

**SHARDUL**  
**SECURITIES LIMITED**



**24<sup>th</sup>**  
**ANNUAL REPORT**  
**2008 - 2009**

## SHARDUL Securities Limited

### BOARD OF DIRECTORS

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

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<i>Monika Agarwal</i>	- Company Secretary
<i>Saurabh Chaturvedi</i>	- Chief Financial Officer

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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:

*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*  
*E mail: rnt.helpdesk@intimespectrum.com*

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### NOTICE

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of the Members of Shardul Securities Limited will be held on Wednesday, 02<sup>nd</sup> September 2009 at 10 a.m., at 712-713, Tulsiani Chambers, 212 Nariman Point, Mumbai – 400021 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 2009 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 Charul Abuwala, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Kantilal Shah, 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 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** subject to provisions of section 198, 309, 310 and 314 read with schedule XIII and other applicable provisions, if any of the Companies Act, 1956 or any amendment thereof or substitution thereof and in supersession of earlier resolution Mr. R Sundaresan be and is hereby re-appointed as Executive Director of the Company with effect from 16th June 2009 for a period of three years as per the following terms:
  - Remuneration of Rs. 6.50 lacs Per annum with effect from 16<sup>th</sup> June 2009.
  - Employer Contribution to Provident Fund and Gratuity is as per the Company's Policy.
  - The Company will provide the Executive Director a Car with a Driver and telephone. However, provision of car for use on company's business and telephone at residence shall be treated as perquisites as per Income Tax Rules, wherever applicable.

**RESOLVED** further that consent of the Company be and is hereby given to the Board of Directors, or Remuneration Committee to increase at its discretion, the remuneration of Mr. R Sundaresan on 1st of April every year till the completion of his tenure, within the overall limit of remuneration as provided in Schedule XIII of Companies Act, 1956.

#### 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 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.

## Shardul Securities Limited

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8. Members are hereby informed that the Company has transferred to "Investor Education and Protection Fund" of the Central Government all unclaimed Dividends up to Dividend for the Financial Years 2001-02. 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 29<sup>th</sup> August 2009 to 1<sup>st</sup> September 2009 (both days inclusive).
10. The dividend if declare will be paid on and from 3<sup>rd</sup> September 2009 to those shareholders whose names appear on the register of members of the Company as on 28<sup>th</sup> August 2009.
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.
13. 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.
14. 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.
15. 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.
16. 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 : 23<sup>rd</sup> June, 2009**

**R Sundaresan**  
**Executive Director**

**Naveen Chaturvedi**  
**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.6

The present term of office of Mr. R. Sundaresan, Whole-time Director expires on 15<sup>th</sup> June 2009. The Board of Directors at its meeting held on 23<sup>rd</sup> June 2009 approved his re-appointment as Whole-time Director of the Company for a period of three years with effect from 16<sup>th</sup> June 2009 on the terms and conditions including remuneration as set out below, subject to the approval of shareholders of the Company at the Annual General Meeting.

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

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

Remuneration of Mr.R. Sundaresan with effect from 16<sup>th</sup> June 2009 will be as follows :-

- a) Salary : Rs 6,50,000/- per annum.
- b) The Company will provide the Executive Director Car with a Driver and telephone. However, provision of car for use on company's business and telephone at residence shall be treated as perquisites as per Income Tax Rules, wherever applicable.
- c) Company's contribution to Provident Fund and payment of Gratuity shall be as per the Company Rules and Regulations.

Your Directors recommend this Resolution for member's approval.

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

The above explanation may also be taken as an abstract under Section 302 (2) of the Companies Act, 1956

**By Order of the Board of Directors**

**Place : Mumbai**  
**Date : 23<sup>rd</sup> June, 2009**

**R Sundaresan**  
**Executive Director**

**Naveen Chaturvedi**  
**Director**

**Reqd. 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 Fourth Annual Report and the Audited Accounts for the year ended March 31, 2009.

<b>1. Financial Results :</b>		<b>(Rs. in lacs)</b>	
	<b>2008 - 2009</b>	<b>2007 - 2008</b>	
Profit / Loss before Depreciation	<b>(688.09)</b>	<b>3076.36</b>	
<b>Less :</b> Depreciation	<b>41.84</b>	<b>39.60</b>	
	<hr/>	<hr/>	
Profit / Loss before Taxation	<b>(729.93)</b>	<b>3036.76</b>	
<b>Less :</b> Provision for taxation			
Current	-	<b>110.00</b>	
FBT	<b>1.48</b>	<b>6.50</b>	
Deferred	<b>(1.91)</b>	<b>0.40</b>	
Taxation adjustment of previous years (Net)	<b>1.11</b>	<b>(0.63)</b>	
	<hr/>	<hr/>	
Profit / (Loss) after Taxation	<b>(730.61)</b>	<b>2920.49</b>	
<b>Add:</b> Prior Year Adjustments	<b>(1.00)</b>	<b>-</b>	
	<hr/>	<hr/>	
Profit/ (Loss) after Prior Period Adjustments	<b>(731.61)</b>	<b>2920.49</b>	
Surplus / (Deficit) brought forward from previous years	<b>3476.08</b>	<b>1344.42</b>	
	<hr/>	<hr/>	
	<b>2744.47</b>	<b>4264.91</b>	
	<hr/>	<hr/>	
<b>Appropriations:</b>			
Statutory Reserve Fund as per RBI Guidelines	-	<b>584.10</b>	
Proposed Dividend (including dividend tax) on Equity Shares	<b>204.73</b>	<b>204.73</b>	
Balance carried to Balance Sheet	<b>2539.74</b>	<b>3476.08</b>	
	<hr/>	<hr/>	
	<b>2744.47</b>	<b>4264.91</b>	

**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, 2009 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 28<sup>th</sup> August 2009 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 posted a net loss of Rs. 731.61 Lakhs during the year under report as compared to the profits of Rs. 2920.49 Lakhs achieved during previous year on account of adverse market conditions that prevailed during the financial year.

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

The global recession accentuated by the unprecedented failures of international Banks and Financial Institutions affected all the countries like without exception. India also faced the global impact with a slow down in its growth and the GDP that was growing at 8.6% during the previous year is now expected to fall to 6%. The IT industry was the worst hit losing a major share of its overseas business and the restrictive policies of various countries to protect the growing unemployment problems resulted in a steep fall in the growth of BPO activities in India. This had an adverse effect on other industries also like reality, consumer and retail segments. The Capital market witnessed low trading volumes throughout the year besides considerable erosion in the market capitalization due to the fall in stock prices of almost all the companies. The Bombay Stock Exchange Index – Sensex reached a low of 7700 Points from over 20000 points achieved during the previous year.

Foreign Exchange reserves also came down heavily from over US\$ 350 billion to US\$ 230 billions reflecting a huge efflux of funds by foreign investors. Though the inflation rate came down on account of the shift in the base along with a fall in petrol prices due to a slump in demands in the world market, it did not have any significant impact on the actual retail price with the consumer price index continuing to remain high at almost 10%. The Securities market also showed an erratic trend resulting in low volumes of trading and lesser opportunities for trading.

**(iii) Business Review:**

The adverse impact due to steep fall in index and price levels of the Stocks across the spectrum affected the performance of your company during the year. As it curtailed the opportunities for trading apart from squeezing the liquidity due to acute depreciation in value of securities, your company could not sustain the operational levels to generate profits during the year. However as the long term and current investments have been made in value based Companies, your company would be able to redeem the situation once the markets revive with the turn around in the economy.

Keeping in view the market trends as explained, your Company's associate Antique Stock Broking Ltd and Antique Finance Private Limited has achieved encouraging results and maintained a positive trend in its working results.

**(iv) Opportunities and Threats:**

The government of India and Reserve Bank of India have been monitoring the country's economy intensely and have taken measures on the interest rate and liquidity front besides enlarging the scope for capital and developmental expenses. With a more stable political environment after the general

elections, markets are expected to look up providing opportunities for trading. The stimulus in the economy would also help in corporate sector to show better performance, which in turn could improve the market capitalization.

However the global recessionary trends might continue to haunt the financial markets and the uncertainties resulting there from might pose a higher level of risk in capital market activities.

**(v) Segment-wise – Product-wise reporting:**

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

**(vi) Outlook:**

Your company will spare no efforts to improve the profitability and the shareholders' wealth though there is a heavy dependency on the market trend in the equity segment of the capital market. Your company expects the general market conditions to improve and would strive hard to take advantage of the situation as and when opportunities arise.

**(vii) Risks and Concerns:**

Your company's activities which are essentially in the capital market segments is fraught with inherent risk and the downward trend in the growth of global economy resulted in significant erosion in the value of the investment. While all efforts will be made to safeguard further erosion, your company will exercise due caution and care to ensure that all these concerns are addressed while taking future investment decisions.

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

Company has in place adequate internal control measures. The requisite management information system is already in place to take corrective measures when required.

**(ix) Human Resources:**

Your company has adequate 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, etc.

**4. Subsidiaries:**

Ministry of Corporate Affairs, Government of India, vide order No 47/03/2009-CL-III dated January 22, 2009 has granted approval that the requirement to attach various documents in respect of subsidiary companies, as set out in sub-section (1) of the Section 212 of the

Companies Act 1956, shall not apply to the Company. Accordingly, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. Financial information of the subsidiary companies, as required by the said order is disclosed in the Annual Report. The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of subsidiary companies will also be kept open for inspection by any investor at the registered office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements presented by the Company include financial results of its subsidiary companies and associate companies.

