 Non-Executive Directors. The Company does have a non-executive Chairman and the Board already consists of 6 Independent Directors.

■ Board Meetings: -

The Board of Directors of the Company met seven times during financial year ended 31st March 2005. The Board Meetings were held on 22nd May 2004, 29th June 2004, 30th July 2004, , 16th September 2004, 29th October,2004, 28th January 2005, & 31st March 2005. The Annual General Meeting of the Company was held on 16th September,2004 at the Registered Office of the Company at 715, Tulsiani Chambers, 212, Nariman Point, Mumbai 400 021.

The Company has held at least one meeting in every three months and the maximum time gap between any two Board Meetings was not more than four months. None of the directors of the Company was a member of more than ten committees or the Chairman of more than five committees across all public limited companies in which he is a director.

For the purpose of considering the limit of the Committees as stated above, only Audit Committee, Shareholders/ Investors Grievances Committee and Remuneration Committee across all public limited companies has been considered in accordance with clause 49 of the Listing Agreement.

■ 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	6	No	2	1	—
Dr. V. C. Shah	NED	6	No	6	1	1
Mr. Bhupendra K. Shroff	NED	7	Yes	8	3	3
Mr. Gagan Chaturvedi	VCH	7	Yes	4	2	—
Mr. Mukesh Shroff	NED	6	No	4	4	—
Mr. R. Sundaresan	ED	7	Yes	1	—	—
Mr. Kantilal Shah	NED	1	No	—	—	—
Mr. Charul Abuwala	NED	1	No	—	—	—

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

■ Details of Directors being appointed/re-appointed at the Annual General Meeting: -

- Mr. Bhupendra K. Shroff, aged 67 years, M.Com., LLB (Advocate) F.C.S., C.I.A. (U.S.A.) was appointed as a Director on 6th April, 1993. He is a practicing Company Secretary for several years and also the Member of the Audit Committee and the Chairman of Share Transfer Committee, Investor Grievance Committee and Remuneration Committee of the Board of Directors of the Company. He holds Directorship in Asian Star Company Limited, Asian Star Diamonds Private Limited, Axis Financial Consultancy Services Private Limited, Shree Chaitanya YarnTex Private Limited, Khira Steel Works Private Limited and Reliance Consultancy Services Private Limited.
- Mr. Mukesh Shroff, aged 41 years, B.Com., was appointed as a Director on 31st October, 1993. He has over 20 years experience in dealing in shares and Financial Market. He is a Member of the Audit Committee and the Chairman of Share Transfer Committee, Investor Grievance Committee and Remuneration Committee of the Board of Directors of the Company. He holds Directorship in V.B. Desai Financial Services Ltd., Desai Industrial Finance Company Ltd., Indranil Securities Pvt Ltd. and Merican Funds Ltd.
- Mr. Charul Abuwala, aged 43 years, an Advocate was appointed as an Additional Director on 31st March, 2005.
- Mr. Kantilal Shah, aged 72 years, a practicing Chartered Accountant was appointed as an Additional Director on 31st March, 2005. He is a Director of Jain Sahkari Bank Ltd.
- Mr. Gyandeo Chaturvedi aged 38 years, a practicing Chartered Accountant was appointed as an Additional Director on 29th June 2005.

3. Board Committees: -

The Company has 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.

■ **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 dispatched within a period of 30 days from the date of receipt, if documents are clear in all respects. Request for dematerialized (demat) received from the Shareholders are effected within an average period of 15 days.

■ **Investor Grievance Committee:** -

The Board of Directors 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.

In pursuance of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (duly amended), the Company is in the process of formulating guidelines and Code of Conduct for Prevention of Insider Trading.

The total number of complaints / requests / queries received and replied to the satisfaction of the investors during the year under review was 62.

■ **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) Dr. V. C. Shah Non-Executive / Independent Director, Chairman of the Committee.
- b) Shri Devesh D Chaturvedi Non-Executive Director
- 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.

The Audit Committee is vested with powers to investigate any activity of Company or seek information from any employee 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 2004-2005, the Committee met 5 times. The Committee Meetings were held on 21st May 2004, 28th June 2004, 29th July 2004, 27th October 2004 and 27th January 2005. The attendance of each Member of the Committee is given below: -

Name of Director	No. of Meeting attended
1. Dr. V. C. Shah	5
2. Mr. Devesh D. Chaturvedi	5
3. Mr. B. K. Shroff	5
4. Mr. Mukesh Shroff	5

■ **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.

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

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

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

The Company has complied with 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.

6. **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.

7. The Company is in the process of formulating a mechanism for employees to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics policy. This mechanism could also provide for adequate safeguards against victimization of employees who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases. Once established, the existence of the mechanism may be appropriately communicated within the organization.

GENERAL SHAREHOLDER INFORMATION

1. **Annual General Meeting** :
 - Date & Time** : Friday, 16th September, 2005 at 10.00 a.m.
 - Venue** : Ashoka Hall,
Arcadia, NCPA Marg
Nariman Point
Mumbai 400 021
2. **Financial Calendar** : 2005-06 (tentative)
 - Board Meetings**
 - Results for the quarter ending June 30, 2005 : Last week of July, 2005
 - Results for the quarter ending September 30, 2005 : Last week of October, 2005
 - Results for the quarter ending December 31, 2005 : Last week of January, 2006
 - Results for the year ending 31st March, 2006 : Last week of June, 2006
3. **Book closure dates** : 15th September, 2005 to 16th September, 2005.
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 Company's application for delisting of its shares is pending with the said stock exchanges since 1998-99.
7. **Annual Listing fees:**
The listing fees to the Stock Exchange Mumbai have duly paid by the Company up to the financial year 2005-06. The Company's application for delisting of its shares is pending with Ahmedabad and Delhi stock exchanges since 1998-99. However the Company has paid the listing fees to these stock exchanges up to the financial year 2005-06.
8. **Dematerialisation of shares and Liquidity: -**
86.84% of the Equity Shares have been dematerialized up to 31st March 2005. Trading in Equity Shares of the Company is permitted only in dematerialized 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 year 2004-05 were 839655 and its value was Rs. 78,76,528/-.
9. **Stock Code: -**
 - i) Trading symbol at The Stock Exchange, Mumbai (Physical Segment) SHARDUL SECU.
 - ii) Demat ISIN Number in NSDL & CDSL – Equity Shares - INE037B01012
10. **Distribution of Shareholding and Shareholding Pattern as on 31st March 2005: -**
 - I) The Distribution of Shareholding as on 31st March 2005: -

No. of Equity Shares held	Shareholders		Shares held	
	No.	%	No.	%
Upto 500	16,856	96.73	19,07,588	10.90
501 – 1000	253	1.45	2,06,830	1.18
1001-2000	135	0.77	2,00,386	1.15
2001-3000	49	0.28	1,23,048	0.70
3001-4000	33	0.19	1,14,582	0.65
4001-5000	22	0.13	97,900	0.56
5001-10,000	24	0.14	1,70,298	0.97
10,001 and above	53	0.30	1,46,77,801	83.88
TOTAL	17,425	100.00	1,74,98,433	100.00

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

Category	No. of Shares	%
Promoters	1,22,64,804	70.09
Financial Institutions / Banks / Mutual Fund	8,98,610	5.14
Corporate Bodies	11,09,467	6.34
Indian Public	32,25,351	18.43
NRI / OCB	201	—
TOTAL	1,74,98,433	100.00

11. General Body Meetings :-

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

Year	Location	Date	Time
2001-2002	Registered office of the Company at 715, Tulsiani Chambers, 212, Nariman Point, Mumbai 400 021.	17.09.2002	10.00 a.m.
2002-2003	Registered office of the Company at 715, Tulsiani Chambers 212, Nariman Point, Mumbai 400 021.	29.08.2003	10.00a.m.
2003-2004	Registered office of the Company at 715, Tulsiani Chambers, 212, Nariman Point, Mumbai 400 021.	16.09.2004	10.00 a.m.

NOTE: A special resolution u/s 149(2A) of the Companies Act,1956 regarding the commencement of new business of dealing in gold and other precious stones was passed on 16th September, 2004 in terms of the Clause 4 of the Companies (Passing of Resolution by Postal Ballot) Rules 2001.

12. Share Transfer Systems: -

Presently Share Transfer in physical form are processed and share certificate returned within a period of 30 days from the date of receipt, subject to the documents being clear in all respects.

13. 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 2004-2005 were as follows:

The Stock Exchange, Mumbai – Code No.512393

Month	Share Price		BSE Sensex	
	High	Low	High	Low
April, 2004	5.40	4.20	5979.25	5599.12
May, 2004	4.80	4.50	5772.64	4227.50
June, 2004	6.00	4.50	5012.52	4613.94
July, 2004	5.40	4.50	5200.85	4723.04
August, 2004	7.00	5.00	5269.22	5022.29
September, 2004	7.15	4.55	5638.79	5178.57
October, 2004	6.72	4.55	5803.82	5558.14
November, 2004	8.94	6.00	6248.43	5649.03
December, 2004	10.27	5.83	6617.15	6176.09
January, 2005	13.80	7.02	6696.31	6069.33
February, 2005	12.95	7.50	6721.08	6508.33
March, 2005	11.65	9.00	6954.86	6321.31

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.

14. Address for Correspondences :

Investors Correspondence for Transfer / dematerialisation of shares, payment of dividend on shares and any other query relating to shares.

For Share held in physical form
Bigshare Services Pvt. Ltd.
E-2/3 Ansa Industrial Estate,
Saki Vihar Road, Saki Naka,
Andheri(East), Mumbai 400 072.

For shares held in demat form
To the Depository Participant.

15. Registrar & Share Transfer Agents

Bigshare Services Pvt. Ltd.
E-2/3 Ansa Industrial Estate,
Saki Vihar Road, Saki Naka,
Andheri(East), Mumbai 400 072.
Tel : 28523474, 28560652/53, 56936291
Fax : 28525207

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Board of Directors
Shardul Securities Limited
715 Tulsiani Chambers
Nariman Point
Mumbai 400 021

We have examined the compliance of conditions of corporate governance by Shardul Securities Limited, for the year ended 31st March, 2005, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges in 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 grievance is pending for a period exceeding one month against the company as per the records maintained by the Company.

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

For Rajen Damani & Co.
Chartered Accountants

Place : Mumbai
Date : 29th June 2005

Rajen J Damani
(Proprietor)
Membership No. 34375

AUDITOR'S REPORT

To
The Members,
SHARDUL SECURITIES LTD.

We have audited the attached Balance Sheet of '**SHARDUL SECURITIES LTD**', as at 31st March, 2005, the Profit & Loss Account and the 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 have conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit 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 as amended by Companies (Auditor's Report) (Amendment) Order 2004, issued by Central Government of India, in terms of Section 227(4A) of the Companies Act 1956, we enclose 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 the Company.
2. Further to our comments in the Annexure referred to in paragraph (1) above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit ;
 - b) In our opinion, proper books of account, as required by law have been kept by the Company, so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion the Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the Directors as at 31st March, 2005 and taken on record by the Board of Directors, we report that none of the Directors of the Company is disqualified as on 31st March, 2005 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 read 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 so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March, 2005;
 - ii) in so far as it relates to the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
 - iii) in so far as it relates to the Cash Flow Statement, of the cash flows for the year ended on that date.

