



NUCLEUS SECURITIES LIMITED



**16TH ANNUAL REPORT
1999 - 2000**

NUCLEUS SECURITIES LIMITED

BOARD OF DIRECTORS : ASIT C. MEHTA *CHAIRMAN & MANAGING DIRECTOR*
DEENA A. MEHTA
KIRIT H. VORA
PROF. N. VENKITESWARAN

AUDITORS : M/S. M. P. CHITALE & COMPANY
CHARTERED ACCOUNTANTS

SOLICITORS : M/S. WADIA GHANDY & COMPANY

BANKERS : BANK OF INDIA
CITIBANK N.A.
HDFC BANK LTD.
ORIENTAL BANK OF COMMERCE
THE KARNATAKA BANK LTD.

REGISTERED OFFICE : NUCLEUS HOUSE
SAKI-VIHAR ROAD
ANDHERI (EAST)
MUMBAI 400 072.

16TH ANNUAL GENERAL MEETING
ON FRIDAY, THE 8TH SEPTEMBER, 2000,
AT 11.00 A.M. AT THE REGISTERED
OFFICE OF THE COMPANY

NUCLEUS SECURITIES LIMITED

Registered Office : 'Nucleus House', Saki-Vihar Road, Andheri (East), Mumbai 400072.

NOTICE

NOTICE, is hereby given that the Sixteenth Annual General Meeting of the Members of the Company will be held at the Registered Office of the Company at 'Nucleus House', Saki-Vihar Road, Andheri (East), Mumbai 400 072 on Friday, the 8th day of September, 2000 at 11.00 a.m. to transact the following business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2000 and Profit and Loss Account for the year ended on that date and the reports of Directors' and Auditors' thereon.
2. To appoint a Director in place of Mrs. Deena A. Mehta, who retires by rotation and, being eligible offers herself for re-appointment.
3. To confirm the payment of Interim Dividend.
4. To appoint Auditors and fix their remuneration.
5. To consider and if thought fit to pass, with or without modification, the following Resolution **as an Ordinary Resolution**:

"RESOLVED THAT the Board of Directors be and are hereby authorised to appoint in consultation with the Company's Auditors any person or persons qualified for appointment as Auditor or Auditors of the Company under Section 226 of the Companies Act, 1956 to audit the accounts of the Company's Branches for the year 2000-2001 and to fix their remuneration and the terms and conditions on which they shall carry out the audit."

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to Section 31 and other applicable provisions of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) and the provisions of other statutes as applicable and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Company be and are hereby amended, altered and/or substituted in the manner and to the extent as it set out here below:

1. That the existing Article 1 be modified as follows:-

- (a) That the following definitions be inserted at the appropriate places:

"Beneficial Owner" means the beneficial owner as defined in Clause (a) of Sub Section (1) of Section 2 of the Depositories Act, 1996.

"Depository" means the Depository as defined in Clause (e) of Sub Section 2 of the Depositories Act, 1996.

"Depositories Act, 1996" means and include any statutory modification or re-enactment thereof for the time being in force.

- (b) That the existing definition of "Members" appearing therein shall be deleted and in place thereof the following shall be substituted:

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"Member" means the duly registered holder from time to time of the shares of the Company and includes every person whose name is entered as a beneficial owner in the records of the depository.

- (c) That the following Proviso shall be added at the end of paragraph one viz:

"PROVIDED THAT THE WORDS OR EXPRESSIONS USED IN THESE Articles and not defined in the Act but defined in the Depositories Act, 1996 shall have the same meaning respectively assigned to them in that Act".

2. That after Article 5 the following new Article be added as Article 5(A):-

5A. POWER TO COMPANY TO DEMATERIALISE, REMATERIALISE AND NUMBERING THERETO:

That notwithstanding anything as herein contained, the Company shall be entitled to dematerialise or rematerialise its shares, debentures and other securities (both existing and future) pursuant to Depositories Act, 1996, and to offer its shares, debentures and other securities for subscription in a dematerialised form.