With the market conditions being not favorable during the entire year, Shriyam Broking Intermediary Limited a subsidiary of the Company, did reasonably well to stay afloat during the year. The gross income was at Rs.468.31 lakhs as compared to Rs.1664.87 lakhs during the previous year. Profit after tax was at Rs.64.10 lakhs as against Rs.687.72 lakhs during the previous year.

The other subsidiary viz. Shardul Commodities International Ltd had surrendered its trading cum clearing membership of Multi Commodity Exchange Efforts will be made to activate the subsidiary as and when the market situation improves.

**5. 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.

Mr.Saurabh Chaturvedi was appointed as CFO with effect from 1<sup>st</sup> August 2008

In terms of Article 155 of the Articles of Association of the Company, Mr.CharulAbuwala and Mr. Kantilal Shah, Directors retire by rotation and being eligible offer themselves for re-appointment at the Annual General Meeting.

The present term of office of Mr. R. Sundaresan, Whole-time Director expires on 15<sup>th</sup> June 2009. Your Directors at its meeting held on 23<sup>rd</sup> June 2009 approved his re-appointment as Whole-time Director of the Company for a period of three years with effect from 16th June 2009, subject to the approval of shareholders of the Company 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.

**6. Taxation: -**

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

## Shardul Securities Limited

### 7. Donation: -

During the year the Company has not made donation to any Trusts.

### 8. Cashflow :-

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

### 9. 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, 2009, 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 2009 on a 'going concern' basis.

### 10. 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.

### 11. 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.

### 12. 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.

### 13. 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.

### 14. 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 1.06 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.

### 15. Acknowledgment: -

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

For and on behalf of Board

R Sundaresan      Naveen Chaturvedi  
Executive Director      Director

Place : Mumbai  
Dated : 23<sup>rd</sup> June, 2009

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### 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 31<sup>st</sup> March 2009. The Board Meetings were held on 7<sup>th</sup> May 2008, 25<sup>th</sup> June 2008, 29<sup>th</sup> July 2008, 13<sup>th</sup> September 2008, 24<sup>th</sup> October 2008, and 28<sup>th</sup> January 2009. The Annual General Meeting of the Company was held on 13<sup>th</sup> 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

## Shardul Securities Limited

- **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 16<sup>th</sup> 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 7<sup>th</sup> May 2008, 25<sup>th</sup> June 2008, 29<sup>th</sup> July 2008, 24<sup>th</sup> October 2008, and 28<sup>th</sup> 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
<b>Total</b>	<b>8,52,000</b>	<b>4,03,000</b>

\*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".

## Shardul Securities Limited

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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](http://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](http://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 31<sup>st</sup> March, 2009.

Place : Mumbai

Date : 23<sup>rd</sup> June, 2009

**R Sundaresan**

Executive Director

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## GENERAL SHAREHOLDER INFORMATION

**1. Annual General Meeting:**

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

**2. Financial Calendar**

2009-10

**Board Meetings**

**Tentative dates**

Results for the quarter ending June 30, 2009	Last week of July, 2009
Results for the quarter ending September 30, 2009	Last week of October, 2009
Results for the quarter ending December 31, 2009	Last week of January, 2010
Results for the year ending 31 <sup>st</sup> March, 2010	Last week of June, 2010

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

**4. Dividend Payment Date** : On or after 03<sup>rd</sup> 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 31<sup>st</sup> March, 2009. 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 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 31<sup>st</sup> March 2009: -**

**I) The Distribution of Shareholding as on 31<sup>st</sup> 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
<b>TOTAL</b>	<b>13606</b>	<b>100.00</b>	<b>17498433</b>	<b>100.00</b>

**II) Shareholding Pattern as on 31<sup>st</sup> March 2009: -**

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

## Shardul Securities Limited

### 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](mailto: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 31<sup>st</sup> 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 : 23<sup>rd</sup> 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 31<sup>st</sup> 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 : 23<sup>rd</sup> June, 2009

**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 2009, 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, 2009 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 2009 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, 2009;
    - ii) in the case of Profit and Loss Account, of the Loss 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: 23<sup>rd</sup> June, 2009

**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 2009.**

**(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 unsecured loan from a company covered in the register maintained under section 301 of the Companies Act, 1956.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control 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 incurred cash losses of Rs. 688.09 lacs during the current financial year and but not in 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.
- xii. In our opinion, the Company has maintained adequate documents and records for loans and advances granted against pledged of securities.
- xiii. According to the information and explanation given by the management, the company has not given any guarantees for loans taken by others from banks or financial institutions.
  
- 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 2009 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: 23<sup>rd</sup> June, 2009

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

**Shardul  
Securities Limited**

**BALANCE SHEET AS AT 31ST MARCH, 2009**

(Rs. in Lacs)

	Schedule	As at 31st March,2009		As at 31st March,2008	
<b>I SOURCES OF FUNDS</b>					
<b>1 Shareholders Fund</b>					
Share Capital	A	1,749.84		1,749.84	
Reserves and Surplus	B	<u>6,881.22</u>	<u>8,631.06</u>	<u>7,817.56</u>	9,567.40
<b>2 Deferred Tax Liability</b>			<b>203.32</b>		<b>205.23</b>
<b>3 Loan Funds</b>					
Secured Loans	C	245.62		-	-
Unsecured Loans	D	<u>326.76</u>	<u>572.38</u>	-	-
<b>Total :</b>			<u><b>9,406.76</b></u>		<u><b>9,772.63</b></u>
<b>II APPLICATIONS OF FUNDS</b>					
<b>1 Fixed Assets</b>					
Gross Block	E	1,471.89		1,440.45	
Less: Depreciation		<u>315.97</u>		<u>274.14</u>	
Net Block		1,155.92		1,166.31	
Capital Work-in-Progress		<u>52.15</u>		<u>52.15</u>	
			<b>1,208.07</b>		<b>1,218.46</b>
<b>2 Investments</b>	F		<b>5,532.47</b>		<b>4,581.62</b>
<b>3 Current Assets, Loans and Advances</b>					
Current Assets:					
Stock In Trade	G	904.05		590.29	
Sundry Debtors		0.90		7.00	
Cash and Bank Balances		780.60		1,477.99	
Loans and Advances	H	<u>2,301.37</u>		<u>2,232.57</u>	
		<u>3,986.92</u>		<u>4,307.85</u>	
<b>Less: Current Liabilities &amp; Provisions</b>					
Current Liabilities	I	1,115.97		130.57	
Provisions	J	<u>204.73</u>		<u>204.73</u>	
		<u>1,320.70</u>		<u>335.30</u>	
<b>Net Current Assets</b>			<u><b>2,666.22</b></u>		<u><b>3,972.55</b></u>
<b>Total :</b>			<u><b>9,406.76</b></u>		<u><b>9,772.63</b></u>
<b>Significant Accounting Policies &amp; Notes to Accounts.</b>					
	O				

Schedules referred to above, form an integral part of the Balance Sheet.

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 : 23<sup>rd</sup> June, 2009

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

# ANNUAL REPORT 2008-2009

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st March 2009

(Rs. in Lacs)

	Schedule	2008-2009	2007-2008
<b>INCOME</b>			
Income from Operations	K	(800.96)	2,287.61
Income from Investments	L	95.34	557.08
Other Income	M	316.68	2,278.32
		<b>(388.94)</b>	5,123.01
<b>EXPENDITURE</b>			
Operating / Administrative & Other Expenses	N	205.20	795.61
Interest & Financial Charges		93.95	1,251.04
Depreciation		41.84	39.60
		<b>340.99</b>	2,086.25
<b>Profit / (Loss) before Taxation</b>		<b>(729.93)</b>	3,036.76
Provision for Taxation for the year			
- Current Tax		-	110.00
- Frienge Benefit Tax		1.48	6.50
- Deferred Tax		(1.91)	0.40
		(0.43)	116.90
Taxation adjustment of previous years (net)		1.11	(0.63)
<b>Profit / (Loss) after Taxation</b>		<b>(730.61)</b>	2,920.49
Prior period adjustment (net)		(1.00)	-
<b>Profit / (Loss) after prior period adjustment</b>		<b>(731.61)</b>	2,920.49
Surplus brought forward from previous year		3,476.08	1,344.42
		<b>2,744.47</b>	4,264.91
<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
Balance carried to Balance Sheet		2,539.74	3,476.08
		<b>2,744.47</b>	4,264.91
<b>Basic earning per equity share of Rs.10 each (in Rupees)</b>		<b>(4.18)</b>	16.69
<b>Diluted earning per equity share of Rs.10 each (in Rupees)</b>		<b>(4.18)</b>	16.69

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

### Significant Accounting Policies &

### Notes to Accounts

O

Schedules referred to above, form an integral part of the Profit & Loss Account

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 : 23<sup>rd</sup> June, 2009

**Devesh Chaturvedi**

: Chairman

**Bhupendra Shroff**

: Director

**Kantilal Shah**

: Director

**Charul Abuwala**

: Director

**Gyandeo Chaturvedi**

: Director

**Naveen Chaturvedi**

: Director

**R. Sundaresan**

: Executive Director & CEO

**Monika Agarwal**

: Company Secretary

**Shardul  
Securities Limited**

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

(Rs. in Lacs)