For RAJEN DAMANI & CO.
Chartered Accountants

Place: Mumbai
Dated: 29th June, 2005

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

**ANNEXURE TO THE AUDITORS REPORT
OF SHARDUL SECURITIES LTD.
FOR THE YEAR ENDED 31ST MARCH, 2005.**

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

- i. In respect of its fixed assets:
 - a) the Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) as explained to us, the fixed assets 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) in our opinion and as per the information and explanations given to us, the Company has not disposed off any substantial part of fixed assets during the year and the going concern status of the Company is not affected.
- ii. In respect of its inventories:
 - 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.
- iii. In respect of loans:
 - a) the Company has not taken any loans, secured or unsecured from companies, firms or parties covered in the register maintained under Section 301 of the Companies Act, 1956.
 - b) the Company has not given any loans secured or unsecured to any companies, firms or parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control system 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 controls.
- v. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
 - a) according to the information and explanation given to us, we are of the opinion that particulars of contracts and arrangements referred to in Section 301 of the Companies Act, 1956 have been entered into a register required to be maintained under that section.
 - 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, have been made at prices, which appears 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 or any other relevant provisions 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. In respect of statutory dues:
 - a) according to the information and explanations given 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) 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 positive net worth at the end of the financial year. The Company has no accumulated losses and 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 or financial institutions.
- 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, and in our opinion the terms and condition of guarantees, given on behalf of the subsidiary are not prejudicial to the interest of Company.

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- xiii. According to the information and explanations given to us the Company has not obtained any term loans.
- xiv. According to the information and explanation given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that there are no funds raised on short term basis that have been used for long term investment, except conversion of Stock in Trade of Rs. 366.18 lacs to Investment during the year.
- 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 are not applicable to the Company. Further in view of the absence of conditions prerequisite to the reporting requirement of clauses (xii), (xviii), (xix) and (xx) , the said clauses are, at present, not applicable.

For RAJEN DAMANI & CO.
Chartered Accountants

Place: Mumbai,
Dated: 29th June, 2005

Rajen J. Damani
(Proprietor)
Membership no 34375

BALANCE SHEET AS AT 31ST MARCH, 2005

(Rs. in Lacs)

	Schedule	As at 31st March, 2005		As at 31st March, 2004	
I SOURCES OF FUNDS					
1 Shareholders Fund					
Share Capital	A	1,749.84		1,749.84	
Reserves and Surplus	B	3,332.64	5,082.48	2,614.79	4,364.63
2 Deferred Tax Liability			189.96		258.93
3 Loan Funds					
Secured Loans	C	1,022.26		813.17	
Unsecured Loans	D	50.21	1,072.47	-	813.17
Total :			6,344.91		5,436.73
II APPLICATIONS OF FUNDS					
1 Fixed Assets					
Gross Block	E	1,305.98		1,988.19	
Less: Depreciation		162.85		429.04	
		1,143.13		1,559.15	
Lease Adjustments		-		(238.96)	
Net Block			1,143.13		1,320.19
2 Investments	F		2,560.30		1,310.65
3 Current Assets, Loans and Advances					
Current Assets	G	2,268.36		2,651.37	
Loans and Advances	H	413.21		385.23	
		2,681.57		3,036.60	
Less: Current Liabilities & Provisions					
Current Liabilities	I	40.09		31.57	
Provisions	J	-		199.14	
		40.09		230.71	
Net Current Assets			2,641.48		2,805.89
Total :			6,344.91		5,436.73
Significant accounting Policies & Notes to Accounts.	P				

As per our report of even date

For Rajen Damani & Co.

Chartered Accountants

Rajen J. Damani

Proprietor

Mumbai, Dated 29th June, 2005

For and on behalf of the Board

Devesh Chaturvedi : Chairman

Gagan Chaturvedi : Vice Chairman

Dr. V.C. Shah : Director

Bhupendra Shroff : Director

Mukesh Shroff : Director

Kantilal Shah : Director

Charul Abuwala : Director

Gyandeo Chaturvedi : Director

R. Sundaresan : Executive Director

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PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

(Rs. in Lacs)

	Schedule	2004-2005	2003-2004
INCOME			
Income from Operations	K	606.01	724.31
Income from Investment	L	398.53	3.44
Other Income	M	162.18	37.69
		1,166.72	765.44
EXPENDITURE			
Administrative Expenses	N	195.34	163.55
Interest & Financial Charges		76.91	78.04
Depreciation		65.62	60.87
Miscellaneous Expenditure Written Off	O	-	9.70
		337.87	312.16
Profit before Taxation		828.85	453.28
Provision for Taxation			
Current		180.00	35.50
Deferred		(68.97)	136.91
		111.03	172.41
Profit after Taxation		717.82	280.87
Prior period adjustment (net)		0.03	(1.20)
		717.85	279.67
Profit after prior period adjustment		(564.34)	(788.07)
Surplus / (Deficit) brought forward from previous year		153.51	(508.40)
		153.51	(508.40)
APPROPRIATIONS			
Transferred to Statutory Reserve Fund (as per RBI Guidelines)		143.57	55.94
Balance carried to Balance Sheet		9.94	(564.34)
		153.51	(508.40)
		153.51	(508.40)
Basic and diluted earning per equity share of Rs.10 each (in Rupees)		4.10	1.60
(Refer Note no. 2(E) of Schedule "P" Notes on Account)			
Significant accounting Policies & Notes to Accounts.	p		

As per our report of even date

For Rajen Damani & Co.

Chartered Accountants

Rajen J. Damani

Proprietor

Mumbai, Dated 29th June, 2005

For and on behalf of the Board

Devesh Chaturvedi

: Chairman

Gagan Chaturvedi

: Vice Chairman

Dr. V.C. Shah

: Director

Bhupendra Shroff

: Director

Mukesh Shroff

: Director

Kantilal Shah

: Director

Charul Abuwala

: Director

Gyandeo Chaturvedi

: Director

R. Sundaresan

: Executive Director

SCHEDULES FORMING PART OF THE BALANCE SHEET

(Rs. in Lacs)

	As at 31st March, 2005	As at 31st March, 2004
SCHEDULE 'A'		
Share Capital		
Authorised		
2,00,00,000 Equity Shares of Rs.10/- each	2,000.00	2,000.00
10,00,000 Cumulative Redeemable Preference Shares of Rs. 100/- Each	1,000.00	1,000.00
	<u>3,000.00</u>	<u>3,000.00</u>
Issued, Subscribed and Paid up		
1,74,98,433 Equity Shares of Rs.10/- each	1,749.84	1,749.84
	<u>1,749.84</u>	<u>1,749.84</u>
SCHEDULE 'B'		
Reserves & Surplus		
Capital Reserve	6.90	6.90
Share Premium Account	2,666.69	2,666.69
General Reserve		
Balance as per Last Balance Sheet	297.88	297.88
Add: Transfer from Profit & Loss Account	-	-
	<u>297.88</u>	<u>297.88</u>
Statutory Reserve Fund (As per RBI Guidelines)		
Balance as per last Balance Sheet	207.66	151.72
Add: Transfer from Profit & Loss Account	143.57	55.94
	<u>351.23</u>	<u>207.66</u>
Profit and Loss Account	9.94	(564.34)
	<u>3,332.64</u>	<u>2,614.79</u>
SCHEDULE 'C'		
Secured Loan		
From Bank	797.26	559.41
(Bank overdraft is secured by way of lien of Bank fixed deposits of Rs.1000 Lacs previous year Rs. 800 lacs and Fixed deposit of Rs. 175 lacs belonging to the associate Companies)		
From Corporate Body	225.00	253.76
(Secured against pledge of shares belonging to company and its directors & their relatives)		
	<u>1,022.26</u>	<u>813.17</u>
SCHEDULE 'D'		
Unsecured Loan		
Inter corporate deposit	50.21	-
	<u>50.21</u>	<u>-</u>

**Schedule 'E':
FIXED ASSETS**

(Rs. in Lacs)

Description of Assets	Gross Block				Depreciation				Net Block		
	As at 1/4/04	Additions	Deductions/ Written off	As at 31/3/05	Up to 31/03/04	For the Year	Deductions/ Written off	Upto 31/3/05	Lease Adjustment	As at 31/03/05	As at 31/03/04
A. Owned Assets											
Office Premises	1059.88	40.44		1100.32	73.98	17.52		91.50		1008.82	985.90
Computers	3.82	1.01		4.83	2.65	0.67		3.32		1.51	1.16
Furniture & Fixtures	129.09			129.09	34.64	8.18		42.82		86.27	94.46
Vehicles	27.36	5.66		33.02	12.11	2.71		14.82		18.20	15.26
Plant & machinery	33.04	5.68		38.72	8.76	1.63		10.39		28.33	24.27
Total	1253.19	52.79	-	1305.98	132.14	30.71	-	162.85	-	1143.13	1121.05
B. Leased Assets											
Plant & Machinery	735.00		735.00		296.90	34.91	331.81				199.14
			**				**				
Total	735.00	-	735.00	-	296.90	34.91	331.81	-	-	-	199.14
Grand Total	1988.19	52.79	735.00	1305.98	429.04	65.62	331.81	162.85	-	1143.13	1320.19
Previous Year	1913.79	74.40	-	1988.19	368.17	60.87	-	429.04	(238.96)	1320.19	

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.

** Discarded, in respect of which 100% Provision for sub-standard and doubtful assets made in earlier years.

SCHEDULES FORMING PART OF THE BALANCE SHEET

(Rs. in lacs)

	Face Value/ Issue Price(Rs)	Quantity		Value	
		As at 31st March, 2005	As at 31st March,2004	As at 31st March,2005	As at 31st March,2004
SCHEDULE 'F'					
Investments					
Long Term Investments					
Trade Investments					
In Equity shares - Quoted					
Fully Paid-up					
Reliance Industries Limited	10	3850	3850	19.78	19.78
Haldyn Glass Limited	10	1400	1400	0.28	0.28
Reliance Energy Limited	10	10000	20150	46.32	71.56
Saint Gobain Sekurit Limited	10	155000	107101	22.35	10.71
SRF Limited	10	50000	150000	14.87	44.61
Micro Ink Limited	10	22500	12500	112.35	66.23
Glenmark Pharmaceuticals Ltd.	2	7500	-	17.88	-
Orissa Sponge Iron Ltd.	10	10000	-	6.16	-
Welspun-Gujrat Stahl Rohren Ltd.	10	20000	-	8.10	-
Allahabad Bank	10	100	-	0.10	-
Bharati Shipyard Ltd.	10	70000	-	91.25	-
Carborundum Universal Ltd.	2	25000	-	30.10	-
Crest Animation Studios Ltd.	10	100000	-	82.35	-
Cybermate Infotek Ltd.	10	10000	-	0.23	-
Dena Bank	10	200000	-	71.98	-
Exide Industries Ltd.	10	3171	-	5.24	-
Elgitread (India) Ltd.	1	100000	-	41.32	-
Escorts Ltd.	10	50000	-	26.26	-
Finolex Industries Ltd.	10	100000	-	58.68	-
FDC Ltd.	1	31000	-	18.62	-
Gujarat Alkalies & Chemicals Ltd.	10	20000	-	26.56	-
Hindustan Powerplus Ltd.	10	68347	-	30.31	-
Indian Petrochemicals Corp. Ltd.	10	50000	-	93.58	-
Ispat Industries Ltd.	10	100000	-	26.78	-
Jaypee Hotels Ltd.	10	50000	-	22.46	-
Jaiprakash Associates Ltd.	10	100	-	0.22	-
Jet Airways Ltd.	10	16038	-	176.42	-
Kirloskar Oils Engines Ltd.	10	14697	-	60.56	-
Kopran Ltd.	10	5000	-	3.70	-
Lloyds Steel Industries Ltd.	10	199289	-	40.05	-
Manglore Refinery & Petrochemicals Ltd.	10	200100	-	97.47	-
Micro Tech Ltd.	10	50000	-	33.00	-
Oriental Bank of Commerce	10	100	-	0.37	-
Polyplex Corporation Ltd.	10	15000	-	22.41	-
Punjab National Bank	10	23576	-	91.95	-
Sterlite Industries (India) Ltd.	5	6000	-	20.01	-
Timken India Ltd.	10	40000	-	29.59	-
UTV Soft. Comm. Ltd.	10	6038	-	7.85	-
Sub Total				1,457.51	213.17
In Equity shares - Unquoted					
Fully Paid up					
In Subsidiary					
Shriyam Broking Intermediary Limited	10	10000000	10000000	1000.00	1000.00
In Others					
A to Z Broking Services Private Limited	10	950000	950000	95.48	95.48
Sub Total				1095.48	1095.48
In Mutual Funds- Quoted					
Fully paid up units					
LIC Mutual Fund Index Fund - Sensex Advantage Plan.	10	20000	20000	2.00	2.00
HDFC Liquid Fund	10	32809	-	4.31	-
SC All season - Growth	10	5000	-	0.50	-
SC All season - Dividend	10	5000	-	0.50	-
Sub total				7.31	2.00
Total Investments				2560.30	1310.65
Market Value of Quoted Investments				1,663.08	317.95

