

**SHARDUL**  
**SECURITIES LIMITED**



**23<sup>rd</sup>**  
**ANNUAL REPORT**  
**2007 - 2008**

## SHARDUL Securities Limited

### BOARD OF DIRECTORS

|                           |                      |
|---------------------------|----------------------|
| <b>Devesh Chaturvedi</b>  | - Chairman           |
| <b>Dr.V.C. Shah</b>       | - Director           |
| <b>Bhupendra Shroff</b>   | - Director           |
| <b>Kantilal Shah</b>      | - Director           |
| <b>Charul Abuwala</b>     | - Director           |
| <b>Gyandeo Chaturvedi</b> | - Director           |
| <b>R. Sundaresan</b>      | - Executive Director |
| <b>Naveen Chaturvedi</b>  | - Executive Director |

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**AUDITORS:**
**Rajen Damani & Associates,**
**BANKERS:**

 HDFC Bank Limited  
 Indian Overseas Bank

**REGISTERED OFFICE:**

 G-12, Tulsiani Chambers  
 212, Nariman Point  
 Mumbai 400 021  
 Tel.No.: 40090500  
 Fax No.: 22846585  
 Website: www.shardulsecurities.com  
 E Mail: access@shriyam.com

**SUBSIDIARY COMPANIES:**

- **Shriyam Broking Intermediary Ltd.**  
712-713, Tulsiani Chambers  
212, Nariman Point  
Mumbai 400 021
- **Shardul Commodities International Limited**  
712-713, Tulsiani Chambers  
212, Nariman Point  
Mumbai 400 021

**REGISTRARS AND SHARE TRANSFER AGENT:**

(w.e.f March 01,2008):

**Intime Spectrum Registry Limited**

 C-13 Pannalal Silk Mills Compound,  
 LBS Road, Bhandup West, Mumbai 400078  
 Tel.No.: 25946970-78 • Fax : 25946969  
 E mail: rnt.helpdesk@intimespectrum.com

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### NOTICE

**NOTICE** is hereby given that the Twenty Third Annual General Meeting of the Members of Shardul Securities Limited will be held on Saturday, 13<sup>th</sup> September 2008 at 11 a.m., at 715, Tulsiani Chambers, 212 Nariman Point, Mumbai - 400 021 to transact the following business: -

#### AS ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March 2008 and Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on the Paid-up Equity Share Capital of the Company.
3. To appoint a Director in place of Shri Bhupendra Shroff, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Gyandeo Chaturvedi, who retires by rotation and being eligible, offers himself for re-appointment.
5. To re-appoint M/s. Rajen Damani & Associates, Chartered Accountants, Mumbai as the Statutory Auditors of the Company and to fix their remuneration at Rupees 2,50,000/- plus service tax and out of pocket expenses and such separate remuneration for other services rendered to the Company, if any, as may be mutually agreed between the Board of Directors/ or Audit Committee of Directors and Auditors.

#### AS SPECIAL BUSINESS

6. To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of section 163 and all other applicable provisions, if any of the Companies Act, 1956, the Company hereby approves that the register of members, the index of members and the register and index of debenture-holders and copies of all annual returns prepared under section 159 of the Act together with the copies of certificates and documents required to be annexed thereto under section 161 of the Act or any one or more of them, be kept at the Company's Registrars and Transfer Agent's named as Intime Spectrum Registry Limited having its office at C-13 Pannalal Silk Mills Compound, LBS Road, Bhandup West, Mumbai 400078 instead of being kept at the registered office of the company.

**RESOLVED FURTHER THAT** Board of Directors of the Company be and is hereby authorized to sign and file the necessary forms with the Ministry of Corporate Affairs, Registrar of Companies, Maharashtra and to do all such acts, deeds, matters and things and execute all such deeds, documents and writings as it may in its absolute discretion deemed necessary to give effect to the above resolution."

#### 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, 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 hold 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 the Company has transferred to "Investor Education and Protection Fund" of the Central Government all unclaimed Dividends upto Dividend for the Financial Years 2000-01. 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 the dividend warrants, declared after this period are requested to encash their dividend warrants immediately.
9. Register of Members / Transfer books will be closed from 9<sup>th</sup> September 2008 to 12<sup>th</sup> September 2008 (both days inclusive).
10. The dividend if declared will be paid on and from 15<sup>th</sup> September 2008 to those shareholders whose names appear on the register of members of the Company as on 8<sup>th</sup> September 2008.
11. Members may please note that the Dividend Warrants are payable at par at the designated branches of the Bank printed on reverse of the Dividend Warrant for an initial period of three months only. Thereafter, the Dividend Warrant on revalidation is payable only at limited centers/branches of the said Bank. The members are therefore, advised to encash Dividend Warrants within the initial validity period.
12. In order to provide protection against fraudulent encashment of the warrants, shareholders holding shares in physical form are requested to intimate the Company under the signature of the Sole/First joint holder, the following information to be incorporated on the dividend warrants:
  - a) Name of the Sole/First joint holder and the Folio Number
  - b) Particulars of Bank Account, viz.: 1) Name of the Bank 2) Name of Branch 3) Complete address of the Bank with Pin Code Number 4) Account type, whether Savings (SB) or Current Account (CA) 5) Bank Account number allotted by the Bank.

Shareholders holding shares in electronic form may kindly note that their Bank accounts details as furnished by their Depositories to the Company will be printed on their Dividend Warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such shareholders for deletion of/change in such bank details.
13. Further, instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in the electronic mode. Shareholders who wish to change such Bank Account details are therefore requested to advise their Depositories Participants about such change, with complete details of Bank Account.
14. 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.
15. 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.

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 : 25<sup>th</sup> June, 2008

**R Sundaresan**      **Naveen Chaturvedi**  
Executive Director      Executive Director

**Regd. Office :**

G-12, Tulsiani Chambers,  
212, Nariman Point  
Mumbai 400 021.

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

#### **Item No. 7 & 8**

M/s Intime Spectrum Registry Limited have been appointed as the new Registrars and Transfer agent of the Company in place of Big Share Services Pvt Ltd with effect from March 01,2008. With a view to enabling the Registrars and Transfer Agent to carry out their duties efficiently and expeditiously, it would be desirable to keep the Registers of Members/ Debenture holders, the Index of members/Debenture holders, and copies of all annual returns prepared under section 159 of the Act together with the copies of certificates and documents required to be annexed thereto under section 161 of the Act or any one or more of them, at the company's Registrars and Transfer Agent's named as Intime Spectrum Registry Limited office at C-13 Pannalal Silk Mills Compound, LBS Road, Bhandup West, Mumbai 400078 instead at the registered office of the company.

Having regard to section 163 of the Act, the approval of the members by a special resolution is required to be obtained if the aforesaid books and/or document or any one or more of them are to be kept at any place other than the registered office of the Company.

An advance copy of the proposed special resolution set out in the accompanying notice has been filed with the office of the Registrar of Companies, Mumbai, as required by Section 163 of the Act.

The Board commends passing of the special resolution.

None of the Directors of the company is concerned or interested in the Resolution

By Order of the Board of Directors

Place : Mumbai  
Date : 25<sup>th</sup> June, 2008

**R Sundaresan**      **Naveen Chaturvedi**  
Executive Director      Executive Director

#### **Regd. Office :**

G-12, Tulsiani Chambers,  
212, Nariman Point  
Mumbai 400 021.



To,

The Members of

**Shardul Securities Ltd.**

Your Directors are pleased to present the Twenty Third Annual Report and the Audited Accounts for the year ended March 31, 2008.

**1. Financial Results :**

|   | (Rs. in lacs) |             |
|---|---------------|-------------|
|   | 2007 - 2008   | 2006 - 2007 |
| Profit before Depreciation                                  | 3076.36       | 1316.05     |
| Less: Depreciation  | 39.60         | 37.49       |
| Profit before Taxation                                      | 3036.76       | 1278.56     |
| Less : Provision for taxation                               |               |             |
| Current   | 110.00        | 150.00      |
| FBT   | 6.50          | 6.35        |
| Deferred  | 0.40          | 3.14        |
| Profit after Taxation                                       | 2919.86       | 1119.07     |
| Add: Prior Year Adjustments                                 | 0.63          | 1.10        |
| Profit after Prior Period Adjustments                       | 2920.49       | 1120.17     |
| Surplus / (Deficit) brought forward from previous years     | 1344.42       | 653.01      |
|   | 4264.91       | 1773.18     |
| Appropriations:   |               |             |
| Statutory Reserve Fund as per RBI Guidelines                | 584.10        | 224.03      |
| Proposed Dividend (including dividend tax) on Equity Shares | 204.73        | 204.73      |
| Balance carried to Balance Sheet                            | 3476.08       | 1344.42     |
|   | 4264.91       | 1773.18     |

**2. Dividend:**

Your Directors recommend a dividend of Rupee 1 per Equity Shares on 1,74,98,433 equity shares of Rs.10 each aggregating to Rs.204.73 lacs (including dividend tax) for the financial year ended 31<sup>st</sup> March, 2008 which if approved at the ensuing Annual General Meeting, will be paid to (i) all those Equity Shareholders whose names appear in the Register of Members as on 8<sup>th</sup> September, 2008 and (ii) to those whose names as beneficial owners are furnished by the National Securities Depositories Ltd., and Central Depositories Service (India) Ltd.

**3. Management Discussions and Analysis Report: -**

**(i) Financial Performance:-**

Your Company achieved excellent results for the Financial Year ended 31<sup>st</sup> March, 2008. The Gross income was Rs.5123 lacs for the year ended 31<sup>st</sup> March, 2008 as compared to Rs.2378 lacs in the previous year. The profit after tax of the Company was Rs.2920 lacs as against Rs.1120 lacs during the previous year.

**(ii) Trend in Indian Economy and Financial Markets:**

Notwithstanding the fall out resulting out of the slowing US & Global Economy, India's GDP registered an impressive growth of 8.7% for the year 2007-2008. The economic growth was fuelled essentially by the

manufacturing sector and well supported by the Trade and Services Sector. However, the sub-prime crisis which hit the major Banks and Financial Institutions in US and other parts of the globe affected the Indian Capital Markets especially during the last quarter of the year under report. The stock markets witnessed an unprecedented fall due to heavy pull out by foreign institutional investors.

The foreign exchange reserves however continued to increase notwithstanding the massive pull out by the foreign institutional investors, as direct foreign investments in infrastructure and real estate continued to pour in. The net reserves increased to US\$ 310 billion during the year under report. However, the FIIs pull out during the last quarter of the year did result in the rupee depreciating and becoming weaker towards the end of the last quarter.

Another area of concern has been the continuous upward inflation rate that can have far reaching impact on Indian Economy in the coming year. The increase in crude prices globally has resulted in high inflationary trends which in turn have created acute volatility in the interest rates and consequently the lending rates of the Banking system continue to remain high.

The capital markets also have continued to be on the bearish trend with considerable erosion in market capitalization. The fixed income security market has also been sluggish as trading opportunities continue to remain limited in the view of the volatility in the interest rates.

**iii) Business Review:**

The adverse fall out in the capital markets during the last quarter, neutralized to some extent the otherwise excellent performance of your Company during the first three quarters. Your Company still achieved more than 150% growth in net profits during the year as compared to the previous year.

The Company's investments during the current year were again targeted in growth areas like Petro Chemical, Automobile and infrastructural segments.

Your Directors are pleased to announce that during the year your Company has acquired 32% of the Shares in Antique Stock Broking Ltd. This is on the basis of an arrangement wherein three broking houses viz. Antique Stock Broking Ltd, Four Dimensional Securities Ltd and Shriyam Broking Intermediaries Ltd., have entered into a joint venture in order to exploit the broking business potential in the capital market segment. Each of these units had its own unique strength in the areas of Corporate Broking, Research and institutional broking. The combined strength would propel the resultant joint venture as one amongst the top broking houses in the Country. The joint venture will greatly enhance the shareholders value besides giving a bigger platform to your Company to carry on with the broking activities.

**iv) Opportunities & Threats:**

Despite strong monetary measures by RBI and other fiscal measures by Government of India, the inflation continues to be a cause of concern and coupled with the sluggish inflow of funds in the Capital markets, the trading opportunities have slowed down considerably. This might affect the profitability of your Company in the ensuing year. While efforts will be

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made to optimize the resources, there is an element of uncertainty due to the impact of the global financial developments having an impact on the Indian Markets as well.

With the GDP growth targeted down from 9.5% to 8.5% the performance of various corporate segments would be the key to decide the growth prospects of your Company as well.

**v) Segment wise or Product wise 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:**

While your Company had continued to consolidate its position and also diversify its investments, no efforts will be spared to optimize its resources and increase the profitability and the shareholders wealth. However, the current trends in the capital markets, the inflationary pressure which is affecting the growth of the Economy as well as the performance of Corporate Sector could have an impact in the working results of your Company in the ensuing year. Your Company will however, make all efforts to explore all the opportunities that the market would provide during the year with a view to achieve its overall objectives.

**vii) Risks and Concerns:**

Your Company's activities which are essentially in capital market segment is fraught with inherent risk and the downward trend in the growth of global economy which already has an adverse impact on Indian Economy, would definitely be a cause of concern during the current year. Notwithstanding your Company's ambition to grow faster, a cautious approach appears to be the need of the hour. Your Company would ensure that all the market concerns will be taken care of through adequate market research and systems and policies to suit the emerging situation.

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

The Company has already put in place adequate internal control measures as prescribed by the Reserve Bank of India and also through its own internal audits and policies. The requisite management information system is in place to take corrective measures as and when needed.

**ix) Human Resources:**

The company has experienced and trained professionals to manage the affairs of the company in the most prudent manner.

**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. Subsidiaries:**

Shriyam Broking Intermediary Limited achieved impressive results during the year ended 31<sup>st</sup> March,

2008. The Brokerage Business continued to show impressive growth with the gross earnings ending marginally higher than the previous year. The Networth of the subsidiary increased to Rs.40.00 Crores from Rs.33.00 Crores during the previous year. The other subsidiary viz. Shardul Commodities International Ltd. did not make much progress due to adverse market conditions. Efforts will be made to activate the subsidiary as and when the market situation improves.

The balance sheet and profit and loss account together with 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

**5. Reclassification and Increase in Authorised Share Capital of the Company**

During the year, 10,00,000 (Ten Lacs) Cumulative Redeemable Preference shares of Rs.100 (Rupees Hundred) each as referred in the Authorised Share Capital of the Company was reclassified into 1,00,00,000 (One Crore) Equity Shares of Rs 10 (Rupees Ten) each through postal ballot held on 23rd February 2008

And further the authorized share Capital of the Company of Rs. 30,00,00,000/- (Rupees Thirty Crores) divided into 3,00,00,000 (Three Crores) equity shares of Rs.10/-(Rupees Ten) each was increased to Rs. 100,00,00,000/-(Rupees Hundred Crores) divided into 10,00,00,000 (Ten Crore) equity shares of Rs. 10/-(Rupees Ten) each through postal ballot held on 23rd February 2008

**6. Directors: -**

Shri.Gagan Chaturvedi, Non Executive Vice Chairman and Shri Mukesh Shroff Non Executive Independent Director of the Company have resigned from the Company with effect from August 01, 2007 and November 28, 2007 respectively

Your Directors appreciates their service and the valuable contribution made towards the Company during their tenure.

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

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 sufficient to meet Income Tax demands.

**8. Donation: -**

During the year the Company has given the total donation of Rs. 79.12 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 31<sup>st</sup> March, 2008, 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 31<sup>st</sup> March 2008 on a 'going concern' basis.

#### 11. Auditors and Auditors' Report: -

The Company's Auditors, M/s Rajen Damani & Associates., Chartered Accountants, hold office upto the conclusion of the ensuing Annual General Meeting. The Company has received the letter from them pursuant to section 224(1-B) of the Companies Act, 1956, confirming their eligibility for re-appointment as Auditors of the Company.

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 & Associates, 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 has appointed Ms. Monika Agarwal as the Company Secretary and Compliance officer of the Company with effect from December 31, 2007.

#### 15. Transfer of Unpaid and Unclaimed amounts to IEPF

Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956 the declared dividends and interest on debentures which remained unpaid or unclaimed for a period of 7 years have been transferred by the Company to Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the said Act.

#### 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 or not relevant to the working of Company. The Directors keep themselves acquainted with ongoing seminars and research papers.

(ii) The Company has not earned any Foreign Exchange. The Company has spent Rs 5.36 lacs as and by way of Foreign Exchange outflow during the year. The foreign exchange outflow is on account of Directors foreign travel mainly undertaken to acquire and keep in touch with the latest marketing and financial strategy and different norms of finance that is part of company's research program.

##### 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 neither 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                      **R.Sundaresan**                      **Naveen Chaturvedi**  
Dated : 25th June 2008      Executive Director      Executive Director

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### Corporate Governance Report:

Your Company has been practicing the principal of good corporate governance since inception. Good corporate governance comprises of all activities that result in the control of the company in a regular manner which makes management transparent accountable and fair. In accordance with Clause 49 of the listing agreement with stock exchange and best practices followed by reputed corporations on corporate governance the details of compliance by the Company are as under:

#### 1. Philosophy of the Company 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's value.

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

#### 2. Board of Directors: -

##### Composition of Board:

The current strength of the Board consists of Eight Directors out of which two are Whole-Time (Executive) Directors and Six Non-Executive Directors. The Company does have a non-executive Chairman and the Board already consists of Five Independent Directors. Shri.Gagan Chaturvedi, Non Executive Vice Chairman and Shri Mukesh Shroff, Non Executive Independent Director of the Company have resigned from the Company with effect from August 01, 2007 and November 28, 2007 respectively. The names of directors and their position are as follows:

| No. | Name of the Director    | Status                     |                      |
|-----|-------------------------|----------------------------|----------------------|
| 1   | Mr. Devesh D Chaturvedi | Non Executive Chairman.    | Promoter Director    |
| 2   | Dr. V.C. Shah           | Non Executive Director     | Independent Director |
| 3   | Mr. Bhupendra Shroff    | Non Executive Director     | Independent Director |
| 4   | Mr. Kantilal Shah       | Non Executive Director     | Independent Director |
| 5   | Mr. Charul Abuwala      | Non Executive Director     | Independent Director |
| 6   | Mr. Gyandeo Chaturvedi  | Non Executive Director     | Independent Director |
| 7   | Mr. R Sundaresan        | Executive Director and CEO | Whole time Director  |
| 8   | Mr. Naveen Chaturvedi   | Executive Director and CFO | Whole time Director  |

##### Board Meetings: -

The Board of Directors of the Company met Seven times during financial year ended 31<sup>st</sup> March 2008. The Board Meetings were held on 28<sup>th</sup> June 2007, 17<sup>th</sup> July 2007, 29<sup>th</sup> August 2007, 3<sup>rd</sup> October 2007, 22<sup>nd</sup> October 2007, 3<sup>rd</sup> December 2007 and 18<sup>th</sup> January 2008. The Annual General Meeting of the Company was held on 1st September 2007 at Senate Banquet Hall, Status Restaurant, 208, Regent Chambers, 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. None of the Directors of the Company has exceeded maximum number of directorship in other companies.

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

##### Attendance: -

Attendance of each Director 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                      | Yes      | —  | —                     | —                       |
| *Mr.Gagan Chaturvedi   | VCH      | 2                      | NA       | —  | 1                     | —                       |
| Dr.V.C. Shah           | NED      | 7                      | No       | 4  | 5                     | 3                       |
| Mr.Bhupendra K. Shroff | NED      | 7                      | Yes      | 2  | 4                     | 3                       |
| **Mr.Mukesh Shroff     | NED      | 2                      | Yes      | 7  | —                     | —                       |
| Mr.R. Sundaresan       | ED       | 7                      | Yes      | 2  | 2                     | —                       |
| Mr Kantilal Shah       | NED      | 7                      | Yes      | 1  | 2                     | —                       |
| Mr. Charul Abuwala     | NED      | 6                      | Yes      | —  | -                     | —                       |
| Mr. Gyandeo Chaturvedi | NED      | 7                      | Yes      | 1  | 2                     | 1                       |
| Mr Naveen Chaturvedi   | ED       | 7                      | Yes      | 1  | —                     | —                       |

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

\* Resigned w.e.f August 01, 2007 \*\*Resigned w.e.f November 28, 2007 \*\*\*This includes the Chairmanship/Membership only in Audit Committee and the Shareholder's/Investors Grievance Committee



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

Mr. Bhupendra K. Shroff aged 70 years M.Com, LL.B, F.C.S, C.I.A.(USA) was appointed as a Director on 6<sup>th</sup> April 1993. He is a Practicing Company Secretary and a Company Law Consultant for several years. He holds Directorship in Shriyam Broking Intermediary Ltd, Asian Star Diamonds International Pvt. Ltd, Shree Chaitanya YarnTex Pvt. Ltd Asian Star Company Ltd and Khira Steel Works Pvt. Ltd, He is the Chairman of the Shareholders /Investor Grievances Committee and Remuneration Committee and Member of Audit Committee of the Company. He is also the Chairman of Audit Committee and Shareholders /Investor Grievances Committee and member of Remuneration committee and Corporate Governance Committee in Asian Star Company Ltd

Mr Gyandeo Chaturvedi aged 41 years, B.Com and F.C.A. He is a Practicing Chartered Accountant. He is a Director in Shardul Commodities International Ltd. He is also the Chairman of the Audit Committee and Member of Shareholders /Investor Grievances Committee and Remuneration Committee of the Company.

• **Disclosure of Relationship between directors inter-se**

None of the Directors are related to each other

**3. Board Committees: -**

The Company has constituted three committees of Directors, namely Shareholders/Investor Grievances 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 has their respective charters approved by the Board. The minutes of the meeting are recorded and placed before the Board for its information.

• **Shareholders /Investor Grievances Committee: -**

The said committee approves and monitors, transfers, transmission, duplicate, split and consolidation of share certificates, issued by the Company investors complaint if any and any other matters related to shareholders and investors grievances. 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 affected within an average period of 15 days.

The Composition of the said committee is as follows:

| Sr No. | Name of the Member     | Status in Committee | Director status                    |
|--------|------------------------|---------------------|------------------------------------|
| 1      | Mr. Bhupendra Shroff   | Chairman            | Non Executive Independent Director |
| 2      | Mr. Gagan Chaturvedi * | Member              | Non Executive Promoter Director    |
| 3      | Mr. Gyandeo Chaturvedi | Member              | Non Executive Independent Director |
| 4      | Mr. R Sundaresan       | Member              | Executive Director                 |

\*Resigned w.e.f August 01, 2007

The Board has designated Ms. Monika Agarwal, Company Secretary as the Compliance Officer w.e.f December 31, 2007. In pursuance of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (duly amended), the Company has formulated the 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 45.

The Shares held by Non Executive Directors as on 31.03.2008 are given below:

| Sr No. | Name of the Director    | Status                       | No of Shares | % Holding |
|--------|-------------------------|------------------------------|--------------|-----------|
| 1      | Mr. Devesh D Chaturvedi | Non Executive Chairman.      | 50,15,498    | 28.66     |
| 2      | *Mr. Gagan D Chaturvedi | Non Executive Vice Chairman. | 12,11,036    | 6.92      |
| 3      | Dr. V.C. Shah           | Non Executive Director       | Nil          | -         |
| 4      | Mr. Bhupendra K. Shroff | Non Executive Director       | 400          | -         |
| 5      | Mr. Kantilal Shah       | Non Executive Director       | Nil          | -         |
| 6      | **Mr. Mukesh Shroff     | Non Executive Director       | 800          | -         |
| 7      | Mr. Charul Abuwala      | Non Executive Director       | Nil          | -         |
| 8      | Mr. Gyandeo Chaturvedi  | Non Executive Director       | 400          | -         |

\* Resigned w.e.f August 01, 2007 \*\*Resigned w.e.f November 28, 2007

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### 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.