	As at 31st March,2009	As at 31st March,2008
<b>SCHEDULE 'A'</b>		
<b>Share Capital</b>		
<b>Authorised</b> 10,00,00,000 Equity Shares of Rs.10/- each	<b>10,000.00</b>	10,000.00
	<b>10,000.00</b>	10,000.00
<b>Issued, Subscribed and Paid up</b> 1,74,98,433 Equity Shares of Rs.10/- each	<b>1,749.84</b>	1,749.84
	<b>1,749.84</b>	1,749.84
<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	-	-
	<b>297.88</b>	297.88
Statutory Reserve Fund (As per RBI Guidelines)		
Balance as per last Balance Sheet	1,370.01	785.91
Add: Transfer from Profit & Loss Account	-	584.10
	<b>1,370.01</b>	1,370.01
Profit and Loss Account	<b>2,539.74</b>	3,476.08
	<b>6,881.22</b>	7,817.56
<b>SCHEDULE 'C'</b>		
<b>Secured Loans</b>		
From Bank	245.62	-
(Bank overdraft is secured by way of lien of Bank fixed deposits of Rs.750 Lacs previous year Rs. Nil )	<b>245.62</b>	-
<b>SCHEDULE 'D'</b>		
<b>Unsecured Loan</b>		
Inter corporate deposit	326.76	-
	<b>326.76</b>	-

**Schedule 'E':  
FIXED ASSETS**

(Rs. in Lacs)

Description of Assets	Gross Block				Depreciation				Net Block	
	As at 01/04/08	Additions	Deductions/ Written off	As at 31/03/09	Up to 31/03/08	For the Year	Deductions/ Written off	Upto 31/03/09	As at 31/03/09	As at 31/03/08
Office Premises	1100.65	0.00		1100.65	145.32	17.94		163.26	937.39	955.33
Computers	16.67	0.54		17.21	7.61	2.14		9.75	7.46	9.06
Furniture & Fixtures	178.87	30.61		209.48	74.35	11.32		85.67	123.81	104.52
Vehicles	75.21	0.00		75.21	27.56	7.14		34.70	40.51	47.65
Office Equipment	69.05	0.29		69.34	19.30	3.29		22.59	46.75	49.75
<b>Total</b>	<b>1440.45</b>	<b>31.44</b>	<b>-</b>	<b>1471.89</b>	<b>274.14</b>	<b>41.83</b>	<b>-</b>	<b>315.97</b>	<b>1155.92</b>	<b>1166.31</b>
Capital Work in Progress									52.15	52.15
<b>Grand Total</b>	<b>1440.45</b>	<b>31.44</b>	<b>-</b>	<b>1471.89</b>	<b>274.14</b>	<b>41.83</b>	<b>-</b>	<b>315.97</b>	<b>1208.07</b>	<b>1218.46</b>
Previous Year	1405.59	34.86	-	1440.45	234.54	39.60	-	274.14	1218.46	1202.38

**Notes :**

Office Premises includes -

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

# ANNUAL REPORT 2008-2009

## SCHEDULES FORMING PART OF THE BALANCE SHEET

(Rs. in lacs)

	Face Value/ Issue Price(Rs)	Quantity		Value	
		As at 31st March, 2009	As at 31st March,2008	As at 31st March,2009	As at 31st March,2008
<b>SCHEDULE 'F'</b>					
Investments					
Long Term Investments					
Trade Investments					
In Equity shares - Quoted					
Fully Paid-up					
Reliance Industries Limited	10	232,000	232,000	1,024.89	1,024.89
Sub Total				1,024.89	1,024.89
In Equity shares - Unquoted					
Fully Paid up					
Teracom Ltd	10	31,700	31,700	99.86	99.86
Ybrent Technologies Ltd	10	43,000	43,000	75.25	75.25
Future Ventures India Ltd	10	4,000,000	4,000,000	400.00	400.00
BVG Ltd	10	10,000	10,000	98.85	98.85
				673.96	673.96
In Subsidiaries					
Fully Paid up					
Shriyam Broking Intermediary Ltd.	10	10,000,000	10,000,000	1,000.00	1,000.00
Shardul Commodities International Ltd.	10	500,000	500,000	50.00	50.00
In Associates					
A to Z Broking Services Private Ltd.	10	-	950,000	-	95.48
Antique Stock Broking Ltd	10	8,133,333	8,133,333	976.00	976.00
Antique Finance Pvt Ltd	10	7,419,825	-	989.31	-
Sub Total				3,015.31	2,121.48
In Mutual Funds- Quoted					
Fully paid up units					
LIC Mutual Fund Index Fund - Sensex					
Advantage Plan. Growth	10	20,000	20,000	2.00	2.00
Mutual Fund (EPMS)	10	319,863	4,578	33.82	0.80
Franklin India Smaller Companies Fund	10	109,000	109,000	10.90	10.90
SC All season Bond Fund - Growth	10	5,000	5,000	0.50	0.50
SC All season Bond Fund - Dividend HY	10	5,000	5,000	0.50	0.50
Sub total				47.72	14.70
Investment in Funds -Unquoted					
Urban Infrastructure fund	100000	250	250	250.00	250.00
Urban Infrastructure fund	20000	100	-	24.00	-
HDFC India Real Estate Fund	1000	49,659	49,659	496.59	496.59
Sub total				770.59	746.59
Total Investments				5,532.47	4,581.62
Market Value of Quoted Investments				3,578.66	5,271.95

**Shardul  
Securities Limited**

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

(Rs. in Lacs)

	As at 31st March,2009	As at 31st March,2008
<b>SCHEDULE 'G'</b>		
<b>Current Assets</b>		
Stock-in-Trade (Certified and valued by Management)	904.05	590.29
Sundry Debtors (Unsecured, Considered good) Outstanding for a period - (a) exceeding six months. (b) Others	-	-
(i) Subsidiary Companies	0.90	3.00
(ii) Others	-	4.00
	<u>0.90</u>	<u>7.00</u>
<b>Cash &amp; Bank Balances</b>		
Cash in hand	0.02	0.05
Balance with Scheduled Banks		
— In Current Accounts	30.47	1,277.33
— In Fixed Deposit Account	750.11	200.61
	<u>780.58</u>	<u>1,477.94</u>
	<u>1,685.55</u>	<u>2,075.28</u>
<b>SCHEDULE 'H'</b>		
<b>Loans and Advances (considered good)</b>		
Sundry Deposits	6.67	6.17
Advance Income Tax (net of provisions)	2,259.90	2,185.57
Loans	3.84	0.85
Advances recoverable in cash or in kind or for value to be received	30.96	39.98
	<u>2,301.37</u>	<u>2,232.57</u>
<b>SCHEDULE 'I'</b>		
<b>Current Liabilities</b>		
Sundry Creditors(Other than SSI)	5.27	7.60
Unclaimed Dividend **	14.42	10.32
Advance against Sale of Shares	976.00	-
Other Liabilities	120.28	112.65
	<u>1,115.97</u>	<u>130.57</u>
<b>SCHEDULE 'J'</b>		
<b>Provisions</b>		
Proposed Dividend on Equity Shares	174.99	174.99
Provision for Dividend Tax	29.74	29.74
	<u>204.73</u>	<u>204.73</u>

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

# ANNUAL REPORT 2008-2009

## SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

(Rs. in Lacs)

	2008-09	2007-08
<b>SCHEDULE 'K'</b>		
<b>Income from Operations</b>		
Interest	57.31	163.27
(Tax deducted at source Rs. 6.25 Lacs Previous year Rs.27.68 lacs)		
Bad debts recovered	50.00	-
Profit/ (loss) on dealing in securities (Net)	<u>(908.27)</u>	<u>2,124.34</u>
	<u>(800.96)</u>	<u>2287.61</u>
<b>SCHEDULE 'L'</b>		
<b>Income from investments</b>		
Profit on sale of investments (Net)	<u>95.34</u>	<u>557.08</u>
	<u>95.34</u>	<u>557.08</u>
<b>SCHEDULE 'M'</b>		
<b>Other Income</b>		
Dividend on Investments	37.07	5.74
Others	<u>3.35</u>	<u>2114.86</u>
Interest on Income Tax Refund	128.61	9.44
Rent & Compensation (Tax deducted at source Rs. 37.60 lacs previous year Rs. 37.26 lacs)	147.60	147.30
Miscellaneous Income	<u>0.05</u>	<u>0.98</u>
	<u>316.68</u>	<u>2,278.32</u>
<b>SCHEDULE 'N'</b>		
<b>Operating / Administrative &amp; Other Expenses</b>		
Payment to Employees		
- Salary, Bonus & Allowance	56.76	57.17
- Contribution to Provident Fund and Gratuity Fund	1.98	8.18
- Welfare Expenses	<u>2.42</u>	<u>9.53</u>
Professional and Other Service Charges	45.45	96.56
Telephone and Lease line Charges	3.48	6.90
Rent, Rates, Taxes & Hire Charges	41.66	35.76
Postage and Telegrams	2.28	2.99
Business Promotion	5.51	25.10
Repairs and Maintenance		
Computer	2.35	2.95
Office	5.47	4.76
Printing and Stationery	2.90	4.67
Sundry Balance Writtenoff	-	3.08
Payment to Auditors	2.50	2.50
Directors Sitting Fees	4.03	3.68
Travelling and Conveyance:		
Foreign Travelling	1.02	5.36
Others	4.85	11.32
Electricity Charges	5.37	2.50
Donations	-	79.12
Security Transaction Tax Paid	12.69	373.08
Stamp Duty and Revenue	0.01	14.13
ROC Filing Fees	0.05	35.07
Penalty Charges	-	0.44
Miscellaneous Expenses	4.42	10.76
	<u>205.20</u>	<u>795.61</u>

# Shardul Securities Limited

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## SCHEDULE 'O'

### 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 year 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)** 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.