The shares in the capital shall be numbered progressively according to their several denominations, provided however, that the provisions relating to progressive numbering shall not apply to the shares of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form. Except in the manner hereinafter mentioned, *no share shall be sub-divided. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished.*

3. That after Article 38 the following new Article be added as Article 38A:-

38A. SHARES IN FUNGIBLE FORM:

- (1) In the case of transfer or transmission of shares of marketable securities where the Company has not issued any certificates and where such shares or securities are being held in any electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.
- (2) Nothing contained in section 108 of the act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

4. That the existing Article 39 be modified by adding after the words "transfer of a share" appearing in the first line thereof for the following words viz -

"except in case of transfer of Securities effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of the depository."

5. That after Article 40 the following new Article be added as Article 40(A):-

40A. REGISTER OF TRANSFER ETC.

The company shall keep a book called "The Register of Transfers" and therein shall fairly and

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distinctly enter the particulars of every transfer or transmission of any shares held in material form.

Provided that the Register and Index of Beneficial Owners maintained by a Depository under the Depositories Act, shall be deemed to be the Register and Index of Members and Securities holders for the purpose of these Articles.

6. That after Article 46 the following new Articles be added as Article 46(A) & Article 46(B):-

46A NOMINATION OF SHARES AND/OR DEBENTURES / FIXED DEPOSITS:

- (1) Every holder of shares in or debentures or fixed deposits of the Company may at any time nominate, in the manner prescribed under the Act, a person to whom his shares in or debentures or fixed deposits of the Company shall vest on the event of his death.
- (2) Where the shares or debentures or fixed deposits of the Company are held by more than one person jointly, the joint holder may together nominate, in the manner prescribed under the Act, a person to whom all rights in the shares or debentures or fixed deposits of the Company shall vest in the event of death of all joint holders.
- (3) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of the shares or debentures or fixed deposits where a nomination is made in the manner prescribed under the act, purports to confer on any person the right to vest the shares or debentures or fixed deposits of the Company, the nominee shall on the death of the share holder or the debentureholder or fixed deposits concerned, or on the death of the joint holders become entitled to all the rights in the shares or debentures or fixed deposits of the Company of such shareholder or holder of debentures or fixed deposits or, as the case may be of all the joint holders, in relation to such shares in, or debentures or fixed deposits of the Company to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner prescribed under the Act.
- (4) Where the nominee is a minor, the holder of the shares or debentures or fixed deposits concerned, can make the nomination to appoint in the prescribed manner under the Act, any person to become entitled to the shares or debentures concerned in the event of his death during the minority.

46B. TRANSMISSION IN CASE OF NOMINATION:

- (1) Notwithstanding anything contained in these Articles, any person who has become a nominee under the provisions of section 109A, and to whom the shares in or debentures of the Company have vested on the death of the shareholder or holder of the debentures of the Company, or as the case may be, on the death of the joint holders, upon the production of such evidence as may be required by the Board, and subject as hereinafter provided, elect either -
 - (a) to be registered himself as holder of the share or debenture as the case may be; or
 - (b) to make such transfer of the share or debenture, as the case may be, as the deceased shareholder or debentureholder, as the case may be, could have made.
- (2) If the person being a nominee, so becoming entitled, elects to be registered as holder of share or debenture himself as the case may be, he shall deliver or send to the Company a

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notice in writing duly signed by him that nominee concerned so elects and such notice shall be accompanied with the death certificate of the deceased shareholder/debentureholder as the case may be.

- (3) All the limitations, restrictions and provisions of this Act relating to the right to transfer and the registration of transfers of shares or debentures shall be applicable to any such notice or transfer as aforesaid as if the death of the member had not occurred and the notice or transfer were signed by that shareholder or debentureholder, as the case may be.
- (4) A person being a nominee, becoming entitled to share or debenture by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share or debenture except that he shall not, before being registered as member in respect of his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided that the Board may, at any time give notice requiring any such person to elect to be registered himself or to transfer the share or debenture, and if, the notice is not complied with within ninety days, the Board may thereafter withhold all payments of all dividends, bonuses or other moneys payable in respect of the share or debenture, until the requirements of the notice have been complied with.