SCHEDULES FORMING PART OF THE BALANCE SHEET

(Rs. in lacs)

	As at 31st March, 2005	As at 31st March, 2004
SCHEDULE 'G'		
Current Assets		
Stock-in-Trade (Certified and valued by Management)	879.66	1,650.45
Sundry Debtors (Unsecured, Considered good)		
Outstanding for a period -		
(a) exceeding six months.	--	0.05
(b) Others		
(i) From a subsidiary Company	327.07	166.93
(ii) From Others	21.81	25.11
	<u>348.88</u>	<u>192.09</u>
Cash & Bank Balances		
Cash in hand	0.01	-
Balance with Scheduled Banks		
—In Current Accounts	39.81	8.83
—In Fixed Deposit Account	1,000.00	800.00
	<u>1,039.81</u>	<u>808.83</u>
	<u>2,268.36</u>	<u>2,651.37</u>
SCHEDULE 'H'		
Loans and Advances (considered good)		
Sundry Deposits	351.01	350.58
Advance Income Tax (net of provisions)	7.11	12.34
Loans	32.40	5.00
Advances recoverable in cash or in kind or for value to be received	22.69	17.31
	<u>413.21</u>	<u>385.23</u>
SCHEDULE 'I'		
Current Liabilities		
Sundry Creditors (Other than SSI)	29.46	22.70
Unclaimed Dividend **	2.56	5.30
Other Liabilities	8.07	3.57
	<u>40.09</u>	<u>31.57</u>
SCHEDULE 'J'		
Provisions		
Provision for sub standard and doubtful assets	-	199.14
	-	<u>199.14</u>

** There are no amount due and outstanding to be credited to the Investor Education and Protection Fund.

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

(Rs. in Lacs)

	2004-05	2003-04
SCHEDULE 'K'		
Income from Operations		
Interest	497.26	102.62
(Tax deducted at source Rs. 79.55 Lacs Previous year Rs.17.06 lacs)		
Lease Equalisation	34.91	17.41
Advisory Fees and services	8.16	7.36
Profit on dealing in securities	65.68	596.92
	<u>606.01</u>	<u>724.31</u>

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

(Rs. in Lacs)

	2004-05		2003-04
SCHEDULE 'L'			
Income from investment			
Profit on sale of investments (Net)	398.53		3.44
	<u>398.53</u>		<u>3.44</u>
SCHEDULE 'M'			
Other Income			
Dividend on			
Investments	11.43	0.70	
Others	3.09	14.05	14.75
Bad debts recovered	130.02		21.87
Interest on Income Tax Refund	0.75		-
Miscellaneous Income	16.89		1.07
	<u>162.18</u>		<u>37.69</u>
SCHEDULE 'N'			
Administrative Expenses			
Payment to Employees			
-Salary, Bonus & Allowance	29.13	7.40	
-Contribution to Provident & Other Fund	1.32	0.22	
-Welfare Expenses	0.21	0.36	7.98
Professional and Other Service Charges	55.11		36.64
Telephone and Lease line Charges	3.54		0.96
Membership and Subscriptions	0.24		0.25
Rent, Rates and Taxes	1.22		15.10
Postage and Telegrams	0.89		1.01
Advertisement and Business Promotion	14.35		7.74
Repairs and Maintenance	1.69		14.40
Printing and Stationery	7.80		6.59
Payment to Auditors	1.10		1.08
Directors Sitting Fees	0.62		0.35
Travelling and Conveyance:			
Foreign Travelling	16.76		6.72
Others	15.09		4.05
Electricity Charges	6.38		7.34
Donations	35.48		6.00
Provision for sub standard and doubtful assets	-		45.38
Miscellaneous Expenses	4.41		1.96
	<u>195.34</u>		<u>163.55</u>
SCHEDULE 'O'			
Miscellaneous Expenditure written off			
Deferred Revenue Expenses	-		9.70
	<u>-</u>		<u>9.70</u>

SCHEDULE 'P'**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) Use of Estimates:

The presentation of financial statements requires estimates and assumptions to be made that effect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenue and expenses during the reporting period. The difference between the actual results and estimates are recognised in the period in which the results are known, materialised.

(C) 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.

(D) 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.

(E) Depreciation:

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

(F) Lease Transactions:

In respect of the leases prior to 1.4.2001, transactions have been accounted / restated as per the guidance note issued by the Institute of Chartered Accountants of India on Accounting for leases and in respect of leases after 1.4.2001 the transactions have been accounted as per the (AS) 19 Leases issued by The Institute of Chartered Accountants of India.

(G) Foreign Currency Transactions:

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

(H) Borrowing Costs:

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

(I) Miscellaneous Expenditures:

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

(J) Investments:

Investments are valued as follows:

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

(K) Stock-in Trade:

Stock-in-trade is valued scripwise, at cost or market price whichever is lower.

(L) Impairment of Assets:

An assets is treated as impaired when the carrying cost of an assets exceeds its recoverable value and impairment loss is charged to Profit and Loss Account in the year in which assets is identified as impaired. The impairment loss recognised in the prior accounting period is reversed if there has been a change in estimates of recoverable amount.

(M) Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be outflow of resources. Contingent liabilities, if material, are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

(N) Provision for Current and Deferred Tax:

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantially enacted as on the Balance Sheet date.

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.

	(Rs.in lacs)	
	2004-2005	2003-2004
(C) i) Expenditure in Foreign Currency.	16.76	6.72
ii) Earning in Foreign Currency.	—	—
(D) Interest Income includes Nil (Previous Year Rs.0.24 Lacs) as interest earned on Long Term Investments.		
(E) Earning per Share :		

	2004-2005	2003-2004
i) Net Profit after tax available for Equity Shareholders (Rs. in lacs)	717.85	279.67
ii) Weighted average of number of Equity Shares outstanding during the year (in lacs).	174.98	174.98
iii) Basic and Diluted Earnings per share of Rs.10/- each (in Rs.)	4.10	1.60

(F) **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.

iii) Key Managerial Personnel:

Shri R. Sundaresan - Executive Director

- 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	Total
Loans / Advances taken				
a) Taken during the year.	—	—	—	—
	(—)	(110.00)	(—)	(110.00)
b) Returned during the year.	—	—	—	—
	(—)	(110.00)	(—)	(110.00)
c) Balance as at 31 st March, 2005.	—	—	—	—
	(—)	(—)	(—)	(—)
Investments				
a) Balance as at 31 st March, 05	1000.00	95.48	—	1095.48
	(1000.00)	(95.48)	(—)	(1095.48)
Stock-in-trade				
a) Purchased during the year.	—	8401.36	—	8401.36
	(—)	(4281.17)	(—)	(4281.17)
b) Sales / Redeemed during the year.	—	3862.78	—	3862.78
	(—)	(5067.72)	(—)	(5067.72)
c) Balance as at 31 st March, 2005.	—	—	—	—
	(—)	(—)	(—)	(—)
Sundry Debtors as at 31st March, 2005.				
	327.07	—	—	327.07
	(166.93)	(—)	(—)	(166.93)
Loans / Advances and Deposits to Others				
a) Balance as at 31 st March, 2005.	—	350.00	—	350.00
	(—)	(350.00)	(—)	(350.00)
Expenditure				
a) Payments and provisions for Remuneration & Services.	—	—	3.33	3.33
	(—)	(1.74)	(6.53)	(8.27)
b) Brokerage paid during the year.	8.61	—	—	8.61
	(11.35)	(—)	(—)	(11.35)
Contingent Liability				
Bank Guarantees given as at 31 st March, 2005.	850.00	—	—	850.00
	(165.00)	(—)	(—)	(165.00)

(Figures in bracket indicates figures of previous year).

Significant Related Party Transactions:

- i) Stock in trade purchase, includes Rs. 8154.82 lacs purchased from Pradeep Sandeep Trading & Investment Pvt. Ltd.
- ii) Stock in trade sold / redeemed, includes Rs. 3818.11 lacs sold to Pradeep Sandeep Trading & Investment Pvt. Ltd.
- iii) Payment and provision for remuneration and services, includes Rs. 3.33 lacs as Salary paid to Shri R. Sundaresan.

(G) 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.

(H) 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, 2005	Maximum Balance Outstanding during the year
i) Loans and advances in the nature of loans to subsidiaries	NIL (NIL)	NIL (NIL)
ii) Loans and advances in the nature of loans to associates	NIL (NIL)	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)	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)	NIL (NIL)
iv) Loans and advances in nature of loans to firms / companies in which directors are interested.	NIL (NIL)	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)	NIL (NIL)

(Figure in bracket indicates figure of previous year.)

(I) Deferred Tax :

The break-up of deferred tax Liability as at March 31, 2005 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	—	189.96	—	258.93
Total	—	189.96	—	258.93
Net Deferred Tax Liability.		189.96		258.93

(J) Payments to Auditors :

	(Rs. in Lacs)	
	Current Year	Previous Year
Audit Fees	0.77	0.76
Tax Audit Fees	0.17	0.16
Certification Charges	0.16	0.16
Total	1.10	1.08

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

(K) Directors Remuneration :

Salary to Executive Directors as under :-

Shri R. Sundaresan Rs. 3.33 Lacs (P. Y. Rs. 2.89 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, 2005.