**(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>2008-2009</b>	<b>(Rs.in lacs)</b> 2007-2008
<b>(C) i)</b> Expenditure in Foreign Currency.	<b>1.06</b>	5.36
ii) Earnings in Foreign Currency.	—	—
<b>(D) Earning per Share :</b>		
i) Net Profit/(Loss) after tax available for Equity Shareholders (Rs. In lacs)	<b>(731.61)</b>	2920.49
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>(4.18)</b>	16.69

**(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 :*

Antique Stock Broking Ltd.  
Antique Finance Private Limited

*iii) Key Managerial Personnel:*

Shri R. Sundaresan	- Executive Director & CEO
Shri Naveen Chaturvedi	- Executive Director & CFO (Till 31 <sup>st</sup> July,2008)
Shri Saurabh Chaturvedi	- CFO (From 01 <sup>st</sup> August2008)

## Shardul Securities Limited

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

Nature of Transaction	Subsidiaries	Associates	Key Management Personnel	Relative of Director	(Rs. in lacs)	
					Total	Total
<b>Loans / Advances:</b>						
Given during the year	—	—	6.00	—	—	6.00
	—	(—)	(—)	(—)	(—)	(—)
Returned during the year	—	—	0.50	—	—	0.50
	(—)	(—)	(—)	(—)	(—)	(—)
Balance as at 31.03.09	—	—	5.50	—	—	5.50
	(—)	(—)	(—)	(—)	(—)	(—)
<b>Investments:</b>						
Made during the year	—	989.31	—	—	—	989.31
	(—)	(976.00)	(—)	(—)	(—)	(976.00)
Sold during the year	—	—	—	95.48	—	95.48
	(—)	(—)	(—)	(—)	(—)	(—)
Balance as at 31.03.09	1050.00	1965.31	—	—	—	3015.31
	(1050.00)	(1071.48)	(—)	(—)	(—)	(2121.48)
<b>Sundry Debtors:</b>						
As at 31.03.09	0.90	—	—	—	—	0.90
	(—)	(—)	(—)	(—)	(—)	(—)
<b>Current Liabilities:</b>						
Advance received for sale of shares	—	976.00	—	—	—	976.00
	(—)	(—)	(—)	(—)	(—)	(—)
Balance as at 31.03.09	—	976.00	—	—	—	976.00
	(—)	(—)	(—)	(—)	(—)	(—)
<b>Payment for Remuneration and services:</b>						
	—	—	10.52	—	—	10.52
Paid during the year	(—)	(—)	(13.00)	(—)	(—)	(13.00)
<b>Expenses for Trading Activities:</b>						
Paid/(Refunded) during the year. (Net)	(118.02)	—	—	—	—	(118.02)
	(65.85)	(—)	(—)	(—)	(—)	(65.85)
<b>Income:</b>						
Interest Received during the year	0.00	—	0.25	—	—	0.25
	(2.92)	(—)	(—)	(—)	(—)	(2.92)
<b>Contingent Liability:</b>						
Bank Guarantees outstanding	0.00	—	—	—	—	0.00
as at 31.03.09	(1215.00)	(—)	(—)	(—)	(—)	(1215.00)

(Figures in bracket indicates figures of previous year).

### Significant Related Party Transactions during the year:

- Investment made during the year includes Rs. 989.31 Lacs in Antique Finance Pvt Ltd.
- Payment and provision for remuneration and services, includes Rs. 6.50 lacs as Salary paid to Shri R. Sundaresan Executive Director, Rs. 2.02 Lacs to Shri Naveen Chaturvedi CFO (Till 31<sup>st</sup> July) and Rs. 2.00 lacs paid to Shri Saurabh Chaturvedi CFO (from 1<sup>st</sup> August).
- Expenses for Trading Activities paid/(refunded) (Net) include Rs. (118.02) lacs received from Shriyam Broking Intermediary Ltd. Subsidiary Co.
- Current Liabilities includes Rs. 976.00 Lacs advance received from associate company M/s. Antique Finance Pvt Ltd. against sale of shares of Antique Stock Broking Ltd.

## ANNUAL REPORT 2008-2009

- (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	Outstanding Balance as on 31st March, 2009	(Rs. in Lacs) Maximum Balance Outstanding
i) Loans and advances in the nature of loans to subsidiaries	NIL (NIL)	NIL (NIL)
ii) Loans and advances in the nature of loans to associates	NIL (NIL)	NIL (NIL)
iii) Loans and advances in the nature of loan where there is		
a) no repayment schedule or repayment beyond seven years.	NIL (NIL)	NIL (NIL)
b) No interest or interest below section 372A of the Companies Act – Loan to employee/others (in ordinary course of business)	NIL (NIL)	NIL (NIL)
iv) Loans and advances in nature of loans to firms / companies in which directors are interested.	NIL (NIL)	NIL (NIL)
v) Investments by loanee in the shares of parent company and subsidiary company when the company has made a loan or advance in the nature of loan	NIL (NIL)	NIL (NIL)

(Figures in bracket indicates figures of previous year).

**(H) Deferred Tax :**

The break-up of deferred tax Liability as at March 31, 2009 is as under :

	Current Year		(Rs. in lacs) Previous Year	
	Deferred Tax Asset	Deferred Tax Liability	Deferred Tax Asset	Deferred Tax Liability
Timing Differences on account of :				
Fixed Assets	—	203.32	—	205.23
<b>Total</b>	—	203.32	—	205.23
<b>Net Deferred Tax Liability.</b>		<b>203.32</b>		<b>205.23</b>

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

- Contribution to Provident Fund is charged to the Statement of Profit and Loss as per applicable law / rules.
- The Company has taken Group Gratuity scheme of Life Insurance Corporation of India for gratuity payable to the employees. Liability for the year end obligation, based on an actuarial valuation as per the projected unit credit method as at the reporting date, is charged to the Statement of Profit and Loss. And accordingly Provision for the gratuity liability amounting to Rs. 0.06 lacs has been made during the year by the company based on the valuation report of the Life Insurance Corporation (Actuarial Valuer).
- The Company belongs to an industry which faces a high attrition rate and hence the leave balance accrued is either availed or fully paid off.

**Shardul  
Securities Limited**

Details as required under Accounting Standard AS 15, "Employee Benefits (Revised)

(Rs. in Lacs)

Period of Accounting	FY. 2008 - 2009
<b>1. SUMMARY OF MEMBERSHIP DATA</b>	
Number of Employees	20
Average Age (in years)	37.15
Average Monthly Salary ( in Rupees)	12090
Average Past Service	3.45
<b>2. VALUATION METHOD</b>	<b>Projected Unit Credit Method</b>
<b>3. ACTUARIAL ASSUMPTIONS</b>	
Mortality Rate	<b>LIC(1994-96) Ultimate</b>
Withdrawal rate	<b>1 % to 3% depending on age</b>
Discount Rate	<b>8% P.A.</b>
Salary Escalation	<b>5% P.A.</b>
<b>4. RESULTS OF VALUATION</b>	
PV of Past Service Benefit (Rs. In Lakhs)	<b>5.30</b>
Current Service Cost (Rs. In Lakhs)	<b>0.63</b>
Total Service Gratuity (Rs. In Lakhs)	<b>32.17</b>
Accrued Gratuity (Rs. In Lakhs)	<b>6.76</b>
LCSA	<b>21.74</b>
LC Premium	<b>0.05</b>
Service Tax @ 10.30%	<b>0.01</b>
<b>5 RECOMMENDED CONTRIBUTION RATE</b>	
Fund Value as on Renewal Date	<b>6.70</b>
Additional Contribution for existing fund	<b>0.00</b>
Current Service Cost	<b>0.00</b>
<b>6 TOTAL AMOUNT PAID (IN RS.)</b>	<b>0.06</b>

**(J) Payments to Auditors (statutory):**

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

**(K) Directors Remuneration :**

Salary to Executive Directors as under (include under the head payment to employees):-

Shri R. Sundaresan Rs. 6.50 Lacs ( P.Y. Rs. 6.50 Lacs )

Shri Naveen Chaturvedi Rs. 2.02 Lacs ( P.Y. Rs. 6.50 Lacs )

(Till 31<sup>st</sup> July, 2008)

Information relating to the payment to Executive Directors does not include payment for gratuity, which is provided for group of employees on an overall basis and as per the actuarial valuation report of the Life Insurance Corporation of India.

During the year, remuneration paid to the directors are within the prescribed limit in the Part II of Schedule XIII of the Companies Act, 1956.

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, 2009.

**(L)** The Company has declared dividend of Rs. 1/- per share (10%) from accumulated profit.

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(M) Disclosure of details as required by Revised Para 13 of Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007, earlier Para 9BB of Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.