The Composition of Audit Committee is as under –

| Sr. No. | Name of the Member     | Status in Committee | Director status                    |
|---------|------------------------|---------------------|------------------------------------|
| 1       | Mr. Gyandeo Chaturvedi | Chairman            | Non Executive Independent Director |
| 2       | Mr. Bhupendra Shroff   | Member              | Non Executive Independent Director |
| 3       | Mr Kantilal M Shah     | Member              | Non Executive Independent Director |
| 4       | Mr. R Sundaresan       | Member              | Executive Director                 |

Ms. Monika Agarwal, Company Secretary acts as Secretary of the Committee w-e-f 31-12-2007

The terms of reference of the Audit Committee include: -

- 1) Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- 2) Recommending to the board, the appointment, reappointment and, if required, the replacement or removal of the statutory auditors and the fixation of audit fees.
- 3) Reviewing with the management, the annual financial statements before submission to the board for approval, with particular reference to:-
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report, in terms of clause (2AA) of section 217 of the Companies Act, 1956
  - Changes, if any, in accounting policies and practices and reason for the same
  - Major accounting entries involve estimates based on the exercise of judgment by management
  - Significant adjustments made in the financial statements arising out of audit findings
  - Compliance with listing and other legal requirement relating to financial statements
  - Disclosure of any related party transactions.
  - Qualification in the draft audit report.
- 4) To review with the management, the quarterly financial statements before submission to the board for approval.
- 5) To Review the adequacy of internal audit function / discussion with internal auditors any significant finding / review the finding of internal investigation by the internal auditors / discussion with the statutory auditors before the audit commence / to review the functioning of the Whistle Blower mechanism / to look into the substantial delay in payment to the depositors, shareholders and creditors if any.

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.

### Meetings of the Audit Committee: -

During the year 2007-2008, the Committee met four times. The Committee Meetings were held on 28<sup>th</sup> June 2007, 17<sup>th</sup> July 2007, 22<sup>nd</sup> October 2007 and 18<sup>th</sup> January 2008. The attendance of each Member of the Committee is given below: -

| Sr. No. | Name of Director       | No. of Meeting attended |
|---------|------------------------|-------------------------|
| 1       | Mr. Gyandeo Chaturvedi | 4                       |
| 2       | Mr. Kantilal M Shah    | 4                       |
| 3       | Mr. Bhupendra Shroff   | 4                       |
| 4       | Mr. R Sundaresan       | 4                       |



• **Remuneration Committee: -**

Remuneration Committee has been constituted to determine and review the remuneration package of Executive Directors, Senior Executive, etc.

| Sr. No. | Name of the Member     | Status in Committee | Director status                    |
|---------|------------------------|---------------------|------------------------------------|
| 1       | Mr. Bhupendra Shroff   | Chairman            | Non Executive Independent Director |
| 2       | Mr. Charul Abuwala     | Member              | Non Executive Independent Director |
| 3       | Mr. Gyandeo Chaturvedi | Member              | Non Executive Independent Director |
| 4       | Mr. R Sundaresan       | Member              | Executive Director                 |

Details of Remuneration / Sitting fees paid to Directors: -

| Name of Director        | Remuneration (Rs) | Sitting Fees (Rs) |
|-------------------------|-------------------|-------------------|
| Mr. Devesh D Chaturvedi | NIL               | 40,000            |
| *Mr. Gagan D Chaturvedi | NIL               | 18,000            |
| Mr. V.C. Shah           | NIL               | 45,000            |
| Mr. Bhupendra K Shroff  | NIL               | 83,000            |
| Mr. Kantilal M Shah     | NIL               | 49,000            |
| **Mr. Mukesh Shroff     | NIL               | 10,000            |
| Mr Charul Abuwala       | NIL               | 40,000            |
| Mr. Gyandeo Chaturvedi  | NIL               | 83,000            |
| Mr. R Sundaresan        | 6,50,000          | NIL               |
| Mr Naveen Chaturvedi    | 6,50,000          | NIL               |
| <b>Total</b>            | <b>13,00,000</b>  | <b>3,68,000</b>   |

\* Resigned w.e.f August 01, 2007

\*\*Resigned w.e.f November 28, 2007

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

Details of the material transactions with related parties have been disclosed as Point No. 2 (E) to Schedule "N" of the Balance Sheet "Notes on Accounts".

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

The Company has received an order from the Office of Regional Director, Western Region for Compounding of offence committed under section 301, 193, 286, 217, 308 and from Company Law Board under section 383A, 224(8)(b) and 307(1) of the Companies Act 1956 and has paid requisite penalty of Rs 8,500 and Rs 35,500 respectively towards satisfaction of such an order

The Company has complied with all other statutory regulations and no further penalty has been imposed by the Stock Exchanges, or SEBI or any other statutory authority nor any strictures passed by them.

**6. Whistle blower policy and adoption of model code of Business Conduct & Ethics**

The Compliance officer and Audit committee of the Company has reviewed the functioning of the whistle blower mechanism and no personnel has been denied access to the audit committee. The Company has adopted the model Code of Business Conduct & Ethics for Directors and Senior Management and the same is posted on the Company's website namely: [www.shardulsecurities.com](http://www.shardulsecurities.com)

**7. Compliance with Mandatory Requirements: -**

The Company has complied with the mandatory requirement of the Code of Corporate Governance as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges. The Company has also complied with the requirement of amended clause 49 after it came into force.

**8. 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. The quarterly results are also available on the Company's website namely [www.shardulsecurities.com](http://www.shardulsecurities.com).

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### Declaration on Compliance of the Company's Code of Conduct:

The Company has framed a specific Code of Conduct for the members of the Board of Directors and the Senior Management Personnel of the Company pursuant to Clause 49 of the Listing Agreement with Stock Exchange to further strengthen corporate governance practices in the Company.

All the members of the Board and Senior Management Personnel of the Company have affirmed due observance of the said Code of Conduct in so far as it is applicable to them and there is no non compliance thereof during the year ended 31<sup>st</sup> March, 2008.

By Order of the Board of Directors

Place : Mumbai  
Date : 25<sup>th</sup> June, 2008

**R Sundaresan**  
Executive Director

### GENERAL SHAREHOLDER INFORMATION

1. **Annual General Meeting** :  
Date & Time : 13<sup>th</sup> September 2008 at 11 a.m.  
Venue : 715, Tulsiani Chambers,  
212 Nariman Point,  
Mumbai - 400 021
2. **Financial Calendar**

| Board Meetings   | Tentative dates            |
|--|----------------------------|
| Results for the quarter ending June 30, 2008             | Last week of July, 2008    |
| Results for the quarter ending September 30, 2008        | Last week of October, 2008 |
| Results for the quarter ending December 31, 2008         | Last week of January, 2009 |
| Results for the year ending 31 <sup>st</sup> March, 2009 | Last week of June, 2009    |
3. **Book closure dates** : 9<sup>th</sup> September 2008 to 12<sup>th</sup> September 2008 (both days inclusive) for payment of dividend.
4. **Dividend Payment Date** : On or after 15<sup>th</sup> September 2008
5. **Registered Office** : G-12, Tulsiani Chambers  
212, Nariman Point,  
Mumbai 400 021
6. **Equity shares listed on Stock Exchanges at:** -  
The Stock Exchange, Mumbai
7. **Annual Listing fees:** -  
The listing fees to the Stock Exchange Mumbai have duly paid by the Company up to the financial year 2008-09.
8. **Dematerialisation of shares and Liquidity:** -  
92% of the Equity Shares have been dematerialized up to 31<sup>st</sup> March, 2008. Trading in Equity Shares of the Company is permitted only in dematerialized form with effect from 24<sup>th</sup> July 2000 as per notification issued by the Securities and Exchange Board of India (SEBI). The shares of the company are regularly traded at Mumbai Stock Exchange. Total number of shares traded during the year 2007-08 were 3200801 and its value was Rs.1,052,333,228/-
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 31<sup>st</sup> March 2008:** -  
l) The Distribution of Shareholding as on 31<sup>st</sup> March 2008: -

| No. of Equity Shares held | Shareholders  |               | Shares held        |               |
|---------------------------|---------------|---------------|--------------------|---------------|
|                           | No.           | %             | No.                | %             |
| Up to 500                 | 13089         | 95.91         | 14,12,247          | 8.07          |
| 501 – 1000                | 257           | 1.88          | 2,14,869           | 1.23          |
| 1001-2000                 | 119           | 0.87          | 1,82,845           | 1.05          |
| 2001-3000                 | 57            | 0.42          | 1,45,881           | 0.83          |
| 3001-4000                 | 24            | 0.18          | 83,978             | 0.48          |
| 4001-5000                 | 19            | 0.14          | 85,626             | 0.49          |
| 5001-10,000               | 26            | 0.19          | 1,89,448           | 1.08          |
| 10,001 and above          | 56            | 0.41          | 1,51,83,539        | 86.77         |
| <b>TOTAL</b>              | <b>13,647</b> | <b>100.00</b> | <b>1,74,98,433</b> | <b>100.00</b> |


**II) Shareholding Pattern as on 31<sup>st</sup> March 2008: -**

| Category                                      | No. of Shares      | %             |
|---|--------------------|---------------|
| Promoters                                     | 1,22,64,004        | 70.09         |
| Financial Institutions / Banks / Mutual Funds | -                  | -             |
| Corporate Bodies                              | 26,87,018          | 15.36         |
| Indian Public                                 | 25,16,568          | 14.38         |
| NRI/OCB                                       | 20,062             | 0.11          |
| Others (Share in Transit)                     | 10,781             | 0.06          |
| <b>TOTAL</b>                                  | <b>1,74,98,433</b> | <b>100.00</b> |

**11. General Body Meetings: -**

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

| Year      | Location  | Date       | Time       |
|-----------|---|------------|------------|
| 2004-2005 | Ashoka Hall, Arcadia, NCPA Marg<br>Nariman Point Mumbai 400 021                                   | 16.09.2005 | 10.00a.m.  |
| 2005-2006 | Ashoka Hall, Arcadia, NCPA Marg<br>Nariman Point Mumbai 400 021                                   | 05.08.2006 | 11.00a.m.  |
| 2006-2007 | Senate Banquet Hall, Status Restaurant, 208,<br>Regent Chambers, Nariman Point,<br>Mumbai 400 021 | 01.09.2007 | 12.00 noon |

ii) The following special resolutions were passed with required majority during the last three Annual General Meetings:

| Sr. No. | Date of AGM | Particulars of Special Business Transacted  |
|---------|-------------|---|
| 1.      | 16.09.2005  | a) Approval for payment of commission to non-whole time Directors of the Company u/s.198 read with section 309 of the Company's Act, 1956 upto a limit of Rs.5 lacs p.a.<br>b) Approval for de-listing of Company's Equity shares from Delhi Stock Exchange.<br>c) Approval for de-listing of Company's Equity shares from Ahmedabad Stock Exchange |
| 2.      | 05.08.2006  | a) Appointment of Mr. R Sundaresan as Executive Director for a period of three years.<br>b) Deletion of Article 128 and substitution with new Article 128 of the article of association.  |
| 3.      | 01.09.2007  | a) Appointment of Mr. Naveen Chaturvedi as Executive Director for a period of Five years.   |

iii) Following are the details of Special Resolution required to be put through postal ballot paper during the year 2007-2008 and summary of the voting pattern

| Sr no | Description   | Votes in favour | Votes against | Invalid Votes | Total Number of Votes |
|-------|---|-----------------|---------------|---------------|-----------------------|
| 1.    | Special resolution for alteration of Articles of Association u/s 31 of the Companies Act, 1956                        | 13660242        | Nil           | Nil           | 13660242              |
| 2.    | Special Resolution for Alteration of Object Clause of the Memorandum of Association u/s 17 of the Companies Act, 1956 | 13660242        | Nil           | Nil           | 13660242              |

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iv) Postal Ballot exercise was conducted by Smt Ena Choksi, Practicing Chartered Accountant who was appointed as Scrutinizer for Postal Ballot voting process

v) Procedure for conducting Postal Ballot:

Notices were issued to all the shareholders of the Company for conducting postal ballot voting process in respect of the Resolution as set out in the said Notice on 19<sup>th</sup> January 2008.

Smt Ena Choksi, Practicing Chartered Accountant was appointed Scrutinizer for conducting Postal Ballot voting process in fair and transparent manner. Notices were sent to 13602 shareholders and the last date for receiving the postal ballot forms by the Scrutinizer was close of the business hours on 22<sup>nd</sup> February 2008.

The results of the Postal Ballot was announced by the Chairman of the Company on February 23, 2008 at the registered office of the Company at G-12, Tulsiani Chambers, 212, Nariman Point Mumbai 400021 and was also published in the newspapers and communicated to the stock exchange where the shares of the Company are listed.

### 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 receipts, 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 2007-2008 were as follows:

**The Stock Exchange, Mumbai – Code No.512393**

| Month           | Share Price |        | BSE Sensex |           |
|-----------------|-------------|--------|------------|-----------|
|                 | High        | Low    | High       | Low       |
| April, 2007     | 43.50       | 31.00  | 14,383.72  | 12,425.52 |
| May, 2007       | 53.20       | 34.00  | 14,576.37  | 13,554.34 |
| June, 2007      | 48.90       | 40.05  | 14,683.36  | 13,946.99 |
| July, 2007      | 48.90       | 41.00  | 15,868.85  | 14,638.88 |
| August, 2007    | 58.00       | 38.00  | 15,542.40  | 13,779.88 |
| September, 2007 | 109.35      | 50.00  | 17,361.47  | 15,323.05 |
| October, 2007   | 335.25      | 120.25 | 20,238.16  | 17,144.58 |
| November, 2007  | 619.95      | 352.00 | 20,204.21  | 18,182.83 |
| December, 2007  | 542.50      | 427.55 | 20,498.11  | 18,886.40 |
| January, 2008   | 555.00      | 298.40 | 21,206.77  | 15,332.42 |
| February, 2008  | 328.70      | 214.45 | 18,895.34  | 16,457.74 |
| March, 2008     | 212.00      | 111.10 | 17,227.56  | 14,677.24 |

### 14. Address for Correspondence:

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

*For Share held in physical form* For shares held in demat form  
**Intime Spectrum Registry Limited,** To the Depository Participant.

C-13 Pannalal Silk Mills Compound,  
 LBS Road, Bhandup West,  
 Mumbai 400 078

Shareholders can also send their  
 correspondence to following local  
 address of the Registrar and  
 Transfer Agent.

**Intime Spectrum Registry Limited**  
 203 Davar House, 197/199 D.N Road ,  
 Mumbai - 400001

### 15. Compliance officer:

Ms.Monika Agarwal  
 Tel: 022- 40090500  
 Fax: 022- 22846585

### 16. Registrar & Share Transfer Agents:

(Till February 29,2008)

**Bigshare Services Pvt Ltd**

(w.e.f March 01,2008):

**Intime Spectrum Registry Limited**

Address:C-13 Pannalal Silk Mills Compound,

LBS Road, Bhandup West, Mumbai 400078

Tel.No.: 25946970-78 • Fax : 25946969

Email: rnt.helpdesk@intimespectrum.com



### COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To,  
The Board of Directors  
Shardul Securities Limited  
G-12 Tulsiani Chambers  
Nariman Point  
Mumbai 400 021

We have examined the compliance of conditions of corporate governance by Shardul Securities Limited, for the year ended 31<sup>st</sup> March, 2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchange 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 & Associates**  
Chartered Accountants

Place : Mumbai  
Date : 25<sup>th</sup> June 2008

**Rajen J Damani**  
Partner  
Membership No. 34375

### CEO & CFO CERTIFICATION

To,  
The Board of Directors  
**Shardul Securities Limited**

We to the best of our knowledge and belief, certify that;

1. We have reviewed the financial statements and cash flow statement for the year ended 31<sup>st</sup> March 2008 and that to the best of our knowledge and belief;
  - i) these statements do not contain any material untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violating the Company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls over financial reporting and we have evaluated the effectiveness of internal controls systems of the company over financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls over financial reporting, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies. In our opinion, there are adequate internal controls over financial reporting.
4. We have indicated to the auditors and the Audit Committee;
  - i) significant changes in the internal controls over financial reporting during the year;
  - ii) significant changes in accounting policies during the year, as disclosed in Schedule "N" Notes to Account.
  - iii) instances of significant fraud of which we have become aware and the involvement there in , if any, of the management or an employee having a significant role in the company's internal controls systems on financial reporting. To our knowledge and belief, there were no frauds during the year.

Place : Mumbai  
Date : 25th June, 2008

**R Sundaresan**  
Chief Executive Officer (CEO)  
Executive Director

**Naveen Chaturvedi**  
Chief Financial Officer (CFO)  
Executive Director

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### AUDITORS' REPORT

To

The Members,

#### **SHARDUL SECURITIES LTD.**

We have audited the attached Balance Sheet of '**SHARDUL SECURITIES LTD**', as at 31<sup>st</sup> March 2008, 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. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 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, 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 31<sup>st</sup> March, 2008 and taken on record by the Board of Directors, we report that none of the Directors of the Company is disqualified as on 31<sup>st</sup> March 2008 from being appointed as a Director in terms of Section 274(1)(g) of the Companies act, 1956.
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2008;
    - ii) in the case of Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
    - iii) in the case of the Cash Flow Statement, of the Cash Flow for the year ended on that date.

**For RAJEN DAMANI & ASSOCIATES**  
Chartered Accountants

Place: Mumbai  
Dated: 25<sup>th</sup> June, 2008

**Rajen .J. Damani**  
(Partner)  
Membership No: 034375

**ANNEXURE TO THE AUDITOR'S REPORT OF SHARDUL SECURITIES LTD.  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2008.**

(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 verification.
  - c) As per the information and explanations given to us, during the year, the Company has not disposed off any substantial part of fixed assets that would affect the going concern.
- ii. 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 given 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 not taken any loans, secured or unsecured from companies, firms or parties covered in the register maintained under section 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 procedures commensurate with the size of the company and nature of its business for the purchases of securities and fixed assets and sale of securities and services rendered towards fee based income. 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 transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956, have been so entered.
  - b) In our opinion and according to the information and explanations given to us, the transactions of purchase and sale of securities and commodities 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 appear reasonable having regard to the prevailing market prices at the relevant time.
- vi. The Company has not accepted deposits from public and hence directives issued by Reserve Bank of India and provision of section 58A and 58AA of the Companies Act, 1956 and rules framed there under. Therefore the provisions of Clause (vi) of paragraph 4 of the order 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, Fringe Benefit Tax and other material statutory dues as applicable have been regularly deposited by the Company during the year with appropriate authorities.
  - b) The Wealth tax, Customs duty, Excise duty and Cess are not applicable to the Company.
  - c) According to the information and explanations given to us, there are no such statutory dues, which have not been deposited on account of any dispute.
- ix. The company has 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.

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- x. Based on our audit procedures and the information and explanations given by management, we are of the opinion that the company has not defaulted in repayment of dues to any banks.
- xi. The company has maintained proper records of transactions and contracts in respect of trading in shares, debentures and other securities and timely entries have been made therein. The investments are held by the company in its own name except for certain securities, which are lodged for transfer or pledged with banks and corporates.
- xii. In our opinion, the Company has maintained adequate documents and records for loans and advances granted against pledged of securities.
- xiii. The company has given guarantees on behalf of a subsidiary company. According to the information and explanation given by the management, in our opinion the terms and conditions of guarantees are not prima facie prejudicial to the interest of company.
- xiv. According to the information and explanations given to us the company has not obtained any term loans.
- xv. On the basis of review of utilization of funds, which is based on overall examination of the Balance Sheet of the company as at 31st March 2008 we are of the opinion that there are no funds raised on short term basis that have been applied for long term investment.
- xvi. 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 (xviii), (xix) and (xx), the said clauses are, at present, not applicable.

**For RAJEN DAMANI & ASSOCIATES**  
Chartered Accountants

Place: Mumbai,  
Dated: 25<sup>th</sup> June, 2008.

**Rajen J. Damani**  
(Partner)  
Membership no 034375

**BALANCE SHEET AS AT 31ST MARCH, 2008**

(Rs. in Lacs)

|   | Schedule | As at<br>31st March,2008 |                 | As at<br>31st March,2007 |                 |
|---|----------|--------------------------|-----------------|--------------------------|-----------------|
| <b>I SOURCES OF FUNDS</b>                                       |          |                          |                 |                          |                 |
| <b>1 Shareholders Fund</b>                                      |          |                          |                 |                          |                 |
| Share Capital   | A        | 1,749.84                 |                 | 1,749.84                 |                 |
| Reserves and Surplus  | B        | 7,817.56                 | 9,567.40        | 5,101.80                 | 6,851.64        |
| <b>2 Deferred Tax Liability</b>                                 |          |                          | 205.23          |                          | 204.83          |
| <b>3 Loan Funds</b>   |          |                          |                 |                          |                 |
| Secured Loans   | C        |                          | -               |                          | 2,758.40        |
| <b>Total :</b>  |          |                          | <b>9,772.63</b> |                          | <b>9,814.87</b> |
| <b>II APPLICATIONS OF FUNDS</b>                                 |          |                          |                 |                          |                 |
| <b>1 Fixed Assets</b>   |          |                          |                 |                          |                 |
| Gross Block   | D        | 1,440.45                 |                 | 1,405.59                 |                 |
| Less: Depreciation  |          | 274.14                   |                 | 234.54                   |                 |
| Net Block   |          | 1,166.31                 |                 | 1,171.05                 |                 |
| Capital Work-in-Progress  |          | 52.15                    |                 | 31.33                    |                 |
|   |          |                          | 1,218.46        |                          | 1,202.38        |
| <b>2 Investments</b>  | E        |                          | 4,581.62        |                          | 4,247.12        |
| <b>3 Current Assets, Loans and Advances</b>                     |          |                          |                 |                          |                 |
| Current Assets:   | F        |                          |                 |                          |                 |
| Stock In Trade  |          | 590.29                   |                 | 1,885.34                 |                 |
| Sundry Debtors  |          | 7.00                     |                 | 1,421.84                 |                 |
| Cash and Bank Balances  |          | 1,477.99                 |                 | 389.76                   |                 |
| Loans and Advances  | G        | 2,232.57                 |                 | 1,158.07                 |                 |
|   |          | 4,307.85                 |                 | 4,855.01                 |                 |
| <b>Less: Current Liabilities &amp; Provisions</b>               |          |                          |                 |                          |                 |
| Current Liabilities   | H        | 130.57                   |                 | 284.91                   |                 |
| Provisions  | I        | 204.73                   |                 | 204.73                   |                 |
|   |          | 335.30                   |                 | 489.64                   |                 |
| <b>Net Current Assets</b>                                       |          |                          | 3,972.55        |                          | 4,365.37        |
| <b>Total :</b>  |          |                          | <b>9,772.63</b> |                          | <b>9,814.87</b> |
| <b>Significant accounting policies &amp; Notes to Accounts.</b> | N        |                          |                 |                          |                 |

As per our report of even date

For and on behalf of the Board

**For Rajen Damani & Associates**  
 Chartered Accountants

**Rajen J. Damani**  
 Partner  
 M No. 034375
Mumbai, Dated : 25<sup>th</sup> June, 2008
**Devesh Chaturvedi** : Chairman  
**Dr. V.C. Shah** : Director  
**Bhupendra Shroff** : Director  
**Kantilal Shah** : Director  
**Charul Abuwala** : Director  
**Gyandeo Chaturvedi** : Director  
**R. Sundaresan** : Executive Director & CEO  
**Naveen Chaturvedi** : Executive Director & CFO  
**Monika Agarwal** : Company Secretary