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

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

Particulars	Amount Outstanding	(Rs. in lacs) 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	275.21	—
	(253.76)	—
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	413.21	—
	(385.23)	(—)
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).	—	—
	(199.19)	(0.05)
2) Operating Lease.	—	—
iv) Break up of investments		
a) Current Investments (Stock in trade)		
1) Quoted		
• Shares		
- Equity	0.86	
	(883.03)	
• Debentures and Bonds	—	
• Govt. Securities & PSU Bonds	878.80	
	(741.00)	
2) Unquoted		
• Shares		
- Equity	—	
	(26.42)	
• Debentures and Bonds	—	
b) Long Term Investments		
1) Quoted		
• Shares		
- Equity	1457.51	
	(213.17)	
2) Unquoted		
• Shares		
- Equity	1095.48	
	(1095.48)	
- Preference	—	
	(—)	
• Debentures, Bonds and Units	7.31	
	(2.00)	
• Government Securities	—	
	(—)	
• PSU Bonds	—	
	(—)	

	Amount (Net of Provisions)		
	Secured	Unsecured	Total
v) Borrower group-wise classification of all leased assets (including Receivables for Assets on Lease), stock on hire and loans and advances.			
a) Related Parties			
1) Subsidiaries	—	—	—
2) Companies in the same group	—	350.00	350.00
3) Other related parties	—	(350.00)	(350.00)
b) Other than related parties	—	63.21	63.21
Total	(199.19)	(35.23)	(234.42)
Total	—	413.21	413.21
Total	(199.19)	(385.23)	(584.42)
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		1108.49	1000.00
2) Companies in the same group	(1086.60)	112.45	(1000.00)
3) Other related parties	(108.49)	—	(95.48)
b) Other than related parties	—	2541.88	2344.48
Total	(1968.40)	3762.82	(1865.63)
Total	(3163.49)	3439.96	(2961.11)
Total		Amount	
vii) Other information			
a) Gross Non Performing Assets			
1) Related parties		—	
2) Other than related parties		—	
b) Net Non Performing Assets			
1) Related Parties		—	
2) Other than related parties		—	
c) Assets acquired in satisfaction of debt		(199.14)	
		—	

(N) Stock in Trade

	(Rs. in lacs)			
	As at 31st March, 2005		As at 31st March, 2004	
Equity Shares (quoted)	Quantity	Value	Quantity	Value
Apollo Tyres Limited	150	0.37	150	0.37
Adlab Films Limited	—	—	25100	24.87
ATV Project (India) Limited	650	—	650	—
Ashok Leyland Limited	—	—	18078	45.76
Bajaj Hindustan Limited	—	—	5966	12.43
BASF India Ltd.	—	—	10000	12.03
BOC India Limited	—	—	10000	3.73
Bayer ABS Limited	—	—	20000	17.47
Chennai Petroleum Limited	—	—	10000	11.23
Cybermate Infotech Limited	—	—	15000	0.38

	(Rs. in lacs)			
	As at 31st March, 2005		As at 31st March, 2004	
	Quantity	Value	Quantity	Value
Dalmia Cement Bharat) Limited	—	—	15000	42.86
Escorts Limited	—	—	150000	93.83
Federal Tech. Limited	4800	0.48	4800	0.48
GTL Ltd.	—	—	20000	16.15
Goetze (I) Limited	—	—	10000	7.77
Gujarat Mineral Development Limited	—	—	20000	36.87
Glenmark Pharmaceuticals Limited	—	—	10000	14.37
Hindustan Ink & Resins Limited	—	—	10550	61.85
Hindustan Power Plus Limited	—	—	50500	18.18
India Glycols Limited	—	—	10100	8.40
Jindal Vijayanagar Steel Limited	—	—	100000	8.20
Karturi.Com Limited	—	—	1800	0.03
Mafatlal Industries Limited	3	-	3	-
Modern Syntex (India) Limited	21	-	21	-
Modern Threads (India) Limited	20	-	20	-
Moulik Finance & Resorts Limited	21000	-	21000	-
Murudeshwar Ceramics Limited	—	—	40000	10.08
Oriental Paper & Ind. Limited	—	—	29499	8.22
Prag Bosimi Synthetics Ltd.	—	—	87500	2.92
Polyplex Corpn. Limited	—	—	59219	89.78
Ritesh Polyesters Limited(Partly paid)	29200	—	29200	-
Steel Authority of India Limited	—	—	75000	24.19
Sesa Goa Limited	—	—	5500	26.32
Sterlite India Ltd.	—	—	6000	30.61
Saint Gobain Sekurit India Limited	—	—	142752	18.77
Sudarshan Chemicals Limited	12	-	12	-
Syngenta India Limited	—	—	5000	7.10
Thomas Cook(I) Limited	—	—	5000	21.47
Vijaya Bank	—	—	17600	4.22
Zenzar Technologies Limited	—	—	14000	10.94
Vidushan Comm. & Investment Pvt. Limited.	—	—	950	26.42
Arvind Mills Limited	—	—	419440	191.05
Total Equity Shares	55856	0.86	1475410	909.45
Government Securities				
8% GOI Relief Bonds 2007	3000	3.05	3000	3.05
8.5% GOI Relief Bonds 2007	2500	2.54	2500	2.54
Total Government Securities	5500	5.59	5500	5.59

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(Rs. in lacs)

BONDS	As at 31st March, 2005		As at 31st March, 2004	
	Quantity	Value	Quantity	Value
A. State Govt. Guarantee Bonds				
GSFC 13.25% Bonds 2005-6-7	—	—	103000	113.82
APPFCL 10.65% Bonds 2013	65000	74.96	6000	7.03
MSEB 12% SLR Bonds 2011	—	—	50000	62.02
MKVDC 11% Bonds 2010	—	—	157000	153.69
GSRTC 13% Bonds 2007	10500	11.49	—	—
HPHSCL 13.60% Bonds 2008	11000	12.80	—	—
HPIDB 8% Bonds 2016	50000	49.45	—	—
MPVCL 9.50% Bonds 2016	10000	11.39	—	—
MSEB 13.50% Bonds 2012	200000	257.01	—	—
MSRDC 13.50% Bonds 2011	250000	307.78	—	—
OSFC 12.50% Bonds 2009 SLR	100000	106.68	—	—
Total State Govt. Guarantee Bonds	696500	831.56	316000	336.56
B. PSU BONDS				
SSNNL 8.95% Bonds 2016	—	—	100000	103.07
KIDC 11% Bonds 2009	—	—	5000	5.31
GEB 11.5% Bonds 2015	—	—	1000	1.22
PFC Deep Discount Bond 2022	—	—	150000	47.25
SSNNL DDB 2014	120000	41.65	670000	242.00
Total PSU Bonds	120000	41.65	926000	398.85
Grand Total	877856	879.66	2722910	1650.45

(O) 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)
Opening stock				
- Shares / Securities	14.75	909.45	3.79	184.72
- Bond	12.48	741.00	14.18	1510.07
Total	27.23	1650.45	17.97	1694.79
Purchases/Transfers				
- Shares / Securities	285.08	76065.07	666.66	126964.98
- Bonds	880.17	101508.56	525.73	55102.52
Total	1165.25	177573.63	1192.39	182067.50
Sales / Transfers				
- Shares / Securities	*299.27	*76960.26	655.70	126574.01
- Bonds	884.43	101449.84	527.43	56134.75
Total	1183.70	178410.10	1183.13	182708.76
Closing Stock				
- Shares / Securities	0.56	0.85	14.75	909.45
- Bonds	8.22	878.80	12.48	741.00
Total	8.78	879.66	27.23	1650.45

* Includes conversion of 646221 equity shares at market price valuing Rs. 366.18 lacs of Stock in trade into Investment.

(P) **Contingent Liabilities:**

Particulars	(Rs. in Lacs)	
	As at 31st March, 2005	As at 31st March, 2004
Allotment money & Calls unpaid on partly paid shares / Debentures	2.19	2.19
Bank Guarantees Outstanding	850.00	165.00

As per our report of even date

For Rajen Damani & Co.

Chartered Accountants

Rajen J. Damani

Proprietor

Mumbai, Dated 29th June, 2005.

For and on behalf of the Board

Devesh Chaturvedi

Gagan Chaturvedi

Dr. V. C. Shah

Bhupendra Shroff

Mukesh Shroff

Kantilal Shah

Charul Abuwala

Gyandeo Chaturvedi

R. Sundaresan

- *Chairman*

- *Vice Chairman*

- *Director*

- *Director*

- *Director*

- *Director*

- *Director*

- *Director*

- *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	31/03/2005		

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	634491	Total Assets	634491
-------------------	--------	--------------	--------

Sources of Funds

Paid-up Capital	174984	Reserves and surplus	333264
Secured Loans	102226	Deferred Tax	18996
		Unsecured Loans	5021

Application of funds

Net fixed assets	114313	Investments	256030
Net current assets	264148	Misc. Expenditure	Nil
Accumulated losses	Nil		

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

Turnover	116672	Total Expenditure	33787
Profit before tax	82885	Profit after tax	71782
Earning per share (in Rs.)	4.10	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 Rajen Damani & Co.
Chartered Accountants

Rajen J. Damani
Proprietor

Mumbai, Dated 29th June, 2005.

For and on behalf of the Board
Devesh Chaturvedi - *Chairman*
Gagan Chaturvedi - *Vice Chairman*
Dr. V. C. Shah - *Director*
Bhupendra Shroff - *Director*
Mukesh Shroff - *Director*
Kantilal Shah - *Director*
Charul Abuwala - *Director*
Gyandeo Chaturvedi - *Director*
R. Sundaresan - *Executive Director*

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2005

	As at 31st March, 2005		As At 31st March, 2004	
A. Cash Flow from operating activities				
Net Profit before tax, Extraordinary and prior period items		828.85		453.28
Adjustments for:				
Non cash Items				
Depreciation	65.62		60.87	
Provision for non-performing assets	-		45.38	
Lease Equalisaiton	(34.91)		(17.41)	
Miscellaneous Expenditure w/off	-	30.71	9.7	98.54
Profit on sale of Investments		(398.53)		(3.44)
Interest received on investments		-		(0.24)
Dividend received on investments		(11.43)		(0.70)
Operating Profit before working capital changes		449.60		547.44
Adjustments for :				
Trade & Receivables	(156.79)		(138.76)	
Inventories	770.79		(44.34)	
Trade Payable	8.52		(171.37)	
Loans & Advances	(27.98)		(8.51)	
		594.54		(274.30)
Cash (used) in / generated from operations		1044.14		273.14
Direct Taxes paid		(180.00)		(35.50)
Cash inflow / (outflow) before extraordinary and prior period items		864.14		237.64
Extraordinary and prior period items		0.03		(1.20)
Net Cash from / (used) in operation activities		864.17		236.44
B. Cash flow from investment activities				
Purchase of fixed assets (including capital work-in-progress)	(52.79)		(74.40)	
Purchase of investments	(3590.19)		(262.88)	
Sale of investments	2739.07		137.13	
Interest received on investments	-		0.24	
Dividend received on investments	11.43		0.70	
Net cash (used) in investment activities		(892.48)		(199.21)
C. Cash flow from financing activities				
Bank borrowing	237.85		(92.87)	
Loan from Corporate Body	(28.76)		53.68	
Unsecured Loan (ICD)	50.21		-	
Net cash (used) in / from financing activities		259.30		(39.19)
Net (decrease) / increase in cash and cash equivalents		230.99		(1.96)
Cash and cash equivalents as at 1st April 2004		808.83		810.79
Cash and cash equivalents as at 31st March 2005		1039.82		808.83

As per our report of even date

For Rajen Damani & Co.

Chartered Accountants

Rajen J. Damani

Proprietor

Mumbai, Dated 29th June, 2005.