	(Rs. In Lacs)				
	Amount outstanding		Amount overdue		
	31.03.2009	31.03.2008	31.03.2009	31.03.2008	
1	Loans and advances availed by NBFC inclusive of interest accrued thereon but not paid				
	Nil	Nil	Nil	Nil	
a)	Debentures (other than falling within the meaning of public deposits)				
	i. Secured				
	ii. Unsecured				
	Nil	Nil	Nil	Nil	
b)	Deferred Credits				
	Nil	Nil	Nil	Nil	
c)	Term Loans				
	Nil	Nil	Nil	Nil	
d)	Inter-Corporate Loans and Borrowings				
	326.76	Nil	Nil	Nil	
e)	Commercial Paper				
	Nil	Nil	Nil	Nil	
f)	Other Loans (specify nature)				
	Bank overdraft				
	245.62	Nil	Nil	Nil	
2	Break up of Loans and Advances including bills receivable Other than those included in 3 below				
a)	Secured				
b)	Unsecured (all loans and advances)				
	2301.37	2232.57	Nil	Nil	
3	Break up of Leased Assets and Stock on Hire and other assets counting towards AFC activities :				
	Lease assets including lease rentals under sundry debtors:				
a)	Financial Lease (net of Depreciation and lease adjustment)				
	Nil	Nil	Nil	Nil	
b)	Operating Lease				
	Nil	Nil	Nil	Nil	
	Stock on Hire including hire charges under sundry debtors:				
a)	Assets on Hire				
	Nil	Nil	Nil	Nil	
b)	Repossessed Assets				
	Nil	Nil	Nil	Nil	
	Other Loans counting towards AFC activities				
a)	Loans where assets have been repossessed				
	Nil	Nil	Nil	Nil	
b)	Loans other than (a) above				
	Nil	Nil	Nil	Nil	
4	Break up of Investments				
a)	Current Investments: (stock in trade)				
	Quoted:				
-	Equity Shares	701.59	387.83	Nil	Nil
-	Preference Shares	Nil	Nil	Nil	Nil
-	Debentures and Bonds	Nil	Nil	Nil	Nil
-	Units of Mutual Funds	Nil	Nil	Nil	Nil
-	Government Securities	Nil	Nil	Nil	Nil
-	Gold & Silver	202.46	202.46	Nil	Nil

**Shardul  
Securities Limited**

	Amount outstanding		Amount overdue	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008
b) Long Term Investments				
Quoted:				
- Equity Shares	1024.89	1024.89	Nil	Nil
- Preference Shares	Nil	Nil	Nil	Nil
- Debentures and Bonds	Nil	Nil	Nil	Nil
- Units of Mutual Funds	47.72	14.70	Nil	Nil
- Government Securities	Nil	Nil	Nil	Nil
- Others (please specify)	Nil	Nil	Nil	Nil
Unquoted:				
- Equity Shares	3689.27	2795.44	Nil	Nil
- Preference Shares	Nil	Nil	Nil	Nil
- Debentures and Bonds	770.59	746.59	Nil	Nil
- Units of Mutual Funds	Nil	Nil	Nil	Nil
- Government Securities	Nil	Nil	Nil	Nil
- Others (Please Specify)				
<b>Total</b>	<b>9310.27</b>	<b>7404.49</b>	<b>Nil</b>	<b>Nil</b>
5 Borrower group-wise classification of assets financed as in 2 and 3 above				
a) Related Parties				
1 Subsidiaries	Nil	Nil	Nil	Nil
2 Companies in the same group	Nil	Nil	Nil	Nil
3 Other related parties	Nil	Nil	Nil	Nil
b) Other than related parties	2301.37	2232.57	Nil	Nil
<b>Total</b>	<b>2301.37</b>	<b>2232.57</b>	<b>Nil</b>	<b>Nil</b>
6 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted excluding stock-in-trade)				
		Market Value or Fair Value or NAV	Book Value (Net of provisions)	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008
a) Related Parties				
4 Subsidiaries	4094.99	4033.23	1050.00	1050.00
5 Companies in the same group	3223.37	1150.23	1965.31	1071.48
6 Other related parties	Nil	Nil	Nil	Nil
b) Other than related parties	6354.11	7748.71	3421.21	3050.43
<b>Total</b>	<b>13672.47</b>	<b>12932.17</b>	<b>6436.52</b>	<b>5171.91</b>
7 Other Information				
a) Gross Non-Performing Assets				
1 Related Parties	Nil	Nil	Nil	Nil
2 Other than related parties	Nil	Nil	Nil	Nil
b) Net Non-Performing Assets				
1 Related Parties	Nil	Nil	Nil	Nil
2 Other than related parties	Nil	Nil	Nil	Nil
c) Assets acquired in satisfaction of debt	Nil	Nil	Nil	Nil

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### (N) Stock in Trade

(Rs. In lacs)

	As at 31 <sup>st</sup> March, 2009		As at 31 <sup>st</sup> March, 2008	
	Quantity	Value	Quantity	Value
<b>Equity Shares (quoted)</b>				
Akruti Nirman	65	0.46	-	-
Anant Raj Industries Ltd	22100	8.88	-	-
Apollo Tyres Limited	150	0.38	150	0.38
ATV Project (India) Limited	650	-	650	-
Bank of Baroda	1338	3.13	-	-
Century Textiles & Ind Ltd	898	1.97	-	-
Coromandal Fert Ltd	-	-	2255	2.62
Crompton Greaves Ltd	1040	1.28	1040	2.86
Cummins India Ltd	-	-	1050	3.34
Divi's Lab Ltd.	1000	9.54	-	-
EID Parry (India) Ltd	1765	2.37	-	-
Essar Shipping	800000	235.20	100000	145.10
Finolex Industries Ltd	-	-	2917	1.92
Genus Power Infra Ltd	-	-	380	1.82
Glenmark Pharma	3500	5.52	-	-
Grasim Industries Ltd	-	-	87	2.24
Hindalco Industries Ltd	-	-	1253	2.06
ICICI Bank Ltd	-	-	438	3.37
IDEA Cellular	3002	1.40	-	-
India Bulls Financial Ser Ltd	2500	2.25	-	-
India Bulls Securities Ltd	-	-	100000	-
Kirlosker Oil Engine Ltd	-	-	1899	2.02
Lupin Ltd	-	-	812	4.01
Madras Cement Ltd	5945	4.24	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	2.3
Moulik Finance & Resorts Limited	21000	-	21000	-
ONGC Ltd	-	-	428	4.21
Orbit Corporation Ltd	5000	2.62	-	-
RCOM	-	-	655	3.33
Relaince Industries Ltd	27050	411.92	-	-
Relaince Industries Ltd	317	4.24	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	505	5.39	210	3.36
Sterlite Industries Ltd	-	-	620	4.42
Sudarshan Chemicals Limited	12	-	12	-
Sun TV Network Ltd	-	-	542	1.61
Tata Steel CCPS	-	-	45000	45.00
Texmaco Ltd	-	-	150	2.18
Ultratech Cement Ltd	-	-	310	2.43
Voltas Ltd	2170	0.90	-	-
<b>Total Equity Shares (A)</b>	<b>929251</b>	<b>701.59</b>	<b>765057</b>	<b>387.83</b>
<b>Gold and Silver :</b>	<b>Qty (Kgs)</b>			
Gold Bars	20.15	196.81	20.15	196.81
Silver Bars	30.13	5.65	30.13	5.65
<b>Total Gold and Silver (B)</b>	<b>50.28</b>	<b>202.46</b>	<b>50.28</b>	<b>202.46</b>
<b>Grand Total (A + B)</b>	<b>=====</b>	<b>904.05</b>	<b>=====</b>	<b>590.29</b>

**Shardul  
Securities Limited**

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

Particulars	Current Year		Previous Year	
	Quantity (Lacs)	Value (Rs. in Lacs)	Quantity (Lacs)	Value (Rs. in Lacs)
<b>Opening stock</b>				
- Shares / Securities	7.65	387.83	9.37	1870.07
- Bonds	-	-	0.16	15.27
- Gold Bars	20.15	196.81	-	-
- Silver Bars	30.13	5.65	-	-
<b>Total</b>	<b>57.93</b>	<b>590.29</b>	<b>9.54</b>	<b>1885.34</b>
<b>Purchases/Transfers</b>				
- Shares / Securities	17.89	3894.39	405.93	92156.02
- Gold Bars	-	-	20.15	196.81
- Silver Bars	-	-	30.13	5.65
- Bonds	1.31	7441.13	60.82	32158.17
<b>Total</b>	<b>19.20</b>	<b>11335.52</b>	<b>517.03</b>	<b>124516.65</b>
<b>Sales / Transfers</b>				
- Shares / Securities	16.25	2802.35	407.65	96153.94
- Bonds	1.31	7430.69	60.98	31930.16
<b>Total</b>	<b>17.07</b>	<b>10113.20</b>	<b>468.63</b>	<b>128084.10</b>
<b>Closing Stock</b>				
- Shares / Securities	9.29	701.59	7.65	387.83
- Gold Bars	20.15	196.81	20.15	196.81
- Silver Bars	30.13	5.65	30.13	5.65
- Bonds	-	-	-	-
<b>Total</b>	<b>59.57</b>	<b>904.05</b>	<b>57.93</b>	<b>590.29</b>

(P) There are no parties, which can be classified as small-scale industrial undertaking to whom the company owes any some which is outstanding for more than thirty days.