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## PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED 31st March 2008

(Rs. in Lacs)

|   | Schedule | 2007-2008       | 2006-2007       |
|---|----------|-----------------|-----------------|
| <b>INCOME</b>   |          |                 |                 |
| Income from Operations  | J        | 2,287.61        | 836.96          |
| Income from Investments   | K        | 557.08          | 1,237.59        |
| Other Income  | L        | 2,278.32        | 304.07          |
|   |          | <b>5,123.01</b> | <b>2,378.62</b> |
| <b>EXPENDITURE</b>  |          |                 |                 |
| Administrative Expenses   | M        | 795.61          | 373.32          |
| Interest & Financial Charges  |          | 1,251.04        | 689.25          |
| Depreciation  |          | 39.60           | 37.49           |
|   |          | <b>2,086.25</b> | <b>1,100.06</b> |
| <b>Profit before Taxation</b>   |          | <b>3,036.76</b> | <b>1,278.56</b> |
| Provision for Taxation  |          |                 |                 |
| Current   |          | 110.00          | 150.00          |
| FBT   |          | 6.50            | 6.35            |
| Deferred  |          | 0.40            | 3.14            |
|   |          | <b>116.90</b>   | <b>159.49</b>   |
| <b>Profit after Taxation</b>  |          | <b>2,919.86</b> | <b>1,119.07</b> |
| Prior period adjustment (net)   |          | -               | -               |
| Adjustment of Taxation for earlier years                                    |          | 0.63            | 1.10            |
| <b>Profit after prior period adjustment</b>                                 |          | <b>2,920.49</b> | <b>1,120.17</b> |
| Surplus brought forward from previous year                                  |          | 1,344.42        | 653.01          |
|   |          | <b>4,264.91</b> | <b>1,773.18</b> |
| <b>APPROPRIATIONS</b>   |          |                 |                 |
| Proposed Dividend - Equity Shares   |          | 174.99          | 174.99          |
| Dividend Tax  |          | 29.74           | 29.74           |
| Transferred to Statutory Reserve Fund (as per RBI Guidelines)               |          | 584.10          | 224.03          |
| Balance carried to Balance Sheet  |          | 3,476.08        | 1,344.42        |
|   |          | <b>4,264.91</b> | <b>1,773.18</b> |
| <b>Basic and diluted earning per equity share of Rs.10 each (in Rupees)</b> |          | <b>16.69</b>    | <b>6.40</b>     |

(Refer Note no. 2(D) of Schedule "N" Notes on Account)

**Significant accounting policies &****Notes to Accounts.**

N

As per our report of even date

For and on behalf of the Board

**For Rajen Damani & Associates**  
Chartered Accountants

**Rajen J. Damani**  
Partner  
M No. 034375

Mumbai, Dated : 25<sup>th</sup> June, 2008

**Devesh Chaturvedi** : Chairman  
**Dr. V.C. Shah** : Director  
**Bhupendra Shroff** : Director  
**Kantilal Shah** : Director  
**Charul Abuwala** : Director  
**Gyandeo Chaturvedi** : Director  
**R. Sundaresan** : Executive Director & CEO  
**Naveen Chaturvedi** : Executive Director & CFO  
**Monika Agarwal** : Company Secretary

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

(Rs. in Lacs)

|   | As at<br>31st March,2008 | As at<br>31st March,2007 |
|---|--------------------------|--------------------------|
| <b>SCHEDULE 'A'</b>   |                          |                          |
| <b>Share Capital</b>  |                          |                          |
| <b>Authorised</b>   |                          |                          |
| 10,00,00,000 Equity Shares of Rs.10/- each<br>(Previous Year 2,00,00,000 Equity Shares of Rs 10 each<br>and 10,00,000 Cumulative Redeemable<br>Preference Shares of Rs. 100/- Each) | 10,000.00                | 2,000.00                 |
|   | -                        | 1,000.00                 |
|   | <u>10,000.00</u>         | <u>3,000.00</u>          |
| <b>Issued, Subscribed and Paid up</b>   |                          |                          |
| 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>          |
| <b>SCHEDULE 'B'</b>   |                          |                          |
| <b>Reserves &amp; Surplus</b>   |                          |                          |
| 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   | 785.91                   | 561.88                   |
| Add: Transfer from Profit & Loss Account  | 584.10                   | 224.03                   |
|   | <u>1,370.01</u>          | <u>785.91</u>            |
| Profit and Loss Account   | 3,476.08                 | 1,344.42                 |
|   | <u>7,817.56</u>          | <u>5,101.80</u>          |
| <b>SCHEDULE 'C'</b>   |                          |                          |
| <b>Secured Loans</b>  |                          |                          |
| From Corporate Body<br>(Secured against pledge of Shares held as Stock in trade)  | -                        | 2,144.68                 |
| From Corporate Body<br>(Secured against pledge of shares belonging to<br>company and its associates Companies)  | -                        | 613.72                   |
|   | <u>-</u>                 | <u>2,758.40</u>          |

**Schedule 'D':  
FIXED ASSETS**

(Rs. in Lacs)

| Description of Assets    | Gross Block     |              |                            |                  | Depreciation      |                 |                            |                 | Net Block         |                   |
|--------------------------|-----------------|--------------|----------------------------|------------------|-------------------|-----------------|----------------------------|-----------------|-------------------|-------------------|
|                          | As at<br>1/4/07 | Additions    | Deductions/<br>Written off | As at<br>31/3/08 | Up to<br>31/03/07 | For the<br>Year | Deductions/<br>Written off | Upto<br>31/3/08 | As at<br>31/03/08 | As at<br>31/03/07 |
| Office Premises          | 1100.65         | 0.00         |                            | 1100.65          | 127.33            | 17.99           |                            | 145.32          | 955.33            | 973.32            |
| Computers                | 15.06           | 1.61         |                            | 16.67            | 5.69              | 1.92            |                            | 7.61            | 9.06              | 9.37              |
| Furniture & Fixtures     | 175.43          | 3.44         |                            | 178.87           | 63.11             | 11.24           |                            | 74.35           | 104.52            | 112.32            |
| Vehicles                 | 46.30           | 28.91        |                            | 75.21            | 22.38             | 5.18            |                            | 27.56           | 47.65             | 23.92             |
| Plant & machinery        | 68.15           | 0.90         |                            | 69.05            | 16.03             | 3.27            |                            | 19.30           | 49.75             | 52.12             |
| <b>Total</b>             | <b>1405.59</b>  | <b>34.86</b> |                            | <b>1440.45</b>   | <b>234.54</b>     | <b>39.60</b>    |                            | <b>274.14</b>   | <b>1166.31</b>    | <b>1171.05</b>    |
| Capital Work in Progress | -               | -            |                            | -                | -                 | -               |                            | -               | 52.15             | 31.33             |
| <b>Grand Total</b>       | <b>1405.59</b>  | <b>34.86</b> |                            | <b>1440.45</b>   | <b>234.54</b>     | <b>39.60</b>    |                            | <b>274.14</b>   | <b>1218.46</b>    | <b>1202.38</b>    |
| Previous Year            | 1391.81         | 13.78        |                            | 1405.59          | 197.05            | 37.49           |                            | 234.54          | 1202.38           | 1205.34           |

Notes :

Office Premises includes -

- (a) 5 shares of Rs. 50/- each of Tulsiani Chamber Premises Co-op.Society Limited.  
 (b) 5 shares of Rs. 50/- each of Parekh Vora Chambers Premises Co-op.Society Limited.  
 (c) 10 shares of Rs.50/- each of Laxmi Finance & Leasing Companies Commercial Premises Co-Op.Society Limited.

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## SCHEDULES FORMING PART OF THE BALANCE SHEET

(Rs. in lacs)

|  | Face Value/<br>Issue Price(Rs) | Quantity                  |                          | Value                    |                          |
|--|--------------------------------|---------------------------|--------------------------|--------------------------|--------------------------|
|  |                                | As at<br>31st March, 2008 | As at<br>31st March,2007 | As at<br>31st March,2008 | As at<br>31st March,2007 |
| <b>SCHEDULE 'E'</b>                    |                                |                           |                          |                          |                          |
| <b>Investments</b>                     |                                |                           |                          |                          |                          |
| <b>Long Term Investments</b>           |                                |                           |                          |                          |                          |
| <b>Trade Investments</b>               |                                |                           |                          |                          |                          |
| <b>In Equity shares - Quoted</b>       |                                |                           |                          |                          |                          |
| <b>Fully Paid-up</b>                   |                                |                           |                          |                          |                          |
| Adani Exports Ltd                      | 1                              | 0                         | 25000                    | -                        | 54.76                    |
| Aditya Birla Nuvo Ltd                  | 10                             | 0                         | 500                      | -                        | 6.14                     |
| Balkrishna Industries Ltd.             | 10                             | 0                         | 500                      | -                        | 5.55                     |
| Bayer Ltd                              | 10                             | 0                         | 5000                     | -                        | 16.24                    |
| Crest Animation Studios Ltd.           | 10                             | 0                         | 149367                   | -                        | 242.44                   |
| East India Hotels Ltd                  | 2                              | 0                         | 25000                    | -                        | 26.63                    |
| Ganesh Housing Ltd                     | 10                             | 0                         | 20000                    | -                        | 68.59                    |
| Glenmark Pharmaceuticals Ltd           | 2                              | 0                         | 20000                    | -                        | 121.72                   |
| Hindustan Inks & Resins Ltd            | 10                             | 0                         | 10000                    | -                        | 35.60                    |
| Kalptaru Power Trans Ltd               | 10                             | 0                         | 1000                     | -                        | 11.47                    |
| Magma Leasing Ltd                      | 10                             | 0                         | 5000                     | -                        | 6.86                     |
| Mercator Lines Ltd                     | 1                              | 0                         | 25000                    | -                        | 11.93                    |
| Moser Bear (I) Ltd                     | 10                             | 0                         | 55000                    | -                        | 137.08                   |
| Mukand Ltd                             | 10                             | 0                         | 50000                    | -                        | 48.79                    |
| OCL India Ltd                          | 2                              | 0                         | 45000                    | -                        | 85.03                    |
| Raipur Alloys & Steel Ltd              | 10                             | 0                         | 60000                    | -                        | 95.51                    |
| Rap Media Ltd                          | 10                             | 0                         | 1000                     | -                        | 4.86                     |
| Reliance Industries Limited *          | 10                             | 232000                    | 232000                   | 1,024.89                 | 1,024.89                 |
| Shri Lakshmi Cotsyn Limited            | 10                             | 0                         | 50000                    | -                        | 64.50                    |
| Southers Iron & Steel Ltd.             | 10                             | 0                         | 100000                   | -                        | 25.97                    |
| Tycheperi Ltd                          | 10                             | 0                         | 5000                     | -                        | 2.35                     |
| Welspun Gujrat Stahl Rohren Ltd        | 5                              | 0                         | 325000                   | -                        | 291.09                   |
| XL Telecom Limited                     | 10                             | 0                         | 100000                   | -                        | 100.00                   |
| Zodiac Clothing Co Ltd                 | 10                             | 0                         | 10000                    | -                        | 29.05                    |
| <b>Sub Total</b>                       |                                |                           |                          | <b>1,024.89</b>          | <b>2,517.05</b>          |
| <b>In Equity shares - Unquoted</b>     |                                |                           |                          |                          |                          |
| <b>Fully Paid up</b>                   |                                |                           |                          |                          |                          |
| Teracom Ltd                            | 10                             | 31700                     | -                        | 99.86                    | -                        |
| Ybrent Technologies Ltd                | 10                             | 43000                     | -                        | 75.25                    | -                        |
| Future Ventures India Ltd              | 10                             | 4000000                   | -                        | 400.00                   | -                        |
| BVG Ltd                                | 10                             | 10000                     | -                        | 98.85                    | -                        |
|  |                                |                           |                          | <b>673.96</b>            | <b>-</b>                 |
| <b>In Subsidiaries</b>                 |                                |                           |                          |                          |                          |
| <b>Fully Paid up</b>                   |                                |                           |                          |                          |                          |
| Shriyam Broking Intermediary Ltd.      | 10                             | 10000000                  | 10000000                 | 1000.00                  | 1000.00                  |
| Shardul Commodities International Ltd. | 10                             | 500000                    | 500000                   | 50.00                    | 50.00                    |
| <b>In Associates</b>                   |                                |                           |                          |                          |                          |
| A to Z Broking Services Private Ltd.   | 10                             | 950000                    | 950000                   | 95.48                    | 95.48                    |
| Antique Stock Broking Ltd              | 10                             | 8133333                   | -                        | 976.00                   | -                        |
| <b>Sub Total</b>                       |                                |                           |                          | <b>2121.48</b>           | <b>1145.48</b>           |


**SHARDUL**  
**Securities Limited**

(Rs. in lacs)

|   | Face Value/<br>Issue Price(Rs) | Quantity                  |                          | Value                    |                          |
|---|--------------------------------|---------------------------|--------------------------|--------------------------|--------------------------|
|   |                                | As at<br>31st March, 2008 | As at<br>31st March,2007 | As at<br>31st March,2008 | As at<br>31st March,2007 |
| <b>SCHEDULE 'E' (Contd.)</b>                        |                                |                           |                          |                          |                          |
| <b>In Mutual Funds- Quoted</b>                      |                                |                           |                          |                          |                          |
| <b>Fully paid up units</b>                          |                                |                           |                          |                          |                          |
| LIC Mutual Fund Index Fund - Sensex Advantage Plan. | 10                             | 20,000                    | 20,000                   | 2.00                     | 2.00                     |
| Mutual Fund (EPMS)                                  | 10                             | 4,578                     | -                        | 0.80                     | -                        |
| Franklin India Smaller Companies Fund               | 10                             | 109,000                   | 100,000                  | 10.90                    | 10.00                    |
| SC All season - Growth                              | 10                             | 5,000                     | 5,000                    | 0.50                     | 0.50                     |
| SC All season - Dividend                            | 10                             | 5,000                     | 5,000                    | 0.50                     | 0.50                     |
| <b>Sub total</b>                                    |                                |                           |                          | <b>14.70</b>             | <b>13.00</b>             |
| <b>Investment in Funds -Unquoted</b>                |                                |                           |                          |                          |                          |
| Urban Infrastructure fund                           | 50000                          | 500                       | 250                      | 250.00                   | 125.00                   |
| HDFC India Real Estate Fund                         | 1000                           | 49659                     | 44659                    | 496.59                   | 446.59                   |
|   |                                |                           |                          | <b>746.59</b>            | <b>571.59</b>            |
| <b>Total Investments</b>                            |                                |                           |                          | <b>4581.62</b>           | <b>4247.12</b>           |
| <b>Market Value of Quoted Investments</b>           |                                |                           |                          | <b>5,271.95</b>          | <b>4593.27</b>           |

Notes:

\* Lien/Pledge with the banks and corporates against loan/ margins taken

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## SCHEDULES FORMING PART OF THE BALANCE SHEET

(Rs. in Lacs)

|   | As at<br>31st March,2008 | As at<br>31st March,2007 |
|---|--------------------------|--------------------------|
| <b>SCHEDULE 'F'</b>   |                          |                          |
| <b>Current Assets</b>   |                          |                          |
| Stock-in-Trade<br>(Certified and valued by Management)  | 590.29                   | 1,885.34                 |
| Sundry Debtors<br>(Unsecured, Considered good)<br>Outstanding for a period -<br>(a) exceeding six months.<br>(b) Others | —                        | —                        |
| (i) Subsidiary Companies  | 3.00                     | 653.96                   |
| (ii) Others   | 4.00                     | 767.88                   |
| Cash & Bank Balances  |                          |                          |
| Cash in hand  | 0.05                     | —                        |
| Balance with Scheduled Banks  |                          |                          |
| — In Current Accounts   | 1,277.33                 | 389.76                   |
| — In Fixed Deposit Account  | 200.61                   | —                        |
|   | <b>1,477.94</b>          | <b>389.76</b>            |
|   | <b>2,075.28</b>          | <b>3,696.94</b>          |
| <b>SCHEDULE 'G'</b>   |                          |                          |
| Loans and Advances (considered good)  |                          |                          |
| Sundry Deposits   | 6.17                     | 1.17                     |
| Advance Income Tax (net of provisions)  | 2,185.57                 | 120.18                   |
| Loans   | 0.85                     | 954.54                   |
| Advances recoverable in cash or in<br>kind or for value to be received  | 39.98                    | 82.18                    |
|   | <b>2,232.57</b>          | <b>1,158.07</b>          |
| <b>SCHEDULE 'H'</b>   |                          |                          |
| Current Liabilities   |                          |                          |
| Sundry Creditors(Other than SSI)  | 7.60                     | 9.80                     |
| Unclaimed Dividend **   | 10.32                    | 5.34                     |
| Other Liabilities   | 112.65                   | 269.77                   |
|   | <b>130.57</b>            | <b>284.91</b>            |
| <b>SCHEDULE 'I'</b>   |                          |                          |
| Provisions  |                          |                          |
| Proposed Dividend on Equity Shares  | 174.99                   | 174.99                   |
| Provision for Dividend Tax  | 29.74                    | 29.74                    |
|   | <b>204.73</b>            | <b>204.73</b>            |

\*\* 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)

|   | 2007-08         | 2006-07         |
|---|-----------------|-----------------|
| <b>SCHEDULE 'J'</b>   |                 |                 |
| <b>Income from Operations</b>   |                 |                 |
| Interest (Net)  | 163.27          | 245.18          |
| (Tax deducted at source Rs. 27.68 Lacs<br>Previous year Rs.74.87 lacs)                                  |                 |                 |
| Professional fees and advisory fees   | -               | 778.40          |
| (Tax deducted at source Rs. Nil lacs<br>Previous year Rs. 69.73 Lacs)                                   |                 |                 |
| Profit on dealing in securities (Net)   | 2,124.34        | (186.62)        |
| (includes Rs. 6.17 lacs as Marked to Market loss on Derivatives<br>outstanding position as on 31.03.08) |                 |                 |
|   | <b>2,287.61</b> | <b>836.96</b>   |
| <b>SCHEDULE 'K'</b>   |                 |                 |
| <b>Income from investments</b>  |                 |                 |
| Profit on sale of investments (Net)   | 557.08          | 1,237.59        |
|   | <b>557.08</b>   | <b>1,237.59</b> |
| <b>SCHEDULE 'L'</b>   |                 |                 |
| <b>Other Income</b>   |                 |                 |
| Dividend on   |                 |                 |
| Investments   | 5.74            | 68.35           |
| Others  | 2,114.86        | 25.95           |
|   | <b>2,120.60</b> | <b>94.30</b>    |
| Bad debts recovered   | -               | 89.22           |
| Rent & Compensation   | 147.30          | 119.28          |
| (Tax deducted at source Rs. 37.26 lacs<br>previous year Rs. 26.10 lacs)                                 |                 |                 |
| Interest on Income Tax Refund   | 9.44            | -               |
| Miscellaneous Income  | 0.98            | 1.27            |
|   | <b>2,278.32</b> | <b>304.07</b>   |
| <b>SCHEDULE 'M'</b>   |                 |                 |
| <b>Administrative Expenses</b>  |                 |                 |
| Payment to Employees  |                 |                 |
| -Salary, Bonus & Allowance  | 57.17           | 69.23           |
| -Contribution to Provident Fund and Gratuity Fund   | 8.18            | 2.10            |
| -Welfare Expenses   | 9.53            | 20.14           |
|   | <b>74.88</b>    | <b>91.48</b>    |
| Professional and Other Service Charges  | 96.56           | 23.04           |
| Telephone and Lease line Charges  | 6.90            | 7.50            |
| Rent, Rates, Taxes & Hire Charges   | 35.76           | 11.36           |
| Postage and Telegrams   | 2.99            | 2.80            |
| Business Promotion  | 25.10           | 2.45            |
| Repairs and Maintenance   | 7.71            | 8.10            |
| Printing and Stationery   | 4.67            | 4.09            |
| Sundry Balance Writtenoff   | 3.08            | -               |
| Payment to Auditors   | 2.50            | 2.00            |
| Directors Sitting Fees  | 3.68            | 1.65            |
| Travelling and Conveyance:  |                 |                 |
| Foreign Travelling  | 5.36            | 18.36           |
| Others  | 11.32           | 8.04            |
| Electricity Charges   | 2.50            | 2.50            |
| Donations   | 79.12           | 11.21           |
| Security Transaction Tax Paid   | 373.08          | 169.58          |
| Stamp Duty and Revenue  | 14.13           | 0.13            |
| ROC Filing Fees   | 35.07           | 0.03            |
| Penalty Charges   | 0.44            | -               |
| Miscellaneous Expenses  | 10.76           | 9.00            |
|   | <b>795.61</b>   | <b>373.32</b>   |

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### SCHEDULE 'N'

#### 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 or materialised.

##### (C) Revenue Recognition:

Revenue is recognised on accrual basis.

##### (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.

Intangible assets are amortized over a period of 5 years.

##### (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 a period of five years.

##### (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. Cost is arrived at using First in First out (FIFO) method.

##### (L) Impairment of Assets:

An asset 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.

**(O) Employee Benefits:**

Short term employee benefits are recognised as an expenses at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

Post employment and other long- term employee benefits are recognised as an expense in the profit and loss account for the year in which the employee has rendered services. The expense is recognised at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long- term benefits are charged to the profit and loss account.

**(P)** The mark to market loss on the outstanding derivatives contracts at the balance sheet date is provided in the Profit & Loss Account.

**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.

|   | <b>2007-2008</b> | <b>(Rs.in lacs)</b><br>2006-2007 |
|---|------------------|----------------------------------|
| <b>(C) i)</b> Expenditure in Foreign Currency.                                      | <b>5.36</b>      | 38.50                            |
| ii) Earning in Foreign Currency.  | —                | —                                |
| <b>(D) Earning per Share :</b>  |                  |                                  |
|   | <b>2007-2008</b> | 2006-2007                        |
| i) Net Profit after tax available for Equity Shareholders (Rs. In lacs)             | <b>2920.49</b>   | 1120.17                          |
| ii) Weighted average number of Equity Shares outstanding during the year (in lacs). | <b>174.98</b>    | 174.98                           |
| iii) Basic and Diluted Earnings per share of Rs.10/- each (in Rs.)                  | <b>16.69</b>     | 6.40                             |

**(E) Related Party Disclosures:**

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

- i) Subsidiaries :  
Shriyam Broking Intermediary Limited.  
Shardul Commodities International Limited
- ii) Associates :  
A to Z Broking Services Pvt. Ltd.  
Pradeep Sandeep Trading & Investments Pvt. Ltd.  
Shriyam Commodities Intermediary Pvt. Ltd.  
Antique Stock Broking Ltd.
- iii) Key Managerial Personnel:  
Shri R. Sundaresan - Executive Director  
Shri Naveen Chaturvedi - Executive Director
- iv) Transactions during the year with related parties. Reimbursement of expenses has not been treated as related party transactions.