For and on behalf of the Board

Devesh Chaturvedi- *Chairman***Gagan Chaturvedi**- *Vice Chairman***Dr. V. C. Shah**- *Director***Bhupendra Shroff**- *Director***Mukesh Shroff**- *Director***Kantilal Shah**- *Director***Charul Abuwala**- *Director***Gyandeo Chaturvedi**- *Director***R. Sundaresan**- *Executive Director*

**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 31/03/2005. | : | 1,00,00,000 Equity Shares of Rs.10/- each. |
| d) | Extent of interest of holding
Company in the subsidiary as at
31/03/2005. | : | 100 %. |
| e) | Net aggregate amount of the
subsidiary Company's profit / (loss) | : | |
| | i. For the subsidiary Company's
year ended 31/03/2005. | : | Rs. 21.37 lacs |
| | ii. For the previous financial
year since it became a
subsidiary. | : | Rs. 86.94 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 31/03/2005. | : | NIL |
| | ii. For the previous Financial
year since it became a subsidiary. | : | NIL |

For and on behalf of the Board
Devesh Chaturvedi - *Chairman*
Gagan Chaturvedi - *Vice Chairman*
Dr. V. C. Shah - *Director*
Bhupendra Shroff - *Director*
Mukesh Shroff - *Director*
Kantilal Shah - *Director*
Charul Abuwala - *Director*
Gyandeo Chaturvedi - *Director*
R. Sundaresan - *Executive Director*

Mumbai, Dated 29th June, 2005.

SHRIYAM

BROKING INTERMEDIARY LIMITED

BOARD OF DIRECTORS

Shri Viraf Katrak

Shri R. Sundaresan

Shri Yogendra Chaturvedi

Shri Makhanlal Chaturvedi

AUDITORS

Rajen Damani & Co.

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 Tenth Annual Report of your Company together with Audited Statement of Accounts for the year ended 31st March 2005.

1. FINANCIAL RESULTS :

	(Rs.in lacs)	
	2004-05	2003-04
Gross Revenue	225.09	225.64
Expenditure	172.39	196.83
Profit before Depreciation & Preliminary Expenses written off	52.70	28.81
Less: Depreciation & Preliminary Expenses written off	8.70	7.76
Profit before Extra ordinary item	44.00	21.05
Less: Extra ordinary item	13.42	-
Profit before Taxation	30.58	21.05
Less: Provision for taxation		
Current	9.50	5.25
Deferred	(0.26)	1.23
Profit after Taxation	21.34	14.57
Add (less): Prior Year Adjustments	0.03	-
Profit after Prior Period Adjustments	21.37	14.57
Less: Excess/short provision of Tax for earlier years	-	(0.21)
Surplus / (Deficit) brought forward from previous years	87.31	72.95
Profit available for appropriation	108.68	87.31
Appropriations:		
Balance carried to Balance Sheet	108.68	87.31
	108.68	87.31

2. DIVIDEND:

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

3. GENERAL SCENARIO:

The economy witnessed a GDP growth rate of more

than 8% during the year under report and consequently there was general buoyancy in the capital markets. The capital formation after a lull during the last 5 years was seen actively with new issues hitting the market both from the public and private sector corporations. Though the increase in yields on Government securities dampened the Government securities markets, trading in secondary market debt instruments especially the non SLR securities continued to be brisk. In general, the capital market provided the right platform for the participants not only to augment their income but also look for increased business activities during the ensuing years. The FDI participation in the capital market has been a significant factor in its growth and with Indian economy growing rapidly the future looks bright for the capital market participants.

4. PERFORMANCE:

The gross income as on 31.03.2005 was almost the same as in the previous year though the profit before taxation was at a higher level of Rs.44.00 lacs as against Rs.21.05 lacs during the last year. The net profit for the year after provision for taxation stood at Rs.21.37 lacs as against Rs.14.57 lacs last year.

5. DIRECTORS:

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

6. 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, 2005, 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 2005 on a 'going concern' basis.
7. **AUDITORS:**
M/s. Rajen Damani. & Co., 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 & Associates., 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.
8. **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 28th June 2004, 29th July, 2004, 27th October, 2004 and on 27th January 2005 and all Committee members were present at all the meetings.
9. **DEPOSITS:**
The Company has not accepted any deposits from the public. Hence no information is required to be appended to this Report.
10. **STATUTORY INFORMATION:**
1. **Personnel:** -
Details of remuneration paid to employees as required by section 217(2A) of the Companies Act, 1956, is not applicable to the company as none of the employees is paid remuneration as stipulated in that section.
2. **Particulars required to be furnished by the Companies (Disclosure of particulars to the Report of Board of Directors) Rules, 1988:** -
- (i) Part A & B pertaining to conservation of Energy and Technology Absorption are not applicable to the Company.
- (ii) Foreign Exchange earning and outgo: The Company has not earned any Foreign Exchange and also there is no Foreign Exchange outflow during the year.
11. **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 : 29.06.2005

[R. Sundaresan]
Director

Regd. Office :
714, 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, 2005 and the Profit & Loss Account for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit 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 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by Central Government of India, in terms of Section 227(4A) of the Companies Act 1956, we enclose 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 report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit ;
 - b) In our opinion, proper books of account, as required by law have been kept by the Company, so far as appears from our examination of those books;
 - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - d) In our opinion the Balance Sheet and the Profit and Loss Account dealt with by this report comply with the mandatory Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the Directors as at 31st March, 2005 and taken on record by the Board of Directors, we report that none of the Directors of the Company is disqualified as on 31st March, 2005 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 read 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 so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March, 2005;

- ii) in so far as it relates to the Profit and Loss Account, of the Profit of the Company for the year ended on that date.

For RAJEN DAMANI & CO.
Chartered Accountants

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

Place: Mumbai
Dated: 29th June, 2005

ANNEXURE TO THE AUDITORS REPORT OF SHRIYAM BROKING INTERMEDIARY LTD FOR THE YEAR ENDED 31ST MARCH, 2005.

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

- i. In respect of its fixed assets:
- a) the Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) as explained to us, the fixed assets, have been physically verified by the management 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) in our opinion and as per the information and explanations given to us, the Company has not disposed off any substantial part of fixed assets during the year and the going concern status of the Company is not affected.
- ii. In respect of loans:
- a) The Company has not given any loans secured or unsecured to any companies firms or parties covered in the register maintained under section 301 of the Companies Act, 1956.
 - b) The Company has taken unsecured loan from a company covered in the register maintained under section 301 of the companies Act, 1956. The maximum amount involve during the year was Rs.190.00 lacs and the year-end balance of loan taken from such party was Rs.120.58 lacs.
 - c) In our opinion the rate of interest and other terms and conditions of above loan is not, prima facie, prejudicial to the interest of the Company.
 - d) The Company is regular in repaying the principal amounts as stipulated and has been regular in payment of interest.
- iii. In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the company and nature of its business for the purchases and sale of fixed assets and services rendered related to broking activities etc. 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 controls.
- iv. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
- a) according to the information and explanation given to us, we are of the opinion that particulars of contracts and arrangement referred to in Section 301 of the Companies Act, 1956 have been entered into a register required to be maintained under that section.
 - b) in our opinion and according to the information and explanations given to us, the transactions of broking services, in pursuance of contracts or arrangement required to be entered in the

register maintained under section 301 of the Companies Act, 1956, have been made at prices, which appears reasonable having regard to the prevailing market prices at the relevant time.

- v. The Company has not accepted deposits from public and hence directives issued by Reserve Bank of India and provision of section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and rules framed there under are not applicable for the year under audit.
- vi. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- vii. In respect of statutory dues:
- a) according to the information and explanations given 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) Wealth tax, Customs duty, Excise duty and Cess are not applicable to the Company.
 - c) according to the information and explanations given to us, the company has paid disputed SEBI turnover fees of Rs. 13.42 Lacs pertaining to earlier years. The said matter has been taken up by the Brokers Forum with SEBI/ SAT.
- viii. The Company has no accumulated losses and has not incurred any cash losses during the current financial year and the immediately preceding financial year.
- ix. The company has maintained proper records in respect of investments in shares and timely entries have been made therein.
- x. According to the information and explanations given to us the company has not obtained any term loans.
- xi. According to the information and explanation given to us and on an overall examination of the Balance Sheet of the company, we are of the opinion that there are no funds raised on short term basis that have been used for long term investment.
- xii. 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 (ii), (viii) and (xiii) of Companies (Auditor's Report) Order, 2003 are not applicable to the Company. Further in view of the absence of conditions prerequisite to the reporting requirement of clauses (xi), (xii), (xv), (xviii), (xix) 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, 2005

BALANCE SHEET AS AT 31st MARCH, 2005

	Schedule	As at 31st March, 2005		(Rs. In Lacs) As at 31st March, 2004	
I SOURCES OF FUNDS					
1 Shareholders Fund					
Share Capital	A	1,000.00		1,000.00	
Reserve and Surplus	B	108.68	1,108.68	87.31	1,087.31
2 Deferred Tax Liability			7.11		7.37
3 Loan Fund			120.58		---
Unsecured Loans (ICD)					
Total			1,236.37		1,094.68
II APPLICATION OF FUNDS					
1 Fixed Assets					
Gross Block	C	286.86		273.66	
Less: Depreciation		42.28		34.09	
Net Block			244.58		239.57
2 Investments	D		300.06		300.06
3 Current Assets, Loans and Advances					
Current Assets	E	1,167.71		679.69	
Loans & Advances	F	672.96		262.90	
Less: Current Liabilities	G	1,840.67		942.59	
Net Current Assets		1,149.13		388.24	
4 Miscellaneous Expenditure	H		619.54		554.35
Net Current Assets			0.19		0.70
Total			1,236.37		1,094.68
Significant Accounting Policies & Notes on Accounts	M				

As per our report of even date
For Rajen Damani & Co.
 Chartered Accountants

Rajen J Damani
 Proprietor
 Place: MUMBAI
 Date : 29.06.2005

For and on behalf of the Board
Viraf Katrak Director
R.Sundaresan Director
Yogendra Chaturvedi Director
Makhan Lal Chaturvedi Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31st MARCH, 2005

	Schedule	For the year ended 31st March, 2005		(Rs. In Lacs) For the year ended 31st March, 2004	
INCOME					
From Operation	I	192.82		203.43	
Other Income	J	32.27	225.09	22.21	225.64
EXPENDITURE					
Administrative & Other Expenses	K	151.41		193.81	
Rent, Rates & Taxes	L	2.63		0.85	
Interest & Financial Charges		18.35		2.17	
Depreciation		8.19		7.25	
Preliminary Expenses Written off		0.51		0.51	
			181.09		204.59
Profit Before Tax & Extra Ordinary Item			44.00		21.05
Extra Ordinary Item			13.42		---
Profit Before Tax			30.58		21.05
Provision for Taxation					
Current		9.50		5.25	
Deferred		(0.26)	9.24	1.23	6.48
Profit after Tax			21.34		14.57
Adjustment related to previous year			0.03		-
Profit after prior period adjustment			21.37		14.57
Short /Excess Provision of Tax of earlier years			-	(0.21)	
Balance brought forward		87.31	87.31	72.95	72.74
Profit available for appropriation			108.68		87.31
APPROPRIATION					
Balance carried to Balance Sheet			108.68		87.31
			108.68		87.31
Basic and diluted earning per equity share of Rs.10 each			0.21		0.14
Significant Accounting Policies & Notes on Accounts	M				

As per our report of even date
For Rajen Damani & Co.
 Chartered Accountants

Rajen J Damani
 Proprietor
 Place: MUMBAI
 Date : 29.06.2005

For and on behalf of the Board
Viraf Katrak Director
R.Sundaresan Director
Yogendra Chaturvedi Director
Makhan Lal Chaturvedi Director

ANNUAL REPORT 2004-2005

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31st March, 2005	(Rs. In Lacs) As at 31st March, 2004
SCHEDULE - A		
Share Capital		
Authorised		
10000000 (Previous Year 10000000) Equity Shares of Rs. 10/- each.	1,000.00	1,000.00
	1,000.00	1,000.00
Issued Subscribed and Paid up.		
10000000 (Previous Year 10000000) Equity Shares of Rs. 10/- each.	1,000.00	1,000.00
	1,000.00	1,000.00
Note : 10000000 (Previous year 10000000) Equity shares held by Shardul Securities Limited, the Holding Company.	1,000.00	1,000.00
	1,000.00	1,000.00
SCHEDULE - B		
Reserve & Surplus		
Balance in Profit & Loss Account	108.68	87.31
	108.68	87.31

SCHEDULE : C

FIXED ASSETS

(Rs. in Lacs)

Description of Assets	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	As at 01.04.04	Addition	Deletion / Adjust- ment	As at 31.03.05	Up to 31.03.04	For the Period	Up to 31.03.05	As at 31.03.05	As at 31.03.04
Stock Exchange Membership Cards	175.50	-		175.50	-	-	-	175.50	175.50
Computers	30.06	3.75		33.81	22.44	4.91	27.35	6.46	7.62
Office Equipments	15.09	1.01		16.10	2.35	0.73	3.08	13.02	12.74
Furniture & Fixtures	13.15	0.31		13.46	5.84	0.85	6.69	6.77	7.31
Office Premises	29.99	4.79		34.78	0.25	0.52	0.77	34.01	29.74
Vehicles	9.87	3.34		13.21	3.21	1.18	4.39	8.82	6.66
TOTAL	273.66	13.20	-	286.86	34.09	8.19	42.28	244.58	239.57
Previous Year	237.50	36.16	-	273.66	26.84	7.25	34.09	239.57	

SCHEDULE - D

Investments

Long Term Investments

Equity Shares (Fully paid -up)

Trade - Unquoted

Equity Market Project India Ltd.