(Q) **Contingent Liabilities:**

Particulars	(Rs. in Lacs)	
	As at 31 <sup>st</sup> March, 2009	As at 31 <sup>st</sup> March, 2008
Allotment money & Calls unpaid on partly paid shares / Debentures	98.19	2.19
Capital Commitment	6.50	6.50
Bank Guarantees Outstanding	—	1215.00

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

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 : 23<sup>rd</sup> June, 2009

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

## ANNUAL REPORT 2008-2009

### 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	31/03/2009		

**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	940,676	Total Assets	940,676
-------------------	---------	--------------	---------

**Sources of Funds**

Paid-up Capital	174,984	Reserves and surplus	688,122
Secured Loans	24,562	Deferred Tax	20,332
Unsecured Loans	32,676		

**Application of funds**

Net fixed assets	120,807	Investments	553247
Net current assets	266,622	Misc. Expenditure	Nil
Accumulated losses	Nil		

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

Turnover	(38,894)	Total Expenditure	34,099
Profit before tax	(72,993)	Profit after tax	(73,161)
Earning per share (in Rs.)	(4.18)	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

Mumbai, Dated : 23<sup>rd</sup> June, 2009

<b>Devesh Chaturvedi</b>	: Chairman
<b>Bhupendra Shroff</b>	: Director
<b>Kantilal Shah</b>	: Director
<b>Charul Abuwala</b>	: Director
<b>Gyandeo Chaturvedi</b>	: Director
<b>Naveen Chaturvedi</b>	: Director
<b>R. Sundaresan</b>	: Executive Director & CEO
<b>Monika Agarwal</b>	: Company Secretary

**Shardul  
Securities Limited**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009**

	As at 31st March, 2009	As At 31st March, 2008
A. Cash Flow from operating activities		
Net Profit before tax, Extraordinary and prior period items	(729.93)	3,036.76
Adjustments for:		
Non cash Items		
Depreciation	41.84	39.60
	41.84	39.60
Profit on sale of Investments	(95.34)	(557.08)
Dividend received on investments	(37.07)	(5.74)
	(90.57)	(523.22)
Operating Profit before working capital changes	(820.50)	2,513.54
Adjustments for:		
Trade & Receivables	6.10	1,414.84
Inventories	(313.76)	1295.05
Trade Payable	985.40	(154.34)
Loans & Advances	(68.80)	(1,074.50)
	608.94	1481.06
Cash generated from (used in) operations	(211.56)	3,994.60
Direct Taxes paid	(2.59)	(116.50)
Cash inflow / (outflow) before extraordinary and prior period items	(214.15)	3,878.10
Extraordinary and prior period items	(1.00)	0.63
Net Cash from / (used) in operation activities	(215.15)	3,878.73
B. Cash flow from investment activities		
Purchase of fixed assets (including capital work-in-progress)	(31.44)	(55.68)
Purchase of investments	(2,241.30)	(24204.21)
Sale of investments	1,385.78	24,426.78
Dividend received on investments	37.07	5.74
Net cash (used) in investment activities	(849.89)	172.63
C. Cash flow from financing activities		
Dividend paid on Equity Shares including tax	(204.73)	(204.73)
Bank borrowing	245.62	-
Loan from Corporate Body against stock in trade	-	(2,144.68)
Loan from Corporate Body	-	(613.72)
Unsecured Loan (ICD)	326.76	-
Net cash from / (used) in financing activities	367.65	(2,963.13)
Net increase / (decrease) in cash and cash equivalents	(697.39)	1,088.23
Cash and cash equivalents as at 1st April 2008	1,477.99	389.76
Cash and cash equivalents as at 31st March 2009	780.60	1,477.99

As per our report of even date

**For Rajen Damani & Associates**  
Chartered Accountants

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

Mumbai, Dated : 23<sup>rd</sup> June, 2009

For and on behalf of the Board

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

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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  Shardul Securities Limited with its nominee in the subsidiary as at 31/3/2009	:	<b>1,00,00,000 Equity Shares of Rs. 10/- each.</b>	<b>5,00,000 Equity Shares of Rs. 10/- each.</b>
d) Extent of interest of holding Company in the subsidiary as at 31/03/2009	:	<b>100%</b>	<b>100%</b>
e) Net aggregate amount of the subsidiary Company's profit/(loss)			
I For the subsidiary Company's year ended 31/03/2009	:	<b>Rs. 64.54 lacs</b>	<b>Rs. (3.04) lacs</b>
ii For the previous financial years since it became a subsidiary	:	<b>Rs. 2999.15 lacs</b>	<b>Rs. (15.40) lacs</b>
f) Net aggregate amount of the subsidiary Company's profit/loss dealt with in the Company's accounts	:	<b>Not Applicable</b>	<b>Not Applicable</b>
I For subsidiary Company's year ended 31/03/2009	:	<b>Nil</b>	<b>Nil</b>
ii For the previous Financial year since it became subsidiary	:	<b>Nil</b>	<b>Nil</b>

For and on behalf of the Board

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

Mumbai, Dated : 23<sup>rd</sup> June, 2009

**Financial Information of Subsidiary Companies**

Sr. No.	Name of Subsidiary companies	Capital	Reserve	Total Assets	Total Liabilities	Investments	Turnover	Profit / ( Loss ) before taxation	Provision for taxation	Profit / ( Loss ) after taxation	Proposed dividend
1	Shriyam Broking Intermediary Limited	1,000.00	3,063.69	4,097.57	4,097.57	3,243.95	468.31	102.33	38.23	64.10	-
2	Shardul Commodities International Limited	50.00	(18.44)	50.18	50.18	-	0.25	(2.31)	(0.01)	(2.30)	-

## ANNUAL REPORT 2008-2009

### 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, 2009 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, 2009;
- 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: 23<sup>rd</sup> June, 2009

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

**Shardul  
Securities Limited**

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009**

(Rs. in Lacs)

	Schedule	As at 31st March, 2009		As at 31st March, 2008	
<b>I SOURCES OF FUNDS</b>					
<b>1 Shareholders Fund</b>					
Share Capital	A	1,749.84		1,749.84	
Reserves and Surplus	B	<u>10,442.64</u>	<u>12,192.48</u>	<u>10,801.33</u>	12,551.17
<b>2 Deferred Tax Liability</b>			<b>237.39</b>		239.77
<b>3 Loan Funds</b>					
Secured Loans	C	245.62		-	
Unsecured Loans		<u>326.76</u>	<u>572.38</u>	-	-
<b>Total</b>			<u><b>13,002.25</b></u>		<u>12,790.94</u>
<b>II APPLICATIONS OF FUNDS</b>					
<b>1 Fixed Assets</b>					
Gross Block	D	1,796.08		1,763.52	
Less: Depreciation		<u>402.24</u>		<u>349.41</u>	
		1,393.84		1,414.11	
Capital Work-in-Progress		<u>52.15</u>		<u>52.15</u>	
Net Block			<b>1,445.99</b>		1,466.26
<b>2 Investments</b>	E		<b>8,242.58</b>		4,159.30
<b>3 Current Assets, Loans and Advances</b>					
Current Assets:	F				
Stock in Trade		904.05		590.29	
Sundry Debtors		7.95		57.75	
Cash and Bank Balances		1,216.33		3,701.73	
Loans and Advances	G	<u>2,632.38</u>		<u>4,164.54</u>	
		4,760.71		8,514.31	
<b>Less: Current Liabilities &amp; Provisions</b>					
Current Liabilities	H	1,242.56		1,144.72	
Provisions	I	<u>204.73</u>		<u>204.73</u>	
		1,447.29		1,349.45	
Net Current Assets			<b>3,313.42</b>		7,164.86
<b>4 Miscellaneous Expenditure</b>	J		<b>0.26</b>		0.52
<b>Total</b>			<u><b>13,002.25</b></u>		<u>12,790.94</u>
<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

Mumbai, Dated : 23<sup>rd</sup> June, 2009

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

## ANNUAL REPORT 2008-2009

### CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st March 2009 (Rs. in Lacs)

	Schedule	2008-2009	2007-2008
<b>INCOME</b>			
Income from Operations	K	(331.66)	3,636.22
Income from Investment	L	90.26	873.13
Other Income	M	321.02	2,278.90
		<b>79.62</b>	<b>6,788.25</b>
<b>EXPENDITURE</b>			
Administrative Expenses	N	429.99	1,349.25
Interest & Financial Charges		226.45	1,343.27
Depreciation		52.84	53.04
Miscellaneous Expenditure Written Off	O	0.26	0.26
		<b>709.54</b>	<b>2,745.82</b>
<b>Profit before Taxation</b>		<b>(629.92)</b>	<b>4,042.43</b>
<b>Provision for Taxation:</b>			
Current		38.00	430.00
FBT		2.18	7.42
Deferred		(2.39)	(0.09)
Taxation adjustment of previous years (net)		1.11	(0.63)
<b>Profit after Taxation</b>		<b>(668.82)</b>	<b>3,605.73</b>
Prior period adjustment (Net)		(1.30)	2.47
<b>Profit after prior period adjustment</b>		<b>(670.12)</b>	<b>3,608.20</b>
Profit from Associate Cos		516.16	-
<b>Profit after share of profit from Associate cos</b>		<b>(153.96)</b>	<b>3,608.20</b>
Surplus brought forward from previous year		6,459.85	3,640.48
		<b>6,305.89</b>	<b>7,248.68</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
Balance carried to Balance Sheet		6,101.16	6,459.85
		<b>6,305.89</b>	<b>7,248.68</b>
<b>Basic and diluted earning per equity share of Rs.10/- each (in Rupees)</b>		<b>(0.88)</b>	<b>20.62</b>

(Refer Note no. 2(C) of Schedule "P" Notes on Account)

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 : 23<sup>rd</sup> June, 2009

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

**Shardul  
Securities Limited**

**SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET**

(Rs. in Lacs)