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| Nature of Transaction                         | (Rs. in lacs)  |                |                          |                |
|---|----------------|----------------|--------------------------|----------------|
|   | Subsidiaries   | Associates     | Key Management Personnel | Total          |
|   | Amount in Lacs | Amount in Lacs | Amount in Lacs           | Amount in Lacs |
| <b>Loans / Advances:</b>                      |                |                |                          |                |
| Taken during the year                         | —              | —              | —                        | —              |
|   | —              | (—)            | (—)                      | (—)            |
| Return during the year                        | —              | —              | —                        | —              |
|   | (34.02)        | (—)            | (—)                      | (34.02)        |
| Balance as at 31.03.08                        | —              | —              | —                        | —              |
|   | (34.02)        | (—)            | (—)                      | (34.02)        |
| <b>Investment:</b>                            |                |                |                          |                |
| Made during the year                          | —              | 976.00         | —                        | 976.00         |
|   | (—)            | (—)            | (—)                      | (—)            |
| Balance as at 31.03.08                        | 1050.00        | 1071.48        | —                        | 2121.48        |
|   | (1050.00)      | (95.48)        | (—)                      | (1145.48)      |
| <b>Sundry Debtors:</b>                        |                |                |                          |                |
| As at 31.03.08                                | —              | —              | —                        | —              |
|   | (603.81)       | (—)            | (—)                      | (603.81)       |
| <b>Loans advances and Deposit :</b>           |                |                |                          |                |
| Given during the year                         | —              | —              | —                        | —              |
|   | (—)            | (—)            | (—)                      | (—)            |
| Returned During the year                      | —              | —              | —                        | —              |
|   | (—)            | (350.00)       | (—)                      | (350.00)       |
| Balance as at 31.03.08                        | —              | —              | —                        | —              |
|   | (—)            | (—)            | (—)                      | (—)            |
| <b>Payment for Remuneration and services:</b> |                |                |                          |                |
| Paid during the year                          | —              | —              | 13.00                    | 13.00          |
|   | (—)            | (—)            | (7.75)                   | (7.75)         |
| <b>Brokerages paid :</b>                      |                |                |                          |                |
| Paid during the year                          | 65.85          | —              | —                        | 65.85          |
|   | (123.07)       | (—)            | (—)                      | (123.07)       |
| <b>Income:</b>                                |                |                |                          |                |
| Interest Received during the year             | 2.92           | —              | —                        | 2.92           |
|   | (1.55)         | (—)            | (—)                      | (1.55)         |
| <b>Contingent Liability:</b>                  |                |                |                          |                |
| Bank Guarantees outstanding as at 31.03.08    | 1215.00        | —              | —                        | 1215.00        |
|   | (2090.00)      | (—)            | (—)                      | (2090.00)      |

(Figures in bracket indicates figures of previous year).

Significant Related Party Transactions during the year:

- Investment made during the year includes Rs. 976.00 Lacs in Antique Stock Broking Ltd.
- Payment and provision for remuneration and services, includes Rs. 6.50 lacs as Salary paid to Shri R. Sundaresan Executive Director and Rs. 6.50 lacs paid to Shri Naveen Chaturvedi Executive Director.
- Brokerages paid includes Rs 65.77 lacs paid to Shriyam Broking Intermediary Ltd and Rs 0.08 lacs paid to Shardul Commodities International Limited.
- Interest Received during the year includes Rs 2.92 lacs received from Shardul Commodities International Limited.

(F) 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.



- (G) 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, 2008 | Maximum Outstanding Balance during the year |
| i) Loans and advances in the nature of loans to subsidiaries  | NIL<br>(NIL)                               | NIL<br>(NIL)                                |
| ii) Loans and advances in the nature of loans to associates   | NIL<br>(NIL)                               | NIL<br>(NIL)                                |
| iii) Loans and advances in the nature of loan where there is  |  |   |
| a) no repayment schedule or repayment beyond seven years.   | NIL<br>(NIL)                               | NIL<br>(NIL)                                |
| b) No interest or interest below section 372A of the Companies Act – Loan to employee/others (in ordinary course of business)                     | NIL<br>(NIL)                               | NIL<br>(NIL)                                |
| iv) Loans and advances in nature of loans to firms / companies in which directors are interested.   | NIL<br>(NIL)                               | NIL<br>(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<br>(NIL)                               | NIL<br>(NIL)                                |

(Figures in bracket indicates figures of previous year).

**(H) Deferred Tax :**

The break-up of deferred tax Liability as at March 31, 2008 is as under :

|   | Current Year       |                        | Previous Year      |                        |
|---|--------------------|------------------------|--------------------|------------------------|
|   | Deferred Tax Asset | Deferred Tax Liability | Deferred Tax Asset | Deferred Tax Liability |
| <b>Timing Differences on account of :</b> |                    |                        |                    |                        |
| Fixed Assets                              | —                  | 205.23                 | —                  | 204.83                 |
| Total                                     | —                  | 205.23                 | —                  | 204.83                 |
| Net Deferred Tax Liability.               |                    | 205.23                 |                    | 204.83                 |

- (I) The Company has followed Accounting Standard 15 (revised), Accounting for Retirement Benefits.

**Gratuity:** The Gratuity amounting to Rs 1.07 lacs has been paid to the Life Insurance Corporation of India based on the Actuarial Valuation. The Present value of past liability in respect of gratuity amounting to Rs 5.19 lacs based on the actuarial valuation has been charged to Profit and Loss Account.

- (J) The announcement of the Institute of Chartered Accountants of India regarding Accounting for Derivatives is applicable to the period ending March 2008, accordingly the company has followed the said announcement and provided Rs 6.17 lacs as mark to market loss on account of loss in outstanding future contracts in respect of securities.

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(K) Payments to Auditors (statutory):

|                       | (Rs. in Lacs) |               |
|-----------------------|---------------|---------------|
|                       | Current Year  | Previous Year |
| Audit Fees            | 2.00          | 1.50          |
| Tax Audit Fees        | 0.30          | 0.30          |
| Certification Charges | 0.20          | 0.20          |
| <b>TOTAL...</b>       | <b>2.50</b>   | 2.00          |

(L) Directors Remuneration :

Salary to Executive Directors as under :- -

|                        |                                      |
|------------------------|--------------------------------------|
| Shri R. Sundaresan     | Rs. 6.50 Lacs ( P.Y. Rs. 6.50 Lacs ) |
| Shri Naveen Chaturvedi | Rs. 6.50 Lacs ( P.Y. Rs. 1.25 Lacs ) |

The company is of the opinion that the computation of net profit under section 349 of the Companies Act, 1956 is not required to be made as no commission is paid / payable to the Directors for the year ended 31<sup>st</sup> March, 2008.

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

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

|   | (Rs. in lacs)      |                |
|---|--------------------|----------------|
| Particulars   | Amount Outstanding | Amount Overdue |
| i) Loans and advances availed by NBFC inclusive of interest thereon but not paid  |                    |                |
| a) Debentures   |                    |                |
| Secured   | -                  | -              |
| b) Inter-corporate loans and borrowings   | (2758.40)          | -              |
| 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  | 2232.57            | -              |
|   | (1158.07)          | (-)            |
| 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).  | —                  | —              |
| 2) Operating Lease.   | —                  | —              |
| iv) Break up of investments   |                    |                |
| a) Current Investments (Stock in trade)   |                    |                |
| 1) Quoted   |                    |                |
| • Shares  | 545.29             |                |
| - Equity  | (1870.07)          |                |
| • Debentures and Bonds  | —                  |                |
| • Govt. Securities & PSU Bonds  | —                  |                |
|   | (15.27)            |                |
| 2) Unquoted   |                    |                |
| • Shares  |                    |                |
| - Equity  | —                  |                |
| - Prefernces  | 45.00              |                |
| • Debentures and Bonds  | —                  |                |
| b) Long Term Investments  |                    |                |
| 1) Quoted   |                    |                |
| • Shares  |                    |                |
| - Equity  | 1024.89            |                |



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|  |                  |               |               |                |
|--|------------------|---------------|---------------|----------------|
| Cummins India Ltd                        | 1050             | 3.34          | -             | -              |
| Dish TV Limited                          | -                | -             | 57500         | 30.66          |
| Essar Shipping                           | 100000           | 145.10        | -             | -              |
| Finolex Industries Ltd                   | 2917             | 1.92          | -             | -              |
| Genus Power Infra Ltd                    | 380              | 1.82          | -             | -              |
| Grasim Industries Ltd                    | 87               | 2.24          | -             | -              |
| Hindalco Industries Ltd                  | 1253             | 2.06          | -             | -              |
| ICICI Bank Ltd                           | 438              | 3.37          | -             | -              |
| IDBI                                     | -                | -             | 500000        | 387.75         |
| India Bulls Real State Limited           | -                | -             | 100000        | 283.60         |
| India Bulls Securities Ltd               | 100000           | -             | -             | -              |
| Kirlosker Oil Engine Ltd                 | 1899             | 2.02          | -             | -              |
| Lupin Ltd                                | 812              | 4.01          | -             | -              |
| Madras Cement Ltd                        | 70               | 2.35          | -             | -              |
| Mafatlal Industries Limited              | 3                | -             | 3             | -              |
| Maruti Udyog Ltd                         | 550              | 4.56          | -             | -              |
| Modern Syntex (India) Limited            | 21               | -             | 21            | -              |
| Modern Threads (India) Limited           | 20               | -             | 20            | -              |
| Motherson Sumi Systems Ltd               | 2169             | 2.30          | -             | -              |
| Moulik Finance & Resorts Limited         | 21000            | -             | 21000         | -              |
| ONGC Ltd                                 | 428              | 4.21          | -             | -              |
| RCOM                                     | 655              | 3.33          | -             | -              |
| Relaince Industries Ltd                  | 404              | 9.15          | -             | -              |
| Reliance Capital Ltd                     | 55               | 0.68          | -             | -              |
| Reliance Energy Ltd                      | 201              | 2.51          | -             | -              |
| Ritesh Polyesters Limited(Partly paid)   | 29200            | -             | 29200         | -              |
| Siemens Ltd                              | 506              | 3.12          | -             | -              |
| Spice Tele                               | 450000           | 124.88        | -             | -              |
| State Bank of India                      | 210              | 3.36          | -             | -              |
| Sterlite Industries Ltd                  | 620              | 4.42          | -             | -              |
| Sudarshan Chemicals Limited              | 12               | -             | 12            | -              |
| Sun TV Network Ltd                       | 542              | 1.61          | -             | -              |
| Tata Consultancy Services Limited        | -                | -             | 3883          | 47.81          |
| Tata Steel CCPS                          | 45000            | 45.00         | -             | -              |
| Tech Mahindra Limited                    | -                | -             | 24960         | 356.41         |
| Texmaco Ltd                              | 150              | 2.18          | -             | -              |
| Ultratech Cement Ltd                     | 310              | 2.43          | -             | -              |
| Unitech Limited                          | -                | -             | 200000        | 763.47         |
| <b>Total Equity Shares</b>               | <b>765057</b>    | <b>387.83</b> | <b>937399</b> | <b>1870.07</b> |
| <b>Government Securities</b>             |                  |               |               |                |
| 8% GOI Relief Bonds 2007                 | -                | -             | 3000          | 3.05           |
| 8.5% GOI Relief Bonds 2007               | -                | -             | 2500          | 2.54           |
| <b>Total Government Securities</b>       | <b>-</b>         | <b>-</b>      | <b>5500</b>   | <b>5.59</b>    |
| <b>BONDS</b>                             |                  |               |               |                |
| <b>A. State Govt. Guarantee Bonds</b>    |                  |               |               |                |
| OSDL 12.00%, 2011                        | -                | -             | 700           | 0.70           |
| WBSDL 10.50%, 2011                       | -                | -             | 1000          | 1.05           |
| UPSDL 12%, 2011                          | -                | -             | 2000          | 2.32           |
| <b>Total State Govt. Guarantee Bonds</b> | <b>-</b>         | <b>-</b>      | <b>3700</b>   | <b>4.07</b>    |
| <b>B. PSU BONDS</b>                      |                  |               |               |                |
| FCI 8.15% 2022                           | -                | -             | 5000          | 5.11           |
| KBJNL DDB 2006                           | -                | -             | 2000          | 0.50           |
| <b>Total PSU Bonds</b>                   | <b>-</b>         | <b>-</b>      | <b>7000</b>   | <b>5.61</b>    |
| <b>Gold and Silver :</b>                 | <b>Qty (Kgs)</b> |               |               |                |
| Gold Bars                                | 20.15            | 196.81        | -             | -              |
| Silver Bars                              | 30.13            | 5.65          | -             | -              |
| <b>Grand Total</b>                       |                  | <b>590.29</b> | <b>953599</b> | <b>1885.34</b> |



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

| Particulars                | Current Year       |                        | Previous Year      |                        |
|----------------------------|--------------------|------------------------|--------------------|------------------------|
|                            | Quantity<br>(Lacs) | Value<br>(Rs. in Lacs) | Quantity<br>(Lacs) | Value<br>(Rs. in Lacs) |
| <b>Opening stock</b>       |                    |                        |                    |                        |
| - Shares / Securities      | 9.37               | 1870.07                | 8.67               | 1541.82                |
| - Bond                     | 0.16               | 15.27                  | 2.81               | 1563.81                |
| <b>Total</b>               | <b>9.54</b>        | <b>1885.34</b>         | 11.48              | 3105.63                |
| <b>Purchases/Transfers</b> |                    |                        |                    |                        |
| - Shares / Securities      | 405.93             | 92156.02               | 855.59             | 527450.54              |
| - Gold Bars                | 20.15              | 196.81                 | -                  | -                      |
| - Silver Bars              | 30.13              | 5.65                   | -                  | -                      |
| - Bonds                    | 60.82              | 32158.17               | 474.82             | 72787.90               |
| <b>Total</b>               | <b>517.03</b>      | <b>124516.65</b>       | 1330.41            | 600238.44              |
| <b>Sales / Transfers</b>   |                    |                        |                    |                        |
| - Shares / Securities      | 407.65             | 96153.94               | 854.87             | 526651.41              |
| - Bonds                    | 60.98              | 31930.16               | 477.47             | 74620.70               |
| <b>Total</b>               | <b>468.63</b>      | <b>128084.10</b>       | 1332.34            | 601272.11              |
| <b>Closing Stock</b>       |                    |                        |                    |                        |
| - Shares / Securities      | 7.10               | 387.83                 | 9.37               | 1870.07                |
| - Gold Bars                | 20.15              | 196.81                 | -                  | -                      |
| - Silver Bars              | 30.13              | 5.65                   | -                  | -                      |
| - Bonds                    | -                  | -                      | 0.16               | 15.27                  |
| <b>Total</b>               | <b>57.38</b>       | <b>590.29</b>          | 9.54               | 1885.34                |

(O) Contingent Liabilities:

| Particulars   | As at 31.03.08 | (Rs. in Lacs)<br>As at 31.03.07 |
|---|----------------|---------------------------------|
| Allotment money & Calls unpaid on partly paid shares / Debentures | 2.19           | 2.19                            |
| Capital Commitment  | 6.50           | 28.05                           |
| Bank Guarantees Outstanding                                       | 1215.00        | 2090.00                         |

As per our report of even date

For and on behalf of the Board

**For Rajen Damani & Associates**

Chartered Accountants

**Rajen J. Damani**  
Partner  
M. No. 034375

**Devesh Chaturvedi** - Chairman  
**Dr. V.C. Shah** - Director  
**Bhupendra Shroff** - Director  
**Kantilal Shah** - Director  
**Charul Abuwala** - Director  
**Gyandeo Chaturvedi** - Director  
**R. Sundaresan** - Executive Director & CEO  
**Naveen Chaturvedi** - Executive Director & CFO  
**Monika Agarwal** - Company Secretary

Mumbai, Dated 25<sup>th</sup> June, 2008.

## ANNUAL REPORT 2007-2008

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

#### PART IV

#### I. Registration details

|                    |                       |            |    |
|--------------------|-----------------------|------------|----|
| Registration No.   | 11-36937              | State Code | 11 |
| (CIN No.)          | L50100MH1985PLC036937 |            |    |
| Balance Sheet Date | 31/03/2008            |            |    |

#### 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 | 977,263 | Total Assets | 977,263 |
|-------------------|---------|--------------|---------|

##### Sources of Funds

|                 |         |                      |         |
|-----------------|---------|----------------------|---------|
| Paid-up Capital | 174,984 | Reserves and surplus | 781,756 |
| Secured Loans   | -       | Deferred Tax         | 20,523  |
| Unsecured Loans | -       |                      |         |

##### Application of funds

|                    |         |                   |         |
|--------------------|---------|-------------------|---------|
| Net fixed assets   | 121,846 | Investments       | 458,162 |
| Net current assets | 397,255 | Misc. Expenditure | Nil     |
| Accumulated losses | Nil     |                   |         |

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

|                            |         |                   |         |
|----------------------------|---------|-------------------|---------|
| Turnover                   | 512,301 | Total Expenditure | 208,625 |
| Profit before tax          | 303,676 | Profit after tax  | 292,049 |
| Earning per share (in Rs.) | 16.69   | Dividend rate (%) | 10%     |

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

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

As per our report of even date

For and on behalf of the Board

#### For Rajen Damani & Associates

Chartered Accountants

**Rajen J. Damani**  
Partner  
M. No. 034375

|                           |                            |
|---------------------------|----------------------------|
| <b>Devesh Chaturvedi</b>  | - Chairman                 |
| <b>Dr. V.C. Shah</b>      | - Director                 |
| <b>Bhupendra Shroff</b>   | - Director                 |
| <b>Kantilal Shah</b>      | - Director                 |
| <b>Charul Abuwala</b>     | - Director                 |
| <b>Gyandeo Chaturvedi</b> | - Director                 |
| <b>R. Sundaresan</b>      | - Executive Director & CEO |
| <b>Naveen Chaturvedi</b>  | - Executive Director & CFO |
| <b>Monika Agarwal</b>     | - Company Secretary        |

Mumbai, Dated 25<sup>th</sup> June, 2008.

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008**

|  | As at<br>31st March, 2008 | As at<br>31st March, 2007 |
|--|---------------------------|---------------------------|
| <b>Cash Flow from operating activities</b>                                 |                           |                           |
| Net Profit before tax, Extraordinary and prior period items                | 3,036.76                  | 1,278.56                  |
| <b>Adjustments for:</b>  |                           |                           |
| Non cash Items   |                           |                           |
| Depreciation   | 39.60                     | 37.49                     |
| Profit on sale of Investments  | 39.60                     | 37.49                     |
| Dividend received on investments   | (557.08)                  | (1,237.59)                |
|  | (5.74)                    | (68.35)                   |
|  | (523.22)                  | (1,268.44)                |
| <b>Operating Profit before working capital changes</b>                     | <b>2,513.54</b>           | <b>10.11</b>              |
| <b>Adjustments for:</b>  |                           |                           |
| Trade & Receivables  | 1,414.84                  | (1,411.18)                |
| Inventories  | 1,295.05                  | 1,220.29                  |
| Trade Payable  | (154.34)                  | (161.40)                  |
| Loans & Advances   | (1,074.50)                | 1,194.20                  |
|  | 1,481.06                  | 841.91                    |
| <b>Cash generated from (used in) operations</b>                            | <b>3,994.60</b>           | <b>852.02</b>             |
| Direct Taxes paid  | (116.50)                  | (156.35)                  |
| <b>Cash inflow / (outflow) before extraordinary and prior period items</b> | <b>3,878.10</b>           | <b>695.67</b>             |
| Extraordinary and prior period items                                       | 0.63                      | 1.10                      |
| <b>Net Cash from / (used) in operation activities</b>                      | <b>3,878.73</b>           | <b>696.76</b>             |
| <b>Cash flow from investment activities</b>                                |                           |                           |
| Purchase of fixed assets (including capital work-in-progress)              | (55.68)                   | (34.52)                   |
| Purchase of investments  | (24,204.21)               | (15,701.47)               |
| Sale of investments  | 24,426.78                 | 17,831.90                 |
| Dividend received on investments   | 5.74                      | 68.35                     |
| <b>Net cash (used) in investment activities</b>                            | <b>172.63</b>             | <b>2,164.25</b>           |
| <b>Cash flow from financing activities</b>                                 |                           |                           |
| Dividend paid on Equity Shares including tax                               | (204.73)                  | (199.53)                  |
| Bank borrowing   | -                         | (687.42)                  |
| Bank borrowing against stock in trade                                      | -                         | (1,240.35)                |
| Loan from Corporate Body against stock in trade                            | (2,144.68)                | 566.65                    |
| Loan from Corporate Body   | (613.72)                  | (386.28)                  |
| Unsecured Loan (ICD)   | -                         | (1,528.46)                |
| <b>Net cash from / (used) in financing activities</b>                      | <b>(2,963.13)</b>         | <b>(3,475.39)</b>         |
| <b>Net increase / (decrease) in cash and cash equivalents</b>              | <b>1,088.23</b>           | <b>(614.37)</b>           |
| Cash and cash equivalents as at 1st April 2007                             | 389.76                    | 1,004.13                  |
| Cash and cash equivalents as at 31st March 2008                            | 1,477.99                  | 389.76                    |

As per our report of even date

For and on behalf of the Board

**For Rajen Damani & Associates**

Chartered Accountants

**Rajen J. Damani**

Partner

M. No. 034375

**Devesh Chaturvedi**

- Chairman

**Dr. V.C. Shah**

- Director

**Bhupendra Shroff**

- Director

**Kantilal Shah**

- Director

**Charul Abuwala**

- Director

**Gyandeo Chaturvedi**

- Director

**R. Sundaresan**

- Executive Director &amp; CEO

**Naveen Chaturvedi**

- Executive Director &amp; CFO

**Monika Agarwal**

- Company Secretary

Mumbai, Dated 25<sup>th</sup> June, 2008.

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### Statement Pursuant To Section 212 Of The Companies Act, 1956 Relating To Companies Interest in the Subsidiary Company

|   |   |  |  |
|---|---|--|--|
| a) Name of subsidiary Company   | : | <b>Shiryam Broking Intermediary Limited</b>        | <b>Shardul Commodities International Limited</b> |
| b) Date from which it became subsidiary   | : | <b>September 27, 1994</b>                          | <b>March 24, 2006</b>                            |
| c) Number of shares held by<br>Shardul Securities Limited with its nominee                              | : | <b>1,00,00,000 Equity Shares of Rs. 10/- each.</b> | <b>5,00,000 Equity Shares of Rs. 10/- each.</b>  |
| in the subsidiary as at 31/3/2008   |   |  |  |
| d) Extent of interest of holding Company<br>in the subsidiary as at 31/03/2008                          | : | <b>100%</b>  | <b>100%</b>                                      |
| e) Net aggregate amount of the subsidiary<br>Company's profit/(loss)                                    |   |  |  |
| I For the subsidiary Company's year<br>ended 31/03/2008   | : | <b>Rs. 690.19 lacs</b>                             | <b>Rs. (2.48) lacs</b>                           |
| ii For the previous financial years since it<br>became a subsidiary                                     | : | <b>Rs. 2308.96 lacs</b>                            | <b>Rs. (12.92) lacs</b>                          |
| f) Net aggregate amount of the subsidiary Company's<br>profit/loss dealt with in the Company's accounts | : | <b>Not Applicable</b>                              | <b>Not Applicable</b>                            |
| I For subsidiary Company's period ended<br>31/03/2008   | : | <b>Nil</b>   | <b>Nil</b>                                       |
| ii For the previous Financial year since<br>it became subsidiary  | : | <b>Nil</b>   | <b>Nil</b>                                       |

For and on behalf of the Board

|                           |                            |
|---------------------------|----------------------------|
| <b>Devesh Chaturvedi</b>  | - Chairman                 |
| <b>Dr. V.C. Shah</b>      | - Director                 |
| <b>Bhupendra Shroff</b>   | - Director                 |
| <b>Kantilal Shah</b>      | - Director                 |
| <b>Charul Abuwala</b>     | - Director                 |
| <b>Gyandeo Chaturvedi</b> | - Director                 |
| <b>R. Sundaresan</b>      | - Executive Director & CEO |
| <b>Naveen Chaturvedi</b>  | - Executive Director & CFO |
| <b>Monika Agarwal</b>     | - Company Secretary        |

Mumbai, Dated 25<sup>th</sup> June, 2008.