7. That after Article 77 the following new Article be added as Article 77(A):-

77A. VOTING RIGHTS OF DEPOSITORIES AND BENEFICIAL OWNER:

Notwithstanding anything contained in these Articles of Association, a Depository shall be deemed to be the registered owner of the purpose of effecting transfer of ownership of shares on behalf of a beneficial owner. Save as otherwise provided hereinabove, the Depository as a registered owner shall not have any voting right or other right in respect of shares held by it, and the beneficial owner shall be entitled to all rights and benefits and subject to all liabilities in respect of its shares held by a Depository.

8. That the existing Article 162 be modified by adding at the end thereof the following proviso:

162. SERVICE OF DOCUMENTS OR NOTICES BY MEMBERS:

Provided that where the securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.

For and on behalf of the Board

Mumbai, June 16, 2000.

Asit Mehta
Chairman & Managing Director

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NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. HOWEVER, PROXY FORMS SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.
2. The Register of Members and Share Transfer Book of the Company will remain closed from Saturday, the 2nd September, 2000 to Friday, the 8th September, 2000 (both days inclusive).
3. Members are requested to send unclaimed/unpaid dividend warrants, if any, for the years 1994-95, 1995-96 and 1996-97 to the Registered Office of the Company for issue of fresh cheques/revalidation immediately.
4. Members are requested to notify any change in their addresses to the Registered Office or to the Company's Share Transfer Agents M/s. Nucleus Shares Custodian Services Limited at "Nucleus House", Ground Floor, Saki-Vihar Road, Andheri (East), Mumbai 400072.
5. The explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 has been annexed herewith.
6. The practice of distributing copies of Annual Reports at the Annual General Meeting has been discontinued as a measure of economy. Members are therefore requested to bring their copy of the Annual Report and the Attendance Slip to the meeting.

All the documents referred to in the Notice and Explanatory Statement above are open for inspection by the members at the Registered Office of the Company during business hours on any working day, excluding Saturdays, Sundays and holidays, until the date of the Annual General Meeting or any adjournment or adjournments thereof.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**ITEM NO. 5 :**

The Company has Branch Offices at different places in India and it is proposed to authorise the Board of Directors to appoint, in consultation with the Company's Auditors, persons qualified for appointment as Auditors of the Company under Section 226 of the Companies Act, 1956 to audit the accounts of such of the Branch Office(s) and at such remuneration and upon such terms and conditions as the Board of Directors deem fit, pursuant to the provision contained in section 228 of the Companies Act, 1956.

None of the Directors is interested in this resolution.

ITEM NO. 6:

- (A) Consequent to the passing of the Depositories Act, 1996 and introduction of the Depository System, a facility has been provided to the investors to hold securities in the form of electronic entries instead of paper scrips. The Company has entered into an Agreement with Central Depository Services (India) Limited (CDS) (Code No. ISIN INE041B01014), which enables the investors to hold the Equity Shares of your Company in electronic form and trade in them under the Depository system

The new automated system of holding and trading in the securities of the Company side by side with the paper based system require certain alterations in the Articles of Association of the Company. It may be

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clarified that while additional facility as above has been provided within the new legal framework, shareholders have been given an option to join this system. The existing provisions in respect of the shares held in the form of paper scrips will continue without any change.

- (B) Further, as per the recent amendment to the Companies Act, 1956, a facility has been provided to the holder of shares/Debentures/Fixed Deposits to nominate any person who will be entitled to his shares/Debentures/Fixed Deposits in the event of death.

It is therefore proposed to suitably amend the articles as set out in the Resolution in order to bring the provisions of the Articles of association in consonance with the provisions of the Companies Act, 1956.

The Board commends the Special Resolution for members' favourable consideration.

None of the directors is concerned or interested in this resolution.

For and on behalf of the Board

Mumbai, June 16, 2000.

Asit Mehta
Chairman & Managing Director



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DIRECTORS' REPORT

To the Members,

The Directors submit their Sixteenth Annual Report together with the Audited Accounts for the accounting year ended 31st March, 2000.