	As at 31st March,2009	As at 31st March,2008
<b>SCHEDULE 'A'</b>		
<b>Share Capital</b>		
<b>Authorised</b> 10,00,00,000 Equity Shares of Rs 10/- each	<b>10,000.00</b>	10,000.00
	<b>10,000.00</b>	10,000.00
<b>Issued, Subscribed and Paid up</b> 1,74,98,433 Equity Shares of Rs.10/- each	<b>1,749.84</b>	1,749.84
	<b>1,749.84</b>	1,749.84
<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	-	-
	<b>297.88</b>	297.88
Statutory Reserve Fund (As per RBI Guidelines)		
Balance as per last Balance Sheet	1370.01	785.91
Add: Transfer from Profit & Loss Account	-	584.10
	<b>1,370.01</b>	1,370.01
Profit and Loss Account	<b>6,101.16</b>	6,459.85
	<b>10,442.64</b>	10,801.33
<b>SCHEDULE 'C'</b>		
<b>Secured Loans</b>		
From Bank (Bank overdraft is secured by way of lien of Bank fixed deposits of Rs.750 Lacs previous year Rs. Nil )	245.62	-
	<b>245.62</b>	-
<b>Unsecured Loans</b>		
Inter Corporate Deposit	326.76	-
	<b>326.76</b>	-

**Schedule 'E':  
FIXED ASSETS**

(Rs. in Lacs)

Description of Assets	Gross Block				Depreciation				Net Block	
	As at 01/04/08	Additions	Deductions/ Written off	As at 31/03/09	Up to 31/03/08	For the Year	Deductions/ Written off	Upto 31/03/09	As at 31/03/09	As at 31/03/08
<b>A. Owned Assets</b>										
Stock Exchange Cards	175.50			175.50					175.50	175.50
Office Premises	1135.43			1135.43	147.80	18.36		166.16	969.27	987.63
Computers	79.33	1.24		80.57	60.43	9.20		69.63	10.94	18.90
Furniture & Fixtures	192.57	30.61		223.18	83.63	12.18		95.81	127.37	108.94
Vehicles	91.45	0.00		91.45	32.67	8.83		41.50	49.95	58.78
Office Equipment	89.24	0.71		89.95	24.88	4.26		29.14	60.81	64.36
Total	1763.52	32.56	-	1796.08	349.41	52.83	-	402.24	1393.84	1414.11
CWIP	0.00			-					52.15	52.15
Grand Total	1763.52	32.56	-	1796.08	349.41	52.83	-	402.24	1445.99	1466.26
Previous Year	1717.04	46.48	-	1763.52	296.37	53.04	-	349.41	1,466.26	

**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.

# ANNUAL REPORT 2008-2009

## SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET

(Rs. in Lacs)

	As at 31st March, 2009	As at 31st March, 2008
<b>SCHEDULE 'E'</b>		
<b>Investments</b>		
<b>In Associates</b>		
a) A to Z Broking Services Pvt Ltd.	-	95.48
b) Antique Stock Broking Ltd	1,444.62	988.00
c) Antique Finance Pvt Ltd	3,732.67	78.13
<b>In Others</b>	<b>3,065.29</b>	<b>2,997.69</b>
	<b><u>8,242.58</u></b>	<b><u>4,159.30</u></b>
<b>SCHEDULE 'F'</b>		
<b>Current Assets</b>		
Stock-in-Trade (Certified and valued by Management)	904.05	590.29
Sundry Debtors (Unsecured, Considered good) Outstanding for a period -		
(a) exceeding six months	-	-
(b) Other debts	7.95	57.75
	<b>7.95</b>	<b>57.75</b>
Cash & Bank Balances		
Cash in hand	3.03	3.15
Balance with Scheduled Banks		
— In Current Accounts	88.82	2,549.85
— In Fixed Deposit Account	1,124.48	1,148.73
	<b>1,213.30</b>	<b>3,698.58</b>
	<b><u>2,128.33</u></b>	<b><u>4,349.77</u></b>
<b>SCHEDULE 'G'</b>		
<b>Loans and Advances (considered good)</b>		
Sundry Deposits	317.97	1,856.05
Advance Income Tax (net of provisions)	2,262.48	2,188.62
Loans	3.84	0.85
Advances recoverable in cash or in kind or for value to be received	48.09	119.02
	<b>2,632.38</b>	<b>4,164.54</b>
<b>SCHEDULE 'H'</b>		
<b>Current Liabilities</b>		
Sundry Creditors (Other than SSI)	11.24	1,007.70
Unclaimed Dividend **	14.42	10.32
Advance against sale of Securities	988.00	-
Other Liabilities	228.90	126.70
	<b>1,242.56</b>	<b>1,144.72</b>
<b>SCHEDULE 'I'</b>		
<b>Provisions</b>		
Proposed Dividend on Equity Shares	174.99	174.99
Dividend Tax	29.74	29.74
	<b>204.73</b>	<b>204.73</b>
<b>SCHEDULE 'J'</b>		
<b>Miscellaneous Expenditure</b>		
(To the extent not written off or adjusted)		
Preliminary Expenses	0.26	0.52
	<b>0.26</b>	<b>0.52</b>

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

**Shardul  
Securities Limited**

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

(Rs. in Lacs)

	2008-09		2007-08
<b>SCHEDULE 'K'</b>			
<b>Income from Operations</b>			
Interest (Tax deducted at source Rs.26.37 Lacs Previous Year Rs. 59.17 Lacs)	151.39		313.37
Professional fees and Advisory Fees (Tax deducted at source Rs.6.38 Lacs Previous Year Rs. Nil)	56.33		-
Brokerage	436.91		1,132.66
Bad debts recovered	50.00		
Profit on dealing in securities (Net)	(1,026.29)		2,190.19
	<u>(331.66)</u>		<u>3,636.22</u>
<b>SCHEDULE 'L'</b>			
<b>Income from Investment</b>			
Profit on sale of investments(Net)	90.26		873.13
	<u>90.26</u>		<u>873.13</u>
<b>SCHEDULE 'M'</b>			
<b>Other Income</b>			
Dividend			
From Investments	41.16	6.32	
From Others	3.35	44.51	2,114.86
			<u>2,121.18</u>
Rent and Compensation (Tax deducted at source Rs. 37.60 lacs previous year Rs 37.26 lacs)	147.60		147.30
Interest on Income Tax Refund	128.61		9.44
Miscellaneous Income	0.30		0.98
	<u>321.02</u>		<u>2,278.90</u>
<b>SCHEDULE 'N'</b>			
<b>Administrative Expenses</b>			
Payment to Employees			
Salary, Bonus & Allowances	90.16	106.79	
Contribution to Provident & Gratuity fund	3.14	17.96	
Welfare Expenses	2.42	95.72	134.28
			<u>134.28</u>
Professional and Other Service Charges	148.01		309.11
Transaction Charges	16.08		52.56
Stamp duty and Revenue Charges	24.45		119.93
Telephone & Lease line charges.	12.22		16.53
Membership and Subscriptions	12.15		16.90
Rent, Rates, Taxes & Hire Charges	44.03		40.88
Postage and Telegrams	2.28		3.12
Penalty Charges	-		0.44
Business Promotion	5.51		27.68
Repairs & Maintenance			
Computer	4.80		4.34
Office	6.58		7.05
Printing & Stationery	3.39		18.77
Payment to Auditors	3.55		3.55
Directors Sitting Fees	4.09		3.74
Travelling & Conveyance:			
Foreign Travelling	1.02		5.36
Others	6.48		12.24
Sundry Balances written off	-		3.08
Electricity Charges	10.00		7.00
Donations	7.71		137.12
ROC Filing Fees	0.05		35.07
Securities Transaction Tax paid	12.77		373.80
Miscellaneous Expenses	9.10		16.70
	<u>429.99</u>		<u>1,349.25</u>
<b>SCHEDULE 'O'</b>			
<b>Miscellaneous Expenditure written off</b>			
Preliminary Expenses	0.26		0.26
	<u>0.26</u>		<u>0.26</u>

## ANNUAL REPORT 2008-2009

### 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 financial statements of the Company and its associates companies have been combined by the equity method in accordance with Accounting Standard (AS) 23- Accounting for investments in associates issued by the Institute of Chartered Accountants of India
- iii) 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. Earning per Share

	<b>2008-2009</b>	<b>(Rs. In Lacs)</b> 2007-2008
i) Net Profit/(Loss) after tax available for Equity Shareholders (Rs. in lacs)	<b>(153.96)</b>	3608.20
ii) Weighted average of number of Equity Shares outstanding during the year (in lacs).	<b>174.98</b>	174.98
iii) Basic and Diluted Earnings per share of Rs.10/- each (in Rs.)	<b>(0.88)</b>	20.62

##### D. Related Party Disclosures

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

- i) Group Companies :
  - A to Z Broking Services Pvt. Ltd.
  - Pradeep Sandeep Trading & Investments Pvt. Ltd.
  - Shriyam Commodities Intermediary Pvt. Ltd.
- Associates :
  - Antique Stock Broking Limited
  - Antique Finance & Investment Pvt. Ltd.
- ii) Key Managerial Personnel
 

Shri R. Sundaresan	- Executive Director & Director (Subsidiary)
Shri Naveen Chaturvedi	- Executive Director & CFO(Till 31 <sup>st</sup> July 2008)
Shri Yogendra Chaturvedi	- Director (Subsidiary)
Shri Saurabh Chaturvedi	- CFO (From 1 <sup>st</sup> August 2008)