# SHRIYAM

## BROKING INTERMEDIARY LIMITED

**BOARD OF DIRECTORS**

Bhupendra Shroff

R. Sundaresan

Viraf Katrak

Yogendra Chaturvedi

Makhanlal Chaturvedi

**AUDITORS**

Rajen Damani &amp; Associates

**BANKERS**

HDFC Bank Ltd.

**REGISTERED OFFICE**712-713, 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 Thirteenth Annual Report of your company together with Audited Statement of Accounts for the year ended 31st March 2008.

**1. FINANCIAL RESULTS**

|   | (Rs.in lacs) |          |
|---|--------------|----------|
|   | 2007-08      | 2006-07  |
| Gross Revenue   | 1664.87      | 1,572.74 |
| Expenditure   | 643.46       | 443.03   |
| Profit before Depreciation and Preliminary Expenses written off | 1021.41      | 1,129.71 |
| <b>Less:</b> Depreciation and Preliminary Expenses written off  | 13.27        | 12.20    |
| Profit before Taxation  | 1,008.14     | 1,117.51 |
| <b>Less:</b> Provision for taxation                             |              |          |
| Current Tax   | 320.00       | 265.00   |
| Deferred Tax  | (0.50)       | 11.90    |
| Fring Benefit Tax   | 0.92         | 1.47     |
| Profit after Taxation   | 687.72       | 839.14   |
| <b>Add (less):</b> Prior Year Adjustments                       | 2.47         | 2.49     |
| Profit after Prior Period Adjustments                           | 690.19       | 841.64   |
| Surplus / (deficit) brought forward from previous years         | 2,308.96     | 1,467.33 |
| Profit available for appropriation                              | 2,999.15     | 2,308.97 |
| Appropriations  | -            | -        |
| Balance carried to Balance Sheet                                | 2,999.15     | 2,308.97 |

**2. DIVIDEND:**

With a view to further consolidating the financial resources and also conserve the financial strength achieved during the last 3 years, your Directors have not recommended any dividend

**3. GENERAL SCENARIO:**

The Indian Economy continued to grow @ 8.7% during the year under report and the volume in the capital market segment was very encouraging during the current year. The last quarter of the year witnessed a steep fall in the indices and also reduction in the volume of trade in all the Exchanges. However, a satisfactory growth in Industrial, Agricultural and Services sector witnessed encouraging performances by large number of Corporates during the year. The Foreign Institutional Investors also made huge investments in the Indian Capital Markets during the year and the aggregate investments increased from US\$ 3.2 billion dollar in the previous year to US\$ 20.3 billion dollars during the year 2007-2008. However, during the last quarter, the FIIs pulled out substantially but for which the aggregate investments would have been much larger. The net inflow in the form of FDI investment also rose to 25.5 billion dollar during the current year against US\$ 19.6 billion dollar in the previous year

**4. PERFORMANCE:**

With the market conditions being favourable during most part of the year under report, your Company did well for the 3rd consecutive year. The gross income was at Rs.1665 lacs as compared to Rs.1573 lacs during the previous year. The profits after Tax was at Rs.690 lacs as compared to Rs.842 lacs during the previous year. There was a marginal increase in the administrative expenses, Interest and the Tax which resulted in a slightly lower level of profits but considering the adverse impact on the capital market during the last quarter, your Board of Directors feel that the Company's performance was highly satisfactory.

**5. DIRECTORS:**

Mr. Yogendra Chaturvedi Director retire by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

**6. DIRECTORS' RESPONSIBILITY STATEMENT:**

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

- (i) That in the preparation of the annual accounts for the financial year ended 31st March 2008, the applicable accounting standards had been followed along with proper explanations relating to material departures;
- (ii) That the Directors had 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

## ANNUAL REPORT 2007-2008

profit of the company for year under review.

- (iii) That the Directors had taken proper and sufficient care for 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 annual accounts on a going concern basis.

### 8. AUDITORS:

The Company's Auditor - M/s Rajen Damani & Associates, Chartered Accountants, hold office upto the conclusion of the ensuing Annual General Meeting. The Company has received a requisite certificate from them pursuant to Section 224(1B) of the Companies Act, 1956, confirming their eligibility for re-appointment as Auditors of the Company.

### 9. 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 2007, 13th August 2007, 22nd October 2007 and 18th January 2008

### 10. DEPOSITS:

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

### 11. STATUTORY INFORMATION:

#### 1. Personnel:

None of the employees are paid remuneration above the limit stipulated in section 217(2A).

#### 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 neither earned any Foreign Exchange nor any Foreign Exchange outflow during the year.

### 12. ACKNOWLEDGEMENT:

Your Directors express their appreciation of the co-operation and assistance received from the bankers, Exchanges, 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      R. Sundaresan      Yogendra Chaturvedi  
Date : 25.06.2008      Director      Director

Regd Office :  
712-713, Tulsiani Chambers,  
212, Nariman Point,  
Mumbai - 400 021.

### AUDITORS' REPORT

To

The Members,

SHRIYAM BROKING INTERMEDIARY LTD.

We have audited the attached Balance Sheet of ' SHRIYAM BROKING INTERMEDIARY LTD.', as at 31<sup>st</sup> March 2008, the Profit & Loss Account and the Balance Sheet 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. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 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 31<sup>st</sup> March 2008 and taken on record by the Board of Directors, we report that none of the Directors of the Company is disqualified as on 31<sup>st</sup> March 2008 from being appointed as a Director in terms of Section 274(1)(g) of the Companies act, 1956.
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2008;
    - ii) in the case of Profit and Loss Account, of the Profit of the Company for the year ended on that date.

For RAJEN DAMANI & ASSOCIATES  
Chartered Accountants

Place: Mumbai  
Dated: 25<sup>th</sup> June, 2008

Rajen .J. Damani  
(Partner)  
Membership No: 034375


**SHRIYAM**  
**BROKING INTERMEDIARY LIMITED**

**ANNEXURE TO THE AUDITOR'S REPORT OF SHRIYAM BROKING INTERMEDIARY LTD. FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2008.**  
 (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, during the year, 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 taken loans, secured or unsecured from companies, firms or parties covered in register maintained under section 301 of the companies Act, 1956.
  - b) The Company has not given loans secured or unsecured to any companies covered in the register maintained under section 301 of the Companies Act, 1956.
- iii. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business for the purchases and sale of securities and 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 transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956, have been so entered.
  - b) In our opinion and according to the information and explanations given to us, the transactions of 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 provisions of section 58A and 58AA of the Companies Act, 1956 and rules framed there under. Therefore the provisions of Clause (vi) of paragraph 4 of the order 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,

Fringe Benefit Tax and other material statutory dues as applicable have been regularly deposited by the Company during the year with appropriate authorities.

- b) The Wealth tax, Customs duty, Excise duty and Cess are not applicable to the Company.
- c) According to the information and explanations given to us, there are no such statutory dues, which have not been deposited on account of any dispute except Income Tax Demand of Rs. 9.19 Lacs for the A.Y. 2003-04, against which the appeal is pending with C.I.T. (A).
- viii. 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.
- ix. The company has maintained proper records in respect of investment 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 overall examination of the Balance Sheet of the Company, we are of the opinion that there are no fund raised on short term basis that have been applied 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 & ASSOCIATES**

Chartered Accountants

**Rajen J. Damani**

(Partner)

Membership no 034375

Place: Mumbai,  
 Dated: 25<sup>th</sup> June, 2008.

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## BALANCE SHEET AS AT 31st MARCH, 2008

|   | Schedule | As at            |                  | (Rs. in Lacs)    |                  |
|---|----------|------------------|------------------|------------------|------------------|
|   |          | 31st March, 2008 | 31st March, 2008 | 31st March, 2007 | 31st March, 2007 |
| <b>I SOURCE OF FUNDS</b>                              |          |                  |                  |                  |                  |
| Shareholders Fund                                     |          |                  |                  |                  |                  |
| Share Capital   | A        | 1,000.00         |                  | 1,000.00         |                  |
| Reserves & Surplus                                    | B        | 2,999.15         | 3,999.15         | 2,308.96         | 3,308.96         |
| Deferred Tax Liability                                |          |                  | 34.36            |                  | 34.86            |
| <b>Total</b>  |          |                  | <b>4,033.51</b>  |                  | <b>3,343.82</b>  |
| <b>II APPLICATION OF FUNDS</b>                        |          |                  |                  |                  |                  |
| 1 Fixed Assets  | C        |                  |                  |                  |                  |
| Gross Block   |          | 321.98           |                  | 310.36           |                  |
| Less: Depreciation                                    |          | 74.97            |                  | 61.69            |                  |
| Net Block   |          |                  | 247.01           |                  | 248.67           |
| 2 Investments   | D        |                  | 627.67           |                  | 0.20             |
| 3 Current Assets, Loans & Advances                    |          |                  |                  |                  |                  |
| Current Assets  | E        | 2,253.92         |                  | 5,649.99         |                  |
| Loans & Advances                                      | F        | 1,921.32         |                  | 2,123.81         |                  |
|   |          | 4,175.24         |                  | 7,773.80         |                  |
| Less: Current liabilities                             | G        | 1,016.41         |                  | 4,678.85         |                  |
|   |          |                  | 3,158.83         |                  | 3094.95          |
| <b>Total</b>  |          |                  | <b>4,033.51</b>  |                  | <b>3343.82</b>   |
| Signification Accounting Policies & Notes on Accounts | L        |                  |                  |                  |                  |

As per our report of even date  
**For Rajan Damani & Associates**  
Chartered Accountant  
**Rajan J Damani**  
Partner, Mem. No. 034375  
Place: Mumbai  
Date : 25.06.2008

For and behalf of the Board  
**Bhupendra K. Shroff** Director  
**R. Sundaresan** Director  
**Viraf Katrak** Director  
**Yogendra Chaturvedi** Director  
**Makhan Lal Chaturvedi** Director

## PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED ON 31st MARCH, 2008

|   | Schedule | For the          |                  | (Rs. In Lacs)    |                  |
|---|----------|------------------|------------------|------------------|------------------|
|   |          | year ended       | year ended       | For the          | For the          |
|   |          | 31st March, 2008 | 31st March, 2008 | year ended       | year ended       |
|   |          |                  |                  | 31st March, 2007 | 31st March, 2007 |
| <b>INCOME</b>   |          |                  |                  |                  |                  |
| From Operations                                       | H        | 1198.43          |                  | 882.48           |                  |
| Profit on sale of Investments                         |          | 316.05           |                  | 426.78           |                  |
| Other Income  | I        | 150.39           | 1664.87          | 263.48           | 1572.74          |
| <b>EXPENDITURE</b>                                    |          |                  |                  |                  |                  |
| Administrative & Other Expenses                       | J        | 547.01           |                  | 373.57           |                  |
| Rent, Rates & Taxes                                   | K        | 5.12             |                  | 4.89             |                  |
| Interest & Financial Charges                          |          | 91.33            |                  | 64.57            |                  |
| Depreciation  |          | 13.27            | 656.73           | 12.20            | 455.23           |
| <b>Profit Before Tax</b>                              |          |                  | <b>1,008.14</b>  |                  | <b>1,117.51</b>  |
| <b>Provision For Taxation</b>                         |          |                  |                  |                  |                  |
| Current Tax   |          | 320.00           |                  | 265.00           |                  |
| Deferred Tax  |          | (0.50)           |                  | 11.90            |                  |
| Fring Benefit Tax                                     |          | 0.92             | 320.42           | 1.47             | 278.37           |
| <b>Profit after Tax</b>                               |          |                  | <b>687.71</b>    |                  | <b>839.14</b>    |
| Prior period income                                   |          |                  | 2.47             |                  | 2.49             |
| <b>Profit after prior period adjustment</b>           |          |                  | <b>690.19</b>    |                  | <b>841.63</b>    |
| Balance Brought forward                               |          | 2308.96          | 2308.96          | 1467.33          | 1467.33          |
| Profit aviable for appropriation                      |          |                  | 2,999.15         |                  | 2,308.96         |
| <b>APPROPRIATION</b>                                  |          |                  |                  |                  |                  |
| Balance carried to Balance Sheet                      |          |                  | 2999.15          |                  | 2,308.96         |
|   |          |                  | 2999.15          |                  | 2308.96          |
| <b>Basic And Diluted Earning per share</b>            |          |                  | <b>6.90</b>      |                  | <b>8.42</b>      |
| Signification Accounting Policies & Notes on Accounts | L        |                  |                  |                  |                  |

As per our report of even date  
**For Rajan Damani & Associates**  
Chartered Accountant  
**Rajan J Damani**  
Partner, Mem. No. 034375  
Place: Mumbai  
Date : 25.06.2008

For and behalf of the Board  
**Bhupendra K. Shroff** Director  
**R. Sundaresan** Director  
**Viraf Katrak** Director  
**Yogendra Chaturvedi** Director  
**Makhan Lal Chaturvedi** Director

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

|  | As at<br>31st March, 2008 | (Rs. In Lacs)<br>As at<br>31st March, 2007 |
|--|---------------------------|--|
| <b>SCHEDULE : A</b>  |                           |  |
| <b>Share Capital</b>   |                           |  |
| <b>Authorised</b>  |                           |  |
| 1,00,00,000 Equity Shares of Rs. 10/- each.  | 1,000.00                  | 1,000.00                                   |
|  | <u>1,000.00</u>           | <u>1,000.00</u>                            |
| <b>Issued Subscribed and Paid Up.</b>  |                           |  |
| 1,00,00,000 Equity Shares of Rs. 10/- each.  | 1,000.00                  | 1,000.00                                   |
| Note :1,00,00,000 Equity Shares are held by Shardul Securities Limited, The Holding Company. | 1,000.00                  | 1,000.00                                   |
|  | <u>1,000.00</u>           | <u>1,000.00</u>                            |
| <b>Schedule B</b>  |                           |  |
| <b>Reserve &amp; Surplus</b>   |                           |  |
| Balance In Profit & Loss Account   | 2,999.15                  | 2,308.96                                   |
|  | <u>2,999.15</u>           | <u>2,308.96</u>                            |

**SCHEDULE : C**  
**FIXED ASSETS** (Rs. in Lacs)

| Description of Assets     | GROSS BLOCK       |          |                          |                   | DEPRECIATION        |                 |                          |                   | NET BLOCK         |                   |
|---------------------------|-------------------|----------|--------------------------|-------------------|---------------------|-----------------|--------------------------|-------------------|-------------------|-------------------|
|                           | As at<br>01.04.07 | Addition | Deletion /<br>Adjustment | As at<br>31.03.08 | As on<br>01.04.2007 | For the<br>Year | Deletion /<br>Adjustment | Up to<br>31.03.08 | As at<br>31.03.08 | As at<br>31.03.07 |
| Stock Exchange Membership |                   |          |                          |                   |                     |                 |                          |                   |                   |                   |
| Cards                     | 175.50            | -        | -                        | 175.50            | -                   | -               | -                        | -                 | 175.50            | 175.50            |
| Computers                 | 58.53             | 3.06     | -                        | 61.59             | 42.71               | 9.83            | -                        | 52.54             | 9.05              | 15.82             |
| Office Equipments         | 19.50             | 0.69     | -                        | 20.19             | 4.61                | 0.96            | -                        | 5.57              | 14.62             | 14.89             |
| Furniture & Fixtures      | 13.69             | -        | -                        | 13.69             | 8.41                | 0.87            | -                        | 9.28              | 4.41              | 5.28              |
| Office Premises           | 34.78             | -        | -                        | 34.78             | 1.91                | 0.57            | -                        | 2.48              | 32.30             | 32.87             |
| Vehicles                  | 8.36              | 7.87     | -                        | 16.23             | 4.05                | 1.05            | -                        | 5.10              | 11.13             | 4.31              |
| <b>TOTAL</b>              | 310.36            | 11.62    | -                        | 321.98            | 61.69               | 13.28           | -                        | 74.97             | 247.01            | 248.67            |
| <b>Previous Year</b>      | 301.62            | 8.73     | -                        | 310.36            | 49.49               | 12.20           | -                        | 61.69             | 248.67            |                   |

|  | As at 31st March, 2008 |               | (Rs. in lacs)<br>As at 31st March, 2007 |             |
|--|------------------------|---------------|---|-------------|
|  | Nos.                   | (Value)       | Nos.                                    | (Value)     |
| <b>SCHEDULE : D</b>                                  |                        |               |   |             |
| <b>Investments</b>                                   |                        |               |   |             |
| <b>Trade - Unquoted</b>                              |                        |               |   |             |
| Equity Share of Antique Finance & Investment Pvt Ltd | 781,250                | 78.13         | -                                       | -           |
| Equity Share of Antique Stock Broking                | 100,000                | 12.00         | -                                       | -           |
| Equity Share of Bangalore Stock Exchange             | 8,350                  | 0.08          | 12,750                                  | 0.10        |
| Equity Share of Bombay Stock Exchange                | 4,526                  | 0.05          | 10,000                                  | 0.10        |
| <b>Total</b>   |                        | <u>90.25</u>  |   | <u>0.20</u> |
| <b>Trade - Quoted</b>                                |                        |               |   |             |
| Reliance Capital Limited                             | 394                    | 4.88          | -                                       | -           |
| Reliance Energy Limited                              | 591                    | 5.11          | -                                       | -           |
| Reliance Natural Resources Limited                   | 7,883                  | 3.92          | -                                       | -           |
| Reliance Communication Limited                       | 15,765                 | 85.74         | -                                       | -           |
| Reliance Industries Ltd.                             | 15,765                 | 437.77        | -                                       | -           |
|  |                        | <u>537.42</u> |   | <u>-</u>    |
| <b>Total Investments</b>                             |                        | <u>627.67</u> |   | <u>0.20</u> |
| <b>Market value of Quoted Investment</b>             |                        | <u>457.23</u> |   | <u>-</u>    |

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### SCHEDULES FORMING PART OF THE BALANCE SHEET

|  | As at<br>31st March, 2008 | (Rs in Lacs)<br>As at<br>31st March, 2007 |
|--|---------------------------|---|
| <b>SCHEDULE - E</b>  |                           |   |
| <b>Current Assets</b>  |                           |   |
| <b>Sundry Debtors</b>  |                           |   |
| ( Unsecured considered good )  |                           |   |
| More than 6 months   | -                         | -   |
| Others   | 53.75                     | 3,483.06                                  |
|  | <u>53.75</u>              | <u>3,483.06</u>                           |
| <b>Cash &amp; Bank Balances</b>  |                           |   |
| Cash on hand   | 3.10                      | 3.11                                      |
| Balances With Scheduled Banks  |                           |   |
| - In Current Accounts  | 1,252.70                  | 334.30                                    |
| - In Fixed Deposit Accounts  | 944.37                    | 1,829.52                                  |
|  | <u>2,200.17</u>           | <u>2,166.93</u>                           |
|  | <u>2,253.92</u>           | <u>5,649.99</u>                           |
| <b>Schedule F</b>  |                           |   |
| <b>Loans &amp; Advances</b>  |                           |   |
| ( Unsecured and considered good )  |                           |   |
| Deposits   | 1,841.13                  | 2,057.35                                  |
| Advance Income Tax ( Net )   | 2.00                      | -   |
| Advance recoverable in cash or in kind<br>or for value to be received      | 78.19                     | 66.46                                     |
|  | <u>1,921.32</u>           | <u>2,123.81</u>                           |
| <b>Schedule G</b>  |                           |   |
| <b>Current Liabilities</b>   |                           |   |
| <b>Sundry Creditors</b>  |                           |   |
| Due to SSI   | -                         | -   |
| Due to Others  | 1,003.10                  | 3,901.36                                  |
| (due to Shardul Securities Ltd Rs. 3 lacs<br>previous year Rs 177.76 lacs) | 1,003.10                  | 3,901.36                                  |
| Margin received from customers   | -                         | 625.00                                    |
| Current Tax Payable  | -                         | 71.77                                     |
| Other Liabilities  | 13.31                     | 80.72                                     |
|  | <u>1,016.41</u>           | <u>4,678.85</u>                           |


**SHRIYAM**  
**BROKING INTERMEDIARY LIMITED**
**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT**

|  | 2007-08         | (Rs. In Lacs)<br>2006-07 |
|--|-----------------|--------------------------|
| <b>Schedule H</b>                                    |                 |                          |
| <b>Income from operations</b>                        |                 |                          |
| Brokerage  | 1,198.43        | 880.13                   |
| Advisory Fees  | -               | 2.35                     |
|  | <u>1,198.43</u> | <u>882.48</u>            |
| <b>Schedule I</b>                                    |                 |                          |
| <b>Other Income</b>                                  |                 |                          |
| Dividend   |                 |                          |
| - on Long term investments                           | 0.58            | 0.89                     |
| Interest ( Gross )                                   | 149.81          | 79.22                    |
| (T.D.S. Rs 30.84 lacs, Previous Year Rs. 17.78 Lacs) |                 |                          |
| Sundry balance Written Back                          | -               | 175.52                   |
| Miscellaneous Income                                 | -               | 7.85                     |
|  | <u>150.39</u>   | <u>263.48</u>            |
| <b>Schedule J</b>                                    |                 |                          |
| <b>Administrative &amp; Other Exp.</b>               |                 |                          |
| Payment to Employees                                 |                 |                          |
| - Salary, Bonus & Other Allowances                   | 49.62           | 46.15                    |
| - Contribution To PF                                 | 9.78            | 1.59                     |
| - Staff Welfare                                      | -               | 0.04                     |
|  | <u>59.40</u>    | <u>47.78</u>             |
| Professional & Other Service Charges                 | 212.55          | 95.36                    |
| Transaction Charges                                  | 52.55           | 41.77                    |
| Stamp Charges  | 105.44          | 71.08                    |
| Security Transaction Tax                             | 0.72            | 7.10                     |
| Lease line & Telephone charges                       | 9.36            | 8.61                     |
| Membership & Subscription                            | 16.40           | 5.90                     |
| Printing & Stationery                                | 14.01           | 6.98                     |
| Repair & Maintinace ( Other )                        | 3.58            | 9.72                     |
| Travelling & Conveyance                              | 0.92            | 1.60                     |
| Insurance Charges                                    | 0.83            | 0.64                     |
| Director Sitting Fees                                | 0.06            | 0.07                     |
| Payment to Auditor                                   | 1.00            | 1.00                     |
| Donation   | 58.00           | 52.50                    |
| Postage & Telegrame                                  | 0.13            | 0.36                     |
| Advertisement  | -               | 0.38                     |
| Business Promotion                                   | 2.58            | 8.82                     |
| Electricity Charges                                  | 4.50            | 3.24                     |
| Miscellaneous Expenses                               | 4.98            | 10.66                    |
|  | <u>547.01</u>   | <u>373.57</u>            |
| <b>Schedule K</b>                                    |                 |                          |
| <b>Rent, Rates &amp; taxes</b>                       |                 |                          |
| Rent, Rates & taxes                                  | 5.12            | 4.87                     |
| Professional Tax                                     | -               | 0.02                     |
|  | <u>5.12</u>     | <u>4.89</u>              |

## ANNUAL REPORT 2007-2008

### NOTES TO ACCOUNTS

#### SCHEDULE : L

#### 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.
- 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**  
Dividend is accounted in the year in which it is received.

###### (C) Fixed Assets :

Stock Exchange Membership card right have been shown as Fixed Assets and stated at cost.

All Fixed Assets have been stated at cost less accumulated depreciation. All cost attributable to the acquisition of Fixed Assets, till the assets 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 5 years.

###### (F) Investment :

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

###### (G) Impairment of Assets :

An Asset is treated as impaired when the carrying cost of an asset exceeds its recoverable value and impairment loss is charged to Profit and Loss Account in the year in which asset 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.

