

ANNUAL REPORT 2008-2009

Corporate Governance Report:

Your Company has been practicing the principle 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 One is Whole-Time (Executive) Director and Seven Non-Executive Directors. The Company does have a non-executive Chairman and the Board already consists of Five Independent Directors. Designation of Mr Naveen Chaturvedi a Executive Director and CFO of the Company has been changed to Non-Executive Director with effect from July 31, 2008. 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. Naveen Chaturvedi	Non Executive Director	Non Independent Director
8	Mr. R Sundaresan	Executive Director and CEO	Whole time Director

Board Meetings: -

The Board of Directors of the Company met Six times during financial year ended 31st March 2009. The Board Meetings were held on 7th May 2008, 25th June 2008, 29th July 2008, 13th September 2008, 24th October 2008, and 28th January 2009. The Annual General Meeting of the Company was held on 13th September 2008 at 715, Tulsiani Chambers, 212 Nariman Point, Mumbai – 400021.

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 (excluding Directorship in Pvt. Co's)	Committee Memberships	Committee Chairmanships
Mr.Devesh Chaturvedi	CH	5	Yes	—	—	—
Dr.V.C. Shah	NED	6	Yes	4	5	3
Mr.Bhupendra K. Shroff	NED	6	Yes	2	4	3
Mr.R. Sundaresan	ED	6	Yes	2	2	—
Mr Kantilal Shah	NED	6	Yes	1	1	—
Mr. Charul Abuwala	NED	4	Yes	—	—	—
Mr. Gyandeo Chaturvedi	NED	6	Yes	1	2	1
Mr Naveen Chaturvedi	*NED	6	Yes	1	—	—

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

*Designation of Mr Naveen Chaturvedi a Executive Director of the Company has been changed to Non-Executive Director w-e-f July 31, 2008

**This includes the Chairmanship/Membership only in Audit Committee and the Shareholder's/Investors Grievance Committee

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

Mr. Kantilal Shah, aged 76 years, a practicing Chartered Accountant. He is a Director in Jain Sahakari Bank Ltd (co operative bank) He is a Member of Audit Committee of the Company.

Mr. Charul Abuwala , aged 47 years, an Advocate and having vast experience in legal field.

Mr R.Sundaresan aged 64 years M.Sc, MBA, CAIIB was re-appointed as Whole time Director on 16th June 2009. Mr R.Sundaresan is having vast experience in Financial, Banking and Corporate Advisory Sector. He holds Directorship in Shriyam Broking Intermediary Limited and Shardul Commodities International Limited.

- **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 effected 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. Gyandeo Chaturvedi	Member	Non Executive Independent Director
3	Mr. R Sundaresan	Member	Executive Director

The Board has designated Ms.Monika Agarwal, Company Secretary as the Compliance Officer

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 44.

The Shares held by Non Executive Directors as on 31.03.2009 are given below:

Sr No.	Name of the Director	Status	No of Shares	% Holding
1	Mr. Devesh D Chaturvedi	Non Executive Chairman.	1808604	10.34
2	Dr. V.C. Shah	Non Executive Director	Nil	-
3	Mr. Bhupendra K. Shroff	Non Executive Director	400	-
4	Mr. Kantilal Shah	Non Executive Director	Nil	-
5	Mr. Charul Abuwala	Non Executive Director	Nil	-
6	Mr. Gyandeo Chaturvedi	Non Executive Director	400	-
7	*Mr Naveen Chaturvedi	Non Executive Director	Nil	-

* Designation of Mr Naveen Chaturvedi a Executive Director of the Company has been changed to Non-Executive Director w-e-f July 31, 2008

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

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.

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- 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 2008-2009, the Committee met five times. The Committee Meetings were held on 7th May 2008, 25th June 2008, 29th July 2008, 24th October 2008, and 28th January 2009. The attendance of each Member of the Committee is given below: -

Sr No.	Name of Director	No. of Meeting attended
1	Mr. Gyandeo Chaturvedi	5
2	Mr. Kantilal M Shah	5
3	Mr. Bhupendra Shroff	5
4	Mr. R Sundaresan	5

• 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	50,000
Mr. V.C. Shah	NIL	60,000
Mr. Bhupendra K Shroff	NIL	79,000
Mr. Kantilal M Shah	NIL	65,000
Mr Charul Abuwala	NIL	40,000
Mr. Gyandeo Chaturvedi	NIL	79,000
Mr. R Sundaresan	6,50,000	NIL
*Mr Naveen Chaturvedi	2,02,000	30,000
Total	8,52,000	4,03,000

*Designation of Mr Naveen Chaturvedi a Executive Director of the Company has been changed to Non-Executive Director w-e-f July 31, 2008

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 "O" of the Balance Sheet "Notes on Accounts".

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5. 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

6. 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.

7. 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.

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 31st March, 2009.