## Shardul Securities Limited

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

Nature of Transaction	Associates	Key Management Personnel	Relative of Director	Total
	Amount in Lacs	Amount in Lacs	Amount in Lacs	Amount in Lacs
<b>Investment:</b>				
Made during the year	3595.00	—	—	3595.00
	(1066.13)	(—)	(—)	(1066.13)
Sold during the year	—	—	95.48	95.48
	(—)	(—)	(—)	(—)
Balance as at 31.03.09	4661.13	—	—	4661.13
	(1161.61)	(—)	(—)	(1161.61)
<b>Current Liabilities:</b>				
Advance received for sale of shares	988.00	—	—	988.00
	(—)	(—)	(—)	(—)
Balance as at 31.03.09	988.00	—	—	988.00
	(—)	(—)	(—)	(—)
<b>Loans advances and Deposit to :</b>				
Given during the year	0.00	6.00	—	6.00
(Application Money)	(25.00)	(—)	(—)	(25.00)
Return During the year	200.00	0.50	—	250.00
	(250.00)	(—)	(—)	(250.00)
Balance as at 31.03.09	0.00	5.50	—	5.50
(Includes Application money)	(200.00)	(—)	(—)	(200.00)
<b>Payment for Remuneration and services:</b>				
Paid during the year	—	14.82	—	14.82
	(—)	(17.30)	(—)	(17.30)
<b>Income Brokerages:</b>				
Received during the year	0.78	—	—	0.78
	(7.20)	(—)	(—)	(7.20)
<b>Creditors:</b>				
as at 31.03.09	—	0.15	—	0.15
	(—)	(—)	(—)	(—)
<b>Income:</b>				
Interest Received during the year	—	0.25	—	0.25
	(—)	(—)	(—)	(—)
<b>Share of Profit</b>				
	516.16	—	—	516.16
	(—)	(—)	(—)	(—)

(Figure in brackets indicates figure of previous year)

### Significant related party transactions during the year:

- Investment Made during the year includes Rs 3595 lacs in Antique Finance Pvt. Ltd.
- Deposit return during the year includes Rs 200 lacs returned from Shriyam Commodities Intermediary Pvt. Ltd.
- Payment and provision for remuneration & services to key management personnel includes Rs. 6.50 lacs paid to Shri R. Sundaresan, Rs. 2.02 lacs paid to Mr Naveen Chaturvedi, Rs. 2.00 Lacs to Shri Saurabh Chaturvedi and Rs. 4.30 lacs paid to Shri Yogendra Chaturvedi.
- Brokerage received includes Rs. 0.17 lacs received from A to Z Broking Services Pvt. Ltd., Rs. 0.38 lacs received from Pradeep Sandeep Trading & Investments Pvt. Ltd and Rs. 0.24 received from Shriyam Commodities Intermediary Pvt. Ltd

## ANNUAL REPORT 2008-2009

- E. 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	-506.96	586.58	-	79.62
	(5188.86)	(1599.39)	-	(6788.25)
Inter Segment	118.02	-118.02	-	0
	(-65.85)	(65.85)	(-)	(-)
Total	-388.94	468.56	-	79.62
	(5123.01)	(1665.24)	(-)	(6788.25)
<b>Result</b>				
Segment Result (Before Tax)	-847.95	218.03		-629.92
	(3102.61)	(939.82)		(4042.43)
Provision for Tax				38.90
				(436.70)
Profit after Tax				-668.82
				(3605.73)
<b>Other Information</b>				
Segment Assets	10192.72	4256.57		14449.29
	(9054.93)	(5084.94)		(14139.87)
Segment Liabilities	2096.40	160.92		2257.32
	(540.53)	(1049.21)		(1589.74)
Capital Expenditure	31.44	1.12		32.56
	(55.68)	(11.62)		(67.30)
Depreciation	41.84	11		52.84
	(39.60)	(13.44)		(53.04)
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)

**F. Deferred Tax**

- i) The break-up of deferred tax Liability as at March 31, 2009 is as under :

	(Rs. in lacs)			
	Current Year		Previous Year	
	Deferred Tax Asset	Deferred Tax Asset	Deferred Tax Asset	Deferred Tax Asset
Timing Differences on account of :				
Fixed Assets	—	237.39	—	239.77
<b>Total</b>	—	237.39	—	239.77
<b>Net Deferred Tax Liability.</b>		237.39		239.77

**Shardul  
Securities Limited**

**G. Payments to Auditors :**

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

H. The announcement of the Institute of Chartered Accountants of India regarding Accounting for Derivatives is applies to the year ending March 2009, accordingly the company has followed the said announcement and provided Rs 906.50 lacs as mark to market loss on account of loss in respect of securities held as stock in trade.

**I. Directors Remuneration :**

Salary to Executive Directors as under :-

	Current Year	Previous Year
Shri R. Sundaresan	6.50	6.50
Shri Naveen Chaturvedi	2.02	6.50
Shri Yogendra Chaturvedi	4.30	4.30

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, 2009.

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

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

Name of the subsidiaries	-	<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>

L. As per Accounting standard-23 on " Accounting for Investment in Associates in Consolidated Financial Statements, Following are considered ;

- Goodwill of Rs.5.04Lacs (P.Y. Rs. Nil) arising at the time of acquisition of associat Antique Finance Pvt. Ltd, has been included in the carrying amount of investment In associates;
- Capital Reserve of Rs.1054.54Lacs (P.Y. Rs Nil) arising at the time of acquisition of associate, Antique Stock Broking Ltd. has been adjusted in the carrying amount of investment in associates.

**M. Contingent Liabilities:**

Particulars	Rs. in Lacs	
	As at 31.03.2009	As at 31.03.2008
Allotment money & Calls unpaid on partly paid shares / Debentures	2.19	2.19
Capital Commitment	6.18	6.18
Bank Guarantees Outstanding	—	1215.00
SEBI turnover fees (the appeal is pending with Supreme Court)	18.83	18.83
Stamp Duty from 2005 to 2009(with stamp duty officer)	297.65	297.63

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

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

Mumbai, Dated : 23<sup>rd</sup> June, 2009

# ANNUAL REPORT 2008-2009

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	As at 31st March, 2009		As At 31st March, 2008	
<b>A. Cash Flow from operating activities</b>				
Net Profit before tax, Extraordinary and prior period items		(629.92)		4,042.43
Adjustments for:				
Non cash Items				
Depreciation	52.84		53.04	
Miscellaneous Expenditure w/off	<u>0.26</u>	53.10	<u>0.26</u>	53.30
Profit on sale of Investments		(90.26)		(873.13)
Dividend received on investments		<u>(41.16)</u>		<u>(6.32)</u>
Operating Profit before working capital changes		<u>(708.24)</u>		<u>3,216.28</u>
Adjustments for:				
Trade & Receivables		49.80		4,139.19
Inventories		(313.76)		1,295.05
Trade Payable		97.84		(3,144.91)
Loans & Advances		<u>1,532.16</u>	<u>1,366.04</u>	<u>(953.09)</u>
Cash generated from / (used) in operations		<u>657.80</u>		<u>4,606.52</u>
Direct Taxes paid		<u>(41.29)</u>		<u>(437.42)</u>
Cash inflow / (outflow) before extraordinary and prior period items		616.51		4,169.10
Extraordinary and prior period items		<u>(1.30)</u>		<u>3.10</u>
Net cash from operation / (used) in activities		<u>615.21</u>		<u>4,172.20</u>
<b>B. Cash flow from investing activities</b>				
Purchase of fixed assets (including capital work-in-progress)		(32.56)		(67.30)
Sale of fixed assets		-		-
Purchase of investments		(4,886.85)		(24,847.22)
Sale of investments		1,409.99		24,758.37
Preliminary Expenses incurred		-		-
Dividend received on investments		<u>41.16</u>		<u>6.32</u>
Net cash (used) in investing activities		<u>(3,468.26)</u>		<u>(149.83)</u>
<b>C. Cash flow from financing activities</b>				
Dividend paid on Equity Shares including tax		(204.73)		(204.73)
Bank borrowing		-		-
Bank borrowing against stock in trade		-		-
Loan from Corporate Body against stock in trade		245.62		(2,144.68)
Loan from Corporate Bodies		-		(613.72)
Unsecured Loan (ICD)		<u>326.76</u>		<u>-</u>
Net cash (used) in / from financing activities		<u>367.65</u>		<u>(2963.13)</u>
Net increase in cash and cash equivalents		<u>(2,485.40)</u>		<u>1,059.24</u>
Cash and cash equivalents as at 1st April 2008		3,701.73		2,642.49
Cash and cash equivalents as at 31st March 2009		1,216.33		3,701.73

As per our report of even date

**For Rajen Damani & Associates**  
Chartered Accountants

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

Mumbai, Dated : 23<sup>rd</sup> June, 2009

For and on behalf of the Board

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

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# 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 FOURTH ANNUAL GENERAL MEETING** 712-713, Tulsiani Chambers,  
212, Nariman Point, Mumbai 400 021 on WEDNESDAY 2<sup>nd</sup> September, 2009 at 10.00 a.m.

Members /Proxy Signature  
(To be filled at the time of handing over this slip)

Note : Members / Joint Members are requested to bring 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 falling him \_\_\_\_\_ of

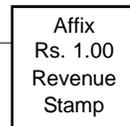
\_\_\_\_\_ as

my/our Proxy and vote for me/us and on my/our behalf of at the **TWENTY FOURTH ANNUAL GENERAL MEETING** of the  
company to be held at Mumbai on WEDNESDAY 2<sup>nd</sup> September, 2009 at 10.00 a.m. *and at any adjournment hereof.*

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2009

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

of \_\_\_\_\_



Note : If a **Member is unable to attend he 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**

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

CRYSTAL (022) - 6614 0900  
cfl\_mum@crystalforms.com