Non Trade - Quoted

Reliance Industries Ltd. of Rs.10/- each

Rallis India Ltd. Rs. 10/- each

Syndicate Bank Ltd. Rs. 10/- each

HCL Technologies Ltd. Rs. 10/- each

Total Investments

Market Value of Quoted Investment

	As at 31st March, 2005 Nos. (Rs. in Lacs)	As at 31st March, 2004 Nos. (Rs. in Lacs)
Equity Market Project India Ltd.	5,000	0.50
	5,000	0.50
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
	159,950	299.56
Total Investments	164,950	300.06
Market Value of Quoted Investment	850.40	836.27



SCHEDULES FORMING PART OF THE BALANCE SHEET

	(Rs in Lacs)	
	As at 31st March, 2005	As at 31st March, 2004
SCHEDULE - E		
Interest Accrued on Investment	5.53	2.29
Sundry Debtors (Unsecured considered good)		
Outstanding for a period		
Exceeding six months	—	—
Others	70.80	201.32
	70.80	201.32
Cash & Bank Balances		
Cash on hand	3.02	2.99
Balances with Scheduled Banks		
- In Current Accounts	64.54	165.39
- In Fixed Deposit Accounts	1,023.82	307.70
	1,091.38	476.08
	1,167.71	679.69
SCHEDULE - F		
Loans & Advances (Unsecured and considered good)		
Deposits	660.56	246.86
Advance Income Tax (Net)	11.17	10.41
Advance recoverable in cash or in kind or for value to be received	1.23	5.63
	672.96	262.90
SCHEDULE - G		
Current Liabilities		
Sundry Creditors		
Due to SSI	—	—
Due to Other	1,130.61	385.49
	18.52	2.75
Other Liabilities	1,149.13	388.24
SCHEDULE - H		
Miscellaneous Expenditure (To the extent not written off or adjusted)		
Preliminary Expenses	0.19	0.70
	0.19	0.70

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

	For the Year ended on 31st March, 2005	(Rs. In Lacs) For the Year ended on 31st March, 2004
SCHEDULE - I		
Income from operation		
Brokerage	191.20	192.68
Advisory Fees	1.62	10.75
	<u>192.82</u>	<u>203.43</u>
SCHEDULE - J		
Other Incomes		
Dividends		
-on Long Term Investments	8.28	7.90
Interest (Gross)	20.14	13.98
(TDS Rs.5.20 Lacs, Previous Year Rs. 3.22 Lacs)		
Miscellaneous income	3.85	0.33
	<u>32.27</u>	<u>22.21</u>
SCHEDULE - K		
Administrative & Other Expenses		
Payment to Employees		
- Salary, Bonus & Other allowances	33.20	47.43
- Contribution to PF	1.71	2.42
- Staff Welfare	0.97	1.16
	<u>35.88</u>	<u>51.01</u>
Professional & Other Service Charges	23.53	9.24
Transaction Charges	9.30	5.99
Stamp Charges	25.55	49.78
Lease Line & Telephone Charges	22.53	23.06
Membership & Subscription	3.95	3.96
Printing & Stationery	2.04	5.08
Repairs & Maintenance (Others)	5.67	4.86
Travelling and Conveyance	6.53	8.45
Insurance Charges	0.42	0.64
Directors Sitting fees	0.05	0.05
Payment to Auditors	0.22	0.22
Donation	3.52	3.55
Postage & Telegrams	0.59	0.74
Business Promotion	4.74	14.39
Electricity Charges	1.12	0.38
Brokerage Paid	4.19	11.10
Miscellaneous Expenses	1.58	1.31
	<u>151.41</u>	<u>193.81</u>
SCHEDULE - L		
Rent,Rates & Taxes		
Rent,Rates & Taxes	2.61	0.78
Professional Tax	0.02	0.07
	<u>2.63</u>	<u>0.85</u>

NOTES TO THE ACCOUNTS
SCHEDULE : M
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 is accounted in the year in which it is 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, till the asset is put to use are capitalised.

(D) Depreciation :

No depreciation is provided on Stock Exchange Membership card.

Depreciation on other Fixed Assets 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) Preliminary Expenses :

Preliminary Expenses are amortised over a period of ten years.

(F) Investment :

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

(G) Stock in Trade :

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

(H) Impairment of Assets:

An assets is treated as impaired when the carrying cost of an assets exceeds its recoverable value and impairment loss is charged to Profit and Loss Account in the year in which assets is identified as impaired. The impairment loss recognised in the prior accounting period is reversed if there has been a change in estimates of recoverable amount.

(I) Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be outflow of resources. Contingent liabilities, if material, are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

(J) Provision for Current and Deferred Tax:

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting

from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantially enacted as on the Balance Sheet date.

2) Notes on Accounts

(A) 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.

(B) As the company is engaged in Share / Stock Broking services & Merchant Banking activities, information to paragraph 3 and 4D of part II of Schedule VI of the Companies Act, 1956 is not applicable to the Company.

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

(D) Contingent Liabilities :

Bank Guarantees amounting to Rs. 790 Lacs (Previous year Rs.165 lacs)

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

(F) Earning per share :

	2004 - 2005	2003 - 2004
a) Net Profit after tax available for Equity Shareholders (Rs. In lacs)	21.37	14.57
b) Weighted average of number of Equity Shares outstanding during the year (in lacs).	100.00	100.00
c) Basic and Diluted Earning per share of Rs. 10/- each (in Rs.)	0.21	0.15

(G) Deferred Tax

The deferred tax Liability as at March 31, 2005 is on account of timing differences of Depreciation on Fixed Assets is Rs. 7.11 Lacs (Pr.Yr. 7.37 Lacs).

(H) Payment to Auditors

	Rs. In Lacs Current Year	Rs. In Lacs Previous Year
Audit Fees	Rs. 0.11	Rs. 0.11
Tax Audit Fees	Rs. 0.06	Rs. 0.06
In other capacity	Rs. 0.05	Rs. 0.05
TOTAL	Rs. 0.22	Rs. 0.22

(I) Directors Remuneration :

	Rs. In Lacs Current Year	Rs. In Lacs Previous Year
Salary to Director as under:- Shri Yogendra Chaturvedi	Rs. 1.63	1.52

(J) Extra Ordinary item comprise of payment towards disputed SEBI Turnover Fees amounting to Rs.13.42 Lacs pertaining to earlier years (PreviousYear Nil)The said matter has been taken up by the Brokers forum with SEBI and the final liability as an when crystalised, shall be accounted accordingly.

As per our report of even date
For Rajen Damani & Co.
Chartered Accountants

For and on behalf of the Board

Rajen J Damani
Proprietor

Viraf Kattrak - Director

R. Sundaresan - Director

Yogendra Chaturvedi - Director

Place : Mumbai
Dated : 29th June, 2005

Makhan Lal Chaturvedi - Director

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-05	
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	123637	Total Assets 123637
	SOURCES OF FUNDS		
	Paid up Capital	100,000	Reserve & Surplus 10868
	Secured Loans	Nil	Deferred Tax Liability 711
			Unsecured Loans 12058
	Application of Funds :		
	Net Fixed Assets	24458	Investments 30,006
	Net Current Assets	69154	Miscellaneous Expenditure 19
IV	PERFORMANCE OF COMPANY (Amount in Rs. Thousands)		
	Turnover	22509	Total Expenditure 19450
	Profit Before Tax	3058	Profit After Tax 2137
	Earning Per Share (in Rs.)	0.21	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

For Rajen Damani & Co.
Chartered Accountants

Rajen J Damani
Proprietor

Place: MUMBAI
Date: 29-06-2005

For and on behalf of the Board

Viraf Katrak Director

R.Sundaresan Director

Yogendra Chaturvedi Director

Makhan Lal Chaturvedi Director

CONSOLIDATED STATEMENT OF ACCOUNTS

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To

The Board of Directors

SHARDUL SECURITIES 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, 2005 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 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, 2005;
- 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, 2005

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

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2005

(Rs. in Lacs)

	Schedule	As at 31st March, 2005		As at 31st March, 2004	
I SOURCES OF FUNDS					
1 Shareholders Fund					
Share Capital	A	1,749.84		1,749.84	
Reserves and Surplus	B	3,441.32	5,191.16	2,702.10	4,451.94
			197.07		266.30
2 Deferred Tax Liability					
3 Loan Funds					
Secured Loans	C	1,022.26		813.17	
Unsecured Loans	D	170.79		-	813.17
			1,193.05		
Total			6,581.28		5,531.41
II APPLICATIONS OF FUNDS					
1 Fixed Assets					
Gross Block	E	1,592.84		2,261.85	
Less: Depreciation		205.13		463.13	
			1,387.71		
Lease Adjustments		-		(238.96)	
			1,387.71		1,559.76
2 Investments					
			1,860.36		610.71
3 Current Assets, Loans and Advances					
Current Assets	G	3,109.00		3,164.13	
Loans and Advances	H	1,086.17		648.13	
			4,195.17		3,812.26
Less: Current Liabilities & Provisions					
Current Liabilities	I	862.15		252.88	
Provisions	J	-		199.14	
			862.15		452.02
Net Current Assets			3,333.02		3,360.24
4 Miscellaneous Expenditure					
			0.19		0.70
Total			6,581.28		5,531.41
Significant accounting policies & Notes to Accounts					

As per our report of even date

For Rajen Damani & Co.
Chartered Accountants

Rajen J. Damani
Proprietor

Mumbai,
Dated 29th June, 2005

For and on behalf of the Board

Devesh Chaturvedi - Chairman
Gagan Chaturvedi - Vice Chairman
Dr. V.C. Shah - Director
Bhupendra Shroff - Director
Mukesh Shroff - Director
Kantilal Shah - Director
Charul Abuwala - Director
Gyandeo Chaturvedi - Director
R. Sundaresan - Executive Director

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CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

(Rs. in Lacs)