Place : Mumbai

Date : 23rd June, 2009

R Sundaresan

Executive Director

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GENERAL SHAREHOLDER INFORMATION

1. Annual General Meeting:

Date & Time : 02nd September 2009 at 10 a.m
 Venue : 712-713, Tulsiani Chambers, 212 Nariman Point, Mumbai – 400021

2. Financial Calendar

2009-10

Board Meetings

Results for the quarter ending June 30, 2009
 Results for the quarter ending September 30, 2009
 Results for the quarter ending December 31, 2009
 Results for the year ending 31st March, 2010

Tentative dates

Last week of July, 2009
 Last week of October, 2009
 Last week of January, 2010
 Last week of June, 2010

3. **Book closure dates** : 29th August to 1st September 2009 (both days inclusive) for payment of dividend.

4. **Dividend Payment Date** : On or after 03rd September 2009

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 2009-10.

8. Dematerialisation of shares and Liquidity: -

93% of the Equity Shares have been dematerialized up to 31st March, 2009. Trading in Equity Shares of the Company is permitted only in dematerialized form with effect from 24th July 2000 as per notification issued by the Securities and Exchange Board of India (SEBI). The shares of the company are regularly traded at Mumbai Stock Exchange. Total number of shares traded during the year 2008-09 were 812709 and its value was Rs. 85,923,643/-

9. Stock Code: -

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

10. Distribution of Shareholding and Shareholding Pattern as on 31st March 2009: -

I) The Distribution of Shareholding as on 31st March 2009: -

No. of Equity Shares held	Shareholders		Shares held	
	No.	%	No.	%
Up to 500	13030	95.7670	1421701	8.1250
501 – 1000	272	1.9990	224413	1.2820
1001-2000	115	0.8450	173072	0.9890
2001-3000	65	0.4780	165378	0.9450
3001-4000	20	0.1470	70597	0.4030
4001-5000	25	0.1840	114774	0.6560
5001-10,000	27	0.1980	200297	1.1450
10,001 and above	52	0.3820	15128201	86.4550
TOTAL	13606	100.00	17498433	100.00

II) Shareholding Pattern as on 31st March 2009: -

Category	No. of Shares	%
Promoters	12262604	70.08
Financial Institutions / Banks / Mutual Funds	-	-
Corporate Bodies	2578918	14.74
Indian Public	2637330	15.07
NRI / OCB	10423	0.06
Others (Share in Transit)	9158	0.05
TOTAL	17498433	100.00

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11. General Body Meetings: -

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

Year	Location	Date	Time
2005-2006	Ashoka Hall, Arcadia, NCPA Marg Nariman Point Mumbai 400 021	05.08.2006	11.00a.m.
2006-2007	Senate Banquet Hall, Status Restaurant, 208, Regent Chambers, Nariman Point, Mumbai 400 021	01.09.2007	12.00 noon
2007-2008	715, Tulsiani Chambers, 212 Nariman Point, Mumbai – 400021	13.09.2008	11.00a.m.

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.	05.08.2006	a) Appointment of Mr. R Sundaresan as Executive Director for a period of three years. b) Deletion of Article 128 and substitution with new Article 128 of the article of association.
2	01.09.2007	a) Appointment of Mr. Naveen Chaturvedi as Executive Director for a period of Five years.
3	13.09.2008	a) Approval for keeping 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 at the company's Registrars and Transfer Agents

iii) No special resolution was passed during the year 2008-09 through postal ballot

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 2008-2009 were as follows:

The Stock Exchange, Mumbai – Code No.512393

Month	Share Price		BSE Sensex	
	High	Low	High	Low
HighLow	High	Low		
April, 2008	191.80	125.70	17,480.74	15,297.96
May, 2008	200.50	145.00	17,735.70	16,196.02
June, 2008	174.75	128.90	16,632.72	13,405.54
July, 2008	131.95	87.55	13,480.02	12,514.02
August, 2008	104.90	70.55	14,064.26	14,002.43
September, 2008	127.05	74.20	14,412.99	12,153.55
October, 2008	82.80	35.65	13,006.72	7,697.39
November, 2008	47.30	30.60	10,209.37	8,316.39
December, 2008	38.00	28.30	9,162.94	8,467.43
January, 2009	44.15	29.85	9,720.55	8,631.60
February, 2009	40.50	26.00	9,340.37	8,619.22
March, 2009	33.70	26.90	10,127.09	8,047.17

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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:

**Link Intime India Private Limited
(Formerly known as Intime Spectrum Registry Limited),**

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.

**Link Intime India Private Limited
(Formerly known as Intime Spectrum Registry Limited)**

203 Davar House, 197/199 D.N Road , Mumbai - 400001

For shares held in demat form:

To the Depository Participant.

15. Compliance officer:

Ms.Monika Agarwal

Tel: 022- 40090500

Fax: 022- 22846585

16. Registrar & Share Transfer Agent

Link Intime India Private Limited

(Formerly known as 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

**Shardul
Securities Limited**

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 31st March, 2009, 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 : 23rd June, 2009**

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

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 31st March 2009 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 "0" 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.

R Sundaresan **Saurabh Chaturvedi**
Chief Executive Officer (CEO) Chief Financial Officer (CFO)
Executive Director

**Place : Mumbai
Date : 23rd June, 2009**