###### (H) 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 but Contingent Assets disclosed in Director's Report.

###### (I) Provision for Current and Deferred Tax :

Provision for current tax is made after taking into consideration benefits admissible under the provisions of Income Tax Act, 1961. Deferred Tax resulting from "timing difference" between book and taxable profits 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 required under 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. 1215 Lacs (Previous year Rs. 1990 lacs)

Income Tax Demand Rs. 9.19 Lacs for A.Y. 2003-04 with CIT (A).

Sebi Turnover Fees Rs. 18.83 lacs, appeal is pending with Supreme Court.

Stamp Duty Rs. 297.63 lacs for the year 2005-06 and 2006-07, appeal is pending with Superintendent of Stamps.

(E) The Company has invested in Antique Stock Broking and Antique Finance & Investment Pvt. Ltd. (Antique Group) in the end of January 2008. The Company hold 31.25 % stake in Antique Group. In view of the association of the company with Antique Group for just two months is not material, the financial reporting will be considered in the next financial year. The investment in Antique Group continued to be shown as an Investment in the financial statement.

(F) The Company has followed Accounting Standard 15 (Revised), Accounting for Retirement Benefits.

Gratuity: The Gratuity amounting to Rs. 0.72 lacs has been paid to the Life Insurance Corporation of India based on the Actuarial Valuation. The Present value of past liability in respect of gratuity amounting to Rs. 7.29 lacs based on the actuarial valuation has been charged to Profit and Loss Account.

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


**SHRIYAM**  
**BROKING INTERMEDIARY LIMITED**

|   |                    |                    |
|---|--------------------|--------------------|
| (H) Earning per share :   | <u>2007 - 2008</u> | <u>2006 - 2007</u> |
| a) Net Profit after tax available for Equity Shareholders (Rs. In lacs)               | <b>690.19</b>      | 841.63             |
| b) Weighted average of number of Equity Shares outstanding during the year (in lacs). | <b>100.00</b>      | 100.00             |
| c) Basic and Diluted Earning per share of Rs. 10/- each (in Rs.)                      | <b>6.90</b>        | 8.42               |

**(I) Related Party Disclosures :**

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

**I Holding Company :**

Shardul Securities Ltd.

**II Associates :**

A to Z Broking Services Pvt. Ltd.  
 Pradeep Sandeep Trading & Investments Pvt. Ltd.  
 Shriyam Commodities Intermediary Pvt. Ltd.  
 Ltd.(formerly Shriyam Counter Trading Pvt. Ltd.)  
 Antique Stock Broking Ltd.  
 Antique Finance & Investment Pvt. Ltd.

**III Key Management Personnel :**

Shri Yogendra Chaturvedi - Whole time Director

**IV Transaction during the year with related parties. Reimbursement of expenses has not been treated as related party transaction :**

| Nature of Transaction                          | Key Management |            |           | Total    |
|--|----------------|------------|-----------|----------|
|  | Holding        | Associates | Personnel |          |
| <b>Loan / Advances :</b>                       |                |            |           |          |
| <b>Investment :</b>                            |                |            |           |          |
| Made during the year                           | 0              | 90.13      | 0         | 90.13    |
| As at 31.03.2008                               | 0              | 90.13      | 0         | 90.13    |
|  | (0)            | (0)        | (0)       | (0)      |
| <b>Sundry Debtors :</b>                        |                |            |           |          |
| As at 31.03.2008                               | 0              | 0          | 0         | 0        |
|  | (0)            | (0)        | (0)       | (0)      |
| <b>Sundry Creditors :</b>                      |                |            |           |          |
| As at 31.03.2008                               | 3.00           | 0          | 0         | 3.00     |
|  | (602.76)       | (67.74)    | (0)       | (670.50) |
| <b>Loans Advances and Deposit :</b>            |                |            |           |          |
| Given during the year                          | 0              | 0          | 0         | 0        |
| (Application money)                            | (0)            | (25)       | (0)       | (25)     |
| Returned during the year                       | 0              | 250        | 0         | 250      |
|  | (0)            | (0)        | (0)       | (0)      |
| Balance as at 31.03.2008                       | 0              | 225        | 0         | 225      |
| (Including application money)                  | (0)            | (450.00)   | (0)       | (450.00) |
| <b>Payment for Remuneration and Services :</b> |                |            |           |          |
| Paid During the year                           | 0              | 0          | 4.30      | 4.30     |
|  | (0)            | (0)        | 4.05      | (4.05)   |
| <b>Brokerage Received :</b>                    |                |            |           |          |
| Received during the year                       | 65.76          | 7.20       | 0         | 72.96    |
|  | (121.98)       | (24.42)    | (0)       | (146.4)  |

(Figure in Bracket indicates figure of previous year)

Significant related party transaction during the year :

- Brokerage received from associates includes Rs. 3.7 lacs from A to Z Broking Service Pvt. Ltd. , Rs.1.69 lacs from Pradeep Sandeep Trading & Investmest Pvt. Ltd. And Rs. 1.81 lacs from Shriyam Commodities Intermediary Pvt.Ltd.
- Deposit returned includes Rs. 100 lacs to A To Z Broking Services Pvt Ltd. and Rs 150 lacs to Shriyam Commodities Intermediary Pvt. Ltd.

**(J) Segment**

In the opinion of the management, the company is mainly engaged in the business of Broking activities and all other activities of the company revolve around the main business, there are no separate reportable segment.

**(K) Deferred Tax**

The deferred tax Liability as at March 31, 2008 is on account of timing differences of Depreciation on Fixed Assets is Rs.34.36 Lacs (Pr.Yr. 34.86 Lacs)

**(L) Payment to Auditors****(Rs. In Lacs)**

|                   | <b>Current Previous</b> |             |
|-------------------|-------------------------|-------------|
|                   | <b>Year</b>             | <b>Year</b> |
| Audit Fees        | 0.70                    | 0.70        |
| Tax Audit Fees    | 0.20                    | 0.20        |
| In other capacity | 0.10                    | 0.10        |
| <b>TOTAL</b>      | <b>1.00</b>             | <b>1.00</b> |

**(M) Directors Remuneration :****(Rs. In Lacs)**

| Salary to Director as under :- | <b>Current Previous</b> |             |
|--------------------------------|-------------------------|-------------|
|                                | <b>Year</b>             | <b>Year</b> |
| 1) Shri Yogendra Chaturvedi    | 4.30                    | 4.05        |

As per our report of even date

| For Rajan Damani & Associates | For and behalf of the Board  |          |
|-------------------------------|------------------------------|----------|
| Chartered Accountant          | <b>Bhupendra K. Shroff</b>   | Director |
| <b>Rajan J Damani</b>         | <b>R. Sundaresan</b>         | Director |
| Partner, Mem. No. 034375:     | <b>Viraf Katrak</b>          | Director |
| Place: Mumbai                 | <b>Yogendra Chaturvedi</b>   | Director |
| Date : 25.06.2008             | <b>Makhan Lal Chaturvedi</b> | Director |

## ANNUAL REPORT 2007-2008

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

#### PART IV

#### I REGISTRATION DETAILS

|   |            |    |
|---|------------|----|
| Registration No.11-81401(CIN-U67120MH1994PLC081401) | State Code | 11 |
| Balance Sheet Date                                  | 31-Mar-08  |    |

#### 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 | 403351 | Total Assets | 403351 |
|-------------------|--------|--------------|--------|

#### SOURCES OF FUNDS

|                        |        |                   |        |
|------------------------|--------|-------------------|--------|
| Paid up Capital        | 100000 | Reserve & Surplus | 299915 |
| Secured Loans          | Nil    | Unsecured Loans   | 0      |
| Deferred Tax Liability | 3436   |                   |        |

#### Application of Funds:

|                    |        |                             |       |
|--------------------|--------|-----------------------------|-------|
| Net Fixed Assets   | 24701  | Investments                 | 62767 |
| Net Current Assets | 315883 | Miscellaneous Expenditure - | 0     |

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

|                            |        |                   |       |
|----------------------------|--------|-------------------|-------|
| Turnover                   | 166487 | Total Expenditure | 65673 |
| Profit Before Tax          | 100814 | Profit After Tax  | 68771 |
| Earning Per Share (In Rs.) | 6.90   | 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 Broking Services / Merchant Banking

As per our report of even date

**For Rajen Damani & Associates**  
Chartered Accountants

**Rajen J Damani**  
Partner  
Membership No. 034375  
Place: MUMBAI  
Date: 25.06.2008

**For and on behalf of the Board**

**Bhupendra K. Shroff** Director  
**R. Sundaresan** Director  
**Viraf Katak** Director  
**Yogendra Chaturvedi** Director  
**Makhan Lal Chaturvedi** Director


**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2008**
**Rupees in lacs**

|   | As at<br>31st March, 2008 | As At<br>31st March, 2007 |
|---|---------------------------|---------------------------|
| <b>A Cash flow from operating Activities</b>                        |                           |                           |
| <b>Net Profit before tax, Extraordinary and prior period items</b>  | 1,008.14                  | 1,117.51                  |
| Adjustment for :  |                           |                           |
| Non cash items  |                           |                           |
| Depreciation  | 13.27                     | 12.20                     |
| Preliminary Exp.  | -                         | 12.20                     |
| Profit on sale of Investment  | (316.05)                  | (426.78)                  |
| Dividend received from Investments                                  | (0.58)                    | (0.89)                    |
| Operating profit before working capital changes                     | 704.78                    | 702.04                    |
| Adjustment for:   |                           |                           |
| Trade & Receivables   | 3,429.32                  | 299,041.51                |
| Trade Payable   | (3,662.44)                | (321,782.93)              |
| Loan & Advances   | 202.49                    | (30.63)                   |
| Cash (used) in/ generated from operations                           | 674.15                    | 297.66                    |
| Direct Taxes paid   | 320.92                    | 266.47                    |
| Cash inflow/( outflow ) before extraordinary and prior period items | 353.23                    | 31.19                     |
| extraordinary and prior period items                                | 2.47                      | 2.49                      |
| Net Cash from/(Used) in operation activities                        | <b>355.69</b>             | <b>33.68</b>              |
| <b>B Cash flow from investment activities</b>                       |                           |                           |
| Purchase of fixed assets  | (11.62)                   | (8.73)                    |
| Sale of Fixed Assets  | -                         | -                         |
| Purchase of Investments   | (643.01)                  | (3,042.85)                |
| Sale of Investments   | 331.59                    | 4,150.55                  |
| Dividend received on investments                                    | 0.58                      | 0.89                      |
| Net Cash (used) in investment activities                            | <b>(322.46)</b>           | <b>1,099.86</b>           |
| <b>C Cash flow from financial activities</b>                        |                           |                           |
| Unsecured Loan (ICD)  | -                         | -                         |
| Net cash from /(used ) in financial activities                      | -                         | -                         |
| <b>Net increase / (decrease) in cash and cash equivalents</b>       | <b>33.24</b>              | <b>1,133.54</b>           |
| Cash and cash equivalents as at 1st April 2007                      | 2,166.93                  | 1,033.39                  |
| Cash and cash equivalents as at 31st March 2008                     | 2,200.17                  | 2,166.93                  |

As per our report of even date

**For Rajen Damani & Associates.**
**Chartered Accountants**
**Rajen J Damani**  
**Partner**
**Membership No. 034375**
**For and on behalf of the Board**
**Bhupendra K. Shroff** : Director

**R.Sundaresan** : Director

**Viraf Katrak** : Director

**Yogendra Chaturvedi** : Director

**Makhan Lal Chaturvedi** : Director

**Place: MUMBAI**
**Date: 25th June 2008**

## ANNUAL REPORT 2007-2008

# SHARDUL

## COMMODITIES INTERNATIONAL LIMITED

**BOARD OF DIRECTORS**

Shri R. Sundaresan

Shri Gyandeo Chaturvedi

Shri Suresh Chaturvedi

**AUDITORS**

Rajen Damani &amp; Associates

**BANKERS**

HDFC Bank Ltd.

**REGISTERED OFFICE**712-713, Tulsiani Chambers  
212, Nariman Point, MUMBAI - 400 021.**DIRECTORS REPORT**

TO,  
**THE MEMBERS OF**  
**Shardul Commodities International Ltd**  
Mumbai.

Your Directors have pleasure in presenting the 3rd Annual Report of your company together with Audited Statement of Accounts for the year ended 31st March 2008.

**1. FINANCIAL RESULTS**

|  | Amount in (Rs) |             |
|--|----------------|-------------|
|  | 2007-08        | 2006-07     |
| Gross Revenue  | 329,070        | 78,405      |
| Expenditure  | 532,864        | 1,282,410   |
| Loss before Depreciation and Preliminary Expenses written off  | (2,03,794)     | (1,204,005) |
| <b>Less:</b> Depreciation and Preliminary Expenses written off | 43,264         | 37,753      |
| Loss before Taxation   | (247,058)      | (1,241,758) |
| <b>Less:</b> Provision for taxation                            |                |             |
| Current Tax  | -              |             |
| Deferred Tax   | 953            | 17,724      |
| Loss after Taxation  | (2,48,011)     | (1,259,482) |
| Surplus / (deficit) brought forward from previous years        | (1,291,973)    | (32,491)    |
| Profit /(Loss)   | (1,539,984)    | (1,291,973) |
| Balance carried to Balance Sheet                               | (1,539,984)    | (1,291,973) |

**2. DIVIDEND:**

In view of the losses incurred during the year by the Company, your Directors do not recommend any dividend for the year

**3. DIRECTORS:**

Mr. R.Sundaresan, Director retire by rotation at

the forthcoming Annual General Meeting and being eligible, offer himself for re-appointment.

**4. DIRECTORS' RESPONSIBILITY STATEMENT:**

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


**SHARDUL**  
**Commodities International Limited**

- (i) That in the preparation of the accounts for the financial year ended 31<sup>st</sup> March 2008, 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 Loss of the company for the year under review;
- (iii) That the Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) That the Directors have prepared the accounts for the financial year ended 31<sup>st</sup> March 2008 on a going concern basis.

**5. AUDITORS:**

The Company's Auditor - M/S Rajen Damani & Associates, Chartered Accountants, hold office upto the conclusion of the ensuing Annual General Meeting. The Company has received a requisite certificate from them pursuant to Section 224(1B) of the Companies Act, 1956, confirming their eligibility for re-appointment as Auditors of the Company.

**6. DEPOSITS:**

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

**7. 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 neither earned any Foreign Exchange nor any Foreign Exchange outflow during the year.

**8. ACKNOWLEDGEMENT:**

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

**For and on behalf of the Board**

**R. Sundaresan Gyandeo Chaturvedi**  
**Director Director**

**Place: Mumbai**

**Date: 25.06.2008**

**Regd Office:**

712-713, Tulsiani Chambers,  
 212, Nariman Point,  
 Mumbai 400 021

## ANNUAL REPORT 2007-2008

### AUDITORS' REPORT

To

The Members,

**SHARDUL COMMODITIES INTERNATIONAL LIMITED.**

We have audited the attached Balance Sheet of ' **SHARDUL COMMODITIES INTERNATIONAL LIMITED.**' as at 31<sup>st</sup> March 2008, the Profit & Loss Account and the Balance Sheet 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. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 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 31<sup>st</sup> March 2008 and taken on record by the Board of Directors, we report that none of the Directors of the Company is disqualified as on 31<sup>st</sup> March 2008 from being appointed as a Director in terms of Section 274(1)(g) of the Companies act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2008;
  - ii) in the case of Profit and Loss Account, of the Loss of the Company for the year ended on that date.

**For RAJEN DAMANI & ASSOCIATES**  
Chartered Accountants

**Vikas N Mehta**  
(Partner)

Place: Mumbai,  
Dated: 25<sup>th</sup> June, 2008.      Membership no. 043754



**ANNEXURE TO THE AUDITOR'S REPORT  
OF SHARDUL COMMODITIES INTERNATIONAL  
LIMITED.FOR THE YEAR ENDED 31<sup>ST</sup> MARCH  
2008.**

(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, during the year, 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 taken loans, secured or unsecured from companies, firms or parties covered in register maintained under section 301 of the companies Act, 1956.
  - b) The Company has not given loans secured or unsecured to any companies covered in the register maintained under section 301 of the Companies Act, 1956.
- iii. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business 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 transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956, have been so entered.
  - b) In our opinion and according to the information and explanations given to us, the transactions of 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 of the Companies Act, 1956 and rules framed there under. Therefore the provisions of Clause (vi) of paragraph 4 of the order 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, Fringe Benefit Tax and other material statutory dues as applicable have been regularly deposited by the Company during the year with appropriate authorities.
  - b) The Wealth tax, Customs duty, Excise duty and Cess are not applicable to the Company.
  - c) According to the information and explanations given to us, there are no such statutory dues, which have not been deposited on account of any dispute.
- viii. According to the information and explanations given to us the company has not obtained any term loans.
- ix. According to the information and explanation given to us and on overall examination of the Balance Sheet of the Company, we are of the opinion that there are no fund raised on short term basis that have been applied for long term investment.
- x. 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), (xiii) and (xiv) 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 (x), (xi), (xii), (xv), (xviii), (xix) and (xx), the said clauses are, at present, not applicable.

**For RAJEN DAMANI & ASSOCIATES**  
Chartered Accountants

**Vikas N Mehta**  
(Partner)

Place: Mumbai,  
Dated: 25th June, 2008.

Membership no. 043754

## ANNUAL REPORT 2007-2008

## BALANCE SHEET AS AT 31ST MARCH, 2008

|                                |  | (Amount in Rs.)           |                  |                           |                  |
|--------------------------------|--|---------------------------|------------------|---------------------------|------------------|
|                                |  | As at<br>31st March, 2008 |                  | As at<br>31st March, 2007 |                  |
| <b>I. SOURCES OF FUNDS</b>     |  |                           |                  |                           |                  |
| 1                              | <b>Shareholders Fund</b>   |                           |                  |                           |                  |
|                                | Share Capital  | A                         | 5,000,000        | 5,000,000                 | 5,000,000        |
| 2                              | <b>Deferred Tax Liability</b>                                    |                           |                  |                           |                  |
|                                |  |                           | 18,677           |                           | 17,724           |
|                                | <b>Total</b>   |                           | <b>5,018,677</b> |                           | <b>5,017,724</b> |
| <b>II APPLICATION OF FUNDS</b> |  |                           |                  |                           |                  |
| 1                              | <b>Fixed Assets</b>  | B                         |                  |                           |                  |
|                                | Gross Block  |                           | 106,500          | 106,500                   |                  |
|                                | Less: Depreciation   |                           | 29,017           | 11,753                    |                  |
|                                | Net Block  |                           | 77,483           |                           | 94,747           |
| 2                              | <b>Current Assets</b>  | C                         | 2,357,491        | 8,080,296                 |                  |
|                                | Current Assets   | D                         | 1,066,194        | 632,826                   |                  |
|                                | Loans & Advances   |                           |                  |                           |                  |
|                                | <b>Less: Current Liabilities &amp; Provisions</b>                | E                         | 3,423,685        | 8,713,122                 |                  |
|                                |  |                           | 74,475           | 5,160,118                 |                  |
|                                | <b>Net Current Assets</b>  |                           | 3,349,210        |                           | 3,553,004        |
| 3                              | <b>Preliminary Exp to the extent not written off</b>             | F                         | 52,000           |                           | 78,000           |
| 4                              | <b>Debit balance in Profit &amp; Loss Account</b>                |                           | 1,539,984        |                           | 1,291,973        |
|                                | <b>Total</b>   |                           | <b>5,018,677</b> |                           | <b>5,017,724</b> |
|                                | <b>Signification Accounting Policies &amp; Notes on Accounts</b> | I                         |                  |                           |                  |

As per our attached report of even date

For **Rajen Damani & Associates**  
Chartered Accountants**Vikas N Mehta**  
Partner  
Membership No. : 043754  
Place : Mumbai,  
Dated : 25<sup>th</sup> June, 2008

For and on behalf of the Board

**R. Sundaresan** : Director  
**Gyandeo Chaturvedi** : Director  
**Suresh Chaturvedi** : Director

## PROFIT &amp; LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2008

|  |   | (Amount in Rs.)         |                  |                           |                    |
|--|---|-------------------------|------------------|---------------------------|--------------------|
|  |   | For the<br>year 2007-08 |                  | For the<br>Period 2006-07 |                    |
| <b>INCOME</b>                              |   |                         |                  |                           |                    |
|  | From Operation  |                         | 7,884            | 688,093                   |                    |
|  | Trading Loss  |                         | -                | (788,113)                 |                    |
|  | Other Income (Interest)                               |                         | 321,186          | 178,425                   | 78,405             |
|  | (TDS Rs. 65,415 P.Y. Rs.40039)                        |                         |                  |                           |                    |
| <b>EXPENDITURE</b>                         |   |                         |                  |                           |                    |
|  | Administrative Expenses & Other Exp.                  | G                       | 150,804          | 1,079,924                 |                    |
|  | Interest & Financial Charges                          | H                       | 382,059          | 202,486                   |                    |
|  | Depreciation  | B                       | 17,264           | 11,753                    |                    |
|  | Miscellaneous Expenditure Written Off                 |                         | 26,000           | 26,000                    |                    |
|  |   |                         | 576,127          |                           | 1,320,163          |
|  | <b>Profit Before Tax</b>                              |                         | <b>(247,058)</b> |                           | <b>(1,241,758)</b> |
| <b>Provision For Taxation</b>              |   |                         |                  |                           |                    |
|  | Current Tax   |                         | -                | -                         |                    |
|  | Deferred Tax  |                         | 953              | 17,724                    | 17,724             |
|  | <b>Profit after Tax</b>                               |                         | <b>(248,011)</b> |                           | <b>(1,259,482)</b> |
|  | Balance Brought forward                               |                         | (1,291,973)      | (32,491)                  | (32,491)           |
|  | Profit aviable for appropriation                      |                         | (1,539,984)      |                           | (1,291,973)        |
| <b>APPROPRIATION</b>                       |   |                         |                  |                           |                    |
|  | Balance carried to Balance Sheet                      |                         | (1,539,984)      |                           | (1,291,973)        |
| <b>Basic And Diluted Earning per share</b> |   |                         |                  |                           |                    |
|  | Signification Accounting Policies & Notes on Accounts | I                       | (0.50)           |                           | (2.52)             |

As per our attached report of even date

For **Rajen Damani & Associates**  
Chartered Accountants**Vikas N Mehta**  
Partner  
Membership No. : 043754  
Place : Mumbai,  
Dated : 25<sup>th</sup> June, 2008

For and on behalf of the Board

**R. Sundaresan** : Director  
**Gyandeo Chaturvedi** : Director  
**Suresh Chaturvedi** : Director


**SHARDUL**  
 Commodities International Limited

**SCHEDULES FORMING PART OF THE BALANCE SHEET**
**(Amount in Rupees)**

|  | As at<br>31st March, 2008 | As at<br>31st March, 2007 |
|--|---------------------------|---------------------------|
| <b>SCHEDULE 'A'</b>  |                           |                           |
| <b>Share Capital</b>   |                           |                           |
| <b>Authorised</b>  |                           |                           |
| 5,00,000 Equity Shares of Rs. 10/- each.   | 5,000,000                 | 5,000,000                 |
|  | <u>5,000,000</u>          | <u>5,000,000</u>          |
| <b>Issued Subscribed and Paid Up.</b>  |                           |                           |
| 5,00,000 Equity Shares of Rs. 10/- each.<br>(out of the above 5,00,000/- Equity Shares held by Shardul Securities Limited (the Holding Company)) | 5,000,000                 | 5,000,000                 |
|  | <u>5,000,000</u>          | <u>5,000,000</u>          |