	Schedule	2004-2005	2003-2004
INCOME			
Income from Operations	L	818.97	941.72
Income from Investment	M	398.53	3.44
Other Income	N	174.31	45.92
		1,391.81	991.08
EXPENDITURE			
Administrative Expenses	O	349.38	358.21
Interest & Financial Charges		95.26	80.21
Depreciation		73.81	68.12
Miscellaneous Expenditure Written Off	P	0.51	10.21
		518.96	516.75
Profit before Extra Ordinary Items & Taxation		872.85	474.33
Extra Ordinary Items		13.42	-
Profit before Taxation		859.43	474.33
Provision for Taxation			
Current		189.50	40.75
Deferred		(69.23)	138.14
		120.27	178.89
Profit after Taxation		739.16	295.44
Prior period adjustment (Net)		0.06	(1.41)
Profit after prior period adjustment		739.22	294.03
Surplus /(Deficit) brought forward from previous year		(477.03)	(715.12)
		262.19	(421.09)
APPROPRIATIONS			
Transferred to Statutory Reserve Fund (as per RBI Guidelines)		143.57	55.94
Balance carried to Balance Sheet		118.62	(477.03)
		262.19	(421.09)
Basic and diluted earning per equity share of Rs.10/- each (in Rupees)		4.22	1.68
(Refer Note no. 2(D) of Schedule "Q" Notes on Account)			
Significant accounting policies & Notes to Accounts			
	Q		
As per our report of even date		For and on behalf of the Board	
For Rajen Damani & Co.		Devesh Chaturvedi	- Chairman
Chartered Accountants		Gagan Chaturvedi	- Vice Chairman
		Dr. V.C. Shah	- Director
Rajen J. Damani		Bhupendra Shroff	- Director
Proprietor		Mukesh Shroff	- Director
		Kantilal Shah	- Director
		Charul Abuwala	- Director
Mumbai,		Gyandeo Chaturvedi	- Director
Dated 29th June, 2005		R. Sundaresan	- Executive Director

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

	As at 31st March, 2005	As at 31st March, 2004
SCHEDULE 'A'		
Share Capital		
Authorised		
2,00,00,000 Equity Shares of Rs.10/- each	2000.00	2000.00
10,00,000 Cummulative Redeemable Preference Shares of Rs. 100/- Each	1000.00	1000.00
	3000.00	3000.00
Issued and Subscribed		
1,74,98,433 Equity Shares of Rs.10/- each	1749.84	1749.84
	1749.84	1749.84
SCHEDULE 'B'		
Reserves & Surplus		
Capital Reserve	6.90	6.90
Share Premium Account	2666.69	2666.69
General Reserve		
Balance as per Last Balance Sheet	297.88	297.88
Add : Transfer to Profit & Loss Account	—	—
	297.88	297.88
Statutory Reserve Fund (As per RBI Guidelines)		
Balance as per last Balance Sheet.	207.66	151.72
Add: Transfer from Profit & Loss Account	143.57	55.94
	351.23	207.66
Profit and Loss Account	118.62	(477.03)
	3,441.32	2,702.10
SCHEDULE 'C'		
Secured Loans		
From Bank	797.26	559.41
(Bank overdraft is secured by way of lein on Bank fixed deposits of Rs.1000.00 lacs and Fixed deposit of Rs. 175.00 lacs belonging to the associate Companies)	225.00	253.76
From Corporate Body		
(Secured against pledge of shares belonging to company and its directors & their relatives)	1,022.26	813.17
SCHEDULE 'D'		
Unsecured Loans		
Inter Corporate Deposit	170.79	-
	170.79	-

**Schedule 'E':
FIXED ASSETS**

Description of Assets	Gross Block				Depreciation				Net Block		
	As at 1/4/04	Additions	Deductions /Written off	As at 31/3/05	Up to 31/03/04	For the Year	Deductions /Written off	Upto 31/3/05	Lease Adjustment	As at 31/03/05	As at 31/03/04
A. Owned Assets											
Stock Exchange Cards	175.50			175.50						175.50	175.50
Office Premises	1089.87	45.23		1135.10	74.23	18.04		92.27		1042.83	1015.64
Computers	33.87	4.76		38.63	25.09	5.58		30.67		7.96	8.78
Furniture & Fixtures	142.24	0.31		142.55	40.48	9.03		49.51		93.04	101.76
Vehicles	37.24	9.00		46.24	15.31	3.89		19.20		27.04	21.93
Plant & machinery	48.13	6.69		54.82	11.12	2.36		13.48		41.34	37.01
Total	1526.85	65.99	-	1592.84	166.23	38.90	-	205.13	-	1387.71	1360.62
B. Leased Assets											
Plant & Machinery	735.00		735.00		296.90	34.91	331.81				199.14
Total	735.00	-	735.00	-	296.90	34.91	331.81	-	-	-	199.14
Grand Total	2261.85	65.99	735.00	1592.84	463.13	73.81	331.81	205.13	-	1387.71	1559.76
Previous Year	2151.29	110.56	-	2261.85	395.01	68.12	-	463.13	(238.96)	1559.76	

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.

** Discarded, in respect of which 100% Provision for sub-standard and doubtful assets made in earlier years.

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

	Face Value/ Issue Price (Rs.)	Quantity		Value	
		31st March, 2005	31st March, 2004	31st March, 2005	31st March, 2004
SCHEDULE 'F'					
Long Term Investments					
Trade Investments					
In Equity shares - Quoted					
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 Limited	10	22500	12500	112.35	66.23
Rallis India Limited	10	250	250	0.77	0.77
Reliance Energy Limited	10	10000	20150	46.32	71.56
Reliance Industries Limited	10	158650	158650	316.40	316.40
Saint Gobain Sekurit Limited	10	155000	107101	22.35	10.71
SRF Limited	10	50000	150000	14.87	44.61
Syndicate Bank Limited	10	4300	4300	0.43	0.43
Glenmark Pharmaceuticals Ltd.	2	7500	-	17.88	-
Orissa Sponge Iron Ltd.	10	10000	-	6.16	-
Welspun-Gujrat Stahl Rohren Ltd.	10	20000	-	8.10	-
Allahabad Bank	10	100	-	0.10	-
Bharati Shipyards Ltd.	10	70000	-	91.25	-
Carborundum Universal Ltd.	2	25000	-	30.10	-
Crest Animation Studios Ltd.	10	100000	-	82.35	-
Cybermate Infotek Ltd.	10	10000	-	0.23	-
Dena Bank	10	200000	-	71.98	-
Exide Industries Ltd.	10	3171	-	5.24	-
Elgitread (India) Ltd.	1	100000	-	41.32	-
Escorts Ltd.	10	50000	-	26.26	-
Finolex Industries Ltd.	10	100000	-	58.68	-
FDC Ltd.	1	31000	-	18.62	-
Gujarat Alkalies & Chemicals Ltd.	10	20000	-	26.56	-
Hindustan Powerplus Ltd.	10	68347	-	30.31	-
Indian Petrochemicals Corp. Ltd.	10	50000	-	93.58	-
Ispat Industries Ltd.	10	100000	-	26.78	-
Jaypee Hotels Ltd.	10	50000	-	22.46	-
Jaiprakash Associates Ltd.	10	100	-	0.22	-
Jet Airways Ltd.	10	16038	-	176.42	-
Kirloskar Oils Engines Ltd.	10	14697	-	60.56	-
Kopran Ltd.	10	5000	-	3.70	-
Lloyds Steel Industries Ltd.	10	199289	-	40.05	-
Manglore Refinery & Petrochemicals Ltd.	10	200100	-	97.47	-
Micro Tech Ltd.	10	50000	-	33.00	-
Oriental Bank of Commerce	10	100	-	0.37	-
Polyplex Corporation Ltd.	10	15000	-	22.41	-
Punjab National Bank	10	23576	-	91.95	-
Sterlite Industries (India) Ltd.	5	6000	-	20.01	-
Timken India Ltd.	10	40000	-	29.59	-
UTV Soft. Comm. Ltd.	10	6038	-	7.85	-
Sub - Total				1,757.07	512.73
In Equity shares - Unquoted					
Fully Paid-up					
In Others					
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
Mutual Funds (Quoted)					
Fully paid up units					
LIC Mutual Fund Index Fund - Sensex Advantage Plan	10	20000	20000	2.00	2.00
HDFC Liquid Fund	10	32809	-	4.31	-
SC All season - Growth	10	5000	-	0.50	-
SC All season - Dividend	10	5000	-	0.50	-
Sub - Total				7.31	2.00
Total Investments				1,860.36	610.71
Market Value of Quoted Investments				2,513.48	1154.22

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

	As at 31st March, 2005	As at 31st March, 2004
SCHEDULE 'G'		
Current Assets		
Interest accrued on Investments	5.53	2.29
Stock-in-Trade (Certified and valued by Management)	879.66	1,650.45
Sundry Debtors (Unsecured, Considered good)		
Outstanding for a period -		
(a) exceeding six months	---	0.05
(b) Other debts	92.61	226.43
	<u>92.61</u>	<u>226.43</u>
Cash & Bank Balances		
Cash in hand	3.03	2.99
Balance with Scheduled Banks		
In Current Accounts	104.35	174.22
In Fixed Deposit Account	2,023.82	1,107.70
	<u>2,128.17</u>	<u>1,281.92</u>
	<u>3,109.00</u>	<u>3,164.13</u>
SCHEDULE 'H'		
Loans and Advances (considered good)		
Sundry Deposits	1,011.57	597.44
Advance Income Tax (net of provisions)	18.28	22.75
Loans	32.40	5.00
Advances recoverable in cash or in kind or for value to be received	23.92	22.94
	<u>1,086.17</u>	<u>648.13</u>
SCHEDULE 'I'		
Current Liabilities		
Sundry Creditors(Other than SSI)	833.00	241.26
Unclaimed Dividend **	2.56	5.30
Other Liabilities	26.59	6.32
	<u>862.15</u>	<u>252.88</u>
SCHEDULE 'J'		
Provisions		
Provision for sub standard and doubtful assets	-	199.14
	-	<u>199.14</u>
SCHEDULE 'K'		
Miscellaneous Expenditure (To the extent not written off or adjusted)		
Preliminary Expenses	0.19	0.70
	<u>0.19</u>	<u>0.70</u>

** There are no amount due and outstanding to be credited to Investor Education and Protection Fund.

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SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT

(Rs. in Lacs)

	2004-2005	2003-2004
SCHEDULE 'L'		
Income from Operations		
Interest (Tax deducted at source Rs. 84.75 Lacs Previous Year Rs.17.51 Lacs)	517.40	116.60
Lease Equalisation	34.91	17.41
Advisory Fees & Services	9.78	18.11
Brokerage	182.59	181.33
Profit on dealing in securities	74.29	608.27
	<u>818.97</u>	<u>941.72</u>
SCHEDULE 'M'		
Income from Investment		
Profit on sale of investments(Net)	398.53	3.44
	<u>398.53</u>	<u>3.44</u>
SCHEDULE 'N'		
Other Income		
Dividend		
From Investments	19.71	8.60
From Others	3.09	14.05
	<u>22.80</u>	<u>22.65</u>
(Tax deducted at source Nil Previous Year Rs.2.23 lacs)		
Bad debts recovered	130.02	21.87
Interest on Income Tax Refund	0.75	-
Miscellaneous Income	20.74	1.40
	<u>174.31</u>	<u>45.92</u>
SCHEDULE 'O'		
Administrative Expenses		
Payment to Employees		
Salary, Bonus & Allowances	62.33	54.83
Contribution to Provident & Other fund	3.03	2.64
Welfare Expenses	1.18	1.52
	<u>66.54</u>	<u>58.99</u>
Professional and Other Service Charges	78.64	45.88
Transaction Charges	9.30	5.99
Stamp Charges	25.55	49.78
Telephone & Lease line charges.	26.07	24.02
Membership and Subscriptions	4.19	4.21
Rent, Rates and Taxes	3.85	15.95
Postage and Telegrams	1.48	1.75
Advertisement and Business Promotion	19.09	22.13
Repairs & Maintenance	7.36	19.26
Printing & Stationery	9.84	11.67
Payment to Auditors	1.32	1.30
Directors Sitting Fees	0.67	0.40
Travelling & Conveyance:		
Foreign Travelling	16.76	6.72
Others	21.62	12.50
Electricity Charges	7.50	7.72
Donations	39.00	9.55
Provision for sub standard and doubtful assets	-	45.38
Miscellaneous Expenses	10.60	15.01
	<u>349.38</u>	<u>358.21</u>
SCHEDULE 'P'		
Miscellaneous Expenditure written off		
Preliminary Expenses	0.51	0.51
Deferred Revenue Expenses	-	9.70
	<u>0.51</u>	<u>10.21</u>