1. FINANCIAL RESULTS:

	(Rs.in lacs)	
	For the year ended 31.03.2000	For the year ended 31.03.1999
Profit before Interest, Depreciation, & Extra ordinary Items	162.11	51.48
Less :		
Interest	25.32	53.39
Depreciation	26.84	26.63
Profit/(Loss) Before Extra-ordinary Items	109.95	(28.54)
Less : Extra-ordinary Items: (Net)	4.94	85.24
Profit / (Loss) for the year	105.01	(113.77)
Less :- Provision for Taxation	6.25	—
Prior Period adjustments:		
Lease Terminal adjustment	—	(68.54)
Prior period adjustments (credit)/debit	0.34	1.32
	6.59	(67.22)
Profit After Tax & prior period adjustment	98.42	(180.99)
Profit brought forward from previous year	(68.91)	102.83
Profit / (Loss)	29.51	(78.16)
Transfer from General Reserve	—	9.25
Interim Dividend (@ 5%)	17.20	—
Tax on Dividend	1.90	—
	19.10	—
Profit/(Loss) carried to Balance Sheet	10.41	(68.91)

2. DIVIDEND:

Your Directors had declared an Interim Dividend @ 5% for the Financial Year 1999-2000. The Directors do not recommend any final dividend.

3. YEAR UNDER REVIEW:

Your Company has emerged as a premier money changing Company having a national presence and customer base. The Company ranked among top five money changers with American Express for the fourth consecutive year. The travellers cheques sales grew by over 19% p.a. for the year under review.

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Your Company was also nominated by Citibank for distributing of Visa Travel Money (VTM) cards. The Company has initiated the process and the sales have started.

Yours Company recovered Rs. 3.61 lacs out of sums provided in previous years as doubtful debts.

However, the current legal redressal systems have proved to be less than adequate for speedy recoveries.

Your Company initiated innovative marketing schemes to promote the Nucleus Forex brand among travellers. The schemes received good response across the country. Your Directors are happy to inform you that the promotion measures have reinforced Nucleus Forex as a premium service brand.

The Company opened additional branches at Mumbai (two branches), Secunderabad, Indore and Coimbatore during the year taking the total number of branches to 15.

The Company withdrew its application as Non-Banking Financial Company (NBFC) from the Reserve Bank of India (RBI) and the same was confirmed by RBI. Thus the Company no longer remains a NBFC and has been re-classified as 'Service Company'.

4. FUTURE OUTLOOK:

Government has repealed FERA and instituted FEMA in the current year. Further liberal measures have been announced directly benefiting the money changing industry in general.

Your Company plans to open more branches during the year in promising metro towns and simultaneously close down less profitable/loss making branches in smaller towns. The human and other resources, as far as possible, be reallocated within the Company. The Company is also in the process of relocating some existing branches to premium locations.

Many small and medium sized moneychangers have closed down due to a variety of reasons. Simultaneously, large industry houses have started creating presence in this industry. The industry is in the consolidation cum growth phase. With economic growth picking up and confidence levels restored, your Company is likely to benefit from the current situation. The outlook is optimistic.

5. DEPOSITS:

Public Deposits as at 31st March, 2000 stood at Rs.1.65 lacs as against Rs.8.58 lacs in the previous year. The Company had discontinued accepting fixed deposits from the public w.e.f. 1.4.1998. As on 31.3.2000 the Deposits aggregating Rs. 0.60 lacs in respect of 7 holders have remained unclaimed by the depositors. The Company has sent notices to the respective deposit holders requesting them to claim the payment. The Company proposes to continuously follow-up with such deposit holders for payment of overdue deposits. Out of Rs. 0.60 lacs unclaimed deposits Rs. 0.25 lacs has been paid till 16.6.2000.

6. DEBENTURES:

During the year, your Company has issued Secured Redeemable Non Convertible Debentures on private placement basis and has mobilised a sum of Rs. 16.54 lacs. under Series 'D' & 'E'. In respect of 'E' Series of Debentures charge is under creation. Your Company has also repaid Rs. 29.30 lacs to debentureholders of Series 'A', 'B' & 'C'. Out of 'C' Series debentures Rs. 0.76 lacs is still unclaimed from debentureholders. The principal amount and interest is being secured by way of second charge on the fixed assets of the Company subject to the first charge in favour of the Company's Bankers.