**SCHEDULE : B**
**FIXED ASSETS**
**(Amount in Rs.)**

| Description of Assets | GROSS BLOCK       |          |                          |                   | DEPRECIATION        |                 |                          |                   | NET BLOCK         |                   |
|-----------------------|-------------------|----------|--------------------------|-------------------|---------------------|-----------------|--------------------------|-------------------|-------------------|-------------------|
|                       | As at<br>01.04.07 | Addition | Deletion /<br>Adjustment | As at<br>31.03.08 | As on<br>01.04.2007 | For the<br>Year | Deletion /<br>Adjustment | Up to<br>31.03.08 | As at<br>31.03.08 | As at<br>31.03.07 |
| Computers             | 106,500           | -        | -                        | 106,500           | 11,753              | 17,264          | -                        | 29,017            | 77,483            | 94,747            |
| <b>TOTAL</b>          | <b>106,500</b>    | <b>-</b> | <b>-</b>                 | <b>106,500</b>    | <b>11,753</b>       | <b>17,264</b>   | <b>-</b>                 | <b>29,017</b>     | <b>77,483</b>     | <b>94,747</b>     |
| <b>Previous Year</b>  |                   | 106,500  | -                        | 106,500           | -                   | 11,753          |                          | 11,753            | 94,747            | -                 |

**Schedule C**
**Current Assets**
**Cash & Bank Balances**

|                               | As at<br>31st March, 2008 | As at<br>31st March, 2007 |
|-------------------------------|---------------------------|---------------------------|
| Balances With Scheduled Banks |                           |                           |
| - In Current Accounts         | 1,982,491                 | 2,705,296                 |
| - In Fixed Deposit Accounts   | 375,000                   | 5,375,000                 |
|                               | <u>2,357,491</u>          | <u>8,080,296</u>          |
|                               | <u>2,357,491</u>          | <u>8,080,296</u>          |

**Schedule D**
**Loans & Advances (considered good)**

|   |                  |                |
|---|------------------|----------------|
| Deposits  | 875,000          | 375,000        |
| Advance Income Tax ( Net )  | 105,454          | 40,039         |
| Advances recoverable in cash or kinds or for value to be received | 85,740           | 217,787        |
|   | <u>1,066,194</u> | <u>632,826</u> |

**Schedule E**
**Current Liabilities & Provisions**
**Sundry Creditors**

|                        |               |                  |
|------------------------|---------------|------------------|
| Due to SSI             | -             | -                |
| Margin                 | -             | 5,000,000        |
| Due to Other           | -             | -                |
|                        | <u>-</u>      | <u>5,000,000</u> |
| <b>Other Liability</b> | <b>74,475</b> | <b>160,118</b>   |
|                        | <u>74,475</u> | <u>5,160,118</u> |

**Schedule F**
**Preliminary Exp.**

|  |               |               |
|--|---------------|---------------|
| (To the extent not written off or adjusted preliminary Expenses) | 52,000        | 78,000        |
|  | <u>52,000</u> | <u>78,000</u> |

## ANNUAL REPORT 2007-2008

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

|   | 2007.08 | (Amount in Rs.)<br>2006-07 |
|---|---------|----------------------------|
| <b>Schedule G</b>                       |         |                            |
| <b>Administrative &amp; Other Exp.</b>  |         |                            |
| Transaction Charges                     | 1,259   | 62,586                     |
| Stamp Charges                           | 35,537  | 64,963                     |
| Lease line & Telephone charges          | 27,332  | 33,097                     |
| Membership & Subscription               | 50,000  | 785,000                    |
| Printing & Stationery                   | 8,788   | 8,300                      |
| Repair & Maintenance                    | 10,000  | 93,764                     |
| Insurance Charges                       | 4,490   | 5,510                      |
| Payment to Auditors                     | 5,000   | 5,000                      |
| Miscellaneous Expenses                  | 8,398   | 21,704                     |
|   | 150,804 | 1,079,924                  |
| <b>Schedule H</b>                       |         |                            |
| <b>Interest &amp; Financial Charges</b> |         |                            |
| Financial Charges                       | 294,493 | 154,890                    |
| Bank Guarantee Commission               | 83,591  | 47,356                     |
| Bank Charges                            | 3,976   | 240                        |
|   | 382,059 | 202,486                    |

### NOTES TO ACCOUNTS

#### SCHEDULE : I

#### 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.
- ii) All income and expenditure items 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 & expenses during the reporting period. The Difference between the actual results and estimates are recognised in the period in which the result are known or materialised.

##### (C) Revenue Recognition :

Revenue is recognised as and when accrued.

##### (D) Fixed Assets :


**SHARDUL**  
**Commodities International Limited**

All Fixed Assets have been stated at cost less accumulated depreciation. All cost attributable to the acquisition of Fixed Assets, till the assets is put to use are capitalised.

**(E) Depreciation :**

Depreciation on 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.

**(F) Miscellaneous Expenditure :**

Preliminary Expenses are amortised over a period of five years.

**(G) Impairment of Assets :**

An Asset is treated as impaired when the carrying cost of an asset exceeds its recoverable value and impairment loss is charged to Profit and Loss Account in the year in which asset 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.

**(H) 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 but Contingent Assets disclosed in Director's Report.

**(I) Provision for Current and Deffered Tax :**

Provision for current tax is made after taking into consideration benefits admissible under the provisions of Income Tax Act, 1961. Deffered Tax resulting from "timing difference" between book and taxable profitis 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) Contingent Liabilities :** (Amount in Rupees)

|                 | 2007 - 2008 | 2006 - 2007 |
|-----------------|-------------|-------------|
| Bank Guarantees | Nil         | 1,00,00,000 |

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

|  | 2007 - 2008 | 2006 - 2007 |
|--|-------------|-------------|
| <b>(D) Earning per share :</b>   |             |             |
| a) Net Profit after tax available for Equity Shareholders                    | (248,011)   | (1,259,482) |
| b) Weighted average of number of Equity Shares outstanding during the year . | 500,000     | 500,000     |
| c) Basic and Diluted Earning per share of Rs. 10/- each                      | (0.50)      | (2.52)      |

**(F) Related Party Disclosures :**

List of related parties with whom transaction have been taken place during the year.

**i) Holding Company :**

Shardul Securities Ltd.

**ii)** Transaction during the year with related parties. Reimbursement of expenses has not been treated as related party Transaction :

## ANNUAL REPORT 2007-2008

| Nature of Transaction              | Name of the related party | (Amount in Rupees) |             |
|------------------------------------|---------------------------|--------------------|-------------|
|                                    |                           | Amount             | Outstanding |
| Creditors as on 31.03.08           | Shardul Securities Ltd.   | -                  | -           |
|                                    |                           | (5000000)          | (5000000)   |
| Capital Contribution               | Shardul Securities Ltd.   | -                  | -           |
|                                    |                           | -                  | (5,000,000) |
| Brokerage received during the year | Shardul Securities Ltd.   | 7,884              | -           |
|                                    |                           | (108,790)          | -           |
| Interest Paid                      | Shardul Securities Ltd.   | 292,184            | -           |
|                                    |                           | (154,890)          | -           |

(figures in brackets indicates figures of previous year)

**(G)** In the opinion of the management, there are no reportable segments.

**(H) Deferred Tax**

The deferred tax Liability as at March 31,2008 is on account of timing difference of depreciation on Fixed Assets is Rs.18,677.

**(I) Payment to Auditors**

|                  | Rupees<br>Current Year | Rupees<br>Previous Year |
|------------------|------------------------|-------------------------|
| Audit Fees       | 5,000                  | 5,000                   |
| Add: Service Tax | 618                    | 612                     |
| <b>TOTAL</b>     | <b>5,618</b>           | <b>5,612</b>            |

**(K) Directors Remuneration :**

During the year the Company has not paid any remuneration to Directors.

**(L) Quantitative Information :**

|                     | As at 31.03.08 |       | As at 31.03.07 |               |
|---------------------|----------------|-------|----------------|---------------|
|                     | Quantity       | Value | Quantity       | Value         |
| <b>Commodities:</b> |                |       |                |               |
| <b>Purchase</b>     | -              | -     | 6,804,940.00   | 7,202,436,263 |
| <b>Sale</b>         | -              | -     | 6,804,940.00   | 7,201,848,150 |

As per our attached report of even date  
For **Rajen Damani & Associates**  
Chartered Accountants

**Vikas N Mehta**  
Partner  
Membership No. : 043754  
Place : Mumbai,  
Dated : 25<sup>th</sup> June, 2008

For and on behalf of the Board  
**R. Sundaresan** : Director  
**Gyandeo Chaturvedi** : Director  
**Suresh Chaturvedi** : Director

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

|                    |                       |            |    |
|--------------------|-----------------------|------------|----|
| Registration No.   | U51100MH2006PLC160106 | State Code | 11 |
| Balance Sheet Date | 31/03/2008            |            |    |

**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 | 5019 | Total Assets | 5019 |
|-------------------|------|--------------|------|

**SOURCES OF FUNDS**

|                 |      |                   |    |
|-----------------|------|-------------------|----|
| Paid up Capital | 5000 | Reserve & Surplus | 0  |
| Secured Loans   | Nil  | Deffered Tax      | 19 |
| Unsecured Loans | 0    |                   |    |

**Application of Funds:**

|                    |       |                             |    |
|--------------------|-------|-----------------------------|----|
| Net Fixed Assets   | 77    | Investments                 | 0  |
| Net Current Assets | 3,349 | Miscellaneous Expenditure - | 52 |
| Accumulated losses | 1,540 |                             |    |

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

|                            |        |                   |       |
|----------------------------|--------|-------------------|-------|
| Turnover                   | 329    | Total Expenditure | 576   |
| Loss Before Tax            | (247)  | Loss After Tax    | (248) |
| Earning Per Share (In Rs.) | (0.50) | Dividend rate (%) | Nil   |

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

|                     |                                    |
|---------------------|------------------------------------|
| Item Code No.       | -                                  |
| (ITC Code)          | -                                  |
| Service Description | Broking and Dealing in Commodities |

As per our attached report of even date  
 For **Rajen Damani & Associates**  
 Chartered Accountants

**Vikas N Mehta**  
 Partner  
 Membership No. : 043754  
 Place : Mumbai,  
 Dated : 25<sup>th</sup> June, 2008

For and on behalf of the Board  
**R. Sundaresan** :Director  
**Gyandeo Chaturvedi** :Director  
**Suresh Chaturvedi** :Director

## ANNUAL REPORT 2007-2008

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2008

Amount in Rupees

|  | As at<br>31st March, 2008 | As at<br>31st March, 2007 |           | As At<br>31st March, 2007 |
|--|---------------------------|---------------------------|-----------|---------------------------|
| <b>A Cash flow from operating Activities</b>                 |                           |                           |           |                           |
| Net Loss before tax, Extraordinary<br>and prior period items | (247,058)                 |                           |           | (1,241,758)               |
| Adjustment for :   |                           |                           |           |                           |
| Non cash items   |                           |                           |           |                           |
| Depreciation   | 17,264                    |                           | 11,753    |                           |
| Preliminary Exp.   | 26,000                    | 43,264                    | 26,000    | 37,753                    |
|  | -----                     | -----                     | -----     | -----                     |
| Operating profit before working capital changes              | (203,794)                 |                           |           | (1,204,005)               |
| Adjustment for:  |                           |                           |           |                           |
| Trade Payable  | (5,085,643)               |                           | 5,145,217 |                           |
| Loan & Advances  | (433,368)                 | (5,519,011)               | 3,934,584 | 9,079,801                 |
|  | -----                     | -----                     | -----     | -----                     |
| Cash (used) in/ generated from operations                    | (5,722,805)               |                           |           | 7,875,796                 |
|  | =====                     |                           |           | =====                     |
| <b>B Cash flow from investment activities</b>                |                           |                           |           |                           |
| Purchase of fixed assets                                     | -                         |                           | (106,500) |                           |
| Preliminary Expenses paid                                    | -                         |                           | -         |                           |
|  | -----                     | -----                     | -----     | -----                     |
| Net Cash (used) in investment activities                     | -                         |                           |           | (106,500)                 |
|  | =====                     |                           |           | =====                     |
| <b>C Cash flow from financial activities</b>                 |                           |                           |           |                           |
| Capital received From Holding Company                        |                           |                           | -         | -                         |
|  |                           |                           | -         | -                         |
| Net increase / (decrease) in cash and<br>cash equivalents    | (5,722,805)               |                           |           | 7,769,296                 |
| Cash and cash equivalents as at 1st April 2007               | 8,080,296                 |                           |           | 311,000.00                |
| Cash and cash equivalents as at 31st March 2008              | 2,357,491                 |                           |           | 8,080,296                 |

As per our attached report of even date  
For **Rajen Damani & Associates**  
Chartered Accountants

**Vikas N Mehta**  
Partner  
Membership No. : 043754  
Place : Mumbai,  
Dated : 25<sup>th</sup> June, 2008

For and on behalf of the Board  
**R. Sundaresan** : Director  
**Gyandeo Chaturvedi** : Director  
**Suresh Chaturvedi** : Director

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**SHARDUL SECURITIES LIMITED**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**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"), **SHRIYAM BROKING INTERMEDIARY LIMITED** ("the subsidiary") and **SHARDUL COMMODITIES INTERNATIONAL LIMITED** ("the subsidiary") as at 31<sup>st</sup> March, 2008 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, read with note C of Schedule P Accounting Policies and Notes to Consolidated Accounts.

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, and its subsidiaries, 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 31<sup>st</sup> March, 2008;
- 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 & ASSOCIATES**  
Chartered Accountants

Place : Mumbai  
Dated: 25<sup>th</sup> June, 2008

**Rajen .J. Damani**  
(PARTNER)  
Membership No:034375

## ANNUAL REPORT 2007-2008

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2008

(Rs. in Lacs)

|   | Schedule | As at<br>31st March, 2008 |           | As at<br>31st March, 2007 |           |
|---|----------|---------------------------|-----------|---------------------------|-----------|
| <b>I. SOURCES OF FUNDS</b>                                      |          |                           |           |                           |           |
| <b>1 Shareholders Fund</b>                                      |          |                           |           |                           |           |
| Share Capital   | A        | 1,749.84                  |           | 1,749.84                  |           |
| Reserves and Surplus  | B        | 10,801.33                 | 12,551.17 | 7,397.86                  | 9,147.70  |
| <b>2 Deferred Tax Liability</b>                                 |          |                           | 239.77    |                           | 239.86    |
| <b>3 Loan Funds</b>   |          |                           |           |                           |           |
| Secured Loans   | C        |                           | -         |                           | 2,758.40  |
| Total   |          |                           | 12,790.94 |                           | 12,145.96 |
| <b>II APPLICATIONS OF FUNDS</b>                                 |          |                           |           |                           |           |
| <b>1 Fixed Assets</b>   |          |                           |           |                           |           |
| Gross Block   | D        | 1,763.52                  |           | 1,717.04                  |           |
| Less: Depreciation  |          | 349.41                    |           | 296.37                    |           |
| Capital Work-in-Progress  |          | 1,414.11                  |           | 1,420.67                  |           |
|   |          | 52.15                     |           | 31.33                     |           |
| Net Block   |          |                           | 1,466.26  |                           | 1,452.00  |
| <b>2 Investments</b>  | E        |                           | 4,159.30  |                           | 3,197.32  |
| <b>3 Current Assets, Loans and Advances</b>                     |          |                           |           |                           |           |
| Current Assets:   | F        |                           |           |                           |           |
| Stock in Trade  |          | 590.29                    |           | 1,885.34                  |           |
| Sundry Debtors  |          | 57.75                     |           | 4,250.94                  |           |
| Cash and Bank Balances  |          | 3,701.73                  |           | 2,642.49                  |           |
| Loans and Advances  | G        | 4,164.54                  |           | 3,211.45                  |           |
|   |          | 8,514.31                  |           | 11,990.22                 |           |
| <b>Less: Current Liabilities &amp; Provisions</b>               |          |                           |           |                           |           |
| Current Liabilities   | H        | 1,144.72                  |           | 4,289.63                  |           |
| Provisions  | I        | 204.73                    |           | 204.73                    |           |
|   |          | 1,349.45                  |           | 4,494.36                  |           |
| Net Current Assets  |          |                           | 7,164.86  |                           | 7,495.86  |
| <b>4 Miscellaneous Expenditure</b>                              | J        |                           | 0.52      |                           | 0.78      |
| <b>Total</b>  |          |                           | 12,790.94 |                           | 12,145.96 |
| <b>Significant accounting policies &amp; Notes to Accounts.</b> | P        |                           |           |                           |           |

As per our report of even date

For and on behalf of the Board

For **Rajen Damani & Associates**  
Chartered Accountants**Rajen J. Damani**  
Partner  
M. No. 034375

|                           |                            |
|---------------------------|----------------------------|
| <b>Devesh Chaturvedi</b>  | - Chairman                 |
| <b>Dr. V.C. Shah</b>      | - Director                 |
| <b>Bhupendra Shroff</b>   | - Director                 |
| <b>Kantilal Shah</b>      | - Director                 |
| <b>Charul Abuwala</b>     | - Director                 |
| <b>Gyandeo Chaturvedi</b> | - Director                 |
| <b>R. Sundaresan</b>      | - Executive Director & CEO |
| <b>Naveen Chaturvedi</b>  | - Executive Director & CFO |
| <b>Monika Agarwal</b>     | - Company Secretary        |

Mumbai, Dated 25<sup>th</sup> June, 2008.

**CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008**

(Rs. in Lacs)

|   | Schedule | 2007-2008       | 2006-2007       |
|---|----------|-----------------|-----------------|
| <b>INCOME</b>   |          |                 |                 |
| Income from Operations  | K        | 3,636.22        | 1,797.90        |
| Income from Investment  | L        | 873.13          | 1,664.37        |
| Other Income  | M        | 2,278.90        | 488.33          |
|   |          | <b>6,788.25</b> | <b>3,950.60</b> |
| <b>EXPENDITURE</b>  |          |                 |                 |
| Administrative Expenses   | N        | 1,349.25        | 762.58          |
| Interest & Financial Charges  |          | 1,343.27        | 754.29          |
| Depreciation  |          | 53.04           | 49.81           |
| Miscellaneous Expenditure Written Off   | O        | 0.26            | 0.26            |
|   |          | <b>2,745.82</b> | <b>1,566.94</b> |
| <b>Profit before Taxation</b>   |          | <b>4,042.43</b> | <b>2,383.66</b> |
| Provision for Taxation:   |          |                 |                 |
| Current   |          | 430.00          | 415.00          |
| FBT   |          | 7.42            | 7.82            |
| Deferred  |          | (0.09)          | 15.21           |
|   |          | <b>437.33</b>   | <b>438.03</b>   |
| <b>Profit after Taxation</b>  |          | <b>3,605.10</b> | <b>1,945.63</b> |
| Prior period adjustment (Net)   |          | 2.47            | 2.49            |
| Adjustment of Taxation for earlier years  |          | 0.63            | 1.10            |
| <b>Profit after prior period adjustment</b>   |          | <b>3,608.20</b> | <b>1,949.22</b> |
| Surplus brought forward from previous year  |          | 3,640.48        | 2,120.02        |
|   |          | <b>7,248.68</b> | <b>4,069.24</b> |
| <b>APPROPRIATIONS</b>   |          |                 |                 |
| Proposed Dividend Equity Shares   |          | 174.99          | 174.99          |
| Dividend Tax  |          | 29.74           | 29.74           |
| Transferred to Statutory Reserve Fund (as per RBI Guidelines)   |          | 584.10          | 224.03          |
| Balance carried to Balance Sheet  |          | 6,459.85        | 3,640.48        |
|   |          | <b>7,248.68</b> | <b>4,069.24</b> |
| <b>Basic and diluted earning per equity share of Rs.10/- each (in Rupees)</b><br>(Refer Note no. 2(C) of Schedule "P" Notes on Account) |          | <b>20.62</b>    | <b>11.14</b>    |

**Significant accounting policies & Notes to Accounts.**

P

As per our report of even date

For and on behalf of the Board

**For Rajen Damani & Associates**

Chartered Accountants

**Rajen J. Damani**  
 Partner  
 M. No. 034375

**Devesh Chaturvedi** - Chairman  
**Dr. V.C. Shah** - Director  
**Bhupendra Shroff** - Director  
**Kantilal Shah** - Director  
**Charul Abuwala** - Director  
**Gyandeo Chaturvedi** - Director  
**R. Sundaresan** - Executive Director & CEO  
**Naveen Chaturvedi** - Executive Director & CFO  
**Monika Agarwal** - Company Secretary
Mumbai, Dated 25<sup>th</sup> June, 2008.