ACCOUNTING POLICIES ON CONSOLIDATED ACCOUNTS
SCHEDULE 'Q'
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 in accordance with Accounting Standard (AS) 21- Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.
- 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. Interest Income include Rs. Nil (Previous Year Rs.0.24 lacs) as interest earned on Long Term Investments.
- D. **Earning per Share**

	2004-2005	2003-2004
i) Net Profit after tax available for Equity Shareholders (Rs. in lacs)	739.22	294.03
ii) Weighted average of number of Equity Shares outstanding during the year (in lacs).	174.98	174.98
iii) Basic and Diluted Earnings per share of Rs.10/- each (in Rs.)	4.22	1.68

E. 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.
- ii) Key Managerial Personnel
 - Shri R. Sundaresan - Executive Director & Director (Subsidiary)
 - Shri Yogendra Chaturvedi - Director (Subsidiary)
- iii) Relatives of Key Managerial Personnel:
 - Mrs. S. Vijayalaxmi - Relative of Shri R. Sunderesan

- iv) Transactions during the year with related parties. Reimbursement of expenses has not been treated as related party transactions.

	(Rs. in lacs)		
	Associates	Key Management Personnel & Relatives.	Total
Loans / Advances taken			
a) Taken during the year.	265.00	—	265.00
	(110.00)	(—)	(110.00)
b) Returned during the year.	152.00	—	152.00
	(110.00)	(—)	(110.00)
c) Balance as at 31 st March, 2005	113.00	—	113.00
	(—)	(—)	(—)
Investment			
a) Balance as at 31 st March, 2005	95.48.	—	95.48
	(95.48)	(—)	(95.48)
Stock-in-trade			
a) Purchased during the year.	8401.36	—	8401.36
	(4281.17)	(—)	(4281.17)
b) Sales / Redeemed during the year.	3862.78	—	3862.78
	(5067.72)	(—)	(5067.72)
Loans / Advances / Deposit to Others			
a) Given during the year	—	—	—
	(—)	(—)	(—)
b) Returned during the year.	—	0.34	0.34
	(—)	(0.22)	(0.22)
c) Balance as at 31 st March, 2005.	350.00	—	350.00
	(350.00)	(0.34)	(350.34)
Income			
a) Brokerage Received.	0.03	—	0.03
	(1.38)	(0.50)	(1.88)
Expenditure			
a) Payments and provisions for Remuneration & Services.	9.57	6.90	13.52
	(1.74)	(11.78)	(13.52)

(Figure in bracket indicates figure of previous year.)

Significant related party transactions:

- i) Loan taken, includes Rs. 265.00 lacs taken from A to Z Broking Services Pvt. Ltd.
- ii) Loan repaid, includes Rs. 152.00 lacs repaid to A to Z Broking Services Pvt. Ltd.
- iii) Stock in trade purchase, includes Rs. 8154.82 lacs purchased from Pradeep Sandeep Trading & Investment Pvt. Ltd.
- iv) Stock in trade sold/ redeemed, includes Rs. 3818.11 lacs sold to Pradeep Sandeep Trading & Investment Pvt. Ltd.
- v) Payment and provision for remuneration & services to associates includes interest on loan Rs. 9.57 lacs paid to A to Z Broking Services Pvt. Ltd.
- vi) Payment and provision for remuneration & services to key management personnel includes Rs. 3.33 lacs paid to Shri R. Sundaresan, Rs. 1.95 lacs paid to Mrs. S. Vijayalaxmi and Rs. 1.62 lacs paid to Shri Yogendra Chaturvedi.

- F. 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
Revenue				
External	1175.33 (776.79)	216.48 (214.29)	- -	1391.81 (991.08)
Inter Segment	-8.61 (11.35)	8.61 (11.35)	- (-)	- (-)
Total	1166.72 (765.44)	225.09 (225.64)	- (-)	1391.81 (991.08)
Result				
Segment Result (Before Tax)	837.46 (464.63)	21.97 (9.70)		859.43 (474.33)
Provision for Tax				120.27 (178.89)
Profit after Tax				739.16 (294.03)
Other Information				
Segment Assets	5057.93 (4500.51)	2385.50 (1482.92)		7443.43 (5983.43)
Segment Liabilities	1302.52 (1302.81)	949.75 (228.68)		2252.27 (1531.59)
Capital Expenditure	52.79 (74.4)	13.20 (36.16)		65.99 (110.56)
Depreciation	65.62 (60.87)	8.19 (7.25)		73.81 (68.12)
Non-cash expenses other than depreciation.	— (55.08)	0.51 (0.51)		0.51 (55.59)

Notes :

- The Company's main business segment is Investment Banking & 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.

(Figure in bracket indicates figure of previous year.)

G. Deferred Tax

- The break-up of deferred tax Liability as at March 31, 2005 is as under :

	(Rs. in lacs)			
	Current Year		Previous Year	
	Deferred Tax Asset	Deferred Tax Liability	Deferred Tax Assets	Deferred Tax Liability
Timing Differences on account of : Fixed Assets	—	197.07	—	266.30
Total	—	197.07	—	266.30
Net Deferred Tax Liability.		197.07		266.30

H. Payments to Auditors :

	(Rs. in lacs)	
	Current Year	Previous Year
Audit Fees	0.88	0.88
Tax Audit Fees	0.23	0.21
Certification Charges & Other capacity	0.21	0.21
TOTAL	1.32	1.30

(Payment of professional fees to a proprietorship firm/firm in which the auditor is interested as a proprietor/partner Current Year Rs. Nil (Previous Year Rs. 0.24 Lacs)

I. Directors Remuneration :

Salary to Executive Directors as under :-	(Rs. in Lacs)	
	Current Year	Previous Year
Shri R. Sundaresan	3.33	2.89
Shri Yogendra Chaturvedi	1.63	1.52

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.

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

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

Name of the subsidiaries	-	Shriyam Broking Intermediary Limited
Country of Incorporation	-	India
Proportion of ownership		
Interest (with its nominee)	-	100%

L. In case of the subsidiary company extra ordinary item comprise of payments towards disputed SEBI turnover fees amounting to Rs. 13.42 lacs (Previous Year Rs.Nil) pertaining to earlier years. The said matter has been taken up by the brokers forum with SEBI and the final liability as and when crystallised shall be accounted accordingly.

M. Contingent Liabilities:

	Rs. in Lacs	
Particulars	As at 31.03.2005	As at 31.03.2004
Allotment money & Calls unpaid on partly paid shares / Debentures	2.19	2.19
Bank Guarantees Outstanding	850.00	165.00

As per our report of even date

For Rajen Damani & Co.
Chartered Accountants

Rajen J. Damani
Proprietor

Mumbai,
Dated 29th June, 2005

For and on behalf of the Board

Devesh Chaturvedi	-	Chairman
Gagan Chaturvedi	-	Vice Chairman
Dr. V.C. Shah	-	Director
Bhupendra Shroff	-	Director
Mukesh Shroff	-	Director
Kantilal Shah	-	Director
Charul Abuwala	-	Director
Gyandeo Chaturvedi	-	Director
R. Sundaresan	-	Executive Director

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2005
(Rs. in Lacs)

	As at 31st March, 2005	As at 31st March, 2004
A. Cash Flow from operating activities		
Net Profit before tax, Extraordinary and prior period items	872.85	474.33
Adjustments for:		
Non cash Items		
Depreciation	73.81	68.12
Provision for non- performing assets	-	45.38
Lease Equalisation	(34.91)	(17.41)
Miscellaneous Expenditure w/off	0.51	10.21
	39.41	106.30
Profit on sale of Investments	(398.53)	(3.44)
Interest received on investments	---	(0.24)
Dividend received on investments	(19.71)	(8.60)
	(378.83)	94.02
Operating Profit before working capital changes	494.02	568.35
Adjustments for:		
Trade & Receivables	130.63	(91.65)
Inventories	770.79	44.34
Trade Payable	609.27	(20.34)
Loans & Advances	(438.04)	1.15
	1,072.65	(66.50)
Cash generated from / (used) in operations	1,566.67	501.85
Direct Taxes paid	(189.50)	(40.75)
Cash inflow / (outflow) before extraordinary and prior period items	1,377.17	461.10
Extraordinary and prior period items	(13.36)	(1.41)
Net cash from operation / (used) in activities	1,363.81	459.69
B. Cash flow from investing activities		
Purchase of fixed assets (including capital work-in-progress)	(65.99)	(110.56)
Purchase of investments	(3,590.19)	(262.88)
Sale of investments	2,739.07	137.13
Interest received on investments	-	0.24
Dividend received on investments	19.71	8.60
Net cash (used) in investing activities	(897.40)	(227.47)
C. Cash flow from financing activities		
Bank borrowing	237.85	(92.87)
Loan from Corporate Bodies	(28.76)	53.68
Unsecured Loan (ICD)	170.79	---
Net cash (used) in / from financing activities	379.88	(39.19)
Net increase in cash and cash equivalents	846.29	193.03
Cash and cash equivalents as at 1st April 2004	1,284.91	1,091.88
Cash and cash equivalents as at 31st March 2005	2,131.20	1,284.91

As per our report of even date

For Rajen Damani & Co.
 Chartered Accountants

Rajen J. Damani
 Proprietor

 Mumbai,
 Dated 29th June, 2005

For and on behalf of the Board

Devesh Chaturvedi - Chairman
Gagan Chaturvedi - Vice Chairman
Dr. V.C. Shah - Director
Bhupendra Shroff - Director
Mukesh Shroff - Director
Kantilal Shah - Director
Charul Abuwala - Director
Gyandeo Chaturvedi - Director
R. Sundaresan - Executive Director



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

ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Venue

Members Folio No.

Client ID No.

Name of the Member
 attending the Meeting

In case of Proxy, Name of Proxy

I hereby record my presence at the 20th **ANNUAL GENERAL MEETING** at Ashoka Hall, Arcadia, NCPA Marg, Nariman Point, Mumbai - 400 021 on Friday, September 16, 2005.

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

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

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

PROXY FORM

I / We _____
 of _____
 being a Member / Members of Shardul Securities Limited hereby appoint _____

 of _____
 or failing him _____
 of _____

as my/our Proxy and vote for me/us and on my/our behalf of at the **TWENTIETH ANNUAL GENERAL MEETING** of the Company to be held at Mumbai on September 16, 2005 at 10.00 and at any adjournment thereof.

Signed this _____ day of _____ 2005.

Signed by the said _____

of _____

Affix Rs. 1.00 Revenue Stamp

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