## ANNUAL REPORT 2007-2008

## SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

|   | (Rs. in Lacs)             |                           |
|---|---------------------------|---------------------------|
|   | As at<br>31st March, 2008 | As at<br>31st March, 2007 |
| <b>SCHEDULE 'A'</b>   |                           |                           |
| <b>Share Capital</b>  |                           |                           |
| <b>Authorised</b>   |                           |                           |
| 10,00,00,000 Equity Shares of Rs 10/- each  | 10,000.00                 | 2,000.00                  |
| (previous year 2,00,00,000 Equity Shares of Rs.10/- each and 10,00,000 Cumulative Redeemable Preference Shares of Rs. 100/- Each) | -                         | 1,000.00                  |
|   | <u>10,000.00</u>          | <u>3,000.00</u>           |
| <b>Issued, Subscribed and Paid up</b>   |                           |                           |
| 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>           |
| <b>SCHEDULE 'B'</b>   |                           |                           |
| <b>Reserves &amp; Surplus</b>   |                           |                           |
| 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   | 785.91                    | 561.88                    |
| Add: Transfer from Profit & Loss Account  | 584.10                    | 224.03                    |
|   | <u>1,370.01</u>           | <u>785.91</u>             |
| Profit and Loss Account   | 6,459.85                  | 3,640.48                  |
|   | <u>10,801.33</u>          | <u>7,397.86</u>           |
| <b>SCHEDULE 'C'</b>   |                           |                           |
| <b>Secured Loans</b>  |                           |                           |
| From Corporate Body<br>(Secured against pledge of Shares held as Stock in trade)  | -                         | 2,144.68                  |
| From Corporate Body<br>(Secured against pledge of shares belonging to company and its associates Companies)                       | -                         | 613.72                    |
|   | <u>-</u>                  | <u>2,758.40</u>           |

## SCHEDULE 'D' : FIXED ASSETS

(Rs. in Lacs)

| Description of Assets | Gross Block         |              |                            | Depreciation       |                    |                 |                            | Net Block         |                    |                    |  |
|-----------------------|---------------------|--------------|----------------------------|--------------------|--------------------|-----------------|----------------------------|-------------------|--------------------|--------------------|--|
|                       | As at<br>01/04/2007 | Additions    | Deductions<br>/Written off | As at<br>31/3/2008 | Up to<br>31/3/2007 | For the<br>Year | Deductions<br>/Written off | Upto<br>31/3/2008 | As at<br>31/3/2008 | As at<br>31/3/2007 |  |
| <b>A Owned Assets</b> |                     |              |                            |                    |                    |                 |                            |                   |                    |                    |  |
| Stock Exchange Cards  | 175.50              |              |                            | 175.50             |                    |                 |                            |                   | 175.50             | 175.50             |  |
| Office Premises       | 1135.43             |              |                            | 1135.43            | 129.24             | 18.56           |                            | 147.80            | 987.63             | 1,006.19           |  |
| Computers             | 74.66               | 4.67         |                            | 79.33              | 48.52              | 11.91           |                            | 60.43             | 18.90              | 26.14              |  |
| Furniture & Fixtures  | 189.13              | 3.44         |                            | 192.57             | 71.52              | 12.11           |                            | 83.63             | 108.94             | 117.61             |  |
| Vehicles              | 54.67               | 36.78        |                            | 91.45              | 26.44              | 6.23            |                            | 32.67             | 58.78              | 28.23              |  |
| Plant & machinery     | 87.65               | 1.59         |                            | 89.24              | 20.65              | 4.23            |                            | 24.88             | 64.36              | 67.00              |  |
| <b>Total</b>          | <b>1717.04</b>      | <b>46.48</b> | <b>-</b>                   | <b>1763.52</b>     | <b>296.37</b>      | <b>53.04</b>    | <b>-</b>                   | <b>349.41</b>     | <b>1414.11</b>     | <b>1420.67</b>     |  |
| CWIP                  | 0.00                |              |                            | -                  |                    |                 |                            |                   | 52.15              | 31.33              |  |
| <b>Grand Total</b>    | <b>1717.04</b>      | <b>46.48</b> | <b>-</b>                   | <b>1763.52</b>     | <b>296.37</b>      | <b>53.04</b>    | <b>-</b>                   | <b>349.41</b>     | <b>1466.26</b>     | <b>1452.00</b>     |  |
| Previous Year         | 1693.45             | 23.59        | -                          | 1717.04            | 246.56             | 49.81           | -                          | 296.37            | 1,452.00           |                    |  |

## 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.

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

|   | As at<br>31st March, 2008 | As at<br>31st March, 2007 |
|---|---------------------------|---------------------------|
| <b>SCHEDULE 'E'</b>   |                           |                           |
| <b>Investments</b>  |                           |                           |
| In A to Z Broking Services Pvt. Ltd.  | 95.48                     | 95.48                     |
| In Antique Stock Broking Ltd  | 988.00                    | -                         |
| In Antique Finance & Investment Pvt Ltd   | 78.13                     | -                         |
| In Others   | 2,997.69                  | 3,101.84                  |
|   | <u>4,159.30</u>           | <u>3,197.32</u>           |
| <b>SCHEDULE 'F'</b>   |                           |                           |
| <b>Current Assets</b>   |                           |                           |
| Stock-in-Trade<br>(Certified and valued by Management)                          | 590.29                    | 1,885.34                  |
| Sundry Debtors<br>(Unsecured, Considered good)                                  |                           |                           |
| Outstanding for a period -<br>(a) exceeding six months<br>(b) Other debts       | 57.75                     | 4,250.94                  |
|   | <u>57.75</u>              | 4,250.94                  |
| Cash & Bank Balances  |                           |                           |
| Cash in hand  | 3.15                      | 3.11                      |
| Balance with Scheduled Banks  |                           |                           |
| - In Current Accounts   | 2,549.85                  | 756.11                    |
| - In Fixed Deposit Account  | 1,148.73                  | 1,883.27                  |
|   | <u>3,698.58</u>           | 2,639.38                  |
|   | <u>4,349.77</u>           | <u>8,778.77</u>           |
| <b>SCHEDULE 'G'</b>   |                           |                           |
| <b>Loans and Advances</b> (considered good)                                     |                           |                           |
| Sundry Deposits   | 1,856.05                  | 2,057.27                  |
| Advance Income Tax (net of provisions)  | 2,188.62                  | 48.81                     |
| Loans   | 0.85                      | 954.54                    |
| Advances recoverable in cash or in<br>kind or for value to be received          | 119.02                    | 150.83                    |
|   | <u>4,164.54</u>           | <u>3,211.45</u>           |
| <b>SCHEDULE 'H'</b>   |                           |                           |
| <b>Current Liabilities</b>  |                           |                           |
| Sundry Creditors(Other than SSI)  | 1,007.70                  | 3,933.80                  |
| Unclaimed Dividend**  | 10.32                     | 5.34                      |
| Other Liabilities   | 126.70                    | 350.49                    |
|   | <u>1,144.72</u>           | <u>4,289.63</u>           |
| <b>SCHEDULE 'I'</b>   |                           |                           |
| <b>Provisions</b>   |                           |                           |
| Proposed Dividend on Equity Shares  | 174.99                    | 174.99                    |
| Dividend Tax  | 29.74                     | 29.74                     |
|   | <u>204.73</u>             | <u>204.73</u>             |
| <b>SCHEDULE 'J'</b>   |                           |                           |
| <b>Miscellaneous Expenditure</b><br>(To the extent not written off or adjusted) |                           |                           |
| Preliminary Expenses  | 0.52                      | 0.78                      |
|   | <u>0.52</u>               | <u>0.78</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 BALANCE SHEET

|   | 2007 - 2008 | 2006 - 2007 |
|---|-------------|-------------|
| <b>SCHEDULE 'K'</b>   |             |             |
| <b>Income from Operations</b>   |             |             |
| Interest<br>(Tax deducted at source Rs.59.17 Lacs<br>Previous Year Rs. 93.05 Lacs)                      | 313.37      | 324.63      |
| Professional fees and Advisory Fees<br>(Tax deducted at source Rs.Nil<br>Previous Year Rs. 69.73 Lacs)  | -           | 780.75      |
| Brokerage   | 1,132.66    | 763.94      |
| Profit on dealing in securities (Net)   | 2,190.19    | (71.43)     |
| (includes Rs. 6.17 lacs as Marked to Market loss on<br>Derivatives outstanding position as on 31.03.08) | 3,636.22    | 1,797.89    |
| <b>SCHEDULE 'L'</b>   |             |             |
| <b>Income from Investment</b>   |             |             |
| Profit on sale of investments(Net)  | 873.13      | 1,664.37    |
|   | 873.13      | 1,664.37    |
| <b>SCHEDULE 'M'</b>   |             |             |
| <b>Other Income</b>   |             |             |
| Dividend  |             |             |
| From Investments  | 6.32        | 69.24       |
| From Others   | 2,114.86    | 25.95       |
|   |             | 95.19       |
| Bad debts recovered   | -           | 89.22       |
| Rent and Compensation<br>(Tax deducted at source Rs. 37.26 lacs<br>previous year Rs 26.10 lacs)         | 147.30      | 119.28      |
| Sundry Balance written back   | -           | 175.52      |
| Interest on Income Tax Refund   | 9.44        | -           |
| Miscellaneous Income  | 0.98        | 9.12        |
|   | 2,278.90    | 488.33      |
| <b>SCHEDULE 'N'</b>   |             |             |
| <b>Administrative Expenses</b>  |             |             |
| Payment to Employees  |             |             |
| Salary, Bonus & Allowances  | 106.79      | 115.39      |
| Contribution to Provident & Gratuity fund   | 17.96       | 3.69        |
| Welfare Expenses  | 9.53        | 20.18       |
|   |             | 139.26      |
| Professional and Other Service Charges  | 309.11      | 118.40      |
| Transaction Charges   | 52.56       | 42.40       |
| Stamp duty and Revenue Charges  | 119.93      | 71.86       |
| Telephone & Lease line charges.   | 16.53       | 16.44       |
| Membership and Subscriptions  | 16.90       | 14.32       |
| Rent, Rates,Taxes & Hire Charges  | 40.88       | 16.25       |
| Postage and Telegrams   | 3.12        | 3.16        |
| Penalty Charges   | 0.44        | -           |
| Business Promotion  | 27.68       | 11.27       |
| Repairs & Maintenance   | 11.39       | 18.76       |
| Printing & Stationery   | 18.77       | 11.15       |
| Payment to Auditors   | 3.55        | 3.05        |
| Directors Sitting Fees  | 3.74        | 1.72        |
| Travelling & Conveyance:  |             |             |
| Foreign Travelling  | 5.36        | 18.36       |
| Others  | 12.24       | 9.64        |
| Sundry Balances written off   | 3.08        | -           |
| Electricity Charges   | 7.00        | 5.74        |
| Donations   | 137.12      | 63.71       |
| ROC Filling Fees  | 35.07       | 0.03        |
| Securities Transaction Tax paid   | 373.80      | 176.68      |
| Miscellaneous Expenses  | 16.70       | 20.38       |
|   | 1,349.25    | 762.58      |
| <b>SCHEDULE 'O'</b>   |             |             |
| <b>Miscellaneous Expenditure written off</b>  |             |             |
| Preliminary Expenses  | 0.26        | 0.26        |
|   | 0.26        | 0.26        |

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

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

- i) The financial statements of the Company and its subsidiary companies 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, Shriyam Broking Intermediary Limited and Shardul Commodities International 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. The Company and its subsidiary have invested in Antique Stock Broking Ltd and Antique Finance & Investment Pvt. Ltd (Antique Group), a well established profit making company, in the end of January 2008. The Company holds 31.25 % stake in Antique Group, which is shown as an Investment in the financial statements. In view of the association of the Company with Antique Group for just over two months and being the initial period, our share of income shall not be material; hence the financial reporting will be considered in the next financial year.

**D. Earning per Share**

|  | <b>2007-2008</b> | 2006-2007 |
|--|------------------|-----------|
| i) Net Profit after tax available for Equity Shareholders (Rs. in lacs)                | <b>3608.20</b>   | 1949.22   |
| ii) Weighted average of number of Equity Shares outstanding during the year (in lacs). | <b>174.98</b>    | 174.98    |
| iii) Basic and Diluted Earnings per share of Rs.10/- each (in Rs.)                     | <b>20.62</b>     | 11.14     |

**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 Commodities Intermediary Pvt. Ltd.
  - Antique Stock Broking Limited

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- Antique Finance & Investment Pvt. Ltd.
- ii) Key Managerial Personnel
- Shri R. Sundaresan - Executive Director & Director (Subsidiary)
- Shri Naveen Chaturvedi - Executive Director & CFO
- Shri Yogendra Chaturvedi - Director (Subsidiary)
- iii) Transactions during the year with related parties. Reimbursement of expenses has not been treated as related party transactions.

| Nature of Transaction                         | (Rs. in lacs)  |                          |                |
|---|----------------|--------------------------|----------------|
|   | Associates     | Key Management Personnel | Total          |
|   | Amount in Lacs | Amount in Lacs           | Amount in Lacs |
| <b>Investment:</b>                            |                |                          |                |
| Made during the year                          | 1066.13        | —                        | 1066.13        |
|   | (—)            | (—)                      | (—)            |
| Balance as at 31.03.08                        | 1161.61        | —                        | 1161.61        |
|   | (95.48)        | (—)                      | (95.48)        |
| <b>Sundry Creditors:</b>                      |                |                          |                |
| As at 31.03.08                                | —              | —                        | —              |
|   | (67.74)        | (—)                      | (67.74)        |
| <b>Loans advances and Deposit to :</b>        |                |                          |                |
| Given during the year                         | 25.00          | —                        | 25.00          |
| (Application Money)                           | (—)            | (—)                      | (—)            |
| Return During the year                        | 250.00         | —                        | 250.00         |
|   | (350.00)       | (—)                      | (350.00)       |
| Balance as at 31.03.08.                       | 225            | —                        | 225            |
| (Including application money)                 | (450.00)       | (—)                      | (450.00)       |
| <b>Payment for Remuneration and services:</b> |                |                          |                |
| Paid during the year                          | —              | 17.30                    | 17.30          |
|   | (—)            | (11.80)                  | (11.80)        |
| <b>Income Brokerages:</b>                     |                |                          |                |
| Received during the year                      | 7.20           | —                        | 7.20           |
|   | (24.42)        | (—)                      | (24.42)        |

(Figure in brackets indicates figure of previous year)

Significant related party transactions during the year:

- i) Investment Made during the year includes Rs 988 lacs in Antique Stock Broking Limited and Rs 78.13 lacs in Antique Finance & Investment Pvt. Ltd.
- ii) Deposit return during the year includes Rs 150 lacs returned to Shriyam Commodities Intermediary Pvt. Ltd. And Rs 100 lacs returned to A to Z Broking Services Pvt. Ltd.
- iii) Payment and provision for remuneration & services to key management personnel includes Rs. 6.50 lacs paid to Shri R. Sundaresan, Rs. 6.50 lacs paid to Mr Naveen Chaturvedi and Rs. 4.30 lacs paid to Shri Yogendra Chaturvedi.
- iv) Brokerage received includes Rs. 3.70 lacs received from A to Z Broking Services Pvt. Ltd., Rs. 1.69 lacs received from Pradeep Sandeep Trading & Investments Pvt. Ltd and Rs. 1.81 received from Shriyam Commodities Intermediary Pvt. Ltd
- 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     |
| <b>Revenue</b> |                                    |           |             |           |
| External       | 5188.86                            | 1599.39   | -           | 6788.25   |
|                | (2500.14)                          | (1450.46) | -           | (3950.60) |
| Inter Segment  | -65.85                             | 65.85     | -           | -         |
|                | (-121.52)                          | (121.52)  | (-)         | (-)       |
| Total          | 5123.01                            | 1665.24   | -           | 6788.25   |
|                | (2378.62)                          | (1571.98) | (-)         | (3950.60) |
| <b>Result</b>  |                                    |           |             |           |


**SHARDUL  
SECURITIES LIMITED - CONSOLIDATED**

|  |           |           |            |
|--|-----------|-----------|------------|
| Segment Result (Before Tax)                | 3102.61   | 939.82    | 4042.43    |
| Provision for Tax                          | (1400.08) | (983.58)  | (2383.66)  |
| Profit after Tax                           |           |           | 437.33     |
|  |           |           | (438.03)   |
|  |           |           | 3605.10    |
|  |           |           | (1945.63)  |
| <b>Other Information</b>                   |           |           |            |
| Segment Assets                             | 9054.93   | 5084.94   | 14139.87   |
|  | (8600.55) | (8038.99) | (16639.54) |
| Segment Liabilities                        | 540.53    | 1049.21   | 1589.74    |
|  | (3452.87) | (4040.55) | (7493.42)  |
| Capital Expenditure                        | 55.68     | 11.62     | 67.30      |
|  | (34.53)   | (9.81)    | (44.34)    |
| Depreciation                               | 39.60     | 13.44     | 53.04      |
|  | (37.49)   | (12.32)   | (49.81)    |
| Non-cash expenses other than depreciation. | —         | 0.26      | 0.26       |
|  | (—)       | (0.26)    | (0.26)     |

**Notes :**

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

**G. Deferred Tax**

- i) The break-up of deferred tax Liability as at March 31, 2008 is as under :

|  | Current Year       |                        | Previous Year       |                        |
|--|--------------------|------------------------|---------------------|------------------------|
|  | Deferred Tax Asset | Deferred Tax Liability | Deferred Tax Assets | Deferred Tax Liability |
| Timing Differences on account of :<br>Fixed Assets | —                  | 239.77                 | —                   | 239.86                 |
| <b>Total</b>                                       | —                  | 239.77                 | —                   | 239.86                 |
| <b>Net Deferred Tax Liability.</b>                 |                    | 239.77                 |                     | 239.86                 |

**H. Payments to Auditors :**

|  | Current Year | Previous Year |
|--|--------------|---------------|
| Audit Fees                             | 2.75         | 2.25          |
| Tax Audit Fees                         | 0.50         | 0.50          |
| Certification Charges & Other capacity | 0.30         | 0.30          |
| <b>TOTAL</b>                           | 3.55         | 3.05          |

- I. The announcement of the Institute of Chartered Accountants of India regarding Accounting for Derivatives is applicable to the period ending March 2008, accordingly the company has followed the said announcement and provided Rs 6.17 lacs as mark to market loss on account of loss in outstanding future contracts in respect of securities.

**J. Directors Remuneration :**

Salary to Executive Directors as under :-

|                          | Current Year | Previous Year |
|--------------------------|--------------|---------------|
| Shri R. Sundaresan       | 6.50         | 6.50          |
| Shri Naveen Chaturvedi   | 6.50         | 1.25          |
| Shri Yogendra Chaturvedi | 4.30         | 4.05          |

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, 2008.

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

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

|                             |   |  |
|-----------------------------|---|--|
| Name of the subsidiaries    | - | <b>Shriyam Broking Intermediary Limited</b>      |
| Country of Incorporation    | - | <b>India</b>                                     |
| Proportion of ownership     |   |  |
| Interest (with its nominee) | - | <b>100%</b>                                      |
| Name of the subsidiaries    | - | <b>Shardul Commodities International Limited</b> |
| Country of Incorporation    | - | <b>India</b>                                     |
| Proportion of ownership     |   |  |
| Interest (with its nominee) | - | <b>100%</b>                                      |

M. **Contingent Liabilities:**

|   |                  | Rs. in Lac       |
|---|------------------|------------------|
| Particulars   | As at 31.03.2007 | As at 31.03.2006 |
| Allotment money & Calls unpaid on partly paid shares / Debentures     | <b>2.19</b>      | 2.19             |
| Capital Commitment  | <b>6.18</b>      | 28.05            |
| Bank Guarantees Outstanding   | <b>1215.00</b>   | 2090.00          |
| Income Tax Demand for A.Y. 03-04 (the appeal is pending with CIT (A)) | <b>9.19</b>      | 9.19             |
| SEBI turnover fees (the appeal is pending with Supreme Court)         | <b>18.83</b>     | 18.83            |
| Stamp Duty from 2005 to 2007(with stamp duty officer)                 | <b>297.63</b>    | 0                |

As per our report of even date

For and on behalf of the Board

**For Rajen Damani & Associates**  
Chartered Accountants

**Rajen J. Damani**  
Partner  
M. No. 034375

|                           |                            |
|---------------------------|----------------------------|
| <b>Devesh Chaturvedi</b>  | - Chairman                 |
| <b>Dr. V.C. Shah</b>      | - Director                 |
| <b>Bhupendra Shroff</b>   | - Director                 |
| <b>Kantilal Shah</b>      | - Director                 |
| <b>Charul Abuwala</b>     | - Director                 |
| <b>Gyandeo Chaturvedi</b> | - Director                 |
| <b>R. Sundaresan</b>      | - Executive Director & CEO |
| <b>Naveen Chaturvedi</b>  | - Executive Director & CFO |
| <b>Monika Agarwal</b>     | - Company Secretary        |

Mumbai, Dated 25<sup>th</sup> June, 2008.


**SHARDUL  
SECURITIES LIMITED - CONSOLIDATED**
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2007**

|  | As at            |                   | As at            |                   |
|--|------------------|-------------------|------------------|-------------------|
|  | 31st March, 2007 |                   | 31st March, 2006 |                   |
| (Rs. in Lacs)  |                  |                   |                  |                   |
| <b>A. Cash Flow from operating activities</b>                              |                  |                   |                  |                   |
| Net Profit before tax, Extraordinary and prior period items                |                  | 4,042.43          |                  | 2,383.66          |
| Adjustments for:   |                  |                   |                  |                   |
| Non cash Items   |                  |                   |                  |                   |
| Depreciation   | 53.04            |                   | 49.81            |                   |
| Miscellaneous Expenditure w/off  | 0.26             | 53.30             | 0.26             | 50.07             |
| Profit on sale of Investments  |                  | (873.13)          |                  | (1,664.37)        |
| Dividend received on investments   |                  | (6.32)            |                  | (69.24)           |
|  |                  | (826.15)          |                  | (1,683.54)        |
| <b>Operating Profit before working capital changes</b>                     |                  | <b>3,216.28</b>   |                  | <b>700.12</b>     |
| Adjustments for:   |                  |                   |                  |                   |
| Trade & Receivables  |                  | 4,193.19          |                  | 297,976.92        |
| Inventories  |                  | 1,295.05          |                  | 1,220.29          |
| Trade Payable  |                  | (3,144.91)        |                  | (322,214.47)      |
| Loans & Advances   |                  | (953.09)          |                  | 23,550.59         |
|  |                  | 1,390.24          |                  | 533.33            |
| <b>Cash generated from / (used) in operations</b>                          |                  | <b>4,606.52</b>   |                  | <b>1,233.45</b>   |
| Direct Taxes paid  |                  | (437.42)          |                  | (422.82)          |
| <b>Cash inflow / (outflow) before extraordinary and prior period items</b> |                  | <b>4,169.10</b>   |                  | <b>810.63</b>     |
| Extraordinary and prior period items                                       |                  | 3.10              |                  | 3.59              |
| <b>Net cash from operation / (used) in activities</b>                      |                  | <b>4,172.20</b>   |                  | <b>814.22</b>     |
| <b>B. Cash flow from investing activities</b>                              |                  |                   |                  |                   |
| Purchase of fixed assets (including capital work-in-progress)              |                  | (67.30)           |                  | (44.34)           |
| Sale of fixed assets   |                  | -                 |                  | -                 |
| Purchase of investments  |                  | (24,847.22)       |                  | (18,744.32)       |
| Sale of investments  |                  | 24,758.37         |                  | 21,982.44         |
| Preliminary Expenses incurred  |                  | -                 |                  | -                 |
| Dividend received on investments   |                  | 6.32              |                  | 69.24             |
| <b>Net cash (used) in investing activities</b>                             |                  | <b>(149.83)</b>   |                  | <b>3,263.02</b>   |
| <b>C. Cash flow from financing activities</b>                              |                  |                   |                  |                   |
| Dividend paid on Equity Shares including tax                               |                  | (204.73)          |                  | (199.53)          |
| Bank borrowing   |                  | -                 |                  | (687.42)          |
| Bank borrowing against stock in trade                                      |                  | -                 |                  | (1,240.35)        |
| Loan from Corporate Body against stock in trade                            |                  | (2,144.68)        |                  | 566.65            |
| Loan from Corporate Bodies   |                  | (613.72)          |                  | (386.28)          |
| Unsecured Loan (ICD)   |                  | -                 |                  | (1,528.46)        |
|  |                  | (2,963.13)        |                  | (3,475.39)        |
| <b>Net cash (used) in / from financing activities</b>                      |                  | <b>(2,963.13)</b> |                  | <b>(3,475.39)</b> |
| <b>Net increase in cash and cash equivalents</b>                           |                  | <b>1,059.24</b>   |                  | <b>601.85</b>     |
| <b>Cash and cash equivalents as at 1st April 2007</b>                      |                  | <b>2,642.49</b>   |                  | <b>2,040.63</b>   |
| <b>Cash and cash equivalents as at 31st March 2008</b>                     |                  | <b>3,701.73</b>   |                  | <b>2,642.49</b>   |

As per our report of even date

For and on behalf of the Board

**For Rajen Damani & Associates**  
Chartered Accountants

**Rajen J. Damani**  
Partner  
M. No. 034375

|                           |                            |
|---------------------------|----------------------------|
| <b>Devesh Chaturvedi</b>  | - Chairman                 |
| <b>Dr. V.C. Shah</b>      | - Director                 |
| <b>Bhupendra Shroff</b>   | - Director                 |
| <b>Kantilal Shah</b>      | - Director                 |
| <b>Charul Abuwala</b>     | - Director                 |
| <b>Gyandeo Chaturvedi</b> | - Director                 |
| <b>R. Sundaresan</b>      | - Executive Director & CEO |
| <b>Naveen Chaturvedi</b>  | - Executive Director & CFO |
| <b>Monika Agarwal</b>     | - Company Secretary        |

Mumbai, Dated 25<sup>th</sup> June, 2008.



**SHARDUL SECURITIES LIMITED**  
 Registered Office : G-12, 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 **TWENTY THIRD ANNUAL GENERAL MEETING** 715, Tulsiani Chambers, 212 Nariman Point, Mumbai - 400 021 on Saturday 13<sup>th</sup> September 2008 at 11.00 a.m.

\_\_\_\_\_  
 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 : G-12, 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 **TWENTY THIRD ANNUAL GENERAL MEETING** of the Company to be held at Mumbai on Saturday 13<sup>th</sup> September 2008 at 11.00 a.m. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2008.  
 Signed by the said \_\_\_\_\_  
 of \_\_\_\_\_

Affix  
 Rs. 1.00  
 Revenue  
 Stamp

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

BOOK - POST

If undelivered, please return to :  
**Shardul Securities Limited**  
Regd. Office : G-12, Tulsiani Chambers,  
212, Nariman Point, Mumbai - 400 021.

**CRYSTAL** - 022 - 6614 0900